

The DomaCom Fund – Case Study 2

A Syndication Solution



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Case Study 2: Syndication solution

- CBD Accountants is a practice you work with
- They have clients who want to invest in direct property (through SMSF's and other means)
- They have identified an 'On The Run' service station in South Australia that is for sale
- They would normally set up a unit trust and create a syndicate for their clients but are looking at alternative solutions
- Possible issues with their current option:
 - There can be significant setup costs of a unit trust
 - Ongoing management of the unit trust e.g. management of unit registry, annual reporting and tax return falls to the unitholders to find a solution and may be costly and time consuming
 - There can be liquidity issues for investors needing to exit

Case Study 2: Syndication solution

- **Solution:**
 - The accountants have tried to approach DomaCom for a solution that enables them to bring the asset and investors however they are unable to use it directly as it is a financial product
 - They refer this to you as their financial advice referral partner
- **Benefits:**
 - A turn-key unit trust solution that still provides the ability to select the desired asset therefore no cost to set up a specific Unit Trust
 - Independent Trustee and Custodian providing arguably greater security
 - Enhanced liquidity mechanisms including:
 - Liquidation of the underlying asset via a wind-up of the Sub-Fund (which is controlled by unit holders) either:
 - At the end of the Sub-Fund term
 - By Special Resolution (75% vote)
 - A liquidity facility (secondary market) that enables unitholders to place their units for sale and seek a buyer (either from existing unitholders or a new investor)
 - All reporting undertaken by DomaCom as the investment manager
 - Provides you as the adviser with access to potentially new clients

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