

An Introduction



TDK Management Pty Ltd



Robina Vue's Resort Style Pool - 263 townhouses

TDK Management

TDK Management is a specialist management rights company which sources Management and Letting Rights (MLR) opportunities. The MLR businesses are purchased under a partnership structure which is made up of a working partner/s and passive partner/s.

The TDK management team is made up of three key MLR professionals consisting of:

- an experienced MLR manager Troy Edwards who has owned several management rights since 1999;
- an experienced MLR financier Damien Windle who has extensive experience in helping MLR clients source finance for management rights since 2003, and
- an experienced MLR accountant Kelvin Cotter who has provided clients with advice in relation to tax, purchasing structure and income verification for management rights since 2005.

TDK Management's website www.tdkm.com.au provides a high level summary of management and letting rights.

Introducing Troy Edwards

Troy has an engineering degree in Aerospace Avionics and is also a full Licensed Real Estate Agent (LREA 3539256). Troy spent fifteen years as an Aerospace Avionics software & system engineer and was involved in writing software for the F/RF-111C fighter aircraft. Throughout his engineering career Troy and his wife Davina operated two management and letting rights complexes before children.

In 2011 Troy left engineering and re-entered the management & letting rights industry. In 2014 Troy was approached by Damien Windle and Kelvin Cotter to become the operations manager for TDK management.



Introducing Damien Windle

Damien Windle owns and operates a small and unique finance broking business, PCS Finance (Brisbane). This business specialises in sourcing finance for people wanting to buy management and letting rights businesses. PCS Finance was established in 1995 and has offices in Brisbane and the Gold Coast. With 25 years experience, PCS Finance is the longest serving finance broking firm in the Management Rights Industry. The Brisbane office has funded in excess of \$900M, which is more than 1000 Management & Letting Rights Businesses.

Prior to PCS Finance, Damien was a business banker for 14 years at leading financial institutions Westpac, Suncorp and Bank of Queensland. His role at TDK is syndication and funding.



Introducing Kelvin Cotter

Kelvin is a chartered Accountant and director of Cotters Accountants & Advisors. Kelvin's Chartered Accountancy business specialises in providing strong commercial advice to growing businesses. He is a recognised specialist in the management rights industry, with clients across South East Queensland.

Kelvin's first foray into syndication was with a large 308 apartment building called Madison Heights in Brisbane's Bowen Hills. Kelvin later teamed with Damien Windle and Troy Edwards to form TDK Management as a vehicle to acquire, syndicate and take equity positions in other off-the-plan complexes throughout Brisbane and Queensland.

Kelvin brings to TDK a network of allied professionals in management rights, together with good commercial practices and prudent decision making.





TDK Experience

- Madison Heights (308 apartments off the plan)
- Neo North Lakes (100 apartments off the plan)
- The Isedale Woolloowin (77 apartments off the plan)
- Vidorra Dakabin (174 townhouses off the plan)
- Mode Windsor (69 apartments off the plan)
- Vista Green Ellengrove (193 townhouses off the plan)
- Liberta Lutwyche (33 apartments off the plan)
- Trillion Lutwyche (45 apartments off the plan)
- Westmark Milton (277 apartments off the plan)
- Robina Vue (263 townhouses off the plan)
- Magnus Kangaroo Point (69 apartments off the plan)
- Royal Palms Townsville (133 townhouses established complex)
- Glenefer Gardens (99 townhouses established complex)
- The Foundry Woolloongabba (89 apartments off the plan)
- Westend Central South Bank (95 apartments established complex)
- Points North Coolangatta (165 apartments established complex)
- The Manors Moorooka (30 apartments established complex)
- Mulberry Lane Doolandella (92 townhouses off the plan) – under construction
- Kinsellas Grove Mango Hill (70 townhouses off the plan) – under construction

TDK Model

Typically a MLR partnership consists of the working partner (onsite manager) and a number of passive partners. The working partner, as the name suggest, is responsible for performing all of the MLR duties including property management (tenanting units, collecting rents and disbursement of owner funds) and caretaking for the body corporate (mowing the grass and cleaning the pool). For these services the working partner receives a management salary paid from the net MLR business income. After operating expenses, including bank interest, the remaining MLR income is distributed among all partners based on their ownership percentage.

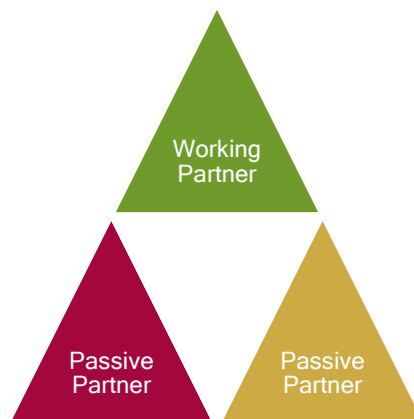


Figure 1: Typical MLR Investment Model

The success of the partnership is tightly coupled to the performance of the working partner in the business with little or no input from passive partners; they merely provide capital. This can be a disadvantage for the working partner when faced with issues in the business such as a trust account error, losing a management agreement or dealing with a difficult body corporate committee member. From the passive partner perspective, most feel disconnected from the business due to their non-involvement and/or lack of knowledge in the day to day operating of the business.

The TDK model is similar to a typical partnership model with the exception that TDK has equity within the business and forms a conduit between working partner and passive partners. In addition, TDK provides mentoring to the working partner and is available via phone, email or teamviewer and site visits as required.

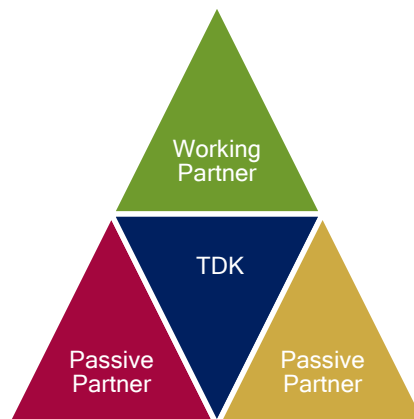


Figure 2: TDK Investment Model

TDK Mentoring

One of TDK's strengths as a partnership company is that TDK have working knowledge on how to operate a management and letting rights business, as opposed to a typical syndicate partnership, that provide little or no help post settlement should the working partners experience an issue whilst managing the business. TDK provides mentoring services from day one and this can include a range of services such as:

- Setting up the office
- Creating POA form 6 management agreement kits for owners
- Creating RTA tenant packs for application
- Creating business templates
- Setting up BC yearly invoicing and reimbursements
- Setting up processes for Rental Guarantees
- Turning on additional income streams
- Lending reviews and bank funding negotiation
- Tax Advice and structures
- Owners strategies and correspondence packs to pick up outside investor owners
- Trust accounting errors/issues
- Website/email/iPhone/facebook help
- Software development to increase efficiency
- Filling in OFT paperwork
- FTP backups
- EOM Partnership disbursement guidance

The TDK mentoring is provided via phone, email and direct access to the working partners computer system using TeamViewer however a site visit can also be arranged if required. Finally TDK are always available to lend an ear just in case our managers want to get something off their chest. Listening is just as important as mentoring.

NEO North Lakes





TDK Management & Letting Rights Type

TDK own and operate permanent/long term management & letting rights business as we find this type of management rights provide greater flexibility and lifestyle for our working partner compared to short term or corporate management rights. Typical working hours are Monday – Friday 8am to 5pm and Saturday 9am to 12pm, however work can be scheduled to fit into your lifestyle (within reason). Unless compulsory office hours are set by the Body Corporate Saturdays would only be required when an apartment is vacant and needing to be leased.

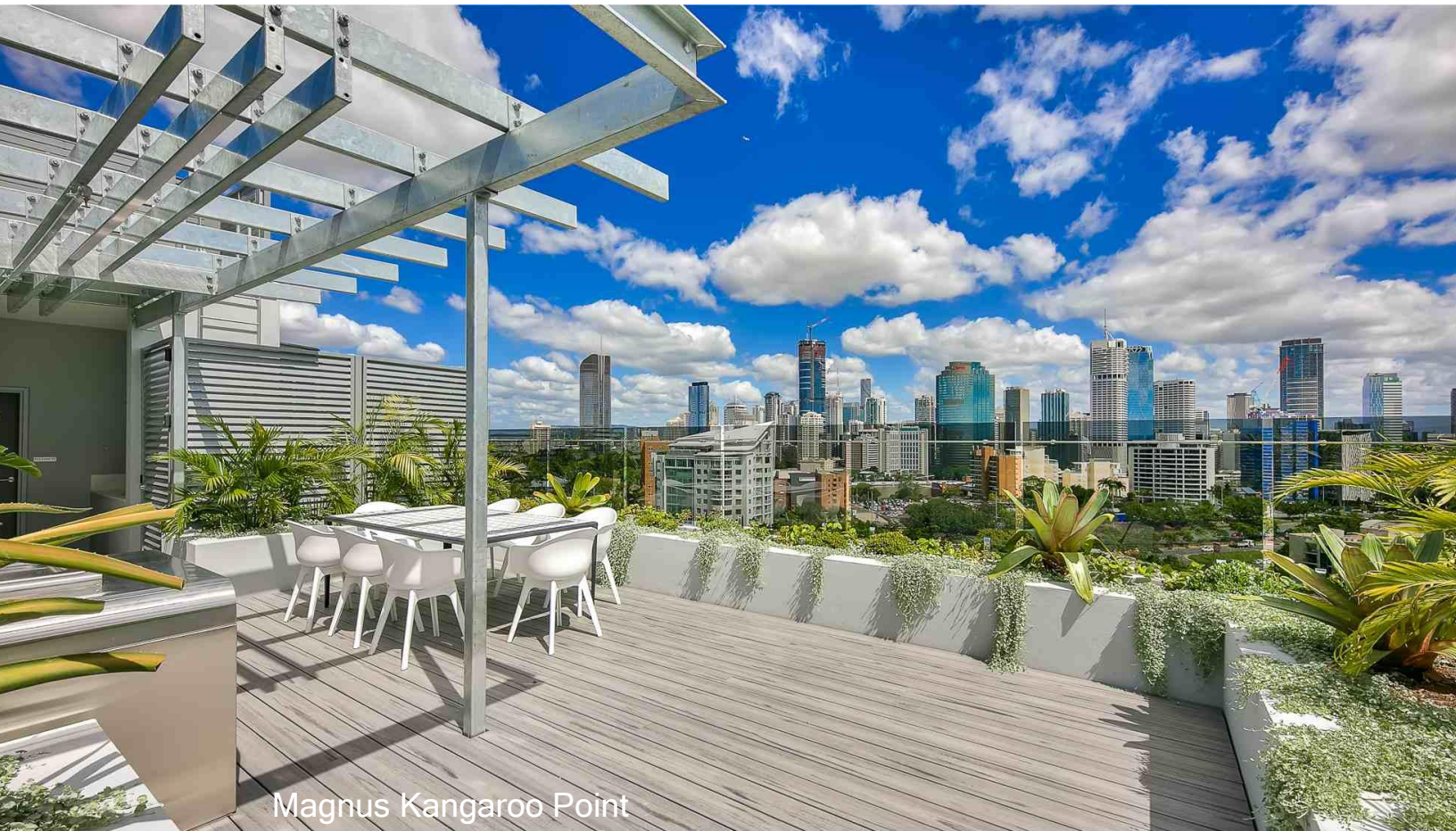
Since 2014 TDK have focused heavily on purchasing new Off the Plan (OTP) developments as opposed to purchasing a going concern (established) management & letting rights. The advantage of purchasing off the plan is that it enabled the partnership to purchase the rights at a lower price than an established management rights. In addition it also allows the working partner and TDK to set up the business to suit their business model from day one and create strong relationships with the Body Corporate Manager and committee. However TDK have also purchased established management & letting rights and it depends on the working managers preference. Purchasing an established business allows the partnership to earn income sooner compared to waiting for the development to be completed. It also allows the partnership to have a clear understanding on exactly what they are buying rather than forecasting income.

Partnering with TDK

Management & letting rights, when purchased and operated well, can be very profitable businesses. Once the managers' salary, operating expenses and bank interest are paid, the remaining MLR income is distributed among all partners based on their ownership percentage

Once TDK identifies an opportunity to acquire a management & letting rights we invite our potential working partner and passive partners to partner with TDK as a Joint Venture. A company is registered with each partner owning a percentage, ranging from 10% to 90%. TDK prefers our working partners to have equity as this shows commitment to TDK and our passive partners. It is also exciting to see the working partner rewarded with profit share, as a result of their own hard work.

TDK also understands some working partners are not able to contribute capital however for the right working partner, TDK may consider alternative employment options.



Magnus Kangaroo Point

TDK Family

The TDK family has grown since 2014 and we have a number of happy working partners with successful management rights businesses which can be viewed here <http://www.tdkm.com.au/complexes/>. If you would like to touch base with any of our managers regarding TDK or inspect one of our complexes please do not hesitate to touch base with us.



“If you want to go somewhere, it is best to find someone who has already been there.” - Robert Kiyosaki