

HENLEY BROOK SYNDICATE

UPDATE

JULY 2022.

Distributions

1. A distribution of 15c per share is being paid in July 2022. The syndicate has distributed this as a capital return. The tax effect of this distribution will be for each investor to confirm with their own tax advisor.
2. Future distributions are dependent on cash flow from the settlement of lots currently sold or being prepared for sale.
3. The syndicate is targeting the next distribution for early 2023.

Development

1. The syndicate has recently completed the development of stage 12. Of these 34 lots 32 have been sold. There are 2 lots unsold and 9 waiting for finance. The balance of 23 lots have been settled or will settle in July/August.
2. Development of the final three stages for a total of 105 lots is being progressed together. Stage 14 and 15 is expected to be completed in October/November 2022. Stage 13 is in the process of having designs finalised with a target of completion by early 2023.
3. Stage 14 and 15 are larger green title lots and stage 13 are smaller strata titled lots. The market in Brabham has supported both styles of lots. Having this variety of various sizes and sales values provides a desirable mix for buyers.
4. Previous stages of strata lots to the north of stage 13 have sold successfully.
5. Developing all the remaining stages together means that the additional funds being generated from the settlements of stage 12 will be applied to fund this work. The syndicate manager will only title lots as demand for the lots is determined. This process will manage the cost of government impost and holding costs for unsold lots.
6. The syndicate is aiming to complete the development and sales of lots by the end of the 2023 calendar year. **AS ALWAYS THIS IS SUBJECT TO MARKET CONDITIONS.**

Market conditions

1. The syndicate is finding that the costs of building homes have had a significant impact on sales of lots. Buyers are finding that cost of construction have risen between signing for a lot and having the building costed. It means that the syndicate is often selling lots 2 and 3 times as the original buyers withdraw through lack of financial capacity.

2. It is difficult to make any reliable assessment of where the market will be over the next year. The competing factors are many and include, interest rates, costs of construction for homes, employment, immigration, shortage of stock for rental etc.
3. Several lots have been sold to investors for development as rental units. This may be a spur for sales the near future.
4. The manager is monitoring the market regularly and pricing to meet the market while maximising the pricing of lots. There has been some opportunity to increase prices of lots during the past two years. Most of the increase in prices has been countered by increasing costs of constructing the stages.
5. Rates of sales of lots has varied over the last twelve months. The numbers per month range from 8 to zero per month as stock is available. Pre sales have now commenced for half of the lots in stage 14 and 15. While rates of sales are slow this is expected until construction is more advanced.

General

1. The audited accounts are due toward the beginning of September. The accounts will provide a further update on progress of the syndicate.

For further information you may contact Kerry@appianproperties.com. Alternatively we can be reached during WA standard time on 08 9384 8752.