



Press Release

Taking the leg work out of property warrants

When superannuation legislation changed in September 2007 to allow gearing inside of Superannuation, commercial lenders flooded the market with products aimed at the growing DIY super market.

One of the most popular assets to leverage into was property. An attractive opportunity for aspiring retirees as it became a capital gains tax free investment if held until retirement.

David Harvie, Managing Director of Maven Financial believes that while people are aware of the ability to buy an investment property through super, they get put off by time consumed organising real estate paper work, a lawyer and an accountant.

“Surprisingly these products have not taken off as expected and some commercial lenders have failed to sell a single instalment warrant,” Mr Harvie said.

“Self managed super fund trustees want tax effective, straight forward investments that they can look after themselves. They want the control of being able to choose the type of investment they wish, in this case the security of property, and the property of their choice.”

“Many property warrant products out there just aren’t competitive or attractive to those managing their own super,” he said.

Having recognised this burden, one warrant provider has taken the leg work out of the equation.

Quantum National Sales Manager Michael Kolikias explains when establishing a property warrant for a super fund, Quantum sets up the trust and legal requirements, arranges the loan and reports back to the super fund on income and expenses on a quarterly basis.

“Quantum Warrants remain the only true warrant product, tailored for the SMFS market, so they are highly accessible for advisors who want to use them” Mr Kolikias said.

“Other commercial lenders structure warrants like an ordinary loan. Super funds are asked to give personal guarantees and there are lengthy procedures.” He said.

In addition, Quantum Property Warrants allow the client to choose the investment property, choose the manager and the borrowing level up to 80 per cent.

This strategy has enabled Quantum to secure a large pool of market share and strong support from independent financial advisors with some writing 50 to 60 property warrants a year.

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