RENO or NO RENO

Here we compare your property scenario over 5 years and look at the end numbers if you renovated the property vs. no renovation. Over this period you would be $176,385 better off if you renovated the property vs. no renovation (after costs).

RENOVATION

507 LYONS RD	2018	2019	2020	2021	2022	POSITION (GROSS)
Value	$ 335,000	$ 381,900	$ 667,590	$ 720,997	$ 764,257	
Debt	$ 234,198	$ 229,830	$ 225,620	$ 218,718	$ 215,126	
Total Equity (@ 70% LVR)	$ 302	$ 37,500	$ 241,693	$ 285,980	$ 319,854	
Rent Received^	$ 12,996	$ 6,500	$ 20,800	$ 20,852	$ 20,904	$ 599,739
Holding Costs	$ 14,393	$ 14,537	$ 14,682	$ 14,829	$ 14,977	
Vacancy Allowance	$ 1,000	$ 500	$ 1,600	$ 1,604	$ 1,608	
Maintenance Allowance	$ 1,675	$ 1,910	$ 2,003	$ 2,884	$ 3,821	
Gross Income	$ (4,072)	$ (10,446)	$ 2,515	$ 1,535	$ 497	
Owner Contribution	$ 4,072	$ 10,446	$ 0	$ 0	$ 0	$ 164,518
Renovation (inc. professional fees)	$ 0	$ 150,000	$ 0	$ 0	$ 0	
Predicted Capital Growth	14%	10%	8%	6%	5%	Average
Gross Rental Yield	3.88%	1.70%	3.12%	2.89%	2.74%	11.46%
Total Gross Return	17.88%	11.70%	11.12%	8.89%	7.74%	

^ Rent amount is based on $250/wk in 2018, then reduced rent in 2019 to allow for the renovation. Post renovation assumes $400/wk with a 2.5% increase per annum thereafter.

NO RENOVATION

507 LYONS RD	2018	2019	2020	2021	2022	POSITION (GROSS)
Value	$ 335,000	$ 381,900	$ 420,090	$ 453,697	$ 480,919	
Debt	$ 234,198	$ 229,830	$ 225,620	$ 221,233	$ 216,661	
Total Equity (@ 70% LVR)	$ 302	$ 37,500	$ 68,443	$ 96,355	$ 119,982	
Rent Received	$ 12,996	$ 13,028	$ 13,061	$ 13,094	$ 13,126	$ 423,354
Holding Costs	$ 14,393	$ 14,537	$ 14,682	$ 14,829	$ 14,977	
Vacancy Allowance	$ 1,000	$ 1,002	$ 1,005	$ 1,007	$ 1,010	
Maintenance Allowance	$ 6,700	$ 11,457	$ 6,301	$ 11,342	$ 9,618	
Gross Income	$ (9,097)	$ (13,968)	$ (8,927)	$ (14,085)	$ (12,479)	
Owner Contribution	$ 9,097	$ 13,968	$ 8,698	$ 13,673	$ 12,129	$ 57,565
Renovation (inc. professional fees)	$ 0	$ 0	$ 0	$ 0	$ 0	
Predicted Capital Growth	14%	10%	8%	6%	5%	Average
Gross Rental Yield	3.88%	3.41%	3.11%	2.89%	2.73%	11.80%
Total Gross Return	17.88%	13.41%	11.11%	8.89%	7.73%	

NO RENO and NEW PURCHASE FROM SAVINGS

Here we compare your property scenario over 5 years and look at the end numbers if you did not renovate 507 Lyons, but instead used your savings to purchase a 2nd property

NO RENOVATION

507 LYONS RD	2018	2019	2020	2021	2022	POSITION (GROSS)
Value	$ 335,000	$ 381,900	$ 420,090	$ 453,697	$ 480,919	
Debt	$ 234,198	$ 229,830	$ 225,620	$ 221,233	$ 216,661	
Total Equity (@ 70% LVR)	$ 302	$ 37,500	$ 68,443	$ 96,355	$ 119,982	
Rent Received^	$ 12,996	$ 13,028	$ 13,061	$ 13,094	$ 13,126	$ 423,354
Holding Costs	$ 14,393	$ 14,537	$ 14,682	$ 14,829	$ 14,977	
Vacancy Allowance	$ 1,000	$ 1,002	$ 1,005	$ 1,007	$ 1,010	
Maintenance Allowance	$ 6,700	$ 11,457	$ 6,301	$ 11,342	$ 9,618	
Gross Income	$ (9,097)	$ (13,968)	$ (8,927)	$ (14,085)	$ (12,479)	
Owner Contribution	$ 9,097	$ 13,968	$ 8,698	$ 13,673	$ 12,129	$ 57,565
Renovation (inc. professional fees)	$ 0	$ 0	$ 0	$ 0	$ 0	
Predicted Capital Growth	14%	10%	8%	6%	5%	Average
Gross Rental Yield	3.88%	3.41%	3.11%	2.89%	2.73%	11.80%
Total Gross Return	17.88%	13.41%	11.11%	8.89%	7.73%	

^ Rent amount is based on $250/wk in 2018, then with a 2.5% increase per annum thereafter.

NEW PURCHASE

NEW PROPERTY	2018	2019	2020	2021	2022	POSITION (GROSS)
Value			$ 350,000	$ 385,000	$ 423,500	
Debt			$ 245,000	$ 240,430	$ 236,027	
Total Equity (@ 70% LVR)			$ (0)	$ 29,070	$ 60,423	
Rent Received^			$ 15,600	$ 15,639	$ 15,678	$ 247,990
Holding Costs			$ 18,888	$ 19,077	$ 19,268	
Vacancy Allowance			$ 1,200	$ 1,203	$ 1,206	
Maintenance Allowance			$ 3,500	$ 3,850	$ 4,235	
Gross Income			$ (7,988)	$ (8,491)	$ (9,031)	
Owner Contribution			$ 7,988	$ 8,491	$ 9,031	$ 175,510
Purchase Costs			$ 150,000	$ 0	$ 0	
Predicted Capital Growth			10%	10%	8%	Average
Gross Rental Yield			4.46%	4.06%	3.70%	13.41%
Total Gross Return			14.46%	14.06%	11.70%	

^ Rent amount is based on $300/wk in 2019, then with a 2.5% increase per annum thereafter.

COMBINED TOTALS (2022)

TOTALS	
Value	$ 904,419
Debt	$ 452,688
Total Equity (@ 70% LVR)	$ 180,405
Gross Income	
Owner Contribution	$ 233,075
Purchase / Renovation Costs	

SELL DOWN POSITION (GROSS)	
Value - Debt - Reno/Purchase	$ 218,656

RENO and NEW PURCHASE FROM EQUITY

Here we compare your property scenario over 5 years and look at the end numbers if you renovated your property and then re-purchased using the equity from that property.

RENOVATION

507 LYONS RD	2018	2019	2020	2021	2022	POSITION (GROSS)
Value	$ 335,000	$ 381,900	$ 667,590	$ 720,997	$ 764,257	
Debt	$ 234,198	$ 229,830	$ 225,620	$ 458,718	$ 450,162	
Total Equity (@ 70% LVR)	$ 302	$ 37,500	$ 241,693	$ 45,980	$ 84,818	
Rent Received^	$ 12,996	$ 6,500	$ 20,800	$ 20,852	$ 20,904	$ 599,739
Holding Costs	$ 14,393	$ 14,537	$ 14,682	$ 14,829	$ 14,977	
Vacancy Allowance	$ 1,000	$ 500	$ 1,600	$ 1,604	$ 1,608	
Maintenance Allowance	$ 1,675	$ 1,910	$ 2,003	$ 2,884	$ 3,821	
Gross Income	$ (4,072)	$ (10,446)	$ 2,515	$ 1,535	$ 497	
Owner Contribution	$ 4,072	$ 10,446	$ 0	$ 0	$ 0	$ 164,518
Renovation (inc. professional fees)	$ 0	$ 150,000	$ 0	$ 0	$ 0	
Predicted Capital Growth	14%	10%	8%	6%	5%	Average
Gross Rental Yield	3.88%	1.70%	3.12%	2.89%	2.74%	11.46%
Total Gross Return	17.88%	11.70%	11.12%	8.89%	7.74%	

^ Rent amount is based on $250/wk in 2018, then reduced rent in 2019 to allow for the renovation. Post renovation assumes $400/wk with a 2.5% increase per annum thereafter.

NEW PURCHASE

NEW PROPERTY	2018	2019	2020	2021	2022	POSITION (GROSS)
Value			$ 600,000	$ 660,000	$ 726,000	
Debt			$ 420,000	$ 412,166	$ 404,617	
Total Equity (@ 70% LVR)			$ 0	$ 49,834	$ 103,583	
Rent Received^			$ 26,000	$ 26,065	$ 26,130	$ 694,572
Holding Costs			$ 30,916	$ 31,225	$ 31,537	
Vacancy Allowance			$ 2,000	$ 2,005	$ 2,010	
Maintenance Allowance			$ 3,000	$ 3,300	$ 3,630	
Gross Income			$ (9,916)	$ (10,465)	$ (11,047)	
Owner Contribution			$ 9,916	$ 10,465	$ 11,047	$ 31,428
Renovation (inc. professional fees)			$ 0	$ 0	$ 0	
Predicted Capital Growth			10%	10%	8%	Average
Gross Rental Yield			4.33%	3.95%	3.60%	13.29%
Total Gross Return			14.33%	13.95%	11.60%	

^ Rent amount is based on $500/wk in 2020, then with a 2.5% increase per annum thereafter.

COMBINED TOTALS (2022)

TOTALS	POSITION (GROSS)
Value	$ 1,490,257
Debt	$ 854,779
Total Equity (@ 70% LVR)	$ 188,401
Gross Income	
Owner Contribution	$ 195,946
Purchase / Renovation Costs	

SELL DOWN POSITION (GROSS)	
Value - Debt - Reno/Purchase	$ 439,532

Strategy Summary Analysis

EQUITY POSITION - 5yr

PROPERTY	2018	2019	2020	2021	2022
507 Lyons Rd					
Asset Value	$ 335,000	$ 381,900	$ 667,590	$ 720,997	$ 764,257
Debt Position	$ 234,198	$ 229,830	$ 225,620	$ 458,718	$ 450,162
Equity Position (@ 70% LVR)	$ 302	$ 37,500	**$ 241,693**	$ 45,980	**$ 84,818**
Property 2					
Asset Value			$ 600,000	$ 660,000	$ 726,000
Debt Position			$ 420,000	$ 412,166	$ 404,617
Equity Position (@ 70% LVR)			$ 0	$ 49,834	**$ 103,583**
Property 3					
Asset Value					$ 450,000
Debt Position					$ 315,000
Equity Position (@ 70% LVR)					$ 0
TOTAL ASSET VALUE	**$ 335,000**	**$ 381,900**	**$ 1,267,590**	**$ 1,380,997**	**$ 1,940,257**
TOTAL DEBT POSITION	**$ 234,198**	**$ 229,830**	**$ 645,620**	**$ 870,884**	**$ 1,169,779**
TOTAL EQUITY POSITION	**$ 302**	**$ 37,500**	**$ 241,693**	**$ 95,814**	**$ 188,401**
LVR POSITION	**69.91%**	**60.18%**	**50.93%**	**63.06%**	**60.29%**

Your Funds Required

5 YEAR MODEL

WHAT	2018	2019	2020	2021	2022	TOTAL
Capital Funds						
For Purchase	$ 135,864	$ 0	$ 0	$ 0	$ 0	$ 135,864
For Renovations	$ 0	$ 150,000	$ 0	$ 0	$ 0	$ 150,000
SUB-TOTAL	**$ 135,864**	**$ 150,000**	**$ 0**	**$ 0**	**$ 0**	**$ 285,864**
Equity Funds						
For Purchase	$ 0	$ 0	$ 240,000	$ 0	$ 150,000	$ 390,000
For Renovations	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
SUB-TOTAL	**$ 0**	**$ 0**	**$ 240,000**	**$ 0**	**$ 150,000**	**$ 390,000**
TOTAL	**$ 135,864**	**$ 150,000**	**$ 240,000**	**$ 0**	**$ 150,000**	**$ 675,864**