



COMMERCIAL PROPERTY SECRETS

Living the instant cash flow dream lifestyle

I LOVE
REAL ESTATE





COMMERCIAL
PROPERTY SECRETS

Professionals Masterclass: How To Get The Money And Finance Your Next Deal





Commercial Finance

Who is Andrew Kubenk? Who is WIZDOM?

- Andrew Kubenk**
- Financial broker for 7 Years
 - Previously Business and Corporate Finance for CBA for 11 Years.
 - 7 Years of that in Leadership.
 - Worked on over 75 Projects across Commercial Property and Development

- WIZDOM**
- Specialist Investment Brokerage with huge exposure to Projects nationally.
 - Accounting and Advisory.
 - Nationwide
 - Our specialist nature means we see and react to the changing environment very quickly.
 - Asset Protection and Structuring Focus
 - Strategic Approach – Highlight and plan for problems rather than deal with a NO.
 - Access to all Majors, Minors and an increasing number of Privates



Commercial Finance – Terms

- Loan Term can run out to 25 – 30 years
- Most servicing is based on 15
- Interest Only is normal, and 5 years is generally okay
- Term may be shortened to match with WALE
 - WALE (Weighted Average Lease Expiry)
- Can easily extend the term at the end if the facility is maintained. May need a Revaluation.



Commercial Finance – Cost

- Commercial Costs are much higher than Residential
 - Interest Rates will range from 3 - 8% for Majors up to 15%+ for Private Money
 - Establishment Fees will be 0.5% - 0.75% for Majors up to a minimum of 2.2% for Private Money
 - Valuation fees will depend on location and amount with a minimum of around \$2,000
 - Commercial money is currently as cheap as I have ever seen it in my career.
 - How does 3.71% Fixed for 5 Years for a 70% Lend sound?
- Timeframe
 - Expect Approval to take a month
 - A more detailed and slower application process



Commercial Finance – Lease Doc

- A Lease Doc facility relies only on the lease income from the property.
- No need to “show the world”
- Lower LVR, best case 65%
- Interest Rates are higher (6.79%)
- Lease needs to have at least 12 months
- Location matter. Metro and Large Regional only.
- Very Postcode specific and needs to be checked.





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Professionals Masterclass: What You Need To Know And Look Out For In Your Legal And Leases Documentations









What is Commercial Property?

- Any property other than residential property
- Notable exceptions – retirement villages, home parks



Commercial vs Residential Property

- Residential – Investment in basic need for shelter
- Commercial – Investment in business activity



Types of Commercial Property

- 3 Main categories
- Retail
- Office
- Industrial – factories, warehouses



Conditional vs Unconditional contracts

- Unconditional contract = Locked in position.
- Conditional Contract = Ability to terminate.
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Managing the Deposit

- Break it up - Initial and balance
- Negotiable - Not 10%
- Time to pay – not on the day



The Contract of Purchase

- Buying entity
- Finance
- Building report
- Due Diligence
- GST- going concern?
- Body corporate/ Owners corporation issues
- Proper disclosures provided
- Correct conditions



Financials

- Check the Property income – rent v expenses
- Check the rent roll to confirm income and expenses
- Check the bond and personal guarantees – make sure they reflect the lease



Financials

- Expenses of the Property
 - Rates
 - Water
 - Land tax
 - Building insurance
 - Common area lighting
 - Common toilets maintenance
 - Air-conditioning for common areas
 - Garden maintenance
 - Security
 - Property management
 - Pest control



The Building

- Building and pest report
- Body corporate records searches
- Maintenance records – air con, fire safety, lifts etc
- Speak to the tenants to find out building issues
- Watertight



Compliance

- Compliant uses of tenants?
- Classification of Building
- Mezzanine level approved – other structures approved
- Environmental impact industries? Petrol stations
- Signage licences?
- Title encumbrances – easements other covenants?



Settlement and Post Settlement

- Settlement calculations to adjust rents
- Collect bonds/transfer bonds
- Notice to tenants of change of ownership
- Budget yearly outgoings
- Engage property manager



Covid-19 and Leases

- How is the Pandemic affecting lease relationships?
- National Code of Conduct.
- Altered Rights


