

Fast Profits Worksheets: Chunk Deals

What is your reason for doing Fast Chunk Deals?

List your Talents for doing Chunk Deals?

Write down your Price Point Limit due to borrowing Capacity?

GOAL v TIME

Write down a time sensitive goal for doing Chunk Deals?

Eg. In the next ... I will do Chunk deals with an estimated profit of \$.....

Return On Equity Analysis



Let's use this example to work out the figures:

- House value \$650,000
- Loan \$450,000
- Interest rate 5%
- Expected growth 4.5%
- Rent \$500 /wk
- Property Expenses \$5,500 / yr

Portfolio Analysis Worksheet

PROPERTY NAME	INCOME P/A	PROPERTY EXPENSES	INTEREST \$	NET PROFIT	EST % GROWTH	EST GROWTH	VALUE \$	LOAN \$	EQUITY \$	% ROI EQUITY
	A	B	C	D	E	F	G	H	I	J
	Rental Income	Mgmt fees, Maintenance	Loan Interest	A-B-C		G*E	Current Value	Loan Amount	G - H	(D+F)/I

Homework

- Complete the Return on Equity Analysis for your Properties
- Ask yourself the question - 'Can I afford the negative cash flow (If any) in order to make the natural growth expected for this property and is the property hindering you from gaining additional borrowings?'

Opportunity Cost Analysis



Let's use the same example to work out the figures:

- House value \$650,000
- Loan \$450,000
- Interest rate 5%
- Expected growth 4.5%
- Rent \$500 /wk
- Property Expenses \$5,500 / yr

KEEP

Income \$500 x 52wks _____
 Est. Growth \$650k x .045 _____

 Less Property Exp _____
 Less Interest 450k*.05 _____

Originally bought for \$430,000 over 12 months ago
 Funds available on Re-Fi
 \$650,000 @ 80% _____
 Less Loan _____

SELL

Sale Price _____
 Less sell Costs
 - Agent Comms \$16,500
 - Marketing \$5,000
 - Legals \$1,500

 Net Gain _____
 Less Loan _____
Money in Hand Pre-Tax _____

Opportunity Cost Analysis

CGT Calculation

Gain 650k - 430k		_____
Less Purchase Costs- Stamps	\$17,200	
- Legals	\$1,500	\$18,700
Less Sale Costs		
- Commissions	\$21,250	
- Legals	\$1,500	\$22,750
Gain		_____
50% Exemption CGT		_____
30% Tax		_____

Dollars in Hand

Less Tax	_____

So, Should we sell or should we keep?

KEEP

Income and Growth gain per year	_____
Plus cash in hand to invest	_____

SELL

Cash in hand to invest	_____
Difference in cash in hand	_____

Homework

- Complete the Opportunity Cost Analysis for your Properties
- Ask yourself the question - 'Can I afford the negative cash flow (If any) in order to make the natural growth expected for this property and is the property hindering you from gaining additional borrowings?'

Fast Profits Worksheets: Discount Purchasing



Wish List Spec Sheet

- Thank you for taking the time to review my requirements.
- Any assistance would be greatly appreciated.

What I am after

Price Range

Intention for the property

Target areas

Other

My Contact Details

Fast Profits Worksheets: Discount Purchasing



Phone Cheat Sheet

Property Address

Agency: _____

Agents Name: _____

Agents Number: _____

Agents Email: _____

Property Details

Size: _____

Frontage: _____

Zoning: _____

Post Reno Sale Price: _____

Property Action Plan

Why is seller selling?

Is there price movement?

What does the seller want? e.g. Short or long settlement?

Do you have other similar properties?

Can I send you my wish list spec sheet?

Fast Profits Notes: Strata

Group Exercise

Sold Brick Block of 4 Units each 2 Br x 1 Bath

Solid Brick Dividing Walls

All Units need TLC

Separate Services

Currently renting for \$900/wk

Sale Price \$ _____

Estimated Strata Costs \$20k

Estimated Reno Costs \$20k/Unit



Is this Deal worth it?

Fast Profits Notes: Strata

Group Exercise

Sold Brick Block of 4 Units each 2 Br x 1 Bath

Solid Brick Dividing Walls

All Units need TLC

Separate Services

Currently renting for \$900/wk

Sale Price \$ _____

Estimated Strata Costs \$20k

Estimated Reno Costs \$20k/Unit



Let's do a GANNT Chart

To make the exercise easy we are going to assume

- As part of the contract you negotiated vacant possession
- Therefore no Passive Income until Reno Complete for either sale or hold



Fast Profits Worksheets: Strata GANTT

Line	Strategy: Strata	Time	mth 1				mth 2				mth 3				mth 4				mth 5				mth 6				mth 7				mth 8				mth 9				mth 10				mth 11				mth 12							
			1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4								
5	Available Working Equity	\$	\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$							
6																																																						
7																																																						
8	Find deal / research comparables																																																					
9	Find JV Partner																																																					
10	AWE, Serviceability, Credit																																																					
11	Set up structures																																																					
12	Due Diligence																																																					
13	Contracting - Settle																																																					
14	Town Planner																																																					
15	Engineer / Structural																																																					
16	Surveyor																																																					
17	Development Application																																																					
18	Renovation / Quotes																																																					
19	Renovation / Works																																																					
20	Body Corp Docs																																																					
21	Finance / Title Split																																																					
22	Strata Title Lodgement																																																					
23	Inaugural Meeting																																																					
24	Revaluation																																																					
25	Market Sale																																																					
26	Holding Costs																																																					
27																																																						
28																																																						
29																																																						
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41	Total Money Required	\$	\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$			
42	AWE - End of Month	\$	\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$			
43																																																						
44	Passive Income Created	\$	\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$				\$			

Fast Profits Worksheets: Renovation

Rule of Thumb – SALE Short Cuts

Sale Price % of PP	Buy Price	Purchase Cost	Reno % of PP	Total	Holding Costs
Cosmetic 135%	100%	6%	9%	115%	?
Code Assessable 150%	100%	6%	16%	124%	?
Structural 180%	100%	6%	31%	137%	?

$$\text{Holding Cost} = \frac{(\text{Current Int Rate} + 2\%) \times \text{TDC} \times \text{Months to Complete}}{12}$$

Group Exercise



Purchase Price \$350,000

What sale price would need to be achieved for the following:

Cosmetic Reno?

Simple Code Assessable?

Structural Code Assessable?

Fast Profits Worksheets: Renovation

Group Exercise: What would you do with this Floor Plan?





Fast Profits Worksheets: Commercial

Residential vs Commercial

	Residential	Commercial
Returns	4%	6-13%
Borrowing Percentage	80- 90%	50-70 %
Price Point	\$50,000 - \$2,000,000	\$50,000 - \$100,000,000
Tenant type	Mum and Dads	Business People
Term of Lease	12 months	5 years
Outgoings	Landlord Pays	Tenant Pays
Listing	Asking Price	Asking Yield
Rental Information	Rental per week	Rental per Sqm
Valued against	Median Price in Area	Cap Rate in Area
Comparative rental	Market rental per week	Market Rental per Sqm
Growth	Capital Growth and Manufactured Growth	??????

Now it's your Turn

Regional Block of Shops

Commercial Cashflow and Chunk

- 6 Shops, 2 Storerooms, 239sq metres vacant
- 3 Current Tenants
- Current Income \$85,500pa

What is the Purchasing Yield?

When fully Tenanted Potential Income \$130,500

Assuming Purchasing Yield is Current Cap Rate,

What is the new Value of this Property?



Fast Profits Worksheets: Commercial

Commercial Chunk Case Study 7

Buy Under Market Value

Property Description:

Purchase Price	\$650,000
Out of Pocket	\$195,000
Net Income	\$76,288 ROI 11.7%
Passive Income	\$46,758

1010m² NLA across 2 sheds
 Zoned Low Impact Industry
 9,879m² Land area
 Two titles



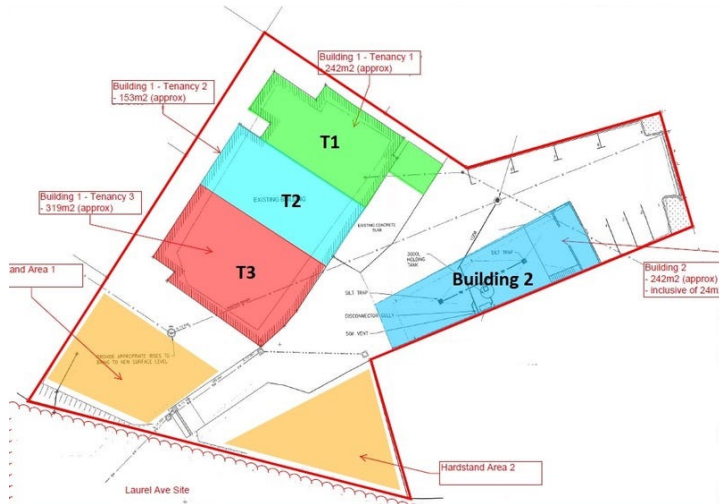
Hmmm – I wonder what else could be done?

Discuss what stacker Strategies could be implemented on this Property?

Write down your preferred Commercial strategy and discuss in your break-out room

Fast Profits Worksheets: Commercial

Strategy 2: Reconfigure Boundary & Construct 3 new 200sqm Sheds



- Tenancy 5,6 and 7 = 200sqm each
- Rental per sqm = \$120/sqm
- Costs = \$ 700K
- New Net Income for 3 new sheds = \$ _____

Area Cap Rate = 6%

- New Value of Stage 2 = \$ _____
- Net Profit after Stage 2 = Value - Costs = \$ _____

Fast Profits Worksheets: Creative Commercial



Let's Work Through An Example

Industrial Land	\$500,000
Build Potential – Industrial Shed	400 sqm
Cost /sqm for Tilt Slab construction	\$1,512
Construction Cost	\$604,800
Expected Income	\$125,000/yr

What is the ROI?

If the Cap Rate in the Area is 8% - What is the completed Value of this Property?



Fast Profits Worksheets: DA Uplift

Calculating Market Value DA Site – Deal 1

Reno existing house + build duplex

Sales price	\$1,600,000 (Duplex \$550k each duplex + \$500k house)
Purchase Price	\$600,000
Purchase Costs	\$36,000
Build & Titling Cost	\$680,000 inc reno
Hold Costs	\$39,360
GST on sale	\$90,909 (margin/s)
GST on costs	\$69,818
GST liability	\$21,091
DA costs	\$40,000

Items	Formula	Deal 1
End Value (GRV)	A	_____
Sale Costs (3%)	B	_____
Sale Proceeds	$C = A - B$	_____
less 20% Profit allowance	$D = C \times 20\%$	_____
Balance – Max project cost	$E = C - D$	_____
Purchase + Purchase Costs + Build + Titling + Reno + Hold Costs + GST	F	_____
DA Uplift – value we create	$G = E - F$	_____
DA Costs	H	_____
Your Profit Potential	$I = G - H$	_____
Market Val DA Site	$J = I + \text{Purchase Price} + H$	_____

Fast Profits Worksheets: DA Uplift

Calculating Market Value DA Site – Deal 1

Now let's try a Triplex. Reno existing house + build triplex

Sales price	\$2,150,000 (Triplex \$550k each + \$500k house)
Purchase Price	\$600,000
Purchase Costs	\$36,000
Build & Titling Cost	\$680,000 inc reno
Hold Costs	\$39,360
GST on sale	\$90,909 (margin/s)
GST on costs	\$69,818
GST liability	\$21,091
DA costs	\$40,000

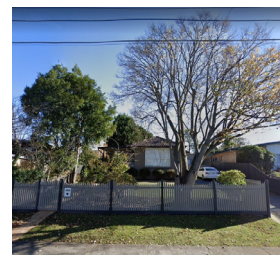
Items	Formula	Deal 1
End Value (GRV)	A	_____
Sale Costs (3%)	B	_____
Sale Proceeds	$C = A - B$	_____
less 20% Profit allowance	$D = C \times 20\%$	_____
Balance – Max project cost	$E = C - D$	_____
Purchase + Purchase Costs + Build + Titling + Reno + Hold Costs + GST	F	_____
DA Uplift – value we create	$G = E - F$	_____
DA Costs	H	_____
Your Profit Potential	$I = G - H$	_____
Market Val DA Site	$J = I + \text{Purchase Price} + H$	_____

Fast Profits Worksheets: DA Uplift

Calculating Market Value DA Site – Deal 2

Strategy = Build 6 townhouses

Sales price = \$750,000 each
 Purchase price = \$900,000
 Purchase costs = \$54,000
 Build & Titling Costs = \$1.98m
 Hold Costs = \$92,160
 GST on sale = \$327,273 (margin scheme)
 GST on costs = \$198,636
 GST liability = \$128,637
 DA costs = \$70,000



Items	Formula	Deal 1
End Value (GRV)	A	_____
Sale Costs (3%)	B	_____
Sale Proceeds	C = A - B	_____
less 20% Profit allowance	D = C x 20%	_____
Balance – Max project cost	E = C - D	_____
Purchase + Purchase Costs + Build + Titling + Reno + Hold Costs + GST	F	_____
DA Uplift – value we create	G = E - F	_____
DA Costs	H	_____
Your Profit Potential	I = G - H	_____
Market Val DA Site	J = I + Purchase Price + H	_____