



# PLATINUM ACCELERATOR

## **3. THE LAWYERS & THEIR CLIENTS**

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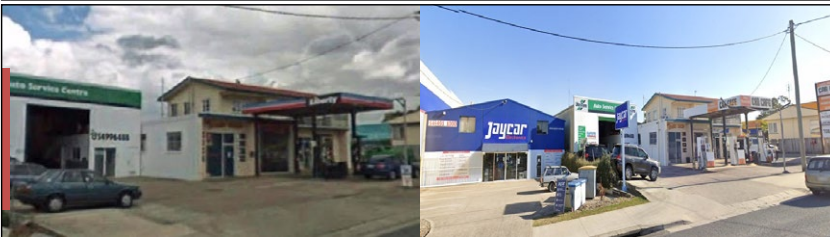




**Michelle  
Davis –  
Humble  
Beginnings**

7 Von Tempsky Street, Normanby, New Zealand

- Daily Interest on Mortgage = just started
- Sat down and calculated my wage every week when I would finish the mortgage (This wasn't around at that time)
- 3 years to pay off mortgage with only \$10 week for lifestyle
- First Renovation – Wallpaper/painted/landscaping
- Mindset to pay off loan and be debt free
- Purchase \$51K sold \$75K
- Sold 12 months after moving to Sunshine Coast



**Business  
and First  
Freehold  
Commercial**  
–  
**Don't judge  
a book by  
the cover –  
Do the  
numbers  
(Forget the  
Ego)**

- Working 7 days a week, 14 half hours a day (Pouring fuel etc) new baby
- Paying huge rent at the time
- Mindset (**HOW THE HELL AM I GOING TO GET OUT OF THIS**)
- First attempt to purchase freehold – Broker errors – Gut wrenching – Deposit Refund
- Customer gave me Rich Dad Poor Dad to Read – **Light bulb moment**
- Mindset change from paying all loans off, to leverage properties to the maximum
- Sat down and worked out if I purchased five residential houses and if they had capital growth as history has shown I could leverage off them for five more – (cashflow would only stop me)
- Finally purchased freehold 1996 – loan was maximum and borrowing all of relative's money to get it over the line – Huge weight on my shoulders
- Accountant embezzled money
- Fuel company removing pumps – Esanda Finance
- Started again paying all loans back
- Mindset change to move into commercial property for cashflow
- 2000 Built tilt slab building
- 2010 Built rear shed
- Cashflow \$308K per annum

**Commercial Land**

- Purchase off market \$1,500,000 April 2015
- Sold \$2,400,000 April 2021
- Original Cashflow \$72,804K (existing tenant) Stayed four months
- Placed on market for one year rental for \$90K while doing DA of 927 sq meter building – discovered that three car yards wanted the space. = Increased the rental amount \$112,500 for a 3x3 year term – lease started 1/2/2016 Stayed first term
- Annual increases always 3-4%
- Changed tenant \$132K 1/10/2019



Original Tenant \$72,400K



Tenant \$112,500K



Leased – ready for \$132K tenant to move in



















# Gavin Wuiske

## Qualifications

- Bachelor of applied science in Quantity Surveying
- Certificate IV in Training & Assessment
- Associate of the Australian Institute of Quantity Surveyors
- Open Class Builders Licence



Gavin Wuiske



Project 1 – Riverland 15 Lot Townhouse Development incorporating JV and Option



Project 2 – Karingal Sands – 8 Lot Apartment Development



Question Time



Take home messages

## Riverland



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# Riverland Townhouse Development

We agree to purchase lot 3 together in a JV, BUT

What entity to use?

Debt reassignment desired;

Both of us want to use their super funds - SMSF compliance?

What happened?

# Riverland Townhouse Development

### Round table

-Round Table whiteboard planning session – covering off likely scenarios  
-Forward planning & company structure enabled profit distribution to additional members over 2 financial years etc.?

Set up SPV company to buy lot 3 and ultimately do the development

Shares owned by Rod's SMSF & my SMSF 50/50

To avoid cross security, Rod pays purchase price for Lot 3 and loans me my part

Call Options were used – to save on stamp duty later  
I enter a call option to sell lot 2 to an SPV company for value of the land pre DA  
Same for Rod for lot 1.

Next step get the DA

# Townhouse Development



# Riverland Townhouse Development

## DA process

- Best use of property – a clever design allowed 15 townhouses
  - Two buildings, North facing, 3 levels
  - Size 149m2 to 191m2, \$455k to \$695k
- What I really liked about this Project was:
  - Good design – simple and efficient
  - All the small things – lift level, visitor parking, access to oval at back, service vehicle standing spaces, use of renewable energy, screening of bins, concealed cloth lines on balconies, etc
  - Clever constructions and selection of fixtures and fittings – kept costs down (eg timber framing)
  - Good marketing – they knew their market
- Issues:
  - Landscaping the road – I put established palm trees and council made me remove them - whoops
  - Easement extra works



## Clever Design



## Riverland Townhouses

### Once DA obtained

- Before construction we transferred Lot 1 + 2 over to SPV cpy by exercising the options at the lower agreed price =
  - one owner (limits liability)
  - stamp duty was payable, but on the value of lot 1 & 2 pre DA
- SPV Company enters
  - off the plan contracts with buyers
  - build contract for civils and construction of the building (AS4000)
  - Loan from bank for the commercial funding
- Timeline for the project was 2yrs.

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## Riverland - Finished Product



Riverland  
Development

## Riverland Townhouses

### Take home messages

- We had a few challenges along way but we stopped, considered and got good advice at the right time before proceeding
- We achieved a good design, knew the market and the product sold quickly

### Outcomes

- We sold 9, kept 6 – helped sell when buyers knew we as the developer where keeping some units
- We made a good profit



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## Project 2 – Karingal Sands -8 Apartments



## Karingal Sands

- Pacific Law Set up SPV
- Vacant site with decade old DA for 4 units over 4 levels with basement car park with 11 car parks
- Pre lodgment for higher yield solution of 8 Units
- change DA - Achieved 8 units over 4 levels with 16 car basement plus 2 visitor carparks
- 7 out of 8 sold
- Negotiated with all 3 neighbours, anchoring, aerial trespass, access for exclusion zones, mobile cranes, pumps
- Block at rear, demolition contribution & rental agreement
- Pacific Law formalised under an "Access and Works Deed"
- Win / Win outcome – Time savings, less traffic control, easier cranager & pumping, less impact on neighbours & general public



## Karingal Sands

- AS 4000 Construction contract
- Continuous Price rises, Material & labour shortages, Covid, Significant & prolonged inclement weather
- Started \$1.1M self-funded early works basement package in December 2021
- 1/3 in & 2/3 out of ground basement with Contiguous piles along northern boundary sheet piling to southern boundary and batters to East & West
- Activity on site encourages subcontractors & suppliers to get interested – instead of blanket response (shut their books, too busy already)
- Senior Debt about to kick in
- Level 4 – last suspended slab poured 15th July 2022 Services well advanced on level 1 & 2 with finishes underway



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# Karingal Sands

## Challenges so far

- SCRC plus all authorities/utility providers painfully slow to deal with, no choice but to agree with their very expensive monopoly costs for connections etc and the 9 months or so to get things to happen
- Blocklayer defaulted on executed subcontract, all other blocklayers too busy, elected to change to Ritek permanent wall formwork system from level 1 up
- 4 Storey residential – now required to be 100% fire sprinkler protected, larger double door lift, automatic flood gate, detention & retention tanks, stormwater across the Esplanade, Trunk main sewer connection
- Upgrades to create even higher quality owner occupier product – 1200x600 tiles, LED splashback lighting, VRV air conditioning, larger lift, joinery upgrades, smart digital entry door locks, balcony heat strips, electric vehicle GPO's in basement



## Gavin's top tips



# Questions

## Questions

1. When buying a site where do you start – how do you find a good site?
2. Design wise – what are you seeing people want? Small units or big? Price point wise is there a magic formula?
3. What tips do you have when doing your feasibilities?
4. Suggestions when negotiating a purchase with a seller– win win or going for the kill???
5. When looking to get approvals what do you do to work with your consultants and council to get the best result?
6. Finance – Any Comments?
7. When building what role do you play? Talk us through some of the things you do to help keep the project on track?
8. Appointing an agent – what tips do you have?
9. How have you dealt with the increase in building prices and difficulty in getting subbies
10. What are your thoughts on the current market?



