



## PORTFOLIO CASE STUDY

# From \$0 to \$6 million in 5 years

### Portfolio overview

This residential portfolio comprises four A-Grade established homes purchased in AAA locations between 2017 and 2021. The portfolio is diversified across three states which helps lower land tax and spreads market risk.

Our client is actively acquiring assets and we expect to grow the portfolio to seven assets before they enter the hold phase of their strategy.

One of the assets is a development site and we are working with a town planner to complete a small subdivision and redevelopment. The development will be sold off and profit will be reinvested into future assets.

#### CONTACT US

**Call** (03) 8539 0300

**Email** [info@performanceproperty.com.au](mailto:info@performanceproperty.com.au)

**Web** [performanceproperty.com.au](http://performanceproperty.com.au)

**Office** 10/30 Collins Street, Melbourne Vic 3000



# From \$0 to \$6 million in 5 years

## Portfolio Quality

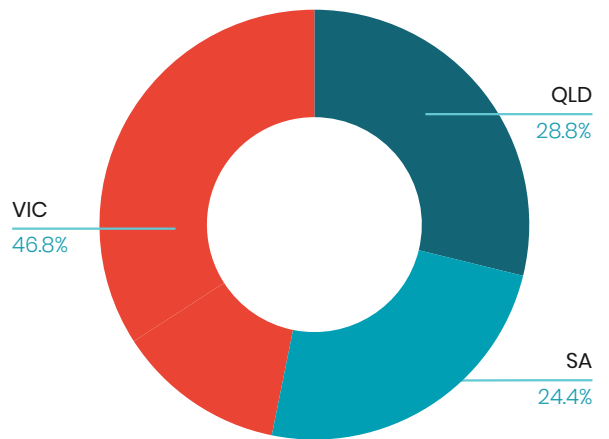
PORTFOLIO QUALITY RATING: ★★★★★

SUBURB	STATE	ASSET TYPE	PURCHASED	PROPERTY RATING	SUBURB RATING
Ashgrove	QLD	Residential House	2017	A	AAA
Medindie Gardens	SA	Residential House	2017	A	AAA
Hamlyn Heights	VIC	Residential House	2018	A	AAA
Moonee Ponds	VIC	Residential House	2020	A	AAA

## Key Portfolio Stats

Client Annual HH Employment Income	\$500,000
Annual Gross Rental Income	\$137,540
Gross Yield	3.52%
Compound Annual Growth	12.61%
Average Total Annual Return	16.13%
Portfolio Size	4
Total Purchase Price	\$3,907,500
Client Capital Contribution	\$781,500
Current Portfolio Value	\$5,872,284
Equity Generated	\$1,964,784
Return on Capital	251.41%

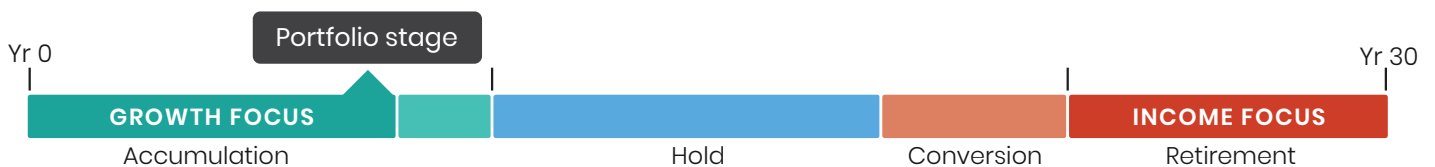
## Portfolio Diversification



## Portfolio Growth



## PPA 30 Year Strategy



# Explanation of terms

## Property Grade

**A |** Quality Dwelling; Owner Occupier Standard Townhouse, Villa Unit or Apartment based in Melbourne/Sydney. Portfolio Quality Rating = 1.

**B |** Owner Occupier Standard Townhouse, Villa Unit, Apartment based outside Melbourne/Sydney; Low Density Apartments (less than 20). Portfolio Quality Rating = 0.8.

**C |** Project Homes; Investor Stock Townhouses; Owner Occupier Standard Medium Density Apartments (20 – 50). Portfolio Quality Rating = 0.6.

**D |** Investor Standard High Density Apartments (>50). Portfolio Quality Rating = 0.4.

**E |** Compromised D-Grade Asset (compromised assets taken back 1 Grade). Portfolio Quality Rating = 0.2.

## Suburb Ratings

**AAA |** >7% Historical Growth, Good Liquidity, Low Volatility. Portfolio Quality Rating = 1.

**BBB |** 6% – 7% Historical Growth, Average Liquidity, Average Volatility. Portfolio Quality Rating = 0.8.

**CCC |** 5% – 6% Average Historical Growth, Below Average Liquidity, Below Average Volatility. Portfolio Quality Rating = 0.6.

**DDD |** <5% Historical Growth, Poor Liquidity, High Volatility. Portfolio Quality Rating = 0.4.

## Portfolio Quality Rating

The average of all Suburb and Property grades in a portfolio. The table below shows the star rating and corresponding grade average, rounded to the nearest tenth.

<b>5 Star</b>	1.0
<b>4.5 Star</b>	0.9
<b>4 Star</b>	0.8
<b>3.5 Star</b>	0.7
<b>3 Star</b>	0.6
<b>2.5 Star</b>	0.5
<b>2 Star</b>	0.4
<b>1.5 Star</b>	0.3
<b>1 Star</b>	0.2
<b>0.5 Star</b>	0.1
<b>0 Star</b>	0.0

## Glossary

**Gross Yield** is an investment's profit before taxes and expenses are deducted. Gross yield is expressed in percentage terms. It is calculated as the annual return on an investment (i.e. rent before taxes and expenses) divided by the purchase price.

**Compound Annual Growth** is the measure of an investment's annual growth rate over time, with the effect of compounding taken into account. It is often used to measure and compare the past performance of investments or to project their expected future returns.

**Average Total Annual Return** represents the annual return in percentage terms and includes the Gross Yield and Compound Annual Growth Rate.

**Portfolio Size** is the number of assets in a portfolio.

**Total Purchase Price** is the total amount paid for all assets in a portfolio.

**Client Capital Contribution** is the principal amount that a client has invested.

**Current Portfolio Value** is the current combined estimated value of all assets in the portfolio based on market indexing and comparable sales.

Equity Generated is the Current Portfolio Value minus the Total Purchase Price of the portfolio.

Return on Capital represents the total growth of the Client Capital Contribution. It is expressed in percentage terms and is calculated by dividing the Equity Generated by the Client Capital Contribution.

## Performance 30-year Strategy

The Performance 30-year Strategy is our recommended strategy duration for most clients. We plot our clients progression on the strategy timeline to help make decisions on whether to Acquire, Hold, or Sell assets.

Early in the strategy, many clients are looking to generate equity, which can be converted into income focussed assets later in the strategy to help fund retirement.

Talk to one of our PIPA Qualified Property Investment Advisors to discuss where you are at in your 30-year strategy and to discuss your suitability to build one of our flagship \$5m, \$10m or \$20m property portfolios.

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