



PORTFOLIO CASE STUDY

From \$0 to \$4.8 million in 8 years

Portfolio overview

This simple residential portfolio comprises three A-Grade established homes purchased in AAA locations between 2013 and 2021. It has generated over 400% return on our clients capital invested. The portfolio is diversified across three states which helps lower land tax and spreads market risk.

Our client is now in the hold phase of their strategy which we expect will last for another five years. We will then consider small scale development and renovations prior to selling assets to maximise sale price and return for our client.

The plan is to then reinvest the equity into one of our commercial property funds to generate a higher yield than the current residential portfolio and more income for retirement.

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Portfolio Quality

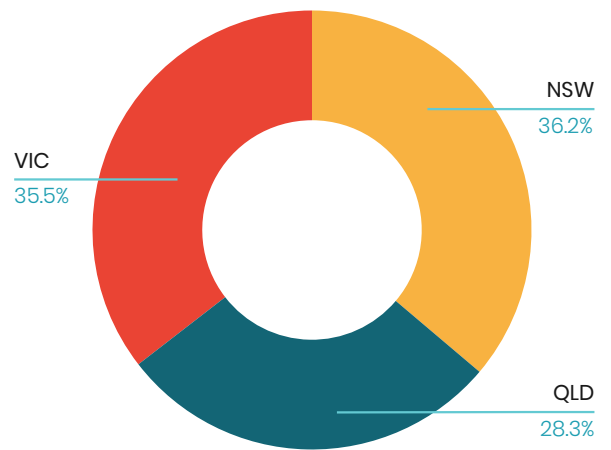
PORTFOLIO QUALITY RATING: ★★★★★

SUBURB	STATE	ASSET TYPE	PURCHASED	PROPERTY RATING	SUBURB RATING
Newtown	NSW	Residential House	2014	A	AAA
Wooloowin	QLD	Residential House	2014	A	AAA
Flemington	VIC	Residential House	2016	A	AAA

Key Portfolio Stats

Client Annual HH Employment Income	\$350,000
Annual Gross Rental Income	\$102,960
Gross Yield	3.89%
Compound Annual Growth	8.22%
Average Total Annual Return	12.11%
Portfolio Size	3
Total Purchase Price	\$2,644,500
Client Capital Contribution	\$528,900
Current Portfolio Value	\$4,811,754
Equity Generated	\$2,167,254
Return on Capital	409.77%

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.

5 Star	1.0
4.5 Star	0.9
4 Star	0.8
3.5 Star	0.7
3 Star	0.6
2.5 Star	0.5
2 Star	0.4
1.5 Star	0.3
1 Star	0.2
0.5 Star	0.1
0 Star	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.

Performance Property Group
are a member of

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