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Platinum Investment Homes

Business Plan

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Executive Summary

Project – Lease Me 2 Pty Ltd trading as - Platinum Investment Homes

The project is loosely based on the rent-to-buy concept, which has been created to allow customers to purchase property, where they would have previously thought impossible. It is a new concept in Australia, which is rarely seen and has already proven very popular. This is the concept for the future of most real estate transactions in Australia. There are already many clients wishing to take up the concept to purchase real estate.

Financial Institutions in Australia generally allow a purchaser to loan up to 95% of a property amount; however, this requires Mortgage Insurance. This 95% is generally only available in larger metropolitan areas in Australia, and only available for those with clean credit histories. Most people in regional NSW find it difficult to save the 20% to 30% deposit that is required in the area to get a loan for a property. This project is aimed to fund those people in Regional NSW that are unable to save for a home deposit. These people may be paying high rents for properties up to \$400 per week, and they are unable to save, or they consider buying their own home impossible. This is their opportunity to make payments toward their mortgage rather than their rent.

Platinum Investment Homes also wish to aim this concept at low-income earners, these people may never have the opportunity to purchase a home. These people will generally make their payments and take care of the property, as they own the home from the beginning. Rented properties do not always get maintained properly.

Defence Housing is also a strong market in our region, with access to an Airforce and Army base that have hundreds of personnel. The region also has access to a University, with a number of well-paid expatriates that may wish to purchase a home. These persons would not normally be able to loan money for a property due to their expat status, or they would not consider a home purchase due to the transient life style. Platinum Investment Homes will sell the concept for both purchase of real estate to live in and investment.

There are 2 stages to the project.

- Stage 1 – Platinum Investment Homes is loaning funds to each buyer of real estate – at 100% of the property plus costs.
- Stage 2 – During the year Platinum Investment Homes will reinvest the profits (plus outside funds) to provide the deposits of 20% to 30% of the real estate plus costs. The coinciding Mortgage Broking Business will be utilised to find a loan for the 70% to 80% of each property.
- Cash flow from all properties will be received from the loan repayment on a 30 year basis at least 8% - we will reserve the right to vary this amount based on the financial status of the client. (the higher risk a client presents, the higher the rate will be) We will also reserve the right to charge an administration fee on the repayment of at least \$150 to \$200 per week.
- A management fee of 5% of the value of the repayments and the administration fee will be paid to Been Accounting (the administrator of the project). Been Accounting provide the staff and resources for all the administration of the business.

Back ground of the Individuals –

Heather Grace CPA, Bus JP – sole director and shareholder of Lease Me 2 Pty Ltd trading as Platinum Investment Homes ABN 73 155 128 037 – CPA for 15 years, Heather has been a Justice of the Peace (Public Notary) since 1990. Heather has been a Tax Agent in her own right and a Mortgage Broker since 2011. Heather is currently studying to become a Real Estate Agent. Heather has a background in both Public and Private Accounting, taking on a variety of Financial Controller and Tax Accountant Roles. Heather has a history of helping people to expand their financial horizons. Heather opened her own CPA firm in April 2010 and has expanded to include 3 part time staff and 3 full time staff besides herself. Heather combines all her financial services for clients in the most economical and efficient manner possible.

Funds needed for Stage 1 is \$30,000,000. It will be allocated to purchases of 139 houses in the 19 surrounding towns to Cootamundra NSW. These homes will range from a purchase price of \$135,000 to \$420,000. We have estimated the demand for houses in different price ranges. The split of the houses is detailed in the Personal Guarantor sheet. The majority of the homes are in the range \$135,000 to \$300,000 – as these houses will be the most affordable for customers. In addition to the purchase prices, there will be costs associated with buying, such as stamp duty and legal fees. These funds will be loaned to applicants at 100% of the purchase and costs. All purchases will be made in the name of the customer. Interest percentages and administration fees will be charged on the loans according to their circumstance.

\$2,500 has been invested into the company to obtain the necessary licences to operate, Australian Credit Licence, Business Name and Real Estate License. There has also been \$8,910 worth of accounting fees for time devoted to the start-up and research for the company. An employee (with Real Estate Agency background) has been employed at \$880 per week – plus superannuation of 10% and workers compensation since May 2012. This employee is currently studying her Real Estate License and Auctioneering Accreditation and assisting with promotion of the project. All funds that are earned by the project will be reinvested into it. Also loan brokerage of \$1,000 per loan will be reinvested into the project. Any commission earned from lenders plus one half of all Management Fees will be reinvested to continue expanding the project. Up \$400,000 will be reinvested in the project after Stage 1 has been completed.

Exit Strategy – The funder will be returned their scheduled payments at the specified times. Each customer will make a regular repayment for their loan. These regular repayments are either weekly, fortnightly, or monthly. The company will make regular repayments to the funder, at least monthly to cover principal and interest repayments accrued on the loan at that time. Extra funds reinvested will assure the Lender is repaid in their specified time period.

Business Model

Platinum Investment Homes will assist clients on purchasing their own homes through a lease to buy system (Equity Purchase). This system allows for clients who may not be able to obtain a mortgage through traditional means to get their foot on the property ladder. These clients may include people who struggle to save a deposit or people who have minor credit issues making it difficult to obtain a loan.

The process involved in Equity Purchase is:

- The tenant/buyer finds a property that they wish to purchase or give Platinum Investment Homes details of what criteria and price range they are looking for purchase and the staff of Platinum find them properties through other real estate agents in the Riverina area. Platinum then purchase the properties from these estate agents.
- Platinum Investment Homes obtain a 20% deposit from a private investor, and 80% from a financial institution to finance the purchase
- Caveats will be placed over the homes by the investor if they wish
- Rental applications will be required by applicant, and credit history checks and also annual salary will be required before applicant is considered
- Tenant/buyer moves into the property for a fixed term of either 2.5 or 5 years, during this time they pay an administration fee each week and also an Equity payment based on the current, most competitive interest rate
- The tenant is responsible for all costs involved in home ownership eg – repairs, water and land rates
- At the end of the fixed term the tenant/buyer may continue the fixed term for another 2.5 or 5 years if they have not alleviated any issues preventing them getting a loan, or they may refinance through Mortgage Choice franchise located in the same building as Platinum Investment Homes
- During the fixed term the property will be regularly inspected ensuring the property is kept well maintained terms of lease are being followed
- A collection fee will be charged by Platinum Investment Homes to assist in covering the administration costs of the business
- If payments are not made by tenant, results are the same as in a standard leasing condition; vacating notice will be given to tenant.

Platinum Investment Homes in the future provide house and land packages within the Riverina area. As a separate venture Platinum Investment Homes also endeavour purchase and/or build properties as investments for the business.

The Business

Business Details

Products/Services: Platinum Investment Homes are assisting clients who may not have the ability to save for a deposit or who may have credit issues to purchase a home and get their foot on the property ladder (Equity Purchase). It allows people to accumulate capital in their home by paying equity payments to Platinum Investment Homes for a fixed term. This timeframe allows for clients to ensure equity in the home and/or to alleviate credit issues, before applying for credit through a financial institution to purchase the home from Platinum Investment Homes.

Registration Details

Business/Trading Name: Platinum Investment Homes

Location Registered: Cootamundra, NSW

Business Structure: Private Company, Proprietary Company

Domain Name/s: platinuminvestmenthomes.com.au

Licences and Permits: Certificate IV in Property Services (Real Estate) – Real Estate License, Certificate of Registration (Property Services)

Business Premises

Business Location: Platinum Investment Homes is based in Cootamundra, NSW (1hr from Wagga Wagga, 2hrs from Canberra, 4hrs from Sydney). Office staff will be located in a small office within Cootamundra Central Business District and properties located within Cootamundra and small villages around the area.

Management and Ownership

Name of owners: Heather Grace

Details of Management and Ownership:

Heather Grace: Heather will be a director of the business and assisting the licensee-in-charge with day to day running business. She will also assist as financial controller of the business. Heather will be also be completing her Certificate IV in Property Services (Real Estate) to obtain her license.

Corinne Breese: Corinne will be the licensee-in-charge and will be completing the sales, purchases and leasing of properties, and also property management duties. She will manage the day to day running of the business and financial control with the assistance of the second director.

Relevant Owner Experience:

Heather Grace: Heather has a thorough knowledge in business. She currently owns her own accountancy and mortgage lending businesses and has been in a partnership with her husband in a livestock transportation business. She is currently in the process of constructing two new businesses Stock Purchase Limited and JELM Pies Limited. She will also be undertaking Certificate IV in Property Services (Real Estate), to obtain her licence. Heather also holds a credit licence, allowing her to lend the funds to the tenant/buyer.

Key Personnel

Current Staff and Contractors

Job Title	Name	Expected staff turnover	Skills or Strengths
Director/Financial Controller	Heather Grace	Permanent	Qualified accountant, currently runs her own accountancy business and has a thorough knowledge of business.
Licensee-in-Charge/Financial Controller	Corinne Breese	Permanent	Has a thorough knowledge of the real estate industry and also the local area.

Required Staff and Contractors

Job Title	Quantity	Expected Staff Turnover	Skills necessary	Date required
Financial Controller	1 or more (pending on how much business expands)	Permanent	Knowledge in accountancy and book keeping	When business expands enough
Real Estate Agent (Certificate of Registration)	1 or more (pending on how much business expands)	Permanent	Knowledge in real estate and holds or willing to complete certificate of registration.	When business expands enough

Recruitment Options: When advertising for obtaining staff when required Platinum Investment Homes will be advertising in local newspapers and also online.

Training Programs: If selected candidate does not have required skills and is willing to become qualified, Platinum Investment Homes is prepared to assist the client through the necessary courses to qualify them.

Re-numeration of Staff and Contractors: This will be conducted on a market value basis along with all statutory requirements.

Risk Management

Risk	Likelihood	Impact	Strategy
Lack of properties both sale and rental	Unlikely/Likely	Medium/High – pending on the amount	This could occur due to demand being higher than supply, a downturn in market may turn people off selling and or purchasing property
Tenants not paying rent or looking after properties	Unlikely/likely	Medium – pending severity	If the tenant becomes more than 14 days behind in rental payments a letter and phonecall will be made also upon inspection or complaints from neighbours if the property is not being looked after or consideration for neighbours is not being taken into account a letter will warn them if continues as with rental payments a notice to vacate will be issued. Will be going to Tribunal if problems continue to occur or rental payments are not made

Operations

Suppliers

Suppliers include vendors, investors and landlords that provide Platinum Investment Homes with the properties for sale and lease. Investors will provide either a rental property or a property for the lease to buy.

Plant and Equipment

Equipment	Purchase Date
Trust Accounting System for rental payments and also deposit payments	Start of business
S.O.L.D Program for sale property listings	Start of Business

Technology Software: Platinum Investment Homes will require a website, email, property listing program (as above), a trust accounting program (as above) and an accounting program. The coinciding businesses have access to required software including website creation programs, email programs and accounting software program, which Platinum Investment Homes staff will have access to.

Trading Hours: Monday to Friday – 8.30am to 5.30pm
Saturday and Sunday by appointment.

Communication Channels: Customers of Platinum Investment Homes will be able to contact the business through a designated email address, telephone both land line and mobile, shop front within the coinciding businesses current address, a street address for all mailing, fax machine which will be in conjunction with coinciding businesses. A social networking page on facebook to help expand the knowledge of the business on a wider scale.

In the meantime – Enquiries can now be directed to

Heather Grace:
Mob: 0438432642 * Phone: 02 69427345 * Fax: 02 69360108
heathergrace@beenaccounting.com.au
www.beenaccounting.com.au

Corinne Breese:
Mob: 0499005321 * Phone: 02 69427345 * Fax: 0269360108
corinnebreese@beenaccounting.com.au

Credit Policy: Adequate checking of references will be undertaken for rental properties and lease to buy.

Quality Control: To ensure that lease to buy properties are of the highest quality at all times they will be frequently inspected to ensure that they are being properly cared for and all maintenance is completed.

The Market

Market Research

Analysis of the market was completed through one of the coinciding businesses, Mortgage Choice, where recent financial hardship cases and first home buyers without a deposit saw a need for an option to be available to allow for clients to either sort credit issues out or save for a deposit. Equity Purchase allows for these clients to step onto the property ladder. Also internet research revealed a large amount of properties for sale that were not being sold and a new approach and better rates are offered assist in selling the property for the vendor faster. Also internet research for leasing properties saw that demand was higher than supply that the leasing market in Cootamundra and the small villages surrounding it is significantly healthy and an agency that can broaden the leasing market is needed.

Environmental/industry analysis

Recent financial hardship cases and first home buyers without a deposit saw a need for an option to be available to allow for clients to either sort credit issues out or save for a deposit. Equity Purchase allows for these clients to step onto the property ladder. Also internet research revealed a large amount of properties for sale that were not being sold and a new approach and better rates are offered assist in selling the property for the vendor faster. Also internet research for leasing properties saw that demand was higher than supply that the leasing market in Cootamundra and the small villages surrounding it is significantly healthy and an agency that can broaden the leasing market is needed.

Customer Demographics: Platinum Investment Homes is providing their sale properties to anybody in Australia that is either relocating or purchasing an investment property. Lease to buy properties are also for anybody who is relocating to the Riverina.

Key Customers: Equity Purchase properties are for anybody who is relocating to the Riverina. To target this market is a mailout of promotional flyers and brochures, advertising in local newspapers and on internet.

Customer Management: To ensure that a good relationship is maintained with clients the Business will keep them informed on any large movements made by the business or any significant happenings of the business. Also to provide all clientele of the business excellent customer service which will assist in goodwill of the business, resulting in an expansion of cliental base.

Market Position: Platinum Investment Homes provides high quality property for lease to buy at competitive prices and rates. This allows for the business to have a broader market, allowing for a larger cliental base resulting in possible expansion of business.

Unique Selling Position: Initially Platinum Investment Homes conduct the process purchase and leasing of property, for lease to buy, within the Riverina area economically and conveniently for all parties. Platinum Investment Homes will conduct frequent and thorough inspections throughout tenancies to ensure that the properties are maintained to a high standard.

Target Market: Platinum Investment Homes is providing their services to first home buyers, clients wishing to purchase investment homes, sell their home, and clients with credit issues.

Marketing Strategy: Platinum Investment Homes will produce promotional flyers and brochures by the local promotion company which will be handed out to potential cliental. Promotional material will also be advertised within the businesses that coincide with Platinum Investment Homes for perusal by customers endeavouring to expand cliental base. Goodwill from existing customers and business contacts will help promote the business.

Anticipated Demand: Initially Platinum Investment Homes are expected to lease out homes for the lease to buy (Equity Purchase) for approx. 2.5 – 5 years. Purchases as goodwill grows will increase and anticipated to sell quickly pending on the nature of the market at the time of listing.

Pricing Strategy: Pricing strategy has been set at 5% collection fee for management fees for the Equity Purchase. The Equity Purchase part of our business will be our focus for the first five years.

Value to customers: Platinum Investment Homes will provide quality lease to buy properties to clients at economical rates and prices to ensure value for money to consumers.

Sales and Distribution Channels

Channel Type	Advantages	Disadvantages
Shopfront (with coinciding businesses)	<ul style="list-style-type: none"> Accessibility for customers to walk in off street Large eye catching advertising that is in a main area of town Visible business shopfront in main area of town 	<ul style="list-style-type: none"> Costs involved with rent, electricity, water
Internet	<ul style="list-style-type: none"> Worldwide advertising Operating 24hrs 7 days a week Inexpensive Interactive 	<ul style="list-style-type: none"> Can become expensive if hire a professional to create and maintain the website - train a staff member to perform this duty
Promotional Flyers/Brochures	<ul style="list-style-type: none"> Eye-catching pamphlets that can be put into various businesses around the area to advertise the business Letterbox drops to advertise the business to all homes within the area 	<ul style="list-style-type: none"> Costs of printing brochures and flyers Hiring people to do the letterbox drop Can become expensive if hiring a professional to create the advertisements – staff may be able to design one and then brainstorm ideas

S.W.OT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> High Lease to buy (Equity Purchase) properties Equity Purchase to allow for clients who can't save for deposit and or have credit issues to purchase a home Economical prices/rates Convenient process of lease to buy Frequent inspections and monitoring of lease to buy properties Staff having a background business and real estate 	<ul style="list-style-type: none"> Having only a small cliental base Limited amounts of properties for lease to buy The possibility of obtaining some poor tenants (will ensure to do tenancy checks prior to leasing) Some staff that may be incorporated into the business may not have the background knowledge of real estate and business making understanding the process difficult
Opportunities	Threats
<ul style="list-style-type: none"> Expansion into larger areas Larger cliental base leading to expansion of business, increasing staff, revenue and property numbers, and lease to buy 	<ul style="list-style-type: none"> Downturn in market – resulting in prices plummeting – less number of properties being listed and or sold The possibility of obtaining some poor tenants (will ensure to do tenancy checks prior to leasing to avoid poor tenants if possible)

The Future

Mission Statement: Platinum Investment Homes aims to assist assisting clients who may not have the ability to save for a deposit or who may have credit issues to purchase a home and get their foot on the property ladder (Equity Purchase). It allows people to accumulate capital in their home by paying equity payments to Platinum Investment Homes for a fixed term. This timeframe allows for clients to ensure equity in the home and/or to alleviate credit issues before applying for credit through a financial institution to purchase the home from Platinum Investment Homes.

Goals/Objectives:

- Platinum Investment Homes' short term goals are to establish a large cliental base and commence purchases and leasing of properties, for lease to buy. This is to be achieved through promotional activities such as the production of flyers and brochures that will be mailed out to potential cliental, and also to have promotional material accessible at coinciding businesses associated with Platinum Investment Homes.
- Platinum Investment Homes' long term goals are to potentially expand to other areas. This will be achieved by extensive marketing and goodwill, goodwill can be increased by providing professional and effective customer service and ensuring that the lease to buy process is as economical and convenient as possible to all parties involved.
- Platinum Investment Homes also is looking to establish a long term investment portfolio which will provide revenues to that will make the business self-sustaining. Funds will be reinvested into the business to offer new purchases.