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THE BEGINNER PROPERTY INVESTOR'S GUIDE

WE COME INTO REAL ESTATE FOR DIFFERENT REASONS.

It may be that we want to not be bound by working hours, and want to instead pursue interests, passions, holidays, relaxation. It may be that we want something to our name, or want to build a better life for our children.

These desires are poignant and very human. However – this is also how get-rich-quick schemes end up profiting and claiming victims. The stories of "I became a millionaire overnight" are so compelling because they exploit the wishes we have for our lives.

As such, there are investors who may think of property as a lottery ticket, an easy mode, a magic beanstalk.

Unfortunately, there is no such magic pill to be had. A common goal is to be able to retire with enough wealth, or reach financial security without having to work or working significantly less hours. In reality, it takes most people many years of work to accumulate assets which are sufficient for this purpose.

However, on the flip side, there may also be people who are so afraid of the horror stories surrounding get-rich-quick schemes that they feel they could never step into buying property. This is also unrealistic, and becomes a matter of coming around to a mindset of evaluating your current assets and trajectory. Could a path of wealth accumulation through property actually be possible for you?

This guide is aimed to give an insider's view of property investing. Proxima has decades of experience in the property market. We have compiled this e-book to guide new or future investors towards safer, sounder decisions.

We want to highlight the importance of dedication, discipline, and persistence.

ESSENTIAL TIPS FOR INVESTORS

01 - Follow a system / have a strategy

02 - Keep informed / make educated guesses

03 - Manage your risk

04 - Keep your eyes on the big picture

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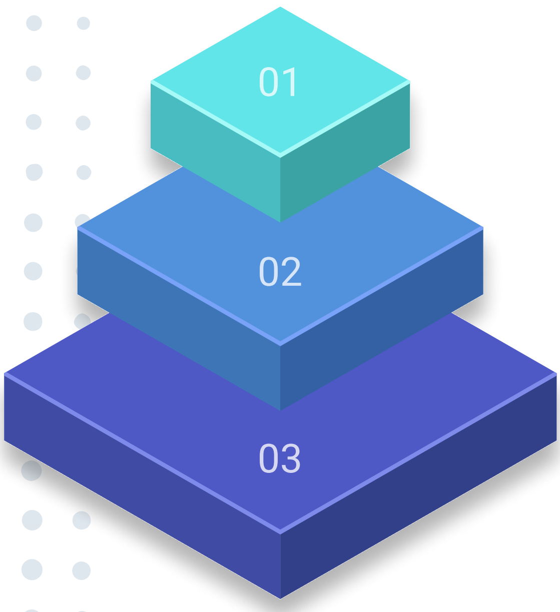
01
Follow a system/ have a strategy

01-Capital growth

02-Cash flow

03-Other strategies, such as renovation



To be a successful investor, having a system for making sound and safe investment decisions is crucial. This reduces the danger of risky speculation where investors make decisions along lines which are not consistent with their goals.

This can then be implemented by buying right properties, in right locations, at right prices, and holding these assets for the long term.

Intelligent investors will use systems such as these to stay out of financial trouble when markets turn.

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SMART TIPS

Treat your investment like a business

• Choose your properties according to your wealth creation plans, not other less-prioritised reasons – there is no sense in buying a property near your own home if the location is not ideal for sustaining capital growth.

• Choose your real estate agent based on their experience. Familiarity with the area or property type you are buying in is essential.

• Make your investment strategy boring: the excitement belongs in your life, but not in your strategy.

SMART TIPS

Understand that fundamental parts of the investing process can't be skipped

It is possible to accelerate the process by learning strategies such as renovations and development, and these can and should be done. However, buying a well-located property that is likely receive strong demand, and therefore outperform averages over time, is a far more well-proven strategy than renovating-and-flipping for first-time investors.

02
Keep informed / make educated guesses

Evaluate your strategy constantly with information from reliable sources. Solutions are not instant, when opportunities are complex.

- What tax, GST and stamp duty can you expect to pay?
- What restrictions may be in place on your lending power?
- Critically evaluate (stories of failure and stories of success)

For property investors, every property, location, and time period are different. A system for investing should be followed, but this system should contain much room for actively thinking about what should be different about the next purchase you make.

Your strategy should follow what has been proven, yet contain room for adapting proactively in response to new information.

SMART TIPS

Invest in the value of education and experience

There is no such thing as being self-made.

All successful property investors rely on professional advisors and supportive mentors.

You should not expect to hand over full responsibility for your own wealth creation – but you can't personally be an expert in all aspects of it. You can build a team you trust, and achieve goals together.

• Make your own decisions, but also find professionals whose advice you trust. Discuss costs, strategies and accountability with these professionals upfront, and then let them do their job.

03

Manage your risk

Growing your property portfolio is dependent on your borrowing power. Therefore, your ability to service your debts, or to borrow more funds, is a central liability that must be managed.

Not being able to service your loans...	Being able to service your loans...
You could be forced to sell a property.	You maintain your portfolio, and continue to use your assets as cashflow buffers.
Not being able to borrow more funds...	**Being able to borrow more funds...**
Your wealth creation opportunities come to a standstill.	You can continue to leverage existing equity to build your portfolio.

SMART TIPS

Make an asset protection plan

• Prepare budgets and cash flow forecasts.

• Manage your exposure to interest rate fluctuations

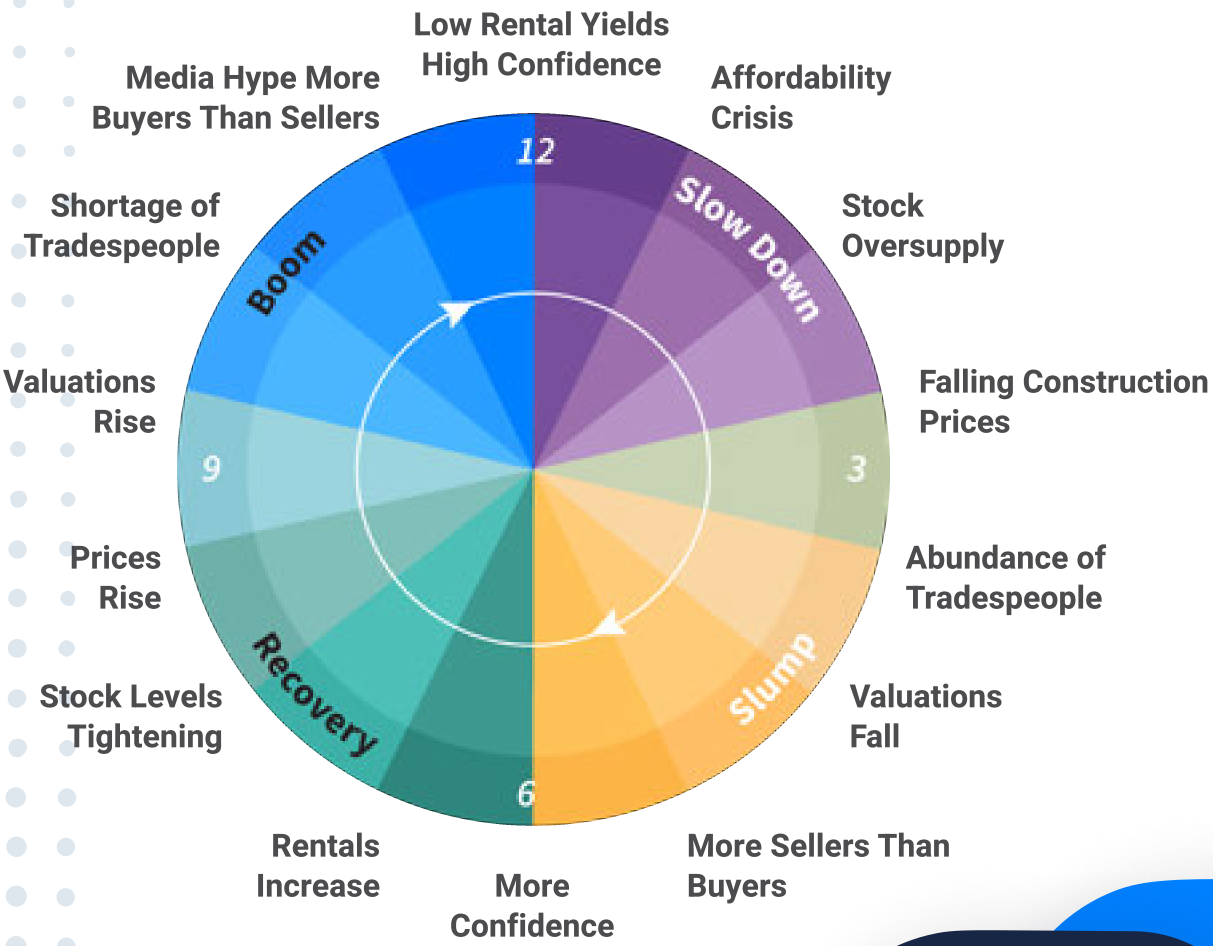
• Maintain cashflow buffers.

• Secure your assets, potentially by buying them through trust structures.

04

Keep your eyes on the big picture

The property market behaves cyclically – each boom leads to the next downturn, and each downturn eventually leads to the next boom.



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However, successful investors often know how to create wealth no matter the state of the market, and unsuccessful investors can manage to create losses at the exact same stages of the cycle. Although the external world should inform you, often it’s also not a deciding lynchpin on which your investment rests.

The goal is to know the state of the market, yet not be so determined to get a better deal that you forget to buy.

Procrastination or indecision can sometimes be more deadly forces than a “bad market”.

There will always be reasons to not invest, but property is all about the capital growth you can achieve over the long term.

SMART TIPS

Stretch your perspective wider

• There may be times when your investment only grows by 5% per annum, but there are times when it might grow by 20%. These extreme highs and lows should ideally balance to earn you around 10% per annum.

• There also is not just one “property market”, but many smaller submarkets. Some submarkets may be booming while others are slowing.

• Investors should not buy just because they have money – yet, whether you can afford it and whether you are ready may sometimes be useful indicators. These should be used together with the state of the market in assessing a purchase.

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