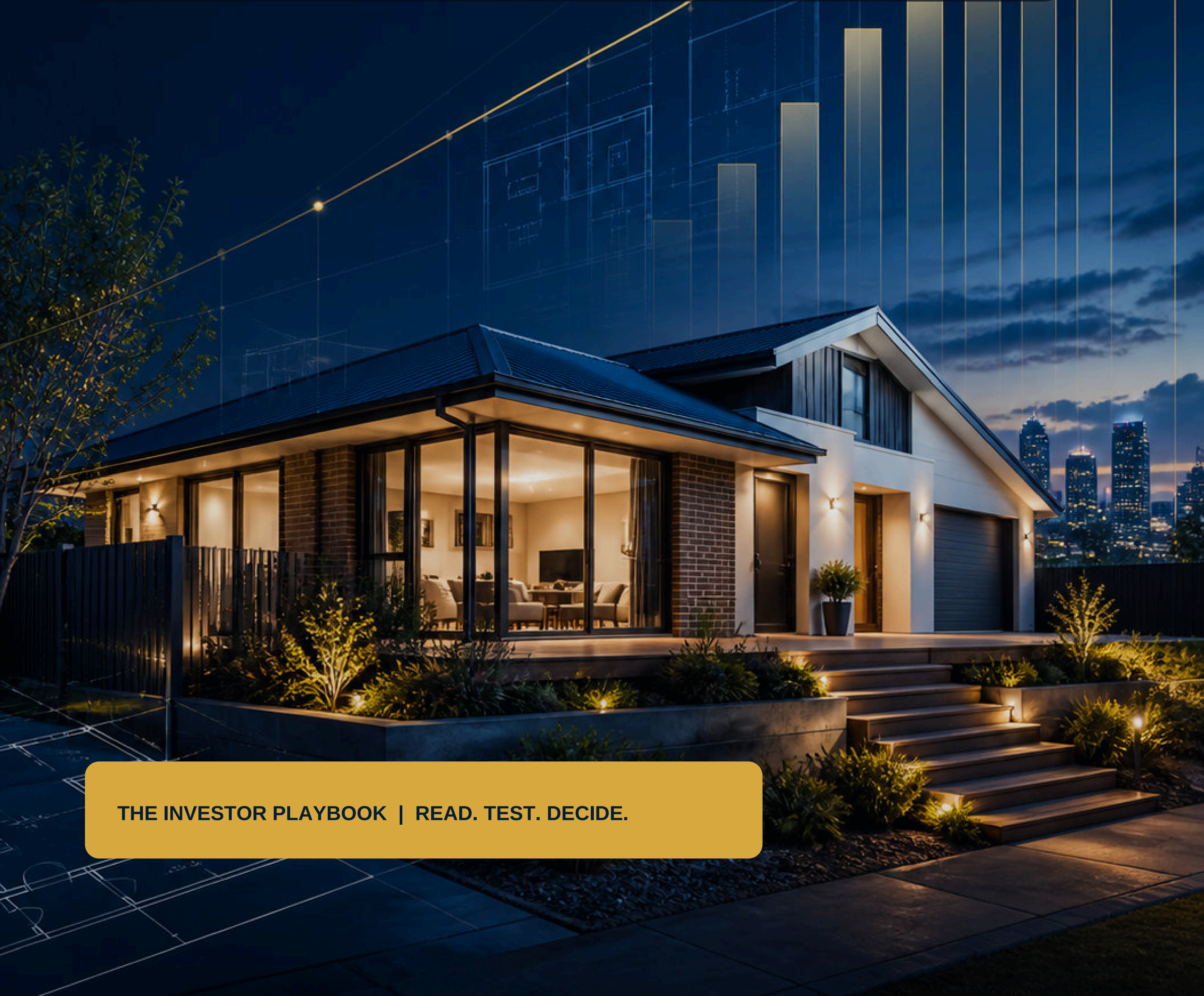
HIGH YIELD PROPERTY SYSTEMS

TURN ONE PROPERTY INTO A STRONGER **INCOME ASSET.**

WITHOUT BUYING THE HYPE.

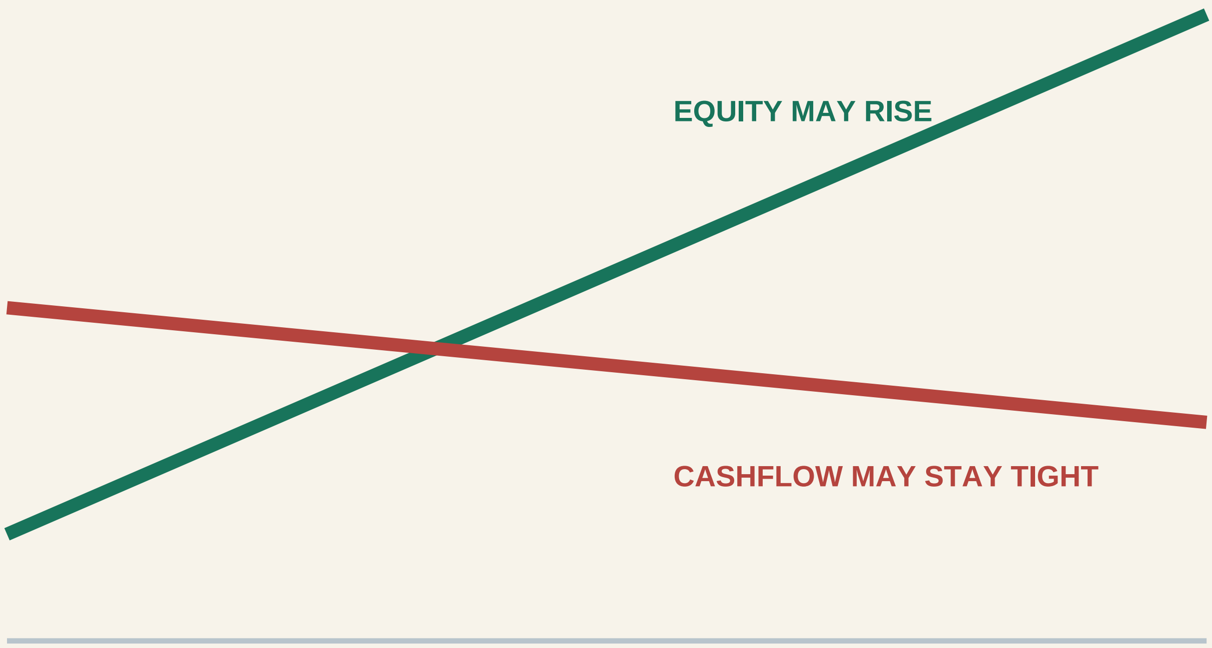
The numbers, risks and decisions behind higher-income property - explained before you commit capital.



THE INVESTOR PLAYBOOK | READ. TEST. DECIDE.

The problem is not always growth. It is holding power.

A property can rise in value while still demanding cash from its owner every month. That can restrict borrowing, flexibility and the ability to buy again.



The question

Can the property support the owner through realistic income, vacancy, operating costs and finance - without depending on a perfect scenario?

Conceptual illustration only. It is not a growth or cashflow forecast.

WHAT HIGHER CASHFLOW COULD CHANGE

More breathing room. Better decisions.

1. **HOLD**
   Meet costs without constant personal top-ups.

2. **BUFFER**
   Absorb vacancy, repairs and rate movements.

3. **CHOICE**
   Keep, improve, refinance or sell from a stronger position.

4. **MOMENTUM**
   Potentially preserve capacity for the next move.

THE TARGET IS NOT MAXIMUM YIELD

The target is repeatable net cashflow after the real costs and risks are allowed for.

STRATEGY MAP

Four strategies. Different moving parts.

STANDARD RENTAL

One household, familiar operation

UPSIDE Lower operational complexity

TEST Income concentrated in one tenancy

DUAL INCOME

Two income streams on one site

UPSIDE Some income diversification

TEST Approval, build and valuation need test

ROOMING / CO-LIVING

Income from individually rented rooms

UPSIDE Potentially stronger gross income

TEST Higher management and compliance load

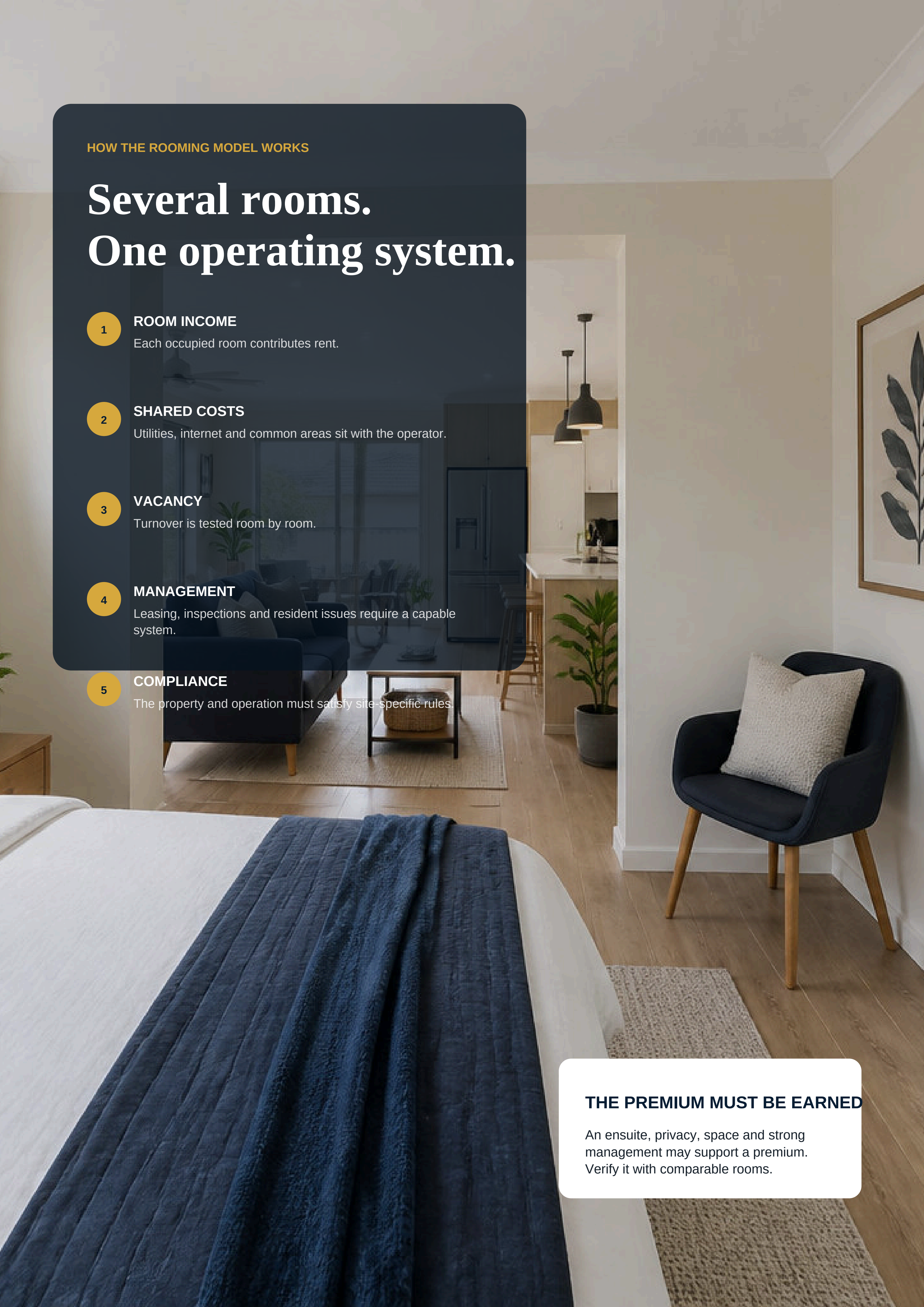
SMALL DEVELOPMENT

Create or reconfigure dwellings

UPSIDE Multiple value-creation levers

TEST Planning, build, finance and timing ris

No strategy is universally superior. The property, owner and evidence must fit together.



HOW THE ROOMING MODEL WORKS

Several rooms. One operating system.

1. **ROOM INCOME**
   Each occupied room contributes rent.

2. **SHARED COSTS**
   Utilities, internet and common areas sit with the operator.

3. **VACANCY**
   Turnover is tested room by room.

4. **MANAGEMENT**
   Leasing, inspections and resident issues require a capable system.

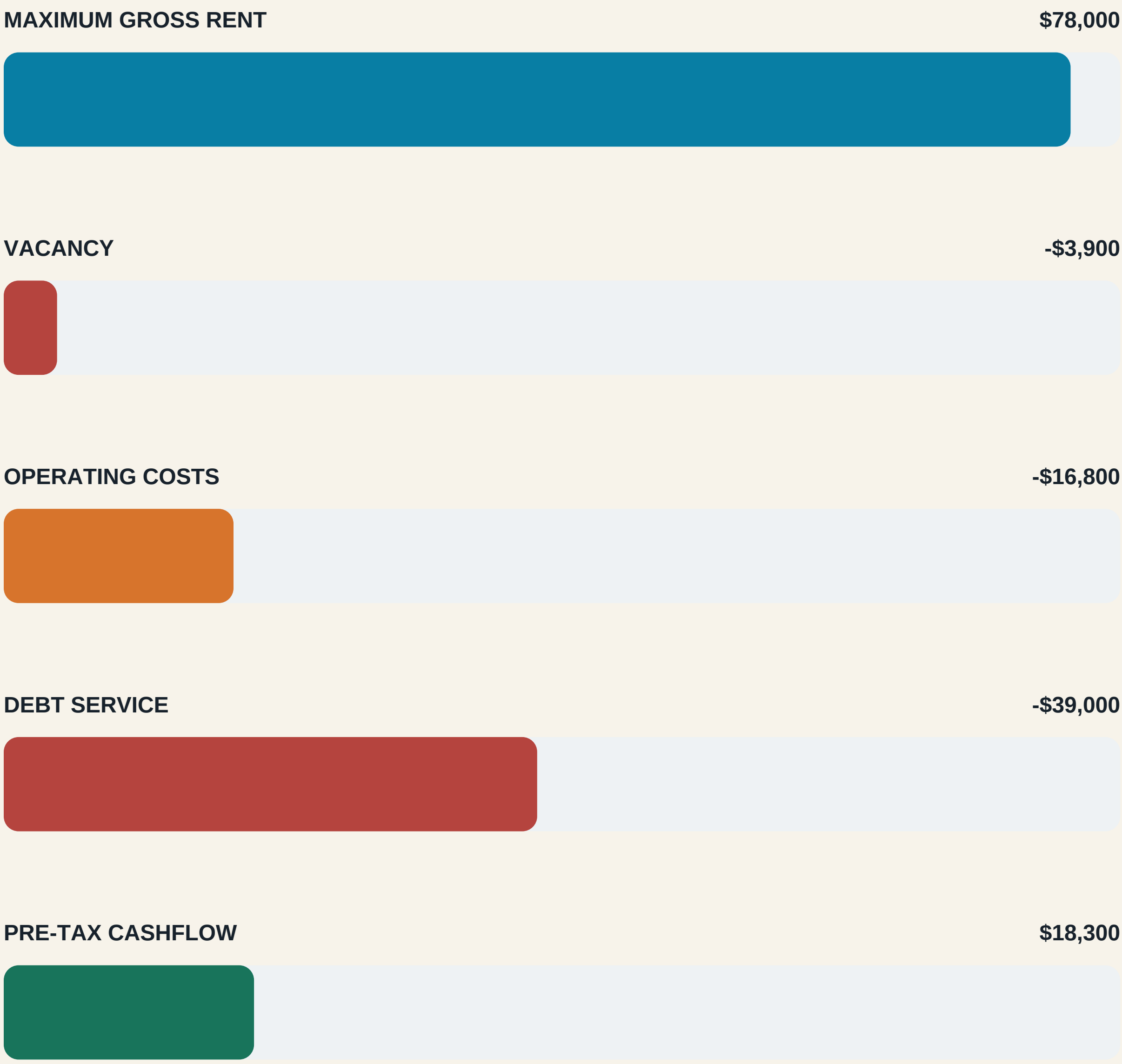
5. **COMPLIANCE**
   The property and operation must satisfy site-specific rules.

THE PREMIUM MUST BE EARNED

An ensuite, privacy, space and strong management may support a premium. Verify it with comparable rooms.

THE CASHFLOW WATERFALL

Gross rent is the headline. Net cashflow is the result.



Do not compare deals using gross yield alone.

Populate every operating-cost line, test vacancy and use the actual proposed finance structure before judging the result.

Hypothetical illustration only. Figures are not market benchmarks or a forecast.

ILLUSTRATIVE DEAL ANATOMY

A worked deal is a stack of assumptions.

PURCHASE + COSTS **$650,000**	CASH INVESTED **$180,000**
MAXIMUM GROSS RENT **$78,000 pa**	VACANCY ALLOWANCE **5%**
OPERATING COSTS **$16,800 pa**	DEBT SERVICE **$39,000 pa**
PRE-TAX CASHFLOW **$18,300 pa**	CASH-ON-CASH **10.2%**

WHAT THIS DOES NOT PROVE

It does not prove demand, approval, valuation, finance, build cost or resale. It shows how clearly labelled assumptions become a testable model.

Hypothetical example only. Replace every input with property-specific evidence and professional advice.

A deal should survive more than the base case.

	Rent -5%	Base rent	Rent +5%
Vacancy 3%	$11,200	$14,900	$18,600
Vacancy 6%	$9,100	$12,700	$16,400
Vacancy 10%	$6,200	$9,700	$13,200

Ask four questions

- Where does cashflow turn negative?
- Which assumption moves the result most?
- What evidence supports the base case?
- Can you carry the downside case?

Illustrative pre-tax cashflow values only. This matrix is a decision tool, not a forecast.

Compare the operating model, not just the rent.

DECISION FACTOR	STANDARD RENTAL	HIGHER-INCOME
Income events	One tenancy	Several room tenancies
Vacancy impact	Whole rent may stop	One room may stop
Bills	Often tenant-paid	Often operator-paid
Management	Familiar	More active
Compliance	Standard checks	Use-specific checks
Exit pool	Usually broad	Must be tested

The better strategy is the one you can verify and operate.

Higher gross income does not automatically compensate for added cost, complexity, finance constraints or a narrower exit market.

WHO THIS MAY SUIT

A fit is more than money.

YES **LONG-TERM OWNER**
Prepared to hold through normal market and operating cycles.

YES **NUMBERS-LED**
Willing to model net cashflow and downside cases.

YES **TEAM-ORIENTED**
Uses qualified planning, finance, building and management advice.

YES **REALISTIC**
Accepts that strong income usually brings added moving parts.

YES **READY TO VERIFY**
Will not rely on a brochure, headline yield or verbal assurance.

WHO SHOULD WAIT

Sometimes the right answer is: not yet.

NO FINANCE BUFFER

If one repair, vacancy period or rate change would force a sale.

BEST-CASE DEPENDENCE

If the deal only works at maximum rent and full occupancy.

NO TIME FOR DUE DILIGENCE

If approval, build, lending and demand checks feel optional.

PASSIVE EXPECTATION

If you want standard-rental effort with a more complex operating model.

SHORT EXIT CLOCK

If you may need to sell quickly into an untested buyer pool.

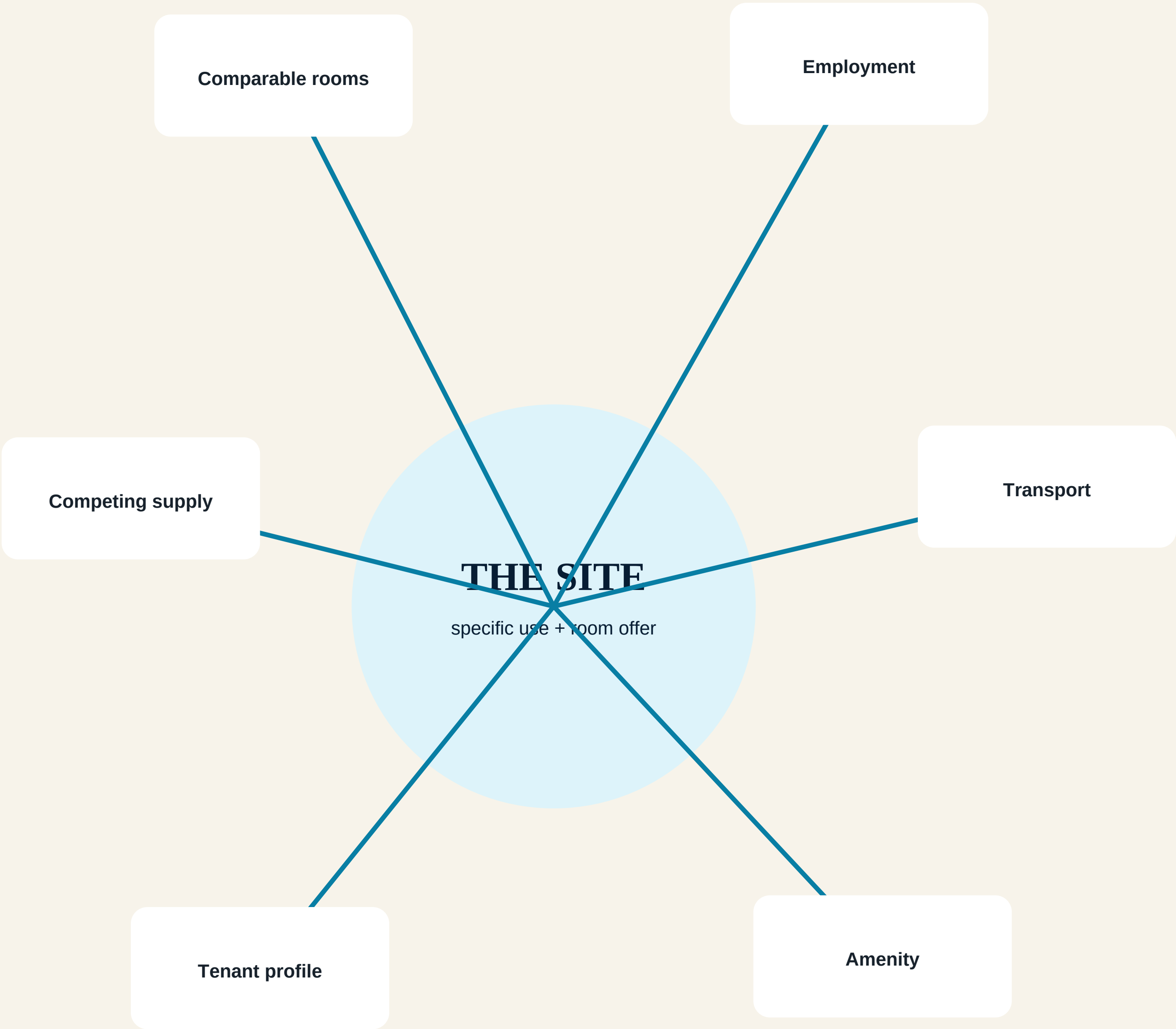
PRESSURE TO ACT

If urgency is replacing evidence.

A pause can be a successful decision.

Improve the finance position, evidence or team first. A suitable opportunity should still make sense after proper checking.

Demand must be local, current and comparable.



EVIDENCE TO COLLECT

Current comparable listings and lettings, vacancy experience, enquiry quality, local operators, proposed room features and realistic tenant alternatives.

The approval pathway belongs to the property.

1

PROPOSED USE

Define rooms, occupants, shared spaces and operation.

2

PLANNING

Check zoning, overlays, definitions and consent pathway.

3

BUILDING

Confirm classification, fire, access and construction requirements.

4

OPERATION

Confirm registration, standards and ongoing obligations.

5

WRITTEN ADVICE

Keep the site-specific evidence before committing capital.

NEVER ASSUME A RULE FROM ANOTHER STATE, COUNCIL OR PROPERTY APPLIES TO THIS SITE.

Ask the lender and valuer before you rely on the model.

HOW WILL THIS PROPERTY BE TREATED?

STANDARD SECURITY?

Product, rate, LVR and servicing

SPECIALISED USE?

Policy, valuation and marketability

WORKS REQUIRED?

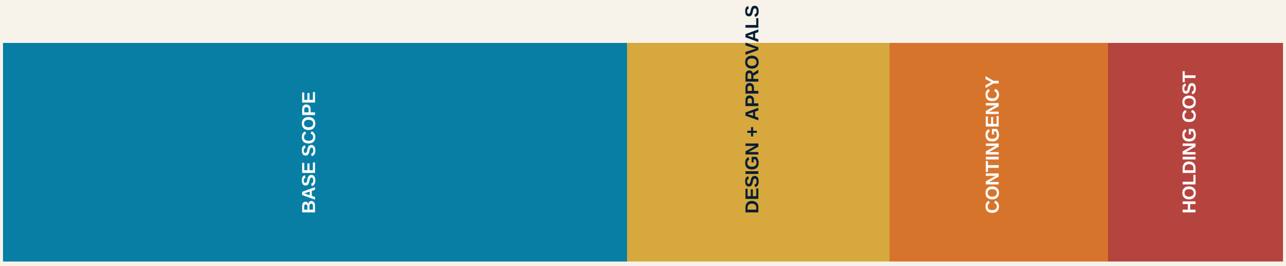
Progress payments, contingency and timing

Get these answers in writing

1. Will rent be accepted at the modelled level?
2. How will the valuer select comparables?
3. Does the proposed use change the lending product?
4. What happens if valuation is lower than price?
5. Can the owner service the downside case?

BUILD AND CONVERSION RISK

Budget the uncertainty, not just the quote.



Three ways a plausible deal changes

COST

Scope gaps, variations and latent conditions.

TIME

Approvals, trades and supply delays extend holding cost.

RENT

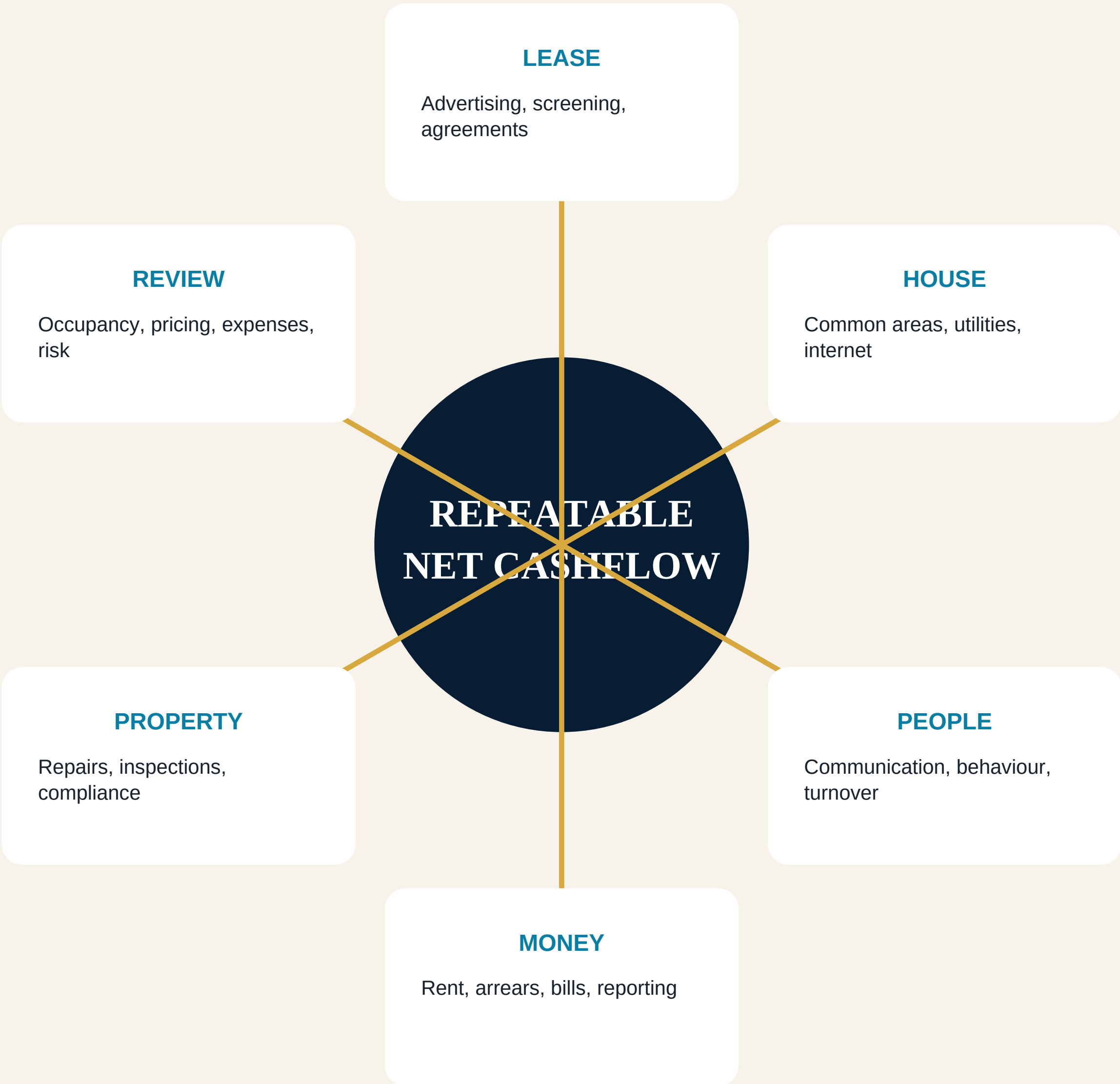
Completion may meet a different leasing market.

THE MODEL SHOULD SHOW

Base scope, exclusions, professional fees, authority charges, contingency, interest during works, delayed-rent allowance and a clear stop-loss decision.

MONTHLY OPERATING SYSTEM

Higher income is an operating business inside a property.



IF THE OPERATING SYSTEM IS VAGUE, THE CASHFLOW ASSUMPTION IS VAGUE.

FOUR EXIT PATHS

Plan the exit before the entry.

KEEP

Does income remain durable after costs and maintenance?

REFINANCE

Will the valuation and lender treatment support it?

SELL AS OPERATED

Is there a proven buyer pool for the use and income?

RETURN TO STANDARD USE

What would it cost, and is it practical and lawful?

A HIGHER YIELD DOES NOT REMOVE EXIT RISK.

Test sale comparables, likely buyers, conversion alternatives and transaction costs before the purchase decision.

RED FLAGS

Dangerous deals usually advertise certainty.

- Yield quoted without a complete expense schedule
- Full occupancy treated as the base case
- Approval described as automatic or obvious
- Finance assumed from another property or borrower
- Build quote missing scope, fees or contingency
- One exit price with no comparable evidence
- Pressure to secure the deal before checks finish
- A promoter answering outside their expertise

A RED FLAG IS NOT ALWAYS A REJECTION.

It is a demand for evidence before proceeding.

EVIDENCE SCORECARD

A strong opportunity can answer hard questions.

DEMAND	Current comparable rooms and enquiry evidence
APPROVAL	Written site-specific pathway
FINANCE	Lender and servicing position checked
VALUATION	Treatment and comparables understood
BUILD	Scope, exclusions and contingency visible
OPERATIONS	Manager, costs and responsibilities defined
DOWNSIDE	Vacancy, rate and cost stress tests passed
EXIT	Multiple realistic paths supported by evidence

Unchecked does not mean bad. It means not yet ready.

HOW HIGH YIELD PROPERTY SYSTEMS WORKS

Evidence first. Property second.

1	**UNDERSTAND**	Clarify the goal, timeframe and acceptable trade-offs.
2	**PREPARE**	Check finance, cash buffer and ownership advice.
3	**SCREEN**	Compare strategies and reject obvious mismatches.
4	**MODEL**	Run property-specific income, costs and downside cases.
5	**VERIFY**	Planning, building, finance, valuation and demand.
6	**DECIDE**	Proceed, renegotiate, pause or walk away.
7	**OPERATE**	Track occupancy, expenses, compliance and exit options.

WHAT CONRAD HELPS YOU DECIDE

Whether the strategy and opportunity deserve the next stage of investigation - not whether a headline yield sounds exciting.

MYTH VERSUS REALITY

The sensible objections deserve direct answers.

MYTH **HIGHER YIELD IS BETTER**

No. Compare net cashflow, complexity, downside and exit.

MYTH **MORE ROOMS END VACANCY**

No. They spread vacancy events but create turnover and operating work.

MYTH **ENSUITE MEANS PREMIUM RENT**

No. Verify the full room offer against genuine comparables.

MYTH **THE BANK VALUES THE INCOME**

Not automatically. Confirm how this lender and valuer will treat the property.

MYTH **APPROVAL IS THE BUILDER'S JOB**

No. The owner's capital is exposed if the pathway is wrong.

MYTH **THE JOB IS TO SELL THE DEAL**

The process must first test whether the opportunity fits the investor.

Good advice makes the decision clearer, not more urgent.

FREQUENTLY ASKED QUESTIONS

Questions investors should ask before they act.

How much deposit do I need?

It depends on the borrower, property, use and lender. Check the specific scenario with a broker.

What rent should I use?

Start with current comparable rooms or dwellings, then test lower-rent and vacancy cases.

Who pays utilities?

Model the proposed lease structure. Higher-income models often leave more bills with the owner.

Is management difficult?

It can be more active than a standard rental. Test the manager's systems, fees and local experience.

What about tax?

Use a qualified adviser for your structure and circumstances. This guide does not provide tax advice.

Can I sell it like a normal house?

Possibly, but do not assume it. Test the likely buyer pool and any cost to return to standard use.

Do I need to live nearby?

Not necessarily. Distance increases reliance on a proven local team and reliable reporting.

What happens on the first call?

Clarify goals, resources and fit. It is a decision conversation, not a promise of a property or return.

INVESTOR READINESS CHECK

Your next step depends on your readiness.

- [ ] Goal and timeframe are clear
- [ ] Borrowing position has been discussed
- [ ] Cash buffer survives the downside case
- [ ] Preferred strategy complexity is understood
- [ ] Property-specific evidence can be gathered
- [ ] Professional advisers are available
- [ ] You can walk away if the evidence fails

0-2

PREPARE

Strengthen finance, knowledge or buffer first.

3-5

INVESTIGATE

Use the Playbook and property-specific model.

6-7

CONVERSATION

Discuss strategy and deal fit with Conrad.

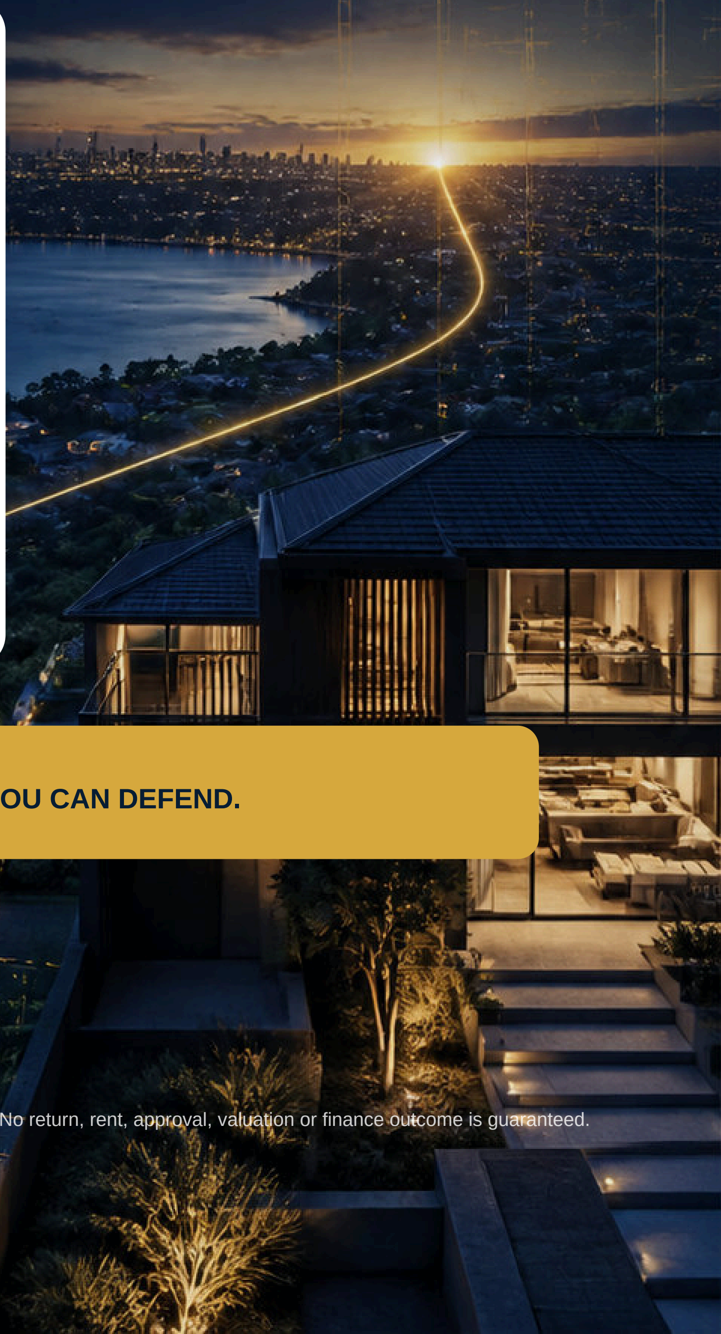
READINESS IS NOT A SCORE ABOUT YOUR WORTH.

It is a prompt to identify the next useful decision before considering a property.

YOUR NEXT PROPERTY SHOULD DO MORE THAN LOOK GOOD ON PAPER

FIND OUT WHAT IT COULD REALLY DO FOR YOUR INCOME AND YOUR PORTFOLIO.

Run the real numbers. Expose the weak assumptions. Decide whether the opportunity deserves your next move.



START YOUR DEAL-FIT REVIEW

Scan to take the next step, or reply to the Playbook email with DEAL FIT and the decision you want help making.

TURN THE NEXT OPPORTUNITY INTO A DECISION YOU CAN DEFEND.

General education only. Not financial, legal, tax, planning, building or investment advice. No return, rent, approval, valuation or finance outcome is guaranteed. Obtain advice for the specific property and your circumstances.