Winner

A real property performer

Conny Torney owns almost $4m worth of real estate and admits that her path to success has had its ups and downs. But as a professional clown and children's entertainer, she has certainly learned how to look on the bright side

Conny wins:

- $5,000 in cash
- 'Property and money strategies for an uncertain time' DVD/CD bundle from Investors Direct
- Two tickets to an Investors Direct 'Property finance fundamentals' workshop
- One-year Residex subscription
- One-year subscriptions to *Your Investment Property* and *Your Mortgage* magazines
- Three free property valuations, depreciation schedules and insurance valuations, courtesy of Opteon Property Group
- The opportunity to be the resident property guru for *Your Investment Property's* Q&A section for one year

Eleven years ago, with "no inherited wealth, family support or sympathetic lending institutions", Perth-based Conny Torney made the decision to invest in real estate.

She was determined to buy her first property, but the banks were less than willing to finance her ambition. So she worked three jobs, and seven days a week, to raise her first deposit.

"As I didn't work in mainstream jobs and was a low-income earner, the banks considered me to be high risk," Conny explains.

"So I had to raise $30,000 for a 35% deposit on my first home. I was also charged mortgage insurance and a higher interest rate."

It wasn't the first time Conny had faced a challenge head-on. "I'm a children's entertainer – a clown. I left home at 16 with nothing but a passion to perform and a strong sense of self-belief," she says.

"The clown and the property investor fit well together.

"It was profit from investment that funded my dream [to become a clown] and, later, it was cash from my entertainment business that enabled me to expand my property portfolio."

Today, Conny wonders whether she is "a clown that invests in property, or a property investor who likes to perform".

Either way, she's very successful – which is why Conny Torney has won the *Your Investment Property*'s Investors Direct Investor of the Year Award 2008.

Investment strategy

In order to recognise a good buying opportunity, Conny, 39, believes you "have to know where and how to look".

"Occasionally, you can be in the right place at the right time or good fortune favours you, but real entrepreneurial spirit demands a unique frame of mind," she says.

"Property selection has been the key to my success as an investor. Because I didn't have the finances or the back-up to make mistakes, I had to be right every time."

Her strategy is simple but effective – Conny looks for properties with a "unique twist" that can produce above-average yields.

Property	Purchase price	Year bought	Current value	Weekly rent
Beechboro, WA – original principal place of residence (PPOR), mortgage fully paid out in four years, rented to the same tenant since Conny moved out in 2004	$84,000	1993	$350,000	$270
Fawell St, Midland, WA – one house and two units on one block. Rent: house at $200, units at $155 and $100	$155,000	1998	$600,000	$455
Margaret St, Midland, WA – older style house to be developed into two units	$84,000	1999	$300,000	$100
Cloverdale, WA – house located in a suburb close to the city	$136,000	1999	$400,000	$300
Mario Court, Lesmurdie, WA – PPOR with granny flat rented to tenant	$380,000	2003	$700,000	$200
Armadale, WA – house with a tenant on a five-year contract	$155,000	2005	$300,000	$210
Gosnells, WA – land with two properties. Rent: house at $300, unit at $200	$380,000	2006	$400,000	$500
Kathleen Rd, Lesmurdie, WA – one house and two units on one block. Rent: house at $300, units at $200 each	$580,000	2007	$700,000	$700
TOTAL	$1,954,000		$3,750,000	$2,735

Conny Torney
"She is an investor who loves what she does for living and has a sense of community. Not an investor who hates what she does and invests just to make money to stay away from her job. She educates herself and takes responsible actions without procrastination. She has a reasonable risk management system in place for finance and asset protection, and her property selection is reasonably safe without too much speculation" **Bill Zheng, CEO, Investors Direct**

> "The decision to self-manage has produced outstanding results. I saved over $50,000 last year in fees and advertising. And my rentals have never been vacant for more than a week"

"In particular, I look for properties that can provide multiple incomes," she explains.

"I buy only in the metropolitan area, but I ignore the '7km from the city' rule. I look for suburbs that have a strong infrastructure and are close to public transport, and are getting redeveloped."

Conny describes herself as "fanatical about due diligence, market values, past trends, council policy by-laws and zoning restrictions", and says she tries to stay abreast of state and federal government politics and the economic climate. "I also try to speak to neighbours and get a feel for the area through crime statistics," she says.

Building the portfolio

Conny bought her first property in 1993, and had an unconventional reason for purchasing.

"Basically, I bought my very first property when I was 24, and that was because I wanted a dog and my landlord wouldn't let me have one," she says.

"I just went to a broker and said 'What do I need to do to get this loan?' I was considered high-risk at the time, and even though the property only cost $84,000, I had to raise a $30,000 deposit."

Conny set about repaying the home loan as quickly as possible, and had it fully paid off within four years. She knew little about investing in property, and one afternoon, when catching a flight, she realised she had forgotten to pack a book.

"I went to the bookstore and I picked up *Rich Dad, Poor Dad* – and that was like an 'aha' moment for me," she says.

"It got me out of poverty. Within nine years of that day, I was a millionaire and then some. It made me realise that the income that you earn has got nothing to do with where you go financially. I read the book during the trip and when I got back, within a week, I'd bought a house."

It was her first purchase, and Conny admits that she wouldn't buy the same property now: it was a basic, run-down house. For her second purchase, Conny and her partner at the time bought two properties located next door to each other, so they could eventually develop the land. They had paid $66,000 each for their adjacent houses, and sold them a few years later for $136,000 each.

"At that point, I was scared about doing a development, so we sold them," she says. "It's probably not a property I would choose now, and it's the only one I ever actually sold, but we still doubled our money."

From that point on, Conny began to learn more about property investing, and started to research the drivers of property price growth and rental returns. She quickly adopted a strategy where she sought to buy properties on large blocks of land with multiple income streams and the potential to develop in the future.

Within two years she had added three properties to her portfolio. By the year 2000, she owned four properties with five income streams, and she was keen to keep adding to her portfolio.

By this point, Conny was fine-tuning her strategy. The lower end of the market is where she sourced her best property deals, because she believes she can maximise rental returns and "do well on capital gains" in that price bracket.

Although she sought out older homes on large blocks with the opportunity to add value and develop in the future, Conny says she began to avoid run-down properties that require high maintenance. "In 1997, with no money and documentation, it was exactly this type of property that allowed me to get into the game, but today I would avoid them," she says.

In 2003, she paid $380,000 for a home for herself to live in, in the Lesmurdie area of Perth.

"I often write down my goals and what I'm working towards – and, in the case of this property, I had actually picked a suburb and drawn up a floor plan of my dream home, and this is exactly what I ended up with," she says.

"I literally walked into this house and knew straightaway that it was going to be my home – it had everything.

"I wanted slate floors, and it had slate floors. I wanted wooden floorboards, and it had them. The exact space and layout and floor plan that I wanted existed in this property."

Even though Conny bought the home to live in, it came with its own income-producing silver lining: a fully-equipped granny flat, which she rents to a tenant for $200 per week.

Lesmurdie house

Still keen to grow her portfolio even further, she then took out an option to purchase a residential property, as the occupants were going to work on a small farm. "Shortly before settlement, the husband developed lymphoma and needed to stay in Perth for chemotherapy and family support, so I didn't enforce the contract – despite a large increase in property value during option period," she says.

Since then, Conny has purchased three more properties to bring her total holdings to eight parcels of land with 13 properties, each with separate tenants helping her to meet her mortgage repayments each month.

"Ultimately, I want my investments to hold their own and produce positive returns," she says. "In principle, I'm not interested in negatively geared property for tax deductions only – I don't like the idea that need I spend a dollar to save 30 cents."

Rental focus

Conny says the local rental market has had a huge influence on her buying decisions. "Essentially, I buy my properties for the rental market, with the intention of holding them for long periods of time," she says.

She also believes that no-one looks after your business as well as you will, so she self-manages her entire portfolio.

"My biggest error in judgment was not 'minding my own business' earlier," Conny explains. "The decision to self-manage has produced outstanding results. I saved over $50,000 last year in management, advertising and sundry fees alone. And my rentals have never been vacant for more than a week, as compared to a three-month average with the agents."

Personal inspections of each property are regularly scheduled, which allows Conny to discuss any issues directly with the tenant and recognise problems "in their infancy".

She believes she has "a much better quality of tenant" as a result, which is reflected in "punctual rents, and less maintenance problems and insurance claims", she says.

"I also have adequate landlord insurance. As a self-manager, I'm diligent in my tenant selection and do regular inspections. Over the last 11 years, I've continued to invest profitably regardless of the economic situations, because of these risk-protection strategies."

Judge's comment

"Conny has a defined property selection strategy and has eight investment properties, and, although she admits to making mistakes, it highlights that she has learned from them to make her a better investor. She obviously thoroughly investigates her potential purchases" Greg Sugars, CEO, Opteon Property Group

Burns St, Cloverdale

Margaret St, Midland

Jumping on opportunities

Conny has amassed a small army of specialist brokers, accountants, lawyers and other experts to help her on her wealth creation journey.

"I take advantage of their years of study and experience, and I've developed a strong team that is flexible to my business and investment requirements," she says.

"I won't go into a deal unless there is money in the buy, and I make the decision using the top professionals in their fields. The fact that I concentrate on properties that return double incomes provides more security against economic downturn."

Her broker can help her access funding when she needs it, Conny says, because of her line of credit and high equity position, she can "invest in property at any time, provided it meets my criteria".

In addition to investing in property, Conny looks for businesses in trouble that require funding, and that have strong security and the ability to produce big returns. "I've financed a market garden in Wanneroo, and a hydraulics plant in Queensland," she says.

"I'm always on the lookout for a deal and am open to new ideas no matter how far outside my comfort zone, because this is the only way can you expand the pool of possibilities. You have to be in a position to take advantage of an opportunity when it presents itself."

> "I'm always on the lookout for a deal and am open to new ideas no matter how far outside my comfort zone, because this is the only way you can expand the pool of possibilities. You have to … take advantage of an opportunity when it presents itself"

Twelve months ago, Conny was at a social function and overheard a conversation about horses that sparked some interest. It appeared that the person speaking had got himself into difficulty with a breeding operation, and was going to lose all of his brood mares and their offspring.

"Apparently, he was unable to pay the service fees and was locked into a deal where they would take possession of all his horses in 30 days," she says. "He stood to lose all of the agistment fees he had paid until that point, his commercially valuable mares, and two independently valuable weanlings."

"I did my due diligence and decided to go into a joint venture with him. In six months I had doubled my money and retained one weanling for future profit."

Her $110,000 investment has returned $220,000 to date, and she expects the weanling to be sold in the next few months for "around $150,000".

Key lessons

Conny has been investing in property for more than a decade, and has come up against plenty of brick walls over the years.

"I've rushed into deals, cut corners, neglected due diligence, failed to get building inspection reports done and ignored the advice of my accountants and brokers," she explains.

"I also once had problems with getting insurance, because I didn't place my policies with multiple insurers, and made too many minor claims through the one provider."

But despite all of those 'mistakes', Conny says she wouldn't change a single step.

"There have been plenty of mistakes over the years, but all positive to my learning curve and evolution as an investor," she says.

"The best lessons are often the simplest lessons."

Runner up

Worst house works for Ralf

Painter-contractor Ralf Sommer, 47, bought his first investment property in 2000 for just $87,000. Since then, he has developed a strategy to buy "the worst house in the best area", and he's never looked back

Ralf and his family moved to Far North Queensland from South Africa in 1996. Six months after arriving he bought a home in Speewah, just outside of Cairns.

Over the years he had listened to friends and colleagues talk about investing in property. Finally, Ralf decided it was time to see what they were talking about. "I looked at them, and I saw how they had got ahead, and I wanted to see what was possible," Ralf explains.

He bought his first investment property in Kuranda, a few kilometres from Speewah, in 2000, paying just $87,000 for the freestanding, two-bedroom house.

As soon as it settled, Ralf set about giving it a makeover.

"I gave it a new paint job, new floor coverings and fixed up the fences. Within four to six weeks, I was able to attract a better tenant for more rent, and created instant equity with a simple makeover," he explains.

"I've always believed in buying the worst property in the best area I can afford, especially when everybody tells me it's not a good time to buy and the media is all negative – and sometimes friends and family as well – because then you can find the bargains."

Ralf replicated that strategy for his next three investment properties – all of which are located in Mareeba, west of Cairns – and bought 'fixer-upper' houses that he was able to renovate to create equity and improve the appeal for tenants.

On one property, he even added a third bedroom, which instantly added value and improved the rental yield.

"Then, I wait for the rent to catch up to make it less negatively geared, and move on to the next property – and never sell."

Ralf believes that buying property is all about leveraging, which is what makes a property investment "so much better than other investments".

"In my case, I have leveraged equity in my own home to buy four investment properties over the past eight years," he says.

"You only need to own a small percentage of a property to benefit from capital gain, so if you only own $5,000 of a $100,000 property, and the rest is financed, and the value doubles in five years – as it did in one of my properties – you have a $100,000 gain on an original investment of $5,000."

Ralf has applied that principle over the last eight years, turning $70,000 worth of cash investment into $800,000 in capital gains. As he leveraged his money and experienced capital gain, he says he also leveraged his knowledge, and got more comfortable and confident.

"Leverage doesn't get much better than that – and the trick now is not to sell, thereby avoiding capital gains tax and doing it again with another property," he says.

"I've been able to leverage my time, making more money in less time, and that has allowed me to spend

Ralf wins:

- $1,000 in cash
- 'Property and money strategies for an uncertain time' DVD/CD bundle from Investors Direct
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Location	Property	Year bought	Purchase price	Current value	Weekly rent
Speewah	3 bedroom house	1996	$175,000	$450,000	PPOR
Kuranda	2 bedroom house	2000	$87,000	$260,000	$220
Mareeba	3 bedroom timber house	2002	$112,000	$240,000	$250
Mareeba	2 bedroom house, converted into a 3 bedroom house	2003	$138,000	$225,000	$210
Mareeba	3 bedroom house	2004	$160,000	$225,000	$250
TOTAL			$672,000	$1,400,000	$930

Investor of the year award

PPOR in Speewah

Greere Lane, Kuranda

Judge's comment

"Ralf is a prudent investor with high ethical standards. Only the ethical investors can hang on to the money they make for the longer term. He values his family and takes good care of the tenants. This shows that he is very grounded as a person, he takes care of the people who have taken care of him – and this is the type of investor who will do well in tough times"
Bill Zheng
CEO, Investors Direct

more time with my biggest asset – my family," he adds.

The humane side of investing

As a painter-contractor who has worked in real estate for 20 years, Ralf has witnessed "a lot of unethical behaviour" in the property industry.

"In part, that's been from property managers who were trying to get commission or other kickbacks, and they weren't looking out for the owner's interest, and also from agents who were over or understating certain aspects of their listings to make a sale," he explains.

"I believe in honesty. You can take advantage of a situation in property investing without hurting people, or putting unnecessary emotional strain on them or, worse, lying or cheating."

Although investing in real estate is meant to be a numbers game, Ralf admits that emotions "play a big part in property investing".

"If you treat others like you want to be treated, it is all the more enjoyable. I believe my tenants are my partners in business," he says.

"I've been a tenant for 20-odd years myself, so I treat them with respect and compassion."

By way of example, Ralf describes a situation he experienced a couple of years ago. One of his tenants in Cairns was diagnosed with cancer, and needed to undergo emergency treatment in Sydney.

"He was gone for eight weeks, and we didn't charge any rent for all of the time that they were gone. While it was a bit harder to manage the mortgages, it felt good to help someone in a very difficult situation," he says.

"Also, when Cyclone Larry hit, we had to do an extensive clean-up, mainly in the gardens.

"One of our tenants rolled up his sleeves and cleaned up the whole mess himself without waiting for me to come around, so as a thank you I gave him a week's free rent and a carton of beer."

Financially speaking

Ralf says he "doesn't believe in lender diversification", and has been with his bank, Suncorp Metway, for more than a decade.

"In some cases, [by diversifying] you only end up paying more fees," Ralf says.

"I've been with my bank for 14 years, and I've found that once your mortgages are over $250,000, you can negotiate in regards to valuations and other fees.

"You also build up a track-record, which can work in your favour."

He believes investors should aim to have a minimum of 30% equity in every property, to act as a buffer against unforeseen circumstances – such as the economic slowdown we're facing at the moment.

"Negative gearing also costs a lot of money, and you only can top up rents by so much," he says.

Ralf kept a close eye on interest rates and, in 2005, he noticed that banks were offering fixed interest loans at lower rates than variable "which I hadn't seen in years", so he switched all of loans to fixed rates until 2011.

Now, of his five mortgages, four are fixed at rates between 6.75% and 7.25%.

Although these are slightly higher than the standard variable rates on offer at the moment, not so long ago rates were pushing 10% – and Ralf had locked in significantly lower interest expenses.

"I always plan ahead for a few years and watch interest rates closely," he says.

Ralf believes that now is the time to buy, and he is actively researching his next investment. He has no regrets about his property journey thus far, except the one bugbear that haunts most investors across Australia.

"I'd like to have started earlier with investing," he says. "But I've done what was possible at the time – and I continue to do so."

Trevarthan Close, Mareeba

> "I believe in honesty. You can take advantage of a situation in property investing without hurting people, putting unnecessary emotional strain on them or, worse, lying or cheating"

Runner up

City apartments key to Rob's success

For an investor who has only been in the game for a couple of years, Rob Williams is a fast learner. In fact, he has already mastered one of the golden rules of property investing: minimise your non-deductible debt to make all of your available funds work for you

Rob wins:

- $1,000 in cash
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- One free property valuation, depreciation schedule and insurance valuation, courtesy of Opteon Property Group

IT systems administrator Rob Williams, who lives in Adelaide, began investing in property in 2007, following divorce proceedings that left him with $160,000 in cash.

"I had been looking to invest for a while," he explains.

"We had actually previously bought a unit and I got that property in the settlement, so I paid out the mortgage on that, and borrowed against the equity."

He currently rents his principal place of residence and has no consumer debt, so all of his debt and equity is leveraged "in tax-effective property investments", Rob explains.

"All my available cash is parked in an offset account and all rents are paid into that account as well, which is linked to one of my variable loans, so that reduces my interest expenses. I've filed an Income Tax Withholding Variation too, which greatly improves my cash flow."

Rob's strategy is to buy units, under market value, in close proximity to the Adelaide CBD.

"I look for properties that have a very significant value-add potential," he says.

"The LVR on my entire portfolio is now 65.6%, and I only began investing in April 2007. All are in highly sought-after suburbs, and four of my six properties are in different areas to mitigate the effect of a decline in prices in any one suburb."

Developing his strategy

After Rob's divorce, he needed to invest the proceeds of his settlement and was eager to get ahead.

"At the time, I was looking at my options, and it came down to cash or shares," he explains. "I didn't think the stock market was where I wanted to put my money, and it was my one big chance to do something with the money – so I looked at property."

As a resident of Adelaide's eastern suburbs for more than 20 years, Rob knew that the area represented something special.

"I believe in specialisation and becoming an expert. In the eastern suburbs of Adelaide, I knew what was good value and I knew where people wanted to buy and rent, which was preferable than having to learn a whole new suburb or area," he says.

"You can run around chasing hot spots, but I know that the eastern

Property	Purchase price	Year bought	Loan amount	Current value	Weekly rent
Rochester St, Leabrook – Small unit, part of the divorce settlement. Valued at $180,000 at March 2007. Mortgage paid out from the divorce settlement	$180,000	2007	$0	$270,000	$175
Stuart Rd, Dulwich – Unit	$245,500	2007	$196,400	$295,000	$245
Coorara Ave, Payneham South – Unit	$217,000	2007	$173,600	$295,000	$245
Robert Ave, Broadview – Unit	$232,500	2007	$186,000	$275,000	$225
Robert Ave, Broadview – Unit	$260,500	2007	$276,000	$285,000	$270
Coorara Ave, Payneham South – Unit	$252,000	2007	$290,000	$285,000	$235
TOTAL	$1,387,500	-	$1,122,000	$1,705,000	$1,395

Investor of the year award

suburbs have consistently performed well. It's a blue-chip area and I believe it will see good growth."

He has developed a strategy to buy, renovate and hold units that he purchases at or below the median price. They must be two- or three-bedroom apartments located in popular suburbs that have shown good capital growth over the past 10–15 years. They must be situated within 7km of the CBD, and possess a good land-to-building ratio, where the differential between unit and house prices is significant. So far, Rob has bought only in Adelaide.

"Units provide an affordable entry point into these suburbs that have historically high capital growth, and are highly sought after by tenants. For units at this price point, there is a large pool of buyers to sustain capital growth, and renters to sustain ongoing rent increases," he says.

Rob's strategy allows him to "spread risk across a greater number of high-yield properties, as opposed to buying fewer houses in the same area. Capital growth for units in these areas consistently equals or exceeds that of houses."

Rob believes his properties will appeal to Gen X and Y and empty nesters who don't want a traditional house and land package in an outer suburb.

"There are plenty of people who make a lifestyle choice to live near facilities such as cafes, restaurants and entertainment, but they can't or choose not to service the debt required to buy a traditional house in these suburbs, due to the $900,000-plus cost," he says.

"Buying close to the CBD and in areas well serviced by public transport is a long-term strategy."

Judge's comment

"I was very impressed with Rob's attitude to his tenants and the ethics and social responsibility regime he has taken in sponsoring an overseas child for every investment property he takes on. Rob takes a more risk-averse approach to lending with typically lower leverage and exposure, a strategy that in times like these makes a lot of sense."
Greg Sugars
CEO, Opteon Property Group

The portfolio

Rob looks for properties with an edge or "something that sets them apart from other similar properties in the area". Features such as a larger than average private yard, a desirable floor plan or larger than normal rooms are all appealing. And the property must be either below market price, or have significant value-add potential. This way, he can grow the value of his portfolio faster than he would by waiting for the suburb to grow in value.

"I assess each deal on its merits and don't chase hot spots or try to predict the property investment cycle," he says. "There are always good deals if you look for them."

His first property acquisition, after paying out the mortgage on his existing property, was an apartment in Stuart Road, Dulwich for which he paid $245,500 in April 2007. Just two months later he acquired his third piece of real estate in the form of a run-down 'homette' in Payneham South, SA, for which he paid $217,000.

"It was in a terrible state and appeared to be far too much work for most people to handle – but I saw enormous potential," Rob says.

"That's the difference in mindset between the successful investor and the average person!"

He largely renovated the property himself, contracting out only the specialist electrical work. Renovations included the installation of a new hot water system, new vanity unit, new kitchen bench tops, fresh floor coverings, new paint throughout, new light fittings and split system air conditioning.

The renovation achieved "a stunning result with maximum impact", at a cost of around $13,500.

"The transformation was staggering, and the current value – just over 15 months later – is around $295,000. That's a gain of 28% after renovation costs in 15 months, and all from a relatively inexpensive and non-structural renovation."

As a bonus, there were no holding costs prior to letting: the renovation was completed prior to settlement as a condition of the contract. Rob also secured a quality tenant who paid their rent and bond on settlement day.

Today, with a fixed-rate loan, his monthly shortfall is just $225, and "that's before any allowance for depreciation or tax benefits".

It's no surprise, then, that a year later, when the elderly owner of the neighbouring unit died unexpectedly, Rob promptly approached the owner's brother and executor about buying the property. The vendor agreed to a private sale based on an independent valuation, and Rob settled on the unit for $252,000 in June 2008, exactly one year after buying the first homette.

"This was a win-win deal, as the elderly executor had no desire to remove the furniture or prepare the property for sale, and I got a deal below market price giving me instant equity," Rob says.

In between these two purchases, in keeping with his aggressive acquisition strategy, Rob bought two other apartments in Robert Ave, Broadview, for $232,500 and $260,500.

He is actively looking for his next investment, again for an apartment that meets his selection criteria.

"I won't change my strategy at this stage," he says.

Taking care of tenants

One of Rob's key values is to work closely with his tenants to provide the facilities and environment they desire.

To begin with, he allows tenants to have pets in his properties, which most landlords shy away from.

"I've found this to be a great benefit in that I attract premium rent and long-term tenants, due to the lack of properties permitting pets. It provides for a win-win outcome," he says.

One of his tenants has a dog, and the property's backyard had volcanic rock instead of lawn. "It wasn't very dog friendly, so I paid for instant turf to be laid, and the tenant's parents did the site preparation," Rob says.

The dog is very happy with the new lawn, and Rob believes a happy dog "equals a happy and long-term tenant".

"The comfort, safety, security and well being of my tenants are a very high priority," he says.

"I conduct rent reviews using rental rates of comparable properties as a guide, so I can keep the rents slightly below market rate. This way, I achieve continuity of tenancy – which can be worth $10 per week or more to me – compared with tenant changeover and a potential two-week downtime between tenants. At the same time, the tenant gets the security and stability of residence."

Coorara Ave, Payneham South

For each property Rob owns, he sponsors the education of a child in Bali "in the name of the tenant, so they can write letters or send gifts to the child", Rob says. "The tenants have really embraced this project, and enjoy receiving the annual report cards and photos of their sponsored child."

Rob also sends a department store gift card to each of his tenants at Christmas, to "say thank you for taking great care of my property throughout the year and always paying their rent on time. It helps them at a time they most need it – and they show their appreciation by being exemplary tenants".

Managing the portfolio

Rob has developed several systems and processes to help him manage his growing portfolio. For example, all of his lease renewals are scheduled for the same time in January, to reduce the amount of time he has to spend on this process across the portfolio.

"Rents are paid by all tenants on the same day each fortnight, which really reduces the time I spend verifying the receipt of payments," he says.

"I have systems in place to monitor and forward project every dollar of income and expenditure. I think that managing my property investment finances and cash flow as a business enterprise has been essential to my success."

All his loans are currently with one lender, Virgin Money, which he is happy with because the lender allows him to have most loans stand alone with no cross collateralisation and no all monies clause.

He has landlord's insurance policies and his employment contract includes unlimited sick leave with both life and income protection insurance incorporated in his superannuation. Rob also has a buffer offset account attached to his loan with enough funds to keep his investments afloat for two years.

"I've achieved huge savings in land tax compared to owning houses, and having the value of the portfolio spread across a greater number of smaller, lower value properties mitigates the risks associated with long-term vacancies," he says.

"If I have a vacancy in one property, I have rental income from many others to keep my cash flow healthy.

"My strategy may not be glamorous, particularly exciting or 'sexy', but it's a very safe, effective and easily implemented path towards building wealth through property investment."