Prosperity.

PROSPERITY ENTERPRISES

THE FREE INVESTMENT STRATEGY GUIDE

5 Steps to Building Wealth Through Property *the right way.*

A practical starting point for South African investors who want to build wealth through property, without the costly mistakes.

WELCOME

You have already made the *most important decision.*

If you are reading this, you have decided that property can be a serious wealth-building tool, not just a place to live. That puts you ahead of most people.

This guide will not turn you into an expert overnight, and it is not meant to. What it will do is walk you through the five decisions that separate investors who build lasting wealth from those who get stuck, over-leveraged, or burned by a deal that looked good on paper. These are the same principles we cover with clients before we help them structure, finance, and grow a property portfolio.

> *"Most investors don't fail because of a bad property. They fail because of a bad structure, bad financing, or no plan at all."*

01 Get your structure right, *before you buy.*

The single biggest mistake first-time investors make is buying a property in their personal name without thinking through the consequences: tax exposure, estate duty, and personal liability if things go wrong.

Before you sign an offer to purchase, understand your options:

- **Personal name.** Simplest, but offers no asset protection and can create a heavy estate duty burden later.
- **Company.** Useful for certain tax treatments, but comes with its own compliance obligations.
- **Trust.** Often the preferred vehicle for long-term property investors, offering asset protection and estate planning benefits when structured correctly.

There is no single "correct" structure for everyone. It depends on your goals, your income, and how many properties you plan to acquire. The mistake is not choosing badly; it is not choosing deliberately.

02 Understand financing before you *fall in love.*

Get pre-qualified before you start viewing properties, not after. Knowing your borrowing capacity changes how you search. It stops you from wasting time on properties you can't finance, and stops you from underbidding on ones you can.

A few financing fundamentals worth knowing:

- Your interest rate matters more than the purchase price over a 20-year bond. Even a small rate difference compounds significantly.
- Multiple lenders will quote you differently for the same property and the same risk profile. Shopping your bond application, or using a bond originator who does it for you, is not optional. It is basic due diligence.
- A property that is cash-flow negative isn't automatically a bad investment, but you need to know exactly how long you can fund the shortfall, and why you are comfortable doing so.

03 Build the right team *around you.*

Every experienced investor has a team, even if they never call it that. At a minimum, you want:

- A **bond originator** who can access multiple lenders on your behalf.
- A **conveyancer** who moves the transaction along and protects your interests at transfer.
- A **trust or company accountant** if you are investing through a structure, to keep you compliant and tax-efficient.
- Someone with **real property investment experience** who has actually done this before, not just sold you a property.

Trying to do all of this alone isn't admirable, it is expensive. The investors who scale a portfolio are the ones who treat their team as part of the strategy, not an afterthought.

04 Know the numbers that *actually matter.*

Purchase price is the number most new investors fixate on. It is rarely the number that determines whether an investment succeeds. Before committing to a property, know:

- **Net yield.** Rental income minus all costs (levies, rates, management, maintenance, insurance), not just the headline rental figure.
- **Total cost of ownership.** Bond repayments, levies, rates, insurance, and a maintenance buffer, added up monthly.
- **Your break-even vacancy period.** How many months you can cover the bond if the property sits empty.
- **Your exit assumptions.** Capital growth is not guaranteed, so don't build a plan that only works if the market cooperates.

05 Avoid the five most *common mistakes.*

01 Buying based on emotion rather than the numbers above.

02 **Over-leveraging.** Using all available borrowing capacity on one deal instead of preserving room to grow.

03 Skipping proper structuring to save on setup costs, then paying far more in tax or exposure later.

04 Not shopping the bond application, and accepting the first offer from your own bank.

05 Treating the first property as the finish line instead of the first step in a portfolio plan.

> *Apply this framework to your own income, goals and risk appetite, and property stops being a gamble and starts being a plan.*

YOUR NEXT STEP

Let's talk through *your numbers.*

This guide gives you the framework. Applying it to your specific situation, your income, your goals, your risk appetite, is where a proper strategy session makes the difference.

If you would like to talk through your own numbers, structure options and financing strategy with our team, we would welcome the conversation.

Book a free consultation

www.prosperityenterprises.co.za · +27 (0)10 285 0549