Somerstone Property Group

Build Wealth Through
Strategic Property Investment

Contents

INTRODUCTION

A Word from Somerstone

At Somerstone, we understand that successful investment outcomes are not just about timing the market — but having the right strategy, structure, and support. While many Australian investors pursue negatively geared strategies in the hope of future capital gains, we champion a smarter approach: positive gearing with a long-term portfolio mindset.

By focusing on income-producing properties and leveraging our comprehensive in-house services — from finance structuring and property selection to cash flow modelling and leasing — our clients benefit from a strategy that not only reduces financial pressure but accelerates wealth creation.

Our mission is simple:
Help everyday Australians build financial freedom through smart, sustainable, and positively geared property investment.

CHAPTER ONE

Why Positive Gearing Works

Property That Pays You

Positive gearing is when your investment property generates more income than it costs to hold — meaning it contributes positively to your cash flow from day one. Unlike negative gearing, where investors rely on tax refunds to offset ongoing losses, positive gearing creates a self-sustaining investment vehicle that grows while supporting your lifestyle.

Benefits include:

- **Immediate income:** Enjoy regular surplus cash flow instead of waiting for tax time.
- **Lower risk:** Less financial pressure during high-interest rate environments.
- **Improved serviceability:** Lenders favour positively geared investors, helping you scale faster.
- **Portfolio growth:** You can reinvest your surplus income into future properties.
- **Greater control:** Less dependence on speculative capital gains.

Positive gearing isn't just for high-net-worth individuals — when you combine the right property type with a strategic finance setup and strong yield, it's accessible to anyone with the right guidance.

CHAPTER TWO

The Somerstone Investment Methodology

Finance Strategy & Lending

As part of our end-to-end process, we connect clients with trusted finance specialists who structure loans to suit both personal goals and investment plans. Whether it's equity release, refinancing, or pre-approval, finance is integrated into your broader investment strategy.

We ensure that your finance solution is forward-thinking — not just for the first purchase, but for scalability.

Our goal is to position you to invest more than once, by improving serviceability and building the right lending framework from the start.

Location & Land Selection

We target high-growth areas across the country — focusing on regions with strong infrastructure investment, population growth, and rental demand. Each site is selected to balance capital growth with sustainable cash flow, ensuring long-term portfolio performance.

Every land selection is backed by data — including vacancy rates, yield potential, and capital growth indicators. We don't just choose locations that are "booming"; we focus on those with the right fundamentals for consistent returns over a 10–15 year horizon.

Build & Lease Execution

CRH oversees the complete delivery of your investment — from land acquisition and fixed-price construction through to final handover. We work with trusted build partners to deliver turnkey homes designed for strong rental appeal, low maintenance, and long-term performance.

We also assist with the leasing of your property and can help connect you with the right professionals for ongoing property management. While we don't manage properties directly, we ensure you're supported by experienced, local specialists who will handle your tenancy and asset with care — so your investment is income-ready and efficiently managed from day one.

CHAPTER THREE

Tax Benefits & Strategic Cash Flow

Tax Benefits of Positive Gearing

Many investors assume that positive gearing means missing out on tax benefits — but the opposite is often true. When structured correctly, positively geared properties — particularly brand-new builds — can offer substantial deductions that reduce taxable income and improve after-tax cash flow. The key is to take advantage of the full range of eligible deductions and structure your investment strategically from day one.

Depreciation: The Silent Advantage

Depreciation is one of the most powerful — and often overlooked — tools available to property investors. New builds, in particular, can provide significant depreciation benefits, often ranging from $5,000 to $10,000 per year. Because depreciation is a non-cash deduction, it reduces your taxable income without affecting your cash flow — effectively increasing your take-home income without any out-of-pocket expense.

Deductible Holding Costs

Nearly all holding costs associated with an investment property are tax deductible. This includes:

- Interest on Loans: The interest you pay on your investment loan is fully deductible.
- Property Management Fees: While we don’t manage properties directly, professional management costs are tax-deductible.
- Repairs & Maintenance: Ongoing upkeep to maintain the property’s condition is deductible (note: improvements must be depreciated over time).
- Council Rates, Insurance & Legal Costs: All standard outgoings related to owning and maintaining the property can be claimed.

Together, these deductions can significantly reduce your taxable rental income — even for properties that are cash flow positive.

CHAPTER FOUR

Case Study: Turning Tax into Cashflow

In this section, we look at two couples with different financial goals to demonstrate how positively geared property can generate income and strengthen their financial position.

Couple A: Ben & Emily

Ben and Emily are in their late 20s, currently renting in Brisbane's northside with $150,000 in savings. With no immediate plans for children, they're happy to rent-vest until they can afford their dream home. Their goal is to build a property portfolio that pays them an income while also growing in value.

Couple B: Michael & Kate

Michael and Kate are in their mid-30s with two young children. They own their family home and want to pay their mortgage off faster without sacrificing their lifestyle.

The Positive Gearing Strategy

1. Set up an Investment Facility

- A separate account to handle all property income and expenses.
- Equity from their home or cash savings is placed here to be used as a deposit/offset on the investment loan.

2. Choose a Positively Geared, Investment-Grade Property

- We target properties with strong rental yields so the income covers expenses (loan repayments, rates, insurance, management fees).
- After tax benefits, the property generates positive cash flow from day one.

3. Access Tax Benefits Immediately

- By lodging a PAYG Withholding Variation, investors receive their tax credits in their weekly/fortnightly pay instead of waiting until tax time.

4. Earn Passive Income

- Rental income + tax credits > property expenses = passive income in your pocket every week.

5. Repeat the Process

- Once equity or savings grow again, reinvest into another positively geared property.

CHAPTER FOUR

Case Study: Turning Tax into Cashflow

Example Property: Both Couples Invest

- Investment amount (20% deposit): $130,000 from savings/equity
- Purchase price: $650,000 (new build with high depreciation benefits)
- Rental yield: 5% ($32,500 per year rent)
- Depreciation tax credits: $8,900 per year
- Cash flow positive income: $6,200 per year (after all expenses, including interest, rates, insurance & management fees)
- Capital growth projection: $312,000 over 10 years (based on 4% annual growth)

Outcomes

Ben & Emily (Couple A)

By reinvesting their positive cash flow and equity growth into more properties, they can expand their portfolio faster. In future, they may sell a property or two to purchase their “forever home” outright - still with a portfolio generating income.

Michael & Kate (Couple B)

They use the extra cash flow to make additional repayments on their mortgage, cutting years off their loan term. Over time, they can continue acquiring positively geared properties, giving them financial freedom and the ability to help their children in the future.

CHAPTER FIVE

Your 5-Step Somerstone Investment Journey

Step 1:
Discovery Call (10 mins)
We assess your goals, income, and readiness.

Step 2:
Discovery Consultation (30 mins)
We present the big picture strategy and identify your investment profile.

Step 3:
Finance Strategy Session (30 mins)
Our Finance Team will review borrowing capacity, structure loans, and plan equity release if needed.

Step 4:
Investment Strategy Session
We create a full investment roadmap, including risk mitigation and long-term modelling.

Step 5:
Property Presentation & Onboarding
We match you with high-performing, positively geared investment properties and handle acquisition, build, and leasing end-to-end.

CHAPTER SIX

Conclusion & Next Steps

If you've been told property investment is all about tax breaks and capital growth, it's time to look at a smarter, income-first strategy.

At Somerstone, we help clients:

- Build cash flow from the beginning
- Minimise tax without making losses
- Use surplus income to fund lifestyle or expand their portfolio
- Achieve sustainable long-term growth

Ready to take the next step?
Book a free strategy session today and see how positive gearing can put you on the path to financial independence.

Book Discovery Call

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