

'Jason Lee is now the pre-eminent South African property author ... [he] provides the blueprint and tools with which to build property wealth.' – John Lloyd, Business Growth Strategist and Author of *Smart Thinking for Crazy Times*



# SIMPLE STEPS TO PROPERTY WEALTH

**JASON LEE**

The best-selling author of *Making Money  
out of Property in South Africa*

‘Jason Lee is now the pre-eminent South African property author. His book is brilliant, practical and concise, packed with breakthrough insights and unique property wealth-building tips. Jason provides the blueprint and tools to build property wealth.’

– John Lloyd, Business Growth Strategist,  
Speaker and Author of *Smart Thinking for Crazy Times*

‘This is an amazing book that is well written and easy to understand. Whether you are new to investing or an experienced investor, you are guaranteed to learn a lot, which will improve your investing ability and your life. I recommend reading this book over and over so as to benefit from the abundance of valuable information that Jason has shared with us. THANK YOU, Jason, for another winner.’

– Gordon Mackay, Property Investor and Author

‘Jason Lee is a highly recommended go-to advisor for property investment. His new book is right on time, with a plethora of well-researched, practical property-investment advice that has stood the test of time. His solid investment principles will help every property investor to successfully navigate any economic cycle not just to survive, but thrive, if they choose to follow his wisdom.’

– Karl Landman, the Real Estate Investor Magazine & Wealth  
Migrate Investments’ Master Investor of the Year 2013 and  
General Manager – Medical Devices, Southern Africa

‘Another great read by one of South Africa’s bestselling property authors. Jason places a good deal of emphasis on mental attitude, which, in my experience, is fundamental to success. Through personal stories and the recounts of some of the world’s most prolific investors, Jason passes on many pearls of property wisdom, while also providing straightforward, practical advice that can actually be applied. From a step-by-step checklist for property investors to drawing up a basic Memorandum of Understanding (MOU), which you can use as a starting point for structuring a potential property deal, the book provides some solid information that any property investor, professional or beginner would benefit from reading.’

– Mike Smuts, Managing Director, Smuts & Taylor, UK

‘An easy read with a simple, methodical and practical set of guidelines for building your property portfolio at any age or stage of your life.’

– Adrian Goslett, Regional Director and  
CEO of RE/MAX, Southern Africa



# 10

**SIMPLE STEPS TO  
PROPERTY WEALTH**



# 10

**SIMPLE STEPS TO  
PROPERTY WEALTH**

**JASON LEE**



Published by Zebra Press  
an imprint of Random House Struik (Pty) Ltd  
Reg. No. 1966/003153/07  
Wembley Square, First Floor, Solan Road, Gardens, Cape Town, 8001  
PO Box 1144, Cape Town, 8000, South Africa

[www.zebrapress.co.za](http://www.zebrapress.co.za)

First published 2013

Publication © Zebra Press 2013  
Text © Jason Lee

Cover image © iStockphoto

All rights reserved. No part of this publication may be reproduced,  
stored in a retrieval system or transmitted, in any form or by any means,  
electronic, mechanical, photocopying, recording or otherwise,  
without the prior written permission of the copyright owners.

Publisher: Marlene Fryer  
Managing editor: Ronel Richter-Herbert  
Editor: Christa Büttner-Rohwer  
Proofreader: Bronwen Leak  
Cover design: Sean Robertson  
Text design: Jacques Kaiser  
Typesetter: Monique van den Berg

ISBN: 978 1 77022 536 7 (print)  
ISBN: 978 1 77022 537 4 (ePub)  
ISBN: 978 1 77022 538 1 (PDF)

#### DISCLAIMER

No warranty is given by the author, publisher or distributor of the correctness, accuracy or reliability of any reference to any law, legislation, practice, rule or regulation. The contents largely represent the recommendations and opinions of the author. Any reliance placed thereon by any person or institution shall be at that person's or institution's sole risk and the author, publisher and distributor shall not be liable for any consequences of whatever nature which flow from any actions undertaken by any person or institution in reliance upon the contents. The information in this book is of a general nature and should not be used or relied upon as a substitute for detailed advice or as a basis for formulating business decisions.

# CONTENTS

Foreword .....	xi
Acknowledgements .....	xiii
Preface .....	xv
1 It is never too late to start .....	1
2 Turn time into money .....	15
3 Run your own race .....	31
4 The bell and the cat .....	41
5 Make money with other people's money .....	53
6 Are you adding value? .....	77
7 Learn to think like McDonald's .....	87
8 You never make a loss by taking a profit .....	95
9 Don't follow the sheep over the cliff .....	109
10 Don't let the tail wag the dog .....	121
Endnotes .....	137





*This book is dedicated to my brother, Shaun Lee,  
who is the best role model any younger brother could ask for*



# FOREWORD

Since the biggest global financial crisis in history hit unsuspecting investors in 2008, the face of property investing has changed for the majority of property investors around the world. Five years later, after a protracted period of recession and economic downturn, many investors, including the seasoned ones, are still reeling from the after effects of the worldwide financial tsunami. To make matters worse, the financial system is plotted against us, making real wealth even more difficult to obtain.

Added to that is the bad advice we get from the general media looking for a good story, and from the so-called property gurus who cash in on the boom to fill their own pockets, and even from people who call themselves professionals in the industry because they carry the relevant qualifications and credentials.

We learn to invest and take bad advice from people who all have a middle-class mentality, making ourselves poorer in the process. The truth of the matter is that, in most cases, owning a home and saving money can be risky, while investing in properties deriving multiple-income rental streams is intelligent. Many investors have achieved immense success doing this, despite all of the odds against

them, and in most cases they've done it by following the type of advice you'll find in this book.

What is critical when playing the property game is not the amount of money you make in the good times, but rather the lessons you learn in the tough times. The mind games you as the investor have to play can either make or break you. They can work wonders for the optimist and bring failure to the pessimist. The best investors make money when others say 'Don't invest, the market is risky'.

The right financial education is critical to the success of any investor. Richard Buckminster Fuller, an American author, architect, mathematician, designer, cosmologist, scientist, inventor and philosopher, was a dismal failure at school and found formal education frustrating and limiting. He once said, 'The reason I know so much is because I have made so many mistakes.' The educational system conditions people to believe that mistakes are bad. In real life, learning from your mistakes is essential. A person rarely has the right answer the first time around, so learning is accomplished through trial and error, a philosophy that Jason shares with us in *10 Simple Steps to Property Wealth*.

As an avid reader, investor and entrepreneur myself, I prefer to follow the principles of the doers rather than the talkers, and have applied many of Jason's steps with success. I enjoyed his integrity, purpose and the practical lessons of his previous two books on making money out of property. *10 Simple Steps to Property Wealth* gives you the opportunity to not only learn more, but, more importantly, to apply the principles. This is when the rubber hits the road to take you to greater financial freedom. So, if you are looking for a reason to take action on your personal wealth, this book will navigate you to greater heights and teach you to never give up on your dreams of a financially secure future.

NEALE PETERSEN

CEO, TEALE MEDIA

PUBLISHERS OF *REAL ESTATE INVESTOR* MAGAZINE

# ACKNOWLEDGEMENTS

I would like to thank the following people for their support and involvement in the publishing of this book.

To the over 50 000 purchasers of *Making Money out of Property in South Africa* (Zebra Press, 2005) and *Fast Forward your Retirement through Property* (Zebra Press, 2009), your support of my first two titles is all the inspiration I need to continue to write books that add value to people who are serious about investing in property.

To the publishing and editing team at Zebra Press – Marlene Fryer, Robert Plummer, and Ronel Richter-Herbert. Your professionalism is much appreciated and it makes the process of writing and publishing a book a complete pleasure.

I would like to extend a special thank you once again to my editor, Christa Büttner-Rohwer, who, as always, did an unbelievable job editing the manuscript. I wish I could write as well as the book reads after you have finished editing it!

To my mother, Fiona Lee, and my wife, Leigh Lee, who diligently read and commented on each and every chapter on completion. A special thank you goes to Leigh for putting up with the many hours I spent staring at my laptop screen and for keeping the kids entertained while I wrote.

And, finally, a special thank you goes to Neale Petersen, publisher of the *South African Real Estate Investor* magazine for writing the Foreword to this book.

JASON LEE

# PREFACE

Your life can change in a phone call.

Six months before typing the first word of this book, I was sitting in my hotel room in Four Ways, Gauteng, exhausted after a full day of business meetings. The main reason for my visit to Gauteng from my home in Cape Town was to attend a property breakfast organised by a leading property publication. The purpose of my attendance at the breakfast, or so I thought, was to sit on a panel, answer a few questions and sign copies of my books.

That was until my phone rang.

On the line was the representative of the publisher, asking me if I was ready and excited to do my thirty-minute keynote presentation at the breakfast the following morning. Somehow the fact that I was the keynote presenter had not been communicated to me. As you might imagine, I was completely stunned by this sudden turn of events. I have always quipped that the only thing harder than writing a book is standing in front of a room full of people and telling them about it. What made matters worse was that it was already 8 p.m. and the breakfast was at 8 a.m. the next morning. This left me little time to pull a thirty-minute keynote presentation together.



I had two choices: one, to call the publisher back and say that I was not willing to follow through, or two, to knuckle down, put something together and not disappoint the attendees at the breakfast, who had paid good money to go and hear me speak.

While I was grappling with this decision I suddenly recalled my year in the United States as a Rotary exchange student. One of my favourite pastimes while I was there was watching basketball legend Michael Jordan dominate the basketball court for the Chicago Bulls. During his career, Jordan established himself as the go-to man whenever things got tight. Game after game I would watch the Bulls tied with the opposition, with five seconds or less left on the clock. This was when Jordan actually wanted the ball and, without fail, he would make the impossible shot to win the game as the final hooter buzzed.

What I never forgot and will never forget until the day I die is a particular post-game interview with Michael Jordan, in which he was asked what motivated him to always perform the impossible. Jordan replied that before the game he always walked out on to the court and looked up at the stands. In the stands he would see fathers and their sons, who had paid huge amounts of money for tickets and had probably waited months to get an opportunity to see him play. Jordan said that more than anything else he did it for the dads and their boys and did not wish the look of expectation on their faces to turn into disappointment.

This flashback made it clear to me what I had to do – I needed to pull an all-nighter and make sure that I was ready to deliver something meaningful to the audience in the morning.

My first challenge was to decide on a topic. After contemplating the ceiling for a couple of minutes, it suddenly came to me: *10 Simple Steps to Property Wealth*. This would be an outline of the ten most important steps and lessons that I had learnt in the property game; the ten most important steps and lessons that I wish someone had taught me when I first embarked on my adventure into property.

After a slow start and the customary writer's block, the words began to pour. I could not stop myself. I wrote and wrote and wrote, and the more I wrote,