Investor Report

Project Title: Corporate Budgeting & Financial Planning of Property Flipping Business

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Role: In-House Financial Analyst

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Exchange Rate: 1.00 USD = 3.673 AED

This investor report and financial model were built with support from ChatGPT (OpenAI), used as a co-pilot for idea structuring, Excel logic validation, and formatting refinement. The project reflects my own financial judgment, assumptions, and execution, but benefited from AI-based structuring and iterative feedback throughout.

1. Executive Summary

Project Objective

To design a comprehensive financial model and budgeting framework for a property flipping business in Dubai. The model will enable effective financial planning, scenario analysis, and KPI monitoring to support informed decision-making and long-term investor confidence.

Business Context

The company aims to acquire, renovate, and resell residential properties in Dubai. Target assets include off-plan, under-market, and distressed units. The typical holding period is 6-12 months, with an ROI target of 20-25% per flip. This is an early-stage, family-funded business expected to scale in volume by Year 2.

Scope of Work

Phase	Deliverable	Description
1	Business Model Definition	Define revenue and cost drivers, unit economics, and key financial mechanics
2	Revenue Forecasting Model	Monthly and yearly projections based on volume, pricing, and turnaround time
3	Expense Forecasting	Breakdown of fixed vs. variable costs including headcount and office expenses
4	Monthly Cash Flow Forecast	Build monthly view to monitor burn rate and liquidity in Year 1
5	Break-even Analysis	Identify minimum volume and margin required to reach net zero profitability
6	Working-Capital & Capex Planning	Map out capital cycles, upfront costs, and reserve buffers
7	KPI Dashboard	Create a summary board with CAC, ROI per flip, monthly burn, and runway metrics
8	Investor/Board Report	Finalize a professional-grade PDF deck presenting the financial plan and strategy

Success Criteria

- 100% linked Excel forecast model with modular assumptions
- Dashboard with scenario toggling and real-time KPI updates
- Clear story that justifies profitability path and risk strategy
- Investor/Board-ready documentation

2. Business Model Overview

Core Business Concept

The company focuses on identifying and acquiring under-market, off-plan, or distressed residential properties in high-demand areas of Dubai. Once acquired, the properties are renovated, staged, and resold at a premium. The strategy is to capitalize on value appreciation through operational improvement rather than long-term holding.

Revenue Model

Revenue = Sale Price per Property × Number of Properties Sold

- **Target Sale Price:** 1.8 million AED (490 thousand USD)
- **Expected Volume:** 8-12 flips per year (increasing over time)
- **Holding Period:** ~9 months
- **Sales Channel:** Real estate agents and digital marketplaces
- **Margin Goal:** 20-25% profit over acquisition + renovation

Cost Structure

Variable Costs (Per Property)

Cost Category	Description	Est. Value AED	Est. Value USD
Purchase Price	Market value at acquisition	1.4 million AED	381.2 thousand USD
Renovation & Staging	Materials, labour, interior improvements	120 thousand AED	32.67 thousand USD
Transaction Costs	Legal, DLD fees, broker commissions	60 thousand AED	16.34 thousand USD
Marketing	Photos, listings, paid ads	15 thousand AED	4.08 thousand USD
Total Variable Cost per Flip: ~1.595 million AED (434.25 thousand USD)			

Fixed Costs (Monthly)

Cost Category	Est. AED/month / USD/month	Description
Salaries (3 staff)	25 thousand AED 6.8 thousand USD	Ops Manager, Analyst, Admin
Office Rent	10 thousand AED 2.72 thousand USD	Co-working space or office unit

Licensing & Legal	3 thousand AED 816.77 USD	Legal retainer + licensing renewal
Software & Tools	2 thousand AED / 544.51 USD	Excel, CRM, Airtable, Canva, etc.
Total Fixed Cost: 40 thousand AED/month (10.89 thousand USD) = 480 thousand AED/year (130.68 thousand USD)		

Capital Model

- Initially funded with 5-10 million AED (1.4-2.7 million USD) in family capital
- 100% equity-based initially
- Optional future external funding once monthly cash flow stabilizes
- Profit reinvested into scaling volume

Strategic Notes

- Focus on margin over volume in Year 1
- Use strong flips to build brand credibility and data trail
- Optional: work with preferred contractor and agent networks
- Use financial discipline to reach breakeven at low flip volume

3. Revenue Forecasting Model

Methodology: Unit-Based Forecast

We will use a unit economics approach, where:

Revenue = Number of Properties Sold × Average Sale Price

This is most realistic for a flipping business, where each unit is a discrete project. As a user you will be able to adjust:

- Flip volume (monthly or quarterly)
- Average selling price
- Timing of sales

- Scenario toggles (optimistic / base / worst)

Core Revenue Assumptions (Base Case)

Variable	Value AED / USD	Notes
Average Purchase Price	1,400,000 AED / 381,159.81 USD	Per unit
Average Renovation Cost	120,000 AED / 32,670.84 USD	Per unit
Transaction Costs	60,000 AED / 16,335.42 USD	Per unit
Target Sale Price	1,800,000 AED / 490,062.62 USD	Per unit
Gross Profit per Flip	220,000 AED / 59,896.54 USD	Target 20-25% margin
Flip Volume Year 1	8 units	~0.66 per month
Flip Volume Year 2	10 units	Scaled by 25%
Flip Volume Year 3	12 units	Scaled by 20%

Revenue Forecast: Base Case

Year	Units Flipped	Average Sale Price (AED / USD)	Total Revenue (AED / USD)
2025	8	1,800,000 AED 490,062.62 USD	14,400,000 AED 3,920,500.95 USD
2026	10	1,850,000 AED 503,675.47 USD	18,500,000 AED 5,036,754.7 USD
2027	12	1,900,000 AED 517,288.32 USD	22,800,000 AED 6,207,459.84 USD

Scenario Modeling

Scenario	Price Upside	Volume Shift	Notes
Optimistic	+10%	+2 flips	Better resale margins and market demand
Worst Case	-7.5%	-2 flips	Market slowdown or permit delays

4. Expense Forecasting

Expense Model Structure

We'll split all costs into two main categories: Fixed Costs and Variable Costs.

Fixed Costs (Monthly / Annual)

These remain stable regardless of how many properties we flip.

Category	Monthly (AED / USD)	Annual (AED / USD)
Salaries (3 Staff)	25,000 AED 6,806.43 USD	300,000 AED 81,677.10 USD
Office Rent	10,000 AED 2,722.57 USD	120,000 AED 32,670.84 USD
Legal & Licensing	3,000 AED 816.77 USD	36,000 AED 9,801.25 USD
Software & Subscriptions	2,000 AED 544.51 USD	24,000 AED 6,534.17 USD
Miscelaneous Admin/Utilities	2,000 AED 544.51 USD	24,000 AED 6,534.17 USD
Total	**42,000 AED** **11,434.79 USD**	**504,000 AED** **137,217.53 USD**

Variable Costs (Per Flip)

These scale based on the number of properties flipped. Variable Costs are the cost of goods sold (COGS) for each unit.

Category	Per Unit (AED / USD)
Acquisition Price	1,400,000 AED / 381,159.81 USD
Renovation & Staging	120,000 AED / 32,670.84 USD
Transaction Costs	60,000 AED / 16,335.42 USD
Marketing	15,000 AED / 4,083.86 USD
Total	**1,595,000 AED / 434,249.93 USD**

Forecast Logic

Total Variable Cost = Cost per Flip × Units Flipped

Total Fixed Cost = Annual total (fixed across years)

We will apply this to our base case:

Year	Units	Variable Cost (AED / USD)	Fixed Cost (AED / USD)	Total Expenses (AED / USD)
2025	8	12,760,000 AED 3,473,999.46 USD	504,000 AED 137,217.53 USD	13,264,000 AED 3,611,216.99 USD
2026	10	15,950,000 AED 4,342,499.32 USD	525,000 AED 142,934.93 USD	16,475,000 AED 4,485,434.25 USD
2027	12	19,140,000 AED 5,210,999.18 USD	550,000 AED 149,741.36 USD	19,690,000 AED 5,360,740.54 USD

5. Cash Flow Forecast (Monthly 2025)

This step translates company's revenue and expense forecasts into a month-by-month cash movement model.

It's essential for:

- Measuring burn rate
- Estimating cash runway
- Forecasting liquidity crunches
- Planning capital injections

Assumptions

Item	Assumption
Properties Flipped (Year 1)	8 properties
Sale Price per Property	1.8 million AED / 490,062.62 USD
Flip Timing	1 unit flipped every ~1.5 months (staggered)
Acquisition Cost per Flip	1.4 million AED / 381,159.81 USD
Renovation + Transaction	195 thousand AED (120K + 60K + 15K) 53,090.12 USD
Time Lag	Renovation and sale happen 2-3 months after acquisition
Fixed Costs	42 thousand AED / month (11,434.79 USD)

Monthly Flow Logic (Year 1 Example – Base Case)

Month	Units Bought	Units Sold	Acquisition Outflow (AED)	Renovation Outflow	Sale Inflow	Fixed Costs	Net Cash Flow
Jan	1	0	-1,400,000	0	0	42,000	-1,442,000
Feb	0	0	0	0	0	42,000	-42,000
Mar	1	1	-1,400,000	195,000	1,800,000	42,000	163,000
…	…	…	…	…	…	…	…

Full table can be viewed in Property_Flipping_Financial_Model.xlsx

6. Break-even Analysis

The goal here is to determine how many properties company needs to successfully flip per year to cover total costs – where: *Net Profit = 0 → Break-even Point*

Definitions

- **Fixed Costs:** 504,000 AED/year or 137,217.53 USD (e.g., salaries, rent)
- **Variable Costs per Flip:** 1,595,000 AED / 434,249.93 USD
  - **Acquisition:** 1,400,000 AED / 381,159.81 USD
  - **Renovation + Transaction:** 195,000 AED / 53,090.12 USD
- **Average Sale Price per Flip:** 1,800,000 AED / 490,062.62 USD

Contribution Margin per Flip

Contribution Margin = Sale Price – Variable Costs

Item	Value (AED)	Value (USD)
Sale Price	1,800,000	490,062.62
Variable Costs	1,595,000	434,249.93
Contribution Margin	**205,000**	**55,812.69**

Break-even Formula

Break-even Volume = Fixed Costs / Contribution Margin

$$Break-even\ Units = \frac{504{,}000}{205{,}000} \approx 2.46\ flips\ per\ year$$

Interpretation

- Company must flip at least 3 properties per year to break even.
- At 8+ properties/year (according to base case), company will be above break-even, which provides healthy profitabiltiy.

7. KPI Dashboard (2025)

Key Performance Indicators

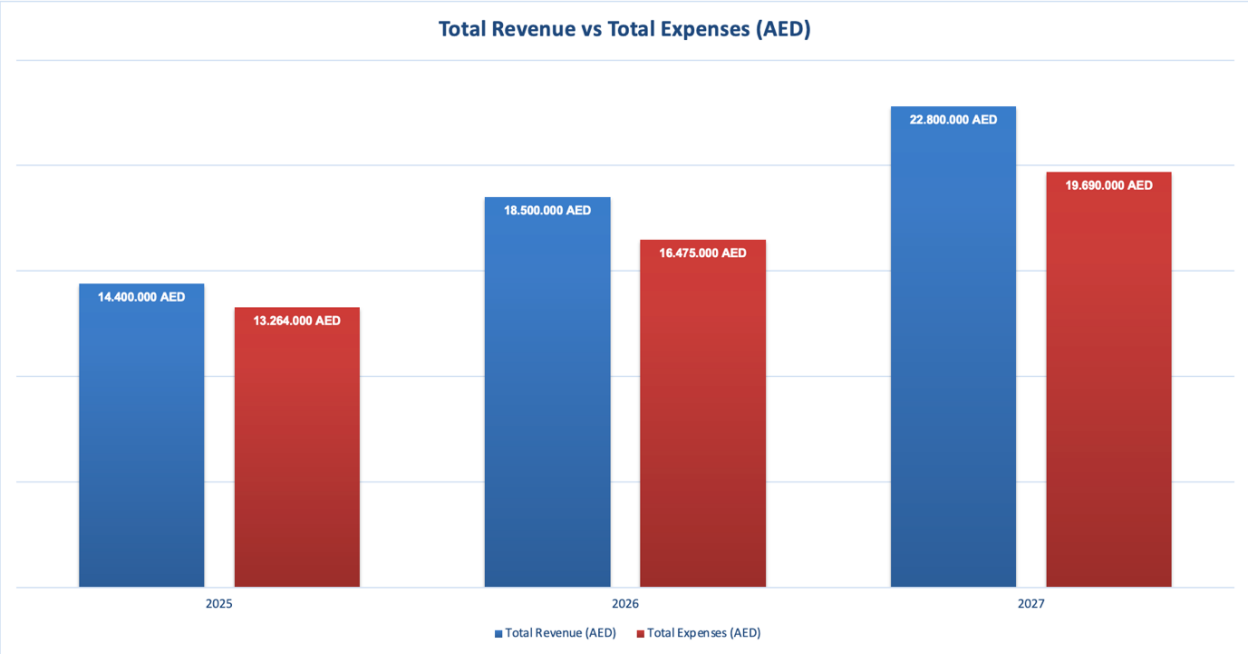| KPI	Definition / Formula	Format
Revenue	Total sale inflows	AED / USD
COGS	Acquisition + renovation + transaction costs	AED / USD
Gross Profit	Revenue – COGS	AED / USD
Gross Margin	Gross Profit / Revenue	%
Fixed Costs	Monthly or annual OpEx	AED / USD
Net Cash Flow	Total inflow – all outflows	AED / USD
Burn Rate	Monthly net outflow (before revenue hits)	AED / month USD / month
Runway	Cash balance / Burn rate	Months
Properties Sold	Number of completed flips	Count
Average Profit per Flip	Net Profit / Properties Sold	AED / USD
Cash-on-Cash ROI	(Total Net Profit / Total Cash Invested)	%

KPI of Base Case, 2025

KPI	Value
Revenue	10,800,000 AED / 2,940,375.71 USD
COGS	9,570,000 AED / 2,605,499.59 USD
Gross Profit	1,230,000 AED / 334,876.12 USD
Gross Margin	11.4%
Fixed Costs	504,000 AED / 137,217.53 USD
Net Cash Flow	726,000 AED / 197,658.59 USD
Burn Rate (avg. Q1)	400,000 AED/month / 108,902.80 USD
Runway (initial 5 million AED)	~12.5 months
Properties Sold	6
Average Profit per Flip	121,000 AED / 32,943.10 USD
Cash-on-Cash ROI	~14.5%

8. Key Visual Insights

Figure 1. Total Revenue vs Total Expenses

Source: *Property_Flipping_Financial_Model.xlsx*

Total Revenue vs Total Expenses (AED)

- 2025: 14.400.000 AED (Total Revenue), 13.264.000 AED (Total Expenses)
- 2026: 18.500.000 AED (Total Revenue), 16.475.000 AED (Total Expenses)
- 2027: 22.800.000 AED (Total Revenue), 19.690.000 AED (Total Expenses)

■ Total Revenue (AED) ■ Total Expenses (AED)

This bar chart compares company's project total revennue against total expenses over the forecast period of 2025-2027. It clearly highlights a healthy and widening margin between

revenue and cost, supporting the business's profitability trajectory. The year-over-year increase in both figures reflects growing operational scale.

**Figure 2. Cumulative Cash Balance over 12 months of 2025**

Source: *Property_Flipping_Financial_Model.xlsx*
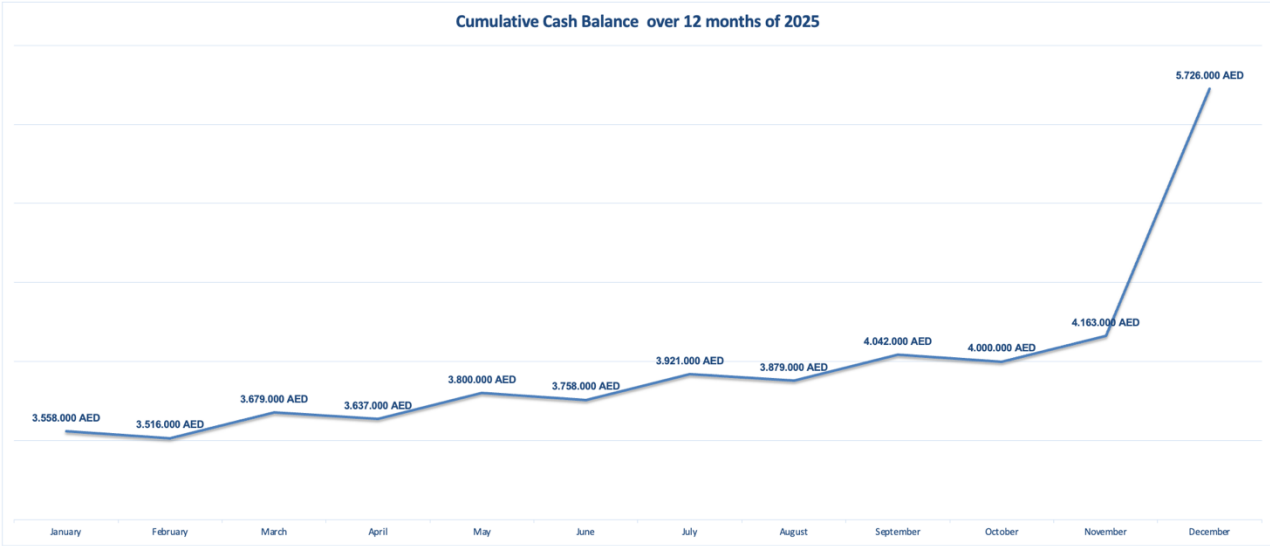
This line graph illustrates the monthly cumulative cash balance in AED throughout 2025. Despite periodic fluctuations due to acquisition and renovation outflows, the model maintains a positive cash position throughout the year, ending with a strong liquidity buffer of over 5.7 million AED by December 2025.

Figure 3. Projected Net Profit by Volume of Units Flipped

Source: *Property_Flipping_Financial_Model.xlsx*
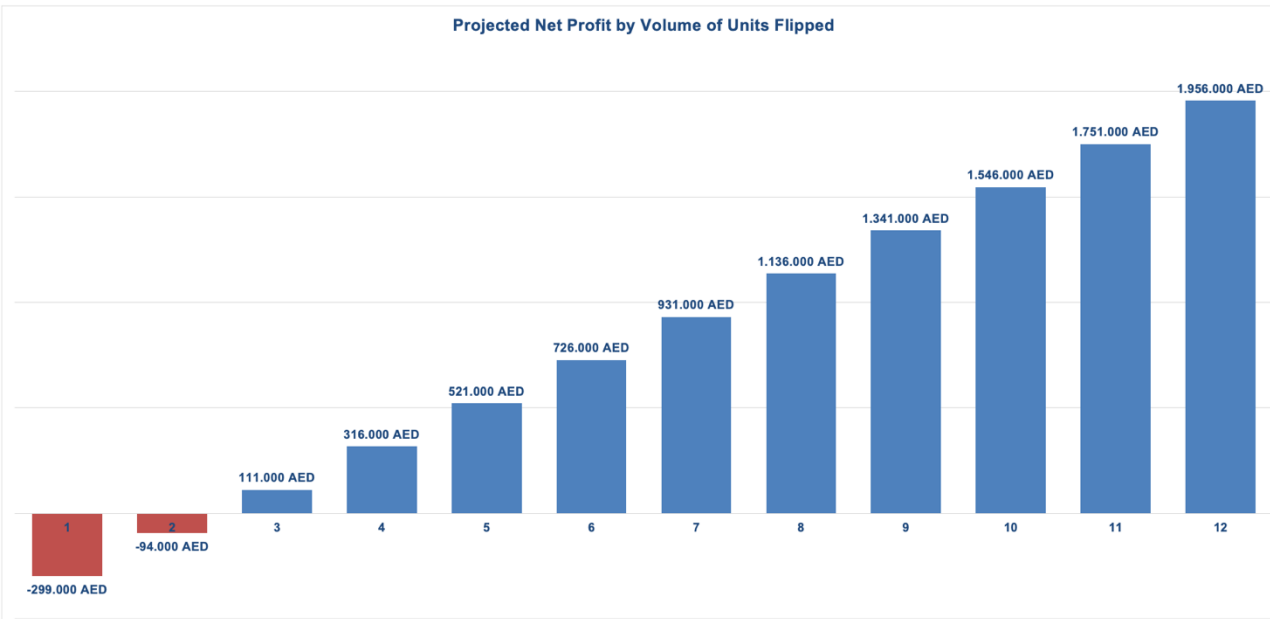
Column chart, presented in Figure 3, illustrates the net profit associated with flipping 1 to 12 properties, with negative profit values shown in red to highlight loss-making volumes. It effecitvely conveys the break-even point (around 3 units) and demonstrates, how profitability accelerates as more properties are flipped, reinforcing economies of scale.

9. Recommendations

Based on the results of this financial planning analysis, the following actions are recommended:

1) Proceed with Initial Flip Strategy (Base Case)
With projected profitability well above break-even (8 flips vs. 3 required), the base case supports a disciplined rollout with solid returns and manageable risk.

2) Preserve Minimum 1.5 million AED Cash Buffer
Ensure that a working capital reserve is maintained throughout the year to prevent liquidity constraints, especially during the pre-sale phase of the flip cycle.

3) Scale Flip Volume Cautiously in Year 2
Gradually increase the number of properties flipped from 8 to 10 (then 12), only if project execution timelines and cash turnover are consistently stable.

4) Implement Cost Controls on Renovations
Explore value-engineering in renovation materials and outsouring to preferred contractors to slightly compress the 195 thousand AED renovation & transaction bundle.

5) Monitor Real Estate Market Shifts
Actively track price trends, regulatory changes, and buyer behavior to adjust pricing and volume assumptions quarterly.

6) Prepare for External Funding Conversation in Year 2
Use Year 1 financial data and the model's structure to begin informal discussions with external investors or banks to explore scalable financing options if expansion is planned.