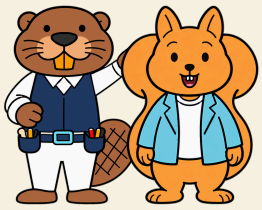
Beginner #01 Study sheet Biba Sensei's Landlord School



On a ¥100 million property, how much cash do you keep each year?

The numbers are examples for explanation. Review the key points of the video in 3 minutes with this one sheet.

1 What is cash left in hand?

Cash left in hand = rent income − all the money that went out
The money that went out: **loan payments, management fee, fixed asset tax, repairs, insurance and taxes**.
The rent income in an ad is the total before these are subtracted.

Annual rent income (ad figure, before deductions)	¥5 million

Money that went out	Cash left in hand
Loan payments, management fee, taxes, etc.	Cash you keep
¥3 million	**¥2 million**

2 Guideline: 2-3% of the price a year

¥100 million × 2% = **¥2 million**
¥100 million × 3% = **¥3 million**
¥2 million ÷ 12 months = **about ¥170,000 / month**
¥1 million a month (¥12 million a year) = property worth **¥400-600 million**

3 A business, not passive income

The management company takes over the on-site work. **The owner decides on rent, equipment, financing and taxes.**
The strength is bank financing (leverage). But it comes with **an obligation to repay**.

4 Before buying, run an interest-rate stress test

1. At today's rate, is cash left in hand **positive**?
2. Is it still positive if the rate **rises by 1 percentage point**? ← **Minimum line. If not, pass**
3. Is it still positive if the rate **rises by 2 percentage points**? ← Safer. Prefer properties that hold up this far

Think about it

1. Annual rent income is ¥8 million and the money that went out is ¥5 million. What is the cash left in hand?
2. On a ¥50 million property, if cash left in hand is 2% a year, how much is that a year?
3. A property whose cash flow turns negative if the rate rises by 1 percentage point. Buy it or pass?

Answers ① ¥3 million ② ¥1 million ③ Pass (the test in step 2 is the minimum line)

Next video — Beginner #02: Successful vs. failing landlords, and 10 practical steps

This sheet is general information. Please make your own investment decisions.