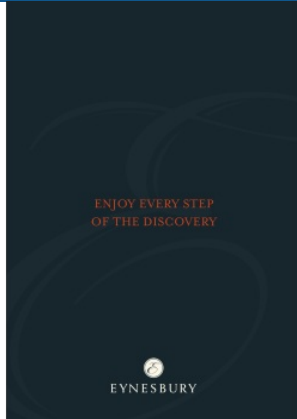


## Property Investment Analysis

Prepared By: Karan Sharma - Pro-Active Investment Group  
 Created: Tuesday, 19 September 2017

4003, Eynesbury Rd, Eynesbury, VIC 3338

\$437,900



Bedrooms:	4	Bathrooms:	2
Parking:	2	Completion:	Unknown
Rental Yield:	4.40%*	Rent:	\$378/pw*
Initial Cash Return:	-\$71/pw*	Return on Investment:	-7.32%/pa**
Net Cash Return (10 Years):	-\$22,528	IRR:	11.64%***
Owners/Body Corp. Rates:	\$2,190^	Water/Council Rates (combined):	\$1,095#
Cash Deposit:	\$43,790	Stamp Duty:	\$2,377†
Loan Type:	Interest Only	Interest Rate:	6.00%
Loan Amount:	\$399,061	Loan Repayments:	\$1,995 pm
Average rental growth: (10yr average)	5.00%	Average capital growth: (10yr average)	5.00%

\* Year 1 \*\* After tax (Year 1) \*\*\* assuming sale of the property after 10 years  
 ^ Owners/Body Corp. Rates: Not provided - estimated at 0.500% of the purchase price per annum  
 # Water/Council Rates (combined): Not provided - estimated at 0.250% of the purchase price per annum  
 † This is an estimate only - see FAQ

### Financials (Year 1)

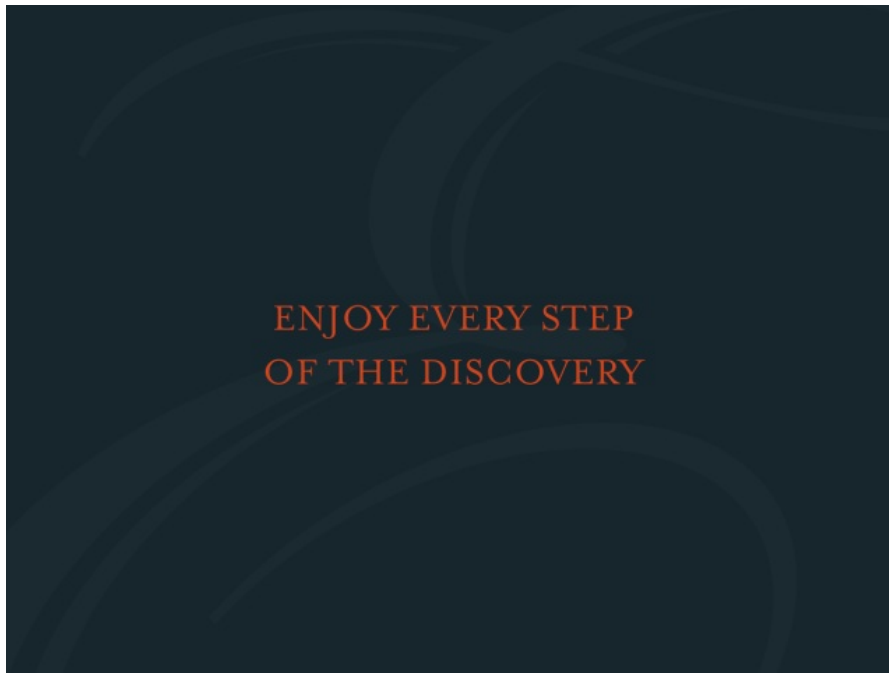
Apartment 4003	\$437,900
Net Return on Equity	3.21%
Rental Income	\$19,278
Rental Expenses	\$5,234
Tax Deductions (at 90% LVR)	\$39,627
<b>Weekly Investor Position (after tax)</b>	<b>-\$71</b>

**Disclaimer**

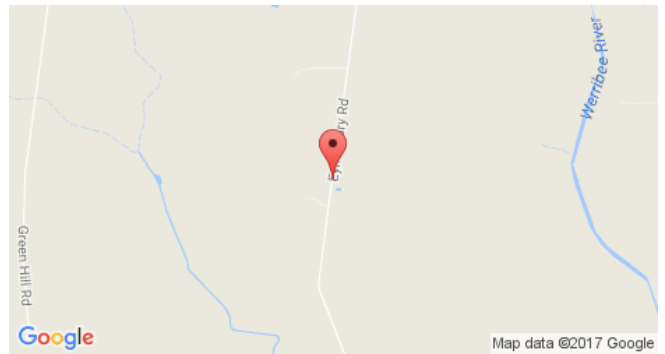
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## Project Profile

Eynesbury Rd, Eynesbury, VIC 3338



welcome



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# Financial Analysis

Eynesbury Estate- Eynesbury - Apartment 4003

## Summary

Assumptions		Projected Results Over		10 years
Property Value	\$437,900	Property Value		\$713,293
Initial Investment	\$50,119	Equity		\$314,232
Initial Gross Rental Yield	4.40% (\$370 pw)	IRR		11.64%
Initial Net Rental Yield	3.21% (\$270 pw)	Net Present Value		\$47,403
Avg. Capital Growth Rate	5.00%	IF SOLD		
Avg. Inflation Rate	2.90%	Selling Costs & CGT & Loan		\$493,375
Avg. Interest Rate	6.00%	Gross Profit		\$219,918
Marginal Tax Rate	32.5%	After-Tax Return/Year		15.94%

## Computer Projections

Investment Analysis						
End Of Year	Initially	1 year	2 years	3 years	5 years	10 years
Property Value	\$437,900	\$459,795	\$482,785	\$506,924	\$558,884	\$713,293
Purchase Costs	\$3,168					
Loan Amount	\$399,061	\$399,061	\$399,061	\$399,061	\$399,061	\$399,061
Equity	\$38,839	\$60,734	\$83,724	\$107,863	\$159,823	\$314,232
Capital Growth Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Rental Growth Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Vacancy Rate	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Interest Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Inflation Rate (CPI)	2.90%	2.90%	2.90%	2.90%	2.90%	2.90%
Gross Rent	\$378/wk	\$19,278 pa.	\$20,242 pa.	\$21,254 pa.	\$23,433 pa.	\$29,907 pa.
<b>Cash Deductions</b>						
Interest (I/O)		-\$23,944	-\$23,944	-\$23,944	-\$23,944	-\$23,944
Property Outgoings		-\$5,234	-\$5,414	-\$5,601	-\$5,995	-\$7,117
Loan Costs (total: \$3,951)		-\$790	-\$790	-\$790	-\$790	\$0
Pre-Tax Cash Flow		-\$10,690	-\$9,906	-\$9,080	-\$7,296	-\$1,155
<b>Non-Cash Deductions</b>						
Depreciation Allowance		\$9,660	\$8,372	\$5,796	\$4,508	\$3,864
<b>Total Deductions</b>		\$39,627	\$38,520	\$36,130	\$35,237	\$34,925
Tax Credit		\$7,021	\$6,306	\$5,132	\$4,073	\$1,731
<b>Net cash position (after tax)</b>		-\$3,669	-\$3,600	-\$3,948	-\$3,224	\$577
<b>Weekly Cash Position</b>		<b>-\$71</b>	<b>-\$69</b>	<b>-\$76</b>	<b>-\$62</b>	<b>\$11</b>
Return on Investment		-7.32%	-7.18%	-7.88%	-6.43%	1.15%
Cumulative ROI:		-7.32%	-14.50%	-22.38%	-36.00%	-44.95%
Pre-Tax Equivalent		-10.85%	-10.64%	-11.67%	-9.53%	1.71%

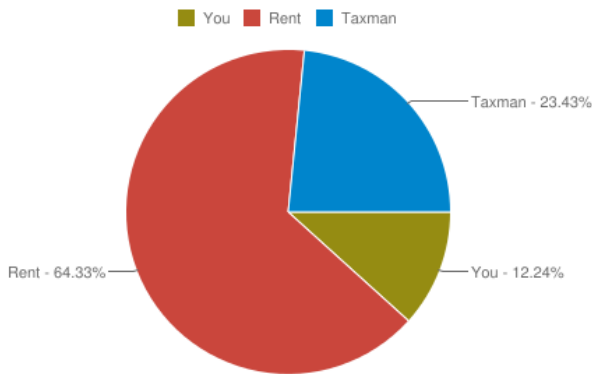
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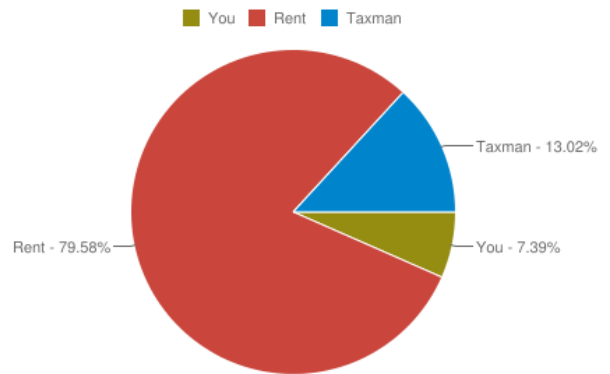
# Comparison Graphs

## Eynesbury Estate- Eynesbury - Apartment 4003

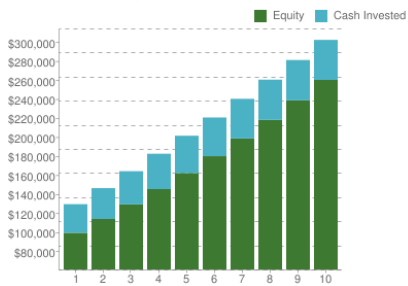
Who Pays Over 1 Year



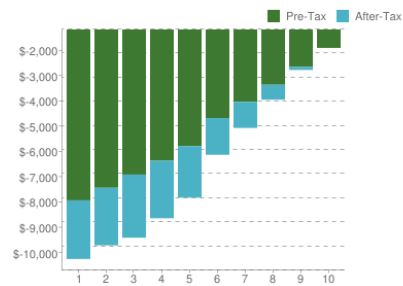
Who Pays Over 10 Years



Equity vs. Cash Invested



Cashflow Per Year



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## Notes on Investment Information

### Closing Costs

The following assumptions have been made on the closing costs of a purchase:

**Conveyancing:** \$1,000

**Maintenance:** \$250/annum

**Landlord Insurance:** \$350/annum

### Deposit

The deposit is the amount of cash required to purchase a property off-the-plan. It can be no more than 10% of the property's purchase price.

### Loan Type

For the purpose of these reports, interest only loans will be used. Principal and Interest loans will require higher payments and will affect the cash-flow data in the reports.

### Loan Costs

Estimated at 1.00% of the Base Loan Amount of the property. Usually includes loan application fees, transfer costs etc... which may be capitalised over the first few years of the loan.

### Purchase Costs

Stamp Duty + Conveyancing

### Base Loan Amount

Purchase Price – Cash Deposit + Conveyancing

### Loan Amount

(Property Price + Stamp Duty + Conveyancing + Loan Costs) - Deposit

### Standard Property Expenses

Include costs such as Rates (Water and Council), Owner's Corporation Fees, Landlord Insurance and Property Management

### Stamp Duty

We estimate stamp duty based on a number of factors such as the construction progress, dutiable value of the land and the state in which the project is located. It is not possible to ensure stamp duty is correct 100% of the time and as such is subject to finalisation at the time of settlement.

### Tax Rates

We calculate the tax rates for the 2017-2018 financial year.

### Property Management Fees

For non-NRAS properties, estimated at 7% of the gross rental income per annum, includes letting fees and advertising costs. Historically, for NRAS properties, 10% of the combined discounted rent (80%) and NRAS incentive (\$10,350), which includes depreciation reports, audit costs and required valuations.

### Sale

The sale cost is estimated at 3% of the property value with the refurbishment of 4.25% and capital gain tax of 19.25%

### Rental Yield - Gross

Calculated at Weekly Rent \* 52

### Rental Yield - Net

Gross Yield - Expenses, Insurance and Rental Management Fees

### Vacancy Rate

A property's vacancy rate is given as a percentage of time per annum that the property will be vacant and hence will not be returning an income. As of June 2011, vacancy rates in most capital cities are approximately 1.6%, which represents less than 6 vacant days per year.

## Estimated Values

Some values such as the owners/body corporate rates, water/council rates and stamp duty are not always made available to us and estimates are used instead. Estimates are based on an average property within a medium sized apartment development in Melbourne. Where a value has been estimated, a symbol will appear next to the value.

## Advanced Price per Square Metre

The advanced \$/m<sup>2</sup> calculation is a proprietary method we use to compare apartments. The traditional method of calculating the value of an apartment, involves taking the price of the property and dividing it by the internal area. Where this method falls short, is that it doesn't take into account the size of a property's external area or any car parking included in the price. The advanced calculation subtracts the estimated value of the car parking from the property's price, and adds a portion of the external area to the calculated size. This allows a fairer comparison of apartments with differing balconies to be fairly compared.

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### Notes on Depreciation

The depreciation figures used in this report are indicative only and are intended to provide a guide to the potential depreciation and building allowances available from the purchase of the above residential property. This report may not be used for taxation purposes. A formal depreciation report from a qualified company should be obtained for taxation purposes.

Please note that the first year calculations are based on ownership over a full financial year. Where a property is settled part-way through a financial year, only a portion of the first year's depreciation allowance will be claimable on a pro-rata basis.

The depreciation allowance is comprised of two figures:

**Building Depreciation (Division 43)** This figure is an estimate of the annual depreciation of the building, calculated at 2.50% of the capital works (construction cost) of the building. The average, mid-rise, apartment in a capital city, has a capital works value of approximately 50% of the purchase price of the property.

**Fitting, Plant and Equipment (Division 40)** To simplify calculations, assumptions are made on the type and value of the fittings within a property. To arrive at a figure for Division 40 depreciating assets, we have assumed that the property has a medium-quality standard of fit-out, with the standard inclusions that may be found in a new property. These include certain low value items, such as exhaust fans, master antenna systems and intercom systems; as well as higher value items such as air conditioning units, carpets, cook tops and hot water units.

To calculate the depreciation rate of fittings, we use the diminishing value method and a \$33,000 base value of fittings and inclusions one would find on a standard property valued at \$450,000. These values are then adjusted up or down depending on the purchase price of the property listed above.

The result is a general estimation on the depreciation allowance to which you may be entitled. Naturally, there are many factors that can affect the actual depreciation allowance received and you should speak with a qualified advisor prior to making any investment decision.