

Providence Property Group Pty Ltd - Sydney

PROPERTY INVESTMENT ANALYSIS

25-Jul-2018

Prepared for:
 Consultant:
 Property:
 Description: 4-bedroom, 2.5-bathroom, 2-car townhouses
 20-year capital growth rate for the 12 months to 31 December 2017, as per API
 Pricfinder - 8.5% p.a.

CPI figures as per ABS website

Rental figure based off average of midpoints from rental appraisal received - \$517 per week

10-year rental growth rate, as per Residex - 2.7%

Rental guarantee commencing 30 days from settlement - \$550 per week

Body corporate - \$2,798.42 p.a.

Council rate - \$1,500 p.a.

Financials prepared based on Lot 11

SUMMARY

| Assumptions | | Projected results over | 10 yrs |
|--------------------|-----------|-------------------------------|---------------|
| Property value | \$550,000 | Property value | \$1.244m |
| Initial investment | \$0 | Equity | \$671,441 |
| Gross rental yield | 4.89% | After-tax return /yr | 73.21% |
| Net rental yield | 3.49% | Net present value | \$546,887 |
| Cap. growth rate | 8.50% | IF SOLD | |
| Inflation rate | 2.00% | Selling costs & CGT | \$202,093 |
| Interest rate | 5.00% | Equity | \$469,348 |
| Taxable income | \$100,000 | After-tax return /yr | 66.04% |

COMPUTER PROJECTIONS

| Investment Analysis | | Projections over 10 years | | | | |
|-----------------------------|------------------|----------------------------------|---------------|---------------|---------------|----------------|
| End of year | 2018 | 1yr | 2yr | 3yr | 5yr | 10yr |
| Property value | \$550,000 | 596,750 | 647,474 | 702,509 | 827,011 | 1.244m |
| Purchase costs | \$19,575 | | | | | |
| Investments | \$0 | | | | | |
| Loan amount | \$572,100 | 572,100 | 572,100 | 572,100 | 572,100 | 572,100 |
| Equity | -\$22,100 | 24,650 | 75,374 | 130,409 | 254,911 | 671,441 |
| Capital growth rate | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% |
| Inflation rate (CPI) | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% | 2.00% |
| Gross rent /week | \$517 | 26,884 | 27,610 | 28,355 | 29,907 | 34,169 |
| Cash deductions | | | | | | |
| Interest (I/O) | 5.00% | 28,605 | 28,605 | 28,605 | 28,605 | 28,605 |
| Rental expenses | 28.57% | 7,681 | 7,835 | 7,992 | 8,314 | 9,180 |
| Pre-tax cash flow | \$0 | -9,402 | -8,830 | -8,241 | -7,012 | -3,616 |
| Non-cash deductions | | | | | | |
| Deprec.of building | 2.50% | 5,253 | 5,253 | 5,253 | 5,253 | 5,253 |
| Deprec.of fittings | \$25,090 | 5,471 | 4,888 | 3,525 | 2,411 | 585 |
| Loan costs | \$2,525 | 505 | 505 | 505 | 505 | |
| Total deductions | | 47,515 | 47,086 | 45,879 | 45,088 | 43,623 |
| Tax credit (single) | \$100,000 | 7,703 | 7,394 | 6,813 | 5,921 | 3,687 |
| After-tax cash flow | \$0 | -1,699 | -1,436 | -1,428 | -1,091 | 71 |
| Rate of return (IRR) | 73.21% | | | | | |
| Pre-tax equivalent | 120.02% | (33) | (28) | (27) | (21) | 1 |

Disclaimer: Note that the computer projections listed above simply illustrate the outcome calculated from the input values and the assumptions contained in the model. Hence the figures can be varied as required and are in no way intended to be a guarantee of future performance. Although the information is provided in good faith, it is also given on the basis that no person using the information, in whole or in part, shall have any claim against Providence Property Group Pty Ltd - Sydney, its servants, employees or consultants. This information is intended as general advice only and does not take account of individual needs or financial circumstances. Intending purchasers should do their own assessment or consult a licensed investment adviser. .