

**Providence Property Group Pty Ltd - Sydney**

**PROPERTY INVESTMENT ANALYSIS**

31-Oct-2018

Prepared for:

Consultant:

Property:

Description: 4-bed, 2-bath, 2-car houses  
20-year capital growth rate for the 12 months to 31 December 2017, as per API  
Pricfinder - 6.1% p.a.

CPI figures as per ABS website

10-year rental growth rate, as per RPData - 3.3%

Rental figure based off low end of rental appraisal received - \$520 per week

4-week vacancy buffer included - \$2,080

Council rate - \$1,800 p.a.

Water rate - \$800 p.a.

Financials prepared based on Lot 30

**SUMMARY**

<b>Assumptions</b>		<b>Projected results over</b>	<b>10 yrs</b>
Property value	\$626,600	Property value	\$1.133m
Initial investment	\$0	Equity	\$487,626
Gross rental yield	4.32%	After-tax return /yr	54.21%
Net rental yield	3.04%	Net present value	\$384,923
Cap. growth rate	6.10%	<b>IF SOLD</b>	
Inflation rate	2.00%	Selling costs & CGT	\$161,061
Interest rate	5.00%	Equity	\$326,566
Taxable income	\$100,000	After-tax return /yr	46.82%

**COMPUTER PROJECTIONS**

<b>Investment Analysis</b>		<b>Projections over 10 years</b>				
<b>End of year</b>	2018	1yr	2yr	3yr	5yr	10yr
Property value	\$626,600	664,823	705,377	748,405	842,495	1.133m
Purchase costs	\$16,025					
Investments	\$0					
Loan amount	\$645,150	645,150	645,150	645,150	645,150	645,150
Equity	<b>-\$18,550</b>	19,673	60,227	103,255	197,345	<b>487,626</b>
Capital growth rate	6.10%	6.10%	6.10%	6.10%	6.10%	6.10%
Inflation rate (CPI)	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
<b>Gross rent /week</b>	\$520	27,040	27,932	28,854	30,790	36,217
<b>Cash deductions</b>						
Interest (I/O)	5.00%	32,258	32,258	32,258	32,258	32,258
Rental expenses	29.58%	8,000	8,160	8,323	8,659	9,560
<b>Pre-tax cash flow</b>	\$0	<b>-13,217</b>	<b>-12,485</b>	<b>-11,726</b>	<b>-10,127</b>	<b>-5,601</b>
<b>Non-cash deductions</b>						
Deprec.of building	2.50%	6,590	6,590	6,590	6,590	6,590
Deprec.of fittings	\$37,596	6,031	7,900	5,462	2,812	825
Loan costs	\$2,525	505	505	505	505	
<b>Total deductions</b>		53,383	55,412	53,137	50,824	49,232
<b>Tax credit (single)</b>	\$100,000	9,673	10,155	9,145	7,813	5,076
<b>After-tax cash flow</b>	\$0	<b>-3,544</b>	<b>-2,330</b>	<b>-2,581</b>	<b>-2,314</b>	<b>-525</b>
<b>Rate of return (IRR)</b>	<b>54.21%</b>	<b>Your income /(cost) per week</b>				
Pre-tax equivalent	88.87%	<b>(68)</b>	<b>(45)</b>	<b>(50)</b>	<b>(44)</b>	<b>(10)</b>

*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. .*