

Duncan Yelds

investment Analysis of 16 Arrionga Place Hornsby

12-Jan-2022


Prepared for:

Consultant: Duncan Yelds

Property: 16 arrionga place hornsby

Description: 5 bed 4 bath 3 car with 2 bed granny flat

SUMMARY

	Assumptions		Projected results over 10 yrs	
	Property value	\$1.425m	Property value	\$2.109m
	Investment	\$300,000	Equity	\$907,104
	Gross yield	5.90%	After-tax return /yr	18.74%
	Net yield	4.96%	Net present value	\$650,589
	Growth rate	4.00%	IF SOLD	
	Inflation rate	3.00%	Selling costs & CGT	\$234,906
	Interest rate	3.50%	Equity	\$672,198
	Taxable income	\$225,000	After-tax return /yr	16.21%

PROJECTIONS

Investment Analysis	Projections over 10 years					
End of year	2022	1yr	2yr	3yr	5yr	10yr
Property value	\$1.425m	1.482m	1.541m	1.603m	1.734m	2.109m
Purchase costs	\$65,590					
Investments	\$300,000					
Loan amount	\$1.202m	1.202m	1.202m	1.202m	1.202m	1.202m
Equity	\$222,756	279,756	339,036	400,687	531,486	907,104
Capital growth rate	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Inflation rate (CPI)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gross rent /week	\$1,650	84,084	86,607	89,205	94,637	109,711
Cash deductions						
Interest (I/O)	3.50%	42,079	42,079	42,079	42,079	42,079
Rental expenses	15.54%	13,337	13,737	14,149	15,011	17,402
Pre-tax cash flow	\$-50,000	28,669	30,791	32,977	37,548	50,230
Non-cash deductions						
Deprec.of building	2.50%	17,813	17,813	17,813	17,813	17,813
Deprec.of fittings	\$0	0	0	0	0	0
Loan costs	\$11,654	2,331	2,331	2,331	2,331	77,293
Total deductions		75,559	75,959	76,371	77,233	77,293
Tax credit (joint)	\$225,000	-3,133	-3,913	-4,716	-6,489	-13,696
After-tax cash flow	\$-50,000	25,536	26,878	28,261	31,059	36,534
Rate of return (IRR)	18.74%					
Pre-tax equivalent	30.72%	(491)	(517)	(543)	(597)	(703)
		Your cost /(income) per week				

Disclaimer: Note that the 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 Duncan Yelds, 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

Detailed Notes on Spreadsheet Items

PROPERTY VALUE

The property (or market) value refers to how much the property is worth (i.e. how much you could sell it for). Its book value, on the other hand, refers to how much you have paid for it plus the cost of any immediate renovations.

Property price:	1.425m
Renovation costs:	0
Total book value:	1.425m
Property market value:	\$1.425m

PURCHASE COSTS

These include your solicitor's conveyancing fees and, where applicable, State Government stamp duty and transfer of title fees. In Australia, stamp duty and transfer of title fees vary from State to State and are a function of purchase price whereas, in New Zealand, stamp duty has been abolished on all property transfers since May 1999. Conveyancing costs may also be dependent on purchase price and may be negotiable. In some States of Australia (e.g. A.C.T.), purchase costs are tax deductible in the first year of the investment, though normally they will only be taken into account in Capital Gains Tax calculations in the year of sale.

Conveyancing costs:	2,500
Stamp duty:	62,943
Transfer of title:	148
Total Purchase costs:	\$65,590

INVESTMENT & LOAN

Your initial investment is usually just the total of all monies outlaid at the time of purchase. These may include contributions toward any, or all, of the costs listed below. The remainder will largely determine the size of the loan. If you have sufficient equity in other property, it is possible to outlay nothing, and actually borrow the lot (i.e. the purchase price, purchase costs, loan costs, any renovation costs, and even additional monies to cover such things as fittings). If you are modelling an investment from some point in time after purchase (e.g. to assess the return on major renovations), your investment might also include the equity you already have built up in the property.

	Investments	Loan	Total Cost
Equity invested:	250,000		
Property costs:	50,000	1.125m	1.425m
Renovation costs:	0	0	0
Purchase costs:	0	65,590	65,590
Furniture package:	0	0	0
Loan costs:	0	11,654	11,654
Totals:	\$300,000	\$1.202m	\$1.502m

CAPITAL GROWTH & INFLATION RATES

Rate of capital growth is your anticipated annual compound rate of increase of the property value. It will undoubtedly vary substantially over the short term, but over the longer term (10 years or more), it has generally been about 2 to 3% above the rate of inflation.

Average rate of inflation (%):	3.00
Average rate of capital growth (%):	4.00

EQUITY

The equity is the difference between the property value and the loan. The equity increases in line with the increasing property value in the case of an interest-only loan. For a principal & interest loan, it also increases with the decrease in the debt.

Projected values over	5 yrs	10 yrs	15 yrs	20 yrs
Property value	1.734m	2.109m	2.566m	3.122m
Loan	1.202m	1.202m	1.202m	1.202m
EQUITY	\$531,486	\$907,104	\$1.364m	\$1.920m
Approximate costs if sold.....				
Capital Gains Tax	58,782	165,857	292,435	441,907
Solicitor's fees	8,669	10,547	12,832	15,612
Sales commission	48,173	58,502	71,069	86,360
EQUITY (after sale)	\$415,863	\$672,198	\$987,764	\$1.376m

INTEREST COSTS & TYPE OF LOAN

The type of loan can be either interest-only and/or principal & interest. Repayments for interest-only loans, as the title suggests, consist of interest only. Repayments for principal & interest loans include a component of the principal. Interest-only loans are usually of a shorter term (e.g. 3 to 5 years) at which point they will move to principal and interest over the remaining term, the interest only loan is reapplied for, or the loan is refinanced to another lender to begin the interest only period again.

Loan type:	I/O
Interest rate (yr 1) (%)	3.50
Loan:	\$1.202m
Loan costs (written off over 5 yrs):	\$11,654
Monthly payment:	\$3,507
Annual payment:	\$42,079

RENT

The potential annual rent is simply the rent per week times 52. The actual annual rent must account for any period that the property is vacant. Annual rents are assumed to increase in line with inflation.

Rent per week:	1,650
Potential annual rent:	85,800
Vacancy rate (%):	2.00
Actual annual rent:	\$84,084

ANNUAL RENTAL EXPENSES

These are all the real operating costs associated with the investment property with the exception of loan interest payments. The first cell of the spreadsheet represents the expenses expressed as a percentage of the potential annual rent. As a guide, expenses could vary anywhere from 13% to 30%, depending on the maintenance and whether a professional property management agent is used. For holiday letting, with higher vacancies, the percentage can be more than 50%.

Normal Expenses:	
Agent's commission (8.25%):	6,937
Letting fees:	1,650
Rates:	2,500
Insurance:	1,250
Maintenance:	1,000
Special expenses:	0
Total expenses:	\$13,337
Normal expenses as % of annual rent (%):	15.54
Net yield or Capitalisation rate (%):	4.96

PRE-TAX CASH FLOW

These are all of the monies that flow out of your pocket before tax is taken into account. Normally, it would represent the gross annual rent less interest and rental expenses. This will vary if interest or expenses are capitalised or rents used directly to reduce the loan.

Year		1yr	2yr	3yr	5yr	10yr
Rent		84,084	86,607	89,205	94,637	109,711
Cash invested	50,000	0	0	0	0	0
Principal payments		0	0	0	0	0
Interest		42,079	42,079	42,079	42,079	42,079
Expenses		13,337	13,737	14,149	15,011	17,402
Pre-tax cash flow	\$-50,000	\$28,669	\$30,791	\$32,977	\$37,548	\$50,230

DEPRECIATION ON THE BUILDING

This represents the capital allowance on the construction costs.

Property value:	\$1.425m
Construction costs:	\$712,500
Depreciation allowance rate (%):	2.50
Depreciation allowance:	\$17,813

DEPRECIATION OF FITTINGS (diminishing value method)

Item	Value	Effective Life (yrs)	Depreciation
Total	\$0		\$0

LOAN COSTS

In Australia, the loan costs are written off over the term of the loan (or five years, whichever is the lesser).

Establishment fees (0.50% of loan):	6,011
Mortgage insurance (0.32% of loan):	3,847
Mortgagee's solicitor's fees:	1,000
Valuation fees:	300
Registration of 1st mortgage:	148
Registration of 2nd mortgage:	148
Search fees:	200
Total loan costs:	\$11,654

TOTAL TAX DEDUCTIONS (Cash & Non-Cash Deductions)

These include both "cash" (e.g. interest, rental expenses) and "non-cash" (e.g. depreciation) deductions.

Year	1yr	2yr	3yr	5yr	10yr
Interest claimed	42,079	42,079	42,079	42,079	42,079
Expenses	13,337	13,737	14,149	15,011	17,402
Deprec.-building	17,813	17,813	17,813	17,813	17,813
Deprec.-fittings	0	0	0	0	0
Loan costs	2,331	2,331	2,331	2,331	0
Total deductions	\$75,559	\$75,959	\$76,371	\$77,233	\$77,293

TAX CREDITS & AFTER-TAX CASH FLOW

The after-tax cash flows are all of the monies that flow in or out of your pocket AFTER tax is taken into account. They represent the PRE-tax cash flow LESS any tax credits (or tax refunds). In this analysis, it is assumed that the investor has obtained a tax variation from the Taxation Office and thus the tax refunds are credited for the same year in which they are based.

Year	2022	1yr	2yr	3yr	5yr	10yr
Pre-tax cash flow	-50,000	28,669	30,791	32,977	37,548	50,230
Tax credits		-3,133	-3,913	-4,716	-6,489	-13,696
After-tax cash	-50,000	25,536	26,878	28,261	31,059	36,534
Cost / (income) per week		(491)	(517)	(543)	(597)	(703)

INTERNAL RATE OF RETURN

The internal rate of return (IRR) is the method of calculating the return on a series of cash flows where the time factor is taken into account. To understand it, think of the money you are outlaying on your investment property as being deposited in a bank account, with interest added each year. In this case the "deposits" are represented by the after-tax cash flows

Year	2022	1yr	2yr	3yr	5yr	10yr
Equity invested	\$250,000					
After-tax cash flow	\$-50,000	\$25,536	\$26,878	\$28,261	\$31,059	\$36,534
Equity						\$907,104

The total amount in your "account" (including interest) at the end of the period is the equity (\$907,104) in the investment property. The IRR (18.74%) represents the effective "interest rate" that you have received, but with one important difference - because the interest remains in the property, it is not taxed. To receive an equivalent return from bank interest, you need to get 30.72% before tax.

If the property were to be sold at the end of the period, the after-sale equity would be reduced to \$672,198 after taking account of selling costs and capital gains tax and the IRR after the sale would be

Duncan Yelds		
investment Analysis of		
16 Arrionga Place Hornsby		12-Jan-2022
Prepared for:		
Consultant:	Duncan Yelds	
Property:	16 arrionga place hornsby	
Description:	5 bed 4 bath 3 car with 2 bed granny flat	

Cash Flow Analysis Summary

Investment Cost

Purchase price	1.425m
Purchase costs	65,590
Loan costs	11,654
Total investment cost	1.502m

Loan Details

Initial cash invested	50,000
Initial loan amount (total cost + any additional loan - cash invested)	1.202m
Loan type	I/O (3.50%)
Interest payments	42,079
Total loan payments	42,079
Closing loan balance	1.202m

Property Income and Expenditure

Rental income	84,084
Rental expenses	13,337
Net rental income (rent retained - expenses paid)	70,747

Pre-Tax Cash Flow (net rent - loan payments)

28,669

Tax Deductions

Cash deductions	
Loan interest claimed	42,079
Rental expenses	13,337
Non-Cash Deductions	
Depreciation: Building (\$712,500 @ 2.50%)	17,813
Depreciation: Furniture, fixtures & fittings	0
Loan cost write-off (\$11,654 over 5 yrs)	2,331
Total Tax Deductions	75,559

Tax Credit Calculation

	Investor	Partner	Total
Ownership (joint names)	50.00%	50.00%	100%
Current taxable income	150,000	75,000	225,000
Rental income	42,042	42,042	84,084
Total income	192,042	117,042	309,084
Deductions claimed	37,779	37,779	75,559
New taxable income	154,263	79,263	233,525
Current tax	43,567	15,262	58,829
New tax	45,229	16,733	61,962
Tax savings (current - new)	-1,662	-1,471	-3,133
Tax credits	-1,662	-1,471	-3,133

Annual after-tax surplus (pre-tax cash flow + tax credit)

\$25,536

Weekly after-tax surplus

\$491

Disclaimer: Note that the 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 Duncan Yelds, 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

Tabulated breakdown of items contributing to first year cash flow

INVESTMENT COST

Purchase price	1.425m
Purchase costs	65,590
Loan costs	11,654
Total investment cost	\$1.502m

Purchase Costs

Conveyancing costs:	2,500
Govt. Stamp duty:	62,943
Transfer of title:	148
Total Purchase costs:	\$65,590

Loan Costs

Establishment fees (0.50% of loan):	6,011
Mortgage insurance (0.32% of loan):	3,847
Mortgagee's solicitor's fees:	1,000
Valuation fees:	300
Registration of 1st mortgage:	148
Registration of 2nd mortgage:	148
Search fees:	200
Total loan costs:	\$11,654

FINANCE

Initial cash invested	50,000
Initial loan amount (total cost + any additional loan - initial cash)	1.202m
Loan type	I/O (3.50%)
Interest payments	42,079
Total loan payments	\$42,079
Closing loan balance	1.202m

Initial Investment & Loan Amount

	Investment	Loan	Total Cost
Equity invested:	250,000		
Property cost:	50,000	1.125m	1.425m
Renovation costs:	0	0	0
Purchase costs:	0	65,590	65,590
Furniture package:	0	0	0
Loan costs:	0	11,654	11,654
Totals:	\$300,000	\$1.202m	\$1.502m

Loan Details

Loan type:	I/O
Interest rate (yr 1) (%)	3.50
Loan amount(\$):	\$1.202m
Loan costs (written off over 5 yrs):	\$11,654
Monthly payment:	\$3,507
Annual payment:	\$42,079

PROPERTY INCOME & EXPENDITURE

Rental income	84,084
Gross yield (rental income/property value)	5.90%
Rental expenses	13,337
Net rental income (rent retained - expenses paid)	70,747
Net yield (net rental income/property value)	4.96%

Rental Income

Rent per week:	1,650
Potential annual rent:	85,800
Vacancy rate:	2.00%
Annual rent:	\$84,084

Rental Expenses**Regular Expenses:**

Agent's commission (8.25%):	6,937	
Letting fees:	1,650	
Rates:	2,500	
Insurance:	1,250	
Maintenance:	1,000	
Total regular expenses:		13,337
Special expenses:		0
Total expenses:		\$13,337
Regular expenses as % of annual rent:		15.54%
Net yield or Capitalisation rate:		4.96%

PRE-TAX CASH FLOW

Item	Cash Amount
Rental income	84,084
Rental expenses	13,337
Loan interest	42,079
Principal payments	0
Cash investments	0
Pre-tax cash flow (year 1)	28,669

TAX DEDUCTIONS

Cash deductions	
Loan interest	42,079
Rental expenses	13,337
Non-Cash Deductions	
Depreciation: Building (\$712,500 @ 2.50%)	17,813
Depreciation: Furniture, fixtures & fittings	0
Loan cost write-off (\$11,654 over 5 yrs)	2,331
Total Tax Deductions	\$75,559

Depreciation on the building (Capital allowance)

Property value:	1.425m
Depreciable amount:	712,500
Depreciation allowance rate (%):	2.50
Depreciation claim:	\$17,813

Depreciation of fittings (diminishing value method)

Item	Value	Effective Life (yrs)	Depreciation
Total	\$0		\$0

TAX CREDIT CALCULATION

	Investor	Partner	Total
Ownership (joint names)	50.00%	50.00%	100%
Current taxable income	150,000	75,000	225,000
Rental income	42,042	42,042	84,084
Total income	192,042	117,042	309,084
Deductions claimed	37,779	37,779	75,559
New taxable income	154,263	79,263	233,525
Current tax	43,567	15,262	58,829
New tax	45,229	16,733	61,962
Tax savings (current - new)	-1,662	-1,471	-3,133
Tax credits	-1,662	-1,471	-3,133

AFTER-TAX CASH FLOW

Annual after-tax surplus (pre-tax cash flow + tax credit)	\$25,536
Weekly after-tax surplus	\$491

CASH FLOW PROJECTIONS

To estimate future cash flows, assumptions have been made with regard to change over time in rental income, rental expenses and taxable income. Rental income is assumed to increase at 3.00% per year from year 1. Rental expenses are assumed to increase at 3.00% per year from year 1.

Cash flow items	Initial	1yr	2yr	3yr	5yr	10yr
Rental income		84,084	86,607	89,205	94,637	109,711
Cash invested	50,000	0	0	0	0	0
Principal payments		0	0	0	0	0
Interest payments		42,079	42,079	42,079	42,079	42,079
Rental expenses		13,337	13,737	14,149	15,011	17,402
Pre-tax cash flow	-50,000	28,669	30,791	32,977	37,548	50,230
Tax deductions		75,559	75,959	76,371	77,233	77,293
Tax credits		-3,133	-3,913	-4,716	-6,489	-13,696
After-tax cash flow	-50,000	25,536	26,878	28,261	31,059	36,534
Cost /(income) per week		(491)	(517)	(543)	(597)	(703)

CASH FLOW PROJECTIONS (40 years)

Year	Property value	Equity	Rent	Total deductions	Pre-tax cash flow	Tax credit	After-tax cash flow
	\$1.425m	\$222,756			\$-50,000		\$-50,000
1yr	\$1.482m	\$279,756	\$84,084	\$75,559	\$28,669	\$-3,133	\$25,536
2yr	\$1.541m	\$339,036	\$86,607	\$75,959	\$30,791	\$-3,913	\$26,878
3yr	\$1.603m	\$400,687	\$89,205	\$76,371	\$32,977	\$-4,716	\$28,261
4yr	\$1.667m	\$464,804	\$91,881	\$76,795	\$35,229	\$-5,544	\$29,685
5yr	\$1.734m	\$531,486	\$94,637	\$77,233	\$37,548	\$-6,489	\$31,059
6yr	\$1.803m	\$600,836	\$97,476	\$75,352	\$39,937	\$-8,767	\$31,170
7yr	\$1.875m	\$672,959	\$100,401	\$75,816	\$42,397	\$-10,302	\$32,095
8yr	\$1.950m	\$747,967	\$103,413	\$76,294	\$44,931	\$-11,458	\$33,473
9yr	\$2.028m	\$825,975	\$106,515	\$76,786	\$47,542	\$-12,561	\$34,981
10yr	\$2.109m	\$907,104	\$109,711	\$77,293	\$50,230	\$-13,696	\$36,534
11yr	\$2.194m	\$991,478	\$113,002	\$77,815	\$53,000	\$-14,866	\$38,134
12yr	\$2.281m	\$1,079m	\$116,392	\$78,352	\$55,852	\$-16,200	\$39,652
13yr	\$2.373m	\$1,170m	\$119,884	\$78,906	\$58,790	\$-17,604	\$41,186
14yr	\$2.468m	\$1,265m	\$123,480	\$79,477	\$61,816	\$-18,952	\$42,864
15yr	\$2.566m	\$1,364m	\$127,185	\$80,064	\$64,933	\$-20,343	\$44,590
16yr	\$2.669m	\$1,467m	\$131,000	\$80,670	\$68,143	\$-21,774	\$46,369
17yr	\$2.776m	\$1,574m	\$134,930	\$81,293	\$71,450	\$-23,234	\$48,216
18yr	\$2.887m	\$1,685m	\$138,978	\$81,935	\$74,856	\$-24,589	\$50,267
19yr	\$3.002m	\$1,800m	\$143,147	\$82,596	\$78,364	\$-26,037	\$52,327
20yr	\$3.122m	\$1,920m	\$147,442	\$83,277	\$81,977	\$-27,591	\$54,386
21yr	\$3.247m	\$2,045m	\$151,865	\$83,979	\$85,699	\$-29,191	\$56,508
22yr	\$3.377m	\$2,175m	\$156,421	\$84,702	\$89,532	\$-30,839	\$58,693
23yr	\$3.512m	\$2,310m	\$161,114	\$85,446	\$93,480	\$-32,661	\$60,819
24yr	\$3.653m	\$2,450m	\$165,947	\$86,213	\$97,547	\$-34,917	\$62,630
25yr	\$3.799m	\$2,597m	\$170,925	\$87,002	\$101,736	\$-37,241	\$64,495
26yr	\$3.951m	\$2,749m	\$176,053	\$87,816	\$106,050	\$-39,635	\$66,415
27yr	\$4.109m	\$2,907m	\$181,335	\$88,653	\$110,494	\$-42,100	\$68,394
28yr	\$4.273m	\$3,071m	\$186,775	\$89,516	\$115,071	\$-44,639	\$70,432
29yr	\$4.444m	\$3,242m	\$192,378	\$90,405	\$119,786	\$-47,255	\$72,531
30yr	\$4.622m	\$3,420m	\$198,149	\$91,320	\$124,642	\$-49,949	\$74,693
31yr	\$4.807m	\$3,604m	\$204,094	\$92,263	\$129,643	\$-52,560	\$77,083
32yr	\$4.999m	\$3,797m	\$210,217	\$93,234	\$134,795	\$-54,982	\$79,813
33yr	\$5.199m	\$3,997m	\$216,523	\$94,235	\$140,101	\$-57,475	\$82,626
34yr	\$5.407m	\$4,205m	\$223,019	\$95,265	\$145,566	\$-60,044	\$85,522
35yr	\$5.623m	\$4,421m	\$229,710	\$96,326	\$151,196	\$-62,690	\$88,506
36yr	\$5.848m	\$4,646m	\$236,601	\$97,419	\$156,994	\$-65,415	\$91,579
37yr	\$6.082m	\$4,880m	\$243,699	\$98,545	\$162,966	\$-68,222	\$94,744
38yr	\$6.325m	\$5,123m	\$251,010	\$99,705	\$169,118	\$-71,114	\$98,004
39yr	\$6.578m	\$5,376m	\$258,540	\$100,899	\$175,453	\$-74,092	\$101,361
40yr	\$6.841m	\$5,639m	\$266,296	\$102,129	\$181,979	\$-77,159	\$104,820

TAX BENEFITS

These are shown below for the given taxable incomes and are based on the specified tax scale.

Number of properties: 1

	Investor	Partner	Total
Ownership: joint names	50.00%	50.00%	100%
Current taxable income:	150,000	75,000	225,000
Rental income:	42,042	42,042	84,084
Total income:	192,042	117,042	309,084
Rental deductions:	37,779	37,779	75,559
New taxable income:	154,263	79,263	233,525
Current tax:	43,567	15,262	58,829
New tax:	45,229	16,733	61,962
Tax savings:	-1,662	-1,471	-3,133
Total tax credits:	\$-1,662	\$-1,471	\$-3,133

INVESTMENT CAPACITY

Buying 1 such properties (registered in joint names), and taking into account current net incomes and expenses as shown, the difference between total income and total committed expenses in the first year would be \$127,084. Total initial outlay and/or equity would be \$300,000.

Number of Properties: 1	Registered: joint names
Ownership: Investor (50.00%)	Partner (50.00%)

Income

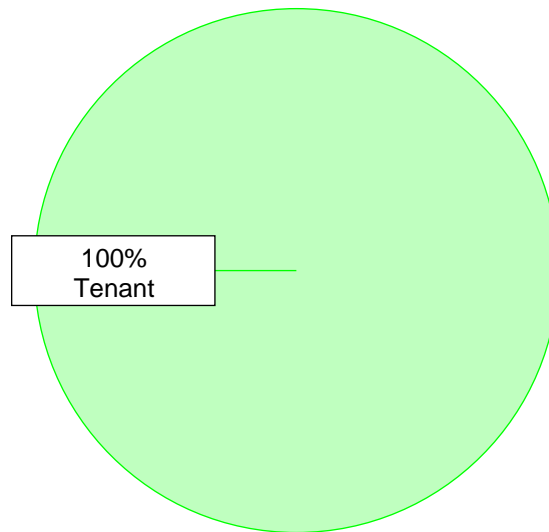
Current net income	
Current assessable income (Investor):	150,000
Current assessable income (Partner):	75,000
Total net income:	225,000
New rental income:	84,084
Total income:	\$309,084

Expenses

New tax Investor:	45,229
New tax Partner:	16,733
Rental expenses:	13,337
Investment loan expenses:	42,079
Home loan payments:	33,672
Living expenses:	30,950
Total expenses:	\$182,000
Net surplus (first year of investment):	\$127,084
Total initial outlay and/or equity required:	\$300,000

16 Arrionga Place Hornsby

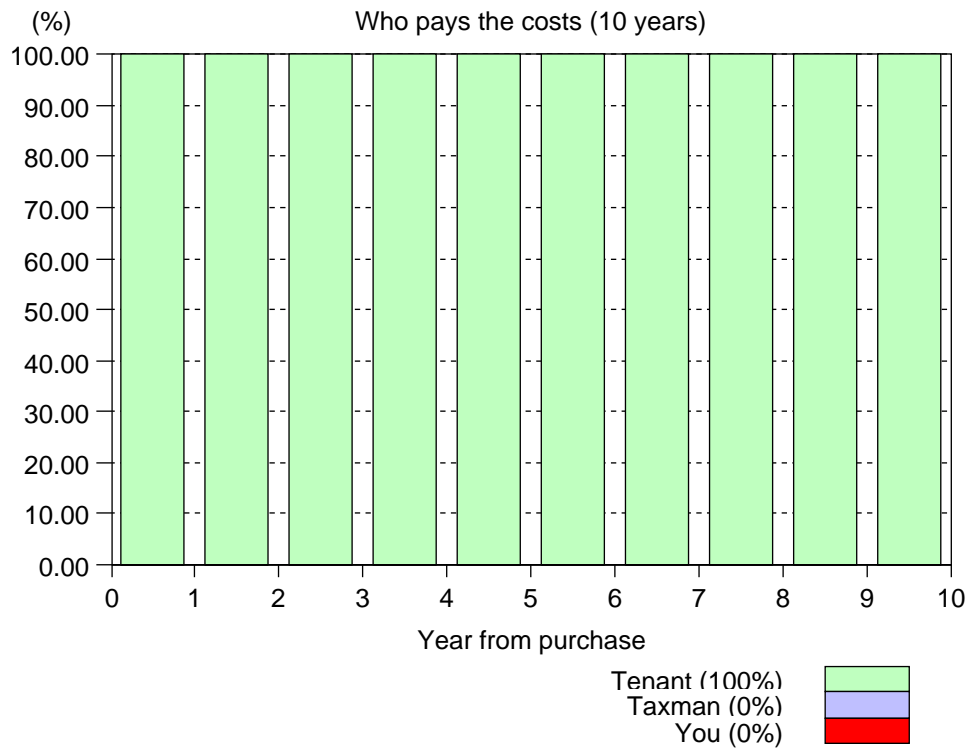
Who pays the cost (1st year)?



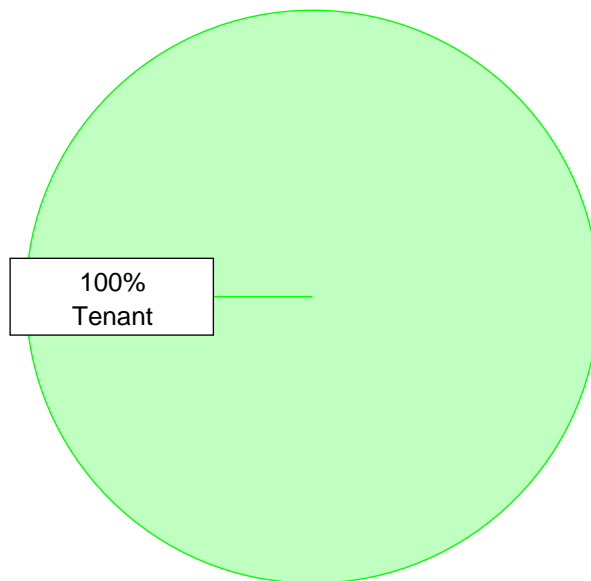
Projections over 25 years

Year	Principal payments	Interest costs	Rental expenses	Total cost	Rent (tenant)	Tax credit (taxman)	Cash (you)
1yr	\$0	\$42,079	\$13,337	\$55,415	\$84,084	\$-3,133	\$-25,536
2yr	\$0	\$42,079	\$13,737	\$55,816	\$86,607	\$-3,913	\$-26,878
3yr	\$0	\$42,079	\$14,149	\$56,228	\$89,205	\$-4,716	\$-28,261
4yr	\$0	\$42,079	\$14,574	\$56,652	\$91,881	\$-5,544	\$-29,685
5yr	\$0	\$42,079	\$15,011	\$57,089	\$94,637	\$-6,489	\$-31,059
6yr	\$0	\$42,079	\$15,461	\$57,540	\$97,476	\$-8,767	\$-31,170
7yr	\$0	\$42,079	\$15,925	\$58,004	\$100,401	\$-10,302	\$-32,095
8yr	\$0	\$42,079	\$16,403	\$58,481	\$103,413	\$-11,458	\$-33,473
9yr	\$0	\$42,079	\$16,895	\$58,973	\$106,515	\$-12,561	\$-34,981
10yr	\$0	\$42,079	\$17,402	\$59,480	\$109,711	\$-13,696	\$-36,534
11yr	\$0	\$42,079	\$17,924	\$60,002	\$113,002	\$-14,866	\$-38,134
12yr	\$0	\$42,079	\$18,461	\$60,540	\$116,392	\$-16,200	\$-39,652
13yr	\$0	\$42,079	\$19,015	\$61,094	\$119,884	\$-17,604	\$-41,186
14yr	\$0	\$42,079	\$19,586	\$61,664	\$123,480	\$-18,952	\$-42,864
15yr	\$0	\$42,079	\$20,173	\$62,252	\$127,185	\$-20,343	\$-44,590
16yr	\$0	\$42,079	\$20,779	\$62,857	\$131,000	\$-21,774	\$-46,369
17yr	\$0	\$42,079	\$21,402	\$63,480	\$134,930	\$-23,234	\$-48,216
18yr	\$0	\$42,079	\$22,044	\$64,122	\$138,978	\$-24,589	\$-50,267
19yr	\$0	\$42,079	\$22,705	\$64,784	\$143,147	\$-26,037	\$-52,327
20yr	\$0	\$42,079	\$23,386	\$65,465	\$147,442	\$-27,591	\$-54,386
21yr	\$0	\$42,079	\$24,088	\$66,167	\$151,865	\$-29,191	\$-56,508
22yr	\$0	\$42,079	\$24,811	\$66,889	\$156,421	\$-30,839	\$-58,693
23yr	\$0	\$42,079	\$25,555	\$67,633	\$161,114	\$-32,661	\$-60,819
24yr	\$0	\$42,079	\$26,322	\$68,400	\$165,947	\$-34,917	\$-62,630
25yr	\$0	\$42,079	\$27,111	\$69,190	\$170,925	\$-37,241	\$-64,495

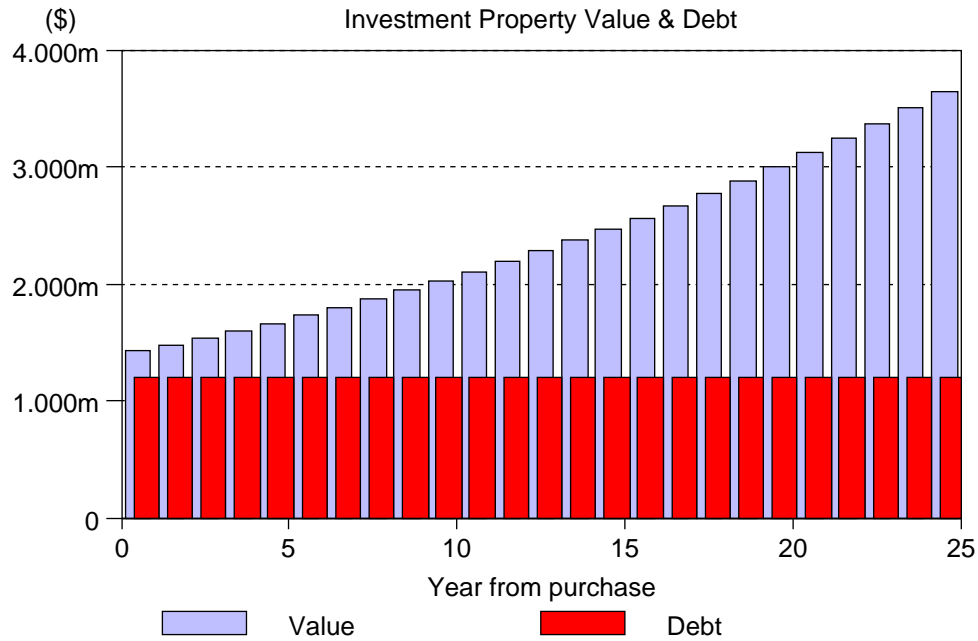
16 Arrionga Place Hornsby



Average contribution (10 years)



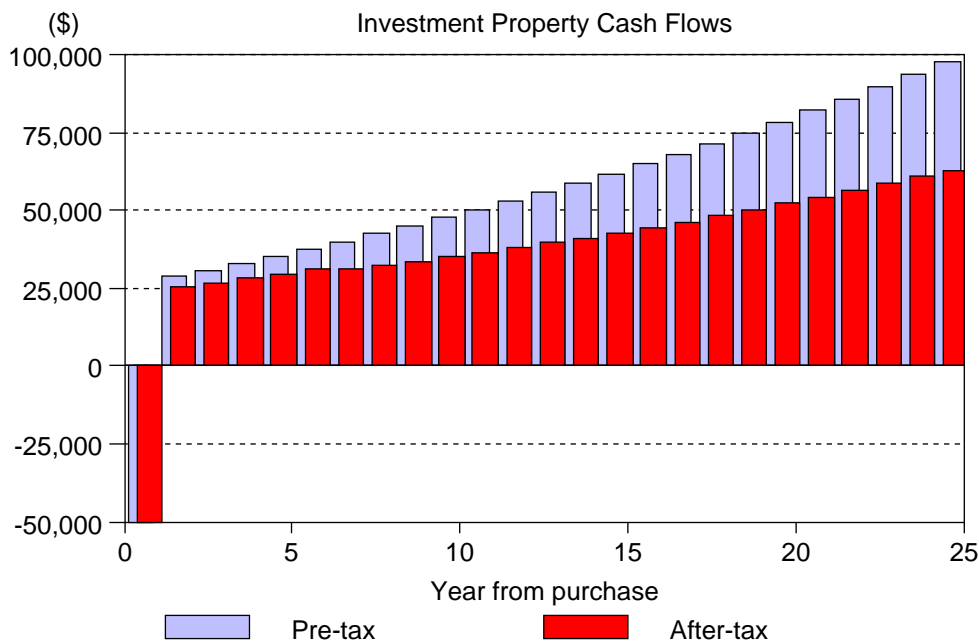
16 Arrionga Place Hornsby



Property value & debt projections over 25 years

Year	Growth rate	Property value	Amount owing	Equity
		\$1.425m	\$1.202m	\$222,756
1yr	4.00%	\$1.482m	\$1.202m	\$279,756
2yr	4.00%	\$1.541m	\$1.202m	\$339,036
3yr	4.00%	\$1.603m	\$1.202m	\$400,687
4yr	4.00%	\$1.667m	\$1.202m	\$464,804
5yr	4.00%	\$1.734m	\$1.202m	\$531,486
6yr	4.00%	\$1.803m	\$1.202m	\$600,836
7yr	4.00%	\$1.875m	\$1.202m	\$672,959
8yr	4.00%	\$1.950m	\$1.202m	\$747,967
9yr	4.00%	\$2.028m	\$1.202m	\$825,975
10yr	4.00%	\$2.109m	\$1.202m	\$907,104
11yr	4.00%	\$2.194m	\$1.202m	\$991,478
12yr	4.00%	\$2.281m	\$1.202m	\$1.079m
13yr	4.00%	\$2.373m	\$1.202m	\$1.170m
14yr	4.00%	\$2.468m	\$1.202m	\$1.265m
15yr	4.00%	\$2.566m	\$1.202m	\$1.364m
16yr	4.00%	\$2.669m	\$1.202m	\$1.467m
17yr	4.00%	\$2.776m	\$1.202m	\$1.574m
18yr	4.00%	\$2.887m	\$1.202m	\$1.685m
19yr	4.00%	\$3.002m	\$1.202m	\$1.800m
20yr	4.00%	\$3.122m	\$1.202m	\$1.920m
21yr	4.00%	\$3.247m	\$1.202m	\$2.045m
22yr	4.00%	\$3.377m	\$1.202m	\$2.175m
23yr	4.00%	\$3.512m	\$1.202m	\$2.310m
24yr	4.00%	\$3.653m	\$1.202m	\$2.450m
25yr	4.00%	\$3.799m	\$1.202m	\$2.597m

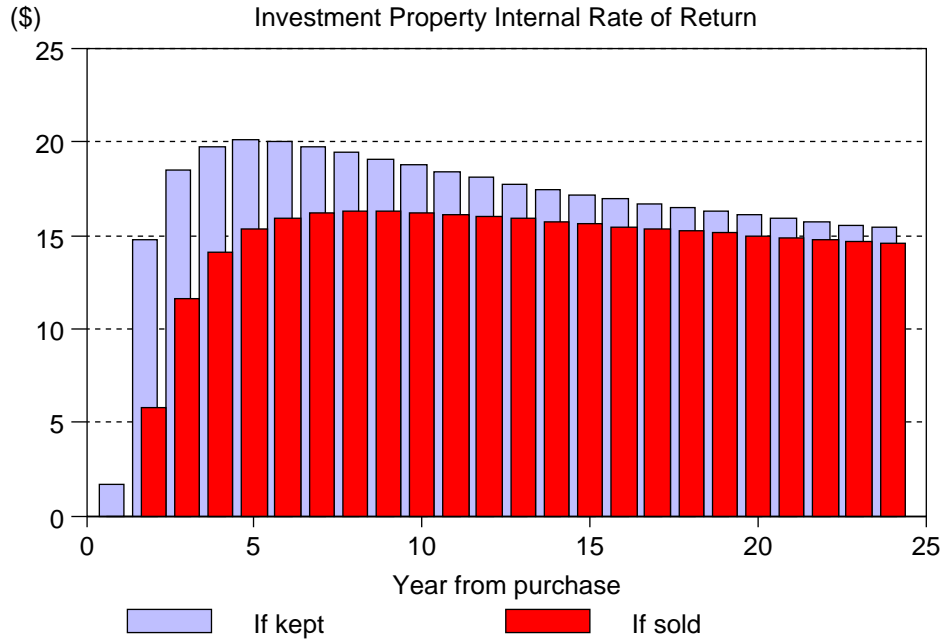
16 Arrionga Place Hornsby



Cash flow projections over 25 years

Year	Rental income	Loan payments	Rental expenses	Pre-tax cash flow	Tax credit	After-tax cash flow
				\$-50,000		\$-50,000
1yr	\$84,084	\$42,079	\$13,337	\$28,669	\$-3,133	\$25,536
2yr	\$86,607	\$42,079	\$13,737	\$30,791	\$-3,913	\$26,878
3yr	\$89,205	\$42,079	\$14,149	\$32,977	\$-4,716	\$28,261
4yr	\$91,881	\$42,079	\$14,574	\$35,229	\$-5,544	\$29,685
5yr	\$94,637	\$42,079	\$15,011	\$37,548	\$-6,489	\$31,059
6yr	\$97,476	\$42,079	\$15,461	\$39,937	\$-8,767	\$31,170
7yr	\$100,401	\$42,079	\$15,925	\$42,397	\$-10,302	\$32,095
8yr	\$103,413	\$42,079	\$16,403	\$44,931	\$-11,458	\$33,473
9yr	\$106,515	\$42,079	\$16,895	\$47,542	\$-12,561	\$34,981
10yr	\$109,711	\$42,079	\$17,402	\$50,230	\$-13,696	\$36,534
11yr	\$113,002	\$42,079	\$17,924	\$53,000	\$-14,866	\$38,134
12yr	\$116,392	\$42,079	\$18,461	\$55,852	\$-16,200	\$39,652
13yr	\$119,884	\$42,079	\$19,015	\$58,790	\$-17,604	\$41,186
14yr	\$123,480	\$42,079	\$19,586	\$61,816	\$-18,952	\$42,864
15yr	\$127,185	\$42,079	\$20,173	\$64,933	\$-20,343	\$44,590
16yr	\$131,000	\$42,079	\$20,779	\$68,143	\$-21,774	\$46,369
17yr	\$134,930	\$42,079	\$21,402	\$71,450	\$-23,234	\$48,216
18yr	\$138,978	\$42,079	\$22,044	\$74,856	\$-24,589	\$50,267
19yr	\$143,147	\$42,079	\$22,705	\$78,364	\$-26,037	\$52,327
20yr	\$147,442	\$42,079	\$23,386	\$81,977	\$-27,591	\$54,386
21yr	\$151,865	\$42,079	\$24,088	\$85,699	\$-29,191	\$56,508
22yr	\$156,421	\$42,079	\$24,811	\$89,532	\$-30,839	\$58,693
23yr	\$161,114	\$42,079	\$25,555	\$93,480	\$-32,661	\$60,819
24yr	\$165,947	\$42,079	\$26,322	\$97,547	\$-34,917	\$62,630
25yr	\$170,925	\$42,079	\$27,111	\$101,736	\$-37,241	\$64,495

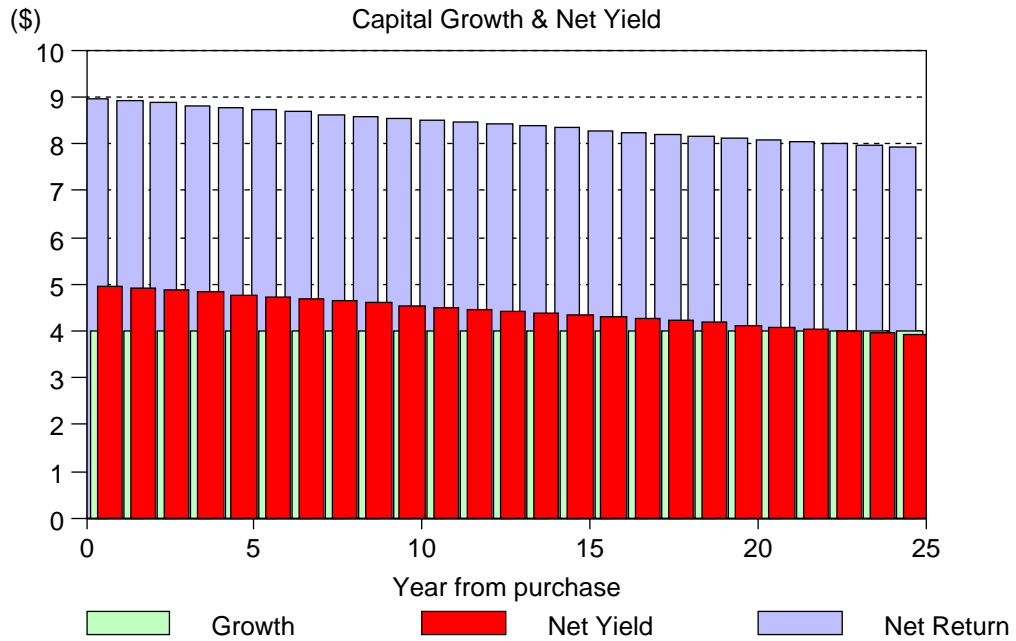
16 Arrionga Place Hornsby



Projected equity and returns over 25 years

Year	After-tax cash flow	Property Retained Equity	Property Retained Rate of return	Selling costs	Property Sold Capital Gains Tax	Equity (if sold)	Rate of return
	-\$50,000	\$222,756					
1yr	\$25,536	\$279,756	1.7%	\$48,660	\$0	\$231,096	-14.0%
2yr	\$26,878	\$339,036	14.8%	\$50,587	\$6,610	\$281,839	5.8%
3yr	\$28,261	\$400,687	18.5%	\$52,590	\$22,635	\$325,462	11.6%
4yr	\$29,685	\$464,804	19.7%	\$54,674	\$40,526	\$369,605	14.1%
5yr	\$31,059	\$531,486	20.1%	\$56,841	\$58,782	\$415,863	15.4%
6yr	\$31,170	\$600,836	20.0%	\$59,095	\$77,954	\$463,787	16.0%
7yr	\$32,095	\$672,959	19.8%	\$61,439	\$98,903	\$512,617	16.2%
8yr	\$33,473	\$747,967	19.4%	\$63,877	\$120,518	\$563,572	16.3%
9yr	\$34,981	\$825,975	19.1%	\$66,412	\$142,827	\$616,736	16.3%
10yr	\$36,534	\$907,104	18.7%	\$69,049	\$165,857	\$672,198	16.2%
11yr	\$38,134	\$991,478	18.4%	\$71,791	\$189,637	\$730,050	16.1%
12yr	\$39,652	\$1.079m	18.1%	\$74,643	\$214,069	\$790,515	16.0%
13yr	\$41,186	\$1.170m	17.8%	\$77,609	\$239,276	\$853,601	15.9%
14yr	\$42,864	\$1.265m	17.5%	\$80,693	\$265,418	\$919,284	15.7%
15yr	\$44,590	\$1.364m	17.2%	\$83,901	\$292,435	\$987,764	15.6%
16yr	\$46,369	\$1.467m	16.9%	\$87,237	\$320,361	\$1.059m	15.5%
17yr	\$48,216	\$1.574m	16.7%	\$90,707	\$349,233	\$1.134m	15.4%
18yr	\$50,267	\$1.685m	16.5%	\$94,316	\$379,088	\$1.211m	15.2%
19yr	\$52,327	\$1.800m	16.3%	\$98,068	\$409,966	\$1.292m	15.1%
20yr	\$54,386	\$1.920m	16.1%	\$101,971	\$441,907	\$1.376m	15.0%
21yr	\$56,508	\$2.045m	15.9%	\$106,030	\$474,953	\$1.464m	14.9%
22yr	\$58,693	\$2.175m	15.7%	\$110,252	\$509,150	\$1.555m	14.8%
23yr	\$60,819	\$2.310m	15.6%	\$114,642	\$544,419	\$1.651m	14.7%
24yr	\$62,630	\$2.450m	15.4%	\$119,208	\$580,546	\$1.751m	14.6%
25yr	\$64,495	\$2.597m	15.3%	\$123,957	\$617,952	\$1.855m	14.5%

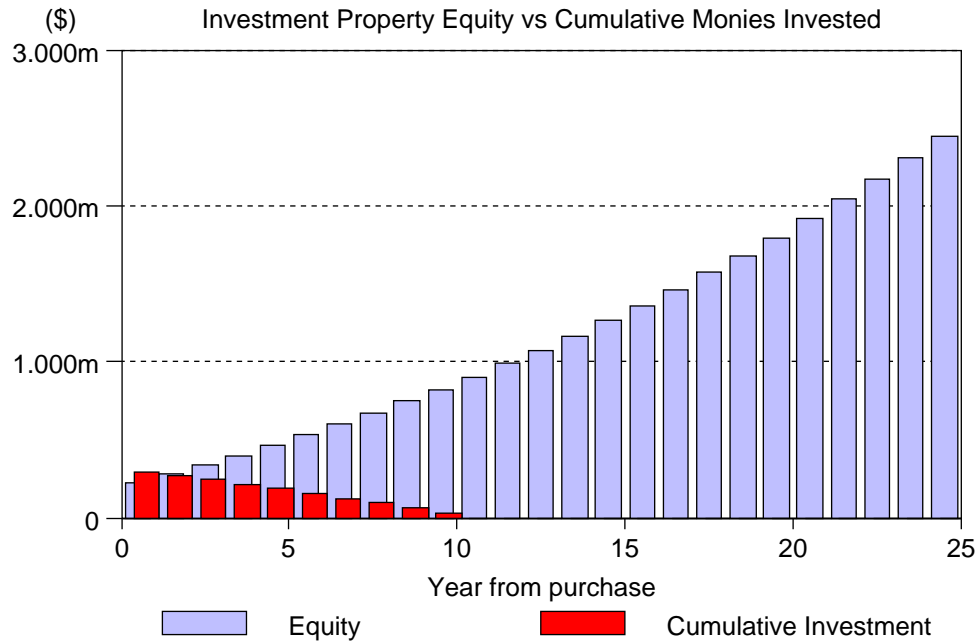
16 Arrionga Place Hornsby



Capital growth and rental yields over 25 years

Year	Property value	Growth rate	Rental income	Rental expenses	Net Rent	Gross yield	Net yield
Initial	\$1.425m						
1yr	\$1.482m	4.00%	\$84,084	\$13,337	\$70,747	5.90%	4.96%
2yr	\$1.541m	4.00%	\$86,607	\$13,737	\$72,869	5.84%	4.92%
3yr	\$1.603m	4.00%	\$89,205	\$14,149	\$75,056	5.79%	4.87%
4yr	\$1.667m	4.00%	\$91,881	\$14,574	\$77,307	5.73%	4.82%
5yr	\$1.734m	4.00%	\$94,637	\$15,011	\$79,626	5.68%	4.78%
6yr	\$1.803m	4.00%	\$97,476	\$15,461	\$82,015	5.62%	4.73%
7yr	\$1.875m	4.00%	\$100,401	\$15,925	\$84,476	5.57%	4.69%
8yr	\$1.950m	4.00%	\$103,413	\$16,403	\$87,010	5.51%	4.64%
9yr	\$2.028m	4.00%	\$106,515	\$16,895	\$89,620	5.46%	4.60%
10yr	\$2.109m	4.00%	\$109,711	\$17,402	\$92,309	5.41%	4.55%
11yr	\$2.194m	4.00%	\$113,002	\$17,924	\$95,078	5.36%	4.51%
12yr	\$2.281m	4.00%	\$116,392	\$18,461	\$97,930	5.31%	4.46%
13yr	\$2.373m	4.00%	\$119,884	\$19,015	\$100,868	5.25%	4.42%
14yr	\$2.468m	4.00%	\$123,480	\$19,586	\$103,894	5.20%	4.38%
15yr	\$2.566m	4.00%	\$127,185	\$20,173	\$107,011	5.15%	4.34%
16yr	\$2.669m	4.00%	\$131,000	\$20,779	\$110,222	5.10%	4.29%
17yr	\$2.776m	4.00%	\$134,930	\$21,402	\$113,528	5.06%	4.25%
18yr	\$2.887m	4.00%	\$138,978	\$22,044	\$116,934	5.01%	4.21%
19yr	\$3.002m	4.00%	\$143,147	\$22,705	\$120,442	4.96%	4.17%
20yr	\$3.122m	4.00%	\$147,442	\$23,386	\$124,055	4.91%	4.13%
21yr	\$3.247m	4.00%	\$151,865	\$24,088	\$127,777	4.86%	4.09%
22yr	\$3.377m	4.00%	\$156,421	\$24,811	\$131,610	4.82%	4.05%
23yr	\$3.512m	4.00%	\$161,114	\$25,555	\$135,559	4.77%	4.01%
24yr	\$3.653m	4.00%	\$165,947	\$26,322	\$139,625	4.72%	3.98%
25yr	\$3.799m	4.00%	\$170,925	\$27,111	\$143,814	4.68%	3.94%

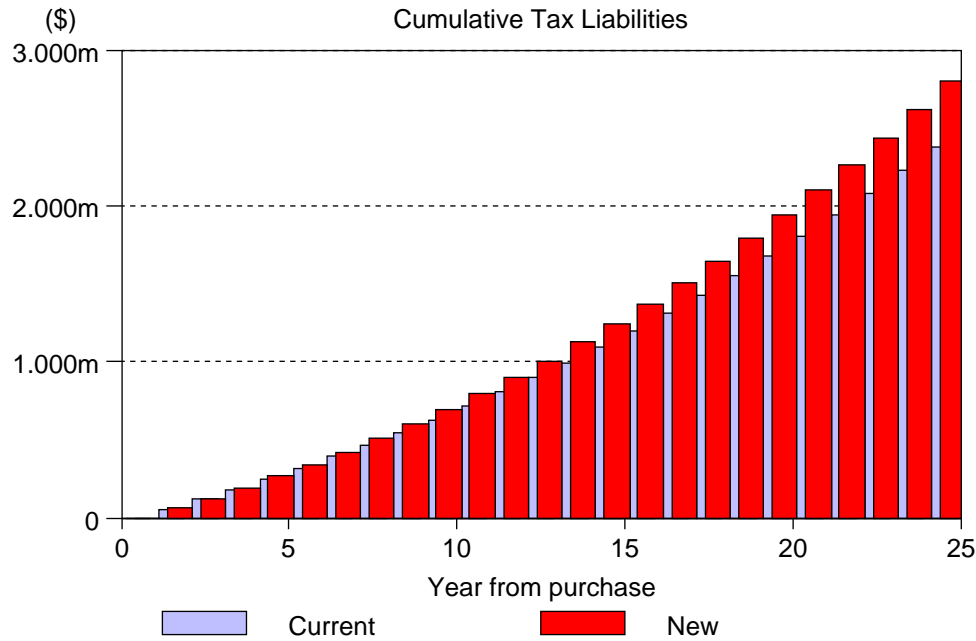
16 Arrionga Place Hornsby



Projected total investment and equity over 25 years

Year	After-tax cash flow	Cumulative investment	Property value	Amount owing	Equity
	-\$50,000	\$300,000	\$1.425m	\$1.202m	\$222,756
1yr	\$25,536	\$274,464	\$1.482m	\$1.202m	\$279,756
2yr	\$26,878	\$247,587	\$1.541m	\$1.202m	\$339,036
3yr	\$28,261	\$219,326	\$1.603m	\$1.202m	\$400,687
4yr	\$29,685	\$189,641	\$1.667m	\$1.202m	\$464,804
5yr	\$31,059	\$158,582	\$1.734m	\$1.202m	\$531,486
6yr	\$31,170	\$127,412	\$1.803m	\$1.202m	\$600,836
7yr	\$32,095	\$95,317	\$1.875m	\$1.202m	\$672,959
8yr	\$33,473	\$61,844	\$1.950m	\$1.202m	\$747,967
9yr	\$34,981	\$26,863	\$2.028m	\$1.202m	\$825,975
10yr	\$36,534	-\$9,671	\$2.109m	\$1.202m	\$907,104
11yr	\$38,134	-\$47,805	\$2.194m	\$1.202m	\$991,478
12yr	\$39,652	-\$87,457	\$2.281m	\$1.202m	\$1.079m
13yr	\$41,186	-\$128,643	\$2.373m	\$1.202m	\$1.170m
14yr	\$42,864	-\$171,507	\$2.468m	\$1.202m	\$1.265m
15yr	\$44,590	-\$216,097	\$2.566m	\$1.202m	\$1.364m
16yr	\$46,369	-\$262,466	\$2.669m	\$1.202m	\$1.467m
17yr	\$48,216	-\$310,681	\$2.776m	\$1.202m	\$1.574m
18yr	\$50,267	-\$360,948	\$2.887m	\$1.202m	\$1.685m
19yr	\$52,327	-\$413,275	\$3.002m	\$1.202m	\$1.800m
20yr	\$54,386	-\$467,660	\$3.122m	\$1.202m	\$1.920m
21yr	\$56,508	-\$524,168	\$3.247m	\$1.202m	\$2.045m
22yr	\$58,693	-\$582,861	\$3.377m	\$1.202m	\$2.175m
23yr	\$60,819	-\$643,680	\$3.512m	\$1.202m	\$2.310m
24yr	\$62,630	-\$706,310	\$3.653m	\$1.202m	\$2.450m
25yr	\$64,495	-\$770,805	\$3.799m	\$1.202m	\$2.597m

16 Arrionga Place Hornsby



Projected tax liabilities over 25 years

Year	Taxable income joint names	Current tax liability	Cumulative current tax	New tax liability	Cumulative new tax	Cumulative savings
1yr	\$225,000	\$58,829	\$58,829	\$61,962	\$61,962	\$-3,133
2yr	\$231,750	\$61,360	\$120,189	\$65,273	\$127,235	\$-7,046
3yr	\$238,703	\$63,967	\$184,157	\$68,684	\$195,919	\$-11,762
4yr	\$245,864	\$66,653	\$250,810	\$72,197	\$268,116	\$-17,306
5yr	\$253,239	\$69,419	\$320,228	\$75,908	\$344,024	\$-23,796
6yr	\$260,837	\$72,268	\$392,496	\$81,035	\$425,059	\$-32,563
7yr	\$268,662	\$75,202	\$467,698	\$85,504	\$510,564	\$-42,865
8yr	\$276,722	\$78,650	\$546,349	\$90,108	\$600,672	\$-54,323
9yr	\$285,023	\$82,289	\$628,638	\$94,850	\$695,522	\$-66,884
10yr	\$293,574	\$86,037	\$714,675	\$99,734	\$795,255	\$-80,580
11yr	\$302,381	\$89,898	\$804,573	\$104,764	\$900,020	\$-95,447
12yr	\$311,453	\$93,874	\$898,447	\$110,073	\$1.010m	\$-111,646
13yr	\$320,796	\$97,970	\$996,417	\$115,574	\$1.126m	\$-129,250
14yr	\$330,420	\$102,188	\$1.099m	\$121,142	\$1.247m	\$-148,204
15yr	\$340,333	\$106,533	\$1.205m	\$126,877	\$1.374m	\$-168,547
16yr	\$350,543	\$111,009	\$1.316m	\$132,783	\$1.506m	\$-190,322
17yr	\$361,059	\$115,634	\$1.432m	\$138,867	\$1.645m	\$-213,556
18yr	\$371,891	\$120,544	\$1.552m	\$145,134	\$1.790m	\$-238,145
19yr	\$383,047	\$125,552	\$1.678m	\$151,589	\$1.942m	\$-264,182
20yr	\$394,539	\$130,646	\$1.809m	\$158,237	\$2.100m	\$-291,773
21yr	\$406,375	\$135,894	\$1.944m	\$165,085	\$2.265m	\$-320,964
22yr	\$418,566	\$141,298	\$2.086m	\$172,138	\$2.438m	\$-351,803
23yr	\$431,123	\$146,865	\$2.233m	\$179,526	\$2.617m	\$-384,464
24yr	\$444,057	\$152,599	\$2.385m	\$187,516	\$2.805m	\$-419,380
25yr	\$457,379	\$158,505	\$2.544m	\$195,746	\$3.000m	\$-456,621

16 Arrionga Place Hornsby



Investment loan interest and payments over 25 years

Year	Rate	Interest	Principal repayment	Loan repayment	Loan balance
					\$1.202m
1yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
2yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
3yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
4yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
5yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
6yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
7yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
8yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
9yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
10yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
11yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
12yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
13yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
14yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
15yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
16yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
17yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
18yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
19yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
20yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
21yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
22yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
23yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
24yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m
25yr	3.50%	\$42,079	\$0	\$42,079	\$1.202m