


IF Maroochydore

North Shore investment

11-May-2011

Prepared for:
 Consultant:
 Property: Lot 392 Sillago Street, North Shore
 Description:

SUMMARY

	Assumptions		Projected results over	10 yrs
	Property value	\$409,500	Property value	\$1.015m
	Investment	\$95,408	Equity	\$687,234
	Gross yield	5.21%	After-tax return /yr	21.63%
	Net yield	3.65%	Net present value	\$405,363
	Growth rate	9.50%	IF SOLD	
	Inflation rate	3.50%	Selling costs & CGT	\$176,022
	Interest rate	7.25%	Equity	\$511,212
	Taxable income	\$150,000	After-tax return /yr	18.17%

COMPUTER PROJECTIONS

Investment Analysis	Projections over 10 years					
	2011	1yr	2yr	3yr	5yr	10yr
End of year						
Property value	\$409,500	448,403	491,001	537,646	644,651	1.015m
Purchase costs	\$5,095					
Investments	\$95,408					
Loan amount	\$327,600	327,600	327,600	327,600	327,600	327,600
Equity	\$81,900	120,803	163,401	210,046	317,051	687,234
Capital growth rate	9.50%	9.50%	9.50%	9.50%	9.50%	9.50%
Inflation rate (CPI)	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
Gross rent /week	\$410	21,320	22,493	23,730	26,412	34,519
Cash deductions						
Interest (I/O)	7.25%	23,751	23,751	23,751	23,751	23,751
Rental expenses	29.86%	6,366	6,589	6,820	7,305	8,676
Pre-tax cash flow	-\$95,408	-8,797	-7,847	-6,841	-4,645	2,092
Non-cash deductions						
Deprec.of building	2.50%	5,440	5,440	5,440	5,440	5,440
Deprec.of fittings	\$29,900	6,360	5,163	4,505	2,550	539
Loan costs	\$1,320	264	264	264	264	
Holding costs	\$7,093	7,093				
Total deductions		49,274	41,207	40,780	39,310	38,406
Tax credit (joint)	\$150,000	8,805	5,895	5,439	5,276	1,613
After-tax cash flow	-\$95,408	8	-1,952	-1,402	631	3,705
Rate of return (IRR)	21.63%	Your cost /(income) per week				
Pre-tax equivalent	31.57%	(0)	38	27	(12)	(71)

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 IF Maroochydore, its servants, employees or consultants..

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Cash Flow Analysis Summary

Investment Cost

Purchase price	409,500
Purchase costs	5,095
Loan costs	1,320
Holding costs	7,093
Total investment cost	423,008

Loan Details

Initial cash invested	95,408
Initial loan amount (total cost + any additional loan - cash invested)	327,600
Loan type	I/O (7.25%)
Interest payments	23,751
Total loan payments	23,751
Closing loan balance	327,600

Property Income and Expenditure

Rental income	21,320
Rental expenses	6,366
Net rental income (rent retained - expenses paid)	14,954

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

-8,797

Tax Deductions

<i>Cash deductions</i>	
Loan interest	23,751
Rental expenses	6,366
<i>Non-Cash Deductions</i>	
Depreciation - Building (\$217,600 @ 2.50%)	5,440
Depreciation - Furniture, fixtures & fittings	6,360
Loan cost write-off (\$1,320 over 5 yrs)	264
Holding costs	7,093
Total Tax Deductions	49,274

Tax Credit Calculation

	Investor	Partner	Total
Ownership (joint names)	50.00%	50.00%	100%
Present taxable income	75,000	75,000	150,000
Rental income	10,660	10,660	21,320
Total income	85,660	85,660	171,320
Rental deductions	24,637	24,637	49,274
New taxable income	61,023	61,023	122,046
Present tax	17,625	17,625	35,250
New tax	13,222	13,222	26,445
Tax credit or rebate	4,403	4,403	8,805

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

\$8

Weekly after-tax surplus

\$0

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Tabulated breakdown of items contributing to first year cash flow

INVESTMENT COST

Purchase price	409,500
Purchase costs	5,095
Holding costs	7,093
Loan costs	1,320
Total investment cost	\$423,008

Purchase Costs

Conveyancing costs:	1,000
Govt. Stamp duty:	4,095
Total Purchase costs:	\$5,095

Loan Costs

Mortgagee's solicitor's fees:	500
Valuation fees:	300
Registration of mortgage:	230
Registration of title:	115
Search fees:	175
Total loan costs:	\$1,320

FINANCE

Initial cash invested	95,408
Initial loan amount (total cost + any additional loan - initial cash)	327,600
Loan type	I/O (7.25%)
Interest payments	23,751
Total loan payments	\$23,751
Closing loan balance	327,600

Initial Investment & Loan Amount

	Investment	Loan	Total Cost
Property cost:	81,900	327,600	409,500
Renovation costs:	0	0	0
Purchase costs:	5,095	0	5,095
Furniture costs:	0	0	0
Holding costs:	7,093	0	7,093
Loan costs:	1,320	0	1,320
Totals:	\$95,408	\$327,600	\$423,008

Loan Details

Loan type:	I/O Yrs 1-40
Interest rate (yr 1) (%)	7.25
Loan amount(\$):	\$327,600
Loan costs (written off over 5 yrs):	\$1,320
Monthly payment:	\$1,979
Annual payment:	\$23,751

PROPERTY INCOME & EXPENDITURE

Rental income	21,320
Gross yield (rental income/property value)	5.21%
Rental expenses	6,366
Net rental income (rent retained - expenses paid)	14,954
Net yield (net rental income/property value)	3.65%

Rental Income

Rent per week:	410
Potential annual rent:	21,320
Vacancy rate:	0.00%
Annual rent:	\$21,320

Rental Expenses**Regular Expenses:**

Agent's commission (8.80%):	1,876	
Letting fees:	410	
Rates:	1,800	
Insurance:	1,000	
Maintenance:	500	
10 year RAP / annum:	780	
Total regular expenses:		6,366
Special expenses:		0
Total expenses:		\$6,366
Regular expenses as % of annual rent:		29.86%
Net yield or Capitalisation rate:		3.65%

PRE-TAX CASH FLOW

Item	Cash Amount
Rental income	21,320
Rental expenses	6,366
Loan interest	23,751
Principal payments	0
Cash investments	0
Pre-tax cash flow (year 1)	-8,797

TAX DEDUCTIONS

Cash deductions	
Loan interest	23,751
Rental expenses	6,366
Non-Cash Deductions	
Depreciation - Building (\$217,600 @ 2.50%)	5,440
Depreciation - Furniture, fixtures & fittings	6,360
Loan cost write-off (\$1,320 over 5 yrs)	264
Holding costs	7,093
Total Tax Deductions	\$49,274

Depreciation on the building (Capital allowance)

Property value:	409,500
Depreciable amount:	217,600
Depreciation allowance rate (%):	2.50
Depreciation claim:	\$5,440

Depreciation of fittings (annual claim)

TAX CREDIT CALCULATION

	Investor	Partner	Total
Ownership (joint names)	50.00%	50.00%	100%
Present taxable income	75,000	75,000	150,000
Rental income	10,660	10,660	21,320
Total income	85,660	85,660	171,320
Rental deductions	24,637	24,637	49,274
New taxable income	61,023	61,023	122,046
Present tax	17,625	17,625	35,250
New tax	13,222	13,222	26,445
Tax credit or rebate	4,403	4,403	8,805

AFTER-TAX CASH FLOW

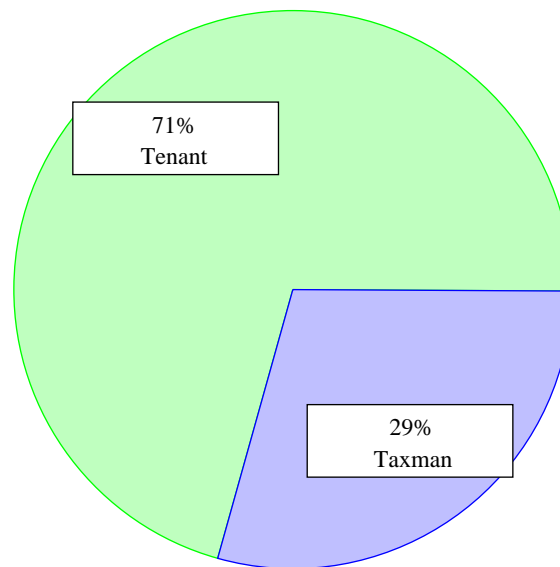
Annual after-tax surplus (pre-tax cash flow + tax credit)	\$8
Weekly after-tax surplus	\$0

CASH FLOW PROJECTIONS (40 years)

Year	Property value	Equity	Rent	Total deductions	Pre-tax cash flow	Tax credit	After-tax cash flow
	\$409,500	\$81,900			\$-95,408		\$-95,408
1yr	\$448,403	\$120,803	\$21,320	\$49,274	\$-8,797	\$8,805	\$8
2yr	\$491,001	\$163,401	\$22,493	\$41,207	\$-7,847	\$5,895	\$-1,952
3yr	\$537,646	\$210,046	\$23,730	\$40,780	\$-6,841	\$5,439	\$-1,402
4yr	\$588,722	\$261,122	\$25,035	\$39,715	\$-5,774	\$5,255	\$-519
5yr	\$644,651	\$317,051	\$26,412	\$39,310	\$-4,645	\$5,276	\$631
6yr	\$705,893	\$378,293	\$27,864	\$38,124	\$-3,448	\$4,257	\$809
7yr	\$772,952	\$445,352	\$29,397	\$38,068	\$-2,180	\$3,598	\$1,418
8yr	\$846,383	\$518,783	\$31,014	\$38,115	\$-837	\$2,947	\$2,110
9yr	\$926,789	\$599,189	\$32,720	\$38,235	\$585	\$2,288	\$2,873
10yr	\$1.015m	\$687,234	\$34,519	\$38,406	\$2,092	\$1,613	\$3,705
11yr	\$1.111m	\$783,643	\$36,418	\$38,617	\$3,687	\$913	\$4,600
12yr	\$1.217m	\$889,212	\$38,421	\$38,859	\$5,375	\$182	\$5,557
13yr	\$1.332m	\$1.005m	\$40,534	\$39,126	\$7,163	\$-584	\$6,579
14yr	\$1.459m	\$1.131m	\$42,763	\$39,416	\$9,056	\$-1,389	\$7,667
15yr	\$1.598m	\$1.270m	\$45,115	\$41,161	\$11,059	\$-1,641	\$9,418
16yr	\$1.749m	\$1.422m	\$47,596	\$39,862	\$13,180	\$-3,210	\$9,970
17yr	\$1.916m	\$1.588m	\$50,214	\$40,233	\$15,424	\$-4,142	\$11,282
18yr	\$2.098m	\$1.770m	\$52,976	\$40,618	\$17,800	\$-5,128	\$12,672
19yr	\$2.297m	\$1.969m	\$55,890	\$41,017	\$20,314	\$-6,172	\$14,142
20yr	\$2.515m	\$2.187m	\$58,964	\$41,431	\$22,974	\$-7,276	\$15,698
21yr	\$2.754m	\$2.426m	\$62,207	\$41,859	\$25,788	\$-8,445	\$17,343
22yr	\$3.016m	\$2.688m	\$65,628	\$42,302	\$28,766	\$-9,680	\$19,086
23yr	\$3.302m	\$2.974m	\$69,237	\$42,761	\$31,917	\$-10,987	\$20,930
24yr	\$3.616m	\$3.288m	\$73,046	\$43,236	\$35,250	\$-12,407	\$22,843
25yr	\$3.959m	\$3.632m	\$77,063	\$43,727	\$38,776	\$-14,626	\$24,150
26yr	\$4.335m	\$4.008m	\$81,302	\$44,236	\$42,506	\$-16,960	\$25,546
27yr	\$4.747m	\$4.420m	\$85,773	\$44,762	\$46,451	\$-19,070	\$27,381
28yr	\$5.198m	\$4.871m	\$90,491	\$45,307	\$50,623	\$-21,010	\$29,613
29yr	\$5.692m	\$5.364m	\$95,468	\$45,871	\$55,036	\$-23,062	\$31,974
30yr	\$6.233m	\$5.905m	\$100,718	\$46,455	\$59,703	\$-25,233	\$34,470
31yr	\$6.825m	\$6.497m	\$106,258	\$47,060	\$64,638	\$-27,527	\$37,111
32yr	\$7.473m	\$7.146m	\$112,102	\$47,685	\$69,857	\$-29,954	\$39,903
33yr	\$8.183m	\$7.856m	\$118,268	\$48,332	\$75,375	\$-32,520	\$42,855
34yr	\$8.961m	\$8.633m	\$124,772	\$49,002	\$81,210	\$-35,233	\$45,977
35yr	\$9.812m	\$9.484m	\$131,635	\$49,696	\$87,379	\$-38,102	\$49,277
36yr	\$10.744m	\$10.416m	\$138,875	\$50,413	\$93,902	\$-41,135	\$52,767
37yr	\$11.765m	\$11.437m	\$146,513	\$51,156	\$100,797	\$-44,341	\$56,456
38yr	\$12.882m	\$12.555m	\$154,571	\$51,925	\$108,086	\$-47,731	\$60,355
39yr	\$14.106m	\$13.778m	\$163,072	\$52,720	\$115,792	\$-51,314	\$64,478
40yr	\$15.446m	\$15.118m	\$172,041	\$53,544	\$123,938	\$-55,101	\$68,837

North Shore investment

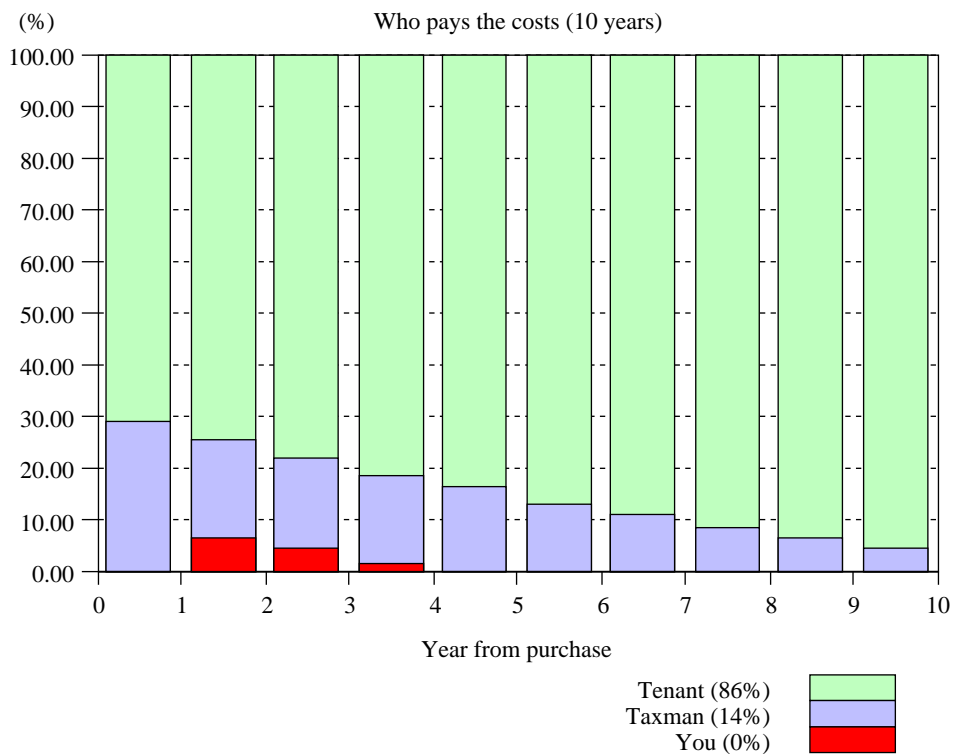
Who pays the cost (1st year)?



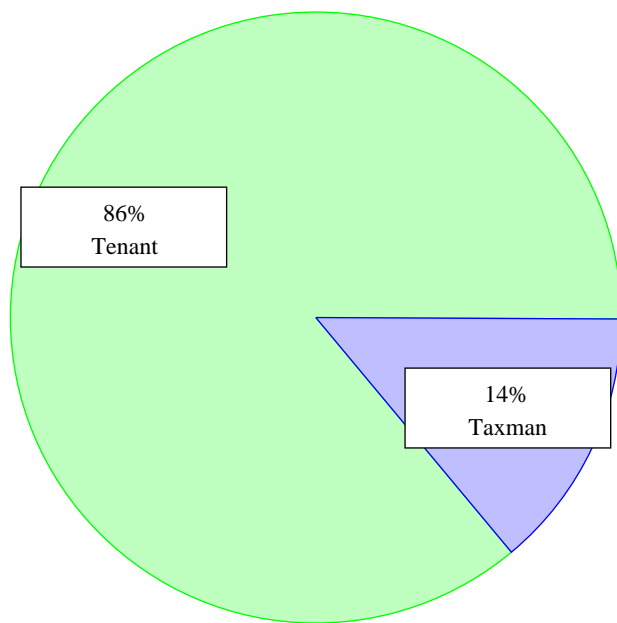
Projections over 25 years

Year	Interest costs	Rental expenses	Total cost	Rent (tenant)	Tax credit (taxman)	Cash (you)
1yr	\$23,751	\$6,366	\$30,117	\$21,320	\$8,805	\$-8
2yr	\$23,751	\$6,589	\$30,340	\$22,493	\$5,895	\$1,952
3yr	\$23,751	\$6,820	\$30,571	\$23,730	\$5,439	\$1,402
4yr	\$23,751	\$7,058	\$30,809	\$25,035	\$5,255	\$519
5yr	\$23,751	\$7,305	\$31,056	\$26,412	\$5,276	\$-631
6yr	\$23,751	\$7,561	\$31,312	\$27,864	\$4,257	\$-809
7yr	\$23,751	\$7,826	\$31,577	\$29,397	\$3,598	\$-1,418
8yr	\$23,751	\$8,100	\$31,851	\$31,014	\$2,947	\$-2,110
9yr	\$23,751	\$8,383	\$32,134	\$32,720	\$2,288	\$-2,873
10yr	\$23,751	\$8,676	\$32,427	\$34,519	\$1,613	\$-3,705
11yr	\$23,751	\$8,980	\$32,731	\$36,418	\$913	\$-4,600
12yr	\$23,751	\$9,294	\$33,045	\$38,421	\$182	\$-5,557
13yr	\$23,751	\$9,620	\$33,371	\$40,534	\$-584	\$-6,579
14yr	\$23,751	\$9,956	\$33,707	\$42,763	\$-1,389	\$-7,667
15yr	\$23,751	\$10,305	\$34,056	\$45,115	\$-1,641	\$-9,418
16yr	\$23,751	\$10,666	\$34,417	\$47,596	\$-3,210	\$-9,970
17yr	\$23,751	\$11,039	\$34,790	\$50,214	\$-4,142	\$-11,282
18yr	\$23,751	\$11,425	\$35,176	\$52,976	\$-5,128	\$-12,672
19yr	\$23,751	\$11,825	\$35,576	\$55,890	\$-6,172	\$-14,142
20yr	\$23,751	\$12,239	\$35,990	\$58,964	\$-7,276	\$-15,698
21yr	\$23,751	\$12,667	\$36,418	\$62,207	\$-8,445	\$-17,343
22yr	\$23,751	\$13,111	\$36,862	\$65,628	\$-9,680	\$-19,086
23yr	\$23,751	\$13,570	\$37,321	\$69,237	\$-10,987	\$-20,930
24yr	\$23,751	\$14,044	\$37,795	\$73,046	\$-12,407	\$-22,843
25yr	\$23,751	\$14,536	\$38,287	\$77,063	\$-14,626	\$-24,150

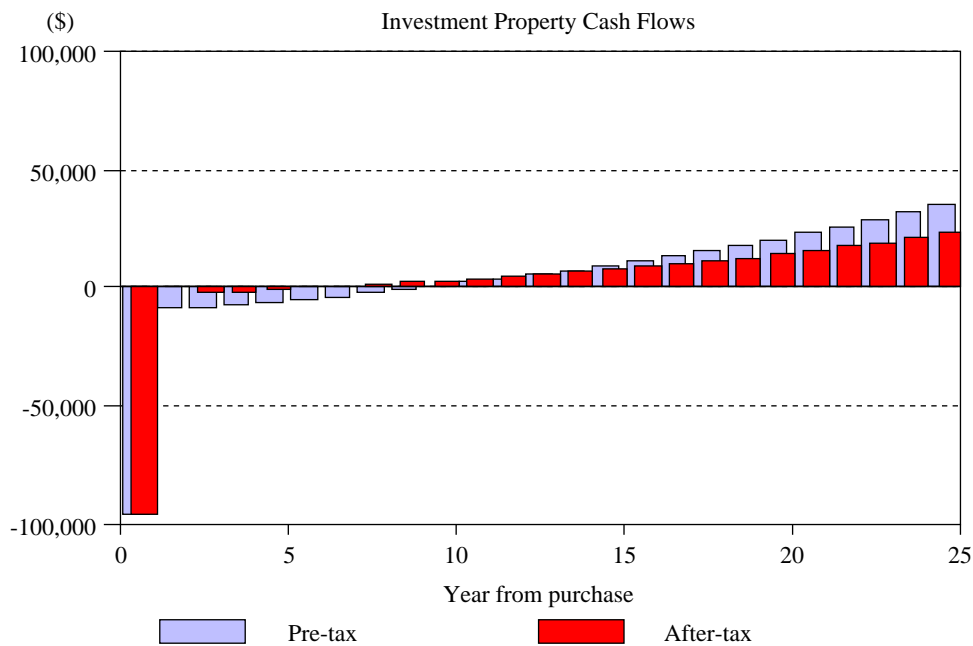
North Shore investment



Average contribution (10 years)



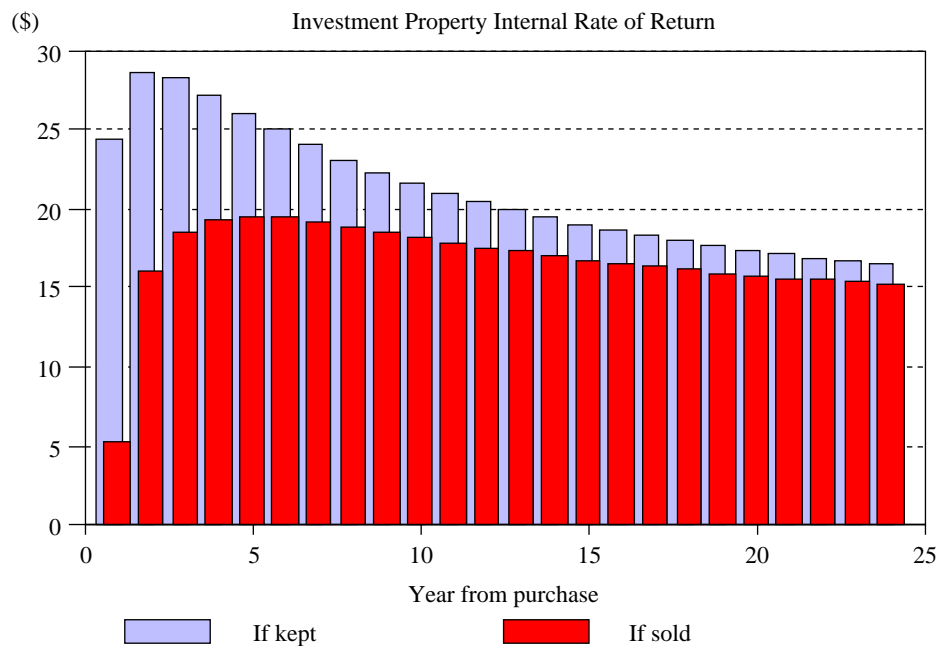
North Shore investment



Cash flow projections over 25 years

Year	Rental income	Loan payments	Rental expenses	Pre-tax cash flow	Tax credit	After-tax cash flow
				\$-95,408		\$-95,408
1yr	\$21,320	\$23,751	\$6,366	\$-8,797	\$8,805	\$8
2yr	\$22,493	\$23,751	\$6,589	\$-7,847	\$5,895	\$-1,952
3yr	\$23,730	\$23,751	\$6,820	\$-6,841	\$5,439	\$-1,402
4yr	\$25,035	\$23,751	\$7,058	\$-5,774	\$5,255	\$-519
5yr	\$26,412	\$23,751	\$7,305	\$-4,645	\$5,276	\$631
6yr	\$27,864	\$23,751	\$7,561	\$-3,448	\$4,257	\$809
7yr	\$29,397	\$23,751	\$7,826	\$-2,180	\$3,598	\$1,418
8yr	\$31,014	\$23,751	\$8,100	\$-837	\$2,947	\$2,110
9yr	\$32,720	\$23,751	\$8,383	\$585	\$2,288	\$2,873
10yr	\$34,519	\$23,751	\$8,676	\$2,092	\$1,613	\$3,705
11yr	\$36,418	\$23,751	\$8,980	\$3,687	\$913	\$4,600
12yr	\$38,421	\$23,751	\$9,294	\$5,375	\$182	\$5,557
13yr	\$40,534	\$23,751	\$9,620	\$7,163	\$-584	\$6,579
14yr	\$42,763	\$23,751	\$9,956	\$9,056	\$-1,389	\$7,667
15yr	\$45,115	\$23,751	\$10,305	\$11,059	\$-1,641	\$9,418
16yr	\$47,596	\$23,751	\$10,666	\$13,180	\$-3,210	\$9,970
17yr	\$50,214	\$23,751	\$11,039	\$15,424	\$-4,142	\$11,282
18yr	\$52,976	\$23,751	\$11,425	\$17,800	\$-5,128	\$12,672
19yr	\$55,890	\$23,751	\$11,825	\$20,314	\$-6,172	\$14,142
20yr	\$58,964	\$23,751	\$12,239	\$22,974	\$-7,276	\$15,698
21yr	\$62,207	\$23,751	\$12,667	\$25,788	\$-8,445	\$17,343
22yr	\$65,628	\$23,751	\$13,111	\$28,766	\$-9,680	\$19,086
23yr	\$69,237	\$23,751	\$13,570	\$31,917	\$-10,987	\$20,930
24yr	\$73,046	\$23,751	\$14,044	\$35,250	\$-12,407	\$22,843
25yr	\$77,063	\$23,751	\$14,536	\$38,776	\$-14,626	\$24,150

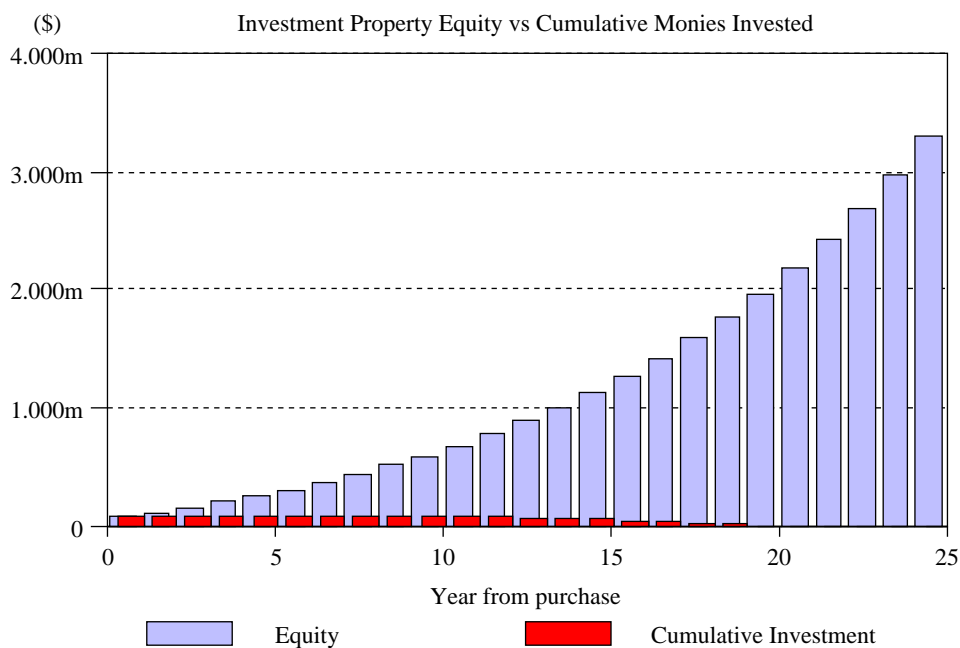
North Shore investment



Projected equity and returns over 25 years

Year	After-tax cash flow	Property Retained		Property Sold		Equity (if sold)	Rate of return
		Equity	Rate of return	Selling costs	Capital Gains Tax		
	\$-95,408	\$81,900					
1yr	\$8	\$120,803	24.3%	\$15,068	\$4,810	\$100,924	5.3%
2yr	\$-1,952	\$163,401	28.6%	\$16,453	\$14,742	\$132,206	16.1%
3yr	\$-1,402	\$210,046	28.3%	\$17,968	\$26,880	\$165,197	18.5%
4yr	\$-519	\$261,122	27.2%	\$19,628	\$39,727	\$201,767	19.3%
5yr	\$631	\$317,051	26.1%	\$21,446	\$53,373	\$242,232	19.5%
6yr	\$809	\$378,293	25.0%	\$23,437	\$67,158	\$287,698	19.5%
7yr	\$1,418	\$445,352	24.0%	\$25,616	\$82,629	\$337,107	19.2%
8yr	\$2,110	\$518,783	23.1%	\$28,002	\$101,004	\$389,776	18.9%
9yr	\$2,873	\$599,189	22.3%	\$30,616	\$120,923	\$447,651	18.5%
10yr	\$3,705	\$687,234	21.6%	\$33,477	\$142,545	\$511,212	18.2%
11yr	\$4,600	\$783,643	21.0%	\$36,610	\$166,043	\$580,990	17.8%
12yr	\$5,557	\$889,212	20.4%	\$40,041	\$191,600	\$657,571	17.6%
13yr	\$6,579	\$1.005m	19.9%	\$43,798	\$219,416	\$741,594	17.3%
14yr	\$7,667	\$1.131m	19.5%	\$47,912	\$249,710	\$833,765	17.0%
15yr	\$9,418	\$1.270m	19.1%	\$52,417	\$282,981	\$934,594	16.8%
16yr	\$9,970	\$1.422m	18.7%	\$57,349	\$319,001	\$1.045m	16.6%
17yr	\$11,282	\$1.588m	18.3%	\$62,750	\$358,202	\$1.167m	16.3%
18yr	\$12,672	\$1.770m	18.0%	\$68,665	\$400,976	\$1.300m	16.1%
19yr	\$14,142	\$1.969m	17.7%	\$75,141	\$447,661	\$1.446m	16.0%
20yr	\$15,698	\$2.187m	17.4%	\$82,232	\$498,628	\$1.607m	15.8%
21yr	\$17,343	\$2.426m	17.2%	\$89,997	\$554,283	\$1.782m	15.6%
22yr	\$19,086	\$2.688m	16.9%	\$98,500	\$615,070	\$1.974m	15.5%
23yr	\$20,930	\$2.974m	16.7%	\$107,810	\$681,473	\$2.185m	15.3%
24yr	\$22,843	\$3.288m	16.5%	\$118,005	\$753,991	\$2.416m	15.2%
25yr	\$24,150	\$3.632m	16.3%	\$129,169	\$832,522	\$2.670m	15.1%

North Shore investment



Projected total investment and equity over 25 years

Year	After-tax cash flow	Cumulative investment	Property value	Amount owing	Equity
	\$-95,408	\$95,408	\$409,500	\$327,600	\$81,900
1yr	\$8	\$95,400	\$448,403	\$327,600	\$120,803
2yr	\$-1,952	\$97,352	\$491,001	\$327,600	\$163,401
3yr	\$-1,402	\$98,754	\$537,646	\$327,600	\$210,046
4yr	\$-519	\$99,273	\$588,722	\$327,600	\$261,122
5yr	\$631	\$98,642	\$644,651	\$327,600	\$317,051
6yr	\$809	\$97,833	\$705,893	\$327,600	\$378,293
7yr	\$1,418	\$96,414	\$772,952	\$327,600	\$445,352
8yr	\$2,110	\$94,304	\$846,383	\$327,600	\$518,783
9yr	\$2,873	\$91,431	\$926,789	\$327,600	\$599,189
10yr	\$3,705	\$87,726	\$1.015m	\$327,600	\$687,234
11yr	\$4,600	\$83,126	\$1.111m	\$327,600	\$783,643
12yr	\$5,557	\$77,569	\$1.217m	\$327,600	\$889,212
13yr	\$6,579	\$70,990	\$1.332m	\$327,600	\$1.005m
14yr	\$7,667	\$63,323	\$1.459m	\$327,600	\$1.131m
15yr	\$9,418	\$53,905	\$1.598m	\$327,600	\$1.270m
16yr	\$9,970	\$43,935	\$1.749m	\$327,600	\$1.422m
17yr	\$11,282	\$32,653	\$1.916m	\$327,600	\$1.588m
18yr	\$12,672	\$19,981	\$2.098m	\$327,600	\$1.770m
19yr	\$14,142	\$5,840	\$2.297m	\$327,600	\$1.969m
20yr	\$15,698	\$-9,858	\$2.515m	\$327,600	\$2.187m
21yr	\$17,343	\$-27,201	\$2.754m	\$327,600	\$2.426m
22yr	\$19,086	\$-46,288	\$3.016m	\$327,600	\$2.688m
23yr	\$20,930	\$-67,218	\$3.302m	\$327,600	\$2.974m
24yr	\$22,843	\$-90,061	\$3.616m	\$327,600	\$3.288m
25yr	\$24,150	\$-114,211	\$3.959m	\$327,600	\$3.632m