



Internal Investment Analysis

December 2009

What is it?

Purchase this Investment Property **with NO Deposit**.

If you are able to borrow at least 80% of the property value from a bank or other financial institution, you may pay off the deposit to the seller at the same interest as your 1st mortgage. This may continue for a maximum of up to 2 years, after which time your balance remaining will become due and payable in full.

Where is it?

This property is located in the town of Tenterfield in northern NSW, which has a strong rental demand. The address of the property is: **36 Railway Avenue, Tenterfield NSW 2372**

Tenterfield has a median house price of \$190,000 with a long term trend of 12.8% appreciation.
Based on data provided at Domain.com.au under license from POIDB.com, TerraPages Pty Ltd & PSMA Australia Limited

Returns?

The property is leased to the Department of Housing for another 2 years, with the right to renew for a further 3 year period. **Rent is currently \$200 per week**, increasing to \$210 per week in November 2010.

Rent is **paid 12 weeks in advance** by the Department of Housing.

At the end of each lease, the Department of Housing will reinstate the house to its original condition, by repainting and recarpeting the house.

How Much?

The purchase price of the property is **\$165,000**.

The **seller will finance your deposit** up to a maximum of 20% at the same interest as your bank rate for up to 2 years.

The only **upfront costs** are your stamp duty, legal and any borrowing costs of approximately **\$6,000**.

Risks & Catches?

There are no risks outside that of any other investment property. This is a creative way of helping you purchase an investment property and the seller obtaining an amount that they need at settlement. A true Win-Win.

The only catch is that you must repay your deposit in full within two years of settlement.

Is this Legal?

Absolutely! We have done this successfully and seen many other people do this before.

This investment summary has been prepared for the purpose of internally analysing our own investment requirements and returns based on the property detailed. This information is circumstantial and should not be relied upon or substituted for an investors own due diligence and professional advice in determining if such an investment is suitable to their own financial position and portfolio.



Internal Investment Summary

Data Fields

Investment Summary For: 36 Railway Avenue, Tenterfield NSW 2372

Purchase Price	\$ 165,000.00	[87% of Median Price for the suburb]
Deposit Contributed	\$ -	[Deposit to be financed by seller]
Amount Borrowed	\$ 165,000.00	
% Budgeted Annual Capital Gains	4.00%	[Less than historical figures - Long term trend = 12%]
% Purchase Price As Closing Costs	3.50%	[We allow for 3.5%]
Term of Loan In Years	30	
Number Of Repayments Periods Each Year	12	[Monthly Repayments]
Loan Interest Rate Per Annum	6.50%	[Current Standard Rate]
Likely Rental Per Week	\$ 200.00	[Increases to \$210 in November 2010]
Budgeted Weeks Vacant Per Annum	-	[Very reliable - Leased to Dept of Housing]
% Rent Management Agents Fees	0%	[Paid 12 weeks in advance by Dept of Housing]
% Rent Allowance For Maintenance	0%	[House repainted and recarpeted by Dept of Housing]
Annual Property Rates / Taxes	\$ 1,579.75	[Current Council Rates]
Annual Property Insurance	\$ 400.00	[Approximate]

Investment Summary

Cash Needed To Buy Into Deal

Deposit	\$ -
Closing Costs	\$ 5,775.00

Total Cash Needed To Buy Into Deal \$ 5,775.00

[Stamp duties, loan & legal costs only]

Cash In

Annual Rental Income	\$ 10,400.00
Less Vacancy Allowance	\$ -
	\$ 10,400.00

[Increasing to \$10,920 in November 2010]

Cash Out

Annual Rates & Taxes	\$ 1,579.75
Property Insurance	\$ 400.00
Management Fees	\$ -
Repairs & Maintenance	\$ -
Loan Repayments	\$ 10,725.00
Total Cash Out	\$ 12,704.75

[Interest Only payments]

Net Annual Income	\$ (2,304.75)
Expected Annual Capital Gains	\$ 6,600.00
Total Return	\$ 4,295.25

Cashflow Comments / Analysis

Investment Rental Yield	6.30%	[A measure of the percentage of income return]
Capital Investment Required:	\$ 5,775.00	[Amount required to purchase with no deposit]
Annual Holding Cost:	\$ (2,304.75)	[Notwithstanding any depreciation or tax allowances]
Estimated Capital Gain (1st Year)	\$ 6,600.00	[This figure should increase each year long term]
Net Annual Return:	\$ 4,295.25	[Total 1st year gain after expenses]

This investment summary has been prepared for the purpose of internally analysing our own investment requirements and returns based on the property detailed. This information is circumstantial and should not be relied upon or substituted for an investors own due diligence and professional advice in determining if such an investment is suitable to their own financial position and portfolio.