

PROPERTY INVESTMENT REPORT

'Dressler Court', Holroyd Holroyd Gardens



KEY INVESTMENT FEATURES

- NSW Stamp Duty exemption applies saving over \$14,000.
- Strong rental yield.
- Close proximity to major transport and infrastructure.
- Deposit bonds accepted.
- Settlement mid 2012.
- Small development.

Dressler Court Apartments is a new development located in the Sydney suburb of Holroyd, consisting of one, two and three bedroom apartments. The average price of a two bedroom apartment in this project is \$420,000.

Some developments provide the ingredients to perform as residential investments, but occasionally a project also offers something special that sets it apart from the rest. This is one of those properties, being a boutique development of 10 apartments on the shore of a lake in the popular Holroyd Gardens Estate located a few minutes from the Parramatta CBD.



This project is currently available for off-the-plan purchase with all apartments qualifying for the NSW Government's 100% stamp duty exemption, offering a saving of over \$14,000 on a \$420,000 purchase.

Investors borrowing 100% at a purchase price of \$420,000 and receiving a rental income of \$435 per week may hold a unit for an expected cost in year one of approximately \$118 per week (31.5% tax rate including Medicare levy).

At a tax rate of 46.5% including Medicare levy the average weekly holding cost is \$33.

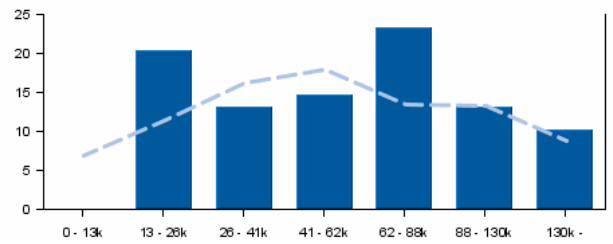
Holroyd

The City of Holroyd, incorporated on July 5th 1872, was originally known as the Municipality of Prospect and Sherwood. The name was changed to Holroyd on January 11th 1972 to perpetuate the name of Arthur Todd Holroyd, the first Mayor of the Municipality. The Municipality was proclaimed a City on New Years Day 1991.

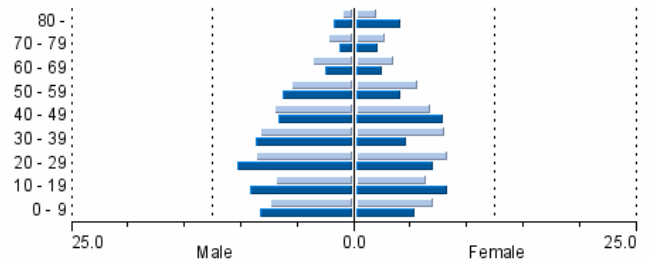
Located in Holroyd is the historic Goodlet and Smith Brickworks site which was founded in 1884 and ceased operating in 1989. This site has been redeveloped into Holroyd Gardens Park and Holroyd Gardens Estate which is a medium density development that includes the remaining heritage brickwork kilns and associated buildings. The lake in the middle of Holroyd Gardens Park was created by filling an old clay brick pit.

The area is in close proximity to the Parramatta central business district, the second largest CBD in the Sydney metropolitan area.

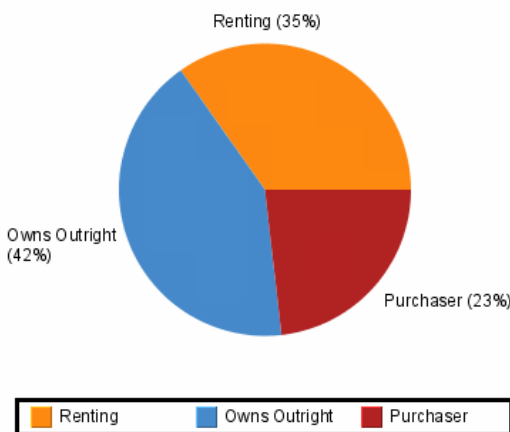
Household Income (%)



Age Sex Ratio - 2006



Household Occupancy - 2006



The Rental Market

Subject to normal market fluctuations, we are of the opinion that a two bedroom unit in 'Dressler Court' should generate a rental income of \$435 per week.

\$435 per week would equate to an annual rental income of \$22 620.

The gross rental yield, which is calculated by dividing the total annual rent into the purchase price is 5.39%.

Successful management of an investment property requires specialised knowledge. Quartile Property Network has specialised in managing investment property throughout Australia for almost 60 years. We are committed to ensuring our clients' investments perform as efficiently as possible. Quartile is able to manage your investment in 'Dressler Court' for you if required.

Income & expenditure (year one)

Cash flows and other projections for this property should be prepared based on your personal tax rate, levels of borrowings etc. This is strongly recommended before a decision to purchase is made.

The following tables estimate costs and cash flows on a typical dwelling in this project.

Assumptions:	
Purchase price	\$420 000
Cash investment	Nil
Loan amount (incl. stamp duty, bank & legal costs)	\$423 111
Interest rate	7.41% (3 year fixed)
Rental income	\$435 per week
Vacancy rate	2%
Gross rental income	\$22 620
Gross yield	5.39%
Estimated rental expenses :	
Body corporate	\$1 960
Insurance	\$360
Letting fee	\$435
Maintenance	\$300
Management	\$1 829
Rates	\$1 300
Total	\$6 184
Net return	\$15 984
Net yield	3.81%
Loan interest	\$31 353
Estimated non-cash expenses:	
Borrowing costs (amortised)	\$420
Building allowance (2.5%)	\$6 486
Plant & article depreciation	\$7 054
Total	\$13 960

Tax position summary (year one)	
Gross rental income (less 2% vacancy rate)	\$22 168
Total tax deductions	\$51 497
Tax surplus/deficit	(\$29 329)
Before tax cost	(\$15 369)

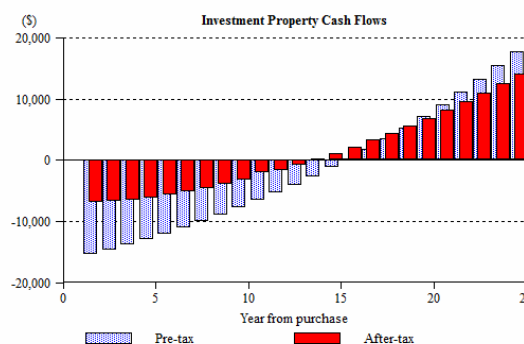
Marginal tax rate (incl. Medicare levy)	Annual after tax saving	Average weekly holding cost
16.5%	\$4 839	(\$203)
31.5%	\$9 239	(\$118)
38.5%	\$11 292	(\$78)
46.5%	\$13 638	(\$33)

TAXATION BENEFIT

Residential property held for investment purposes may attract substantial taxation benefits.

At a marginal tax rate of 31.5%, this property shows an annual tax saving of \$9,239 in the first year of ownership.

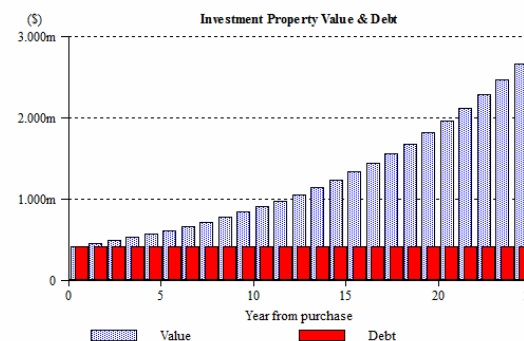
Under the Taxation Act taxpayers may have regular group tax instalments reduced immediately, utilising the tax saving to minimise the holding cost. The chart shows both before and after tax cash flows based on the previous assumptions over a 25 year period.



CAPITAL GROWTH

A property in 'Dressler Court' acquired at a price of \$420,000 funded by 100% borrowings (including all acquisition costs) and escalated in value at 8% per annum compound shows substantial equity growth over a period of time.

If principal and interest borrowings are used the equity would be greater as principal decreases, however, an interest only loan may be more cash flow and tax effective.



About Quartile

Quartile Property Network is a specialist property investment practice with almost 60 years experience in planning, locating and managing residential property for investors throughout Australia.

The business commenced in 1953 as the D.F Johnson Group of companies founded by Fred Johnson and his late brother, Don. Brett Johnson joined the business in 1982. The D.F. Johnson Group of companies, which included businesses involved in property management, funds management and property market research, were sold to Mercantile Mutual Insurance (now ING) in February 1990. Brett Johnson was appointed to merge the businesses.

In July 1992 Fred & Brett Johnson formed Quartile Property Network as a specialist property investment and management practice. Today we have over 11,000 clients who rely on us for market information, property selection and general advice on property related matters.

Our investment philosophy is based on years of practical experience, hands-on property market research and our ability to see the bigger picture at work in property markets. The experiences we have shared with thousands of clients over many decades have also vastly expanded our understanding of property markets. We advocate a carefully planned, counter-cyclical approach to property investment.



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