

PROPERTY INVESTMENT REPORT

"Camellia on Salisbury"

Brickworks Drive, Holroyd Gardens, Holroyd



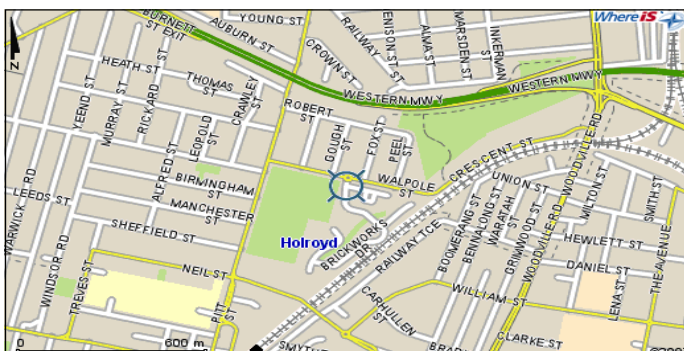
Camellia on Salisbury is located in Delfin Lendlease's Holroyd Gardens situated in Sydney's western suburbs and was named Australia's best urban renewal project at the Urban Development Institute of Australia's 2006 Awards for Excellence.

Camellia on Salisbury consists of 52 stylish 2 and 3 bedroom apartments with all the attributes of modern urban living.

The individual apartments have flexible living spaces and well sized bedrooms and feature secure undercover parking for all units, security intercom and spacious external balconies. Apartments in both towers are accessed by security/key operated lifts and 24 hr closed circuit video surveillance. The video is modulated digitally to every TV outlet in each apartment.

The surroundings, with its range of outdoor and community facilities, cater for and emphasise safe and healthy living. This estate like complex is well connected to an extensive local network of hiking and bike trails and a short leisurely stroll along the man-made lake leads to the Sydney Children's Museum and tranquility of neighbouring lush Holroyd Gardens Park.

This historically unique setting benefits from its proximity to regional centres of Merrylands shopping district and Parramatta CBD with an abundance



of shopping facilities, trendy restaurants and cafés. With buses on the doorstep along Pitt St and Merrylands Railway Station close by, transport will not be an issue for residents of Camellia on Salisbury.

KEY INVESTMENT FEATURES ...

- Award winning Heritage planned community
- Excellent fixtures and quality appliances
- Secure underground parking
- 24hr closed circuit video surveillance
- Close to rail and bus transport
- Minutes to Parramatta and major CBD
- Keyless entry to apartments

Sydney

The investment scenario for Sydney is improving on an almost daily basis. The market peaked nearly 3.5 years ago and has stabilised over the past 12 months. Importantly rental yields are returning to acceptable levels and are set to improve significantly over the period ahead as the rental market responds to the rapidly declining rental vacancy rate. We are firmly of the opinion there will be a substantial increase in rents over the next 3 to 5 years.

The supply of new building has fallen away dramatically over the past 4 years and building approvals are at levels not seen in 16 years (Dec 1990). This provides a clear indication that an already under-supplied market is going to become even tighter over the period ahead. The time has arrived for counter-cyclical property investors to start selectively taking advantage of these conditions.

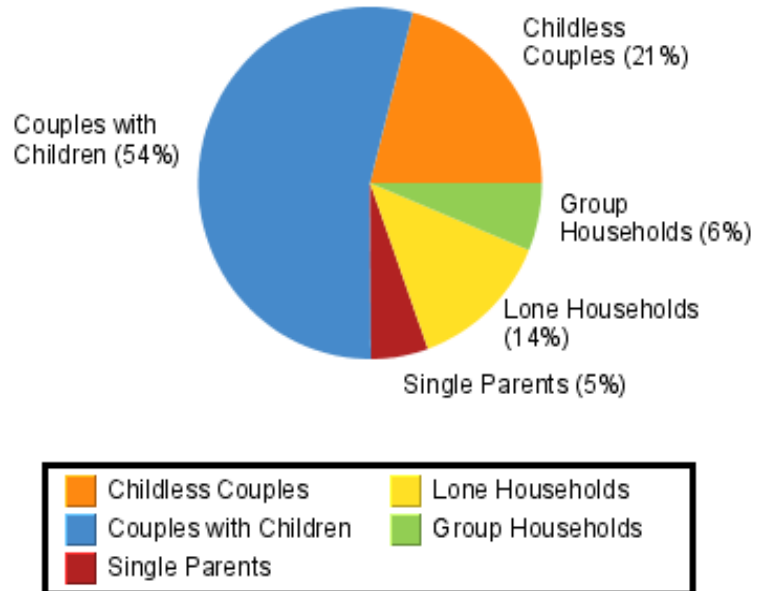
Holroyd Gardens

Holroyd Gardens is a 7.5 hectare development which will be home to approximately 330 dwellings and 900 residents on completion. Located at Merrylands in Sydney's western suburbs, Holroyd Gardens has been named as Australia's best urban renewal project at the Urban Development Institute of Australia's 2006 Awards for Excellence.

With a close proximity to Parramatta CBD, residents have easy access to local shopping malls and entertainment facilities. Access to greater Sydney is via established transport networks such as the M4 and CityRail links.

A feature of Holroyd Gardens is its beautiful parklands and lake.

Household Structure



Expected rental for a 2 bedroom unit is between \$335 & \$350 per week.

INCOME & EXPENDITURE (Year one)

Estimated Annual Rent @ \$350 per week	\$18,200
Estimated Annual Expenditure:	
Vacancy (3%):	\$ 546.00
Rates:	\$1,300.00
Insurance:	\$ 300.00
Maintenance:	\$ 200.00
Management:	\$1,744.00
Body Corporate:	\$1,900.00
	\$ 5,990
Estimated Net Return	\$ 12,210
Purchase Price:	\$380,000
Gross Yield:	4.79%
Net Yield:	3.21%
Estimated Non-Cash deductions:	
Plant & Articles Depreciation:	\$ 4,600.00
Building Allowance @ 2.50%	\$ 4,950.00
Borrowing Costs:	\$ 880.00

INCOME & EXPENDITURE (Year One)			
Assumptions:			
Purchase Price	\$ 380,000	Interest Rate	7.35%
Loan (inc. stamp duty, bank & legal costs)	\$ 396,429	Building Allowance	2.5%
Cash deposit	\$ 0	Marginal Tax Rate	41.5%
Growth Rate	8.00%	Inflation Rate	5.00%
Income:			
Rent per week	\$350.00		
Gross rent per annum	\$18,200		
Cash Expenses:			
Loan Interest	\$29,138		
Property expenses	\$ 5,990		
Net Cash (before tax cost)	(\$16,928)		
Non-Cash Expenses:			
Borrowing Costs	\$ 880		
Building Allowance	\$ 4,950		
Depreciation - plant & articles	\$ 4,600		
Total Tax Deductions	\$45,558		

TAX POSITION SUMMARY (year one)	
Gross Rent per annum	\$18,200
Total Tax Deductions	\$45,558
Tax Surplus/Deficit	(\$27,358)
Tax Saving/Refund	\$11,353
Annual After Tax Cost	\$ 5,575
Weekly After Tax Cost	\$ 107

*** Based on 41.5% tax rate.**
Note: At a tax rate of 31.5%, the weekly after tax cost is approximately \$160 per wk.

TYPICAL FLOOR PLAN

THE RENTAL MARKET

Subject to normal market fluctuations, we are of the opinion that a 2 bedroom 2 bathroom unit in "Camellia on Salisbury" should rent between \$335-\$350 per week.

A rental of \$350 per week would generate an annual rental income of \$18,200 p.a.

A vacancy factor of 3.00% has been allowed in property expenses in the above cash flow. The gross rental yield, which is calculated by dividing the total annual rent into the purchase price, for "Camellia on Salisbury" is 4.79%



PROPERTY INVESTMENT MANAGEMENT

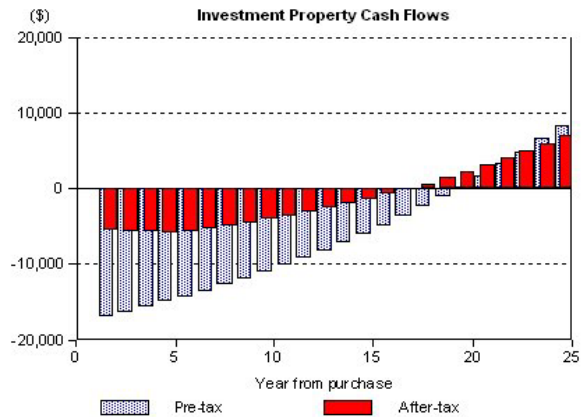
Successful management of the investment property requires specialised knowledge. Quartile Property Network has specialised in managing investment property throughout Australia for over 45 years. We are committed to ensuring our clients investments perform as efficiently as possible and will be able to assist in locating skilled Property Managers to lease and manage individual properties in Camellia on Salisbury.

TAXATION BENEFIT

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

This property, at the highest marginal tax rate of 41.5% shows an annual tax saving of \$11,353 in the first year of ownership.

Under the Taxation Act taxpayers may have regular group tax installments 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.



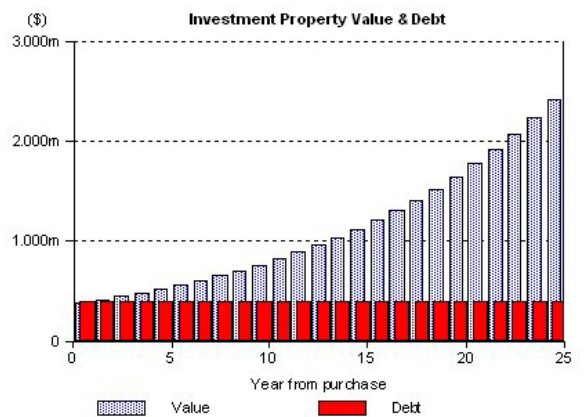
CAPITAL GROWTH

A "Camellia on Salisbury" property acquired at a price of \$380,000 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.

IMPORTANT

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.



CONTACT

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