

PROPERTY INVESTMENT REPORT

'SHERWOOD GREEN ESTATE'

100 KENYONS RD, MERRYLANDS WEST



KEY INVESTMENT FEATURES ...

- Unique development
- Surrounded by established trees
- Close to transport schools, shopping and cinema complex
- Stainless steel appliances including dishwasher
- Split system air conditioning
- Security panel-lift door to each garage
- Intercom main entry door

Merrylands is renowned for being one of the greenest suburbs in the West of Sydney. 'Sherwood Green Estate' is even more distinctive because of its established trees and grounds which create one of the areas most exclusive 'new' yet established, living environments.

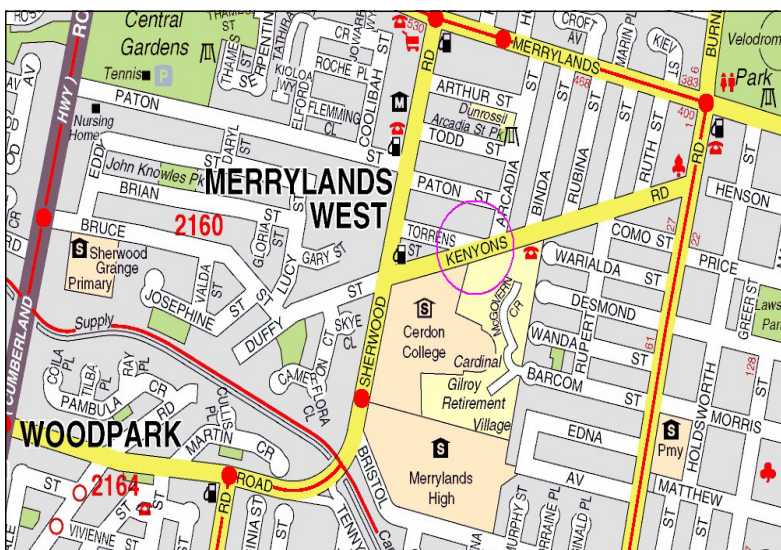
This unique development features 59, 2, 3 & 4 bedroom townhouses. All state of the art inclusions, security lock up garages and courtyards.

Townhouse developments in Merrylands are rare. Consequently, new townhouse developments are highly sought after by both owner occupiers and investors.

These luxury Townhouses range in size from 108-124 sq mtrs internally with large garden courtyards ranging from 78-325 sq mtrs with double garages at basement level.

3 bedroom townhouses in 'Sherwood Green' range from \$440,000-\$497,000 with expected rental between \$420-\$450 per wk.

Investors borrowing 100% of purchase price of \$440,000 at a rental of \$430 per week may hold a 3 bedroom townhouse in 'Sherwood Green' for an expected after tax cost in year one of approximately \$144 per



Educational Institutions		Local Services	
Merrylands High School	0.5 km	Merrylands Police Station	1.6 km
UWS Parramatta Campus	3.5 km	Merrylands Post Office	1.6 km
Merrylands Library	1.8 km	24 Hour Medical Centre	2.1 km
Cerdon College	0.1 km	Stockland Mall Shopping Centre	1.6 km
St Margarets Primary School	1 km	Merrylands Fire Station	1 km
Merrylands Primary School	0.7 km	Westmead Hospital	3.8 km
		Parramatta CBD	3.7 km
Transport Facilities		Recreation Amenities	
Merrylands Train Station	2 km	Merrylands RSL Club	2 km
Great Western Highway	2.2 km	Merrylands Bowling Club	1.2 km
M4 Motorway	2 km	Parramatta Golf Course	3.2 km
Liverpool-Parramatta T-Way	0.3 km	Merrylands swimming pool	0.8 km
		Central Gardens	0.7 km
		Merrylands Sports Ground	0.8 km

Sydney

The investment scenario for Sydney is improving on an almost daily basis. The market peaked almost 4 years ago, and has stabilised over the past 24 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 a rapidly declining rental vacancy rate. We are 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 17 years (Dec 1990). This provides a clear indication that an already undersupplied 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.

INCOME & EXPENDITURE (Year one)

Estimated Annual Rent @ \$430 per week \$22,360

Estimated Annual Expenditure:

Vacancy (3%):	\$ 671	
Rates:	\$1500	
Insurance:	\$ 300	
Maintenance:	\$ 220	
Management:	\$2262	
Body Corporate:	\$1800	\$ 6,753

Estimated Net Return \$15,607

Purchase Price:	\$440,000
Gross Yield:	5.08%
Net Yield:	3.55%

Estimated Non-Cash deductions:

Plant & Articles Depreciation:	\$4239
Building Allowance @ 2.50%	\$4993
Borrowing Costs:	\$ 964

INCOME & EXPENDITURE (Year One)			
Assumptions:			
Purchase Price	\$440,000	Interest Rate	7.76%
Loan (inc. stamp duty, bank & legal costs)	\$459,381	Building Allowance	2.50%
Cash deposit	\$ 0	Marginal Tax Rate	41.5%
Growth Rate	8.00%	Inflation Rate	5.0%
Income:			
Rent per week	\$ 430		
Gross rent per annum	\$22,360		
Cash Expenses:			
Loan Interest	\$35,648		
Property expenses	\$ 6,753		
Net Cash (before tax cost)	(\$20,041)		
Non-Cash Expenses:			
Borrowing Costs	\$ 964		
Building Allowance	\$4,993		
Depreciation - plant & articles	\$4,239		
Total Tax Deductions	\$52,597		

TAX POSITION SUMMARY (year one)	
Gross Rent per annum	\$22,360
Total Tax Deductions	\$52,597
Tax Surplus/Deficit	(\$30,237)
Tax Saving/Refund	\$12,548
Annual After Tax Cost	\$ 7,493
Weekly After Tax Cost	\$ 144

* At a tax rate of 31.5%, the weekly after tax cost is approximately \$202 per week.
 * At a tax rate of 46.5%, the weekly after tax cost is approximately \$115 per week.

TYPICAL FLOOR PLAN

THE RENTAL MARKET

Subject to normal market fluctuations, we are of the opinion that 3 bedroom townhouses in 'Sherwood Green' should rent at \$430 per week.

\$430 per week would generate an annual rental income of \$22,360 p.a.

A vacancy factor of 3.0% 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 'Sherwood Green' is 5.08%.



PROPERTY INVESTMENT MANAGEMENT

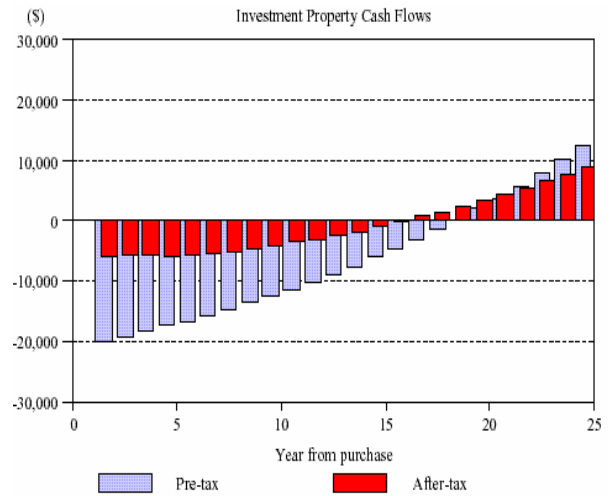
Successful management of the investment property requires specialised knowledge. Quartile Property Network has specialised in managing investment property throughout Australia for over 50 years. We are committed to ensuring our clients investments perform as efficiently as possible. Quartile is able to manage your 'Sherwood Green' investment for standard management fees.

TAXATION BENEFIT

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

This property, at a marginal tax rate of 41.5% shows an annual tax saving of \$12,548 in the first year of ownership.

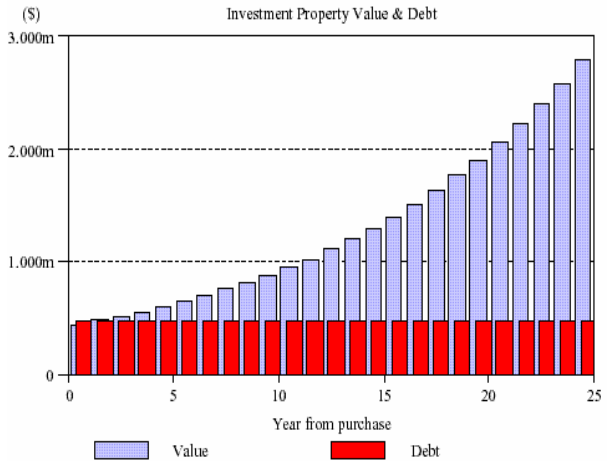
Under the Taxation Act taxpayers may have regular group tax installments reduced immediately, utilising the tax saving to minimise the holding cost. The chart shows both before and after tax cash flows based on the previous assumptions over a 25 year period.



CAPITAL GROWTH

A *'Sherwood Green Estate'* property acquired at a price of \$430,000 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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