


**Just Property Investments Pty Ltd - Brisbane**

27-Mar-2015

Prepared for:  
 Consultant:  
 Property: Cascades Bulimba  
 Description: 3 Bedroom apartment

**SUMMARY**

	<b>Assumptions</b>		<b>Projected results over</b>	<b>10 yrs</b>
	Property value	\$760,000	Property value	\$1.180m
	Investment	\$152,000	Equity	\$535,928
	Gross yield	4.76%	After-tax return /yr	16.41%
	Net yield	3.66%	Net present value	\$277,744
	Growth rate	4.50%	<b>IF SOLD</b>	
	Inflation rate	4.00%	Selling costs & CGT	\$157,934
	Interest rate	5.00%	Equity	\$377,994
	Taxable income	\$150,000	After-tax return /yr	12.93%

**COMPUTER PROJECTIONS**

Investment Analysis	Projections over 10 years					
	2015	1yr	2yr	3yr	5yr	10yr
End of year						
Property value	\$760,000	794,200	829,939	867,286	947,098	1.180m
Purchase costs	\$29,225					
Investments	\$152,000					
Loan amount	\$644,328	644,328	644,328	644,328	644,328	644,328
Equity	\$115,672	149,872	185,611	222,958	302,770	535,928
Capital growth rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Inflation rate (CPI)	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Gross rent /week	\$695	36,140	37,586	39,089	42,279	51,438
Cash deductions						
Interest (I/O)	5.00%	32,216	32,216	32,216	32,216	32,216
Rental expenses	22.97%	8,302	8,634	8,980	9,712	11,817
Pre-tax cash flow	<b>-\$152,000</b>	<b>-4,379</b>	<b>-3,265</b>	<b>-2,107</b>	350	7,405
Non-cash deductions						
Deprec.of building	2.50%	9,500	9,500	9,500	9,500	9,500
Deprec.of fittings	\$76,600	12,079	13,540	9,930	5,744	2,591
Loan costs	\$7,103	1,421	1,421	1,421	1,421	
Total deductions		63,519	65,311	62,047	58,594	56,124
Tax credit (single)	\$150,000	10,541	10,674	8,838	6,281	2,179
After-tax cash flow	<b>-\$152,000</b>	6,162	7,409	6,731	6,631	9,584
Rate of return (IRR)	16.41%	Your cost /(income) per week				
Pre-tax equivalent	26.68%	(119)	(142)	(129)	(128)	(184)

*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 Just Property Investments Pty Ltd - Brisbane, its servants, employees or consultants..*

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**Cash Flow Analysis Summary**

*Investment Cost*

Purchase price	760,000
Purchase costs	29,225
Loan costs	7,103
<b>Total investment cost</b>	<b>796,328</b>

*Loan Details*

Initial cash invested	152,000
Initial loan amount (total cost + any additional loan – cash invested)	644,328
Loan type	I/O (5.00%)
Interest payments	32,216
<b>Total loan payments</b>	<b>32,216</b>
Closing loan balance	644,328

*Property Income and Expenditure*

<b>Rental income</b>	<b>36,140</b>
<b>Rental expenses</b>	<b>8,302</b>
<b>Net rental income (rent retained – expenses paid)</b>	<b>27,838</b>

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

**-4,379**

*Tax Deductions*

Cash deductions	
Loan interest	32,216
Rental expenses	8,302
Non-Cash Deductions	
Depreciation – Building (\$380,000 @ 2.50%)	9,500
Depreciation – Furniture, fixtures & fittings	12,079
Loan cost write-off (\$7,103 over 5 yrs)	1,421
<b>Total Tax Deductions</b>	<b>63,519</b>

*Tax Credit Calculation*

Current taxable income	150,000
Rental income	36,140
<b>Total income</b>	<b>186,140</b>
Deductions claimed	63,519
<b>New taxable income</b>	<b>122,621</b>
Current tax (on 150,000)	45,697
New tax	35,156
<b>Tax credit (current – new tax)</b>	<b>10,541</b>

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

**\$6,162**

**Weekly after-tax surplus**

**\$119**

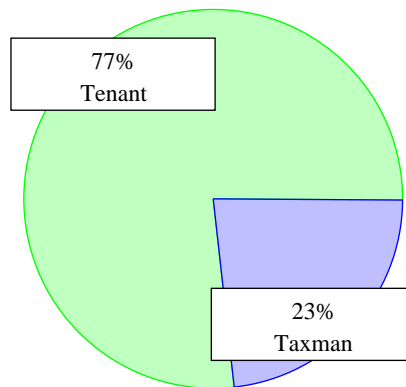
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**TAX BENEFITS**

These are shown below for the given taxable incomes and are based on the specified tax scale.

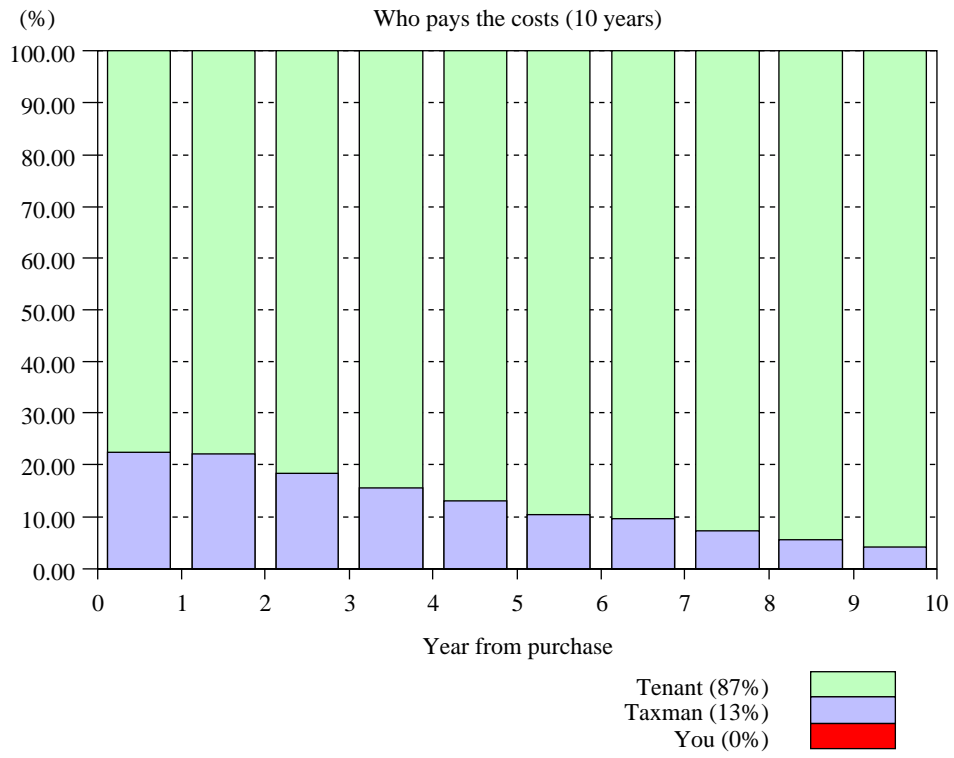
Number of properties: 1	
Current taxable income:	150,000
Rental income:	36,140
Total income:	186,140
Rental deductions:	63,519
New taxable income:	122,621
Current tax:	45,697
New tax:	35,156
<b>Tax savings:</b>	<b>\$10,541</b>

Who pays the cost (1st year)?

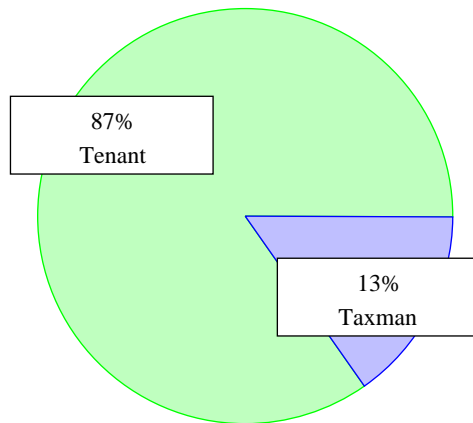


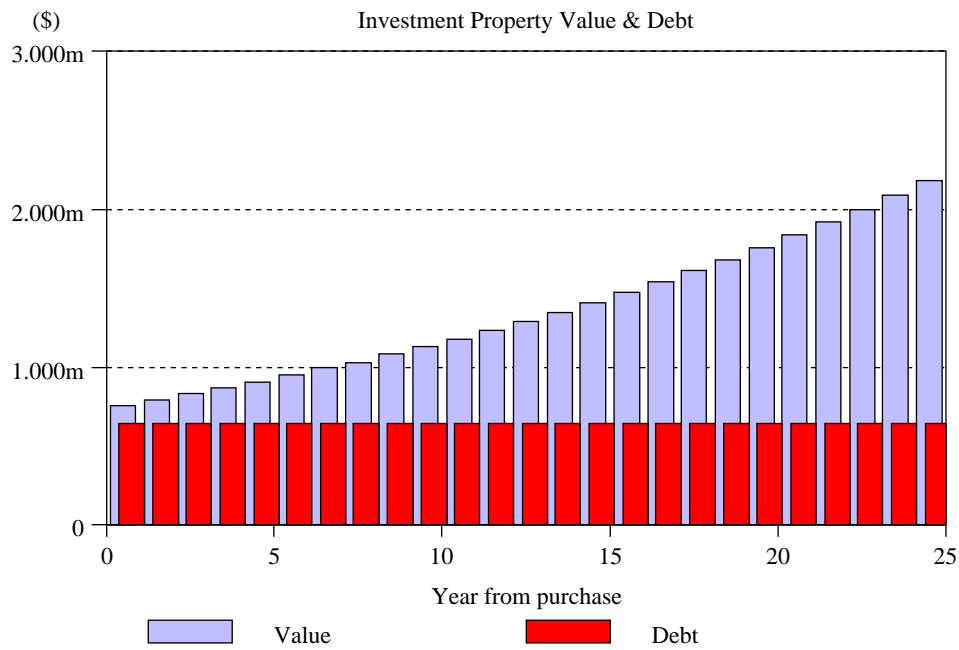
Projections over 25 years

Year	Interest costs	Rental expenses	Total cost	Rent (tenant)	Tax credit (taxman)	Cash (you)
1yr	\$32,216	\$8,302	\$40,519	\$36,140	\$10,541	\$-6,162
2yr	\$32,216	\$8,634	\$40,851	\$37,586	\$10,674	\$-7,409
3yr	\$32,216	\$8,980	\$41,196	\$39,089	\$8,838	\$-6,731
4yr	\$32,216	\$9,339	\$41,555	\$40,653	\$7,426	\$-6,523
5yr	\$32,216	\$9,712	\$41,929	\$42,279	\$6,281	\$-6,631
6yr	\$32,216	\$10,101	\$42,317	\$43,970	\$4,961	\$-6,614
7yr	\$32,216	\$10,505	\$42,721	\$45,729	\$4,769	\$-7,776
8yr	\$32,216	\$10,925	\$43,142	\$47,558	\$3,705	\$-8,121
9yr	\$32,216	\$11,362	\$43,579	\$49,460	\$2,794	\$-8,676
10yr	\$32,216	\$11,817	\$44,033	\$51,438	\$2,179	\$-9,584
11yr	\$32,216	\$12,289	\$44,506	\$53,496	\$968	\$-9,958
12yr	\$32,216	\$12,781	\$44,997	\$55,636	\$94	\$-10,733
13yr	\$32,216	\$13,292	\$45,509	\$57,861	\$-791	\$-11,562
14yr	\$32,216	\$13,824	\$46,040	\$60,176	\$-1,694	\$-12,442
15yr	\$32,216	\$14,377	\$46,593	\$62,583	\$-321	\$-15,669
16yr	\$32,216	\$14,952	\$47,168	\$65,086	\$-3,876	\$-14,042
17yr	\$32,216	\$15,550	\$47,766	\$67,690	\$-4,814	\$-15,109
18yr	\$32,216	\$16,172	\$48,388	\$70,397	\$-5,788	\$-16,221
19yr	\$32,216	\$16,819	\$49,035	\$73,213	\$-6,799	\$-17,379
20yr	\$32,216	\$17,491	\$49,708	\$76,142	\$-7,653	\$-18,781
21yr	\$32,216	\$18,191	\$50,408	\$79,187	\$-8,964	\$-19,816
22yr	\$32,216	\$18,919	\$51,135	\$82,355	\$-10,099	\$-21,120
23yr	\$32,216	\$19,676	\$51,892	\$85,649	\$-11,279	\$-22,478
24yr	\$32,216	\$20,463	\$52,679	\$89,075	\$-12,506	\$-23,890
25yr	\$32,216	\$21,281	\$53,497	\$92,638	\$-13,783	\$-25,357



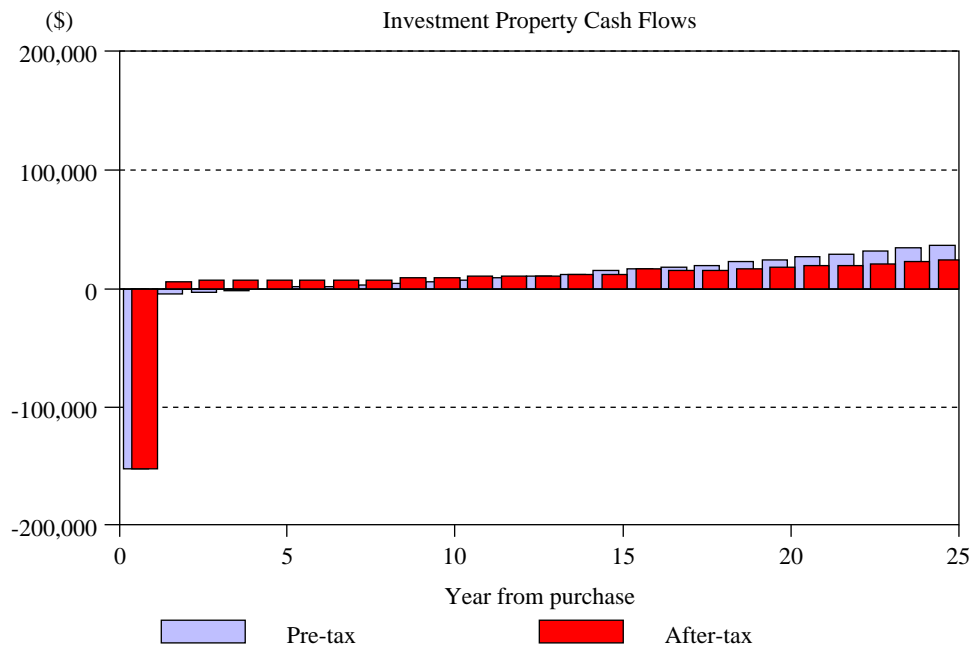
Average contribution (10 years)





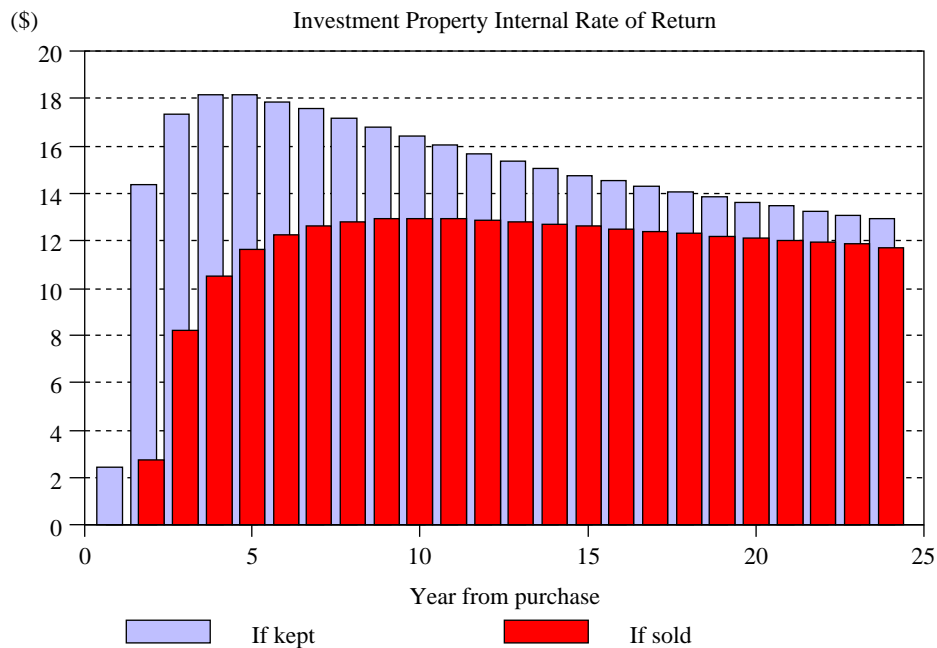
Property value & debt projections over 25 years

Year	Growth rate	Property value	Amount owing	Equity
		\$760,000	\$644,328	\$115,672
1yr	4.50%	\$794,200	\$644,328	\$149,872
2yr	4.50%	\$829,939	\$644,328	\$185,611
3yr	4.50%	\$867,286	\$644,328	\$222,958
4yr	4.50%	\$906,314	\$644,328	\$261,986
5yr	4.50%	\$947,098	\$644,328	\$302,770
6yr	4.50%	\$989,718	\$644,328	\$345,389
7yr	4.50%	\$1.034m	\$644,328	\$389,926
8yr	4.50%	\$1.081m	\$644,328	\$436,468
9yr	4.50%	\$1.129m	\$644,328	\$485,104
10yr	4.50%	\$1.180m	\$644,328	\$535,928
11yr	4.50%	\$1.233m	\$644,328	\$589,040
12yr	4.50%	\$1.289m	\$644,328	\$644,541
13yr	4.50%	\$1.347m	\$644,328	\$702,541
14yr	4.50%	\$1.407m	\$644,328	\$763,150
15yr	4.50%	\$1.471m	\$644,328	\$826,486
16yr	4.50%	\$1.537m	\$644,328	\$892,673
17yr	4.50%	\$1.606m	\$644,328	\$961,838
18yr	4.50%	\$1.678m	\$644,328	\$1.034m
19yr	4.50%	\$1.754m	\$644,328	\$1.110m
20yr	4.50%	\$1.833m	\$644,328	\$1.189m
21yr	4.50%	\$1.915m	\$644,328	\$1.271m
22yr	4.50%	\$2.002m	\$644,328	\$1.357m
23yr	4.50%	\$2.092m	\$644,328	\$1.447m
24yr	4.50%	\$2.186m	\$644,328	\$1.541m
25yr	4.50%	\$2.284m	\$644,328	\$1.640m



Cash flow projections over 25 years

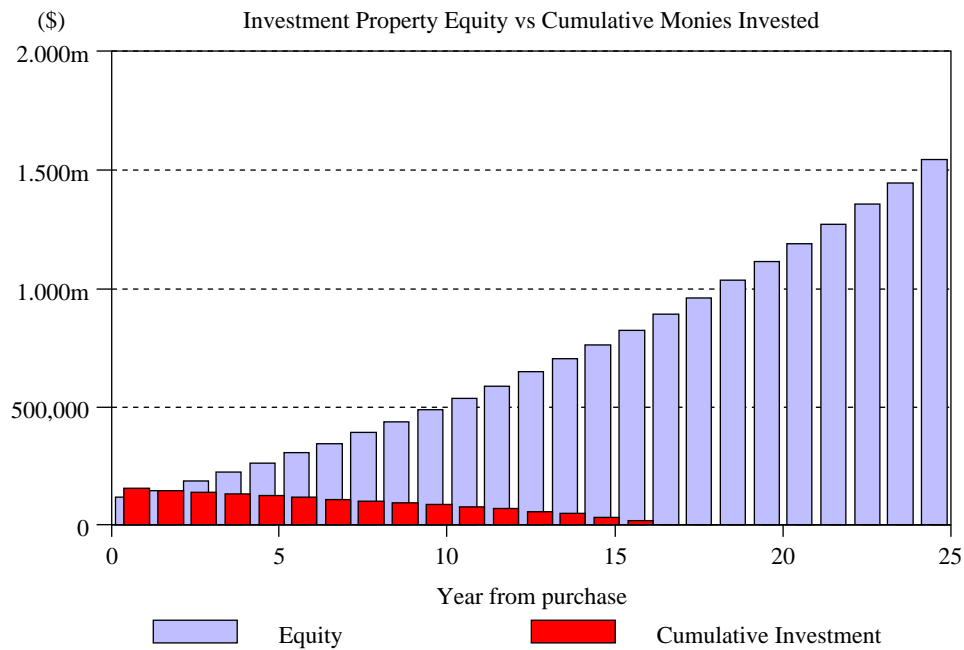
Year	Rental income	Loan payments	Rental expenses	Pre-tax cash flow	Tax credit	After-tax cash flow
				\$-152,000		\$-152,000
1yr	\$36,140	\$32,216	\$8,302	\$-4,379	\$10,541	\$6,162
2yr	\$37,586	\$32,216	\$8,634	\$-3,265	\$10,674	\$7,409
3yr	\$39,089	\$32,216	\$8,980	\$-2,107	\$8,838	\$6,731
4yr	\$40,653	\$32,216	\$9,339	\$-903	\$7,426	\$6,523
5yr	\$42,279	\$32,216	\$9,712	\$350	\$6,281	\$6,631
6yr	\$43,970	\$32,216	\$10,101	\$1,653	\$4,961	\$6,614
7yr	\$45,729	\$32,216	\$10,505	\$3,007	\$4,769	\$7,776
8yr	\$47,558	\$32,216	\$10,925	\$4,416	\$3,705	\$8,121
9yr	\$49,460	\$32,216	\$11,362	\$5,882	\$2,794	\$8,676
10yr	\$51,438	\$32,216	\$11,817	\$7,405	\$2,179	\$9,584
11yr	\$53,496	\$32,216	\$12,289	\$8,990	\$968	\$9,958
12yr	\$55,636	\$32,216	\$12,781	\$10,639	\$94	\$10,733
13yr	\$57,861	\$32,216	\$13,292	\$12,353	\$-791	\$11,562
14yr	\$60,176	\$32,216	\$13,824	\$14,136	\$-1,694	\$12,442
15yr	\$62,583	\$32,216	\$14,377	\$15,990	\$-321	\$15,669
16yr	\$65,086	\$32,216	\$14,952	\$17,918	\$-3,876	\$14,042
17yr	\$67,690	\$32,216	\$15,550	\$19,923	\$-4,814	\$15,109
18yr	\$70,397	\$32,216	\$16,172	\$22,009	\$-5,788	\$16,221
19yr	\$73,213	\$32,216	\$16,819	\$24,178	\$-6,799	\$17,379
20yr	\$76,142	\$32,216	\$17,491	\$26,434	\$-7,653	\$18,781
21yr	\$79,187	\$32,216	\$18,191	\$28,780	\$-8,964	\$19,816
22yr	\$82,355	\$32,216	\$18,919	\$31,219	\$-10,099	\$21,120
23yr	\$85,649	\$32,216	\$19,676	\$33,757	\$-11,279	\$22,478
24yr	\$89,075	\$32,216	\$20,463	\$36,396	\$-12,506	\$23,890
25yr	\$92,638	\$32,216	\$21,281	\$39,140	\$-13,783	\$25,357



**Projected equity and returns over 25 years**

Year	After-tax cash flow	Property Retained		Selling costs	Property Sold		Rate of return
		Equity	Rate of return		Capital Gains Tax	Equity (if sold)	
	<b>-\$152,000</b>	\$115,672					
1yr	\$6,162	\$149,872	2.5%	\$26,307	\$48	\$123,517	-13.9%
2yr	\$7,409	\$185,611	14.4%	\$27,468	\$11,139	\$147,003	2.8%
3yr	\$6,731	\$222,958	17.4%	\$28,682	\$23,115	\$171,161	8.3%
4yr	\$6,523	\$261,986	18.1%	\$29,950	\$36,651	\$195,385	10.5%
5yr	\$6,631	\$302,770	18.2%	\$31,276	\$50,147	\$221,347	11.7%
6yr	\$6,614	\$345,389	17.9%	\$32,661	\$63,870	\$248,858	12.2%
7yr	\$7,776	\$389,926	17.6%	\$34,108	\$77,740	\$278,078	12.6%
8yr	\$8,121	\$436,468	17.2%	\$35,621	\$91,132	\$309,715	12.8%
9yr	\$8,676	\$485,104	16.8%	\$37,202	\$104,837	\$343,065	12.9%
10yr	\$9,584	\$535,928	16.4%	\$38,853	\$119,081	\$377,994	12.9%
11yr	\$9,958	\$589,040	16.0%	\$40,579	\$133,602	\$414,858	12.9%
12yr	\$10,733	\$644,541	15.7%	\$42,383	\$148,608	\$453,551	12.8%
13yr	\$11,562	\$702,541	15.4%	\$44,268	\$164,130	\$494,142	12.8%
14yr	\$12,442	\$763,150	15.1%	\$46,238	\$180,203	\$536,708	12.7%
15yr	\$15,669	\$826,486	14.8%	\$48,296	\$198,008	\$580,182	12.6%
16yr	\$14,042	\$892,673	14.5%	\$50,448	\$215,124	\$627,101	12.5%
17yr	\$15,109	\$961,838	14.3%	\$52,695	\$232,907	\$676,235	12.4%
18yr	\$16,221	\$1.034m	14.1%	\$55,044	\$251,389	\$727,682	12.3%
19yr	\$17,379	\$1.110m	13.8%	\$57,499	\$270,600	\$781,546	12.2%
20yr	\$18,781	\$1.189m	13.6%	\$60,064	\$290,674	\$837,836	12.1%
21yr	\$19,816	\$1.271m	13.4%	\$62,745	\$311,436	\$896,873	12.0%
22yr	\$21,120	\$1.357m	13.3%	\$65,546	\$333,034	\$958,667	11.9%
23yr	\$22,478	\$1.447m	13.1%	\$68,474	\$355,504	\$1.023m	11.8%
24yr	\$23,890	\$1.541m	12.9%	\$71,533	\$378,885	\$1.091m	11.8%
25yr	\$25,357	\$1.640m	12.8%	\$74,729	\$403,219	\$1.162m	11.7%





Projected total investment and equity over 25 years

Year	After-tax cash flow	Cumulative investment	Property value	Amount owing	Equity
	<b>-\$152,000</b>	\$152,000	\$760,000	\$644,328	\$115,672
1yr	\$6,162	\$145,838	\$794,200	\$644,328	\$149,872
2yr	\$7,409	\$138,429	\$829,939	\$644,328	\$185,611
3yr	\$6,731	\$131,698	\$867,286	\$644,328	\$222,958
4yr	\$6,523	\$125,174	\$906,314	\$644,328	\$261,986
5yr	\$6,631	\$118,544	\$947,098	\$644,328	\$302,770
6yr	\$6,614	\$111,930	\$989,718	\$644,328	\$345,389
7yr	\$7,776	\$104,154	\$1.034m	\$644,328	\$389,926
8yr	\$8,121	\$96,033	\$1.081m	\$644,328	\$436,468
9yr	\$8,676	\$87,357	\$1.129m	\$644,328	\$485,104
10yr	\$9,584	\$77,773	\$1.180m	\$644,328	\$535,928
11yr	\$9,958	\$67,814	\$1.233m	\$644,328	\$589,040
12yr	\$10,733	\$57,082	\$1.289m	\$644,328	\$644,541
13yr	\$11,562	\$45,520	\$1.347m	\$644,328	\$702,541
14yr	\$12,442	\$33,078	\$1.407m	\$644,328	\$763,150
15yr	\$15,669	\$17,410	\$1.471m	\$644,328	\$826,486
16yr	\$14,042	\$3,368	\$1.537m	\$644,328	\$892,673
17yr	\$15,109	<b>-\$11,741</b>	\$1.606m	\$644,328	\$961,838
18yr	\$16,221	<b>-\$27,962</b>	\$1.678m	\$644,328	\$1.034m
19yr	\$17,379	<b>-\$45,341</b>	\$1.754m	\$644,328	\$1.110m
20yr	\$18,781	<b>-\$64,122</b>	\$1.833m	\$644,328	\$1.189m
21yr	\$19,816	<b>-\$83,937</b>	\$1.915m	\$644,328	\$1.271m
22yr	\$21,120	<b>-\$105,058</b>	\$2.002m	\$644,328	\$1.357m
23yr	\$22,478	<b>-\$127,536</b>	\$2.092m	\$644,328	\$1.447m
24yr	\$23,890	<b>-\$151,426</b>	\$2.186m	\$644,328	\$1.541m
25yr	\$25,357	<b>-\$176,783</b>	\$2.284m	\$644,328	\$1.640m