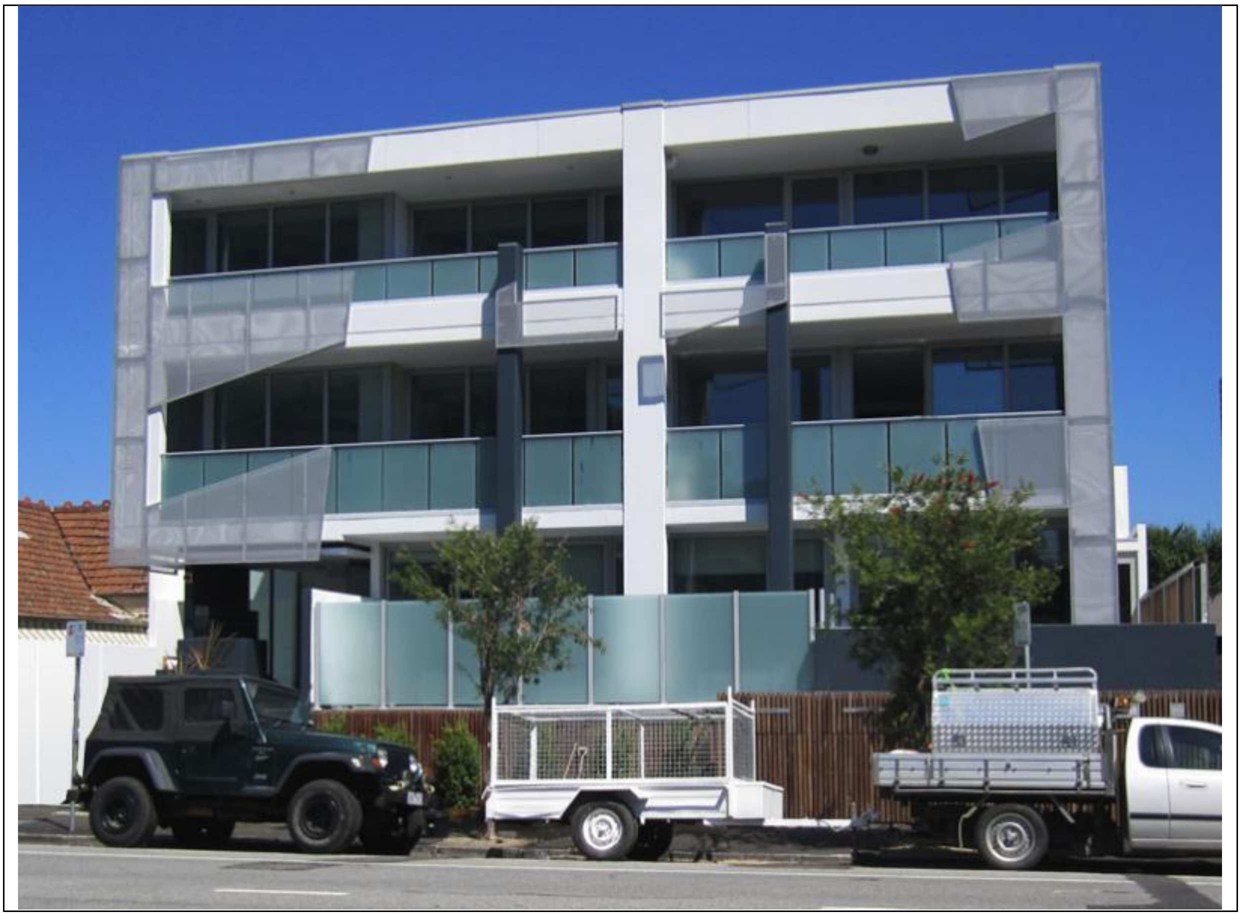
PROPERTY **MAVENS**™

Property Portfolio Report - September 2013

Sample Client

108/171 Inkerman St, St Kilda East



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** This is based on continuation of the following assumptions;

- Interest rate will remain at 5.5%
- You provided a 20% deposit and borrowed 80% plus costs.
- You purchased off the plan
- Rental returns increase based on CPI rate (conservative)
- CPI grows at 1.8% per annum
- Capital Gain is based on an average long term trend growth in St Kilda East of 5.9.0%
- Tax deductibility remains the same
- Your annual income remains the same
- Property costs have been based on information you have provided

Conclusion

The combinations of high rental property supply, low income, above average unemployment levels, potential for future oversupply of property combined with low migration to the suburb, all contribute to retarding the opportunity for capital growth in the suburb.

Based on the combined factors throughout this report, this property is showing little opportunity to outperform the average from a capital growth perspective over the longer term.

Ability to outperform based on rental return (yield) hasn't been assessed.

6 Options moving forward

1 Keep the property, however it is costing approximately - $72 per week to hold the property in before tax benefits and approximately -$34 per week in after tax benefits (refer to property calculator chart above). You should adjust your expectations downwards regarding capital growth. Holding onto the property could however limit your borrowing capacity and detract from your overall objective of creating a retirement income.

2 Sell the property to free up your equity and borrowing capacity, enabling you to then buy something that will perform from a capital growth and cash flow perspective over the longer term, with the view to building a property portfolio that will deliver adequate passive income per annum by yoru retirement age (age TBC).

You should seek advice from your accountant before undertaking such action, to determine if there are any CGT implications re selling. Also seek confirmation from your finance broker as to your ability to continue to borrow funds and to what limit, should you chose to sell this property.

If selling consider the following;

1. Costs of selling – agent fees, marketing costs, legal costs. Estimate 3% of the sale price of the property, so if selling for $450,000 allow an estimated $13,500 in costs.
2. Time to sell – days on market are currently running from 62 days *
   * Data 12 months to 30 June 2013, based on figures for St Kilda East published in API magazine Databank Report October 2013 edition.
3 Costs to buy a new property – consider stamp duty, legal and lending costs.