

Property Investment Reports (PIR)

“The essential analytical tool for property investors”



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Welcome to PIR

Welcome to Property Investment Reports, a complete system, designed to make it easy for investors to analyse and evaluate prospective property investments.

The Reports help you to analyse the capital growth, cash flows and rates of return on investment properties, taking tax implications into account. It is the essential decision making tool that provides the answers to a long list of "What if's" on property investment.

- ◆ **Can I afford it?**
- ◆ **What will it cost me?**
- ◆ **When can I retire?**

What PIR can do for you

Briefly, PIR can help you make objective decisions about a potential property investment. You can quickly see your rate of return, tax savings, true after-tax cost, and affordability. You can very easily test the sensitivity of your results (i.e. playing "What if") by making changes to the variables like growth, inflation and interest rates. You receive a professionally structured report to help you present your investment proposal to your accountant, bank manager or lenders.

What is needed?

- Complete the Report Data Form
- Complete the Order Form
- Fax, email or post per instructions



Our Guarantees to you:

Your Property Investment Report will be completed and sent to you within 2 business days.

If you do not find your Property Investment Report of the expected value, simply return the report within 7 days and receive a full refund.

Save Time

Save Money

Stress Free

For more information: www.mbabusinesssolutions.com.au

Property Investment Reports (PIR)

There are 2 report versions available.

The **Brief Report** includes –

Summary – Single property investment analysis with 10 year results analysis and cash flows.

Cash Flows – 4-page cash flow analysis showing all inputs, tax credits and graph.

Living Expenses – Statement of your estimated living expenses

Investment Capacity – This statement takes into account your ability to fund your property investment.

Graphs Included –

Who pays? You, the Taxman, the tenant.

Value & Debt- Equity, growth and debt

Cash Flows – Before and after tax cashflow projections over 25 years.



The **Detailed Report** includes –

Detailed Summary – 6 page Report, which includes:

40 Year Projections:

Cash Flows

Tax Benefits

Internal Rate of Return

Living Expenses

Investment Capacity

Capital Gains Tax – guide to calculations, methods and tax implications.

Graphs Included –

Who pays?

Value & Debt

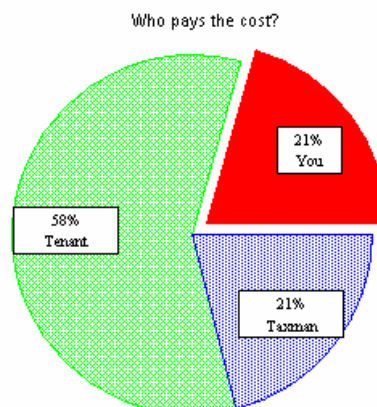
Cash Flows

Rate of Return

Rental Yields

Equity V's Investment

Investment Loan analysis



More complex or multi property investment reports can be prepared by individual consultants, simply contact

www.mbabusinesssolutions.com.au.



Property Investment Reports Order Form

Yes, I would like to receive a

"The best time to plant a tree was 20 years ago.

Brief Report Valued at \$132 Inc GST

The next best time is today"

Detailed Report Valued at \$396 Inc GST

Chinese proverb

Disclaimer

I understand that nothing in the Report constitutes Financial Planning, Investment or Tax advice and take full responsibility for the use of the Report, information provided and decisions made. I acknowledge that specific, independent professional advice is highly recommended before any investment decisions are made.

Privacy and Information

I understand that my details will be kept by MBA Business Solutions Pty. Ltd. as part of normal client procedures. These details will not be made available to any third party without my consent.

My Name:

Address:.....

Postal:.....

Telephone:.....Fax:.....Mobile:.....

Email:.....

My Preferred Correspondence method is: email fax post

Payment

<input type="checkbox"/>	Enclosed is my cheque for \$ _____, made payable to MBA Business Solutions Pty Ltd
<input type="checkbox"/>	Debit \$ _____ to my: <input type="checkbox"/> Mastercard <input type="checkbox"/> Visa <input type="checkbox"/> Bankcard <input type="checkbox"/> Amex
	Card number: _____ / _____ / _____ / _____
	Expiry Date: _____
	Name on card: _____
	Signature: _____

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PIR Report Data Form

Intended Owner (s) Names: _____

Depreciation Fittings: Note 2

Property General:

Address: _____

Description: _____

(i.e. 3 Bedroom Brick Veneer)

Property Value:

Property Price: _____

(Purchase price of the property)

Renovations: (Cost of any intended renovations at time of purchase) _____

Market Value: (the true property value (it may differ from that paid) per sworn valuation) _____

Purchase Costs:

Stamp duty: (PIR can calculate) _____

Conveyancing fees: _____

Rents:

Rent per week: _____

Vacancy rate (%) _____

Property Expenses per year:

Agents commission (%) _____

(assuming there is a managing agent)

Letting Fee: _____

Council rates: _____

Insurance: _____

Maintenance: _____

Body corporate fees: _____

Cleaning costs: _____

Pest control: _____

Mowing: _____

Other rental expenses _____

Building Depreciation : Note 1

Year of construction: _____

(this may determine the depreciation allowance rate)

Building Construction Cost: _____

(Depreciation is based on original construction cost (AUS) +)

* see guide

Building Depreciation Rate: _____

Note: If no information provided, then this area will be omitted from report.

Items:	Value \$	Rate %
_____	_____	_____
_____	_____	_____
_____	_____	_____

Note: If no rate is provided then a 20% diminishing value will be assumed or the low value pool.

Finance Details: (finance details include the type, term, interest rate and Setup costs)

Loan Type:

Term of Loan: _____

Interest Rate: _____

Fixed or Variable? _____

Loan Cost:

Establishment fees: _____

Mortgagee stamp duty: _____

Mortgagee insurance: _____

Mortgagee solicitor's fees: _____

Valuation fees: _____

Registration on mortgage: _____

Registration on title: _____

Search fees: _____

Other costs: _____

Current Taxable income:

Investor: _____

Partner: _____

Current home loan:

Value of home: _____

Amount owing: _____

Monthly payment: _____

Living Expenses: (Amount per year)

Household Rate: _____

Home Insurance: _____

Household maintenance: _____

Fuel & Power: _____

Transport/Car/Boat: _____

Food & Drink: _____

Clothing & Footwear: _____

Telephone: _____

Superannuation: _____

Medical & Dental: _____

Personal Insurance: _____

Household Furniture: _____

Gifts/Birthdays/Xmas: _____

Holidays & Travel: _____

Sport/Entertainment _____

School fees/Education: _____

Other: _____

Total: _____

“What If” Variables

All variables can probably considered “what if” variables however, the three most important that do not fall into the three categories about are (1) the level of gearing (i.e. amount borrowed) (2) rate of capital growth (3) rate of inflation. The latter two (growth and inflation) are not within the control of the investor and are probably the most difficult of all to forecast accurately for any specific property. Capital growth determines (or is a measure of) the rate at which the value of a property increases over time. Inflation, by default, determines the rate of increased in rents, property expenses and an investor’s taxable income. As a guide to setting growth and inflation variables, it should be remembered that growth, inflation and interest rates are not completely independent. Historically, growth of median priced property in Australian capital cities has generally exceeded inflation by about 2 to 3 percent. Example (if inflation is 2%, then capital growth may be 4.50%)

My Capital Growth estimate _____ % pa

My Inflation Rate estimate _____ % pa

Completed By _____	How did you find out about MBA and PIR?
Address _____	_____
_____	_____
Postal _____	Referred By: _____
_____	Website <input type="checkbox"/>
Phone _____	Existing Client <input type="checkbox"/>
Fax _____	Telephone Book <input type="checkbox"/>
Email _____	Other _____
Send To	Comments: _____
MBA Business Solutions Pty. Ltd.	_____
PO Box 504	_____
Mornington VIC 3931	
Fax 1300 888 854	
Email team@mbabusinesssolutions.com.au	Date Sent _____

Building Depreciation Note 1

In Australia, depreciation on the building (more correctly called capital allowance) is based on the initial construction cost of the building, not its value at the time of purchase. The Australian depreciation rate depends on the date of construction and the type of property.

For Australian residential properties built: Rates

Before 17-Jul-85 0.0%

Between 18-Jul-85 and 16-Sep-87 4.0%

After 17-Sep-87 2.5%

For Australian commercial properties built: Rates

Before 21-Aug-79 0.0%

Between 21-Aug-79 and 17-Jul-85 2.5%

Between 18-Jul-85 and 16-Sep-87 4.0%

After 17-Sep-87 2.5%

Since May 13 1997, building depreciation claims in Australia are to be deducted from the cost base when calculating capital gains tax liabilities.

Always seek specialist accountant advice.

Depreciation of furniture, fixtures and fittings (chattels)

Note 2

The variable in the input column of the main spreadsheet represents the total value of all depreciable items and may include such items as curtains, floor covering, hot water system, stove, etc. The total value is usually linked initially to the property price, and lumped into the one category called “General fittings” (Aus). Individual items can be listed in the associated data form.

Depreciation can be calculated using either the diminishing value method or the prime cost method. The diminishing value method confers tax benefits sooner and is thus more tax effective than the prime cost method.

In Australia, for items acquired after September 21, 1999, depreciation must be defined in terms of ‘effective lives’ rather than a specified rate of depreciation. This legislation also introduced a ‘low-value pool’ for items under \$1000. These items are to be written off using the diminishing value method at a rate of 37.5% (effective life of 4 years), but at only half this rate (18.75%) in the year of acquisition.