

# UPSTATE

## Beacon Hill – Display Home Investment Opportunity



Contents

Summary	3
Location	4
Financial Summary	5
Mortgage Repayment Calculator	6
Depreciation on Property	7
Proposed Lease Terms	8



## Summary

Icon Homes is a boutique home builder delivering architectural style homes throughout the Northern Beaches & Northern Suburbs, Greater Western Sydney region and the Southern Highlands and South Coast.

Icon Homes have built a display home to showcase the “Artisan” home at 226 Warringah Rd, Beacon Hill NSW. The display home is on 594 square meters of land and showcases the latest construction, interior design and furniture.

Currently attached to a 5 year lease with an incredible 3% annual increase of rent per year, Icons's ex-display home which was recently awarded the NSW Master Builders Association Best Display Home of the Year, offers an exceptional opportunity to invest in a premier beachside location. The property will be sold with all furniture and fittings included and Icon Homes will be responsible for all the associated outgoings of the property whilst leased to Icon Homes.

## Location

The location of the property is shown below;



## Financial Summary

Based on a purchase price of \$2,300,000, please see below rent that the investor would receive over the 5-year lease (rent increases 3% per year).

We note the investor will receive the following rent over the lease term with Icon Homes on commencement rent of \$184,000 and increasing by 3% per year.

Year	Commercial Rent Investor Receives	Compounding
Year 1	184,000	184,000
Year 2	189,520	189,520
Year 3	195,040	195,205.6
Year 4	200,560	201,061.77
Year 5	206,080	207,093.62
<b>Total</b>	<b>\$975,200</b>	<b>\$976,881</b>

Costs to you as a purchaser/investor, whilst it is an investment:

Expense	Per Month
Landlord Insurance (Source Terri Sheer – Based on \$3,000 per week rent)	\$ 83.56 (approx.)
Building Insurance (Source Terri Sheer – Based on \$2,000,000)	\$466.52 (approx.)
Property Management Fees (at 5.5%)	\$843.33 (approx.)
Depreciation	Awaiting Depreciation Schedule
Mortgage Repayments	\$8,262 (approx.)
<b>Total</b>	

## Financial Summary – Mortgage Repayment Calculator

Mortgage Repayment: (Based on a purchase price of \$2,300,000 & 20% deposit of \$460,000) – Source: Aussie Balgowlah

Purchase Price	\$2,300,000
Deposit	20% at \$460,000
Loan Amount	\$1,840,000
Loan Terms	Principal & Interest Monthly Repayments for 30 years at 3.5% Variable Rate p.a
Mortgage Repayment Per Month	\$8,262
Rent Obtained Per Month	\$15,333
Extra Repayments	\$7,071 (difference of rent obtained & repayment)

As an investor based on the above figures, after 5 years and putting in the extra repayments, you have the capacity to pay the mortgage down to \$1,100,000 (max.), before taking consideration of the annual rental increase & depreciation.

\*Please note; the above figures should be treated as a guide only.

## Depreciation on Property

The investor will acquire the property with all new furniture and fittings which will increase the tax depreciation on the property. Icon Homes will provide a tax depreciation schedule that will outline the annual capital allowance tax deductions and capital works deductions that can be claimed per financial year which will receive the taxable income of the property.

## Proposed Lease Terms

Icon Homes proposes the following lease terms which will be formalised with a contract for sale and associated lease.

Property	226 Warringah Road, Beacon Hill – icon homes/nominated entity (vendor) is willing to sell the residential house and enter into a commercial lease with the purchaser (sale and leaseback).
Lessor	TBC
Lessee	Icon homes- TBC
Lease terms	<ul style="list-style-type: none"> <li>- 5-year commercial lease to icon homes / nominated entity with option to renew for a further period.</li> <li>- \$150,000 of net rental income per annum.</li> <li>- 3 % annual increase of rent per year.</li> <li>- The lessee will provide a bank guarantee in favour of the lessor in the amount equivalent to 3 months' rent.</li> <li>- Director's guarantee required for director's of icon Homes/nominated entity and personal guarantee.</li> </ul>
Outgoings	The lessee (icon homes) will be responsible for payment of 100% of all outgoings of the property including but not limited to structural rectifications if required, repairs & maintenance, water rates, council rates, land tax (if applicable single holding basis)
Operating expenses	The lessee (icon homes) will be responsible for lessee's own business related operating expenses including but not limited to electricity, water usage, internal cleaning, telephone, air conditioning maintenance, pool maintenance, landscaping, gardens and insurance.
Furniture	The property will be acquired with all existing furniture, plant equipment – artwork and other household items. All furniture, plant and equipment will remain the house at the expiry of the lease term. Inclusions to be listed in contract. Warranty of furniture, plant and equipment to be included.



# UPSTATE

Lessee's Insurance	<p>The lessee must affect and maintain insurance throughout the lease and furnish the lessor with satisfactory evidence including the following;</p> <ul style="list-style-type: none"><li>- Public Liability insurance in the amount of \$20,000,000.</li><li>- Plate Glass replacement and lessee's property replacement.</li><li>- The full name of the ACN/ABR of the lessor that appears on the lease must be a interested party.</li><li>- Contents insurance on plant and equipment, furniture.</li></ul>
Permitted Use	Display home for a residential house.
Make Good	Upon the lease expiry the property will be returned to a 4-bedroom house that is fit for residential purposes with appropriate certification, services, repainting (internal and external) and new carpets.

## Proposed Lease Terms

We outline below the list of actions for the purchase of the display home;

- Inspect display home
- Make a expression of interest on the property
- Holding deposit to be paid on the property
- Review contract for sale and associated lease
- Exchange contracts on the property