

Cascades Fact Sheet



POSITIVE CASH FLOW INVESTMENT ANALYSIS 7% SALE AND LEASE BACK OPTION TWO BEDROOM DUAL KEY RESORT APARTMENT

Full details are in the Free Information Kit and Prospectus – call today for this or visit www.CascadesOnTheLake.info

What is positive cash flow property investment all about – and why is it targeted?

When buying either an investment property or a lifestyle investment property (where you also may decide to stay for a short time as well as ‘rent it out’) ideally that property will be cash flow positive. In other words, after taking into account the income from the property, interest on the property loan, costs such as body corporate levies and rates, and depreciation (a non cash deduction), and the associated tax savings, the investment earns you money. In summary the investment is self funding plus there are surplus funds. Of course, on top of that you have the long term capital growth prospects realisable to cash in the future upon sale.

The Sale and Lease Back Option?

On offer is the option of a 7% lease for the first 2 years from Cascades Vista Pty Ltd the seller (see 7% Lease Fact Sheet for full details). The benefit of the Lease is certainty of income. While you may get better returns without the 7% lease back from Cascades Vista through Bel Vista Cairns Highlands, the operator of Cascades, if you take up the option of the lease, Cascades Vista Pty Ltd takes on the risk of vacancies, room rates and all costs associated with your property (except for costs such as body corporate levies and rates). Of course you may elect not to take up the rental Guarantee option, where Bel Vista Cairns Highlands will be operating the villas and apartments on short and long stay holiday type accommodation. Bel Vista Cairns Highlands targets to optimise returns to owners through their national and global associations (see Management Fact Sheet for full details). **NOTE : The payment of the lease amount is independent of the revenue earned from the retreat villas and/or resort apartments.**

What about the free Information Kit?

The free Information Kit contains detailed analyses and supporting reports, as well as all assumptions on which the Investment Returns and Investment Analyses are based. The free Information Kit should be consulted prior to purchase. The following information is extracted from the Information Kit. You should also seek professional investment advice in relation to your own particular circumstances and on

the actual property you wish to purchase as these analyses are forecasts only.

What are the forecast positive cash flow returns for the dual key apartments?

For your information on the **back** of this Fact Sheet is a detailed forecast Investment Analysis for a typical dual key resort apartment – with a \$357,500 purchase price inclusive of the \$25,000 furniture package – and electing the sale and lease back option.

The forecast after-tax POSITIVE cash flow per week based on a 100% lend for both the lease back option and the non-lease back option is summarised from the Information Kit (which should be consulted for all details) as follows:

With the Lease Back Option for the first 2 years

<u>Year</u>	<u>1</u>	<u>2</u>	<u>3</u>
After-tax <u>POSITIVE</u> cash flow per week			
	\$65.24	\$61.59	\$211.79

Without the Lease Back Option for the first 2 years

<u>Year</u>	<u>1</u>	<u>2</u>	<u>3</u>
After-tax <u>POSITIVE</u> cash flow per week			
	\$111.63	\$161.49	\$211.79

What are Investment Returns as a percentage?

For those that elect the lease back option it is fixed at 7% for the first 2 years. For those that do not elect the lease back option the percentage return on capital invested (typical dual key apartment) without the benefits of tax effectiveness is forecast as follows for different occupancies (full details are in the Information Kit).

<u>Occupancy</u>	<u>55%</u>	<u>65%</u>	<u>75%</u>
Return on Investment	6.9%	8.4%	9.9%

The Information Kit includes the following for each of the dual key resort apartments, 1 bedroom and 2 bedroom villas:

1. Return on Investment Analysis (return / purchase price)
2. 100% Lend / 20% Equity and 80% Debt Analysis
3. IRR (Internal Rate of Return) Analysis over 10 years

PROPERTY INVESTMENT ANALYSIS - CASCADES - CAIRNS HIGHLANDS

PROPERTY: DUAL KEY 2 BEDROOM CASCADES APARTMENT WITH LUXURY FURNITURE PACK
EXAMPLE: FULL 100% LEND

Average Dual Key Purchase Price (2006)	\$332,500	Assumptions The investment analysis have been undertaken based on certain assumptions - you should consult your advisers for your own particular circumstances - assumptions include: 1 - Average price of an apartment – the analysis will vary for a particular apartment 2 - Purchase costs of stamp duty, finance costs and legal fees indicative only 3 - Loan interest at 6.75% per annum 4 - Non cash deductions indicative only 5 - Tax Rate of 48.5% 6 - Annual Revenue Growth and Annual Capital Growth of 5%
Furniture Pack	\$25,000	
Total Investment	\$357,500	
Initial Purchase Costs		
Stamp Duty at 3% of PP	\$9,975	
Finance Costs	\$1,500	
Legal Fees	<u>\$1,000</u>	
Total	\$12,475	
Loan Amount (at 100%)	\$369,975	7% LEASE OPTION FOR TWO YEARS

	Year 1	Year 2	Year 3	Year 10	Year 15
Occupancy Rate (a)			75%	75%	75%
Gross Residence Revenue per annum	Note (c)	Note (c)	\$70,456	\$99,139	\$126,529
Lease @ 7% pa on \$357,500 for first 2 years	\$25,025	\$25,025	\$0	\$0	\$0
Less Management Cost @ 42.5% of Revenue	\$0	\$0	\$29,944	\$42,134	\$53,775
Less Average Body Corporate Fee Estimate	\$4,000	\$4,000	\$4,000	\$5,628	\$7,183
Less ASC Rates Estimate	\$1,000	\$1,000	\$1,000	\$1,407	\$1,796
Net Revenue to Residence Owner (b)	\$20,025	\$20,025	\$35,512	\$49,969	\$63,774
Less					
Cash Deductions					
Loan Interest @ 6.75%	\$24,973	\$24,973	\$24,973	\$24,973	\$24,973
Non-Cash Deductions					
Initial Loan Costs	\$300	\$300	\$300	\$0	\$0
Depreciation - Buildings	\$8,824	\$8,824	\$8,824	\$8,824	\$8,824
Depreciation - Furniture, Fixtures and Fittings	\$3,125	\$2,734	\$2,393	\$940	\$482
Total Deductions	\$37,222	\$36,832	\$36,490	\$34,737	\$34,279
Tax Return (based on 48.5%)	\$8,341	\$8,151	\$474	-\$7,388	-\$14,305
After-tax Cash Flow Per Year	\$3,392	\$3,203	\$11,013	\$17,608	\$24,496
After-tax Cash Flow Per Week	\$65.24	\$61.59	\$211.79	\$338.62	\$471.08

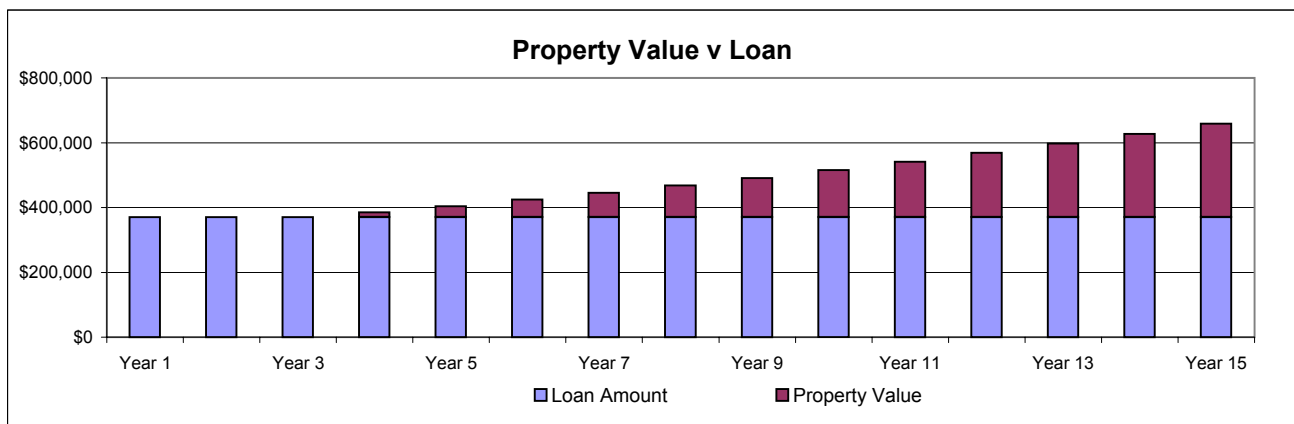
(a) In case the lease option is not taken up, a conservative occupancy rate of 55% has been used for Operational Year 1 (say 2006), the marketing program between 2005 and completion of construction in 2006 should increase the occupancy rate to 65% and additional \$5,000 net revenue to the investor.

(b) See Section 2 of this Information Pack for gross revenue and cost analysis including management costs, body corporate costs and rates.

(c) Occupancy adopted for Year 1 and 2 where the lease option is not taken up is 55% and 65% respectively

(d) Capital growth based on purchase price excluding furniture package.

	Year 1	Year 2	Year 3	Year 10	Year 15
Property Value (Capital Growth at 5% pa) (d)	\$332,500	\$349,125	\$366,581	\$515,817	\$658,327
Loan Amount	\$369,975	\$369,975	\$369,975	\$369,975	\$369,975
Net Equity	-\$37,475	-\$20,850	-\$3,394	\$145,842	\$288,352



Disclaimer: Note that the computer projections listed above are to 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 Cascades Vista Pty Ltd, its directors, employees or consultants, or any related company or shareholder of Cascades Vista Pty Ltd.