

LOGAN VILLAGE

Dual-Occupancy Package

Property Investment Analysis Report



Mercer &
Cooper

THE CONTENT

FLOOR PLAN

PROPERTY INVESTMENT CASH FLOW - FIRST YEAR

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House and Land Package FLOOR PLAN




AUXILIARY DWELLING

BEDROOM 1	3.0 x 3.2
BEDROOM 2	2.9 x 2.8
LIVING / MEALS	4.8 x 4.2
KITCHEN	4.8 x 0.6
ALFRESCO	3.7 x 2.9
GARAGE	6.0 x 3.2

MAIN DWELLING

BEDROOM 1	3.0 x 3.3
BEDROOM 2	2.8 x 2.7
BEDROOM 3	2.8 x 2.6
BEDROOM 4	3.0 x 2.8
LIVING	4.5 x 3.4
DINING	3.5 x 2.7
KITCHEN	3.3 x 2.5
ALFRESCO	4.3 x 2.9
GARAGE	6.0 x 3.2

232m²

4+2  2+1  1+1 

232 m²

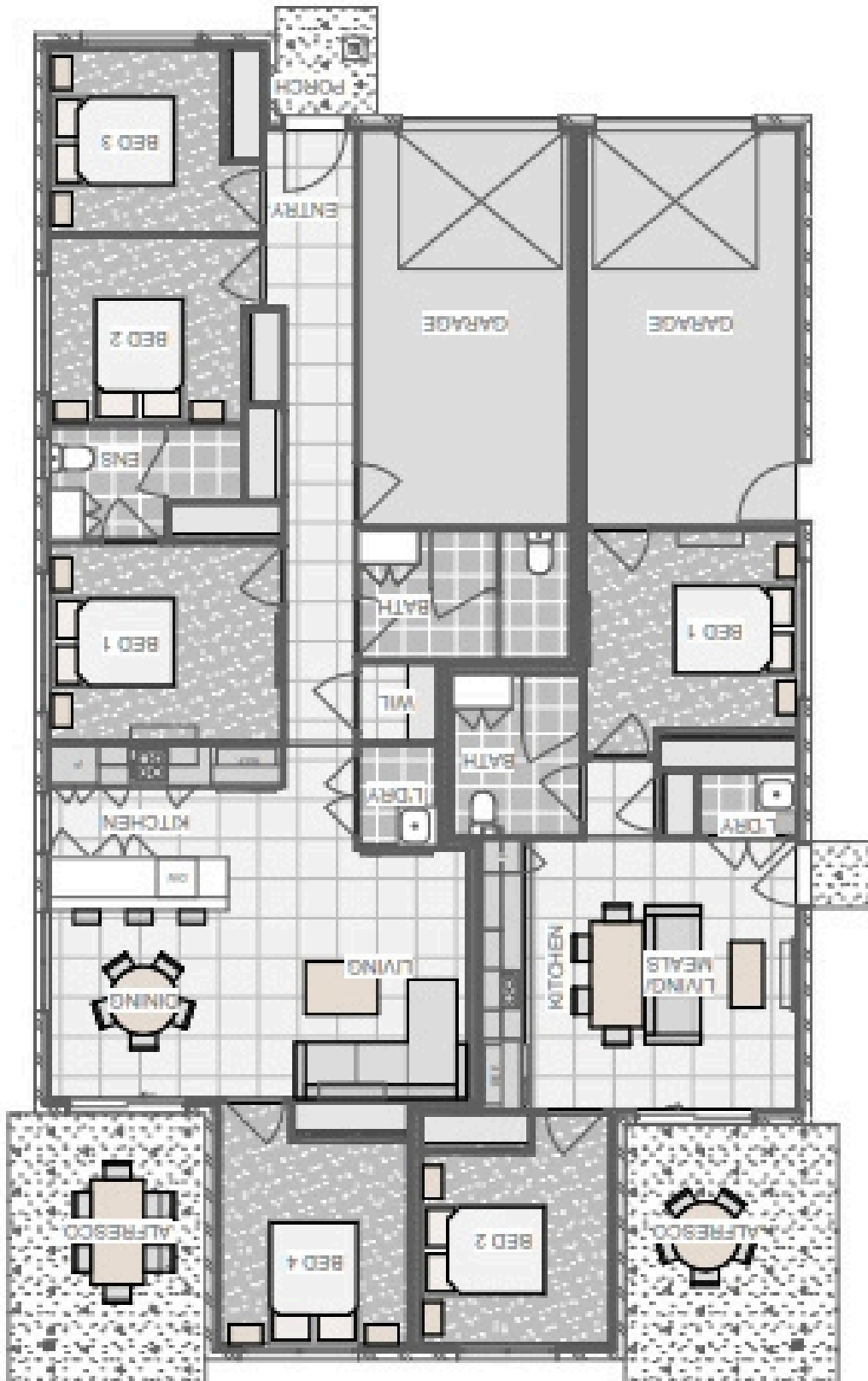
TOTAL AREA

11.99m

TOTAL WIDTH

21.62m

TOTAL LENGTH



Private Wealth Alliance t/a Mercer & Cooper - Gold Coast

PROPERTY INVESTMENT CASH FLOW ANALYSIS - FIRST YEAR

26-Jun-2024

Prepared for:
 Consultant:
 Property:
 Description: Dual Key House and Land Package

Investment Cost

Purchase price	899,900
Purchase costs	18,183
Loan costs	1,000
Total investment cost	919,083

Loan Details

Initial cash invested	0
Initial loan amount (total cost + any additional loan - cash invested)	919,083
Loan type	Split loan - I/O (\$179,980, 5.59%), I/O (\$739,103, 6.50%)
Interest payments	58,103
Total loan payments	58,103
Closing loan balance	919,083

Property Income and Expenditure

Rental income	52,998
Rental expenses	10,162
Net rental income (rent retained - expenses paid)	42,836

Pre-Tax Cash Flow (net rent - loan payments) -15,267

Tax Deductions

Cash deductions	
Loan interest claimed	58,103
Rental expenses	10,162
Non-Cash Deductions	
Depreciation: Building (\$499,900 @ 2.50%)	12,498
Depreciation: Furniture, fixtures & fittings	6,375
Loan cost write-off (\$1,000 over 5 yrs)	200
Total Tax Deductions	87,337

Tax Credit Calculation

	Investor	Partner	Total
Ownership (joint names)	99.00%	1.00%	100%
Current taxable income	250,000	0	250,000
Rental income	52,468	530	52,998
Total income	302,468	530	302,998
Deductions claimed	86,464	873	87,337
New taxable income	216,004	-343	215,661
Current tax	88,167	0	88,167
New tax	72,189	0	72,189
Tax savings (current - new)	15,978	0	15,978
Tax credits	15,978	0	15,978

Annual after-tax surplus (pre-tax cash flow + tax credit) \$711

Weekly after-tax surplus \$14

Disclaimer: Note that the 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 Private Wealth Alliance t/a Mercer & Cooper - Gold Coast, its servants, employees or consultants. This information is intended as general advice only and does not take account of individual needs or financial circumstances. Intending purchasers should do their own assessment or consult a licensed investment adviser.

Tabulated breakdown of items contributing to first year cash flow**INVESTMENT COST**

Purchase price	899,900
Purchase costs	18,183
Loan costs	1,000
Total investment cost	\$919,083

Purchase Costs

Conveyancing costs:	2,500
Govt. Stamp duty:	12,425
Transfer of title:	3,258
Total Purchase costs:	\$18,183

Loan Costs

Establishment fees (0.11% of loan):	1,000
Total loan costs:	\$1,000

FINANCE

Initial cash invested	0
Initial loan amount (total cost + any additional loan - initial cash)	919,083
Loan type	Split loan - I/O (\$179980, 5.59%), I/O (\$739103, 6.50%)
Interest payments	58,103
Total loan payments	\$58,103
Closing loan balance	919,083
Initial Investment & Loan Amount	

	Investment	Loan	Total Cost
Property cost:	0	899,900	899,900
Renovation costs:	0	0	0
Purchase costs:	0	18,183	18,183
Furniture package:	0	0	0
Loan costs:	0	1,000	1,000
Totals:	\$0	\$919,083	\$919,083

Loan Details

Loan A:	
Loan type:	I/O
Amount:	179,980
Interest rate (yr 1)	5.59%
Loan B:	
Loan type	I/O
Amount:	739,103
Interest rate (yr 1) (%)	6.50
Total loan amount:	\$919,083
Loan costs (written off over 5 yrs):	\$1,000
Monthly payment:	\$4,842
Annual payment:	\$58,103

PROPERTY INCOME & EXPENDITURE

Rental income	52,998
Gross yield (rental income/property value)	5.89%
Rental expenses	10,162
Net rental income (rent retained - expenses paid)	42,836
Net yield (net rental income/property value)	4.76%

Rental Income

Rent per week:	1,040
Potential annual rent:	54,080
Vacancy rate:	2.00%
Annual rent:	\$52,998

Rental Expenses**Regular Expenses:**

Agent's commission (8.25%):	4,372	
Letting fees:	1,040	
Rates:	2,500	
Insurance:	1,250	
Maintenance:	1,000	
Total regular expenses:		10,162
Special expenses:		0
Total expenses:		\$10,162
Regular expenses as % of annual rent:		18.79%
Net yield or Capitalisation rate:		4.76%

PRE-TAX CASH FLOW

Item	Cash Amount
Rental income	52,998
Rental expenses	10,162
Loan interest	58,103
Principal payments	0
Cash investments	0
Pre-tax cash flow (year 1)	-15,267

TAX DEDUCTIONS

Cash deductions	
Loan interest	58,103
Rental expenses	10,162
Non-Cash Deductions	
Depreciation: Building (\$499,900 @ 2.50%)	12,498
Depreciation: Furniture, fixtures & fittings	6,375
Loan cost write-off (\$1,000 over 5 yrs)	200
Total Tax Deductions	\$87,337

Depreciation on the building (Capital allowance)

Property value:	899,900
Depreciable amount:	499,900
Depreciation allowance rate (%):	2.50
Depreciation claim:	\$12,498

Depreciation of fittings (diminishing value method)

Item	Value	Effective Life (yrs)	Depreciation
Low-value pool	34,000	4.00	6,375
Total	\$34,000		\$6,375

TAX CREDIT CALCULATION

	Investor	Partner	Total
Ownership (joint names)	99.00%	1.00%	100%
Current taxable income	250,000	0	250,000
Rental income	52,468	530	52,998
Total income	302,468	530	302,998
Deductions claimed	86,464	873	87,337
New taxable income	216,004	-343	215,661
Current tax	88,167	0	88,167
New tax	72,189	0	72,189
Tax savings (current - new)	15,978	0	15,978
Tax credits	15,978	0	15,978

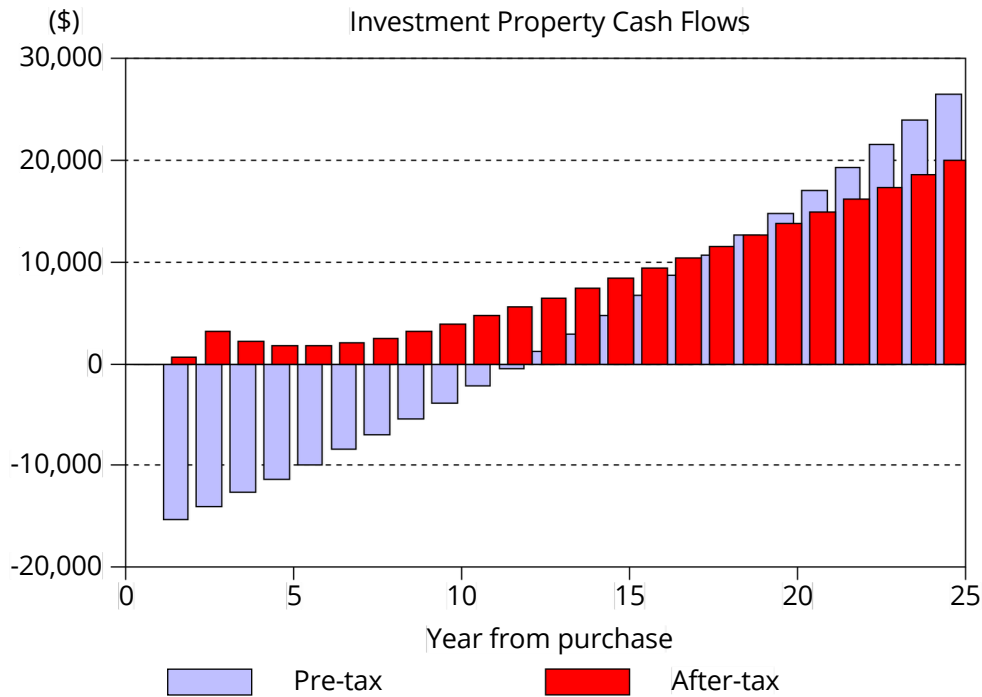
AFTER-TAX CASH FLOW

Annual after-tax surplus (pre-tax cash flow + tax credit)	\$711
Weekly after-tax surplus	\$14

CASH FLOW PROJECTIONS

To estimate future cash flows, assumptions have been made with regard to change over time in rental income, rental expenses and taxable income. Rental income is assumed to increase at 3.00% per year from year 1. Rental expenses are assumed to increase at 3.00% per year from year 1.

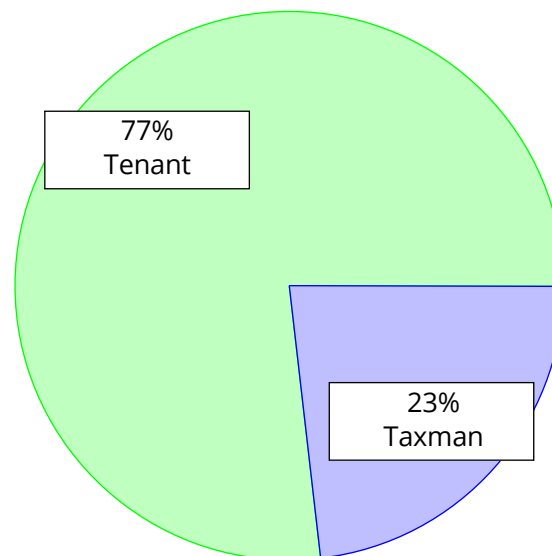
Cash flow items	Initial	1yr	2yr	3yr	5yr	10yr
Rental income		52,998	54,588	56,226	59,650	69,151
Cash invested	0	0	0	0	0	0
Principal payments		0	0	0	0	0
Interest payments		58,103	58,103	58,103	58,103	58,103
Rental expenses		10,162	10,467	10,781	11,438	13,260
Pre-tax cash flow	0	-15,267	-13,981	-12,658	-9,890	-2,211
Tax deductions		87,337	91,627	88,056	84,767	84,101
Tax credits		15,978	17,234	14,811	11,687	6,956
After-tax cash flow	0	711	3,253	2,153	1,797	4,745
Cost /(income) per week		(14)	(63)	(41)	(35)	(91)



Cash flow projections over 25 years

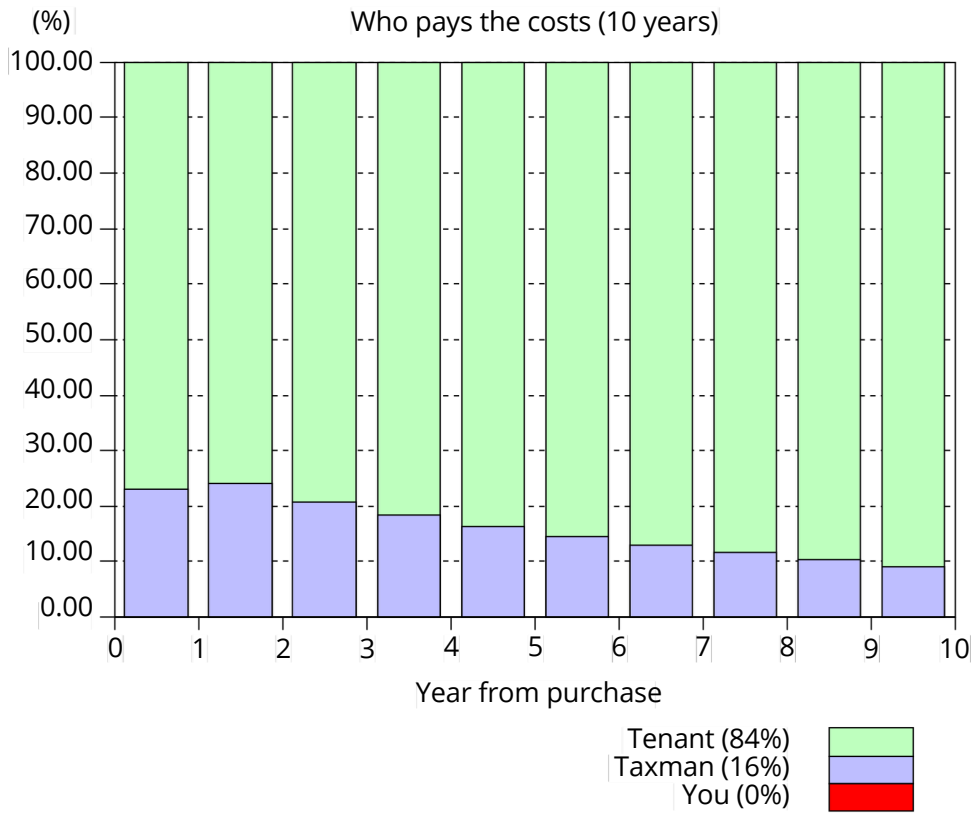
Year	Rental income	Loan payments	Rental expenses	Pre-tax cash flow	Tax credit	After-tax cash flow
				\$0		\$0
1yr	\$52,998	\$58,103	\$10,162	-\$15,267	\$15,978	\$711
2yr	\$54,588	\$58,103	\$10,467	-\$13,981	\$17,234	\$3,253
3yr	\$56,226	\$58,103	\$10,781	-\$12,658	\$14,811	\$2,153
4yr	\$57,913	\$58,103	\$11,105	-\$11,294	\$13,046	\$1,752
5yr	\$59,650	\$58,103	\$11,438	-\$9,890	\$11,687	\$1,797
6yr	\$61,440	\$58,103	\$11,781	-\$8,444	\$10,480	\$2,036
7yr	\$63,283	\$58,103	\$12,134	-\$6,954	\$9,510	\$2,556
8yr	\$65,181	\$58,103	\$12,498	-\$5,420	\$8,624	\$3,204
9yr	\$67,137	\$58,103	\$12,873	-\$3,839	\$7,781	\$3,942
10yr	\$69,151	\$58,103	\$13,260	-\$2,211	\$6,956	\$4,745
11yr	\$71,225	\$58,103	\$13,657	-\$535	\$6,134	\$5,599
12yr	\$73,362	\$58,103	\$14,067	\$1,193	\$5,304	\$6,497
13yr	\$75,563	\$58,103	\$14,489	\$2,971	\$4,460	\$7,431
14yr	\$77,830	\$58,103	\$14,924	\$4,804	\$3,597	\$8,401
15yr	\$80,165	\$58,103	\$15,371	\$6,691	\$2,712	\$9,403
16yr	\$82,570	\$58,103	\$15,833	\$8,635	\$1,804	\$10,439
17yr	\$85,047	\$58,103	\$16,308	\$10,637	\$870	\$11,507
18yr	\$87,598	\$58,103	\$16,797	\$12,699	-\$91	\$12,608
19yr	\$90,226	\$58,103	\$17,301	\$14,823	-\$1,080	\$13,743
20yr	\$92,933	\$58,103	\$17,820	\$17,011	-\$2,099	\$14,912
21yr	\$95,721	\$58,103	\$18,354	\$19,264	-\$3,148	\$16,116
22yr	\$98,593	\$58,103	\$18,905	\$21,585	-\$4,228	\$17,357
23yr	\$101,550	\$58,103	\$19,472	\$23,976	-\$5,341	\$18,635
24yr	\$104,597	\$58,103	\$20,056	\$26,438	-\$6,487	\$19,951
25yr	\$107,735	\$58,103	\$20,658	\$28,974	-\$7,667	\$21,307

Who pays the cost (1st year)?

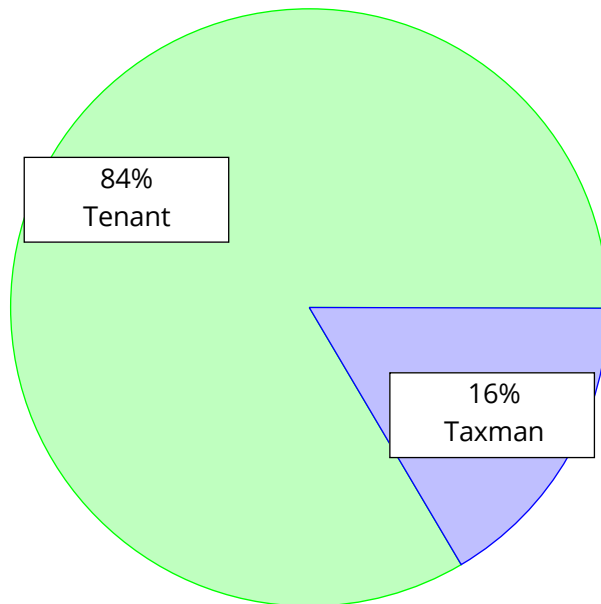


Projections over 25 years

Year	Principal payments	Interest costs	Rental expenses	Total cost	Rent (tenant)	Tax credit (taxman)	Cash (you)
1yr	\$0	\$58,103	\$10,162	\$68,265	\$52,998	\$15,978	\$-711
2yr	\$0	\$58,103	\$10,467	\$68,570	\$54,588	\$17,234	\$-3,253
3yr	\$0	\$58,103	\$10,781	\$68,884	\$56,226	\$14,811	\$-2,153
4yr	\$0	\$58,103	\$11,105	\$69,207	\$57,913	\$13,046	\$-1,752
5yr	\$0	\$58,103	\$11,438	\$69,540	\$59,650	\$11,687	\$-1,797
6yr	\$0	\$58,103	\$11,781	\$69,884	\$61,440	\$10,480	\$-2,036
7yr	\$0	\$58,103	\$12,134	\$70,237	\$63,283	\$9,510	\$-2,556
8yr	\$0	\$58,103	\$12,498	\$70,601	\$65,181	\$8,624	\$-3,204
9yr	\$0	\$58,103	\$12,873	\$70,976	\$67,137	\$7,781	\$-3,942
10yr	\$0	\$58,103	\$13,260	\$71,362	\$69,151	\$6,956	\$-4,745
11yr	\$0	\$58,103	\$13,657	\$71,760	\$71,225	\$6,134	\$-5,599
12yr	\$0	\$58,103	\$14,067	\$72,170	\$73,362	\$5,304	\$-6,497
13yr	\$0	\$58,103	\$14,489	\$72,592	\$75,563	\$4,460	\$-7,431
14yr	\$0	\$58,103	\$14,924	\$73,026	\$77,830	\$3,597	\$-8,401
15yr	\$0	\$58,103	\$15,371	\$73,474	\$80,165	\$2,712	\$-9,403
16yr	\$0	\$58,103	\$15,833	\$73,935	\$82,570	\$1,804	\$-10,439
17yr	\$0	\$58,103	\$16,308	\$74,410	\$85,047	\$870	\$-11,507
18yr	\$0	\$58,103	\$16,797	\$74,899	\$87,598	\$-91	\$-12,608
19yr	\$0	\$58,103	\$17,301	\$75,403	\$90,226	\$-1,080	\$-13,743
20yr	\$0	\$58,103	\$17,820	\$75,922	\$92,933	\$-2,099	\$-14,912
21yr	\$0	\$58,103	\$18,354	\$76,457	\$95,721	\$-3,148	\$-16,116
22yr	\$0	\$58,103	\$18,905	\$77,008	\$98,593	\$-4,228	\$-17,357
23yr	\$0	\$58,103	\$19,472	\$77,575	\$101,550	\$-5,341	\$-18,635
24yr	\$0	\$58,103	\$20,056	\$78,159	\$104,597	\$-6,487	\$-19,951
25yr	\$0	\$58,103	\$20,658	\$78,761	\$107,735	\$-7,667	\$-21,307



Average contribution (10 years)



Private Wealth Alliance t/a Mercer & Cooper - Gold Coast

PROPERTY INVESTMENT ANALYSIS (DESCRIPTIVE)

26-Jun-2024

Prepared for:
 Consultant:
 Property:
 Description: Dual Key House and Land Package

SUMMARY

Assumptions		Projected results over 10 yrs	
Property value	\$899,900	Property value	\$1.466m
Initial investment	\$0	Equity	\$546,760
Gross rental yield (yr 1)	5.89%	After-tax return /yr	?????%
Net rental yield (yr 1)	4.76%	Net present value	\$434,871
Cap. growth rate	5.00%	IF SOLD	
Inflation rate	3.00%	Selling costs & CGT	\$201,265
Interest rate (avg.)	6.32%	Equity	\$345,495
Taxable income (yr 1)	\$250,000	After-tax return /yr	?????%

PROJECTIONS

Investment Analysis	2024	Projections over 10 years				
		1yr	2yr	3yr	5yr	10yr
End of year						
Property value	\$899,900	944,895	992,140	1.042m	1.149m	1.466m
Purchase costs	\$18,183					
Investments	\$0					
Loan amount	\$919,083	919,083	919,083	919,083	919,083	919,083
Equity	-\$19,183	25,812	73,057	122,664	229,443	546,760
Capital growth rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Inflation rate (CPI)	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
Gross rent /week	\$1,040	52,998	54,588	56,226	59,650	69,151
Cash deductions						
Interest (split loan)	6.32%	58,103	58,103	58,103	58,103	58,103
Rental expenses	18.79%	10,162	10,467	10,781	11,438	13,260
Pre-tax cash flow	\$0	-15,267	-13,981	-12,658	-9,890	-2,211
Non-cash deductions						
Deprec.of building	2.50%	12,498	12,498	12,498	12,498	12,498
Deprec.of fittings	\$34,000	6,375	10,359	6,475	2,529	241
Loan costs	\$1,000	200	200	200	200	
Total deductions		87,337	91,627	88,056	84,767	84,101
Tax credit (joint)	\$250,000	15,978	17,234	14,811	11,687	6,956
After-tax cash flow	\$0	711	3,253	2,153	1,797	4,745
Rate of return (IRR)	?????					
Pre-tax equivalent	?????					
		Your cost /(income) per week				
		(14)	(63)	(41)	(35)	(91)

Disclaimer: Note that the 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 Private Wealth Alliance t/a Mercer & Cooper - Gold Coast, its servants, employees or consultants. This information is intended as general advice only and does not take account of individual needs or financial circumstances. Intending purchasers should do their own assessment or consult a licensed investment adviser.

Detailed Notes on Spreadsheet Items

PROPERTY VALUE

The property (or market) value refers to how much the property is worth (i.e. how much you could sell it for). Its book value, on the other hand, refers to how much you have paid for it plus the cost of any immediate renovations.

Property price:	899,900
Renovation costs:	0
Total book value:	899,900
Property market value:	\$899,900

PURCHASE COSTS

These include your solicitor's conveyancing fees and, where applicable, State Government stamp duty and transfer of title fees. In Australia, stamp duty and transfer of title fees vary from State to State and are a function of purchase price whereas, in New Zealand, stamp duty has been abolished on all property transfers since May 1999. Conveyancing costs may also be dependent on purchase price and may be negotiable. In some States of Australia (e.g. A.C.T.), purchase costs are tax deductible in the first year of the investment, though normally they will only be taken into account in Capital Gains Tax calculations in the year of sale.

Conveyancing costs:	2,500
Stamp duty:	12,425
Transfer of title:	3,258
Total Purchase costs:	\$18,183

INVESTMENT & LOAN

Your initial investment is usually just the total of all monies outlaid at the time of purchase. These may include contributions toward any, or all, of the costs listed below. The remainder will largely determine the size of the loan. If you have sufficient equity in other property, it is possible to outlay nothing, and actually borrow the lot (i.e. the purchase price, purchase costs, loan costs, any renovation costs, and even additional monies to cover such things as fittings). If you are modelling an investment from some point in time after purchase (e.g. to assess the return on major renovations), your investment might also include the equity you already have built up in the property.

	Investments	Loan	Total Cost
Property costs:	0	899,900	899,900
Renovation costs:	0	0	0
Purchase costs:	0	18,183	18,183
Furniture package:	0	0	0
Loan costs:	0	1,000	1,000
Totals:	\$0	\$919,083	\$919,083

CAPITAL GROWTH & INFLATION RATES

Rate of capital growth is your anticipated annual compound rate of increase of the property value. It will undoubtedly vary substantially over the short term, but over the longer term (10 years or more), it has generally been about 2 to 3% above the rate of inflation.

Average rate of inflation (%):	3.00
Average rate of capital growth (%):	5.00

EQUITY

The equity is the difference between the property value and the loan. The equity increases in line with the increasing property value in the case of an interest-only loan. For a principal & interest loan, it also increases with the decrease in the debt.

Projected values over	5 yrs	10 yrs	15 yrs	20 yrs
Property value	1.149m	1.466m	1.871m	2.388m
Loan	919,083	919,083	919,083	919,083
EQUITY	\$229,443	\$546,760	\$951,745	\$1.469m
Approximate costs if sold.....				
Capital Gains Tax	66,280	153,130	258,910	389,798
Solicitor's fees	5,743	7,329	9,354	11,939
Sales commission	32,079	40,806	51,943	66,157
EQUITY (after sale)	\$125,341	\$345,495	\$631,538	\$1.001m

INTEREST COSTS & TYPE OF LOAN

The type of loan can be either interest-only and/or principal & interest. Repayments for interest-only loans, as the title suggests, consist of interest only. Repayments for principal & interest loans include a component of the principal. Interest-only loans are usually of a shorter term (e.g. 3 to 5 years) at which point they will move to principal and interest over the remaining term, the interest only loan is reapplied for, or the loan is refinanced to another lender to begin the interest only period again.

Loan A:

Loan type:	I/O
Amount:	179,980
Interest rate (yr 1) (%)	5.59

Loan B:

Loan type:	I/O
Amount:	739,103
Interest rate (yr 1) (%)	6.50

Total loan amount:	\$919,083
Loan costs (written off over 5 yrs):	\$1,000
Monthly payment:	\$4,842
Annual payment:	\$58,103

RENT

The potential annual rent is simply the rent per week times 52. The actual annual rent must account for any period that the property is vacant. Annual rents are assumed to increase in line with inflation.

Rent per week:	1,040
Potential annual rent:	54,080
Vacancy rate (%):	2.00
Actual annual rent:	\$52,998

the real operating costs associated with the investment property with the exception of loan interest payments. The first cell of the spreadsheet represents the expenses expressed as a percentage of the potential annual rent. As a guide, expenses could vary anywhere from 13% to 30%, depending on the maintenance and whether a professional property management agent is used. For holiday letting, with higher vacancies, the percentage can be more than 50%.

Normal Expenses:	
Agent's commission (8.25%):	4,372
Letting fees:	1,040
Rates:	2,500
Insurance:	1,250
Maintenance:	1,000
Special expenses:	0
Total expenses:	\$10,162
Normal expenses as % of annual rent (%):	18.79
Net yield or Capitalisation rate (%):	4.76

PRE-TAX CASH FLOW

These are all of the monies that flow out of your pocket before tax is taken into account. Normally, it would represent the gross annual rent less interest and rental expenses. This will vary if interest or expenses are capitalised or rents used directly to reduce the loan.

Year		1yr	2yr	3yr	5yr	10yr
Rent		52,998	54,588	56,226	59,650	69,151
Cash invested	0	0	0	0	0	0
Principal payments		0	0	0	0	0
Interest		58,103	58,103	58,103	58,103	58,103
Expenses		10,162	10,467	10,781	11,438	13,260
Pre-tax cash flow	\$0	\$-15,267	\$-13,981	\$-12,658	\$-9,890	\$-2,211

DEPRECIATION ON THE BUILDING

This represents the capital allowance on the construction costs.

Property value:	\$899,900
Construction costs:	\$499,900
Depreciation allowance rate (%):	2.50
Depreciation allowance:	\$12,498

DEPRECIATION OF FITTINGS (diminishing value method)

Item	Value	Effective Life (yrs)	Depreciation
Low-value pool	34,000	4.00	6,375
Total	\$34,000		\$6,375

LOAN COSTS

In Australia, the loan costs are written off over the term of the loan (or five years, whichever is the lesser).

Establishment fees (0.11% of loan):	1,000
Total loan costs:	\$1,000

TOTAL TAX DEDUCTIONS (Cash & Non-Cash Deductions)

These include both "cash" (e.g. interest, rental expenses) and "non-cash" (e.g. depreciation) deductions.

Year	1yr	2yr	3yr	5yr	10yr
Interest claimed	58,103	58,103	58,103	58,103	58,103
Expenses	10,162	10,467	10,781	11,438	13,260
Deprec.-building	12,498	12,498	12,498	12,498	12,498
Deprec.-fittings	6,375	10,359	6,475	2,529	241
Loan costs	200	200	200	200	0
Total deductions	\$87,337	\$91,627	\$88,056	\$84,767	\$84,101

TAX CREDITS & AFTER-TAX CASH FLOW

The after-tax cash flows are all of the monies that flow in or out of your pocket AFTER tax is taken into account. They represent the PRE-tax cash flow LESS any tax credits (or tax refunds). In this analysis, it is assumed that the investor has obtained a tax variation from the Taxation Office and thus the tax refunds are credited for the same year in which they are based.

Year	2024	1yr	2yr	3yr	5yr	10yr
Pre-tax cash flow	0	-15,267	-13,981	-12,658	-9,890	-2,211
Tax credits		15,978	17,234	14,811	11,687	6,956
After-tax cash	0	711	3,253	2,153	1,797	4,745
Cost /(income) per week		(14)	(63)	(41)	(35)	(91)

INTERNAL RATE OF RETURN

The internal rate of return (IRR) is the method of calculating the return on a series of cash flows where the time factor is taken into account. To understand it, think of the money you are outlaying on your investment property as being deposited in a bank account, with interest added each year. In this case the "deposits" are represented by the after-tax cash flows

Year	2024	1yr	2yr	3yr	5yr	10yr
After-tax cash flow	\$0	\$711	\$3,253	\$2,153	\$1,797	\$4,745
Equity						\$546,760

The total amount in your "account" (including interest) at the end of the period is the equity (\$546,760) in the investment property. The IRR (?????) represents the effective "interest rate" that you have received, but with one important difference - because the interest remains in the property, it is not taxed. To receive an equivalent return from bank interest, you need to get ?????% before tax.

If the property were to be sold at the end of the period, the after-sale equity would be reduced to \$345,495 after taking account of selling costs and capital gains tax and the IRR after the sale would be ?????%.

TAX BENEFITS

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

Number of properties: 1

	Investor	Partner	Total
Ownership: joint names	99.00%	1.00%	100%
Current taxable income:	250,000	0	250,000
Rental income:	52,468	530	52,998
Total income:	302,468	530	302,998
Rental deductions:	86,464	873	87,337
New taxable income:	216,004	-343	215,661
Current tax:	88,167	0	88,167
New tax:	72,189	0	72,189
Tax savings:	15,978	0	15,978
Total tax credits:	\$15,978	\$0	\$15,978