

# Glossary of industry terms

- **Total Investment Return Range**

The sum of the predicted capital growth rate and the gross rental return. Note: Rounded to 2 decimal places.

- **Weekly Cash Flow**

Estimated amount of income (or expense, if the result is negative) that an investor can expect after all expenses, including tax, have been deducted. The figure used is an average of the first 10 years of cash flows and may differ from year to year.

- **Internal Rate of Return**

The internal rate of return (IRR) is a rate of return used to measure and compare the profitability of investments. It is also called the discounted cash flow rate of return (DCFROR) or simply the rate of return (ROR). The term internal refers to the fact that its calculation does not incorporate environmental factors (e.g. the interest rate or inflation).

- **Gross Yield**

The formula to work out Gross Yield is;  $((\text{Weekly rental rate} \times 52 \text{ weeks}) + \text{NRAS Credit}) / \text{Purchase price} \times 100$ .  
Note: Rounded to 2 decimal places.

- **Net Yield**

Net yield is the Gross Yield less a deduction for all relevant expenses, including finance costs.

- **Min. Cash Deposit**

The amount of cash an investor has available to put down as a deposit (the balance being borrowed). Used to instantly calculate the amount the investor needs to borrow. This in turn updates the cash flow, internal rate of return, total return, etc for each and every property. Entering a blank value will default to the minimum deposit required by the vendor for each property (typically around 5%-10%, but can vary greatly).

- **Stamp Duty**

Stamp duty is calculated based on the current stamp duty rules of the location (e.g. state/territory/region) where the subject property is located. Please note, while every effort is made to ensure our information is up-to-date, stamp duty rules change regularly and so should be confirmed as part of an investor's due diligence.

- **Historical and Previous 12month Capital Growth**

Historical sales in a postcode are calculated and then compared to the previous year to obtain the capital growth rate for the previous 12 months.

- **5 year Capital Growth**

The capital growth rate shown is a predicted rate of growth per year for the next 5 years. This figure can be altered down or up through the search panel. It is recommended that you adjust this figure to suit the current market conditions.

# Notes on Investment Information

## • Population Changes

These figures are provided by the Australian Bureau of Statistics and updated annually.

## • Depreciation

Based on a preliminary depreciation schedule (provided by a quantity surveyor) the system displays the allowances applicable to;

- Building and Fixtures

Note: The preliminary report cannot be used for taxation purposes. A final individual report per property must be generated after settlement. Hence the preliminary allowances serve as estimates only.

## • Levies

Strata / Body Corporate, Council and Water levies are shown as per annum however they are usually paid on a per quarter basis. Note: For Queensland properties the council and water rates are combined and thus shown as one under council levies.

## • NRAS

Properties marked as "NRAS" are part of the Australian Government's (Federal and State) National Rent Affordability Scheme. NRAS properties are subject to a tax-free incentive of \$9,140 (current financial year) per dwelling each year for 10 years. The incentive is indexed to an annual rental CPI and is paid to eligible owners as a tax certificate at the end of each tax year. In exchange for the Tax-free incentives, new properties are rented at a discount of 20% or 25% (depending on the scheme used) to eligible middle- and low-income tenants.

## • NRAS Audit Manager Fee

The payment of NRAS incentives to investors is managed by Government authorised administrators called NRAS Audit Managers. These Audit Managers generally charge a fee for this service. The fee may come in the form of a fixed dollar amount per year, or as a percentage of the total NRAS incentive paid each year. In either case, the fee is deducted by the Audit Manager prior to the incentive being paid to the investor

Some NRAS Audit Managers also charge an up-front fee, sometimes called an "Application Fee". This is shown under 'Closing Costs' for each NRAS property.

## • Barter

Properties marked as "Barter" can be purchased with a portion in trade dollars. The portion can vary from property to property with an indicative being 30%. The portion ranges between 15% to 35%. For tax purposes, one trade dollar (T\$1) is equal to one Australian dollar (\$1).

What is Barter? In its simplest form bartering involves the direct exchange of goods or services for other goods or services without reference to money or a money value.