

Property Investment Report

PIR 1293

'Poplar Grove Estate', Gunnedah NSW 2380



Positive Real Estate Pty Ltd

Suite 3, Level 2, 11 Albany St

St Leonards

NSW 2065

P: +61 1300 365 886

F: +61 2 9550 1122

Table of Contents

Table of Contents	2
Disclaimer	3
Poplar Grove Estate, Gunnedah NSW 2380	4
Investment Brief.....	4
Statistics	4
Liquidity Meter	5
Property Overview	6
Key Investment Indicators.....	6
Comparable Sale Analysis – Inherent Equity	7
Gunnedah Market Overview	8
Price List	10
Tenancy Details.....	10
How to Finance the Deal	11
Rental/Sales Appraisal	12
Property Expectations	13
House Impressions	14
Builder Overview.....	15
Mining History	16
Published Media	17
Location and Surroundings.....	27
Transport.....	28
Schools	28
Attractions.....	29
Location Map	30
Property Financial Details.....	31
10 Year Forecast-	31
Financial summary-.....	32
Appendix I Plans.....	33
Appendix II Example Tender	36
Appendix III Comparable Sales & Listings	47
Appendix IV Capital Growth	48
Appendix V Demographic Details.....	51
Appendix VI Risks.....	55
Appendix VII Glossary of Terms.....	57
Appendix VIII FAQ's	58
Short term bonds.....	58
Long Term Bonds.....	58

Disclaimer

Positive Real Estate Pty Ltd does not provide advice on investments. All interested parties must rely on their own research before making any investment decision and should seek advice from a qualified Financial Planner or similar professional.

The information contained within this document has been compiled from various sources to assist you in conducting your due-diligence. Please ensure you validate all information contained within this document. All sources for information contained within this Property Summary will be disclosed at your request. Positive Real Estate Pty Ltd will not accept responsibility for inaccurate information provided from external sources or third parties.

As part of your due-diligence, it is the Purchaser's responsibility to seek a legal opinion of the contract and any additional terms or clauses. You must adhere to the terms, conditions and subject clauses contained within the contract of sale. We note that Positive Real Estate Pty Ltd has made a number of assumptions when preparing this analysis – these assumptions have a material impact on the financials and therefore should be assessed carefully by investors.

Poplar Grove Estate, Gunnedah NSW 2380

Property Strategy H&L Growth Area – Strong Rental – Inherent Equity Gain

Property Type 3 x 4 bedroom H&L package

Price per m² Approx. \$1,250 /m² (total build)

Market Timing:



Internal Size Approx. 180m²

Property Age Built Brand New

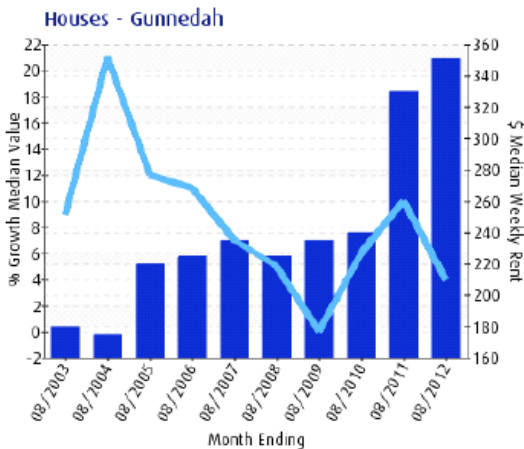
Lending Category 90% LVR

Total Purchasing Costs **From approx. \$62,000**
(Deposit+Solicitor+LMI+Holding)

Deposit Types CASH – 5% (Build), 5% (Land)

Av. Growth 10 years 11% (SPI magazine Sep 2012)

Peak of last cycle 2003
Median sales price 2000-2011 (below)



Investment Brief

Demographics

Large amount of families and young professionals working in surrounding industry i.e. mining & agriculture. High rental population – 35%. Increasing rental population, influx of workers to town in line with mining growth to region.

Infrastructure

Gunnedah Train Station
Gunnedah Hospital
Oxley & Kamilaroi Highways
Existing Mining operations to local area from large international companies such as Shenhua Group, plus a further \$700m+ in mining exploration

Suburb Yield

5.5%

Supply And Demand

Demand outstripping supply for owner occupier and rental accommodation. Supply increasing but not able to keep up with continued population growth in line with local economy expansion

Population

Gunnedah: 12,000 +
New England Region: 200,000+

Statistics

Purchase Price

Land: \$155,000
Build *from*: \$330,300
Total: \$485,300

Market Rent

Estimated \$550-580pw

Gross Yield (Market)

Based on 10% equity deposit 6.0%

Net Yield

4.6%

Yr 1 Pre-tax Cash-flow

-\$7,596

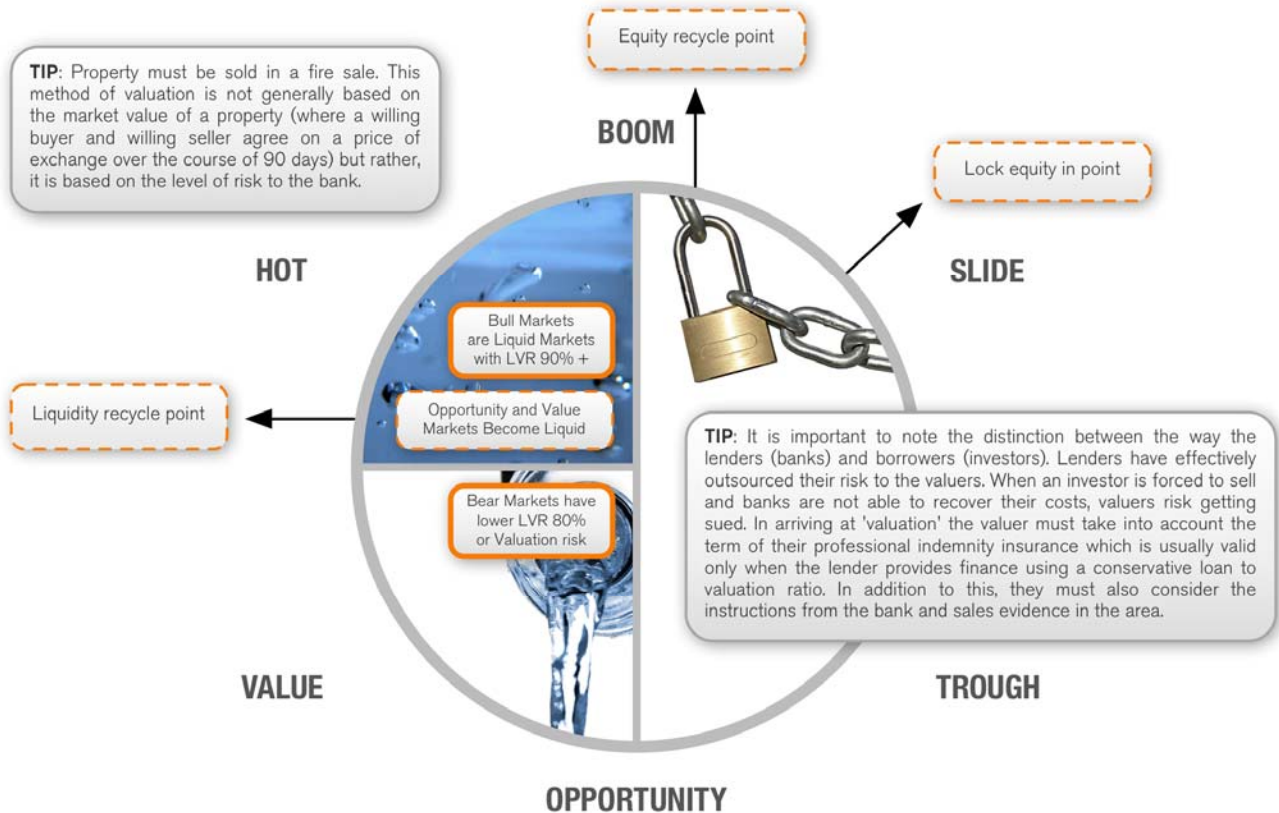
Yr 1 Aft-tax Cash-flow

\$1,352

This is an open market transaction. A quick exchange where possible is preferable in order to secure the land away from open market buyers.

Note: Completed on 100% finance. For more financial information see property financial details. Buyers please be aware that all information has been collected by third parties and buyers need to conduct their own further due diligence on all aspects suggested within this report.

Liquidity Meter



Micro Liquidity Meter: A property market goes through peaks and troughs. Funders (Banks) like to know they can reduce their risk and exposure in markets by ensuring that what they lend to Investors can be easily regained upon liquidation of the property. PRE generally offers properties in Opportunity and Hot Markets. The above fig. 1.1 tries to explain how a property can go from being in a Bear market that is illiquid where lending is usually at an 80% LVR or where valuations can differ from Market Value by 5% in variation. Fig. 1.1 conversely shows a Bull market that is considered liquid; valuation and LVR% are generally very firm. Bull Markets have very high property clearance levels, banks can liquidate the property fast if there is a forced sale, Bull Markets allow funders to control risk. So Loan Valuers are often high and valuations are firm.

Property Overview

Positive Real Estate has sourced a fantastic investment opportunity in the booming regional town of Gunnedah, NSW. Available in the new “Poplar Grove Estate” is a range of beautiful lifestyle residential blocks located just minutes from town that present perfectly as an investment opportunity to get some solid rental returns and equity out of an owner occupier market.

The construction is to be undertaken by Bell River. The homes will present very well and encompass good quality finishes; built in robes to all bedrooms, fully tiled kitchen & bathroom; carpeted bedrooms, tiled alfresco and porch areas, stainless steel appliances inc dishwasher, landscaping, fully turfed yards, & ducted AC throughout the home. The houses are each roughly 180sqm internally and even have a second media/living room. They will be in a perfect position to receive a fantastic rent and experience strong growth into the near future.

Each lot has a private steel post entrance ways, underground power, water and sewer and are fully fenced. Feedback from the land developer and local agents is that 100% of the existing sales are with the owner occupier markets, so long term this will be great for investor clients that buy these packages. Typically the owner occupier market over capitalise on their new homes, creating massive houses, which help pull up the values on surrounding properties.

As coal exploration continues in the Gunnedah basin, corporate lettings become more and more sought after and subsequently the rents experience strong growth. Some bigger houses on the outskirts of the town have recently been able to achieve **\$1,350pw** for a furnished/serviced letting to a senior member of staff to one of the large mining companies presently operating in Gunnedah. This gives you an idea of the kind of rental possible for properties in Gunnedah.

These packages are possibly able to secure a \$5,000 government boost at the settlement of the land (subject to state government approval).

Key Investment Indicators

- ✚ Consistent **growth rates – 11%**, 10 yr average (SPI Mag Sep 2012)
- ✚ 90% LVR achievable
- ✚ Up to **\$50,000+ perceived equity** in the deal at completion
- ✚ Strong market rental yield of 6.0% Gross
- ✚ Continuing infrastructure spending to region, continuing mining processes (**\$700m** coal exploration) and further expansion i.e. multi-million dollar hospital contract.

Comparable Sale Analysis – Inherent Equity

In July of this year (2012) a 4 bedroom house located at 13 Booloocooroo Rd was sold for \$600,000. The exciting thing about this sale is the fact that it was a very similar product to the lots available now in Poplar Grove Estate which is just 500m away.

From information able to be ascertained from various real estate databases it appears that the house was of similar design with a slightly larger layout, a few years older but on the same sized block – roughly 12,000m². It did however have more established landscaping to the front of the property, which made it present well. These are the types of sales occurring in the immediate vicinity of Poplar Estate which gives you an indication of the potential value of the investment houses once they're complete. Purchasing a package at a price of \$480,000 to \$495,000 could potentially see the deal encompass up to \$80,000 or more in equity when finished.

13 Booloocooroo Rd (Google Street View)



A sales appraisal sought from a local agent quotes the houses being worth between \$525,000 and \$550,000 when complete. This is perceived as being relatively conservative given market data but STILL identifies the *conservative* potential to gain up to \$35,000 from the finished product.

Other positive information sourced from the local market involves current negotiations on a similar product in “Forestview Estate”, which is just metres from Poplar Grove. Located in Forestview Estate there are newly completed 4 bedroom homes on parcels up to 10,000m² that were constructed by Bell River currently in negotiation for sale at prices over \$560,000. This type of product is ultimately targeting the owner occupier market in regards to its re-sale, which is a great concept for investors as owner occupiers tend to pay very well for product they themselves wish to live in.

Gunnedah Market Overview

Gunnedah is largely exposed to the same sensitivities and drivers as the Newcastle market. Whereas Newcastle's expansion is a work in progress, the undeniable expansion in the Gunnedah basin is underway yet still largely an exercise in potential.

The town of Gunnedah has all the features associated with a successful NSW country centre. Historically an agricultural hub with some tourism and small peripheral interests, in this case mining, it has sustained a relatively prosperous and slowly moving local economy. Given the size of population (currently c. 10,000), it is very sensitive to any upswings in commerce, which mining of all industries, has the ability to impact on a community through sheer mass of capital commitment if nothing else. That the current expansion is supplemented by over \$700 million of exploration in an area thought to be Australia's richest reserve of both coal and coal seam gas, the upside implications to the town of even minor successes are potentially so profound as to be unquantifiable.

The Gunnedah basin is a significantly richer source of coal than the Hunter Valley and employs much of the same infrastructure to transport product.

Given the known existence of, if not precise accessibility to immense resources, and the commitments of mining companies to its disclosure, any negative impacts on the local economy are likely to be due to macro rather than micro factors. If macro economic conditions maintain or enhance the prevailing climate, the positive impacts on the region will be locally generated.

API magazine's November 2009 edition lists Gunnedah as one of the top 100 investment suburbs in Australia, of which 4 are NSW regionals, and all but Shoalhaven are related to the mining belt of the state's Central North. Gunnedah's median housing price is listed at \$208,000 (realestate.com.au shows \$212,000 and Australian Property Monitors \$215,000), the lowest in NSW hot spots and the fourth lowest of Australia's top 100 (after Redan in Ballarat, Portland in SW Victoria and Clarence City in North Hobart).

Essentially, the current level of mining expansion in the Gunnedah basin is more than sufficient to drive a regional centre boom. Should any significant discoveries prompt additional commitments from miners, the infrastructure demands may be onerous and the potential yields to property owners spectacular.

The entry point to the Gunnedah market is low and realestate.com.au shows demand for housing exceeding supply since December 2009, with the current shortfall being approximately 250 individual residences.

The overlay of demand on a growing economy gives the astute investor an opportunity to achieve above average growth as a realistic investment floor.

Sourced: www.nexthotspot.com.au

Gunnedah Hospital:

Gunnedah Hospital is owned by Hunter New England Health. On these grounds, as we speak, is being built the Gunnedah Rural Health Centre, which will be owned by the people of Gunnedah. It's a unique facility for rural areas and one that has been realised due to the commitment of the local medical practitioners, the fundraising by the community, some remarkable donations from some mining companies, and the support of the federal govt by a 4 million dollar donation.

Here is a link to the website <http://www.grhc.com.au>

This is Gunnedah's answer to attract medical practitioners to live and work in Gunnedah. Where most rural areas are almost bribing doctors to come to their town via cash incentives, free houses, boarding school fees for the kids, Gunnedah has gone down the path of providing a state of the art facility, for not only employable doctors etc, but students in training, part time workers etc.

Price List

Lot no.	Design Type	Bed	Bath	Car	Land Size (m ²)	Internal	Eaves	Alfresco/Verandah	Garage	Total (m ²)	Land Price	Build Price	Total
21	Cremorne	4	2	2	12600	187.35	1.59	53.42	33.64	276	\$ 155,000	\$ 337,990	\$ 492,990
22	England	4	2	2	14320	182.97	4.08	45.43	36	268.48	\$ 155,000	\$ 330,300	\$ 485,300
23	Cremorne	4	2	2	12990	187.35	1.59	53.42	33.64	276	\$ 155,000	\$ 337,990	\$ 492,990

Tenancy Details

The anticipated market rent for each house is \$550-580pw unfurnished.

There is also the potential to furnish the houses and seek a higher rental. We recommend you do this once your relationship with your property manager is well established and you have had time to assess the likely demand of the house as a furnished rental product.

The house will be subject to council rates.

The council rates are estimated at \$1,600pa

Note: The water heating is gas based, which has an annual cost of roughly \$60-90 due to renting of bottles from Kleenheat. Tenants pay for the gas re-fills as they are required as is a condition of the lease.

How to Finance the Deal

You are buying a property under a house and land arrangement. This is known as a construction loan. In order to finance the property, you enter a two part contract and seek two individual loans; one for the land and one for the build. The process is as follows:

1. EOI submitted with \$3,500 deposit on the build (this deposits come off your build contract prices).
2. Land Contract issued within 2-5 days
3. Build tender sent to you within 1-3 days
4. Submit your conditional finance application for BOTH land and build ASAP.
5. Sign and return your tender asap once your happy with the details. Note: From this point your \$3,500 deposit is non-refundable due to costs upon the builder for contract prep and various other factors
6. Build contract will then be sent to you within 1-3 days of the returned tender
7. Conditionally exchange on both the land and build contracts
8. You now are in your 21 days finance period in which you need to move towards unconditional finance approval on both contracts
9. You need to order a valuation for mortgage purposes and endeavour to obtain formal finance approval. This takes place within your 21 day finance period time-frame.
10. Once you get formal finance approval you unconditionally exchange
11. Unconditionally exchange on 5% deposit of land price and 5% of build price (minus \$3,500 for your initial deposit).
12. With your building contract you need to also send a letter of finance approval to the builder.
13. Settle on the land 21 days from unconditional exchange

From the point you have exchanged, the following will be taking place:

- Builder to obtain DA from council which should take 6-8 weeks.
- Builder to obtain Construction Certificate which should take 1 week.
- Building should then start within 6 weeks

This means that construction of your property should commence within 4-6 weeks of settlement.

Note:

- *The \$3,500 holding deposit is becomes non-refundable after you sign and return your build tender with the build contract. The build tender is a full turn-key build. Thirdi Project Management will be the point of contact throughout the build process. There will be approx. \$100-\$150 worth of electricity costs during the build process on the block. This will be added to your existing electricity account or a new one will need to be established. Thirdi will advise you on this.*

Rental/Sales Appraisal



5th November, 2012

Robert Huxley
Thirdi Property Group
Suite 104/ 308 Pacific Highway
Crows Nest NSW 2065

Dear Robert,

Re: Lots 21 and 23
Poplar Grove Estate, Gunnedah NSW 2380

Thank you for inviting our estimation of value for the above mentioned property. In conducting this appraisal, we have conducted thorough research into the current property market.

Based on current comparable sales and market conditions which prevail today, I would expect a sales outcome for the property in the range of **\$525,000 - \$550,000**.

Please understand that this is our market opinion only and remains strictly confidential between yourselves and our office.

Having considered comparable rental properties currently let in the market, we would recommend a rental range of **\$550 to \$580 per week** as being an achievable figure for the property in the market today.

This estimation is based on the following evidence:

1. Lot 10 Harry Rowland Dr, Gunnedah, a brand new 4 bed, 2 bath brick house, rented on a 12 month lease at \$525 per week for the first 6 months, then increasing to \$550 per week.
2. Lot 6 Harry Rowland Dr, Gunnedah, a brand new 4 bed, 2 bath brick house, just rented on a 12 month for \$550 per week for the first 6 months and then increasing to \$580 per week.
3. 63 Beulah St, Gunnedah - \$625 per week. Modern 4 bed, 2 bath brick house. Rented on a 2 year lease.
4. 8 Bridge St, Gunnedah - \$490 per week. Partially renovated 4 bedroom brick house, 2nd externally accessed bathroom. Rented on a 12 month lease.

If you have any further queries please feel free to give me a call.

Best Regards



Ben Hennessy
Davidson Cameron & Co
Gunnedah

Office 6742 1828
Mobile 0408 838 131
Email bhennessy@dcco.com.au

Please note that this market appraisal is supplied based on recent comparable sales within the area and under no circumstances is this appraisal to be used for any other reason than a market appraisal. This market appraisal is subject to the contract and verification of title.

Property Expectations

Socio-economic Assessment

Gunnedah is an older established rural residential town. The population is comprised mainly of working families that are employed in the local sectors of either mining or agriculture.

Flood Zone

There is minimal flooding risk to the property. It lies within a 1 in 100 year flood zone. Adequate water run-ways have been created in the estate to ensure the risk is properly mitigated. Please see the contract for flood zoning details.

Zoning Risk and Assessment

Zoning is rural residential. Please see the contract for zoning details

Vacancy Risk

Vacancy is expected to be minimal. There is a reported undersupply of properties to rent in the town. This type of new house product is very popular for young families to rent. It is expected that you may experience 1-2 weeks vacancy from the time is fully complete and handed over to you.

Valuation Shortfall Risk/Attempts to Purchase

Given sales comparables available, valuations are expected to be successful on this purchase. However, valuers in any market can be very pessimistic and given the 'bull' type market Gunnedah it is possible that a second valuation attempt at purchase may be required.

Highest & Best Rental Returns

The H&B rental returns for the property are based on a furnished rental scenario. However, this is more of a risk in relation to vacancy and demand so it is recommended that you seek a normal long term unfurnished lease and then establish the demand for a furnished letting with your rental manager for the future

Highest & Best Use of Land

A 4 bedroom house represents the H&B use of the land.

First 6 Months Purchase Expectations

- Settle on the land
- Construction begins; drawdown payments take place between yourself, the bank and the builder
- Just prior to the house completion it is recommended you engage a property manager to begin advertising for tenants. That way it is possible to secure a tenant from the day your house receives its occupation certificate, which will minimize your holding costs
- At practical completion you will send in either your rental manager or a hired building inspector to undertake your final inspection, which will allow you to note any defects for rectification.

House Impressions

New England



New Cremorne



Builder Overview

BellRiverHomes

“Bell River Homes is a family owned & run business with over 20 years experience in building quality homes in both urban & rural locations throughout NSW including Western Sydney, the Central West and Northern NSW. Our extensive experience not only gives us an appreciation of your needs, but the ability to provide the most luxurious yet competitive homes on the market. We offer a large range of urban & country designs with various facade options to make your home as unique as you are. With an extensive inclusion list (which we invite you to download & compare with other home builders) Bell River Homes provide a rock solid & enjoyable home building experience without any of the nasty surprises & hidden costs so common in the industry today.

Our mission is to be the number one choice for every new home buyer in NSW! To become the number one choice requires us to provide the best products, designs, materials, inclusions, value, service, building experience and after sales experience. It means our homes have great appeal at every level, the finest experience and the most desirable end product.

Our vision is to provide a perfect product and experience that is truly remarkable forever! A perfect product means we are always stretching forward and improving, are leading the way in design and inclusions and presentation...and the experience is so easy, the communication is so good, the attitudes of our people are so positive that every client is a ‘raving fan’ and would happily buy again, or recommend to their family and friends to purchase from Bell River Homes. We look forward to meeting you and working with you to provide you with the quality and unique home you have always dreamed about.”

More information on Bell River can be found on their website: www.bellriverhomes.com.au

Mining History

Due to the economic recession of the 1980s and the closure of several mines in the Gunnedah Shire, there were unfortunate impacts on the region. According to Chris Frend, Gunnedah Shire Council economic development manager, "When coal is booming there is a lot more disposable income. When coal mining in the area declined during the late 1990s we found a lot of the businesses that rely on surplus expenditure closed."

Paula Wallace writes in [The Australian Journal of Mining](#), "In the nineties when the coal industry slumped in Gunnedah basin, the Shire lost more than a thousand people, many of whom now work in the Hunter coal fields."

Gunnedah Shire is currently experiencing a renaissance of their economy thanks partly to the resurrection of the mining industry. Daniel Lewis writes in the Sydney Morning Herald, "The [former] Mayor of Gunnedah, Gae Swain, says the area was hit hard when three coal mines closed in the 1990s and the mining boom is helping it get back on its feet."

There are several mines currently operating in the Gunnedah Shire. [Whitehaven](#) operates the Sunnyside, Tarrawonga and Rocglen (formerly Belmont mine, the successor of Vickery) mines as well as the Werris Creek mine, north of Quirindi.

[Whitehaven](#) also operates a Coal Handling and Preparation Plant and rail loader at Gunnedah. [BHP Billiton](#) is undergoing explorations in the Caroonia area. Shenhua Watermark Coal also has an exploration lease in the Watermark area, approximately 35km south-east of Gunnedah.

The estimated coal reserves in the Gunnedah Basin are 1.48 billion tonnes of recoverable coal. However insitu inferred resources could exceed 30 billion tonnes which would mean that 40% of the total coal reserves of NSW are located in the Gunnedah Basin.

Gunnedah's current economic resurgence is impacting on real estate prices, with residential blocks having doubled in price in the seven years to 2008, according to [ABC News](#). The history of Gunnedah is evidence of the positive contribution that the mining industry can make through job creation, generating additional services and boosting the local economy.

Sourced: New South Wales Mineral Council Ltd. (<http://www.nswmin.com.au/Mining-in-NSW/History-of-Mining/Gunnedah/Gunnedah-Mining-History/default.aspx>)

Published Media

Spotlight on Gunnedah, NSW

The north-western region of New South Wales is one of the richest agricultural areas in Australia and regional towns like Gunnedah, Moree and Narrabri prosper as a result. It's a region where every locale has grain silos and storage warehouses to support local agriculture.

The area also has a healthy tourism industry, with Gunnedah promoting itself as "the koala capital of the world".

Gunnedah has not only withstood the trend of falling populations in rural Australia but is growing strongly and looks to have a prosperous future - particularly with the recent explosion of activity from resources companies exploring for coal seam gas.

Located in the Upper Namoi Valley 440km north-west of Sydney, Gunnedah is at the junction of the Kamilaroi and Oxley Highways, 100km south of Narrabri and 75km west of Tamworth.

It is a town with exceptional features and amenities, a strong economy and good future prospects through nearby mining activity. It is serviced daily by air, rail and road. Water supply is sourced from underground bores located north of the Namoi River.

There can be few towns of its size with so many facilities. Gunnedah has 150 retail outlets; four medical, three dental and two veterinary practices as well as a hospital, a physiotherapy centre and a nursing home; accountants, agricultural consultants, pathologists, solicitors and surveyors. Franchise retailers like McDonalds, KFC and Eagle Boys are in the CBD and there are numerous restaurants, eight motels and six hotels.

Gunnedah has pre-schools, four primary schools, and two high schools plus an intellectual and physical disability educational facility. There's a heated pool complex, quality

sports grounds, a services & bowling club, a speedway facility and a showgrounds complex.

Agriculture is the largest industry, generating \$120 million in income each year. Gunnedah produces some of the world's best-quality cotton and the industry is considered to have considerable growth potential. The Gunnedah Sale Yards turns over \$80 million per year and employs 50 people.

Gunnedah's median house price is \$265,000 following double-digit growth in the past 12 months. It remains affordable despite good capital growth in recent years, averaging 11% per year. Its residential vacancy rate is around 1.5% and rents are strong, with both RP Data and Australian Property Monitors recording median yields of 6% and above.

The Gunnedah Basin is one of the largest underground coal seams in NSW - 150km wide and stretching 500km. Major oil and gas producer Santos says the coal seam gas resources in the Basin near Gunnedah are big enough to rival Australia's biggest offshore find (the Gorgon fields off Western Australia).

The resources potential of this region has attracted strong investment, including from overseas. The Australian reported in June 2011 that a Chinese mining company had spent \$213 million buying 43 farms to enable it to explore for coal near Gunnedah.

The newspaper reported: "The mining boom has triggered a property boom for the rural community. A NSW title search reveals that Shenhua Watermark Coal carried out a two-year spending spree in 2009 and 2010, making some of the sellers instant millionaires. Some of the properties changed hands for 10 times more than their previous sale price.

"The highest price the Chinese miner paid was \$18.3 million for 1051ha of land at Curlewis, Shenhua paid \$5.2 million to a farmer for a house on four lots of land totalling 594ha in Duddy Road, Breeza, last November - a property that last sold in 2002 for \$376,000. A 183ha property along the Kamilaroi Highway at Breeza sold for \$1.9 million in June 2009 -- more than five times its previous sale price of \$350,000."



Major resources-related projects in planning include an \$850 million gas pipeline stretching from Queensland to the Hunter Valley, via Gunnedah; the \$2 billion Carooona coal project by BHP Billiton and the \$3 billion Maules Creek coal project by mining billionaire Nathan Tinkler.

Main statistics for Gunnedah

Population 12,000
Median house prices \$260,000
10yr growth averages 11%
Median rental yields 6.0 to 6.5%
Vacancy rates 1.5%
(sqmresearch.com.au)

Peter Lorimer

[The Daily Telegraph](#)

March 14, 2012 12:00AM

WITH instant wealth, often comes unexpected hardship.

It's that brutal lesson the once-blithe township of [Gunnedah](#) is now attempting to swallow.

The true heart of the northwestern town is dying on the inside; a victim of its own success and the mining dollars that have flooded into its streets, transforming it into one of the most expensive places to live in the nation.

While six coal mines surround the town providing a jobs boom, many of its long-term residents can no longer afford to stay there, with rents tripling and businesses closing down as the town's young men give up their professions to chase the coin down the mine shaft. Some rental properties are now commanding \$1350 a week, giving middle and low-income families no alternative but to move out of the district.

Gunnedah mayor Adam Marshall said the exodus is growing.

"Locals are getting priced out of the market and I'm fully aware that those who can't afford the rent are leaving town just to survive," he said. "Council approved 82 residential dwellings in the last financial year, the best figures since 1981, but rent keeps going up."

Long-time locals, brothers Shannon and Chris O'Shea, have packed up their respective families and moved to [Newcastle](#), where they found employment immediately.

"We are looking at renting a house on the water cheaper than we can in Gunnedah," Shannon said. "Chris and I both love Gunnedah, especially the fishing, camping and shooting, but we saw the writing on the wall when the mines starting opening up and look at the ridiculous rent now. We know plenty of other people who are thinking of moving out of the town for the same reasons."

Mr Marshall last week toured Roma in Queensland to get a grasp on what coal mines and coal seam gas booms over the recent years have done to the town of 8000.

"Roma is in all sorts of trouble. The town has lost its character as locals left in droves, forced out by high rents and big industry," he said. "We don't want this to happen in Gunnedah and we need to act quickly before it's too late."

Local real estate agent Ben Hennessy is dealing first hand with the rental crisis and also agrees that something needs to be done quickly.

"We have three to four inquiries each day for rentals and there is no argument that locals are getting priced out of the market," Mr Hennessy said.

Mr Marshall describes the rental market as a machine snowballing out of control.

"If the mining companies pay top dollar for rental houses everyone with a rental investment thinks they can get the same money, and that's when the real problems start," he said.

"I live alone in a four-bedroom house and I'm probably better off moving in with my grandparents and renting it out for \$350-\$400 a week."

Tamworth an investor hotspot

BY JACQUELINE VAN AANHOLT
07 Feb, 2012 04:00 AM



TAMWORTH and the region surrounding Gunnedah are two of the top 25 places in Australia to invest in 2012, according to a list compiled by a leading property researcher.

They were the only two towns in the northern region to make the list this year.

Last year respected Queensland-based real estate analyst, Terry Ryder, also named Glen Innes and Moree on the list.

Gunnedah is understood to have made this list again this year as a result of the obvious mining boom.

Each year Mr Ryder selects a list of the top 10 "cheapies with prospects" based on low property prices, strong rental returns and the locality's potential for growth.

This year while there is a list of the top 10 when announcing the list Mr Ryder said if he had unlimited funds and lots of time on his hands, he would have signed pre-Christmas contracts in the following 25 key locations: Gladstone, Toowoomba, Emerald, Mackay, Brisbane, Tamworth, Gunnedah, Muswellbrook, Newcastle, Sydney, Broken Hill, Bendigo, Ballarat, Warrnambool, Portland, Adelaide, Whyalla, Port Augusta, Ardrossan, Ceduna, Albany, Bunbury, Perth, Geraldton and Kununurra.

"There are plenty of other good options but I've decided to keep the list to 25," he said.

"They're all places with affordable options and great growth prospects."

Gunnedah mayor Adam Marshall said he wasn't surprised the Shire was on the list.

"It is a well-respected report so it certainly does no harm for Gunnedah to be mentioned there," Cr Marshall said.

"Gunnedah has seen a massive amount of investment in new and existing homes in the past 12 to 18 months which has forced prices up at the higher end of the property market and as a result of that there has been a lot of activity at the lower end of the market for rentals."

Cr Marshall said such a boom in market was positive but expressed concerns if it continued to grow at such a rapid rate it could become a double edged sword.

"That sort of boom could eventually escalate to have a negative impact on people who have lived and grown up here and want to stay because they could be pushed out of being able to buy here," he said.

"We don't want to see a situation where this boom continues to escalate and prices increase to a point where local people are pushed out of their homes."

Last year Moree and Glen Innes made the top 10 list.

Mr Ryder said at the time he had chosen Glen Innes because of its location at the junction of the New England and Gwydir Highways, the quality and affordability of homes and the amount of new commercial and industrial development.

What's Hot in Property - January 2012

Written on the 3rd of January 2012 by Nathan Cross - Director Wealthfarm Property Services

Gunnedah in North Eastern New South Wales is a hidden gem for property investors.



Quietly ranking in the Top 100 national property hot spots, this region has shown strong and steady growth over the past 10 years.

It's already strong economy and well-established community is further bolstered by \$700 million worth of exploration in what is considered to be the nation's richest supply of coal and coal seam gas.

As a result there is high demand for housing with **demand exceeding supply every year since the end of 2009** and this is expected to increase even further once many of these major projects come online.

Javier Homes is at the forefront of creating new homes in Gunnedah through a brand new estate and opportunities to capitalise on this project are still available but now very limited.

New homes are selling from \$368k and renting between \$430 and \$450 per week.

The Location

Located in the Namoi Valley, 75km west of Tamworth, Gunnedah has been identified as one of Australia's top property hot spots, offering outstanding value for investors.

The town of Gunnedah is home to about 10,000 residents and the **population is expected to double over the next 10-15 years** as the major coal mining and coal seam gas extraction projects start. About 25% of those residents are renting.

BHP Billiton and China's Shenhua Energy have acquired exploration licenses (ELs) and expect to commence mining from 2012. Exploration has revealed that the Gunnedah Basin has more extractable coal than the better known Hunter Valley. In its entirety, the Gunnedah Basin coal seam is 150 kilometres wide and stretches 500 kilometres from Wollongong to Narrabri.

Gunnedah has the additional advantage of currently modest home prices, making property investment an attractive proposition now with excellent returns expected.

The district is not solely reliant on mining. Gunnedah prides itself on being largely self-sufficient through its very successful agricultural area, good range of retailers, manufacturing including the brickworks and flour mills as well as events and tourism.

Gunnedah Shire covers an area of 4,994 square kilometres and has a population of about 13,000. It is serviced by a daily passenger service to Sydney and a small airport. Other air services are available from Tamworth, a 45 minute drive. Sydney is about 4 hours drive.

Gunnedah is the administrative centre for the Shire. Outlying villages include Curlewis and Breeza to the southeast, Carroll to the east and Tambar Springs and Mullaley to the southwest.

Beloved Australian poet Dorothea Mackellar wrote her famous poem My Country in 1908 about her family's farm near Gunnedah. Other famous people with a connection to the town include model Miranda Kerr and rugby league player Ben Smith.

The town itself was established in about 1833 by sheep pastoralists and for a time the town was simply known as The Woolshed, before taking the name from the local Aboriginal community, the Gunn-e-darr. In 1877 coal was discovered.

Most of the commercial activity in the town is concentrated in two or three blocks either side of Conadilly Street and offers professional and retail services to the community both within and outside the Shire.

In addition Gunnedah actively promotes its environmental and tourism potential. It is described as 'the koala capital of the world' and also hosts a number of major annual events including the Ag-Quip Field Days, the Week of Speed, Two Rivers Festival and the National Tomato Contest.

Industry and Employment

In a snapshot

- There are currently 3,714 goods and services tax registered businesses within the 2380 postcode area. This has grown by 183 in the past 12 months, which is an increase of 5.2 per cent and is slightly higher than the New South Wales average and much higher than the regional New South Wales average.
- The unemployment rate in Gunnedah of 5.8 per cent is lower than the average for regional New South Wales. Construction activity has grown enormously over the past two years, both in terms of development applications processed and in value.
- The 2008-09 financial year saw 176 development applications processed worth \$49 million; 41 commercial development applications amounting to \$26 million; 10 industrial development applications worth \$13 million; and the housing sector surged ahead with a 22 per cent increase and 91 development applications worth about \$11 million.
- There are currently 14 rural, rural residential and residential subdivisions on the market with enough land for housing stock of more than 1,000 dwellings.

Growth Potential

Gunnedah shows enormous growth potential with the Shire ready to capitalise on the new investment opportunities. Over the past 10 years, the average growth has been about 11.5%. With new residential estates established and a low entry price compared to other areas, Gunnedah is more affordable and likely to experience greater growth than Sydney's prime real estate market.

Why Invest in Gunnedah?

Affordable entry into the property market – Quality new brick and tile homes sell for much less than their major city counterparts.

Excellent capital returns – Property prices in Gunnedah have averaged 11.5% a year over the past 10 years.

Only now coming to the attention of property investors – With several new major mines coming online over the next three years, astute property investors are starting to realise the potential in investing in quality properties in regional centres.

High demand for housing – about 25% of the population rents, so demand for rental property will increase as more people relocate to take advantage of job opportunities.

Sustainable growth – Gunnedah is already a sustainable and thriving community and the addition to coal and coal seam gas exploration will only further cement the region's reputation for self-sufficiency and growth.

Limited opportunity – There is a limited number of house and land packages available.

Extract from presentation given by Noel O'Brien to Gunnedah Rotary 08/07/2011. Noel O'Brien is a 42 year Lions Club member who is actively involved in the Gunnedah Basin mining scene and has been for many years.

Summary

Coal extraction has been undertaken in the Gunnedah basin at Werris Creek, Blackjack (Gunnedah) and Preston extended mine (Curlewis) for 130 years at a very low level. The impacts over that period would have been insignificant. The coal was extracted mainly to service the steam trains operating out of Werris Creek to Moree and beyond and also to service local hospital boilers and small brickworks etc.

One has to take into account the improved weather conditions and farming outlook in rural Australia and the potential improvement in crop yields and every other industry.

At some stage we all have to sit down and undertake a comprehensive risk management exercise for the Gunnedah basin. It needs to address

governance, planning ; social issues, traffic/transport related issues, infrastructure related issues eg housing, accommodation. The current workforce required to service this ever expanding mining industry is estimated to be a 4:1 ratio. This means for every one full time mining employee a further 4 external employees would be required to service mining population. On current Treasury estimates mining in NSW generates \$1.30 billion dollars in royalty income for the State Government. Little or any of this is returned to the region and it forms only a minute part of an annual State budget of \$53 billion dollars. So one would say insignificant in the scheme of things but an opportunity to negotiate some return of Government dollars for increased resourcing i.e. police, ambulance, fire, community services, hospital and health related staff etc. Some of the problems that we are going to encounter is marginalised sections of the community are going to become more marginalised as the average pay for a miner is \$100,000+ per annum, the cost of services will have to rise, so affordability becomes a big issue. This is just to give you something to think about regarding the social issues we will encounter. I trust this gives you a reasonable snapshot of the developments and the impacts on the region alone, it is critical that we start undertaking some strategic planning exercises as a matter of urgency. What we should take into account is that we are talking about full time employees say at Watermark at 150, but the mining industry is serviced mainly by contractors so the actual numbers will be much higher.

The mines at Boggabri anticipate that the workforce will live at Gunnedah (39%) Narrabri(25%) Boggabri(19%) other local areas(14%) and other areas (3%) now if we move to south of Gunnedah say Shenhua(Watermark) Gunnedah would cater for a much larger % and it could be as high as 90%

All the tonnages in the reserves that I have quoted will alter, usually upwards as more extensive exploration drilling is undertaken.

This all may sound a little bit daunting but there are more opportunities or positives here than negatives. But it will not go away, we have been waiting for this boom for three decades and with 30 billion tonnes of coal reserves in the Gunnedah Basin and 50 trillion cubic feet of Gas

underneath us, the economic imperative will win the day although it will be tempered with or by social and environmental objectives.

The communities will have to broaden its scope, focus on planning, and will need a sound Governance framework in order for it even to survive in the predicted future for this region.

Thank you, for the invitation to present today and I trust that everybody will leave with a better understanding of what the future holds for the region .

Downer signs A\$900 million Boggabri contract

Source : Downer EDI

January 20, 2011 - Downer EDI Limited (Downer) has signed a five-year mining service agreement with Idemitsu Australia Resources Pty Ltd (Idemitsu) for the provision of mining services at Boggabri open-cut coal mine in the Gunnedah Basin, New South Wales.

Downer EDI Limited (Downer) has signed a five-year mining service agreement with Idemitsu Australia Resources Pty Ltd (Idemitsu) for the provision of mining services at Boggabri open-cut coal mine in the Gunnedah Basin, New South Wales.

Services provided will include drill and blast, mine planning, and load and haul of both overburden and coal.

As announced on 20 October at the time of Downer's selection as preferred contractor, the value of the contract revenue will depend on the mine's production output, which has yet to be finalised. The base case values revenue at approximately \$900 million over the duration of the contract.

Under the base case, the required capital commitment will include \$41 million of existing plant and equipment related to the current contract plus new equipment of \$114 million (\$58 million in FY12, \$48 million in FY13 and \$8 million in FY14).

The total potential capital required for the Boggabri project has been included within Downer's existing forecasts and will be funded primarily through operating cash flow and new finance and operating leases.

The contract is structured as a schedule of rates with fixed-rate cost recovery for site-related overheads and variable rates by activity performed.

Rise and fall is applicable from the tender date. The contract will have annual reviews linked to changes in cost structure and the agreed annual mine plan.

The new contract starts in December 2011 and will extend the company's involvement at Boggabri to over a decade. The Downer team has an exceptional safety record at Boggabri, with no lost time injuries since the mine commenced production in mid-2006.

The site began using B20* biodiesel for its all its mining operations in July 2009, making it a leader in terms of environmental sustainability. Downer is now the largest user of B20 biodiesel in the Australian mining industry.

* B20 biodiesel comprises 20% tallow and waste cooking oil and 80% mineral diesel.

Nothing to rent but development soars

November 16, 2010

Gunnedah Shire has seen near-record development in the third quarter of 2010 but a shortage of rental properties is still apparent.

Gunnedah Shire Council Mayor Adam Marshall said today the shire had seen one of its busiest development quarters in recent history, receiving more than \$10 million worth of development in the July to September 2010 (third quarter) period.

Gunnedah Mayor Adam Marshall said a total of 62 applications, including development applications, complying development applications, construction certificates and modifications of development consent applications, had been lodged.

“The majority of these applications (41) were for either residential or rural development, with 13 applications received for commercial development,” Cr Marshall said.

“A total of 24 additional lots were also approved within these three months, being for both industrial and rural residential development.”

Cr Marshall said the continued increase in development in Gunnedah was a positive sign for future growth and also an indicator that the private market was reacting to the growing demand for affordable rental accommodation and general housing stock.

“The local property market is strong but there is a chronic shortage of rental properties. A huge opportunity exists for the development of medium density units in Gunnedah to help address this problem – and that’s starting to be realised and reflected in the third quarter results.

“Average rental prices have increased between 35-45 per cent over the last 12 months with the average three-bedroom property now renting from \$280 per week.

“Some properties are now even pushing through the \$400 per week barrier.”

Cr Marshall said council had strategies in place to support new housing development both in the single dwelling and the medium density markets.

“I would encourage potential and current developers to take advantage of these development strategies and the current opportunities,” Cr Marshall said.

“There is no quick-fix but continued development and increasing the number and mix of residential options on the market can only serve to help ease the shortage.”

Location and Surroundings

Gunnedah is a small regional town of inland NSW. It is approximately 475km NNW of Sydney and only 75km directly East of Tamworth. The town lies in the heart of Naomi Valley and is surrounded by several prosperous mining sites.

Gunnedah is surrounded by beautiful natural bushland and within the town has many other parks and reserves. The town is also home to showgrounds, soccer grounds, football grounds, a greyhound park and a town golf course.

Surrounding the subject properties are several park areas, transport nodes and the town centre, which offers an abundance of restaurants, pubs, retail outlets and cafe's.



Transport

It is serviced daily by light aircraft, rail and road having its own airport, being on the North-West rail line and having easy access to main highways such as the Kamilaroi and Oxley Highways.

The North-West rail line allows for quick and direct access to surrounding regional hubs such as Curlewis. Via Countrylink there is a daily 'Explorer' service that runs to and from Sydney

Daily bus services through Greyhound Coaches operate, which provide for travel to and from Major regional areas and cities such as Sydney and Melbourne.

Schools

Within Gunnedah Shire there are a number of pre-schools, primary schools, village schools, high schools and a TAFE college:

TAFE - Gunnedah Campus

Gunnedah High School (Public school)

St Mary's College (Catholic school)

Gunnedah Primary School

St Xaviers School (Catholic)

Gunnedah South Primary

Gunnedah Christian Community School

G.S. Kidd Memorial School

Carroll Public School

Curlewis Public School

Mullaley School

Walhallow Public School

Gunnedah Baptist Community Pre-School

Gunnedah Preschool






Attractions

Gunnedah is known as the Koala Capitol of Australia and, as such, hundreds of people each year visit the area to explore the national parks and wild lands that are home to these rare animals.

Gunnedah is made up of rich agricultural lands, sweeping plains and surrounded by beautiful mountain ranges. It attracts many tourists each year seeking a relaxed scenic holiday and also camping/fishing adventures.

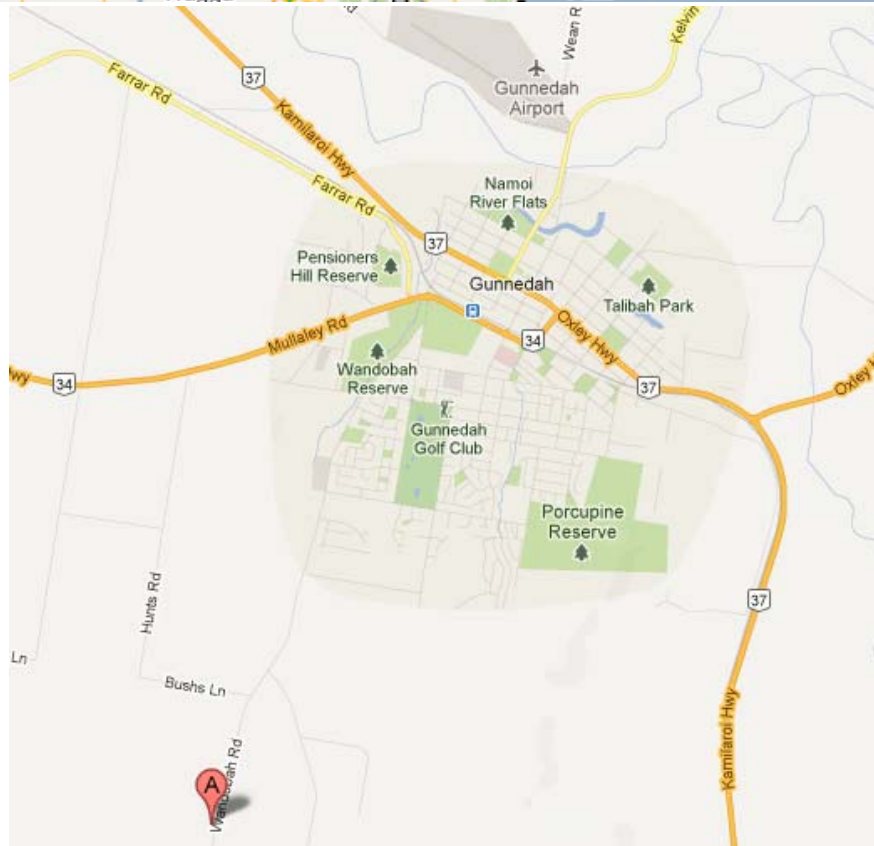


Some attractions to see in Gunnedah include:

-  Dorothea Mackellar memorial
-  Gunnedah Rural Museum
-  Lake Keepit State Park
-  Ag-Quip Field days – Annual agriculture event that attracts over 10,000 people from all over Australia
-  Tambar Springs Diprotodon Country Drive



Location Map

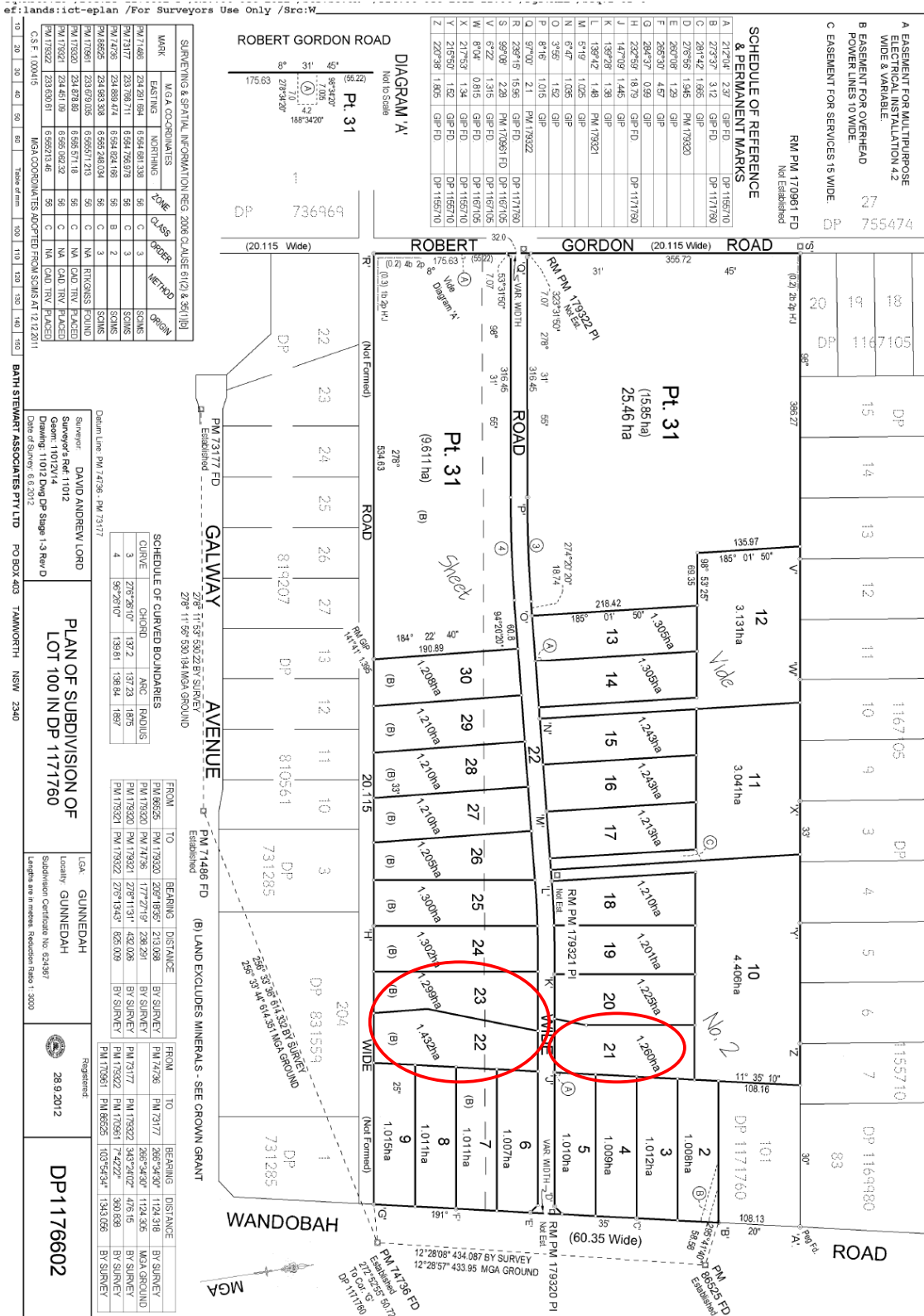


Property Financial Details

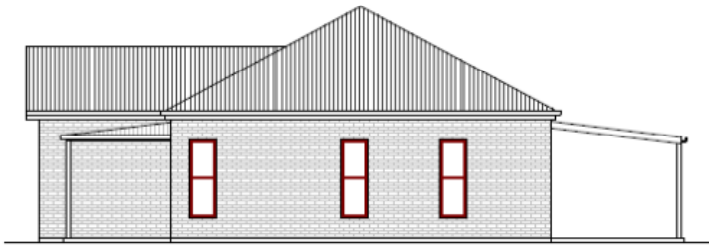
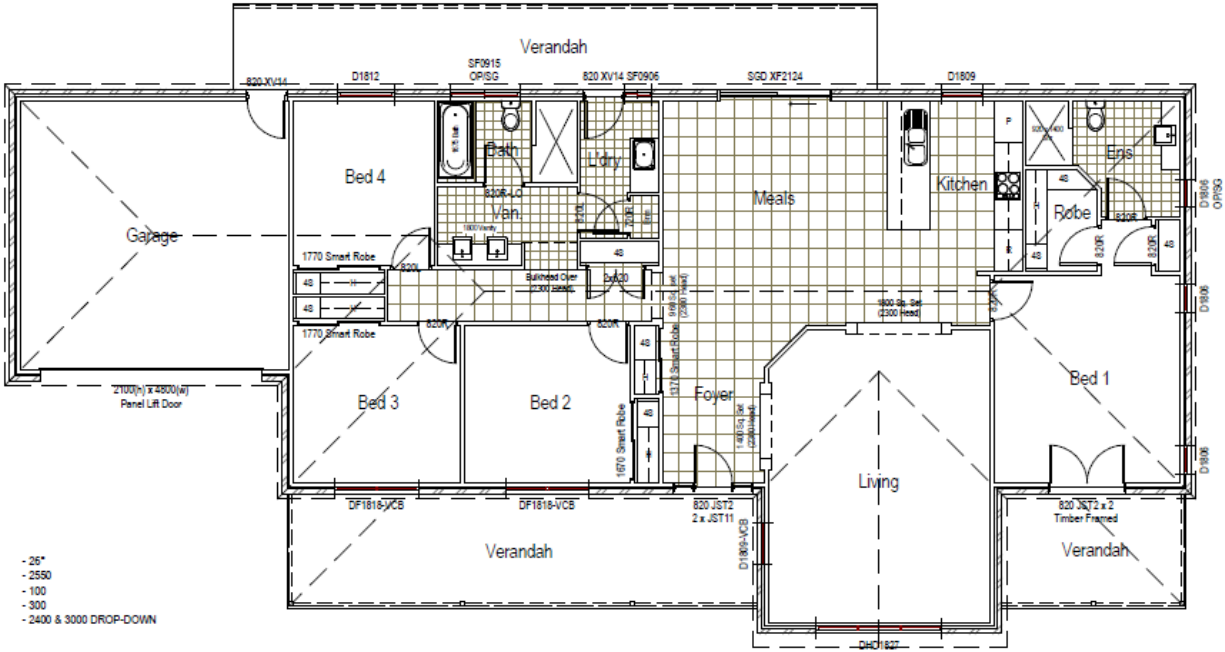
10 Year Forecast

		Property Investment Calculator										
		Market Value		Purchase Price		Deposit		Purchase Costs				
Scenario: 1		\$485,300	\$485,300	\$485,300	\$485,300	\$48,530	\$48,530	\$14,207				
Lot 22: \$485,300 - \$565pw - 90% LVR												
Lot 22 Wandollah Rd Gunnedah NSW												
House Bedrooms 4 Bathrooms 2 Double Garage												
10 Year Forecast		2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capital Growth & Property Value												
Capital Growth	-	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Value Added	-	0	0	0	0	0	0	0	0	0	0	0
Renovations	-	0	0	0	0	0	0	0	0	0	0	0
Property Market Value	485,300	533,830	587,213	645,934	710,527	781,580	859,738	945,712	1,040,283	1,144,311	1,258,742	
Loan & Equity												
Loan Amount	436,770	436,770	436,770	436,770	436,770	436,770	436,770	436,770	436,770	436,770	436,770	
LOC Limit	-	0	0	0	0	0	0	0	0	0	0	
Loan to Value Ratio (LVR)	90%	82%	74%	68%	61%	56%	51%	46%	42%	38%	35%	
Equity in Property	48,530	97,060	150,443	209,164	273,757	344,810	422,968	508,942	603,513	707,541	821,972	
Equity for Refinance at LVR	0	43,977	91,722	144,571	202,704	266,652	336,694	414,371	499,485	593,110	696,098	
Buying Power	0	436,770	917,217	1,445,706	2,027,043	2,666,520	3,369,942	4,143,708	4,994,847	5,931,099	6,960,978	
Rental Income												
Gross Rental Income	-	29,070	29,937	30,855	31,773	32,742	33,711	34,731	35,751	36,822	37,844	
Gross Rental Yield	-	6.0%	6.2%	6.4%	6.5%	6.7%	6.9%	7.2%	7.4%	7.6%	7.8%	
Net Rental Yield	-	4.6%	4.7%	4.9%	5.0%	5.2%	5.3%	5.5%	5.7%	5.9%	6.0%	
Annual Expenses												
Loan Interest Rates	-	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	
Loan Interest Payments	-	26,206	26,206	26,206	26,206	26,206	26,206	26,206	26,206	26,206	26,206	
Principal Repayments	-	0	0	0	0	0	0	0	0	0	0	
Property Expenses	-	6,896	6,896	7,104	7,317	7,537	7,763	7,996	8,235	8,482	8,738	
Additional Expenses	-	0	0	0	0	0	0	0	0	0	0	
Interest on Equity Funds Used	-	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	3,764	
Interest on LOC Funds Used	-	0	0	0	0	0	0	0	0	0	0	
Total Annual Expenses	-	36,866	36,866	37,075	37,287	37,508	37,733	37,967	38,206	38,452	38,708	
Depreciation & Tax Deductions												
Depreciation	-	16,000	11,000	10,000	9,000	8,000	8,000	8,000	8,000	7,000	7,000	
Total Deductions	-	54,227	49,428	48,636	47,849	47,069	45,733	45,967	45,208	45,452	45,708	
Net Profit/(Loss)	-	(25,157)	(19,491)	(17,781)	(16,076)	(14,327)	(12,022)	(9,456)	(6,530)	(3,764)	(7,764)	
Estimated Tax Refund/(Payable)	-	8,948	7,212	6,579	5,948	5,301	4,449	4,158	3,499	3,104	2,873	
Pre Tax Cashflow												
Pre Tax Cashflow PA	-	(7,596)	(6,929)	(6,220)	(5,514)	(4,766)	(4,022)	(3,236)	(2,465)	(1,630)	(764)	
Pre Tax Cashflow PW	-	(146)	(133)	(120)	(106)	(92)	(77)	(62)	(47)	(31)	(15)	
After Tax Cashflow												
After Tax Cashflow PA	-	1,352	283	359	434	535	627	722	820	922	1,045	
After Tax Cashflow PW	-	26	5	7	8	10	8	18	20	30	41	

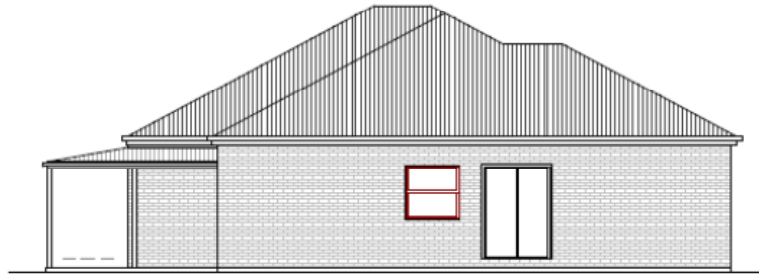
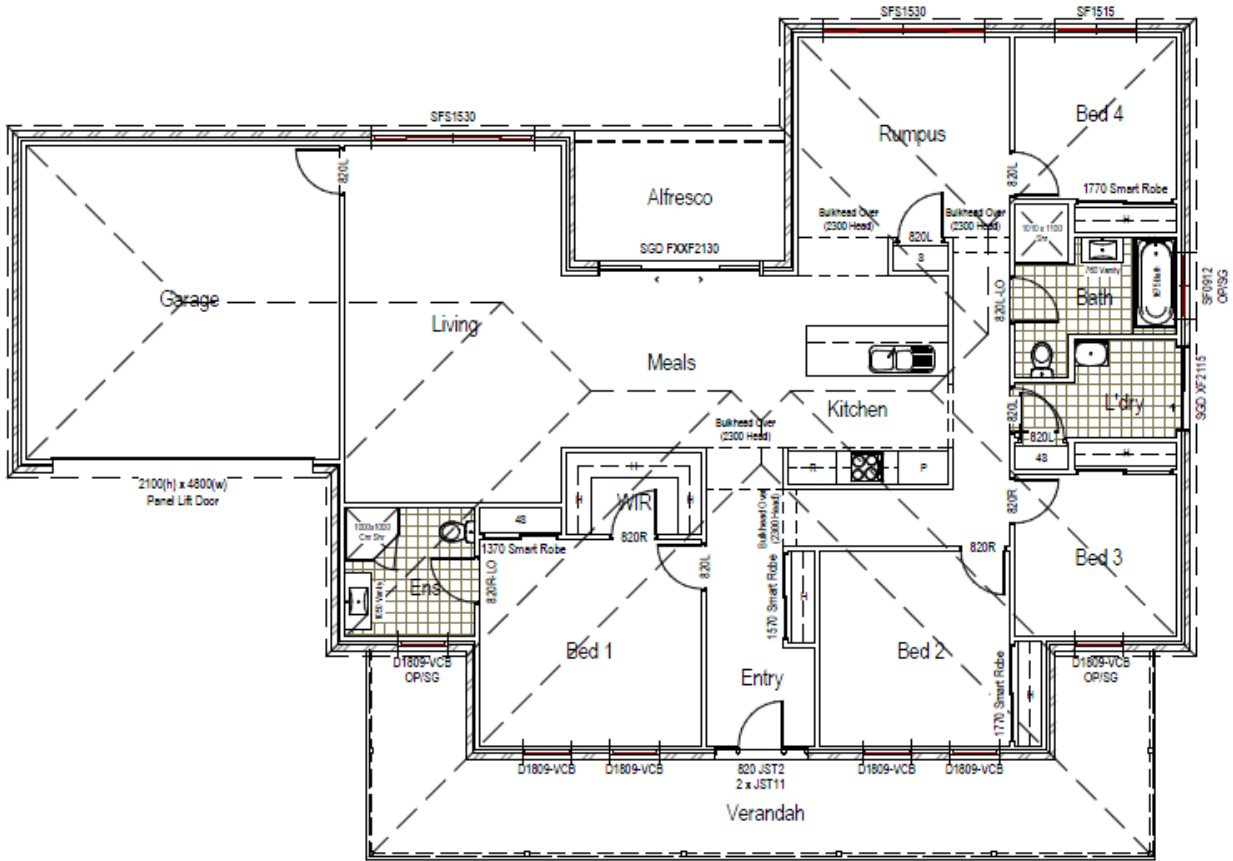
Appendix I | Plans



Cremorne Plans



New England Plans



Appendix II | Example Tender

BellRiverHomes

25 Leewood Drive, PO BOX 7061
Orange NSW 2800

P: (02) 63 911 811

F: (02) 63 911 800

E: info@bellrivergroup.com.au

Builders Licence: 61247C ABN: 76 062 307 779

26th October 2012

Please fill in the following details:

:: Proposal for ::

Client Address:

Ph:

Email:

Dear Client,

We have pleasure in presenting this Tender for the construction of your proposed new home at Lot 21 Kerry Elizabeth Drive, Gunnedah, NSW 2380.

The total price for the construction of your proposed *“new home with attached double garage”*, including GST, is **\$337,990.00**.

On the following pages we will clearly show the Variations from Standard, Options package (**Only if applicable*) Site Costs, Service connections, standard **Value Plus** specification, any exclusions and a clear payment schedule so that you fully understand the home building process.

The standard specification has not been modified to suit your design. The variations from standard, Site costs, Options package and notes override the standard specification.

Over the coming weeks we look forward to helping your home building tender become a reality and can assure you that the Bell River Homes Team are here to **help you every step of the way!**

Kind Regards,

.....
:: The Bell River Homes Team ::

Bell River Group Tender

Initials: /

:: VARIATIONS FROM STANDARD ::

1. Provide 125m2 of gravel driveway.	Included
2. Provide Hills Supa Fold Duo wall mounted clothes line and a natural concrete path to the laundry door.	Included
3. Provide ceramic living area Floor tiles to Kitchen, Meals Room, Foyer and Hallway. (<i>*Note: Tiles to be selected from Bell River Homes Ceramic Range. Diagonal laying of tiles is not included standard</i>).	Included
4. Provide Carpet to the Living room, 4 x Bedrooms and robes. (<i>*Note: Carpet to be selected from Bell River Homes Value + Range</i>).	Included
5. Provide 50mm Basswood timber blinds to selected windows. (<i>*Note: No allowance has been made for the Bathroom and Ensuite windows or the sliding glass door</i>).	Included
6. Supply and install 1 x fully ducted, single phase, fixed speed, reverse cycle air conditioning system with 8 x outlets and 2 x zones.	Included
7. Supply and lay Kikuyu turf, including top soil preparation.	Included
8. Provisional allowance for landscaping allowed at \$3,000.00 including GST.	Included
9. Provide a freestanding powder coated mail box with street number.	Included
10. Provide 1 x extra television point.	Included
11. Supply and install 1 x Digital ready TV Antenna.	Included

:: SITE COSTS & SERVICES CONNECTIONS ::

- | | |
|---|----------|
| 1. Cut and fill the site as required, using cut material as fill and level off house pad ready for a waffle pod slab. Batter off as required. | Included |
| 2. Provide under slab concrete piling to fill area of level pad to natural ground. | Included |
| 3. Provide underground single phase power connection from the pillar box to the meter box on the home. | Included |
| 4. Provide single Water connection from the water mains to the home. | Included |
| 5. Provide 100mm charged Storm water connection to the water tank with the overflow run to ground. | Included |
| 6. Provide 100mm sewer connection to the septic tank. | Included |
| 7. Provide sediment control, Temporary safety fencing and Temporary drive to meet council and OH&S requirements. | Included |
| 8. Provide a 'Rheem' Hdi310 Heat Pump with electric boost. | Included |
| 9. Provide an Ultraclear ST10 aerated septic tank. (<i>*Note: Includes, and is subject to, effluent disposal investigation and report</i>). (<i>*Note: Septic to be a maximum 15m from the home</i>). | Included |
| 10. Provide 2 x 10,000 Litre Poly water tanks including pressure pump and connection in lieu of standard 3000 Litre Poly Slimline tank. | Included |

:: BELL RIVER HOMES URBAN VALUE + SPECIFICATION ::

PRELIMINARIES:	<ul style="list-style-type: none"> ✓ Detailed production plan drafting. ✓ Soil classification testing. ✓ Professional foundation & slab engineering to suit soil classification. ✓ Contour survey & report. ✓ ABSA & BASIX assessments and certificates. ✓ Standard council application and fees. ✓ Home owners warranty insurance.
SITE PREPARATION:	<ul style="list-style-type: none"> ✓ Site cost allowance for maximum of 600mm fall across block.
FRAMES & TRUSSES:	<ul style="list-style-type: none"> ✓ 90mm Radiata pine wall frames with Radiata pine roof trusses at 900 centres and TS40 steel roof and TS22 ceiling battens. (<i>*Engineered to N2 wind classification</i>)
CONCRETE SLAB:	<ul style="list-style-type: none"> ✓ Waffle pod slab to suit 'M' class soil conditions to house, garage, porch and alfresco areas.
TERMITE TREATMENT:	<ul style="list-style-type: none"> ✓ Termite barrier to perimeter of house and slab penetrations to Australian Standard AS 3660.1.
EXTERNAL CLADDING:	<ul style="list-style-type: none"> ✓ Brick veneer construction with bricks to be selected from Bell River Homes Exclusive PGH "Lifestyle" range. ✓ James Hardie Primeline® weatherboards to lightweight clad areas (<i>*subject to individual design</i>).
ROOFING:	<ul style="list-style-type: none"> ✓ COLORBOND® steel custom orb roof sheeting with COLORBOND® roll top ridge capping, flashings, fascia and gutters. ✓ Painted 90mm PVC downpipes.
CEILING HEIGHT:	<ul style="list-style-type: none"> ✓ Design specific.
EAVES:	<ul style="list-style-type: none"> ✓ Design specific.
PORCH / ALFRESCO:	<ul style="list-style-type: none"> ✓ Painted Hardiflex lined porch and alfresco areas where shown on plan.
VERANDAH:	<ul style="list-style-type: none"> ✓ Unlined Boxspan STEEL splayed/drop-down verandahs with

Bell River Group Tender

Initials: /

COLORBOND® roofs and STEEL posts where shown on plan.

GARAGE: ✓ COLORBOND® sectional B & D 'panelmasta' doors as shown on plan.

INSULATION:

- ✓ Insulative wrap to external framed walls.
- ✓ R1.5 batts to external walls of living areas (**Excluding garage*).
- ✓ R1.5 batts to internal walls between garage and living.
- ✓ R3.5 batts to ceilings of living areas (**Excludes garage*).
- ✓ Insulative sarking wrap to underside of roof sheeting.

WINDOWS:

- ✓ Aluminium framed windows and glass sliding doors - Design specific.
- ✓ Vinyl mesh flyscreens to all opening windows and sliding doors.
- ✓ Security Keyed window & door locks.

EXTERNAL DOORS:

- ✓ Hume Glazed external front entry door with clear glass.
- ✓ Hume Glass Opening laundry entrance door with clear glazing where applicable.

SIDELITES: ✓ Hume clear glazed side lights included where applicable.

INTERNAL DOORS:

- ✓ Hume 'Primecoat MDF' flush hinged doors in paint finish.
- ✓ Hume 'Primecoat MDF' flush cavity sliding doors where applicable in paint finish.

ROBE DOORS: ✓ Hume 'Primecoat MDF' 2040mm high 'Smartrobe' sliding doors where shown on plan.

DOOR FURNITURE:

- ✓ Lane 'Concorde' Lever handles in satin chrome to external and internal doors.
- ✓ Privacy sets to bathroom, ensuite and separate toilet where shown on plan.
- ✓ **External doors keyed alike.*

INTERNAL LININGS:

- ✓ 10mm Plasterboard to walls and ceilings.
- ✓ Standard 90mm cornice. (**55 mm cornice to robes/cupboards*)
- ✓ 90 degree external corners where shown on plan.
- ✓ Square set openings where shown on plan.

SKIRTINGS & ARCHITRAVES:	<ul style="list-style-type: none"> ✓ Hume Timber 67mm x 18mm 'Half Splayed' Customwood skirtings and architraves.
KITCHEN:	<ul style="list-style-type: none"> ✓ Kitchen layout is design specific with Bell River Homes special built in standard Bulkheads. ✓ Square edge melamine laminated finish to doors, drawer fronts and end panels selected from Bell River Homes extensive variety of colours ✓ Soft closers to cupboard doors and drawers. ✓ "Quantum Quartz" Engineered Stone Benchtops with 20mm Pencil Round Edges. ✓ Designer Handles selected from the Bell River Homes wide range of handles. ✓ Cutlery drawer. ✓ 1 ¾ bowl stainless steel Sink.
KITCHEN APPLIANCES:	<ul style="list-style-type: none"> ✓ 'Euro' stainless steel EA60SA 600mm multi-function oven, ✓ 'Euro' stainless steel RE60C4B 600mm electric ceran cooktop ✓ 'Euro' stainless steel ERC90S 900mm recirculating canopy rangehood, ✓ 'Euro' stainless steel ED12GS 7 cycle electronic dishwasher ✓ 'Euro' stainless steel ED25MS 25 litre microwave.
LAUNDRY:	<ul style="list-style-type: none"> ✓ Clark Stainless steel free standing Laundry tub with white steel cabinet and chrome mixer tap.
VANITY UNITS:	<ul style="list-style-type: none"> ✓ Australian designed and built "Marquis Clare" wall mounted vanity units with integrated acrylic basin and benchtop. ✓ Choice of White full gloss or Duragrain laminates as per Bell River Homes colour selection. ✓ Soft closers to cupboard doors and drawers. ✓ Vanity sizes are design specific.
MIRRORS:	<ul style="list-style-type: none"> ✓ Wall mounted polished edge mirrors to suit width of vanity units.
BATH TUB:	<ul style="list-style-type: none"> ✓ Stylus 'Maxton' acrylic bath tub in white. (<i>*Size depends on house design</i>)
SHOWER SCREENS:	<ul style="list-style-type: none"> ✓ Frames bright silver framed shower screens with pivot doors and clear laminate glass.

Bell River Group Tender

Initials: /

TAPWARE:	<ul style="list-style-type: none"> ✓ Stylus 'Venecia' tapware in chrome. ✓ Stylus 'Venecia' mixer taps in chrome to kitchen sink, laundry tub and vanity units.
ACCESSORIES:	<ul style="list-style-type: none"> ✓ Caroma 'Cosmo' series chrome double towel rail to shower's. ✓ Caroma 'Cosmo' series chrome towel ring to vanities. ✓ Caroma 'Cosmo' series chrome toilet roll holder to toilets. ✓ Caroma 'Cosmo' series chrome soap holder to shower's.
TOILET SUITES:	<ul style="list-style-type: none"> ✓ Stylus 'Venecia' Vitreous china close coupled toilet suites in white.
INTERNAL PAINTING:	<ul style="list-style-type: none"> ✓ Includes 1 x coat of sealer and 2 x coats of acrylic. ✓ Walls one colour. ✓ Ceiling & cornice one colour. ✓ Doors & skirtings & architraves one colour.
EXTERNAL PAINTING:	<ul style="list-style-type: none"> ✓ Painted front entry door. ✓ One colour to doors. ✓ One colour to verandah posts and front and underside of verandah beam. ✓ One colour to eaves. ✓ One colour to steel lintels (<i>*if applicable</i>) and meter box. ✓ One colour to PVC downpipes.
WATERPROOFING:	<ul style="list-style-type: none"> ✓ Wet areas waterproofed to Australian Standards.
TILING:	<ul style="list-style-type: none"> ✓ Ceramic wall and floor tiles to wet areas selected from Bell River Homes range of tiles. ✓ Wall tiling 2000mm high in showers. ✓ Wall tiling 500mm high above bath tub. ✓ 1 x 75mm wide vertical border to bathroom and ensuite showers. ✓ Skirting tiles 300mm high to remainder of walls in bathroom, ensuite, separate toilet and laundry. ✓ Tiled Splashback to 300mm high behind tub. ✓ Kitchen 600mm high splashback tiling. ✓ Tiled Splashback to 300mm high to vanity

ROBES & CUPBOARDS:

- ✓ Bedroom robes – one melamine top shelf & hanging rail.
- ✓ Linen cupboards - four melamine shelves.
- ✓ Broom cupboards (where applicable) - Top shelf only.
- ✓ Coats cupboards (where applicable) - Top shelf & hanging rail.

ELECTRICAL

- ✓ Single phase Meter box including circuit breakers.
- ✓ Light point to each room including installation of Bell River Homes designer Oyster light fittings.
- ✓ Double Power Point to each room.
- ✓ Exhaust fan in bathroom and ensuite.
- ✓ 3 external light points with oyster or wall light fittings as required.
- ✓ Hard Wired Smoke detectors as required (**Number depends on the design*).
- ✓ TV outlets x 1 (**Antenna by others*).
- ✓ Phone points x 1 (**Connection and lead in work by others*).

EXTERNAL TAPS:

- ✓ 2 x per house.

HOT WATER SYSTEM:

- ✓ Instantaneous Natural/LPG Gas Hot Water System pre-set to 50°C

GAS PLUMBING:

- ✓ Internal Gas Plumbing to hot water system.

WATER TANK & PUMP:

- ✓ 3000 Litre slim poly water tank and pressure pump on applicable designs.

CLEANING:

- ✓ House clean, site tidy and high pressure brick clean on completion.

SERVICES CONNECTIONS:

- ✓ Single phase Underground power connection to suit standard 6m setback or maximum of 10m connection.
- ✓ Water connection to suit standard 6m setback or maximum of 10m connection.
- ✓ Sewer connection to suit standard 6m setback or maximum of 10m connection.
- ✓ Stormwater connection to suit standard 6m setback or maximum of 10m connection.

OH&S:	<ul style="list-style-type: none">✓ Sediment control fencing on relevant designs.✓ Trade waste receptacle.✓ Up to 6m of temporary access drive on relevant designs.✓ 40m of temporary site safety fencing included on relevant designs.✓ External Heavy duty Scaffolding systems as required.
STAIRCASE	✓ Enclosed MDF treads and risers (ready for carpet finish), painted timber staircase with posts and handrail on double story designs.
DOOR BELL	✓ Electronic Door Bell

NOTES:

- No extra costs will be incurred by the client as a result of increased costs relating to section 94 contributions, Bushfire Attack Levels, Rock excavation and/or soils classification for registered "RURAL" blocks.
- This tender is subject to conditions set out in the Council/Private Certifier Approved Development Application & Construction Certificate.
- If construction has not commenced within 6 months of this tender being accepted and signed due to purchaser's inability to commence, or factors outside the control of Bell River Homes, the contract price will rise 1.25% per 6 month period.
- Due to Occupational Health and Safety and public restrictions no works are to be carried out by the client or the client's sub-contractor during the period of construction. Should the client (or his/her contractor) carry out any such unauthorised works and damage or delays result, the builder may charge the client as is appropriate to recover any associated costs.
- Whilst we are happy to modify our designs to suit your needs, the Copyright of the plan (in its standard or modified state) always remains with us and cannot be legally quoted on by other builders; regardless of how many changes have been made. We take any breach of Copyright very seriously and will have no hesitation in taking legal action in the event of our Copyright being breached.
- Sales plans are submitted for illustrative purposes only and are overridden by this tender.
- For rural sites, it is the client's responsibility to provide water, power and all-weather access to the site during construction.
- It will be the client's responsibility to provide fence and signage to effluent disposal area (if applicable).

PRELIMINARY AGREEMENT

- 1 To: **Bell River Homes Pty Ltd - ABN 76 062 307 779** Licence 61247C (Contractor)
These instructions relate to the preparation of plans, engineering details, drafting, Geo-Tech reports, Colour Selections and obtaining appropriate approvals for Building Works upon Land at:

Lot 21 Kerry Elizabeth Drive, Gunnedah, NSW 2380.

- 2 I/WE AUTHORISE AND REQUEST YOU TO UNDERTAKE ALL WORKS REQUIRED AND NECESSARY TO START CONSTRUCTION, INCLUDING BUT NOT LIMITED TO:

- i. Arrange site inspection and/or contour survey of the Land
- ii. Arrange for the preparation of engineering designs, including Geo-Tech investigations and drafting for the Building Works on the Land.
- iii. Prepare Building Plans and Specifications, based on the Specification (copy attached) for the construction of Building Works on the Land.
- iv. submit all relevant Applications to all appropriate authorities for approval
- v. Arrange compulsory Home Owners Warranty insurance
All internal Management Functions (reporting, data entry etc)
Colour Selection and Customer Service
- vi. Production Orders and Estimating

for:

Non-Refundable Preliminary Fee including

GST

\$16,899.00

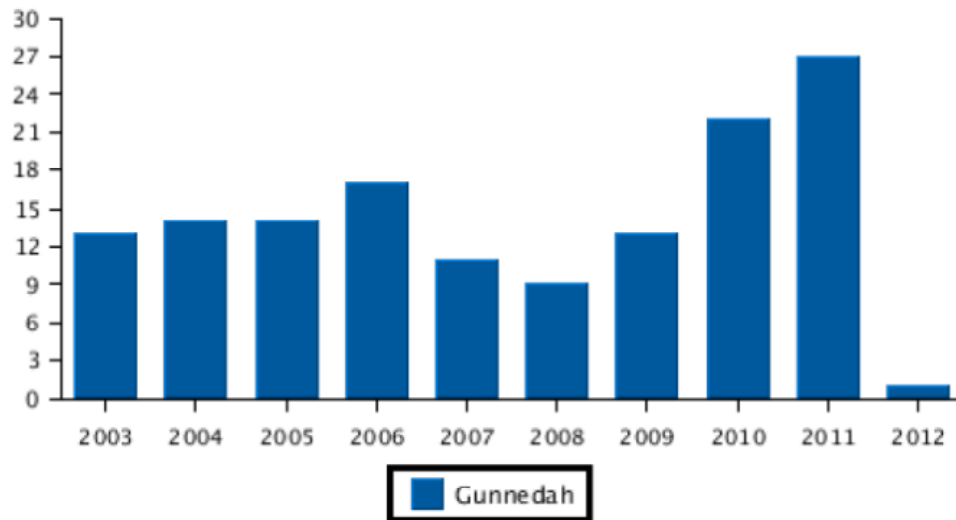
- 3 I/We agree to pay the Contractor the total Price. This amount is payable on written request by the Contractor.
- 4 I/We acknowledge and agree that the property and ownership and the copyright of all plans, sketches and designs prepared by the Contractor in accordance with the Agreement shall remain the property and the ownership of the Contractor at all times and nothing in this Agreement shall give license or otherwise to the owner to use any plans, sketches or designs prepared by the Contractor unless otherwise provided in writing.
- 5 I/We understand that the Total Preliminary Fee is part of the Contractor's specified price, and not an extra to the Contractor's specification dated in this tender.
- 6 IT IS AGREED that if I/We should enter into a Building Agreement with the Contractor for the construction of the Building Works upon the Land all monies paid by me/us (excluding any out of pocket expenses) will be deducted from the Contract price. If a Building Agreement is not entered into, the Total Preliminary Fee is non-refundable.

Appendix IV | Capital Growth

Unit Sales Per Annum

Period	Gunnedah Number
2003	13
2004	14
2005	14
2006	17
2007	11
2008	9
2009	13
2010	22
2011	27
2012	1

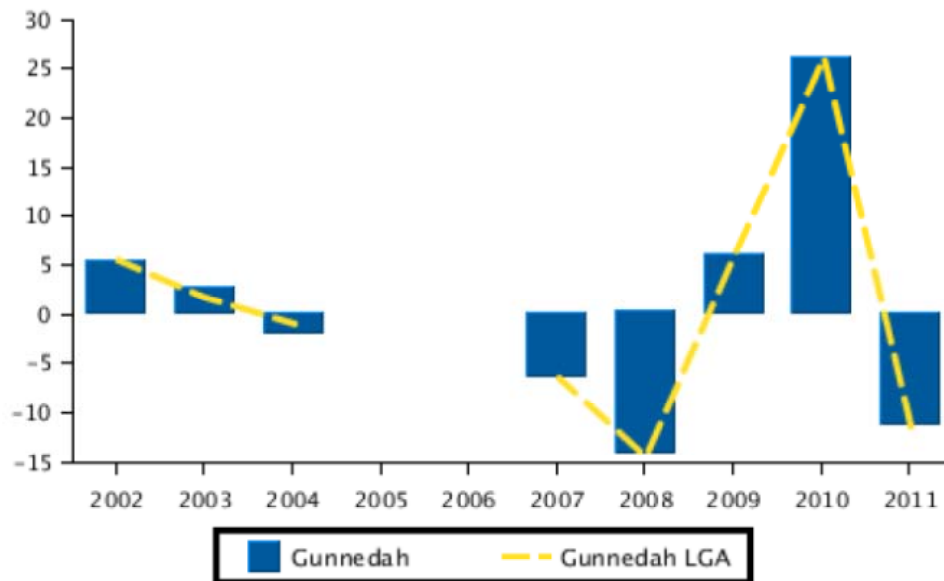
Unit Sales Per Annum



Capital Growth in Median Prices (Unit)

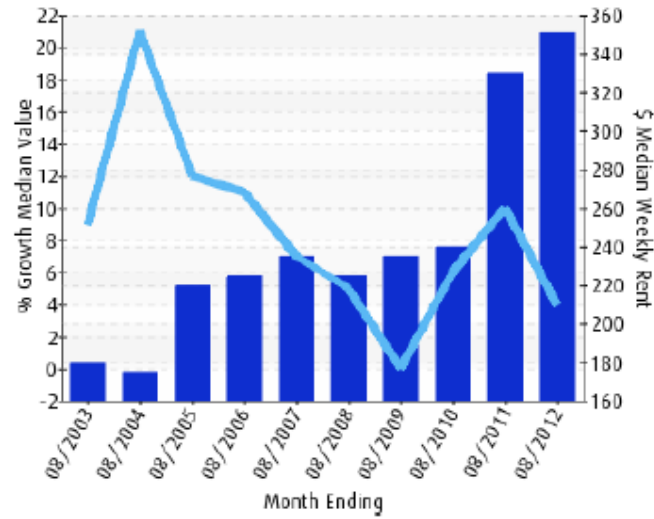
Period	Gunnedah	Gunnedah LGA
	% Change	% Change
2011	-11.4%	-11.4%
2010	26.2%	26.2%
2009	6%	6%
2008	-14.5%	-14.5%
2007	-6.4%	-6.4%
2006	0%	0%
2005	0%	0%
2004	-2.2%	-1.1%
2003	2.8%	1.7%
2002	5.3%	5.3%

Capital Growth in Median Prices (Unit)

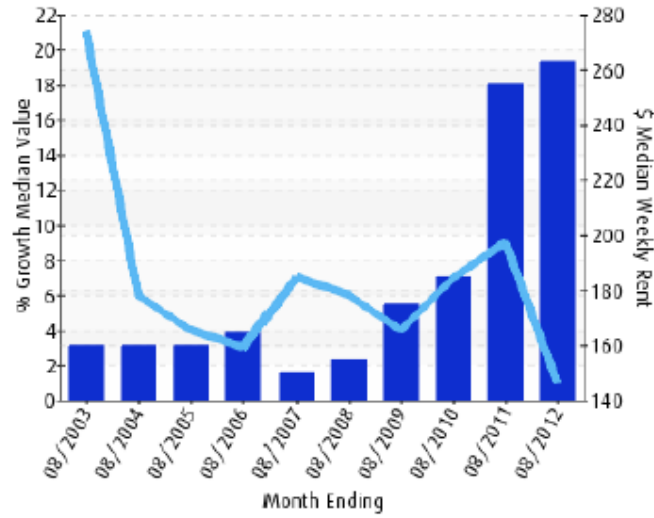


Sourced: www.rpdata.net.au

Houses - Gunnedah



Units - Gunnedah



Sourced: www.homesales.com.au

Appendix V | Demographic Details

The size of Gunnedah is approximately 77 square kilometres. It has 34 parks covering nearly 2% of total area.

The population of Gunnedah in 2001 was 8,301 people. By 2006 the population was 8,043 showing a population decline of 3% in the area during that time.

The predominant age group in Gunnedah is 10-19 years.

Households in Gunnedah are primarily single parents and are likely to be repaying between \$400 - \$600 per month on mortgage repayments.

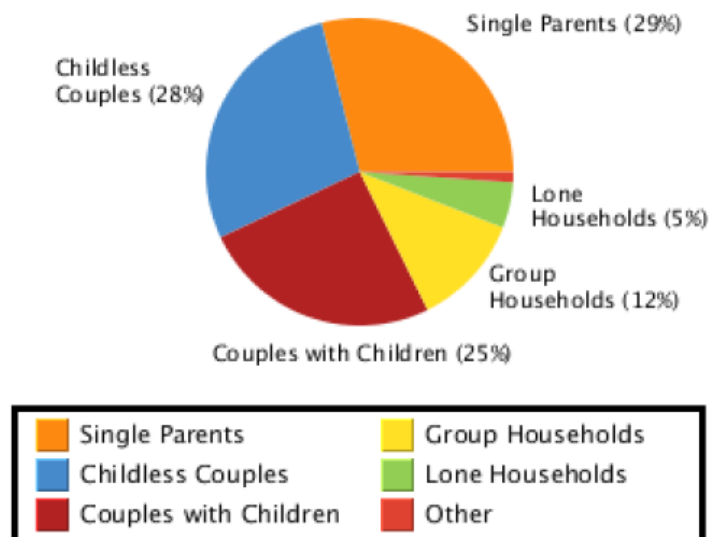
In general, people in Gunnedah work in a non-specific occupation.

In 2001, 64.8% of the homes in Gunnedah were owner-occupied compared with 65.4% in 2006.

Currently the median sales price of houses in the area is 330,000.

Type	Percent
Single Parents	29.0
Childless Couples	28.0
Couples with Children	25.3
Group Households	11.8
Lone Households	4.8
Other	1.1

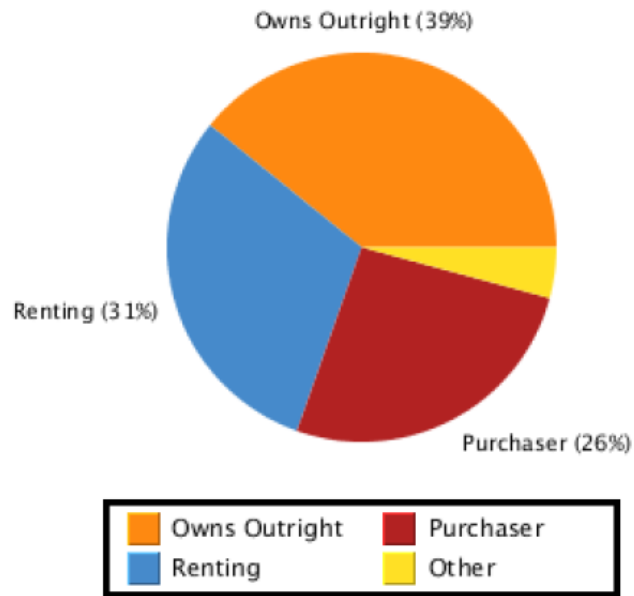
Household Structure



Household Occupancy

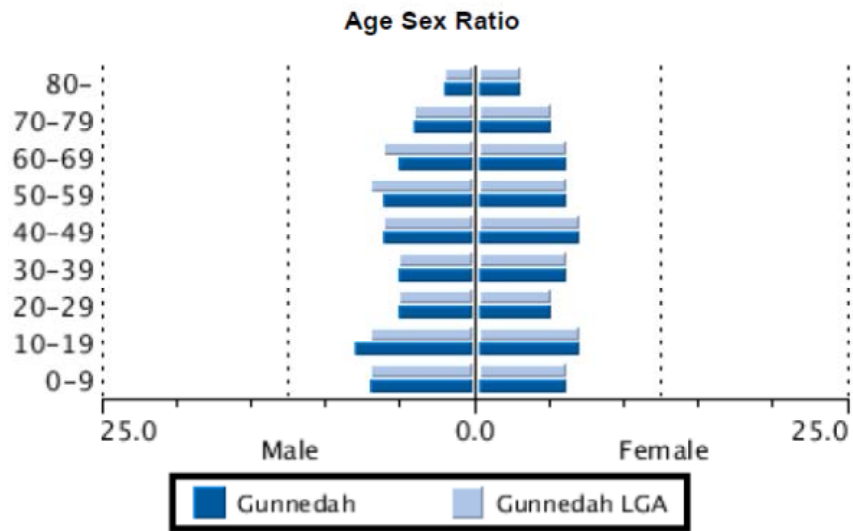
Type	Percent
Owns Outright	39.2
Renting	30.4
Purchaser	26.2
Other	4.2

Household Occupancy



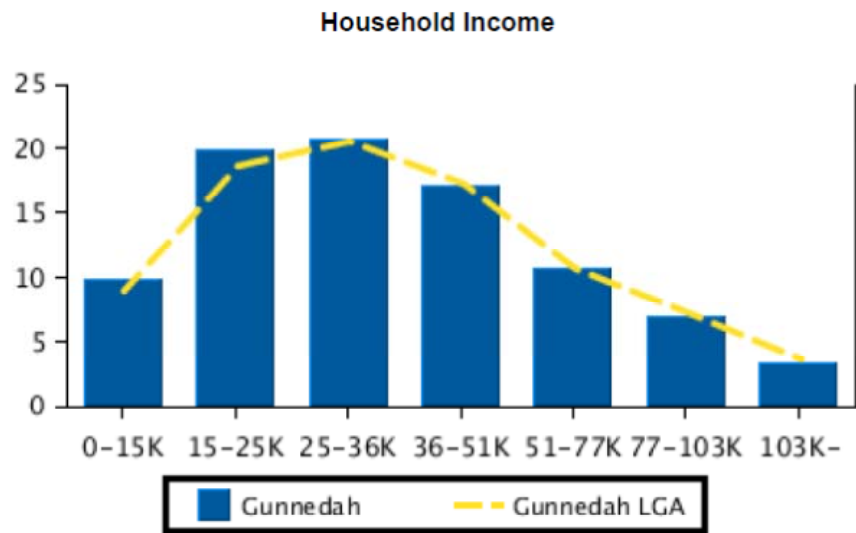
Age Sex Ratio

Age Group	Gunnedah		Gunnedah LGA	
	Male %	Female %	Male %	Female %
0-9	7.0	6.0	7.0	6.0
10-19	8.0	7.0	7.0	7.0
20-29	5.0	5.0	5.0	5.0
30-39	5.0	6.0	5.0	6.0
40-49	6.0	7.0	6.0	7.0
50-59	6.0	6.0	7.0	6.0
60-69	5.0	6.0	6.0	6.0
70-79	4.0	5.0	4.0	5.0
80-	2.0	3.0	2.0	3.0



Household Income

Income Range	Gunnedah %	Gunnedah LGA %
0-15K	9.7	8.9
15-25K	19.8	18.6
25-36K	20.6	20.5
36-51K	17.1	17.3
51-77K	10.6	10.6
77-103K	6.9	7.2
103K-	3.3	3.7



Sourced: www.rpdata.net.au

Appendix VI | Risks

All investments involve risk. While drivers of growth and other attributes that have a positive effect on an investment have been analysed in depth, it is equally important to be aware of and understand the risks that could have an adverse impact on the investment's performance. Following are some of the risks that investors should consider prior to investing in property:

1. Market Value Risk

This risk relates to the risk of the investment failing to achieve the expected growth. Much of the information we have used in our analysis is predictive and the rate of return may be affected by known and unknown risks and uncertainties. This in turn could result in the re-sale value of the investment not achieving what is expected if the vendor chooses to sell during or following depressed market activity.

2. Construction Risk

This is applied to properties purchased off the plan. Throughout such projects the developer may arrange finance facilities related to the land acquisition, development and construction of the project. This may result in issues arising in the delivery of the product on time and as specified on the contracted terms. Delays in the delivery period would result in opportunity costs as investors funds may not be able to be redirected to alternative investments.

3. Rental Yields

Rental yields fluctuate and are affected by other market factors. They may go up or down depending on factors such as supply, demand, employment, investment in the area and the state of the overall residential market.

4. General Risk

In addition to the risk factors specific to investment in property development projects, there are more general risks that can affect the value of the investment in the development, including:

- The state of Australia's and the world economies
- Movements in inflation and employment
- Changes in socio-economic factors
- Natural or man-made disasters.

5. Personal Risk

Investment strategies will often depend on the income of the investor. Should there be a reduction or loss in the flow of income from the investor it may present a risk in the future ability to hold the investment. These risks may be managed through the appropriate use of income protection insurance, life insurance and trauma insurance.

6. Interest Rate Risk

Movements in interest rates can have a number of effects on an individual property investment. Specifically, an increase in interest rates may have an immediate effect on the costs of holding an investment property. Additionally, sustained interest rate rises may have a lagging effect in the form of reduced sales activity and property growth.

7. Policy Risk

Changes in government policy may affect both holding costs and the expected growth performance of specific property investments. This may result in additional expenditure in order to finance your portfolio and the expected returns.

8. Oversupply

An oversupply in property will have effects on both achievable rents and growth performance. Due to the length of time typically required to construct medium and high density developments, the short term supply curve is inelastic. This means that property supply has an inherent inability to adjust quickly enough to meet demand. A sudden reduction in demand or an unexpected increase in supply may result in oversupply. Typically this risk is most acute towards the end of the property cycle. We do not foresee any short term risk of oversupply in the current market.

9. Settlement Risk

Settlement risks may prevent the purchaser's ability to settle on the property. Typically, these are related to difficulties in obtaining finance through valuation shortfalls at the time of settlement or changes in the purchaser's personal circumstances that result in the refusal of the purchaser's credit application. This may result in the loss of the deposit or any monies owed to the developer. This risk may be managed by obtaining pre-approval of finance (for completed property) prior to exchange of contracts.

Appendix VII | Glossary of Terms

Common terms used by property Investors and Financial Institutions.

Application Fee	A fee paid by the borrower to the lending institution for obtaining finance.
Bridging Finance	A short term loan/facility that is often used when buying a new dwelling previous to settling an existing dwelling.
Body Corporate	The term 'Body Corporate' refers to a home owners association charged with the administration of one or more housing units. Owners of the individual dwellings pay a fee to provide for maintenance of common areas and provide cover for repairs that may arise in the future.
Capital Growth	The change in value of an investment. This is calculated by subtracting the purchase price from the current value of the investment and is usually expressed as a percentage. If the price of the capital asset has declined instead, this is called a capital loss .
Comparison Rate	A rate used to compare the borrowing costs from competing lenders. The basis of comparison includes the interest rate and the majority of fees and charges payable during the life of the loan. The figure is expressed in percentage terms. It should be noted that some costs including redraw fees or early repayment fees, and cost savings such as fee waivers, are not included.
Deposit Guarantee	A substitute for a cash deposit used to purchase a property. At the time of settlement, the buyer is required to pay the full purchase price.
Equity	The net value of the asset. This is calculated as the value of the property less any outstanding loans secured by the property.
Gross	The complete amount before deductions for taxation, inflation, or any other various fees that may be incurred. The term 'gross return' refers to the amount of capital growth and yield before taxation, body corporate, fees, inflation and other expenses are taken into account.
Infrastructure	Basic facilities required for a community or society to function as an economy, including transportation, communication, provision of water and power and the public institutions needed for security, welfare, health and education.
Interest in Advance	When interest is charged at the beginning of a period of time. For example, charging the first years interest in the first month of a loan. It is generally only available on fixed rate loans for investment purposes.
Interest Only Loan	A loan facility commonly used for investment loans where the borrower only pays the interest component of the loan for a specific period of time.
Price \$/m2	A measure for determining the relative value of a given property based on the internal size. This is calculated by dividing the purchase price by the internal area (measured in m2) and expressed as dollars per m2.
Real Return	The return on investment, less the reduction in its value as a result of inflation. Real rates are important as they tell you what the actual increase in value is, and how much of a return was less the effect of inflation.
Rental Guarantee	A guarantee by developers to pay an agreed level of rent should a shortfall achievable in the market arise. This is usually based on a percentage of the purchase price.
Valuation	The estimated worth of a project based on comparable sales with projects of a similar type. This is conducted by a registered valuer.
Yield	An annualised rate of return for a given investment. This is calculated as the annual achievable rent expressed as a percentage of the purchase price (or current market value) of paid investment.

Appendix VIII | FAQ's

Short term bonds

To apply, clients need to complete an application form (available from their broker), together with:

- A loan approval
- A copy of the Contract for property sold that will assist in the purchase of the new property
- Evidence of funds accessible prior to the completion date, such as savings, a fixed term deposit, or share certificates
- Evidence of other funds that will assist in the purchase such as the First Home Owners Grant.

Long Term Bonds

To apply, clients will need to complete an application form (available from their broker) and provide evidence that they are an existing property owner:

- Rate notice/s for residential property owned
- Mortgage statements