

Antai Corporation



Property Investment in Australia

On This Booklet

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- Top 3 reasons to invest in Australia
- Top 5 reasons to buy or build new homes
- Understanding the property cycle
- Investment scenario
- Simonds Display Houses

Company Profile

Our Company

Antai Corporation is an international property investment company which providing wealth creation consultation services. We provide superior services and advices at an affordable price on establishing or diversifying investment portfolio through new property investment opportunities.

We have been working with the most awarded builders and financial institutions to help you achieve your investment goal. We aim to make your reach your financial freedom through property investment .

Our Service

Why choose us? It is simply because we help you to achieve your property investment goal.

We understand investing overseas property is complicated, thus we simply ease the entire process for you by providing the following services:

- Advice on wealth creation investment
- Investment property sourcing
- Loan sourcing
- Arranging related professional services (including conveying and accounting).
- Property management sourcing

Our Objective

Our objective is to listen, analyses, design and implement the best possible and most cost effective property investment solution for our clients.



Our Philosophy

Antai Corporation's philosophy is to provide our clients the most suitable wealth creation solutions to suit their investment portfolio criteria and to significantly reduce their overall risks in property investment.



Our Commitment

Our commitment is to deliver most suitable wealth creation advices and superior quality services in property investment.

Strategic Partners

Antai Corporation's strategic partners are Australia's most well-known builders and financial service providers, they aim to co-work with Antai Corporation to design and deliver a client-centric, total-solution approach to create investment opportunities, and to maintain the competitive investment advantage for our clients.

We invested significant time and effort to build and maintain a strong and healthy relationship with our strategic partners in hope to bring property investment solutions to our clients at very affordable prices.

By delivering and enhancing our work relationship with them, we are able to assist our clients to achieve successful investment goal and portfolio.

Top 3 Reasons to Invest in Australia

1. Natural and Cultural

Being considered as one of the most liveable countries, one of the favourite holiday destinations, Australia has always been a favourite tourism country due to its high quality life style. Melbourne is awarded as one of the top ten most liveable cities in the world. Fantastic beaches, dense tropical rainforest and rugged mountains, average of 3,000 hours of sunshine per year, major sporting and arts events, national parks and wildlife, it is a wonderland with the great life style and English as national language.

2. Political

Compare to some countries which overseas property investment has to go thru a very complicated procedure, Australia Government welcomes overseas investment and the process is very simple.

Most of the property and land in Australia except in Canberra adopts the Freehold Title System, which allows the Buyer to receive an unrestricted title to the property. Unlike the leasehold Title System which the property is leased from the government for 99 years, the Freehold Title system includes:

- Title/ownership of the property for an unlimited time period
- Freedom of the owner to occupy, rent, sell or transfer the property or leave it vacant

3. Financial

This is considered as the most important factor which attracts millions of overseas investors.

1) Tangible

Unlike share and debenture, property investment is considered as low risk, because it is tangible. It won't vanish overnight due to a result of poor management or financial market crisis. The value of the property will increase according to the Economy and GDP growth. On October 19, 1987 the Australian all ordinaries index fell by 46%. For 2 years following the crash, property values in Australia soared ahead as investors returned to the stability of property.

2) High capital Growth

According to the past 120 years' statistics, Australian properties are considered as the low risk investment with promising capital growth. Property prices have risen at an average compound rate of 10.4%, which again have doubled every 7 years despite droughts, wars, changes of government, interstate and overseas migration, interest rate movements, exchange rate movements, changing rates of unemployment, CPI movements, etc.

3) Low vacancy rate – the Supply and Demand factor

With the low vacancy rate of 1%, high interest rate and the increasing population growth, the demand for housing is currently undersupply, which as a direct result causes property to rise to sky high.

4) Gearing – the Tax advantages

Although capital gain tax is payable after a property is sold. Australian tax law offers generous tax advantages to property investors. Most of the expense occurred during investment can be claimed.

5) Mortgage Options

Many lenders in Australia offer wide range of mortgage options to foreign investors, including interest free loans for five to ten years which is very cash flow friendly.

6) Exchange rate

The exchange rates against the euro, dollar and sterling are favourable, making property purchase in Australia a valuable option compare to investing in other developed countries.

Top 5 reasons to buy or build a new home



1. Locations & Local Community:

Most of the newly developed Land Estates are very well planned to offer parks, waterways, schools, shopping etc at your door step when compared to established suburbs nearby. A new home in a new suburb is a great start. Newer areas generally have people from a similar background or life situation, i.e. starting a family etc. This adds to the community feel.

2. Designs:

Outstanding designs evolving to suit our rapidly changing lifestyles. These designs are very different than homes built a few years ago. Simplicity & Energy saving is the key element in the latest designs.



3. Value for Money:

It is amazing to find what you can get for what you paid compared to other options. People realize the costs to renovate an older home and compare this to building a beautiful new home of their own preference in an emerging well planned suburb.

4. Quality:

Builders normally offer 5-7 years structural guarantees which give you peace of mind. Any recognized Builders must comply with Government guidelines regarding the materials used, and safety requirements etc. Eco-friendly New Homes are leading the way in sustainability and reduce costs in the longer term, helping the environment and saving energy at the same time.



5. Investment reasons:

Buying or building new house can be a smarter option due to depreciation allowances. If you choose an emerging suburb, the values will also generally increase over time.

Understand the property cycle

Understand the Statistics

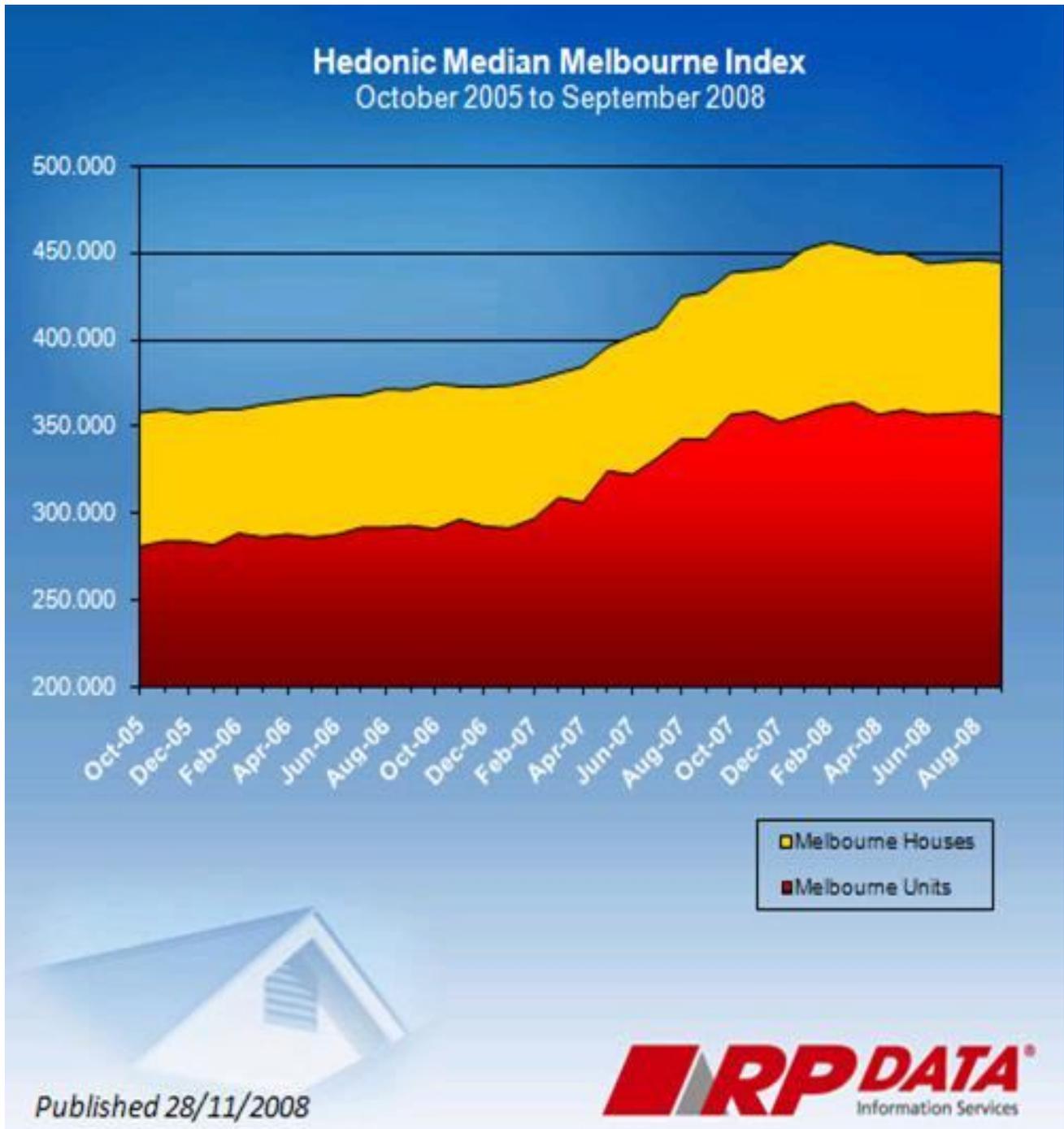
While experts talk about global financial crisis, we always start to worry about the property price movement. It is easy to get confused and frustrated by contradictory statistics if you take a SHORT-term view of property price movements. However, if you understand that property prices cycles, the picture becomes much clearer. Let's have a look the facts about property market.

For instance, England, as a kingdom which has collected a very accurate statistics on every birth, death, marriage, and sale of land since 1088 A.D for 920 years, researches on property prices are very much easier to be analysed compare to any other nations around the world.

The result shows, for the past 920 years, property prices have risen at a compound rate of increase of 10.2% per annum, which states that any number which increases at 10% p.a. compound, doubles every 7.2 years. So, for over 900 years, property prices in England have been doubling, on average, every 7 years.

In Australia, over the past 120 years' statistics result shows, property prices have risen at an average compound rate of 10.4%, which again have doubled every 7 years despite droughts, wars, changes of government, interstate and overseas migration, interest rate movements, exchange rate movements, changing rates of unemployment, CPI movements, etc.

Melbourne House Prices and Unit Prices



Graph taken from www.myrp.com.au

Understand the Basic Demand & Supply

The ever-increasing need for housing in major cities like Melbourne and Sydney are not based on temporary boom factors but on underlying (substantial and permanent) shifts in population. Each city has a strong underlying economy, which is not dependent on one particular industry. In addition, estimates of Melbourne's population for 2020 is over four million people (an approximate increase of 25% in 13 years). This huge population increase triggers the need to accommodate these extra people.

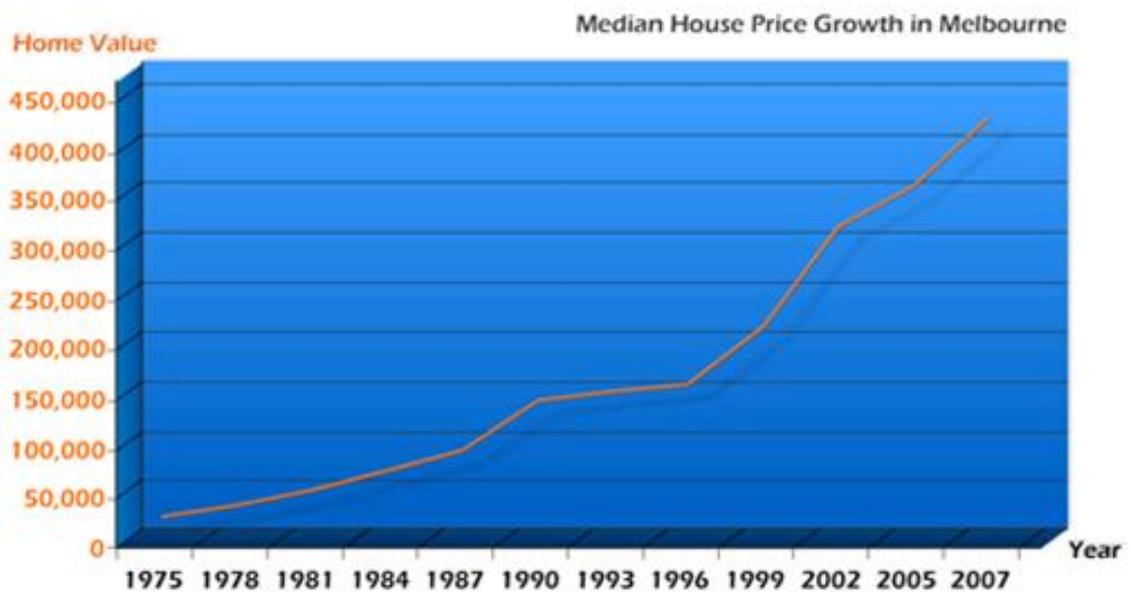
On the supplying side, the reality is that Melbourne's building industry cannot build more than about 140,000 accommodation units (houses and apartments) per annum due to shortages of qualified tradespeople of all types and shortage of suitably zoned land and the building permit process. Demand, on the other hand, is estimated at approximately 170,000 accommodation units per annum. Added to this, State and Federal governments have all but completely removed themselves from supply of affordable housing.

The inevitable consequence is that house and apartment prices will continue to rise (quickly over the next 2-3 years and then more moderately). And rentals, which are already moving up quickly, will continue to rise ahead of CPI.



Picture taken from <http://travel.nationalgeographic.com>

The graph below shows housing prices in Melbourne for the past 30 years



Understand Rent VS Vacancy Rate

The rent, which determined by supply & demand, and the value of the properties determine the rental return per annum. Rental returns on residential property tend to vary between about 3.5-4.0% and 5.5-6.0%, although this rate rises and falls at different times in the cycle as real rents and property prices move up at different rates.

Due to the vacancy rates continue to decline from 4% to a little over 0.9% in most parts of Melbourne, the rental returns have moved very close to the top end of this range and are showing every sign of continuing to rise. The city's long-term imbalance between the new accommodation that can be supplied and the level demanded by increased population/ increased member of new household formations noted above, allows the actual level of rents to continue to rise quite quickly. This will attract new investors into the residential house and apartment markets, which will, in turn, keep pushing prices up.

Understand the Interest Rates

Despite the 16-17% interest rates experienced only once in Australia's history, interest rates are now approximately 1-1.5% above the lowest they have been in the last 40 years, base on adding the present CPI increase and the additional incentive needed to be offered for people to save and lend their money to others.

Even though, the currently rates are above the theoretically justified level. It is still possible for the Reserve Bank to use one or even two more 0.25 per cent interest rate rises to send a message to the market not to get "overheated". Even two such increases will leave interest rates within 2% of their 40-year lows. A 0.25% per cent increase in the average mortgage of around \$330,000 is equivalent to an extra \$15.90 per week (\$68.70 per month) in repayments.

By comparison, a 10% increase in the median house price of \$330,000 in Melbourne is equivalent to an \$634 per week (\$2750 per month) increase in the owner's wealth.

All these factors point strongly to residential property continuing to be the premier investment vehicle for most people.

THE FACT

This article below was taken from *The Age News Paper* written by Eli Greenblat, March 20, 2008.

Rental vacancy rate below 1%

MELBOURNE'S rental property drought has hit crisis levels after last month's vacancy rate fell below 1% for the first time on record. Rental accommodation in the central city has almost dwindled to zero.

Figures obtained by *The Age* reveal that the vacancy rate across Melbourne is 0.9%, a level not seen by the property industry since records began in the early 1980s.

For those wishing to live close to the city the situation is even more dire. The Real Estate Institute of Victoria says that, within four kilometres of the CBD, the vacancy rate dived to 0.5% last month. It was 0.6% in February last year.

"A rental vacancy rate below 1% is unprecedented," said REIV chief executive Enzo Raimondo, "and it increases the urgency for governments to take action to increase public and private investment in rental stock."

The surging demand for rental properties in Melbourne, particularly close to the city, is being fuelled by the state's growing population. About 1500 people are moving to Melbourne each week and experts predict that the city's population will hit 6.2 million by 2020, a decade earlier than forecast earlier. The State Government's Office of Housing has reported that median rents in metropolitan Melbourne rose 12.7% in the year to the September quarter.

The Australian Bureau of Statistics says there are 447,074 rental homes in Melbourne. A 0.9% vacancy rate means about 4020 properties are available to be let.

People scrambling for a home are offering higher rents or using family and social networks to gain a favourable result from landlords.

Real estate agents are reporting being swamped at open-for-inspections in the inner city and surrounding inner suburbs such as South Yarra and Fitzroy.

"We may get as many as 50 people or more coming in for an open for inspection, and from that we can expect to get more than 10 applications for the one property," said Karetta Farmer from Dingle Partners.

"The tenants are staying in touch with agents, adding their names to lists so they don't miss any opportunities."

Chris O'Shaughnessy, a director at Biggin & Scott, said many tenants were turning up at inspections with their application forms filled in. "In our existing portfolio of (roughly 1400) rental properties our vacancy rate would be next to zero ... and the only reasons why places are vacant is that they have far too high rent or the property itself is pretty rough."

Vacancy rates in middle and outer Melbourne suburbs have fallen to 1%. In regional Victoria, Ballarat has a vacancy rate of 1.1%, down from 4% in February last year, and rates are as low as 1.2% in East Gippsland and 1.6% in Geelong.

Alan Moran, director of the Institute of Public Affairs' deregulation unit, said housing supply was being constrained by some action groups.

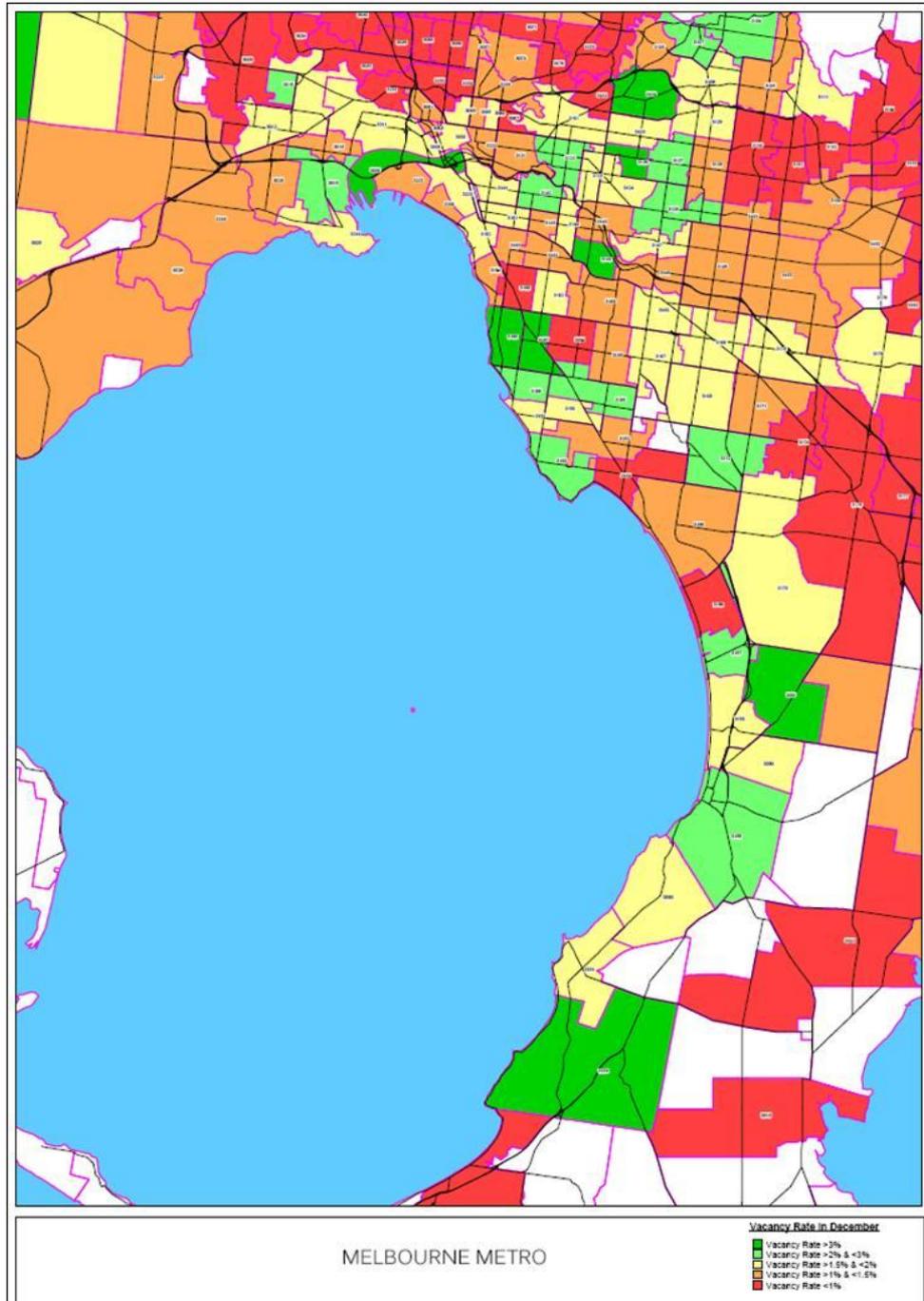
"It comes back to save-our-suburb type groups that are opposing new developments and either imposing costs on them or stopping them, so we have a shortage emerging.

"The Government has to give developers a greater certainty that if they conform to residential codes, (developments) will go through, and they have to prevent delaying tactics which we are so frequently seeing."

Robert Papaleo, director of strategic research at property group Charter Keck Cramer, said low vacancy rates would be the norm for a few years at least.

Melbourne Residential Vacancy Rate

July to December 2007 taken from www.mypropertyinvestment.com.au



Vacancy Rate in December

- Vacancy Rate >3%
- Vacancy Rate >2% & <3%
- Vacancy Rate >1.5% & <2%
- Vacancy Rate >1% & <1.5%
- Vacancy Rate <1%

Investment Scenario

Case 1: Why borrow?

Property Value: \$450k,

Borrowing amount \$315,000.00 (70% of purchased price) interest only loan

Interest Rate: 6.04% (standard variable rate 6.74% less 0.7% discount)

Interest cost: \$19,026.00 per year ($315,000 \times 6.04\%$)

Rental Income: \$23,400.00 (\$450,00 per week \times 52) plus 3,5% annual incremental;

Net income: $\$23,400 - \$19,026 = \$4,373.00$

If value of property increases 7% per year, your net income will be \$35,873.00

Based on statistic report, after 7-9 years, the value of property will increase by 100%, your investment return will be 124%.

Low interest rate, interest rate will continue to drop. High demanding in Property and high population growth.



Investment Scenario

Case 2, Why investment in Property

Property value \$600,000.00

Borrowing amount \$400,000.00

Interest Rate: 6.04%

Borrowing cost: \$350.00 package fee, no application fee, no valuation fee

Interest Cost: \$24,160.00

Rental income: \$26,520.00 (\$510.00 per week)

Net Income: $\$26,520.00 - \$24,160.00 = \$2,090.00$

If value of property increases 7% per year, your net income will be \$44,090.00

Based on statistic report, after 7-9 years, the value of property will increase by 100%, your investment return will be 124%.

More Secure compared to share market; easy to manage.



Simonds Display House - *Quality finish at its best!*

LIANA - Modern functional living



Swimming Pool



Alfresco Area



Bedroom



Living Area

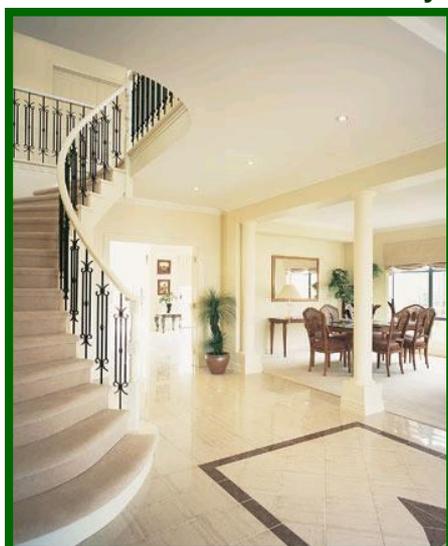
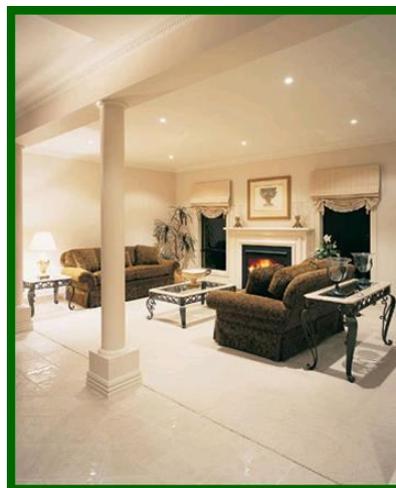
Simonds Display House - *Quality finish at its best!*

TOSCANA - the European Style



Lounge

Family



Master Bedroom



Secure your future with us



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INDONESIA

THAILAND

MALAYSIA

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