

INVESTOR REPORT

CAPE PATERSON

REGIONAL CONTEXT

Cape Paterson is a coastal town in the south east of Victoria which is surrounded by ocean, native parkland and rural properties. It has a permanent population of 700 that grows significantly in the summer due to its reputation as a premier holiday destination in eastern Victoria. Cape Paterson attracts holiday visitors from Melbourne and the wider Victorian population alike.

Cape Paterson is in a geographically blessed location, in addition to the natural beauty of the coast, it is only 10km from the regional centre of Wonthaggi.

The State Government has identified Wonthaggi as one of six growth centres for Victoria, which will accommodate the State's increasing population according to 2041 growth forecasts.

The new land release at The Cape is an opportunity to invest in an area which will become a support town for the growth centre of Wonthaggi.

The announcement of Wonthaggi as a growth centre shows the State's commitment to strengthen the town's economy and offer a range of services for surrounding communities. Government investment in business, education and government services will support Wonthaggi's growth and ensure employment opportunities as well as the provision of supporting education and health services that are needed for a growing regional centre.

Victoria's population is projected to grow by 3 million people by 2041, 20 to 25% of this growth is to be based in regional centres. This growth rate is greater than double what has occurred through the previous 30 years.

Cape Paterson is in a unique position to attract the coastal living lifestyle close to the regional centre of Wonthaggi. There are strict controls on the Cape Paterson town boundary, the alteration of the township to incorporate The Cape development is a rare opportunity to obtain a new land release, not to mention being part of a boutique eco-development that will add a premium to the real estate value.

The town is in the enviable position of having both a summer rental market and also supporting a permanent rental population. Approximately one third of the dwellings in Cape Paterson are rental properties.

Over the last 12 months to August 2015, Victoria has had an average median house prices increase of 4.96%, Cape Paterson is performing above the median with capital growth of 5.69%.



STAGE 1 LAND RELEASE AT THE CAPE

The Cape is a residential community in Cape Paterson featuring over 50% open space and houses designed to a minimum of 7.5 star energy efficiency. It has been designed to showcase contemporary sustainability ideals which go hand-in-hand with modern living. The Cape is a leader in modern, sustainable housing in Australia.

Titles for the Stage 1 land release at The Cape are currently available. Early investment in The Cape is predicted to see greater growth than in later stages as the current pricing is deliberately low to gain momentum of house builds through the estate. Land within stage 1 has ocean views and is close to the future heart of the development, the community precinct.

The community precinct has an abundance of open space including community garden, village green, playground, sporting precinct and café area. Stage 1 is also a short walk to the Cape Paterson surf and safe swimming beaches. All of these factors make Stage 1 a sound investment opportunity.

Available blocks range from 440-660sqm in area.

A block in stage 1 has already been re-sold and increased in value from \$240,000 to \$325,000 for the land value only, providing the investor with a return of 35% in 2-years.

Approximately a third of the lots within Stage 1 have sold. One house has been constructed and four are planning to begin construction in September. From September and through the summer construction period, it will become evident to prospective buyers that time is of the essence to buy in to The Cape. We anticipate that land sales will proceed in earnest through the holiday period for the limited amount of Stage 1 land which is still available.



The first house at The Cape, view from backyard



COMPARABLE SALES IN CAPE PATERSON

The Cape offers a standard of house-build and lifestyle that exceeds what is currently on offer in the existing housing stock in Cape Paterson. The community facilities offered within The Cape are publically accessible and will be shared by both the existing township and the new residents at The Cape. As such, it is expected that this increase in public facilities will drive up the value of houses close to the estate in the existing township.

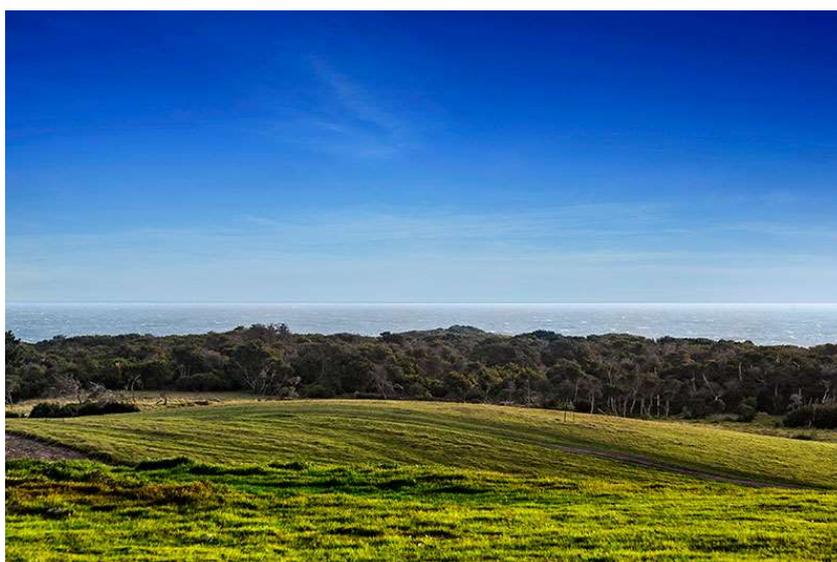
It is difficult to directly compare sales from the existing Cape Paterson stock to The Cape due to features such as the minimum 7.5 star energy efficiency rating and the community facilities that are not built in to the existing Cape Paterson houses.

Recent Sales in Cape Paterson

Address	Bedrooms	Bathrooms	Car space	Land Area (m ²)	Price
74 Nardoo St Cape Paterson	5	2	2	511	\$575,000
33 Scenic Road Cape Paterson	4	2	2	508	\$530,000
1 Nardoo St Cape Paterson	4	1	2	613	\$510,000

Recent sales show that existing housing stock in Cape Paterson is comfortably sold in the \$500,000-\$600,000 bracket. The houses listed in the above sales were renovated close to the time of sale to modernize the house facilities and have similar viewlines to those available at The Cape (however, they have a lesser energy efficiency rating overall and lack of community facilities on offer at The Cape).

The holiday rental income from the property at 74 Nardoo St was advertised at \$18,000 per annum which is indicative of prices that can be expected at The Cape.



Views from Stage 1, The Cape

In summary, based on the current market, the opportunity to invest in The Cape can be viewed as an entry into what is a reliable rental market in an area that is performing above the median growth in the Victorian market.

Future growth in Wonthaggi as a regional centre is underpinned by the State's strategy for supporting regional cities. As Wonthaggi continues to grow, Cape Paterson will be an ideal place to live as it offers lifestyle values close to an employment centre.

Buying land at The Cape is more than buying into a regular house and land package, the additional community facilities within the estate will add a premium to estate housing, as will the quality of house build mandated by the development guidelines. This will add value to the already strong sales and rental prices supported in Cape Paterson.

Stage 1 is the best time to buy into The Cape as the land is priced competitively compared to future stages in order to gain momentum in the market. A 35% return has already been realized by early investors.



Cape Paterson beach, man-made pool

