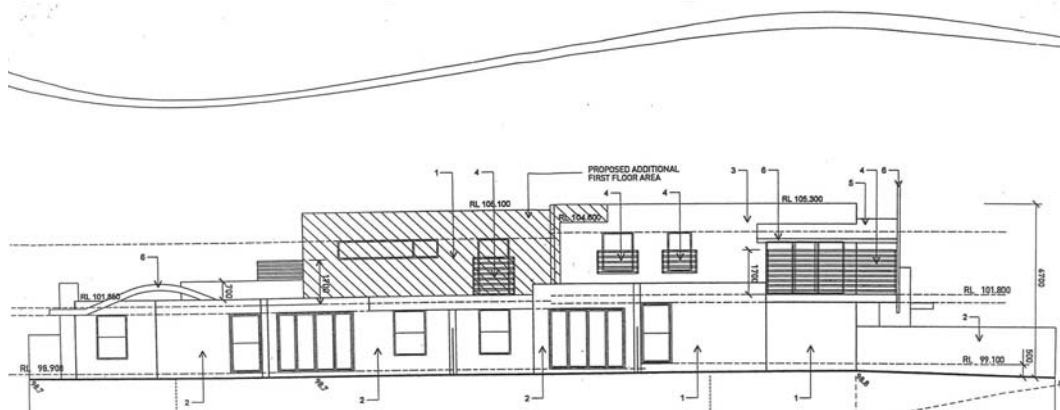


Finance Proposition

**3 Orr Street
HEIDELBERG HEIGHTS VIC 3081**



**6 Unit Development Project
Plans Drawn & Permits Issued
Ready To Build Immediately**

Le Jest Properties

Suite 3, 41 Railway Road, Blackburn 3130

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Project Brief

This exciting project is situated in the heart of the La Trobe University precinct located to the north east of Melbourne, approximately 20 kilometres from the CBD. This prime location attracts very strong demand from homeowners, investors and tenants looking for affordable good quality housing.

The site was purchased with plans and permits pre-existing for the construction of six, 2-bedroom units split over two levels. Our intention is to clean up the site, engage pre-sale marketing and commence building as soon as possible. The project is conservatively expected to take 18 months to complete (from purchase settlement to final sale settlement).

3 Orr Street Heidelberg Heights was purchased on the 19th July 2007 for \$425,400 (plus GST). The purchase is due to settle on 17th September 2007.

Finance Summary

Sales proceeds:	\$2,057,250
Purchase cost:	\$467,940
+ Build costs:	\$817,070
+ Finance costs:	\$113,674
+ Other costs:	\$114,693
= Total costs:	\$1,513,377
Project Profit:	\$543,873
- Est. GST:	\$66,082
= Net Project Profit:	\$477,791

Note: Sale and purchase figures are GST inclusive.

Borrowing Entity

The purchasing and borrowing entity will be Le Jest Investments Pty Ltd ATF Le Jest Unit Trust. The trustee company and the unit trust are in the process of being established for the purpose of completing this and future development projects. The directors of the trustee company will be Stephen George McKnight and Jeremy Clint Thomas.

Financing Terms

We are seeking to:

- Borrow 80% of the cost of land, construction and finishing costs
- Have monthly loan drawdowns on a percentage of completion basis
- Capitalise the interest over the life of the project

In dollar terms, the estimated total borrowings on the above basis would be \$1,098,622.

The security offered is first mortgage over the property title in addition to personal guarantees from the directors of the trustee company.

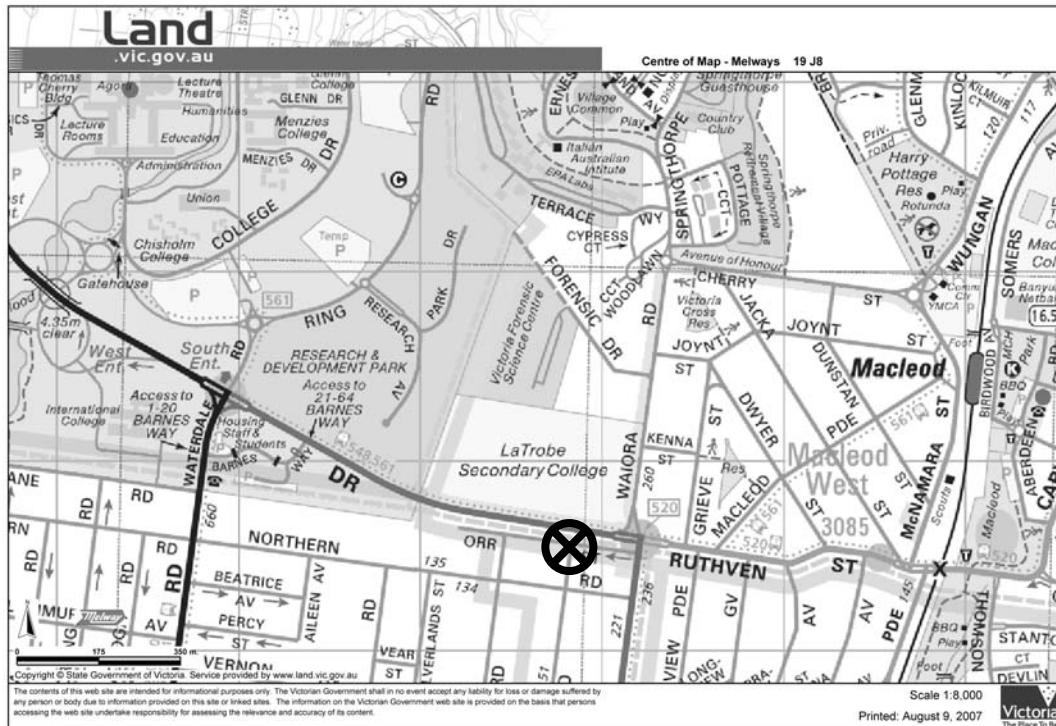
Expected Key Dates

The key project milestones are:

Purchase Settlement:	17 September 2007
Engage Consultants:	Mid September 2007
Pre Sales Marketing:	Mid October 2007
Construction Start:	Early February 2008
Finishing Works:	Mid October 2008
Sale Settlement:	Mid December 2008

Project Outline

3 Orr Street is situated in Heidelberg Heights (Melway reference 19 J9), a suburb nestled in Melbourne's popular north-east, approximately 20 kilometres from the central business district.



The property has excellent access to public transport. Bus stops for routes 547 (Kew to Mont Park) and 548 (Kew to La Trobe University) and 561 (Reservoir Rail Station to Macleod Rail Station) are at the front door and the Macleod Rail Station (Greensborough line) is less than a kilometre away.

The property is perfectly positioned to cater for two major community hubs. First, La Trobe University, one of Melbourne's busiest learning centres, is less than a ten minute walk away. Second, the Austin Hospital – one of Melbourne's premier health care institutions – is less than a five minute drive away.

Postcode Research

Research on postcode 3081 indicates that a higher than normal percentage of residents rent as against owning their homes (39% compared to 54%)¹. This can be explained by the proximity of La Trobe University which will attracts a large number of students who wish to live in close proximity to their place of study (i.e. either walk or catch public transport thereby eliminating the need for a car).

As reported by Australian Property Monitors, the median unit price for the six months to June 2007 was \$334,000. Recent sales for units are:

Address	Date of Sale	Amount
1/40 St Hellier St	Aug 2007	\$450,000
2/20-22 Edwin St	June 2007	\$382,000
2/40 Linden Av	June 2007	\$344,000
5/183 Waiora Rd	May 2007	\$327,000
1/24 Dresden St	June 2007	\$315,000
2/7 Linden Av	November 2006	\$440,000

The long-term trend for annual unit price growth in postcode 3081 is 7.2%.

Target Sales Market

The sales campaign will be focussed on two fronts:

1. Hospital staff

With the Austin hospital so close, the property would be ideal for persons looking to get a foothold into the home ownership market so close to work. There is no shortage of jobs for those in the healthcare sector and the salaries are good.

¹ The average across Melbourne is 70% fully own or are currently purchasing and 24% rent

2. Investors

La Trobe University has expressed a keen interest in entering into discussions to lease all six units on long-term leases, and offering them into the rental pool for students. If this outcome can be facilitated, the units would make attractive investments with secure income.

Australian Property Monitors report that it takes an average of 64 days to sell a unit in postcode 3081; auction clearance rates at 81%. Like most of Melbourne, the region is experiencing excellent demand with agents reporting a shortfall of housing stock compared to current buyer demand.

Planning Permit Status

This property has been purchased with a current planning permit for the immediate construction of six new two-bedroom units, with four dwellings on the ground floor and two dwellings (accessed by stairs) on the first floor. There are 10 car spaces allocated in a basement car park.

In summary, the site, although only approximately 600 square metres in size, has been targeted for higher than normal density living by the local council who are keen to see the property developed.

Financial Projections

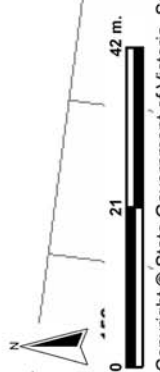
The accompanying financial projections have been forecast based on conservative building costs of \$1,200 per square metre, plus GST. The sales figures are based on the expectations of an experienced real estate agent who is an expert in selling new units off the plan in that region. The reported profit is after GST but before income tax.

Financial Analysis (as at 9 August 2007)

	A	B	C	D	E	G	H	I	J	K	L	M
1	Development Outline		Project: 3 Orr St Heidelberg Heights V6			10/08/2007 16:34						
2												
3	Variables		Gross excl GST	GST	Total							
4	Purchase price		\$ 425,400	\$ 42,540	\$ 467,940							
5	Build cost per square metre		\$ 1,200	\$ 120	\$ 1,320							
6	Finishing costs per unit		\$ 3,000	\$ 300	\$ 3,300							
7												
8	Units	Size	Sales Price	GST	Build Cost	GST						
9	Balcony	172	\$ -	\$ -	\$ 43,000	\$ 3,909						
10	One	76	\$ 367,000	\$ 33,364	\$ 100,320	\$ 9,120						
11	Two	64	\$ 304,000	\$ 27,636	\$ 84,480	\$ 7,680						
12	Three	66	\$ 313,500	\$ 28,500	\$ 87,120	\$ 7,920						
13	Four	76	\$ 342,000	\$ 31,091	\$ 100,320	\$ 9,120						
14	Five	85	\$ 407,500	\$ 37,045	\$ 112,200	\$ 10,200						
15	Six	79	\$ 376,000	\$ 34,182	\$ 104,280	\$ 9,480						
16	Carpark 10 cars	337	\$ -	\$ -	\$ 185,350	\$ 16,850						
17			\$ 2,110,000	\$ 191,818	\$ 817,070	\$ 74,279						
18												
19	Loan: Land	80%	Sales Costs	2.5%	Project months	18						
20	Loan: Build & Finish	80%	Interest on debt	9.0%	Cash Opp. Cost	5%						
21												
22			Gross incl GST	Costs	Net	GST						
23	Sales		\$ 2,110,000	\$ 52,750	\$ 2,057,250	\$ 191,818						
24												
25			Gross incl GST	Cash	Borrowing	GST		Debt From Month	Debt	Split Over ? Months		
26	Purchase Price		\$ 467,940	\$ 93,588	\$ 374,352	\$ 42,540	0	\$ 374,352	N/A			
27	Closing Costs		\$ 26,823	\$ 26,823	\$ -	\$ 230						
28	Consultants		\$ 74,870	\$ 74,870	\$ -	\$ 7,487						
29	Build Costs		\$ 817,070	\$ 163,414	\$ 653,656	\$ 74,279	4	\$ 653,656	9	start build		
30	Land & Finishing Costs		\$ 13,200	\$ 2,640	\$ 10,560	\$ 1,200	13	\$ 10,560	2	start finish costs		
31	Holding Costs		\$ 113,674	\$ -	\$ 113,674	\$ -						
32	Total		\$ 1,513,377	\$ 361,135	\$ 1,152,242	\$ 125,736						
33												
34			Gross incl GST	Net GST (est.)	Net Cashflow	CoCR (Deal)						
35	Cashflow		\$ 543,873	\$ 66,082	\$ 477,791	132.30%						
36												
37			Gross CF	Opp. Cost	Leon Profit	Leon Margin						
38	Net Cashflow		\$ 477,791	\$ 18,057	\$ 459,734	30.38%						
39												

Financial Analysis (as at 9 August 2007)

	A	B	C	D	E
1	Summary of Costs	Project: Orr Street		9/08/2007 21:58	
2					
3	Description	Amount	GST		
4					
5	Closing Costs				
6	Legals	\$ 1,500	\$ 150		
7	Mortgage App	\$ 800	\$ 80		
8	Stamp Duty	\$ 23,397			
9	Title Transfer	\$ 926			
10					
11	TOTAL	\$ 26,623	\$ 230		
12					
13	Consultant Fees & Permits				
14	Architect				
15	Working Drawings	\$ 8,000	\$ 800		
16	Demolition & bulk earthworks	\$ 15,000	\$ 1,500		
17	Engineering	\$ 6,000	\$ 600		
18	Feature survey	\$ 800	\$ 80		
19	Permits				
20	Town Planning	\$ 500	\$ 50		
21	Building	\$ 1,500	\$ 150		
22	Building Inspection	\$ 3,500	\$ 350		
23	Open space contribution @ 5%	\$ 21,270	\$ 2,127		
24	Soil test	\$ 800	\$ 80		
25	Subdivision Fees	\$ 5,500	\$ 550		
26	Headworks fees	\$ 12,000	1200		
27	TOTAL	\$ 74,870	\$ 7,487		
28					
29					
30					
31					



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Scale 1:1,000

Printed: August 9, 2007

SALES ANALYSIS

Unit 1:	76 m2 X 2 Bedroom (\$4,500.00 pms) 35 m2 Courtyard 2 Car Parks – Additional \$25,000.00 2 Storage Areas	Price:	\$ 367,000.00
Unit 2:	64 m2 X 2 Bedroom (\$4,750.00 pms) 28 m2 Courtyard 1 Car Park With Storage Area	Price:	\$ 304,000.00
Unit 3:	66 m2 X 2 Bedroom (\$4,750.00 pms) 28 m2 Courtyard 1 Car Space With Storage Area	Price:	\$ 313,500.00
Unit 4:	76 m2 X 2 Bedroom (\$4,500.00 pms) 53 m2 Courtyard 1 Car Park With Storage Area	Price:	\$ 342,000.00
Unit 5:	85 m2 X 2 Bedroom (\$4,500.00 pms) With Large Terrace 2 Car Parks – Additional \$25,000.00 2 Storage Areas	Price:	\$ 407,500.00
Unit 6:	79 m2 X 2 Bedroom (\$4,500.00 pms) With Large Terrace 2 Car Parks – Additional \$25,000.00 2 Storage Areas	Price:	\$ 376,000.00
		TOTAL:	<u>\$2,110,000.00</u>

NOTE: The sale price analysis has been assessed taking into consideration the last 3 months median price increase for Heidelberg of 10.8% and the genuine shortage of residential rental/sale property in this area. Our research of the area has not identified any new 2 bedroom apartments with courtyards and 2 car spaces on the market or being developed at present, and based on local area sales and discussions with local colleague agents and comparable new apartment sales in Melbourne's Northern Suburbs – at a conservative \$4,500.00 to \$4,750.00 per square metre with \$25,000.00 added for an additional car space.

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