

National Rental Affordability Scheme



NRAS OVERVIEW

*An Australian Government
initiative in affordable housing*

A new class of tax effective
bricks and mortar investment

NRAS Overview

The Australian Government has combined with State and Territory Governments to offer incentives to investors and housing providers to build properties which will be rented out at least 20 per cent below the market value rent.

The Government Incentives are based on \$8,000 per annum in tax free incentives to owners of approved properties for 10 years. The Government Incentives are indexed annually to the rental component of the Consumer Price Index.

As an owner of an Approved NRAS Property you will receive rental income, potential capital growth and any taxation deductions associated with the owning of the property.

The Questus Residential Investment Fund (QRIF)

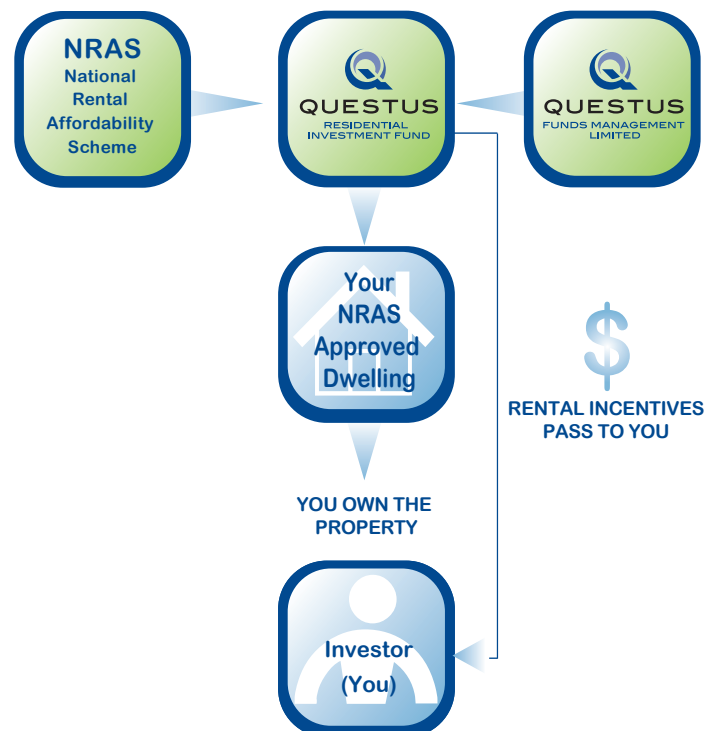
The QRIF has been structured by Questus in response to the Government Rental Incentives offered through NRAS, which are designed to attract investors to invest in bricks and mortar residential housing, through a new class of tax effective property investment.

The QRIF provides the investment structure to allow investors of Approved NRAS Properties to receive the Rental Incentives offered by the Federal (\$6,000 pa) and State or Territory (\$2,000 pa) Governments respectively.

Key Features

- The National Rental Affordability Scheme (NRAS) is a **Federal Government initiative to encourage the construction of new affordable housing** in Australia.
- The scheme provides for Federal, State and Territory **Government incentives of a minimum of \$8,000 per annum*** for ten years to an Investor. Currently \$8,672 for the NRAS Year 1 May 2009 to 30 April 2010.
- **Hassle free investment** as your Approved NRAS Property will be **managed on your behalf**.
- The Government Incentives are either a refundable tax offset or non assessable non exempt income. This means that the Government Incentives are **tax free**.

You Own the Property



Investment Benefits

Security of Bricks & Mortar

Your Approved NRAS Property may be an investment house and land package or a completed apartment or townhouse not previously resided in.

Questus has Approved NRAS Properties available for sale and participation in the QRIF.

Increase in Value on Property

Investments in direct property have generally showed consistent returns and have demonstrated to be less volatile than other asset classes and investments such as listed equities. As your underlying investment is direct real property, you will benefit in any capital growth. Any increase in the value of property has taxation implications. When selling your property you should seek your own tax advice.

QUESTUS APPROVED NRAS PROPERTY	NO NRAS	WITH NRAS
House & Land Property Investment	\$397,950	\$397,950
Stamp Duty & Settlement Costs	\$5,168	\$5,168
Total Investment	\$403,118	\$403,118
Income		
Rental Income - Taxable	\$18,200	\$14,560
Government Rental Incentives - TAX FREE	Nil	\$8,672
Expenses		
Property Expenses, Fees & Interest	\$26,194	\$26,271
Tax Position		
Total Tax Allowances Available (includes Interest, Depreciation & Property Expenses)	\$34,719	\$34,319
Tax Loss (Negative Gearing)	\$16,519	\$19,759
Tax Benefit at Marginal Tax Rate	\$6,856	\$8,200
NET SURPLUS AFTER TAX	-\$1,139	\$5,161

Note: The information included in this example is provided as a guide only and all potential investors should consult their professional advisor. Assumptions - Gearing Level on Property 100%, Current Variable Interest Rate on Loan of 5.25% PA, Market Value Weekly Rent (Before NRAS* Discount) of \$350, and Investor Marginal Tax Rate 41.5%.

No Property Management Hassles

Questus has arranged the approvals from the Government for your property to be an Approved NRAS Property. To maintain compliance with NRAS, it is necessary for the Approved NRAS Property to be managed by an approved property and tenancy manager. This ensures there is no need for you to worry about rent collection or tenancy management.

Other Taxation Benefits

Most property investments offer certain tax related benefits such as depreciation. As an Approved NRAS Property owner you will benefit from tax deductions such as property management, insurance and interest expenses. A significant taxation benefit of an Approved NRAS Property is that the Government Incentives are "tax free", that is either a refundable tax offset or non assessable income. You should seek your own tax advice to find out what tax benefits are available to you.

Enquiries to

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***IMPORTANT NOTICE:**

The Government Incentives are \$6,000 per annum and \$2,000 per annum from the Federal, State and Territory Governments respectively. The Government Incentives are provided under the National Rental Affordability Scheme (NRAS). The Incentives are in the form of refundable taxation offsets or non-assessable income subject to the condition of NRAS, with Investors applying for an interest in the Questus Residential Investment Fund (Fund). A purchaser of an NRAS Approved Property will agree to rent the property at least 20% below market rental rates and only rent the property to approved eligible tenants. The Government Incentives are indexed to the rental component of the Consumer Price Index (CPI) each year. The offer for properties which are approved to receive the Government Incentives is made via the Fund. Investors will need to obtain a copy of the Product Disclosure Statement (PDS) issued by Questus Funds Management Limited.

Questus Residential Investment Fund ARSN 135 720 339

Managed by Questus Funds Management Limited ABN 52 111 325 556 | AFSL 286318



QUESTUS

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