

SOUTHSHORE *News*

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A partner of the Netfin Consulting Group

Market looking steady for 2007

By Michael Coombes



The Reserve Bank's decision in February not to raise interest rates was a clear indication that the 2006 rate rises had the desired effect.

It has certainly been icing on the cake for WA where there seems to be no end to economic buoyancy in sight.

Had interest rate adjustments failed to bite hard into the NSW and Victorian economies in particular, the Reserve Bank would have been justified in further interest rate increases, based on the W.A. economy alone.

The great news is that forecasts now predict a steadying of interest rates with the next movement possibly downwards.

How much better can it get for West Australians? A strong economy, steady rates and the AFL Premiership!

In saying this, it must be remembered that Australia is a very small player in the global economy and whilst local economic data indicates a steady outlook for rates, world events can change this virtually overnight.

As a consequence we believe there's still a case for fixed rates within a loan portfolio.

Meanwhile W.A.'s property market appears to be holding up well, in spite of sensational newspaper headlines.

The major influence on the market appears to be uncertainty regarding the State Government's plans to reduce stamp duty on property conveyancing in the May budget.

A further aspect of interest within the property market is the shortage of rental accommodation. With the likelihood of this being an ongoing issue, there has seldom been a greater incentive for property investment.



Joint venture means better rates for clients

Southshore Finance is proud to announce the formation of a joint venture buying group between Southshore Finance and Netfin Finance, a Perth based finance consulting company.

Operating for 13 years, Southshore Finance has been a major provider of finance to the small and medium business sector in Western Australia.

Netfin Finance formed in 1999 and quickly established itself as Australia's largest independent funder/consultant to the pharmacy industry.

They are also a specialist in funding major property developments, management buyouts and corporate consulting.

This new buying group will combine the attributes of both companies to form one of Australia's largest specialist business finance organisations with representation in Perth, Melbourne and Brisbane.

With approximately \$650 million in combined lending and a total staff of 20, the

new group will provide a one-stop-shop comprising:

- Corporate and Commercial Lending
- Pharmacy and Health Care
- Business Finance
- Client Services
- Wealth Management
- Equipment Finance

The individual ownership of both Southshore Finance and Netfin Finance will remain unchanged, however, both will now operate as divisions of the Netfin Consulting Group.

This new buying group will provide expertise in the areas of business finance and risk management, no matter whether the client is a small family business or a large corporate.

As a consequence of the joint venture, Netfin Consulting Group will have a much greater negotiating strength with the major lenders, resulting in both partners being able to deliver better rates, lower costs and more innovative products to our clients.

Reverse mortgages now a popular option for retirees

A Reverse Mortgage is a great opportunity for cash strapped elderly homeowners to access the equity in their property without having to sell their home.

Instead of borrowing money to buy a home, the borrower in a Reverse Mortgage uses their home as security to obtain a loan for a major purchase such as a car, a holiday or home renovations.

This type of loan also allows asset rich but cash poor retirees to create an income stream to help with living expenses while still living in their home.

The total amount of interest, fees and charges in a Reverse Mortgage are taken out of the borrower's estate on their death or from the sale of their home if they decide to move later on.

But the major benefit of this type of loan is that there are no monthly repayments to be made during the term of the loan.

Not surprisingly, Reverse Mortgages are proving a popular way for people to fund their retirement.

In Australia, over 13,000 people took out a Reverse Mortgage in 2005 with a total value of \$647 million.

This amount nearly doubled in 2006 with loans totaling \$1,100 million being taken out.



Reverse Mortgage - a great way to make the most of an asset.

Issues to consider

Although very tempting, there are several issues you should consider before signing up for a Reverse Mortgage.

Firstly, borrowers can only borrow between 10% and 45% of the value of their home. The exact amount will depend on your age.

Secondly, the equity in your home is gradually being reduced which means there will be less to pass on in your will.

Thirdly, interest is capitalised onto the loan and gradually builds up to the point

where the total debt may be significantly larger than the amount of the original loan.

Finally, the interest rate charged on these loans is usually 1% higher than the standard variable home loan rate.

For retired people who own their own home but have little cash to live on, a Reverse Mortgage is a great option.

However, you should weigh up the pros and cons for your situation before you take out this type of loan.

If you'd like to know more about Reverse Mortgages, then please call and we'd be happy to run through the details with you.

Should you require further information on any topic relating to business or commercial property finance, residential property finance or equipment financing we'll be more than pleased to assist.

The information contained within this newsletter is of an advisory nature only and due to constant changes we advise you to contact us before making any formal financing decisions.

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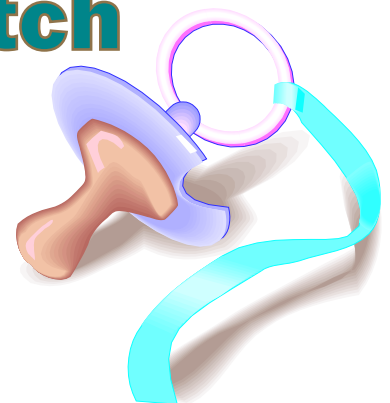
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Hatch & Match

She's the first voice you hear each time you ring our office but you probably don't know her name.

Jane Bentley, our receptionist of 8 years, is expecting her first baby at the end of March. Everyone at Southshore Finance wish Jane and her partner, Darren all the very best in their new role of proud parents. Jane is planning to resume duties again at the start of July.



Many of you have dealt with our Administration and Settlements Officer, Tegan Coombes. However, she now signs her name Tegan Cole, so it's congratulations to Tegan and her new husband, James, who were married last November.

We all wish them well in their new life together. And after a short honeymoon, Tegan is back on the job keeping our administration running smoothly.