

SOUTHSHORE *News*

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Time to celebrate

■ By Michael Coombes
and Darryl Brown

How time flies when you're having fun! For us at Southshore it's time to celebrate our 10th birthday.

On special occasions like this, it is good to reflect on the past and contemplate what the future may hold.

Firstly, we would like to thank our many loyal clients and lenders for having faith in us and we know many have gone on to bigger and better things - with some help from us.



Michael Coombes



Darryl Brown

Since our inception, a decade ago, interest rates have fluctuated up and down, sometimes quite dramatically and no doubt similar trends will emerge in the months and years still to come. Our goal will always be to help our clients ride the bumps and make the most of the opportunities that these waves can present.

It has, and will continue to be, vitally important for clients to deal through intermediaries because banks are becoming more complex to deal with and harder for many investors and borrowers to decipher their documentation.

The opening of our Bunbury office, as reported in the previous 'Southshore News', was another major milestone achieved when Darryl Brown moved his family there to take advantage of the ever-expanding business opportunities that region will continue to create.

Low rates to spur growth

Recent announcements of continuing strong business confidence and the likelihood of interest rates remaining unchanged for the foreseeable future is expected to see greater borrowing to finance business expansion.

The business growth resulting from this healthy combination is expected to be widespread.

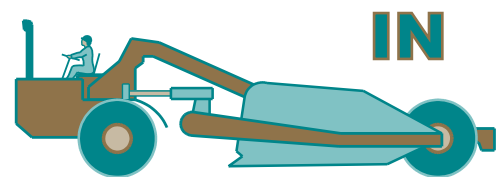
This positive trend has been given a further boost by BHP-Billiton's announcement of its huge multi million dollar nickel project near Ravensthorpe in the state's south east.

The project of mining at Ravensthorpe and shipment of ore through Esperance to the company's Queensland refinery is creating great excitement for businesses in the region.

The first beneficiaries have been a number of local farmers who have happily sold their holdings to the miner and are glad to see the back of the farm.

These cashed-up farmers will be looking to either retire or reinvest.

Business owners in Ravensthorpe and Esperance will have construction teams and



Ravensthorpe!



mining workers to accommodate and there will be a host of opportunities for contractors and companies servicing businesses in the region.

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And now there's a "No Doc Loan"

You may recall we made mention of "Lo Doc Loans" in the last edition of our newsletter, explaining that they're ideal for people in business who are unable to provide normal bank requirements in financial documentation.

A No Doc Loan is a loan specifically designed for the purposes of investing in property.

The requirements of this type of loan are that the borrower does not have to provide any information whatsoever

about their assets or liabilities in fact no income verification is required at all.

The stipulation is that a declaration has to be signed stating that the borrower can afford the loan and only 65% of the valuation of the property being purchased can be borrowed.

The remaining 35% has to be provided as either a deposit or via a loan extension against equity on an existing property.

It's an excellent route for people to gain leverage into investing.

Loan enquiries indicate healthy business sector

If the type of enquiries for business loan requests coming across our desk is a reflection of the business community, then you can't help but believe the economy is holding and in good shape, especially in WA.



A typical cross section of potential borrowers fit into three classifications.

The first, but not necessarily in order of prominence, are property investors wanting to build high rise apartments in good central locations around the greater CBD region.

When you consider a new apartment block about 200 metres down the road from our South Perth office sold in three days when the agent was expecting to take about 12 weeks to sell all the units, who could blame anyone for getting excited about investing in property.

Another classic example is the well-known Raffles Hotel site being redeveloped in Applecross. This project, consisting of 106 apartments ranging in

price from \$6.7 million for the penthouse down to a modest \$495,000 all sold off the plans. Buyers, or tenants, are likely to start occupancy in mid 2006.

How long property can sustain its strong position is hard to judge particularly in view of the downturn in the sale value of Eastern States high-rise projects.

Another category of enquiry is from people wanting finance to buy into a business or to expand an existing operation.

Retail businesses with a strong cash flow tend to top this list. Businesses that attract are newsagencies, post offices, liquor stores and supermarkets. Major franchise brand names also attract a lot of interest.

Companies providing services to the mining industry are also popular, but the operators are usually highly skilled in their particular field. Geologists requiring equipment and vehicles to 'go bush' is one example and another are those who provide safety gear.

The third loan applicants are those seeking to consolidate their debt situation



by refinancing into lower interest rate structures. Many of these people are using the increased equity in their property holding/s gained by the burst in real estate values experienced over the past year or so.

We advise clients to look at the options and this may necessitate changing lenders.

There is plenty of flexibility in the finance industry at present and if you are 'shopping around' please feel free to call our office on 9474 1999 in Perth or our Bunbury office on 9721 4200. We are here to help!

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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Are two *really* better than one?

"How was your golf game dear?" asked Jack's wife.

"Well, I was hitting it pretty well, but my eyesight's gotten so bad that I couldn't see where the ball went."

"You're 75 years old," admonished his wife, "why don't you take your brother, Scott along?"

"He's 85 and doesn't even play golf," protested Jack.

"But he's got perfect eyesight and can tell you where the ball went," his wife pointed out.

So the next day Jack teed off with Scott watching. Jack swung and the ball disappeared down the fairway.

"Did you see it?" asked Jack.

"Yep," answered Scott.

"Well where is it?" yelled Jack peering off into the distance.

"I forgot!"

