

Village Green Stage 2 - Two Bedroom Cottage Forecast Investor Returns

Purchase price	\$ 395,000	
Furniture and fit out package		Free for Tony's clients
Total excl GST {if any}	\$ 395,000	

		Mar-2008	Mar-2009	Mar-2010	Mar-2011	Mar-2012	Mar-2013	Mar-2014	Mar-2015	Mar-2016	Mar-2017	Total
4.0%	Room Rate	\$ 250	\$ 275	\$ 286	\$ 297	\$ 309	\$ 322	\$ 335	\$ 348	\$ 362	\$ 376	
	Occupancy	50%	60%	65%	65%	65%	65%	65%	65%	65%	65%	
	Rental Income	\$ 45,656	\$ 60,266	\$ 67,900	\$ 70,616	\$ 73,441	\$ 76,378	\$ 79,433	\$ 82,611	\$ 85,915	\$ 89,352	\$ 731,568
	Management and operational costs	\$ 26,875	\$ 31,533	\$ 34,325	\$ 35,690	\$ 37,102	\$ 38,571	\$ 40,099	\$ 41,689	\$ 43,341	\$ 45,060	\$ 374,286
	Net cash inflow	\$ 18,782	\$ 28,733	\$ 33,574	\$ 34,926	\$ 36,338	\$ 37,807	\$ 39,334	\$ 40,922	\$ 42,574	\$ 44,292	\$ 357,282
				8.5%	8.8%	9.2%	9.6%	10.0%	10.4%	10.8%	11.2%	
	<i>Guarantee</i>	8.0%	8.0%									
	Depreciation	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 16,500	\$ 14,000	\$ 9,000	\$ 9,000	\$ 9,000	\$ 140,000
33%	Tax credit from depreciation (debit)	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 5,445	\$ 4,620	\$ 2,970	\$ 2,970	\$ 2,970	\$ 46,200
		1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.2%	0.8%	0.8%	0.8%	
6%	Capital Gains allowance	\$ 23,700	\$ 25,122	\$ 26,629	\$ 28,227	\$ 29,921	\$ 31,716	\$ 33,619	\$ 35,636	\$ 37,774	\$ 40,041	\$ 312,385
		6.0%	6.4%	6.7%	7.1%	7.6%	8.0%	8.5%	9.0%	9.6%	10.1%	

Assumptions

1. Room rate = average achieved room rate net of GST. 10% increase in year two then 4% growth per annum.
2. Note cells highlighted in yellow have various sensitivities. Click on the drop down arrow in each cell to select.
3. Tax credit calculated using highest business rate for a New Zealand tax payer as at Sept 2005. Actual credit may differ based on individual circumstances.
4. Purchaser is GST registered and buys Cottage as going concern zero-rated for GST purposes.
5. A full tax depreciation schedule will be available to purchasers on settlement. Depreciation percentage is based on straight line depreciation methodology.
6. 2007 is the Resorts 3rd year of trading
7. The Hotel has budgeted \$200,000 each year in operational marketing for 2006 and 2007

This model has been prepared with the utmost care and whilst substantial effort has been taken in relation to accuracy, no warranty is given or implied. Further to this, the information provided is not investment advice and recipients should consider obtaining independent advice before making any decision that relies on this information.



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