

Riverside Cottage - 1 Bedroom

Forecast Investor Returns

Purchase price	\$ 280,000
Furniture and fit out package	<u>\$ 15,000</u>
Total excl GST {if any}	<u>\$ 295,000</u>

		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
4.0%	Room Rate	\$ 165	\$ 182	\$ 189	\$ 196	\$ 204	\$ 212	\$ 221	\$ 230	\$ 239	\$ 248	
	Occupancy	60%	65%	68%	68%	68%	68%	68%	68%	68%	68%	
	Rental Income	\$ 36,160	\$ 43,090	\$ 46,538	\$ 48,399	\$ 50,335	\$ 52,348	\$ 54,442	\$ 56,620	\$ 58,885	\$ 61,240	\$ 508,058
	Management and operational costs			22,955	24,160	24,982	25,865	26,769	27,709	28,682	29,694	\$ 210,816
	Net cash inflow	\$ 23,600	\$ 23,600	\$ 23,583	\$ 24,239	\$ 25,353	\$ 26,483	\$ 27,673	\$ 28,911	\$ 30,203	\$ 31,546	\$ 297,242
				8.0%	8.2%	8.6%	9.0%	9.4%	9.8%	10.2%	10.7%	
	<i>Guaranteed</i>	8.0%	8.0%									
	Depreciation	\$ 8,250	\$ 8,250	\$ 8,250	\$ 8,250	\$ 8,250	\$ 8,250	\$ 7,000	\$ 4,500	\$ 4,500	\$ 4,500	\$ 70,000
33%	Tax credit from depreciation (debit)	\$ 2,723	\$ 2,723	\$ 2,723	\$ 2,723	\$ 2,723	\$ 2,723	\$ 2,310	\$ 1,485	\$ 1,485	\$ 1,485	\$ 23,100
		0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.8%	0.5%	0.5%	0.5%	
6.0%	Capital Gains allowance	\$ 16,800	\$ 17,808	\$ 17,868	\$ 17,872	\$ 17,872	\$ 17,872	\$ 17,872	\$ 17,872	\$ 17,872	\$ 17,872	\$ 177,583

Assumptions- Notes

1. Room rate = average achieved room rate net of GST. Howarth Asia Pacific were quoted in NBR in May 07 saying the average rate for 4.5 star hotels was \$156 last y
2. The New Zealand Hotel Council reported that Average Hotel Occupancy in NZ Main Centres in 2006 was **72%**
3. Note cells highlighted in yellow have various sensitivities. Click on the drop down arrow in each cell to select.
4. 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.
5. Purchaser is GST registered and buys Cottage as going concern zero-rated for GST purposes.
6. A full tax depreciation schedule will be available to purchasers on settlement. Depreciation percentage is based on straight line depreciation methodology
7. Manager takes no fee year 1.
8. The Hotel has budgeted \$200,000 each year in operational marketing for 2006 and 2007

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