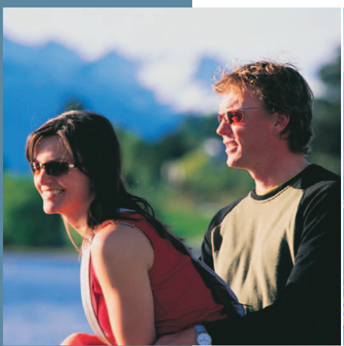
WANAKA LAKE RESORT

Investment information




provided by the operator

TOURISM flair.

Wanaka Lake Resort
Mt Aspiring Rd Wanaka

PURCHASER GST REGISTERED- $526,000 (excl: GST) TWO BEDROOM APARTMENT

Purchase Price

- Furniture Price	**$39,000**
- Land & Buildings	**$487,000**
	$526,000

FINANCIAL ANALYSIS MODEL	FTU Year 1	FTU Year 2	FTU Year 3	FTU Year 4	FTU Year 5
Total Gross Rental for Apartment	64,350	66,281	68,269	70,317	72,426
Total Operating Costs for Apartment					
Management Fee	-9,653	-9,942	-10,240	-10,548	-10,864
Accommodation Costs	-19,305	-19,884	-20,481	-21,095	-21,728
Council Rates/Body Corporate Costs	-7,400	-7,622	-7,851	-8,086	-8,329
Total Operating Costs for Apartment	-36,358	-37,448	-38,572	-39,729	-40,921
Net Rental Income	27,993	28,832	29,697	30,588	31,506
Interest/Finance Borrowing	-27,352	-27,352	-27,352	-27,352	-27,352
Cash Operating Surplus (before tax)	641	1,480	2,345	3,236	4,154
Depreciation	-45,307	-36,234	-29,851	-25,210	-21,718
Taxable Gain/(Loss)	-44,666	-34,754	-27,506	-21,974	-17,564
SUMMARY					
Tax Refund/(Liability)	13,400	10,426	8,252	6,592	5,269
Cash Operating Surplus (before tax)	641	1,480	2,345	3,236	4,154
Net Return (after tax)	**14,040**	**11,906**	**10,597**	**9,828**	**9,423**
Initial Investment	184,100	184,100	184,100	184,100	184,100
Return on Initial Investment (after tax)	**7.63%**	**6.47%**	**5.76%**	**5.34%**	**5.12%**
Return on Initial Investment (including capital growth)	**18.21%**	**17.47%**	**17.20%**	**17.24%**	**17.50%**

The accompanying assumptions form part of the Financial Analysis Model. The Financial Analysis Model must be read subject to the disclaimer of liability.

We do not provide any guarantees, warranties or undertakings In relation to the amounts entered. No warranty or representation is made in respect of whether the revenue and expenses in the future will be actually achieved. Prospective purchasers should obtain their own independent valuation, legal, accounting and income tax advice in respect to their own individual circumstances. Actual results are likely to be different from the forecasts since anticipated events frequently do not occur as expected and the variation may be significant.

The financial analysis model is a special purpose financial report and accordingly may not comply with Generally Accepted Accounting Practice. We consider external users of the financial analysis model to be able to request further information as required.

Whilst every effort has been made to ensure the accuracy of this reports generated neither we or any of our employees or agents will accept any responsibility on any grounds whatever, including !liability in negligence, to any other person. This report includes assumptions which may not have been verified, nor have we been retained to do this. Accordingly we do not express any opinion on this report and neither we nor any of our employees accept responsibility for the accuracy of the logic or the assumptions made to generate this report.

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WANAKA LAKE RESORT
MT ASPIRING RD WANAKA

PURCHASER GST REGISTERED- $526,000 (excl: GST) TWO BEDROOM APARTMENT

Financial Assumptions

- Investors Borrowing	65.0%
- Constant Inflation Rate -	3.0%
Marginal Tax Rate	30.0%
- Interest Rate	8.0%
- Loan Costs (Valuation & Loan Fee)	$2,000
- Fully Traded up Accommodation Income per year	$64,350
- Annual Occupancy (percentage)	66.0%
- Annual Occupancy (no of weeks)	34.32
- Capital Growth	4.0%
- Rental Appreciation (pa)	3.0%
- Management Fee	15%
- Operating Costs	30.0%
- Council Rates/ Body Corporate Costs	$7,400
Depreciation	
- Building Depreciation Rate	4.0%
- Building Fitouts Depreciation Rate	13.0%
- Furniture Depreciation Rate	39.0%

Definitions

- Accommodation Income
Estimated daily rental for a full year @ 66% occupancy
Subsequent years are adjusted by 3.0% Inflation cumulatively

- **Total Operating Costs**
Operating Costs are made up as follows:
Management Fee 15% of Gross Rental
Accommodation Costs 30.0% of Gross Rental
Property/Body Corporate Costs $7,400
Operating Costs rise at constant inflation rate 3.0% cumulatively

- **Net Accommodation Income**
Gross Accommodation less total operating costs

- Interest/Finance Borrowing
Interest cost is based on an interest only Mortgage. Year 1 also includes loan costs.
Please note that interest costs are specific to each investors circumstances, but for the purposes of this analysis they are based on an Investor borrowing 65% at 8%

- **Cash Operating Surplus (before tax)**
Net Accommodation Income less Loan Interest Costs

- **Depreciation**
Depreciation rates are the IRD Diminishing Value averages based on the likely break down between asset categories upon valuation.

- **Taxable Gain/(Loss)**
This is the cash operating surplus less depreciation.

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WANAKA LAKE RESORT
MT ASPIRING RD WANAKA

PURCHASER GST REGISTERED- $526,000 (excl: GST) TWO BEDROOM APARTMENT

Definitions Continued

- **Tax Refund/(Liability)**
  This is the taxable gain or loss at a 30% tax rate

- **Net Return**
  This is the tax refund plus the cash operating surplus

- **Initial Investment**
  This is the investor Equity Investment of 35% of the Total Investment Cost

- **Return on initial Investment (after tax)**
  This is the Net Return as a percentage of Investor Equity and is the return you receive after taking into account interest costs, depreciation costs, cash operating surplus and any subsequent tax deductions.

- **Return on Initial Investment (including capital growth)**
  This is similar to return on initial investment but includes credit for capital growth on the total investment.

Other Assumptions

- Rent and expenses are net of GST
- The purchase price is based on the price of the unit.
- The Accommodation Income is based on the estimates provided by the Hotel Management Company and is subject to change. - The rental and occupancy figures are based on a full year after the initial trade up period for the development (Fully Traded Up or FTU) - No allowance has been made for owner usage
- Management fees are to be charged at 15% of rental income by the Hotel Management Co.
- Interest costs are based on the assumption of a fixed interest only mortgage.
- Tax is calculated based on the net income, less interest costs, less tax depreciation. Tax depreciation on the property is projected at 4% diminishing value for the building and 13% diminishing value for the fitout, assuming the property purchased is 22% land value, 44% buildings and 34% fitout & chattels.
  Tax depreciation on the furniture is projected at 39% diminishing value.
- Figures for tax depreciation of building structure and residential chattels are indicative only, based on costs determined by a property valuer and are subject to change once the building has been constructed and the actual costs are established.
- The tax calculations are based on current New Zealand taxation legislation.
- No land or capital gains taxes have been assumed.
- The model assumes the prospective investor is a New Zealand resident for tax purposes and has a marginal tax rate of 30%. Accordingly if the prospective investor has a marginal tax rate of 39%, the tax refunds may be more than projected.
- The projected expenses are estimates only, as provided by the Hotel Management Company and are subject to change. - The actual level of income received and expenses incurred may vary from those projected due to the extended period of the forecasts and market circumstances. The difference may be material.
- The purpose of the model is for projecting return on equity for investment only. The model is not designed for statutory reporting purposes.
- No warranty or representation is made in respect of whether the projected income and expenses will actually be achieved.
- The model does not allow for disposal costs on resale or tax liability on depreciation recovered that may arise on disposal.
- The pre tax return on initial investment does not allow for any capital appreciation.

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