

Financial Projections for The Harlequin Hotel, Barbados. 5 star beachfront hotel

Assumptions	Based on an average studio costing £295,000 and 2 years 10% guaranteed rental income followed by 50/50 net room share. ² Guarantees of 0, 5 or 10 years can also be opted for
30% Cash Input	£88,500
70% balance. Secured via non-status Harlequin arranged mortgage	£206,500
Barbados interest rate on 70% balance mortgage. Current anticipated rate	6%
Anticipated room rate/night. Expected to be higher	£425
Maximum likely annual service charge based on the property purchase price	3%
Less is possible, but this figure is chosen to be on the safe side	
Free annual 30 days own-use value ¹ You can confer this upon your own guests	£12,750
The cautious occupancy figure used for this projection: the actual target is 85%	70%
Target hotel opening date commences – (rental income commences the moment your property completes)	Nov/Dec 2013

Annual income returns assuming 2 years rental guarantee followed by an equal sharing of income with the hotel. (net room share).

Years 1 & 2 net income / year NB. Figures below do not show the annual 30 days own-use benefit value $30 \times £425 = £12,750/\text{year}$. (30 days own use excludes SIPP pension fund purchasers due to HMRC regulations governing benefits in kind).

10% guaranteed income £29,500

Outgoings

6% mortgage interest on £206,500 balance £12,390

3% annual maintenance charge on property price³ £8,850

£21,240

Year 1 net profit = £29,500 - £21,240

£8,260 9.3% net annual yield relative to cash invested

Guarantee period: customers can opt for 0, 2, 5 or 10 years.

Years 3 onwards net income/year Following your chosen guarantee term, rental income then is equally shared with you. This is net room share. If 85% average occupancy is realised, yield could increase by 21%.

50/50 net room share – room rates of £425 a night - £25/night maid service charges = £400 split equally with resort. So owner likely to receive $£400/2 = £200$ a night rental income

Let's assume a cautious **70% occupancy** level for the resort = $70\% \times 365 \text{ days} = 256$ days a year rented out.

Note: Harlequin's Buccament Bay St Vincent, a less known island, often exceeds 90% occupancy levels and averages more than 70% across the year. This figure is rising steadily. Harlequin's Hotel Blu St Lucia, which opened in April 2012, is often at 100% occupancy.

HH&R, which is now contracted with 95% of the UK's tour operators, is highly successful at marketing their resorts.

50/50 net room share variable income non-guaranteed

256 days X £200 £51,200

Outgoings

6% mortgage interest on £206,500 balance £12,390

3% annual maintenance charge on property price³ £8,850

£21,240

Years 3 onwards: net profit = £51,200 - £21,240

£29,960 34 % net annual yield relative to cash invested

This level of income is likely to continue or even be surpassed each year until the owner decides to sell the property.

Current track record of Harlequin property prices

Harlequin's business model encourages investors to buy off-plan freehold properties by offering 5 star resort properties at prices up to 50% below current market value. Near on-plan properties have less time to increase during its off-plan phase so the discount is less.

Harlequin is accelerating its build programme to open resorts sooner.

5* Buccament Bay Resort St Vincent: Opened officially April 2011: minimum 100% increase at opening. Two best new Caribbean hotel Global Travel Awards already won. Just nominated for the best new hotel in the world award.

4* Hotel Blu St Lucia: opened Apr 2012. Sales commenced summer 2011. Increases so far of 10% +.

5* H Harlequin Hotel Barbados: anticipated opening Spring 2013; approx 30% price increase during sales phase between July 2011 and Feb 2012 by which time they were sold out. Prices are anticipated to rise further by opening date.

5*The Hideaway Las Canas Resort – Dominican Republic: anticipated opening early 2014; 53% increase last 12 months. More increases expected between now and opening.

5* Harlequin Hotel Barbados (HH&R's second hotel). Anticipated opening commencing late 2013. Sales began June 2012. Pre-launch suites mostly all sold by August 2012.

Studios are anticipated to increase to £400,000 by hotel opening.

Notes

¹ Not for SIPP purchases.

² 50/50 net room share is when the income generated by the property is split evenly with the resort (minus any shared costs such as maid service etc). This income structure will be based on the occupancy levels of the resorts. Income across similar properties will be pooled.

³ The maintenance charge includes insurances and a sink fund to periodically refurbish the property and replace furnishings etc to maintain 5 star standards. harlequin@propertiesabroad.com +44 (0) 20 8920 5260
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This document is drawn from Official Harlequin figures. The only change is that we have erred on the side of caution and **modelled on 70% occupancy.**

NB. Harlequin Hotels & Resorts are referred to in this document as either Harlequin or HH&R

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