



# HARBOUR HOUSE HOTEL

## INVESTMENT BRIEF

In February 2011, our group investors were presented with an opportunity to purchase the the new wing of Harbour House Hotel in Hermanus, a day before the property went on auction for R18 million (R20,250 per m<sup>2</sup>). The total area of the property is 889 m<sup>2</sup>.

Six months later our group investors purchased the Old Manor House with 6 rooms for R8,4 million. This property was rebuilt after it burnt down in early 2011.

Investors were advised to make use of 70% bank finance.

The initial investment commenced as a closed fund for an initial period of 2 years with an initial income yield of 7%.

## INITIAL INVESTMENT PERIOD

During this period, considerable value was unlocked as a result of the movement of the reception entrance to the street front, the opening of an on-site restaurant, the development of a rim flow pool on the sea facing boundary and the establishment of a wellness center.

## RETURNS: FEBRUARY 2011 – FEBRUARY 2013

Income return on investment: 7% per annum

Return on investment: 9% per annum

Return on equity: 25% per annum

## WEALTH FUND INVESTMENT

During the period of March 2013 to March 2015, investors achieved a potential average selling price of R26 million (R29,000 per m<sup>2</sup>) for the new wing and R13,5 million for the Manor House.

For the financial year ended 28 February 2015, the Harbour House Hotel achieved a net income return of 14% on the market value of the property.

A net operating profit of R4,9 million was achieved by the hotel operations for the 2015 financial year.

## RETURNS: MARCH 2013 - MARCH 2015

Income return: 10% per annum

Investment return: 11,4% per annum

Return on equity: 24% per annum

2016

