



RENTABILITY ANALYSIS

RESIDENCES WITH A HOTEL SERVICES

HOTEL AND TOURISM IN PANAMA

It is estimated that the number of business travelers visiting the City of Panama is 150% greater than the number of main stream tourists. The main reasons are:

The enlargement of the Panama Canal, this improvement will place Panama in second position as Free Port in the world after Honk Kong.

The ever growing Financial District with now over 200 international Banks.

The vast number of fairs, congress and International exhibitions taking place in the City.

DEMANDA DE HOTELES EN CIUDAD DE PANAMA 2003 - 2010				
	2003	2004	2005	2010 (est)
Habitaciones Disponibles	4.622	4.804	5.003	6.8
Viajeros Registrados	496.485	529.689	550.486	800
Tasa de Ocupacion	58%	65%	79%	88%

Sourced by Panama ministry of tourism (en 000s)

Strategic position of Panama Hotels

The majority of hotels in Panama City are situated in the centre and in particular the financial district. The largest part of all activities commercial and financial take in this part of the City place where the Banks and offices share the area with bars, restaurants , hotels and luxury accommodations.

HOTELS: FIRST CLASS +

Characteristics:

Positioned in the Financial District,
Averaging 200 rooms
Full amenities
Operated by an International Hotel Group
With highest occupation rate in the market

Hotels	USD\$ per night for a 32sq unit approximately
Hotel Miramar	\$341.00
Hotel El Panamá	\$236.50
Four Points Sheraton	\$209.00
RadissonDecapolis	\$286.00
Marriott Panama	\$291.50

CONDO HOTEL:

Real Condo Hotels are hotels and resorts of very high luxury operated by Household names in the Hotel industry.

The hotel suites are owned by individuals who are able to use their units for a pre determined period of time and who have the option, when not in residence, to generate an income by allowing the Hotel management to rent the suite on their behalf. They can benefit from the sophisticated hotel booking system, first class administration, a proven network of travel agents and extensive marketing.

BENEFITS

Owning a unit in a condo hotel is a very attractive proposition for the following reasons:

Amortization of ownership and use cost by covering costs of mortgage and maintenance.

No need to understand hotels and no need to get involved in time consuming rental arrangements

A professional hotel operator will take care of the administration and will insure maximum income is generated as it is in their own interest to do so.

All the units come fully furnished and decorated saving the owner time, trouble and cost.

The majority of condo hotels nowadays offer all the amenities found in a deluxe resort, with spa, restaurants, bars, room service, gym, full concierge service etc...most of these services are not available in regular condominiums even the most luxurious.

Investing in a Condo Hotel is most rewarding because it generates a constant flow of additional income.

The other attraction of investing in Condo Hotels is that the time is right with low interest rates and poor performance of the stock market.

This is a way of investing your money in a very secure market.

This allows you to get a constant cash flow and also a chance of capital appreciation.

Why PANAMA?the demand in this sector is much higher than the supply. Many big companies are also moving operations into Panama including Caterpillar, Proctor & Gamble, Hewlett-Packard, Port Singapore Authority, Petequilla, Singapore technology aerospace and many more.

ORCHID:

Strategically positioned in the heart of the finance district, specifically in Avenida Aquilino de la Guardia, between Vía España and calle 50.



RENTABILITY PER UNIT (1) WORKING WITH THE FOLLOWING GUIDELINES

Cost of one unit:	\$207,000
% of Occupancy:	59%
Price per night:	\$300.00
Number of rooms occupied:	102
Monthly revenue per square meter less the overheads Administration costs (administration, marketing, etc.)	\$48.50

Mortgage cost:

Financed percentage:	60%
Annual interest rate:	7.00%
Loan of time:	25 years

In this scenario we assume that the investor acquires the unit with a total deposit of 40% (USD \$82,800) balance 60% (USD \$124,200) secured by a mortgage.

The revenues in this scenario are forecasted as follows...

\$48.50 revenue per square meter x 60 meters = \$2910.00

INCOME

Monthly income less the administrative overheads	\$ 2,396.40
10% incentive interest for those who put extra deposit up to the 40% demand (only first year of the hotel operation)	\$ 173.00

OUTGOINGS

Mortgage on 60% of the unit, assuming a 7.00% interest for a period of 25 years:	-\$ 877.00
Administration (60 meters @ \$1.70 per meter):	-\$ 102.00
Other costs (water, electricity and phone)	-\$ 25.00
TAX 25%	-\$ 513.00

Net monthly revenue: **\$ 1540.00***

*** ROI 22% annual**

CONDO HOTELS, a very popular opportunity to own a piece of

real estate generating a constant stream of income as well as a second home.

OPERATOR:

Benchmark Hospitality: Established since 1980, one of the most respected company specializing in the administration of resorts, hotel residences and hotels.

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