



TAMBA VILLAS

THALPE

## Investor Guide



## THE INVESTMENT PROPOSITION

A Tamba Villas property is ideal for occupation, investment, or a flexible combination of both. With seven different villa styles starting from US\$325,000 there is a range of choice available in 2 and 3 bedroom units.

We have engaged professional advisors who have conducted research across a wide range of similar schemes in the regions of Galle, Unawatuna and Thalpe and a number of international booking providers and travel operators.

This has allowed us to produce an enticing investment opportunity built on an operating model we believe is both reliable and competitive. Based on this we are offering a guaranteed fixed annual return to investors of 6.00% for the first 3 years. After this period you can continue with our investor program where the projected returns remains around 6%, ( not guaranteed).

This return is net of all booking fees, management fees, operating costs and is based on a conservative assumption of only 50% occupancy over a year.

As well as a traditional bricks and mortar investment in a long-established asset class that you can enjoy yourself, this compares favourably to other investments in both return and stability whilst offering long term income visibility. Add to this the potential for capital gains in this rapidly growing market and you will have an exciting, enjoyable and profitable investment.

### **This report will consist of:**

Assessment of the rental income on comparable offering in the Galle Area and after all expenses are taken into consideration.

### **Methodology**

In order to carry out the analysis of the Average Room Rate a sample of 12 comparable Hotels & Villas were analysed according to the criteria below and we have used the booking platform booking.com and owners own web sites to collect data.

The list of comparable Hotels & Villas considered are based on:

- Region – Galle, Unawatuna and Thalpe, Inland but close to coast.
- Room type – we have a mix of double rooms and small multi bedroom units.
- Star ratings of 3 – 5 (which are comparable to the proposed)
- Future room rates were taken for the peak periods and off-peak periods
- There are various views as to the dates of the various seasons so we have solely assumed a high season and low season rate.
- The average room rate was calculated for low season and a separate rate for high season.
- All average room rates used from the hotel booking platforms are gross of taxes and is on the basis of bed and breakfast, which has adjusted when calculating the return on investment.

## Return On Investment-Assumptions

We have assumed peak season to be December, January, February, April, August and September. We have assumed on the basis of 65% occupancy for peak season and 25% occupancy for low season.

### Management fees

The booking management fee includes salaries and administration and we have assumed management fees at 20% . This will cover the administration of the bookings, the physical meeting, greeting and check in and out, as well as management of cleaning, changing sheets and towels, maintenance and preparation of the property before each booking.

### Booking commission

We have assumed the booking commission at 10% in order to include the additional services such as preferred member service option, which allows preferred partners to pay a higher commission in return for a better ranking in search results.

### Housekeeping, utilities, taxes and cleaning expenses

Housekeeping and cleaning has been assumed at 7% to include the basic salary of USD150. Electricity and water expenses are estimated to be 2% of revenue using information available from the Ceylon electricity board and our experience in the industry.

### Service and sinking fund

The service and sinking fund is USD \$320 per month and is a flat charge. This covers external maintenance of all communal areas of the estate including buildings, swimming pool management and maintenance, security, site office, site cleaning, gardening, and running of communal facilities.

Fees & Costs	
Management Fees	20%
Booking Commission	10%
House-Keeping and Cleaning Fee	7%
Water and Electricity	2%
<b>TOTAL PERCENTAGE</b>	<b>39%</b>

### Average Room Rate Comparables

We took room rates for peak season and low season for forty nine different rooms and self-contained units offered from twelve hotels and also villas, (please see appendix for full table). We then selected the ten most similar offerings to arrive at the room rates shown at the bottom of the below tables.

Property Name	Price per night in USD	
	Low Season	High Season
Illuketia	\$ 89	\$ 116
Sun House	\$ 217	\$ 272
The Dutch House	\$ 350	\$ 450
Tisara Villa	\$ 144	\$ *
Duwa Villas	\$ 145	\$ *
Kahanda Kanda	\$ 240	\$ 273
Kabalana Surf Lodge	\$ 110	\$ 135
Tamarind Hill	\$ 239	\$ 428
Galle Henna Estate	\$ 173	\$ 307
18 Faces	\$ 85	\$ 94
<b>Average Room Rate</b>	<b>\$ 179</b>	<b>\$ 236</b>

\* Price is unavailable; figure is based on low season estimate.

### Average Room Rate Rental Multiplier.

All the rates in the above table are for singles rooms where as the Tamba Villas offering is for two and three bed self-contained units. We have therefore used conservative multipliers to arrive at the below weighted room rate figures.

	Low Season	High Season
<b>Average Room Rate</b>	<b>\$ 179</b>	<b>\$ 236</b>

  

Rental Multiplier	Low Season	High Season
2 Bedroom Units	1.2	1.2
3 Bedroom Units	1.5	1.5

  

Tamba Villas	Price per night in USD	
	Low Season	High Season
2 Bedroom Units	\$ 215	\$ 284
3 Bedroom Units	\$ 269	\$ 354

### Return on Investment Calculation

From the above table we have used the average weighted room rates for both one and two bedroomed units based on the comparable rates we have established through our research. In appendix 2 you can see our calculation to establish the average purchase price, (capital value) for both 2 and 3 bedroomed units.



Average Capital Cost	2 - Bed (Average)	3 - Bed (Average)
Capital Cost	\$ 366,684	\$ 459,055
Stamp Duty at 4%	\$ 14,667	\$ 18,362
NBT at 2%	\$ 7,334	\$ 9,181
<b>Total Capital Cost</b>	<b>\$ 388,685</b>	<b>\$ 486,598</b>

  

Gross Income Calculation	2 - Bed	3 - Bed
2 Bed Peak Income, 181 days, 65% Occupancy at \$284 / Day	\$ 33,413	
2 Bed off Peak Income, 184 days, 25% Occupancy at \$215 / Day	\$ 9,890	
3 Bed Peak Income, 181 days, 65% Occupancy at \$354 / Day		\$ 41,648
3 Bed off Peak Income, 184 days, 25% Occupancy at \$269 / Day		\$ 12,374
<b>GROSS INCOME</b>	<b>\$ 43,303</b>	<b>\$ 54,022</b>

  

Calculation Of Costs & Net Income	2 - Bed	3 - Bed
Fees & Costs at 39% Income	\$ 16,888	\$ 21,069
Annual service Charge at \$320 / Month	\$ 3,840	\$ 3,840
<b>TOTAL COSTS</b>	<b>\$ 20,728</b>	<b>\$ 24,909</b>
<b>NET INCOME</b>	<b>\$ 22,575</b>	<b>\$ 29,113</b>
<b>NET RETURN ON INVESTMENT (GROSS RETURN)</b>	<b>6% 11%</b>	<b>6% 11%</b>



## Appendix 1 - Full Comparable Table

1- Why House - <a href="https://www.srilanka-villa.com">Source: https://www.srilanka-villa.com</a>		
Main House Double	\$356	\$356
1 Rm Garden House	\$356	\$356
Cabana	\$356	\$356
Main House Suite	\$413	\$413
2- Illuketia - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
Pond House Ginger	\$82	\$127
Pond House Jasmine	\$82	\$127
Lotus Suite	\$82	\$105
Cintronella Suite	\$82	\$105
Hibiscus Suite	\$105	\$105
Waterlily Suite	\$100	\$129
3- Monara House - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
Villa - 4 Bedrooms [Sleeps 8]	\$655	\$1,120
4- Sun House - <a href="http://www.thesunhouse.com/">Source: http://www.thesunhouse.com/</a>		
Sun & Sky	\$200	\$250
Kingfisher	\$200	\$250
Parrot Fish	\$200	\$250
Hibiscus	\$225	\$275
Araliya	\$225	\$275
Dumas Suite	\$280	\$350
Cinnamon Suite	\$280	\$350
Room No 08	\$125	\$175
5- The Dutch House - <a href="http://www.thedutchhouse.com/">Source: http://www.thedutchhouse.com/</a>		
The Ball Room	\$350	\$450
The V.O.C.	\$350	\$450
The Blue Room	\$350	\$450
The Yellow Room	\$350	\$450
6- Tisara Villas - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
2 Bed Villa	\$250	\$325
7- Duwa Villas - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
Deluxe Villa - 4 Bedroom	\$115	\$165
8- Kahanda Kanda - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
Garden	\$167	\$230
Tea	\$193	\$230
Araliya	\$230	\$250
Mango	\$230	\$250
Nelum	\$230	\$250
Peacock	\$230	\$250
Tamarind	\$230	\$250
Hellaconia	\$288	\$288
Hibiscus	\$288	\$288
Luxury Pool Villa	\$307	\$327
Dubu	\$246	\$384
9- Kabalana Surf Lodge - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
Double Room	\$110	\$135
Twin Room	\$110	\$135
10- Tamarind Hill - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
Deluxe Double Room	\$181	\$248
Classic Suite	\$232	\$349
Imperial Suite	\$257	\$442
Family Room	\$287	\$674
11- Galle Henna Estate - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
Luxury Suite	\$90	\$155
Family Room	\$118	\$183
Villa with Private Pool	\$311	\$583
12- 18 Faces - <a href="https://www.booking.com">Source: https://www.booking.com</a>		
Superior King Room	\$63	\$70
Deluxe King Room	\$65	\$92
Deluxe Queen Room	\$104	\$104
Luxury Triple Room	\$108	\$108
	<b>OFF PEAK AVERAGE</b>	<b>PEAK AVERAGE</b>
	\$221	\$287



## Appendix 2 – Calculation of average unit capital value

Average Purchase Price Calculation		
Cluster A	2 - Bed	3 - Bed
Ashton - Garden	\$ 395,000.00	
Ashton - Gallery	\$ 430,000.00	
Chalcot - 2 floors	\$ 399,000.00	
Beverly - Garden		\$ 505,000.00
Beverly - Gallery		\$ 540,000.00
Cluster A - M		
Ferndale - Garden	\$ 395,000.00	
Ferndale - Gallery	\$ 430,000.00	
Dorset - 2 floors	\$ 399,000.00	
Elsmore - Garden		\$ 505,000.00
Elsmore - Gallery		\$ 540,000.00
Cluster B		
Rosemont - Garden	\$ 395,000.00	
Rosemont - Gallery	\$ 430,000.00	
Seafield - 2 floors	\$ 399,000.00	
Queensberg - Garden		\$ 505,000.00
Queensberg - Gallery		\$ 540,000.00
Cluster C		
Hatton - Garden	\$ 325,000.00	
Hatton - Gallery	\$ 365,000.00	
Glasgow - Garden		\$ 430,000.00
Glasgow - Gallery		\$ 460,000.00
Isabel - Garden		\$ 430,000.00
Isabel - Gallery		\$ 460,000.00
Cluster D		
Marlby - 2 floors	\$ 435,000.00	
Norwood - 2 floors	\$ 435,000.00	
Lawrence - Garden		\$ 505,000.00
Lawrence - Gallery		\$ 540,000.00
Perth - Garden		\$ 505,000.00
Perth - Gallery		\$ 540,000.00
Cluster E		
Tiverton - Garden	\$ 345,000.00	
Tiverton - Gallery	\$ 375,000.00	
Upton - Garden		\$ 460,000.00
Upton - Gallery		\$ 490,000.00
Cluster E		
Westward - Garden	\$ 375,000.00	
Westward - Gallery	\$ 395,000.00	
Eastward - Garden	\$ 375,000.00	
Eastward - Gallery	\$ 395,000.00	
Victoria - Garden		\$ 485,000.00
Victoria - Gallery		\$ 515,000.00
Average Purchase Price 2 Bed Unit	\$ 394,315.79	
Average Purchase Price 3 Bed Unit		\$ 497,500.00

## The Principals

### Eduard Hempel

Since arriving in 2003 from the U.K., Eduard has immersed himself in the Sri Lankan property sector, with the goal of building happy and thriving businesses, and making a difference in the local community. By working closely with the local culture, he has done just that.

The love of property developing is steeped deep in the Hempel family as Eduard's Father, Constantine Hempel, was one of the first developers of the boutique hotels concept in London, the Blake Hotels, which are world-renowned and frequented by celebrities over the years.

Eduard has a strong foundation in Galle, and over the years has been a bridge for people looking to invest in Sri Lanka, helping many clients and businesses in the negotiation, acquisition, and development of exceptional real estate. Hempel Holdings has a track record of over 15 years in specialized property development and has been the catalyst in building a good and fair reputation with both Sri Lankans and foreign investors.

Eduard strongly believes that any development should fit in with the historical and cultural wealth of the island and must fit into the environment harmoniously.



### Trevor Morgan

With a B.A. in Combined Engineering from Coventry University, UK, Trevor founded his first company with seventeen staff covering manufacture, design, administration, and fittings. He then gained extensive experience in construction and interiors in exclusive areas of Barcelona, with eight development projects, and an £8.6M development project in Kensington, UK.

Trevor arrived in Sri Lanka in 2012 to set up Shakticola with Eduard Hempel, bringing his knowledge of managing construction projects from design through to completion, as well as his understanding and experience in achieving a high level of finish for luxury interiors. He has outstanding experience in top-level interior and building products, with examples such as the Monara House, Sea Heart House, Koggala Jungle View Villa and Thalpe Villa, to name a few.

Trevor has an excellent team set up in the Galle office, which develops detail architectural schemes for all their projects, and is now working as a partner on the Tamba Villas project in Thalpe.

Trevor's excellent analytical and presentation skills and his professional dealings with clients has earned him a solid reputation in the property development sector in Sri Lanka.





## GET IN TOUCH

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