



Smiling Hill Weekly Newsletter

Own Your Own Piece of Smiling Hill

YES gentlemen (and ladies) - you can now own your own piece of Smiling Hill.

And what's more if you are employed off-shore, paid by a multinational company in US or Singapore dollars and have unencumbered property equity back in your home country you can buy into Smiling Hill for virtually nothing.

Sounds too good to be true? Well, just read on ...

We are selling up to 15 blocks of modern, spacious, Western-standard apartments (each block of either three or four apartments).

Then we will lease them back from you for a minimum of 10 years and up to 20 years at a guaranteed rental return of **11%** of the purchase price (that's a starting rent to you of around **SGD\$52,580** a year for a block of four).

We will pay your rent three months in advance and it will be adjusted every year by up to 5% for inflation.

(If you buy a block and want to live in one apartment and lease back the rest to us then that's fine too.)

As part of the deal we will help you to set up your ownership entity so that you get secure and good title.

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All the Sport

What's coming up on the big screen at Goodies over this weekend - **Page 5**



This 4-apartment complex is located across the street from the Smiling Hill pool, Each apartment has 2 bedrooms and 2 bathrooms.

GOODIE'S SUPER Workers Lunchtime Specials ONLY Rp 50.000

All Day, Everyday Monday- Sunday

Save Valuable Time & Order Ahead

PH Restaurant 0778 450533 or Steve 0812 77175558



TABLE 1

OWNER-INVESTORS**How the money works***(Block of four apartments)*

	<u>SGD\$</u>	
Purchase Price	\$478,000	
Annual Lease-back Rental	\$52,580	11%
<u>LESS</u>		
Association Fees <i>(Common areas, security, waste removal etc)</i>	\$3,585	
Building Insurance	\$1,800	
Land Tax	\$200	
Rents Tax (VAT)	\$5,258	
Net Rental Income (after tax)	\$41,737	8.7%

FUNDING

Funding of 100% from Singapore bank secured by equity in home country with estimated SGD\$3,000 establishment fees capitalised.

Loan Amount		\$481,000
Annual Interest Payable	2.80%	\$13,468
Net Return after Debt Servicing		\$28,269
Maintenance Provision <i>(Building only)</i>	0.75%	\$3,585
Net Cashflow		\$24,684
		5.2%

We recommend purchase through a PMA foreign investment company to ensure secure title. For company incorporation and associated processes allow approximately SGD\$6,500.

Thus:

TOTAL CASH INVESTED **\$6,500**

All this alone already adds up to an outstanding investment - You get secure title and a strong predictable rental income stream with no vacancies, no management fees, no utilities costs, no letting fees, no inspection fees, no unpaid rents and no hassles with tenants.

All you have to pay is a modest quarterly fee towards the costs of security, waste removal and maintenance of common areas, your land tax (probably less than SGD\$200 a year), and the insurance and maintenance on your building (not the furnishings and finishes - we take care of that). You are also responsible for taxes payable on your rental income.

Our best estimate is that you should be able to expect a return of better than an 8.5% net (after tax but before interest).

But as those television promotions often say ... *WAIT, THERE'S MORE!*

If you are employed in Batam or work as an expat or off-shore elsewhere in the region, earn around \$200,000 a year or more and have unencumbered property equity in Singapore, Australia, the US, the UK or Europe there are international banks in Singapore who will lend you up to 60 to 70% of the value of your home country property asset.

What's more, right now for US\$ or SGD\$ loans you can expect to be paying interest of **ONLY ABOUT 2.5% to 3%**.

The interest rates are variable but may be fixed for up to 12 months and then rolled over at the then prevailing rate. Loans will be granted only in the same currency in which you receive your salary and allowances.

If you qualify, have the available security elsewhere and can obtain borrowings at these rates then you can buy a block of four

For more information about Smiling Hill, including maps showing how to find us go to our website at www.smilinghillbatam.com

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TABLE 2

Minimum Buy-back Schedule

Block of Four Apartments purchased for SGD \$478,000

<u>Year</u>	<u>Original Rent</u>	<u>Inflation Adjusted Rent</u> 5%	<u>Buy-back Price</u>	<u>Margin on Purchase Price</u>	<u>Percent Capital Uplift</u>	<u>Annual Growth Rate (Av)</u>
1	\$52,580		\$473,220	(\$4,780)		
2		\$55,209	\$496,881	\$18,881	4.0%	
3		\$57,969	\$521,725	\$43,725	9.1%	
4		\$60,868	\$547,811	\$69,811	14.6%	
5		\$63,911	\$575,202	\$97,202	20.3%	
6		\$67,107	\$671,069	\$193,069	40.4%	
7		\$70,462	\$704,622	\$226,622	47.4%	
8		\$73,985	\$739,853	\$261,853	54.8%	
9		\$77,685	\$776,846	\$298,846	62.5%	
10		\$81,569	\$815,688	\$337,688	70.6%	

10-year period year on year **5.5%**

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apartments in Smiling Hill for a total outlay of about SGD\$6,500 (the cost of establishing a PMA company to hold your property with secure title).

What's more after paying all property costs, taxes **and interest** on a loan for 100 per cent of the purchase price (plus establishment fees) for a block of four apartments you will receive a net return – **money in your pocket** – of **just under \$25,000**.

Can't believe it? Take a look at *TABLE 1* setting out *HOW THE MONEY WORKS*.

"AHA", we hear you say, "That's all very well with interest rates below 3% - what happens when they rise?"

Well if you do the sums you will find that your borrowing rate would need to reach almost 8% before your Smiling Hill investment failed to give you a positive cashflow – to wash it's own face as they say in the property business.

But you also have a "back door" – as part of our deal we will give

you a **MINIMUM BUY-BACK GUARANTEE** under which you can sell your property back to our company at a pre-determined price of 9 times the prevailing annual rental.

This means that any time after about two or three years you can sell back to us at a handy capital gain, typically at least 5% year on year. If interest rates turn nasty or your circumstances change you can cash out at a profit!

Once again the numbers tell the story – take a close look at *TABLE 2 (Minimum Buy-back Schedule)*.

Another benefit

All starting to look a little more interesting, yes?

Well there is yet another benefit, especially if your main aim is to build a nest-egg for when you are ready to stop working in tough conditions in far-flung reaches of the world.

If you simply recycle your positive cashflow by paying ALL of it off your original loan each

year then, at current interest rates, in about 13 years you will have accumulated an unencumbered Smiling Hill property asset worth about SGD\$1 million or more and earning you a steady cash income of about SGD \$94,000 a year. Take a look at *TABLE 3 (Asset Value Maximisation)*.

If interest rates rise then the process is fundamentally the same – it simply takes longer.

Study the numbers – if you like what you see then call Doug on +62 813 6470 3361 and come and talk to us soon at Smiling Hill. If you think the numbers don't stack then come and talk to us about that too – we'd love to know why.

If you have spent more than five minutes in and around Batam then you will know that this rapidly growing island city has a huge future regardless of the hassles and challenges of doing business in this part of the world.

It is ideally located just 12 miles across the water from Singapore, the economic star performer of

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Own Your Own Piece Of Smiling Hill

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South East Asia. And Singapore is running out of space and running into cost blow-outs – hence its steady but unwavering commitment to establishing **Special Economic Zone** arrangements with Batam, Bintan and Karimun

Batam with low-cost labor, inexpensive land and low building costs ranks as one of the lowest-cost producers in heavy fabrication and components manufactures.

Spend a few hours driving around Batu Ampar, Tanjung Uncang, Kabil, Panbil, Batam Centre and some of the other tech parks and industrial areas and you will quickly recognise that Batam is

booming. The most likely scenario for the years ahead is that this will continue, only more so.

Smiling Hill is mainly about providing good Western standard accommodation in a relaxed and welcoming community setting for the growing numbers of expat trades specialists and professionals who are playing such a key role in the on-going expansion of Batam's industries.

With experienced, reliable and capable Western ownership and management and a proven track record of achievement, Smiling Hill has to rank as a natural for anyone seriously looking for a sound property investment concept in this region.

Singapore Funding Information

EXPATS who qualify as outlined in the accompanying article may be able to arrange low-interest borrowings from international banks in Singapore for other purposes.

Perhaps you may wish to purchase a property at some other location in Batam or to re-finance existing higher-cost borrowings in your home country.

We are arranging a visit soon from an experienced Singapore mortgage broker. If there is sufficient interest we may arrange a Seminar Evening at Goodies to allow you to hear more information first hand and put your questions. We will keep you posted through this newsletter.

TABLE 3

Asset Value Maximisation

(All net cashflow applied to reduce borrowings)

Block of Four Apartments purchased for SGD \$478,000

Year	Net Cashflow		Annual Rent (After 5% Adjustment)	Interest Payable at 2.8%	Other Deductions (Inflation Adjusted)	Rentals Tax Payable at 10%	Minimum Property Buy-back Value	Adjusted Loan Balance	New Owner Equity	
	Paid off Loan	Loan Balance								Cashflow
1		\$481,000	\$52,580	\$13,468	\$9,170	\$5,258	\$24,684			
2	\$24,684	\$456,316	\$55,209	\$12,777	\$9,629	\$5,521	\$27,283	\$496,881	\$456,316	\$40,565
3	\$27,283	\$429,033	\$57,969	\$12,013	\$10,110	\$5,797	\$30,050	\$521,725	\$429,033	\$92,692
4	\$30,050	\$398,984	\$60,868	\$11,172	\$10,615	\$6,087	\$32,994	\$547,811	\$398,984	\$148,828
5	\$32,994	\$365,989	\$63,911	\$10,248	\$11,146	\$6,391	\$36,126	\$575,202	\$365,989	\$209,212
6	\$36,126	\$329,863	\$67,107	\$9,236	\$11,704	\$6,711	\$39,457	\$671,069	\$329,863	\$341,206
7	\$39,457	\$290,407	\$70,462	\$8,131	\$12,289	\$7,046	\$42,996	\$704,622	\$290,407	\$414,216
8	\$42,996	\$247,411	\$73,985	\$6,927	\$12,903	\$7,399	\$46,756	\$739,853	\$247,411	\$492,443
9	\$46,756	\$200,654	\$77,685	\$5,618	\$13,548	\$7,768	\$50,750	\$776,846	\$200,654	\$576,192
10	\$50,750	\$149,905	\$81,569	\$4,197	\$14,226	\$8,157	\$54,989	\$815,688	\$149,905	\$665,783
11	\$54,989	\$94,916	\$85,647	\$2,658	\$14,937	\$8,565	\$59,488	\$856,473	\$94,916	\$761,557
12	\$59,488	\$35,428	\$89,930	\$992	\$15,684	\$8,993	\$64,261	\$899,296	\$35,428	\$863,868
13	\$64,261	\$0	\$94,426	\$0	\$16,468	\$9,443	\$68,516	\$944,261	\$0	\$973,094

SMILING HILL LONG STAY ROOMS...

- Comfortable long stay guesthouse rooms
- From ONLY S\$800 per month

Includes: cable TV, safety box, daily cleaning service, pool facilities, restaurant and bar

1.4km to Nagoya CBD / 2km to Harbour Bay

“Where Everyone Belongs.

*If interested please call
Steve 0812 7717 5558*

ALSO NOW AVAILABLE.....

- Brand New, Western Style Houses
- Two & Three Bedroom Available
- Fully Self Contained
- Close to Nagoya CBD & Harbour Bay

**Be quick and don't miss out on this
FANTASTIC opportunity!**

*If interested please call
Steve 0812 7717 5558*



Whats on.... Sports

AUGUST 19th - AUGUST 22nd

Rugby Action

Australia TV programs are disrupted this weekend because of a Federal election. We have now lost access to the Super Sports programming due to a change of satellite. The Rugby Test between South Africa and New Zealand will be screened from 11pm Saturday. For those on shift work or otherwise unable to attend at this time, we are arranging to record the match for replay on Sunday. Check with Steve re timing of the replay.

We have subscribed to a new sports service but are still to learn the ropes of its programming. It has an emphasis on American sport (golf, American football, baseball etc). We should have program information for next week's newsletter.

FRIDAY August 19

- 4.30pm **Rugby League** : Panthers v Rabbitohs
- 7.00pm **Australian Football** : Geelong v Carlton
- 10.00pm **Rugby League** : Knights v Broncos

Saturday August 20

- 11.00am **Australian Football** : Hawthorn v Freo
- 9.00pm **Rugby League** : Sea Eagles v Warriors
- 11.00pm **Rugby Union Tri-Nations** - South Africa v New Zealand

Sunday July 18

- 1.00am **Australian Football** : Swans v Bulldogs
- 3.30am **Rugby League** : Cowboys v Bulldogs
- 10.30am **Australian Football** : Port Adelaide v Melbourne
- 1.30pm **Rugby League** : Eels v Wests Tigers

We now have two BIG SCREENS so we can show two different sports at the same time!!

NEED TO RENT A CAR?

Ken Abbs has a 2008 CRV auto. for rent. It has 16500 KM on the clock, colour black, fully insured -10 Juta for one month or 8 Juta a month for more than three months rental period.

*Call ken on 08127137870
Or email: kenabbs@petrotechbatam.co.id*