



EXAMPLE CALCULATION OF COSTS AND INCOME

Example calculation when buying a villa in Mali Kosi Seaview Villa project making us of a partly mortgage loan from Erstabank

All prices, percentages and numbers are indicative and are solely for the purpose of giving general insight into calculating return on investment. The calculation is purely informative and seeks to give insight into the real estate market of Croatia and tariffs, taxes, and possible profitability of renting out a real estate property. This calculation should be used to compare one project to another.

RENTAL INCOME

		LOW	Season MEDIUM	HIGH
		REST	1/2 MAY-JUNE SEPT-1/2 OKT	JULIY/AUG
Weeks available	52	32	12	8
Weeks occupied	13	1	5	7
PRICE / WEEK		€ 1.100	€ 1.650	€ 1.950
TOTAL REVENUE		€ 1.100	€ 8.250	€ 13.650
			€ 23.000	



Assumptions

Mortgage interest rate	6,5%
repayment period of mortgage loan (years)	20
Amount of property value to be mortgage	50%

Purchase price + costs

Property purchase price including VAT	€ 305.000
Property purchase price excluding VAT	€ 263.000
Real estate transfer tax (5% over ground-part only)	€ 4.000
Legal fee (ca. 1,25%)	€ 3.813
obtaining tax number (€ 100)	€ 100
Agency commission (4%)	€ 12.200
Total investment	€ 283.113

Financing

Own investment needed	€ 151.613
Mortgage loan from bank (50% of purchase price)	€ 131.500
Total investment	€ 283.113

ANNUAL PROFIT CALCULATION

Incoming

Gross Rental income (see calculation)	€ 23.000
Total incoming	€ 23.000

Outgoing

Rental agency's Commission (assuming 25%)	€ 5.750-
all maintenance, running costs & services	€ 3.050-
Annuity (annual interest incl. repayment of loan)	€ 11.765-
Total outgoing	€ 20.565-

Annual result 1st year	€ 2.435
Return on investment 1st year in %	1,6%