

JUSTIFICATION OF MOTEL DEVELOPMENT

Version 22

Note: All figures quoted below exclude GST unless labelled "Inc. GST"

Prepared For: 0

Build Date: 15/09/2012

 Motel: **Template Information**

Print Date: 9/10/2012

Report based on a 4 AAAT star rating.

This Justification Report uses "Industry Averages" to substantiate the capitalised worth of a motel and compares it with construction estimated costs using Industry Benchmarks.

The report offers three assessments as set out below for you to compare.

If you have commissioned me to prepare these reports I attach an additional explanation of the key findings in all report groups. Thank you, Russ Dodson. Page 1.

1. Capitalised Value based on estimated overnight room revenue to be obtained:

Number of Rooms:	30	Typical Freehold Business based on revenue earned: (Capitalisation)	
Estimated Occupancy:	67%	Trying for an average room rate excluding GST of:	\$114.55
Operating Expenses:	58.2%	Average room rate inc. GST Check matching box below	\$126.01 <<<< <
Adjusted Net FH Profit:	41.8%	Maximum occupancy revenue based on above rates:	\$1,254,323
Leasehold Business:		Current Occupancy:	67.0% \$840,396 96.4%
Rental @ 45.0%	\$164,154	Note, Break-even occupancy is:	51.6%
Net Profit after rent:	\$200,633	Add Breakfast Revenue	\$31,694 3.6%
Yield of: 30.0%		Add Restaurant Revenue	\$0 0.0%
Capitalised Value:	\$668,776	Add Bar Revenue	\$0 0.0%
Value of Freehold INV:	\$1,611,143	Add Phone, Function, Mini bar & Other Revenue	\$0 0.0%
Rental Return:	\$164,154	Total Income	\$872,090 100%
Net Return on INV:	10.2%	Less: Operating Expenses	\$507,303 58.2%
Note: Building Depreciation not included		Adjusted Net Profit Percentage	41.83% \$364,787 41.8%
Accepted Industry Yield 16.00%		Capitalised Price inc Land \$2,279,919	

Break-even The revenue required for this motel to break-even is \$671,347 which is **77%** of the nominated income \$872,090 this includes interest of \$158,000
 If the break-even income amount **exceeds 80%** of the estimated income - seek professional assistance before commencing the development.

2. Return on estimated construction costs:

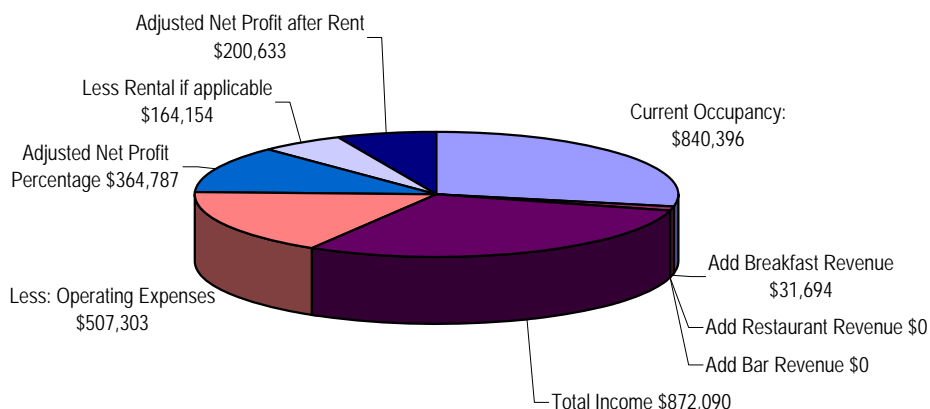
New Construction without allowing for any demolition		Assessed Construction Cost	
\$1,591 per square metre - building cost.		Construction Cost:	\$3,167,180 71%
\$291 per square metre - fit out cost		Land including Landscaping	\$590,000 13%
Construction Cost per room	\$105,572.67	Cost of motel inc. land:	\$3,757,180 84%
Land Cost per room	\$19,666.67	Fit out:	\$566,371 13%
Fit out per room (Ref: Inclusion Work Sheet)	\$18,879.03	Acquisition & Development:	\$129,145 3%
Construction & Professional Fees:	\$4,304.83	Total Cost of Motel:	\$4,452,696 100%
Total Cost of Motel per room:	\$148,423.20	Total Cost inc. GST:	\$4,897,966
Areas of Motel Development:	Assessed	Building Depreciation Ex GST	\$126,687 4%
Motel Total Room Area 1947 m2	Construction	Equivalent room rate required on construction cost	
Admin Block 0 m2	Cost Exc Land	16.00% Yld = Net Profit	\$712,431 43%
Games Room 0 m2	\$3,664,551	42% is the net profit % ratio of Turnover.	
Stair Ways & Corridors 0 m2 +L/Scp	\$69,000	On this % room turnover is	\$1,641,299 100%
Verandahs total 0 m2 +Res	\$0	Average Room Rate will be	\$223.72
Total 1947 m2	\$3,733,551	Room Rate Inc. GST	\$246.09 Check <
		Based on occupancy of:	67%

For you to assess if your nominated room rate is achievable check the turnover figures highlighted green

3. How you would perceive the motel to trade in 3 years time:

Number of Rooms	30	Value Freehold Business: (Capitalisation Method)	
Value of Leasehold Business:		Assessed Average room rate excluding GST	\$124.37
Rental of FH Net 45%	\$197,867	Average room rate including GST	\$136.81
Net Profit after rent:	\$241,838	Maximum occupancy revenue based on above rates:	\$1,361,853
Yield of: 30%		70.1% Occupancy	\$954,659 100%
Capitalised Value:	\$806,126	Add Breakfast Revenue:	0.00% \$0 0%
Value of Freehold INV:	\$1,899,752	Add Restaurant & Bar Revenue:	0.00% \$0 0%
Rental Return:	\$197,867	Add other Revenue: (Mini Bar-I/Net)	0.00% \$0 0%
Net Return on INV:	10.42%	Total Income	\$954,659 100%
CPI Increment 1.3% Average		Operating Expenses	\$514,954 54%
Depreciation Allowance \$146,582		Adjusted Net Profit Percentage	46.06% \$439,705 46%
Accepted Industry Yield 16.25%		Capitalised Price inc Land \$2,705,878	

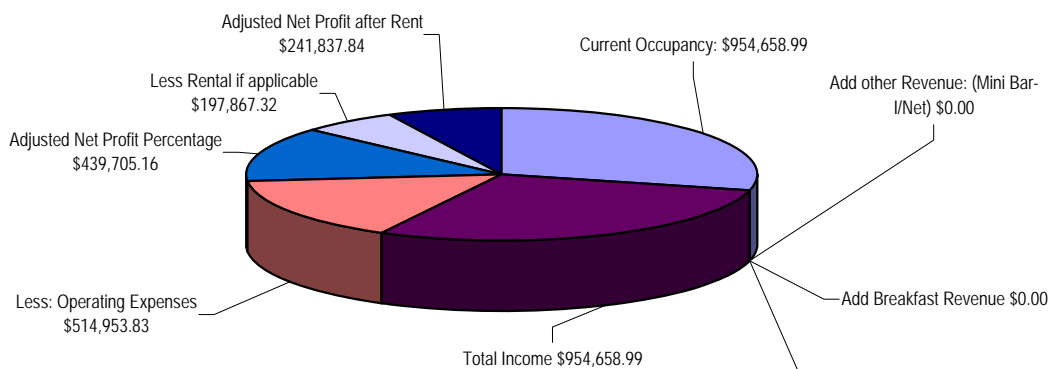
Actual or starting assessment



Actual or starting assessment

Current Occupancy:	\$840,396.08	96%
Add Breakfast Revenue	\$31,693.68	4%
Add Restaurant Revenue	\$0.00	0%
Add Bar Revenue	\$0.00	0%
Total Income	\$872,089.76	100%
Less: Operating Expenses	\$507,302.76	58%
Adjusted Net Profit Percentage	\$364,787.00	42%
Less Rental if applicable	\$164,154.15	19%
Adjusted Net Profit after Rent	\$200,632.85	23%

Situation after three years trading



Under management for 3 years

Current Occupancy:	\$954,658.99	100%
Add Breakfast Revenue	\$0.00	0%
Add Restaurant & Bar Revenue:	\$0.00	0%
Add other Revenue: (Mini Bar-I/Net)	\$0.00	0%
Total Income	\$954,658.99	100%
Less: Operating Expenses	\$514,953.83	54%
Adjusted Net Profit Percentage	\$439,705.16	46%
Less Rental if applicable	\$197,867.32	21%
Adjusted Net Profit after Rent	\$241,837.84	25%

This report has been compiled on information received from the building industry and motel benchmark figures collected over the past 15 years. The report can only be used as a guide to establish a preliminary assessment of viability comparing the three scenarios set out above. Always seek independent advice before applying these assumptions.

Disclaimer:

The computer projections listed above simply illustrate the outcome calculated from the input values and assumptions contained in the model. Therefore the figures can be varied as required and are in no way intended to be a guarantee of future performance. The information is provided in good faith, it is also given on the basis that no person using the information, in whole or part, shall have claim against Motel Assist, its employees or consultants.

Assessment of a Typical New Motel Five Year Projection

Motel: Template Information

All Figures are excluding GST unless nominated to include GST

Occupancy	67.0%	68.5%	70.1%	71.9%	73.7%
Tariff Increase		3.6%	4.8%	3.9%	3.6%

Current Year ending: 30/06/2013	%	2013	2014	2015	2016	2017
INCOME:	of T/O	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT
Accommodation	96.4%	840,396	890,143	954,659	1,017,360	1,080,371
Breakfast	3.6%	31,694	32,835	34,411	35,753	37,040
Phone/Fax/Broadband & Sundry	0.0%	0	0	0	0	0
Mini Bar Licensed? No	0.0%	0	0	0	0	0
Restaurant	0.0%	0	0	0	0	0
Bar	0.0%	0	0	0	0	0
Functions	0.0%	0	0	0	0	0
TOTAL:	100%	872,090	922,977	989,070	1,053,113	1,117,411

LESS: COST OF PURCHASES							
Breakfasts	Cost: % of food 25.0%	0.9%	7,923	8,209	8,603	8,938	9,260
Phone/Broadband	over sales price 0.0%	0.0%	0	0	0	0	0
Mini Bar	0.0%	0.0%	0	0	0	0	0
Restaurant Food	0.0%	0.0%	0	0	0	0	0
Bar & Beverages	0.0%	0.0%	0	0	0	0	0
Function cost	0.0%	0.0%	0	0	0	0	0
TOTAL PURCHASES:	0.9%	7,923	8,209	8,603	8,938	9,260	
GROSS PROFIT:	99.1%	864,166	914,768	980,467	1,044,175	1,108,151	

LESS: ADVERTISING & MARKETING:						
Advertising	3.5%	30,523	19,622	20,564	21,366	22,135
Brochures	0.9%	7,849	0	8,634	0	0
Special Marketing	0.6%	5,233	5,538	5,934	6,319	6,704
NRMA/GoStay Books	0.1%	872	903	947	984	1,019
Total Advertising & Marketing	5.1%	44,477	26,063	36,079	28,668	29,859

ADMINISTRATIVE & OVERHEADS:							
Amounts shown in red are "ADD-Backs" that are accepted in the Industry.							
Accountancy & Legal Fees	0.9%	7,849	8,178	8,522	8,880	9,253	
Advertising & Marketing	5.1%	44,477	26,063	36,079	28,668	29,859	
Bank Charges	0.3%	2,650	2,745	2,877	2,989	3,097	
Cable TV (Austar)	1.2%	10,080	10,503	11,008	11,437	11,849	
Chain Fees	0.0%	0	0	0	0	0	
Cleaning Chemicals inc Contracts	0.6%	5,096	5,279	5,533	5,749	5,956	
Commissions to Internet Booking Agents	2.7%	23,546	24,535	25,566	26,640	27,758	
Compliance with Ordinances	0.2%	1,350	1,407	1,466	1,527	1,591	
Computer & System Costs	0.2%	2,160	2,251	2,345	2,444	2,546	
Consumables for rooms per night \$1.10	0.9%	8,070	8,361	8,762	9,104	9,431	
Credit Card Charges 1.2% to 2%	1.4%	12,209	12,649	13,256	13,773	14,269	
Electricity, Gas & Oil	4.6%	40,116	41,560	43,555	45,254	46,883	
Freight	0.0%	250	259	271	282	292	
Ground & Pool Maintenance (No Pool)	0.2%	1,760	1,823	1,911	1,985	2,057	
Insurance - General	1.4%	12,450	12,606	12,763	12,923	13,084	
Insurance - Workers Comp	0.8%	6,586	6,668	6,751	6,836	6,921	
Internet Costs	0.3%	2,780	2,880	3,018	3,136	3,249	
Interest (Interest during construction not included)	18.1%	158,000	158,000	158,000	158,000	158,000	
Laundry Chemicals	0.3%	2,616	2,710	2,841	2,951	3,058	
Laundry Linen Hire	7.4%	64,303	66,618	69,816	72,538	75,150	
Lease & Hire Payments	0.0%	0	0	0	0	0	
Licenses & Subscriptions	0.3%	2,690	2,803	2,921	3,043	3,171	
Motor Vehicle & Travelling (Token Amount)	0.3%	3,000	3,000	3,000	3,000	3,000	
Pest Control	0.2%	2,150	2,240	2,334	2,432	2,535	
Postage, Printing, Stationery, Papers	0.4%	3,488	3,614	3,787	3,935	4,077	
Rates, Water & Land Tax	1.9%	16,700	16,900	17,103	17,308	17,516	
Replacements, R&M	5.0%	43,604	45,436	47,344	49,326	51,387	
Security	0.4%	3,100	3,230	3,366	3,507	3,655	
Sundry Costs	0.9%	7,500	7,815	8,143	8,485	8,842	
Superannuation - Staff	1.5%	12,857	13,320	13,960	14,504	15,026	
Telephone & Fax	1.4%	12,209	12,649	13,256	13,773	14,269	
Wages Employees	16.4%	142,859	145,431	152,412	158,356	164,056	
Wages Manager, External Management	0.0%	0	-39,600	-40,590	-41,605	-42,645	
Management Incentives	0.0%	0	0	0	0	0	
Waste Removal	0.1%	872	909	947	987	1,028	
TOTAL EXPENSES:	75.4%	657,379	612,844	642,323	655,498	673,700	
ACTUAL FREEHOLD NET PROFIT:	23.7%	206,787	301,924	338,144	388,677	434,452	
Add-Backs (Inc W.C. & Super for Manager)	18.1%	158,000	118,400	117,410	116,395	115,355	
ADJUSTED FREEHOLD NET PROFIT	41.8%	364,787	420,324	455,554	505,072	549,807	
Net Profit shown as a % of Turnover		41.83%	45.54%	46.06%	47.96%	49.20%	
LESS RENT:	CPI of 1.30%	18.8%	\$164,154	\$166,280	\$168,433	\$170,615	\$172,824
ADJ. L/HOLD NET PROFIT After Rent:	23.0%	\$206,633	\$254,044	\$287,121	\$334,457	\$376,982	
Rent as a % of Freehold Net Profit		45.0%	39.6%	37.0%	33.8%	31.4%	
Value of Freehold Business: Yield:	16.00%	\$2,279,919	\$2,627,026	\$2,803,411	\$3,108,135	\$3,383,426	
Value of Leasehold Business: Yield:	30.00%	\$668,776	\$846,814	\$957,070	\$1,114,858	\$1,256,608	

Tax Benefits Available to Freehold Business						
Adjusted Freehold Net Profit less Interest		\$206,787	\$262,324	\$297,554	\$347,072	\$391,807
Depreciation Building at 4%	14.5%	\$126,687	\$126,687	\$126,687	\$126,687	\$126,687
Depreciation Plant Fixtures Fittings	9.1%	\$79,292	\$71,363	\$64,226	\$57,804	\$52,023
Total	23.6%	\$205,979	\$198,050	\$190,914	\$184,491	\$178,711
Adjusted Taxable Income (Freehold)		\$808	\$64,274	\$106,641	\$162,581	\$213,096

Motel Details	
1st Year Only	
No. of Rooms	30
Rooms Occ.	7337
Occupancy	67%
Room Tariff	\$114.55
Inc. GST	\$126.01
Brkfst per Room	\$12.00
Inc. GST	\$13.20
Sales %	36%

Add Backs	
Dep. Building	\$126,687.20
Dep. PFF	\$79,291.94
Interest	\$158,000.00
Wages Mngr	\$0.00
Incentives	\$0.00
Total	\$363,979.14

Wage Break-up		of T/O
Management	\$0.00	0.0%
Relief	\$7,200.00	0.8%
Grounds-Pool	\$9,600.00	1.1%
Reception	\$50,423.76	5.8%
Housekeeping	\$75,635.65	8.7%
Breakfasts	\$0.00	0.0%
Laundry	\$0.00	0.0%
Restaurant/Bar	\$0.00	0.0%
Function	\$0.00	0.0%
Total	\$142,859.41	16.4%

Add Back		of T/O
Management	\$0.00	0.0%
W.C. & Super	\$0.00	0.0%
Gross Wages	\$142,859.41	16.4%

Capitalised Value	
Freehold	\$2,279,919
Value/Unit	\$75,997

Construction Cost		
Const Cost m2	\$1,591	
Cost per Unit	\$99,941	
Building Cost	\$3,098,180	70%
Plant F & Fittings	\$566,371	13%
Grounds, Signs	\$69,000	2%
Land	\$590,000	13%
Total Build	\$4,323,551	97%
DA Costs	\$129,145	3%
All up Costs	\$4,452,696	100%

Interest during Construction	
Make allowance for this interest which has not been included in the first year of expenses.	\$52,140

Mortgage Details	
Maximum loan available	60% of Capitalised
Value:	\$1,367,951
Interest Rate	7.90%
Total Loan:	\$2,000,000
R&M 5 yrs	\$ 243,907

Restaurant Profitability		of T/O
Total Sales	\$0	100%
Food Costs	\$0	0%
Gross Profit	\$0	0%
Labour	\$0	0%
Net to Food	\$0	0%

Profit & Loss Overview		of T/O
Income	\$872,090	100%
Purchases	\$7,923	0.9%
Gross profit	\$864,166	99.1%
Marketing	\$44,477	5.1%
Expenses	\$657,379	75.4%
FH Profit	\$206,787	23.7%
Add Backs	\$158,000	18.1%
Adj. Net Profit	\$364,787	41.8%
Rent if L/hold	\$164,154	18.8%
Net After Rent	\$200,633	23.0%

Prepared by:	Russ Dodson
Version:	22
Date:	19/05/2012

(Income before Tax)

Number of Rooms: 30

Date: 15/09/2012

Based on external laundry service for all linen.

General Items	QTY	PRICE	GST	Inc GST	Ex GST
Queen Bed head Timber Veneer finish	30	\$ 332.00	\$ 996.00	\$ 10,956.00	\$ 9,960.00
Hotel Luxury Queen Bed Ensemble	30	\$ 675.00	\$ 2,025.00	\$ 22,275.00	\$ 20,250.00
Doona Cover and Doona	0	\$ 150.00	\$ -	\$ -	\$ -
Valances	0	\$ 65.00	\$ -	\$ -	\$ -
Bed Spreads Queen	30	\$ 264.00	\$ 792.00	\$ 8,712.00	\$ 7,920.00
Blankets Queen - Wool (+ spare in cupboard)	90	\$ 80.00	\$ 720.00	\$ 7,920.00	\$ 7,200.00
Blankets Queen - Cotton	64	\$ 40.00	\$ 256.00	\$ 2,816.00	\$ 2,560.00
Pillows 700gms Dacron Fill for Queen beds (inc spare)	120	\$ 12.90	\$ 154.80	\$ 1,702.80	\$ 1,548.00
Mattress Protectors Queen (+ 25% on hand)	38	\$ 26.00	\$ 97.50	\$ 1,072.50	\$ 975.00
Single Bed Head Timber Veneer Finish	30	\$ 277.00	\$ 831.00	\$ 9,141.00	\$ 8,310.00
Single Bed	30	\$ 410.00	\$ 1,230.00	\$ 13,530.00	\$ 12,300.00
Bed Spreads Single	30	\$ 165.00	\$ 495.00	\$ 5,445.00	\$ 4,950.00
Blankets Single - wool (+ spare in cupboard)	90	\$ 60.00	\$ 540.00	\$ 5,940.00	\$ 5,400.00
Blankets Single - cotton (+ spare in cupboard)	0	\$ 31.00	\$ -	\$ -	\$ -
Mattress Protectors Single	30	\$ 10.50	\$ 31.50	\$ 346.50	\$ 315.00
Pillows 700gms Dacron Fill for Single beds (inc spare)	60	\$ 99.00	\$ 594.00	\$ 6,534.00	\$ 5,940.00
Trundle Beds (Made up)	16	\$ 410.00	\$ 656.00	\$ 7,216.00	\$ 6,560.00
Cot (Made up)	8	\$ 185.00	\$ 148.00	\$ 1,628.00	\$ 1,480.00
Towels, Bathmats, Face Washers (per sleeping space + 1)	120	\$ 22.00	\$ 264.00	\$ 2,904.00	\$ 2,640.00
Bedside Table Timber finish Powdered Coated Steel Frame	60	\$ 270.00	\$ 1,620.00	\$ 17,820.00	\$ 16,200.00
Armchair	30	\$ 288.00	\$ 864.00	\$ 9,504.00	\$ 8,640.00
Coffee Table	30	\$ 190.00	\$ 570.00	\$ 6,270.00	\$ 5,700.00
Dining Chair	90	\$ 48.00	\$ 432.00	\$ 4,752.00	\$ 4,320.00
Luggage Rack	30	\$ 69.00	\$ 207.00	\$ 2,277.00	\$ 2,070.00
2 seater Sofa Powder coated base	6	\$ 880.00	\$ 528.00	\$ 5,808.00	\$ 5,280.00
Blinds or similar	0	\$ 175.00	\$ -	\$ -	\$ -
Sheer Drapes	64	\$ 315.00	\$ 2,016.00	\$ 22,176.00	\$ 20,160.00
Blockout Drapes to suit	64	\$ 854.00	\$ 5,465.60	\$ 60,121.60	\$ 54,656.00
Bathroom Mirror 600 x1000	30	\$ 165.00	\$ 495.00	\$ 5,445.00	\$ 4,950.00
Timber Floor Lamp and Parchment Shade	30	\$ 325.00	\$ 975.00	\$ 10,725.00	\$ 9,750.00
LCD 102cm TV wall mounted (Digital)	10	\$ 650.00	\$ 650.00	\$ 7,150.00	\$ 6,500.00
LCD TV Wall Bracket	10	\$ 88.00	\$ 88.00	\$ 968.00	\$ 880.00
LCD/Plasma 81cm television with hotel lock	20	\$ 489.00	\$ 978.00	\$ 10,758.00	\$ 9,780.00
TV Wall Bracket	20	\$ 88.00	\$ 176.00	\$ 1,936.00	\$ 1,760.00
DVD Player	30	\$ 190.00	\$ 570.00	\$ 6,270.00	\$ 5,700.00
Kettle	30	\$ 25.00	\$ 75.00	\$ 825.00	\$ 750.00
Toaster (2 Slice)	30	\$ 25.00	\$ 75.00	\$ 825.00	\$ 750.00
Iron, Steam & Dry	30	\$ 25.00	\$ 75.00	\$ 825.00	\$ 750.00
Ironing board with scorchgard cover	30	\$ 40.00	\$ 120.00	\$ 1,320.00	\$ 1,200.00
84L bar fridge	30	\$ 290.00	\$ 870.00	\$ 9,570.00	\$ 8,700.00
Water Tumblers per sleeping space, Water Jugs,	30	\$ 12.00	\$ 36.00	\$ 396.00	\$ 360.00
Hair dryer	30	\$ 22.00	\$ 66.00	\$ 726.00	\$ 660.00
Clock radio with iPod socket	30	\$ 29.00	\$ 87.00	\$ 957.00	\$ 870.00
Waste Paper Baskets	30	\$ 9.90	\$ 29.70	\$ 326.70	\$ 297.00
10L Toilet Tidy Flat Lid White	30	\$ 9.95	\$ 29.85	\$ 328.35	\$ 298.50
Consumables, Soap, Shampoo, Tea, Coffee & Sugar	30	\$ 4.60	\$ 13.80	\$ 151.80	\$ 138.00
Total of General Items		\$ 8,890.85	\$ 26,942.75	\$ 296,370.25	\$ 269,427.50
Other Items:			GST	Inc GST	Ex GST
Wall Prints	60	\$ 66.00	\$ 396.00	\$ 4,356.00	\$ 3,960.00
Wall Mirror (minimum size 1200mmx450mm)	30	\$ 90.00	\$ 270.00	\$ 2,970.00	\$ 2,700.00
Office Desk	0	\$ 290.00	\$ -	\$ -	\$ -
Office Chairs	0	\$ 86.00	\$ -	\$ -	\$ -
Desk Lamp	0	\$ 22.00	\$ -	\$ -	\$ -
Compendiums	30	\$ 26.00	\$ 78.00	\$ 858.00	\$ 780.00
Coat Hangers	180	\$ 1.95	\$ 35.10	\$ 386.10	\$ 351.00
Accessory Pack, Coffee Cups, Wine Glasses, Opener etc.	30	\$ 14.75	\$ 44.25	\$ 486.75	\$ 442.50
Cupboard matching, Bed & Side Tables	30	\$ 1,680.00	\$ 5,040.00	\$ 55,440.00	\$ 50,400.00
Electronic Safe	30	\$ 115.00	\$ 345.00	\$ 3,795.00	\$ 3,450.00
Door Mats	30	\$ 24.50	\$ 73.50	\$ 808.50	\$ 735.00
Commercial 21kg Front Loading Washing Machine (Motel)	1	\$ 11,200.00	\$ 1,120.00	\$ 12,320.00	\$ 11,200.00
Matching Dryer (Motel)	1	\$ 8,700.00	\$ 870.00	\$ 9,570.00	\$ 8,700.00
Guest Washing Machine	1	\$ 480.00	\$ 48.00	\$ 528.00	\$ 480.00
Guest Dryer	1	\$ 285.00	\$ 28.50	\$ 313.50	\$ 285.00
Sundry Items, Room service trays, toilet paper, tissues etc	30	\$ 100.00	\$ 300.00	\$ 3,300.00	\$ 3,000.00
Total of other items		\$ 23,181.20	\$ 8,648.35	\$ 95,131.85	\$ 86,483.50
Grand Total		\$ 32,072.05	\$ 35,591.10	\$ 391,502.10	\$ 355,911.00
Cost from above schedule		\$ 11,863.70	\$ 35,591.10	\$ 391,502.10	\$ 355,911.00
Add Tiled entry areas & common area, Carpet & Light Fittings	30	\$ 3,850.00	\$ 11,550.00	\$ 127,050.00	\$ 115,500.00
Split Air conditioners (All Areas)	36	\$ 985.00	\$ 3,546.00	\$ 39,006.00	\$ 35,460.00
Commercial Kitchen set up, say		\$ 48,000.00	\$ 4,800.00	\$ 52,800.00	\$ 48,000.00
Restaurant/Conference Set Up, seating of 50/30		\$ 0.00	\$ -	\$ -	\$ 0.00
Games Room Equipment only, say		\$ 0.00	\$ -	\$ -	\$ 0.00
Reception & Office set up, say		\$ 8,000.00	\$ 800.00	\$ 8,800.00	\$ 8,000.00
Other Items:		\$ 3,500.00	\$ 350.00	\$ 3,850.00	\$ 3,500.00
Grand Total:			\$ 56,637.10	\$ 623,008.10	\$ 566,371.00

INPUT For Assessment of Income, Expense & Net Profit of a New Motel

Print Date: 9/10/2012 Instructions: Place the cursor at the top left hand corner of the screen and press "Tab" key to move through the boxes.

Figures based on a predetermined Net Profit

Year End 30/06/2013

Current Year:		
Turnover:	\$872,090	100%
Expenses:	\$392,440	45.0%
Freehold Net Profit:	\$479,649	55.0%
Rent:	\$215,842	24.8%
Net After Rent:	\$263,807	30.3%
Next Year:		
Turnover:	\$895,636	100%
Expenses:	\$400,289	44.7%
Freehold Net Profit:	\$495,347	55.3%
Rent:	\$218,637	24.4%
Net After Rent:	\$276,710	30.9%
Net Growth as a percentage:	4.89%	

Depreciation Schedules		Construction Cost
Building Depreciation at	4.0%	\$3,167,180
Depreciation is		\$126,687
Plant Fixtures & Fittings	Say:	\$566,371
Allow average % of, say:	14.0%	\$79,292

Current Year:		Yield of	
Value	\$2,997,809	16.0%	Freehold
	\$879,357	30.0%	Leasehold
Next Year:		Yield of	
Value	\$3,095,919	16.0%	Freehold
	\$922,365	30.0%	Leasehold

Construction Cost - m2		\$1,591
Total Area m2	1947	\$3,098,180
Overall Cost/Unit inc. Residence		\$99,941
No of Units	30	Inc Residence

Entry of Data: You can over ride amounts in this colour

Enter Net After Rent	\$263,807.15	C64
Enter Rent/NP %	45.0%	
Enter Expenses/TO %	45%	
Turn Over	\$872,089.76	F41
Land Purchase Price	\$590,000	
Land % of Construction	15.00%	which is
CPI	1.30%	
Growth for 1st year	2.7%	
Increase on Expenses	2%	thereafter
Number of Rooms	30	
Size of Rooms m2	33	
Expected Tariff ex GST	\$114.55	Inc GST
Occupancy 1st Year	67.0%	\$126.01
Freehold Yield	16.00%	
Leasehold Yield	30.0%	
Maximum Occ Income	\$1,254,322.50	

Insurance Premium Calc.	This applies to a brick/concrete construction, \$10m liability, subject to confirmation by Underwriter	
Freehold	\$11,600.00	
Leasehold	\$12,450.00	
Sum Insured	\$4,370,209	Being estimated replacement cost

\$464,727	(check) being:	15.00%	of total construction cost
	\$840,396.08	96.4%	Accommodation
	\$31,693.68	3.6%	Breakfasts
0.0%	\$0.00	0.0%	Phone/Broadband
0.0%	\$0.00	0.0%	Mini Bar
	\$0.00	0.0%	Restaurant
	\$0.00	0.0%	Bar
	\$0.00	0.0%	Functions
0.0%	\$0.00	0.0%	Sundry
	\$872,089.76	100.0%	Total

Wage Break-up		% of T/O
Management	\$0.00	
Management Incentives	\$0.00	
External Management	\$0.00	
Relief	\$7,200.00	\$200.00
Grounds inc. pool	\$9,600.00	
Reception (E48)	\$50,423.76	6.0%
Housekeeping (E49)	\$75,635.65	9.0%
Breakfasts (E50)	\$0.00	0.0%
Laundry (E51)	\$0.00	0.0%
Restaurant (E52)	\$0.00	35.0%
Function (E53)	\$0.00	35.0%
Total	\$142,859.41	
Employees Wages:	142,859.41	16.38% of T/O
Management	\$0.00	0.00% of T/O
Total	142,859.41	16.38% of T/O

Sales revenue per breakfast	\$12.00	36%	breakfast sales
Relief Manager Structure:	3	Days per month	
36	Days per year	5.1	Weeks per Year.
Days	36		
Costs of Services			
Austar	\$28.00	Per Room	
Consumables	\$1.10	Per Room	

Hrs per week \$18.375 average per hour

Checking Housekeeping Hours, Wages & %		
Rooms Cleaned	7337	per year
At	\$9.25	per room
Annual Wages Check:	8.1%	\$67,862.63
Growth:	4.2%	(On Expenses)
Year 2	3.6%	(Income) \$922,977
Year 3	4.8%	(Income) \$989,070
Year 4	3.9%	(Income) \$1,053,113
Year 5	3.6%	(Income) \$1,117,411

Figures based on a predetermined Turnover

Current Year:		
Turnover	\$872,090	100%
Expenses	\$392,440	45%
FH Net Profit	\$479,649	55%
Rent	\$215,842	25%
Net After Rent	\$263,807	30%
Next Year (Year2):		
Turnover	\$895,636	100%
Expenses	\$400,289	45%
FH Net Profit	\$495,347	55%
Rent	\$218,637	24%
Net After Rent	\$276,710	31%
Net Growth as %	4.89%	

Current Year:		Yield of	
Value	\$2,997,809	16.00%	Freehold
	\$879,357	30.00%	Leasehold
Next Year (Year 2):		Yield of	
Value	\$3,095,919	16.0%	Freehold
	\$922,365	30.0%	Leasehold

Interest during construction		Rent:
11	Months to Build	Year 3 \$221,469
Interest	\$52,140.00	Year 4 \$224,337
7.90%		Year 5 \$227,242
Prepared by:	Russ Dodson	Loan LVR 70% Freehold
Version:	22	50% Leasehold
Date	19/05/2012	70% Investment

Explanation & Input Area

CPI Calculation for Sydney			Break-even Analysis in the First Year		
\$218,637.47	New Rent payable by Lessee		Refers to your 1st year in 5Yr Assessment:		
1.30%	Percentage increase over previous year		You need to make: \$671,347 in sales to break even		
\$215,842.21	Insert previous years rent		% over/		
179.9	CPI index prior to review date	Jun-12	breakeven	Monthly	2013
177.6	CPI index in the previous year	Jun-11	Sales	100.0%	\$671,347
Motel Construction Cost			Less: Cost of sales	0.9%	\$6,045
Acquisition & Development Costs:	\$129,145	2.90%	Gross Margin	99.1%	\$665,303
Land Acquisition Cost:	\$590,000	13.25%	LESS EXPENSES		
Total Building Cost inc Ground Costs:	\$3,167,180	71.13%	Admin & Overhead	68.9%	\$462,826
Full Fit-out:	\$566,371	12.72%	Sales & Marketing	6.6%	\$44,477
Total All Up Construction Cost:	\$4,452,696	100.00%	Interest Expense	23.5%	\$158,000
End Cost per Unit:	\$148,423		Rent if applicable		Not Applicable
Construction Cost to Build			Total Expenses	99.1%	\$665,303
	Area	Cost m2	Cost	Net Profit	
Cost on Motel Main Bldg	1,535.0	\$1,860.00	\$2,855,100	Break-even sales	
Verandahs	412.0	\$590.00	\$243,080	as a % of total sales figure of \$872,090 77%	
	0.0		\$0	To assess the break-even of a motel (76% - 80%) would be	
Total	1,947.0		\$3,098,180	the highest to consider unless you can establish an upside.	
Average cost per square m2			\$1,591.26		

Breakdown of Development Costs

Solicitor & other professional	\$4,200
Stamp Duty on Land (NSW)	\$0
Mortgage Stamp Duty (NSW)	\$7,945
Finance & Bank Fees	\$15,000
Council Fees	\$9,600
Plan Drafting	\$8,500
Engineering	\$12,500
Surveyor	\$4,900
Valuations	\$6,500
Sundry	\$5,000
Overseeing of Project	\$55,000
Total:	\$129,145

Value of Residence

Enter when not included in m2

Assessment of all Building Costs

Development Costs	\$129,145	2.90%
Building Cost	3,098,180	69.58%
Landscaping, Pool, Sign etc	\$69,000	1.55%
PFF	\$566,371	12.72%
Total Building Cost	3,862,696	86.75%
Land Value	\$590,000	13.25%
Total Cost exc Dev Cost	4,452,696	100.00%
Land Value is	15.3%	of total building cost
	\$115,881	at 3%

Break-up of Landscaping

The following are estimates only

Parking Areas:	\$18,000
Covered Parking:	\$0
Driveways:	\$11,500
Lawn, Garden & Trees:	\$9,000
Pool, Sauna & Spa:	\$12,500
Site Drainage:	\$0
Signage:	\$18,000
Total:	\$69,000

Linen Laundry Costing			(Calculated on Single room use)	\$9.96
Estimated cost of linen on	7337	occupied room nights		\$73,072
Allow for stay overs and single occupancy, less 12%				\$64,303
		Percentage of Turnover:	7.37%	

Commercial Laundry Rates

Linen Hire	No	Cost	Total	Single Unit	Cost	Family	Cost
King Sheets	0	\$1.25	\$0.00		\$0.00	0	\$0.00
Queen Sheets	4	\$1.10	\$4.40	2	\$2.20	4	\$4.40
Single Sheets	0	\$0.95	\$0.00	2	\$1.90	4	\$3.80
Pillow Cases	4	\$0.58	\$2.32	4	\$2.32	8	\$4.64
Towels	4	\$0.60	\$2.40	2	\$1.20	4	\$2.40
Hand Towels	2	\$0.35	\$0.70	2	\$0.70	2	\$0.70
Bath Mats	2	\$0.52	\$1.04	2	\$1.04	2	\$1.04
Washers	2	\$0.30	\$0.60	2	\$0.60	4	\$1.20
Total			\$11.46		\$9.96		\$18.18

Restaurant Overview 1st Year			Establishing Food Income for Restaurant		
Total Income	0	100%	Number of Settings (Licensed)		
Food Cost	0	0.00%	Motel Daily Room Occupancy		
Labour	0	0.00%	Guest Attendance:		
Net Profit	\$0	0.00%	Outside Attendance:		
			Estimated Food & Liquor per setting:		
			Income per day:		\$0
			Anticipated Income per annum:		\$0

Food/Liquor Ratio

Food	60%	\$0.00	\$0
Liquor	40%	\$0.00	\$0

Restaurant Overview 2nd Year			Establishing Income for Conferences		
Total Income	0	100%	Number of Settings:		
Food Cost	0	0.00%	Estimated conferences per month:		
Labour	0	0.00%	Room Hire:		
Net Profit	\$0	0.00%	Average number attending:		

Allow for increased revenue in 2nd year

Place your assessed increase below.

Restaurant & Bar Growth:	
Function Centre Growth:	

Restaurant Overview 3rd Year			Establishing Total Annual Income:		
Total Income	0	100%	Catering per person		
Food Cost	0	0.00%	Food Income per month:		\$0
Labour	0	0.00%	Food Income per annum:		\$0
Net Profit	\$0	0.00%	Room Income per month:		\$0
			Room Income per annum:		\$0
			Estimated Total Annual Income:		\$0

