

Proposed Development, Operation, and Management of a new Motel.

A) Assumptions.

The following assumptions are taken in to consideration to prepare this proposal. It is understood that each case will be different. However, this is a basic outline of the venture.

- 1) 36 rooms, 300 SFT room size, 3 to 4 floor building, Kitchen Breakfast area, Business room, Laundry room, High ceiling reception area, 45 parking lot, 1.5 Acres Property Area.
15 months to complete after ground breaking. Use both local and foreign procurement.
- 2) About 70% occupancy round the year, average \$49 room rate.
- 3) Interest rate 11% per year amortized for 15 years after opening of the motel.

B) Development cost.

Major Items	Cost \$	Remarks
Design, Permit, and test cost	75000	Engineering design, Permit, City fees
Raw land	75000	1.5 Acres
Building Cost	900000	20,000 sft, complete except furnishing
Parking, Driveway, Grading	75000	45 Parking, Driveway, entry
Equipment and machinery	25000	Front Desk, Laundry, Kitchen, Security
Interior Furnishing	75000	All rooms, common area furnishing
Other contingency	25000	
Estimated total cost to open	1250000	

C) Operation and management cost.

Items	Monthly \$	Yearly \$	Remarks
Utilities	2500	30000	Power, water, Gas, Tel, Internet, TV
Consumables	3000	36000	Breakfast, Laundry, Toiletries
Property Tax	1000	12000	City Tax
Direct Management	4500	54000	Manager, Front desk person
Room preparation	3750	45000	\$5 per room
Depreciation & maintenance	1500	18000	
Total	16250	195000	

D) Operational Result.

Items	Yearly value \$	Remarks
Gross room revenue	450000	36 Room average 70% occupancy, \$49 ARR
Gross operating cost	195000	From above item C
Mortgage	170500	1.25M\$ @ 11% @ 15 years, monthly pay
Operational surplus	84500	* Owner operator can add another 50,000 \$ *As investor, owner, & operator will see an operational surplus of 300,000 \$ per year. * When completed the new property will be appraised between 2 to 2.5 million Dollars.