

4-STAR BUSINESS HOTEL

Example 1

See in yellow/red, management fees (non-negotiated)

Year 1			Year 2			Year 3
200			200			200
365			365			365
60			65			68
1,1			1,2			1,3
150			165			180
32			35			38
10			12			15
8			10			12
36			34			32
28			26			24
50			50			50
1,4			1,4			1,4
820			870			925
8,0			6,5			6,0
3,0			3,0			3,0
1,0			1,5			2,0
5,0			5,0			5,0
6,0			5,5			5,0
2,5			2,5			2,5
8,0			8,0			8,0
0,5			0,5			0,5
2,0			3,0			4,0

Based in US\$

Example 2

See in yellow/red, management fees after GHS negotiations

	Year 1			Year 2			Year 3
No. of rooms	200			200			200
Days open	365			365			365
Room occupancy %	60			65			68
Double occupancy	1,1			1,2			1,3
REVENUES							
Average Daily Room Rate/US\$	150			165			180
Food/Guest/Day/US\$	32			35			38
Beverages/Guest/Day/US\$	10			12			15
Minor Operating Dept. Spend/Guest/Day/US\$	8			10			12
COST OF SALES							
Food %	36			34			32
Beverages %	28			26			24
Minor operating departments %	50			50			50
PAYROLL							
No. of employees per room, incl.meeting	1,4			1,4			1,4
Cost/employee/month/US\$	820			870			925
Deartmental Expenses %	8,0			6,5			6,0
UNDISTRIBUTED EXPENSES							
Administration %	3,0			3,0			3,0
Repairs and maintenance %	1,0			1,5			2,0
Marketing (Local and Int'l)	5,0			5,0			5,0
Utility cost %	6,0			5,5			5,0
Basic Mgt. Fee % of Rev.	2,0			2,0			2,0
Incentive Mgt. Fee % of GOP	8,0			8,0			8,0
Insurances %	0,5			0,5			0,5
FF&E Reserve %	2,0			3,0			4,0
Construction Reserve %							

							PROFIT AND LOSS STATEMENT							
43.800			47.450			49.640	Room nights	43.800			47.450			49.640
48.180			56.940			64.532	Bed nights	48.180			56.940			64.532
60			65			68	Room occupancy %	60			65			68
150			165			180	Average Daily Room Rate /US\$	150			165			180
168			182			190	Total no. of employees	168			182			190
820			870			925	Cost/employee/month/US\$	820			870			925

US\$	%		US\$	%		US\$	%	REVENUES	US\$	%		US\$	%		US\$	%
6.570.000	58,4		7.829.250	54,1		8.935.200	50,7	Rooms	6.570.000	58,4		7.829.250	54,1		8.935.200	50,7
1.541.760	13,7		1.992.900	13,8		2.452.216	13,9	Food	1.541.760	13,7		1.992.900	13,8		2.452.216	13,9
481.800	4,3		683.280	4,7		967.980	5,5	Beverages	481.800	4,3		683.280	4,7		967.980	5,5
350.400	3,1		569.400	3,9		774.384	4,4	Minor Operating Departments	350.400	3,1		569.400	3,9		774.384	4,4
2.000.000	17,8		3.000.000	20,7		4.000.000	22,7	Revenue from Conferences	2.000.000	17,8		3.000.000	20,7		4.000.000	22,7
300.000	2,7		400.000	2,8		500.000	2,8	Rental Income	300.000	2,7		400.000	2,8		500.000	2,8
11.243.960	100		14.474.830	100		17.629.780	100	TOTAL	11.243.960	100		14.474.830	100		17.629.780	100
								COST OF SALES								
555.034	36,0		677.586	34,0		784.709	32,0	Food	555.034	36,0		677.586	34,0		784.709	32,0
134.904	28,0		177.653	26,0		232.315	24,0	Beverages	134.904	28,0		177.653	26,0		232.315	24,0
175.200	50,0		284.700	50,0		387.192	50,0	Minor Operating Departments	175.200	50,0		284.700	50,0		387.192	50,0
865.138	7,7		1.139.939	7,9		1.404.216	8,0	TOTAL	865.138	7,7		1.139.939	7,9		1.404.216	8,0
1.653.120	14,7		1.900.080	13,1		2.113.440	12,0	PAYROLL	1.653.120	14,7		1.900.080	13,1		2.113.440	12,0
899.517	8,0		940.864	6,5		1.057.787	6,0	DEPARTMENTAL EXPENSES	899.517	8,0		940.864	6,5		1.057.787	6,0
								UNDISTRIBUTED EXPENSES								
337.319	3,0		434.245	3,0		528.893	3,0	Administration	337.319	3,0		434.245	3,0		528.893	3,0
112.440	1,0		217.122	1,5		352.596	2,0	Repairs and maintenance	112.440	1,0		217.122	1,5		352.596	2,0
562.198	5,0		723.742	5,0		881.489	5,0	Marketing	562.198	5,0		723.742	5,0		881.489	5,0
281.099	2,5		361.871	2,5		440.745	2,5	Base Management Fee	224.879	2,0		289.497	2,0		352.596	2,0
674.638	6,0		796.116	5,5		881.489	5,0	Utility cost	674.638	6,0		796.116	5,5		881.489	5,0
1.967.693	17,5		2.533.095	17,5		3.085.212	17,5	TOTAL	1.911.473	17,0		2.460.721	17,0		2.997.063	17,0
5.385.467	47,9		6.513.978	45,0		7.660.655	43,5	GRAND TOTAL	5.329.248	47,4		6.441.604	44,5		7.572.506	43,0
5.858.493	52,1		7.960.852	55,0		9.969.125	56,5	GOP (GROSS OPERATING PROFIT)	5.914.712	52,6		8.033.226	55,5		10.057.274	57,0
56.220	0,5		72.374	0,5		88.149	0,5	Insurances	56.220	0,5		72.374	0,5		88.149	0,5
224.879	2,0		434.245	3,0		705.191	4,0	FF&E payments	224.879	2,0		434.245	3,0		705.191	4,0
468.679	4,2		636.868	4,4		797.530	4,5	Incentive Fee	473.177	4,2		642.658	4,4		804.582	4,6
5.108.714	45,4		6.817.365	47,1		8.378.255	47,5	GAP (GROSS ADJUSTED PROFIT)	5.160.436	45,9		6.883.949	47,6		8.459.352	48,0

749.778 998.739

1.238.275
21.050.667
24.037.459

Combined Management Fees Years 1-3
Combined Management Fees Years 4-20
TOTAL MANAGEMENT FEES 20 years

698.056

932.155

1.157.178
19.672.018
22.459.407

If we can reduce the Base fee by only 0,5%, the savings over 20 years amounts to
Assumed GHS Service Fee of US\$ 250x200 keys

1.578.052
50.000 3,2%

Net savings versus non-negotiated management fees

1.528.052