

With Compliments,



The moteliars' web site for **specific** Industry information

Motelinfo.com.au Pty Ltd

ABN: 87 001 424 460

222 Carthage Street

TAMWORTH NSW 2340

Tel: 02-6766-5331

Fax: 02-6766-1000

Mobile: 0428-668-357

Email: russ@motelinfo.com.au

Web: www.motelinfo.com.au

Date of Report:

Motel Purchase Assessment

Presented To:

Phone:

Fax:

Mobile:

Email

Web:

Presented By:

Russ Dodson

Motel Finance Specialist

Licensed Business Broker

Mobile : 0428-668-357

Motel Being Assessed:

Contents of Report:

Instructions for the Report:	Pages 1 & 2.	(Includes Privacy Act & GST Disclaimers)
Summary of Motel:	Pages 3 to 5.	
Snap Analysis:	Page 6.	
Overview of Motel:	Pages 7 & 8.	
Debt Service Calculations:	Pages 9 & 10	
Comparisons	Page 11	
Rental Assessment	Page 12.	
Explanation	Page 13.	(Includes Service Offered)
Input Data for Motel:	Pages 14 to 16.	



Refer to the 3 pages of explanation of this program in the "Explanation" page

Instructions	
Motel Purchase Assessment	
Contents:	P.3 - 5 Summary inc Financials
	P. 6 Snap Analysis
	P. 7&8 Overview
	P. 9&10 Debt Service Ratio
	P. 11 Comparisons
	P. 12 Rent Assessment (if Leasehold)
	P. 13-16 Input Data & Worksheet
	P. 17-19 Explanation & Info on Report
Privacy Act 1988 and GST Disclaimers below	

FAMILY First in Hospitality
 ABN: 70 002 615 974
 222 Carthage Street
 TAMWORTH NSW 2340
 Tel: 02-6766-5331
 Fax: 02-6766-1000
Mobile: 0428-668-357
 Email: russ@familyfirst.net.au
 Web: www.familyfirst.net.au

Version 110
Page 1.

Report For:

Dear,

[<Click here> for more about the program](#)

Entry Date: _____ **Print Date:** Saturday, 16 September 2006

In the "Input Data" see coloured boxes like this, insert the data and hover the cursor over box to retrieve instructions.

Summary and Assessment of:

The program is designed to analyse a motel to assess the value to either purchase, sell or refinance. For the Owner it gives an idea of what the motel is worth, applying typical Industry Benchmarks when applied to a capitalisation method of valuation. For the Purchaser they can assess if they can afford to purchase by inserting their financial information .

[See Notes Here](#) [Click to view further information on assessing an established motel.](#)

The amount of information you require to assess a motel is comprehensive. This program will give you an idea of what is required to analyse a motel. Also if you consult with a specialist it is a great tool to assess the results of an independent report.

By completing all the boxes in the **"Input Data"** area, the program will calculate assessments from that data.

[You will require a Depreciation Schedule, current Profit & Loss, plus at least three previous years to check consistency.](#)

I suggest you print a template of the "Input Data" sheets so you know what information is required.

In the "Input Data" page you will see items coloured blue which must be inserted for the program to work and items in aqua coloured boxes. **Do not complete aqua boxes** until you have assessed the viability of the motel business. It is important that the business is viable in its own right. Once the business viability is established complete the aqua boxes for finance.

This symbol is shown in the "Overview" page which explains the entry procedure. You will also see **red triangles** in the coloured input boxes with **green** borders. This signifies that there is an instruction. Hold the mouse over the box and an instruction will appear. A silver triangle on the right hand side of the input box signifies a drop down selection.

This program is complimentary at our quarterly seminars where the geometry and layout is explained. Attendance to the seminar is not necessary to operate the program, just follow the prompts and read the explanations.

Please, do not commit yourself to a purchase on this information without consulting professional advice.

If your calculated capitalised price is below the accepted Industry Benchmark Calculation, here are some points.

1. Is the property and business running efficiently, if not,
2. What will it cost to restructure, refurbish or rebuild the business?
3. How long will it take?
4. Is there an attribute you or your partner can offer or do you see the business having hidden potential.

An area that must be assessed is the estimated growth of the motel and is it possible by applying:

1. Increase in tariff (An important factor is to make sure you can obtain a 2% growth factor in the motel.)
2. Increase in occupancy. (The mechanism of this application is discussed at our seminars on request.)
3. Increase the revenue by introducing or refining Internet Booking Agents, Coaches, Breakfasts, Restaurant & Conferences.
4. Staff training in how the customer is greeted and introduced to your product and service to obtain or justify the tariff.
5. Compare the tariff of a typical room offered by a nearby motel of similar rating.

The balance that must be understood is:

1. Increase the room tariff, the occupancy normally drops.
2. Reduce the tariff, in theory the occupancy increases, however it rarely increases the turnover.

Solution:

Have a reason to increase the tariff through a carefully structured program giving value for the increase. Whatever you do it is going to take time & cost money. The money spent is a capital expense coming from the net dollar earned, finance or cash. If this money is spent, will the money spent be an acceptable percentage return to the motel business?

I trust this program will assist you and give you confidence to see that a motel business is a great way of life when the correct preparation and procedures are implemented.

To complete this report there is software available to assist you complete a "Physical Inspection" Please enquire if you require this soft ware.

Regards,

Disclaimer:

Every effort has been made to provide as accurate as possible information in these reports. However Family First in Hospitality is not responsible for any errors or omissions and strongly recommend you to seek independent advice at all times.

Russ Dodson
Family First in Hospitality



Privacy Act 1998 and GST Disclaimers

FAMILY First in Hospitality
ABN: 70 002 615 974
222 Carthage Street
TAMWORTH NSW 2340
Tel: 02-6766-5331
Fax: 02-6766-1000
Mobile: 0428-668-357
Email: russ@familyfirst.net.au
Web: www.familyfirst.net.au

Page 2. Version 110

Report Date: Saturday, 0 January 1900

Print Date: 16/09/2006 16:49

Summary and Assessment of:

The Report is directed to:

Privacy ACT 1988:

To construct these reports information is collected from Owners of motels to produce the statistics allowing those who have received the report to assess the motel business with comparisons and Benchmarks provided.

The information collected is taken at face value and inserted in the reports as general information. Proof of the information is retained by the those inserting the information and will be provided under agreed circumstances. In some circumstances the signing of a Confidentiality Agreement may be necessary to release this information.

It is acknowledged by those reading the report within this program that the information provided is for their information only and in no way can it be relied upon without further consultation with the provider of that information.

The information supplied could fall into any area of the public such as newspapers, internet, financial institutions, trades people, Government & Statutory Bodies or any Institution that may have a vested interest in the report.

In providing this information we accept that all parties agree to this declaration of use of information supplied unless we are advised to the contrary.

Assessments of Profit and Future Trading:

The stated projections listed in this program illustrate the outcome calculated from the input values and assumptions. The figures can be varied as required and are in no way intended to be a guarantee of future performance.

GST Disclaimer:

The figures provided in this program, relating to price, income, outgoings and the like is provided without reference to the possible impact of GST (Goods & Services Tax). Please make your own assessment of the impact of GST on the details of the motel business analysed.

If you have any concerns or cannot understand these statements please contact;

Russ Dodson: Phone: 0428-668-357
Megan Myers: Phone: 0429-833-266



Summary

Motel Purchase Assessment

To be read in conjunction with the Snap Analysis Report

FAMILY First in Hospitality

ABN: 70 002 615 974

222 Carthage Street

TAMWORTH NSW 2340

Tel: 02-6766-5331

Fax: 02-6766-1000

Mobile: 0428-668-357

Email: russ@familyfirst.net.au

Web: www.familyfirst.net.au

Report For:

Entry Date:

Print Date: Saturday, 16 September 2006

Page 3.

Summary and Assessment of:		Version 110	
Title, being a	Leasehold Motel	If a Leasehold title number of years remaining in the lease is:	0 years.

This summary is to assist you in understanding your maximum financial limitations and the ability of the stated net income from the motel to meet your borrowings. If you are purchasing a Leasehold Business a full understanding of the lease is mandatory. An area that should be carefully assessed is how the Goodwill is calculated. Refer to bottom of page 9 of "Services". Once you are satisfied with the Goodwill assess the Plant Fixtures & Fittings from the Depreciation Schedule. The sums of these two areas make up the value of the business component of the motel.

		Basic Details	
Negotiated Price (All figures do not include GST)	\$0	No of Rooms:	0
Costs to acquire the motel - to view these costs click on:	\$0	Accommodation Income	\$0
Total including acquisition costs:	\$0	Av room rate Ex. GST	\$0.00
Add funds required to meet possible cash flow short fall in 1st months trading:	\$0	Net Room Cost per Day:	\$0.00
Total Cost to Purchase Motel:	\$0	Profit on Cost per Day	\$0.00
Less: Cash in Hand \$0 less other cash & development \$0	\$0	Assessed Occupancy:	0.00%
Funds Required to complete Purchase without applying additional Security:	\$0	Rent:	\$0.00
Now include all security acceptable to: National Australia Bank Ltd	\$0	Net Profit	\$0.00
Net Funds applying full mortgage value (Shortfall):	\$0		
Mortgage Funds Available on Security Offered:			
Finance Provider: National Australia Bank Ltd	Security Available to Mortgage		Value of Security Offered
Proposed Motel as Security:	Prp 1.	\$0	Prp 1. Motel \$0
Additional Residential Security:	Prp 2.	\$0	Prp 2. Additional \$0
Additional Residential Security:	Prp 3.	\$0	Prp 3. Additional \$0
Additional Commercial Security:	Prp 4.	\$0	Prp 4. Additional \$0
Total Funds Available for Mortgage:		\$0	Total Value: \$0
Less: (personal) loans in existence that are not held with security:		\$0	Less, LVRs \$0
Net Security Available to assess borrowing after Personal Loans:		\$0	Gross Security \$0
Total Cash in Hand \$0 less other cash & development \$0		\$0	Existing Mortgages, Excl Motel: \$0
Total Available Funds for a Purchase (Including all security):		\$0	Net Security Available: \$0
Less: Total Purchase Price plus Costs, Including provision for 1st months trading:		\$0	
Net Surplus/Shortfall Funds utilising full security		\$0	
Net Funds applying full mortgage value (Shortfall):	\$0		
Amount you have nominated to borrow: \$0 plus \$0 totals		\$0	Being 0.0% of Valuation
Net Cash Flow Situation in the First Year of Operation			
Net income after tax received from all sources: (Tax: \$0)	\$0	\$0	Per week
Less: Cost of all loans, per annum, including Principal:	\$0	\$0	Per week
Surplus/Shortfall (Net cashflow funds after meeting principal & interest in loans)	\$0	\$0	Per week

Understanding the Capitalised Pricing Structure of the Motel:		Negotiated Price		
The asking price is based on a net yield of:	calc from on a net profit c \$0.00		\$0	To be able to negotiate a purchase on this motel using the nominated security you need the following amount in cash.
Your assessment of the capitalised value not including acquisition costs of:	\$0		\$0	
The above assessment is based on a yield of:	0.0% (Refer to adjusted value below)			
Difference in price: Over/Under on what you are prepared to pay, excluding acquisition costs:			\$0	
Now if you were to include the acquisition costs in this analysis the difference in price would now be:			\$0	
This places the Asking Price of the motel after acquisition costs at: (Not including 1st month shortfall)			\$0	

The next section of the summary is to assist you in understanding how to assess "if cash" has been taken from the turnover or how the motel is affected by applying increased turnover.

Increased T/O [Click on box for information](#)

When cash has been taken from the turnover and you add it back it does not impact any increase in the expenses, therefore it is a straight add back. However if you increase the turnover to evaluate the future net profit the expenses are increased to meet the cost it takes to generate the increased income. (The program takes all this into account.)

This area also assists you in evaluating if you increased your room tariff to assess the net earnings against the capital required to upgrade the rooms.

Refer to page 15 in the Input Data work page showing increase of turnover by 0% to an amount of \$0

The nominated cash returned is \$0 plus increased T/O \$0 makes up the total increase shown in the figures below.

Increased value of business to: plus acquisition costs, capitalised from a net profit of: \$0

Assessment of Increased Motel Turnover at its projected operation					Understanding Rent Ratios in Leasehold Motels	
	Actual	Projected	%	Increase		
? Click on box for information					Rentals can be assessed as a percentage of turnover or percentage of freehold net profit.	
Accommodation	\$0	\$0		\$0	The calculation of the freehold net profit is preferred because there are so many variables. A motel can be a Bed & Breakfast or have a restaurant or conference rooms. A typical rent is between 45% to 47.5% of Freehold Net Profit.	
Breakfast	\$0	\$0		\$0	This motel shows a percentage of 0.0% of Net Profit	
Other Revenue	\$0	\$0	0%	\$0	Refer to the increased turnover to assess the rent ratio.	
Restaurant	\$0	\$0	0%	\$0	To assess the ratio after applying an increase to the Net Profit of: \$0.00 New Rent 0.0% of Net Profit	
Beverage	\$0	\$0	0%	\$0		
Minibar + Other Income	\$0	\$0		\$0		
Total	\$0	\$0		\$0		
Freehold Net Profit before rent:	\$0	\$0		\$0		
Leasehold Net Profit after rent:	\$0	\$0		\$0		



Snap Analysis Comparison Process

Motel Purchase Assessment

To be read in conjunction with the Summary Report

FAMILY First in Hospitality

ABN: 70 002 615 974

222 Carthage Street

TAMWORTH NSW 2340

Tel: 02-6766-5331

Fax: 02-6766-1000

Mobile: 0428-668-357

Email: russ@familyfirst.net.au

Report For:

Dear

www.familyfirst.net.au

Version 110

Entry Date:

Print Date: Saturday, 16 September 2006

Page 6.

Summary and Assessment of:				Year Ended: 2006
Being a	Leasehold	Business Operating in a	Partnership Structure	Price: \$0

Snap Analysis is designed to assist you in narrowing down your preferences & make an initial decision without commitment. Once you have chosen a series of motels that fit your criteria you can seriously compare each motel by referring to the snap priority points below comparing with the benchmarks.

What to look for in a motel: (You must assess the red highlighted areas very closely and the underlined is mandatory!!!!)

- | | |
|---|---|
| 1. Location is paramount. | 7. Location to other family members. |
| 2. External pull up appeal must be evident. | 8. Check the last AAA rating schedule. |
| 3. Residence must meet families requirements. | 9. Where the business is coming from. (Goodwill) |
| 4. Motel rooms must be spacious. | 10. Reason for selling. |
| 5. Condition of Building (if weatherboard check Insurance) | 11. If Leasehold, length of lease & rent as a % of FH net profit. |
| 6. Plant Fixtures & Fittings - refer to depreciation schedule | 12. Income growth cycle must be at least 2%. |

The above points are the main ones for you to focus on now. Detailed notes are supplied in "Motel Buying Basics" and "Motel Inspection Guidelines" included in the CDROM supplying the EVALUATION & MARKETING PROGRAM in the selling process.

Finance:

After you place your financial information in "Input Data" **X** refer to "Debt Service Ratio" to establish if the cash flow from the motel and your financial position is sufficient. If so then assess your acceptable yield you stated in the "Overview" & now you can commence the negotiation procedure. **X** To assess your financial capability refer to "Input Data" page

About this motel:

Listed below are priority points on how this motel compares with the Industry Benchmarks. Under no circumstances can you use this data to make a final decision. It is stated to assist you in directing your attention to the obvious weaknesses & strengths within the financial structure of this motel business.

On the computer screen to the right of this page are buttons to access areas of the program to verify the information

Exclusion:

The standard reports apply to motels without restaurants. To prepare reports on restaurants is a special task requiring careful separate assessment. A restaurant must be treated as a separate business with its own profit stream. You must decide if the restaurant is an add on to the room revenue or a profit driven operation. We have provided some guidelines in the report.

Priority Points		For the Financial Year Ending 2006		Turnover:	\$0	0%
Leasehold Assessment		Number of Rooms:	0	Expenses:	\$0	0%
Negotiated Price	\$0	Yield - Coast 28% to 30% - Inland 30% to 35%		Adj. FH Net.	\$0	0%
Assessed Value:	\$0	based on a yield of: 0%	Acquisition Cost \$0	Rent	\$0	0%
Top Value:		based on a yield of: 0%	Inc. Stamp Duty: \$0	Net after rent:	\$0	0%
No Restaurant in this Motel (Not licensed)			For full list,click on:	Benchmarks This Motel		
No Function Centre (Not licensed)			Breakeven without Loan Costs	max of 65%	0%	
Turnover is what you are buying:		Cash Returned \$0	Your interest added to breakeven	max of 82%	0%	
2004	\$0	Increase	Your interest & principal added	No Benchmark	0%	
2005	\$0	0.0%	Breakfast % to Accommodation T/O	5% to 9%	0.0%	
2006	\$0	0.0%	Wages - No Restaurant (% of T/O)	8% to 12%	No Wages	
			Wages - Inc. Restaurant (% of T/O)	20% to 28%		
			Replacements & Maintenance of T/O	4% to 7%		
Benchmarks This Motel			Bank & Credit Card Charges of T/O	1.50%		
Period of Lease in years	Not Applicable	0	Workers Compensation Premium	\$0.00	\$0.00	
Annual Rental	47.50%	\$0	Superannuation of gross wages	\$0.00	\$0.00	
Lease as a % of Freehold Net	45% to 47.5%	0.0%	Relief Managers Cost per annum	\$0.00	\$0.00	
Adjusted Net Profit as % of T/O	25% to 32%	\$0	Average Occupancy for Region	0.0%	0.0%	
Note: If there is a restaurant reduce % by between 8% to 12%			Depreciation Allowance on the improvements?	N/A	0.0%	
Annual Revenue per room:		\$0 from total revenue	Cash Returned:	\$0	Projected Growth of Motel:	0.0%
Benchmark: Low \$14,397 - Average \$18,000 - Good \$30,462			In a Leasehold business you must be able to maintain a 2% growth rate.			
Average Room Rate inc GST:		\$0.00	How much cash do you need to complete purchase?	\$0		
Cost per room night inc. GST:		\$0.00	Amount of Loan:	\$0	Loan Available \$0	
Difference between the costs:		\$0.00	Annual Payments:	\$0	Term in Yrs	0
Expenses you can control:	2006	2005	LVR 0.00%	If Interest Only loan the term is Yrs.		
Bank & Credit Charges	\$0	\$0	Expenses that you cannot control:			
General Insurance	\$0	\$0	Electricity, Gas, Oil: (Usage - Climate?)	2006	2005	
Linen Hire - Laundry	\$0	\$0	Rates & Land Tax:	\$0	\$0	
Electricity & Gas Rates	\$0	\$0	Current Rental:	\$0	\$0	
Wages for Employees	\$0	\$0	Replacements, Repairs & Maintenance:	\$0	\$0	
Once these costs have been negotiated they become fixed costs.			Total Food Income:	\$0	Food cost % Cost/Income	0%
An important percentage to monitor:		This Motel:	Total Food Cost:	\$0	Breakfast cost %	0%
Benchmark Net Profit % of T/O	55% to 65%		If there is no food income consider that there are free breakfasts in the tariff.			
The above percentage applies to Freehold net profit ratio			Benchmark cost to income % is between 33% to 42%.			
If the motel has a restaurant reduce Benchmark by 15-18%						

Regards,

Disclaimer:

Russ Dodson
Family First in Hospitality

Every effort has been made to provide as accurate as possible information in these reports. However Family First in Hospitality is not responsible for any errors or omissions and strongly recommend you to seek independent advice at all times.



Note: the following area you can change are in the yellow boxes.

To move through the input boxes press the "Tab" key on the keyboard.

Assessment of a	Leasehold	Title, nominated on Input Page
Worth of	Leasehold 30.0% yield	\$0 plus acquisition costs
Negotiated Price	\$0	Plant Fixtures & Fittings
Add Acquisition Costs: 1st Month:	\$0	In the first months trading there
Stamp Duty:	\$0	could be a one off deficit. Allow
Legal Costs:	\$0	1% to 3% of months turnover.
Finance inc Mortgage Stamp Duty:	\$0	Allow at least \$0
Other Purchase costs inc. Stock:	\$0	If it is a new motel add
Total acquisition costs as an estimate:	\$0	between 5 - 7% 1.50%
Price inc. acquisition costs:	\$0	Explanation?

The analysis set out below shapes your calculation on the net yield you are prepared to pay. Now that you have studied the business what yield would you apply? **15.0%**

- To understand the total operation of a motel you need to study the following areas.
1. Freehold & Motel Business **Freehold Title and Business**
 2. Leasehold Motel Business **Leasehold Title & Business**
 3. Freehold Investment **Freehold Title no Business Component**

When you see a symbol like this click on it for an explanation ?

A red triangle in the top right hand corner of the input box - click on that box for an explanation.

Notes on Building Depreciation	Yield Benchmarks
1. Current Benchmark yield for a Freehold Motel:	14.0% ?
2. Current Benchmark yield for a Leasehold Motel:	30.0% ?
3. Current Benchmark return on a Investment Motel	9.0% ?

Analysis of a Freehold Motel Business:

Worth of Business	14.0% yield	\$0	acquisition costs to be added
--------------------------	--------------------	------------	--------------------------------------

When assessing a motel on the yield/capitalisation method, determine:

1. Is the property and business run down.
2. What will it cost to refurbish & rebuild the business? How long will it take?
3. Is there an attribute you can offer or does the business have hidden potential.

Price including acquisition costs of \$0.00 price will be \$0

The result of these questions shapes your calculation of the net yield you are prepared to pay. Now that you have studied the business what yield is acceptable? **14.0%**

If you apply the total purchase price including acquisition costs net is #DIV/0!

Analysis of a Leasehold Motel Business:

Worth of Business	30.0% yield	\$0	acquisition costs to be added
--------------------------	--------------------	------------	--------------------------------------

The rental shown in the P&L is \$0.00 being 0.0% of the FH

Net Profit or a Benchmark rental of \$0.00 being **47.5%** of net

is considered the maximum to be applied to a typical leasehold motel.

The rent on a Leasehold Motel is determined by the Landlord on what they consider they want as a net return on their acquisition costs of the Investment.

Price including acquisition costs of \$0.00 price will be \$0

Now that you have studied the business what yield is acceptable? **30.0%**

If you apply the total purchase price including acquisition costs net is #DIV/0!

Analysis of an Investment Freehold:

Worth of Investment	9.0% return	\$0	acquisition costs to be added
----------------------------	--------------------	------------	--------------------------------------

Add acquisition costs of \$0.00 total price is \$0

The bottom line comes down to negotiation skills where you the buyer of one of the components is content with the purchase knowing that the other components are in line with the motel business.

The result of these questions shapes your calculation of the net yield you are prepared to pay. Now that you have studied the investment what return is acceptable **9.0%**

If you apply the total purchase price including acquisition costs net is #DIV/0!

Assessing Finance Possibilities using indicative rates

Nominated Lender:	National Australia Bank Ltd	Leasehold
Indicative Interest Rate:	8.50%	Funding Position
Purchase Price inc. all costs:	\$0	Cash in Hand:
Allow for 1st months trading:	\$0	Extra Security:
Total acquisition costs:	\$0	Less, Cash & Develop:
Maximum Loan on Security Offered :	\$0	Funds Available:
Surplus / Shortfall on security:	\$0	Loan Required
Less, Cash Available:	\$0	All Up Price
Surplus / Shortfall on security:	\$0	Loan Required
Type of Loan:	Variable	Monthly Repayments:
Amount Borrowed:	\$0	Annual Repayments:
Amount borrowed is	0% of the purchase price./	Interest P.Annum
		\$0.00

Formal application must be made to verify the loan and conditions.

Overview of Profit & Loss

Income:	2006
Accommodation	\$0 0.0%
Breakfasts	\$0 0.0%
Restaurant & Beverage	\$0 0.0%
Other	\$0 0.0%
Total Income	\$0 0.0%
Less, Cost of goods sold:	
Breakfasts	\$0 0.0%
Restaurant, Beverage & Other	\$0 0.0%
Other	\$0 0.0%
Cost of Sales:	\$0 0.0%
Gross Profit	\$0 0.0%
Expenses: "Critical Expenses Shown" (Static or fixed expenses)	
Advertising	\$0 0.0%
Bank & Credit Card Charges	\$0 0.0%
Chain Fees	\$0 0.0%
Electricity Gas Oil	\$0 0.0%
General Insurance	\$0 0.0%
Linen Hire	\$0 0.0%
Telephone	\$0 0.0%
Rates, Land Tax & Water Rates	\$0 0.0%
Replacements	\$0 0.0%
Wages & Superannuation	\$0 0.0%
Workers Compensation	\$0 0.0%
All other expenses (see below)	\$0 0.0%
Total Expenses	\$0 0.0%
Freehold Net Profit	\$0 0.0%
Add-Backs	
Depreciation	\$0 0.0%
Interest	\$0 0.0%
Motor Vehicle Adj.	\$0 0.0%
Owners Wages & Super	\$0 0.0%
Replacements etc.	\$0 0.0%
Wages - Managers	\$0 0.0%
Wage Adjustment	\$0 0.0%
Food % Adjustment	\$0 0.0%
Advertising	\$0 0.0%
All other Add-Backs	\$0 0.0%
Total Add-Backs	\$0 0.0%
Adjusted Freehold Net Profit	\$0 0.0%
Rental as % of FH Net.	0.0%
Adjusted Leasehold Net Profit	\$0 0.0%

To calculate your net cash position deduct interest, principal & interest repayments (Motel Loan Only) before tax.

Principal & Interest	\$0.00
Net Cash in hand:	\$0.00

Conclusion

This assists you to find the balance of values in the 3 areas of title from the above P&L. Insert the Freehold asking price and it will calculate the breakdown on that asking price. You have chosen a yield **14.0%** which values the Freehold and Business at : **\$0** If you agree with this amount place it in the box below or place an amount in the box and compare with the Benchmark

Parameters below.

	Yield	Amount
Freehold & Business	0.0%	
Leasehold Business	0.0%	\$0
Investment Freehold	0.0%	\$0

Applying Benchmark Parameters

Title	Yield	Amount
Freehold & Business	0.0%	\$0
Leasehold Business	0.0%	\$0
Investment Freehold	0.0%	\$0

Prepared by Russ Dodson

Family First in Hospitality
Phone: 02-6766-5331 or Mobile 0428-668-357

Overview of Profit & Loss			Overview of Increased Profit & Loss			Check Increase/Decrease		
Income:		Version 110	Income:		Version 110			
Accommodation	\$0	0.0%	Accommodation	\$0	0.0%	\$0	0.0%	
Breakfasts	\$0	0.0%	Breakfasts	\$0	0.0%	\$0	0.0%	
Restaurant & Beverage	\$0	0.0%	Restaurant & Beverage	\$0	0.0%	\$0	0.0%	
Other	\$0	0.0%	Other	\$0	0.0%	\$0	0.0%	
Total Income	\$0	0.0%	Total Income	\$0	0.0%	\$0	0.0%	
Less, Cost of goods sold:			Less, Cost of goods sold:					0.0%
Breakfasts	\$0	0.0%	Breakfasts	\$0	0.0%	\$0	0.0%	
Restaurant, Beverage & Other	\$0	0.0%	Restaurant, Beverage & Other	\$0	0.0%	\$0	0.0%	
Other	\$0	0.0%	Other	\$0	0.0%	\$0	0.0%	
Cost of Sales:	\$0	0.0%	Cost of Sales:	\$0	0.0%	\$0	0.0%	
Gross Profit	\$0	0.0%	Gross Profit	\$0	0.0%	\$0	0.0%	
Expenses: "Critical Expenses Shown" (Static Expenses)			Expenses: "Critical Expenses Shown" (Static Expenses)					0.0%
Advertising	\$0	0.0%	Advertising	\$0	0.0%	\$0	0.0%	
Bank & Credit Card Charges	\$0	0.0%	Bank & Credit Card Charges	\$0	0.0%	\$0	0.0%	
Chain Fees	\$0	0.0%	Chain Fees	\$0	0.0%	\$0	0.0%	
Electricity Gas Oil	\$0	0.0%	Electricity Gas Oil	\$0	0.0%	\$0	0.0%	
General Insurance	\$0	0.0%	General Insurance	\$0	0.0%	\$0	0.0%	
Linen Hire	\$0	0.0%	Linen Hire	\$0	0.0%	\$0	0.0%	
Telephone	\$0	0.0%	Telephone	\$0	0.0%	\$0	0.0%	
Rates, Land Tax & Water Rates	\$0	0.0%	Rates, Land Tax & Water Rates	\$0	0.0%	\$0	0.0%	
Replacements	\$0	0.0%	Replacements	\$0	0.0%	\$0	0.0%	
Wages & Superannuation	\$0	0.0%	Wages & Superannuation	\$0	0.0%	\$0	0.0%	
Workers Compensation	\$0	0.0%	Workers Compensation	\$0	0.0%	\$0	0.0%	
All other expenses (see below)	\$0	0.0%	All other expenses (See Below)	\$0	0.0%	\$0	0.0%	
Total Expenses	\$0	0.0%	Total Expenses	\$0	0.0%	\$0	0.0%	
Freehold Net Profit	\$0	0.0%	Freehold Net Profit	\$0	0.0%	\$0	0.0%	
Add-Backs			Add-Backs					0.0%
Depreciation	\$0	0.0%	Depreciation	\$0	0.0%	\$0	0.0%	
Interest	\$0	0.0%	Interest	\$0	0.0%	\$0	0.0%	
Motor Vehicle Adj.	\$0	0.0%	Motor Vehicle Adj.	\$0	0.0%	\$0	0.0%	
Owners Wages & Super	\$0	0.0%	Owners Wages & Super	\$0	0.0%	\$0	0.0%	
Replacements etc.	\$0	0.0%	Replacements etc.	\$0	0.0%	\$0	0.0%	
Wages - Managers	\$0	0.0%	Wages - Managers	\$0	0.0%	\$0	0.0%	
Wage Adjustment	\$0	0.0%	Wage Adjustment	\$0	0.0%	\$0	0.0%	
Food % Adjustment	\$0	0.0%	Food % Adjustment	\$0	0.0%	\$0	0.0%	
Advertising	\$0	0.0%	Advertising	\$0	0.0%	\$0	0.0%	
All other Add-Backs	\$0	0.0%	All other Add-Backs	\$0	0.0%	\$0	0.0%	
Total Add-Backs	\$0	0.0%	Total Add-Backs	\$0	0.0%	\$0	0.0%	
Adjusted Freehold Net Profit	\$0	0.0%	Adjusted Freehold Net Profit	\$0	0.0%	\$0	0.0%	
Rental as % of FH Net. 0.0%	\$0	0.0%	Rental as % of FH Net. 0.0%	\$0	0.0%	\$0	0.0%	
Adjusted Leasehold Net Profit	\$0	0.0%	Adjusted Leasehold Net Profit	\$0	0.0%	\$0	0.0%	

Overview of "All other expenses"

(Static Expenses)	Actual Expenses	Increased Expenses
Accountancy Fees	\$0 0.0%	\$0 0.0%
Cable TV (\$13.50 to \$19.00)	\$0 0.0%	\$0 0.0%
Cleaning or Cleaning Contracts	\$0 0.0%	\$0 0.0%
Cleaning Chemicals inc Laundry	\$0 0.0%	\$0 0.0%
Commission to Agents	\$0 0.0%	\$0 0.0%
Compliance to Ordinances	\$0 0.0%	\$0 0.0%
Consumables(\$0.75/room night)	\$0 0.0%	\$0 0.0%
Depreciation	\$0 0.0%	\$0 0.0%
Freight	\$0 0.0%	\$0 0.0%
Ground & Pool Maintenance	\$0 0.0%	\$0 0.0%
Interest	\$0 0.0%	\$0 0.0%
Internet Access & Computer Mair	\$0 0.0%	\$0 0.0%
Lease & Hire Purchase	\$0 0.0%	\$0 0.0%
License Fees & Subscriptions	\$0 0.0%	\$0 0.0%
Motor Vehicle & Travelling (Set \$.	\$0 0.0%	\$0 0.0%
Owners Wages or Drawings	\$0 0.0%	\$0 0.0%
Owners Superannuation	\$0 0.0%	\$0 0.0%
Pest Control	\$0 0.0%	\$0 0.0%
Postage, Printing, & Papers	\$0 0.0%	\$0 0.0%
Security	\$0 0.0%	\$0 0.0%
Staff Amenities	\$0 0.0%	\$0 0.0%
Uniforms & Training	\$0 0.0%	\$0 0.0%
Wages - Managers	\$0 0.0%	\$0 0.0%
Waste Removal	\$0 0.0%	\$0 0.0%
Other Expenses	\$0 0.0%	\$0 0.0%



Entity
Negotiated Price \$0
Cost if Development \$0

Assessed Capitalised Value: \$0

Date: 16/09/2006
Year 2006

Offering Motel Security:	\$0
Maximum Loan on Freehold	\$0
Maximum Loan on Leasehold	\$0
Maximum Loan on Investment	\$0

Bank LVRs
60% LVR
50% LVR
70% LVR

The areas shown in blue or with yellow back ground can be changed

Nominated Bank: National Australia Bank Ltd
Version 110
Note: Not all Banks finance Leasehold security. Check with your Financier on what LVR % is offered.

Income

The Net Profit below, is less interest on loan	0
Net Profit below, is less Dep. Allowances	0
Net profit before Tax, Sole Trader:	0
Net profit before Tax, Partnership:	0
Net Profit before Tax, Company:	0

Your Net Profit as Stated Above	0
Add back your Interest	0
Add back Dep Allowance	0
As per Owner's Profit & Loss	0

Add backs (Included in above Net Profit)

Depreciation	0
Interest	0
Motor Vehicle Adjustment	0
Owners Drawings, Wages, Super	0
Replacements, Refurbishment	0
Managers Wages	0
Adjustment of Wages	0
Adjustment of Food Costs	0
Nominated Living Expenses	0
Advertising,	0
Relief Managers	0
Other Add-backs, refer to "Input Data"	0
Total Add-Backs as per P&L	0

Your adjusted Profit & Loss	0
Investment Property Adj. Inc	0
Partners Wages Outside Motel #1	0
Partners Wages Outside Motel #2	0
Superannuation	0

Less

Asset Loss	
Lease/HP (If to be paid out)	
Asset Sales	
Abnormals	
Related prmts/dist.	
Carried Down Balance	0

Add Back your Interest & Depreciation	0
Your total Business Income	0
Plus	
PAYE external	
Your Total Income	0
Less (Assessed living expenses while occupying motel)	
No of adults	0
No of children	0
Living Expenses	0
Available Income	0 (A)

Total of Available Income:	\$0 (A)
Total of Personal Facilities:	\$0 (B)
Available for Business Debt Service:	\$0 (A-B)
Investment Income from Motel	\$0 (A)
Total of Personal Facilities:	\$0 (B)
Available for Business Debt Service:	\$0 (A-B)

The areas shown in blue or with yellow back ground can be changed

Business Facilities	Benchmark Rate	9.50%	Loan Amount	Monthly Fee	Monthly Repayments at Benchmark Rate	Monthly Repayments at Actual Rate
Loan to Purchase Motel	0.0	8.50%	\$0		\$0	\$0
Totals			\$0	Per annum	\$0	\$0

Interest Payable during Construction Once Only 8.50% Interest Only Development interest is for notation only - you must apply this in your calculations: \$0

Benchmark Interest Cover Ratio (ICR)	0.00
Benchmark Debt Service Ratio (DSR)	0.00
Actual Debt Service Ratio	0.00

Total Debt Service	0
Anticipated Taxation - Sole Trader 2006	0
Anticipated Taxation - Partnership 2006	0
Anticipated Taxation - Company 30%	0
Anticipated Taxation - Investment Property	0
Anticipated Taxation Income outside Motel - Partner 1	0
Anticipated Taxation Income outside Motel - Partner 2	0
Anticipated Taxation - PAYE external	0
Total All Taxation (Federal Tax)	0

Surplus after Debt Service A-B-D-Taxation
Years to pay off debt (Loan divided by Surplus after debt & tax)
The above "Years" is the total loan amount divided by the "Surplus after Debt Service & Taxation. Regional Banks prefer the years not to exceed 7 for motel Leaseholds.

Expenditure

Personal Facilities

Facilities (Description)	Loan Amount	At current rates with a minimum of 7.25% time remaining	Monthly Repayment
Residential Loan 1.	0	0 Years	0
Residential Loan 2.	0	0 Years	0
Description Existing Loan 1.	0	0 Years	0
Description Existing Loan 2.	0	0 Years	0
Totals	0		0

Credit Card Information

Credit Card Information	Limit	Interest Rate	Monthly Repayment
	0	3.00%	0
	0	3.00%	0
	0	3.00%	0
Totals	0		0

Total of Available Income: per annum 0 (A)
Total of Personal Facilities: per annum 0 (B)
Available for Business Debt Service: per annum 0 (A-B)

Notes to Assist Completion
(1) "Other Income" refers to net wages / salary / rent from external sources. ie outside motel

Security Offered:

\$0	Gross amount not including Mortgage
\$0	Gross amount not including Mortgage
\$0	Gross amount not including Mortgage
\$0	Gross amount not including Mortgage
\$0	Gross amount not including Mortgage
\$0	Gross amount not including Mortgage
\$0	(Excludes Motel Mortgage)
\$0	(Before Motel Loan Application)

Total Value of Properties Offered:
Less: Existing Mortgages:
Net Security available for additional mortgage:

Cash Position: Maximum Mortgage Funds Available: \$0
Total Cash in Hand: \$0
Total Funds in Hand: \$0

Purchasing Costs:

Stamp Duty:	\$0.00
Mortgage S/Duty:	\$0.00
Legal Fees:	\$0.00
Finance Costs:	\$0.00
Other Costs, Valuation, Pest, Building Reports	\$0.00
Stock in Hand	\$0.00
Total Costs	\$0.00
Allow for 1st months trading deficit	\$0.00
Expected up front costs	\$0.00 that will be required

Commercial Security

Property Offered:	
Assessed Value:	\$0
Less, Mortgage:	\$0
Net Security:	\$0
Net of Mortgage	\$0
Total of above security:	\$0
Leasehold Value of Motel:	\$0
50% LVR	Adjusting LVR

Total Residential Security:

Net Security:	\$0	70% LVR (Benchmark 70%)
Net of Mortgage	\$0	80% LVR (Benchmark 80%)
Total of above security:	\$0	
Leasehold Value of Motel:	\$0	50% LVR
Adjusting LVR		

Funds Required to complete Purchase: \$0
Maximum Mortgage Funds available on security pledged: \$0
Applicants Available Funds: \$0
Loan Shortfall/Surplus: \$0
Less: Net Cash in Hand: \$0
Loan Shortfall/Surplus: \$0

Note a cash reserve of \$0 has been retained.

Break down on Funds Req.

Asking Price	\$0
Total Costs:	\$0
1st Month	\$0
Total:	\$0

Offering Motel Security:	\$0
Maximum Loan on Freehold	\$0
Maximum Loan on Leasehold	\$0
Maximum Loan on Investment	\$0
60% LVR	
50% LVR	
70% LVR	

Note: Not all Banks finance Leasehold security. Check with your Financier on what LVR % is offered.

Funds Available for Business Debt Service in 1st Year	A - B	\$0.00
Less: Annual Loan Repayments		\$0.00
Add Tax Liabilities:	D	\$0.00
Surplus After Debt Service & Taxation:		\$0.00
Note: This net figure is calculated on the Interest Benchmark of:	9.50%	
Development interest applies to the first year only		
Funds Available for Business Debt Service in 1st Year	A - B	\$0.00
Less: Annual Loan Repayments		\$0.00
Add Tax Liabilities:	D	\$0.00
Surplus After Debt Service & Taxation:		\$0.00
Note: This net figure is calculated on the "Actual" Interest Rate of:	8.50%	



FAMILY First in Hospitality
 ABN: 70 002 615 974
 222 Carthage Street
 TAMWORTH NSW 2340
 Tel: 02-6766-5331
 Fax: 02-6766-1000
Mobile: 0428-668-357
 Email: russ@familyfirst.net.au
 Web: www.familyfirst.net.au

Loan Application for:

Entry Date:

Print Date:

Saturday, 16 September 2006

Summary and Assessment of:

Loan for Motel:	\$0	Negotiated Price
Other Loans:	\$0	
Total Debt:	\$0	

This page is designed for those who would like to adjust the loan application to within acceptable Industry Guidelines.

Explanations to assist you in the typical guidelines and terminologies applied in processing loans:

EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation

EBITDAR - Earnings before Interest, Tax, Depreciation, Amortisation & Rent

ICR - Benchmark Interest Cover Ratio = Net Profit, divided by the total interest paid

Below 1.25 - Risk is high

1.25 to 1.5 - Risk is medium

Above 1.5 - Risk is acceptable

Your ICR is rated 0.00

DSR - Actual Debt Service Ratio = Net Income After Tax, divided by Total Loan Payments

LVR - Loan to Valuation Ratio is expressed as a percentage and calculated by taking the amount of the loan, dividing it by the value of the property and then multiplying it by 100

Notes on Principal & Interest Loans:

It is the Bank's policy to determine if you can reduce principle within the loan. (Note: If you want to check the viability of the motel business remove the other assets and income not associated with the motel.) This can be done from the "Input Data" page 14.

If you have nominated that you want to pay interest only being (Interest Only) per annum.

Check if all other assets have been removed:	\$0	If there is an amount here all security has not been removed.
--	-----	---

The ideal period for you to evaluate this business is to assess what your principal & interest payments would be over 10 years but can be extended to 15 years in special circumstances.

Annual Principal & Interest will be: \$0.00 Insert in this box the number of years you want the loan to run.

Now to establish the time it will take to pay off the loan from the "Surplus after debt service & taxation" amounting to \$0.00 (Refer to Box below)

The "Years" explained above is years. If the years are less than 7 to 8 years you are within typical major Bank guidelines.

If the number of years does not display, it signifies that the Principal & Interest repayment schedule does not comply with the Bank's lending policy for motels.

This box is the nucleus of your borrowing:

Funds Available for Business Debt Service		A - B	\$0.00
Less: Annual Loan Repayments (P&I)	\$0.00 over 10 years		
Add Tax Liabilities:	D \$0.00		\$0.00
Surplus After Debt Service & Taxation:			\$0.00
Note: This net figure is calculated on the "Actual" Interest Rate of:	9.50%		

Your repayment period is outside the usual guidelines. Please contact your Financier to explain your special circumstances.

Further Explanations:

If a red message appears above you may not be able to afford the motel within conventional lending guidelines.

If you have included other income and assets you may have to sell those assets and convert them to cash to comply.

This program allows you to assess this by going back to the "Input Data" page 14. by adjusting the assets and loans to see if it can be set within sensible limits.

Then come back to this section and view the results.

Congratulations, if you are using this section of the program you are up there with the Financiers. What you are really doing is assessing the risk of your borrowings.

In other words you are "minimising risk" by doing that you are making the business investment safer for you and the Financier, which means lower interest rates.

Final Note:

If you have decided on this motel it is time now to either consult your Bank or seek further information to assess if your parameters on the value of the motel are correct.

This is where I assist you in verifying the information with the Industry Benchmarks.

Regards,

Russ Dodson
 Mobile: 0428-668-357

Every effort has been made to provide as accurate as possible information in these reports. However Family First in Hospitality is not responsible for any errors or omissions and strongly recommend you to seek independent advice at all times.



Comparisons

Motel Purchase Assessment

EBC & CCH Business Benchmarking Guide for Motels

Page 11.

Print Date: 16/09/2006

Entry Date:

Version 110

For:

Please refer to attached update from the CCH Website.

To view the website click on the following link: [EBC CCH Website](#)

(If you decide to purchase any material you receive a special 10% discount, check with us.)

The CCH Profile is up to 30 June 2004

Profit & Loss Summary: Year Ended: 2006	This Motel		Indicator from CCH Business Benchmarks		
	Amount	%	Average	Low	High
	(Benchmark 2006 Update)				
Total Income:	\$0		\$429,220	\$201,327	\$535,412
Costs of Goods Sold	\$0		10.86%	0.25%	19.27%
Advertising, Promotion, Franchise or Group Fees	\$0		2.89%	0.83%	4.96%
In-room Supplies	\$0		2.18%	0.00%	3.61%
Replacements, Repairs, Maintenance, Hire of Plant & Equipment	\$0		4.53%	2.07%	7.26%
Other Depreciation, Lease and Hire Purchase	\$0		5.85%	1.77%	9.10%
Rent of Premises#	\$0		23.79%	19.65%	29.59%
Other Occupancy Costs	\$0		7.71%	4.66%	12.39%
Interest, Bank Charges	\$0		5.51%	1.25%	11.30%
Employees' Wages, Salaries & Superannuation	\$0		17.56%	8.02%	31.30%
Net Profit (bos*)	\$0		21.85%	5.22%	41.61%
Proportion of Income Derived from Accommodation			85.00%	61.00%	100.00%
Number of Guest Rooms	0		22	15	30
Average Guest Room Area (square metre)	0		31	16	45
Occupancy Rate for Year	0.00%		63.00%	52.00%	75.00%

calculation excludes any firms in freehold premises Check: Year Ended 2006

*(bos) before owners' salaries and benefits Income: \$0.00

Net Expenses, less add-backs \$0.00

Net: \$0.00

Profit & Loss Comparisons - Critical Expenses shown below, for a full list see full Profit & Loss.

Note: Static expenses shown in this text.

Expected Income growth over the next two years:

0.0% 0.0%

	2004	%	2005	%	2006	%	2007	%	2008	2009
Income:										
Accommodation	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Breakfasts	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Restaurant & Beverage	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Total Income	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Less, Cost of goods sold:										
Breakfasts	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Restaurant, Beverage & Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Other	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Cost of Sales:	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Gross Profit	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Expenses:										
Advertising	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Bank & Credit Card Charges	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Chain Fees	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Electricity Gas Oil	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
General Insurance	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Linen Hire	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Telephone	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Rates, Land Tax & Water Rates	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Replacements	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Wages & Superannuation	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Workers Compensation	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
All other Expenses, see Input Data	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Total Expenses	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Freehold Net Profit	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Add-Backs										
Depreciation	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Interest	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Motor Vehicle Adj.	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Owners Wages & Super	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Replacements etc.	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Wages - Managers	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Wage Adjustment	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Food % Adjustment	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Advertising	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
All other Add-Backs	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Total Add-Backs	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Adjusted Freehold Net Profit	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Rental as % of FH Net.	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
Adjusted Leasehold Net Profit	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	0.0%	\$0	\$0
	2004		2005		2006		2007		2008	



Family First in Hospitality
222 Carthage Street
TAMWORTH NSW 2340
Phone 02-6766-5331 Fax 02-6766-1000

Assessing a Leasehold Motel rental over the period of the Lease

Email: info@familyfirst.net.au Web: www.familyfirst.net.au Date Entered: _____
All figures shown are exclusive of GST

Motel Purchase Assessment

Version 110

Year	Rent as per P&L		Adj: Net Profit		Rental as a %		Adj: FH Net Profit		Capital Value		Value of L.H. Business, Less Diminished Value inc PFF valued at \$0		Average Room Rate & Increases inc GST		Value of L.H. Business, Less Diminished Value inc PFF valued at \$0		Annual CPI Increase as per lease For 12 Months ending Jun-05		Review to Market every 5 years		Net Value of L/H Business on Yield below		Allowance for Repairs & Replacements		Expected Increase of turnover inc. cash returned		Yield	Worth		
	Spec Note	Current Increase	Minimum Increases	Annual Rental	Capital Value of investment motel on the following return	deducting annual rental inc CPI	Net Profit before rent inc CPI	Including Cash of Growth	Capital Value of FH motel business on the following yield	Value of L.H. Business, Less Diminished Value inc PFF valued at \$0	Average Room Rate & Increases inc GST	Value of L.H. Business, Less Diminished Value inc PFF valued at \$0	Annual Rental	Annual CPI Increase as per lease For 12 Months ending Jun-05	Review to Market every 5 years	Net Value of L/H Business on Yield below	Allowance for Repairs & Replacements	Expected Increase of turnover inc. cash returned	Yield	Worth										
1	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	30%	\$0.00	
2	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	30%	\$0.00
3	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	31%	\$0.00
4	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	31%	\$0.00
5	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	32%	\$0.00
6	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	32%	\$0.00
7	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	33%	\$0.00
8	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	33%	\$0.00
9	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	33%	\$0.00
10	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	34%	\$0.00
11	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	34%	\$0.00
12	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	34%	\$0.00
13	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	35%	\$0.00
14	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	35%	\$0.00
15	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	36%	\$0.00
16	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	36%	\$0.00
17	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	36%	\$0.00
18	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	37%	\$0.00
19	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	37%	\$0.00
20	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	38%	\$0.00
21	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	38%	\$0.00
22	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	38%	\$0.00
23	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	39%	\$0.00
24	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	39%	\$0.00
25	\$0.00	\$0.00	9.00%	\$0.00	0.00%	0.00%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	40%	\$0.00
Total	\$0.00	\$0.00		\$0.00			\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00		

The following applies if our "Industry Lease" is applied - a template lease is available for you to study

The analysis is based on the negotiation at the beginning of the lease where the "Original Lessor" sets out the minimum annual increases. The lease then increases by CPI each year until review to market every 5 years. The rental can never be less than the minimum percentage set at the commencement of lease shown in blue in column 1. The CPI increase ceiling percentage is 5%. In calculating the value of your leasehold you must always take into consideration an allowance of at least 3% to 5% p.a. for replacements. In assessing the motel's likely growth rate always assess previous years in comparison with the region's growth. (at least 5 years)

The two leasehold values are shown one with the leases diminished value and the other calculated on the nominated yield. The value of the business is between these two values. Refer to the values calculated in the reverse blue boxes. Do not forget the value of the plant fixtures and fittings if at the end of a lease.

This spread sheet can be modified by completing the coloured boxes in a special work area. **Take particular note of figures highlighted in blue.** It is important that you understand these figures if they are out of sequence it can have disastrous long term effects on the motels net returns.

0.00%	is the expected growth of the motel which is currently at an	Including GST
\$0.00	average Room Rate of \$0.00	New room rate \$0.00
\$0.00	room rate increase P.A. to meet this % increase	Old Occupancy 0.0%
Factor in an occupancy increase of: 0.0%		New Occupancy 0.0%

To maintain the assessed growth the above new room rate must be applied each year

Current Annual Turnover	\$0.00	Turnover/Price	0.00%
Actual FH Net Operating Profit	\$0.00	% of T/Over	0.00%
Acceptable Addbacks	\$0.00	% of T/Over	0.00%
Freehold Adjusted Net Profit	\$0.00	% of T/Over	0.00%
Annual Rental	\$0.00	% of Net before rent	0.00%
Leasehold Adjusted Net Profit	\$0.00	% of Net before rent	0.00%
Actual, Maintenance & Replacements	\$0.00	% of T/Over	0.00%
R&M Allowance per room	0.00%	of Turnover	0.00%
Expected Annual growth of motel	0.00%	of Turnover	0.00%
Estimated Net Profit Growth	14.00%	Net profit as a % of price	30.00%
Yield on Freehold Business	0.00%	Net profit as a % of price	0.00%
Yield on Leasehold Business	0.00%	Consumer Price Index increases	0.00%
Annual CPI Increases	0.00%	Remaining period of lease options	0
Lease Term in years	2.00%	The lease term impacts the yield asked for the motel	9.00%
Minimum annual increases of template investment return expected	9.00%		



Explanation of Services Offered

Motel Purchase Assessment

Look below for
**Explanation of
Report**

FAMILY First in Hospitality
ABN: 70 002 615 974
222 Carthage Street
TAMWORTH NSW 2340
Tel: 02-6766-5331
Fax: 02-6766-1000
Mobile: 0428-668-357
Email: russ@familyfirst.net.au



www.familyfirst.net.au

Dear,

A motel supplied as a "hands on" training centre.

[<Click Here>](#) to visit the web site on this motel

Version 110

Page 17.

Entry Date:

Print Date:

Saturday, 16 September 2006

Summary and Assessment of:

Being a Leasehold Business Operating within a Partnership Structure Price: \$0

If you have investigated the program you will appreciate the complexity of the task before you. This is good because you now know the time and effort it takes to investigate a motel business. The benchmark percentages are included in the "Inbox" instructions.

The secret of any success is to have a proven plan in knowing what you are doing and being able to apply it.

You can gain expertise in many ways,

1. Learn by either attending courses and applying that theory in the market place to gain practical experience over time.
2. Consult professionals using their expertise to guide you through the purchasing process.

Unfortunately there is no short cut and at some time you have to make a decision on accepting a purchase or sale price.

Motelinfo provides seminars to assist you understand the Motel Industry allowing you to either carry out the investigation yourself or consult Professionals who are available on the Motelinfo "Suppliers" database.

Note: The "Next Seminar" & "Explanations" listed below are internet links.

To assess what the seminar has to offer click on

[Next Seminar](#)

Click on them to access the information. If the file does not appear, reduce this page as the file may have opened up behind this page.

If you want to download a brochure in PDF format click

[Seminar Brochure](#)

The next important factor is being able to understand the data you are entering into this program and then having to interpret it.

Initial Services Offered:

Motel Acquisition: See "**Snap Analysis**" (Refer to web site for full breakdown of services offered)

The cost of this CDROM is \$165.00 including GST. The CDROM program is designed to assist you to assess the market value of a motel applying the capitalisation method. If you want us to assess the motel and insert the data the cost is \$550.00 inc GST per motel. If you attend a seminar the CDROM is complimentary and a special assessment cost of \$385.00 inc, GST will apply. Full details of the report is listed below in a letter of explanation. There is also a special package allowing you to seek our evaluations of four motels during any three month period for \$1,650.00 inc GST. After the 1st appraisal you can convert to this plan.

Click on the following link for explanation on Leaseholds

[Leasehold Agency Explanation](#)

Click on the following link for explanation on Freeholds

[Freehold Agency Explanation](#)

Preparing Motel for sale and Marketing Assistance: (Refer to web site for full breakdown of services offered)

The cost for this service including written reports and CDROM is \$1,650.00 including GST

When you list with Motel Brokers an analysis is carried out by the Broker. It is incorporated in the selling fee and used by that Broker in the marketing process. We have formalised this process giving you the opportunity to own this multilevel report. I'm sure you will see the saving in Accountancy & other fees by us financially preparing your business applying Industry Benchmarks showing the motel business in the best light.

We believe this report assists Brokers in assessing your property in a positive manner and most importantly if there are any issues that need to be attended to you have this brought to your attention before the independent value assessment commences. Please investigate the services offered in the links to the web site and letter of explanation below.

The Service includes, with all items included in a CDROM: (Refer to web site for full breakdown of services offered)

1. Analysis of your motel is prepared from financial data supplied and inserted by Megan or myself into this CDROM program.
2. Individual explanation report and telephone discussions on the outcome of the report.
3. If a Broker is appointed supply any information that may be required in relation to the Motel Analysis report.
4. Prepare & supply draft classified newspaper advertisements specifically for your property.
5. Prepare a Fact Sheet Report as shown on this link [<Click Here>](#)
6. Prepare an Overview in graphics & text as shown in the template motel.
7. Prepare a special Financial Report as shown in the template motel.

to view a motel template - X Promotional Motel as shown in Family First web site & Motelinfo website [<Click Here>](#) to view.

Note: Digital photographs will have to be supplied by yourself on the features of the motel. They can be emailed to us in full form we have the software to enhance and set your photos in their best light for the web site.

A free service supplied by Motelinfo allows you to market your motel on both Motelinfo & Family First web sites. We will insert the data to your specification. The program allows you to select a Motel Broker if you do not want to market the motel yourself.

Other Services:

Family First in Hospitality works closely with Motelinfo and HMAA to provide the Brokering assistance required when either purchasing or selling a motel. Family First in offering this "Broker Service" does not expect to be selected in the purchasing or selling process. This is a fee driven service where you make the informed decisions on the information provided.

To view the promotional motel in the Motelinfo website

[<Click Here>](#)

Then select X - Promotional Motel

Goodwill:

One extremely important area is calculating the goodwill. This area is shrouded with many different calculations. I describe goodwill as "**Evidence of a relationship that retains & promotes repeat business**". Therefore it is important to include in your investigation a close scrutiny of who the repeat customers are to the motel and why they come back. If this cannot be demonstrated with a system in place there is no tangible goodwill to the motel. I cannot stress this enough "**That is what you are buying**" especially in a Leasehold.

Regards,

Disclaimer:

Every effort has been made to provide as accurate as possible information in these reports. However Family First in Hospitality is not responsible for any errors or omissions and strongly recommend you to seek independent advice at all times.

Russ Dodson

Family First in Hospitality

Explanation of Report

Motelinfo.com.au Pty Ltd
 ABN: 87 001 424 460
 222 Carthage Street
 TAMWORTH NSW 2340
 Tel: 02-6766-5331
 Fax: 02-6766-1000
Mobile: 0428-668-357
 Email: russ@motelinfo.com.au
 Web: www.motelinfo.com.au

Dear,

Re: Motel Purchase Assessment

The following explanation is offered to explain the complexity in each section of the report. It assists Owners and prospective Purchasers to prepare themselves for either selling or purchasing a Motel. The desired result is to show all aspects of the Motel in a "Transparent" way so the transaction can take place in an expedited and efficient manner.

For the Owner:

Information must be available for the purchaser to analyse, that is, concise, transparent and most importantly thorough information, describing all areas of the financial performance of the motel business.

The report compares with Motel Industry Benchmarks to establish the capitalised value of the motel Business and Freehold.

The physical aspects of the motel are not covered in the report.

For the Purchaser:

There are eight segments in the report which allows you to assess a motel at different levels and areas depending on your needs. You can select any one of these segments or print the lot as one report.

A "Fact Sheet" is available providing the relevant data in an easy to read layout if the Owner has selected the Marketing Assistance Program.

There are two major areas in assessing a motel.

1. Financial Covered in this report.
2. Physical A special "Property Assessment Due Diligence" is available, which requires an on site inspection. Do not overlook the residence, it must be appealing and functional. Refer to "What to look for in a Motel" on the Snap Analysis page.

Once you have established that a motel meets your requirements you have to assess whether the CASH FLOW of the motel and your financial situation is sufficient to meet finance parameters. The "Financial Information" area at the top of "Input Data" page is the area you place your financial details which will assess if you have sufficient cash and assets to consider making a finance application.

It is important to seek independent financial advice because this report is a guide only and it is doubly important to have the data verified by an independent source.

Explanation of the Sections of the Report:

The report is divided into nine sections.

- i. Instructions:
- ii Summary:
- iii Snap Analysis
- iv Overview:
- v Debt Service Ratio:
- vi Comparisons:
- vii Rent Assessment:
- viii Services & Explanation of Report:
- ix Input Data including a worksheet explanation area:

To view these sections of the report click on the tabs at the bottom of the screen of the active program.

Each section has its own area of research and information. Some may overlap, however the end result is to provide information and explanation to all segments in the financial structure in the selling or purchasing process.

If these reports reduce the time it takes to make an informed decision and reduces the time you have to pay consultant's fees then the reports are working for you.

i. Instructions

An introduction to the workings of the sections of the report and a basic understanding of the motel operation.

ii. Summary: *(To read in conjunction with the "Snap Analysis Report")*

Summarises the motel showing the asking price and all purchasing costs, the security offered, capitalised value of the motel and your borrowing position and much more.

Work through the information and assess all the sections which gives you a detailed overview in the break-up of the Purchase Price, Mortgage break-up and other important data that must be considered. At the bottom of the page the "Cash Factor" is explained which should be brought into the equation. Traditionally Accountants will not include cash taken as a component when calculating the capitalised value of any business. Because cash withdrawn is widely practiced it is worth considering in your evaluation of the motel business.

A detailed Profit & Loss account is shown with percentages to the income. A further section is also included verifying authenticity to the source or the report's Profit & Loss Account that has been provided by the Owner for the current year.

iii. **Snap Analysis:** (To read in conjunction with the "Summary Report")

This page has been designed for the analytical process whereby you may need to compare more than one motel. Print off the page and place it beside the "Snap Analysis" page from the other motel you are comparing and highlight the differences with a coloured marker and pencil.

Take note of the abbreviated pointers of "what to look for in a motel" if you are nearing a decision.

iv. **Overview:**

This is where you calculate the worth of the business to you. It allows both Owner & Purchaser to place the Benchmark parameters in the program which calculates the capitalised value of all areas of the motel, being either Freehold, Leasehold or Investment on the property you are assessing.

You may need to seek the actual Benchmark Yields that would apply to this particular motel. Within the active program go to the question marks under "Yield Benchmarks" in the Overview page and hold the cursor over the question marks which will activate notes on the Benchmark yields for each section of the motel business.

v. **Debt Service Ratio:**

This report is an actual internal financial template used by major Banks. What you see here is exactly how the motel and your financial position is assessed by the Financiers. The report has a second page of explanation for you to assess if you want to study how the Financiers assess the risk of the finance application.

Remember the more you can reduce the risk in the loan application the lower the interest rate.

vi. **Comparisons:**

An analysis cannot be complete without comparing two similar businesses which has been independently prepared by Accountants across Australia. The information sourced under the guidance of EBC and CCH the leaders in supplying Benchmark data on all types of businesses.

Go to the Comparisons page and click on the link provided which will take you straight to the motel section of their web site. Better still I supply you the link here: [EBC Web Site](#) Hold the cursor over the link and follow instructions.

This site will give you an insight to what they offer you in the understanding of applying Benchmarks and further investigation of motels. This introduction through Family First offers you a 10% discount on any service provided. Please contact me if you want to take advantage of this discount.

vii. **Rent Assessment:**

This is the most complex area of the program which took about two years to perfect because of the immense amount of data that had to be correlated. It has many cross checks to make sure that you identify any abnormality that could appear during the life of the lease.

I do not expect you to grasp the full potential of this spreadsheet straight away, however it is extremely important to refer it to an Industry Advisor or an accomplished Motel Broker if you do not understand its contents.

viii. **Services & Explanation of Report:**

This is an interactive page to the internet allowing you to click on the links provided to investigate the services offered by the host providers to this program being Motelinfo and Family First in Hospitality.

Click on the following links to enter the web sites [Motelinfo](#)
[Family First](#)

Another important provider to the Motel Industry is HMAA (Hotel Motel & Accommodation Association) who support this program. The link to the website is [HMAA](#)

ix. **Input Data:**

This is the work area of the program where the information is placed. Extreme care must be taken to ensure that the information you are supplied is accurate because any errors in this area will create improper and false conclusions.

It is recommended that you seek independent assistance to have the input data verified to Motel Industry Standards.

Data on the Motel that is Required from the Owner to complete this report:

- i. Profit & Loss Accounts for at least three years.
 - ii. Spread sheet of monthly income divided between the sources and if possible the occupancy for each month.
 - iii. Break-down of Wages.
 - iv. Depreciation Schedule.
- Any other relevant information that could affect the capitalised price of the motel.

Conclusion:

If you have read through or completed the Input Data in the report I trust that the results have given you an insight of what to expect when you commence a Financial Due Diligence on a motel Freehold, Leasehold Business or Investment property.

I offer assistance on this process as set out through earlier sections of the report.

The report is designed to assist in the process of either selling or purchasing a motel. It is your decision when you seek assistance in this process.

The report is part of the seminar program, however it has been designed to be used without the seminar tuition offering pop up notes available throughout the report explaining the terms requiring reference. I sincerely wish all the best in your venture.

Yours faithfully,

Russ Dodson

Every effort has been made to provide as accurate as possible information in these reports. However Family First in Hospitality is not responsible for any errors or omissions and strongly recommend you to seek independent advice at all times.



If there is a short cut in analysing a motel, this is it!!!

I have prepared this program for those who want to analyse a motel on their own. By using the program you can calculate the capitalised value using Industry Benchmarks.

You must analyse the business to assess the cash flow and establish if you can afford the business on a stand alone basis. If you need to apply additional assets to meet your

Financier's security levels this program will calculate your net cash flow excluding tax.

Regards, **EBITDA - Earnings before Interest, Tax, Depreciation and Amortisation**

Russ Dodson **EBITDAR - Earnings before Interest, Tax, Depreciation, Amortisation & Rent**

Where you see a **red triangle** in the top right hand corner of the box with a **green border** place the cursor over the box and an **explanation will appear**.

Click on the button below to insert the yield in the "Overview Page - must be done to complete program"

Where you see this box, the information is critical in assessing the mortgage.

Instructions Click on instruction boxes before inserting information

Type of Entry: (Click on Box) **Motel Purchase Assessment**

Information on Motel:

Date of Entry: No. of Rooms:

Motel Name:

Address:

City/State/Postcode:

Contact at Motel:

Phone/Fax Number: Fax:

Information on Person Inserting the Information: (or the people you are addressing)

Name:

Address:

Town/City/State/P-Code:

Phone: Fax:

Email:

Web:

Salutation: Mobile:

Envelope:

Specific Information on Motel:

Type of Motel:	Leasehold	Years left in Lease	<input type="text"/>
Negotiated Price		Allow for Stock	<input type="text"/>
Total Costs inc. Stock & 1st Month:	\$0	Valuation, Pest & Building	allow \$7500
All up Outlay for Motel:	\$0	reports required etc:	<input type="text"/>
Net Cash in hand for Purchase:	\$0	Cash Reserve:	\$0
Total loan funds required :	\$0	Includes all costs	
Your actual cash in Hand/Shortfall:	\$0		
Loan Application is for	\$0	Additional Loan Req?	\$0

Only Complete this area after you have filled in the Profit & Loss figures below.

Employee Wage Break Down:

		Total of Breakdown		\$0
Reception:		Diff from Wages		\$0
Housekeeping:		Wages need close scrutiny, click on the % button below to see b/marks		
Breakfasts		currently	of turnover.	
Kitchen Preparation		Check each area of the motel to be		
Restaurant Inc. Waitress		sure the wages meet the task.		
Live in Managers				
Add-Backs or Add-Ons:		Notes on the Food:		
Depreciation	0.0%	\$0	Income	\$0
Interest	0.0%	\$0	B/mark	42%
Motor Vehicle Adj.	0.0%	\$0	Actual	0%
Owners Wages & Super	0.0%	\$0	Difference	0%
Replacements etc.	0.0%	\$0	Select %	5.0%
Wages - Managers	0.0%	\$0	Wages based on % below	
Wage Adjustment	0.0%	\$0	Select %	12.0%
Workers Comp Premium	0.0%	\$0	\$0	\$0
Advertising	0.0%	\$0	Select %	1.5%
Credit Card/Eftpos Charges	0.0%	\$0	Select %	1.5%
Relief Managers	0.0%	\$0		
Personal Living	0.0%	\$0	\$0	Adjust living allowance
Food % Adjustment	0.0%	\$0	Select %	100%
	0.0%		No income for breakfasts has been stated	
	0.0%		Actual cost stated is	\$0
	0.0%		Managers Relief Contract Component:	
	0.0%			p/day
	0.0%		No of days	<input type="text"/>
Total Add-backs		\$0	Allow contract for:	\$0

Financial Input information

In this area you can assess your borrowings.

Assessed Capitalised Value of Motel	\$0
Cash In Hand	\$0
Cash Reserve:	\$0
Cash Req to Complete:	\$0
Development Interest:	\$0
Information for Finance Assessment:	
Loan is	<input type="text"/> Years
If you have chosen Interest Only - how many years: <input type="text"/> Years	
Funds needed to complete this purchase	\$0
Loan required:	\$0
Loan over assets by:	\$0
Development Interest:	\$0
Max loan available:	\$0
on LVR	0.0%
net security	months to build

Notes on Building Depreciation

1. Current Benchmark yield for a Freehold Motel:	14.0%	?
2. Current Benchmark yield for a Leasehold Motel:	30.0%	?
3. Current Benchmark return on a Investment Motel	9.0%	?
Freehold Value:		Leasehold Value: \$0

Select Lender: National Australia Bank Ltd

Accounting Entity for the Motel: Partnership

Does the motel have a Restaurant? Yes/No No Lic'd Y/N No

Does the motel have a Function Centre? No No **Instructions**

Investment Property Annual Net Income:

Annual Wages Received outside Motel, First Partner:

Annual Wages Received outside Motel, Second Partner:

Annual Superannuation other than from Motel that is available:

Other Income:

Residential Security 1. Less Mortgage:

Residential Security 2. Less Mortgage:

Years remaining in the above loans 1 & 2 **Instructions**

Existing Loans on non real estate items (Not attracting security):

Description Existing Loan 1. Years

Description Existing Loan 2. Years

Credit Card Limit 1

Credit Card Limit 2

Credit Card Limit Other

Increased mortgage: \$0 that is now available.

Details of Residential Security to be offered (Loan details stated above):

Residential Security 1.

Residential Security 2.

Details on Commercial Security to be offered:

Property Offered:

Assessed Value:

Mortgage Amount:

Living Expenses if not allowed for in the Profit & Loss:

No. of Adults Living in Motel

Dependents - Children

Check Benchmark Percentages

Superannuation	9%	Of wages	\$0
Workers Compensation	4.61%	Of Wages	\$0
Maint, Repairs Replacements 5% - 7%	5%	Of turnover	\$0
Housekeeping Wages 6% to 12%	12.0%	Of turnover	\$0
Workers Comp on the adjusted wages + Super	\$0		\$0.00
Superannuation on Adjusted Wages	\$0		\$0.00

The Profit & Loss check set out below must collate with the working Profit & Loss account. If it doesn't check for reversible entries until it is rectified.

Profit & Loss Check with input document	2006	2005	2004
Total Income:	100%	\$0.00	\$0.00
Total, Cost of Sales		\$0.00	\$0.00
Gross Profit:		\$0.00	\$0.00
Current Rent	0.0% of Freehold Net Profit	\$0.00	\$0.00
Total Operating Expenses		\$0.00	\$0.00
Net Operating Profit (Check with source document)		\$0.00	\$0.00
Add the Add-backs		\$0.00	\$0.00
Adjusted Net Operating Profit:		\$0.00	\$0.00
Check: Total Expenses	\$0.00 (Cost of Sales + Total Operating Expenses)		

CPI CALCULATION FOR SYDNEY

\$95,833.62	New Rent payable by Lessee
2.70%	Percentage increase over previous year
\$93,315.00	Insert previous years rent
152.2	CPI index prior to review date
148.2	CPI index in the previous year

To access CPI figures [<Click Here>](#)

Input Data - Work Sheet - an area you can insert & assess amounts & percentages

Calculations on Food & Beverage Cost

See explanation here and in left hand bottom of the Input Data Report in B/mark 42%

Total Food Income	\$0.00	as a percentage of income	0.0%
Deduct any amount that is not food related			
Adjusted Food Income:	\$0.00	100%	
Motel Food Cost:	\$0.00	0.0%	
Adjusted Net Profit:	\$0.00	0.0%	
Benchmark food cost applied in calc.	42%		
Cost Percentage over Adj Food Income	0%		
Benchmark Cost:	\$0.00	0%	
Motel Food Cost:	\$0.00	0%	
Difference:	\$0.00	0%	

Notes on Free Breakfasts.
When the warning "Free Breakfasts" appears the additional food cost is not an add-back. You must establish the actual breakfast cost.

Assess Average Motel Occupancy (Tariff excluding GST)	Tariff	No. of Rooms	Room Revenue	Room Size m2
Standard Room			\$0	
Deluxe Room			\$0	
Family Room			\$0	
Total (All figures Exc. GST)		0	\$0	0.0
Average Room Rate:	\$0.00	0	Rooms Occ.	
Actual Income:	\$0	0.0%	Occupancy	
Insert Regions publicised av Occupancy:				
Check on Annual Income	\$0 ie Total Maximum/ Calc Occupancy			

Evaluate the effects of increased turnover and cash returned to Turnover

Assess Average Motel Room Income	No.	Revenue
Standard Room	0	\$0
Deluxe Room	0	\$0
Family Room	0	\$0
Total (All figures Exc. GST)	0	\$0
Average Room Rate:	\$0.00	0 Rooms Occ.
Assessed Income:	\$0	0.0% Occupancy

Calculations on Increased Turnover for 2007		
Accommodation (R42)	\$0	0.0%
Breakfast (R43)	\$0	0.0%
Other Revenue	\$0	
Restaurant		
Beverage		
Mini-bar		
Yr Ended	2008	0.0%
Yr Ended	2009	

Net Total Increased T/O	\$0	of Turnover
Increased Expenses	\$0	0.0% of Expenses
Increased Net Profit	\$0	0.0% of Adj. Net Profit

Notes on Increased Turnover
The increased expenses are applied only to the items in the Profit & Loss that are affected by increased turnover being Variable Expenses being of Net Profit.

Static Expenses are	\$0	0.0% of Total Expenses
Variable Expenses are	\$0	0.0% of Total Expenses
Total Expenses:	\$0 (Includes cost of sales)	

Existing FH Net Profit	\$0
Add Net from Inc. T/Over	\$0
Add Cash returned	\$0
Adjusted Net Before Rent	\$0
Less Current Rental	\$0
Adjusted Net After Rent	\$0
Rent shown as a % of Net P. before rent:	0.0%

Cash put back into T/O (i.e. cash taken from the business)

Construction of Motel:	
Land Cost:	
Construction Cost:	\$0
Plant Fixtures & Fittings:	\$0
Building Depreciation Allowance:	\$0
Depreciation Figure from Balance Sheet:	
Cost of Construction:	
Investment Allowance:	\$0
General Depreciation:	\$0
Value of Plant F, Fittings:	

Building Investment Allowance Percentages Click Here

Break-even Analysis in the first year Page 14.

Refers to your assessed income and expenses:

You need to make:	\$0	in sales to break even
	% over/	
	breakeven	Monthly 2006
Sales	0.00%	\$0 \$0
Less: Cost of sales	0.00%	\$0 \$0
Gross Margin	0.00%	\$0 \$0
LESS EXPENSES		
Admin & Overhead	0.00%	\$0 \$0
Sales & Marketing	0.00%	\$0 \$0
Interest Expense	0.00%	\$0 \$0
Rent	0.00%	\$0 \$0
Total Expenses	0.00%	\$0 \$0
Net Profit		\$0
Break-even sales		
as a % of total sales figure of	\$0	0%

To assess the break-even of a motel (80% - 82%) would be the highest to consider unless you can establish an upside.

Calculating additional rooms/day required to meet T/O

Using the average room rate of: \$0.00 Ex GST we can assess how many rooms per day it will take to achieve the increase in room revenue.
In the "Assess Average Motel Occ" Room income you have placed an occupancy of 0.0% which calculated a total room income of \$0 Using these calculations you will need to sell an additional 0 rooms per year to meet the projected room income stated above or, 0.0 rooms/day or \$0 per annum

Calculation for Room Cost per Night

Percentage of Food & Beverage to Turnover		0.0%
Insert New Restaurant Ratio to Turnover:		
Motel Operating Expenses	\$0.00	0.0%
Add: Rental	0.00	0.0%
Less: Add Backs	0.00	0.0%
Adj. Total Motel Operating Expenses	\$0.00	0.0%
Deduct expenses relating to Food & Beverage		
Bank & Credit Charges	\$0.00	0.0%
Wages, Super & W.C.	\$0.00	0.0%
Rent Proportion	\$0.00	0.0%
Electricity & Gas	\$0.00	0.0%
Other F&B Expenses	\$0.00	0.0%
Net Costs relating to Food & Beverage	0.00	0.0%
Net Cost relating to Room Revenue:	\$0.00	0.0%
Is this a B&B motel only Yes/No	Yes	
Cost per room Night:	\$0.00	\$0.00 Including GST

Property plus other Assets & Finance Overview

Asset	Valuation / LVR	Maximum Loan	Existing Mortgage	Loan Available
Prp 1.	\$0 50%	\$0	\$0	\$0
Prp 2.	\$0 0%	\$0	\$0	\$0
Prp 3.	\$0 0%	\$0	\$0	\$0
Prp 4.	\$0 0%	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0

How a Bank will assess the risk and apply a % to Bank Value

Maximum Value on existing property	\$0 (Bank Value)
Less, Existing Mortgage	\$0
Funds Available to Mortgage	\$0
Assessment including Motel to purchase:	% of Valuation
Maximum Valuation of all property offered	\$0 0%
Maximum Mortgage Available on Security	\$0 0%
Less, Existing Mortgage/s	\$0 0%
New Net Funds available to Borrow	\$0 0%
Loan Application Funds seeking to Borrow	\$0 0%
All up loan, Existing + Application	\$0 0%

Note: The above assessment is on your assets over mortgage liability which is not enough for a Lending Institution to assess when you are purchasing a motel. The cash flow is calculated in conjunction with your gross mortgage repayments shown in the "Debt Service Ratio" Page.

These assessments cannot be used as a basis of a purchase they are guide lines only. An official approved loan application must be submitted in accordance with the Lending Institution of your choice.



Input Data

Motel Purchase Assessment

		Period ending 30/06/2006	For the financial year period ending	For the financial year period ending	
		2006	2005	2004	
Profit & Loss year ended:					
Income:	Per room PA	% of T/O			
Accommodation					
Breakfast (Boxes below include food costs)		0.0%			
Other Revenue					
Goods for own use					
Restaurant					
Beverage					
Telephone					
Minibar (Boxes below do not include food costs)					
Other Income not specified: as shown next to this account		\$0			
Total Income:		100%	\$0	\$0	\$0
Less, Cost of goods sold:					
Breakfasts					
Restaurant inc Other Food Items					
Beverage: (The three boxes below include food costs)					
Total, Cost of Sales (Two boxes above do not include food costs)			\$0	\$0	\$0
Gross Profit:			\$0	\$0	\$0
Expenses: (Static or fixed Expenses)					
<i>Accountancy Fees</i>					
<i>Advertising</i> (1% to 3%) \$0.00 per room night					
<i>Bank Charges</i>					
<i>Credit Card & Eftpos Charges</i> (1.5%)					
<i>Cable TV</i> (\$13.50 to \$19.00) \$0.00 per/room/month					
<i>Chain Fees</i>					
<i>Cleaning or Cleaning Contracts</i>					
<i>Cleaning Chemicals inc Laundry</i>					
<i>Commission to Agents</i> \$0.00 per room night					
<i>Compliance to Ordinances</i>					
<i>Consumables</i> (\$0.75/room night) \$0.00 per room night					
<i>Depreciation</i>					
<i>Freight</i>					
<i>Electricity, Gas, Oil</i> \$0.00 per room night			\$0		
<i>Excess Water</i> \$0.00 per room night					
<i>Ground & Pool Maintenance</i>					
<i>Insurance - General</i>					
<i>Insurance - Workers Comp</i>					
<i>Interest</i>					
<i>Internet Access & Computer Maintenance</i>					
<i>Linen Hire (Laundry)</i> \$0.00 per room night					
<i>Lease & Hire Purchase</i>					
<i>License Fees & Subscriptions</i>					
<i>Motor Vehicle & Travelling</i> (Set \$3,000.00)					
<i>Owners Wages or Drawings</i>					
<i>Owners Superannuation</i>					
<i>Pest Control</i>					
<i>Postage, Printing, & Papers</i>					
<i>Rates & Land Tax</i> \$0			\$0		
<i>Replacements, Repairs, Maint</i> \$0			\$0		
<i>Security</i>					
<i>Staff Amenities</i>					
<i>Superannuation - Employees</i>					
<i>Telephone & Fax</i>					
<i>Uniforms & Training</i>					
<i>Wages - Employees</i> \$0.00 per room night			\$0		
<i>Wages - Managers</i>					
<i>Wages - Relief Managers</i> Allowed \$0					
<i>Waste Removal</i>					
<i>Sundry</i> (The top 4 boxes are variable & bottom box static) \$0			\$0		
Total Operating Expenses			\$0	\$0	\$0
Net Operating Profit			\$0	\$0	\$0
Add the Add-backs			\$0	\$0	\$0
Adjusted Net Operating Profit: EBITDA			\$0	\$0	\$0
<i>Current Rent</i> 0.0% of F/H Net Profit.					
Adjusted Net Profit after rent: EBITDAR			\$0	\$0	\$0
<i>Current Rent</i> of Turnover					
	Per room	% T/O	2006	2005	2004

The breakdown of expenses listed below is for 2006

Other Income Not Specified (Not Food Related)	
Total	\$0
Actual Motel Income \$0	

Items in Red are Industry Add-Backs

Rates & Land Tax	
Council Rates	
Land Tax	
Total:	\$0

Utilities:	
Electricity	
Gas	
Oil	
Total:	\$0

Replacements, Repairs & Maintenance	
Replacements	
Repairs & Maint	
Total:	\$0

Wage Breakdown if available	
Accommodation:	
Reception	
Housekeepers	
Laundry	
Maintenance	
Managers	
Total:	0 \$0

Restaurant:	
Chef	
Kitchen Hand	
Waitress	
Total:	0 \$0

Convention Centre:	
Promotion Staff	
Food Preparation	
Waitress	
Cleaning Staff	
Total:	0 \$0
Grand Total: \$0	

Sundry Expenses:	
Total:	\$0

Where you see the following text it means,
Static or fixed expenses:
 Variable expenses that increase with the turnover:

Every effort has been made to provide as accurate as possible information in these reports. However Family First in Hospitality is not responsible for any errors or omissions and strongly recommend you to seek independent advice at all times.

