

Loan-to-Value Ratio

- Let's assume that you are planning to develop a hotel that will cost you \$10 million. If the loan-to-value ratio is 70%, how much will you borrow?
 - \$10 million x 70% = \$7 million
 - You have to come up with \$3 million.

Income Statement Format

This is an *example* when the last two digits of student ID is 7 and 9 (student ID: 912345679).

1. You need to specify your last two digits of student ID, total number of rooms, total cost, amount of money you borrow, and day open a year.

2. P&L needs to include 10 years of projection (2018 – 2027)

	2018	2019	2020	2021
Occupancy %	70%	75%	80%	80%
Number of Rooms Occupied	45,735	49,001	52,268	52,268
ADR	\$ 190	\$ 200	\$ 209	\$ 220
Revenue				
Rooms	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Food and Beverage	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Other Operating Departments	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Total Revenue	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Departmental Expenses				
Rooms	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Food and Beverage	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Other Operating Departments	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Total Departmental Expenses	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Total Departmental Income	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Undistributed Operating Expenses				
Administrative and General	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Sales and Marketing	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Franchise Fee	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Property Operation and Maintenance	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Utilities	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Total Undistributed Expenses	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Gross Operating Profit	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Management Fees	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Income Before Fixed Charges	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Fixed Charges				
Rent	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Property and Other Taxes	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Insurance	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Depreciation and Amortization	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Total Fixed Charges	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Net Operating Income	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Interest Expense	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Income Before Income Taxes	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Income Taxes	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Net Income	\$ XXXXX	\$ XXXXX	\$ XXXXX	\$ XXXXX
Profit Margin (%)	XX.XX %	XX.XX %	XX.XX %	XX.XX %