

784-2009 Appendix I – Hotel Valuation

For reference, below are examples of hotel valuation calculations

Standard Hotel Room

Available room nights	143,445	143,445	143,445	143,445	
Occupied room nights	95,979	99,651	102,907	101,279	
Avg. daily rate (ADR)	96.99	107.25	108.41	108.41	
Occupancy rate	66.91%	69.47%	71.74%	70.61%	
RevPAR	64.90	74.51	77.77	76.54	
Year end Dec. 31	2005	2006	2007	Stabilized	%
Revenue					
Rooms	9,309,324	10,687,536	11,156,057	10,979,693	65.9
Food & beverage	3,348,640	4,119,133	4,307,961	4,213,547	25.3
Telephone	168,090	142,808	129,480	129,480	0.8
Parking	96,687		241,493	241,493	1.4
Other	1,323,517	1,425,662	1,015,003	1,100,000	6.6
	14,246,258	16,375,139	16,849,994	16,664,213	100.0
Departmental Expenses					
Rooms	2,879,277	3,030,006	2,989,528	3,151,172	28.7
Food & bev. cost	1,129,923	991,027	1,018,378	1,141,871	27.1
Food & bev. wages	1,548,872	1,898,592	1,906,282	1,917,164	45.5
Telephone	180,332	169,278	164,941	164,941	127.4
Parking	8,734	-	8,146	8,146	3.4
Other	539,139	690,058	681,239	685,000	62.3
	6,286,277	6,778,961	6,768,514	7,068,294	42.4
Undistributed Expenses					
Admin. & General	844,235	541,411	668,371	665,992	4.0
A&G mgmt. wages	-	-	-	-	0.0
A&G wages & benefits	1,521,521	799,520	725,039	725,039	4.4
Marketing	970,806	1,091,957	1,015,128	1,053,543	6.3
Energy & water	784,378	798,239	843,364	843,364	5.1
Repair & maint.	467,827	573,207	552,168	750,000	4.5
Mgmt. fees	427,384	399,053	425,529	666,569	4.0
Franchise fees	-	-	-	-	0.0
FF&E reserve	-	-	-	499,926	3.0
	5,016,151	4,203,387	4,229,599	5,204,432	31.2
Fixed Expenses					
Business tax	215,951	-	284,364	212,847	1.3
Property tax	992,071	1,078,641	1,263,063	874,668	5.2
Insurance	55,278	62,618	56,466	56,466	0.3
Other	86,941	56,055	37,272	37,272	0.2
	1,350,241	1,197,314	1,641,165	1,181,253	7.1
Net Operating Income	1,593,589	4,195,477	4,210,716	3,210,234	19.3
Capitalized value	9.0%			35,669,265	
FF&E deduction	15.0%			(5,350,390)	
Adjustment					
Final value				30,318,876	

Beverage Hotel

Year end December 31	2005	2006	2007	Stabilized	%
Revenue					
Rooms	30,786	32,560	34,945	34,945	0.8
Food	15,945	18,967	14,662	14,662	0.3
Beverage	525,876	501,395	519,770	519,770	11.8
Vendor	2,987,507	3,239,162	3,238,532	3,238,532	73.7
Other	249,308	272,188	263,420	263,420	6.0
	3,809,422	4,064,272	4,071,329	4,071,329	92.7
Departmental Expenses					
Rooms	-	-	-	17,473	50.0
Food cost	10,794	12,395	5,380	5,380	36.7
Food wages	-	-	-	4,150	28.3
Beverage cost	221,854	223,142	234,790	234,790	45.2
Beverage wages	-	-	-	110,481	21.3
Entertainment	-	-	-	-	0.0
Vendor cost	2,279,361	2,456,792	2,753,567	2,753,567	85.0
Vendor wages	-	-	-	143,155	4.4
Other	457,266	506,078	202,376	202,376	76.8
	2,969,275	3,198,407	3,196,113	3,471,372	85.3
Undistributed Expenses					
Admin. & General	74,831	71,723	67,568	67,568	5.1
A&G mgmt. wages	-	-	-	60,000	4.6
A&G wages & benefits	553,182	577,189	605,860	165,602	12.6
Marketing	10,707	15,093	20,396	20,396	1.5
Energy & water	46,999	46,201	49,030	49,030	3.7
Repair & maint.	54,928	60,316	61,111	61,111	4.6
Mgmt. fees	-	-	-	65,585	4.0
Franchise fees	-	-	-	-	0.0
FF&E reserve	-	-	-	39,533	3.0
	740,647	770,522	803,965	528,825	40.1
Fixed Expenses					
Business tax	29,416	37,138	29,205	17,568	1.3
Property tax	105,316	135,443	88,380	88,564	6.7
Insurance	45,676	59,832	29,988	29,988	2.3
Other	-	-	-	-	0.0
	180,408	232,413	147,573	136,120	10.3
NOI before VLT	(80,908)	(137,070)	(76,322)	(64,987)	-1.5
Net VLT income	366,844	319,560	321,875	321,875	7.3
NOI	285,936	182,490	245,553	256,888	5.8
Capitalized value	13.0%			1,976,059	
FF&E deduction	10.0%			(197,606)	
Adjustment					
Final value				1,778,453	