

BUSINESS PLAN



Mini-Hotel



2014

Adaptation of this business plan is possible for similar project worldwide.

Business Plan Description

Project Purpose: the construction of mini-hotel for 18 rooms.

Idea: project provides the construction of a three-storied hotel with a loft by area 590 sq. m on a lot by area 34.071 acres.

Description of developed lot. The main factors of location

A land lot chosen for hotel building is situated in *** district of Novgorod region.

General characteristics of a lot:

- The area of lot is 34.071 acres.
- The lot is situated not far from the town *** – in 5 km, near the village *** and also near the village for northerners ***.
- Distance: from Veliky Novgorod – 110 km, from Saint Petersburg – 311 km.
- The main attraction of the territory is close proximity to the city-resort ***.

The main factors that influenced on the choice of the lot:

1. The presence of nearby communications

Insignificant distance from settlements will allow to connect the hotel to all necessary communications with minimal costs.

2. Favorable transport location

Transport infrastructure could be characterized as good. The lot is situated in 5 min of driving from the city ***, the road is not loaded, which will allow the tourists to get to the hotel without problems. The mentioned distance from the city allows to decrease the level of noise and at the same time it does not influence on accessibility of infrastructure of ***.

The proximity of hotel to the village *** will allow to accommodate not only tourists that come to rest at the resort, but also the inhabitants of north regions

which would like to get acquainted with the house before buying it. It is possible to get to the hotel by car as well as by public transport.

3. Absence of physical or technical and technological restrictions of the lot

The relief of lot is available for constructions of not highly-storied real estate.

Project financial indicators

During preparation of the project its accordance with acceptability criterion was checked and also sensibility analysis to changing of basic financial indicators was carried out.

As a result of implemented analysis it is possible to make following conclusions:

| | | |
|----------------------------------|-----------|-----------|
| Revenue | thsd. RUB | *** |
| Gross profit | thsd. RUB | *** |
| Necessary investment | thsd. RUB | *** |
| Net profit | thsd. RUB | *** |
| NPV | thsd. RUB | *** |
| IRR monthly | % | *** |
| IRR annual | % | *** |
| Payback Period | months | *** |
| Discounted Payback Period | months | 38 |

Excerpts from Research

The main characteristics of future object

The project provides the construction of a three-storied hotel with a loft by area 590 sq. m on a lot by area 34.071 acres.

According to the calculations implemented by architect, the mentioned characteristics are optimal for construction of cozy mini-hotel for 18 double rooms with their convenient location.

According to the architecture plan, on the hotel ground floor the reception (***) sq. m), spacious hall (***) sq. m) and *** rooms for guests (***) sq. m each) will be situated. The stairs connects hall with the first floor.

It will be possible to get to a café (***) sq. m) through separate entrance from the yard. The area *** sq. m is reserved for kitchen; such area will be enough for organization of personnel work in accordance with all sanitary standards. The bar and two WC are also provided in café.

*** rooms *** sq. m each will be situated on the first floor. The area of WC in the room is 2.25 sq. m. Two rooms will be situated on the loft.

The cost of living will be amount 2 000 RUB a day including a breakfast.

It is planned to construct two swimming pools – children's and adult.

Children's' swimming pool of «Nice-Baby» model has such characteristics: length – 3.32 m, width – 3.32 m, depth – 0.83 m. A cozy steps-sofa will allow the children to rest after swimming and performance the jumping into the water.

The swimming pool for adult of «Riviera» model: length – 12 m, width – 4.4 m, depth – 1.55-1.84 m. The sports swim lane is provided in the swimming pool, which will allow the fully engaging in sports. An ergonomic underwater sofa – the place for sunburn and hydro massage – is also present. A cozy bar zone with an elegant cocktail table is also allotted. These comfortable additional options create the harmony of sports and multifunctional pool.

Everything for comfortable living of guests is provided by project:

- proximity to the city-resort and transport accessibility (an opportunity to get by car as well as by public transport);
- cozy rooms at the city average price, which includes a breakfast;
- a loft for lovers of privacy, thanks to which it is possible not only to enjoy the beautiful view of the lot circumference, but also to relax, devoting some attention to the contemplation of the sky through the loft windows in the roof;
- a café, where lovers of privacy would have a tasty meal, rest and also carry out a business or friendly meeting if it is desired;
- the presence of swimming pools for adult as well as for children (it will allow the parents to diversify the children's pastime and to rest themselves near the water).

Fixed costs by the project:

| Fixed costs | Unit | 1 month | 2 month | ... month |
|---|-----------|------------|------------|------------|
| Salary, thsd. RUB | thsd. RUB | | | |
| <i>Administrator</i> | thsd. RUB | | | |
| <i>Cleaner</i> | thsd. RUB | | | |
| <i>2 security guards</i> | thsd. RUB | | | |
| <i>Accountant (outsourcing)</i> | thsd. RUB | | | |
| <i>Cook</i> | thsd. RUB | | | |
| <i>4 waiters</i> | thsd. RUB | | | |
| Costs of web-site promotion and advertising in local media | thsd. RUB | | | |
| Utility Payments | thsd. RUB | | | |
| Phone | thsd. RUB | | | |
| Electricity | thsd. RUB | | | |
| Internet | thsd. RUB | | | |
| Detergents | thsd. RUB | | | |
| Wet wipes, toilet paper | thsd. RUB | | | |
| Clothing for personnel | thsd. RUB | | | |
| Costs of laundry | thsd. RUB | | | |
| Total | thsd. RUB | 263 | 243 | 235 |

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*Respectfully,
Vladyslav Tsygoda,
the head of «VTSConsulting»*