

A hand is shown using a calculator over a document containing financial data and charts. The document includes a table with columns for 'Year', 'Revenue', 'Expenses', and 'Profit', and a line graph showing trends over time. The text 'BUSINESS PROJECTION AND RETURN ON INVESTMENT' is overlaid in large, bold, brown letters.

# BUSINESS PROJECTION AND RETURN ON INVESTMENT



[www.diahsastri.com](http://www.diahsastri.com)

# DEVELOPMENT COST

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- ❑ Built area per room
- ❑ Other development costs



# BUILT AREA PER ROOM (M2 / Bed)



- Guest room: 13 - 21
- Personnel: 1,5
- Restaurant and Bar: 2.1
- Shops: 0.6
- Recreation: 0.3
- Central Services: 0.3
- Administration: 0.2

Total area per room: 18 – 26  
M2 / Bed

# BUILT AREAS IN THE RESORT

NO	BUILDING AREA	SIZE(M2 / BED)	SIZE(M2 / ROOM)	%
1	Room	13 - 21	26 - 42	100.00
2	Personnel	1.50	3.00	11.54
3	Restaurant & Bar	2.10	4.20	16.15
4	Shops	0.60	1.20	4.62
5	Recreational or Social	0.30	0.60	2.31
6	Central Services	0.30	0.60	2.31
7	Administration, etc	0.20	0.40	1.54
	Total Building Size	18 - 26	36 - 52	38.46

# OTHER DEVELOPMENT COSTS

To be added from building cost

- Land purchase and infrastructure: 12%
- Furniture, furnishing, equipment: 19%
- Fees, licences, and permissions: 6%
- Pre-opening and working capital: 3-5%
- Tax and interest during construction: 5%

**Total other development costs: 45-50%%  
from building cost**



# Total Investment

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- Building size or build areas= 400kmr x 52 m<sup>2</sup> = **XY**
- Building cost= **XY** x USD 1,200-USD1,700 = **YY**
- Other cost **YY** x 48% = **YZ**
- **Total Investment= YY+YZ**



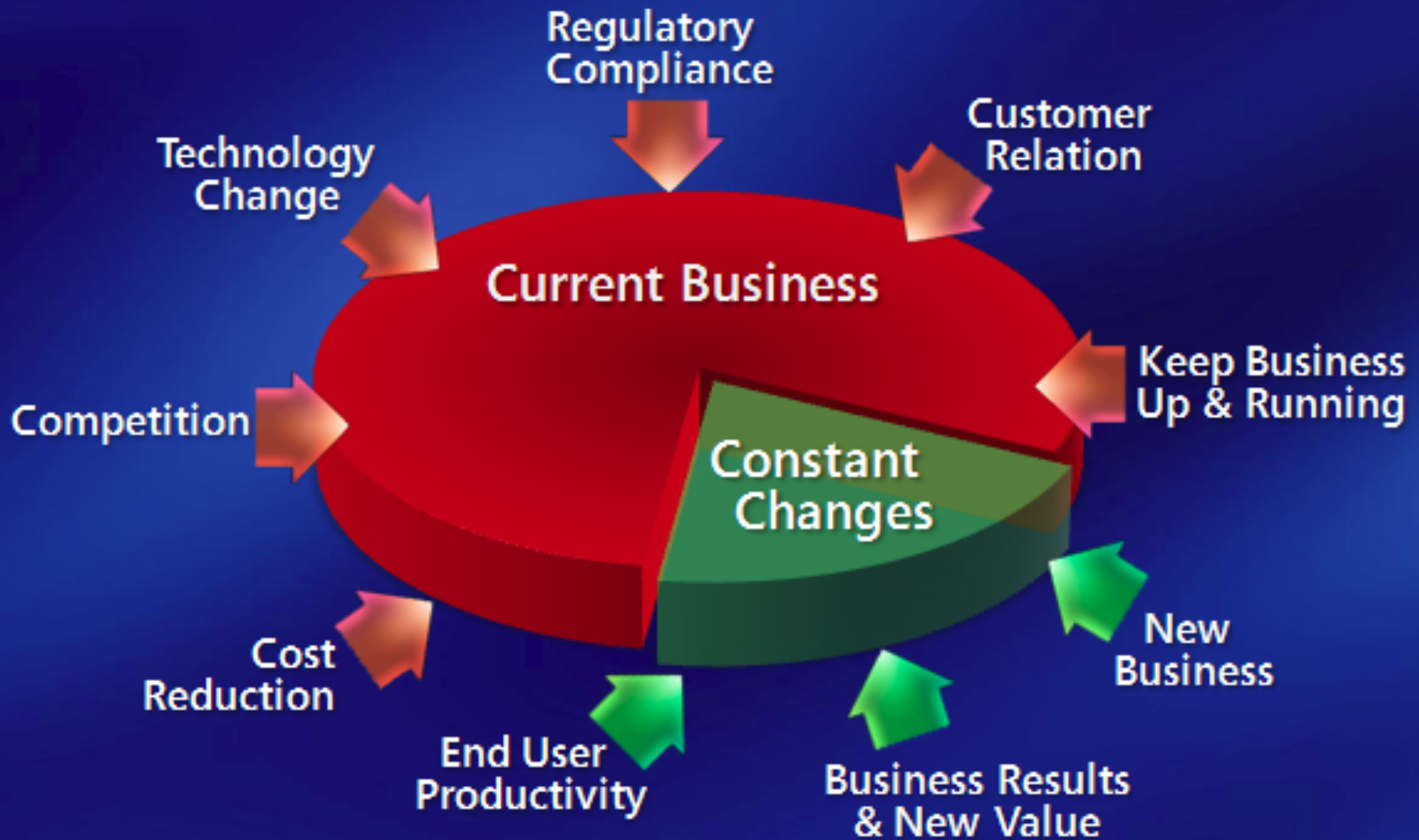


# RETURN ON INVESTMENT



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# Business Present & Future Projections



Source: © Microsoft Corporation



# Return on Investment



$$\text{ROI} = \frac{\text{Net profit after tax}}{\text{Total investment}}$$

There are 2 stages:

Estimate profit by preparing **business projection**

Estimate ***total investment***

# Stage 1: Preparing Business Projection



- Total Hotel Sales
- Direct Operational Expenses
- Gross Operating Profit (GOP)
- Undistributed Expenses
- Interest and Income Tax
- **Net Profit After Tax**

## Stage 2: Calculating Total Investment Costs



### A. Building Costs

Room, supporting facilities, office = physical building

### B. Other Development Costs:

1. Land purchase or lease
2. Infrastructure
3. Furniture, furnishing, equipment
4. Fees, licenses, permissions
5. Pre-opening costs
6. Working capital
7. Interest during construction (2 years)

# Building Cost



- Building size
- Cost per square meter range=  
US\$ 1.200 – US\$ 1.700

# Other Development Costs (48%)



1. Land purchase or lease: 8%
2. Infrastructure: 4%
3. Furniture, furnishing, equipment: 22%
4. Fees, licenses, permissions: 6%
5. Pre-opening costs: 1%
6. Working capital: 2%
7. Interest during construction (2 years): 5%