



**COST OF SALES-** We have budgeted for a static gross profit margin of 79% based on standardisation of room products and minimal amounts of cost variations. Our greatest cost will be commission to third party OTAs which represents 10% of all room sales across the estate. OTAs represent an important part of our growth strategy and helping to establish the brand so the associated cost is simply a necessary evil.

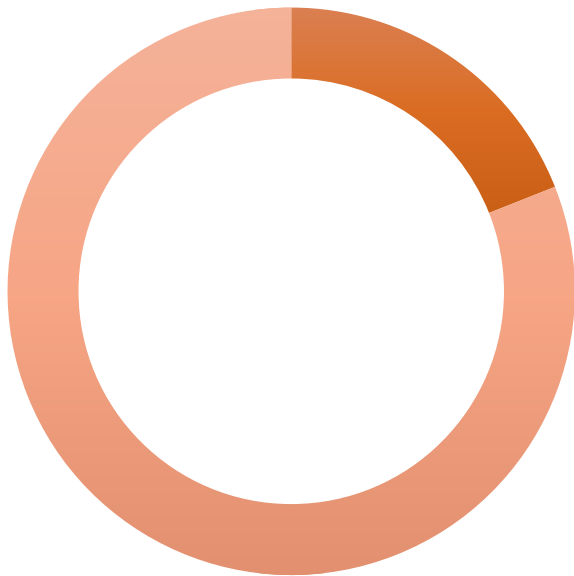
**PAYROLL -** A small workforce of just 12 full time employees per property allows us to confidently budget a total annual wage bill of £460,000 per property and a constant wage percentage under 23% during our opening year and under 20% for all subsequent years. Further detail of our payroll structure is detailed with the appendices.

**COSTS -** Due to the simplicity of the model, our operational costs remain low throughout the first 5 years accounting for just 13% of total sales. Our fixed costs grow exponentially as our portfolio grows, with rent (18% of total sales), rates (6% of total sales) accounting for 24% of our total sales by year 5.

EBITDA - In our first year of trading we anticipate an annual profit of £153,000 or 7.9% of turnover based on a typical leasehold business model. Due to our low, scaleable cost basis, static payroll and reliable cost of sale margins, we are able to confidently forecast a 19% group EBITDA by year 5 of £5M.

CAPITAL EXPENDITURE will vary per property but our calculations are based on a tenant's responsibility for fixture and fittings on all properties. Taking into account, professional fees, rental deposit, stamp duty & pre-trading costs, we forecast a total capital expenditure of £2M for our first property. Our total capital expenditure over 5 years will be £20M with external investment of £9.9M required to complement the funds released from our positive trading of the portfolio. Further details of our anticipated capital expenditure are detailed in our appendices.

# Payroll %



■ Payroll % ■ Turnover

180%

# NET PROFIT

£6,000,000

£5,000,000

£4,000,000

£3,000,000

£2,000,000

£1,000,000

£0

£153,288

£80,793

£1,040,473

£2,652,167

£5,136,732

1

2

3

4

5



EBITDA

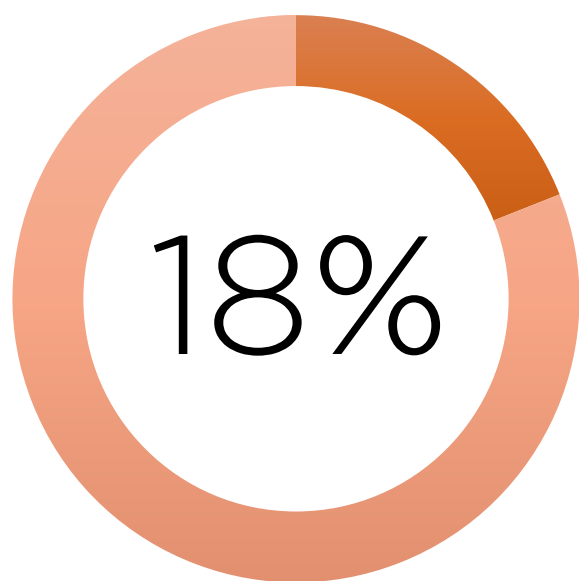
# Appendices

A photograph of a person's hand typing on a white Apple keyboard. A white Apple mouse is visible to the right of the keyboard. The background is a plain white surface. The word 'Appendices' is overlaid in white text on a dark grey rectangular background in the top left corner.

- ▶ Year 1 Summary Profit & Loss for 1 property (start-up)
- ▶ Year 5 Summary Profit & Loss for 1 property (maturity)
- ▶ Capital expenditure Schedule per property
- ▶ 5 Year Summary Profit & Loss for 12 property portfolio
- ▶ Example Marketing Strategy



## Payroll %



■ Payroll % ■ Turnover

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