



CAPE MORGAN NATURE RESERVE FEASIBILITY STUDY

PHASE 3

FINANCIAL ANALYSIS

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1. INTRODUCTION

The financial analysis of the current proposed Cape Morgan Nature Reserve includes the following two main elements:

- Lodge/hotel at Morgan Bay with restaurant and conference facility
- Trail and boardwalks from the existing eco-centre to the beach and along coast.

2. LODGE/HOTEL

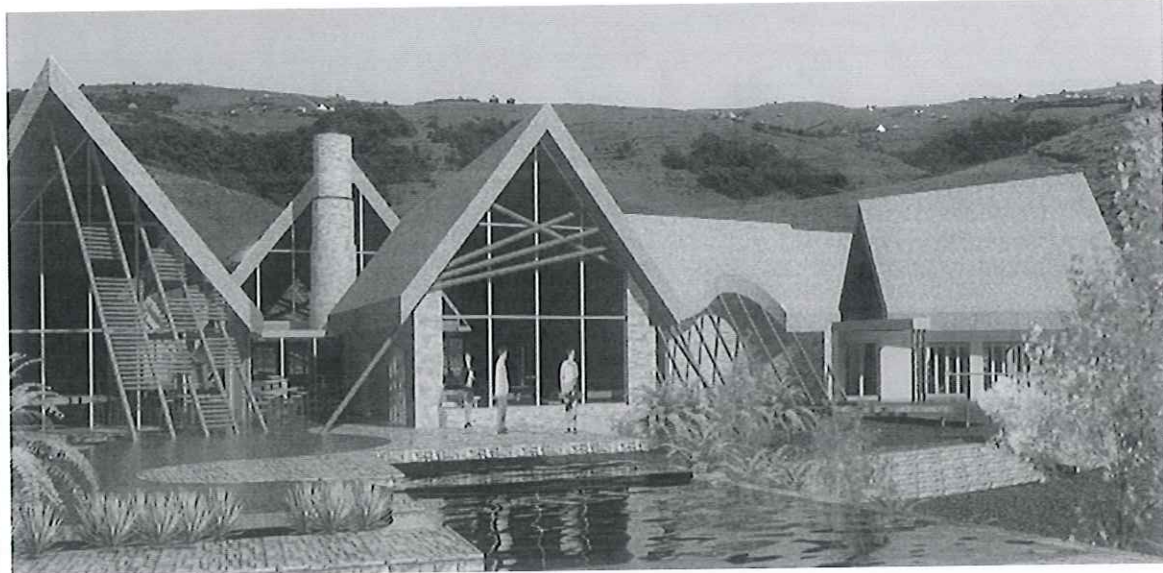
The lodge overlooking Morgan Bay to the west of the Cape Morgan Nature Reserve assumed the following main elements:

- Four star lodge
- Accommodation for up to 50 people in 25 rooms
- Restaurant for 80 people, also catering for lodge eating
- Conferencing facility for 80 people
- Engineering and services (Water, sanitation, access, parking, etc.)

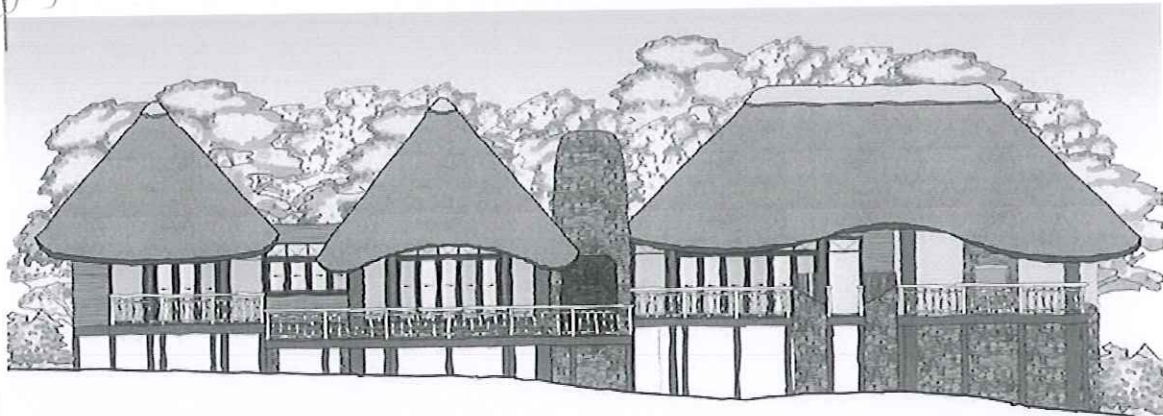


Figure 1-1: Possible extent of footprint area for the Lodge, restaurant, conference facility and parking.

Some examples of appropriate architectural theme are provided below:



Concepts



B2.1 KEY ASSUMPTIONS

The following key assumptions have been made with regard to the overall project.

NUMBER OF BEDS

In the case of all the proposed Morgan Bay Lodge, the number of accommodation units and other structures are limited by the availability of land, environmental constraints and regulatory limitation. The current financial analysis is therefore based on 25 on-suite rooms units with double or 2 single beds per room, making up a total of 50 sleeping spaces. It is suggested that a single bed could also be placed in each room.

BED RATES

The bed or rack rates applied in the current analyses are based on current benchmark tourism rates for 4 star accommodation and anticipated target markets.

For the purposes of the current analyses, a rate of R750 (excluding meals) has been applied per room. We believe that these rates are reasonable and conservative. It should be emphasized that rates of R1,000 per room per day (excluding meals) or more could well be achievable in the high season.

OCCUPANCY RATES

Filling available beds is clearly also a critical component of a viable tourism product. Information indicates that occupancy rates in the Kei Mouth and Wild Coast area (for hotels/resorts comparable to those currently proposed) range from 35% in the low season to 80% in the high season.

For the purposes of the current analyses, occupancy rates ranging from 30% (for the first year after construction) ramping up to 60% (in the fourth year after construction) have been applied. We believe that these occupancy rates are reasonable and conservative, while it should again be emphasized that better occupancy rates could well be achieved depending on marketing initiatives and efforts to link in with international tour operators.

CAPITAL COSTS

The proposed lodge would include a number of buildings, including main building comprising reception area, offices, bar, lounge, etc. and 25 on-suite rooms. Building costs have been applied per area of building with costs ranging from R3,000 per m² for service areas to R6,000 per m² for rooms.

The areas for the various building elements are provided in an "Area schedule".

The main factor driving up capital expenditure relates to the lack of existing services and infrastructure in the Cape Morgan Nature Reserve, such as the supply of water, electricity and sanitation services, road infrastructure, etc. In all current capital costs projections, a significant element relates to the provision of these services. We believe that the cost provisions for these services are conservative.

The following infrastructure needs were identified in the construction costing and costs supporting the financial provision were made:

- Access road and parking
- Bulk electrical supply

- Water supply and connectors
- Sewage reticulation and pump station

Costs for the above infrastructure were provided by Element Consulting Engineers.

OPERATING COSTS

Operating costs are based on our knowledge of other hotel establishments. Again, the estimates are conservative.

PROVISIONAL ORGANIZATIONAL STRUCTURE AND COSTING

The table below provides a breakdown of the envisaged manpower requirements. The salary and wage scales of the various positions are in line with competitive trends elsewhere in the Eastern Cape coastal resort area.

The financial analysis has made a provision of R180,000 for training based on a rate of R300 per day per trainee, 12 trainees over a three month period prior to commencing operations. This amount has been included in the projected pre-start costs.

It should be noted that THETA (Tourism Hospitality, Education and Sport Training Authority) is providing tax breaks for tourism training under the Tourism Learnership Project (TLP) which is co-funded by the Department of Labour.

WORKING CAPITAL REQUIREMENTS

Initial working capital requirements are provided for two months prior to start of operations. These costs are included in the initial financing requirements.

Additional working capital requirements after the commencement of operations are based on the maximum accumulated cash deficit shown in the cash flow statement. Additional financing will be required to meet these cash short falls. The borrowing costs associated with the additional financing have not been included in the financial analysis.

MANAGEMENT

With respect to overall project implementation and management, a third party service provider may be required to assist in this regard. In the current analysis, NO provision has been made for these services.

STAFFING

Staffing is provided in a separate schedule where it is estimated that over 50 staff may be required to operate the complete facility. Salaries and wages are by far the most significant operating cost item. These costs have also been allocated on the basis of expected occupancy escalated, where the full 50 person compliment is only expected to be reached in year 4 of operation, with about 60% compliment at the commencement of operation.

FINANCING

It is assumed that the entire project will be funded through debt. However, it is possible that grant funding could be sourced through the DTI Tourism scheme or other sources.

B2.2 ADDITIONAL ASSUMPTIONS

The following table provides a summary of the assumptions that have been made concerning the financial analysis:

Table 1 – Assumptions included in the Financial Analysis		
Occupation Rate - Accommodation		
	Year 1	30%
	Year 2	40%
	Year 3	50%
	Year 4	60%
	Year 5	60%
Occupation Rates – Conference		
	Year 1	20%
	Year 2	30%
	Year 3	40%
	Year 4	50%
	Year 5	50%
Capacity		

	Accommodation (Rooms/Night)	25.00
	Conference Capacity (Guests/Day)	80.00
Prices		
	Accommodation (R/Night/Room B&B)	750.00
	Food Price (R/Person/Day)	100.00
	% Guests having Food	50%
	Beverage (% of Food charge)	20%
	Conference (R/Day/Person)	250.00
Cost of Sales (% of Revenue)		
	Accommodation	10%
	Food Price (R/Person/Day)	50%
	Beverage	50%
	Conference	50%
Working Capital (% of Cost of Sales)		15%
Loan – Portion of Funding		100%
CPIX Inflation (% p.a.)		8%

Borrowing Rate (% p.a.)	9%
Taxation Rate	NA

- Depreciation has only been calculated over the first 5 years, after which an asset refurbishment cost has been applied.
- Cash basis accounting (i.e. no debtors or creditors).
- Construction phase of 12 months
- Cost of the land has not been factored into the analysis. It is assumed that this will be provided by the developer at no cost.
- Trading occurs 365 days a year.

B2.3 FINANCIAL ANALYSIS

The financial analysis for the lodge, restaurant, conferencing facility and associated infrastructure over a 20 year period, includes the following:

- Income statement
- Capital expenditure
- Cash flow
- Funding requirements
- Staffing

FINANCIAL RATIOS

The following financial ratios have been calculated:

- Net Present Value (NPV)
- Internal Rate of Return (IRR)
- Debt Cover Ratio
- Loan Repayment

B2.4 RESULTS OF FINANCIAL ANALYSIS

Table 2 below summaries the financial analysis for the Lodge development proposal.

Non-depreciable capital assets (i.e. buildings and infrastructure)	R18 659 025
Depreciable assets (i.e. furniture and fittings)	R2 591 400
Total investment	R21 250 425
Accumulated retained income after 20 years (Undiscounted)	R16,918,932
First year of profit	Year 4
Year of positive retained income	Year 7
NPV of cash flows (over 20 years)	R15 635 601
IRR (return on investment)	6%
Average Annual Cash Flow Over 20 Years	R941 943
Additional Working Capital Requirements	R3.5 million
Total Salary bill 10 years	R30 737 436

The target IRR usually required for securing funding is currently about 14%. The above currently analyzed scenario yielded an IRR of about 6%. However, this could be improved if:

- Grant funding sourced such as DTi for say R5 million
- Occupancies are improved
- Higher room rates achieved

We also believe that the estimates relating to the financial analysis are conservative in terms of operating costs and estimates of capital outlays. Further refinement of capital items in particular may result in capital savings that would improve the financial returns.

Although the current analysis suggests that the financial success of the current Cape Morgan proposal is marginal under the scenarios analyzed, we believe that the proposed Lodge development presents a potentially viable financial proposition. However, it must be emphasized that the financial

performance of the Lodge will ultimately depend on the success of initiatives to market the resort, especially to local and international tour operators.

3. TRAIL AND BOARDWALKS TO BEACH

The following figure provides an approximate route for the proposed trail and boardwalk.

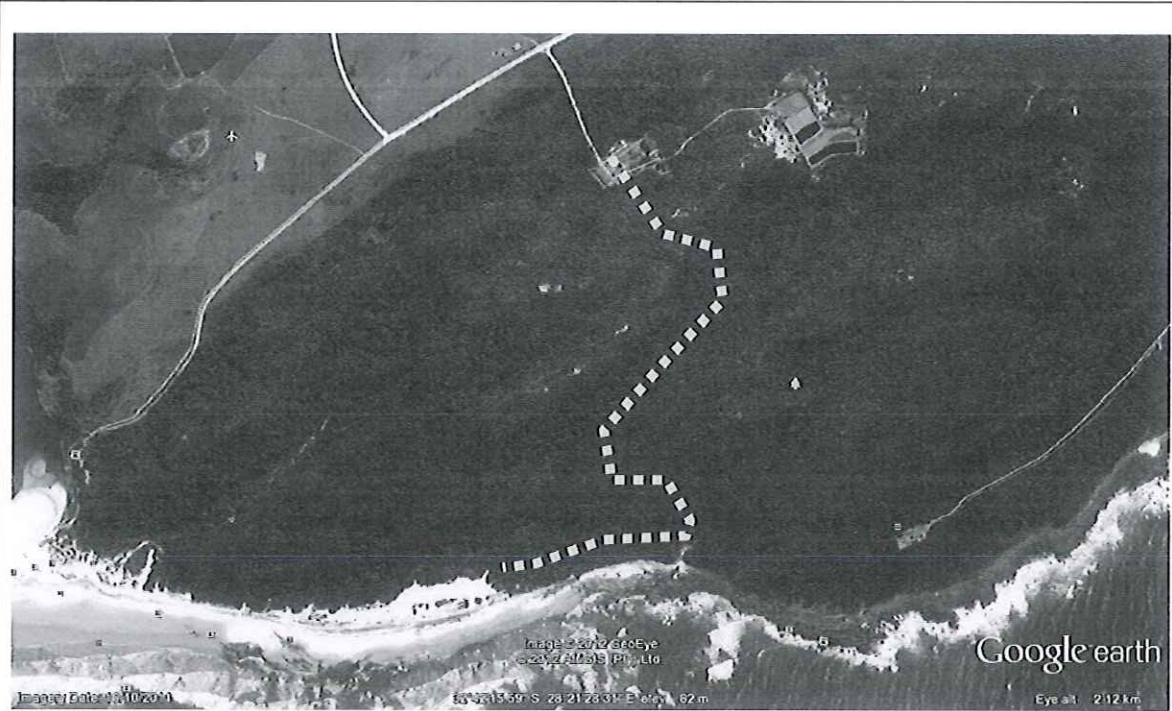


Figure 1-2: Possible route of trail and boardwalks

Following elements:

- Trail - 800 meters to coast
- Boardwalk - 300 meters along coast with lookouts
- Toilets - along route (chemical or long drop)

Trail elements	Length	Unit cost	Cost
Boardwalk	300	1 500	450 000
Trail without boardwalk	800	200	160 000
Toilets	2	10 000	20 000
Lookout platforms	3	15 000	45 000
			675 000

Table 1 - Assumptions included in the Financial Analysis		
Assumptions		
Occupation Rate - Accommodation		
Year 1		30%
Year 2		40%
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Year 4		60%
Year 5		60%
Occupation Rates - Conference		
Year 1		20%
Year 2		30%
Year 3		40%
Year 4		50%
Year 5		50%
Capacity		
Accommodation (Rooms / Night)		25.00
Conference Capacity (Guests / Day)		80.00
Prices		
Accommodation (R / Night / Room B&B)		750.00
Food Price (R / Person / Day)		100.00
% Guests having Food		50%
Beverage (% of Food charge)		20%
Conference (R / Day / Person)		250.00
Cost of Sales (% of Revenue)		
Accommodation		10%
Food Price (R / Person / Day)		50%
Beverage		50%
Conference		50%
Working Capital (% of Cost of Sales)		15%
Loan - Portion of Funding		100%
CPIX Inflation (% p.a.)		8%
Borrowing Rate (% p.a.)		9%
Taxation Rate		28%
Finance period (years)		15.00

Cape Morgan				
AREA SCHEDULE				
BUILDING TYPE	DESCRIPTION	MEASUREMENT		FLOOR AREA in sqm
Main Entrance	Gate House	including toilet facility		25
	Entrance canopy			25
	SUB-TOTAL			50
Main Building: Arrival	Waiting area			10
	Luggage store			9
	Circulation			6
	SUB-TOTAL			25
Main Building:	Manager			12
Admin & Functions	General Office			9
	Store			20
	Staff ablutions			6
	Guest ablutions			10
	Conference Room			35
	Building structure	50 persons @ 1 sqm/person		60
	SUB-TOTAL			152
Main Building:				
Lounge & Bar	Lounge	50 persons @ 1.1sqm/person		55
	Bar	50 persons @ 1.1sqm/person		55
	Circulation			22
	Building structure	20% of floor area		48
	SUB-TOTAL			180
TOTAL MAIN BUILDING				407
RESTAURANT	Dining Room	80 persons @ 1.8sqm/person		144
Kitchen & Dining	Kitchen	0.9 sqm/person		72
	Stores	50% of kitchen area		36
	Food & Beverage Manager			9
	Guest ablutions			35
	Staff changerooms			24
	Staff ablutions			10
	Laundry			40
	Circulation			43
	Building structure	20% of floor area		95
	SUB-TOTAL			
TOTAL RESTAURANT				508
Accommodation:	Bedroom & en-suite	Size	6X5	30
Bedroom unit		Units	25	
	SUB-TOTAL			750
Recreation: Pool	Swimming pool			
	Deck	Length	20	
		Width	5	100
	SUB-TOTAL			
Conference:	80 persons	20X20		400
	Entrance/lobby	6X6		36
	Ablutions	10X10		100
	SUB-TOTAL			536
Support services	Standby generator			20
	Refuse area			10
	Workshop			50
	SUB-TOTAL			80

CAPE MORGAN LODGE											
Lodge, Restaurant and Conferencing											
Finance required and interest construction period											
Months	Construction	Fittings and equipment	Working capital	Training	Marketing	GRANT	Total funding required	Total Debt @ 100% Debt	Accumulated Debt	Interest re-capitalized @XX% per PA	Total Loan Payment
1	1,891,471				0	0	1,891,471	1,891,471	1,891,471	14,186	
2	939,896				0	0	939,896	939,896	2,845,553	21,342	
3	1,147,071				0	0	1,147,071	1,147,071	4,013,985	30,105	
4	1,329,133				0	0	1,329,133	1,329,133	5,373,202	40,299	
5	1,530,031				0	0	1,530,031	1,530,031	6,943,533	52,076	
6	1,718,370				0	0	1,718,370	1,718,370	8,713,990	65,355	
7	1,912,989	431,900			0	0	2,344,889	2,344,889	11,124,224	83,432	
8	2,082,498	431,900			20,000	0	2,534,398	2,534,398	13,742,054	103,065	
9	1,963,215	431,900			20,000	0	2,415,115	2,415,115	16,260,234	121,952	
10	1,674,425	431,900		30,000	20,000	0	2,156,325	2,156,325	18,538,511	139,039	
11	1,398,191	431,900	121,516	30,000	20,000	0	2,001,607	2,001,607	20,679,157	155,094	
12	1,071,735	431,900	121,516	30,000	20,000	0	1,675,151	1,675,151	22,509,401	168,821	
TOTAL	18,659,025	2,591,400	243,032	90,000	100,000	0	21,683,457	21,683,457		994,765	22,678,222
	21,250,425										
	21,250,425										
	18,659,025										

CAPE MORGAN LODGE										
Lodge, Restaurant and Conferencing										
STAFF										
							Year			
							1	2	3	4
						FULL				
General Manager	15,000	1	15,000				15,000	100%		
Assistant manager	8,000	1	8,000				8,000	100%		
Head chef	20,000	1	20,000				20,000	100%		
Chef	8,000	2	16,000	Training			16,000	100%		
Walters	2,500	8	20,000	Training			10,000	50%		
Kitchen staff	2,500	10	25,000				12,500	50%		
Housekeeper	12,000	1	12,000				12,000	100%		
Cleaners	2,500	8	20,000	Training			10,000	50%		
Laundry	2,000	4	8,000				4,000	50%		
Receptionists	6,000	2	12,000	Training			1	50%		
Night porter	2,500	2	5,000	Training			5,000	100%		
Security	2,500	4	10,000				5,000	50%		
Landscape, gardening, pool	2,500	1	2,500				0	0%		
Barman	4,500	2	9,000	Training			9,000	100%		
Casuals (seasonal)	2,500	4	10,000				0	0%		
Statutory costs		51	192,500				126,501			
Staff benefits		5%	9,625				-			
		10%	19,250				-			
			202,125	Month			126,501			
			2,425,500	Annual			1,518,012			
STAFFING RATE							63%	65%	75%	100%
								2%	10%	25%
Training	300	Number of staff	10	days per month	20	months	3			
							180,000			

CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing

Income Statement

	1	2	3	4	5+
Occupancy	30%	40%	50%	60%	60%
Room Rate per room per day (Excl food)	750.00				
No Units/rooms	25				
People per room	2.0				

	Year					Accom	Food	Bar	Conferencing	1	2	3	4	5
	Inflated @ 8% % Occupancy									30%	Inflated 40%	Inflated 50%	Inflated 60%	Inflated 60%
	rooms	Rate	People	days										
INCOME														
Accommodation	25	750	2	365	6,843,750	1,825,000	365,000			2,053,125	2,956,500	3,991,275	5,172,692	5,586,508
Accommodation rate (per room/year)					6,843,750					547,500	788,400	1,064,340	1,379,385	1,489,735
Restaurant (@ R100 p/p/d)						1,825,000				410,625	591,300	798,255	1,034,538	1,117,302
Bar (@ 20% of Accom)							1,368,750							
Conference income								400,000	400,000	400,000	576,000	777,600	1,007,770	1,088,391
	Days per year	Average heads per event	Rate per head (net)	Income per event										
	40	40	250	10,000										
Total sales	25	750	2	365	6,843,750	1,825,000	1,368,750	400,000	3,411,250	4,912,200	6,631,470	8,594,385	9,281,936	
Cost of sales	30%	25	60	2	365	684,375	912,500	684,375	200,000	684,375	985,500	1,330,425	1,724,231	1,862,169
Gross income					6,159,375	912,500	684,375	200,000	2,726,875	3,926,700	5,301,045	6,870,154	7,419,767	
GP%					90%	50%	50%	50%	80%	80%	80%	80%	80%	80%
EXPENSES														
Accounting & Auditing										40,000	43,200	46,656	50,388	54,420
Bank charges										10,000	10,800	11,664	12,597	13,605
Cleaning										36,000	38,880	41,990	45,350	48,978
Computers maint										12,000	12,960	13,997	15,117	16,326
Credit card commission										51,169	55,262	59,683	64,458	69,615
Depreciation										493,600	493,600	493,600	493,600	493,600
Asset refurb & replace										0	0	0	0	0
Electricity & water										120,000	129,600	139,968	151,165	163,259
Fuel/gas										36,000	38,880	41,990	45,350	48,978
General repairs & maint										120,000	129,600	139,968	151,165	163,259
Gifts & flowers										60,000	64,800	69,984	75,583	81,629
Insurance										120,000	129,600	139,968	151,165	163,259
Levies/rates										0	0	0	0	0
Management fee										0	0	0	0	0
Marketing and advertising										120,000	129,600	139,968	151,165	163,259
Printing & stationary										24,000	25,920	27,994	30,233	32,652
Salaries & wages								30,737,436	1,518,012	1,679,037	1,994,696	2,692,840	2,908,267	
Swimming pool										18,000	19,440	20,995	22,675	24,489
Telephone										60,000	64,800	69,984	75,583	81,629
Training										60,000	64,800	69,984	75,583	81,629
Uniforms										20,000	21,600	23,328	25,194	27,210
Vehilce maintenance										12,000	12,960	13,997	15,117	16,326
Total expenses										2,930,781	3,165,339	3,560,414	4,344,328	4,652,386
EBIT										-203,906	761,361	1,740,631	2,525,827	2,767,381

CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing

Income Statement

	1	2	3	4	5+
Occupancy	30%	40%	50%	60%	60%
Room Rate per room per day (Excl food)	750.00				
No Units/rooms	25				
People per room	2.0				

	1	2	3	4	5								
Year Inflated @ 8% % Occupancy	30%	Inflated 40%	Inflated 50%	Inflated 60%	Inflated 60%								
	rooms	Rate	People	days	Accom	Food	Bar	Conferencing					
Finance/interest charges									2,010,020	1,938,316	1,859,885	1,774,097	1,680,262
Net income after Interest									-2,213,925	-1,176,955	-119,255	526,211	760,983
Accumulated Equity/Deficit									-2,213,925	-3,390,880	-3,510,135	-2,983,924	-2,222,941
Long Term Debt									21,913,842	21,077,757	20,163,242	19,162,939	18,068,801
Debt Cover Ratio									-9.9	-6.2	-5.7	-6.4	-8.1

CAPE MORGAN LODGE													
Lodge, Restaurant and Conferencing													
Income Statement													
Occupancy													
Room Rate per room per day (Excl food)													
No Units/rooms													
People per room													
	Year	6	7	8	9	10	11	12	13	14	15	16	17
	Inflated @ 8%	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated
	% Occupancy	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
INCOME													
Accommodation													
Accommodation rate (per room/year)		6,033,428	6,516,103	7,037,391	7,600,382	8,208,413	8,865,086	9,574,293	10,340,236	11,167,455	12,060,851	13,025,719	14,067,777
Restaurant (@ R100 p/p/d)		1,608,914	1,737,627	1,876,638	2,026,769	2,188,910	2,364,023	2,553,145	2,757,396	2,977,988	3,216,227	3,473,525	3,751,407
Bar (@ 20% of Accom)		1,206,686	1,303,221	1,407,478	1,520,076	1,641,683	1,773,017	1,914,859	2,068,047	2,233,491	2,412,170	2,605,144	2,813,555
Conference income		1,175,462	1,269,499	1,371,059	1,480,744	1,599,204	1,727,140	1,865,311	2,014,536	2,175,699	2,349,755	2,537,735	2,740,754
Total sales		10,024,491	10,826,450	11,692,566	12,627,971	13,638,209	14,729,266	15,907,607	17,180,216	18,554,633	20,039,004	21,642,124	23,373,494
Cost of sales		2,011,143	2,172,034	2,345,797	2,533,461	2,736,138	2,955,029	3,191,431	3,446,745	3,722,485	4,020,284	4,341,906	4,689,259
Gross income		8,013,348	8,654,416	9,346,769	10,094,511	10,902,071	11,774,237	12,716,176	13,733,470	14,832,148	16,018,720	17,300,217	18,684,235
GP%		80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%	80%
EXPENSES													
Accounting & Auditing		58,773	63,475	68,553	74,037	79,960	86,357	93,266	100,727	108,785	117,488	126,887	137,038
Bank charges		14,693	15,869	17,138	18,509	19,990	21,589	23,316	25,182	27,196	29,372	31,722	34,259
Cleaning		52,896	57,127	61,698	66,633	71,964	77,721	83,939	90,654	97,906	105,739	114,198	123,334
Computers maint		17,632	19,042	20,566	22,211	23,988	25,907	27,980	30,218	32,635	35,246	38,066	41,111
Credit card commission		75,184	81,198	87,694	94,710	102,287	110,469	119,307	128,852	139,160	150,293	162,316	175,301
Depreciation		0	0	0	0	0	0	0	0	0	0	0	0
Asset refurb & replace		493,600	533,088	575,735	621,794	671,537	725,260	783,281	845,944	913,619	986,709	1,065,645	1,150,897
Electricity & water		176,319	190,425	205,659	222,112	239,881	259,071	279,797	302,180	326,355	352,463	380,660	411,113
Fuel/gas		52,896	57,127	61,698	66,633	71,964	77,721	83,939	90,654	97,906	105,739	114,198	123,334
General repairs & maint		176,319	190,425	205,659	222,112	239,881	259,071	279,797	302,180	326,355	352,463	380,660	411,113
Gifts & flowers		88,160	95,212	102,829	111,056	119,940	129,535	139,898	151,090	163,177	176,232	190,330	205,557
Insurance		176,319	190,425	205,659	222,112	239,881	259,071	279,797	302,180	326,355	352,463	380,660	411,113
Levies/rates		0	0	0	0	0	0	0	0	0	0	0	0
Management fee		0	0	0	0	0	0	0	0	0	0	0	0
Marketing and advertising		176,319	190,425	205,659	222,112	239,881	259,071	279,797	302,180	326,355	352,463	380,660	411,113
Printing & stationary		35,264	38,085	41,132	44,422	47,976	51,814	55,959	60,436	65,271	70,493	76,132	82,223
Salaries & wages		3,140,928	3,392,202	3,663,579	3,956,665	4,273,198	4,615,054	4,984,258	5,382,999	5,813,639	6,278,730	6,781,028	7,323,511
Swimming pool		26,448	28,564	30,849	33,317	35,982	38,861	41,970	45,327	48,953	52,869	57,099	61,667
Telephone		88,160	95,212	102,829	111,056	119,940	129,535	139,898	151,090	163,177	176,232	190,330	205,557
Training		88,160	95,212	102,829	111,056	119,940	129,535	139,898	151,090	163,177	176,232	190,330	205,557
Uniforms		29,387	31,737	34,276	37,019	39,980	43,178	46,633	50,363	54,392	58,744	63,443	68,519
Vehicle maintenance		17,632	19,042	20,566	22,211	23,988	25,907	27,980	30,218	32,635	35,246	38,066	41,111
Total expenses		4,985,089	5,383,896	5,814,607	6,279,776	6,782,158	7,324,731	7,910,709	8,543,566	9,227,051	9,965,215	10,762,432	11,623,427
EBIT		3,028,259	3,270,520	3,532,162	3,814,735	4,119,913	4,449,506	4,805,467	5,189,904	5,605,097	6,053,504	6,537,785	7,060,808

CAPE MORGAN LODGE												
Lodge, Restaurant and Conferencing												
Income Statement												
Occupancy												
Room Rate per room per day (Excl food)												
No Units/rooms												
People per room												
	6	7	8	9	10	11	12	13	14	15	16	17
Year	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated	Inflated
Inflated @ 8%												
% Occupancy	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Finance/interest charges	1,577,624	1,465,358	1,342,561	1,208,245	1,061,329	900,631	724,858	532,597	322,301	92,277	0	0
Net income after Interest	1,015,445	1,263,613	1,532,720	1,824,543	2,141,009	2,484,213	2,856,426	3,260,115	3,697,957	4,172,859	4,576,449	4,942,565
Accumulated Equity/Deficit	-1,207,496	56,117	1,588,837	3,413,380	5,554,389	8,038,602	10,895,028	14,155,143	17,853,100	22,025,960	26,602,409	31,544,974
Long Term Debt	16,872,025	15,562,984	14,131,145	12,564,990	10,851,919	8,978,150	6,928,608	4,686,805	2,234,706	-447,417	-3,381,142	-6,590,070
Debt Cover Ratio	-14.0	277.3	8.9	3.7	2.0	1.1	0.6	0.3	0.1	0.0	-0.1	-0.2

CAPE MORGAN LODGE				
Lodge, Restaurant and Conferencing				
Income Statement				
Occupancy				
Room Rate per room per day (Excl food)				
No Units/rooms				
People per room				
	Year	18	19	20
	Inflated @ 8%	Inflated	Inflated	Inflated
	% Occupancy	60%	60%	60%
INCOME				
Accommodation				
Accommodation rate (per room/year)	15,193,199	16,408,655	17,721,347	
Restaurant (@ R100 p/p/d)	4,051,520	4,375,641	4,725,693	
Bar (@ 20% of Accom)	3,038,640	3,281,731	3,544,269	
Conference income	2,960,014	3,196,816	3,452,561	
Total sales	25,243,373	27,262,843	29,443,870	
Cost of sales	5,064,400	5,469,552	5,907,116	
Gross income	20,178,973	21,793,291	23,536,755	
GP%	80%	80%	80%	
EXPENSES				
Accounting & Auditing	148,001	159,841	172,628	
Bank charges	37,000	39,960	43,157	
Cleaning	133,201	143,857	155,365	
Computers maint	44,400	47,952	51,788	
Credit card commission	189,325	204,471	220,829	
Depreciation	0	0	0	
Asset refurb & replace	1,242,969	1,342,406	1,449,799	
Electricity & water	444,002	479,522	517,884	
Fuel/gas	133,201	143,857	155,365	
General repairs & maint	444,002	479,522	517,884	
Gifts & flowers	222,001	239,761	258,942	
Insurance	444,002	479,522	517,884	
Levies/rates	0	0	0	
Management fee	0	0	0	
Marketing and advertising	444,002	479,522	517,884	
Printing & stationary	88,800	95,904	103,577	
Salaries & wages	7,909,392	8,542,143	9,225,514	
Swimming pool	66,600	71,928	77,683	
Telephone	222,001	239,761	258,942	
Training	222,001	239,761	258,942	
Uniforms	74,000	79,920	86,314	
Vehilce maintenance	44,400	47,952	51,788	
Total expenses	12,553,301	13,557,565	14,642,171	
EBIT	7,625,672	8,235,726	8,894,584	

CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing

Income Statement

Occupancy
Room Rate per room per day (Excl food)
No Units/rooms
People per room

Year
Inflated @ 8%
% Occupancy

INCOME

Accommodation
Accommodation rate (per room/year)
Restaurant (@ R100 p/p/d)
Bar (@ 20% of Accom)

Conference income

Total sales

Cost of sales

Gross income

GP%

EXPENSES

Accounting & Auditing
Bank charges
Cleaning
Computers maint
Credit card commission
Depreciation
Asset refurb & replace
Electricity & water
Fuel/gas
General repairs & maint
Gifts & flowers
Insurance
Levies/rates
Management fee
Marketing and advertising
Printing & stationary
Salaries & wages
Swimming pool
Telephone
Training
Uniforms
Vehilce maintenance

Total expenses

EBIT

CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing

Income Statement

Occupancy
Room Rate per room per day (Excl food)
No Units/rooms
People per room

Year
Inflated @ 8%
% Occupancy

INCOME

Accommodation
Accommodation rate (per room/year)
Restaurant (@ R100 p/p/d)
Bar (@ 20% of Accom)

Conference income

Total sales

Cost of sales

Gross income

GP%

EXPENSES

Accounting & Auditing
Bank charges
Cleaning
Computers maint
Credit card commission
Depreciation
Asset refurb & replace
Electricity & water
Fuel/gas
General repairs & maint
Gifts & flowers
Insurance
Levies/rates
Management fee
Marketing and advertising
Printing & stationary
Salaries & wages
Swimming pool
Telephone
Training
Uniforms
Vehilce maintenance

Total expenses

EBIT

CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing

Income Statement

Occupancy

Room Rate per room per day (Excl food)

No Units/rooms

People per room

Year

Inflated @ 8%

% Occupancy

Finance/interest charges

Net income after Interest

Accumulated Equity/Deficit

Long Term Debt

Debt Cover Ratio

CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing

Income Statement

Occupancy
Room Rate per room per day (Excl food)
No Units/rooms
People per room

Year
Inflated @ 8%
% Occupancy

INCOME

Accommodation
Accommodation rate (per room/year)
Restaurant (@ R100 p/p/d)
Bar (@ 20% of Accom)

Conference income

Total sales

Cost of sales

Gross income

GP%

EXPENSES

Accounting & Auditing
Bank charges
Cleaning
Computers maint
Credit card commission
Depreciation
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General repairs & maint
Gifts & flowers
Insurance
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Management fee
Marketing and advertising
Printing & stationary
Salaries & wages
Swimming pool
Telephone
Training
Uniforms
Vehilce maintenance

Total expenses

EBIT

CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing

Income Statement

Occupancy
Room Rate per room per day (Excl food)
No Units/rooms
People per room

Year
Inflated @ 8%
% Occupancy

INCOME

Accommodation
Accommodation rate (per room/year)
Restaurant (@ R100 p/p/d)
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Conference income

Total sales

Cost of sales

Gross income

GP%

EXPENSES

Accounting & Auditing
Bank charges
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Swimming pool
Telephone
Training
Uniforms
Vehilce maintenance

Total expenses

EBIT

CAPE MORGAN LODGE

Lodge, Restaurant and Conferencing

Income Statement

Occupancy

Room Rate per room per day (Excl food)

No Units/rooms

People per room

Year

Inflated @ 8%

% Occupancy

Finance/interest charges

Net income after Interest

Accumulated Equity/Deficit

Long Term Debt

Debt Cover Ratio

CAPE MORGAN LODGE																							
Lodge, Restaurant and Conferencing																							
Income Statement																							
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%;">Occupancy</td> <td style="width: 25%;"></td> <td style="width: 25%;"></td> </tr> <tr> <td>Room Rate per room per day (Excl food)</td> <td></td> <td></td> </tr> <tr> <td>No Units/rooms</td> <td></td> <td></td> </tr> <tr> <td>People per room</td> <td></td> <td></td> </tr> <tr> <td colspan="3" style="text-align: center;">Year</td> </tr> <tr> <td colspan="3" style="text-align: center;">Inflated @ 8%</td> </tr> <tr> <td colspan="3" style="text-align: center;">% Occupancy</td> </tr> </table>			Occupancy			Room Rate per room per day (Excl food)			No Units/rooms			People per room			Year			Inflated @ 8%			% Occupancy		
Occupancy																							
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Swimming pool																							
Telephone																							
Training																							
Uniforms																							
Vehicle maintenance																							
Total expenses																							
EBIT																							

Other ancillary items							
Access control	1	15,000				15,000	
Fire & smoke detection	100	700				70,000	
Swimming pool, deck and pool bar	1	150,000				150,000	
External signage	1	10,000				10,000	
Internal signage	1	10,000				10,000	
Walkways	40	1,000				40,000	
Allowance for minor landscaping, walkways etc	1	100,000				100,000	
Vehicle	1	350,000				350,000	
						745,000	
Total - Depreciable assets						2,468,000	493600
Contingency allowance					5.0%	123,400	
TOTAL						2,591,400	
GRAND TOTAL						21,250,425	

68	17,383,753.30	231,200.00	130,378.15	17,282,931.45					
69	17,282,931.45	231,200.00	129,621.99	17,181,353.43					
70	17,181,353.43	231,200.00	128,860.15	17,079,013.58					
71	17,079,013.58	231,200.00	128,092.60	16,975,906.19	Interest	1,577,624	Capital	1,196,776	6
72	16,975,906.19	231,200.00	127,319.30	16,872,025.48	Total	2,774,400.00			
73	16,872,025.48	231,200.00	126,540.19	16,767,365.67					
74	16,767,365.67	231,200.00	125,755.24	16,661,920.92					
75	16,661,920.92	231,200.00	124,964.41	16,555,685.32					
76	16,555,685.32	231,200.00	124,167.64	16,448,652.96					
77	16,448,652.96	231,200.00	123,364.90	16,340,817.86					
78	16,340,817.86	231,200.00	122,556.13	16,232,173.99					
79	16,232,173.99	231,200.00	121,741.30	16,122,715.30					
80	16,122,715.30	231,200.00	120,920.36	16,012,435.66					
81	16,012,435.66	231,200.00	120,093.27	15,901,328.93					
82	15,901,328.93	231,200.00	119,259.97	15,789,388.90					
83	15,789,388.90	231,200.00	118,420.42	15,676,609.31	Interest	1,465,358	Capital	1,309,042	7
84	15,676,609.31	231,200.00	117,574.57	15,562,983.88	Total	2,774,400.00			
85	15,562,983.88	231,200.00	116,722.38	15,448,506.26					
86	15,448,506.26	231,200.00	115,863.80	15,333,170.06					
87	15,333,170.06	231,200.00	114,998.78	15,216,968.84					
88	15,216,968.84	231,200.00	114,127.27	15,099,896.10					
89	15,099,896.10	231,200.00	113,249.22	14,981,945.32					
90	14,981,945.32	231,200.00	112,364.59	14,863,109.91					
91	14,863,109.91	231,200.00	111,473.32	14,743,383.24					
92	14,743,383.24	231,200.00	110,575.37	14,622,758.61					
93	14,622,758.61	231,200.00	109,670.69	14,501,229.30					
94	14,501,229.30	231,200.00	108,759.22	14,378,788.52					
95	14,378,788.52	231,200.00	107,840.91	14,255,429.43	Interest	1,342,561	Capital	1,431,839	8
96	14,255,429.43	231,200.00	106,915.72	14,131,145.15	Total	2,774,400.00			
97	14,131,145.15	231,200.00	105,983.59	14,005,928.74					
98	14,005,928.74	231,200.00	105,044.47	13,879,773.21					
99	13,879,773.21	231,200.00	104,098.30	13,752,671.51					
100	13,752,671.51	231,200.00	103,145.04	13,624,616.54					
101	13,624,616.54	231,200.00	102,184.62	13,495,601.17					
102	13,495,601.17	231,200.00	101,217.01	13,365,618.18					
103	13,365,618.18	231,200.00	100,242.14	13,234,660.31					
104	13,234,660.31	231,200.00	99,259.95	13,102,720.27					
105	13,102,720.27	231,200.00	98,270.40	12,969,790.67					
106	12,969,790.67	231,200.00	97,273.43	12,835,864.10					
107	12,835,864.10	231,200.00	96,268.98	12,700,933.08	Interest	1,208,245	Capital	1,566,155	9
108	12,700,933.08	231,200.00	95,257.00	12,564,990.08	Total	2,774,400.00			
109	12,564,990.08	231,200.00	94,237.43	12,428,027.50					
110	12,428,027.50	231,200.00	93,210.21	12,290,037.71					
111	12,290,037.71	231,200.00	92,175.28	12,151,012.99					
112	12,151,012.99	231,200.00	91,132.60	12,010,945.59					
113	12,010,945.59	231,200.00	90,082.09	11,869,827.68					
114	11,869,827.68	231,200.00	89,023.71	11,727,651.39					
115	11,727,651.39	231,200.00	87,957.39	11,584,408.77					
116	11,584,408.77	231,200.00	86,883.07	11,440,091.84					
117	11,440,091.84	231,200.00	85,800.69	11,294,692.53					
118	11,294,692.53	231,200.00	84,710.19	11,148,202.72					
119	11,148,202.72	231,200.00	83,611.52	11,000,614.24	Interest	1,061,329	Capital	1,713,071	10
120	11,000,614.24	231,200.00	82,504.61	10,851,918.85	Total	2,774,400.00			
121	10,851,918.85	231,200.00	81,389.39	10,702,108.24					
122	10,702,108.24	231,200.00	80,265.81	10,551,174.05					
123	10,551,174.05	231,200.00	79,133.81	10,399,107.86					
124	10,399,107.86	231,200.00	77,993.31	10,245,901.17					
125	10,245,901.17	231,200.00	76,844.26	10,091,545.43					
126	10,091,545.43	231,200.00	75,686.59	9,936,032.02					
127	9,936,032.02	231,200.00	74,520.24	9,779,352.26					
128	9,779,352.26	231,200.00	73,345.14	9,621,497.40					
129	9,621,497.40	231,200.00	72,161.23	9,462,458.63					
130	9,462,458.63	231,200.00	70,968.44	9,302,227.07					
131	9,302,227.07	231,200.00	69,766.70	9,140,793.77	Interest	900,631	Capital	1,873,769	11
132	9,140,793.77	231,200.00	68,555.95	8,978,149.73	Total	2,774,400.00			
133	8,978,149.73	231,200.00	67,336.12	8,814,285.85					
134	8,814,285.85	231,200.00	66,107.14	8,649,192.99					
135	8,649,192.99	231,200.00	64,868.95	8,482,861.94					
136	8,482,861.94	231,200.00	63,621.46	8,315,283.40					
137	8,315,283.40	231,200.00	62,364.63	8,146,448.03					
138	8,146,448.03	231,200.00	61,098.36	7,976,346.39					
139	7,976,346.39	231,200.00	59,822.60	7,804,968.99					
140	7,804,968.99	231,200.00	58,537.27	7,632,306.26					
141	7,632,306.26	231,200.00	57,242.30	7,458,348.55					
142	7,458,348.55	231,200.00	55,937.61	7,283,086.17					
143	7,283,086.17	231,200.00	54,623.15	7,106,509.31	Interest	724,858	Capital	2,049,542	12
144	7,106,509.31	231,200.00	53,298.82	6,928,608.13	Total	2,774,400.00			
145	6,928,608.13	231,200.00	51,964.56	6,749,372.69					
146	6,749,372.69	231,200.00	50,620.30	6,568,792.99					
147	6,568,792.99	231,200.00	49,265.95	6,386,858.94					
148	6,386,858.94	231,200.00	47,901.44	6,203,560.38					
149	6,203,560.38	231,200.00	46,526.70	6,018,887.08					
150	6,018,887.08	231,200.00	45,141.65	5,832,828.73					
151	5,832,828.73	231,200.00	43,746.22	5,645,374.95					

236	-16,342,978.42	231,200.00	-122,572.34	-16,696,750.76				
237	-16,696,750.76	231,200.00	-125,225.63	-17,053,176.39				
238	-17,053,176.39	231,200.00	-127,898.82	-17,412,275.21				
239	-17,412,275.21	231,200.00	-130,592.06	-17,774,067.27	Total	Interest	Capital	
240	-17,774,067.27	-17,907,372.78	-133,305.50	0.00	-15,364,172.78	-1,424,949	-13,939,224	20
		37,349,427			37,349,427	14,671,205	22,678,222	