



## INVESTMENT IN HOSTEL

Investor: XXXXXXXXX

Project Location: Serbia

Currency: EUR

Date Activity: 21.03.2022

### Description and Goal of the Investment

The investor intends to buy a building in the city, renovated according to the project (8 double and 4 single rooms, reception with bar, breakfast room). The estimated time for the realization of the investment is 4 months from the day of providing financial resources. Projected prices: accommodation in a single room with breakfast 40 EUR / day / guest, in a double room 30 EUR / day / guest, drinks 6 EUR / day / guest. Occupancy in 4 years is 75% bed capacity, in 3 years 65%, in 2 years 50% and in the first year 35%. Planned loan EUR 150,000.

The life of the project

15

Tax of profit

20

Discount Rate

4

Realization of Investment in 1st year

4

Realization of Investment in 2nd year

0

Estimation of Future Annual Inflation

3

Investment value and investment dynamics

! Items	Invested			Year 1			Year 2		
	Price	Durability	Amortization	Price	Durability	Amortization	Price	Durability	Amortization
	EUR	(Years)	Depreciation	EUR	(Years)	Depreciation	EUR	(Years)	Depreciation
Projects, permits, supervision	0	0	0	1.000	0	0	0	0	0
Buying a beast	0	0	0	210.000	20	10.500	0	0	0
Renovation	0	0	0	12.000	20	600	0	0	0
Furniture, kitchen, bar	0	0	0	18.000	8	2.250	0	0	0
Bed linen and small inventory	0	0	0	4.000	3	1.333	0	0	0
Telecommunications	0	0	0	1.600	0	0	0	0	0
Website	0	0	0	1.000	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
	0	0	0	0	0	0	0	0	0
Credit processing	0	0	0	0	0	0	0	0	0
Working capital	0	0	0	8.090,83	0	0	3.747,34	0	0
Total	0	0	0	255.690,83	0	14.683	3.747,34	0	0
Total Investment	259.438,17	Working capital turnover ratio		12					

Sources of financing for new investments

	Sources	Year 1	Year 2	Total
Loan	Own capital	105.691	3.747	109.438
	Amount	150.000	0	150.000
	Repayment	10	0	0
	Grace period	1	0	0
	Interest	4	0	0
	Shareholders	0	0	0
	Donations	0	0	0
	Total	255.691	3.747	259.438

Loan repayment plan

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annuity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Loan in Year 1

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Interest	0	6.240	5.616	4.967	4.292	3.590	2.860	2.101	1.311	490	0	0	0	0	0
Repayment	0	15.600	16.224	16.873	17.548	18.250	18.980	19.739	20.529	21.350	0	0	0	0	0
Annuity	0	21.840	21.840	21.840	21.840	21.840	21.840	21.840	21.840	21.840	0	0	0	0	0

Loan in Year 2

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Repayment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Annuity	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Total loans

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Interest	0	6.240	5.616	4.967	4.292	3.590	2.860	2.101	1.311	490	0	0	0	0	0
Repayment	0	15.600	16.224	16.873	17.548	18.250	18.980	19.739	20.529	21.350	0	0	0	0	0
Annuity	0	21.840	21.840	21.840	21.840	21.840	21.840	21.840	21.840	21.840	0	0	0	0	0

## Operating income and expenses

At current prices (excluding inflation)

Items	Unit of	Unit	Annual volume				Annual amount			
	measure	Price	Year 1	Year 2	Year 3	Next year	Year 1	Year 2	Year 3	Next year
INCOMES		0	0	0	0	0	97.090	142.058	180.172	208.050
Day in a double room (PP)	per guest	30	2.044	2.920	3.796	4.380	61.320	87.600	113.880	131.400
Day in a single room (PP)	per guest	40	511	803	946	1.095	20.440	32.120	37.840	43.800
Non-board sale of beverages	per guest	6	2.555	3.723	4.742	5.475	15.330	22.338	28.452	32.850
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
EXPENSES		0	0	0	0	0	77.145	94.157	103.528	122.325
Food	po gustu	6	2.555	3.723	4.742	5.475	15.330	22.338	28.452	32.850
Non-board consumption (beverages)	po gustu	3	2.555	3.723	4.742	5.475	7.665	11.169	14.226	16.425
Utilities		1	4.500	5.000	5.200	5.400	4.500	5.000	5.200	5.400
Telecom, internet		1	450	450	450	450	450	450	450	450
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
		0	0	0	0	0	0	0	0	0
Gross wages of workers	Number of employees	0	2	2	2	2	0	0	0	0
Average per month	Gross wages	0	800	800	800	800	19.200	19.200	19.200	19.200
Gross management salaries		0	0	0	0	0	18.000	24.000	24.000	36.000
Maintenance		0	0	0	0	0	5.000	5.000	5.000	5.000
Insurance		0	0	0	0	0	1.000	1.000	1.000	1.000
Marketing		0	0	0	0	0	4.000	4.000	4.000	4.000
Other		0	0	0	0	0	2.000	2.000	2.000	2.000
OPERATIONAL RESULT		0	0	0	0	0	19.945	47.901	76.644	85.725

## Income statement

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
INCOMES	97.090	142.058	185.577	220.720	227.342	234.162	241.187	248.423	255.875	263.552	271.458	279.602	287.990	296.630	305.528
Operating expenses	77.145	94.157	106.634	129.775	133.668	137.678	141.808	146.062	150.444	154.958	159.606	164.395	169.326	174.406	179.638
EBITDA	19.945	47.901	78.943	90.946	93.674	96.484	99.379	102.360	105.431	108.594	111.852	115.207	118.663	122.223	125.890
Amortization	9.789	14.683	14.683	14.683	14.683	14.683	14.683	14.683	14.683	14.683	14.683	14.683	14.683	14.683	14.683
EBIT	10.156	33.218	64.260	76.263	78.991	81.801	84.696	87.677	90.748	93.911	97.169	100.524	103.980	107.540	111.207
Interest	0	6.240	5.616	4.967	4.292	3.590	2.860	2.101	1.311	490	0	0	0	0	0
EBT	10.156	26.978	58.644	71.296	74.699	78.211	81.836	85.576	89.437	93.421	97.169	100.524	103.980	107.540	111.207
Tax of profit	2.031	5.396	11.729	14.259	14.940	15.642	16.367	17.115	17.887	18.684	19.434	20.105	20.796	21.508	22.241
NET PROFIT	8.125	21.582	46.915	57.037	59.759	62.569	65.469	68.461	71.550	74.737	77.735	80.419	83.184	86.032	88.966

The years are not calendar, but are calculated from the day of providing financial resources.

## Cash Flow

Year	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. INFLOWS	352.781	145.805	185.577	220.720	227.342	234.162	241.187	248.423	255.875	263.552	271.458	279.602	287.990	296.630	305.528
Equity	105.691	3.747	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans	150.000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Shareholders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating income	97.090	142.058	185.577	220.720	227.342	234.162	241.187	248.423	255.875	263.552	271.458	279.602	287.990	296.630	305.528
2. OUTFLOWS	334.867	125.140	143.829	172.802	170.999	175.728	184.601	185.621	190.793	200.122	179.699	185.178	194.822	196.634	202.621
Investments	255.691	3.747	3.627	2.929	552	568	585	603	621	640	659	679	699	720	742
Payment of old obligations	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Replacement of fixed assets	0	0	0	4.000	0	0	4.000	0	0	4.000	0	0	4.000	0	0
Operating expenses	77.145	94.157	106.634	129.775	133.668	137.678	141.808	146.062	150.444	154.958	159.606	164.395	169.326	174.406	179.638
Loan annuities	0	21.840	21.840	21.840	21.840	21.840	21.840	21.840	21.840	21.840	0	0	0	0	0
Tax of profit	2.031	5.396	11.729	14.259	14.940	15.642	16.367	17.115	17.887	18.684	19.434	20.105	20.796	21.508	22.241
FINANCIAL FLOW (1-2)	17.914	20.665	41.748	47.918	56.342	58.434	56.586	62.802	65.082	63.430	91.759	94.424	93.168	99.995	102.907
Financial flow cumulative	17.914	38.579	80.327	128.245	184.587	243.021	299.607	362.409	427.492	490.922	582.681	677.104	770.273	870.268	973.175

## Note

From the future accumulation, the program automatically included in the projections the replacement of fixed assets with a shorter lifespan than the project life Residual (residual value of the project) after the project life is not calculated in the last year of the project life because the market value of fixed assets after the end of the project life cannot be realistically estimated, and can significantly affect the financial effects.



## Financial results of the investment

Parameter	Amount
Investment	259.438 EUR
Average Income	237.146 EUR
Average Net profit	63.503 EUR
$\Sigma$ Net profit / Investment	3,67
Liquidity in all years	Yes
Average Net profit / Average Income	26,78 %
NPV (net present value)	398.409 EUR
IRR (internal rate of return)	17,03 %
Return time discounted	7 Years

## SWOT Analysis

Strength  
Good location, hotel experience, competitive price, foreign languages

Your strengths can be qualified staff, team, experience, available resources (technological equipment, raw material base), market position, innovative products, investment and creditworthiness.

Weaknesses  
Credit ability

Poor creditworthiness, lack of team, experience, qualified staff, creditworthiness, ie. financial resources (especially for beginners in business), inflexibility (poor adaptation to market changes), poor financial analysis to prove the profitability of the idea and attract co-investors...

Opportunity  
Co-investors

Innovative product, developed more advanced technology, profitability of the idea, favorable market situation, ie. favorable economic-socio-political environment,....

Threats  
-

Unfavorable economic, socio-political environment, lack of state incentives and favorable loans,especially for business start-ups, strong competition in the planned activity, strong competition that quickly develops more innovative products.

## Appendix

Agency	Standard and Poor's	Fitch Ratings	Moody's Service
Rating	BB+/stable appearance <a href="#">↗</a>	BB+/stable appearance <a href="#">↗</a>	Ba2/stable appearance <a href="#">↗</a>
Date Activity	6/11/2021 <a href="#">↗</a>	9/3/2021 <a href="#">↗</a>	3/12/2021 <a href="#">↗</a>
Activity	Rating confirmed <a href="#">↗</a>	Rating confirmed <a href="#">↗</a>	Increased rejting <a href="#">↗</a>

You can download the current Rating via the link [https://nbs.rs/sr/finansijsko\\_trziste/informacije-za-investitore-i-analiticare/rejting\\_RS/](https://nbs.rs/sr/finansijsko_trziste/informacije-za-investitore-i-analiticare/rejting_RS/). Attached is the latest rating rating from STANDARD & POOR'S, MOODY'S INVESTORS SERVICE and RATING FITCH. It is important if foreign investments or foreign investors are planned. More in the blog <https://investasistent.com/investiciona-i-kreditna-sposobnost-investitora/>

## Note

An investment is eligible for realization if all indicators in the Financial Result have recommended values, if the SWOT analysis is realistic (more in the blog [SWOT Analysis](#)) and if the investment and creditworthiness is realistically assessed and accepted by a potential lender or co-investor (more in the blog [Investment and Investor Creditworthiness](#)). The key parameters on the basis of which it is concluded whether the investment is financially justified are: NPV (Net present value), which must be positive, and shows how much the investor will earn in the project life at current prices, IRR (internal rate of return) which is an indicator of interest invested capital, which in the basic variant must be at least 2 times higher than the discount rate, Discounted return on investment, which must be shorter than the life of the project, Average annual Net profit min 15-20% of average income. If the budget shows a loss on the Income Statement and / or illiquidity in the Financial Flow (often occurs in the first years of the project life if production is gradually established and / or due to the need to conquer the market, due to employee salaries, depreciation and due loan installments), and other above parameters are good, does not mean that you should give up the investment, but indicate that in those years it is necessary to invest additional external funds to maintain liquidity.

## Disclaimer

We did not check the reliability of the input data (investment value, income and expenses, SWOT analysis), as well as investment and creditworthiness. Therefore, before starting the investment, all entered data should be checked again, especially the procurement and sales market.

[INVESTMENT ASSISTANT TEAM](#)

If you want our opinion on the investment in question, contact our consultants by [e-mail](#) with specific questions.