



SCRANTON, PA HILTON GARDEN HOTEL PROJECT

Annuity <input type="button" value="v"/> Base Case <input type="button" value="v"/>	Equity IRR Min DSCR 0.96 Project IRR on EBTIDA 26.00% Project IRR if sold in year 5 35.82%	RevPar 87 <input type="button" value="v"/> Tenor 5 <input type="button" value="v"/>	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
				1	2	3	4	5	6	7	8	9

Assumptions

Operating Assumptions

Revenues Assumptions

Number of Rooms	124											
RevPar - USD/Day	\$87	124	124	124	124	124	124	124	124	124	124	124
occupancy percentage	75%											
ADR	123	87	87	87	87	87	87	87	87	87	87	87

Inflation Rate		3%	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
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Occupancy Rate		71%	71%	71%	71%	71%	71%	71%	71%	71%	71%	71%
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Other Revenues - Room Service and Conferences		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
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Operating Expense Assumptions

Number of Staff		35	35	35	35	35	35	35	35	35	35	35
Average Salary per Annum USD		35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000	35,000
Overhead Percent		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%

Other Cost		60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Cost of Food		40%	40%	40%	40%	40%	40%	40%	40%	40%	40%	40%

Corp Tax		30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
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Construction Cost Assumptions

Cost Per Room - USD	140,000
S-Curve	70%

Financing Assumptions

Financing Assumptions

Gearing Percentage	100.00%
Repayment Period	5
Rate	5%
Credit Spread	1.50%
EBS Rate	4.50%

Target Min DSCR	1.0
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Working Section

Revenues

Number of Rooms	124	124	124	124	124	124	124	124	124
RevPar	87.33	89.95	92.65	95.43	98.29	101.24	104.28	107.40	110.63
Room Revenues	3,952,556	4,071,132	4,193,266	4,319,064	4,448,636	4,582,095	4,719,558	4,861,145	5,006,979
Other Revenue Percent	25%	25%	25%	25%	25%	25%	25%	25%	25%
Other Revenues	988,139	1,017,783	1,048,317	1,079,766	1,112,159	1,145,524	1,179,890	1,215,286	1,251,745
Banquet Facilities revenue	\$2,862,056	\$2,947,918	\$3,006,876	\$3,067,014	\$3,128,354	\$3,190,921	\$3,254,739	\$3,319,834	\$3,386,231
<b>Total Revenues</b>	<b>7,802,751</b>	<b>8,036,833</b>	<b>8,248,459</b>	<b>8,465,844</b>	<b>8,689,149</b>	<b>8,918,540</b>	<b>9,154,187</b>	<b>9,396,265</b>	<b>9,644,955</b>

Operating Expenses

Number of Staff	35	35	35	35	35	35	35	35	35
Cost per Staff	35,000	36,050	37,132	38,245	39,393	40,575	41,792	43,046	44,337
Overhead Percentage	30%	30%	30%	30%	30%	30%	30%	30%	30%
Total Staff Costs	1,592,500	1,640,275	1,689,483	1,740,168	1,792,373	1,846,144	1,901,528	1,958,574	2,017,331
Other Cost Percentage	40%	40%	40%	40%	40%	40%	40%	40%	40%
Other costs	637,000	656,110	675,793	696,067	716,949	738,458	760,611	783,430	806,933
Banquet Costs	372,067	383,229	390,894	398,712	406,686	414,820	423,116	431,578	440,210
Rent	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Total Other Costs	2,509,067	2,539,339	2,566,687	2,594,779	2,623,635	2,653,277	2,683,727	2,715,008	2,747,143
Food Cost Percentage	40%	40%	40%	40%	40%	40%	40%	40%	40%
Total Food Costs (hotel)	395,256	407,113	419,327	431,906	444,864	458,210	471,956	486,115	500,698
<b>Total Expenses</b>	<b>4,496,823</b>	<b>4,586,728</b>	<b>4,675,497</b>	<b>4,766,853</b>	<b>4,860,872</b>	<b>4,957,631</b>	<b>5,057,212</b>	<b>5,159,697</b>	<b>5,265,172</b>

EBITDA	(12,152,000.00)	3,305,928	3,450,106	3,572,962	3,698,991	3,828,278	3,960,909	4,096,976	4,236,569	4,379,783
Interest		1,024,240	885,510	737,762	580,411	412,832	234,360	416,640	416,640	416,640
Cash Flow ( Before Amortization and Taxes)	(5,208,000.00)	2,281,688	2,564,596	2,835,200	3,118,580	3,415,446	3,726,549	3,680,336	3,819,929	3,963,143
IRR	51.42%									

Cost/Room	140,000
S-Curve	70%
Rooms	124
Investment	12,152,000
IRR	26%

Sources and Uses

Uses and Sources

Investment	12152000
Sources of Funds	
Debt Bank	12,152,000.00
Equity Capital Issued	5,208,000.00
<b>Total Sources</b>	<b>17,360,000.00</b>

Equity IRR	0.00%	DSCR	0.96	Gearing	100%	Debt Tenor	5
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SCRANTON, PA HILTON GARDEN HOTEL PROJECT

Debt Schedule

Debt Schedule										
Opening Balance	-	12,152,000.00	10,017,689.10	7,744,647.99	5,323,859.21	2,745,719.16	-	-	-	-
Add: Drawdown	12,152,000.00									
Less: Repayments		2,134,310.90	2,273,041.11	2,420,788.78	2,578,140.05	2,745,719.16	-	-	-	-
Closing Balance	12,152,000.00	10,017,689.10	7,744,647.99	5,323,859.21	2,745,719.16	-	-	-	-	-
Rate	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%
Credit Spread	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Total Interest Rate	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%	6.500%
Repayment Percentage	1	17.563%	18.705%	19.921%	21.216%	22.595%	0.000%	0.000%	0.000%	0.000%
Repayment Percentage	Level	20.000%	20.000%	20.000%	20.000%	20.000%	0.000%	0.000%	0.000%	0.000%
	1	17.6%	18.7%	19.9%	21.2%	22.6%	0.0%	0.0%	0.0%	0.0%
Interest Expense	1	-	789,880.00	651,149.79	503,402.12	346,050.85	178,471.75	-	-	-
Return on EB5 Equity	1	-	234,360.00	234,360.00	234,360.00	234,360.00	234,360.00	234,360.00	416,640.00	416,640.00
Total Interest cost			1,024,240.00	885,509.79	737,762.12	580,410.85	412,831.75	234,360.00	416,640.00	416,640.00

Depreciation Schedule

Fixed Asset Balance										
Opening Balance	-	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000
Add: Capital Expenditures	15,624,000									
Closing Balance	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000	15,624,000
Depreciation		1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22
Accumulated Depreciation Balance										
Opening Balance	0	0.00	1,350,222.22	2,700,444.44	4,050,666.67	5,400,888.89	6,751,111.11	8,101,333.33	9,451,555.56	10,801,777.78
Add: Depreciation Charge	0.00	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22
Closing Balance	0.00	1,350,222.22	2,700,444.44	4,050,666.67	5,400,888.89	6,751,111.11	8,101,333.33	9,451,555.56	10,801,777.78	12,152,000.00

Profit and Loss

Profit and Loss										
EBTIDA	0.00	3,305,927.89	3,450,105.73	3,572,962.01	3,698,991.05	3,828,277.77	3,960,909.42	4,096,975.69	4,236,568.73	4,379,783.24
Less: Depreciation	0.00	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22	1,350,222.22
EBIT	0.00	1,955,705.67	2,099,883.50	2,222,739.79	2,348,768.83	2,478,055.55	2,610,687.20	2,746,753.47	2,886,346.51	3,029,561.01
Less: Interest Expense	0.00	1,024,240.00	885,509.79	737,762.12	580,410.85	412,831.75	234,360.00	416,640.00	416,640.00	416,640.00
EBT	0.00	931,465.67	1,214,373.71	1,484,977.67	1,768,357.98	2,065,223.80	2,376,327.20	2,330,113.47	2,469,706.51	2,612,921.01
Less: Taxes	0.00	279,439.70	364,312.11	445,493.30	530,507.39	619,567.14	712,898.16	699,034.04	740,911.95	783,876.30
Earnings	0.00	652,025.97	850,061.60	1,039,484.37	1,237,850.59	1,445,656.66	1,663,429.04	1,631,079.43	1,728,794.56	1,829,044.71



SCRANTON, PA HILTON GARDEN HOTEL PROJECT

Cash Flow

Cash Flow Statement

EBTIDA	-	3,305,927.89	3,450,105.73	3,572,962.01	3,698,991.05	3,828,277.77	3,960,909.42	4,096,975.69	4,236,568.73	4,379,783.24
Less: Taxes	-	279,439.70	364,312.11	445,493.30	530,507.39	619,567.14	712,898.16	699,034.04	740,911.95	783,876.30
Cash From Operations	-	3,026,488.19	3,085,793.61	3,127,468.71	3,168,483.66	3,208,710.63	3,248,011.26	3,397,941.65	3,495,656.78	3,595,906.93
Less: Capital Expenditures	15,624,000.00	-	-	-	-	-	-	-	-	-
Cash Before Financing	(15,624,000.00)	3,026,488.19	3,085,793.61	3,127,468.71	3,168,483.66	3,208,710.63	3,248,011.26	3,397,941.65	3,495,656.78	3,595,906.93
Add: Cash From Equity Holders	5,208,000.00	-	-	-	-	-	-	-	-	-
Add: Cash From Debt Issues	12,152,000.00	-	-	-	-	-	-	-	-	-
Cash Before Debt Service	1,736,000.00	3,026,488.19	3,085,793.61	3,127,468.71	3,168,483.66	3,208,710.63	3,248,011.26	3,397,941.65	3,495,656.78	3,595,906.93
Less: Interest Expense	-	1,024,240.00	885,509.79	737,762.12	580,410.85	412,831.75	234,360.00	416,640.00	416,640.00	416,640.00
Less: Debt Repayment	-	2,134,310.90	2,273,041.11	2,420,788.78	2,578,140.05	2,745,719.16	-	-	-	-
Dividends	-	(132,062.71)	(72,757.29)	(31,082.19)	9,932.76	50,159.73	3,013,651.26	2,981,301.65	3,079,016.78	3,179,266.93

CASH Position

EBIDTA Plus Closing balance	3,305,927.89	5,097,482.72	7,011,893.83	9,052,333.98	11,222,060.85	13,524,419.37	18,887,035.06	24,206,963.79	29,670,107.03
Add Fees	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00	1,500,000.00
Less Interest	789,880.00	651,149.79	503,402.12	346,050.85	178,471.75	-	-	-	-
Less Return on EB5 or Equity	234,360.00	234,360.00	234,360.00	234,360.00	234,360.00	234,360.00	416,640.00	416,640.00	416,640.00
Less Debt Repayment	2,134,310.90	2,273,041.11	2,420,788.78	2,578,140.05	2,745,719.16	-	-	-	-
Closing balance	1,647,376.99	3,438,931.81	5,353,342.93	7,393,783.08	9,563,509.95	14,790,059.37	19,970,395.06	25,290,323.79	30,753,467.03

EBS Payoff Scenario

EBIDTA	-	-	-	-	-	-	-	19,415,603.79	23,795,387.03
Less EB5 Payoff Amount in 5th year after EB5 borrowing	-	-	-	-	-	-	5,208,000.00	-	-
Add back 8% Equity return on EB5	-	-	-	-	-	-	416,640.00	-	-
Closing Balance	-	-	-	-	-	-	15,179,035.06	19,415,603.79	23,795,387.03

Balance Sheet

Equity Balance

Opening Balance	-	5,208,000.00	5,860,025.97	6,710,087.57	7,749,571.94	8,977,489.77	10,372,986.70	9,022,764.48	7,672,542.26	6,322,320.03
Add: Net Profit for Year	-	652,025.97	850,061.60	1,039,484.37	1,237,850.59	1,445,656.66	1,663,429.04	1,631,079.43	1,728,794.56	1,829,044.71
Less: Dividends	-	-	-	-	9,932.76	50,159.73	3,013,651.26	2,981,301.65	3,079,016.78	3,179,266.93
Add: Equity Injection	5,208,000.00	-	-	-	-	-	-	-	-	-
Closing Balance	5,208,000.00	5,860,025.97	6,710,087.57	7,749,571.94	8,977,489.77	10,372,986.70	9,022,764.48	7,672,542.26	6,322,320.03	4,972,097.81

Balance Sheet

Fixed Assets	15,624,000.00	15,624,000.00	15,624,000.00	15,624,000.00	15,624,000.00	15,624,000.00	15,624,000.00	15,624,000.00	15,624,000.00	15,624,000.00
Accumulated Depreciation	0.00	1,350,222.22	2,700,444.44	4,050,666.67	5,400,888.89	6,751,111.11	8,101,333.33	9,451,555.56	10,801,777.78	12,152,000.00
Net Assets	15,624,000.00	14,273,777.78	12,923,555.56	11,573,333.33	10,223,111.11	8,872,888.89	7,522,666.67	6,172,444.44	4,822,222.22	3,472,000.00

Debt	12,152,000.00	10,017,689.10	7,744,647.99	5,323,859.21	2,745,719.16	-	-	-	-	-
Equity	5,208,000.00	5,860,025.97	6,710,087.57	7,749,571.94	8,977,489.77	10,372,986.70	9,022,764.48	7,672,542.26	6,322,320.03	4,972,097.81
Total Equity and Debt	17,360,000.00	15,877,715.07	14,454,735.56	13,073,431.15	11,723,208.92	10,372,986.70	9,022,764.48	7,672,542.26	6,322,320.03	4,972,097.81

Difference	1,736,000.00	1,603,937.29	1,531,180.00	1,500,097.81	1,500,097.81	1,500,097.81	1,500,097.81	1,500,097.81	1,500,097.81	1,500,097.81
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SCRANTON, PA HILTON GARDEN HOTEL PROJECT

Cash Flow and DSCR

Free Cash Flow

EBIT		1,955,705.67	2,099,883.50	2,222,739.79	2,348,768.83	2,478,055.55	2,610,687.20	2,746,753.47	2,886,346.51	3,029,561.01
Taxes on EBIT		586,711.70	629,965.05	666,821.94	704,630.65	743,416.66	783,206.16	824,026.04	865,903.95	908,868.30
Free Cash Flow										
EBTIDA		3,305,927.89	3,450,105.73	3,572,962.01	3,698,991.05	3,828,277.77	3,960,909.42	4,096,975.69	4,236,568.73	4,379,783.24
Less: Taxes on EBIT		586,711.70	629,965.05	666,821.94	704,630.65	743,416.66	783,206.16	824,026.04	865,903.95	908,868.30
Less: Cap Exp	12,152,000.00									
FCF	(12,152,000.00)	2,719,216.19	2,820,140.68	2,906,140.08	2,994,360.40	3,084,861.10	3,177,703.26	3,272,949.65	3,370,664.78	3,470,914.93
Free Cash Flow	(12,152,000.00)	2,719,216.19	2,820,140.68	2,906,140.08	2,994,360.40	3,084,861.10	3,177,703.26	3,272,949.65	3,370,664.78	3,470,914.93
	(12,152,000.00)	2,719,216.19	2,820,140.68	2,906,140.08	2,994,360.40	3,084,861.10	3,177,703.26	3,272,949.65	3,370,664.78	3,470,914.93

Project IRR 19.69%  
 Project IRR if sold @ end of 5th year 36%

Equity IRR and DSCR

Cash Flows to Equity										
Dividends		(132,062.71)	(72,757.29)	(31,082.19)	9,932.76	50,159.73	3,013,651.26	2,981,301.65	3,079,016.78	3,179,266.93
Less: Equity Capital Issued	5,208,000.00	-	-	-	-	-	-	-	-	-
Total Equity Cash Flow	(5,208,000.00)	(132,062.71)	(72,757.29)	(31,082.19)	9,932.76	50,159.73	3,013,651.26	2,981,301.65	3,079,016.78	3,179,266.93
Equity IRR	11.70%									

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Free Cash	(12,152,000.00)	2,719,216.19	2,820,140.68	2,906,140.08	2,994,360.40	3,084,861.10	3,177,703.26	3,272,949.65	3,370,664.78	3,470,914.93	3,470,914.93
Equity Cash	5,208,000.00	-132,062.71	-72,757.29	-31,082.19	9,932.76	50,159.73	3,013,651.26	2,981,301.65	3,079,016.78	3,179,266.93	3,179,266.93

PF	19.69% Eq IRR	11.70% Gearing	100% Term	5 DSCR	0.96 RevPar	87.33				
		2017	2018	2019	2020	2021	2022	2023	2024	2025
	Cash Before Debt Service	3,026,488.19	3,085,793.61	3,127,468.71	3,168,483.66	3,208,710.63	3,248,011.26	3,397,941.65	3,495,656.78	3,595,906.93
	Divide by Debt Service	3,158,550.90	3,158,550.90	3,158,550.90	3,158,550.90	3,158,550.90	234,360.00	416,640.00	416,640.00	416,640.00
DSCR Ratio by Year		0.96	0.98	0.99	1.00	1.02	13.86	8.16	8.39	8.63
Minimum DSCR	0.96									