



SCRANTON, PA HILTON GARDEN HOTEL PROJECT

Annuity	Equity IRR		RevPar	69
Base Case	Min DSCR	0.53	Tenor	5
	Project IRR on EBTIDA	8.00%		
	Project IRR if sold in year 5	22.19%		

Assumptions

Operating Assumptions

Revenues Assumptions

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
		1	2	3	4	5	6	7	8	9
Number of Rooms	124									
RevPar - USD/Day	\$69	124	124	124	124	124	124	124	124	124
occupancy percentage	56%									
ADR	123	69	69	69	69	69	69	69	69	69

Inflation Rate		3%	3%	3%	3%	3%	3%	3%	3%	3%
----------------	--	----	----	----	----	----	----	----	----	----

Occupancy Rate		71%	71%	71%	71%	71%	71%	71%	71%	71%
----------------	--	-----	-----	-----	-----	-----	-----	-----	-----	-----

Other Revenues - Room Service and Conferences		30%	30%	30%	30%	30%	30%	30%	30%	30%
-----------------------------------------------	--	-----	-----	-----	-----	-----	-----	-----	-----	-----

Operating Expense Assumptions

Number of Staff		30	30	30	30	30	30	30	30	30
Average Salary per Annum USD		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%

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

Corp Tax		30%	30%	30%	30%	30%	30%	30%	30%	30%
----------	--	-----	-----	-----	-----	-----	-----	-----	-----	-----

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	0.5
-----------------	-----



SCRANTON, PA HILTON GARDEN HOTEL PROJECT

Working Section

Revenues

Number of Rooms	124	124	124	124	124	124	124	124	124
RevPar	68.88	70.95	73.07	75.27	77.53	79.85	82.25	84.71	87.26
<b>Room Revenues</b>	<b>3,117,509</b>	<b>3,211,034</b>	<b>3,307,365</b>	<b>3,406,586</b>	<b>3,508,784</b>	<b>3,614,047</b>	<b>3,722,469</b>	<b>3,834,143</b>	<b>3,949,167</b>
Other Revenue Percent	25%	25%	25%	25%	25%	25%	25%	25%	25%
Other Revenues	779,377	802,759	826,841	851,647	877,196	903,512	930,617	958,536	987,292
Banquet Facilities revenue	\$1,717,234	\$1,768,751	\$1,804,126	\$1,840,208	\$1,877,012	\$1,914,553	\$1,952,844	\$1,991,900	\$2,031,738
<b>Total Revenues</b>	<b>5,614,120</b>	<b>5,782,543</b>	<b>5,938,332</b>	<b>6,098,441</b>	<b>6,262,992</b>	<b>6,432,111</b>	<b>6,605,929</b>	<b>6,784,579</b>	<b>6,968,197</b>

Operating Expenses

Number of Staff	30	30	30	30	30	30	30	30	30
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%
<b>Total Staff Costs</b>	<b>1,365,000</b>	<b>1,405,950</b>	<b>1,448,129</b>	<b>1,491,572</b>	<b>1,536,320</b>	<b>1,582,409</b>	<b>1,629,881</b>	<b>1,678,778</b>	<b>1,729,141</b>
Other Cost Percentage	40%	40%	40%	40%	40%	40%	40%	40%	40%
Other costs	546,000	562,380	579,251	596,629	614,528	632,964	651,953	671,511	691,656
Banquet Costs	223,240	229,938	234,536	239,227	244,012	248,892	253,870	258,947	264,126
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	2,269,240	2,292,318	2,313,788	2,335,856	2,358,539	2,381,855	2,405,822	2,430,458	2,455,782
Food Cost Percentage	40%	40%	40%	40%	40%	40%	40%	40%	40%
Total Food Costs (hotel)	311,751	321,103	330,737	340,659	350,878	361,405	372,247	383,414	394,917
<b>Total Expenses</b>	<b>3,945,991</b>	<b>4,019,371</b>	<b>4,092,653</b>	<b>4,168,087</b>	<b>4,245,737</b>	<b>4,325,669</b>	<b>4,407,950</b>	<b>4,492,650</b>	<b>4,579,840</b>

EBITDA	(12,152,000.00)	1,668,128	1,763,172	1,845,679	1,930,354	2,017,255	2,106,442	2,197,979	2,291,928	2,388,357
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)	643,888	877,662	1,107,917	1,349,943	1,604,423	1,872,082	1,781,339	1,875,288	1,971,717
IRR	19.10%									

Cost/Room	140,000
S-Curve	70%
Rooms	124
Investment	12,152,000
IRR	8%

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 0.53 Gearing 100% Debt Tenor 5



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	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	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	1,668,128.35	1,763,172.20	1,845,679.24	1,930,353.72	2,017,254.52	2,106,442.15	2,197,978.81	2,291,928.43	2,388,356.75
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	317,906.13	412,949.98	495,457.02	580,131.50	667,032.30	756,219.93	847,756.59	941,706.21	1,038,134.53
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	-706,333.87	-472,559.81	-242,305.10	-279.35	254,200.56	521,859.93	431,116.59	525,066.21	621,494.53
Less: Taxes	0.00	0.00	0.00	0.00	0.00	76,260.17	156,557.98	129,334.98	157,519.86	186,448.36
Earnings	0.00	-706,333.87	-472,559.81	-242,305.10	-279.35	177,940.39	365,301.95	301,781.61	367,546.35	435,046.17



SCRANTON, PA HILTON GARDEN HOTEL PROJECT

Cash Flow

Cash Flow Statement

EBTIDA	-	1,668,128.35	1,763,172.20	1,845,679.24	1,930,353.72	2,017,254.52	2,106,442.15	2,197,978.81	2,291,928.43	2,388,356.75
Less: Taxes	-	-	-	-	-	76,260.17	156,557.98	129,334.98	157,519.86	186,448.36
<b>Cash From Operations</b>		<b>1,668,128.35</b>	<b>1,763,172.20</b>	<b>1,845,679.24</b>	<b>1,930,353.72</b>	<b>1,940,994.36</b>	<b>1,949,884.17</b>	<b>2,068,643.83</b>	<b>2,134,408.57</b>	<b>2,201,908.39</b>
Less: Capital Expenditures	15,624,000.00	-	-	-	-	-	-	-	-	-
<b>Cash Before Financing</b>	<b>(15,624,000.00)</b>	<b>1,668,128.35</b>	<b>1,763,172.20</b>	<b>1,845,679.24</b>	<b>1,930,353.72</b>	<b>1,940,994.36</b>	<b>1,949,884.17</b>	<b>2,068,643.83</b>	<b>2,134,408.57</b>	<b>2,201,908.39</b>
Add: Cash From Equity Holders	5,208,000.00	-	-	-	-	-	-	-	-	-
Add: Cash From Debt Issues	12,152,000.00	-	-	-	-	-	-	-	-	-
<b>Cash Before Debt Service</b>	<b>1,736,000.00</b>	<b>1,668,128.35</b>	<b>1,763,172.20</b>	<b>1,845,679.24</b>	<b>1,930,353.72</b>	<b>1,940,994.36</b>	<b>1,949,884.17</b>	<b>2,068,643.83</b>	<b>2,134,408.57</b>	<b>2,201,908.39</b>
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	-	-	-	-
<b>Dividends</b>	<b>-</b>	<b>(1,490,422.55)</b>	<b>(1,395,378.70)</b>	<b>(1,312,871.66)</b>	<b>(1,228,197.18)</b>	<b>(1,217,556.54)</b>	<b>1,715,524.17</b>	<b>1,652,003.83</b>	<b>1,717,768.57</b>	<b>1,785,268.39</b>

CASH Position

EBIDTA Plus Closing balance	1,668,128.35	1,772,749.65	1,959,877.99	2,231,680.81	2,590,384.44	3,038,275.69	6,501,894.50	9,877,182.93	13,348,899.69
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	-	-	-	-
<b>Closing balance</b>	<b>9,577.45</b>	<b>114,198.75</b>	<b>301,327.09</b>	<b>573,129.91</b>	<b>931,833.53</b>	<b>4,303,915.69</b>	<b>7,585,254.50</b>	<b>10,960,542.93</b>	<b>14,432,259.69</b>

EBS Payoff Scenario

<b>EBIDTA</b>								5,085,822.93	7,474,179.69
Less EB5 Payoff Amount in 5th year after EB5 borrowing							5,208,000.00	-	-
Add back 8% Equity return on EB5							416,640.00	-	-
<b>Closing Balance</b>							<b>2,793,894.50</b>	<b>5,085,822.93</b>	<b>7,474,179.69</b>

Balance Sheet

Equity Balance

Opening Balance	-	5,208,000.00	4,501,666.13	4,029,106.32	3,786,801.22	3,786,521.87	3,964,462.26	2,614,240.03	1,264,017.81	(86,204.41)
Add: Net Profit for Year	-	(706,333.87)	(472,559.81)	(242,305.10)	(279.35)	177,940.39	365,301.95	301,781.61	367,546.35	435,046.17
Less: Dividends	-	-	-	-	-	-	1,715,524.17	1,652,003.83	1,717,768.57	1,785,268.39
Add: Equity Injection	5,208,000.00	-	-	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>5,208,000.00</b>	<b>4,501,666.13</b>	<b>4,029,106.32</b>	<b>3,786,801.22</b>	<b>3,786,521.87</b>	<b>3,964,462.26</b>	<b>2,614,240.03</b>	<b>1,264,017.81</b>	<b>(86,204.41)</b>	<b>(1,436,426.63)</b>

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
<b>Net Assets</b>	<b>15,624,000.00</b>	<b>14,273,777.78</b>	<b>12,923,555.56</b>	<b>11,573,333.33</b>	<b>10,223,111.11</b>	<b>8,872,888.89</b>	<b>7,522,666.67</b>	<b>6,172,444.44</b>	<b>4,822,222.22</b>	<b>3,472,000.00</b>

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	4,501,666.13	4,029,106.32	3,786,801.22	3,786,521.87	3,964,462.26	2,614,240.03	1,264,017.81	(86,204.41)	(1,436,426.63)
<b>Total Equity and Debt</b>	<b>17,360,000.00</b>	<b>14,519,355.23</b>	<b>11,773,754.31</b>	<b>9,110,660.42</b>	<b>6,532,241.02</b>	<b>3,964,462.26</b>	<b>2,614,240.03</b>	<b>1,264,017.81</b>	<b>(86,204.41)</b>	<b>(1,436,426.63)</b>
Difference	1,736,000.00	245,577.45	-1,149,801.25	-2,462,672.91	-3,690,870.09	-4,908,426.63	-4,908,426.63	-4,908,426.63	-4,908,426.63	-4,908,426.63



SCRANTON, PA HILTON GARDEN HOTEL PROJECT

Cash Flow and DSCR

Free Cash Flow

EBIT		317,906.13	412,949.98	495,457.02	580,131.50	667,032.30	756,219.93	847,756.59	941,706.21	1,038,134.53
Taxes on EBIT		95,371.84	123,884.99	148,637.10	174,039.45	200,109.69	226,865.98	254,326.98	282,511.86	311,440.36
Free Cash Flow										
EBTIDA		1,668,128.35	1,763,172.20	1,845,679.24	1,930,353.72	2,017,254.52	2,106,442.15	2,197,978.81	2,291,928.43	2,388,356.75
Less: Taxes on EBIT		95,371.84	123,884.99	148,637.10	174,039.45	200,109.69	226,865.98	254,326.98	282,511.86	311,440.36
Less: Cap Exp	12,152,000.00									
FCF	(12,152,000.00)	1,572,756.51	1,639,287.21	1,697,042.13	1,756,314.27	1,817,144.83	1,879,576.17	1,943,651.83	2,009,416.57	2,076,916.39
Free Cash Flow	(12,152,000.00)	1,572,756.51	1,639,287.21	1,697,042.13	1,756,314.27	1,817,144.83	1,879,576.17	1,943,651.83	2,009,416.57	2,076,916.39

Project IRR 6.13%  
 Project IRR if sold @ end of 5th year 22%

Equity IRR and DSCR

Cash Flows to Equity										
Dividends		(1,490,422.55)	(1,395,378.70)	(1,312,871.66)	(1,228,197.18)	(1,217,556.54)	1,715,524.17	1,652,003.83	1,717,768.57	1,785,268.39
Less: Equity Capital Issued	5,208,000.00	-	-	-	-	-	-	-	-	-
Total Equity Cash Flow	(5,208,000.00)	(1,490,422.55)	(1,395,378.70)	(1,312,871.66)	(1,228,197.18)	(1,217,556.54)	1,715,524.17	1,652,003.83	1,717,768.57	1,785,268.39

Equity IRR -8.97%

		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Free Cash	(12,152,000.00)	1,572,756.51	1,639,287.21	1,697,042.13	1,756,314.27	1,817,144.83	1,879,576.17	1,943,651.83	2,009,416.57	2,076,916.39	
Equity Cash	5,208,000.00	-1,490,422.55	-1,395,378.70	-1,312,871.66	-1,228,197.18	-1,217,556.54	1,715,524.17	1,652,003.83	1,717,768.57	1,785,268.39	

PF	6.13% Eq IRR	-8.97% Gearing	100% Term	5 DSCR	0.53 RevPar	68.88						
			2017	2018	2019	2020	2021	2022	2023	2024	2025	
			Cash Before Debt Service	1,668,128.35	1,763,172.20	1,845,679.24	1,930,353.72	1,940,994.36	1,949,884.17	2,068,643.83	2,134,408.57	2,201,908.39
			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		0.53	0.56	0.58	0.61	0.61	8.32	4.97	5.12	5.28		
Minimum DSCR	0.53											