

## THE HOTEL RECOVERY ANALYSIS

### Constants

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Minimum cash required	NA	\$ 30,00,000.00	\$ 30,00,000.00
Number of rooms in hotel	NA	750	750
Interest rate on working capital debt owed	NA	2%	2%
Income tax rate	NA	35%	35%
Expected occupancy rate	NA	60%	60%
Rent offered for 50 rooms by local college	NA	\$ 30,00,000	\$ 31,00,000
Expected sale price of a time-share unit	NA	\$ 1,00,000	\$ 1,03,000
Average daily amenity revenue per room rental	NA	\$ 30	\$ 31
Expected operating expense	NA	\$ 3,35,00,000	\$ 3,37,50,000
Interest on construction loan	NA	\$ 7,73,534	\$ 7,16,177
Construction loan principal payment	NA	\$ 14,33,918	\$ 14,91,275

### Inputs

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Rent fifty rooms to college? (Y/N)	NA	Y	NA
Number of rooms sold to time-share	NA	10	10
Inflation rate	NA	1%	2%

### Summary of Key Results

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Income before interest expense	NA	\$ 13,68,887	\$ 17,67,475
Net Income (Loss) in Year	NA	\$ 1,91,979	\$ 4,72,199
End-of-Year cash on hand	NA	\$ 30,00,000	\$ 30,00,000
End-of-year debt owed to city government	NA	\$ 1,62,41,939	\$ 1,72,61,015

### Calculations

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Average daily room rate	\$ 170.00	\$ 171.70	\$ 175.13
Complete hotel room rental revenue in year	NA	\$ 2,82,01,725	\$ 2,87,65,760
Hotel room rental lost to sold time-shares	NA	\$ 3,76,023	\$ 7,67,087
Hotel room rental lost to college	NA	\$ 18,80,115	\$ 19,17,717
Revenue from sale of time-share units	NA	\$ 10,00,000	\$ 10,30,000
Number of hotel rooms available	NA	690	680
Number of hotel room rentals in year	NA	1,51,110	1,48,920
Amenity revenue in year	NA	\$ 45,33,300	\$ 46,16,520
Maintenance revenue	NA	\$ 6,00,000	\$ 7,00,000
College remodeling expense	NA	\$ 2,00,000	\$ -
Time-share remodeling expense	NA	\$ 10,000	\$ 10,000

### Income and Cash Flow Statements

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Beginning-of-year cash on hand	NA	\$ 30,00,000	\$ 30,00,000
Revenue:			
Hotel room rental	NA	\$ 2,59,45,587	\$ 2,60,80,955
Amenity revenue	NA	\$ 45,33,300	\$ 46,16,520

Maintenance revenue	NA	\$ 6,00,000	\$ 7,00,000
Rent from college for 50 rooms	NA	\$ 30,00,000	\$ 31,00,000
Sale of time-share units	NA	\$ 10,00,000	\$ 10,30,000
Total Revenue	NA	\$ 3,50,78,887	\$ 3,55,27,475
Operating expenses:			
Operating expense	NA	\$ 3,35,00,000	\$ 3,37,50,000
College remodeling expense	NA	\$ 2,00,000	\$ -
Time-share remodeling expense	NA	\$ 10,000	\$ 10,000
Total operating expense	NA	\$ 3,37,10,000	\$ 3,37,60,000
Income before interest expense	NA	\$ 13,68,887	\$ 17,67,475
Interest expense:	NA		
Construction loan	NA	\$ 7,73,534	\$ 7,16,177
Working capital loan	NA	\$ 3,00,000	\$ 3,24,839
Total interest expense	NA	\$ 10,73,534	\$ 10,41,016
Income before taxes	NA	\$ 2,95,353	\$ 7,26,460
Income tax expense	NA	\$ 1,03,374	\$ 2,54,261
Net income (loss) after taxes	NA	\$ 1,91,979	\$ 4,72,199
Construction loan principal payment	NA	\$ 14,33,918	\$ 14,91,275
Net cash position (NCP)	NA	\$ 17,58,061	\$ 19,80,924
Borrowing from city government in year	NA	\$ 12,41,939	\$ 10,19,076
Repayment to city government in year	NA	\$ -	\$ -
End-of-year cash on hand	\$ 30,00,000	\$ 30,00,000	\$ 30,00,000

### **Working Capital Debt Owed**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>
Beginning-of-year debt owed	NA	\$ 1,50,00,000	\$ 1,62,41,939
Borrowing from city government	NA	\$ 12,41,939	\$ 10,19,076
Repayment to city government	NA	\$ -	\$ -
End-of-year debt owed to city government	\$ 1,50,00,000	\$ 1,62,41,939	\$ 1,72,61,015

<u>2017</u>	<u>2018</u>
\$ 30,00,000.00	\$ 30,00,000.00
750	750
3%	3%
35%	35%
60%	60%
\$ 32,00,000	\$ 33,00,000
\$ 1,05,000	\$ 1,07,000
\$ 32	\$ 33
\$ 3,40,00,000	\$ 3,42,50,000
\$ 6,56,526	\$ 5,94,489
\$ 15,50,926	\$ 16,12,963

<u>2017</u>	<u>2018</u>
NA	NA
10	10
3%	4%

<u>2017</u>	<u>2018</u>
\$ 22,03,694	\$ 28,96,036
\$ 6,69,070	\$ 11,42,219
\$ 30,00,000	\$ 30,00,000
\$ 1,81,42,871	\$ 1,86,13,615

<u>2017</u>	<u>2018</u>
\$ 180.39	\$ 187.60
\$ 2,96,28,732	\$ 3,08,13,882
\$ 11,85,149	\$ 16,43,407
\$ 19,75,249	\$ 20,54,259
\$ 10,50,000	\$ 10,70,000
670	660
1,46,730	1,44,540
\$ 46,95,360	\$ 47,69,820
\$ 8,00,000	\$ 9,00,000
\$ -	\$ -
\$ 10,000	\$ 10,000

<u>2017</u>	<u>2018</u>
\$ 30,00,000	\$ 30,00,000
\$ 2,64,68,334	\$ 2,71,16,216
\$ 46,95,360	\$ 47,69,820

\$ 8,00,000	\$ 9,00,000
\$ 32,00,000	\$ 33,00,000
\$ 10,50,000	\$ 10,70,000
<u>\$ 3,62,13,694</u>	<u>\$ 3,71,56,036</u>

\$ 3,40,00,000	\$ 3,42,50,000
\$ -	\$ -
\$ 10,000	\$ 10,000
<u>\$ 3,40,10,000</u>	<u>\$ 3,42,60,000</u>
\$ 22,03,694	\$ 28,96,036

\$ 6,56,526	\$ 5,94,489
\$ 5,17,830	\$ 5,44,286
\$ 11,74,356	\$ 11,38,775
\$ 10,29,338	\$ 17,57,261
\$ 3,60,268	\$ 6,15,041
\$ 6,69,070	\$ 11,42,219

\$ 15,50,926	\$ 16,12,963
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\$ 21,18,144	\$ 25,29,256
\$ 8,81,856	\$ 4,70,744
\$ -	\$ -
\$ 30,00,000	\$ 30,00,000

<u>2017</u>	<u>2018</u>
\$ 1,72,61,015	\$ 1,81,42,871
\$ 8,81,856	\$ 4,70,744
\$ -	\$ -
\$ 1,81,42,871	\$ 1,86,13,615