



HYATT REGENCY CONROE

ESTIMATED FINANCIAL PERFORMANCE AND CASH FLOWS AVAILABLE FOR DEBT SERVICE

April 10, 2024

Presented by:



Agenda

- What REVPAR Int'l Has Done to Date
- Estimated Future Operating Projections
- Flow of Funds
- Cash Flow Deficits
- Next Steps



What REVPAR Int'l Has Done to Date

Reviewed multiple versions of **Hyatt Regency Conroe** FY 2024 Budget

Site Visit = Inspection of **Hyatt Regency Conroe**

Review & Interview Competitive Hotels

Review and Interview Other Local Tourism Officials

Review Historical Market Supply & Demand Trends

Identify New Hotel Supply & Future Demand Growth

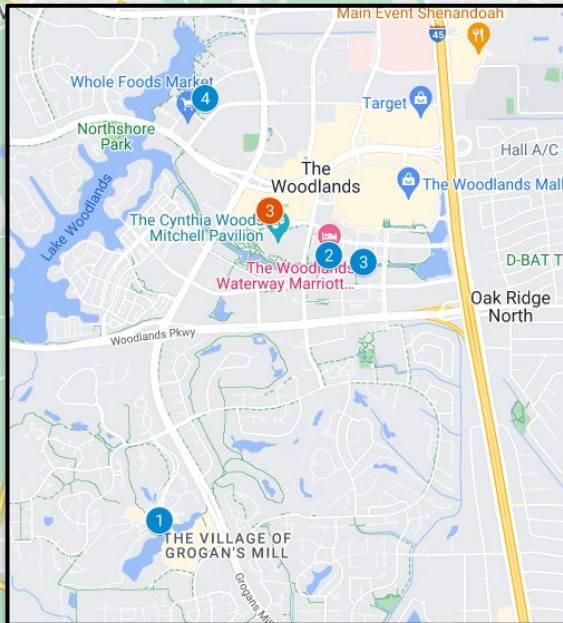
Prepare Financial Projections

Develop Flow of Funds (Waterfall)

Establish Potential Cash Flow Shortfalls Based on Revised Projections



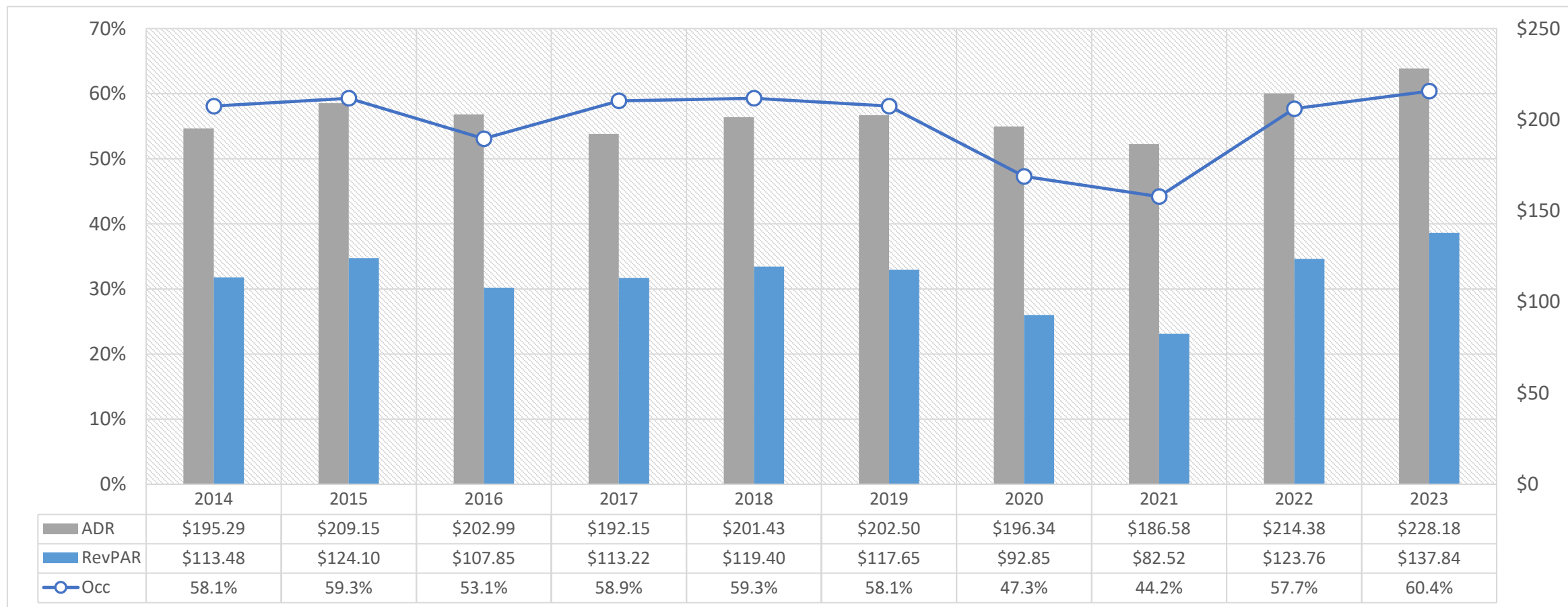
Competitive Set



Hotels	Rooms
Hyatt Regency Conroe	250
Hotels included in HRC's STR Competitive Set	
1. The Woodlands Resort, Curio Collection by Hilton	402
2. The Woodlands Waterway Marriott Hotel	348
3. Westin at The Woodlands	302
4. Embassy Suites The Woodlands At Hughes Landing	205
5. Marriott Houston CityPlace at Springwoods Village	337
Subtotal	1,594
Other Hotels in the Houston North/Woodlands Submarket	
1. Margaritaville Lake Resort Lake Conroe	355
2. Hotel Indigo Houston North – Spring	103
3. Hyatt Centric The Woodlands	72
4. Villas On The Lake	37
5. The Retreat At Artesian Lakes	35
6. The Caroline House Bed and Breakfast	4
Subtotal	606
Grand Total	2,450

Historical Performance

Upper-Upscale Houston North / Woodlands Submarket



All data is for fiscal year October to September

Hyatt Regency Conroe

Actual FY 2023 and Budgeted FY 2024 Performance

Fiscal Year (October - September)	Total Revenue	EBITDA After Reserve (Cash Flow Available for Debt Service)	
		\$ Amount	% of Total Revenue
FY 2023 ⁽¹⁾	\$1,190,748	(\$1,405,414)	(118.0%)
FY Budget 2024	\$10,701,949	(\$722,611)	(6.8%)
FY Forecast 2024 ⁽²⁾	\$11,123,638	\$172,192	1.5%

Notes: ⁽¹⁾ Partial Fiscal Year - May to September.

⁽²⁾ January Forecast for FY 2024.

Hyatt Regency Conroe - Financial Projections

Prepared by REVPAR International

Fiscal Year (October through September)	Total Revenue	EBITDA After Reserve ⁽¹⁾ (Cash Flow Available for Debt Service)	
		\$ Amount	% of Total Revenue
FY 2024	\$11,549,000	\$407,000	3.5%
FY 2025	\$14,303,000	\$1,963,000	13.7%
FY 2026	\$17,227,000	\$3,489,000	20.3%
FY 2027	\$18,932,000	\$4,362,000	23.0%
FY 2028	\$19,609,000	\$4,679,000	23.9%
FY 2029	\$19,993,000	\$4,769,000	23.9%
CAGR ⁽²⁾	11.6%	63.6%	--

Notes: ⁽¹⁾ EBITDA is defined as Earnings Before Interest, Taxes, Depreciation, & Amortization.

⁽²⁾ Compound Annual Growth Rate for occupancy based on occupied room nights.

5 Year Summary Operating Statements

Fiscal Year (Oct-Sep):
Number of Rooms:
Annual # of Available Rooms:
Annual occupancy rate:
Annual # of Occupied Rooms
Average Daily Rate
RevPAR

Year 1
2024
250
91,500
47%
43,005
\$165.00
\$77.55

Year 2
2025
250
91,250
56%
51,100
\$177.00
\$99.12

Year 3
2026
250
91,250
64%
58,400
\$190.00
\$121.60

Year 4
2027
250
91,250
68%
62,050
\$198.00
\$134.64

Year 5
2028
250
91,500
68%
62,220
\$202.00
\$137.36

	Amount	Ratio	PAR	POR	Amount	Ratio	PAR	POR	Amount	Ratio	PAR	POR	Amount	Ratio	PAR	POR	Amount	Ratio	PAR	POR
DEPARTMENTAL REVENUES																				
Rooms	\$7,076,000	61.3%	\$28,304	\$164.54	\$9,045,000	63.2%	\$36,180	\$177.01	\$11,096,000	64.4%	\$44,384	\$190.00	\$12,286,000	64.9%	\$49,144	\$198.00	\$12,534,000	63.9%	\$50,136	\$201.45
Food & Beverage	\$4,422,000	38.3%	\$17,688	\$102.83	\$5,195,000	36.3%	\$20,780	\$101.66	\$6,055,000	35.1%	\$24,220	\$103.68	\$6,563,000	34.7%	\$26,252	\$105.77	\$6,699,000	34.2%	\$26,796	\$107.67
Other Operated Departments	\$9,000	0.1%	\$36	\$0.21	\$9,000	0.1%	\$36	\$0.18	\$10,000	0.1%	\$40	\$0.17	\$10,000	0.1%	\$40	\$0.16	\$302,000	1.5%	\$1,208	\$4.85
Rentals & Other Income	\$42,000	0.4%	\$168	\$0.98	\$54,000	0.4%	\$216	\$1.06	\$66,000	0.4%	\$264	\$1.13	\$73,000	0.4%	\$292	\$1.18	\$74,000	0.4%	\$296	\$1.19
TOTAL REVENUE	\$11,549,000	100.0%	\$46,196	\$268.55	\$14,303,000	100.0%	\$57,212	\$279.90	\$17,227,000	100.0%	\$68,908	\$294.98	\$18,932,000	100.0%	\$75,728	\$305.11	\$19,609,000	100.0%	\$78,436	\$315.16
DEPARTMENTAL EXPENSES (1)																				
Rooms	\$2,214,000	31.3%	\$8,856	\$51.48	\$2,462,000	27.2%	\$9,848	\$48.18	\$2,696,000	24.3%	\$10,784	\$46.16	\$2,844,000	23.1%	\$11,376	\$45.83	\$2,901,000	23.1%	\$11,604	\$46.62
Food and Beverage	\$3,207,000	72.5%	\$12,828	\$74.57	\$3,585,000	69.0%	\$14,340	\$70.16	\$3,996,000	66.0%	\$15,984	\$68.42	\$4,332,000	66.0%	\$17,328	\$69.81	\$4,421,000	66.0%	\$17,684	\$71.05
Other Operated Departments	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$38,000	12.6%	\$152	\$0.61
TOTAL DEPARTMENTAL EXPENSES	\$5,421,000	46.9%	\$21,684	\$126.06	\$6,047,000	42.3%	\$24,188	\$118.34	\$6,692,000	38.8%	\$26,768	\$114.59	\$7,176,000	37.9%	\$28,704	\$115.65	\$7,360,000	37.5%	\$29,440	\$118.29
TOTAL DEPARTMENTAL INCOME	\$6,128,000	53.1%	\$24,512	\$142.50	\$8,256,000	57.7%	\$33,024	\$161.57	\$10,535,000	61.2%	\$42,140	\$180.39	\$11,756,000	62.1%	\$47,024	\$189.46	\$12,249,000	62.5%	\$48,996	\$196.87
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative and General	\$1,615,000	14.0%	\$6,460	\$37.55	\$1,569,000	11.0%	\$6,276	\$30.70	\$1,600,000	9.3%	\$6,400	\$27.40	\$1,632,000	8.6%	\$6,528	\$26.30	\$1,665,000	8.5%	\$6,660	\$26.76
IT & Telecommunications	\$363,000	3.1%	\$1,452	\$8.44	\$370,000	2.6%	\$1,480	\$7.24	\$377,000	2.2%	\$1,508	\$6.46	\$385,000	2.0%	\$1,540	\$6.20	\$392,000	2.0%	\$1,568	\$6.30
Sales and Marketing	\$1,484,000	12.8%	\$5,936	\$34.51	\$1,535,000	10.7%	\$6,140	\$30.04	\$1,673,000	9.7%	\$6,692	\$28.65	\$1,748,000	9.2%	\$6,992	\$28.17	\$1,784,000	9.1%	\$7,136	\$28.67
Property Operations and Maintenance	\$701,000	6.1%	\$2,804	\$16.30	\$758,000	5.3%	\$3,032	\$14.83	\$813,000	4.7%	\$3,252	\$13.92	\$850,000	4.5%	\$3,400	\$13.70	\$868,000	4.4%	\$3,472	\$13.95
Utilities	\$593,000	5.1%	\$2,372	\$13.79	\$649,000	4.5%	\$2,596	\$12.70	\$702,000	4.1%	\$2,808	\$12.02	\$737,000	3.9%	\$2,948	\$11.88	\$753,000	3.8%	\$3,012	\$12.10
TOTAL UNDISTRIBUTED EXPENSES	\$4,756,000	41.2%	\$19,024	\$110.59	\$4,881,000	34.1%	\$19,524	\$95.52	\$5,165,000	30.0%	\$20,660	\$88.44	\$5,352,000	28.3%	\$21,408	\$86.25	\$5,462,000	27.9%	\$21,848	\$87.79
GROSS OPERATING PROFIT	\$1,372,000	11.9%	\$5,488	\$31.90	\$3,375,000	23.6%	\$13,500	\$66.05	\$5,370,000	31.2%	\$21,480	\$91.95	\$6,404,000	33.8%	\$25,616	\$103.21	\$6,787,000	34.6%	\$27,148	\$109.08
MANAGEMENT FEES	\$381,000	3.3%	\$1,524	\$8.86	\$615,000	4.3%	\$2,460	\$12.04	\$861,000	5.0%	\$3,444	\$14.74	\$947,000	5.0%	\$3,788	\$15.26	\$980,000	5.0%	\$3,920	\$15.75
INCOME BEFORE FIXED CHARGES	\$991,000	8.6%	\$3,964	\$23.04	\$2,760,000	19.3%	\$11,040	\$54.01	\$4,509,000	26.2%	\$18,036	\$77.21	\$5,457,000	28.8%	\$21,828	\$87.95	\$5,807,000	29.6%	\$23,228	\$93.33
FIXED CHARGES																				
Rent	\$71,000	0.6%	\$284	\$1.65	\$73,000	0.5%	\$292	\$1.43	\$74,000	0.4%	\$296	\$1.27	\$76,000	0.4%	\$304	\$1.22	\$77,000	0.4%	\$308	\$1.24
Property and Other Taxes	\$3,000	0.0%	\$12	\$0.07	\$3,000	0.0%	\$12	\$0.06	\$3,000	0.0%	\$12	\$0.05	\$3,000	0.0%	\$12	\$0.05	\$3,000	0.0%	\$12	\$0.05
Insurance	\$244,000	2.1%	\$976	\$5.67	\$249,000	1.7%	\$996	\$4.87	\$254,000	1.5%	\$1,016	\$4.35	\$259,000	1.4%	\$1,036	\$4.17	\$264,000	1.3%	\$1,056	\$4.24
TOTAL FIXED CHARGED	\$318,000	2.8%	\$1,272	\$7.39	\$325,000	2.3%	\$1,300	\$6.36	\$331,000	1.9%	\$1,324	\$5.67	\$338,000	1.8%	\$1,352	\$5.45	\$344,000	1.8%	\$1,376	\$5.53
EBITDA (2)	\$673,000	5.8%	\$2,692	\$15.65	\$2,435,000	17.0%	\$9,740	\$47.65	\$4,178,000	24.3%	\$16,712	\$71.54	\$5,119,000	27.0%	\$20,476	\$82.50	\$5,463,000	27.9%	\$21,852	\$87.80
RESERVE FOR REPLACEMENT	\$266,000	2.3%	\$1,064	\$6.19	\$472,000	3.3%	\$1,888	\$9.24	\$689,000	4.0%	\$2,756	\$11.80	\$757,000	4.0%	\$3,028	\$12.20	\$784,000	4.0%	\$3,136	\$12.60
EBITDA Less Reserve	\$407,000	3.5%	\$1,628	\$9.46	\$1,963,000	13.7%	\$7,852	\$38.41	\$3,489,000	20.3%	\$13,956	\$59.74	\$4,362,000	23.0%	\$17,448	\$70.30	\$4,679,000	23.9%	\$18,716	\$75.20

Notes: (1) Departmental ratios reflect a percentage of department expenses to department revenues and will not add to total department expenses.
(2) EBITDA defined as earnings before debt interest, taxes, depreciation and amortization.
Please note that columns may not add due to rounding.
Source: REVPAR International, Inc.

Comparison of REVPAR International Projections to CBRE Projections

Fiscal Year (October through September)	CBRE Market Study EBITDA After Reserve	REVPAR International EBITDA After Reserve	Difference
2024	\$6,159,000	\$407,000	(\$5,752,000)
2025	\$6,913,000	\$1,963,000	(\$4,950,000)
2026	\$7,095,000	\$3,489,000	(\$3,606,000)
2027	\$7,298,000	\$4,362,000	(\$2,936,000)
2028	\$7,516,000	\$4,679,000	(\$2,837,000)

Operating Year #	Yr1	Yr2	Yr3	Yr4	Yr5
Total Revenue	\$1,190,748	\$11,549,000	\$14,303,000	\$17,227,000	\$18,932,000
EBITDA After Reserve (*1)	(\$1,405,414)	\$407,000	\$1,963,000	\$3,489,000	\$4,362,000
Income Available for Debt Service					
Senior Asset Management Fee Fund: 0.50% of Gross Operating Revenue	\$5,954	\$57,745	\$71,515	\$86,135	\$94,660
<u>Administrative Expense Fund</u>	\$125,000	\$127,500	\$130,050	\$132,651	\$135,304
Income Available for Debt Service	(\$1,536,368)	\$221,755	\$1,761,435	\$3,270,214	\$4,132,036
Cash Flow Injection from CLGC Account (Funded from General Fund)(*2)	\$1,536,368	\$464,337	\$0	\$0	\$0
CF Availbale	\$0	\$686,092	\$1,761,435	\$3,270,214	\$4,132,036
First-Lien Bond Debt Service					
First-Lien Bond Debt Service Fund	\$0	\$156,829	\$1,634,100	\$1,615,350	\$1,636,725
Replenishment Amount Added to First-Lien Bond Reserve Fund - (Annual CF) (*3)	\$0	\$529,263	\$127,335	\$370,402	\$0
Cash Flow Injection to the First Lien BDS Fund (from First-Lien Bond Reserve Fund)	\$0	\$0	\$0	\$0	\$0
Cash Available After First-Lien Bonds	\$0	\$0	\$0	\$1,284,462	\$2,495,311
Second-Lien Bond Debt Service					
Second-Lien Bond Debt Service Fund	\$0	\$470,510	\$1,850,700	\$1,870,925	\$1,889,750
Replenishment Amount Added to Second-Lien Bond Reserve Fund - (Annual CF) (*3)	\$0	\$0	\$0	\$0	\$605,561
Funds Deducted from Second Lien Bond Reserve Fund to Pay Second Lien BDS	\$0	\$470,510	\$1,516,490	\$0	\$0
Cash Flow Injection to the Second Lien BDS Fund (from Alternative Fund Source)	\$0	\$0	\$334,210	\$586,463	\$0
Cash Available After Second-Lien Bonds	\$0	\$0	\$0	\$0	\$0
Third-Lien Bond Debt Service					
Third-Lien Bond Debt Service Fund	\$0	\$330,678	\$903,600	\$903,600	\$903,600
Replenishment Amount Added to Third-Lien Bond Reserve Fund - (Annual CF)	\$0	\$0	\$0	\$0	\$0
Funds Injected to the Third Lien BDS Fund (from CIDC Contract Revenue Fund Source)	\$0	\$330,678	\$903,600	\$903,600	\$903,600
Cash Available After Third-Lien Bonds	\$0	\$0	\$0	\$0	\$0
Subordinate Fees and Reserves Funds:					
Contract Revenue Repayment Fund	\$0	\$0	\$330,678	\$903,600	\$903,600
Subordinate Management Fee Fund: 1.00%	\$0	\$0	\$0	\$0	\$0
<i>Accrued Unpaid Deposits to the Subordinate Management Fee Fund (*5)</i>	\$0	\$0	\$0	\$0	\$13,883
Subordinate Asset Management Fee Fund: 0.25%	\$0	\$0	\$0	\$0	\$0
<i>Accrued Unpaid Deposits to the Subordinate Asset Management Fee Fund (*5)</i>	\$0	\$0	\$0	\$0	\$3,471
Subordinate FF&E Reserve Fund (*6)	\$0	\$279,075	\$488,653	\$689,080	\$757,280
<i>Accrued Unpaid Deposits to the Subordinate FF&E Reserve Fund (*7)</i>	\$0	\$23,815	\$0	\$0	\$0
Supplemental First-Lien Bond Reserve Fund (*8)	\$0	\$0	\$0	\$0	\$0
Supplemental Second-Lien Bond Reserve Fund (*8)	\$0	\$0	\$0	\$0	\$0
Deferred Development Fee Fund (*Beginning in 2027; up to \$900,000)	\$0	\$0	\$0	\$0	\$0
Subordinate Fees and Reserves - Total	\$0	\$302,890	\$819,331	\$1,592,680	\$1,678,234
Cash Flow Injection to the Subordinate Fee Funds (Alternative Fund Source)	\$0	\$302,890	\$819,331	\$1,592,680	\$1,678,234
Surplus Revenue Fund	\$0	\$0	\$0	\$0	\$0
Total Cash Flow Injection from CLGC Account (Funded from General Fund)	\$1,536,368	\$464,337	\$0	\$0	\$0
Total Cash Flow Injection (Alternative Fund Source)	\$0	\$302,890	\$1,153,541	\$2,179,143	\$1,678,234
Total Cash Flow Injection MINUS Contract Revenue Repayment	\$0	\$302,890	\$822,863	\$1,275,543	\$774,634
Cumulative Surplus Revenue Fund	\$0	\$0	\$0	\$0	\$0

Summary of Additional Funds Required

Operating Year #	Year 1	Year 2	Year 3	Year 4	Year 5
Total Cash Flow Injection from CLGC Account (Funded from General Fund)	\$1,536,368	\$464,337	\$0	\$0	\$0
Total Cash Flow Injection Needed (Alternative Fund Source)	\$0	\$302,890	\$1,153,541	\$2,179,143	\$1,678,234
Total Cash Flow Injection Needed MINUS Contract Revenue Repayment	\$0	\$302,890	\$822,863	\$1,275,543	\$774,634

Status Update

What's Been Accomplished



☒ FY2024 Budget Review

☒ Market Analysis

☒ Financial Analysis

☒ Flow of Funds

Next Steps



☐ Annual Budget Review

☐ Annual Update of Projections

☐ Annual Update of Flow of Funds

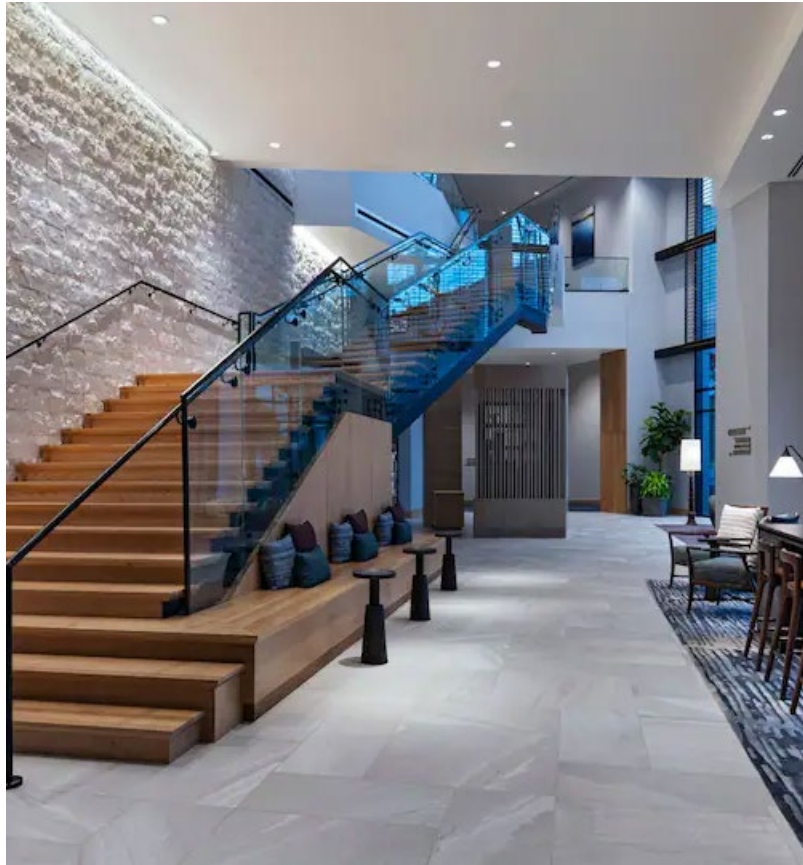
REVPAR International's Role



☒ Technical Advisor

☐ Asset Management





GLOSSARY

Performance Terminology

- **Available Rooms** - The number of rooms at a hotel
- **Occupied Room Nights** – The number of rooms rented or in use
- **Occupancy** - Occupancy is the percentage of available rooms that were sold during a specified period of time. Occupancy is calculated by dividing the number of rooms sold by rooms available. ($\text{Occupancy} = \text{Rooms Sold} / \text{Rooms Available}$)
- **Average Daily Rate (ADR)** – A measure of the average rate paid for Rooms sold, calculated by dividing room revenue by Rooms sold. ($\text{ADR} = \text{Room Revenue} / \text{Rooms Sold}$)
- **Revenue per Available Room (RevPAR)** – average revenue generated by all rooms in the hotel calculated by multiplying a hotel's occupancy by the ADR. RevPAR is used throughout the lodging industry to compare the revenue of competing facilities. RevPAR differs from ADR because RevPAR is affected by the amount of unoccupied available rooms, while ADR shows only the average rate of rooms actually sold. ($\text{RevPAR} = \text{Occupancy} \times \text{ADR}$)
- **Penetration Rate** – An index designed to measure a hotel's share of the segment's (comp set, market, tract, etc.) demand (demand = rooms sold). ($\text{Penetration Rate} = (\text{Hotel Occupancy} / \text{Segment Occupancy}) \times 100$)
- **ADR Index** - The ADR Index measures a hotel's ADR performance relative to an aggregated grouping of hotels (e.g., competitive set, market, submarket/tract). An ADR Index of 100 equals fair share of ADR, compared to the aggregated group of hotels. An ADR Index greater than 100 represents more than a fair share of the aggregated group's ADR performance. Conversely, an ADR Index below 100 reflects less than a fair share of the aggregated group's ADR performance. ($\text{ADR Index} = (\text{Hotel ADR} / \text{Aggregated group of hotels' ADR}) \times 100$)
- **Yield** – the percentage relationship of a hotel's average room rate performance relative to a defined competitive set
- **STR (Smith Travel Research)** - STR tracks historical performance data for tens of thousands of hotels in the hotel industry and provides market share analysis for all major international hotel chains and brands
- **STR (Trend) Report** - A report that displays up to six years of monthly performance data including occupancy, ADR, RevPAR, supply, demand and revenue for a defined market. (No individual hotel data is provided.) Customized Trend Reports are available as well by choosing your own set of hotels

Financial Terminology

- **USALI (Uniform System of Accounts for the Lodging Industry)** - Industry accepted, highly departmentalized system of accounting for hotels, which provides accounting standards and guidelines for financial reporting practices that reflect terminology and activity unique to the hospitality industry
- **GRR (Gross Rooms Revenue)** - Total room revenue generated from the sale or rental of rooms
- **Revenue** – Rooms, Food and Beverage, Other Operated Departments, and Rentals and Other Income
- **Departmental Expenses** – Rooms, Food and Beverage, and Other Operated Departments. According to USALI, these categories relate to an operated department revenue category
- **Undistributed Operating Expenses** – Expenses that are considered applicable to the entire property: Administrative and General, Sales and Marketing, Property Operation and Maintenance, and Utilities
- **Fixed Expenses** – Rent, Property and Other Taxes, and Insurance
- **Gross Operating Profit** = Total Departmental Income - Undistributed Operating Expenses
- **EBITDA** (Earnings Before Interest, Taxes, Depreciation and Amortization) - Calculated by taking operating income and adding back interest, depreciation, and amortization expenses. Used to analyze a company's operating profitability before non-operating expense (such as interest and "other" non-core expenses) and non-cash charges (depreciation and amortization). In this instance, EBITDA also does not include the reserve for replacement

This earnings measure is of particular interest in cases where companies have large amounts of fixed assets which are subject to heavy depreciation charges (such as manufacturing companies) or in the case where a company has a large amount of acquired intangible assets on its books and is thus subject to large amortization charges (such as a company that has purchased a brand or a company that has recently made a large acquisition)