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Alternaty Scenario Analysis Sample



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Highly Commended - Best Property Consultancy
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Scenario Analysis
Scenario Analysis

In the first stage, we had suggest business strategy:

Scenario 1:
An international 3+ star hotel with
The serviced apartment can be m

Scenario 2:
An international 3+ star hotel with
A part of the building can be dev

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Scenario Analysis
Scenario Analysis
Scenario 2

- **Component 1**
 - Total GFA:
 - No. of rooms: keys
 - Unit Mix:
 - Standard Room – sm – %
 - Deluxe Corner Suite – sm – %
 - Family Room – sm – %
- **Component 2**
 - Total GFA: sm
 - Net Leasable Area: sm
 - No. of floor:
- **Separate facilities**
 - The principle of this scenario is that it limits the operation costs to the necessary services, without additional facilities (like meetings spaces, conferences, additional restaurants, recreation facilities). This will lower considerably operation costs and construction costs to be adaptable on the market conditions
 - The facilities should be narrowed to main functions like breakfast & dinner restaurant and meeting facilities should also be put at minimum.

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Scenario Analysis
Scenario Analysis
Scenario 1

- **Component 1**
 - Total GFA: sm
 - No. of rooms: keys
 - Unit Mix:
 - Standard Room – sm – %
 - Deluxe Corner Suite – sm – %
 - Family Room – sm – %
- **Component 2**
 - Total GFA: sm
 - No. of units: units
 - Unit Mix:
 - Studio Unit – sm – %
 - 1 Bedroom Unit – sm – %
 - 2 Bedroom Unit – sm – %
- **Shared Facilities**
 - F&B facilities: 1 restaurant, 1 ground floor café
 - Function facilities: Multi function room and small meeting rooms
 - Fitness & spa facilities: 1 gym & yoga room and social areas
 - Public Area: 1 swimming pool, separate entrance & lobby for each component

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Scenario Analysis Case Study Scenario 1

- Property: Ibis Hotel & Capri by Fraser
- Year completed: 2013
- Location: District 7, Ho Chi Minh City
- Number of Hotel Rooms/Units: 315

Product Type	Typical Size sm	Agoda Rate (*)	Long-term rate
Ibis - Standard	20	59	N/A
Capri - Studio	23	80	1300
Capri - 1 Bed	53	84	1750

- This is a mixed-use property including a hotel, managed by Accor and a serviced
- Hotel Room : Serviced Apartment Ratio - 44% : 56% (140 hotel rooms : 175 apart
- Key Success Factor & Comments
 - Branded and managed by international operator, limited service business
 - Located in district 7 and targets on business/MICE and expats, therefore it good.
 - However, the Ibis hotel which also provides limited services has not serve limited options of entertainment and F&B in surrounding areas.

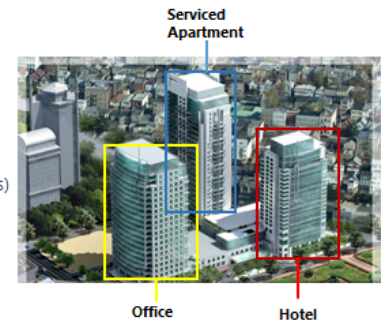
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Scenario Analysis Case Study Scenario 2

- Name: Intercontinental Hotel & Residences
- Location: Kumho Asiana Plaza
- Operator: IHG
- Hotel Room : Serviced Apartment Ratio - %:% (hotel rooms : SA units)
- Office - Net leasable area of sm. Average rental rate is US\$psm.
- Key Success Factor & Comments
 - The hotel and residence are branded and operated by international operator, positioning at 5 star with separate buildings for hotel and apartment.
 - Located in prime location (CBD) in Ho Chi Minh City with large market for business/expats
 - Large meeting facilities and various choices of F&B and entertainment options in podium and in Kumho Asiana.



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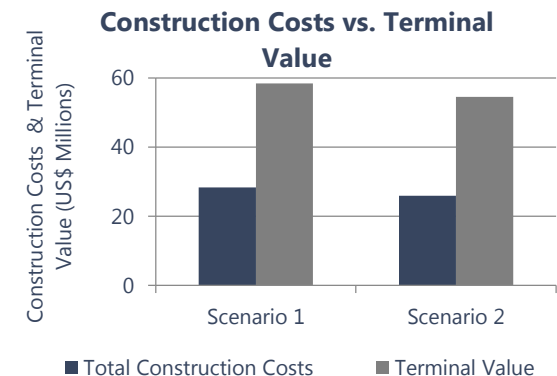
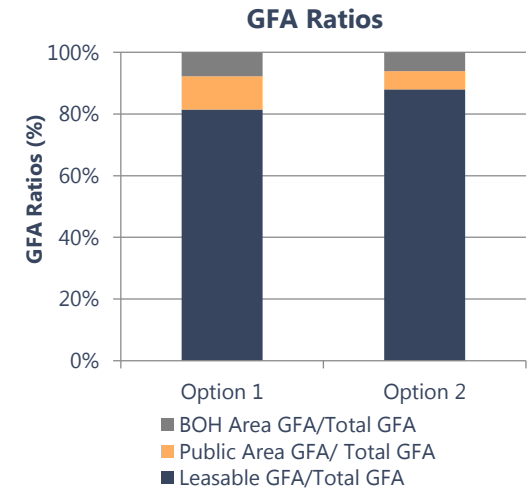
Scenario Analysis

Comparison of Development Scenarios

Physical Parameters	Unit	Scenario 1	Scenario 2
Number of Units			
- Component A	Keys	272	252
- Component B	Units	126	N/A
- Component C	sm	N/A	9,073
Total GFA	sm	21,218	21,270
Leasable GFA/Total GFA	%	82%	88%
Public Area GFA/ Total GFA	%	11%	6%
BOH Area GFA/Total GFA	%	8%	6%

Financial Parameters	Unit	Scenario 1	Scenario 2
Land Cost (provided by developer)	US\$	10,000,000	10,000,000
Total Construction Costs	US\$	28,323,962	25,941,814
Construction Costs per sm (excluding land cost)	US\$ psm	1,125	1,100
Terminal Value	US\$	58,357,468	54,537,740
Construction Costs/Terminal value		48.5%	47.6%

Performance Parameters	Unit	Scenario 1	Scenario 2
Stabilised Annual EBITDA (2025)	US\$	6,389,504	6,148,507
NPV	US\$	-1,938,945	-1,506,643
IRR	%	13.9%	14.1%
Payback Period (including Terminal Value)	Years	9.15	9.12
Operating Payback Period (excluding Terminal Value)	Years	10.46	10.18





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Scenario Analysis Comparison of Development Scenarios

SCENARIO 1

Consolidated Net Present Value (NPV) and Internal Rate of Return (IRR)

Overall Property Investment Decision	1	2	3	4	5	6	7	8	9	10
Land Cost		-10,000,000								
Construction Cost		-3,153,747	-14,300,629	-10,						
Component 1 - EBITDA										
Component 2 - EBITDA										
Component 1 - Terminal Value										
Component 2 - Terminal Value										
Total Cash Flow		-13,153,747	-14,300,629	-10,						
Cumulative Cash Flow		-13,153,747	-27,454,376	-38,						
Discount Factor	15.0%	0.93	0.81							
Discounted Cash Flow		-12,265,932	-11,596,005	-7,						
NPV		-1,938,945								
IRR		13.9%								
Maximum Capital Required		-38,323,962								
Payback Period (Years)		9.15 Years								
Operating Payback Period (Years)		10.46 Years								

SCENARIO 2

Consolidated Net Present Value (NPV) and Internal Rate of Return (IRR)

Overall Property Investment Decision	1	2
Land Cost		-10,000,000
Construction Cost		-3,147,854 -14,347,791 -8,
Component 1 - EBITDA		
Component 2 - EBITDA		
Component 1 - Terminal Value		
Component 2 - Terminal Value		
Total Cash Flow		-13,147,854 -14,347,791 -8,
Cumulative Cash Flow		-13,147,854 -27,495,645 -35,
Discount Factor	15.0%	0.93 0.81
Discounted Cash Flow		-12,260,437 -11,634,247 -5,
NPV		-1,506,643
IRR		14.1%
Maximum Capital Required		-35,941,814
Payback Period (Years)		9.12 Years
Operating Payback Period (Years)		10.18 Years



Scenario Analysis

Scenario Analysis Comparison of Development Scenarios



	Scenario 1	Scenario 2
Pros	<ul style="list-style-type: none"> Serve both short term & long term guest The opposite park can elevate the value of component 2 Optimize area program as the hotel & serviced apartment can use the same facilities and BOH The component 2 can be leased out to third party to receive stable income There is a lack of quality property in Vietnam 	<ul style="list-style-type: none"> Stable income from component 2 Lower construction cost than Scenario 1 Simple operation
Cons	<ul style="list-style-type: none"> Volatile revenue Loose the control of the property operation if the building is managed by an operator 	<ul style="list-style-type: none"> Difficult to create significant growth in income due to stable characteristic Low return on investment due to high land value

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