FINANCIALS

Core assumptions (conservative)

All figures below are extracted from the Business Plan ($2M Phase 1): 35% occupancy for main accommodation in Year 1 rising to 65% in Year 3 and 75% in Year 5; a constant 65% occupancy for camping; 30% to 65% progressive occupancy for family tourism; Smart Launch progressive pricing; billing in US dollars; local inflation of 3% per year; corporate tax at the standard Lao rate of 20%.

Five-year trajectory

- **Year 1:** total revenue $772,260; EBITDA $453,800 (58.8% margin); net income $163,040 (21.1% net margin); operating cash-flow $388,040; closing cash balance $604,000 — positive from Year 1 even under the loan hypothesis, and approximately $767,000 under pure equity.
- **Year 2**: revenue $1,013,748 (+31%); net income $337,485 (33.3% margin).
- **Year 3**: revenue $1,310,799 (+29%); net income $550,580 (42.0% margin); EBITDA $922,225 (70.4%).
- **Year 4**: revenue $1,223,719 (−7%, reflecting the normalization of treehouse sales — a finite asset — while recurring revenues continue to grow); net income $467,723 (38.2%).
- **Year 5**: revenue $1,354,339 (+11%); net income $557,807 (41.2% margin); EBITDA $915,259 (67.6%).

Key performance indicators

- **Break-even point:** Month 14, reached quickly thanks to camping and real estate sales.
- **Estimated IRR on equity over five years:** 18 to 22% per year.
- **Exit valuation at Year 5:** approximately $4.6M (5× EBITDA), meaning the 49% equity stake represents approximately $2.25M in potential resale value.
- Under the secured debt scenario, the Debt Service Coverage Ratio exceeds 1.30x from Year 2, above institutional lending standards.
- **Return on Equity:** 8.2% in Year 1, 27.5% in Year 3, 27.9% in Year 5. Return on Investment: 22.7% in Year 1, 46.1% in Year 3, 45.8% in Year 5.
- Current ratio above 2.8 across all years — a comfortable liquidity position.
- **RevPAR for main accommodation**: $42 in Year 1, $78 in Year 3, $89 in Year 5, aligned with our 3★+ positioning.

Why margins are strong

Laos offers some of the most competitive labor and construction costs in Southeast Asia: qualified local staff at monthly salaries ranging from $200 to $550; total HR cost of approximately $18,000 per month including social charges and on-site meals (around 28% of Year 1 revenue, within the 25–35% Southeast Asian hospitality standard). Combined with 70% local procurement, partial photovoltaic energy autonomy (around 40% energy savings) and a 30-meter artesian well with filtration (around 30% water cost reduction), operating expenses remain far below the 35–45% regional standard.

Sensitivity analysis (stress-tested)

- Optimistic scenario (occupancy +10 points, prices +5%, real estate sales +20%): Year 3 net income of approximately $712,000 (46% margin).
- Base scenario (realistic): Year 3 net income of $550,580 (42% margin).
- Pessimistic scenario (occupancy −10 points, prices −5%, commercialization delayed 3 months): Year 3 net income of approximately $389,000 — the project remains profitable with a net margin above 35%.

Even under stress, the model holds, thanks to revenue diversification and the very low operating costs of the camping segment.