

FINANCE MEMORANDUM

TO: Frances Walton

FROM: Amit Nihalani
Sheila Robinson

DATE: September 30, 2011

RE: Merani Holdings

Grantee

- Name: Merani Holdings, LLC (Holiday Inn Expansion)
- Corporate Location: Niagara Falls, NY
- Corporate Form: Privately held C corporation
- Ownership: 100% of the capital stock is owned by Faisal Merani
- Nature of Business: Operates hotels in Niagara Falls, NY.

Financial Information

- Industry: Hotels (except Casino Hotels) and Motels
- NAICS Code: 721110
- ESD credit score: Historical 3 (Satisfactory)
 - Profitability:
 - Sales: Increasing over 3-year historical period.
 - Profit Margin: Above the industry median in most recent year.
 - EBITDA: Increasing over the 3 year historical period.
 - Net Income: Increasing over 3 year historical period.
 - Liquidity:
 - Current ratio: Above the industry median in most recent year and greater than one.
 - Solvency:
 - Total debt/total assets: Above the industry median and greater than 65%.
 - EBITDA/Debt Service: Weak

Merani Holdings, LLC
Years Ending December 31

	Industry Median	2008	2009	2010	2011 *
Net Sales		3,847,557	4,552,273	5,241,329	3,260,058
EBITDA		375,710	822,655	501,639	755,817
Pre-tax Profit		(183,175)	334,685	588,590	755,817
Pre-tax profit/net sales	-0.90%	-4.76%	7.35%	11.23%	23.18%
Net Income		(119,064)	225,067	442,442	755,817
Current Assets		2,544,281	666,200	611,696	
Current Liabilities		503,929	616,326	537,006	
Current Ratio	0.60	5.05	1.08	1.14	
Total Assets		7,759,691	7,737,931	7,792,309	
Long-term Debt		7,484,849	7,125,625	6,761,989	
Total Debt		7,484,849	7,125,625	6,761,989	
Total Liabilities		7,988,778	7,741,951	7,353,887	
Total Debt/Total Assets	0.80	0.96	0.92	0.87	
Net Worth		(229,087)	(4,020)	438,422	
EBITDA/Debt Service		0.54	1.21	0.72	

* Through July 31

Additional Information

- The project is for an upgrade and expansion of a 189-room Holiday Inn hotel.
- The Company is highly leveraged and its debt service coverage ratio is poor.
- The Company's liquidity has declined over the three year historical period because of a substantial decrease in cash.

ESD Credit Rating Definitions:

Rating (Score)	Definition
Very Good (5)	The Company is strong in all 3 areas of profitability, liquidity, and long-term solvency.
Good (4)	The Company is extremely solvent and liquid.
Satisfactory (3)	The Company is strong in the areas of profitability and liquidity, but not long-term solvency.
Fair (2)	The Company is strong in only one of the areas of profitability, liquidity, and long-term solvency.
Marginal (1)	The Company is not strong in any of the areas of profitability, liquidity, and long-term solvency.
Poor (0)	The Company is very weak in all areas of profitability, liquidity, and long-term solvency.