PREPARED FOR:

Auburn Industrial Development Authority
24 South Street
Auburn, NY 13021

Reasonableness Assessment for Financial Assistance

INDUS HOSPITALITY GROUP, INC.

JUNE 2026

PREPARED BY:

camoin associates

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EXECUTIVE SUMMARY

Project Description

The Auburn Industrial Development Authority (Authority) received an application from Indus Hospitality Group, Inc. (Applicant) to demolish existing residential structures and construct a new, four-story, 89-room extended stay business class hotel at 132–138 Grant Avenue in Auburn, New York.

The Project represents a $22.2 million investment and is anticipated by the Applicant to generate 26 full-time permanent jobs in Year 1, with additional positions in subsequent years, and approximately 90 construction jobs. To support this project, the Applicant requests financial assistance through a Payment In Lieu of Taxes (PILOT) agreement, as well as Sales and Use Tax and Mortgage Recording Tax exemptions.

Purpose of this Analysis

An objective, third-party review of a project's assumptions and estimated operating and financial performance helps Industrial Development Agencies perform a complete evaluation of a proposed Project. Camoin Associates was engaged to analyze the Project and deliver an analysis and opinion to answer three questions:

- Are the operating assumptions, such as rent, vacancy, and expenses, within regional norms?
- Is the assistance necessary for the Project to be financially feasible and, therefore, undertaken by the Applicant?
- If assistance is awarded, will the Applicant's rate of return on investment be similar to market expectations for similar projects in the region and, therefore, reasonable?

This analysis concludes that the answer to each of these questions is as follows:

- ***Certain assumptions are within norms, such as operating expenses as a percentage of effective gross income. However, the average daily rate per room and occupancy rate are higher than the average in the region, but may be reasonable for the product type.***
- ***The PILOT enables meaningfully stronger returns in the early years — average Year 1–5 returns improve from -4.81% to 0.42%, and Year 6–10 from -0.60% to 5.18% — though returns do not consistently reach the benchmark average until Years 16–20 and beyond.***
- ***In all scenarios, cash flow is positive and offers the Applicant the ability to recoup the initial equity investment; with the requested PILOT, this occurs by Year 18, seven years earlier than without assistance.***

1. OPERATING ASSUMPTIONS

The Applicant's operating assumptions are compared to CoStar estimates for lodging in Cayuga County over the last twelve months (April 2025 – April 2026). The Project expects higher-than-average occupancy and higher average daily rate revenue.

Hotel Assumption Review

	Applicant Assumption (1)	Regional Average (2)	Benchmarks
Occupancy Rate	75%	62%	Above Average
Average Daily Rate	$ 196.69	$ 156.30	Above Average

(1) Source: Applicant, Year 3 Stabilized

(2) Source: CoStar, Hotels in Cayuga County, 12-month average as of April 2026

2. PILOT ANALYSIS

This analysis compares two different scenarios, including:

- **No PILOT**: Assumes the Project proceeds without any PILOT; this is for comparison purposes only, as the Applicant has stated they will not move forward without financial assistance.
- **Project and Requested PILOT**: Provided by the Applicant for consideration by the Authority.

PILOT Schedule - Requested PILOT

Year	Property Without Project (1)	Plus: Improvements Projected Improvement Tax (1)	Plus: Improvements Proposed Exemption	Plus: Improvements Total PILOT	Estimated PILOT Savings	Project w/out PILOT
1	$13,410	$297,630	100%	$13,410	$297,630	$311,040
2	$13,678	$303,583	100%	$13,678	$303,583	$317,261
3	$13,951	$309,655	100%	$13,951	$309,655	$323,606
4	$14,230	$315,848	100%	$14,230	$315,848	$330,078
5	$14,515	$322,165	100%	$14,515	$322,165	$336,680
6	$14,805	$328,608	100%	$14,805	$328,608	$343,413
7	$15,102	$335,180	100%	$15,102	$335,180	$350,282
8	$15,404	$341,884	100%	$15,404	$341,884	$357,287
9	$15,712	$348,721	100%	$15,712	$348,721	$364,433
10	$16,026	$355,696	100%	$16,026	$355,696	$371,722
11	$16,346	$362,810	95%	$34,487	$344,669	$379,156
12	$16,673	$370,066	90%	$53,680	$333,059	$386,739
13	$17,007	$377,467	85%	$73,627	$320,847	$394,474
14	$17,347	$385,017	80%	$94,350	$308,013	$402,363
15	$17,694	$392,717	75%	$115,873	$294,538	$410,411
16	$18,048	$400,571	70%	$138,219	$280,400	$418,619
17	$18,409	$408,583	65%	$161,413	$265,579	$426,991
18	$18,777	$416,754	60%	$185,479	$250,053	$435,531
19	$19,152	$425,089	55%	$210,443	$233,799	$444,242
20	$19,535	$433,591	50%	$236,331	$216,796	$453,127
21	$19,926	$442,263	45%	$263,171	$199,018	$462,189
22	$20,325	$451,108	40%	$290,990	$180,443	$471,433
23	$20,731	$460,130	30%	$342,822	$138,039	$480,862
24	$21,146	$469,333	20%	$396,612	$93,867	$490,479
25	$21,569	$478,720	10%	$452,416	$47,872	$500,288
Total	**$429,517**			**$3,196,744**	**$6,765,960**	**$9,962,704**

(1) Source: Applicant. Note: Assumes 2% annual increase.

The Requested PILOT agreement will reduce the Applicant's taxes by 32.1%, resulting in $3.2 million in foregone tax revenue (benefit to the Project) for the municipalities over the next 25 years. The municipalities' benefit is $6.3 million, which they would gain from the project compared to a no-project scenario.

Real Property Tax Comparison

Comparison of Taxes on Full Value of Project and with PILOT	Requested PILOT
Taxes without PILOT	$9,962,704
Less: PILOT/Tax Payments	($6,765,960)
Foregone Revenue (Benefits to Project)	$3,196,744
Abatement Percent	32.1%
Net New Taxes Compared with No Project	
PILOT/Tax Payments	$6,765,960
Less: Estimated Taxes without Project	($429,517)
Estimated New Tax Revenue (Benefits to Municipalities)	$6,336,443

Source: Camoin Associates

3. OPERATING PERFORMANCE

The Project's year 7 operating performance is evaluated. The Applicant assumes that gross revenue and expenses will increase by 3% annually – these assumptions are within the regional range. The anticipated occupancy rate of 75% is slightly higher than the regional average of 62%. Operating expenses as a percentage of Effective Gross Income are consistent with other projects in the area. Cash flow after Operating Costs, Taxes, and Debt is lower than the benchmark (-2%/5% compared to 35% for the region).

Operations Snapshot (Year 7)

	No PILOT		**Requested PILOT**		
	Project Performance (1)	Share of Effective Gross Income	Project Performance (1)	Share of Effective Gross Income	Benchmark Performance (2)
Occupancy Rate	75%	n/a	75%	n/a	62%
Effective Gross Income (EGI), All Uses (3)	$5,501,453	100%	$5,501,453	100%	
Less: Operating Expenses and Reserve	($3,652,463)	66%	($3,652,463)	66%	61%
Less: Real Property Taxes	($350,282)	6%	($15,102)	0%	n/a
Net Operating Income	$1,498,708	27%	$1,833,888	33%	39%
Less: Debt Service	($1,584,197)	29%	($1,584,197)	29%	n/a
Cashflow after Operating Costs, Taxes, Debt	($85,489)	-2%	$249,691	5%	35%

(1) Source: Applicant

(2) Source: CoStar, New York State Area, Hospitality

(3) Net of vacancy and concessions

4. FINANCING PLAN

- The Sources and Uses of Funds show the total project costs and debt and equity capital structure.
- The Construction Debt Terms are positive, with bank financing making up 51% of the source of funds, within the industry benchmarks of 50-75%. The annual interest rate for long-term debt is within range.

Sources and Uses of Funds

Sources of Funds	Amount (1)	Share
Bank Financing	$17,775,000	75%
Equity and Working Capital	$5,925,000	25%
Total Sources	$23,700,000	100%
Uses of Funds		
Acquisition and Transaction Costs	$660,000	3%
Construction Costs	$23,040,000	97%
Total Uses	$23,700,000	100%

(1) Source: Applicant

Terms of the Senior (Long Term) Debt

	Terms (1)	Benchmark (2)	Evaluation
Amount Borrowed	$17,775,000	n/a	n/a
Loan to Total Project Cost	75%	60% - 80%	Within Range
Annual Interest Rate	6.70%	5.53% - 9.83%	Within Range

(1) Source: Applicant

(2) Source: RealtyRates Q2 2026 - Lodging Facilities, Full Service

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5. RATE OF RETURN

An estimated return on investment is calculated using the Applicant's operating pro forma and capital structure. This analysis measures whether the financial assistance is necessary and reasonable.

Three metrics are used to evaluate outcomes:

- Equity Dividend Rate is net cash flow for each year, divided by the initial equity investment. Equity Dividend Rates are benchmarked using current market information from RealtyRates.com for similar projects. Equity Dividend Rates close to the benchmarks indicate a Project outcome in line with the current market, meaning the Applicant is earning a reasonable return. Very low or negative rates indicate the Project is unlikely to be undertaken if compared to other possible investments. Equity Dividend Rates are based on an initial equity investment of $5,925,000. Without the PILOT, the average Equity Dividend Rate is 4.60%, which falls below the benchmark range, and benchmarks are met in only 17 of 25 years. With the requested PILOT, the average rate rises to 9.17%, reaching within the benchmark range, with benchmarks met in 11 of 25 years.
- Cash Flow shows the applicant's net cash flow over time. There are currently no cash flow benchmarks available. With the requested PILOT, average annual cash flow increases to $543,086, cumulative cash flow reaches $13,577,142, and the initial investment of $5,925,000 is recouped by Year 18, seven years earlier than without assistance.
- Debt Service Coverage estimates how well the Project's net income, after taxes, supports debt repayment. The benchmark range is 1.05 – 2.50, with an average of 1.29. With the requested PILOT, the average rises to 1.34, though the minimum is 0.90 and benchmarks are met in only 4 of 25 years, reflecting the additional debt service associated with the project's capital structure under the PILOT scenario.

Comparison of Return on Investment

	No PILOT	Requested PILOT	Benchmarks (1)
Equity Dividend Rates			
Average	4.60%	9.17%	7.38% - 15.79%, Average: 11.16%
Minimum	-7.61%	-2.59%	
Maximum	17.99%	18.80%	
Year Benchmarks Met	17	11	
Average Year 1-5	-4.81%	0.42%	
Average Year 6-10	-0.60%	5.18%	
Average Year 11-15	3.91%	9.32%	
Average Year 16-20	9.18%	13.38%	
Average Year 21-25	15.31%	17.53%	
Cash Flow			
Average	$ 272,447	$543,086	n/a
Minimum	$ (451,062)	($153,432)	
Maximum	$ 1,065,996	$1,113,868	
Cumulative	$ 6,811,182	$13,577,142	
Year Investment Recouped	25	18	
Debt Service Coverage			
Average	1.17	1.34	1.05 - 2.50, Average: 1.29
Minimum	0.72	0.90	
Maximum	1.67	1.70	
Years Benchmarks Met	11	4	

(1) Source: RealtyRates for Q2 2026 - Lodging Facilities, Full Service

ATTACHMENT 1: PRO FORMAS

Project Name TownePlace Suites by Marriott / Au Date 5/16/2026

Annual Cashflows (Pro Forma) - No PILOT

	Constructio	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 23	Year 24	Year 25

[redacted]

Project Name TownePlace Suites by Marriott / Au Date	5/16/2026

Annual Cashflows (Pro Forma) - PILOT

[redacted]

APPENDIX A: SCOPE OF SERVICES

To assist with its evaluation of the Applicant's request for financial assistance, Camoin was commissioned by the Auburn Industrial Development Authority to conduct the above analyses. The analysis is comprised of four tasks:

- *Test Assumptions* by comparing rents, operating costs, and vacancy rates to real estate benchmarks for similar projects and noting any significant differences. Operating performance and net income are also evaluated.
- *Review the Financing Plan* and perform an objective third-party evaluation of the estimated return on investment (ROI) to the Applicant with and without a PILOT agreement. We also analyze whether the capital structure and terms of the long-term debt are within market benchmarks for obtaining bank financing.
- *Evaluate the effects of one or more PILOTs* recommended by the Authority and determine whether the PILOT would result in a return that is within what would normally be anticipated in the current market for a similar project.
- *Provide an objective, third-party opinion* about the need for and reasonableness of the financial assistance.

Sources Consulted

- Application for Financial Assistance dated 3/17/2026.
- Project financing and annual cashflow workbook submitted by the Applicant on 5/16/2026.
- Assessed value estimates provided by the applicant in the cashflow workbook.
- Real estate tax information and estimates received from the Authority, including anticipated future assessed value of the Project.
- CoStar
- RealtyRates.com

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APPENDIX B: DEFINITIONS

Equity Dividend Rate: This is calculated as the rate of return on the equity component of a project. It is calculated as follows: (Source: RealtyRates.com)

Equity Dividend / Equity Investment = Equity Dividend Rate, where Equity Dividend = Net Operating Income – Debt Service.

Debt Service Coverage Ratio (DSCR): The ratio of annual debt repayment, including principal and interest, to total Net Operating Income (NOI). (Source: RealtyRates.com)

Net Operating Income (NOI): Income net of all operating costs including vacancy and collection loss but not including debt service. Appraisers also typically expense reserves for repairs and replacements. However, because reserves are not usually reported along with other transaction data, RealtyRates.com tracks lender requirements but does not include them in calculations. (Source: RealtyRates.com)

ABOUT CAMOIN ASSOCIATES

Camoin Associates has provided economic development consulting services to municipalities, economic development agencies, and private enterprises since 1999. Through the services offered, Camoin Associates has had the opportunity to serve EDOs and local and state governments from Maine to California; corporations and organizations that include Lowes Home Improvement, FedEx, Amazon, Volvo (Nova Bus) and the New York Islanders; as well as private developers proposing projects in excess of $6 billion. Our reputation for detailed, place-specific, and accurate analysis has led to projects in 32 states and garnered attention from national media outlets including Marketplace (NPR), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. To learn more about our experience and projects in all of our service lines, please visit our website at **www.camoinassociates.com**.