

Hotel Occupancy Tax

Hotel Occupancy Tax (HOT) Bond Security Overview

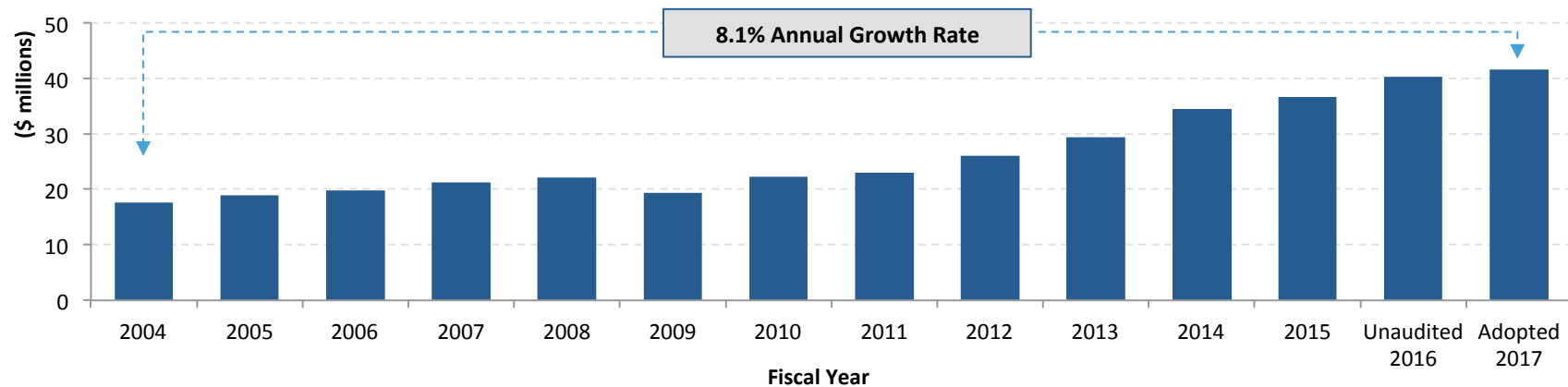
- **Stable Island-Wide Revenue Source**
 - HOT Revenues have been levied since 1971 (11% tax rate since April 1995)
- **Secure, Lock-Box Mechanism**
 - All HOT Revenues received by the Government are immediately subject to a lien of the Indenture
 - HOT Revenues are collected by the Government, deposited into the Revenue Fund and are set aside monthly for debt service, rebate, reserve, and bond expense amounts. Only after meeting these requirements are revenues used for other purposes
- **Stringent Additional Bonds Test**
 - Additional bonds can be issued only if, among other conditions, HOT Revenues for any consecutive 12 month period out of the last 24 months are at least 180% of Maximum Annual Debt Service on all Bonds outstanding on this lien
- **Strong Rate Covenant Ensures Sufficiency of Revenues**
 - The Government covenants that it will impose, levy, enforce, and collect HOT Revenues in an amount equal to at least 125% of Aggregate Annual Debt Service for such Bond Year
- **Reserve Fund, Monthly Set-Asides and Timing of Payments Provide Additional Cushion**
 - Cash funded Bond Reserve Fund at MADS
 - The Indenture provides for monthly deposits of 1/12 of annual principal requirements and 1/6 of semi-annual interest requirements on a “first dollar” basis within each month

Confirm FY 2016 occupancy rate: 77?

Update on the Hotel Occupancy Tax

The HOT has grown by an average annual rate of 8.1% since 2004, as Guam's visitor arrival market continues to expand

Historical Hotel Occupancy Tax Revenues (FY 2004-2017)



Update on Hotel Occupancy Tax

- 5.22x MADS coverage based on FY 2016 HOT revenues
 - Based on 10-year low revenues, MADS coverage equals 3.24x
- FY 2016 Hotel Occupancy rate shows continued growth at [77%]
- Ken Corp., owner of several Guam hotels, has begun construction of a new 340 room luxury hotel
- GVB and GEDA continue efforts to attract additional new hotel developments and grow the Guam MICE market

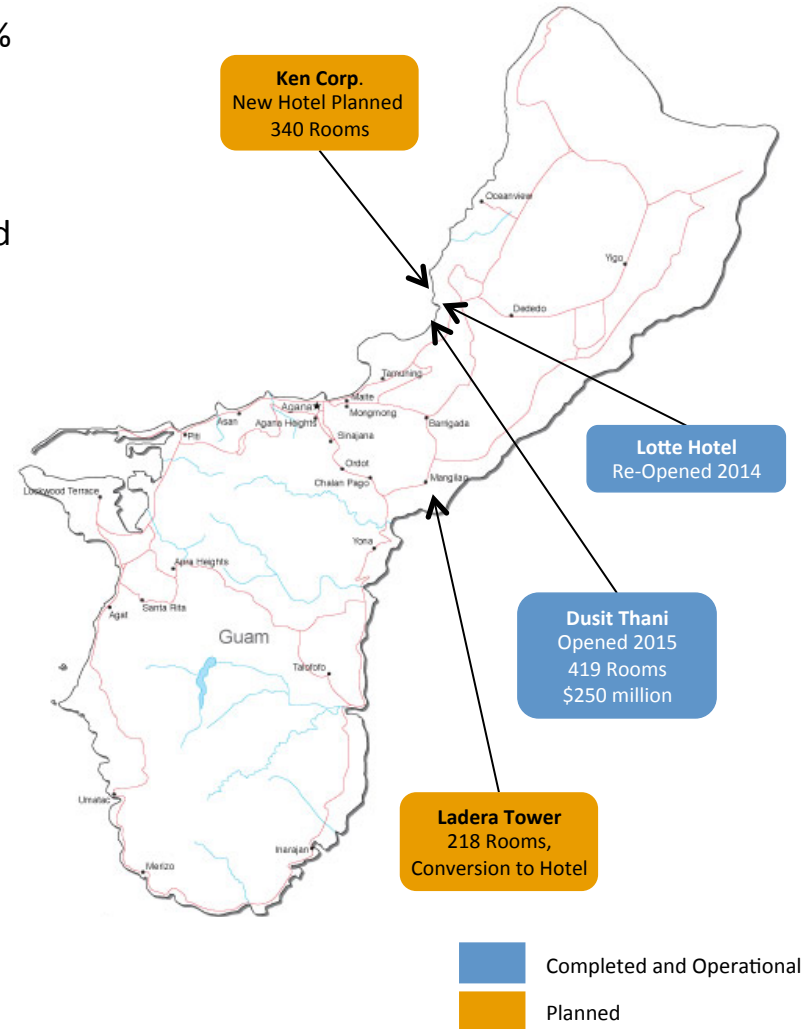
Source: Government of Guam

Confirm FY 2016 occupancy rate: 77?

Hotel Activity

Greater hotel activity and higher room rates reflect stronger Guam tourism base

- Hotel occupancy rates are the highest in over a decade: 77%
- Hotel average room rates are at all-time high: \$196
- Tourism 2020 Strategic Plan Goal: 1,600 rooms
 - Approx. \$435 million in new hotel developments expected
 - Interest letters received by GEDA : 1,700 potential rooms
- 2,860 rooms pending applications
 - Ken Corp: Broke ground on 340-room luxury property
 - Ladera Towers conversion: 218-room hotel planned
 - Citta di Mare Hotel: 500-room Tumon resort
 - Garden Villa expansion: add 100 rooms
- Pago Bay Resort: 300 rooms, Chinese investors from Shenyan



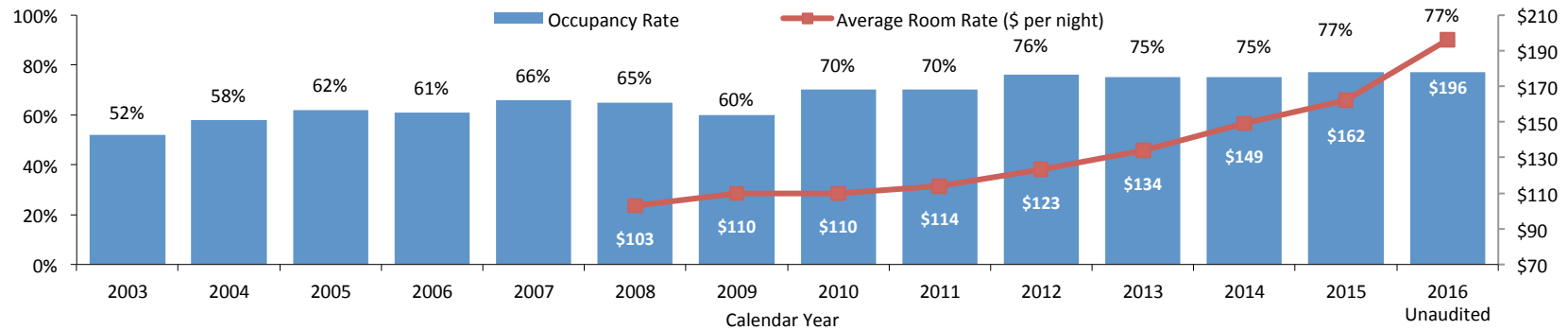
Source: Guam Visitor's Bureau (as of April 2016)

Confirm FY 2016 occupancy rate: 77? Change chart if this is incorrect.

Hotel Accommodations Continue to Expand

Occupancy rates and room capacity continue to improve

Hotel Occupancy and Average Hotel Room Rate



Top 15 Hotel Operations in Guam

| Hotel / Resort | Year Opened | Location | # of Rooms |
|------------------------------|-------------|----------|--------------|
| Pacific Islands Club | 1980 | Tumon | 777 |
| Hilton Guam Resort and Spa | 1972 | Tumon | 646 |
| Outrigger Guam Resort | 1999 | Tumon | 600 |
| Guam Plaza Hotel | 1983 | Tumon | 503 |
| Hotel Nikko Guam | 1992 | Tumon | 490 |
| Hyatt Regency Guam | 1994 | Tumon | 450 |
| Westin Resort Guam | 1996 | Tumon | 432 |
| Onward Beach Resort | 1992 | Tamuning | 430 |
| Guam Reef & Olive Spa Resort | 1974 | Tumon | 420 |
| Dusit Thani Guam | 2015 | Tumon | 419 |
| Leo Palace Resort Guam | 1993 | Yona | 418 |
| Pacific Star Resort & Spa | 1987 | Tumon | 400 |
| Fiesta Resort Guam | 2006 | Tumon | 318 |
| Sheraton Laguna Guam | 2007 | Tamuning | 318 |
| Verona Resort & Spa | 2012 | Tumon | 254 |
| Top 15 Subtotal: | | | 6,875 |
| Total | | | 8,904 |

Hotel Applications and Letters of Interest Received

| Hotel / Resort | Year Opened | Investment | # of Rooms |
|-----------------------------|-------------|------------------------|--------------|
| TNN Guam, Inc | TBD | \$160,000,000 | 340 |
| JMSH 11, LLC | TBD | 133,165,500 | 500 |
| Garden Villa, LLC | TBD | 110,000,000 | 106 |
| Bridge Capital | TBD | 421,000,000 | 590 |
| MOYCORP Holdings | TBD | 80,000,000 | 200 |
| Hawaii Ranch Partners | TBD | 400,000,000 | 650 |
| CoreTech | TBD | 50,000,000 | 200 |
| Guam Wanfang | TBD | 87,500,000 | 300 |
| Evergreen Phoenix Resort | TBD | TBD | 400 |
| JR Asset Management Company | TBD | 150,000,000 | 365 |
| Total | | \$1,591,665,500 | 3,651 |

Source: Guam Visitors Bureau