

AMERICA'S TRAINS INC. ("ATs") JOURNEYS BY RAIL ANNUAL 5 YEAR FORECAST SYNOPSIS - 38 CARS - 1 Mar 2020

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This Synopsis of a comprehensive forecast only includes revenue from the sale of individual (single) Journey vacations. ATs has also fully developed and is ready to implement a plan for the sale of rights to use standard rail car Journeys as Train'Shares™ (timeshares) and for the sale of shared ownership (fractional interests) of business (Private) Cars. This would significantly increase revenue and profits over the short term (several years) but would consume presently scheduled available Journey inventory that would otherwise be sold each year as individual Journeys, reducing longer term (year after year) profits. However, such reduced profits can be offset by already identified areas of expansion. Train'Share and fractional interest sales may be implemented based on evolving considerations.

Because of favorable typical and unique related business benefits, favorable and verifiable operating profits (EBITDA) occur, which should be enhanced by unused amounts included in a supplemental reserve.

Gross revenue, about - \$212,000,000; Operating profit (EBITDA), about - \$79,000,000; Profit margin - 36.7%.

Positive monthly operating income starts in month 8 of the forecast.

Positive cash flow after equipment (car) costs starts in month 13 of the forecast, assuming that expected funding occurs.

The cumulative cash deficit peaks at about \$491,000 in month 12 of the forecast. The deficit will be offset with equity capital or equipment financing.

Identified demand supports notably accelerated growth exceeding the present forecast projections if more funding is obtained.



Contents

- Business implementation milestones
- Forecast Synopsis



A comprehensive Forecast is available on request.

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Related business implementation milestones

The objective is the assured profitable Introduction of various train sets having from a single up to 5 and an average of about 2.7 Cars in the USA and into Canada while avoiding risk and securing, solidifying and maintaining long term market dominance. Longer train sets (trains) have inherent problems and are much less economical.

1. **Additional funding:** Finalization of funding of up to \$491,000 starting immediately and in full within several months
2. **Move the 1st Car, Sunflower:** The Sunflower will be moved from St. Louis to North Texas. Exterior promotional videos, by drones and otherwise, will be taken while the Sunflower is traveling as part of an Amtrak train.
3. **Improvement completion, 1st Car, the Sunflower:** Mechanical improvements are already finished and the Sunflower is Amtrak certified and operational. Interior remodeling needs completion, including 4 bedrooms, restaurant/dining facilities and lounge areas. This will take a few months after the Car is moved to North Texas. Interior improvements will cost under \$280,000 and will be paid for from expected funding of up to \$491,000.
4. **Initial Sales:** Reservations (sales) for early Journeys on the Sunflower will be confirmed. In addition to small reservation deposits, related revenue will be received when Journey departure dates are finalized, which can be arranged within a few weeks as desired. Revenue is held until and becomes available shortly before departure dates.
5. **Promotion:** Promotional activities, including an America's Trains Journey by Rail introduction launch event, will take advantage of significant publicity opportunities.
6. **Sunflower operation:** The Sunflower will begin service on 7 night itineraries to and from Fort Worth, Texas, and New Orleans, Louisiana; see <https://americantrainvacations.com/southern-comfort-southbound/> and <https://americantrainvacations.com/southern-comfort-northbound>, continuing until the 2nd Car, the Magnolia, enters service. These routes provide easy access to fine-tune operating procedures and crew training because they are close to key personnel and interim maintenance facilities.
7. **Revenue:** Net operating profit will begin in forecast month 8, the month after the Sunflower begins service.
8. **The 2nd Car, the Magnolia:** A contract for the acquisition of the 2nd Car (the car has been selected and is available) will be finalized and improvements will start by the time the Sunflower begins service. The total cost will be under \$700,000. It can be paid for using available acquisition financing, net revenue from Sunflower Journey sales and from the expected funding of \$491,000. The Magnolia is a high level Car with limited dining facilities that will travel with the Sunflower.
9. **Sales expansion:** Journey sales will be expanded as required to fill the 2nd Car, and to build and support a growing base network of already identified travel outlets, and in-house direct sales that don't conflict with agency selling efforts. This can include allocation of the available limited imminent Journey inventory to selected agencies to provide them with sufficient inventory to start selling Journeys.
10. **Completion of 2nd Car improvements:** Completion of mechanical and interior improvements of the Magnolia will be in about month 13.
11. **2nd Car introduction:** The Magnolia will join the Sunflower on routes described at <https://americantrainvacations.com/international-east-return/>, <https://americantrainvacations.com/atlantic-coast-southbound/>, and <https://americantrainvacations.com/atlantic-coast-northbound/>. These eastern USA routes are subject to change based on evolving demand criterion.
12. **Marketing and sales expansion:** Enhanced domestic and international promotion will begin to increase brand recognition and selective worldwide sales capabilities that support high long term occupancy and peak fare pricing.
13. **Optional shared Journey ownership sales:** Possible implementation of the fully developed Train'Share™ (timeshare) concept will be considered to: expedite the number of Car Journey sales (about 50% for Train'Shares) which will provide:
 - Expedited and increased early year gross revenue and profit margin.
 - Accelerate the need for more Cars, passenger capacity and route expansion.
 - Generate greater involvement by key/major strategic/tactical vacation marketers (RCI, franchisors, etc).

Related consequences include:

 - Higher early income from Train'Share and interval ownership sales but reduced future income because fewer yearly Journeys will be available to sell as individual annual vacations.
 - Assured advance payment of Car operating costs from fees paid by Train'Share buyers.
 - Train'Share management fee income.
 - The need to accelerate introduction of long term business growth programs to replace lost future long term revenue because Journey inventory has been sold as Train'Shares or interval ownership units.
14. **Additional Cars:** Based on demand and related affirmed future sales, sales revenue for the Sunflower, Magnolia and subsequent Cars, will be used to pay for and improve a growing number of Cars, starting with the 3rd Car, a sleeper with 5 or 6 bedrooms that should start service in about month 19. Based on expected demand, the introduction of Cars might be expedited if additional funding is acquired.
15. **In-house shop:** Finalize arrangements for an in-house shop, within a couple of years, where all Car improvement, maintenance and administrative facilities will be located.
16. **Route expansion:** Additional train sets of from 1 to a few Cars will operate on seasonally variable itineraries in the USA and into Canada, eventually including possible routes within Canada traveling as part of Via Rail trains.

Forecast Synopsis

CAR INFORMATION	Pre Year 1	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Total	Accrued	Total	Metric	
Cars under repair, not yet in service											
Standard Cars		2	7	10	6	4	29		29	% total, all revenue sources	
Business Cars			2	1	2		5		5		
Activity Cars				1	2	1	4		4		
Total				1	3	4					
Cars improved, in service											
Standard Cars		1	4	9	9	6	29		29		
Business Cars			1	1	2	1	5		5		
Activity Cars				1	1	2	4		4		
Total		1	5	11	12	9	38		38		
Bedrooms, in service											
Standard Cars		4	21	37	47	31	140		140		
Business Cars			3	2	5	3	13		13		
Total		4	28	67	119	153					
Number of 7 night Journeys											
Standard Cars	1 Journey per bedroom	96	672	2,060	4,312	5,884	13,024		13,024		
Business Cars	1 Journey per Car		20	84	156	228	488		488		
Train sets											
Number of train sets	Average	1	1	4	8	11	12		12		
Number of train set 7 night Journeys		24	56	200	392	540	1,212		1,212		
Number of Cars per train set	Average										
Standard Cars		1.0	2.4	2.3	2.3	2.3	2.3		2.3		
Business Cars			0.3	0.4	0.4	0.4	0.4		0.4		
Activity Cars				0.0	0.2	0.3	0.2		0.2		
Total		1.0	2.7	2.8	2.9	3.0	2.9		2.9		
Number of bedrooms per train set	Average	4.0	13.2	11.5	12.1	12.0	11.8		11.8		
Number of pax per train set, full occupancy	Average	8.0	26.3	23.0	24.2	24.0	23.6		23.6		
CAR ACQUISITION, IMPROVEMENT, OTHER CAPITAL COSTS											
Acquisition and improvement											
Standard Cars	\$58,300	\$562,100	\$1,922,500	\$4,632,400	\$5,335,800	\$4,274,600	\$16,727,400	\$2,925,300	\$19,711,000	9.28%	
Business Cars			\$355,500	\$423,100	\$1,037,900	\$509,900	\$2,326,400		\$2,326,400	1.10%	
Activity Cars				\$523,300	\$609,800	\$485,500	\$1,618,600		\$1,618,600	0.76%	
Design, improvement planning	\$11,000								\$11,000		
Total	From Pre Year 1	\$69,300	\$494,000	\$2,343,900	\$5,726,000	\$6,983,500	\$20,672,400	\$2,925,300	\$23,667,000	11.15%	
	Cumulative, from Pre Year 1	\$69,300	\$563,300	\$2,907,200	\$8,633,200	\$15,616,700	\$20,886,700		\$23,812,000	11.25%	
	Cumulative, from Year 1		\$494,000	\$2,837,900	\$8,563,900	\$15,547,400	\$20,817,400		\$23,742,700	11.18%	
REVENUE											
Fares and other revenue											
Standard Cars	Month of departure	\$1,361,511	\$9,486,126	\$28,506,801	\$58,934,389	\$80,464,969	\$178,753,796		\$178,753,796	84.19%	
Business Cars			\$1,112,030	\$4,726,500	\$9,851,280	\$13,325,310	\$29,015,120		\$29,015,120	13.67%	
Activity Cars				\$237,381	\$1,478,526	\$2,845,515	\$4,561,423		\$4,561,423	2.15%	
Total		\$1,361,511	\$10,598,156	\$33,470,682	\$70,264,196	\$96,635,794	\$212,330,339		\$212,330,339	100%	
	Cumulative, from Year 1	\$1,361,511	\$11,959,667	\$45,430,349	\$115,694,545	\$212,330,339					
EXPENSES											
Car Operations											
		\$695,417	\$3,645,611	\$12,523,831	\$25,203,054	\$35,185,718	\$77,253,632		\$77,253,632	36.38%	
Marketing and Sales											
		\$48,350	\$316,491	\$1,843,427	\$5,559,241	\$11,368,379	\$15,452,978	\$34,540,517	\$34,588,867	16.29%	
General and Administration											
		\$396,762	\$26,526	\$53,202	\$148,445	\$218,995	\$277,008	\$724,177	\$1,120,939	0.53%	
Personnel											
		\$173,000	\$212,655	\$558,945	\$785,601	\$1,031,085	\$1,255,110	\$3,843,395	\$4,016,395	1.89%	
Reserve											
		\$108,921	\$818,134	\$2,677,655	\$5,621,136	\$7,730,864	\$16,956,708		\$16,956,708	7.99%	
Total		\$618,112	\$1,360,010	\$6,919,319	\$21,694,772	\$43,442,649	\$59,901,678	\$133,936,541	\$134,554,653	63.37%	
	Cumulative, from Pre Year 1	\$618,112	\$1,978,122	\$8,897,442	\$30,592,214	\$74,034,863	\$133,936,541		\$134,554,653	63.37%	
	Cumulative, from Year 1		\$1,360,010	\$8,279,330	\$29,974,102	\$73,416,751	\$133,318,429		\$133,318,429	62.79%	
OPERATING PROFIT											
EBITDA											
Net operating profit		-\$618,112	\$1,501	\$3,678,837	\$11,775,910	\$26,821,547	\$36,734,116	\$79,011,910	\$78,393,798	36.92%	
	Cumulative, from Pre Year 1	-\$618,112	-\$616,611	\$3,062,226	\$14,838,135	\$41,659,682	\$78,393,798		\$78,393,798	36.92%	
	Cumulative, from Year 1		\$1,501	\$3,680,338	\$15,456,247	\$42,277,794	\$79,011,910		\$79,011,910	37.21%	
Cash surplus/deficit after Car capital costs, amortization											
Cash surplus/deficit		-\$687,412	-\$492,499	\$1,334,937	\$6,049,910	\$19,838,047	\$31,464,116	\$58,194,510	-\$2,925,300	\$54,581,798	25.71%
	Cumulative, from Pre Year 1	-\$687,412	-\$1,179,911	\$155,026	\$6,204,935	\$26,042,982	\$57,507,098		\$57,507,098	27.08%	
	Cumulative, from Year 1		-\$492,499	\$842,438	\$6,892,347	\$26,730,394	\$58,194,510		\$58,194,510	27.41%	
OPERATING COST PER 7 NIGHT JOURNEY											
Standard Cars	Per 7 night Journey per bedroom		\$7,116	\$4,932	\$5,340	\$5,081	\$5,126	\$5,148			
	Per 7 night Journey per passenger		\$3,558	\$2,466	\$2,670	\$2,541	\$2,563	\$2,574			
Business Cars	Per 7 night Journey per Car			\$16,020	\$16,038	\$15,986	\$15,954	\$15,970			
	Per 7 night Journey per bedroom, average			\$6,162	\$6,169	\$6,149	\$6,136	\$6,142			
	Per 7 night Journey per passenger			\$3,081	\$3,084	\$3,074	\$3,068	\$3,071			