

V.V. Hospitality L.L.C.

dba

Holiday Inn Express



Business Plan

November 2011

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This is a business plan. It does not imply an offering of securities.

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1.0 Executive Summary

1.1 Introduction and Overview

This business plan has been prepared to introduce a new Holiday Inn Express (hereinafter also called the Company or the Business) and provide a comprehensive understanding of its business operations, its growth strategy and financial objectives necessary to achieve its plan objectives.

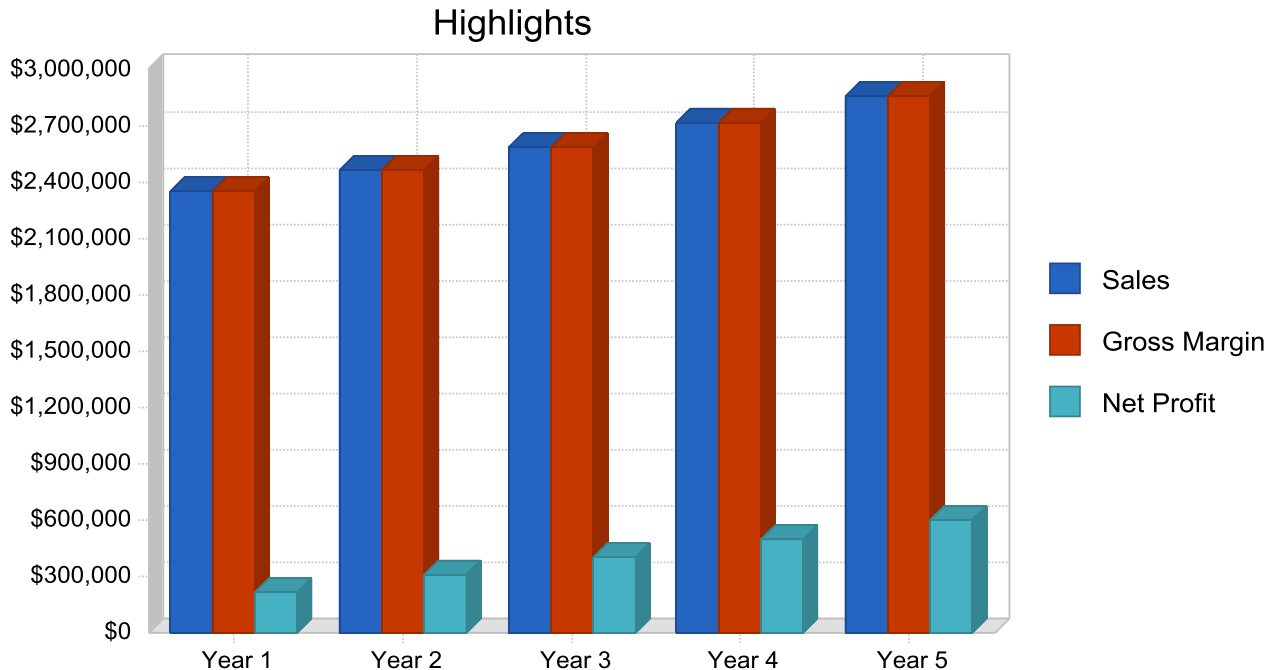
V.V. Hospitality L.L.C. (dba Holiday Inn Express) intends to open a franchise location in Victorville, California.

Holiday Inn Express matches the increasing demand for limited service hotels with the familiarity of the Holiday Inn brand. Through award-winning advertising campaigns and the unique "smart" brand positioning, Holiday Inn Express has successfully built a niche for itself within the limited service segment. Today, it is one of the fastest growing brands in the world.

The following sub sections of this Executive Summary provide the main highlights of this business plan, followed by Sections 2 through 7, which provide detailed explanation and analysis.

1.2 Financial Highlights/ Objectives

Section 7 includes the various detailed financial projections for the first 5 years of operation. Listed below are some of the significant highlights that make this venture extremely attractive.



1.3 Mission

Our mission is to provide everyone with a friendly inviting hotel atmosphere. We will feature unsurpassed service with safe and clean hotel rooms. We will provide a sense of home, with warm greetings and friendly yet effective customer service. Lastly, we will provide a quality experience for both our guests and our team members alike. To put it simply, we will strive to create a home away from home where everyone has fun.

1.4 Keys to Success

- Franchise brand recognition and support
- Adequate cash flow.
- An aggressive marketing and promotion campaign.
- Develop a reputation of excellence by providing high standards of customer care.
- Customer retention.
- Sales revenues growth.
- Experienced and competent management team and staff.
- Proper procedures and controls in place.
- Consumer acceptance and development of brand awareness.
- Location

1.5 Management Summary

General Partner: xxxxxx

Xxxx's 30 years of operational expertise and over 1,000,000 square feet of successful commercial retail development enables Gary to lead with effective and professional execution. Gary owned and operated two Irvine Ranch Market's in Los Angeles, CA. Gary quickly expanded by operating a restaurant in one of the market's, producing profits of approximately \$800,000 a year in deli sales and over \$2 million a year in total restaurant food sales.

Operationally, Gary has been developing branded flags such as: El Polo Loco, Irvine Ranch Market, Chevron Fueling Station, Church's Chicken, Xpress Lube and an Xpress Service Carwash. Projects developed or participated in include:

- Operated a 6,000 square feet "Jolly Rogers", independent gas station, large deli and convenience store located in Corona, CA
- Developed the Copper Lantern Shopping Center, Riverside, CA
- Developed the Alostia Village Shopping Center, Glendora, CA
- Developed the 100,000 square feet Grand Avenue Cinema Complex, Glendora, CA anchored by Manns Cinema Multiplex
- Developed a quarter million square foot shopping center in San Dimas.
- Partnered with Nautilus Aerobics Plus", chain of 30 gyms in Southern California
- Operated an El Pollo Loco part of the "Copper Lantern Shopping Center" in Riverside, CA.
- Operated successfully the Yogurt Station (a yogurt chain) for 4 years
- Operated the highest volume Church's Chicken in Southern California
- Developed and Operated the highest grossing Chevron gas station and C-store in the High Desert (Victorville, CA)

Operations Management: xxxx

Results driven, strategic leader offers excellence in managing the larger picture and building dynamic team environments that always exceed goals and expectations with background:

Directing Full-Service High-End Lakeside Resort, F&B, Marina & Snowmobile Operations

- Managing 300+ Workforce & Controlled Budgets Ranging to \$18 Million
- Taking GAP from 20.2% to 8.9%, Increasing Productivity 38% & Cutting Labor Costs 20%
- Creating Regional Marketing Plans Generating \$1.75 Million in Group Bookings
- Executing Special Projects Totaling \$1.4 Million Annually

Managing Region Comprised of 25 Properties Generating \$16 Million

- Holding Full P&L, Business Planning, Budgeting, Forecasting, Sales/Marketing & CRM Responsibility
- Serving as GM of Properties Ranging to 450 Rooms & Increasing Occupancy up to 94%
- Increasing Restaurant Sales 20% & Winning Award for Operator of the Year
- Managing Special Projects including \$2 Million Renovation

Possessing Additional 10 Years Experience as

- Restaurant Manager, Director of F&B & Assistant General Manager
- Managing Hotels with Swimming Pools, Full-Service Health Club, Multiple Restaurants, Bars & Coffee Shops
- Creating & Managing Catering Programs, Booking Entertainment & Overseeing Major Events
- Controlling Costs to Drive Profitability (Hotel & F&B Inventories, Workman's Comp Claims)

1.6 Market Growth & Opportunity

According to HVS Hospitality, the world's premier hotel consulting and valuation firm, after 3 straight years of significant decline, all major metrics are predicted to increase for the next five years. In 2012, the value per room is expected to surpass its previous high, and in 2013, RevPAR is expected to set a new record.

The anticipated rebound in occupancy and RevPAR will lead to hotel values that will increase up to, and then surpass the high of 2006.

For the first 6 months of 2010, hotel sales by dollar volume were up 143% over the first half of 2009. Sales by number of hotels is up 70%.

PricewaterhouseCoopers' U.S. lodging forecast expects the lodging recovery that accelerated in the first half of 2010 to gain further traction during the remainder of 2010, as increasing demand begins to rebalance pricing power.

Although the pace of demand growth is expected to moderate during the second half of 2010, the recovery is expected to shift from almost exclusively demand-driven to a mix of demand and room rate growth, confirming the return of the business segment. In the first half of 2009, weekday transient demand at higher-priced hotels - a proxy for business travel demand - had fallen 10.6 percent below

2007 levels, when the industry was the strongest. By the first half of 2010, stronger business travel closed more than half of this gap, to just 3.7 percent below 2007 performance.

With growing demand and decelerating supply growth, PricewaterhouseCoopers anticipates that the US occupancy rate will increase 2.6 percentage points for 2010, reaching 57.2 percent. The pricing outlook for the remainder of 2010, and 2011, has improved substantially, resulting in an earlier-than-expected recovery in average daily rate ("ADR") during the second half of 2010. This synergistic effect is expected to result in a 4.1 percent increase in revenue per available room (RevPAR) in 2010.

DesertXpress has cleared one more hurdle, receiving permission from the federal Surface Transportation Board to build and operate its high-speed train from Victorville to Las Vegas, according to a document obtained by the Daily Press. This will provide added opportunities to the economic growth of Victorville.

1.7 Funding Requirements

Start-up costs are detailed in section 2.

A total investment of \$9,178,000 is required for initial start-up expenses, initial inventory, and working capital. Sources of funding will be a \$2,200,000 investment from the owner (land) and \$6,978,000 from a loan. The term of the loan is assumed be 25 years at an interest rate of 7%.

2.0 The Company

2.1 Overview

V.V. Hospitality L.L.C. (dba Holiday Inn Express) intends to open a Holiday Inn Express franchise location in Victorville, California.

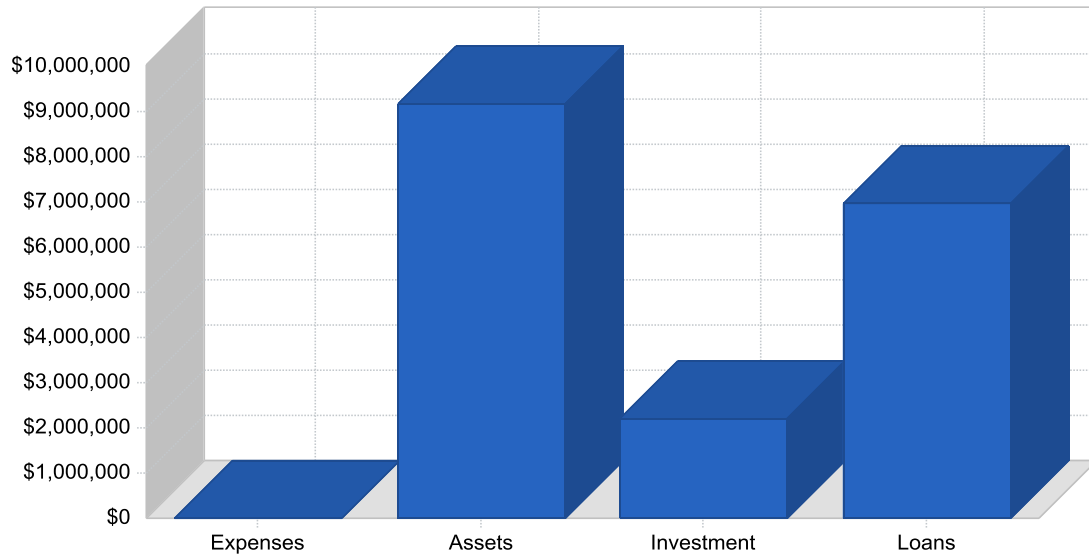
Holiday Inn Express matches the increasing demand for limited service hotels with the familiarity of the Holiday Inn brand. Through award-winning advertising campaigns and the unique "smart" brand positioning, Holiday Inn Express has successfully built a niche for itself within the limited service segment. Today, it is one of the fastest growing brands in the world.

2.2 Start-up Summary

The accompanying table lists the initial start-up expenses, initial inventory, working capital, and total funding requirements in order to launch the business.

<i>Start-up Requirements</i>	
Franchise Fee	\$50,000
Legal Fees	\$10,000
Land (Owner's contribution)	\$2,200,000
Design, Drawings & Specs	\$65,000
Geotechnical & Environmental Assessments	\$30,000
Build Out	\$5,280,000
PMS Equipment	\$75,000
Furniture, Fixtures & Equipment	\$900,000
Initial Inventory & Supplies	\$150,000
Primary Identification Sign	\$100,000
Market Feasibility Study	\$30,000
Training	\$13,000
Working Capital	\$275,000
Total Requirements	\$9,178,000

Start-up



2.3 Holiday Inn Express Franchisor

2.3.1 Overview

About Holiday Inn Express®

The Holiday Inn Express company is a wholly owned subsidiary of IHG or the Intercontinental Hotels Group, an international hotel company that is always trying to see the world the way that others are, by looking through their eyes. The Intercontinental Hotels Group offers more guest rooms than any other hotel company in the entire world.

Holiday Inn Express matches the increasing demand for limited service hotels with the familiarity of the Holiday Inn brand. Through award-winning advertising campaigns and the unique "smart" brand positioning, Holiday Inn Express has successfully built a niche for itself within the limited service segment. Today, it is one of the fastest growing brands in the world.

The Holiday Inn Express franchise was originally established in 1990, which is the same year that franchising actually began. The Holiday Inn Express offers competitive rates coupled with convenient locations all over the globe, working smart to entice travelers to use the company's services rather than opting for a competitors offering. The prototype behind the Holiday Inn Express allows for lower overhead, lower cost and an operation that is much more easily and more efficiently staffed as well. The Holiday Inn Express franchise truly sets the pace when it comes to mid-scale hotel operations, quickly becoming one of the fastest growing brands in the world, by opening nearly two new hotels every single week.

Holiday Inn Express hotels are modern hotels for value-oriented travelers; a fresh, clean and uncomplicated hotel choice. With currently more than 2,000 Holiday Inn Express hotel locations around the globe, Holiday Inn Express hotels offer convenient locations and competitive rates for both business and leisure travelers. Guests Stay Smart® at Holiday Inn Express hotels where they enjoy a free hot Express Start® Breakfast Bar, free high-speed internet access and free local phone calls (US and Canada only).

The Holiday Inn brand family recently completed a \$1 billion global prelaunch, the biggest ever project of its kind in the history of the hospitality industry. The prelaunch includes a renewed focus on quality, improved arrival and welcome features, enhanced bedding and showers, a "Stay Real" service culture and a new and up-to-date look, including a redesigned logo and signage.

Holiday Inn Express continues to distinguish itself in the market with innovative services and amenities, and a proprietary service culture that trains staff to deliver exceptional guest experiences. These efforts have won the brand numerous awards: Entrepreneur Magazine named the brand Top Hotel Choice for Entrepreneurs; European Business Travel Awards named the brand Best Budget Hotels Chain; in Asia Pacific, Holiday Inn Express Causeway Bay Hong Kong was recently named Best Economic Hotel in China at the Hotel Starlight Awards; and the brand was also distinguished as one of America's Greatest Brands three years running by the American Brands Council.

Benefits of Franchising with Holiday Inn Express

- **Broad Consumer Appeal** - Holiday Inn Express appeals to a wide audience and attracts both leisure and business travelers. The brand's award-winning advertising campaigns and affiliation with Holiday Inn have created unparalleled consumer awareness.
- **Efficient Operating Model** - Holiday Inn Express offers a proven and efficient operating model with a low staff to guest ratio and has been successful for almost 20 years.
- **Flexible Location Mix** - Holiday Inn Express hotels work in any location, from an interstate to an urban center.
- **Consistency** - Consistency in the portfolio creates loyalty among guests
- **Driving Consumer Demand** - As part of the IHG® family of brands, Holiday Inn Express hotels are part of our industry leading demand generation system.

Leveraging the Strength of The IHG System

IHG (InterContinental Hotels Group) is the world's largest hotel group by number of rooms operating seven well-known hotel brands including InterContinental® Hotels & Resorts, Hotel Indigo®, Crowne Plaza® Hotels & Resorts, Holiday Inn® Hotels and Resorts, Holiday Inn Express®, Staybridge Suites® and Candlewood Suites®. By franchising with IHG your hotel will have access to our industry leading operating system which drives over 146 million room nights into our hotels annually supporting our owners in generating revenue. Key drivers include:

- A portfolio of over 4,400 hotels and more than 656,000 guest rooms and more than 1,100 hotels in its development pipeline.
- Priority Club® Rewards, the world's first and largest hotel loyalty program with almost 60 million members worldwide.
- A global sales team of more than 8000.
- 11 local language reservations websites and one of the most active in industry for marketing on the web.
- 10 call centers taking reservations around the world covering 12 languages.

2.3.2 Training & Support

- Connection to the IHG reservations system which is supported by web, call centers and GDS (travel agent booking system). By the end of 2009, 68% of rooms revenue was booked through IHG's channels or by Priority Club Rewards members direct to hotel, compared with 64% in 2008.
- Participation in Priority Club Rewards, which has almost 60 million members worldwide.

- A proprietary operating manual setting out required and suggested operating specifications, standards and procedures.
- Property Improvement Plan (PIP) detailing actions a franchisee needs to take to bring their hotel up to mandatory brand standards.
- Franchisee-funded brand marketing program.

InterContinental Hotels Group requires a strict adherence to standards that encompasses service, product quality, design, construction and operation - across ALL brands. HOW? One way to achieve such high standards relies on the underlying support of our training staff. We provide training for hotel staff, including the management tools necessary to provide your staff with additional knowledge of the skills necessary to generate continuous improvement in revenue management, service delivery, and operating skills.

Our Global sales group consists of over 85 professionals worldwide in virtual offices close to our customers, generating nearly \$1.6 billion (USD) in total annual hotel revenue. In addition, InterContinental Hotels Group has regional sales forces devoted to each different brand within the different regions. This translates to localized sales and marketing programs for the properties.

Marketing teams for each brand develop strategic programs at a local, regional, national, and international level. Our marketing groups work in conjunction with our regional sales force to maximize efficiencies while maintaining focus on strong results.

A strong framework for hotel operations

IHG delivers strong systems and field support to maintain brand consistency and to maximize your revenues. From ramp up plans to advanced technology and training programs that keep the best talent, IHG consistently addresses owner issues while adding bottom-line value. In addition, IHG has award winning food and beverage programs and quality assurance tools to keep your hotel competitive and profitable for years to come.

IHG continues its commitment at the local level by providing support teams who are devoted to your hotel. From the training you want, to the questions you need answered, our performing field support teams can help. Your field support team offers onsite consultations and training workshops in guest service, quality, sales, and revenue management.

In addition to our local and regional teams, a centralized support team is available to answer any questions you may have regarding policies, procedures, systems, and new initiatives. With this level of support, you are never alone in maximizing your hotel's performance.

World-class learning to fit your needs

People on the front line are key to bringing our brands to life and driving your business. We provide you with the tools and training to help you attract, retain, and develop the very best talent.

The IHG learning library helps you develop the skill and ability of your people to operate the hotel in the disciplines of sales, revenue management and systems, quality, brand service delivery, risk management guidance, food and beverage, and leadership.

Training is delivered in Instructor led and eLearning formats to provide you the flexibility to access the right learning when and where you need it.

2.3.3 IHG OnBoard Opening Process

Get to market sooner with IHG OnBoard Hotel Opening Process

From the moment you sign your License Agreement with IHG, we are with you every step of the way. From planning to ground break to opening, the IHG OnBoard Program navigates franchisees through a 6-phase approach to opening a hotel successfully. You'll be assigned a dedicated team of individuals who specialize in project management that will guide you through every aspect of hotel development, as well as strategize your hotel's revenue opportunities and sales and marketing initiatives. The Hotel Opening Manager (HOM) is a proven project management system designed to track and communicate progress towards the projected opening date to deliver on-time openings.

As your hotel enters the market, IHG seasoned professionals will set you and your hotel up for success. Since IHG guarantees a presell period of at least 120 days prior to opening, guests will have the opportunity to make reservations at your hotel well before you open your doors.

2.3.4 Design & Construction Consultation

IHG provides advice and consultation throughout the design and construction process. You will have access to our global register of professional design consultants who can guide you through the planning and design phase to the specification, construction, and fitting-out process. We will work with your architects and designers to share best practices to ensure your property meets brand standards and will help guide your hotel through architecture, engineering, and life safety requirements.

Smart design and quality construction

The Holiday Inn Express prototype enables speed to market with tested designs that are able to deliver on the brand's promise. Efficient operating standards combined with best-in-class systems support help owners ramp up faster, supporting the brand's continued smart design. The Holiday Inn Express prototype is adaptable to varying markets around the world - the designs offer regional consumer options and designs that fit different site and market specifications. Standardized room decor is also available to speed and simplify the development process to help save on the cost of each project.

2.3.5 Quality Assurance Program

Consistency is key to maintaining a brand's integrity

IHG quality assurance provides you with the front line support you need to drive brand integrity and return on your investment. Quality assurance at IHG is measured in several ways: through a visit by your property's IHG Quality Consultant, through owner-based tools to monitor your investment, and through guest feedback. We assess our hotels on adherence to brand standards, guest service, life safety, cleanliness, and property condition. There are three key components to the IHG quality assurance program:

Quality Evaluation

The IHG quality evaluation software program, QUEST, is accessible via the IHG intranet, Hotel Merlin, and delivers real time data. QUEST is a user friendly, interactive program that allows each hotel to access the progress it has made since the Quality Consultant's visit and submit cure information.

2.3.6 Revenue Management Technology

Revenue management built for the competitive edge

The key is balancing profitability with competitive prices. Your resource for this is IHG revenue management technology. Through a range of calibrated forecasting tools, from cost management to resource improvements, your property management is given the tools to keep your hotel working at its best. IHG revenue management tools optimize reservation pricing by instantly reacting to shifts in occupancy/demand conditions, accurately forecasting future business and keeping tabs on room inventory levels.

2.4 SWOT Analysis

Strengths

- Proven franchise track record and brand recognition
- Owner's capabilities and experience in all facets of business management and development
- Marketing, Operations and Financial organizational structures in place
- Established reputation of providing excellent quality service
- Extensive support from franchisor
- Excellent location

Weaknesses

- Limited financial resources
- Problems normally associated with a start-up

Opportunities

- Growing market
- Opportunity to expand geographically
- Profitable margins

Threats

- Slow economy
- Pricing pressure from smaller firms that do not provide the same level of service
- New Competition

3.0 The Project

3.1 Description

The Hotel will consist of 4 floors with a total of 98 Standard rooms and 2 Suites, built on approximately 5 Acres of land. The land has already been purchased by the owner.

Guests enjoy a free breakfast bar (featuring fresh fruit, cereal and pastries), free local phone calls (U.S. and Canada only), free High-Speed Internet Access, fax and photocopy services, and the ability to earn Priority Club® points that can be redeemed for free stays in more than 3,000 hotels, great merchandise or airline miles.

3.2 Location

The location of the Hotel will be adjacent to Victor Valley Mall, which is a top 10% regional mall in the country in Sales PSF (Estimated to be 500PSF). Off Bear Valley Road and Interstate 15. Traffic counts are over 115,000/day on Interstate and 55,000/day on Bear Valley frontage. Site provides some visibility from Interstate 15 north bound.

3.3 Typical Interior & Exterior Photos

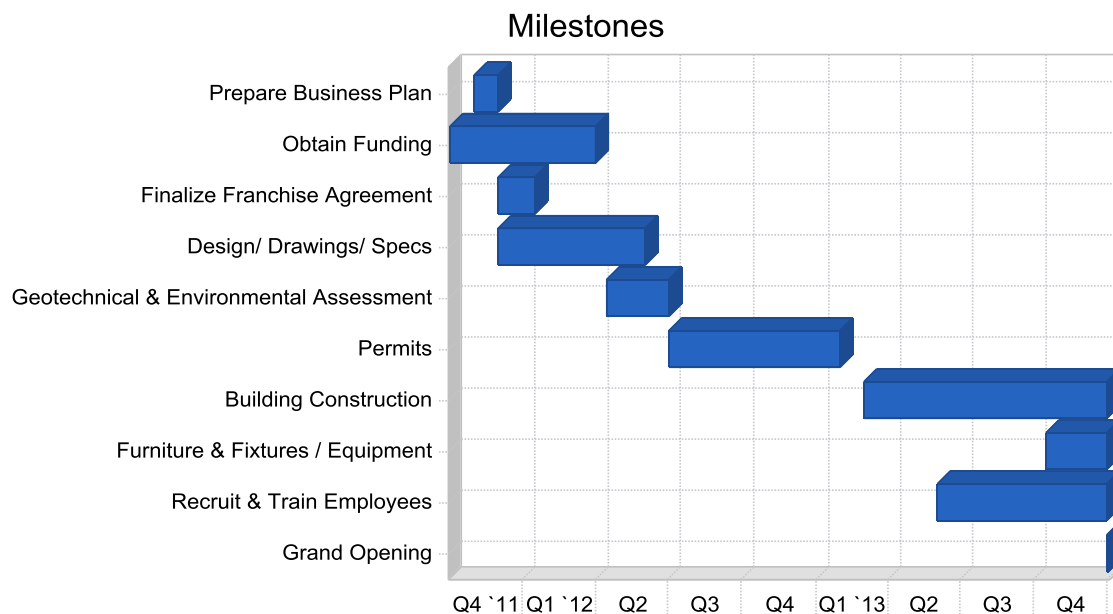


Holiday Inn Express



3.4 Schedule

Milestones		
Milestone	Start Date	End Date
Prepare Business Plan	11/1/2011	11/30/2011
Obtain Funding	10/1/2011	4/1/2012
Finalize Franchise Agreement	12/1/2011	1/15/2012
Design/ Drawings/ Specs	12/1/2011	6/1/2012
Geotechnical & Environmental Assessment	4/15/2012	7/1/2012
Permits	7/1/2012	1/30/2013
Building Construction	3/1/2013	12/30/2013
Furniture & Fixtures / Equipment	10/15/2013	12/30/2013
Recruit & Train Employees	6/1/2013	12/30/2013
Grand Opening	1/1/2014	12/30/2013



3.5 Architect

R.F. Tuttle Architects was founded in 1990 by Robert F. Tuttle, in Irvine, CA. During the 90's we designed many hotels, LDS church projects, and affordable housing projects in Los Angeles, the most notable being the 9th and Grand project next to the Federal Reserve building on Grand Avenue. The ongoing work with affordable housing, hotels, churches, and residential continues to this day. We continue to seek to match our client's needs with the quality, design, and innovation that have brought us success through today.

Hotels Designed

- Holiday Inn Express - Montebello, CA
- Redlands Holiday Inn Express Hotel & Suites, Redlands, CA
- Hampton Inn & Suites, Victorville, CCA
- Hampton Inn, San Bernardino, CA
- Homewood Suites, San Bernardino, CA
- Hilton Garden Inn - Hawthorne, CA
- Springhill Suites Marriott - Escondido, CA
- Best Western, Fontana, CA
- Hotel Indigo. Ontario, CA
- La Quinta - Banning, CA
- Hampton Inn & Suites. Aroyo, CA
- Hampton Inn & Suites, Hollywood, CA
- Hilton Garden Inn, Grover Beach, CA
- Hawthorne Suites - Victorville, CA
- Hotel Indigo - Torrance, CA
- Ayers Hotel - Corona, CA
- Ayers Hotel - Hawthorne, CA
- Ayers Hotel - Seal Beach, CA
- Ayers Hotel - Anaheim, CA

3.6 General Contractor

The Company will solicit bids from qualified General Contractors.

3.7 Hotel Operations Management

The Company may engage Holiday Inn Express to manage the hotel operations.

4.0 Market Analysis

4.1 Lodging Industry

4.1.1 Industry Overview

People travel for a variety of reasons, including for vacations, business, and visits to friends and relatives. For many of these travelers, hotels and other accommodations will be where they stay while out of town. For others, hotels may be more than just a place to stay; they are destinations in themselves. Resort hotels and casino hotels, for example, offer a variety of activities to keep travelers and families occupied for much of their stay.

In recent years, the hotel industry has been dominated by a few large national hotel chains. To the traveler, familiar chain establishments represent dependability and quality at predictable rates. Many chains recognize the importance of brand loyalty to guests and have expanded the range of lodging options offered under one corporate name to include a full range of hotels from limited-service, economy-type hotels to luxury inns. While these national corporations own some of the hotels, many properties are independently owned but affiliated with a chain through a franchise agreement or management contract. Increasingly, hotel chains are moving away from owning properties to managing them. As part of a chain, individual hotels can participate in the company's national reservations service or incentive program, thereby appearing to belong to a larger enterprise.

4.1.2 Lodging Industry Profile

2010 Lodging Industry Profile Statistics from the American Hotel & Lodging Association

All figures are for year-end 2009. Figures for 2010 will not be available until mid-2011.

At-a-Glance Statistical Figures

50,800	properties*
4,762,095	guestrooms
\$127.20	billion in sales
\$53.50	revenue per available room (RevPAR)
54.7%	average occupancy rate

*Based on properties with 15 or more rooms.

In 2009, the lodging industry generated \$ 16.0 billion in pretax profits. Total industry revenue decreased to \$127.2 billion in 2009, down from \$140.6 billion in 2008.

THE LODGING INDUSTRY

The average room rate was \$97.85 in 2009 - down from \$106.84 in 2008. The average room rate was \$103.87 in 2007, \$97.78 in 2006, \$90.88 in 2005, \$86.24 in 2004, \$82.52 in 2003, \$83.54 in 2002, \$88.27 in 2001, \$85.89 in 2000, \$81.33 in 1999, and \$78.62 in 1998.

Source: STR

THE TOURISM INDUSTRY

In the United States, travel and tourism is among the nation's largest services export industries, and one of America's largest employers. In fact, it ranks as one of the top 10 largest industries in 48 states plus the District of Columbia. The tourism industry includes a number of interrelated businesses - lodging properties, airlines, restaurants, cruise lines, car rental firms, travel agents, and tour operators, among others.

Tourism's Effects on our Economy

- Resident and international travelers in the United States spend an average of \$1.9 billion a day, \$80 million an hour, \$1.3 million a minute, and \$22,300 a second.
- Tourism generates \$704 billion in sales (excluding international passenger fares on U.S. airlines).
- The tourism industry pays \$111 billion in federal, state, and local taxes.

Lodging and Overall Tourism Employment

- The travel and tourism industry pays \$186 billion in travel-related wages and salaries and employs 1.7 million hotel property workers.
- Tourism directly supports more than 7.4 million travel and tourism jobs.

Source: U.S. Travel Association

2009 PROPERTY/ROOM BREAKDOWN

By Location	Property*	Rooms+
Urban	4,804	741,942
Suburban	17,312	1,726,349
Airport	2,189	302,740
Interstate	7,303	493,831
Resort	3,790	595,263
Small Metro/Town	15,402	901,970
By Rate		
Under \$30	832	56,008
\$30-\$44.99	7,032	430,790
\$45-\$59.99	15,276	952,019
\$60-\$85	13,965	1,195,277
Over \$85	13,695	2,128,051

By Size

Under 75 rooms	28,224	1,213,907
75-149 rooms	16,545	1,742,398
150-299 rooms	4,385	878,066
300-500 rooms	1,119	417,510
Over 500 rooms	527	510,214

* Based on a total of 50,800 properties.

+ Based on a total of 4,762,095 guestrooms.

Source: STR

THE TYPICAL LODGING CUSTOMER IN 2009

40% traveled for business

60% traveled for leisure

- The typical "business room night" stay is by a male (69%), age 35-54 (48%), employed in a professional or managerial position (53%), earning an average yearly household income of \$105,764. Typically, these guests travel alone (64%), make reservations (91%), and pay \$123 per room night.
- The typical "leisure room night stay" is by two adults (51%), ages 35-54 (40%), earning an average yearly household income of \$90,712. The typical leisure traveler also travels by auto (80%), makes reservations (87%), and pays \$105 per room night.
- 36% of all business travelers spend one night at a hotel, 22% spend two nights, and 42% spend three or more nights.
- Of leisure travelers staying in a hotel, 48% spend one night, 25% spend two nights, and 27% spend three or more nights.

Source: D.K. Shifflet & Associates, Ltd.

4.1.3 Forecast

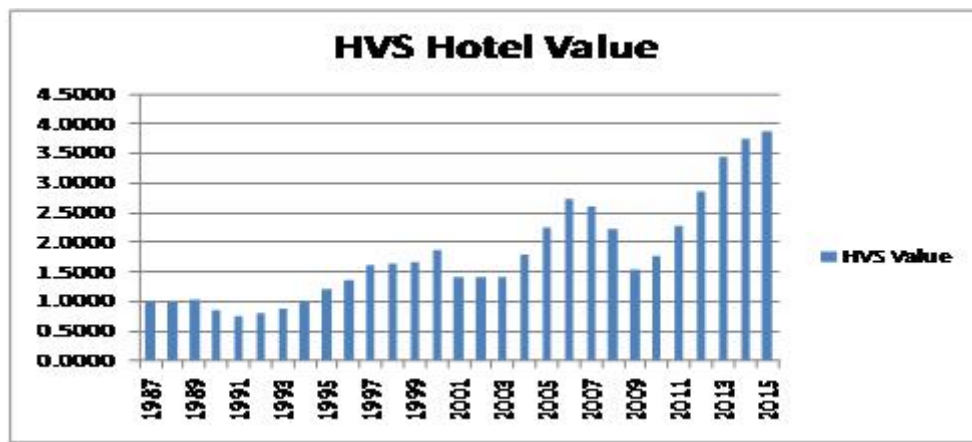
2010 year-to-date, and the future forecast show a much brighter period ahead of us. HVS Hospitality is the world's premier hotel consulting and valuation firm and produces a "Valuation Index" based on historical data and future forecasts. Here are some highlights from their October 2010 report:

2010 YTD:

- RevPAR: up 4.3%
- Occupancy: up 5.3%
- Value per room: up 16.1%
- Hotel sales volume: up 21.5%
- Hotel sales with a per unit price over \$200K: up 120%

What is most exciting about this HVS report is the future projections. After 3 straight years of significant decline, all major metrics are predicted to increase for the next five years. In 2012, the value per room is expected to surpass its previous high, and in 2013, RevPAR is expected to set a new record.

The anticipated rebound in occupancy and RevPAR will lead to hotel values that will increase up to, and then surpass the high of 2006. HVS has attributed the value of a 1987 hotel room as 1.00, and then has tracked the increase/decrease in value over the years, with projections into the future. Here is their data:



In 2009, investors shied away from the hotel sector. In 2010, deal making and investment has picked up dramatically. The pace of large deals has increased the most, led by REITs that have cash and can acquire hotels with no financing. For the first 6 months of 2010, hotel sales by dollar volume is up 143% over the first half of 2009. Sales by number of hotels is up 70%.

Hotel buyers are commonly looking to hold the property for a 5-10 year investment period. "Flippers" are no longer active in the marketplace as it no longer makes financial sense to buy, renovate, re-brand, and quickly sell a hotel property.

PricewaterhouseCoopers' U.S. lodging forecast expects the lodging recovery that accelerated in the first half of 2010 to gain further traction during the remainder of 2010, as increasing demand begins to rebalance pricing power.

Although the pace of demand growth is expected to moderate during the second half of 2010, the recovery is expected to shift from almost exclusively demand-driven to a mix of demand and room rate growth, confirming the return of the business segment. In the first half of 2009, weekday transient demand at higher-priced hotels - a proxy for business travel demand - had fallen 10.6 percent below 2007 levels, when the industry was the strongest. By the first half of 2010, stronger business travel closed more than half of this gap, to just 3.7 percent below 2007 performance.

With growing demand and decelerating supply growth, PricewaterhouseCoopers anticipates that the US occupancy rate will increase 2.6 percentage points for 2010, reaching 57.2 percent. The pricing outlook for the remainder of 2010, and 2011, has improved substantially, resulting in an earlier-than-expected recovery in average daily rate ("ADR") during the second half of 2010. This synergistic effect is expected to result in a 4.1 percent increase in revenue per available room (RevPAR) in 2010.

4.1.4 Trends

2008 AH&LA LODGING SURVEY STATISTICS SUPPORT NEW HOTEL TRENDS

Among the many major findings, the survey revealed the following:

New technologies are becoming more common:

- Wireless Internet access is represented in 91 percent of responding properties, up 35 percent from just four years earlier;
- The number of hotels that charge for in-room Internet use is on the decline. Sixteen percent of hotels charge for this service, down from 19 percent in 2006 and 22 percent in 2004;
- 35 percent of respondents offer iPod docking stations in-room; Upper upscale (76 percent) and luxury hotels (58 percent) are the most likely to offer this new amenity.

Hotels are getting healthier:

- Seventy-nine percent of responding properties have an exercise room and/or fitness facility, and 77 percent of these are complimentary for guests;
- The number of respondents who offer vegetarian menu options rose 16 percentage points to 48 percent. The number of hotels offering 'healthy menu' options also rose 15 points to 66 percent;
- Twenty-four percent of respondents offer allergy-free hotel rooms.

Properties are shading operations with a greener hue:

- Sixty-eight percent of properties report using energy-efficient lighting;
- Twenty-one percent of respondents are planning to incorporate Leadership in Energy & Environmental Design (LEED) standards into their properties in the next 12 months; Twenty percent note they have already incorporated LEED elements during the past 12 months.

4.2 City of Victorville

Location

Victorville is located at the southern edge of the Mojave Desert, 81 miles (130 km) northeast of Los Angeles, 34 miles (55 km) south of Barstow, 48 miles (77 km) east of Palmdale, and 37 miles (60 km) north of San Bernardino through the Cajon Pass on Interstate 15.

It is bordered by Apple Valley on the east, Hesperia on the south, and Adelanto on the west. The Mojave River flows through Victorville. The elevation at City Hall is approximately 2,950 feet (900 m) above sea level.

History

The community of Victorville was incorporated on September 21, 1962, as a general law city with a population of approximately 8,110 and an area of 9.7 square miles. As of February 28, 2007, the City's population was estimated to be 99,395 and the area was 74.16 square miles. These figures indicate the City has grown substantially in its history as a municipality. Prior to incorporation the community had a history which goes back over 100 years, when the first settlers of European descent arrived.

Demographics

The residential population of Victorville is approaching 95,000 and is growing rapidly. Estimates suggest that this figure more than doubles during business hours to accommodate the needs of the more than 300,000 people who call the Victor Valley home.

A dependable and qualified labor force is one of the keys to business success. Victorville is home to a large and diverse pool of workers, and has many educational opportunities to ensure a qualified supply of workers for the future.

- 900,000 workers within a one hour drive
- 50,000 local residents who commute to outside jobs - and would love not to
- 34 area universities, colleges and technical schools
- Job training centers/vocational programs
- Affordable housing for all of your employees
- Employee training, wage reimbursement, and recruitment programs are available from the City of Victorville, County of San Bernardino and State of California

Economic Information

The Victor Valley includes the communities of Adelanto, Apple Valley, Hesperia, Lucerne Valley, Oak Hills, Phelan, Victorville and Wrightwood. Victorville is the business hub of the area and draws consumers from well beyond its immediate area. It is the largest commercial center between San Bernardino and the Nevada border.

Most of the area's employment opportunities fall into service-related businesses, with nearly 42% of businesses in the city located in the retail sales category.

Local manufacturing companies are primarily related to mining and cement production. Within the city, there are some 6,550 acres zoned for commercial use -- and nearly 75% remains available for development.

The Mall of Victor Valley

Victorville is home to the largest enclosed regional shopping center between San Bernardino and Las Vegas. The Mall of Victor Valley is anchored by major department stores such as the Gottschalks, J.C. Penney, Mervyns, and Sears. Kohl's Department Store has also located to Victorville within the past couple of years, making it the newest retailer in the City. Victorville also offers many other retail facilities for consumers.

Macy's is coming to the Mall of Victor Valley.

The department store is scheduled to open here in mid-2013, according to company spokesman Jim Sluzewski. It will bring an expected 140 jobs.

Macy's will take over Gottschalks' former anchor spot on the north end of the mall, which has sat vacant since that chain went bankrupt in 2009. However, Macy's plans to renovate and expand the 72,000-square-foot site out into the parking lot, developing a 103,000-square-foot, one-level store.

"Our Victorville store ... will be our first in that rapidly growing city," Ron Klein, Macy's chief executive officer, said in a statement, "and we look forward to meeting and engaging new customers."

This will be Macy's 11th location in the Inland Empire. Previously Victorville residents had to drive a few dozen miles to reach either the Macy's at Inland Center Mall in San Bernardino or Victoria Gardens in Rancho Cucamonga.

While Macy's already has a significant presence in San Bernardino and Riverside counties, Sluzewski said there's a gap in the High Desert area. And with Victorville and its neighbors continuing to grow through the recession, the company saw an opportunity to capture a new market.

"Obviously it's a significant win for Victorville as well as the entire Victor Valley to attract a store like Macy's," Victorville Mayor Ryan McEachron said, with city staff having worked with the mall for roughly a year to make the deal happen. "Macy's doesn't make these decisions lightly, and with two big stores just down the hill in Rancho Cucamonga, they had to have some very good reasons to come here."

Sluzewski said they'll hold off on starting the remodel and expansion until the spring, to avoid disrupting holiday shopping at the mall's other stores. Once the work is underway, it should be a little more than a year until Macy's opens here.

4.2.1 Hotel Statistics

Holiday Inn Express

Tab 2 - Data by Measure

Victorville, CA Area Selected Properties

Job Number: 388077_SADIM Staff: SS Created: November 01, 2011

Occupancy (%)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2005							80.6	83.9	82.9	88.7	76.4	61.5		
2006	74.2	90.1	76.7	74.6	82.3	85.6	81.0	60.4	64.7	67.3	62.8	55.4	71.3	75.4
2007	73.3	82.7	81.1	75.5	72.7	77.8	79.1	78.1	74.3	81.6	70.3	58.4	75.4	77.1
2008	68.7	77.5	69.6	72.6	66.1	74.5	62.4	61.3	66.3	78.3	68.8	40.1	66.5	68.7
2009	44.4	57.0	54.0	59.8	58.2	58.1	55.2	51.9	59.6	60.8	55.3	51.4	55.4	55.3
2010	58.5	69.6	79.5	76.2	87.4	98.1	82.1	74.4	67.3	69.1	67.4	55.8	73.8	77.1
2011	68.9	65.0	63.9	58.8	63.0	74.9	59.9	59.5	60.8					63.8
Avg	63.4	71.8	70.0	68.8	70.9	77.7	69.9	65.6	66.6	72.5	66.0	52.9	68.0	68.9

ADR (\$)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2005							90.29	90.20	90.58	91.33	87.76	91.47		
2006	90.11	92.04	92.49	90.02	88.44	91.33	91.74	91.30	93.58	94.90	94.70	92.09	91.97	91.26
2007	95.62	97.68	97.56	98.98	97.64	96.65	98.90	94.77	98.16	101.36	97.59	95.73	97.61	97.32
2008	97.18	96.56	94.98	94.30	94.21	93.24	93.63	93.55	92.99	93.14	95.07	94.26	94.43	94.55
2009	91.78	92.80	93.28	93.22	89.87	90.34	87.54	88.09	88.09	86.52	84.67	82.60	89.08	90.57
2010	85.89	87.27	86.62	86.28	87.36	88.89	88.25	87.23	85.45	85.28	84.33	81.70	86.44	87.15
2011	85.00	88.29	85.83	87.22	86.26	87.37	88.46	89.17	89.08					87.35
Avg	90.66	92.36	91.42	91.50	90.31	90.95	91.17	90.54	90.95	92.02	90.49	89.04	91.63	91.11

RevPAR (\$)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2005							72.78	75.70	75.08	81.02	67.03	56.25		
2006	66.82	82.89	70.94	67.19	72.75	78.15	74.31	55.14	60.54	63.87	59.50	50.99	65.60	68.80
2007	70.07	80.80	79.11	74.71	70.96	75.21	78.26	74.02	72.94	82.71	68.62	55.86	73.56	75.07
2008	66.71	74.81	66.12	68.47	62.31	69.50	58.40	57.37	61.63	72.92	65.37	37.78	62.78	64.91
2009	40.75	52.90	50.40	55.73	52.32	52.44	48.35	45.94	52.47	52.63	46.84	42.47	49.38	50.08
2010	50.28	60.73	68.84	65.77	76.39	87.21	72.44	64.87	57.51	58.92	56.83	45.62	63.78	67.15
2011	58.56	57.36	54.86	51.31	54.34	65.42	52.99	53.04	54.18					55.75
Avg	57.46	66.29	63.96	62.98	64.06	70.68	63.76	59.36	60.53	66.73	59.69	47.08	62.32	62.75

Supply	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2005							9,083	9,083	8,790	9,083	11,040	11,408		
2006	11,408	10,304	11,408	11,040	11,408	11,040	11,408	15,717	15,210	15,717	15,210	15,717	155,587	108,943
2007	15,717	14,196	15,717	15,210	15,717	15,210	15,717	15,717	15,210	15,717	15,210	15,717	185,055	138,411
2008	15,717	14,196	15,717	15,210	15,717	15,210	15,717	15,717	15,210	15,717	15,210	19,778	189,116	138,411
2009	19,778	17,864	19,778	19,140	19,778	19,140	19,778	19,778	19,140	19,778	19,140	19,778	232,870	174,174
2010	19,778	17,864	19,778	19,140	19,778	19,140	19,778	19,778	19,140	19,778	19,140	19,778	232,870	174,174
2011	19,778	17,864	19,778	19,140	19,778	19,140	19,778	19,778	19,140					174,174
Avg	17,029	15,381	17,029	16,480	17,029	16,480	15,894	16,510	15,977	15,965	15,825	17,029	199,100	151,381

Demand	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2005							7,321	7,623	7,286	8,058	8,432	7,015		
2006	8,460	9,280	8,750	8,240	9,384	9,447	9,241	9,492	9,840	10,579	9,556	8,703	110,972	82,134
2007	11,517	11,743	12,745	11,481	11,423	11,836	12,437	12,276	11,303	12,825	10,695	9,171	139,452	106,761
2008	10,790	10,999	10,942	11,043	10,394	11,338	9,803	9,639	10,081	12,304	10,458	7,927	125,718	95,029
2009	8,781	10,183	10,687	11,442	11,515	11,111	10,923	10,261	11,400	12,030	10,590	10,169	129,092	96,303
2010	11,579	12,431	15,717	14,590	17,295	18,779	16,234	14,709	12,881	13,663	12,900	11,044	171,822	134,215
2011	13,626	11,605	12,642	11,260	12,459	14,330	11,848	11,765	11,642					111,177
Avg	10,792	11,040	11,914	11,343	12,078	12,807	11,115	10,824	10,633	11,577	10,439	9,005	135,411	104,270

Holiday Inn Express

Revenue (\$)															
	January	February	March	April	May	June	July	August	September	October	November	December		Total Year	Sep YTD
2005							661,045	687,626	659,981	735,921	739,964	641,684			
2006	762,316	854,109	809,273	741,798	829,942	862,769	847,729	866,585	920,814	1,003,919	904,993	801,488		10,205,735	7,495,335
2007	1,101,236	1,147,089	1,243,388	1,136,401	1,115,339	1,143,979	1,229,991	1,163,398	1,109,455	1,299,917	1,043,745	877,969		13,611,907	10,390,276
2008	1,048,551	1,062,041	1,039,265	1,041,410	979,270	1,057,148	917,853	901,734	937,413	1,146,023	994,233	747,211		11,872,152	8,984,685
2009	805,919	945,033	996,892	1,066,598	1,034,847	1,003,741	956,197	908,524	1,004,192	1,040,859	896,612	839,992		11,499,406	8,721,943
2010	994,518	1,084,870	1,361,455	1,258,802	1,510,896	1,669,283	1,432,711	1,283,033	1,100,671	1,165,234	1,087,794	902,249		14,851,516	11,696,239
2011	1,158,176	1,024,601	1,085,018	982,078	1,074,708	1,252,079	1,048,029	1,049,077	1,037,060						9,710,826
Avg	978,453	1,019,624	1,089,215	1,037,848	1,090,834	1,164,833	1,013,365	979,997	967,084	1,065,312	944,557	801,766		12,408,143	9,499,884

Holiday Inn Express

Tab 3 - Percent Change from Previous Year - Detail by Measure

Victorville, CA Area Selected Properties

Job Number: 388077_SADIM Staff: SS Created: November 01, 2011

Occupancy	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2006							0.5	-28.0	-22.0	-24.1	-17.7	-10.0		
2007	-1.2	-8.2	5.7	1.1	-11.6	-9.1	-2.3	29.3	14.9	21.2	11.9	5.4	5.7	2.3
2008	-6.3	-6.3	-14.1	-3.8	-9.0	-4.2	-21.2	-21.5	-10.8	-4.1	-2.2	-31.3	-11.8	-11.0
2009	-35.3	-26.4	-22.4	-17.7	-12.0	-22.1	-11.5	-15.4	-10.1	-22.3	-19.5	28.3	-16.6	-19.5
2010	31.9	22.1	47.1	27.5	50.2	69.0	48.6	43.3	13.0	13.6	21.8	8.6	33.1	39.4
2011	17.7	-6.6	-19.6	-22.8	-28.0	-23.7	-27.0	-20.0	-9.6					-17.2
Avg	1.3	-5.1	-0.7	-3.1	-2.1	2.0	-2.1	-2.0	-4.1	-3.1	-1.2	0.2	2.6	-1.2

ADR	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2006							1.6	1.2	3.3	3.9	7.9	0.7		
2007	6.1	6.1	5.5	9.9	10.4	5.8	7.8	3.8	4.9	6.8	3.0	4.0	6.1	6.6
2008	1.6	-1.2	-2.6	-4.7	-3.5	-3.5	-5.3	-1.3	-5.3	-8.1	-2.6	-1.5	-3.3	-2.9
2009	-5.6	-3.9	-1.8	-1.2	-4.6	-3.1	-6.5	-5.4	-5.3	-7.1	-10.9	-12.4	-5.7	-4.2
2010	-6.4	-6.0	-7.1	-7.4	-2.8	-1.6	0.8	-1.5	-3.0	-1.4	-0.4	-1.1	-3.0	-3.8
2011	-1.0	1.2	-0.9	1.1	-1.3	-1.7	0.2	2.2	4.2					0.2
Avg	-1.1	-0.7	-1.4	-0.5	-0.4	-0.8	-0.2	-0.1	-0.2	-1.2	-0.6	-2.1	-1.4	-0.8

RevPAR	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2006							2.1	-27.2	-19.4	-21.2	-11.2	-9.3		
2007	4.9	-2.5	11.5	11.2	-2.5	-3.8	5.3	34.3	20.5	29.5	15.3	9.5	12.1	9.1
2008	-4.8	-7.4	-16.4	-8.4	-12.2	-7.6	-25.4	-22.5	-15.5	-11.8	-4.7	-32.4	-14.7	-13.5
2009	-38.9	-29.3	-23.8	-18.6	-16.0	-24.5	-17.2	-19.9	-14.9	-27.8	-28.3	12.4	-21.3	-22.9
2010	23.4	14.8	36.6	18.0	46.0	66.3	49.8	41.2	9.6	11.9	21.3	7.4	29.2	34.1
2011	16.5	-5.6	-20.3	-22.0	-28.9	-25.0	-26.8	-18.2	-5.8					-17.0
Avg	0.2	-6.0	-2.5	-3.9	-2.7	1.1	-2.0	-2.1	-4.2	-3.9	-1.5	-2.5	1.3	-2.0

Supply	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2006							25.6	73.0	73.0	73.0	37.8	37.8		
2007	37.8	37.8	37.8	37.8	37.8	37.8	37.8	0.0	0.0	0.0	0.0	0.0	18.9	27.0
2008	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.8	2.2	0.0
2009	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	0.0	23.1	25.8
2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					0.0
Avg	12.7	12.7	12.7	12.7	12.7	12.7	14.9	16.5	16.5	19.8	12.7	12.7	11.1	10.6

Demand	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2006							26.2	24.5	35.1	31.3	13.3	24.1		
2007	36.1	26.5	45.7	39.3	21.7	25.3	34.6	29.3	14.9	21.2	11.9	5.4	25.7	30.0
2008	-6.3	-6.3	-14.1	-3.8	-9.0	-4.2	-21.2	-21.5	-10.8	-4.1	-2.2	-13.6	-9.8	-11.0
2009	-18.6	-7.4	-2.3	3.6	10.8	-2.0	11.4	6.5	13.1	-2.2	1.3	28.3	2.7	1.3
2010	31.9	22.1	47.1	27.5	50.2	69.0	48.6	43.3	13.0	13.6	21.8	8.6	33.1	39.4
2011	17.7	-6.6	-19.6	-22.8	-28.0	-23.7	-27.0	-20.0	-9.6					-17.2
Avg	12.1	5.6	11.3	8.8	9.1	12.9	12.1	10.4	9.3	12.0	9.2	10.6	12.9	8.5

Revenue	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Sep YTD
2006							28.2	26.0	39.5	36.4	22.3	24.9		
2007	44.5	34.3	53.6	53.2	34.4	32.6	45.1	34.3	20.5	29.5	15.3	9.5	33.4	38.6
2008	-4.8	-7.4	-16.4	-8.4	-12.2	-7.6	-25.4	-22.5	-15.5	-11.8	-4.7	-14.9	-12.8	-13.5
2009	-23.1	-11.0	-4.1	2.4	5.7	-5.1	4.2	0.8	7.1	-9.2	-9.8	12.4	-3.1	-2.9
2010	23.4	14.8	36.6	18.0	46.0	66.3	49.8	41.2	9.6	11.9	21.3	7.4	29.2	34.1
2011	16.5	-5.6	-20.3	-22.0	-28.9	-25.0	-26.8	-18.2	-5.8					-17.0
Avg	11.3	5.0	9.9	8.7	9.0	12.3	12.5	10.3	9.2	11.4	8.9	7.9	11.7	7.9

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Holiday Inn Express

Tab 4 - Percent Change from Previous Year - Detail by Year

Victorville, CA Area Selected Properties

Job Number: 388077_SADIM Staff: SS Created: November 01, 2011

	Jan 06	Feb 06	Mar 06	Apr 06	May 06	Jun 06	Jul 06	Aug 06	Sep 06	Oct 06	Nov 06	Dec 06	Total Year	Sep YTD
Occ							0.5	-28.0	-22.0	-24.1	-17.7	-10.0		
ADR							1.6	1.2	3.3	3.9	7.9	0.7		
RevPAR							2.1	-27.2	-19.4	-21.2	-11.2	-9.3		
Supply							25.6	73.0	73.0	73.0	37.8	37.8		
Demand							26.2	24.6	35.1	31.3	13.3	24.1		
Revenue							28.2	26.0	39.5	36.4	22.3	24.9		

	Jan 07	Feb 07	Mar 07	Apr 07	May 07	Jun 07	Jul 07	Aug 07	Sep 07	Oct 07	Nov 07	Dec 07	Total Year	Sep YTD
Occ	-1.2	-8.2	5.7	1.1	-11.6	-9.1	-2.3	29.3	14.9	21.2	11.9	5.4	5.7	2.3
ADR	6.1	6.1	5.5	9.9	10.4	5.8	7.8	3.8	4.9	6.8	3.0	4.0	6.1	6.6
RevPAR	4.9	-2.5	11.5	11.2	-2.5	-3.8	5.3	34.3	20.5	29.5	15.3	9.5	12.1	9.1
Supply	37.8	37.8	37.8	37.8	37.8	37.8	37.8	0.0	0.0	0.0	0.0	0.0	18.9	27.0
Demand	36.1	26.5	45.7	39.3	21.7	25.3	34.6	29.3	14.9	21.2	11.9	5.4	25.7	30.0
Revenue	44.5	34.3	53.6	53.2	34.4	32.6	45.1	34.3	20.5	29.5	15.3	9.5	33.4	38.6

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Total Year	Sep YTD
Occ	-6.3	-6.3	-14.1	-3.8	-9.0	-4.2	-21.2	-21.5	-10.8	-4.1	-2.2	-31.3	-11.8	-11.0
ADR	1.6	-1.2	-2.6	-4.7	-3.5	-3.5	-6.3	-1.3	-5.3	-8.1	-2.6	-1.5	-3.3	-2.9
RevPAR	-4.8	-7.4	-16.4	-8.4	-12.2	-7.6	-25.4	-22.5	-15.5	-11.8	-4.7	-32.4	-14.7	-13.5
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.8	2.2	0.0
Demand	-6.3	-6.3	-14.1	-3.8	-9.0	-4.2	-21.2	-21.5	-10.8	-4.1	-2.2	-13.6	-9.8	-11.0
Revenue	-4.8	-7.4	-16.4	-8.4	-12.2	-7.6	-25.4	-22.5	-15.5	-11.8	-4.7	-14.9	-12.8	-13.5

	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Total Year	Sep YTD
Occ	-35.3	-26.4	-22.4	-17.7	-12.0	-22.1	-11.5	-15.4	-10.1	-22.3	-19.5	28.3	-16.6	-19.5
ADR	-5.6	-3.9	-1.8	-1.2	-4.6	-3.1	-6.5	-5.4	-5.3	-7.1	-10.9	-12.4	-5.7	-4.2
RevPAR	-38.9	-29.3	-23.8	-18.6	-16.0	-24.5	-17.2	-19.9	-14.9	-27.8	-28.3	12.4	-21.3	-22.9
Supply	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	25.8	0.0	23.1	25.8
Demand	-18.6	-7.4	-2.3	3.6	10.8	-2.0	11.4	6.5	13.1	-2.2	1.3	28.3	2.7	1.3
Revenue	-23.1	-11.0	-4.1	2.4	5.7	-5.1	4.2	0.8	7.1	-9.2	-9.8	12.4	-3.1	-2.9

	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Total Year	Sep YTD
Occ	31.9	22.1	47.1	27.5	50.2	69.0	48.6	43.3	13.0	13.6	21.8	8.6	33.1	39.4
ADR	-6.4	-6.0	-7.1	-7.4	-2.8	-1.6	0.8	-1.5	-3.0	-1.4	-0.4	-1.1	-3.0	-3.8
RevPAR	23.4	14.8	36.6	18.0	46.0	66.3	49.8	41.2	9.6	11.9	21.3	7.4	29.2	34.1
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	31.9	22.1	47.1	27.5	50.2	69.0	48.6	43.3	13.0	13.6	21.8	8.6	33.1	39.4
Revenue	23.4	14.8	36.6	18.0	46.0	66.3	49.8	41.2	9.6	11.9	21.3	7.4	29.2	34.1

	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Total Year	Sep YTD
Occ	17.7	-6.6	-19.6	-22.8	-28.0	-23.7	-27.0	-20.0	-9.6					-17.2
ADR	-1.0	1.2	-0.9	1.1	-1.3	-1.7	0.2	2.2	4.2					0.2
RevPAR	16.5	-5.6	-20.3	-22.0	-28.9	-25.0	-26.8	-18.2	-5.8					-17.0
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					0.0
Demand	17.7	-6.6	-19.6	-22.8	-28.0	-23.7	-27.0	-20.0	-9.6					-17.2
Revenue	16.5	-5.6	-20.3	-22.0	-28.9	-25.0	-26.8	-18.2	-5.8					-17.0

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Tab 5 - Twelve Month Moving Average

Victorville, CA Area Selected Properties

Job Number: 388077_SADIM Staff: SS Created: November 01, 2011

Occupancy (%)	January	February	March	April	May	June	July	August	September	October	November	December
2006							79.4	78.9	75.2	73.5	72.2	71.3
2007	71.3	71.1	71.7	71.8	71.2	70.9	71.0	72.5	73.3	74.5	75.1	75.4
2008	75.0	74.6	73.6	73.4	72.8	72.5	71.1	69.7	69.0	68.7	68.6	66.5
2009	64.0	62.4	61.0	60.1	59.4	58.2	57.7	56.9	56.5	55.3	54.5	55.4
2010	56.6	57.6	59.8	61.1	63.6	66.9	69.2	71.1	71.7	72.4	73.4	73.8
2011	74.7	74.3	73.0	71.6	69.5	67.6	65.7	64.4	63.9			

ADR (\$)	January	February	March	April	May	June	July	August	September	October	November	December
2006							90.63	90.72	91.00	91.35	91.92	91.97
2007	92.47	93.03	93.55	94.29	95.03	95.45	96.04	96.26	96.61	97.19	97.39	97.61
2008	97.74	97.65	97.45	97.06	96.79	96.50	96.06	96.00	95.57	94.75	94.54	94.43
2009	94.01	93.68	93.53	93.43	93.03	92.77	92.25	91.85	91.42	90.79	89.92	89.08
2010	88.62	88.18	87.61	87.02	86.84	86.84	86.93	86.86	86.67	86.57	86.51	86.44
2011	86.36	86.42	86.36	86.43	86.31	86.10	86.06	86.18	86.48			

RevPAR (\$)	January	February	March	April	May	June	July	August	September	October	November	December
2006							71.99	69.76	68.43	67.17	66.41	65.60
2007	65.95	66.17	67.06	67.72	67.69	67.68	68.17	69.77	70.79	72.39	73.14	73.56
2008	73.27	72.81	71.71	71.20	70.46	69.99	68.30	66.89	65.96	65.13	64.86	62.78
2009	60.20	58.49	57.09	56.12	55.29	54.02	53.19	52.24	51.63	50.25	48.98	49.38
2010	50.19	50.79	52.36	53.18	55.23	58.08	60.13	61.74	62.15	62.69	63.51	63.78
2011	64.48	64.22	63.03	61.84	59.97	58.18	56.53	55.52	55.25			

Supply	January	February	March	April	May	June	July	August	September	October	November	December
2006							127,420	134,054	140,474	147,108	151,278	155,587
2007	159,896	163,788	168,097	172,267	176,576	180,746	185,055	185,055	185,055	185,055	185,055	185,055
2008	185,055	185,055	185,055	185,055	185,055	185,055	185,055	185,055	185,055	185,055	185,055	189,116
2009	193,177	196,845	200,906	204,836	208,897	212,827	216,888	220,949	224,879	228,940	232,870	232,870
2010	232,870	232,870	232,870	232,870	232,870	232,870	232,870	232,870	232,870	232,870	232,870	232,870
2011	232,870	232,870	232,870	232,870	232,870	232,870	232,870	232,870	232,870			

Demand	January	February	March	April	May	June	July	August	September	October	November	December
2006							101,216	103,085	105,639	108,160	109,284	110,972
2007	114,029	116,492	120,487	123,728	125,767	128,156	131,352	134,136	135,599	137,845	138,984	139,452
2008	138,725	137,981	136,178	135,740	134,711	134,213	131,579	128,942	127,720	127,199	126,962	125,718
2009	123,709	122,893	122,638	123,037	124,158	123,931	125,051	125,673	126,992	126,718	126,850	129,092
2010	131,890	134,138	139,168	142,316	148,096	155,764	161,075	165,523	167,004	168,637	170,947	171,822
2011	173,869	173,043	169,968	166,638	161,802	157,353	152,967	150,023	148,784			

Revenue (\$)	January	February	March	April	May	June	July	August	September	October	November	December
2006							9,173,112	9,352,071	9,612,904	9,880,902	10,045,931	10,205,735
2007	10,544,655	10,837,635	11,271,750	11,666,353	11,951,750	12,232,960	12,615,222	12,912,035	13,100,676	13,396,674	13,535,426	13,611,907
2008	13,559,222	13,474,174	13,270,051	13,175,060	13,038,991	12,952,160	12,640,022	12,378,358	12,206,316	12,052,422	12,002,910	11,872,152
2009	11,629,520	11,512,512	11,470,139	11,495,327	11,550,904	11,497,497	11,535,841	11,542,631	11,609,410	11,504,246	11,406,625	11,499,406
2010	11,668,005	11,827,842	12,192,405	12,384,609	12,860,658	13,526,200	14,002,714	14,377,223	14,473,702	14,598,077	14,789,259	14,851,516
2011	15,015,174	14,954,905	14,678,468	14,401,744	13,965,556	13,548,352	13,163,670	12,929,714	12,866,103			

High value is boxed.

Low value is boxed and italicized.

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Tab 6 - Day of Week Analysis

Victorville, CA Area Selected Properties

Job Number: 388077_SADIM Staff: SS Created: November 01, 2011

Occupancy (%)								Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Oct - 10	54.6	72.3	81.3	76.9	69.5	63.6	70.2	69.1
Nov - 10	48.2	73.0	74.7	73.9	71.0	61.8	65.9	67.4
Dec - 10	46.2	59.1	58.6	58.5	55.4	57.2	55.0	55.8
Jan - 11	59.5	69.2	77.6	76.5	67.5	67.5	67.1	68.9
Feb - 11	43.8	56.5	67.7	66.6	63.8	72.8	83.6	65.0
Mar - 11	46.1	66.9	74.3	67.9	61.0	61.1	67.3	63.9
Apr - 11	40.9	61.2	66.2	64.1	54.4	56.7	66.8	58.8
May - 11	51.1	61.3	69.0	71.3	63.2	60.9	66.0	63.0
Jun - 11	58.7	76.4	82.0	79.0	70.8	75.4	81.9	74.9
Jul - 11	46.6	61.5	68.9	71.3	60.3	54.1	61.1	59.9
Aug - 11	41.0	65.3	69.7	67.3	61.2	51.0	54.8	59.5
Sep - 11	44.8	59.3	67.6	70.0	59.1	62.5	62.4	60.8
Total Year	48.8	65.3	71.5	70.1	63.0	61.8	66.8	63.9

Three Year Occupancy (%)								Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Oct 08 - Sep 09	42.2	59.0	64.9	64.9	54.9	51.9	57.2	56.5
Oct 09 - Sep 10	58.9	74.7	79.7	78.2	71.0	67.5	72.0	71.7
Oct 10 - Sep 11	48.8	65.3	71.5	70.1	63.0	61.8	66.8	63.9
Total 3 Yr	50.1	66.4	72.1	71.1	63.1	60.5	65.5	64.1

ADR								Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Oct - 10	85.18	86.94	87.22	86.99	86.24	82.65	82.34	85.28
Nov - 10	84.62	86.70	86.72	86.64	83.63	79.27	80.33	84.33
Dec - 10	81.20	83.44	85.15	83.64	81.04	78.32	79.18	81.70
Jan - 11	85.36	86.59	86.35	86.24	84.20	82.02	83.68	85.00
Feb - 11	84.48	84.87	90.28	89.37	86.65	88.24	91.42	88.29
Mar - 11	85.12	86.76	87.91	87.79	86.06	82.62	82.50	85.83
Apr - 11	85.61	87.96	88.84	89.31	86.50	85.05	86.89	87.22
May - 11	85.18	86.89	88.64	88.82	85.47	84.39	83.42	86.26
Jun - 11	84.32	88.34	90.09	89.46	87.86	84.12	85.90	87.37
Jul - 11	87.23	90.12	91.69	92.00	89.45	83.97	85.03	88.46
Aug - 11	87.99	91.06	91.27	91.07	89.64	84.73	84.59	89.17
Sep - 11	87.74	90.23	91.87	91.42	89.49	86.65	85.86	89.08
Total Year	85.31	87.52	88.81	88.56	86.34	83.57	84.49	86.48

Three Year ADR								Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Oct 08 - Sep 09	91.65	92.68	93.17	93.36	91.17	88.35	88.72	91.42
Oct 09 - Sep 10	86.26	87.89	88.61	88.01	86.37	84.43	84.53	86.67
Oct 10 - Sep 11	85.31	87.52	88.81	88.56	86.34	83.57	84.49	86.48
Total 3 Yr	87.43	89.15	90.02	89.80	87.71	85.22	85.71	87.97

RevPAR								Total Month
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Oct - 10	46.47	62.82	70.93	66.86	59.92	52.55	57.84	58.92
Nov - 10	40.76	63.28	64.80	64.06	59.41	49.00	52.93	56.83
Dec - 10	37.54	49.29	49.90	48.93	44.87	44.82	43.52	45.62
Jan - 11	50.81	59.91	67.03	65.98	56.85	55.38	56.15	58.56
Feb - 11	37.00	47.98	61.08	59.48	55.25	64.27	76.43	57.36
Mar - 11	39.20	58.05	65.33	59.65	52.46	50.61	55.52	54.86
Apr - 11	35.01	53.83	58.85	57.24	47.03	48.22	58.08	51.31
May - 11	43.52	53.18	61.16	63.31	54.02	51.39	55.08	54.34
Jun - 11	49.46	67.50	73.89	70.64	62.16	63.39	70.39	65.42
Jul - 11	40.62	55.44	63.15	65.59	53.92	45.45	51.99	52.99
Aug - 11	36.10	59.48	63.62	61.27	54.89	43.25	46.39	53.04
Sep - 11	39.29	53.53	62.14	64.02	52.86	54.19	53.58	54.18
Total Year	41.63	57.17	63.51	62.09	54.36	51.61	56.45	55.25

Three Year RevPAR								Total Year
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	
Oct 08 - Sep 09	38.67	54.66	60.52	60.60	50.06	45.86	50.78	51.63
Oct 09 - Sep 10	50.82	65.65	70.60	68.82	61.33	56.97	60.90	62.15
Oct 10 - Sep 11	41.63	57.17	63.51	62.09	54.36	51.61	56.45	55.25
Total 3 Yr	43.77	59.21	64.92	63.85	55.35	51.55	56.11	56.40

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Holiday Inn Express

Tab 7 - Raw Data

Victorville, CA Area Selected Properties
Job Number: 388077_SADIM Staff: SS

Created: November 01, 2011

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jul 05	80.6		90.29		72.78		9,083		7,321		661,045		4	293	100.0
Aug 05	83.9		90.20		75.70		9,083		7,623		687,626		4	293	100.0
Sep 05	82.9		90.58		75.08		8,790		7,286		659,981		4	293	100.0
Oct 05	88.7		91.33		81.02		9,083		8,058		735,921		4	293	100.0
Nov 05	76.4		87.76		67.03		11,040		8,432		739,964		5	368	79.6
Dec 05	61.5		91.47		56.25		11,408		7,015		641,684		5	368	100.0
Jan 06	74.2		90.11		66.82		11,408		8,460		762,316		5	368	79.6
Feb 06	90.1		92.04		82.89		10,304		9,280		854,109		5	368	100.0
Mar 06	76.7		92.49		70.94		11,408		8,750		809,273		5	368	100.0
Apr 06	74.6		90.02		67.19		11,040		8,240		741,798		5	368	100.0
May 06	82.3		88.44		72.75		11,408		9,384		829,942		5	368	100.0
Jun 06	85.6		91.33		78.15		11,040		9,447		862,769		5	368	100.0
Jul 06	81.0	0.5	91.74	1.6	74.31	2.1	11,408	25.6	9,241	26.2	847,729	28.2	5	368	100.0
Aug 06	60.4	-28.0	91.30	1.2	55.14	-27.2	15,717	73.0	9,492	24.5	866,585	26.0	6	507	85.2
Sep 06	64.7	-22.0	93.58	3.3	60.54	-19.4	15,210	73.0	9,840	35.1	920,814	39.5	6	507	100.0
Oct 06	67.3	-24.1	94.90	3.9	63.87	-21.2	15,717	73.0	10,579	31.3	1,003,919	36.4	6	507	100.0
Nov 06	62.8	-17.7	94.70	7.9	59.50	-11.2	15,210	37.8	9,556	13.3	904,993	22.3	6	507	100.0
Dec 06	55.4	-10.0	92.09	0.7	50.99	-9.3	15,717	37.8	8,703	24.1	801,488	24.9	6	507	100.0
Jan 07	73.3	-1.2	95.62	6.1	70.07	4.9	15,717	37.8	11,517	36.1	1,101,236	44.5	6	507	100.0
Feb 07	82.7	-8.2	97.68	6.1	80.80	-2.5	14,196	37.8	11,743	26.5	1,147,089	34.3	6	507	100.0
Mar 07	81.1	5.7	97.56	5.5	79.11	11.5	15,717	37.8	12,745	45.7	1,243,388	53.6	6	507	100.0
Apr 07	75.5	1.1	98.98	9.9	74.71	11.2	15,210	37.8	11,481	39.3	1,136,401	53.2	6	507	100.0
May 07	72.7	-11.6	97.64	10.4	70.96	-2.5	15,717	37.8	11,423	21.7	1,115,339	34.4	6	507	100.0
Jun 07	77.8	-9.1	96.65	5.8	75.21	-3.8	15,210	37.8	11,836	25.3	1,143,979	32.6	6	507	100.0
Jul 07	79.1	-2.3	98.90	7.8	78.26	5.3	15,717	37.8	12,437	34.6	1,229,991	45.1	6	507	85.2
Aug 07	78.1	29.3	94.77	3.8	74.02	34.3	15,717	0.0	12,276	29.3	1,163,398	34.3	6	507	85.2
Sep 07	74.3	14.9	98.16	4.9	72.94	20.5	15,210	0.0	11,303	14.9	1,109,455	20.5	6	507	100.0
Oct 07	81.6	21.2	101.36	6.8	82.71	29.5	15,717	0.0	12,825	21.2	1,299,917	29.5	6	507	100.0
Nov 07	70.3	11.9	97.59	3.0	68.62	15.3	15,210	0.0	10,695	11.9	1,043,745	15.3	6	507	100.0
Dec 07	58.4	5.4	95.73	4.0	55.86	9.5	15,717	0.0	9,171	5.4	877,969	9.5	6	507	100.0
Jan 08	68.7	-6.3	97.18	1.6	66.71	-4.8	15,717	0.0	10,790	-6.3	1,048,551	-4.8	6	507	100.0
Feb 08	77.5	-6.3	96.56	-1.2	74.81	-7.4	14,196	0.0	10,999	-6.3	1,062,041	-7.4	6	507	100.0
Mar 08	69.6	-14.1	94.98	-2.6	66.12	-16.4	15,717	0.0	10,942	-14.1	1,039,265	-16.4	6	507	100.0
Apr 08	72.6	-3.8	94.30	-4.7	68.47	-8.4	15,210	0.0	11,043	-3.8	1,041,410	-8.4	6	507	100.0
May 08	66.1	-9.0	94.21	-3.5	62.31	-12.2	15,717	0.0	10,394	-9.0	979,270	-12.2	6	507	100.0
Jun 08	74.5	-4.2	93.24	-3.5	69.50	-7.6	15,210	0.0	11,338	-4.2	1,057,148	-7.6	6	507	100.0
Jul 08	62.4	-21.2	93.63	-5.3	58.40	-25.4	15,717	0.0	9,803	-21.2	917,853	-25.4	6	507	100.0
Aug 08	61.3	-21.5	93.55	-1.3	57.37	-22.5	15,717	0.0	9,639	-21.5	901,734	-22.5	6	507	100.0
Sep 08	66.3	-10.8	92.99	-5.3	61.63	-15.5	15,210	0.0	10,081	-10.8	937,413	-15.5	6	507	100.0
Oct 08	78.3	-4.1	93.14	-8.1	72.92	-11.8	15,717	0.0	12,304	-4.1	1,146,023	-11.8	6	507	100.0
Nov 08	68.8	-2.2	95.07	-2.6	65.37	-4.7	15,210	0.0	10,458	-2.2	994,233	-4.7	6	507	100.0
Dec 08	40.1	-31.3	94.26	-1.5	37.78	-32.4	19,778	25.8	7,927	-13.6	747,211	-14.9	7	638	100.0
Jan 09	44.4	-35.3	91.78	-5.6	40.75	-38.9	19,778	25.8	8,781	-18.6	805,919	-23.1	7	638	100.0
Feb 09	57.0	-26.4	92.80	-3.9	52.90	-29.3	17,864	25.8	10,183	-7.4	945,033	-11.0	7	638	100.0
Mar 09	54.0	-22.4	93.28	-1.8	50.40	-23.8	19,778	25.8	10,687	-2.3	996,892	-4.1	7	638	100.0
Apr 09	59.8	-17.7	93.22	-1.2	55.73	-18.6	19,140	25.8	11,442	3.6	1,066,598	2.4	7	638	100.0
May 09	58.2	-12.0	89.87	-4.6	52.32	-16.0	19,778	25.8	11,515	10.8	1,034,847	5.7	7	638	100.0
Jun 09	58.1	-22.1	90.34	-3.1	52.44	-24.5	19,140	25.8	11,111	-2.0	1,003,741	-5.1	7	638	100.0
Jul 09	55.2	-11.5	87.54	-6.5	48.35	-17.2	19,778	25.8	10,923	11.4	956,197	4.2	7	638	100.0
Aug 09	51.9	-15.4	88.54	-5.4	45.94	-19.9	19,778	25.8	10,261	6.5	908,524	0.8	7	638	100.0

Holiday Inn Express

Tab 8 - Classic

Victorville, CA Area Selected Properties
Job Number: 388077_SADIM Staff: SS Created: November 01, 2011

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jul 05	80.6		90.29		72.78		9,083		7,321		661,045		4	293	100.0
Aug 05	83.9		90.20		75.70		9,083		7,623		687,626		4	293	100.0
Sep 05	82.9		90.58		75.08		8,790		7,286		659,981		4	293	100.0
Oct 05	88.7		91.33		81.02		9,083		8,058		735,921		4	293	100.0
Nov 05	76.4		87.76		67.03		11,040		8,432		739,964		5	368	79.6
Dec 05	61.5		91.47		56.25		11,408		7,015		641,684		5	368	100.0
Sep YTD 2005															
Total 2005															
Jan 06	74.2		90.11		66.82		11,408		8,460		762,316		5	368	79.6
Feb 06	90.1		92.04		82.89		10,304		9,280		854,109		5	368	100.0
Mar 06	76.7		92.49		70.94		11,408		8,750		809,273		5	368	100.0
Apr 06	74.6		90.02		67.19		11,040		8,240		741,798		5	368	100.0
May 06	82.3		88.44		72.75		11,408		9,384		829,942		5	368	100.0
Jun 06	85.6		91.33		78.15		11,040		9,447		862,769		5	368	100.0
Jul 06	81.0	0.5	91.74	1.6	74.31	2.1	11,408	25.6	9,241	26.2	847,729	28.2	5	368	100.0
Aug 06	60.4	-28.0	91.30	1.2	55.14	-27.2	15,717	73.0	9,492	24.5	866,585	26.0	6	507	85.2
Sep 06	64.7	-22.0	93.58	3.3	60.54	-19.4	15,210	73.0	9,840	35.1	920,814	39.5	6	507	100.0
Oct 06	67.3	-24.1	94.90	3.9	63.87	-21.2	15,717	73.0	10,579	31.3	1,003,919	36.4	6	507	100.0
Nov 06	62.8	-17.7	94.70	7.9	59.50	-11.2	15,210	37.8	9,556	13.3	904,993	22.3	6	507	100.0
Dec 06	55.4	-10.0	92.09	0.7	50.99	-9.3	15,717	37.8	8,703	24.1	801,488	24.9	6	507	100.0
Sep YTD 2006															
Total 2006															
Jan 07	73.3	-1.2	95.62	6.1	70.07	4.9	15,717	37.8	11,517	36.1	1,101,236	44.5	6	507	100.0
Feb 07	82.7	-8.2	97.68	6.1	80.80	-2.5	14,196	37.8	11,743	26.5	1,147,089	34.3	6	507	100.0
Mar 07	81.1	5.7	97.56	5.5	79.11	11.5	15,717	37.8	12,745	45.7	1,243,388	53.6	6	507	100.0
Apr 07	75.5	1.1	98.98	9.9	74.71	11.2	15,210	37.8	11,481	39.3	1,136,401	53.2	6	507	100.0
May 07	72.7	-11.6	97.64	10.4	70.96	-2.5	15,717	37.8	11,423	21.7	1,115,339	34.4	6	507	100.0
Jun 07	77.8	-9.1	96.65	5.8	75.21	-3.8	15,210	37.8	11,836	25.3	1,143,979	32.6	6	507	100.0
Jul 07	79.1	-2.3	98.90	7.8	78.26	5.3	15,717	37.8	12,437	34.6	1,229,991	45.1	6	507	85.2
Aug 07	78.1	29.3	94.77	3.8	74.02	34.3	15,717	0.0	12,276	29.3	1,163,398	34.3	6	507	85.2
Sep 07	74.3	14.9	98.16	4.9	72.94	20.5	15,210	0.0	11,303	14.9	1,109,455	20.5	6	507	100.0
Oct 07	81.6	21.2	101.36	6.8	82.71	29.5	15,717	0.0	12,825	21.2	1,299,917	29.5	6	507	100.0
Nov 07	70.3	11.9	97.59	3.0	68.62	15.3	15,210	0.0	10,695	11.9	1,043,745	15.3	6	507	100.0
Dec 07	58.4	5.4	95.73	4.0	55.86	9.5	15,717	0.0	9,171	5.4	877,969	9.5	6	507	100.0
Sep YTD 2007															
Total 2007															
Jan 08	68.7	-6.3	97.18	1.6	66.71	-4.8	15,717	0.0	10,790	-6.3	1,048,551	-4.8	6	507	100.0
Feb 08	77.5	-6.3	96.56	-1.2	74.81	-7.4	14,196	0.0	10,999	-6.3	1,062,041	-7.4	6	507	100.0
Mar 08	69.6	-14.1	94.98	-2.6	66.12	-16.4	15,717	0.0	10,942	-14.1	1,039,265	-16.4	6	507	100.0
Apr 08	72.6	-3.8	94.30	-4.7	68.47	-8.4	15,210	0.0	11,043	-3.8	1,041,410	-8.4	6	507	100.0
May 08	66.1	-9.0	94.21	-3.5	62.31	-12.2	15,717	0.0	10,394	-9.0	979,270	-12.2	6	507	100.0
Jun 08	74.5	-4.2	93.24	-3.5	69.50	-7.6	15,210	0.0	11,338	-4.2	1,057,148	-7.6	6	507	100.0
Jul 08	62.4	-21.2	93.63	-5.3	58.40	-25.4	15,717	0.0	9,803	-21.2	917,853	-25.4	6	507	100.0
Aug 08	61.3	-21.5	93.55	-1.3	57.37	-22.5	15,717	0.0	9,639	-21.5	901,734	-22.5	6	507	100.0
Sep 08	66.3	-10.8	92.99	-5.3	61.63	-15.5	15,210	0.0	10,081	-10.8	937,413	-15.5	6	507	100.0
Oct 08	78.3	-4.1	93.14	-8.1	72.92	-11.8	15,717	0.0	12,304	-4.1	1,146,023	-11.8	6	507	100.0
Nov 08	68.8	-2.2	95.07	-2.6	65.37	-4.7	15,210	0.0	10,458	-2.2	994,233	-4.7	6	507	100.0
Dec 08	40.1	-31.3	94.26	-1.5	37.78	-32.4	19,778	25.8	7,927	-13.6	747,211	-14.9	7	638	100.0
Sep YTD 2008															
Total 2008															
Jan 09	44.4	-35.3	91.78	-5.6	40.75	-38.9	19,778	25.8	8,781	-18.6	805,919	-23.1	7	638	100.0
Feb 09	57.0	-26.4	92.80	-3.9	52.90	-29.3	17,864	25.8	10,183	-7.4	945,033	-11.0	7	638	100.0
Mar 09	54.0	-22.4	93.28	-1.8	50.40	-23.8	19,778	25.8	10,687	-2.3	996,892	-4.1	7	638	100.0
Apr 09	59.8	-17.7	93.22	-1.2	55.73	-18.6	19,140	25.8	11,442	3.6	1,066,598	2.4	7	638	100.0
May 09	58.2	-12.0	89.87	-4.6	52.32	-16.0	19,778	25.8	11,515	10.8	1,034,847	5.7	7	638	100.0

4.2.2 Demographics



Demographic and Income Profile

Prepared by the City of Victorville

ZIPs: 92392 (Victorville, CA), 92394 (Victorville, CA), et. al.

Summary	2000		2008		2013	
Population	75,745		123,544		153,482	
Households	24,960		37,757		46,537	
Families	19,117		29,199		35,971	
Average Household Size	3.01		3.17		3.21	
Owner Occupied HUs	16,833		26,848		32,909	
Renter Occupied HUs	8,127		10,909		13,628	
Median Age	31.9		32.9		33.3	
Trends: 2008-2013 Annual Rate	Area				National	
Population	4.44%				1.23%	
Households	4.27%				1.26%	
Families	4.26%				1.05%	
Owner HHs	4.16%				1.07%	
Median Household Income	4.25%				3.19%	
	2000		2008		2013	
Households by Income	Number	Percent	Number	Percent	Number	Percent
< \$15,000	4,629	18.5%	4,921	13.0%	5,103	11.0%
\$15,000 - \$24,999	3,590	14.3%	4,338	11.5%	4,270	9.2%
\$25,000 - \$34,999	3,305	13.2%	4,073	10.8%	4,257	9.1%
\$35,000 - \$49,999	4,220	16.8%	6,125	16.2%	5,633	12.1%
\$50,000 - \$74,999	5,405	21.6%	7,867	20.8%	10,607	22.8%
\$75,000 - \$99,999	2,241	8.9%	6,289	16.7%	8,124	17.5%
\$100,000 - \$149,999	1,231	4.9%	2,911	7.7%	6,542	14.1%
\$150,000 - \$199,000	262	1.0%	707	1.9%	963	2.1%
\$200,000+	174	0.7%	526	1.4%	1,038	2.2%
Median Household Income	\$37,957		\$48,414		\$59,624	
Average Household Income	\$45,975		\$57,875		\$67,631	
Per Capita Income	\$15,485		\$18,318		\$21,080	
	2000		2008		2013	
Population by Age	Number	Percent	Number	Percent	Number	Percent
0 - 4	6,230	8.2%	10,280	8.3%	13,038	8.5%
5 - 9	7,638	10.1%	9,380	7.6%	11,734	7.6%
10 - 14	7,514	9.9%	9,343	7.6%	10,787	7.0%
15 - 19	5,979	7.9%	9,761	7.9%	10,602	6.9%
20 - 24	4,111	5.4%	9,051	7.3%	10,957	7.1%
25 - 34	9,526	12.6%	17,196	13.9%	23,511	15.3%
35 - 44	11,816	15.6%	17,030	13.8%	19,434	12.7%
45 - 54	8,448	11.2%	16,636	13.5%	20,254	13.2%
55 - 64	5,623	7.4%	11,585	9.4%	16,486	10.7%
65 - 74	4,942	6.5%	6,851	5.5%	8,889	5.8%
75 - 84	3,222	4.3%	4,829	3.9%	5,481	3.6%
85+	696	0.9%	1,602	1.3%	2,309	1.5%
	2000		2008		2013	
Race and Ethnicity	Number	Percent	Number	Percent	Number	Percent
White Alone	48,224	63.7%	71,064	57.5%	83,357	54.3%
Black Alone	8,170	10.8%	13,812	11.2%	16,621	10.8%
American Indian Alone	827	1.1%	1,311	1.1%	1,563	1.0%
Asian Alone	2,587	3.4%	5,162	4.2%	6,910	4.5%
Pacific Islander Alone	150	0.2%	351	0.3%	447	0.3%
Some Other Race Alone	11,396	15.0%	22,899	18.5%	31,989	20.8%
Two or More Races	4,391	5.8%	8,945	7.2%	12,595	8.2%
Hispanic Origin (Any Race)	23,552	31.1%	47,441	38.4%	66,177	43.1%

Data Note: Income is expressed in current dollars.

Source: U.S. Bureau of the Census, 2000 Census of Population and Housing. ESRI forecasts for 2008 and 2013.

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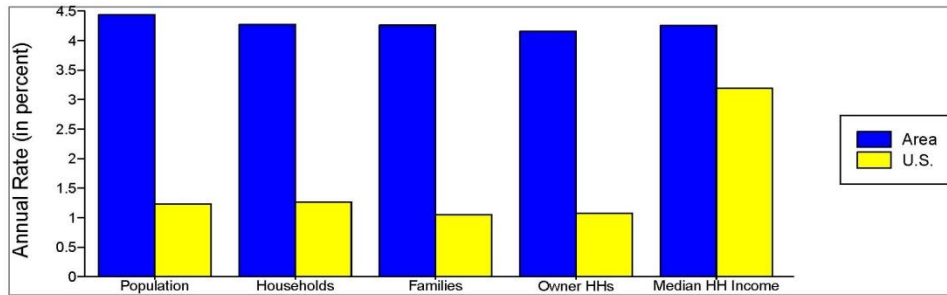


Demographic and Income Profile

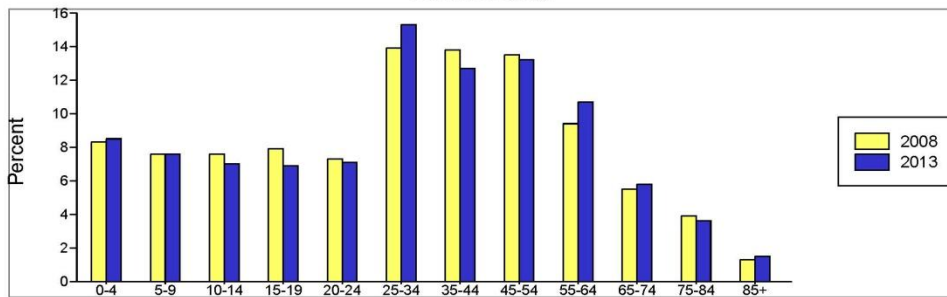
Prepared by the City of Victorville

ZIPs: 92392 (Victorville, CA), 92394 (Victorville, CA), et. al.

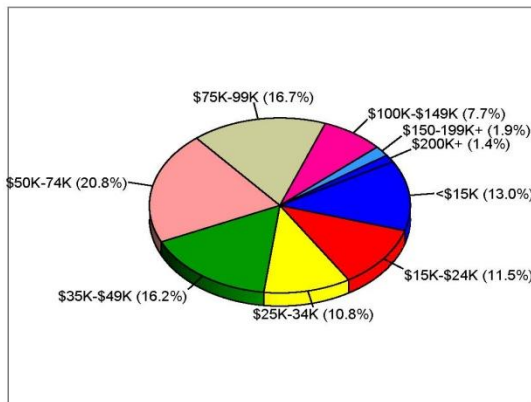
Trends 2008-2013



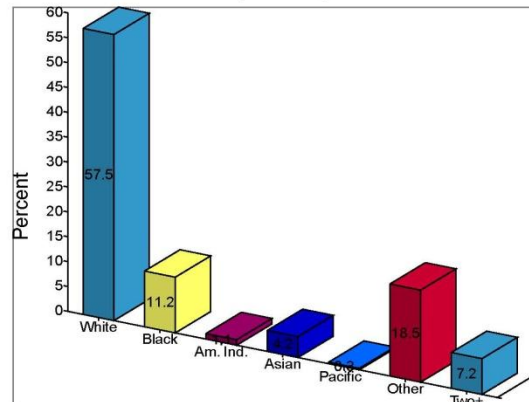
Population by Age



2008 Household Income



2008 Population by Race



2008 Percent Hispanic Origin: 38.4%

4.2.3 DesertExpress Train

VICTORVILLE • DesertXpress has cleared one more hurdle, receiving permission from the federal Surface Transportation Board to build and operate its high-speed train to Las Vegas, according to a document obtained by the Daily Press.

The STB granted the project an exemption from certain approval requirements, stating in its decision that the 190-mile train line “will not significantly affect either the quality of the human environment or the conservation of energy resources.”

Private developers of the train are still waiting on word as to whether they’ll receive a \$4.9 billion federal loan to fund that construction. DesertXpress officials told Victorville Mayor Ryan McEachron a decision from the Federal Railroad Administration is expected in six to nine months.

The Department of Transportation gave the project environmental clearance in July, ending a review process that had been underway since 2006.

If the FRA approves the loan, DesertXpress officials have said they hope to start construction in late 2012. That means passengers could be paying \$50 each to board the luxury trains in Victorville by 2016, McEachron said, making the 190-mile trip to Las Vegas in roughly 80 minutes.

Once construction begins, forecasts indicate DesertXpress will create roughly 50,000 jobs in San Bernardino County and 32,000 jobs in Clark County, Nev.

4.3 Competition

Major Competitors

- La Quinta Inns & Suites - Victorville. Opened in October 2003. 53 rooms
- Courtyard Victorville. Opened in Dec 2008. 131 rooms
- Springhill Suites Victorville. Opened June 2005. 63 rooms.
- Hawthorn Suites by Wyndham Victorville. Opened November 2005. 75 rooms.
- Comfort Suites Victorville. Opened March 2003. 77 rooms.
- Hilton Garden Inn Victorville. Opened August 2006. 139 rooms.
- Holiday Inn Express Hesperia. Opened November 2002. 100 rooms.

The hotel statistics presented in section 4.2.1 were compiled from average data obtained from these hotels.

5.0 Marketing & Sales Strategy

The following sub sections explain our Marketing and Sales Strategy.

5.1 Marketing Strategy

InterContinental Hotels Group designs a wide array of marketing campaigns targeted locally, regionally, and globally to promote business into each of its brands. Each brand has a dedicated marketing team that focuses on enhancing consumer awareness and performance while differentiating each brand from the competition.

In addition, InterContinental Hotels Group has one of the industry's most popular frequency guest programs - Priority Club® Rewards- and maintains strong alliances with top internet companies, major news media sources, merchandisers, and air carriers. As a matter of fact, InterContinental Hotels Group has established alliances with global airlines. Our scale of alliances benefit the Hotelier by allowing us to market more effectively through more channels. With over 26 million members worldwide, Priority Club® Rewards was the first hotel customer loyalty program and provides a sizeable contribution to our brands' annual occupancy rates.

Reservations technology with a Web around the world

One of our primary goals is to make it easier for guests to book at your hotel. IHG was the first to offer a computerized reservations system in 1965. Today our reservations system is at the core of our operating system and processes almost 146 million stays per year. Our reservations network continues to grow as IHG integrates with popular travel web sites and portals. We link to hundreds of thousands of terminals worldwide, giving travel agents and intermediaries real time access to our hotels through all major distribution systems and Global Distribution System web sites.

IHG has 10 central reservations offices located around the world with 2,200 agents that handled 22 million calls last year. IHG delivers nearly 80% of all online revenue from its branded Web sites globally. Our Web sites receive over 20 million visits each month. When you add to that the power of our advanced HOLIDEX Plus reservation system each hotel is fully equipped to maximize profitability. IHG advanced reservations technology improves hotel efficiency since hotels no longer need full reservations teams, owners can free more staff to handle other duties. This keeps hotel staff numbers down while owners still enjoy 24-hour reservations support.

Online Marketing

Even before customers are going to choose your hotel, they need to find you. IHG online marketing channels place your hotel first and foremost in front of customers to create demand, increase conversion, and optimize revenue. IHG is an industry leader on the forefront of online marketing technologies. In fact, 15 years ago we were the first hotel company to offer booking over the internet in 1995. Today online efforts are a core component of brand marketing strategy. Through web advertisements, search engine marketing, email communications, social media campaigns, prime travel agency placements, affiliate and third-party web sites. IHG online marketing platforms allow potential customers to easily find and book your hotel. Perhaps most importantly, IHG branded websites offer comprehensive, customer-friendly reservation services and secure bookings in multiple languages.

Performance Marketing

Our performance-based internet marketing program markets all IHG brands and properties online globally and drives demand to our direct web sites. Hotels only pay commissions if the guest books a commissionable rate and the booking is consumed. Through this program, IHG hotels and brands are promoted through keyword buys on search engines as well as media placements and text links on

popular web sites around the world. IHG is the largest search engine marketer in the hotel industry, driving over 16 billion impressions each year and marketing in 16 languages around the world.

Email Marketing

Delivering timely and relevant messages that are both anticipated and valued by our recipients is a top priority for IHG. Our award winning email program keeps both guests and Priority Club Rewards members in touch through stay-related transactions and promotional messages. Your guests can opt-in to receive emails from each hotel brand, as well as their account information and special offers. Most recent, IHG launched GuestConnect - a new email marketing tool designed for hotels which allows hotels to select promotional offers that will appear within our professionally branded emails.

Our entire email program is worldwide and produced in 14 languages. Each month, email marketing sends nearly 40 million promotional and transactional email messages to recipients around the world.

5.2 Sales Strategy

The company will offer personalized service and employee based knowledge about the products and services.

Customer care, customer satisfaction and full attention to customer needs are absolutely essential for the success and survival of the business. It is easier and less expensive to maintain a current customer than it is to attract a new one. The Company will embrace the following:

- Focus attention on fulfilling the needs of every customer, in a timely manner.
- Provide an environment whereby customers will feel comfortable that their requirements are being handled efficiently.
- Be proactive in greeting and appreciating every customer.
- Thank every customer for coming and invite them back. Make them feel welcome and that their business is important to the Company.
- Overall customer satisfaction will be the Company's main priority.
- Provide a variety of products that are appealing to customers.
- Maintain a well stocked inventory of goods.

5.2.1 Sales Forecast

The accompanying table and chart summarize the planned sales forecast. The monthly sales forecast for the first year is included in the appendix. The following assumptions have been made in developing this forecast:

Occupancy rate is assumed to be 78%, which is 24% higher than the current Holiday Inn Express average and 10% higher than the current Victorville/ High Desert average. This is in line with projected increases in occupancy rates by the time the hotel is built in 2 years.

ADR (Average Daily Rate) equals \$85.82, which equals the Holiday Inn Express average and \$1.00 below the Victorville/ High Desert average.

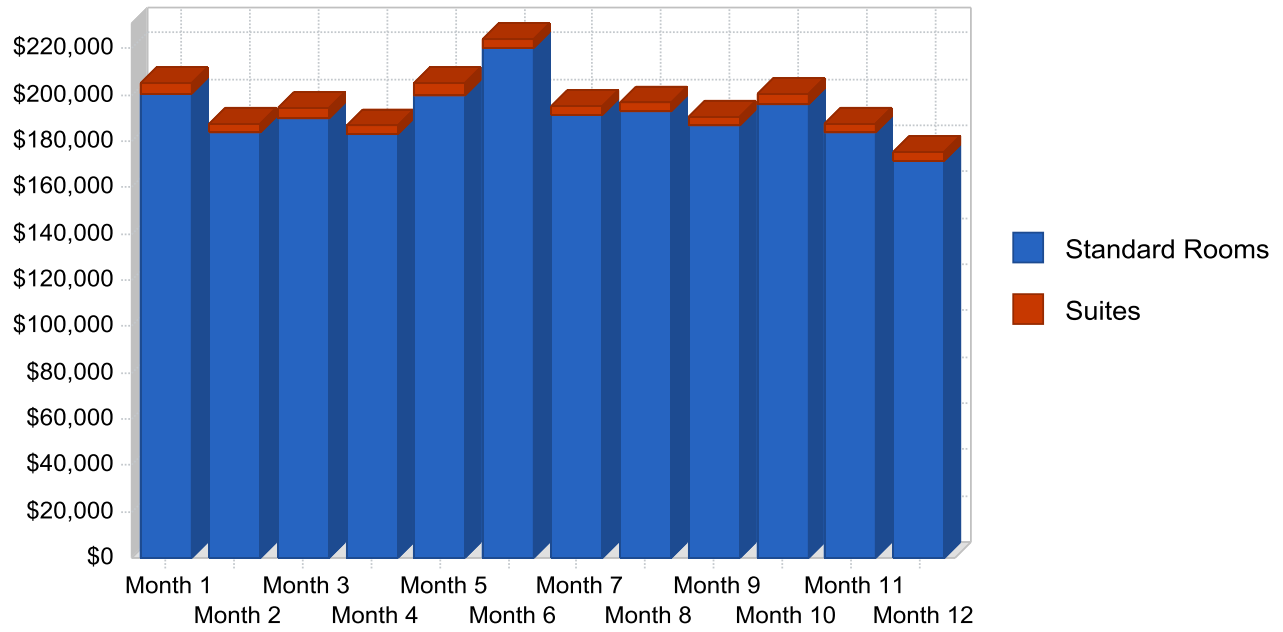
REVPAR (Revenue Per Available Room) equals \$58.37, which is \$8.00 higher than the Holiday Inn Express average and \$1.00 below the Victorville/ High Desert average.

Annual Revenues increase is 5%.

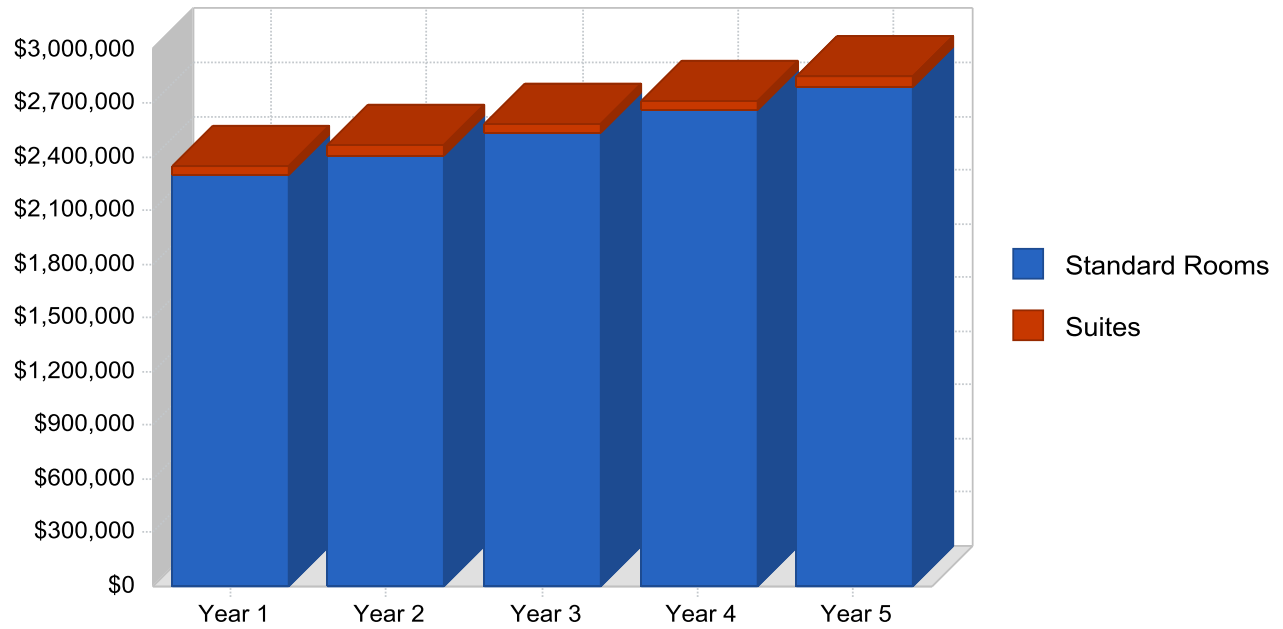
Other income is shown in section 7.3.

Sales Forecast					
	Year 1	Year 2	Year 3	Year 4	Year 5
Unit Sales					
Standard Rooms	26,924	28,270	29,684	31,168	32,726
Suites	461	484	508	533	560
Total Unit Sales	27,385	28,754	30,192	31,702	33,287
Unit Prices					
Standard Rooms	\$85.37	\$85.37	\$85.37	\$85.37	\$85.37
Suites	\$110.29	\$110.29	\$110.29	\$110.29	\$110.29
Sales					
Standard Rooms	\$2,298,468	\$2,413,391	\$2,534,061	\$2,660,764	\$2,793,802
Suites	\$50,825	\$53,367	\$56,035	\$58,837	\$61,778
Total Sales	\$2,349,293	\$2,466,758	\$2,590,096	\$2,719,600	\$2,855,580
Direct Cost of Sales					
Standard Rooms	\$0	\$0	\$0	\$0	\$0
Suites	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$0	\$0	\$0	\$0	\$0

Sales Monthly



Sales by Year



5.2.2 Service and Support

Customer service and care has a significant impact on marketing and sales efforts. A happy customer will continue to utilize the services and will most likely recommend the Company to their friends, thus becoming a powerful marketing tool in itself. The entire organization is committed to providing excellent service and ensuring customer satisfaction. This basic concept teaches that:

- Satisfied customers translate into profitable business.
- The Company can reap the rewards that come when businesses truly put the customer first.
- The voice of the customer has been transformed by the Internet and the availability of knowledge into a power broker.
- It is important to improve customer satisfaction levels.
- The customer's voice is louder and clearer than ever and attention must be paid to them.
- Customer satisfaction is a moving target. Consumers have learned to expect more, which means standing still is not an option.
- The customer has changed throughout the last decade.

We are all customers and we all yearn for the same thing in our daily encounters: courtesy, efficiency, empathy and, if we are lucky, a genuine smile.

Loyalty is one of the ways that customer satisfaction drives profits. J. D. Powers and Associates' research shows that consumers will pay a hefty premium to do business with a company that has a reputation for delivering high levels of customer satisfaction. This even holds true where the choices are otherwise objectively similar. Not only will satisfied customers pay more to do business with you, they will give you a higher share of their wallet. This is important, because across most industries consumers spread their business across multiple companies.

Word of mouth is another key benefit to having satisfied customers. Research shows that the most satisfied customers go out of their way to convince others to do business with you. Unfortunately, dissatisfied customers make it a point to tell others to stay away, and dissatisfied customers are significantly more vocal.

6.0 Organizational Structure

6.1 Management Team

General Partner: xxxxx

xxxx's 30 years of operational expertise and over 1,000,000 square feet of successful commercial retail development enables Gary to lead with effective and professional execution. Gary owned and operated two Irvine Ranch Market's in Los Angeles, CA. Gary quickly expanded by operating a restaurant in one of the market's, producing profits of approximately \$800,000 a year in deli sales and over \$2 million a year in total restaurant food sales.

Operationally, Gary has been developing branded flags such as: El Polo Loco, Irvine Ranch Market, Chevron Fueling Station, Church's Chicken, Xpress Lube and an Xpress Service Carwash. Projects developed or participated in include:

- Operated a 6,000 square feet "Jolly Rogers", independent gas station, large deli and convenience store located in Corona, CA
- Developed the Copper Lantern Shopping Center, Riverside, CA
- Developed the Alostia Village Shopping Center, Glendora, CA
- Developed the 100,000 square feet Grand Avenue Cinema Complex, Glendora, CA anchored by Manns Cinema Multiplex
- Developed a quarter million square foot shopping center in San Dimas.
- Partnered with Nautilus Aerobics Plus", chain of 30 gyms in Southern California
- Operated an El Pollo Loco part of the "Copper Lantern Shopping Center" in Riverside, CA.
- Operated successfully the Yogurt Station (a yogurt chain) for 4 years
- Operated the highest volume Church's Chicken in Southern California
- Developed and Operated the highest grossing Chevron gas station and C-store in the High Desert (Victorville, CA)

Operations Management: xxxx

Results driven, strategic leader offers excellence in managing the larger picture and building dynamic team environments that always exceed goals and expectations with background:

Directing Full-Service High-End Lakeside Resort, F&B, Marina & Snowmobile Operations

- Managing 300+ Workforce & Controlled Budgets Ranging to \$18 Million
- Taking GAP from 20.2% to 8.9%, Increasing Productivity 38% & Cutting Labor Costs 20%
- Creating Regional Marketing Plans Generating \$1.75 Million in Group Bookings
- Executing Special Projects Totaling \$1.4 Million Annually

Managing Region Comprised of 25 Properties Generating \$16 Million

- Holding Full P&L, Business Planning, Budgeting, Forecasting, Sales/Marketing & CRM Responsibility
- Serving as GM of Properties Ranging to 450 Rooms & Increasing Occupancy up to 94%
- Increasing Restaurant Sales 20% & Winning Award for Operator of the Year

- Managing Special Projects including \$2 Million Renovation

Possessing Additional 10 Years Experience as

- Restaurant Manager, Director of F&B & Assistant General Manager
- Managing Hotels with Swimming Pools, Full-Service Health Club, Multiple Restaurants, Bars & Coffee Shops
- Creating & Managing Catering Programs, Booking Entertainment & Overseeing Major Events
- Controlling Costs to Drive Profitability (Hotel & F&B Inventories, Workman's Comp Claims)

6.2 Personnel Plan

<i>Personnel Plan</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
General Manager	\$55,000	\$56,650	\$58,350	\$60,100	\$61,903
Director of Sales	\$48,000	\$49,440	\$50,923	\$52,451	\$54,024
Guest Services Manager	\$44,000	\$45,320	\$46,680	\$48,080	\$49,522
Chief Maintenance Engineer	\$42,000	\$43,260	\$44,558	\$45,895	\$47,271
Executive Housekeeper	\$38,000	\$39,140	\$40,314	\$41,524	\$42,769
Reservationists/ Phone Staff	\$28,672	\$29,532	\$30,418	\$31,331	\$32,271
Reservation Supervisors	\$37,856	\$38,992	\$40,161	\$41,366	\$42,607
Housekeepers	\$98,021	\$100,962	\$103,990	\$107,110	\$110,323
Housekeeping Supervisors	\$37,856	\$38,992	\$40,161	\$41,366	\$42,607
Guest Service Agents	\$41,600	\$42,848	\$44,133	\$45,457	\$46,821
Engineer	\$20,800	\$21,424	\$22,067	\$22,729	\$23,411
Security	\$58,240	\$59,987	\$61,787	\$63,640	\$65,550
Total Payroll	\$550,045	\$566,546	\$583,543	\$601,049	\$619,080

7.0 Financial Plan

The following sub sections include the various financial projections for the business for the plan period. Monthly projections for the first year are also included in the appendix.

These projections have been prepared to present a general picture of the profit potential and viability of the business.

7.1 Assumptions

Start-Up Costs: Detailed in section 2.3.

Receivables: 15 days.

Payables: 30 days.

Revenues and Cost of Sales assumptions: See Sales Forecast, section 5.2.1

Personnel Projections: See Personnel Plan, section 6.2

Operating Expenses: Included in Income Statement, section 7.3

Loan Terms: Assumed 7% interest rate and a term of 25 years. Payback will be through cash flow generated from profits.

Federal Income Taxes: None since the company is an LLC and is not taxed at the company level.

7.2 Start-up Funding

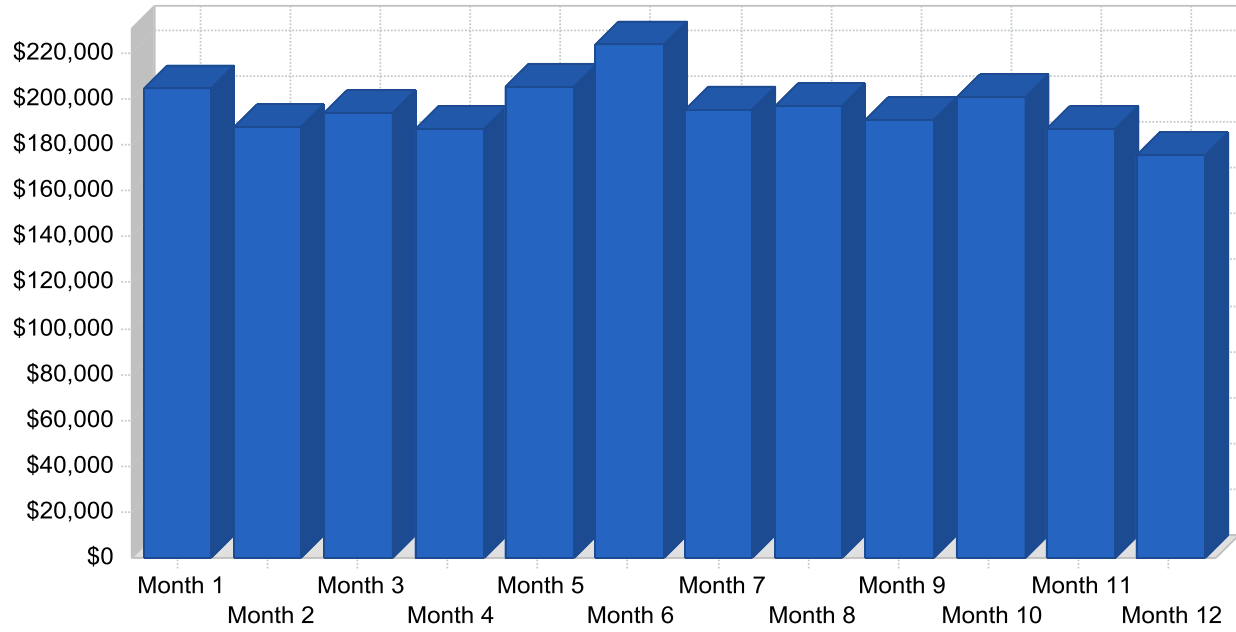
Start-up Funding	
Start-up Expenses to Fund	\$0
Start-up Assets to Fund	\$9,178,000
Total Funding Required	\$9,178,000
Assets	
Non-cash Assets from Start-up	\$8,903,000
Cash Requirements from Start-up	\$275,000
Additional Cash Raised	\$0
Cash Balance on Starting Date	\$275,000
Total Assets	\$9,178,000
Liabilities and Capital	
Liabilities	
Current Borrowing	\$0
Long-term Liabilities	\$6,978,000
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
Total Liabilities	\$6,978,000
Capital	
Planned Investment	
Owner	\$2,200,000
Investor	\$0
Additional Investment Requirement	\$0
Total Planned Investment	\$2,200,000
Loss at Start-up (Start-up Expenses)	\$0
Total Capital	\$2,200,000
Total Capital and Liabilities	\$9,178,000
Total Funding	\$9,178,000

7.3 Projected Profit and Loss

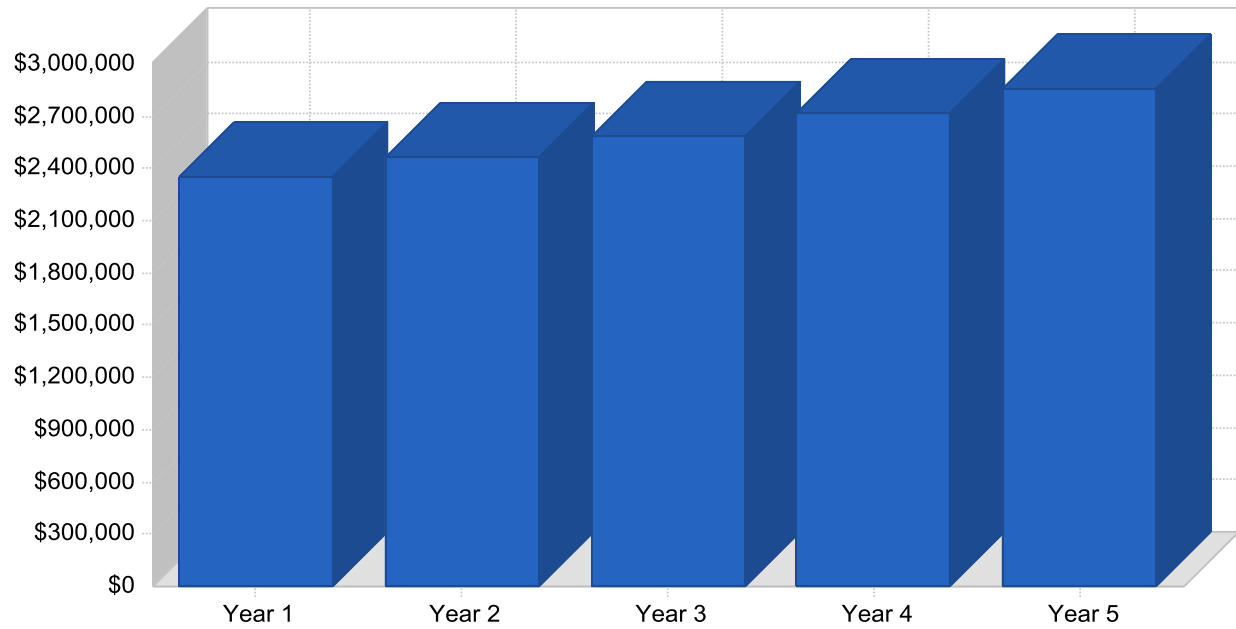
The projected profit and loss statement illustrates the anticipated financial performance of the business during the plan period.

Pro Forma Profit and Loss					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales	\$2,349,293	\$2,466,758	\$2,590,096	\$2,719,600	\$2,855,580
Direct Cost of Sales	\$0	\$0	\$0	\$0	\$0
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$0	\$0	\$0	\$0	\$0
Gross Margin	\$2,349,293	\$2,466,758	\$2,590,096	\$2,719,600	\$2,855,580
Gross Margin %	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses					
Payroll	\$550,045	\$566,546	\$583,543	\$601,049	\$619,080
Marketing/Promotion	\$46,986	\$49,335	\$51,802	\$54,392	\$57,112
Depreciation	\$268,000	\$268,000	\$268,000	\$268,000	\$268,000
Operating Supplies	\$49,674	\$51,164	\$52,699	\$54,280	\$55,909
Cleaning Supplies	\$24,837	\$25,582	\$26,350	\$27,140	\$27,954
R&M	\$1,860	\$1,916	\$1,973	\$2,032	\$2,093
Printing	\$6,000	\$6,180	\$6,365	\$6,556	\$6,753
TA Commission	\$7,048	\$7,400	\$7,770	\$8,159	\$8,567
Royalties	\$140,958	\$148,005	\$155,406	\$163,176	\$171,335
Services Contribution (HI Marketing)	\$70,479	\$74,003	\$77,703	\$81,588	\$85,667
Technology Fee: \$11.91/room	\$14,292	\$1,191	\$1,191	\$1,191	\$1,191
Fast Connect	\$1,740	\$1,792	\$1,846	\$1,901	\$1,958
Linens	\$161,443	\$166,286	\$171,275	\$176,413	\$181,706
Insurance	\$90,000	\$92,700	\$95,481	\$98,345	\$101,296
Business Licenses	\$500	\$515	\$530	\$546	\$563
Gas	\$1,879	\$1,973	\$2,072	\$2,176	\$2,284
Trash	\$10,800	\$11,124	\$11,458	\$11,801	\$12,155
Electric	\$140,958	\$148,005	\$155,406	\$163,176	\$171,335
Water	\$28,192	\$29,601	\$31,081	\$32,635	\$34,267
Credit Card Fees	\$46,986	\$49,335	\$51,802	\$54,392	\$57,112
Payroll Taxes	\$52,804	\$54,388	\$56,020	\$57,701	\$59,432
Other	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$1,715,480	\$1,755,044	\$1,809,773	\$1,866,651	\$1,925,769
Profit Before Interest and Taxes	\$689,308	\$769,983	\$841,506	\$917,191	\$997,266
EBITDA	\$957,308	\$1,037,983	\$1,109,506	\$1,185,191	\$1,265,266
Interest Expense	\$477,877	\$459,152	\$439,614	\$420,076	\$400,537
Taxes Incurred	\$0	\$0	\$0	\$0	\$0
Other Income					
Forfeiture Deposit	\$8,509	\$8,934	\$9,381	\$9,850	\$10,343
Long Distance Telephone	\$23,493	\$24,668	\$25,901	\$27,196	\$28,556
Pay Per View TV	\$18,794	\$19,734	\$20,721	\$21,757	\$22,845
ATM Fees	\$4,699	\$4,934	\$5,180	\$5,439	\$5,711
Total Other Income	\$55,495	\$58,270	\$61,183	\$64,242	\$67,454
Net Profit	\$211,431	\$310,831	\$401,892	\$497,116	\$596,729
Net Profit/Sales	9.00%	12.60%	15.52%	18.28%	20.90%

Gross Margin Monthly

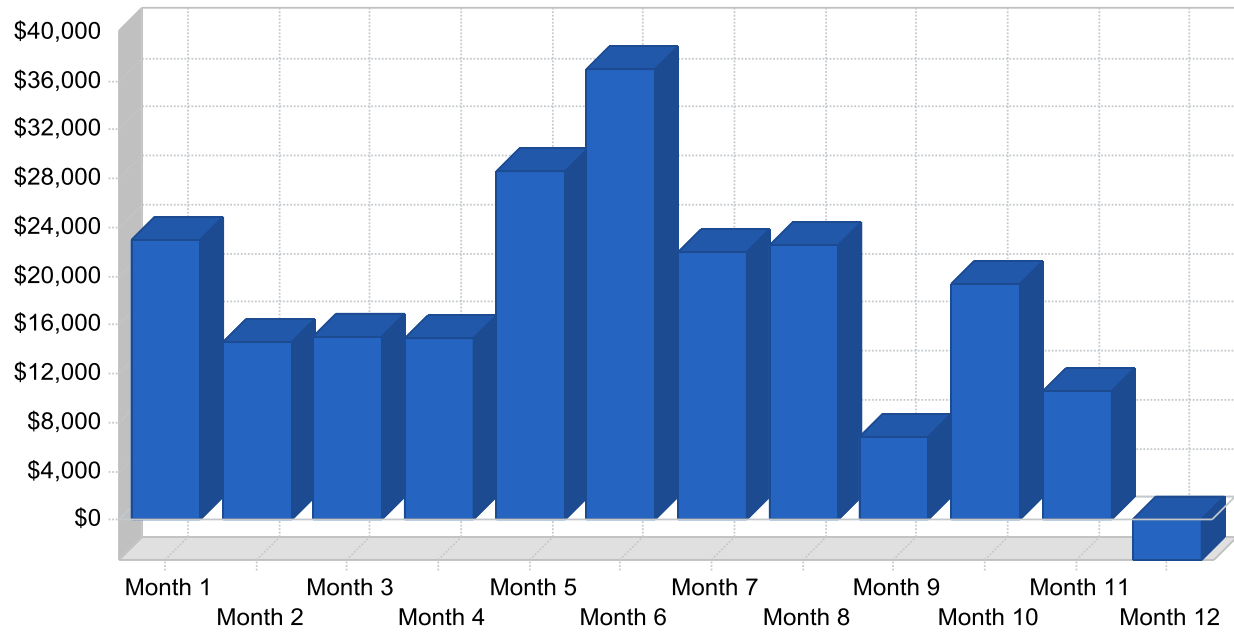


Gross Margin Yearly

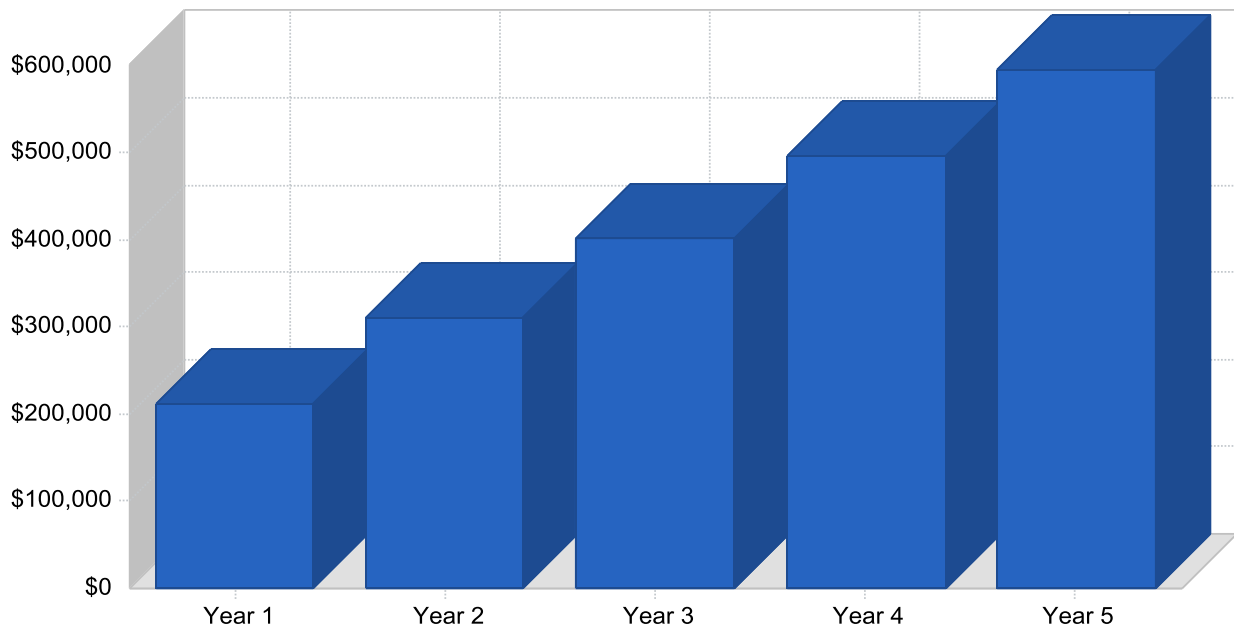


Holiday Inn Express

Profit Monthly



Profit Yearly



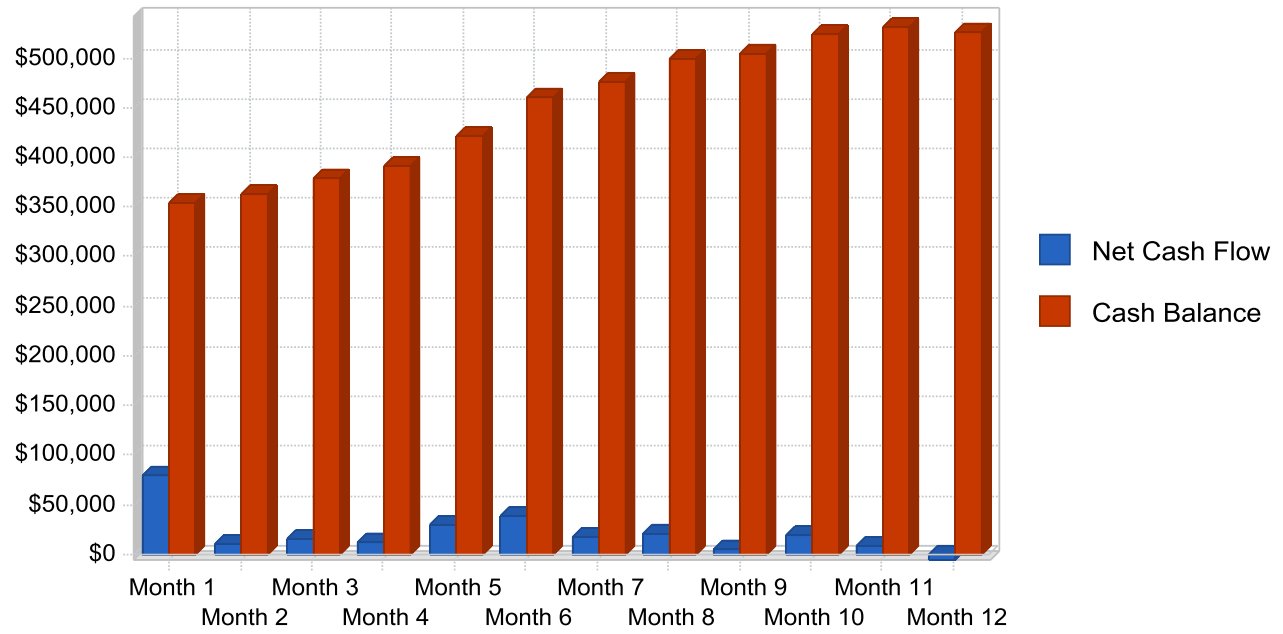
7.4 Projected Cash Flow

The cash flow forecast has been prepared to illustrate the cash flow of the business during the plan period. As shown in the accompanying table, it is expected that a steady and healthy increase in cash flow will be maintained. Cash balances are positive throughout the plan period, including the critical initial months. No additional investment funds will be required beyond the initial investment, as sufficient cash flow will be generated from profits from ongoing operations.

Pro Forma Cash Flow					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations					
Cash Sales	\$2,349,293	\$2,466,758	\$2,590,096	\$2,719,600	\$2,855,580
Subtotal Cash from Operations	\$2,349,293	\$2,466,758	\$2,590,096	\$2,719,600	\$2,855,580
Additional Cash Received					
Non Operating (Other) Income	\$55,495	\$58,270	\$61,183	\$64,242	\$67,454
New Current Borrowing	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$2,404,788	\$2,525,027	\$2,651,279	\$2,783,843	\$2,923,035
Expenditures	Year 1	Year 2	Year 3	Year 4	Year 5
Expenditures from Operations					
Cash Spending	\$550,045	\$566,546	\$583,543	\$601,049	\$619,080
Bill Payments	\$1,324,626	\$1,373,637	\$1,397,096	\$1,416,863	\$1,438,340
Subtotal Spent on Operations	\$1,874,671	\$1,940,184	\$1,980,639	\$2,017,912	\$2,057,421
Additional Cash Spent					
Non Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$279,120	\$279,120	\$279,120	\$279,120	\$279,120
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$2,153,791	\$2,219,304	\$2,259,759	\$2,297,032	\$2,336,541
Net Cash Flow	\$250,996	\$305,724	\$391,519	\$486,811	\$586,494
Cash Balance	\$525,996	\$831,720	\$1,223,239	\$1,710,050	\$2,296,544

Holiday Inn Express

Cash



7.5 Projected Balance Sheet

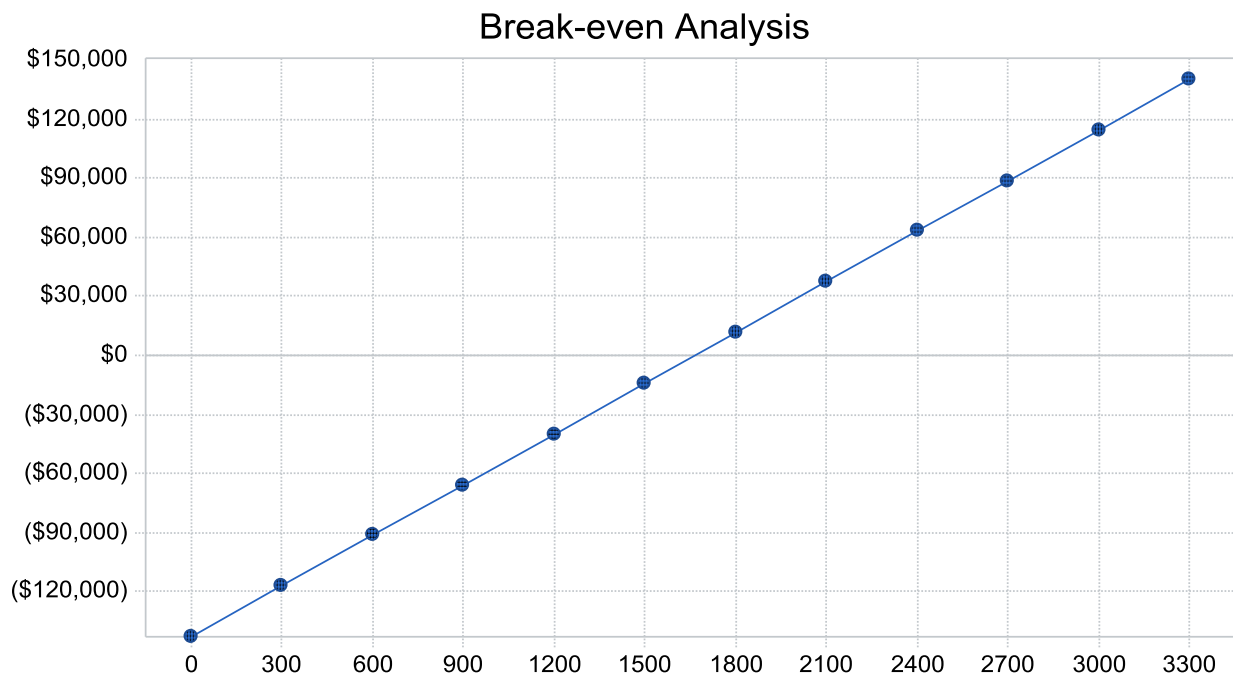
As shown in the accompanying table, it is expected that a healthy growth in net worth will be maintained.

<i>Pro Forma Balance Sheet</i>					
	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	\$525,996	\$831,720	\$1,223,239	\$1,710,050	\$2,296,544
Other Current Assets	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$525,996	\$831,720	\$1,223,239	\$1,710,050	\$2,296,544
Long-term Assets					
Long-term Assets	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000
Accumulated Depreciation	\$268,000	\$536,000	\$804,000	\$1,072,000	\$1,340,000
Total Long-term Assets	\$8,635,000	\$8,367,000	\$8,099,000	\$7,831,000	\$7,563,000
Total Assets	\$9,160,996	\$9,198,720	\$9,322,239	\$9,541,050	\$9,859,544
Liabilities and Capital					
Current Liabilities					
Accounts Payable	\$50,685	\$56,698	\$57,446	\$58,261	\$59,146
Current Borrowing	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$50,685	\$56,698	\$57,446	\$58,261	\$59,146
Long-term Liabilities					
Long-term Liabilities	\$6,698,880	\$6,419,760	\$6,140,640	\$5,861,520	\$5,582,400
Total Liabilities	\$6,749,565	\$6,476,458	\$6,198,086	\$5,919,781	\$5,641,546
Capital					
Paid-in Capital	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
Retained Earnings	\$0	\$211,431	\$522,262	\$924,154	\$1,421,269
Earnings	\$211,431	\$310,831	\$401,892	\$497,116	\$596,729
Total Capital	\$2,411,431	\$2,722,262	\$3,124,154	\$3,621,269	\$4,217,998
Total Liabilities and Capital	\$9,160,996	\$9,198,720	\$9,322,239	\$9,541,050	\$9,859,544
Net Worth					
Net Worth	\$2,411,431	\$2,722,262	\$3,124,154	\$3,621,269	\$4,217,998

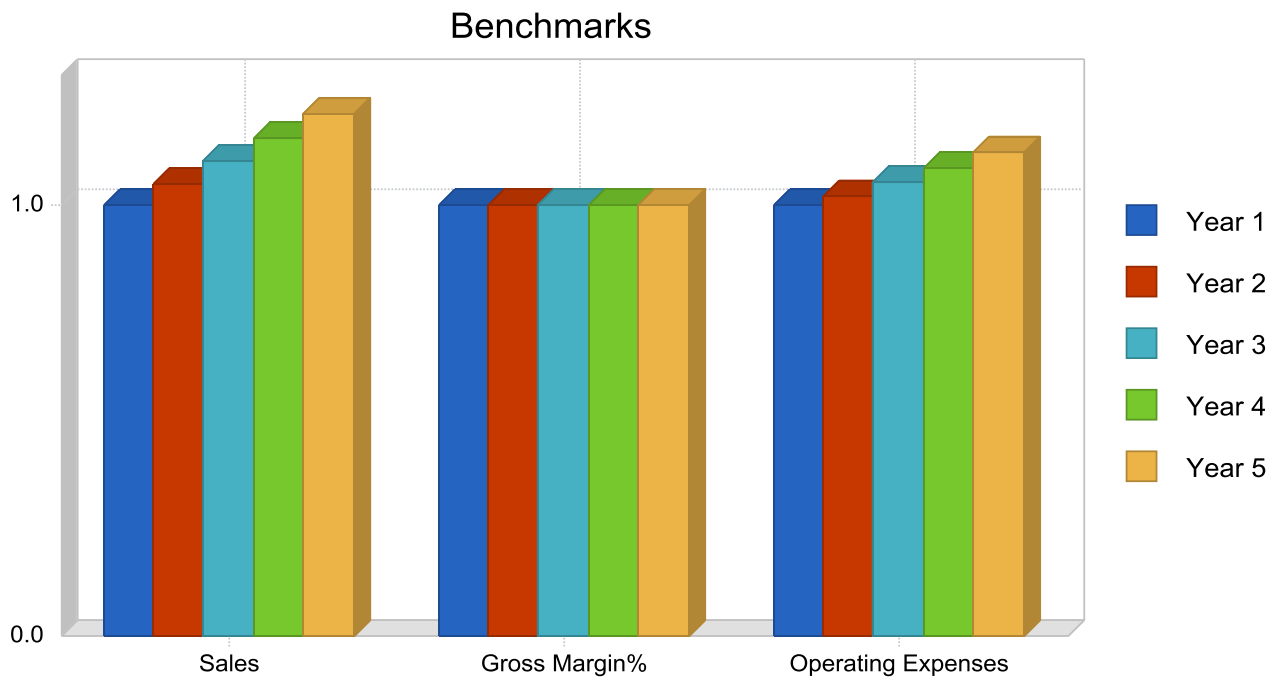
7.6 Break-even Analysis

The accompanying table and chart summarize the break even analysis of the business.

Break-even Analysis	
Monthly Units Break-even	1,666
Monthly Revenue Break-even	\$142,957
Assumptions:	
Average Per-Unit Revenue	\$85.79
Average Per-Unit Variable Cost	\$0.00
Estimated Monthly Fixed Cost	\$142,957



7.7 Key Financial Indicators



7.8 Business Ratios

The accompanying table shows the projected business ratios. It is expected that healthy ratios for profitability, risk, and return will be maintained.

Ratio Analysis					
	Year 1	Year 2	Year 3	Year 4	Year 5
Sales Growth	n.a.	5.00%	5.00%	5.00%	5.00%
Percent of Total Assets					
Other Current Assets	0.00%	0.00%	0.00%	0.00%	0.00%
Total Current Assets	5.74%	9.04%	13.12%	17.92%	23.29%
Long-term Assets	94.26%	90.96%	86.88%	82.08%	76.71%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%
Current Liabilities					
Other Current Liabilities	0.55%	0.62%	0.62%	0.61%	0.60%
Long-term Liabilities	73.12%	69.79%	65.87%	61.43%	56.62%
Total Liabilities	73.68%	70.41%	66.49%	62.05%	57.22%
Net Worth	26.32%	29.59%	33.51%	37.95%	42.78%
Percent of Sales					
Sales	100.00%	100.00%	100.00%	100.00%	100.00%
Gross Margin	100.00%	100.00%	100.00%	100.00%	100.00%
Selling, General & Administrative Expenses	91.00%	87.40%	84.48%	81.72%	79.10%
Advertising Expenses	11.41%	10.86%	10.35%	9.85%	9.39%
Profit Before Interest and Taxes	29.34%	31.21%	32.49%	33.73%	34.92%
Main Ratios					
Current	10.38	14.67	21.29	29.35	38.83
Quick	10.38	14.67	21.29	29.35	38.83
Total Debt to Total Assets	73.68%	70.41%	66.49%	62.05%	57.22%
Pre-tax Return on Net Worth	8.77%	11.42%	12.86%	13.73%	14.15%
Pre-tax Return on Assets	2.31%	3.38%	4.31%	5.21%	6.05%
Additional Ratios					
Year 1	Year 2	Year 3	Year 4	Year 5	
Net Profit Margin	9.00%	12.60%	15.52%	18.28%	20.90%
Return on Equity	8.77%	11.42%	12.86%	13.73%	14.15%
Activity Ratios					
Accounts Payable Turnover	27.13	24.33	24.33	24.33	24.33
Payment Days	13	14	15	15	15
Total Asset Turnover	0.26	0.27	0.28	0.29	0.29
Debt Ratios					
Debt to Net Worth	2.80	2.38	1.98	1.63	1.34
Current Liab. to Liab.	0.01	0.01	0.01	0.01	0.01
Liquidity Ratios					
Net Working Capital	\$475,311	\$775,022	\$1,165,794	\$1,651,789	\$2,237,398
Interest Coverage	1.44	1.68	1.91	2.18	2.49
Additional Ratios					
Assets to Sales	3.90	3.73	3.60	3.51	3.45
Current Debt/Total Assets	1%	1%	1%	1%	1%
Acid Test	10.38	14.67	21.29	29.35	38.83
Sales/Net Worth	0.97	0.91	0.83	0.75	0.68
Dividend Payout	0.00	0.00	0.00	0.00	0.00

APPENDIX

Appendix

<i>Sales Forecast</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Unit Sales												
Standard Rooms	2,443	2,164	2,297	2,131	2,297	2,517	2,186	2,188	2,131	2,302	2,186	2,082
Suites	44	35	45	33	47	33	35	36	39	46	33	33
Total Unit Sales	2,487	2,199	2,342	2,164	2,344	2,550	2,222	2,225	2,170	2,348	2,219	2,115
Unit Prices	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Standard Rooms	\$82.00	\$85.00	\$82.50	\$86.00	\$87.00	\$87.50	\$87.50	\$88.00	\$87.50	\$85.00	\$84.00	\$82.50
Suites	\$107.50	\$110.00	\$107.50	\$110.00	\$112.00	\$112.50	\$112.50	\$113.00	\$112.50	\$110.00	\$109.00	\$107.50
Sales												
Standard Rooms	\$200,337	\$183,958	\$189,462	\$183,277	\$199,796	\$220,238	\$191,298	\$192,585	\$186,474	\$195,672	\$183,646	\$171,725
Suites	\$4,741	\$3,881	\$4,859	\$3,638	\$5,310	\$3,721	\$3,969	\$4,111	\$4,341	\$5,094	\$3,605	\$3,556
Total Sales	\$205,078	\$187,838	\$194,321	\$186,916	\$205,106	\$223,959	\$195,267	\$196,696	\$190,815	\$200,765	\$187,251	\$175,281
Direct Unit Costs	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Standard Rooms	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Suites	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Direct Cost of Sales												
Standard Rooms	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Suites	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix

<i>Personnel Plan</i>	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
General Manager	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583	\$4,583
Director of Sales	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000	\$4,000
Guest Services Manager	\$3,667	\$3,667	\$3,667	\$3,667	\$3,667	\$3,667	\$3,667	\$3,667	\$3,667	\$3,667	\$3,667	\$3,667
Chief Maintenance Engineer	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Executive Housekeeper	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167	\$3,167
Reservationists/ Phone Staff	\$2,240	\$2,240	\$2,800	\$2,016	\$2,016	\$2,800	\$2,240	\$2,240	\$2,800	\$2,240	\$2,240	\$2,800
Reservation Supervisors	\$2,912	\$2,912	\$3,640	\$2,912	\$2,912	\$3,640	\$2,912	\$2,912	\$3,640	\$2,912	\$2,912	\$3,640
Housekeepers	\$6,970	\$6,314	\$5,740	\$6,027	\$5,904	\$6,355	\$5,453	\$6,929	\$12,813	\$12,505	\$11,480	\$11,531
Houskeeping Supervisors	\$2,912	\$2,912	\$3,640	\$2,912	\$2,912	\$3,640	\$2,912	\$2,912	\$3,640	\$2,912	\$2,912	\$3,640
Guest Service Agents	\$3,200	\$3,200	\$4,000	\$3,200	\$3,200	\$4,000	\$3,200	\$3,200	\$4,000	\$3,200	\$3,200	\$4,000
Engineer	\$1,600	\$1,600	\$2,000	\$1,600	\$1,600	\$2,000	\$1,600	\$1,600	\$2,000	\$1,600	\$1,600	\$2,000
Security	\$4,480	\$4,480	\$5,600	\$4,480	\$4,480	\$5,600	\$4,480	\$4,480	\$5,600	\$4,480	\$4,480	\$5,600
Total People	0	0	0	0	0	0	0	0	0	0	0	0
Total Payroll	\$43,231	\$42,575	\$46,337	\$42,064	\$41,941	\$46,952	\$41,714	\$43,190	\$53,410	\$48,766	\$47,741	\$52,128

Appendix

<i>Pro Forma Profit and Loss</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Sales	\$205,078	\$187,838	\$194,321	\$186,916	\$205,106	\$223,959	\$195,267	\$196,696	\$190,815	\$200,765	\$187,251	\$175,281
Direct Cost of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Costs of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Margin	\$205,078	\$187,838	\$194,321	\$186,916	\$205,106	\$223,959	\$195,267	\$196,696	\$190,815	\$200,765	\$187,251	\$175,281
Gross Margin %	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Expenses												
Payroll	\$43,231	\$42,575	\$46,337	\$42,064	\$41,941	\$46,952	\$41,714	\$43,190	\$53,410	\$48,766	\$47,741	\$52,128
Marketing/Promotion	\$4,102	\$3,757	\$3,886	\$3,738	\$4,102	\$4,479	\$3,905	\$3,934	\$3,816	\$4,015	\$3,745	\$3,506
Depreciation	\$22,333	\$22,333	\$22,333	\$22,333	\$22,333	\$22,333	\$22,333	\$22,333	\$22,333	\$22,333	\$22,333	\$22,333
Operating Supplies	\$4,512	\$3,990	\$4,248	\$3,926	\$4,248	\$4,626	\$4,030	\$4,036	\$3,936	\$4,260	\$4,026	\$3,836
Cleaning Supplies	\$2,256	\$1,995	\$2,124	\$1,963	\$2,124	\$2,313	\$2,015	\$2,018	\$1,968	\$2,130	\$2,013	\$1,918
R&M	\$1,860	\$25	(\$25)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Printing	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
TA Commission	\$615	\$564	\$583	\$561	\$615	\$672	\$586	\$590	\$572	\$602	\$562	\$526
Royalties	\$12,305	\$11,270	\$11,659	\$11,215	\$12,306	\$13,438	\$11,716	\$11,802	\$11,449	\$12,046	\$11,235	\$10,517
Services Contribution (HI Marketing)	\$6,152	\$5,635	\$5,830	\$5,607	\$6,153	\$6,719	\$5,858	\$5,901	\$5,724	\$6,023	\$5,618	\$5,258
Technology Fee: \$11.91/room	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191	\$1,191
Fast Connect	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145	\$145
Linens	\$14,664	\$12,968	\$13,806	\$12,760	\$13,806	\$15,035	\$13,098	\$13,117	\$12,792	\$13,845	\$13,085	\$12,467
Insurance	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500	\$7,500
Business Licenses	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gas	\$164	\$150	\$155	\$150	\$164	\$179	\$156	\$157	\$153	\$161	\$150	\$140
Trash	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900	\$900
Electric	\$12,305	\$11,270	\$11,659	\$11,215	\$12,306	\$13,438	\$11,716	\$11,802	\$11,449	\$12,046	\$11,235	\$10,517
Water	\$2,461	\$2,254	\$2,332	\$2,243	\$2,461	\$2,688	\$2,343	\$2,360	\$2,290	\$2,409	\$2,247	\$2,103
Credit Card Fees	\$4,102	\$3,757	\$3,886	\$3,738	\$4,102	\$4,479	\$3,905	\$3,934	\$3,816	\$4,015	\$3,745	\$3,506
Payroll Taxes	\$4,150	\$4,087	\$4,448	\$4,038	\$4,026	\$4,507	\$4,005	\$4,146	\$5,127	\$4,682	\$4,583	\$5,004
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expenses	\$145,947	\$136,866	\$143,499	\$135,787	\$140,925	\$152,093	\$137,616	\$139,556	\$149,072	\$147,569	\$142,553	\$143,995
Profit Before Interest and Taxes	\$63,597	\$55,116	\$55,390	\$55,123	\$68,652	\$76,887	\$61,755	\$62,183	\$46,279	\$58,675	\$49,846	\$35,807
EBITDA	\$85,930	\$77,449	\$77,723	\$77,456	\$90,985	\$99,220	\$84,089	\$84,516	\$68,613	\$81,008	\$72,179	\$58,140
Interest Expense	\$40,569	\$40,434	\$40,298	\$40,162	\$40,027	\$39,891	\$39,755	\$39,620	\$39,484	\$39,348	\$39,212	\$39,077
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Income												
Forfeiture Deposit	\$364	\$387	\$681	\$256	\$369	\$542	\$200	\$1,109	\$720	\$1,463	\$1,403	\$1,015
Long Distance Telephone	\$2,051	\$1,878	\$1,943	\$1,869	\$2,051	\$2,240	\$1,953	\$1,967	\$1,908	\$2,008	\$1,873	\$1,753
Pay Per View TV	\$1,641	\$1,503	\$1,555	\$1,495	\$1,641	\$1,792	\$1,562	\$1,574	\$1,527	\$1,606	\$1,498	\$1,402
ATM Fees	\$410	\$376	\$389	\$374	\$410	\$448	\$391	\$393	\$382	\$402	\$375	\$351
Total Other Income	\$4,466	\$4,144	\$4,567	\$3,994	\$4,471	\$5,021	\$4,105	\$5,043	\$4,536	\$5,478	\$5,148	\$4,521
Net Other Income	\$4,466	\$4,144	\$4,567	\$3,994	\$4,471	\$5,021	\$4,105	\$5,043	\$4,536	\$5,478	\$5,148	\$4,521
Net Profit	\$23,027	\$14,682	\$15,092	\$14,960	\$28,625	\$36,996	\$22,000	\$22,563	\$6,796	\$19,326	\$10,633	(\$3,270)
Net Profit/Sales	11.23%	7.82%	7.77%	8.00%	13.96%	16.52%	11.27%	11.47%	3.56%	9.63%	5.68%	-1.87%

Appendix

<i>Pro Forma Cash Flow</i>												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Cash Received												
Cash from Operations												
Cash Sales	\$205,078	\$187,838	\$194,321	\$186,916	\$205,106	\$223,959	\$195,267	\$196,696	\$190,815	\$200,765	\$187,251	\$175,281
Subtotal Cash from Operations	\$205,078	\$187,838	\$194,321	\$186,916	\$205,106	\$223,959	\$195,267	\$196,696	\$190,815	\$200,765	\$187,251	\$175,281
Additional Cash Received												
Non Operating (Other) Income	\$4,466	\$4,144	\$4,567	\$3,994	\$4,471	\$5,021	\$4,105	\$5,043	\$4,536	\$5,478	\$5,148	\$4,521
New Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Received	\$209,544	\$191,982	\$198,889	\$190,910	\$209,577	\$228,980	\$199,372	\$201,739	\$195,351	\$206,244	\$192,399	\$179,802
Expenditures	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Expenditures from Operations												
Cash Spending	\$43,231	\$42,575	\$46,337	\$42,064	\$41,941	\$46,952	\$41,714	\$43,190	\$53,410	\$48,766	\$47,741	\$52,128
Bill Payments	\$64,508	\$116,387	\$113,850	\$113,220	\$114,286	\$119,889	\$117,699	\$113,500	\$113,205	\$114,416	\$113,617	\$110,049
Subtotal Spent on Operations	\$107,739	\$158,962	\$160,187	\$155,284	\$156,227	\$166,841	\$159,413	\$156,689	\$166,615	\$163,181	\$161,358	\$162,176
Additional Cash Spent												
Non Operating (Other) Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$23,260	\$23,260	\$23,260	\$23,260	\$23,260	\$23,260	\$23,260	\$23,260	\$23,260	\$23,260	\$23,260	\$23,260
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Cash Spent	\$130,999	\$182,222	\$183,447	\$178,544	\$179,487	\$190,101	\$182,673	\$179,949	\$189,875	\$186,441	\$184,618	\$185,436
Net Cash Flow	\$78,545	\$9,761	\$15,441	\$12,366	\$30,090	\$38,880	\$16,699	\$21,790	\$5,477	\$19,802	\$7,781	(\$5,635)
Cash Balance	\$353,545	\$363,306	\$378,747	\$391,113	\$421,203	\$460,083	\$476,782	\$498,571	\$504,048	\$523,850	\$531,631	\$525,996

Appendix

Pro Forma Balance Sheet													
		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Assets	Starting Balances												
Current Assets													
Cash	\$275,000	\$353,545	\$363,306	\$378,747	\$391,113	\$421,203	\$460,083	\$476,782	\$498,571	\$504,048	\$523,850	\$531,631	\$525,996
Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Current Assets	\$275,000	\$353,545	\$363,306	\$378,747	\$391,113	\$421,203	\$460,083	\$476,782	\$498,571	\$504,048	\$523,850	\$531,631	\$525,996
Long-term Assets													
Long-term Assets	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000	\$8,903,000
Accumulated Depreciation	\$0	\$22,333	\$44,667	\$67,000	\$89,333	\$111,667	\$134,000	\$156,333	\$178,667	\$201,000	\$223,333	\$245,667	\$268,000
Total Long-term Assets	\$8,903,000	\$8,880,667	\$8,858,333	\$8,836,000	\$8,813,667	\$8,791,333	\$8,769,000	\$8,746,667	\$8,724,333	\$8,702,000	\$8,679,667	\$8,657,333	\$8,635,000
Total Assets	\$9,178,000	\$9,234,212	\$9,221,639	\$9,214,747	\$9,204,780	\$9,212,537	\$9,229,083	\$9,223,448	\$9,222,905	\$9,206,048	\$9,203,517	\$9,188,964	\$9,160,996
Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Current Liabilities													
Accounts Payable	\$0	\$56,445	\$52,450	\$53,726	\$52,058	\$54,450	\$57,260	\$52,885	\$53,038	\$52,646	\$54,048	\$52,123	\$50,685
Current Borrowing	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Current Liabilities	\$0	\$56,445	\$52,450	\$53,726	\$52,058	\$54,450	\$57,260	\$52,885	\$53,038	\$52,646	\$54,048	\$52,123	\$50,685
Long-term Liabilities	\$6,978,000	\$6,954,740	\$6,931,480	\$6,908,220	\$6,884,960	\$6,861,700	\$6,838,440	\$6,815,180	\$6,791,920	\$6,768,660	\$6,745,400	\$6,722,140	\$6,698,880
Total Liabilities	\$6,978,000	\$7,011,185	\$6,983,930	\$6,961,946	\$6,937,018	\$6,916,150	\$6,895,700	\$6,868,065	\$6,844,958	\$6,821,306	\$6,799,448	\$6,774,263	\$6,749,565
Paid-in Capital	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000	\$2,200,000
Retained Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Earnings	\$0	\$23,027	\$37,709	\$52,801	\$67,762	\$96,387	\$133,383	\$155,384	\$177,947	\$184,742	\$204,069	\$214,702	\$211,431
Total Capital	\$2,200,000	\$2,223,027	\$2,237,709	\$2,252,801	\$2,267,762	\$2,296,387	\$2,333,383	\$2,355,384	\$2,377,947	\$2,384,742	\$2,404,069	\$2,414,702	\$2,411,431
Total Liabilities and Capital	\$9,178,000	\$9,234,212	\$9,221,639	\$9,214,747	\$9,204,780	\$9,212,537	\$9,229,083	\$9,223,448	\$9,222,905	\$9,206,048	\$9,203,517	\$9,188,964	\$9,160,996
Net Worth	\$2,200,000	\$2,223,027	\$2,237,709	\$2,252,801	\$2,267,762	\$2,296,387	\$2,333,383	\$2,355,384	\$2,377,947	\$2,384,742	\$2,404,069	\$2,414,702	\$2,411,431