FEASIBILITY STUDY

Proposed 40-Room Limited-Service Hotel
Elk Rapids, Antrim County, Michigan

Date of Report
October 14, 2014

Prepared for:
Mrs. Jan Bassett, Chair
Village of Elk Rapids
Downtown Development Authority
315 Bridge Street
Elk Rapids, MI 49629

By

HOSPITALITY ADVISORS CONSULTING GROUP
411 Huron View Boulevard - Suite 104
Ann Arbor, Michigan 48103
October 14, 2014

Mrs. Jan Bassett, Chair  
Village of Elk Rapids  
Downtown Development Authority  
315 Bridge Street  
Elk Rapids, MI 49629

Dear Mrs. Bassett,

Pursuant to our discussions, we have investigated the feasibility of a limited-service hotel in Elk Rapids, Antrim County, Michigan. We performed market research involving hotel demand generators, civic leaders and area hotels to determine the demand for the proposed hotel. Additionally, we provide a brief description of the Antrim County area in economic and demographic terms, an overview of the proposed subject’s area hotel supply and demand, and the probable market position of the hotel as well as utilization (occupancy), average rate, and a prospective financial analysis for the first five years of operation of the proposed hotel in Elk Rapids.

In the body of the report, we briefly discuss the criteria of a site for a hotel development within the community. The assumptions that we used were based upon our observations and input from our interviews and if there are other elements of which we were unaware it could change this recommendation.

During the course of our research, we became aware of several issues in Elk Rapids that in our opinion need to be addressed either before this project is developed or in conjunction with the project if the project is to succeed. These issues include:

1. The development of a conference/banquet facility in conjunction with the hotel would impact hotel utilization/revenue and provide a facility for local events both social and commercial. That being said, the development of such a facility creates a financial risk for any developer.

2. Access to the statewide snowmobile trail system in northern Michigan, as well as access to the local non-motorized biking and jogging trails connecting Charlevoix and Traverse City from the hotel site would be a big plus during the offseason (winter) and would impact the development significantly.

We appreciate the opportunity to work with you on this project.

Very truly yours,

HOSPITALITY ADVISORS
Area Economic & Demographic Profile

The subject development area is situated in the village of Elk Rapids, Antrim County, Michigan. Elk Rapids is located in the northwest portion of Michigan’s Lower Peninsula, approximately 240 miles northwest of Detroit. The image to the left illustrates the location of Antrim County relative to other Michigan Counties.

Area Highway System

A network of highways that includes U.S. 31, Elk Lake Road and Cairn Highway serve the Elk Rapids area. U.S. 31 is a federal highway running from the Indiana State Line north along Lake Michigan through Elk Rapids and major communities in the northern Lower Peninsula. Elk Lake Road is a local road connecting Elk Rapids with the communities of Williamsburg and South Boardman. Cairn Highway is a local road which runs from Elk Rapids around the north end of Elk Lake down around the south end of Torch Lake ending near the town of Rapid City. Refer to the following table for traffic counts on thoroughfares affecting the proposed site.

<table>
<thead>
<tr>
<th>Average Daily Traffic Counts</th>
<th>Period</th>
<th>2000</th>
<th>2013</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. 31 within Elk Rapids</td>
<td>2000-2013</td>
<td>8,800</td>
<td>11,200</td>
<td>1.74%</td>
</tr>
<tr>
<td>U.S. 31 south of Elk Rapids</td>
<td>2000-2013</td>
<td>8,800</td>
<td>8,100</td>
<td>-0.59%</td>
</tr>
<tr>
<td>U.S. 31 north of Elk Rapids</td>
<td>2000-2013</td>
<td>5,700</td>
<td>5,200</td>
<td>-0.65%</td>
</tr>
</tbody>
</table>

Source: Michigan Dept. of Transportation

Air Traffic

Cherry Capital Airport (TVC) is the major airport serving the Elk Rapids/Antrim County area and it is located approximately twenty (20) miles southwest of the city of Elk Rapids and the proposed site. Cherry Capital is the primary airport serving the northern Lower Peninsula. Cherry Capital consists of four gates in a Northern Michigan Artisan-style terminal building. Additionally, Cherry Capital has three airlines serving the area: Delta, United and American Airlines. Cherry Capital saw an all-time high in total passenger traffic in 2005.
Historic Passenger Volume
Cherry Capital Airport

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Passengers</th>
<th>∆%</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>378,241</td>
<td>4.47%</td>
</tr>
<tr>
<td>2012</td>
<td>362,059</td>
<td>2.78%</td>
</tr>
<tr>
<td>2011</td>
<td>352,250</td>
<td>2.49%</td>
</tr>
<tr>
<td>2010</td>
<td>343,679</td>
<td>-3.99%</td>
</tr>
<tr>
<td>2009</td>
<td>357,955</td>
<td>-3.63%</td>
</tr>
<tr>
<td>2008</td>
<td>371,444</td>
<td>-8.63%</td>
</tr>
<tr>
<td>2007</td>
<td>406,537</td>
<td>-2.17%</td>
</tr>
<tr>
<td>2006</td>
<td>415,547</td>
<td>-3.38%</td>
</tr>
<tr>
<td>2005</td>
<td>430,067</td>
<td>8.32%</td>
</tr>
<tr>
<td>2004</td>
<td>397,038</td>
<td>-</td>
</tr>
</tbody>
</table>

Compounded Annual Growth -0.48%

Source: Michigan Department of Transportation

Map of the Elk Rapids Area

<table>
<thead>
<tr>
<th>Neighborhood Observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
</tr>
<tr>
<td>Analysis Area:</td>
</tr>
<tr>
<td>Primary Transportation Artery:</td>
</tr>
<tr>
<td>Most Proximate Highway:</td>
</tr>
<tr>
<td>Land Uses:</td>
</tr>
<tr>
<td>Neighborhood Influence(s):</td>
</tr>
<tr>
<td>Development Trends:</td>
</tr>
</tbody>
</table>

Hospitality Advisors Valuation and Consulting
**Population**

The population trends of an area have no direct correlation with hotel room night demand but do reflect the economic health of an area. Therefore, a discussion of population is necessary. With a population of 23,580 in 2010, Antrim County has seen a 0.18% compounded annual decrease over the 11-year period starting December 31, 2000 and ending December 31, 2010. The State of Michigan experienced the same annual decrease of 0.05%, during the same time. Additionally within two miles of the subject site, there are 2,057 residents with a median age of approximately 53.6 years as of 2013. Approximately 47.9% of the population is between the ages of 25 and 64 and is expected to grow to 48.0% by 2018 according to Site To Do Business.

![Population by Age](image)

**Median Household Income**

Trends in personal income reflect the spending ability of local residents. Like population trends, personal income has no direct correlation with hotel room night demand but rather tends to gauge the economic health of a market area. We can compare and measure Antrim County and Michigan state income through analysis. Antrim County’s level of Median Household Income resulted in a 0.96% compounded annual increase from 2000-2012. These figures compare with those for the State of Michigan, which registered growth of 0.63% annually from 2000-2012. The State of Michigan’s Median Household Income through 2012 was $48,471 and for Antrim County it was $43,171. Additionally, within two miles of the subject site, the 2013 median household income amounted to $44,451 with 20.9% of workers earning between $50,000 and $74,999 per year, which is expected to grow to 22.7% of workers within the next five (5) years according to Site To Do Business.
Retail Sales

The level of retail sales is an additional measure of an area's economic health and vitality and may point out economic trends. Between 2002 and 2007, the level of retail sales for Antrim County increased at an average annual rate of 1.12%. During the same period, the State of Michigan declined by a similar pace at 0.04%. Specific statistics for retail sales are not kept by regional and local government entities. Refer to the following chart.

<table>
<thead>
<tr>
<th>Economic and Demographic Data</th>
<th>Period</th>
<th>2000</th>
<th>2010</th>
<th>∆%</th>
<th>2008-2012</th>
<th>2002</th>
<th>2007</th>
<th>∆%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antrim County</td>
<td></td>
<td>23,110</td>
<td>23,580</td>
<td>0.18%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michigan</td>
<td></td>
<td>9,938,444</td>
<td>9,883,640</td>
<td>-0.05%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Household Income</td>
<td></td>
<td>2000</td>
<td>2008-2012</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antrim County</td>
<td>$38,107</td>
<td>$43,171</td>
<td>0.96%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michigan</td>
<td>$44,667</td>
<td>$48,471</td>
<td>0.63%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Sales</td>
<td></td>
<td>2002</td>
<td>2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Antrim County</td>
<td>$146,593,000</td>
<td>$156,734,000</td>
<td>1.12%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Michigan (Millions)</td>
<td>$109,350,139</td>
<td>$109,102,594</td>
<td>-0.04%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: State of Michigan, U.S. Census
**Employment**

Important factors in determining present and potential commercial and industrial growth include total employment, the distribution of employment among industry segments and trends in distribution. The following table illustrates employment data and analysis for the aforementioned areas.

<table>
<thead>
<tr>
<th>Unemployment Figures</th>
<th>Period</th>
<th>2000</th>
<th>2013</th>
<th>2013 Unemployment Rate</th>
<th>∆%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antrim County Labor Force</td>
<td>2000-2013</td>
<td>11,601</td>
<td>10,235</td>
<td>-</td>
<td>-0.96%</td>
</tr>
<tr>
<td>Antrim County Employment</td>
<td>2000-2013</td>
<td>11,070</td>
<td>9,084</td>
<td>11.25%</td>
<td>-1.51%</td>
</tr>
<tr>
<td>Michigan Labor Force</td>
<td>2000-2013</td>
<td>5,144,000</td>
<td>4,707,000</td>
<td>-</td>
<td>-0.68%</td>
</tr>
<tr>
<td>Michigan Employment</td>
<td>2000-2013</td>
<td>4,953,000</td>
<td>4,294,000</td>
<td>8.77%</td>
<td>-1.09%</td>
</tr>
</tbody>
</table>

Source: Michigan Labor Market Information, 2014

**Major Employers - Antrim County**

<table>
<thead>
<tr>
<th>Employer</th>
<th>Employees</th>
<th>Market Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shanty Creek Resort</td>
<td>600</td>
<td>Recreation Resort</td>
</tr>
<tr>
<td>Great Lakes Packing</td>
<td>300</td>
<td>Frozen Foods</td>
</tr>
<tr>
<td>County of Antrim</td>
<td>200</td>
<td>County Government</td>
</tr>
<tr>
<td>Elk Rapids School District</td>
<td>180</td>
<td>Public Education</td>
</tr>
<tr>
<td>Central Lake Armor Express</td>
<td>165</td>
<td>Armored Vehicles</td>
</tr>
<tr>
<td>Anchor Lamina</td>
<td>160</td>
<td>Plating</td>
</tr>
<tr>
<td>Cherry Ke, Inc.</td>
<td>150</td>
<td>Crop Farming</td>
</tr>
<tr>
<td>Meadowbrook Medical Care</td>
<td>100</td>
<td>Nursing Care Facilities</td>
</tr>
<tr>
<td>Shorts Brewing</td>
<td>74</td>
<td>Beverage Manufacturing</td>
</tr>
<tr>
<td>Burnette Foods</td>
<td>70</td>
<td>Fruit and Vegetable Canning</td>
</tr>
</tbody>
</table>

Source: Northern Lakes Economic Alliance 2014

**Conclusion**

In summary, Antrim County has seen its population stay steady over the past decade, which is somewhat uncommon in Michigan given recent economic troubles. Also, Antrim County has seen its household income and retail sales figures increase over the past decade. Antrim County and the village of Elk Rapids are not dependent upon the automotive industry for economic growth, but rather agriculture, tourism and non-auto manufacturing. Additionally, much of the Antrim County economy is still dependent on seasonal tourism, which is heavily volatile. The growth of commercial development as well as a stable automotive industry and an improving economic climate should create the atmosphere for a stable hotel market, which we believe will allow the proposed subject hotel to enjoy reasonable occupancy and solid average rates on an annual basis.
One thing we must be aware of when analyzing a hotel market is the location of the proposed property as a significant factor in determining future success. Two of the necessary qualitative features that we believe a hotel site in Elk Rapids must include are being easily visible and accessible from U.S. 31 and/or the downtown area. Walk-ability and easy pedestrian access to the downtown and waterfront marina areas is also of utmost importance. Lake views are important, but may not be feasible with the amount of available land. Additionally, given the seasonality of the market and how it affects profitability, a developer would have to secure the proper site at a cost no higher than 10% of the total budgeted cost of the project. A site for a hotel development of this size would be between 1.5 to 2.0 acres in size when accounting for parking. We realize that the amount of available land large enough for a hotel development which meets these criteria is very low, but is extremely important to the future success of the project. Refer to the map below showing the area which we believe the best hotel site(s) may be located.
Proposed Limited-Service Hotel – Elk Rapids, Michigan

Market Analysis
Based on our interviews with local demand generators, our Market Analysis will present a discussion of the relevant supply and demand factors impacting the subject property, as proposed. However, since there is little competitive supply in the surrounding market, we have performed a build-up approach to ascertain area demand that would equate to hotel room nights for the proposed facility. Our demand analysis will evaluate the demographic composition of the primary market area to arrive at an estimate of demand in the primary market area. In our Market Analysis we will provide a conclusion of the subject’s market potential. Our market position discussion will present an occupancy and average rate analysis. The Elk Rapids area is considered economically stable by where there are prospects for new demand in the area.

Demand Segmentation
Based on information gathered during the course of our fieldwork, we have separated proposed lodging demand for the proposed hotel into three segments: corporate, group and leisure demand. It is necessary to identify and quantify each demand segment in order to forecast future demand, as each demand segment exhibits different growth characteristics. The table below illustrates the estimated room night demand captured by the proposed subject in its first year of operation, by market segment.

![Demand Segmentation in Elk Rapids, MI](chart)

To determine an achievable occupancy percentage for the proposed subject property throughout the period of prospective analysis, we will analyze the demand seasonality of the proposed hotel and the occupancy achieved during the course of the year. A high quality, competitively priced hotel should, in our opinion, be able to accommodate a significant share of demand and capture demand that is currently escaping the immediate area.
**Demand Seasonality**

Our fieldwork indicates that seasons must be divided into several different categories. We have segmented the year into four seasons: Season 1 through Season 4.

*Season 1:*

We have determined that Season 1 in the Elk Rapids market to span weekdays and weekends from January through March.

*Season 2:*

We have deemed Season 2 in the Elk Rapids market to include weekdays and weekends in the April and May shoulder months.

*Season 3:*

We have deemed Season 3 in the Elk Rapids market to include high-demand period weekdays and weekends from June through August.

*Season 4:*

We have deemed Season 4 in the Elk Rapids market to include weekdays and weekends in shoulder and low months from September through December.

**Market Segments**

We have divided the proposed hotel’s demand into three (3) demand segments. These segments interact differently in each season of the year. The three segments include the corporate market, group market and leisure market. The following paragraphs analyze each of these different market segments. We spoke with various local companies and organizations throughout Antrim County representing over 500 employees in various industries. There are also some local corporate and leisure social events which are currently not being served locally. On the following pages we have estimated future growth in demand by segment over five (5) years. Included with our estimates is a discussion of the factors which impact our estimates.
Corporate Transient Market

Corporate demand is greatest during the week Monday through Thursday. We have estimated corporate room nights for the proposed hotel through our interviews with companies in the area. Various local businesses were interested in a good quality lodging establishment in Elk Rapids. Corporate demand tends to be consistent during weekdays and appreciates easy access, proximity to activity and consistency in service. We estimate total corporate room nights at 915 in the first year then growing to 991 in the fifth year and stabilizing at that number.

Group Market

Group demand includes both social and corporate demand which covers most seasons of the year. We have estimated group room nights for the proposed hotel through our interviews in the Elk Rapids market. This demand is currently escaping the immediate area; however, our experience in this type of market leads us to believe that it is more significant than is apparent. We estimate that the group demand segment represents 5% of the total demand or 424 room nights in the first year of operation.

Leisure Transient Market

Leisure demand is greatest during the summer months and occurs primarily on Fridays and Saturdays in all seasons. U.S. 31 would likely be the most proximate highway to the facility and the best location for the hotel would have great visibility and accessibility from U.S.31 as well as walking distance from the marina and downtown area. The subject will also be in position to capture demand from many of the local festivals and regional events throughout the year. We’ve estimated demand in the leisure transient segment at 6,843 room nights in the first year growing to 7,407 by the stabilized fifth year.

Market Position of the proposed facility

Facilities

The proposed hotel facility is to include 40 rooms. The hotel’s amenities will likely include a large lobby and common area for breakfast, small gift/sundry shop, an ample indoor swimming pool and whirlpool, fitness room, sauna, meeting room with space for approximately 50 guests, small business center as well as vending and guest laundry facilities. Due to the quality of the furniture, fixtures and equipment, the subject property will have a public area similar to that found in good quality, commercially-oriented, limited service hotels.
Demand Growth
In order to estimate future hotel room demand available for capture by the proposed subject property, it is necessary to estimate growth in demand, by segment, over the period of prospective analysis. Segment demand growth is estimated through analysis of historical demand, trends, and/or development of demand generators. For the purposes of this analysis, we have estimated growth in demand at 2.0% per year for all segments over the course of our analysis given the limited yet regional nature of the market.

Latent/Unaccommodated Demand
Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all of the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the historical accommodated room night demand estimate. Unaccommodated demand is a form of excess demand that results from the cyclical nature of the hotel business.

In commercial markets where demand is not equally spaced throughout the week, hotels often exhibit peaks and valleys in their daily occupancies. The opposite is true in leisure markets where leisure hotels enjoy strong occupancies Friday and Saturday and also during the summer months in Michigan and lower occupancies from Sunday to Thursday and during winter months. Because there are no existing hotels in the market, it is difficult to estimate unaccommodated demand. Although there may be some unaccommodated demand in this market, we have not considered any in our analysis.
Based on interviews conducted during the course of our fieldwork, demand segmentation and occupancy for the first year are summarized in the following table.

<table>
<thead>
<tr>
<th>Segment</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate</td>
<td>915</td>
<td>933</td>
<td>952</td>
<td>971</td>
<td>991</td>
</tr>
<tr>
<td>Group</td>
<td>424</td>
<td>432</td>
<td>441</td>
<td>450</td>
<td>459</td>
</tr>
<tr>
<td>Leisure</td>
<td>6,843</td>
<td>6,980</td>
<td>7,120</td>
<td>7,262</td>
<td>7,407</td>
</tr>
<tr>
<td>Total</td>
<td>8,182</td>
<td>8,346</td>
<td>8,513</td>
<td>8,683</td>
<td>8,856</td>
</tr>
<tr>
<td>Est. Occupancy</td>
<td>56%</td>
<td>57%</td>
<td>58%</td>
<td>59%</td>
<td>61%</td>
</tr>
</tbody>
</table>

On the following pages we have estimated future growth in demand by segment for the first year and beyond. The following estimates were based primarily on historical growth in the region and our experience with the Michigan lodging industry. Since 1980, total demand in the state of Michigan has grown at an average rate of 3.0-4.0 percent annually. During that time, there have been periodic downturns followed by longer periods of increased demand.

We have chosen to use a stabilized occupancy of 61% in the fifth year, which is reasonable given the lack of hotel accommodation in Antrim County. The stabilized occupancy is intended to reflect the anticipated results of the subject property over its economic life, given any and all changes in the life cycle of the hotel. Although it is likely that the subject property will operate at occupancies above this stabilized level, we believe it is equally likely for temporary downturns in the economy and the seasonal nature of the local market to force the occupancy below this selected point of stability.

**Average Daily Rate**

Based upon our understanding of the marketplace the rate will be driven primarily by leisure customers as the corporate demand will be relatively stable and rate-sensitive. The proposed subject operates in a highly seasonal location with most of the demand being captured in the summer months. Not surprisingly, rates are mostly driven by seasonality, with rates being highest in the summer months. We have chosen to utilize a base average rate of $126.91 due to the different rate structures estimated for the various seasons. We believe that this property can achieve rate growth throughout the analysis of 2.5% due to the price and availability of quality lodging in Antrim County during the peak season.
Taking into account the subject property’s quality of facilities, location and occupancy levels, we have estimated the future average daily rates for the subject.

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$126.91</td>
<td>$130.08</td>
<td>$133.33</td>
<td>$136.67</td>
<td>$140.08</td>
</tr>
</tbody>
</table>
PROSPECTIVE FINANCIAL ANALYSIS

Departmental Revenue and Expense Assumptions

Rooms Department

Rooms Revenue is derived from the estimated occupancies for the subject multiplied by the estimated Average Daily Room rate as discussed in detail in the market analysis section of this report. To recap, the following table indicates the estimated occupancy levels and Average Daily Room rates for the proposed hotel.

<table>
<thead>
<tr>
<th>Year</th>
<th>Projected Occupancy</th>
<th>Projected ADR</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>56%</td>
<td>$126.91</td>
</tr>
<tr>
<td>2</td>
<td>57%</td>
<td>$130.08</td>
</tr>
<tr>
<td>3</td>
<td>58%</td>
<td>$133.33</td>
</tr>
<tr>
<td>4</td>
<td>59%</td>
<td>$136.67</td>
</tr>
<tr>
<td>5</td>
<td>61%</td>
<td>$140.08</td>
</tr>
</tbody>
</table>

As indicated above, we estimate that the proposed subject will reach a stabilized occupancy of 65% in its fifth year of operation. See the Market Analysis section of this report for a detailed explanation of the penetration, occupancy, and average daily rate assumptions.

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pro Forma</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$218,059</td>
<td>21.00%</td>
<td>$5,451</td>
<td>$26.65</td>
</tr>
<tr>
<td>Year 2</td>
<td>$223,851</td>
<td>20.62%</td>
<td>$5,596</td>
<td>$26.82</td>
</tr>
<tr>
<td>Year 3</td>
<td>$229,798</td>
<td>20.25%</td>
<td>$5,745</td>
<td>$27.00</td>
</tr>
<tr>
<td>Year 4</td>
<td>$235,904</td>
<td>19.88%</td>
<td>$5,898</td>
<td>$27.17</td>
</tr>
<tr>
<td>Year 5</td>
<td>$242,173</td>
<td>19.52%</td>
<td>$6,054</td>
<td>$27.34</td>
</tr>
<tr>
<td>Comparable Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$655,918</td>
<td>29.61%</td>
<td>$6,693</td>
<td>$24.30</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$340,221</td>
<td>31.79%</td>
<td>$4,536</td>
<td>$21.65</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$326,153</td>
<td>23.15%</td>
<td>$5,177</td>
<td>$18.79</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$479,000</td>
<td>24.13%</td>
<td>$5,988</td>
<td>$26.76</td>
</tr>
<tr>
<td>Composite</td>
<td>$1,801,292</td>
<td>26.97%</td>
<td>$5,700</td>
<td>$23.10</td>
</tr>
<tr>
<td>HOST Report</td>
<td>$633,954</td>
<td>24.3%</td>
<td>$5,561</td>
<td>$21.88</td>
</tr>
</tbody>
</table>

Rooms’ department expenses include room supplies, salaries and wages of housekeeping and front office staff, laundry and cleaning supplies, uniforms, and printing and stationery. Comparable operations Rooms’ Expenses range from $18.79/OR to $26.76/OR. Additionally, the 2012 HOST Report from Smith Travel Research (STR) reports the average rooms expense for all limited service hotels at $21.88/OR. We concluded that the subject property’s rooms’ expenses are within the range of
the comparables presented, very similar to the average. Based on the range of the comparable hotels and the size and prudent management of the proposed subject, we estimate the subject’s rooms expense at $22.72/OR in the first year growing at 2.5% throughout the analysis.

**Telephone Department**

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$818</td>
<td>0.08%</td>
<td>$20</td>
<td>$0.10</td>
</tr>
<tr>
<td>Year 2</td>
<td>$843</td>
<td>0.08%</td>
<td>$21</td>
<td>$0.10</td>
</tr>
<tr>
<td>Year 3</td>
<td>$868</td>
<td>0.08%</td>
<td>$22</td>
<td>$0.10</td>
</tr>
<tr>
<td>Year 4</td>
<td>$895</td>
<td>0.07%</td>
<td>$22</td>
<td>$0.11</td>
</tr>
<tr>
<td>Year 5</td>
<td>$922</td>
<td>0.07%</td>
<td>$23</td>
<td>$0.11</td>
</tr>
<tr>
<td><strong>Comparable Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$1,749</td>
<td>0.08%</td>
<td>$18</td>
<td>$0.06</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$742</td>
<td>0.07%</td>
<td>$10</td>
<td>$0.05</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$1,407</td>
<td>0.10%</td>
<td>$22</td>
<td>$0.08</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$0.00</td>
</tr>
<tr>
<td>Composite</td>
<td>$3,898</td>
<td>0.06%</td>
<td>$12</td>
<td>$0.05</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
<td>$4,674</td>
<td>0.2%</td>
<td>$41</td>
<td>$0.16</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$8,182</td>
<td>1000.00%</td>
<td>$205</td>
<td>$1.00</td>
</tr>
<tr>
<td>Year 2</td>
<td>$8,399</td>
<td>996.45%</td>
<td>$210</td>
<td>$1.01</td>
</tr>
<tr>
<td>Year 3</td>
<td>$8,622</td>
<td>992.93%</td>
<td>$216</td>
<td>$1.01</td>
</tr>
<tr>
<td>Year 4</td>
<td>$8,851</td>
<td>989.44%</td>
<td>$221</td>
<td>$1.02</td>
</tr>
<tr>
<td>Year 5</td>
<td>$9,087</td>
<td>985.99%</td>
<td>$227</td>
<td>$1.03</td>
</tr>
<tr>
<td><strong>Comparable Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$8,998</td>
<td>514.47%</td>
<td>$92</td>
<td>$0.33</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$12,194</td>
<td>1643.40%</td>
<td>$163</td>
<td>$0.78</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$6,731</td>
<td>35.26%</td>
<td>$107</td>
<td>$0.39</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$0.00</td>
</tr>
<tr>
<td>Composite</td>
<td>$27,923</td>
<td>716.34%</td>
<td>$88</td>
<td>$0.36</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
<td>$18,468</td>
<td>390.8%</td>
<td>$162</td>
<td>$0.64</td>
</tr>
</tbody>
</table>

Expenses associated with this category include telephone company charges and payroll. The range presented by the comparables average $0.36/OR with one property including it as other expenses. The 2012 STR HOST Report shows telephone expense for all limited service hotels averaging $0.64/OR. Due to the increased use of cellular phones, we conclude a telephone expense of
$1.00/OR in the first year.

Other Revenue, Net

<table>
<thead>
<tr>
<th>Pro Forma</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>$16,364</td>
<td>1.55%</td>
<td>$409</td>
<td>$2.00</td>
</tr>
<tr>
<td>Year 2</td>
<td>$17,109</td>
<td>1.55%</td>
<td>$428</td>
<td>$2.05</td>
</tr>
<tr>
<td>Year 3</td>
<td>$17,887</td>
<td>1.55%</td>
<td>$447</td>
<td>$2.10</td>
</tr>
<tr>
<td>Year 4</td>
<td>$18,701</td>
<td>1.55%</td>
<td>$468</td>
<td>$2.20</td>
</tr>
<tr>
<td>Year 5</td>
<td>$19,552</td>
<td>1.55%</td>
<td>$489</td>
<td>$2.30</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comparable Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable 1</td>
</tr>
<tr>
<td>Comparable 2</td>
</tr>
<tr>
<td>Comparable 3</td>
</tr>
<tr>
<td>Comparable 4</td>
</tr>
<tr>
<td>Composite</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
</tr>
</tbody>
</table>

Other Net Revenues include any revenue received from vending machines or pay per view movie rentals that the hotel may incur during operation, net of associated expenses. Other net revenue for the comparable operations averages $1.18/OR with a range between $0.78/OR and $1.53/OR. Additionally, when we subtract expenses, the 2012 HOST Report shows an average net other revenue of -$0.02/OR. We have estimated $2.00/OR the first year due to ancillary revenue sources.
Undistributed Expenses

Administrative and General

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$110,000</td>
<td>10.42%</td>
<td>$2,750</td>
<td>$13.44</td>
</tr>
<tr>
<td>Year 2</td>
<td>$114,884</td>
<td>10.41%</td>
<td>$2,872</td>
<td>$13.77</td>
</tr>
<tr>
<td>Year 3</td>
<td>$120,150</td>
<td>10.41%</td>
<td>$3,004</td>
<td>$14.11</td>
</tr>
<tr>
<td>Year 4</td>
<td>$125,841</td>
<td>10.43%</td>
<td>$3,146</td>
<td>$14.49</td>
</tr>
<tr>
<td>Year 5</td>
<td>$132,001</td>
<td>10.47%</td>
<td>$3,300</td>
<td>$14.90</td>
</tr>
<tr>
<td><strong>Comparable Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$286,611</td>
<td>12.73%</td>
<td>$2,925</td>
<td>$10.62</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$96,941</td>
<td>8.85%</td>
<td>$1,293</td>
<td>$6.17</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$205,420</td>
<td>14.37%</td>
<td>$3,261</td>
<td>$11.83</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$222,000</td>
<td>11.11%</td>
<td>$2,775</td>
<td>$12.40</td>
</tr>
<tr>
<td>Composite</td>
<td>$810,972</td>
<td>11.97%</td>
<td>$2,566</td>
<td>$10.40</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
<td>$249,432</td>
<td>9.3%</td>
<td>$2,188</td>
<td>$8.61</td>
</tr>
</tbody>
</table>

Administrative department expenses include two components: administrative payroll expense, which includes salaries and wages of the general manager and his staff (if any) and administrative and general-other expense, which includes credit card commissions, bad debt expenses, professional fees, postage, and other similar expenses. The subject’s administrative expense is expected to be in-line with the range of the comparable operations, which range from $1,293/Room to $3,261/Room with an average of $2,566/Room. Additionally, the 2012 HOST Report shows an average of $2,188/Room. We believe that typical management would generate administrative and general expense at the level achieved by comparable operations. We estimate administrative and general expense of approximately $2,750/Room in the first year.

Marketing

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$64,000</td>
<td>6.06%</td>
<td>$1,600</td>
<td>$7.82</td>
</tr>
<tr>
<td>Year 2</td>
<td>$66,058</td>
<td>5.99%</td>
<td>$1,651</td>
<td>$7.92</td>
</tr>
<tr>
<td>Year 3</td>
<td>$68,211</td>
<td>5.91%</td>
<td>$1,705</td>
<td>$8.01</td>
</tr>
<tr>
<td>Year 4</td>
<td>$70,074</td>
<td>5.81%</td>
<td>$1,752</td>
<td>$8.07</td>
</tr>
<tr>
<td>Year 5</td>
<td>$71,991</td>
<td>5.71%</td>
<td>$1,800</td>
<td>$8.13</td>
</tr>
<tr>
<td><strong>Comparable Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$150,664</td>
<td>6.69%</td>
<td>$1,537</td>
<td>$5.58</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$6,600</td>
<td>0.60%</td>
<td>$88</td>
<td>$0.42</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$124,458</td>
<td>8.71%</td>
<td>$1,976</td>
<td>$7.17</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$33,000</td>
<td>1.65%</td>
<td>$413</td>
<td>$1.90</td>
</tr>
<tr>
<td>Composite</td>
<td>$314,722</td>
<td>4.65%</td>
<td>$996</td>
<td>$4.04</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
<td>$153,900</td>
<td>5.7%</td>
<td>$1,350</td>
<td>$5.31</td>
</tr>
</tbody>
</table>

Marketing departmental expenses include two components: payroll expense, which includes salaries...
and wages of the sales staff, and other expenses, which include the costs incurred for sales brochures, radio and television advertising, billboard advertising, trade show promotions, postage and direct mail costs. The comparable hotels marketing expenses range from $88/Room to $1,976/Room with an average of $996/Room. Additionally, the 2012 HOST Report shows the average marketing expense for limited-service hotels at $1,350/Room. It should be noted that two of the comparables have low costs for marketing and seem to rely upon the franchise marketing programs and reservation system. Therefore, based on the range of the comparable properties, we have estimated the hotel's marketing expense at $1,600/Room in the first year.

Management Fee

<table>
<thead>
<tr>
<th>Management Fee Expenses</th>
<th>Pro Forma</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pro Forma</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$36,945</td>
<td>3.50%</td>
<td>$924</td>
<td>$4.52</td>
<td></td>
</tr>
<tr>
<td>Year 2</td>
<td>$38,625</td>
<td>3.50%</td>
<td>$966</td>
<td>$4.63</td>
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</tr>
<tr>
<td>Year 3</td>
<td>$40,382</td>
<td>3.50%</td>
<td>$1,010</td>
<td>$4.74</td>
<td></td>
</tr>
<tr>
<td>Year 4</td>
<td>$42,219</td>
<td>3.50%</td>
<td>$1,055</td>
<td>$4.86</td>
<td></td>
</tr>
<tr>
<td>Year 5</td>
<td>$44,140</td>
<td>3.50%</td>
<td>$1,103</td>
<td>$4.98</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comparable Operations</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Comparable 1</td>
<td>$67,553</td>
<td>3.00%</td>
<td>$689</td>
<td>$2.50</td>
<td></td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$57,048</td>
<td>5.21%</td>
<td>$761</td>
<td>$3.63</td>
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</tr>
<tr>
<td>Comparable 3</td>
<td>$44,163</td>
<td>3.09%</td>
<td>$701</td>
<td>$2.54</td>
<td></td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$0</td>
<td>0.00%</td>
<td>$0</td>
<td>$0.00</td>
<td></td>
</tr>
<tr>
<td>Composite</td>
<td>$168,764</td>
<td>2.49%</td>
<td>$534</td>
<td>$2.16</td>
<td></td>
</tr>
</tbody>
</table>

| HOST Report             | $82,878| 3.1% | $727| $2.86  |

We’ve researched management fees required by various national and regional management companies in today's market and our findings indicate that most charge between 2.5% to 5.5% with the average being 3.5%. None of the comparable properties charges a management fee. Based on our research, knowledge of the industry, and the comparable operations, we believe that prudent ownership would secure a management contract amounting to 3.0% of gross sales.

Franchise Fee

Given the very limited number of rooms, we do not believe a developer would be able to attract a national franchise for the proposed subject. Therefore, we have not estimated a franchise expense.
Property Operations & Maintenance (P.O. & M.)

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$46,000</td>
<td>4.36%</td>
<td>$1,150</td>
<td>$5.62</td>
</tr>
<tr>
<td>Year 2</td>
<td>$47,386</td>
<td>4.29%</td>
<td>$1,185</td>
<td>$5.68</td>
</tr>
<tr>
<td>Year 3</td>
<td>$48,817</td>
<td>4.23%</td>
<td>$1,220</td>
<td>$5.73</td>
</tr>
<tr>
<td>Year 4</td>
<td>$50,295</td>
<td>4.17%</td>
<td>$1,257</td>
<td>$5.79</td>
</tr>
<tr>
<td>Year 5</td>
<td>$51,822</td>
<td>4.11%</td>
<td>$1,296</td>
<td>$5.85</td>
</tr>
<tr>
<td><strong>Comparable Operations</strong></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$152,553</td>
<td>6.77%</td>
<td>$1,557</td>
<td>$5.65</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$52,412</td>
<td>4.79%</td>
<td>$699</td>
<td>$3.34</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$96,838</td>
<td>6.77%</td>
<td>$1,537</td>
<td>$5.58</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$75,000</td>
<td>3.75%</td>
<td>$938</td>
<td>$4.32</td>
</tr>
<tr>
<td>Composite</td>
<td>$376,803</td>
<td>5.56%</td>
<td>$1,192</td>
<td>$4.83</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
<td>$142,500</td>
<td>5.3%</td>
<td>$1,250</td>
<td>$4.92</td>
</tr>
</tbody>
</table>

Property Operations and Maintenance Expense includes the costs of repairs and day-to-day maintenance of the hotel's structure, grounds, and equipment. Comparable hotels' P.O. & M expenses average $1,192/Room, with a range of $699/Room to $1,557/Room. Additionally, the 2012 HOST Report shows maintenance expenses for limited service hotels averaging $1,250/Room. We estimate the repair and maintenance expense at $1,150/Room the first year.

Utilities

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$65,456</td>
<td>6.20%</td>
<td>$1,636</td>
<td>$8.00</td>
</tr>
<tr>
<td>Year 2</td>
<td>$67,393</td>
<td>6.11%</td>
<td>$1,685</td>
<td>$8.08</td>
</tr>
<tr>
<td>Year 3</td>
<td>$69,401</td>
<td>6.02%</td>
<td>$1,735</td>
<td>$8.15</td>
</tr>
<tr>
<td>Year 4</td>
<td>$71,481</td>
<td>5.93%</td>
<td>$1,787</td>
<td>$8.23</td>
</tr>
<tr>
<td>Year 5</td>
<td>$73,638</td>
<td>5.84%</td>
<td>$1,841</td>
<td>$8.31</td>
</tr>
<tr>
<td><strong>Comparable Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$169,270</td>
<td>4.85%</td>
<td>$1,115</td>
<td>$4.05</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$135,843</td>
<td>10.58%</td>
<td>$1,545</td>
<td>$7.37</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$69,018</td>
<td>4.83%</td>
<td>$1,096</td>
<td>$3.98</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$83,000</td>
<td>4.15%</td>
<td>$1,038</td>
<td>$4.78</td>
</tr>
<tr>
<td>Composite</td>
<td>$377,131</td>
<td>5.57%</td>
<td>$1,193</td>
<td>$4.84</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
<td>$142,272</td>
<td>5.3%</td>
<td>$1,248</td>
<td>$4.91</td>
</tr>
</tbody>
</table>

This expense consists of costs incurred for heating, cooling, ventilation, lighting, and water and sewer services. The average expense levels of the comparables are $4.84/OR with a range of $3.98/OR to $7.37/OR. Additionally, the 2012 HOST Report shows the average utility expense for limited service hotels at $4.91/OR. Given the limited number of rooms as well as the fixed nature of utility costs, we believe the subject will generate expenses higher than the comparables. We estimate the subject’s energy expense to be approximately $8.00/OR in the first year of our analysis growing at 2.5% per year.
Fixed Charges

Insurance

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$15,000</td>
<td>1.42%</td>
<td>$375</td>
<td>$1.83</td>
</tr>
<tr>
<td>Year 2</td>
<td>$15,375</td>
<td>1.39%</td>
<td>$384</td>
<td>$1.84</td>
</tr>
<tr>
<td>Year 3</td>
<td>$15,759</td>
<td>1.37%</td>
<td>$394</td>
<td>$1.85</td>
</tr>
<tr>
<td>Year 4</td>
<td>$16,153</td>
<td>1.34%</td>
<td>$404</td>
<td>$1.86</td>
</tr>
<tr>
<td>Year 5</td>
<td>$16,557</td>
<td>1.31%</td>
<td>$414</td>
<td>$1.87</td>
</tr>
<tr>
<td><strong>Comparable Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$40,232</td>
<td>1.79%</td>
<td>$411</td>
<td>$1.49</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$15,794</td>
<td>1.44%</td>
<td>$211</td>
<td>$1.01</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$19,332</td>
<td>1.35%</td>
<td>$307</td>
<td>$1.11</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$19,000</td>
<td>0.95%</td>
<td>$238</td>
<td>$1.06</td>
</tr>
<tr>
<td>Composite</td>
<td>$94,358</td>
<td>1.39%</td>
<td>$299</td>
<td>$1.21</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
<td>$31,464</td>
<td>1.2%</td>
<td>$276</td>
<td>$1.09</td>
</tr>
</tbody>
</table>

This category covers general contents and liability insurance. We base our estimation on data presented by the comparable hotels and their costs ranged from $211/Room to $411/Room. Additionally, the 2012 HOST Report shows the average for limited service hotels at $276/Room. Therefore, we have estimated a lower, per room insurance expense for the hotel of $375/Room in the first year.

Real and Personal Property Taxes

<table>
<thead>
<tr>
<th>Description</th>
<th>Total</th>
<th>%</th>
<th>$/Room</th>
<th>$/OR</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pro Forma</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Year 1</td>
<td>$61,018</td>
<td>5.78%</td>
<td>$1,525</td>
<td>$7.46</td>
</tr>
<tr>
<td>Year 2</td>
<td>$61,629</td>
<td>5.58%</td>
<td>$1,541</td>
<td>$7.38</td>
</tr>
<tr>
<td>Year 3</td>
<td>$62,245</td>
<td>5.39%</td>
<td>$1,556</td>
<td>$7.31</td>
</tr>
<tr>
<td>Year 4</td>
<td>$62,867</td>
<td>5.21%</td>
<td>$1,572</td>
<td>$7.24</td>
</tr>
<tr>
<td>Year 5</td>
<td>$63,496</td>
<td>5.03%</td>
<td>$1,587</td>
<td>$7.17</td>
</tr>
<tr>
<td><strong>Comparable Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Comparable 1</td>
<td>$74,781</td>
<td>3.32%</td>
<td>$763</td>
<td>$2.77</td>
</tr>
<tr>
<td>Comparable 2</td>
<td>$65,952</td>
<td>6.02%</td>
<td>$879</td>
<td>$4.20</td>
</tr>
<tr>
<td>Comparable 3</td>
<td>$41,826</td>
<td>2.93%</td>
<td>$664</td>
<td>$2.41</td>
</tr>
<tr>
<td>Comparable 4</td>
<td>$61,000</td>
<td>3.05%</td>
<td>$763</td>
<td>$3.41</td>
</tr>
<tr>
<td>Composite</td>
<td>$243,559</td>
<td>3.59%</td>
<td>$771</td>
<td>$3.12</td>
</tr>
<tr>
<td><strong>HOST Report</strong></td>
<td>$131,898</td>
<td>4.9%</td>
<td>$1,157</td>
<td>$4.55</td>
</tr>
</tbody>
</table>

Real property taxes vary greatly from one jurisdiction to the next. We have an accurate building cost breakdown, but understand that buildings are not always assessed according to true cash value. Therefore, we have investigated assessments of comparable hotels in the market. Property in Michigan is assessed at 50% of its true cash value, also known as market value. Based upon the comparable assessments, we have estimated the subject’s year-one assessment at $30,000 per room or $1,200,000. Using this value and the estimated tax rate for the city of Elk Rapids of $50.8487/$1000 of taxable
value, we estimate property taxes for the proposed subject at $61,018 in the first year and grown
them at 1% per year.

<table>
<thead>
<tr>
<th>Summary of Real Estate Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Y1</td>
</tr>
<tr>
<td>$61,018</td>
</tr>
</tbody>
</table>

**Reserve for Replacement**

We have included a reserve fund amount in our analysis to cover the replacement of short and
long-lived building components including furniture, fixtures, and equipment (FF&E) and structural
repairs. Most hotel franchisors require their franchisees to include a Reserve for Replacement with their
financial statements. Therefore, we included a reserve fund of 4.0% of total revenues throughout the
analysis.

**Growth Rates**

While we cannot be certain about future inflationary trends, we estimate inflation factors for the
various items of revenue and expense. Since 1998, the annual increase in the rate of inflation has
ranged from -0.03% to 3.85% last year. Based on these current inflationary trends and our knowledge
of the hospitality industry during this period, we utilized a 2.5% inflation rate. Current inflation
estimates from the Financial Trend Forecaster are shown below.

<table>
<thead>
<tr>
<th>Historic Inflation Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>2014</td>
</tr>
<tr>
<td>2013</td>
</tr>
<tr>
<td>2012</td>
</tr>
<tr>
<td>2011</td>
</tr>
<tr>
<td>2010</td>
</tr>
<tr>
<td>2009</td>
</tr>
<tr>
<td>2008</td>
</tr>
<tr>
<td>2007</td>
</tr>
<tr>
<td>2006</td>
</tr>
<tr>
<td>2005</td>
</tr>
<tr>
<td>2004</td>
</tr>
<tr>
<td>2003</td>
</tr>
<tr>
<td>2002</td>
</tr>
<tr>
<td>2001</td>
</tr>
</tbody>
</table>

Source: InflationData.com

Our prospective financial statement is shown on the following page and our comparables are shown
on the page following the financials.
## Proposed Limited-Service Hotel – Elk Rapids, Michigan

### Year 1
- **Proposed Hotel, Elk Rapids, Michigan**
  - **Prospective Financial Analysis**
  - **Cash Flow Before Income Taxes, Depreciation, and Amortization**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flow Before Income Taxes, Depreciation, and Amortization</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PROPOSED HOTEL, ELK RAPIDS, MICHIGAN</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>REVENUES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rooms</td>
<td>$1,035,560</td>
<td>$1,085,624</td>
<td>$1,135,020</td>
<td>$1,186,664</td>
<td>$1,240,657</td>
</tr>
<tr>
<td>Other Revenues, Net</td>
<td>$16,364</td>
<td>$17,109</td>
<td>$17,887</td>
<td>$18,701</td>
<td>$19,552</td>
</tr>
<tr>
<td><strong>DEPARTMENTAL EXPENSES:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rooms</td>
<td>$218,059</td>
<td>$223,851</td>
<td>$229,798</td>
<td>$235,904</td>
<td>$242,173</td>
</tr>
<tr>
<td>Telephone</td>
<td>$8,182</td>
<td>$8,399</td>
<td>$8,622</td>
<td>$8,851</td>
<td>$9,087</td>
</tr>
<tr>
<td><strong>TOTAL DEPARTMENTAL EXPENSES</strong></td>
<td>$226,241</td>
<td>$232,250</td>
<td>$238,420</td>
<td>$244,755</td>
<td>$251,260</td>
</tr>
<tr>
<td><strong>CASH FLOW BEFORE UNDISTR. EXP.</strong></td>
<td>$829,319</td>
<td>$871,325</td>
<td>$915,355</td>
<td>$961,504</td>
<td>$1,009,870</td>
</tr>
<tr>
<td>Administrative and General</td>
<td>$110,000</td>
<td>$114,884</td>
<td>$120,150</td>
<td>$125,841</td>
<td>$132,001</td>
</tr>
<tr>
<td>Marketing</td>
<td>$64,000</td>
<td>$67,386</td>
<td>$71,481</td>
<td>$75,687</td>
<td>$81,903</td>
</tr>
<tr>
<td>Property Oper. and Maint.</td>
<td>$46,456</td>
<td>$50,295</td>
<td>$54,251</td>
<td>$58,326</td>
<td>$63,496</td>
</tr>
<tr>
<td>Utilities</td>
<td>$65,456</td>
<td>$69,401</td>
<td>$73,281</td>
<td>$77,246</td>
<td>$81,304</td>
</tr>
<tr>
<td><strong>CASH FLOW BEFORE FIXED CHARGES</strong></td>
<td>$543,863</td>
<td>$575,605</td>
<td>$599,780</td>
<td>$626,400</td>
<td>$650,419</td>
</tr>
<tr>
<td>Insurance</td>
<td>$15,000</td>
<td>$15,375</td>
<td>$15,759</td>
<td>$16,153</td>
<td>$16,557</td>
</tr>
<tr>
<td>R.E. Tax</td>
<td>$61,018</td>
<td>$65,629</td>
<td>$62,743</td>
<td>$64,421</td>
<td>$69,097</td>
</tr>
<tr>
<td>Management Fee</td>
<td>$36,945</td>
<td>$38,625</td>
<td>$40,382</td>
<td>$42,210</td>
<td>$44,140</td>
</tr>
<tr>
<td><strong>TOTAL FIXED CHARGES</strong></td>
<td>$112,963</td>
<td>$115,629</td>
<td>$118,493</td>
<td>$121,743</td>
<td>$124,830</td>
</tr>
<tr>
<td><strong>CASH FLOW AVAILABLE FOR DEBT SVC</strong></td>
<td>$426,869</td>
<td>$459,976</td>
<td>$481,287</td>
<td>$504,657</td>
<td>$525,589</td>
</tr>
</tbody>
</table>

### Financial Ratios

| Year | Total % | RM POR | Year 2 | Total % | RM POR | Year 3 | Total % | RM POR | Year 4 | Total % | RM POR | Year 5 | Total % | RM POR |
|------|---------|--------|-------|---------|--------|-------|---------|--------|-------|---------|--------|-------|---------|--------|--------|
| REVENUES | $1,035,560 | 100.00% | $1,085,624 | 100.00% | $1,135,020 | 100.00% | $1,186,664 | 100.00% | $1,240,657 | 100.00% | $1,294,657 | 100.00% |
| DEPARTMENTAL EXPENSES | $226,241 | 21.43% | $232,250 | 21.05% | $238,420 | 20.66% | $244,755 | 20.29% | $251,260 | 19.92% | $258,000 | 19.55% |
| CASH FLOW BEFORE UNDISTR. EXP. | $829,319 | 78.57% | $871,325 | 78.95% | $915,355 | 79.34% | $961,504 | 79.71% | $1,009,870 | 80.08% | $1,046,657 | 80.45% |
| UNDISTRIBUTED OPER. EXPENSES | $110,000 | 10.42% | $114,884 | 10.41% | $120,150 | 10.41% | $125,841 | 10.43% | $132,001 | 10.47% | $138,200 | 10.53% |
| CASH FLOW BEFORE FIXED CHARGES | $543,863 | 51.52% | $575,605 | 52.16% | $599,780 | 52.76% | $626,400 | 53.37% | $650,419 | 53.95% | $694,457 | 54.52% |
| FIXED CHARGES | $112,963 | 10.70% | $115,629 | 10.48% | $118,493 | 10.26% | $121,743 | 10.05% | $124,830 | 9.85% | $130,450 | 9.41% |
| CASH FLOW AVAILABLE FOR DEBT SVC | $426,869 | 40.82% | $459,976 | 41.68% | $481,287 | 42.50% | $504,657 | 43.32% | $525,589 | 44.11% | $564,000 | 44.90% |

### Other Notes
- **Gross Operating Revenues:**
  - Year 1: $1,035,560
  - Year 2: $1,085,624
  - Year 3: $1,135,020
  - Year 4: $1,186,664
  - Year 5: $1,240,657

- **Total Departmental Expenses:**
  - Year 1: $226,241
  - Year 2: $232,250
  - Year 3: $238,420
  - Year 4: $244,755
  - Year 5: $251,260

- **Cash Flow Before Income Taxes, Depreciation, and Amortization:**
  - Year 1: $829,319
  - Year 2: $871,325
  - Year 3: $915,355
  - Year 4: $961,504
  - Year 5: $1,009,870

- **Undistributed Operating Expenses:**
  - Administrative and General: Year 1: $110,000
  - Marketing: Year 1: $64,000
  - Property and Maintenance: Year 1: $46,456
  - Utilities: Year 1: $65,456

- **Cash Flow Before Fixed Charges:**
  - Year 1: $543,863
  - Year 2: $575,605
  - Year 3: $599,780
  - Year 4: $626,400
  - Year 5: $650,419

- **Fixed Charges:**
  - Insurance: Year 1: $15,000
  - R.E. Tax: Year 1: $61,018
  - Management Fee: Year 1: $36,945

- **Cash Flow Available for Debt SVC:**
  - Year 1: $426,869
  - Year 2: $459,976
  - Year 3: $481,287
  - Year 4: $504,657
  - Year 5: $525,589

- **Financial Ratios:**
  - Total %: Year 1: 56%, Year 2: 57%, Year 3: 58%, Year 4: 59%, Year 5: 60%
  - RM POR: Year 1: $126.91, Year 2: $130.08, Year 3: $133.33, Year 4: $136.67, Year 5: $140.08

### Additional Notes
- **Hospitality Advisors Valuation and Consulting**

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**Note:** The financial data and analysis are based on hypothetical projections and should be reviewed for accuracy and applicability to actual operations.
ASSUMPTIONS AND LIMITING CONDITIONS

The following are assumptions utilized during our analysis and are based upon discussions held during our fieldwork with our client, local hotel operators, various civic leaders, and others knowledgeable in the Michigan hospitality industry.

In accordance with our engagement letter, the legal and regulatory requirements applicable to this project, including zoning, other state and local government regulations, permits, and licenses were not ascertained. No effort was made to determine state or local legislation, including any environmental or ecological matters, nor were the potential impact of possible energy shortages quantified.

This study is based upon information developed from research of the market, knowledge of the industry and meetings with our clients during which they provided us certain information. The sources of information and bases of the estimates and assumptions are stated in the body of this report. Hospitality Advisors has no responsibility to update this report for events and circumstances occurring after the date of this report.

The report is based on estimates and assumptions developed through our research of the market. However, some assumptions may not materialize, and unanticipated events and circumstances may occur; therefore, actual results may vary from those presented, and the variations may be material.

Further, Hospitality Advisors has not been engaged to evaluate the effectiveness of management, and are not responsible for future marketing efforts and other management actions upon which actual results will depend. This report was prepared for the information of the village of Elk Rapids and it’s approved agents for use in internal decision-making and in connection with applications for securing a national franchise and financing the proposed project. Otherwise, neither the report nor its contents may be included or quoted in any offering circular or registration statement, prospectus, sales brochure, loan, appraisal or any other agreement or document without the prior written permission of Hospitality Advisors. They should not be relied on for any purpose. It is agreed that Hospitality Advisors’ liability is limited to the amount of the fees paid as liquidated damages.
Meeting and Banquet Addendum

One thing that we heard repeatedly in our conversations with local businesspeople and officials was the lack of banquet and meeting space in the community. Although that was not part of our assignment, we have experience in analyzing meeting facilities and have included this basic analysis as a guide going forward. Generally, these facilities include a common foyer area and reception with restroom facilities as well as commercial kitchen space for food preparation and storage. The public space would likely entail a large, divisible meeting room to hold multiple events at the same time. Similar communities have facilities sized between 5,000 and 10,000 square feet, generating between $200,000 and $400,000 approximately in annual revenues, which amounts to roughly $40 per square foot. For example, this equates to 40 weddings annually paying $10,000 apiece. Each of the following tables shows three different square footage amounts as an illustration of how the revenues and expenses are constructed and profitability is achieved.

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>Revenue/SF</th>
<th>Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000</td>
<td>$40.00</td>
<td>$200,000</td>
</tr>
<tr>
<td>7,500</td>
<td>$40.00</td>
<td>$300,000</td>
</tr>
<tr>
<td>10,000</td>
<td>$40.00</td>
<td>$400,000</td>
</tr>
</tbody>
</table>

*Source: Hospitality Advisors*

Additionally, prudently-managed facilities generate expenses amounting to approximately 80% of revenues. This amounts to $32 per square foot generating approximately $160,000 to $320,000 annually.

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>Expenses/SF</th>
<th>Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000</td>
<td>$32.00</td>
<td>$160,000</td>
</tr>
<tr>
<td>7,500</td>
<td>$32.00</td>
<td>$240,000</td>
</tr>
<tr>
<td>10,000</td>
<td>$32.00</td>
<td>$320,000</td>
</tr>
</tbody>
</table>

*Source: Hospitality Advisors*

At a 20% profit margin, the resultant cash flow should justify capitalization sufficient for construction of the facility as well as any associated debt service.
A meeting and banquet facility was not factored into our hotel projections. If a meeting and banquet facility were developed, it would likely have a significant impact on the hotel and also increase the risk level of the developer. Additionally, if a meeting facility were developed in conjunction with the hotel, a site would need at least an additional acre, on top of the land for the hotel, to account for the additional parking.

<table>
<thead>
<tr>
<th>Square Footage</th>
<th>Revenue</th>
<th>Expenses</th>
<th>Cash Flow Before Debt Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>5,000</td>
<td>$200,000</td>
<td>$160,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>7,500</td>
<td>$300,000</td>
<td>$240,000</td>
<td>$60,000</td>
</tr>
<tr>
<td>10,000</td>
<td>$400,000</td>
<td>$320,000</td>
<td>$80,000</td>
</tr>
</tbody>
</table>

*Source: Hospitality Advisors*
Hospitality Advisors is a unique organization made up of individuals with experience in every aspect of the complex hospitality industry. Combined, our professionals have over ninety years of experience in valuation, operations, market analysis, litigation support, and asset management. Committed to the hospitality industry, Hospitality Advisors brings hands on experience and understanding to all aspects of the business. Some of the specific service areas that we offer include the following:

- **MARKET ANALYSIS** including the identification of the subject property's competitive market, analysis of the property's performance versus its market, identification of the subject's position within the competitive market, evaluation of the subject's potential in that market, and estimating future potential operating statistics for the facility.

- **OPERATIONS CONSULTING** including an evaluation of the present management, review of management and franchise agreements, evaluation of facilities, and development of strategies for re-positioning.

- **VALUATIONS** of hotel, resort properties, and conference center facilities for financing, litigation, acquisition, and disposition decisions.

- **FEASIBILITY STUDIES** of hotel, resort, and conference center properties to determine a project's viability within the market and to secure construction and/or permanent financing.

- **ASSET MANAGEMENT** services including ongoing oversight and evaluation of the operational and financial performance and conformance to the re-positioning and/or management recommendations.

- **LITIGATION SUPPORT** services including research, analysis, and expert testimony on issues relating to the valuation, operation, and management of leisure real estate.

- **COST CONTAINMENT CONSULTING** services include telecommunications consulting, local telephone bill auditing, long distance analysis (1+ and 0+), PBX and/or voice mail equipment procurement and maintenance expense negotiation.
· INVESTOR SERVICES through our affiliated company Select Hospitality Brokers, Inc, include property disposition, equity and debt fundraising, and buyer representation.

· COST CONTAINMENT CONSULTING services include telecommunications consulting, local telephone bill auditing, long distance analysis (1+ and 0+), PBX and/or voice mail equipment procurement and maintenance expense negotiation.

· INVESTOR SERVICES through our affiliated company Select Hospitality Brokers, Inc, include property disposition, equity and debt fundraising, and buyer representation.
Qualifications

CHARLES A. SKELTON

Charles Skelton is the President of Hospitality Advisors - Consulting Group. Mr. Skelton was the former Senior Principal in charge of Leisure Time and Real Estate Advisory Services consulting practices in LAVENTHOL & HORWATH's Michigan office. Mr. Skelton headed this group from 1983 to 1990 and during that time conducted feasibility and market analyses on projects ranging from hotels, resorts, and conference centers to multi-use commercial developments.

Mr. Skelton has been particularly involved in numerous hotel and conference center development projects and has conducted seminars on the topic. He publishes a bi-annual publication on the state of Michigan’s hospitality industry widely recognized by hoteliers and hospitality professionals.

Education: B.A. Muskingum College


LAURENCE G. ALLEN, MAI

Laurence Allen is the President of Hospitality Advisors - Valuation Group and is a state certified real estate appraiser in Michigan. With more than twenty years experience in real estate appraisal, including involvement with more than 400 hotel appraisals, Mr. Allen is well versed on the topic of hotel real estate. Prior to forming Hospitality Advisors Valuation Group, Mr. Allen was the National Director of Appraisal for BDO Seidman, an international consulting and accounting company.

He has experience in hotel valuations in major cities around the country, appraisals for major property tax and condemnation cases in Michigan, bankruptcy experience in Michigan, Connecticut, Ohio, and Texas.

Education: M.B.A University of Michigan. B.A. Linfield College

Stephen W. Sherf, CPA

Stephen Sherf is President of Hospitality Consulting Group, an affiliate of Hospitality Advisors. Mr. Sherf was the former Senior Principal in charge of Leisure Time and Real Estate Advisory Services consulting practices in LAVENTHOL & HORWATH'S Minneapolis, Minnesota office. Pursuant to that, Mr. Sherf was Vice President of Development for a hotel company, which operated 13 hotels in the Midwest. He also co-founded MHA Research, which later merged with Marquette Advisors, a nationally recognized real estate appraisal firm with a specialty in hotel and gaming appraisal. Mr. Sherf headed the hospitality-consulting group for this company. During his 24 years in the hospitality industry, Mr. Sherf has conducted feasibility and market analyses on projects including hotels, convention centers, casinos, restaurants, and residential developments.

Mr. Sherf has taught seminars for the Minnesota Legal Education Center, Minnesota Institute of Legal Education, and the Minnesota Bankers Association. He has been a guest lecturer at the University of Minnesota-Graduate School of Business and at Stout University.

Education: M.B.A. Cornell University. B.S. Cornell University


Jeremy L. Allen

Jeremy Allen has held various operational positions in the hotel industry. He also has experience in the restaurant industry with P.F. Changs. Mr. Allen was formerly a franchise analyst for Marriott International Inc, in Washington D.C. Prior to Hospitality Advisors, he performed work on commercial real estate appraisals and market studies with Allen and Associates Appraisal Group. Currently, Mr. Allen performs appraisals and feasibility studies for hotels and resorts.

Education: B.S. Cornell University, School of Hotel Administration

Professional Memberships: Limited Licensed Appraiser, State of Michigan. Member, Cornell Hotel Society. Chair, Cornell Alumni Association
Kevin M. Vessels

Kevin Vessels is the newest member of the Hospitality Advisors organization. Mr. Vessels has held operational positions in hotels and foodservice operations. His hotel experience includes Choice Hotels and the prestigious Grand Hotel on Mackinac Island, Michigan. Mr. Vessels graduated from Michigan State University in 2005.

Education: B.A. Michigan State University, the School of Hospitality Business

Holly A. Skelton

Holly Skelton leads the sales and marketing efforts for Hospitality Advisors. With a passion for customer service, Ms. Skelton’s role is to provide a communication link between Hospitality Advisors’ and its clients. After several years as an engineer in the automotive industry, Ms. Skelton also provides a logical approach and plan to managing the projects of Hospitality Advisors.

Education: B.A. Albion College. B.S.M.E University of Michigan Ann Arbor. M.S.M.E. Purdue University.

William H. Petty, CHA

Bill Petty heads up the operational management group of Hospitality Advisors. He has over 30 years of day-to-day, hands-on management experience. Bill has opened four full service hotels from the ground up and led two of those hotels to the top operational award category available. Both hotels were designated as in the top 10 of their respective franchise affiliation.

Education: B.S. Newberry College, Business Administration/Economics

Professional Memberships: C.H.A. Certified Hotel Administrator
Alabama
- EconoLodge, Huntsville

Arizona
- Howard Johnson, Flagstaff
- Clarion, Scottsdale
- Days Inn, Phoenix
- Super 8, Phoenix
- Super 8, Tempe

California
- Milner Hotel, Los Angeles
- Redevelopment Study, Buena Park

Florida
- Boca Raton Resort and Club, Boca Raton
- Ramada Inn, Boca Raton
- Howard Johnson Pirate's Cove, Daytona Beach
- Fairfield Inn by Marriott, Key West
- Proposed Woodfin Suites, Lake Buena Vista
- Proposed Wellesley Inn, Lakeland
- Paramount Suite Hotel, Marco Island
- Quality Suites-Oceanside, Melbourne
- Turnberry Isle Resort and Club, Miami
- The Crescent Time Share, Miami Beach
- Proposed Hilton Hotel, Naples
- Hyatt Grand Cypress, Orlando
- The Chesterfield Hotel, Palm Beach
- Marriott's Bay Point Resort, Panama City Beach
- Hawaiian Ocean Inn, South Palm Beach
- Days Inn, Starke
- Holiday Inn Sabal Park, Tampa
- Milner Hotel, Tampa
- Holiday Inn-Countryside, Vero Beach
- Holiday Inn-Oceanside, Vero Beach
- Proposed Limited Service Hotel, Vero Beach
- Helen Wilkes Hotel, West Palm Beach
- Hampton Inn, Bonita Springs

Georgia
- Knights Inn, Atlanta
- Proposed AmeriSuites, Atlanta
- Days Inn, New Brunswick

Indiana
- Holiday Inn, Angola
- Days Inn, Indianapolis
- Hilton Hotel, Indianapolis
- New England Suites, Indianapolis
- Proposed Homewood Suites, Merrillville
- Best Western Inn, Clarksville

Illinois
- Hotel 21 East, Chicago
- Proposed Comfort Inn, Chicago
- Proposed Guest Quarters, Chicago
- Tremont Hotel, Chicago
- Whitehall Hotel, Chicago
- Sheraton Hotel, Naperville
- Proposed Country Inn and Suites, Rockford
- Proposed Fairfield Suites Hotel, Crystal Lake

Iowa
- Days Inn, Des Moines
- Proposed Hampton Inn, Marshalltown
- Red Roof Inn, Iowa City
- Baymont Inn, Des Moines

Kentucky
- Holiday Inn, Corbin
- Knights Inn, Lexington
Maine
- Hampton Inn, South Portland

Maryland
- Paramount Inner Harbor Hotel, Baltimore

Massachusetts
- Marriott Longwharf, Boston
- Milner Hotel, Boston
- Swansea Country Club, Swansea
- Radisson, Woburn

Michigan
- Grand Traverse Resort, Acme
- Best Western Greenfield Inn, Allen Park
- Proposed Holiday Inn-Express, Allen Park
- Hilton Inn, Ann Arbor
- Howard Johnson, Ann Arbor
- Proposed Concord Suites, Ann Arbor
- Residence Inn, Ann Arbor
- Proposed Hilton garden Inn, Ann Arbor
- Market Overview, Ann Arbor
- Proposed Hilton Garden Inn, Auburn Hills
- Proposed Holiday Inn Express, Auburn Hills
- Proposed Fairfield Inn by Marriott, Battle Creek
- Bay Valley Resort, Bay City
- Proposed Fairfield Inn by Marriott, Bay City
- Proposed Holiday Inn Express, Bellaire
- Holiday Inn and Conference Center, Big Rapids
- Proposed Limited Service Hotel, Birch Run
- Barclay Inn, Birmingham
- Proposed Educational Training Center, Birmingham
- The Townsend Hotel, Birmingham
- Proposed Courtyard by Marriott, Brighton
- Proposed Holiday Inn-Express, Brighton
- Proposed Fairfield Inn by Marriott, Cadillac
- Fellows Creek Lodge, Canton
- Sugar Loaf Resort, Cedar
- Proposed Comfort Inn and Conf. Ctr. Chelsea
- Proposed Hampton Inn, Clinton Township
- Proposed Hotel-Macomb Comm. Coll., Clinton Township
- Edgewood Country Club, Commerce Township
- Hampton Inn, Commerce Township
- Days Inn, Dearborn
- Marriott, Dearborn
- Ritz-Carlton, Dearborn
- Days Inn, Detroit
- Holiday Inn-Fairlane, Detroit
- Hotel St. Regis, Detroit
- Milner Hotel, Detroit
- Proposed International Hotel, Detroit
- Proposed David Whitney Hotel, Detroit
- Proposed Embassy Suites Hotel, Detroit
- Proposed Ferry Street Inn, Detroit
- Proposed Hilton Garden Inn, Detroit

Michigan Cont’d.
- Proposed Hotel and Conference Center, Detroit
- Proposed Hyatt Regency Hotel, Detroit
- Proposed Staybridge Suites, Detroit
- Radisson Pontchartrain, Detroit
• Proposed DoubleTree Guest Suites, Detroit
• Ramada, Detroit
• Stroh River Place Inn, Detroit
• Westin Renaissance Center, Detroit
• Holiday Inn and Conference Center, East Lansing
• Proposed Hilton Garden Inn, East Lansing
• Holiday Inn, East Tawas
• Comfort Inn, Farmington Hills
• Proposed Sheraton Suites, Farmington Hills
• Radisson Suites, Farmington Hills
• Proposed Fairfield Inn by Marriott, Fenton
• Hyatt Regency, Flint
• Proposed Holiday Inn, Flint
• Proposed Hampton Inn & Suites, Flint
• Radisson Riverfront Hotel, Flint
• Proposed Fairfield Inn by Marriott, Frankenmuth
• Proposed SpringHill Suites by Marriott, Frankenmuth
• Treetops Sylvan Resort, Gaylord
• Proposed Wingate Inn, Grand Blanc
• Amway Grand Plaza Hotel, Grand Rapids
• Courtyard by Marriott-Downtown, Grand Rapids
• Days Inn-Downtown, Grand Rapids
• Hilton Inn, Grand Rapids
• Holiday Inn-East, Grand Rapids

Michigan Cont’d.

• Holiday Inn-North, Grand Rapids
• Holiday Inn-South, Grand Rapids
• Proposed Hilton Garden Inn, Grand Rapids
• Proposed New England Suites, Grand Rapids

• Proposed Quality Inn, Grand Rapids
• Radisson Eastbank, Grand Rapids
• Holiday Inn, Hazel Park
• Country Inn by Carlson, Holland
• Days Inn, Holland
• Holiday Inn, Holland
• Holland Inn, Holland
• Proposed Holland Marriott Hotel, Holland
• Proposed Homewood Suites by Hilton, Holland
• Proposed Red Roof Inn, Jackson
• Clarion Hotel, Kalamazoo
• Proposed Courtyard by Marriott, Kalamazoo
• Hilton, Kalamazoo
• Holiday Inn, Kalamazoo
• Holiday Inn Expressway, Kalamazoo
• Proposed Holiday Inn Conversion, Kalamazoo
• Proposed Holiday Inn Express, Kalamazoo
• Proposed Sleep Inn, Kalamazoo
• Proposed Staybridge Suites Hotel, Kalamazoo
• Ramada Hotel, Kalamazoo
• Holiday Inn South/Convention Center, Lansing
• Proposed Staybridge Suites, Lansing
• Proposed Hilton Garden Inn, Lansing
• Quality Suites, Lansing

Michigan Cont’d.

• Proposed Fairfield Inn by Marriott, Lapeer
• Garland Resort, Lewiston
• Quality Inn, Lincoln Park
• Holiday Inn, Livonia
• Proposed Best Western, Ludington
• Proposed Waterfront Hotel, Ludington
• Mission Point Resort, Mackinac Island
PARTIAL LIST OF PROJECTS

- Proposed Hampton Inn, Macomb Township
- Hampton Inn, Madison Heights
- Heritage Hotel, Marquette
- Proposed Hotel at Canadian Lakes, Mecosta
- Ashman Court Hotel and Conference Center, Midland
- Proposed Springhill Suites, Midland
- Proposed Fairfield Inn by Marriott, Midland
- Valley Plaza Inn, Midland
- Knights Inn, Monroe
- Best Western, Muskegon
- Hilton Hotel and Convention Center, Muskegon
- Holiday Inn, Muskegon
- Holiday Inn, Niles
- Hampton Inn, Northville
- The Hotel Baronette, Novi
- Proposed Best Western, Novi
- Proposed Holiday Inn Express, Novi
- Sheraton Oaks, Novi
- Wyndham Garden Hotel, Novi
- Proposed Hampton Inn and Suites, Okemos
- Indianwood Golf and Country Club, Orion Twp.
- Proposed Waterfront Hotel, Petoskey
- Comfort Inn, Plainwell

Michigan Cont’d.
- Proposed Hampton Inn and Suites, Plymouth Township
- Proposed Fairfield Inn by Marriott, Port Huron
- Proposed Holiday Inn-Express, Port Huron
- Thomas Edison Inn, Port Huron
- Proposed Courtyard by Marriott & Conference Center, Portage
- Proposed Limited Service Hotel, Richmond
- Hilton Suites, Romulus
- Guest Quarters, Romulus
- Hampton Inn, Romulus
- Holiday Inn Crowne Plaza-Airport, Romulus
- Proposed Hilton Garden Inn-Airport, Romulus
- Quality Inn Airport, Romulus
- Ramada Inn Airport, Romulus
- Signature Inn, Romulus
- RS Eastin Inn, Roseville
- The Georgian Inn, Roseville
- Proposed Hotel & Conference Center., Royal Oak
- Proposed Royal Grand Hotel, Royal Oak
- St. Clair Inn, St. Clair
- Four Points by Sheraton, Saginaw
- Knights Inn, Saginaw
- Proposed Residence Inn, Saginaw
- Old Harbor Inn, South Haven
- Proposed Holiday Inn-Express, South Haven
- Hampton Inn, Southfield
- Homestead Studio Suites, Southfield
- Michigan Inn, Southfield
- Proposed Ramada Limited Hotel, Southfield
- Radisson Hotel, Southfield

Michigan Cont’d.
- Proposed Comfort Suites Hotel, Southgate
- Holiday Inn, Spring Lake
- Proposed Limited Service Hotel, Stanton
- Best Western Sterling Inn, Sterling Heights
- Proposed Hampton Inn, Stevensville
- Hampton Inn, Traverse City
- Holiday Inn, Traverse City
- AmericInn, Traverse City

Hospitality Advisors Valuation and Consulting
• Cherry Tree Inn on the Beach, Traverse City
• Proposed Courtyard by Marriott, Traverse City
• Drury Inn, Troy
• Proposed Events Facility, Troy
• Proposed Hilton Residential Suite, Troy
• Proposed Homewood Suites by Hilton, Troy
• Proposed Courtyard by Marriott, Utica
• Days Hotel, Warren
• Hampton Inn, Warren
• Proposed Hilton Garden Inn, Warren
• Quality Inn, Warren
• Van Dyke Park Hotel and Conf. Center, Warren
• The Orchards Golf Club, Washington Twp.
• Proposed Holiday Inn Express, Waterford Twp.
• Proposed Ramada Inn, Watervliet
• Proposed Holiday Inn Express, Wixom
• Proposed Hampton Inn, Wyoming
• Proposed Huron Shores, Ypsilanti
• Proposed Eastern Mich. Univ. Conf. Center, Ypsilanti
• Radisson Golf and Conference Center, Ypsilanti

Minnesota
• Proposed Northwoods Lodge, Eagan
• Proposed Raintree Resort, Eagan
• Proposed Comfort Inn & Suites, Monticello
• Proposed Holiday Inn, Monticello
• Proposed Residence Inn by Marriott, St. Paul
• Proposed Corporate Hotel, Marshall

New York
• Hyatt Regency, Buffalo

• Holiday Inn, Cortland
• Comfort Inn, Hornell
• Ramada Inn, Ithaca
• Madison Hotel, New York

North Carolina
• Days Inn-East, Asheville
• Holiday Inn Center City, Charlotte
• Milner Inn, Raleigh

North Dakota
• Kirkwood Inn & Conference Center, Bismarck

Ohio
• Residence Inn, Dayton
• Holiday Inn, Lima
• Days Inn, Middletown
• Radisson Hotel, Sandusky
• Marriott Portside, Toledo
• Proposed Training/Development Ctr, Toledo
• Quality Inn, Wickliffe

Oregon
• Holiday Inn Crowne Plaza, Portland
• Proposed AmeriSuites, Portland

Pennsylvania
• Proposed Limited Service Hotel, Hanover
• Mt. Airy Lodge, Mt. Pocono
• Pocono Gardens Lodge, Mt. Pocono
• Strickland’s Mountain Inn, Mt. Pocono
• Residence Inn by Marriott-Airport, Philadelphia

South Carolina
• Proposed Luxury Hotel and Conf. Ctr, Columbia
Tennessee
• Proposed Public Events Center, Franklin
• Proposed Convention Center Hotel, Franklin
• Proposed Elvis Presley’s Heartbreak Hotel, Memphis
• Proposed Expansion Cool Springs Conference Center, Franklin

Texas
• Paramount Hotel, Dallas

Virginia
• Linden Row Inn, Richmond

Washington
• Residence Inn by Marriott, Seattle
• Wyndham Garden Hotel-Airport, Seattle
• Wyndham Garden Hotel-Bothell, Seattle

Wisconsin
• Hotel Fon Du Lac, Fon Du Lac
FINANCIAL INSTITUTIONS

- Ann Arbor Commerce Bank
- Bank of Auburn Hills
- Bank of Bloomfield Hills
- Bank of Nova Scotia
- Barclays Bank
- Bayview
- Bernard Financial Group
- Centerline Capital Group
- Charter One Bank
- Chemical Bank
- CIGNA
- Citicorp Real Estate
- Citizens Financial Group
- Citizens Bank
- Citizens First Bank
- Clarkston State Bank
- Comerica Bank
- Community Central Bank
- Crestar Bank
- DBS Bank
- ECCU
- Fifth Third Bank
- First Michigan Bancorp
- First Union National Bank of Florida
- Flagstar Bank
- Fleet National Bank
- Ford Motor Credit Corp.
- Franklin Bank
- GE Commercial Finance
- Glendale Federal
- GMAC
- Great Lakes Bancorp
- Greystone Bank
- Howard Savings Bank
- Huntington Banks of Michigan
- Indigo Leasing
- Lapeer Bank
- Manufacturers National Bank
- Marine Midland Bank
- Mercantile Bank

FINANCIAL INSTITUTIONS

- Mercury Bank & Trust
- Michigan National Bank
- MileStone Bank
- National City Bancorp
- Nomura Bank
- Old Kent Bank
- Peoples Bank
- PMC Commercial Trust
- PNC Bank
- Premier Commercial
- Principal Bank
- Prudential
- Republic Bank
- Sanwa Bank
- ShoreBank
- Silverhill Bank
- Sky Bank
- Skymar Capital Corp.
- Standard Federal Bank
- St. James Place Bank
- Strategic Capital Bank
- Summit Bank
- The Money Store Commercial Lending
- The Townsend Group
- United Bank & Trust
- US Bank
- USB Real Estate
- Warren Bank
- Western United Bank
- Western United Life
- Yasuda Bank and Trust

INSURANCE COMPANIES

- Aetna Real Estate Investments
- Alfa Mutual Life Insurance Company
- Equitable Life Insurance Company
- Fidelity Mutual Life Insurance Company
- Lincoln National Insurance Company
INSURANCE COMPANIES CONT’D.

- Prudential Life Insurance Company
- Northwestern Mutual Life Insurance Company

CORPORATE CLIENTS

- Amway Corporation
- Consumers Power Company
- Dominos Pizza, Inc.
- Ferris State University
- Ford Motor Land Development Corp.
- Macomb (MI) Community College
- Melling Tool Company
- Whirlpool Corporation

INVESTMENT GROUPS/ADVISORS

- AR Cap
- Capital Realty Services
- Centerline Capital Group
- CNB Capital, Inc.
- Detroit Investment Fund
- GE Commercial Finance
- Kidder Peabody
- Nomura Asset Capital Corporation
- Salomon Brothers

HOTEL COMPANIES

- Beacon Hospitality Group
- Buckhead America Corporation
- Choice Hotels
- CMI Corporate
- Compri Hotels/Doubletree
- ClubHouse Inns
- Crestline Capital Corporation
- Days Inns of America
- Holiday Corporation

HOTEL COMPANIES CONT’D.

- Hilton Hotels International
- Hyatt Hotels Corporation
- Marriott Corporation
- Omni International
- Prime Hospitality Corporation
- Promus Corporation
- Rafael Hotels, Limited
- Ramada Hotels
- Rank Hotels
- Ritz-Carlton Hotel Company
- Servico
- Westin Hotels and Resorts
- White Lodging Services Corporation
- Wyndham Hotels and Resorts

GOVERNMENTAL

ORGANIZATIONS

- Birmingham (MI) Public Schools
- City of Columbia, South Carolina
- City of Dearborn, Michigan
- City of Detroit, Michigan
- City of Dowagiac, Michigan
- City of Franklin, Tennessee
- City of Gary, Indiana
- City of Lansing, Michigan
- City of Pontiac, Michigan
- City of Portage, Michigan
- City of Southfield, Michigan
- City of St. Clair Shores, Michigan
- Lee County, Florida
- Mackinac Island Commission
- Michigan Dept. of Natural Resources
- Michigan Dept. of the Treasury
- Twenty-Third Judicial Circuit Court of Michigan
- Troy (MI) Chamber of Commerce
- Wayne County, Michigan