



Market Study

Proposed Best Western Creekview Hotel

Hayden, Colorado

Property Location:

Highway 40
Hayden, Colorado 81639

Prepared by:

HVS Consulting and Valuation Services
Division of TS Worldwide, LLC
1017 South Boulder Road, Suite G
Louisville, Colorado 80027
+1 720 877-1376
+1 303 443-3933 FAX

Submitted to:

Mr. Russ Martin
Town of Hayden, Colorado
178 West Jefferson Ave
Hayden, Colorado, 81639
9702763741

rmartin@hayden-co.gov



June 8, 2010

Mr. Russ Martin
Town of Hayden, Colorado
178 West Jefferson Ave
Hayden, Colorado, 81639

Re: Proposed Best Western Creekview Hotel
Hayden, Colorado
HVS Reference: 2010020280

Division Street
Division City, State 00000
+1 555 555-1000
+1 555 555-2222 FAX
www.hvs.com

Atlanta
Boston
Boulder
Chicago
Dallas
Denver
Las Vegas
Mexico City
Miami
Nassau
New York
Newport
San Francisco
Toronto
Vancouver
Washington
Athens
Buenos Aires
Dubai
Hong Kong
Lima
London
Madrid
Mumbai
New Delhi
Sao Paulo
Shanghai
Singapore

Dear Mr. Martin:

Pursuant to your request, we herewith submit our market study pertaining to the above-captioned property. We have inspected the real estate and analyzed the hotel market conditions in the Hayden, Colorado area. We have studied the proposed project, and the results of our fieldwork and analysis are presented in this report. We have also reviewed the proposed improvements for this site. Our report was prepared in accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,
TS Worldwide, LLC

Brett E. Russell, Senior Vice President
BRussell@hvs.com, +1 720 877-1376

Tanya J. Pierson,
TPierson@hvs.com, +1 303 588-6558



Table of Contents

Section	Title
1	Executive Summary
2	Description of the Site and Neighborhood
3	Market Area Analysis
4	Supply and Demand Analysis
5	Description of the Proposed Project
6	Projection of Occupancy and Average Rate
7	Projection of Income and Expense
8	Statement of Assumptions and Limiting Conditions
9	Certification

Addenda

Proposed Holiday Inn Express Airport 5-Year Proforma

Alternate Scenarios:

Proposed Best Western Creek View – No Airport Hotel

Proposed Holiday Inn Express – No Creek View Hotel

Explanation of the Penetration Analysis

Qualifications



1. Executive Summary

Subject of the Market Study

The subject of the market study is a 34,848-square-foot (0.80-acre) parcel to be improved with a limited-service lodging facility; the hotel will be affiliated with the Best Western brand. The property is expected to open on July 1, 2012 and will feature 50 rooms, a breakfast dining area, an exercise room, a lobby workstation, and vending areas. The hotel will also feature all necessary back-of-the-house space.

The town of Hayden currently has only one small motel that operates on a monthly rental basis and accommodates a limited amount of transient hotel demand, primarily during the various hunting seasons. Therefore, the proposed subject property would be the only true transient hotel in the market. Currently, travelers related to the demand generators of the Hayden area, such as the Peabody Coal Mine, the Yampa Valley Regional Airport, and the Xcel Energy plant, are diverted to hotels in the surrounding cities of Craig and Steamboat Springs. Furthermore, other potential demand generators, such as the Routt County Fairgrounds, are limited or unable to attract events due to the lack of lodging in the immediate vicinity. The proposed hotel is expected to be situated within the Creek View development, which is being billed as the region's newest commercial and residential hub. Furthermore, the subject site is located across from the town's post office and only grocery store. The subject site's location is Highway 40, Hayden, Colorado, 81639.

Pertinent Dates

The effective date of the report is May 19, 2010. The subject site was inspected by Brett E. Russell on May 5, 2010. Brett E. Russell and Tanya J. Pierson participated in the analysis and reviewed the findings, but did not personally inspect the property.

Ownership, Franchise, and Management Assumptions

The developer of the proposed subject property is Rural Development Colorado Corporation, which is based in Hayden, Colorado. This entity has owned the subject site since January 2006 when it purchased a three-acre plot. The 0.8-acre subject site was later subdivided from the remaining 2.2-acres, which were developed with a restaurant, a mixed-use retail and apartment complex, and several townhomes. No transfers of the property have



reportedly occurred within the last three years. The site is not currently under contract for sale nor is it listed for sale.

Details pertaining to management terms were not yet determined at the time of this report; therefore, our forecast fees represent a blended average of what would be expected on a base-fee and incentive-fee basis. We have assumed a market-appropriate total management fee of 3.0% of total revenues in our study.

We recommend that the proposed subject property operate as an economy, limited-service hotel. While we have placed heavy consideration on the Best Western brand, a specific franchise affiliation and/or brand has yet to be finalized.

Summary of Hotel Market Trends

Local employers, such as Xcel Energy and Peabody Energy, and tourists visiting the Steamboat Springs area continue to serve as consistent sources of demand for the market. The Yampa Valley Airport, located in Hayden, offers numerous direct flights from large markets such as Atlanta, Dallas, Chicago, and Salt Lake City; these flights reportedly operate at or near capacity during the peak winter months. Occupancy levels in this market peaked in 2008, as previously planned vacations brought a significant number of leisure travelers to the Steamboat Springs area despite the growing national economic downturn. Additionally, the market continued to benefit from strong growth of oil and gas exploration teams in the Craig area. Market occupancy dropped as the economy declined further in 2009 and the year-to-date period of 2010; at this time, personal spending was traded for personal saving, and multinational companies curtailed luxury group travel. Weakening demand growth was compounded by an increase in supply with the opening of the Hampton Inn & Suites and Candlewood Suites in Craig.

The following table provides a long-term perspective on the supply and demand trends for a selected set of hotels, as provided by Smith Travel Research.

**Figure 1-1 Historical Supply and Demand Trends (STR)**

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
1999	218	79,669	—	42,347	—	53.2 %	\$60.86	—	\$32.35	—
2000	251	91,615	15.0 %	53,372	26.0 %	58.3	67.55	11.0 %	39.35	21.6 %
2001	251	91,615	0.0	51,035	(4.4)	55.7	68.26	1.0	38.02	(3.4)
2002	324	118,260	29.1	53,368	4.6	45.1	75.26	10.3	33.96	(10.7)
2003	324	118,260	0.0	61,739	15.7	52.2	69.13	(8.1)	36.09	6.3
2004	324	118,260	0.0	64,757	4.9	54.8	72.38	4.7	39.64	9.8
2005	324	118,260	0.0	69,161	6.8	58.5	79.22	9.4	46.33	16.9
2006	324	118,260	0.0	78,334	13.3	66.2	86.59	9.3	57.36	23.8
2007	324	118,260	0.0	83,314	6.4	70.4	95.49	10.3	67.27	17.3
2008	330	120,616	2.0	87,167	4.6	72.3	103.27	8.1	74.63	10.9
2009	422	154,188	27.8	95,918	10.0	62.2	93.53	(9.4)	58.18	(22.0)
Year-to-Date Through March										
2009	400	36,000	—	22,881	—	63.6 %	\$101.76	—	\$64.68	—
2010	489	44,010	22.3 %	20,913	(8.6) %	47.5	95.09	(6.6) %	45.18	(30.1) %
Average Annual Compounded Change: 1999-2009			6.8 %			8.5 %			4.4 %	6.0 %
Hotels Included in Sample				Number of Rooms	Year Affiliated	Year Opened				
Fairfield Inn & Suites Steamboat Springs				66	Jul 1999	Jul 1999				
Comfort Inn Steamboat Springs				52	Jul 1995	Jul 1995				
La Quinta Inn Steamboat Springs				29	Oct 2005	Aug 1998				
Hampton Inn Suites Steamboat Springs				73	Jan 2002	Jan 2002				
Hampton Inn Suites Craig				89	Oct 2009	Oct 2009				
Candlewood Suites Craig Northwest				76	Dec 2008	Dec 2008				
Best Western Deer Park Inn & Suites				45	Jan 2005	Jan 1997				
Americas Best Value Inn Craig				59	Jun 2009	Oct 1977				
Total				489						

Source: Smith Travel Research

The following tables reflect our estimates of operating data for hotels on an individual basis. These trends are presented in greater detail in the Supply and Demand Analysis chapter of this report.

Figure 1-2 Primary Competitors – Operating Performance

Property	Number of Rooms	Est. Segmentation			Estimated 2007				Estimated 2008				Estimated 2009						
		Commercial	Meeting and Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	RevPAR Change	Occupancy Penetration	Yield Penetration
Comfort Inn Steamboat Springs	52	40 %	5 %	55 %	52	74 %	\$83.00	\$61.42	52	75 %	\$92.00	\$69.00	52	68 %	\$90.00	\$61.20	(11.3) %	113.3 %	116.7 %
La Quinta Inn Steamboat Springs	29	30	0	70	29	75	81.00	60.75	29	72	90.00	64.80	29	62	83.00	51.46	(20.6)	103.3	98.1
Best Western Deer Park Inn & Suites Craig	45	60	10	30	45	82	94.00	77.08	45	68	92.00	62.56	45	55	83.00	45.65	(27.0)	91.7	87.0
Americas Best Value Inn Craig	59	50	5	45	59	71	76.00	53.96	59	65	72.00	46.80	59	50	64.00	32.00	(31.6)	83.3	61.0
Sub-Totals/Averages	185	46 %	5 %	49 %	185	75.1 %	\$83.50	\$62.75	185	69.6 %	\$85.72	\$59.70	185	58.2 %	\$80.09	\$46.58	(22.0) %	96.9 %	88.8 %
Secondary Competitors	304	61 %	9 %	30 %	79	64.0 %	\$105.46	\$67.49	83	73.1 %	\$112.65	\$82.30	133	62.6 %	\$96.87	\$60.62	(26.3) %	104.3 %	115.6 %
Totals/Averages	489	52 %	7 %	41 %	264	71.8 %	\$89.38	\$64.17	268	70.7 %	\$94.33	\$66.69	318	60.0 %	\$87.42	\$52.46	(21.3) %	100.0 %	100.0 %

Figure 1-3 Secondary Competitors – Operating Performance

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2007				Estimated 2008				Estimated 2009			
		Commercial	Meeting and Group	Leisure		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Fairfield Inn & Suites Steamboat	66	55 %	10 %	35 %	65 %	43	64 %	\$105.00	\$67.20	43	78 %	\$107.00	\$83.46	43	72 %	\$95.00	\$68.40
Hampton Inn & Suites Steamboat	73	60	10	30	50	37	64	106.00	67.84	37	73	120.00	87.60	37	65	115.00	74.75
Candlewood Suites Craig	76	70	5	25	55	0	0	0.00	0.00	3	12	96.00	11.52	42	53	87.00	46.11
Hampton Inn Craig	89	65	10	25	55	0	0	0.00	0.00	0	0	0.00	0.00	12	55	74.00	40.70
Totals/Averages	304	61 %	9 %	30 %	56 %	79	64.0 %	\$105.46	\$67.49	83	73.1 %	\$112.65	\$82.30	133	62.6 %	\$96.87	\$60.62



Summary of Forecast Occupancy and Average Rate

Based on our analysis presented in the Projection of Occupancy and Average Rate chapter, we have chosen to use a stabilized occupancy level of 55% and a base-year rate position of \$75.00 for the proposed subject property. The following table reflects a summary of our market-wide and proposed subject property occupancy and average rate projections.

Figure 1-4 Market and Subject Property Average Rate Forecast

Year	Areawide (Calendar Year)			Subject Property (Calendar Year)			
	Occupancy	Average Rate Growth	Average Rate	Occupancy	Average Rate Growth	Average Rate	Average Rate Penetration
Base Year	60.0 %	—	\$87.42	—	—	\$75.00	85.8 %
2010	54.2	-6.0 %	82.18	—	-6.0 %	70.50	85.8
2011	58.1	1.0	83.00	—	1.0	71.21	85.8
2012	58.6	4.0	86.32	53.0 %	5.0	74.77	86.6
2013	58.8	5.0	90.64	55.0	5.0	78.50	86.6
2014	61.1	4.0	94.26	59.0	4.0	81.64	86.6
2015	54.5	3.0	97.09	52.0	3.0	84.09	86.6

The following table summarizes the proposed subject property's forecast, reflecting fiscalization and opening-year rate discounts as applicable.

Figure 1-5 Forecast of Average Rate

Year	Occupancy	Average Rate
2012/13	54 %	\$76.62
2013/14	57	80.06
2014/15	55	82.86

Summary of Forecast Income and Expense Statement

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market. Our forecast of income and expense is presented in the following table.

Figure 1-6 Detailed Forecast of Income and Expense

	2012/13 Begins July				2013/14				Stabilized				2015/16				2016/17			
Number of Rooms:	50				50				50				50				50			
Occupancy:	54%				57%				55%				55%				55%			
Average Rate:	\$76.62				\$80.06				\$82.86				\$85.34				\$87.90			
RevPAR:	\$41.37				\$45.63				\$45.57				\$46.94				\$48.35			
Days Open:	365				365				365				365				365			
Occupied Rooms:	9,855	%Gross	PAR	POR	10,403	%Gross	PAR	POR	10,038	%Gross	PAR	POR	10,038	%Gross	PAR	POR	10,038	%Gross	PAR	POR
REVENUE																				
Rooms	\$755	98.1 %	\$15,100	\$76.61	\$833	98.2 %	\$16,660	\$80.08	\$832	98.2 %	\$16,640	\$82.89	\$857	98.2 %	\$17,140	\$85.38	\$882	98.2 %	\$17,640	\$87.87
Telephone	1	0.1	21	0.11	1	0.1	23	0.11	1	0.1	23	0.12	1	0.1	24	0.12	1	0.1	25	0.12
Other Income	13	1.7	268	1.36	15	1.7	290	1.40	14	1.7	290	1.44	15	1.7	298	1.49	15	1.7	307	1.53
Total Revenues	769	100.0	15,390	78.08	849	100.0	16,974	81.58	848	100.0	16,953	84.45	873	100.0	17,462	86.98	899	100.0	17,972	89.52
DEPARTMENTAL EXPENSES *																				
Rooms	210	27.8	4,203	21.32	221	26.6	4,424	21.26	225	27.0	4,491	22.37	231	27.0	4,626	23.04	238	27.0	4,765	23.73
Telephone	5	505.0	108	0.55	6	490.5	114	0.55	6	500.0	116	0.58	6	500.0	119	0.59	6	500.0	123	0.61
Other Expenses	3	20.2	54	0.28	3	19.6	57	0.27	3	20.0	58	0.29	3	20.0	60	0.30	3	20.0	61	0.31
Total	218	28.4	4,365	22.15	230	27.1	4,594	22.08	233	27.5	4,665	23.24	240	27.5	4,805	23.93	247	27.5	4,949	24.65
DEPARTMENTAL INCOME	551	71.6	11,025	55.93	619	72.9	12,379	59.50	614	72.5	12,288	61.21	633	72.5	12,657	63.05	651	72.5	13,023	64.87
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	86	11.2	1,724	8.75	90	10.6	1,806	8.68	92	10.9	1,846	9.20	95	10.9	1,902	9.47	98	10.9	1,958	9.76
Marketing	16	2.1	323	1.64	17	2.0	339	1.63	17	2.0	346	1.72	18	2.0	357	1.78	18	2.0	367	1.83
Franchise Fee	23	3.0	457	2.32	24	2.8	470	2.26	24	2.9	484	2.41	25	2.9	499	2.49	26	2.9	514	2.56
Prop. Operations & Maint.	32	4.1	630	3.20	35	4.1	697	3.35	38	4.4	750	3.74	39	4.4	773	3.85	40	4.4	796	3.96
Utilities	46	6.0	916	4.65	48	5.7	960	4.61	49	5.8	981	4.89	51	5.8	1,010	5.03	52	5.8	1,040	5.18
Total	203	26.4	4,050	20.55	214	25.2	4,272	20.54	220	26.0	4,408	21.96	227	26.0	4,540	22.61	234	26.0	4,675	23.29
HOUSE PROFIT	349	45.2	6,974	35.38	405	47.7	8,107	38.97	394	46.5	7,880	39.25	406	46.5	8,117	40.44	417	46.5	8,348	41.58
Management Fee	23	3.0	462	2.34	25	3.0	509	2.45	25	3.0	509	2.53	26	3.0	524	2.61	27	3.0	539	2.69
INCOME BEFORE FIXED CHARGES	326	42.2	6,512	33.04	380	44.7	7,598	36.52	369	43.5	7,372	36.72	380	43.5	7,594	37.83	390	43.5	7,808	38.90
FIXED EXPENSES																				
Property Taxes	17	2.2	344	1.75	65	7.7	1,300	6.25	66	7.8	1,326	6.61	68	7.8	1,366	6.80	70	7.8	1,407	7.01
Insurance	8	1.1	163	0.83	8	1.0	168	0.81	9	1.0	173	0.86	9	1.0	178	0.89	9	1.0	184	0.91
Reserve for Replacement	15	2.0	308	1.56	25	3.0	509	2.45	34	4.0	678	3.38	35	4.0	698	3.48	36	4.0	719	3.58
Total	41	5.3	815	4.13	99	11.7	1,977	9.50	109	12.8	2,177	10.85	112	12.8	2,243	11.17	115	12.8	2,309	11.50
NET INCOME	\$285	36.9 %	\$5,697	\$28.91	\$281	33.0 %	\$5,620	\$27.01	\$260	30.7 %	\$5,194	\$25.87	\$268	30.7 %	\$5,351	\$26.65	\$275	30.7 %	\$5,499	\$27.39

*Departmental expenses are expressed as a percentage of departmental revenues.

Figure 1-7 Ten-Year Forecast of Income and Expense

	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		
Number of Rooms:	50		50		50		50		50		50		50		50		50		50		
Occupied Rooms:	9,855		10,403		10,038		10,038		10,038		10,038		10,038		10,038		10,038		10,038		
Occupancy:	54%		57%		55%		55%		55%		55%		55%		55%		55%		55%		
Average Rate:	\$76.62 % of		\$80.06 % of		\$82.86 % of		\$85.34 % of		\$87.90 % of		\$90.54 % of		\$93.26 % of		\$96.06 % of		\$98.94 % of		\$101.91 % of		
RevPAR:	\$41.37 Gross		\$45.63 Gross		\$45.57 Gross		\$46.94 Gross		\$48.35 Gross		\$49.80 Gross		\$51.29 Gross		\$52.83 Gross		\$54.42 Gross		\$56.05 Gross		
REVENUE																					
Rooms	\$755	98.1 %	\$833	98.2 %	\$832	98.2 %	\$857	98.2 %	\$882	98.2 %	\$909	98.2 %	\$936	98.2 %	\$964	98.2 %	\$993	98.2 %	\$1,023	98.2 %	
Telephone	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	
Other Income	13	1.7	15	1.7	14	1.7	15	1.7	15	1.7	16	1.7	16	1.7	17	1.7	17	1.7	18	1.7	
Total	769	100.0	849	100.0	848	100.0	873	100.0	899	100.0	926	100.0	954	100.0	982	100.0	1,012	100.0	1,042	100.0	
DEPARTMENTAL EXPENSES*																					
Rooms	210	27.8	221	26.6	225	27.0	231	27.0	238	27.0	245	27.0	253	27.0	260	27.0	268	27.0	276	27.0	
Telephone	5	505.0	6	490.5	6	500.0	6	500.0	6	500.0	6	500.0	7	500.0	7	500.0	7	500.0	7	500.0	
Other Expenses	3	20.2	3	19.6	3	20.0	3	20.0	3	20.0	3	20.0	3	20.0	3	20.0	3	20.0	4	20.0	
Total	218	28.4	230	27.1	233	27.5	240	27.5	247	27.5	255	27.5	263	27.5	270	27.5	279	27.5	287	27.5	
DEPARTMENTAL INCOME																					
	551	71.6	619	72.9	614	72.5	633	72.5	651	72.5	671	72.5	691	72.5	712	72.5	733	72.5	755	72.5	
UNDISTRIBUTED OPERATING EXPENSES																					
Administrative & General	86	11.2	90	10.6	92	10.9	95	10.9	98	10.9	101	10.9	104	10.9	107	10.9	110	10.9	114	10.9	
Marketing	16	2.1	17	2.0	17	2.0	18	2.0	18	2.0	19	2.0	19	2.0	20	2.0	21	2.0	21	2.0	
Franchise Fee	23	3.0	24	2.8	24	2.9	25	2.9	26	2.9	27	2.9	27	2.9	28	2.9	29	2.9	30	2.9	
Prop. Operations & Maint.	32	4.1	35	4.1	38	4.4	39	4.4	40	4.4	41	4.4	42	4.4	43	4.4	45	4.4	46	4.4	
Utilities	46	6.0	48	5.7	49	5.8	51	5.8	52	5.8	54	5.8	55	5.8	57	5.8	59	5.8	60	5.8	
Total	203	26.4	214	25.2	220	26.0	227	26.0	234	26.0	241	26.0	248	26.0	255	26.0	263	26.0	271	26.0	
HOUSE PROFIT																					
	349	45.2	405	47.7	394	46.5	406	46.5	417	46.5	430	46.5	443	46.5	456	46.5	470	46.5	484	46.5	
Management Fee	23	3.0	25	3.0	25	3.0	26	3.0	27	3.0	28	3.0	29	3.0	29	3.0	30	3.0	31	3.0	
INCOME BEFORE FIXED CHARGES																					
	326	42.2	380	44.7	369	43.5	380	43.5	390	43.5	403	43.5	414	43.5	427	43.5	440	43.5	453	43.5	
FIXED EXPENSES																					
Insurance	8	1.1	8	1.0	9	1.0	9	1.0	9	1.0	9	1.0	10	1.0	10	1.0	10	1.0	11	1.0	
Reserve for Replacement	15	2.0	25	3.0	34	4.0	35	4.0	36	4.0	37	4.0	38	4.0	39	4.0	40	4.0	42	4.0	
Total	41	5.3	99	11.7	109	12.8	112	12.8	115	12.8	119	12.8	123	12.8	126	12.8	130	12.8	134	12.8	
NET INCOME																					
	\$285	36.9 %	\$281	33.0 %	\$260	30.7 %	\$268	30.7 %	\$275	30.7 %	\$284	30.7 %	\$292	30.7 %	\$301	30.7 %	\$310	30.7 %	\$319	30.7 %	

*Departmental expenses are expressed as a percentage of departmental revenues.



As illustrated, the hotel is expected to stabilize at a profitable level. Please refer to the Forecast of Income and Expense chapter of our report for a detailed explanation of the methodology used in deriving this forecast.

Scope of Work

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by Hospitality Valuation Services for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,¹ *Hotels, Motels and Restaurants: Valuations and Market Studies*,² *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,³ *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*,⁴ and *Hotels and Motels – Valuations and Market Studies*.⁵

1. All information was collected and analyzed by the staff of TS Worldwide, LLC. Information was supplied by the client and/or the property's development team.
2. The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant factors.
3. The subject property's proposed improvements have been reviewed for their expected quality of construction, design, and layout efficiency.
4. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hostelry-related economic and demographic trends that may have an impact on future demand for hotels.
5. Dividing the market for hotel accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit,

¹ Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

² Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

³ Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

⁴ Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations* (Chicago: Appraisal Institute, 1992).

⁵ Stephen Rushmore and Erich Baum, *Hotels and Motels – Valuations and Market Studies*. (Chicago: Appraisal Institute, 2001).



average length of stay, facilities and amenities required, seasonality, daily demand fluctuations, and price sensitivity.

6. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness. Unless noted otherwise, we have inspected the competitive lodging facilities summarized in this report.
7. Documentation for an occupancy and average rate projection is derived utilizing the build-up approach based on an analysis of lodging activity.
8. A detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry sets forth the anticipated economic benefits of the subject property.



2. Description of the Site and Neighborhood

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its ultimate marketability. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

The subject site is located just west of the central business district of Hayden, to the southwest of the intersection formed by U.S. Route 40 (known locally as West Jefferson Avenue) and South 6th Street. This site is in the city of Hayden, Colorado.

Physical Characteristics

The subject site measures approximately 0.80 acres, or 34,848 square feet. The parcel's adjacent uses are set forth in the following table.

Figure 2-1 Subject Parcel's Adjacent Uses

Direction	Adjacent Use
North	U.S. Route 40
South	Townehomes
East	South 6th Street
West	Vacant Land



Aerial Photograph



View from Site to the North



View from Site to the South





View from Site to the East



View from Site to the West



Primary vehicular access to the proposed subject property will be provided by South 6th Street. Access may also be available from U.S. Route 40. The topography of the parcel is generally flat, and the site's shape is rectangular.

Site Utility

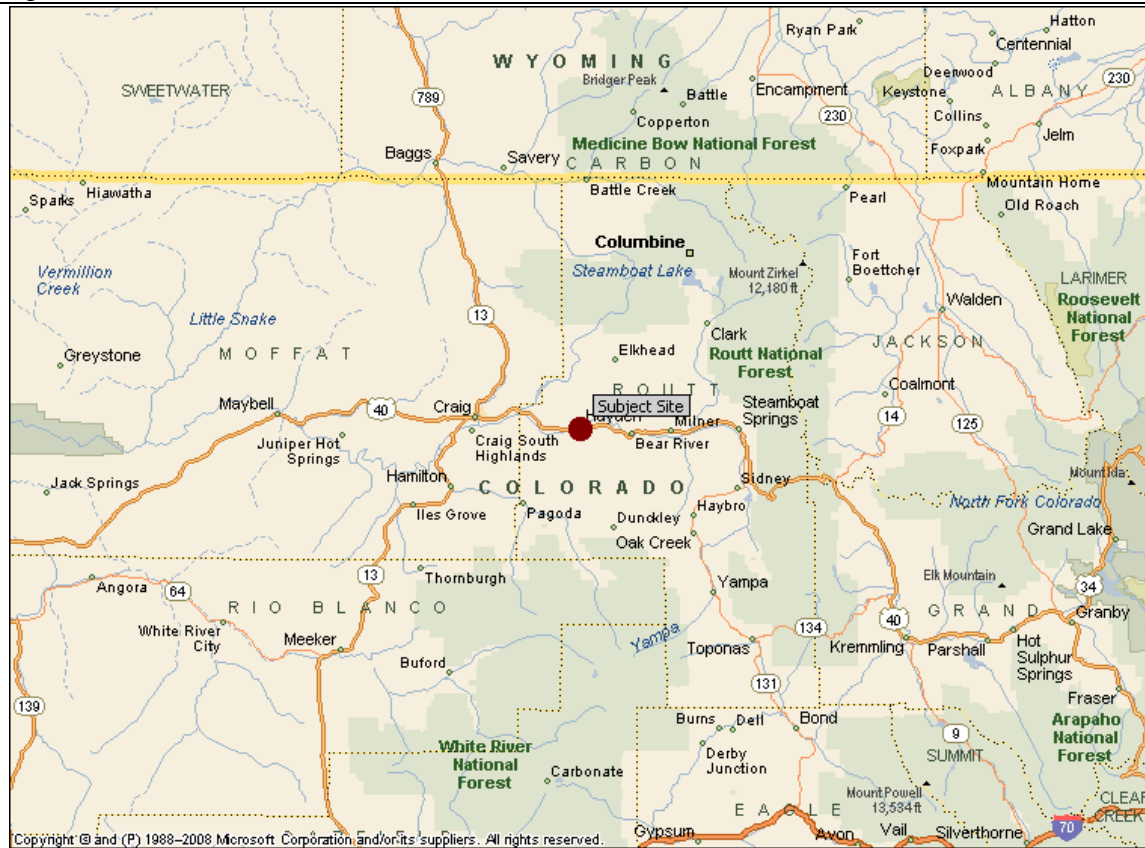
Upon completion of construction, the subject site will not contain any significant portion of undeveloped land that could be sold, entitled, and developed for alternate use. The site is expected to be fully developed with site or building improvements, which will contribute to the overall profitability of the hotel.

Access and Visibility

It is important to analyze the site in regard to ease of access with respect to regional and local transportation routes and demand generators. The subject site is readily accessible to a variety of local, county, state, and interstate highways.



Map of Regional Access Routes



Primary regional access through the area is provided by east/west U.S. Route 40 is a primary highway through northwestern Colorado that extends to such cities as Vernal, Utah to the west and Steamboat Springs to the east. North/south State Highway 13 provides access to such cities as Meeker to the south and Baggs, Wyoming to the north (as Wyoming Highway 789). In addition, east/west Interstate 70 provides access to such cities as Grand Junction to the west and Denver to the east. North/south Interstate 25 is another major highway, extending to such cities as Cheyenne, Wyoming to the north and Colorado Springs to the south. The subject market is served by a variety of additional local highways, which are illustrated on the map.

From U.S. Route 40, motorists proceed into the town of Hayden to South 6th Street. Motorists turn southbound onto South 6th Street to arrive at the subject site, which is located on the motorists' right-hand side. The subject site is located near a recently developed commercial and residential area. The



proposed subject property is expected to have adequate signage at the street; thus, the proposed hotel should benefit from good visibility from within its local neighborhood. Overall, the subject site benefits from good accessibility, and the proposed hotel is expected to enjoy good visibility attributes.

Airport Access

The proposed subject property will be well served by the Yampa Valley Regional Airport, which is located approximately three miles to the southeast of the subject site. From the airport, motorists will follow signs to U.S. Route 40 and travel westbound on this thoroughfare to South 6th Street, continuing to the subject site as noted previously.

Neighborhood

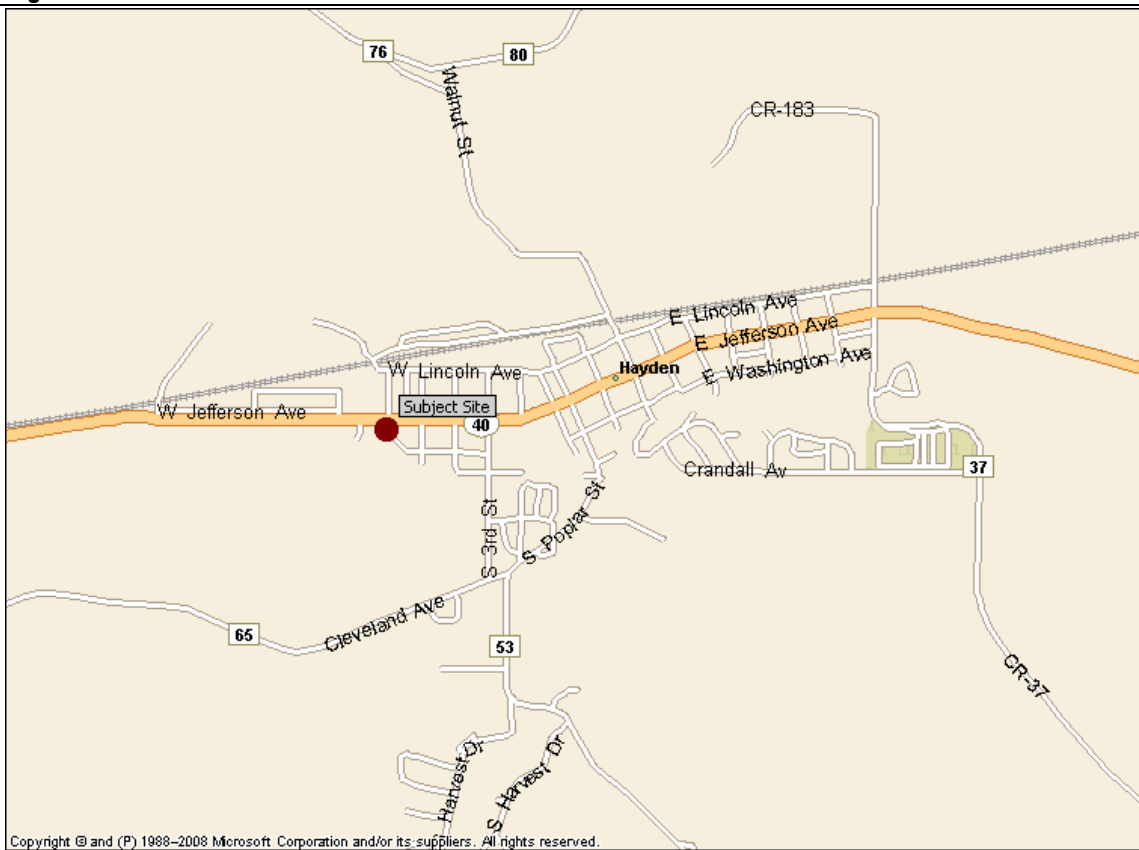
The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. This section of the report investigates the subject neighborhood and evaluates any pertinent location factors that could affect its future occupancy, average rate, and overall profitability.

The subject neighborhood is generally defined as the entire town of Hayden. In general, this neighborhood is in the stable stage of its life cycle, with pockets of moderate growth occurring in the retail and residential sectors. Growth is ongoing primarily within the mixed-use development surrounding the proposed subject property known as Creek View Townhomes and Plaza. Within the immediate proximity of the site, land use is primarily commercial in nature. The neighborhood is characterized by restaurants, a supermarket, the post office, several gas stations, vacant land, residences, and various small retail outlets.

Some specific entities in the area around the town of Hayden include the Routt County Fairgrounds, Xcel Energy power plant, and the Hayden Speedway. The only restaurant within immediate proximity of the subject site is the Double Barrel Steakhouse. In general, we would characterize the neighborhood as 50% office/retail use, 25% residential use, 20% vacant, and 5% other. The proposed subject property's opening should be a positive influence on the area; the hotel will be in character with and will complement surrounding land uses.



Map of Neighborhood



Copyright © and (P) 1988–2008 Microsoft Corporation and/or its suppliers. All rights reserved.

Overall, the supportive nature of the development in the immediate area is considered appropriate for and conducive to the operation of a hotel.

Utilities

The subject site will reportedly be served by all necessary utilities. We assume that these will be acquired from the most cost-effective providers within the local market.

Soil and Subsoil Conditions

Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent.

Nuisances and Hazards

We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the

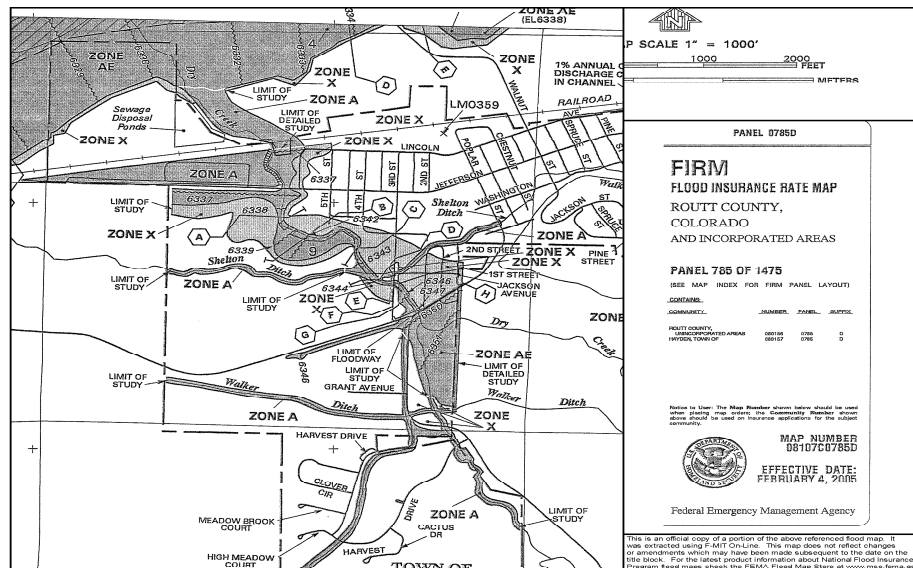


absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

Flood Zone

According to the Federal Emergency Management Agency map illustrated below, the subject site is located in flood zone A.

Copy of Flood Map and Cover



The flood zone definition for the A designation is as follows: areas of 100-year flood; base flood elevations and flood hazard factors not determined (flood insurance required; refer to FEMA for more specific information on A codes).

Zoning

According to the local planning office, the subject property is zoned as follows: AC - Auto Orientated Commercial District. This zoning designation allows for most commercial uses, including small office complexes, retail centers, service industries, and hotels and motels. We assume that all necessary permits and approvals will be secured (including an appropriate liquor license if applicable) and that the subject property will be constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. Our zoning analysis should be verified before any physical changes are made to the site.



**Easements and
Encroachments**

We are not aware of any easements attached to the property that would significantly affect the utility of the site or marketability of this project.

Conclusion

We have analyzed the issues of size, topography, access, visibility, and the availability of utilities. The subject site is located near the central business district, across from the area's main shopping area, and in close proximity to several demand generators. In general, the site should be well suited for future hotel use, with acceptable access, visibility, and topography for an effective operation.



3. Market Area Analysis

The economic vitality of the market area and neighborhood surrounding the subject site is an important consideration in forecasting lodging demand and future income potential. Economic and demographic trends that reflect the amount of visitation provide a basis from which to project lodging demand. The purpose of the market area analysis is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. In addition to predicting the direction of the economy, the rate of change must be quantified. These trends are then correlated based on their propensity to reflect variations in lodging demand, with the objective of forecasting the amount of growth or decline in visitation by individual market segment, i.e. commercial, meeting and group, and leisure.

Market Area Definition

The market area for a lodging facility is the geographical region where the sources of demand and the competitive supply are located. The subject property is located in the city of Hayden, the county of Routt, and the state of Colorado. Hayden is rich in recreational opportunities, natural resources, and Old West lore. The town is located along U.S. Highway 40 midway between Craig, the commercial and industrial center of northwest Colorado, and Steamboat Springs, a world-renowned ski destination. Hayden serves as a bedroom community for Steamboat Springs, housing a number of the resort community's employees. The region's primary airport, several coal-mining operations, and several power-generating plants are all located within a short distance of Hayden. During the past several years, the town has also welcomed a growing number of workers related to the local oil and gas industry. Additionally, the area surrounding Hayden is one of the state's most productive hunting areas; thus, the region's tourism industry plays an important role in the local economy.

The following exhibit illustrates the market area.



Map of Market Area



Economic and Demographic Review

A primary source of economic and demographic statistics used in this analysis is the Complete Economic and Demographic Data Source published by Woods & Poole Economics, Inc. – a well-regarded forecasting service based in Washington, D.C. Using a database containing more than 900 variables for each county in the nation, Woods & Poole employs a sophisticated regional model to forecast economic and demographic trends. Historical statistics are based on census data and information published by the Bureau of Economic Analysis. Projections are formulated by Woods & Poole, and all dollar amounts have been adjusted for inflation, thus reflecting real change.

We note that the Woods & Poole data for 2009 represent estimates, and the forecasts have not been adjusted to reflect the full impact of the national recession nor the concurrent increases in unemployment. These factors will affect the economy, employment and income levels, and thus the lodging market, in the near term; however, given the cyclical nature of economic



activity, the growth trends on which the forecasts are predicated are expected to be sustained over the long term. These data are summarized in the following table.

Figure 3-1 Economic and Demographic Data Summary

	1990	2000	2009	2015	Average Annual Compounded Change		
					1990-00	2000-09	2009-15
Resident Population (Thousands)							
Routt County	14.2	19.8	22.9	24.7	3.4 %	1.6 %	1.2 %
State of Colorado	3,307.6	4,328.3	5,005.1	5,445.1	2.7	1.6	1.4
United States	249,622.8	282,194.3	307,577.9	326,038.5	1.2	1.0	1.0
Per-Capita Personal Income*							
Routt County	\$28,203	\$35,488	\$43,770	\$46,734	2.3	2.4	1.1
State of Colorado	26,358	36,160	37,724	40,279	3.2	0.5	1.1
United States	26,226	32,350	35,310	38,039	2.1	1.0	1.2
W&P Wealth Index							
Routt County	121.2	130.8	142.7	141.4	0.8	1.0	(0.2)
State of Colorado	103.0	114.6	110.4	109.6	1.1	(0.4)	(0.1)
United States	100.0	100.0	100.0	100.0	0.0	(0.0)	0.0
Total Retail Sales (Millions)*							
Routt County	\$168	\$274	\$352	\$402	5.0	2.8	2.2
State of Colorado	32,563	53,909	66,123	76,382	5.2	2.3	2.4
United States	2,295,496	3,184,392	3,726,155	4,196,092	3.3	1.8	2.0

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.



The U.S. population has grown at an average annual compounded rate of 1.0% from 2000 through 2009. The county's population has grown at a quicker pace than the nation's population; the average annual growth rate of 1.6% between 2000 and 2009 reflects a gradually expanding area. Following this population trend, per-capita personal income increased modestly, at 2.4% on average annually for the county between 2000 and 2009. Local wealth indexes have remained stable in recent years, registering a relatively high 142.7 level for the county in 2009.

Retail sales totaled \$352.1 million in the county in 2009, versus \$274.2 million in 2000. This represents an average annual change of 2.8%. A modestly slower 2.2% average annual change is expected in county retail sales through 2015.

Workforce Characteristics

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Sectors such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rate sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important, depending on the company type.

The following table sets forth the county workforce distribution by business sector in 1990, 2000, and 2009, as well as a forecast for 2015.

Figure 3-2 Historical and Projected Employment (000s)

Industry	1990	Percent of Total	2000	Percent of Total	2009	Percent of Total	2015	Percent of Total	Average Annual Compounded Change		
									1990-2000	2000-2009	2009-2015
Farm	0.6	4.7 %	0.6	3.3 %	0.6	2.7 %	0.6	2.6 %	0.6 %	0.3 %	0.2 %
Forestry, Fishing, Related Activities And Other	0.1	0.5	0.1	0.6	0.1	0.4	0.1	0.3	6.0	(2.9)	0.2
Mining	0.5	4.3	0.6	3.2	0.6	2.6	0.6	2.4	1.2	(0.1)	0.1
Utilities	0.1	0.5	0.1	0.4	0.1	0.5	0.1	0.5	3.0	4.4	1.0
Construction	1.3	10.3	3.2	16.9	3.8	16.6	4.1	16.5	9.7	2.0	1.2
Manufacturing	0.2	1.4	0.2	1.1	0.2	0.7	0.2	0.7	1.5	(2.0)	(0.5)
Total Trade	1.6	12.7	2.2	12.0	2.5	11.1	2.6	10.6	3.7	1.4	0.6
Wholesale Trade	0.2	1.8	0.3	1.8	0.4	1.9	0.5	1.9	4.2	3.4	1.1
Retail Trade	1.3	10.9	1.9	10.2	2.1	9.1	2.1	8.7	3.6	1.0	0.4
Transportation And Warehousing	0.3	2.5	0.4	2.2	0.5	2.0	0.5	2.0	3.0	1.1	0.9
Information	0.2	1.5	0.3	1.4	0.2	1.1	0.3	1.1	3.2	(0.3)	0.9
Finance And Insurance	0.2	1.8	0.4	2.3	0.6	2.5	0.6	2.5	6.9	2.9	1.0
Real Estate And Rental And Lease	0.8	6.1	1.5	7.8	2.4	10.3	2.6	10.5	6.9	5.4	1.6
Total Services	5.4	43.6	7.5	39.9	9.5	41.6	10.6	43.0	3.4	2.7	1.8
Professional And Technical Services	0.7	5.6	0.9	5.1	1.3	5.9	1.6	6.4	3.3	3.9	2.8
Management Of Companies And Enterprises	0.0	0.3	0.0	0.2	0.1	0.3	0.1	0.3	3.2	3.9	1.3
Administrative And Waste Services	0.5	3.8	0.6	3.4	1.0	4.5	1.2	4.8	3.3	5.2	2.6
Educational Services	0.1	1.1	0.2	1.0	0.3	1.2	0.3	1.3	3.3	4.2	2.0
Health Care And Social Assistance	0.8	6.5	1.1	5.9	1.4	6.2	1.6	6.4	3.3	2.9	1.6
Arts, Entertainment, And Recreation	1.0	8.4	1.4	7.7	1.6	7.0	1.8	7.2	3.4	1.2	1.8
Accommodation And Food Services	1.6	12.8	2.2	11.8	2.4	10.7	2.6	10.4	3.4	1.1	0.8
Other Services, Except Public Administration	0.6	5.1	0.9	4.7	1.3	5.9	1.5	6.2	3.5	4.7	2.2
Total Government	1.2	10.1	1.7	9.0	1.8	7.8	1.8	7.5	3.1	0.7	0.6
Federal Civilian Government	0.2	1.3	0.1	0.7	0.1	0.6	0.1	0.5	(1.8)	0.1	0.0
Federal Military	0.1	0.5	0.1	0.3	0.1	0.2	0.1	0.2	(0.4)	(0.8)	0.3
State And Local Government	1.0	8.4	1.5	8.0	1.6	7.0	1.7	6.7	3.8	0.8	0.6
TOTAL	12.3	100.0 %	18.7	100.0 %	22.8	100.0 %	24.7	100.0 %	4.3 %	2.2 %	1.3 %
U.S.	139,380.8	—	166,758.7	—	184,859.7	—	198,640.3	—	1.5	1.2	1.2

Source: Woods & Poole Economics, Inc.



Woods & Poole Economics, Inc. reports that during the period from 1990 to 2000, total employment in the county grew at an average annual rate of 4.3%. This trend outpaced the national average, reflecting the expanding nature of the local economy during that decade. Most recently, the pace of total employment growth in the county slowed to 2.2% on an annual average from 2000 to 2009.

Of the primary employment sectors, Total Services recorded the highest increase in number of employees during the period from 2000 to 2009, increasing by 2,043 people, or 27.3%, and rising from 39.9% to 41.6% of total employment. Of the various service sub-sectors, Accommodation And Food Services and Arts, Entertainment, And Recreation were the largest employers. Strong growth was also recorded in the Real Estate And Rental And Lease sector, as well as the Construction sector, which expanded by 61.0% and 19.5%, respectively, in the period 2000 to 2009. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 1.3% on average annually through 2015. The trend is above the forecast rate of change for the U.S. as a whole during the same period.

Radial Demographic Snapshot

The following table reflects radial demographic trends for our market area measured by three points of distance from the subject property.

**Figure 5-3 Demographics by Radius**

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
Population			
2015 Projection	1,733	1,908	1,956
2010 Estimate	1,671	1,839	1,882
2000 Census	1,615	1,778	1,810
1990 Census	1,426	1,569	1,600
Growth 2010-2015	3.7%	3.8%	3.9%
Growth 2000-2010	3.5%	3.4%	4.0%
Growth 1990-2000	13.3%	13.3%	13.1%
Households			
2010 Est Pop Age 25+ by Edu. Attain, Hisp. or Lat	1,061	1,168	1,200
Less than 9th grade	11	12	12
Some High School, no diploma	17	19	19
High School Graduate (or GED)	17	19	19
Associate Degree	300.0%	300.0%	300.0%
Growth 2000-2008	900.0%	1000.0%	1000.0%
Growth 1990-2000	100.0%	100.0%	100.0%
Income			
Nonfamily Households	\$187	\$206	\$211
2010 Est. Group Quarters Population	7	8	8
2010 HHs by Ethnicity, Hispanic/Latino	33	36	37
Local Government Workers			
Management, Business, and Financial Operations	22	24	25
Professional and Related Occupations	11	12	12
Service	55	61	66
Sales and Office	16	17	17
Farming, Fishing, and Forestry	0	0	0
Construction, Extraction and Maintenance	923	1,016	1,043
Production, Transportation and Material Moving	5	5	5

Source: Claritas, Inc.

Major Business and Industry

Providing additional context for understanding the nature of the regional economy, the following table presents a list of the major employers in the subject property's market.



Figure 3-4 Major Employers

Rank	Firm
1	Tri-State Generation and Transmission Association, Inc.
2	Colowyo/Kennecott
3	Wexpro Company
4	Rockies Express Pipeline
5	PacifiCorp-Electric Operations
6	Chevron
7	Salt River Project
8	Trapper Mining Inc.
9	Public Service Company of Colorado

Source: Moffat County

The following bullet points highlight major demand generators for this market:

- The Twentymile Mine is located just south of Hayden and lies in the Green River coal field that extends through northern Colorado into southern Wyoming. It is the world's most productive underground coal mine in terms of output per man-year. The mine was originally developed by Cyprus Amax, which sold it to the German company, RAG Coal International, in 1999. RAG then sold Twentymile to Peabody Energy in 2004.
- The energy industry has historically been at the forefront of Hayden's economy, with four coal-fired power plants and three large coal mines within 30 miles of the town. The Hayden Generating Station is an electrical generation facility that is owned in majority by Xcel Energy. The facility is a coal-fired steam-electric station with two operating generator units that use low-sulfur coal from the Twentymile Mine. The plant is capable of producing 446 gross megawatts.
- The general and commercial aircraft operations at the Yampa Valley Regional Airport provide hotel demand for the region, mainly composed of the flight crews of both private airplanes and commercial airlines. During the winter season, distressed passengers that are delayed by inclement weather also serve as demand for hotels in the market area. Additionally, the Steamboat Ski Resort is a national and international ski



destination that captures 70% of its demand from outside of Colorado, and a large percentage of that demand utilizes the Yampa Valley Regional Airport in Hayden.

The Hayden economy continues to expand, with a growing seasonal and year-round residential base. The coal mine and power plant employ many local residents, and the area is a bedroom community for the employees of the Steamboat Ski Resort and other tourism-related businesses in Steamboat Springs. The Hayden market has historically not experienced significant growth until recent years when several new residential and commercial developments began, including the Creek View project and expansions of the power plant. The general outlook for the area is positive.

Unemployment Statistics

The following table presents historical unemployment rates for the proposed subject property's market area.

Figure 3-5 Unemployment Statistics

Year	County	Colorado	U.S.
2000	2.5 %	2.7 %	4.0 %
2001	2.9	3.8	4.7
2002	3.8	5.7	5.8
2003	4.6	6.1	6.0
2004	4.0	5.6	5.5
2005	3.7(E)	5.1(D)	5.1
2006	3.3(E)	4.4(D)	4.6
2007	2.7(E)	3.9(D)	4.6
2008	3.4(E)	4.9(D)	5.8
2009	6.9(E)	7.7(D)	9.3
<i>Recent Month - Feb</i>			
2009	5.7 %	7.8 %	8.2 %
2010	7.0	8.3	9.7

* Letters shown next to data points (if any) reflect revised population controls and/or model re-estimation implemented by the BLS.

Source: U.S. Bureau of Labor Statistics

The national unemployment rate in the U.S. fluctuated within a narrow range of between 4% and 6% in the decade spanning 1997 to 2007. The recession that began in late 2007, and the subsequent financial crisis in 2008, forced



many businesses to downsize or cease operations. Over 3 million jobs were lost in 2008, and another 4.1 million were lost in 2009; as a result, the national unemployment rate reached 10.0% in the fourth quarter of 2009. However, beginning in the fourth quarter of 2009, the pace of job losses slowed dramatically and the national economy began to exhibit positive trends. While job growth is expected to resume and accelerate during 2010, it is anticipated to take several years to regenerate the jobs that were lost during the recession, and most economists expect unemployment to remain heightened over the near term. Locally, the unemployment rate was 6.9(E)% in 2009; for this same area in 2010, the most recent month's unemployment rate was registered at 7.0%, versus 5.7% for the same month in 2009.

Unemployment rates in this area declined year-over-year from 2003 through 2007, concurrent with the general recovery trend after a difficult period earlier in the decade. However, unemployment began to rise in 2008 as the nation entered an economic slowdown. This trend continued in 2009, and the most recent comparative period illustrates a further increase, albeit at a lower rate than the national average. Local economic development officials noted that the recovering economy should boost tourism in the market and have a positive impact on the energy and mining operations in the region, resulting in lower unemployment levels. Our interviews with economic development officials reflect a positive outlook for the area, primarily attributed to this expected recovery and job growth.

Airport Traffic

Airport passenger counts are important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the overall economic health of the area.

Yampa Valley Regional Airport is a public airport located just east of Hayden and 22 miles west of Steamboat Springs in Routt County, Colorado. The single-runway airport is mostly used for general aviation. During the ski season, direct service from Atlanta, Chicago, Dallas/Fort Worth, Houston, Newark, Minneapolis, and Denver is provided by major airlines including American, Delta, Continental, Frontier, and United. Commuter service is provided year-round to Denver by United Express and Frontier. Additionally, Delta Connection provides service to/from Salt Lake City from early June through March with two daily flights during the summer.



The following table illustrates recent operating statistics for the primary airport facility serving the subject property's submarket.

Figure 3-6 Airport Statistics

Year	Passenger Traffic	Percent Change*	Percent Change**
2000	233,458	—	—
2001	201,376	(13.7) %	(13.7) %
2002	217,913	8.2	(3.4)
2003	208,711	(4.2)	(3.7)
2004	244,088	17.0	1.1
2005	260,351	6.7	2.2
2006	260,496	0.1	1.8
2007	279,755	7.4	2.6
2008	278,320	(0.5)	2.2
2009	247,349	(11.1)	0.6
<i>Year-to-date, March</i>			
2009	160,538	—	—
2010	140,903	(12.2) %	—

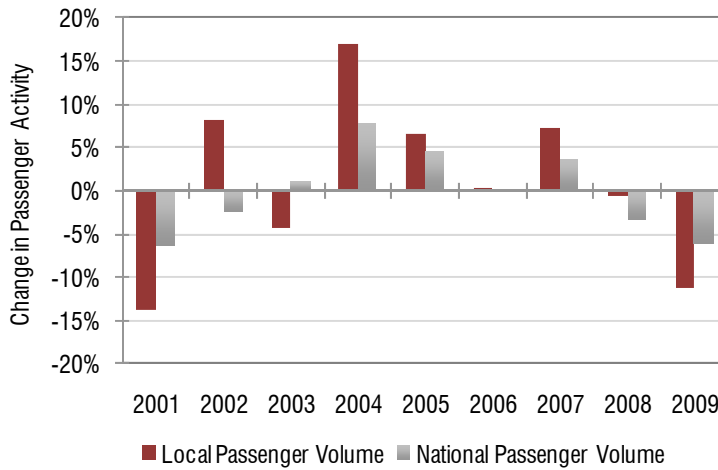
* Annual average compounded percentage change from the previous year

** Annual average compounded percentage change from first year of data

Source: Yampa Valley Regional Airport



Figure 3-7 Local Passenger Traffic vs. National Trend



Source: HVS, Local Airport Authority

This facility recorded 247,349 passengers in 2009. The change in passenger traffic between 2008 and 2009 was -11.1%. The average annual change during the period shown was 0.6%. The decline in passenger traffic shown by the most recent data can be attributed in large part to cutbacks in service by the major air carriers concurrent with the national economic downturn, which significantly impacted consumer spending related to travel. This decline in travel-related spending particularly affected the Yampa Valley Regional Airport since a large percentage of its passenger traffic is related to discretionary tourism spending.

The following table illustrates recent operating statistics for the secondary airport facility serving the proposed subject property’s sub-market.


Figure 5-8 Airport Statistics – Denver International Airport (Secondary Airport)

Year	Passenger Traffic	Percent Change*	Percent Change**
2000	38,751,687	—	—
2001	36,092,806	(6.9) %	(6.9) %
2002	35,643,749	(1.2)	(4.1)
2003	37,505,138	5.2	(1.1)
2004	42,275,913	12.7	2.2
2005	43,387,513	2.6	2.3
2006	47,325,016	9.1	3.4
2007	49,863,352	5.4	3.7
2008	51,245,334	2.8	3.6
2009	50,167,485	(2.1)	2.9
<i>Year-to-date, February</i>			
2009	7,191,297	—	—
2010	7,477,378	4.0 %	—

* Annual average compounded percentage change from the previous year

** Annual average compounded percentage change from first year of data

Source: Denver International Airport

Air traffic registered 50,167,485 passengers in 2009. The change in passenger traffic between 2008 and 2009 was -2.1%.

Tourist Attractions

The market benefits from a variety of tourist and leisure attractions in the area. The peak season for tourism in this area is from December to March for ski-related tourism and then in May to October for summer activities. Summer festivals, fall foliage, and elk and deer hunting, among other activities, support tourism from early spring through the holiday season. Primary attractions in the area include the following:

- Steamboat Ski Resort is a major ski area located 22 miles east of Hayden. It is located on Mount Werner in the Routt National Forest. The ski area first opened in January of 1963 and now boasts 165 named trails spread over 2,965 acres. Fourteen percent of its terrain is classified as beginner level, 42% as intermediate, and 44% as advanced. The ski area also features the Mavericks Superpipe, one of the premier extreme snowboard and skiing features in North America.



- Routt County contains thousands of acres of national forest land and provides world-class elk and deer hunting, as well as an abundance of winter and summer recreational opportunities. Additionally, the Yampa River and area reservoirs are destinations for world-class fly fishing and other water activities.
- The city of Craig is located 16 miles west of Hayden along U.S. Route 40. This city offers attractions such as the Museum of Northwest Colorado and the Dinosaur National Monument. In addition, Grand Olde West Days is held annually in Craig on Memorial Day weekend. The festival features parades, rodeos, dances, street vendors, craft shows, and a special celebrity concert.
- The Hayden area is home to the Routt County Fairgrounds and the Hayden Speedway. The fairgrounds, in addition to hosting the annual county fair, holds numerous equestrian-related events throughout the year. The speedway offers numerous events during its spring and summer racing season, bringing in drivers and crews from around Colorado.

Conclusion

This section discussed a wide variety of economic indicators for the pertinent market area. After a period of economic expansion, the market is currently in a period of stagnation. Although unemployment trends show recent increases, in line with trends across the state and nation, market participants expect the local economy to stabilize in the foreseeable future. As such, real growth should return in the near term. Planned projects and expansions at local companies such as Peabody Energy and Xcel Energy for 2010 should boost employment and travel levels, positively impacting the local economy.

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy entered a recession in December of 2007, initially triggered by the subprime mortgage crisis that led to the collapse of the housing bubble. The failure of multiple lending institutions, rising oil and food prices, and the crisis in the American automotive industry contributed to the stresses on the U.S. and global economies. In the U.S., credit markets froze, the stock market deteriorated, massive job losses were recorded, and consumer spending dropped at the fastest rate since the 1930s. Beginning in mid-year 2009, some positive trends began to emerge, including growth in the GDP and corporate profits in the third quarter of 2009. Furthermore, the pace of job losses significantly slowed in the fourth quarter of 2009. Most economists interpret these and other positive indicators as evidence that the economy has started a period of



recovery, although the official end of the recessionary period has yet to be declared. Current economic forecasts anticipate that the U.S. GDP will expand slowly but steadily in 2010; job growth is also forecast to resume over this period. The pace of the recovery will be influenced by trends in employment, the housing market, and consumer spending, and some uncertainty remains as to how the economy will respond to the expiration of the various government-sponsored stimulus programs. The outlook includes a return to stable growth in the near term, with the potential for a period of stronger growth as the economic recovery accelerates.



4. Supply and Demand Analysis

In the economic principle of supply and demand, price varies directly, but not proportionately, with demand and inversely, but not proportionately, with supply. In the lodging industry, supply is measured by the number of guestrooms available, and demand is measured by the number of rooms occupied; the net effect of supply and demand towards equilibrium results in a prevailing price, or average rate. The purpose of this section is to investigate current supply and demand trends as indicated by the current competitive market, and set forth a basis for the projection of future supply and demand growth.

Definition of Subject Hotel Market

The 50-room Proposed Best Western Creekview Hotel will be located in Hayden, Colorado. Of this larger supply set, the proposed subject property is expected to compete with a smaller set of hotels based on various factors. These factors may include location, price point, product quality, length of stay (such as an extended-stay focus vs. non-extended-stay focus), room type (all-suite vs. standard), hotel age, or brand, among other factors. We have reviewed these pertinent attributes and established an expected competitive set based upon this review. Our review of the proposed subject property's specific competitive set within the Hayden area begins after our review of national occupancy, average rate, and RevPAR trends.

National Trends Overview

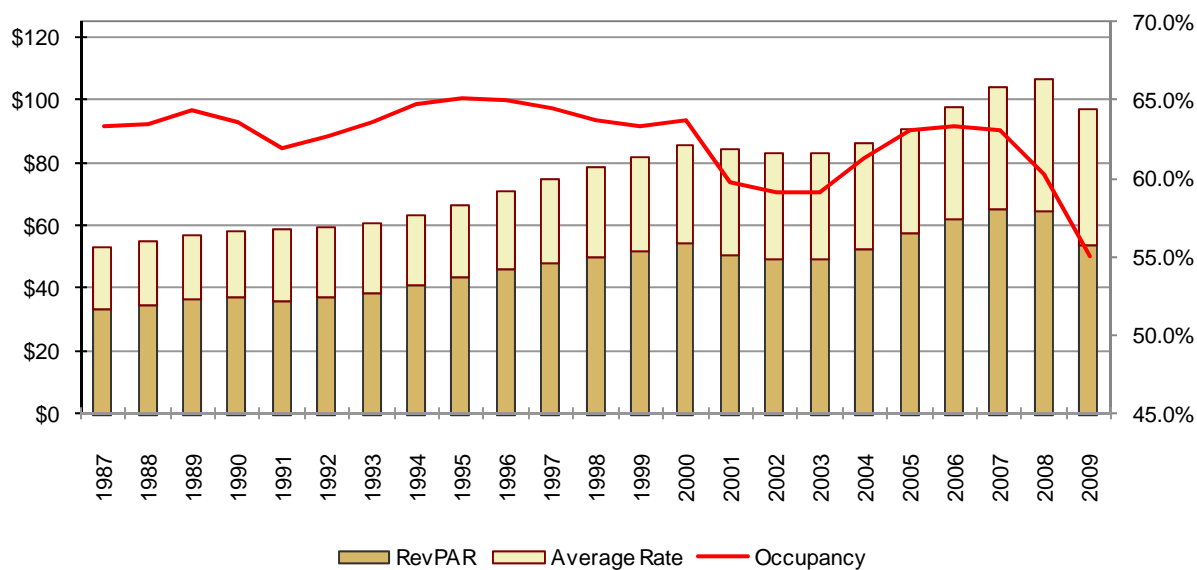
The proposed subject property's local lodging market is most directly affected by the supply and demand trends within the immediate area. However, individual markets are also influenced by conditions in the national lodging market. We have reviewed national lodging trends to provide a context for the forecast of the supply and demand for the proposed subject property's competitive set.

Smith Travel Research (STR) is an independent research firm that compiles data on the lodging industry; its published data is routinely used by typical hotel buyers. Figure 5-1 presents annual hotel occupancy and average rate data since 1987. More recent information is presented in Figures 5-2 and 5-3; this data is categorized by geography, price point, type of location, and chain



scale. The statistics include occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate, and provides an indication of how well rooms revenue is being maximized.

Figure 4-1 National Occupancy and Average Rate Trends



Source: STR


Figure 4-2 National Occupancy and Average Rate Trends – Year-to-Date Data

	Occupancy - Thru March			Average Rate - Thru March			RevPAR - Thru March		
	2009	2010	% Change	2009	2010	% Change	2009	2010	% Change
United States	50.8 %	51.9 %	2.3 %	\$100.61	\$96.27	(4.3) %	\$51.07	\$50.01	(2.1) %
Region									
New England	43.0 %	46.6 %	8.4 %	\$104.69	\$100.99	(3.5) %	\$45.05	\$47.10	4.6 %
Middle Atlantic	49.4	52.9	7.1	125.85	122.52	(2.6)	62.19	64.81	4.2
South Atlantic	53.2	54.9	3.2	107.15	101.86	(4.9)	57.02	55.96	(1.9)
East North Central	42.8	44.1	3.0	81.91	77.79	(5.0)	35.05	34.28	(2.2)
East South Central	47.8	47.7	(0.2)	74.44	72.57	(2.5)	35.60	34.62	(2.7)
West North Central	45.2	45.1	(0.1)	75.29	74.72	(0.8)	34.01	33.73	(0.8)
West South Central	55.6	53.2	(4.3)	87.12	83.58	(4.1)	48.48	44.50	(8.2)
Mountain	52.1	52.8	1.3	105.01	97.67	(7.0)	54.73	51.56	(5.8)
Pacific	54.7	57.3	4.7	115.09	108.85	(5.4)	63.00	62.35	(1.0)
Price									
Luxury	57.9 %	61.2 %	5.7 %	\$156.61	\$145.47	(7.1) %	\$90.61	\$88.99	(1.8) %
Upscale	51.4	52.5	2.0	108.37	103.46	(4.5)	55.73	54.28	(2.6)
Midprice	47.6	47.8	0.5	79.27	75.75	(4.4)	37.70	36.20	(4.0)
Economy	45.8	45.8	(0.1)	58.62	55.52	(5.3)	26.87	25.42	(5.4)
Budget	48.5	48.8	0.7	47.80	44.67	(6.5)	23.17	21.79	(5.9)
Location									
Urban	56.1 %	59.4 %	5.9 %	\$133.74	\$127.49	(4.7) %	\$75.02	\$75.74	1.0 %
Suburban	50.6	52.3	3.4	87.69	82.41	(6.0)	44.38	43.13	(2.8)
Airport	58.6	61.5	4.9	96.95	89.18	(8.0)	56.83	54.81	(3.5)
Interstate	45.2	43.7	(3.2)	66.80	66.55	(0.4)	30.17	29.11	(3.5)
Resort	55.4	57.1	3.1	147.48	140.63	(4.6)	81.65	80.24	(1.7)
Small Metro/Town	44.0	43.0	(2.3)	75.41	74.53	(1.2)	33.19	32.06	(3.4)
Chain Scale									
Luxury	57.1 %	63.1 %	10.6 %	\$264.61	\$246.64	(6.8) %	\$150.99	\$155.68	3.1 %
Upper Upscale	59.5	63.7	6.9	150.41	139.40	(7.3)	89.54	88.75	(0.9)
Upscale	57.4	60.9	6.1	112.87	104.50	(7.4)	64.76	63.65	(1.7)
Mid-scale w/ F&B	45.2	44.3	(1.9)	81.81	78.50	(4.0)	36.94	34.78	(5.8)
Mid-scale w/o F&B	52.2	52.2	(0.1)	86.21	82.22	(4.6)	45.01	42.90	(4.7)
Economy	45.6	45.6	0.0	50.26	46.44	(7.6)	22.90	21.17	(7.6)
Independents	48.5	49.0	1.0	96.63	93.52	(3.2)	46.85	45.80	(2.2)

Source: STR - March 2010 Lodging Review


Figure 4-3 National Occupancy and Average Rate Trends – Calendar Year Data

	Occupancy			Average Rate			RevPAR		
	2008	2009	% Change	2008	2009	% Change	2008	2009	% Change
United States	60.3 %	55.1 %	(8.7) %	\$106.96	\$97.51	(8.8) %	\$64.49	\$53.71	(16.7) %
Region									
New England	59.2 %	54.9 %	(7.3) %	\$122.12	\$113.40	(7.1) %	\$72.29	\$62.22	(13.9) %
Middle Atlantic	64.7	60.1	(7.2)	152.74	132.64	(13.2)	98.86	79.67	(19.4)
South Atlantic	58.6	54.6	(6.8)	106.12	98.08	(7.6)	62.20	53.58	(14.3)
East North Central	55.5	50.6	(8.7)	91.92	84.77	(7.8)	50.97	42.93	(15.8)
East South Central	55.8	51.6	(7.5)	78.04	74.96	(3.9)	43.56	38.71	(11.1)
West North Central	57.6	53.3	(7.4)	79.17	76.76	(3.0)	45.58	40.90	(10.3)
West South Central	62.3	54.0	(13.3)	87.86	83.24	(5.3)	54.69	44.95	(17.8)
Mountain	61.2	54.7	(10.6)	104.72	91.31	(12.8)	64.06	49.91	(22.1)
Pacific	65.3	59.9	(8.3)	125.62	112.41	(10.5)	82.06	67.30	(18.0)
Price									
Luxury	66.9 %	61.6 %	(7.8) %	\$168.92	\$146.85	(13.1) %	\$112.93	\$90.53	(19.8) %
Upscale	61.9	56.4	(8.9)	116.36	106.66	(8.3)	72.01	60.12	(16.5)
Midprice	57.4	51.9	(9.5)	84.35	78.12	(7.4)	48.41	40.58	(16.2)
Economy	55.0	49.9	(9.3)	63.21	58.83	(6.9)	34.76	29.34	(15.6)
Budget	57.1	52.2	(8.5)	51.64	48.00	(7.0)	29.47	25.06	(14.9)
Location									
Urban	66.6 %	62.1 %	(6.8) %	\$154.55	\$135.81	(12.1) %	\$102.95	\$84.34	(18.1) %
Suburban	60.2	54.2	(9.9)	92.63	84.52	(8.8)	55.73	45.83	(17.8)
Airport	66.2	60.1	(9.2)	100.91	90.06	(10.8)	66.84	54.16	(19.0)
Interstate	55.1	50.2	(8.9)	70.10	69.03	(1.5)	38.65	34.68	(10.3)
Resort	62.1	57.5	(7.4)	146.59	129.30	(11.8)	90.99	74.32	(18.3)
Small Metro/Town	55.1	50.4	(8.5)	82.28	80.24	(2.5)	45.35	40.46	(10.8)
Chain-Scale									
Luxury	67.4 %	61.5 %	(8.7) %	\$290.35	\$242.99	(16.3) %	\$195.71	\$149.49	(23.6) %
Upper Upscale	68.6	63.8	(7.0)	160.19	141.80	(11.5)	109.85	90.40	(17.7)
Upscale	66.8	61.2	(8.4)	119.68	107.39	(10.3)	79.93	65.72	(17.8)
Mid-scale w/ F&B	55.8	49.9	(10.5)	88.32	82.97	(6.1)	49.24	41.38	(16.0)
Mid-scale w/o F&B	62.2	56.1	(9.8)	90.19	85.22	(5.5)	56.12	47.80	(14.8)
Economy	54.3	49.5	(8.8)	54.38	50.70	(6.8)	29.52	25.11	(14.9)
Independents	58.3	53.2	(8.8)	104.91	94.65	(9.8)	61.20	50.36	(17.7)

Source: STR - December 2009 Lodging Review



The U.S. lodging industry continues to operate in a challenging environment, evidenced by the declines recorded in 2008 and 2009. Downward lodging trends have been largely attributed to a dramatic decrease in both corporate and consumer spending during the recession. Continued increases in supply, which grew by 2.7% in 2008 and 3.2% in 2009, combined with demand decreases, resulted in a historic occupancy low of 55.1% in 2009. Aggressive price cuts and discounting, implemented in the face of falling occupancy levels, caused average rate to decrease by 8.8% in 2009. Similar to the economic slowdown in the first few years of the 21st century, the \$53.71 RevPAR recorded in 2009 is on par with the level recorded in 2004.

Occupancy levels began to firm up in the last months of 2009 and, based on economic forecasts, demand growth is expected to resume in 2010, strengthening toward the latter half of the year. Supply growth is anticipated to decelerate to 1.8% in 2009, while demand growth is expected to be on par with the supply increase; as a result, occupancy is anticipated to remain essentially flat. Discounts and price reductions are expected to continue through 2010, influenced in large part by the preferred rates and contracts negotiated in 2009. Average rate and RevPAR are thus forecast to continue to decrease through 2010. Thereafter, occupancy levels are forecast to increase as demand growth accelerates and supply additions taper off. Average rate growth is expected to resume in 2011, accelerating as occupancy levels improve.

Historical Supply and Demand Data

Smith Travel Research (STR) is an independent research firm that compiles and publishes data on the lodging industry, routinely used by typical hotel buyers. STR has compiled historical supply and demand data for a group of hotels considered applicable to this analysis for the proposed subject property. This information is presented in the following table, along with the market-wide occupancy, average rate, and rooms revenue per available room (RevPAR). RevPAR is calculated by multiplying occupancy by average rate and provides an indication of how well rooms revenue is being maximized.

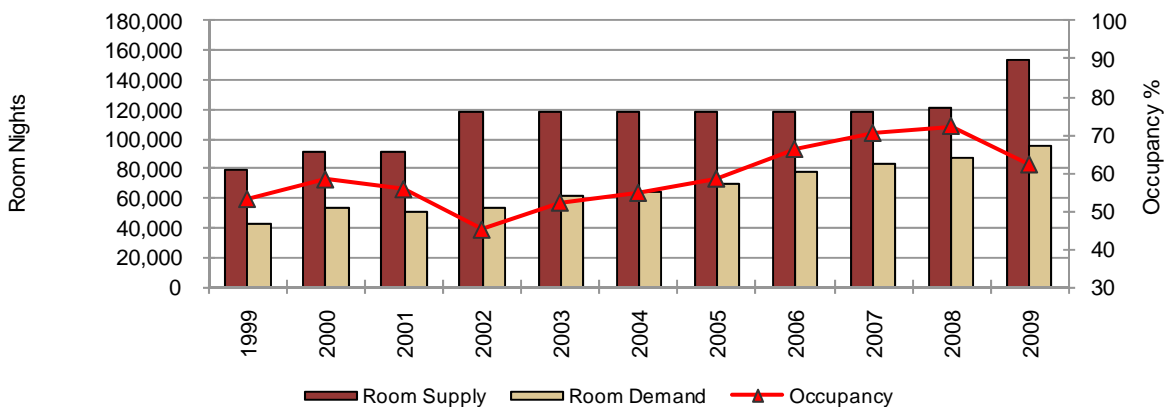
Figure 4-4 Historical Supply and Demand Trends

Year	Average Daily	Available Room	Change	Occupied Room	Occupancy	Average	Change	RevPAR	Change	
	Room Count	Nights		Nights		Rate				
1999	218	79,669	—	42,347	—	53.2 %	\$60.86	—	\$32.35	—
2000	251	91,615	15.0 %	53,372	26.0 %	58.3	67.55	11.0 %	39.35	21.6 %
2001	251	91,615	0.0	51,035	(4.4)	55.7	68.26	1.0	38.02	(3.4)
2002	324	118,260	29.1	53,368	4.6	45.1	75.26	10.3	33.96	(10.7)
2003	324	118,260	0.0	61,739	15.7	52.2	69.13	(8.1)	36.09	6.3
2004	324	118,260	0.0	64,757	4.9	54.8	72.38	4.7	39.64	9.8
2005	324	118,260	0.0	69,161	6.8	58.5	79.22	9.4	46.33	16.9
2006	324	118,260	0.0	78,334	13.3	66.2	86.59	9.3	57.36	23.8
2007	324	118,260	0.0	83,314	6.4	70.4	95.49	10.3	67.27	17.3
2008	330	120,616	2.0	87,167	4.6	72.3	103.27	8.1	74.63	10.9
2009	422	154,188	27.8	95,918	10.0	62.2	93.53	(9.4)	58.18	(22.0)
Year-to-Date Through March										
2009	400	36,000	—	22,881	—	63.6 %	\$101.76	—	\$64.68	—
2010	489	44,010	22.3 %	20,913	(8.6) %	47.5	95.09	(6.6) %	45.18	(30.1) %
Average Annual Compounded Change: 1999-2009			6.8 %			8.5 %			4.4 %	6.0 %
Hotels Included in Sample				Number of Rooms	Year Affiliated	Year Opened				
Fairfield Inn & Suites Steamboat Springs				66	Jul 1999	Jul 1999				
Comfort Inn Steamboat Springs				52	Jul 1995	Jul 1995				
La Quinta Inn Steamboat Springs				29	Oct 2005	Aug 1998				
Hampton Inn Suites Steamboat Springs				73	Jan 2002	Jan 2002				
Hampton Inn Suites Craig				89	Oct 2009	Oct 2009				
Candlewood Suites Craig Northwest				76	Dec 2008	Dec 2008				
Best Western Deer Park Inn & Suites				45	Jan 2005	Jan 1997				
Americas Best Value Inn Craig				59	Jun 2009	Oct 1977				
Total				489						

Source: Smith Travel Research



Figure 4-5 Historical Supply and Demand Graph



Source: Smith Travel Research

It is important to note some limitations of the STR data. Hotels are occasionally added to or removed from the sample, and not every property reports data in a consistent and timely manner; these factors can influence the overall quality of the information by skewing the results. These inconsistencies may also cause the STR data to differ from the results of our competitive survey. Nonetheless, STR data provide the best indication of aggregate growth or decline in existing supply and demand; thus, these trends have been considered in our analysis. Opening dates, as available, are presented for each reporting hotel in the previous table. The opening of the new Hampton Inn & Suites in late 2009 represents the largest supply increase in the market area since 2002. The opening of this property during the economic recession has resulted in a significant decline in area occupancy in the first part of 2010. However, as signs point to an economic recovery and as bookings for the 2010 summer and winter seasons have increased over the last year, the degree of decline is expected to become less severe throughout the year.

These data reflect an overall market occupancy level of 62.2% in 2009, which compares to 72.3% for 2008. The overall average occupancy level for the calendar years presented equates to 64.0%. Local employers, such as Xcel Energy and Peabody Energy, and tourists visiting the Steamboat Springs area continue to serve as consistent sources of demand for the market. The Yampa Valley Airport, located in Hayden, offers numerous direct flights from large markets such as Atlanta, Dallas, Chicago, and Salt Lake City; these flights



reportedly operate at or near capacity during the peak winter months. Occupancy levels in this market peaked in 2008, as previously planned vacations brought a significant number of leisure travelers to the Steamboat Springs area despite the growing national economic downturn. Additionally, the market continued to benefit from strong growth of oil and gas exploration teams in the Craig area. Market occupancy dropped as the economy declined further in 2009 and the year-to-date period of 2010; at this time, personal spending was traded for personal saving, and multinational companies curtailed luxury group travel. Weakening demand growth was compounded by an increase in supply with the opening of the Hampton Inn & Suites and Candlewood Suites in Craig.

These data reflect an overall market average rate level of \$93.53 in 2009, which compares to \$103.27 for 2008. The average across all calendar years presented for average rate equates to \$89.58. Average rate in the local market registered positive growth from 2004 through 2008. The lack of new hotels in the market and renovations at existing hotels allowed local hotel operators to increase average rates on a consistent basis. Average rate growth began to slow in 2008, and this trend continued in 2009, along with the contraction of the national economy. We note that this pace of average rate movement is similar to the typical trend witnessed across the United States, as average rates are responding to the national recession. The downward trend in average rate has continued in the first quarter of 2010, but less severely due to the improving economy as well as the opening of a new Hampton Inn. These occupancy and average rate trends resulted in a RevPAR level of \$58.18 in 2009.

Seasonality

Monthly occupancy and average rate trends are presented in the following tables.

Figure 4-6 Monthly Occupancy Trends

Month	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	45.7 %	50.4 %	43.2 %	36.7 %	41.7 %	53.7 %	55.4 %	64.9 %	67.4 %	67.7 %	58.9 %	42.8 %
February	51.1	54.7	51.9	44.5	50.0	57.5	55.6	68.7	76.7	71.8	64.6	45.0
March	78.2	64.2	67.7	52.8	47.9	70.5	57.3	72.2	77.4	75.0	67.3	54.5
April	45.1	48.8	41.3	24.6	27.7	38.0	28.3	48.7	42.7	52.1	63.3	—
May	45.9	54.7	47.7	34.0	38.0	37.8	37.7	50.1	59.2	63.2	62.9	—
June	65.9	66.3	71.1	54.7	60.3	58.8	61.5	72.0	82.0	79.6	74.2	—
July	59.5	79.1	82.9	70.0	73.4	71.7	73.2	81.9	86.4	89.5	81.7	—
August	58.1	76.4	73.0	61.3	73.0	62.8	66.8	76.0	81.0	88.0	77.9	—
September	62.9	66.6	62.7	48.5	64.4	60.6	71.2	72.4	79.5	81.5	77.8	—
October	56.1	57.4	47.1	43.1	61.2	56.2	68.6	64.5	70.4	79.6	48.6	—
November	31.5	43.7	37.9	33.9	37.2	37.3	59.0	58.0	58.3	60.3	40.7	—
December	40.8	36.2	41.2	36.7	50.7	51.6	66.6	65.2	64.3	60.9	41.4	—
Annual Occupancy	53.2 %	58.3 %	55.7 %	45.1 %	52.2 %	54.8 %	58.5 %	66.2 %	70.4 %	72.3 %	62.2 %	—
Year-to-Date	58.6 %	56.5 %	54.4 %	44.7 %	46.5	60.7 %	56.1 %	68.6 %	73.7 %	71.5 %	63.6 %	47.5 %

Source: Smith Travel Research

Figure 4-7 Monthly Average Rate Trends

Month	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
January	\$64.56	\$73.90	\$68.19	\$76.41	\$84.88	\$73.75	\$77.55	\$80.71	\$96.96	\$108.48	\$104.60	\$94.87
February	69.77	78.48	79.14	85.70	83.35	75.53	85.04	89.33	102.82	115.07	105.77	96.35
March	64.20	79.41	70.27	80.46	81.83	71.62	82.98	85.70	101.33	107.53	95.81	94.32
April	49.60	56.50	49.34	60.05	54.68	53.14	62.88	68.49	77.53	83.98	84.67	—
May	51.27	55.38	54.12	63.90	61.49	59.26	65.90	72.74	79.39	86.88	84.46	—
June	59.66	67.06	69.53	74.51	69.39	78.10	80.52	89.55	97.84	104.87	92.58	—
July	66.87	72.77	77.80	85.30	73.78	85.52	92.02	102.30	105.81	113.91	98.07	—
August	68.53	72.13	73.49	78.15	70.64	78.63	84.98	93.29	100.67	110.22	94.43	—
September	54.96	60.66	65.14	66.47	55.67	69.03	76.18	82.46	88.79	100.16	89.49	—
October	53.83	57.33	60.15	62.60	54.30	63.25	73.90	82.25	89.08	101.30	89.21	—
November	53.82	61.48	58.19	62.05	55.23	59.23	72.01	82.91	89.24	92.51	88.51	—
December	67.88	70.92	79.64	90.63	80.03	82.96	81.01	95.71	102.56	102.07	94.00	—
Annual Average Rate	\$60.86	\$67.55	\$68.26	\$75.26	\$69.13	\$72.38	\$79.22	\$86.59	\$95.49	\$103.27	\$93.53	—
Year-to-Date	\$65.81	\$77.44	\$72.33	\$80.94	\$83.28	\$73.42	\$81.77	\$85.20	\$100.44	\$110.19	\$101.76	\$95.09

Source: Smith Travel Research



The illustrated monthly occupancy and average rates patterns reflect important seasonal characteristics. We have reviewed these trends in developing our forthcoming forecast of market-wide demand and average rate. The market area is highly seasonal in nature, with particularly strong occupancy levels during peak winter and summer months. Demand drops significantly in spring, as ski resorts close and the mountain areas experience a period known as “mud season.” Demand picks up again in peak summer months, before dropping down to low occupancies in the fall. Average rate levels follow similar trends to those of occupancy, allowing for rates over \$90 during the ski season and summer months.

Patterns of Demand

A review of the trends in occupancy, average rate, and RevPAR by the night of the week over the past three fiscal years provides some insight into the impact that the current economic conditions have had on the competitive lodging market. The data, as provided by Smith Travel Research, is set forth in the following table.


Figure 4-8 Occupancy, Average Rate and RevPAR By Day of Week

Occupancy (%)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Apr 07 - Mar 08	51.9 %	69.9 %	75.7 %	77.6 %	74.9 %	68.7 %	71.0 %	69.9 %
Apr 08 - Mar 09	52.6	72.2	77.7	78.6	72.9	67.2	68.4	70.0
Apr 09 - Mar 10	43.6	58.6	64.4	63.0	58.3	58.6	58.8	57.9
Change (Occupancy Points)								
06/07 to 07/08	0.8	2.4	2.0	1.0	-2.0	-1.5	-2.5	0.1
07/08 to 08/09	-9.0	-13.7	-13.3	-15.6	-14.6	-8.6	-9.6	-12.1
ADR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Apr 07 - Mar 08	\$95.84	\$94.34	\$94.29	\$96.61	\$97.66	\$102.20	\$104.43	\$97.91
Apr 08 - Mar 09	98.30	100.23	99.39	102.06	101.33	102.32	104.78	101.26
Apr 09 - Mar 10	87.89	94.12	92.91	91.45	91.44	91.74	92.46	91.87
Change (Dollars)								
06/07 to 07/08	\$2.47	\$5.88	\$5.10	\$5.45	\$3.66	\$0.11	\$0.36	\$3.35
07/08 to 08/09	-10.41	-6.11	-6.47	-10.60	-9.89	-10.58	-12.32	-9.39
Change (Percent)								
06/07 to 07/08	2.6 %	6.2 %	5.4 %	5.6 %	3.7 %	0.1 %	0.3 %	3.4 %
07/08 to 08/09	-10.6	-6.1	-6.5	-10.4	-9.8	-10.3	-11.8	-9.3
RevPAR (\$)	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Total Year
Apr 07 - Mar 08	\$49.70	\$65.93	\$71.40	\$74.98	\$73.20	\$70.22	\$74.09	\$68.44
Apr 08 - Mar 09	51.75	72.41	77.21	80.17	73.88	68.78	71.69	70.86
Apr 09 - Mar 10	38.35	55.11	59.84	57.61	53.32	53.79	54.40	53.22
Change (Dollars)								
06/07 to 07/08	\$2.05	\$6.47	\$5.81	\$5.20	\$0.68	-\$1.44	-\$2.40	\$2.42
07/08 to 08/09	-13.40	-17.29	-17.36	-22.56	-20.56	-14.99	-17.29	-17.65
Change (Percent)								
06/07 to 07/08	4.1 %	9.8 %	8.1 %	6.9 %	0.9 %	-2.0 %	-3.2 %	3.5 %
07/08 to 08/09	-25.9	-23.9	-22.5	-28.1	-27.8	-21.8	-24.1	-24.9

Source: Smith Travel Research

In most markets, business travel, including individual commercial travelers and corporate groups, is the predominant source of demand on Monday



through Thursday nights. Leisure travelers and non-business-related groups generate a majority of demand on Friday and Saturday nights.

SUPPLY

Based on an evaluation of the occupancy, rate structure, market orientation, chain affiliation, location, facilities, amenities, reputation, and quality of each area hotel, as well as the comments of management representatives, we have identified several properties that are expected to be primarily competitive with the proposed subject property. If applicable, additional lodging facilities may be judged to be only secondarily competitive; although the facilities, rate structures, or market orientations of these hotels prevent their inclusion among the primarily competitive supply, they are expected to compete with the proposed subject property to some extent.

The following table summarizes the important operating characteristics of the future primary competitors and the aggregate secondary competitors (if applicable). This information was compiled from personal interviews, inspections, lodging directories, and our in-house library of operating data. The table also sets forth each property's penetration factors; penetration is the ratio between a specific hotel's operating results and the corresponding data for the market. If the penetration factor is greater than 100%, the property is performing better than the market as a whole; conversely, if the penetration is less than 100%, the hotel is performing at a level below the market-wide average.

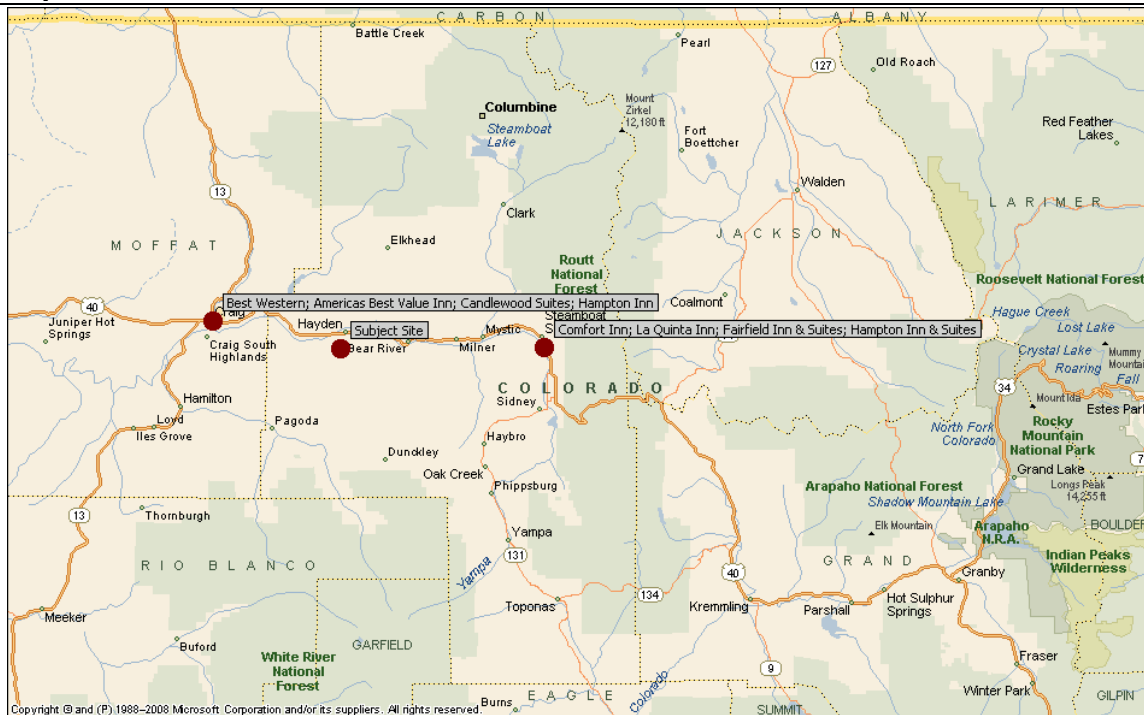
Figure 4-9 Competitors – Operating Performance

Property	Number of Rooms	Est. Segmentation			Estimated 2007				Estimated 2008				Estimated 2009						
		Commercial	Meeting and Group	Leisure	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	RevPAR Change	Occupancy Penetration	Yield Penetration
Comfort Inn Steamboat Springs	52	40 %	5 %	55 %	52	74 %	\$83.00	\$61.42	52	75 %	\$92.00	\$69.00	52	68 %	\$90.00	\$61.20	(11.3) %	113.3 %	116.7 %
La Quinta Inn Steamboat Springs	29	30	0	70	29	75	81.00	60.75	29	72	90.00	64.80	29	62	83.00	51.46	(20.6)	103.3	98.1
Best Western Deer Park Inn & Suites Craig	45	60	10	30	45	82	94.00	77.08	45	68	92.00	62.56	45	55	83.00	45.65	(27.0)	91.7	87.0
Americas Best Value Inn Craig	59	50	5	45	59	71	76.00	53.96	59	65	72.00	46.80	59	50	64.00	32.00	(31.6)	83.3	61.0
Sub-Totals/Averages	185	46 %	5 %	49 %	185	75.1 %	\$83.50	\$62.75	185	69.6 %	\$85.72	\$59.70	185	58.2 %	\$80.09	\$46.58	(22.0) %	96.9 %	88.8 %
Secondary Competitors	304	61 %	9 %	30 %	79	64.0 %	\$105.46	\$67.49	83	73.1 %	\$112.65	\$82.30	133	62.6 %	\$96.87	\$60.62	(26.3) %	104.3 %	115.6 %
Totals/Averages	489	52 %	7 %	41 %	264	71.8 %	\$89.38	\$64.17	268	70.7 %	\$94.33	\$66.69	318	60.0 %	\$87.42	\$52.46	(21.3) %	100.0 %	100.0 %



The following map illustrates the locations of the proposed subject property and its future competitors.

Map of Competition



Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated. Descriptions of our findings are presented below.



Primary Competitor #1 - Comfort Inn Steamboat Springs



Comfort Inn Steamboat Springs
 1055 Walton Creek Road
 Steamboat Springs, CO

Figure 4-10 Estimated Historical Operating Statistics

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Estimated 2007	52	74 %	\$83	\$61	103.1 %	95.7 %
Estimated 2008	52	75	92	69	106.1	103.5
Estimated 2009	52	68	90	61	113.3	116.7

The Comfort Inn is owned and operated by Ki Tong. Facilities include a breakfast dining area (a complimentary continental breakfast is served), an indoor pool and whirlpool, and an exercise room. The hotel, which was built in 1995, was renovated in 2007 with new guestroom softgoods. This hotel benefits from its location along U.S. Route 40 in Steamboat Springs proximate to the Steamboat Ski Resort. Overall, the property appeared to be in good condition. Its accessibility is similar to that of the subject site, and its visibility is similar to the expected visibility of the Proposed Best Western Creekview Hotel.



Primary Competitor #2 - La Quinta Inn Steamboat Springs



**La Quinta Inn
Steamboat Springs**
3155 Ingles Lane
Steamboat Springs, CO

Figure 4-11 Estimated Historical Operating Statistics

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Estimated 2007	29	75 %	\$81	\$61	104.5 %	94.7 %
Estimated 2008	29	72	90	65	101.8	97.2
Estimated 2009	29	62	83	51	103.3	98.1

The La Quinta Inn is owned and operated by Lasco LLC . Facilities include a breakfast dining area (a complimentary continental breakfast is served), an indoor pool and whirlpool, and an exercise room. The hotel, which was built in 1998, was renovated in 2007 when it converted from a Days Inn hotel to a La Quinta Inn. The property underwent a complete renovation of all its public areas and guestrooms. This hotel benefits from its recent renovations and its proximity to the Steamboat Ski Resort. Overall, the property appeared to be in very good condition. Its accessibility is similar to that of the subject site, and its visibility is similar to the expected visibility of the Proposed Best Western Creekview Hotel.



Primary Competitor #3 - Best Western Deer Park Inn & Suites Craig



**Best Western Deer
Park Inn & Suites Craig**
262 Commerce Street
Craig, CO

Figure 4-12 Estimated Historical Operating Statistics

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Estimated 2007	45	82 %	\$94	\$77	114.2 %	120.1 %
Estimated 2008	45	68	92	63	96.2	93.8
Estimated 2009	45	55	83	46	91.7	87.0

The Best Western is owned and operated by Rocky Mountain Renaissance Company. Facilities include a breakfast dining area, where a complimentary continental breakfast is served, and an indoor pool and whirlpool. The hotel, which was built in 1997, was renovated in 2007; upgrades included new guestroom softgoods and lobby furniture, as well as the replacement of select air-conditioning units. This hotel benefits from its Best Western affiliation and lower price structure. Overall, the property appeared to be in good condition. Its accessibility is similar to that of the subject site, and its visibility is similar to the expected visibility of the Proposed Best Western Creekview Hotel.



Primary Competitor #4 - Americas Best Value Inn Craig



Americas Best Value Inn Craig
 200 South State Highway
 13
 Craig, CO

Figure 4-13 Estimated Historical Operating Statistics

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	Yield Penetration
Estimated 2007	59	71 %	\$76	\$54	98.9 %	84.1 %
Estimated 2008	59	65	72	47	91.9	70.2
Estimated 2009	59	50	64	32	83.3	61.0

The Americas Best Value Inn is owned and operated by Kaushik and Vidyak Patel. Facilities include a breakfast dining area (a complimentary continental breakfast is served), a business workstation, and a guest laundry facility. The hotel was last renovated in 2007; upgrades included new guestroom softgoods and the addition of the breakfast area and business workstation. The hotel is disadvantaged by a more dated appearance than other branded hotels in Craig; however, this hotel operates at a lower price point than other branded competitors and captures some extended-stay demand. Overall, the property appeared to be in fair condition. Its accessibility is similar to that of the subject site, and its visibility is similar to the expected visibility of the Proposed Best Western Creekview Hotel.

**Secondary Competitors**

We have also reviewed other area lodging facilities to determine whether any may compete with the proposed subject property on a secondary basis. The room count of each secondary competitor has been weighted based on its assumed degree of competitiveness in the future with the proposed subject property. By assigning degrees of competitiveness, we can assess how the subject property and its competitors may react to various changes in the market, including new supply, changes to demand generators, and renovations or franchise changes of existing supply. The following table sets forth the pertinent operating characteristics of the secondary competitor(s).

Figure 4-14 Secondary Competitor(s) – Operating Performance

Property	Number of Rooms	Est. Segmentation			Total Competitive Level	Estimated 2007				Estimated 2008				Estimated 2009			
		Commercial	Meeting and Group	Leisure		Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Fairfield Inn & Suites Steamboat	66	55 %	10 %	35 %	65 %	43	64 %	\$105.00	\$67.20	43	78 %	\$107.00	\$83.46	43	72 %	\$95.00	\$68.40
Hampton Inn & Suites Steamboat	73	60	10	30	50	37	64	106.00	67.84	37	73	120.00	87.60	37	65	115.00	74.75
Candlewood Suites Craig	76	70	5	25	55	0	0	0.00	0.00	3	12	96.00	11.52	42	53	87.00	46.11
Hampton Inn Craig	89	65	10	25	55	0	0	0.00	0.00	0	0	0.00	0.00	12	55	74.00	40.70
Totals/Averages	304	61 %	9 %	30 %	56 %	79	64.0 %	\$105.46	\$67.49	83	73.1 %	\$112.65	\$82.30	133	62.6 %	\$96.87	\$60.62



We have identified four hotels that are expected to compete with the proposed subject property on a secondary level. The Fairfield Inn & Suites and the Hampton Inn & Suites are anticipated to be competitive on the basis of their locations along U.S. Route 40 in Steamboat Springs; however, these hotels offer a higher quality product and a large percentage of their room counts are suites. The Candlewood Suites is located in Craig; however, the property is an extended-stay hotel and is therefore not expected to compete for transient demand. The new Hampton Inn is also located in Craig; however, it offers a higher quality product at a higher price point than what is anticipated for the proposed subject property.

Supply Changes

It is important to consider any new hotels that may have an impact on the proposed subject property's operating performance. Based upon our research and inspection (as applicable), new supply considered in our analysis is presented in the following table.

Figure 4-15 New Supply

Proposed Property	Number of Rooms	Total Competitive Level	Estimated Opening Date	Developer	Development Stage
Proposed Best Western Creekview Hotel	50	100 %	July 1, 2012	SP	Early Development
Proposed Holiday Inn Express	80	100	January 1, 2015	SP	Early Development
Totals/Averages	130				

The developer of the subject property is also in preliminary planning stages to build an 80- to 100-unit limited-service hotel on a property the company owns adjacent to the Yampa Valley Airport. The current plan for this project is to open the hotel several years after the opening of the proposed subject property to allow the market to absorb the subject property's increase in supply. The airport hotel is expected to be affiliated with a national chain such as Holiday Inn Express and has a target opening date of the first quarter of 2015. This property would be the only other hotel in the town of Hayden. According to the various planning departments in the region, no other hotels are currently planned for the market area. Our projection of income and expense for this proposed Holiday Inn Express at the Yampa Valley Airport is included in the addendum of this report.



While we have taken reasonable steps to investigate proposed hotel projects and their status, due to the nature of real estate development, it is impossible to determine with certainty every hotel that will be opened in the future, or what their marketing strategies and effect in the market will be. Depending on the outcome of current and future projects, the future operating potential of the proposed subject property may be positively or negatively affected. Future improvement in market conditions will raise the risk of increased competition. Our forthcoming forecast of stabilized occupancy and average rate is intended to reflect such risk.

Supply Conclusion

We have identified various properties that are expected to be competitive to some degree with the proposed subject property. We have also investigated potential increases in competitive supply in this Hayden submarket. The Proposed Best Western Creekview Hotel should enter a dynamic market of varying product types and price points. Next, we will present our forecast for demand change, using the historical supply data presented as a starting point.

DEMAND

The following table presents the most recent trends for the subject hotel market as tracked by HVS. These data pertain to the competitors discussed previously in this section; performance results are estimated, rounded for the competition, and in some cases weighted if there are secondary competitors present. In this respect, the information in the table differs from the previously presented STR data and is consistent with the supply and demand analysis developed for this report.

Figure 4-16 Historical Market Trends

Year	Accommodated		Room Nights		Market			Market	
	Room Nights	% Change	Available	% Change	Occupancy	Market ADR	% Change	RevPAR	% Change
Est. 2007	69,290	—	96,506	—	71.8 %	\$89.38	—	\$64.17	—
Est. 2008	69,112	(0.3) %	97,760	1.3 %	70.7	94.33	5.5 %	66.69	3.9 %
Est. 2009	69,740	0.9	116,217	18.9	60.0	87.42	(7.3)	52.46	(21.3)
Avg. Annual Compounded Chg., Est. 2007-Est. 2009:		0.3 %			9.7 %			(1.1) %	(9.6) %

Demand Analysis Using Market Segmentation

For the purpose of demand analysis, the overall market is divided into individual segments based on the nature of travel. Based on our fieldwork,



area analysis, and knowledge of the local lodging market, we estimate the 2009 distribution of accommodated room night demand as follows.

Figure 4-17 Accommodated Room Night Demand

Market Segment	Marketwide	
	Accommodated Demand	Percentage of Total
Commercial	36,585	52 %
Meeting and Group	4,730	7
Leisure	28,426	41
Total	69,740	100 %

The market's demand mix comprises commercial demand, with this segment representing roughly 52% of the accommodated room nights in this Hayden submarket. The remaining portion comprises meeting and group at 7%, with the final portion leisure in nature, reflecting 41%.

Using the distribution of accommodated hotel demand as a starting point, we will analyze the characteristics of each market segment in an effort to determine future trends in room night demand.

Commercial Segment

Commercial demand consists mainly of individual businesspeople passing through the subject market or visiting area businesses, in addition to high-volume corporate accounts generated by local firms. Brand loyalty (particularly frequent-traveler programs), as well as location and convenience with respect to businesses and amenities, influence lodging choices in this segment. Companies typically designate hotels as "preferred" accommodations in return for more favorable rates, which are discounted in proportion to the number of room nights produced by a commercial client. Commercial demand is strongest Monday through Thursday nights, declines significantly on Friday and Saturday, and increases somewhat on Sunday night. It is relatively constant throughout the year, with marginal declines in late December and during other holiday periods.

A major factor considered in the development of our growth rates is the presence of two major energy-related operations in the region, as Xcel Energy has a large coal-burning power plant in the area and Peabody Energy operates a large mine just outside of Hayden. Both of these commercial



enterprises generate room night demand; however, due to the lack of hotels in the town of Hayden, this demand is accommodated in Steamboat Springs and Craig. Additional commercial demand is generated by various companies associated with oil and gas extraction in the surrounding areas, as well as other local companies. The Yampa Valley Airport is another commercial-demand generator, creating demand from both airline crews and distressed passengers. The economic recovery that has just begun is expected to help increase commercial demand as oil, coal, and gas exploration and extraction increase and planned improvements to the power plant move forward. Furthermore, passenger counts and flights into the airport are expected to increase with the economic recovery and are likely to help fuel growth in the future. Considering these historical trends, we project demand change rates of -2.0% in 2010, 7.0% in 2011, and 6.0% in 2012. After these first three projection years, we have forecast demand change rates of 5.0% in 2013 and 4.0% in 2014.

Meeting and Group Segment

The meeting and group market includes meetings, seminars, conventions, trade association shows, and similar gatherings of ten or more people. Peak convention demand typically occurs in the spring and fall. Although there are numerous classifications within the meeting and group segment, the primary categories considered in this analysis are corporate groups, associations, and SMERFE (social, military, ethnic, religious, fraternal, and educational) groups. Corporate groups typically meet during the business week most commonly in the spring and fall months. These groups tend to be the most profitable for hotels, as they typically pay higher rates and usually generate ancillary revenues including food, beverage and banquet revenue. SMERFE groups are typically price-sensitive and tend to meet on weekends and/or during the summer months or holiday season, when greater discounts are usually available. These groups generate limited ancillary revenues. The profile and revenue potential of associations varies depending on the group and the purpose of their meeting or event.

Meeting and group demand in this market is driven by the local entities in the area holding training and safety seminars. Another large portion of meeting and group demand in the market is associated with SMERFE-related sources. In addition, the Routt County Fairgrounds holds numerous events throughout the year, including the annual town fair. These events bring in groups to participate in a wide range of events. Sports teams also frequent the area for tournaments held at various sporting facilities in the Yampa Valley. The addition of new hotels and the recovering economy are expected to help increase demand in this segment in the near term. Considering these



historical trends, we project demand change rates of -1.0% in 2010, 5.0% in 2011, and 5.0% in 2012. After these first three projection years, we have forecast demand change rates of 4.0% in 2013 and 2.0% in 2014.

Leisure Segment

Leisure demand consists of individuals and families spending time in an area or passing through en route to other destinations. Travel purposes include sightseeing, recreation, or visiting friends and relatives. Leisure demand also includes room nights booked through Internet sites such as Expedia, hotels.com, and Priceline; however, leisure may not be the purpose of the stay. This demand may also include business travelers and group and convention attendees who use these channels to take advantage of any discounts that may be available on these sites. Leisure demand is strongest Friday and Saturday nights and all week during holiday periods and the summer months. These peak periods represent the inverse of commercial visitation trends, underscoring the stabilizing effect of capturing weekend and summer tourist travel. Future leisure demand is related to the overall economic health of the region and the nation. Trends showing changes in state and regional unemployment and disposable personal income correlate strongly with leisure travel levels.

Leisure demand in the area is generally seasonal, driven largely by the presence of recreational attractions in the county such as the Steamboat Ski Resort, the Yampa River, and thousands of acres of national forest land which is ideal for hunting and camping. The Steamboat Ski Resort is a world-renowned ski resort that draws over one million skiers to its slopes annually. An estimated 70% of those skiers come from outside the state and thus require lodging facilities. In addition, the Yampa River is one of Colorado's top fly fishing destinations, and the national and state land surrounding the Hayden area is one of the top bird-watching and hunting areas in the state. The pending economic recovery is expected to allow for an increase in discretionary spending on leisure activities and thus should allow for moderate to strong demand growth in the leisure segment. Considering these historical trends, we project demand change rates of -1.0% in 2010, 8.0% in 2011, and 7.0% in 2012. After these first three projection years, we have forecast demand change rates of 6.0% in 2013 and 4.0% in 2014.

Conclusion

The purpose of segmenting the lodging market is to define each major type of demand, identify customer characteristics, and estimate future growth trends. Starting with an analysis of the local area, three segments were defined as representing the subject property's lodging market. Various types of economic and demographic data were then evaluated to determine their



propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market segment growth rates.

Figure 4-18 Average Annual Compounded Market Segment Growth Rates

Market Segment	Annual Growth Rate					
	2010	2011	2012	2013	2014	2015
Commercial	-2.0 %	7.0 %	6.0 %	5.0 %	4.0 %	2.0 %
Meeting and Group	-1.0	5.0	5.0	4.0	2.0	1.0
Leisure	-1.0	8.0	7.0	6.0	4.0	2.0
Base Demand Growth	-1.5 %	7.3 %	6.3 %	5.3 %	3.9 %	1.9 %

Latent Demand

A table presented earlier in this section illustrated the accommodated room night demand in the subject property's competitive market. Because this estimate is based on historical occupancy levels, it includes only those hotel rooms that were used by guests. Latent demand reflects potential room night demand that has not been realized by the existing competitive supply; this type of demand can be divided into unaccommodated demand and induced demand.

Unaccommodated Demand

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all 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 estimate of historical accommodated room night demand. If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is therefore necessary to quantify this demand.

Unaccommodated demand is further indicated if the market is at all seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70%, the market sells out many nights during the year.



The following table presents our estimate of unaccommodated demand in the subject market.

Figure 4-19 Unaccommodated Demand Estimate

Market Segment	Accommodated Room Night Demand	Unaccommodated Demand Percentage	Unaccommodated Room Night Demand
Commercial	36,585	9.2 %	3,384
Meeting and Group	4,730	7.6	361
Leisure	28,426	12.2	3,481
Total	69,740	10.4 %	7,226

The peak season for this market begins with the winter holidays and carries on through the early spring, with demand particularly strong on the weekends due to the presence of the Steamboat Ski Resort. A strong summer and fall season follows in June through the first part of October, corresponding with summer hiking, camping, and fly fishing seasons; special events such as the Routt County Fair; various hunting seasons; and the changing of the fall foliage. Our interviews with market participants found that the low season is growing shorter and that the market also sells out sporadically within other periods throughout the year. A portion of this demand, which is currently turned away, should return to the market concurrent with the supply increase. Accordingly, we have forecast 10.4% of the base-year demand to be classified as unaccommodated based upon an analysis of monthly and weekly peak demand and sell-out trends.

Induced Demand

Induced demand represents the additional room nights that are expected to be attracted to the market following the introduction of a new demand generator. Situations that can result in induced demand include the opening of a new manufacturing plant, the expansion of a convention center, or the addition of a new hotel with a distinct chain affiliation or unique facilities. Although increases in demand are expected in the local market, we have accounted for this growth in the determination of market segment growth rates rather than induced demand.

Accommodated Demand and Market-wide Occupancy

Based upon a review of the market dynamics in the subject property's competitive environment, we have forecast growth rates for each market segment. Using the calculated potential demand for the market, we have



determined market-wide accommodated demand based on the inherent limitations of demand fluctuations and other factors in the market area.

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.



Figure 4-20 Forecast of Market Occupancy

	2012	2013	2014	2015
Commercial				
Base Demand	40,665	42,698	44,406	45,294
Unaccommodated Demand	3,761	3,949	4,107	4,190
Total Demand	44,426	46,647	48,513	49,483
Growth Rate	6.0 %	5.0 %	4.0 %	2.0 %
Meeting and Group				
Base Demand	5,162	5,369	5,476	5,531
Unaccommodated Demand	393	409	417	422
Total Demand	5,556	5,778	5,894	5,953
Growth Rate	5.0 %	4.0 %	2.0 %	1.0 %
Leisure				
Base Demand	32,520	34,472	35,850	36,567
Unaccommodated Demand	3,983	4,222	4,391	4,478
Total Demand	36,503	38,693	40,241	41,046
Growth Rate	7.0 %	6.0 %	4.0 %	2.0 %
Totals				
Base Demand	78,347	82,538	85,732	87,392
Unaccommodated Demand	8,138	8,580	8,915	9,090
Total Demand	86,485	91,119	94,648	96,482
less: Residual Demand	5,177	4,117	4,277	0
Total Accommodated Demand	81,308	87,002	90,370	96,482
Overall Demand Growth	7.9 %	7.0 %	3.9 %	6.8 %
Existing Hotel Supply	355	355	355	355
Proposed Hotels				
Proposed Best Western Creek ¹	25	50	50	50
Proposed Holiday Inn Express ²				80
Available Rooms per Night	138,830	147,880	147,880	177,080
Nights per Year	365	365	365	365
Total Supply	380	405	405	485
Rooms Supply Growth	7.1 %	6.5 %	0.0 %	19.7 %
Marketwide Occupancy	58.6 %	58.8 %	61.1 %	54.5 %

¹ Opening in July 2012 of the 100% competitive, 50-room Proposed Best Western Creekview Hotel

² Opening in January 2015 of the 100% competitive, 80-room Proposed Holiday Inn Express



These room night projections for the market area will be used in forecasting the proposed subject property's occupancy and average rate in Chapter 6.



5. Description of the Proposed Project

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

Project Overview

The Proposed Best Western Creekview Hotel will be a limited-service lodging facility containing 50 rentable units. The four-story property will open on July 1, 2012. The town of Hayden currently has only one small motel that operates on a monthly rental basis and accommodates a limited amount of transient hotel demand, primarily during the various hunting seasons. Therefore, the proposed subject property would be the only true transient hotel in the market. Currently, travelers related to the demand generators of the Hayden area, such as the Peabody Coal Mine, the Yampa Valley Regional Airport, and the Xcel Energy plant, are diverted to hotels in the surrounding cities of Craig and Steamboat Springs. Furthermore, other potential demand generators, such as the Routt County Fairgrounds, are limited or unable to attract events due to the lack of lodging in the immediate vicinity. The proposed hotel is expected to be situated within the Creek View development, which is being billed as the region's newest commercial and residential hub. Furthermore, the subject site is located across from the town's post office and only grocery store.



Typical Best Western Exterior



Summary of the Facilities

Based on information provided by the proposed subject property’s development representatives, the following table summarizes the facilities that are expected to be available at the proposed subject property.

Figure 5-1 Proposed Facilities Summary

Guestroom Configuration	Number of Units
King	30
Double/Double	20
Total	50
Food & Beverage Facilities	Seating Capacity
Breakfast Dining Area	20
Amenities & Services	
Vending Areas	Exercise Room
Lobby Workstation	
Infrastructure	
Parking Spaces	40
Elevators	1 Guest
Life-Safety Systems	Sprinklers, Smoke Detectors
Construction Details	Wood Framing, Poured Concrete

**Site Improvements and Hotel Structure**

Once guests enter the site, ample parking will be available on the surface lot around the hotel building as well in the adjacent commercial development. Site improvements will include free-standing signage, which will be located on the north side of the site (additional signage will be placed on the exterior of the building). We assume that all signage will adequately identify the property and meet brand standards. Planned landscaping should allow for a positive guest impression and competitive exterior appearance. Sidewalks will be present along the front entrance and around the perimeter of the hotel. Other site improvements are expected to be limited due to the small parcel size. Overall, the planned site improvements for the property appear adequate.

The hotel is in an early planning stage, and only preliminary design work has been completed. It is expected that the hotel structure will comprise one four-story building, which will be constructed of timber. The exterior of the hotel will most likely be finished with stucco and will feature stone accents on the ground level. Two stairways and one elevator will provide internal vertical transportation within the main structure. The construction materials of the hotel's flat roof had not yet been determined. Heating and cooling will be provided by through-the-wall units in the guestrooms and public areas. Overall, the planned building components appear normal for a hotel of this type and should meet the standards for this market. We assume that all structural components will meet local building codes and that no significant defaults will occur during construction that may impact the future operating potential of the hotel or delay its assumed opening date.

Public Areas

Construction details of the interior of the hotel were not provided for our review. Guests are expected to enter the hotel through a set of automatic doors. The lobby should be modest in size, appropriate for a limited-service property. The front desk should be large enough to allow for ease of guest check-in and services and be installed with appropriate property management and telephone systems. The furnishings and finishes of this space should offer an appropriate first impression, and the design of the space should lend itself to adequate efficiency. We assume that all property management and guestroom technology will be appropriately installed for the effective management of hotel operations.



Typical Best Western Lobby



The hotel's breakfast dining area is anticipated to be located in the lobby. Its size and layout should be appropriate for the hotel. The furnishings of the space are expected to be of a similar style and finish as lobby and guestroom furnishings.

The hotel is not expected to offer any meeting space.

The hotel will potentially offer an exercise room as its recreational facility; due to the site size, the property is not expected to feature a pool or whirlpool.

Other amenities may include a lobby workstation and vending areas with ice machines on each hotel floor. Overall, the supporting facilities should be appropriate for a hotel of this type, and we assume that they will meet brand standards.

Guestrooms

The hotel is expected to feature a standard room configuration, and guestrooms should be present on all levels of the proposed single building. The guestrooms should offer typical amenities for this product type. In addition to the standard furnishings, guestrooms should feature an iron and ironing board, a coffeemaker, and wireless, high-speed Internet access. Overall, the guestrooms should offer a competitive product for this region.



Guestroom bathrooms are expected to be of a standard size, with a shower-in-tub, commode, and single sink with vanity area. Bathrooms are anticipated to feature a hairdryer and complimentary toiletries. Overall, the bathroom design should be appropriate for a product of this type.

Typical Best Western Guestroom



The interior guestroom corridors should be wide and functional, permitting the easy passage of housekeeping carts. Corridor carpet, wall vinyl, signage, and lighting should be in keeping with the overall look and design of the rest of the property.

Back-of-the-House

The hotel is expected to be served by the necessary back-of-the-house space, including an in-house laundry facility, administrative offices, and a prep kitchen to service the needs of the breakfast dining area. These spaces should be adequate for a hotel of this type and should allow for the efficient operation of the property under competent management.

ADA and Environmental

We assume that the property will be built according to all pertinent codes and brand standards. Moreover, we assume its construction will not create any environmental hazards (such as mold) and that the property will fully comply with the Americans with Disabilities Act.

**Capital Expenditures**

Our analysis assumes that the hotel will require ongoing upgrades and periodic renovations after its opening in order to maintain its competitive level in this market. These costs should be adequately funded by the forecasted reserve for replacement, as long as a successful, ongoing preventive-maintenance program is employed by hotel staff.

Conclusion

Overall, the subject property should offer a well-designed, functional layout of support areas and guestrooms. All typical and market-appropriate features and amenities appear to be included in the hotel's design. However, as noted previously, a pool is not included due to site limitations. We assume that the building will be fully open and operational on the assumed opening date and will meet all local building codes and brand standards. Furthermore, we assume that the hotel staff will be adequately trained to allow for a successful opening and that pre-marketing efforts will have introduced the product to major local accounts at least six months in advance of the opening date.



6. Projection of Occupancy and Average Rate

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance and market value. Most of a lodging facility's other revenue sources (such as food, beverages, and telephone income) are driven by the number of guests, and many expense levels also vary with occupancy. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a typical, professional hotel management team to achieve an optimal mix of occupancy and average rate.

Penetration Rate Analysis

The subject property's forecasted market share and occupancy levels are based upon its anticipated competitive position within the market, as quantified by its penetration rate. The penetration rate is the ratio of a property's market share to its fair share. A complete discussion of the concept of penetration is presented in the addenda.

Historical Penetration Rates by Market Segment

In the following table, the penetration rates attained by the primary competitors and the aggregate secondary competitors are set forth for each segment for the base year.



Figure 6-1 Historical Penetration Rates

Property	Commercial	Meeting and Group	Leisure	Overall
Comfort Inn Steamboat Springs	86 %	84 %	153 %	113 %
La Quinta Inn Steamboat Springs	59	0	177	103
Best Western Deer Park Inn & Suites Craig	105	135	67	92
Americas Best Value Inn Craig	79	61	92	83
Secondary Competition	122	133	77	104

The secondary competition achieved the highest penetration rate within the commercial segment. The highest penetration rate in the meeting and group segment was achieved by the Best Western Deer Park Inn & Suites Craig, while the La Quinta Inn Steamboat Springs led the market with the highest leisure penetration rate.

Forecast of Subject Property’s Occupancy

Because the supply and demand balance for the competitive market is dynamic, there is a circular relationship between the penetration factors of each hotel in the market. The performance of individual new hotels has a direct effect upon the aggregate performance of the market, and consequently upon the calculated penetration factor for each hotel in each market segment. The same is true when the performance of existing hotels changes, either positively (following a refurbishment, for example) or negatively (when a poorly maintained or marketed hotel loses market share).

A hotel’s penetration factor is calculated as its achieved market share of demand divided by its fair share of demand. Thus, if one hotel’s penetration performance increases, thereby increasing its achieved market share, this leaves less demand available in the market for the other hotels to capture and the penetration performance of one or more of those other hotels consequently declines (other things remaining equal). This type of market share adjustment takes place every time there is a change in supply, or a change in the relative penetration performance of one or more hotels in the competitive market.

Our projections of penetration, demand capture and occupancy performance for the subject property account for these types of adjustments to market



share within the defined competitive market. Consequently, the actual penetration factors applicable to the subject property and its competitors for each market segment in each projection year may vary somewhat from the penetration factors delineated in the previous tables.

The following tables set forth, by market segment, the projected adjusted penetration rates for the subject property and each hotel in the competitive set.

Figure 6-2 Commercial Segment Adjusted Penetration Rates

Hotel	2009	2010	2011	2012	2013	2014	2015
Comfort Inn Steamboat Springs	86 %	83 %	81 %	81 %	81 %	81 %	80 %
La Quinta Inn Steamboat Springs	59	57	56	55	55	55	54
Best Western Deer Park Inn & Suites Craig	105	101	99	98	98	98	97
Americas Best Value Inn Craig	79	76	75	75	74	74	73
Secondary Competition	122	120	122	122	122	121	120
Proposed Best Western Creekview Hotel	—	—	—	103	105	107	106
Proposed Holiday Inn Express	—	—	—	—	—	—	106

Within the commercial segment, the proposed subject hotel's penetration is positioned at an above-market-average level by the stabilized period due to its location in Hayden, its expected ability to capture demand from the local commercial-demand generators such as Xcel Energy, and its proximity to the Yampa Valley Airport. The proposed subject property's brand affiliation and price structure should also allow it to compete for commercial demand from the surrounding communities as well.


Figure 6-3 Meeting and Group Segment Adjusted Penetration Rates

Hotel	2009	2010	2011	2012	2013	2014	2015
Comfort Inn Steamboat Springs	84 %	80 %	80 %	82 %	84 %	84 %	86 %
La Quinta Inn Steamboat Springs	0	0	0	0	0	0	0
Best Western Deer Park Inn & Suites Craig	135	130	130	133	136	136	139
Americas Best Value Inn Craig	61	59	59	61	62	62	63
Secondary Competition	133	130	130	133	136	136	139
Proposed Best Western Creekview Hotel	—	—	—	59	63	65	67
Proposed Holiday Inn Express	—	—	—	—	—	—	88

The proposed property is not expected to fully penetrate the meeting and group segment due to its smaller room count and lack of meeting space. However, it is expected to be an option for SMERFE groups such as youth sports teams traveling in the area, due to their lack of required meeting space and the hotel's expected favorable rate structure. Additional SMERFE-related groups that frequent the area for its many historical and environmental attributes may also utilize the hotel given its central location. Lastly, groups traveling to the area for special events at the Routt County Fairgrounds would likely utilize the proposed subject due to its proximity to this facility.

Figure 6-4 Leisure Segment Adjusted Penetration Rates

Hotel	2009	2010	2011	2012	2013	2014	2015
Comfort Inn Steamboat Springs	153 %	154 %	153 %	155 %	156 %	156 %	154 %
La Quinta Inn Steamboat Springs	177	179	177	180	181	181	179
Best Western Deer Park Inn & Suites Craig	67	68	67	68	69	69	68
Americas Best Value Inn Craig	92	93	92	93	94	94	93
Secondary Competition	77	81	82	83	84	84	83
Proposed Best Western Creekview Hotel	—	—	—	81	84	87	86
Proposed Holiday Inn Express	—	—	—	—	—	—	106

The proposed subject property's leisure penetration rate is positioned appropriately within the range of existing competitors, supported by the hotel's proposed location between Craig and Steamboat Springs and near the



region's airport. As the proposed subject property's location is favorable to weekend uses, we would expect the hotel to experience high levels of weekend demand, with weekend transient-leisure supplemented by strong weekend group. Therefore, the proposed subject property is expected to realize a leisure penetration level above its fair share by the stabilized year.

These positioned segment penetration rates result in the following market segmentation forecast.

Figure 6-5 Market Segmentation Forecast – Subject Property

	2012	2013	2014	2015
Commercial	59 %	58 %	58 %	57 %
Meeting and Group	4	4	4	4
Leisure	37	38	38	38
Total	100 %	100 %	100 %	100 %

The subject property's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.


Figure 6-6 Forecast of Subject Property's Occupancy

Market Segment	2012	2013	2014	2015
Commercial				
Demand	42,030	44,752	46,542	49,483
Market Share	6.8 %	12.9 %	13.2 %	10.9 %
Capture	2,861	5,784	6,155	5,401
Penetration	103 %	105 %	107 %	106 %
Meeting and Group				
Demand	5,304	5,582	5,693	5,953
Market Share	3.9 %	7.7 %	8.1 %	6.9 %
Capture	207	431	459	411
Penetration	59 %	63 %	65 %	67 %
Leisure				
Demand	33,974	36,668	38,135	41,046
Market Share	5.3 %	10.4 %	10.7 %	8.8 %
Capture	1,816	3,795	4,076	3,622
Penetration	81 %	84 %	87 %	86 %
Total Room Nights Captured	4,884	10,010	10,691	9,434
Available Room Nights	9,150	18,250	18,250	18,250
Subject Occupancy	53 %	55 %	59 %	52 %
Marketwide Available Room Nights	138,830	147,880	147,880	177,080
Fair Share	7 %	12 %	12 %	10 %
Marketwide Occupied Room Nights	81,308	87,002	90,370	96,482
Market Share	6 %	12 %	12 %	10 %
Marketwide Occupancy	59 %	59 %	61 %	54 %
Total Penetration	91 %	93 %	96 %	95 %

Based on our analysis of the proposed subject property and market area, we have selected a stabilized occupancy level of 55%. The stabilized occupancy is intended to reflect the anticipated results of the property over its remaining economic life, given any and all changes in the life cycle of the hotel. Thus, the stabilized occupancy excludes from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusually high or low occupancies. Although the subject property may operate at occupancies above this stabilized level,



we believe it equally possible for new competition and temporary economic downturns to force the occupancy below this selected point of stability.

These projections reflect years beginning July 1, 2012, corresponding to the first projection year for the subject property's forecast of income and expense.

Figure 6-7 Forecast of Occupancy

Year	Subject Property's Occupancy
2012/13	54 %
2013/14	57
2014/15	55

Average Rate Analysis

One of the most important considerations in estimating the value of a lodging facility is a supportable forecast of its attainable average rate, which is more formally defined as the average rate per occupied room. Average rate can be calculated by dividing the total rooms revenue achieved during a specified period by the number of rooms sold during the same period. The projected average rate and the anticipated occupancy percentage are used to forecast rooms revenue, which in turn provides the basis for estimating most other income and expense categories.

Competitive Position

Although the average rate analysis presented here follows the occupancy projection, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding average rate. This relationship is best illustrated by revenue per available room (RevPAR), which reflects a property's ability to maximize rooms revenue. The following table summarizes the historical average rate and the RevPAR of the subject property's future primary competitors.


Figure 6-8 Base Year Average Rate and RevPAR of the Competitors

Property	Estimated 2009 Average Room Rate	Average Room Rate Penetration	Rooms Revenue Per Available Room (RevPAR)	RevPAR Penetration
Comfort Inn Steamboat Springs	\$90.00	102.9 %	\$61.20	116.7 %
La Quinta Inn Steamboat Springs	83.00	94.9	51.46	98.1
Best Western Deer Park Inn & Suites Craig	83.00	94.9	45.65	87.0
Americas Best Value Inn Craig	64.00	73.2	32.00	61.0
Average - Primary Competitors	\$80.09	91.6 %	\$46.58	88.8 %
Average - Secondary Competitors	96.87	110.8	60.62	115.6
Overall Average	\$87.42		\$52.46	

The defined primarily competitive market realized an overall average rate of \$80.09 in the 2009 base year, declining from the 2008 level of \$85.72. The Hampton Inn & Suites in Steamboat Springs achieved the highest estimated average rate in the local competitive market, by a measurable margin, because of its newer construction and proximity to the ski resort. Hotels within the Craig submarket typically command lower rates than Steamboat Springs properties because they are unable to command such a high rate premium during the peak winter season. However, since these hotels have more favorable rate structures, they are less seasonal in nature and are able to capture non-ski demand more easily. The selected rate position for the proposed subject property, in base-year dollars, takes into consideration factors such as its Hayden location, which, similar to Craig, will be discounted compared to the properties in Steamboat Springs, as well as the proposed subject property's limited amenities. We have selected the rate position of \$75.00, in base-year dollars, for the proposed subject.

As illustrated previously, the average rate for the primarily competitive market averaged \$85.72 in 2008, before reaching \$80.09 in 2009. As corporate budgets have tightened and consumer spending has declined, average rates for hotels in this market have weakened. Based upon our research and analysis, we expect rates to continue to decline in the near term given the current state of the U.S. economy. However, we anticipate modest growth to return as the economy recovers and room-night demand in the market increases. The addition of new supply is expected to moderate overall rate growth in the market.



Based on these considerations, the following table illustrates the projected average rate and the growth rates assumed. As a context for the average rate growth factors, note that we have applied a base underlying inflation rate of 3.0% annually throughout our projection period.

Figure 6-9 Market and Subject Property Average Rate Forecast

Year	Areawide (Calendar Year)			Subject Property (Calendar Year)			
	Occupancy	Average Rate Growth	Average Rate	Occupancy	Average Rate Growth	Average Rate	Average Rate Penetration
Base Year	60.0 %	—	\$87.42	—	—	\$75.00	85.8 %
2010	54.2	-6.0 %	82.18	—	-6.0 %	70.50	85.8
2011	58.1	1.0	83.00	—	1.0	71.21	85.8
2012	58.6	4.0	86.32	53.0 %	5.0	74.77	86.6
2013	58.8	5.0	90.64	55.0	5.0	78.50	86.6
2014	61.1	4.0	94.26	59.0	4.0	81.64	86.6
2015	54.5	3.0	97.09	52.0	3.0	84.09	86.6

As illustrated above, a -6.0% rate of change is expected for the subject property's positioned 2009 room rate in 2010. This is followed by growth rates of 1.0% and 5.0% in 2011 and 2012, respectively. The Steamboat Springs/Hayden/Craig market should enjoy positive rate growth through the projection period after an initial decline in 2010. The proposed subject property's rate position should reflect growth slightly superior to market trends because of its new facility and its position as both the first hotel in Hayden and the closest hotel to the region's airport. However, because of its proposed limited amenities, its above-market growth will be minimal. The proposed subject property's penetration rate is forecast to reach 86.6% by the stabilized period.

As the North American market bottoms out in 2010, occupancy is expected to rise, while average rate is expected to decline as negotiated accounts continue to put pressure on hotel operators, thus resulting in an overall moderate decline in RevPAR for the year. On January 26, 2010, Smith Travel Research (STR) released a forecasted RevPAR decline of 3.2% for 2010 and a 4.2% increase for 2011. STR expects occupancy in 2010 to remain flat at 55.1% and average rate to decline by 3.2%. As of January 25, 2010, PricewaterhouseCoopers was projecting a RevPAR decline of 1.5% for 2010. PricewaterhouseCoopers expects demand and occupancy to rise by 2.4% and



0.6%, respectively, in 2010; conversely, average rate is forecast to decline by 2.1%.

The following average rates will be used to project the subject property's rooms revenue; this forecast reflects years which begin July 1, 2012 and correspond with our financial projections.

Figure 6-10 Forecast of Average Rate

Year	Occupancy	Average Rate
2012/13	54 %	\$76.62
2013/14	57	80.06
2014/15	55	82.86



7. Projection of Income and Expense

In this chapter of our report, we have compiled a forecast of income and expense for the proposed subject property. This forecast is based on the facilities program set forth previously, as well as the occupancy and average rate forecast discussed previously.

The forecast of income and expense is expressed in current dollars for each year. The stabilized year is intended to reflect the anticipated operating results of the property over its remaining economic life, given any or all applicable stages of build-up, plateau, and decline in the life cycle of the hotel. Thus, income and expense estimates from the stabilized year forward exclude from consideration any abnormal relationship between supply and demand, as well as any nonrecurring conditions that may result in unusual revenues or expenses. The ten-year period reflects the typical holding period of large real estate assets such as hotels. In addition, the ten-year time frame provides for the stabilization of income streams and comparison of yields with alternate types of real estate. The forecasted income streams reflect the future benefits of owning specific rights in income-producing real estate.

Comparable Operating Statements

In order to project future income and expense for the proposed subject property, we have included a sample of individual comparable operating statements from our database of hotel statistics. All financial data is presented according to the three most common measures of industry performance: ratio to sales (RTS), amounts per available room (PAR), and amounts per occupied room night (POR). These historical income and expense statements will be used as benchmarks in our forthcoming forecast of income and expense.

**Figure 7-1 Comparable Operating Statements: Ratio to Sales**

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2007/08	2007	2007	2007	2007	2009
Number of Rooms:	50 to 70	30 to 40	30 to 50	30 to 50	30 to 50	50
Days Open:	366	365	365	365	365	365
Occupancy:	58%	42%	71%	58%	73%	55%
Average Rate:	\$93	\$96	\$75	\$76	\$75	\$76
RevPAR:	\$54	\$41	\$53	\$44	\$55	\$42
REVENUE						
Rooms	93.8 %	100.0 %	54.5 %	98.7 %	99.5 %	98.2 %
Food & Beverage	0.0	0.0	43.4	0.0	0.0	0.0
Telephone	0.1	0.0	0.0	0.0	0.0	0.1
Other Income	6.1	0.0	2.1	1.3	0.5	1.7
Total	100.0	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*						
Rooms	28.4	20.7	34.4	35.4	25.8	27.0
Food & Beverage	0.0	0.0	37.5	0.0	0.0	0.0
Telephone	900.0	0.0	0.0	0.0	0.0	500.0
Other Expenses	6.7	0.0	6.5	0.0	0.0	20.0
Total	27.8	20.7	35.1	36.4	26.6	27.5
DEPARTMENTAL INCOME						
	72.2	79.3	64.9	63.6	73.4	72.5
OPERATING EXPENSES						
Administrative & General	20.2	11.3	18.0	6.7	3.6	10.9
Marketing	4.9	2.4	1.6	0.9	0.9	2.0
Franchise Fee	3.6	8.7	3.1	3.4	4.7	2.9
Property Operations & Maintenance	3.6	6.4	8.5	5.3	4.6	4.4
Utilities	4.8	8.5	5.9	5.4	5.4	5.8
Total	37.1	37.4	37.1	21.7	19.2	26.0
HOUSE PROFIT						
	35.1	41.9	27.8	41.9	54.2	46.5
Management Fee	0.0	0.0	0.0	0.0	0.0	3.0
INCOME BEFORE FIXED CHARGES						
	35.2	41.9	27.7	41.9	54.3	43.5

* Departmental expense ratios are expressed as a percentage of departmental revenues


Figure 7-2 Comparable Operating Statements: Amounts Per Available Room

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2007/08	2007	2007	2007	2007	2009
Number of Rooms:	50 to 70	30 to 40	30 to 50	30 to 50	30 to 50	50
Days Open:	366	365	365	365	365	365
Occupancy:	58%	42%	71%	58%	73%	55%
Average Rate:	\$93	\$96	\$75	\$76	\$75	\$76
RevPAR:	\$54	\$41	\$53	\$44	\$55	\$42
REVENUE						
Rooms	\$19,810	\$14,794	\$19,512	\$16,024	\$20,125	\$15,222
Food & Beverage	0	0	15,537	0	0	0
Telephone	17	0	0	0	0	21
Other Income	1,293	0	756	214	100	265
Total	21,121	14,794	35,805	16,238	20,225	15,508
DEPARTMENTAL EXPENSES						
Rooms	5,621	3,059	6,707	5,667	5,200	4,110
Food & Beverage	0	0	5,829	0	0	0
Telephone	155	0	0	238	175	106
Other Expenses	86	0	49	0	0	53
Total	5,862	3,059	12,585	5,905	5,375	4,269
DEPARTMENTAL INCOME	15,259	11,735	23,220	10,333	14,850	11,239
OPERATING EXPENSES						
Administrative & General	4,259	1,676	6,439	1,095	725	1,690
Marketing	1,034	353	585	143	175	317
Franchise Fee	759	1,294	1,122	548	950	443
Property Operations & Maintenance	759	941	3,049	857	925	686
Utilities	1,017	1,265	2,098	881	1,100	898
Total	7,828	5,529	13,293	3,524	3,875	4,034
HOUSE PROFIT	7,431	6,206	9,927	6,809	10,975	7,206
Management Fee	0	0	0	0	0	465
INCOME BEFORE FIXED CHARGES	7,431	6,206	9,927	6,810	10,975	6,740


Figure 7-3 Comparable Operating Statements: Amounts Per Occupied Room

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5	Subject
						Stabilized \$
Year:	2007/08	2007	2007	2007	2007	2009
Number of Rooms:	50 to 70	30 to 40	30 to 50	30 to 50	30 to 50	50
Days Open:	366	365	365	365	365	365
Occupancy:	58%	42%	71%	58%	73%	55%
Average Rate:	\$93	\$96	\$75	\$76	\$75	\$76
RevPAR:	\$54	\$41	\$53	\$44	\$55	\$42
REVENUE						
Rooms	\$92.74	\$95.59	\$75.19	\$75.70	\$75.23	\$75.83
Food & Beverage	0.00	0.00	59.87	0.00	0.00	0.00
Telephone	0.08	0.00	0.00	0.00	0.00	0.11
Other Income	6.05	0.00	2.91	1.01	0.37	1.32
Total	98.87	95.59	137.97	76.72	75.61	77.25
DEPARTMENTAL EXPENSES						
Rooms	26.31	19.76	25.85	26.77	19.44	20.47
Food & Beverage	0.00	0.00	22.46	0.00	0.00	0.00
Telephone	0.73	0.00	0.00	1.12	0.65	0.53
Other Expenses	0.40	0.00	0.19	0.00	0.00	0.26
Total	27.44	19.76	48.50	27.90	20.09	21.27
DEPARTMENTAL INCOME	71.43	75.83	89.47	48.82	55.51	55.99
OPERATING EXPENSES						
Administrative & General	19.94	10.83	24.81	5.17	2.71	8.42
Marketing	4.84	2.28	2.26	0.67	0.65	1.58
Franchise Fee	3.55	8.36	4.32	2.59	3.55	2.21
Property Operations & Maintenance	3.55	6.08	11.75	4.05	3.46	3.42
Utilities	4.76	8.17	8.08	4.16	4.11	4.47
Total	36.64	35.73	51.22	16.65	14.49	20.09
HOUSE PROFIT	34.79	40.10	38.25	32.17	41.03	35.89
Management Fee	0.00	0.00	0.00	0.00	0.00	2.32
INCOME BEFORE FIXED CHARGES	34.79	40.10	38.25	32.17	41.03	33.58

The comparables' departmental income ranged from 63.6% to 79.3% of total revenue. The comparable properties achieved a house profit ranging from 27.8% to 54.2% of total revenue. We will refer to the comparable operating data in our discussion of each line item, which follows later in this section of the report.

**Premise of Forecast**

The negative trends of the present economic situation are expected to stabilize and reverse to positive indicators during 2010. Operators and investors in the market expect a resumption of growth in late 2010, with an acceleration of growth thereafter as the economy and lodging market gain traction toward a recovery; this outlook is reflected in our forecasts. Operators typically respond with stronger expense controls during periods when revenues decline. Hotel operations, on a national basis, are expected to reflect flat or declining revenues in 2010, but with commensurate adjustments in expenses to minimize the impact on profitability. The expectations are for stronger growth in the following years, with some expense-control strategies having a positive longer-term impact on overall net operating income.

Fixed and Variable Component Analysis

HVS uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

The following table illustrates the revenue and expense categories that can be projected using this fixed and variable component model. These percentages show the portion of each category that is typically fixed and variable; the middle column describes the basis for calculating the percentage of variability, while the last column sets forth the fixed percentage that has been utilized in this valuation.


Figure 7-4 Range of Fixed and Variable Ratios

Category	Percent Fixed	Percent Variable	Index of Variability	Selected Fixed Ratio
Revenues				
Telephone	10 - 40	60 - 90	Occupancy	10
Other Income	30 - 70	30 - 70	Occupancy	10
Departmental Expenses				
Rooms	50 - 70	30 - 50	Occupancy	60
Telephone	40 - 60	40 - 60	Telephone Revenue	60
Other Expenses	30 - 70	30 - 70	Other Income	70
Undistributed Operating Expenses				
Administrative & General	65 - 85	15 - 35	Total Revenue	75
Marketing	65 - 85	15 - 35	Total Revenue	75
Prop. Operations & Maint.	55 - 75	25 - 45	Total Revenue	75
Utilities	75 - 95	5 - 25	Total Revenue	75
Management Fee	0	100	Total Revenue	0
Fixed Expenses				
Property Taxes	100	0	Total Revenue	100
Insurance	100	0	Total Revenue	100
Reserve for Replacement	0	100	Total Revenue	0

Our fixed and variable projection model is based upon variables that we input for each revenue and expense item for a “base year,” which in this case is the year 2009. The base-year forecast sets forth the ratios to revenue, amounts per available room, or amounts per occupied room that we believe can be achieved at the stated base-year average rate and occupancy. Our input variables are derived from the comparable hotel statements. The model then calculates a base-year forecast of income and expense in these base-year dollars.

The actual forecast is derived by adjusting each year’s revenue and expense by the amount fixed (the fixed expense multiplied by the inflated base-year amount) plus the variable amount (the variable expense multiplied by the inflated base-year amount) multiplied by the ratio of the projection year’s occupancy to the base-year occupancy (in the case of departmental revenue and expense) or the ratio of the projection year’s revenue to the base year’s revenue (in the case of undistributed operating expenses). Fixed expenses remain fixed, increasing only with inflation. Our discussion of the revenue and expense forecast in this report is based upon the output derived from the



fixed and variable model. This forecast of revenue and expense is accomplished through a step-by-step approach, following the format of the *Uniform System of Accounts for the Lodging Industry*. Each category of revenue and expense is estimated separately and combined at the end in the final statement of income and expense.

Inflation Assumption

A general rate of inflation must be established that will be applied to most revenue and expense categories. The following table shows inflation estimates made by economists at some noted institutions and corporations.

**Figure 7-5 Inflation Estimates**

Name	Firm	Previous Projections For Dec. '09 in July '09 Report	Projected Increase in Consumer Price Index (Annualized Rate Versus 12 Months Earlier)	
			June 2010	December 2010
Scott Anderson	Wells Fargo & Co.	0.4 %	— %	— %
Paul Ashworth	Capital Economics	1.0	2.5	1.0
Nariman Behraves	IHS Global Insight	1.9	1.6	1.2
Richard Berner/David Greenlaw	Morgan Stanley	1.5	2.8	2.2
Ram Bhagavatula	Combinatorics Capital	1.0	1.5	2.0
Jay Brinkmann	Mortgage Bankers Association	0.9	1.3	1.7
Michael Carey	Calyon Corporate and Investment Bank	—	2.2	1.6
Joseph Carson	AllianceBernstein	2.0	2.7	2.8
Mike Cosgrove	Econoclast	0.8	2.0	2.3
Lou Crandall	Wrightson ICAP	2.1	2.4	2.4
J. Dewey Daane	Vanderbilt University	1.0	2.2	2.5
Richard DeKaser	Woodley Park Research	1.7	2.0	1.5
Douglas Duncan	Fannie Mae	1.4	2.2	1.5
Brian Fabbri	BNP Paribas	2.2	2.3	1.7
Maria Fiorini Ramirez/Joshua Shapiro	MFR, Inc.	(0.7)	2.1	0.8
Stephen Gallagher	Societe Generale	2.6	1.4	1.4
Ethan S. Harris	Bank of America Securities-Merrill Lynch	—	2.1	2.0
Maury Harris	UBS	0.5	1.5	0.8
Jan Hatzius	Goldman Sachs & Co.	0.2	2.5	1.0
Tracy Herrick	The Private Bank	0.8	0.2	3.0
Stuart Hoffman	PNC Financial Services Group	1.8	2.7	2.2
Gene Huang	FedEx Corp.	1.0	3.1	2.8
William B. Hummer	Wayne Hummer Investments LLC	0.4	2.4	1.9
Dana Johnson	Comerica Bank	1.7	2.1	1.3
Kurt Karl	Swiss Re	0.2	2.0	1.8
Bruce Kasman	JP Morgan Chase & Co.	1.3	2.1	1.4
Paul Kasriel	The Northern Trust	1.8	2.7	2.6
Joseph A. LaVorgna	Deutsche Bank Securities Inc.	0.8	2.2	1.2
Edward Leamer/David Shulman	UCLA Anderson Forecast	0.4	2.1	1.4
Don Leavens/Tim Gil	NEMA Business Information Services	—	1.8	1.3
John Lonski	Moody's Investors Service	1.3	2.2	1.6
Dean Maki	Barclays Capital	2.7	1.9	1.8
David Malpass	Encima Global LLC	1.0	3.0	3.0
Drew Matus	Bank of America Securities-Merrill Lynch	2.5	—	—
Jim Meil	Eaton Corp.	1.6	2.7	2.5
Mark Nielson, Ph. D.	MacroEcon Global Advisors	3.2	4.6	5.6
Michael P. Niemira	International Council of Shopping Centers	2.7	3.3	3.0
Jim O'Sullivan	MF Global	—	1.7	0.9
Nicholas S. Perna	Perna Associates	1.3	2.5	2.1
Joel Prakken/ Chris Varvares	Macroeconomic Advisers	1.4	2.2	1.0
Arun Raha	Economic and Revenue Forecast Council	3.1	2.6	2.5
David Resler	Nomura Securities International Inc.	0.5	2.3	1.3
John Ryding/Conrad DeQuadros	RDQ Economics	2.5	2.5	3.0
Ian Shepherdson	High Frequency Economics	2.0	2.2	1.0
John Silvia	Wachovia Corp.	1.0	2.3	1.6
Allen Sinai	Decision Economics Inc.	2.1	2.5	2.7
James F. Smith	Western Carolina Univ. and Parsec Financial Mgmt.	1.0	1.0	0.5
Sean M. Snaith	University of Central Florida	—	1.4	2.1
Sung Won Sohn	California State University	1.1	1.7	2.0
Neal Soss	Credit Suisse	1.8	2.0	1.7
Stephen Stanley	Royal Bank of Scotland	2.3	2.7	2.7
Susan M. Sterne	Economic Analysis	2.8	2.4	1.5
Diane Swonk	Mesirow Financial	0.7	2.3	0.9
Bart van Ark	The Conference Board	0.1	2.6	2.5
Brian S. Wesbury/ Robert Stein	First Trust Advisors, L.P.	2.9	3.4	3.5
William T. Wilson	National Bank of Kuwait	—	1.6	2.0
David Wyss	Standard and Poor's	0.7	2.0	1.7
Lawrence Yun	National Association of Realtors	0.9	1.9	2.0
		1.4 %	2.2 %	1.9 %
Actual Inflation for the Period		(0.4) %		

Source: Wall Street Journal, January 2010



As the preceding table indicates, the financial analysts who were surveyed in late-2009 anticipated inflation rates ranging from 0.2% to 4.6% (on an annualized basis) for the six-month period ending June 2010; the average estimate was 2.2%. The same group forecast 1.4% inflation for the six-month period ending December 2009, and the actual inflation rate during this period was -0.4%.

As a further check on these inflation projections, we have reviewed historical increases in the Consumer Price Index (CPI-U). Because the value of real estate is predicated on cash flows over a relatively long period, inflation should be considered from a long-term perspective.

Figure 7-6 National Consumer Price Index (All Urban Consumers)

Year	National Consumer Price Index	Percent Change from Previous Year
2000	172.2	—
2001	177.1	2.8 %
2002	179.9	1.6
2003	184.0	2.3
2004	188.9	2.7
2005	195.3	3.4
2006	201.6	3.2
2007	207.3	2.8
2008	215.3	3.8
2009	214.5	-0.4
Average Annual Compounded Change,		
	2000 - 2009:	2.5 %
	2005 - 2009:	2.4

Source: Bureau of Labor Statistics

Between 2000 and 2009, the national CPI increased at an average annual compounded rate of 2.5%; from 2005 to 2009, the CPI rose by a modestly higher average annual compounded rate of 2.4%. In 2009, the CPI decreased by -0.4%, a decrease from the levels of 2.8% and 3.8% recorded in 2007 and 2008, respectively.

In consideration of the most recent trends, the projections set forth previously, and our assessment of probable property appreciation levels, we have applied an underlying inflation rate of 2.0% in 2012/13, 2.0% in 2013/14, and 3.0% in 2014/15 and thereafter. This stabilized inflation rate takes into



account normal, recurring inflation cycles. Inflation is likely to fluctuate above and below this level during the projection period. Any exceptions to the application of the assumed underlying inflation rate are discussed in our write-up of individual income and expense items.

Summary of Projections

Based on an analysis that will be detailed throughout this section, we have formulated a forecast of income and expense. The following table presents a detailed forecast through the fifth projection year, including amounts per available room and per occupied room. The second table illustrates our ten-year forecast of income and expense, presented with a lesser degree of detail. The forecasts pertain to years beginning July 1, 2012 and are expressed in inflated dollars for each year.

Figure 7-7 Detailed Forecast of Income and Expense

	2012/13 Begins July				2013/14				Stabilized				2015/16				2016/17			
Number of Rooms:	50				50				50				50				50			
Occupancy:	54%				57%				55%				55%				55%			
Average Rate:	\$76.62				\$80.06				\$82.86				\$85.34				\$87.90			
RevPAR:	\$41.37				\$45.63				\$45.57				\$46.94				\$48.35			
Days Open:	365				365				365				365				365			
Occupied Rooms:	9,855	%Gross	PAR	POR	10,403	%Gross	PAR	POR	10,038	%Gross	PAR	POR	10,038	%Gross	PAR	POR	10,038	%Gross	PAR	POR
REVENUE																				
Rooms	\$755	98.1 %	\$15,100	\$76.61	\$833	98.2 %	\$16,660	\$80.08	\$832	98.2 %	\$16,640	\$82.89	\$857	98.2 %	\$17,140	\$85.38	\$882	98.2 %	\$17,640	\$87.87
Telephone	1	0.1	21	0.11	1	0.1	23	0.11	1	0.1	23	0.12	1	0.1	24	0.12	1	0.1	25	0.12
Other Income	13	1.7	268	1.36	15	1.7	290	1.40	14	1.7	290	1.44	15	1.7	298	1.49	15	1.7	307	1.53
Total Revenues	769	100.0	15,390	78.08	849	100.0	16,974	81.58	848	100.0	16,953	84.45	873	100.0	17,462	86.98	899	100.0	17,972	89.52
DEPARTMENTAL EXPENSES *																				
Rooms	210	27.8	4,203	21.32	221	26.6	4,424	21.26	225	27.0	4,491	22.37	231	27.0	4,626	23.04	238	27.0	4,765	23.73
Telephone	5	505.0	108	0.55	6	490.5	114	0.55	6	500.0	116	0.58	6	500.0	119	0.59	6	500.0	123	0.61
Other Expenses	3	20.2	54	0.28	3	19.6	57	0.27	3	20.0	58	0.29	3	20.0	60	0.30	3	20.0	61	0.31
Total	218	28.4	4,365	22.15	230	27.1	4,594	22.08	233	27.5	4,665	23.24	240	27.5	4,805	23.93	247	27.5	4,949	24.65
DEPARTMENTAL INCOME	551	71.6	11,025	55.93	619	72.9	12,379	59.50	614	72.5	12,288	61.21	633	72.5	12,657	63.05	651	72.5	13,023	64.87
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	86	11.2	1,724	8.75	90	10.6	1,806	8.68	92	10.9	1,846	9.20	95	10.9	1,902	9.47	98	10.9	1,958	9.76
Marketing	16	2.1	323	1.64	17	2.0	339	1.63	17	2.0	346	1.72	18	2.0	357	1.78	18	2.0	367	1.83
Franchise Fee	23	3.0	457	2.32	24	2.8	470	2.26	24	2.9	484	2.41	25	2.9	499	2.49	26	2.9	514	2.56
Prop. Operations & Maint.	32	4.1	630	3.20	35	4.1	697	3.35	38	4.4	750	3.74	39	4.4	773	3.85	40	4.4	796	3.96
Utilities	46	6.0	916	4.65	48	5.7	960	4.61	49	5.8	981	4.89	51	5.8	1,010	5.03	52	5.8	1,040	5.18
Total	203	26.4	4,050	20.55	214	25.2	4,272	20.54	220	26.0	4,408	21.96	227	26.0	4,540	22.61	234	26.0	4,675	23.29
HOUSE PROFIT	349	45.2	6,974	35.38	405	47.7	8,107	38.97	394	46.5	7,880	39.25	406	46.5	8,117	40.44	417	46.5	8,348	41.58
Management Fee	23	3.0	462	2.34	25	3.0	509	2.45	25	3.0	509	2.53	26	3.0	524	2.61	27	3.0	539	2.69
INCOME BEFORE FIXED CHARGES	326	42.2	6,512	33.04	380	44.7	7,598	36.52	369	43.5	7,372	36.72	380	43.5	7,594	37.83	390	43.5	7,808	38.90
FIXED EXPENSES																				
Property Taxes	17	2.2	344	1.75	65	7.7	1,300	6.25	66	7.8	1,326	6.61	68	7.8	1,366	6.80	70	7.8	1,407	7.01
Insurance	8	1.1	163	0.83	8	1.0	168	0.81	9	1.0	173	0.86	9	1.0	178	0.89	9	1.0	184	0.91
Reserve for Replacement	15	2.0	308	1.56	25	3.0	509	2.45	34	4.0	678	3.38	35	4.0	698	3.48	36	4.0	719	3.58
Total	41	5.3	815	4.13	99	11.7	1,977	9.50	109	12.8	2,177	10.85	112	12.8	2,243	11.17	115	12.8	2,309	11.50
NET INCOME	\$285	36.9 %	\$5,697	\$28.91	\$281	33.0 %	\$5,620	\$27.01	\$260	30.7 %	\$5,194	\$25.87	\$268	30.7 %	\$5,351	\$26.65	\$275	30.7 %	\$5,499	\$27.39

*Departmental expenses are expressed as a percentage of departmental revenues.

Figure 7-8 Ten-Year Forecast of Income and Expense

	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		
Number of Rooms:	50		50		50		50		50		50		50		50		50		50		
Occupied Rooms:	9,855		10,403		10,038		10,038		10,038		10,038		10,038		10,038		10,038		10,038		
Occupancy:	54%		57%		55%		55%		55%		55%		55%		55%		55%		55%		
Average Rate:	\$76.62	% of	\$80.06	% of	\$82.86	% of	\$85.34	% of	\$87.90	% of	\$90.54	% of	\$93.26	% of	\$96.06	% of	\$98.94	% of	\$101.91	% of	
RevPAR:	\$41.37	Gross	\$45.63	Gross	\$45.57	Gross	\$46.94	Gross	\$48.35	Gross	\$49.80	Gross	\$51.29	Gross	\$52.83	Gross	\$54.42	Gross	\$56.05	Gross	
REVENUE																					
Rooms	\$755	98.1 %	\$833	98.2 %	\$832	98.2 %	\$857	98.2 %	\$882	98.2 %	\$909	98.2 %	\$936	98.2 %	\$964	98.2 %	\$993	98.2 %	\$1,023	98.2 %	
Telephone	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	1	0.1	
Other Income	13	1.7	15	1.7	14	1.7	15	1.7	15	1.7	16	1.7	16	1.7	17	1.7	17	1.7	18	1.7	
Total	769	100.0	849	100.0	848	100.0	873	100.0	899	100.0	926	100.0	954	100.0	982	100.0	1,012	100.0	1,042	100.0	
DEPARTMENTAL EXPENSES*																					
Rooms	210	27.8	221	26.6	225	27.0	231	27.0	238	27.0	245	27.0	253	27.0	260	27.0	268	27.0	276	27.0	
Telephone	5	505.0	6	490.5	6	500.0	6	500.0	6	500.0	6	500.0	7	500.0	7	500.0	7	500.0	7	500.0	
Other Expenses	3	20.2	3	19.6	3	20.0	3	20.0	3	20.0	3	20.0	3	20.0	3	20.0	3	20.0	4	20.0	
Total	218	28.4	230	27.1	233	27.5	240	27.5	247	27.5	255	27.5	263	27.5	270	27.5	279	27.5	287	27.5	
DEPARTMENTAL INCOME																					
	551	71.6	619	72.9	614	72.5	633	72.5	651	72.5	671	72.5	691	72.5	712	72.5	733	72.5	755	72.5	
UNDISTRIBUTED OPERATING EXPENSES																					
Administrative & General	86	11.2	90	10.6	92	10.9	95	10.9	98	10.9	101	10.9	104	10.9	107	10.9	110	10.9	114	10.9	
Marketing	16	2.1	17	2.0	17	2.0	18	2.0	18	2.0	19	2.0	19	2.0	20	2.0	21	2.0	21	2.0	
Franchise Fee	23	3.0	24	2.8	24	2.9	25	2.9	26	2.9	26	2.9	27	2.9	28	2.9	29	2.9	30	2.9	
Prop. Operations & Maint.	32	4.1	35	4.1	38	4.4	39	4.4	40	4.4	41	4.4	42	4.4	43	4.4	45	4.4	46	4.4	
Utilities	46	6.0	48	5.7	49	5.8	51	5.8	52	5.8	54	5.8	55	5.8	57	5.8	59	5.8	60	5.8	
Total	203	26.4	214	25.2	220	26.0	227	26.0	234	26.0	241	26.0	248	26.0	255	26.0	263	26.0	271	26.0	
HOUSE PROFIT																					
	349	45.2	405	47.7	394	46.5	406	46.5	417	46.5	430	46.5	443	46.5	456	46.5	470	46.5	484	46.5	
Management Fee	23	3.0	25	3.0	25	3.0	26	3.0	27	3.0	28	3.0	29	3.0	29	3.0	30	3.0	31	3.0	
INCOME BEFORE FIXED CHARGES																					
	326	42.2	380	44.7	369	43.5	380	43.5	390	43.5	403	43.5	414	43.5	427	43.5	440	43.5	453	43.5	
FIXED EXPENSES																					
Insurance	8	1.1	8	1.0	9	1.0	9	1.0	9	1.0	9	1.0	10	1.0	10	1.0	10	1.0	11	1.0	
Reserve for Replacement	15	2.0	25	3.0	34	4.0	35	4.0	36	4.0	37	4.0	38	4.0	39	4.0	40	4.0	42	4.0	
Total	41	5.3	99	11.7	109	12.8	112	12.8	115	12.8	119	12.8	123	12.8	126	12.8	130	12.8	134	12.8	
NET INCOME																					
	\$285	36.9 %	\$281	33.0 %	\$260	30.7 %	\$268	30.7 %	\$275	30.7 %	\$284	30.7 %	\$292	30.7 %	\$301	30.7 %	\$310	30.7 %	\$319	30.7 %	

*Departmental expenses are expressed as a percentage of departmental revenues.

**Forecast of Income and Expense**

The following description sets forth the basis for the forecast of income and expense. We anticipate that it will take three years for the subject property to reach a stabilized level of operation. Each revenue and expense item has been forecast based upon our review of the proposed subject property's operating budget and comparable income and expense statements. Our forecast is based upon fiscal years beginning July 1, 2012 and is expressed in inflated dollars for each year.

Rooms Revenue

Rooms revenue is determined by two variables: occupancy and average rate. We projected occupancy and average rate in a previous section of this report. The subject property is expected to stabilize at an occupancy level of 55% with an average rate of \$82.86 in 2014/15. Following the stabilized year, the subject property's average rate is projected to increase along with the underlying rate of inflation.

Telephone Revenue

Telephone revenue is generated by hotel guests who charge local and long-distance calls to their rooms, and by individuals who use the property's public telephones. According to the comparable operating statements, telephone revenue ranged from 0.1% to 0.1% of rooms revenue and \$0.08 to \$0.08 on a per-occupied-room basis. We forecast the proposed subject property's telephone revenue to stabilize at 0.1% of rooms revenue or \$0.12 per occupied room by the stabilized year, 2014/15.

Other Income

Other income is derived from sources other than guestrooms, food and beverage, and telephone services. Other income revenue for the comparables ranged 0.5% to 6.5% of rooms revenue or \$0.37 to \$6.05 on a per-occupied-room basis. Changes in this revenue item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy. We forecast the proposed subject property's other income to stabilize at \$1.44 per occupied room by the stabilized year, 2014/15. The proposed subject property's other income sources are expected to be generated primarily from the hotel's sundries counter, valet laundry services, in-room movie and game charges, and vending areas. Based on our review of operations with a similar extent of offerings, we have positioned an appropriate revenue level for the proposed subject property.

Rooms Expense

Rooms expense consists of items related to the sale and upkeep of guestrooms and public space. Salaries, wages, and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy and managers can generally scale the level of service staff on hand to meet an expected occupancy level, much of a hotel's payroll is fixed. A base



level of front desk personnel, housekeepers, and supervisors must be maintained at all times. As a result, salaries, wages, and employee benefits are only moderately sensitive to changes in occupancy.

Commissions and reservations are usually based on room sales, and thus are highly sensitive to changes in occupancy and average rate. While guest supplies vary 100% with occupancy, linens and other operating expenses are only slightly affected by volume.

The comparables illustrated rooms expense ranging between 20.7% and 35.4% of rooms revenue; on a per-occupied-room basis, the range was between \$19.44 and \$26.77. We have projected rooms expense for the subject at 27.8% in the first year (or \$21.32 per occupied room), stabilizing at 27.0% in 2014/15 (or \$22.37 per occupied room). The proposed subject property's rooms department expense has been positioned based upon our review of the comparable operating data and our understanding of the hotel's future service level and price point.

Telephone Expense

Telephone expense consists of all costs associated with this department. In the case of small hotels with automated systems, the operation of telephones may be an additional responsibility of front desk personnel; however, most large properties employ full-time operators. The bulk of the telephone expense consists of the cost of local and long-distance calls billed by the telephone companies that provide these services. With the decrease in telephone usage and revenues, the actual cost of calls has decreased. However, the labor costs associated with a dedicated switchboard staff remain in place, as the principal role of these individuals is to direct incoming calls, and respond to and/or direct calls from hotel guests. Consequently, in those hotels with a dedicated switchboard staff, the profitability of the telephone department has decreased, and in many instances these departments now operate at a loss. In properties where the calls are handled by the front desk staff, profit levels have decreased, but most continue to generate a modest profit margin.

The comparables illustrated telephone expense ranging between 900.0% and 900.0% of telephone revenue. We have projected a stabilized expense ratio of 500.0% in 2014/15.

Other Income Expense

Other income expense consists of costs associated with other income and is dependent on the nature of the revenue. For example, if a hotel leases its gift shop to an outside operator, the gift shop expenses are limited to items such



as rental fees and commissions. If the property operates its own gift shop, both revenues and expenses will be higher, and the hotel is responsible for the cost of goods sold, payroll, and so forth.

The comparables illustrated other income expense ranging between 6.5% and 6.7% of other income. We have projected a stabilized expense ratio of 20.0% in 2014/15. Expenses related to the proposed subject property's other income sources should be minimal and associated with the other revenue components discussed previously.

Administrative and General Expense

Administrative and general expense includes the salaries and wages of all administrative personnel who are not directly associated with a particular department. Expense items related to the management and operation of the property are also allocated to this category.

Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume.

On a percentage of total revenue basis, the comparable operations indicate an administrative and general expense range from 3.6% to 20.2%, or \$725 to \$6,439 per available room. Based upon our review of the comparable operating data and the expected scope of facility for the proposed subject property, we have positioned the administrative and general expense level at a market- and property-supported level. In the first projection year, we have projected administrative and general expense for the proposed subject property to be \$1,724 per available room, or 11.2% of total revenue. By the 2014/15 stabilized year, these amounts change to \$1,846 per available room and 10.9% of total revenue.

Marketing Expense

Marketing expense consists of all costs associated with advertising, sales, and promotion; these activities are intended to attract and retain customers. Marketing can be used to create an image, develop customer awareness, and stimulate patronage of a property's various facilities.

The marketing category is unique in that all expense items, with the exception of fees and commissions, are totally controlled by management. Most hotel operators establish an annual marketing budget that sets forth all planned



expenditures. If the budget is followed, total marketing expenses can be projected accurately.

Marketing expenditures are unusual because although there is a lag period before results are realized, the benefits are often extended over a long period. Depending on the type and scope of the advertising and promotion program implemented, the lag time can be as short as a few weeks or as long as several years. However, the favorable results of an effective marketing campaign tend to linger, and a property often enjoys the benefits of concentrated sales efforts for many months.

On a percentage of total revenue basis, the comparable operations indicate a marketing expense range from 0.9% to 4.9%, or \$143 to \$1,034 per available room. Based upon our review of the comparable operating data and the expected scope of facility for the proposed subject property, we have positioned the marketing expense level at a market- and property-supported level. In the first projection year, we have projected marketing expense for the proposed subject property to be \$323 per available room, or 2.1% of total revenue. By the 2014/15 stabilized year, these amounts change to \$346 per available room and 2.0% of total revenue.

Franchise Fee

As previously discussed we are recommending an affiliation with Best Western. Current franchise fees for Best Western include a annual royalty fee of \$47.76 per guestroom plus a advertising/marketing fee of \$1.12 per room per day. An additional reservation fee is included in our rooms expense.

Property Operations and Maintenance

Property operations and maintenance expense is another expense category that is largely controlled by management. Except for repairs that are necessary to keep the facility open and prevent damage (e.g., plumbing, heating, and electrical items), most maintenance can be deferred for varying lengths of time.

Maintenance is an accumulating expense. If management elects to postpone performing a required repair, they have not eliminated or saved the expenditure; they have only deferred payment until a later date. A lodging facility that operates with a lower-than-normal maintenance budget is likely to accumulate a considerable amount of deferred maintenance.

The age of a lodging facility has a strong influence on the required level of maintenance. A new or thoroughly renovated property is protected for



several years by modern equipment and manufacturers' warranties. However, as a hostelry grows older, maintenance expenses escalate. A well-organized preventive maintenance system often helps delay deterioration, but most facilities face higher property operations and maintenance costs each year, regardless of the occupancy trend. The quality of initial construction can also have a direct impact on future maintenance requirements. The use of high-quality building materials and construction methods generally reduces the need for maintenance expenditures over the long term.

On a percentage of total revenue basis, the comparable operations indicate a property operations and maintenance expense range from 3.6% to 8.5%, or \$759 to \$3,049 per available room. We expect the proposed subject property's maintenance operation to be well managed, and expense levels should stabilize at a typical level for a property of this type. Changes in this expense item through the projection period result from the application of the underlying inflation rate and projected changes in occupancy. In the first projection year, we have projected property operations and maintenance expense for the proposed subject property to be \$630 per available room, or 4.1% of total revenue. By the 2014/15 stabilized year, these amounts change to \$750 per available room and 4.4% of total revenue.

Utilities Expense

The utilities consumption of a lodging facility takes several forms, including water and space heating, air conditioning, lighting, cooking fuel, and other miscellaneous power requirements. The most common sources of hotel utilities are electricity, natural gas, fuel oil, and steam. This category also includes the cost of water service.

Total energy cost depends on the source and quantity of fuel used. Electricity tends to be the most expensive source, followed by oil and gas. Although all hotels consume a sizable amount of electricity, many properties supplement their utility requirements with less expensive sources, such as gas and oil, for heating and cooking.

On a percentage of total revenue basis, the comparable operations indicate a utilities expense range from 4.8% to 8.5%, or \$881 to \$2,098 per available room. The changes in this utilities line item through the projection period are a result of the application of the underlying inflation rate and projected changes in occupancy. In the first projection year, we have projected utilities expense for the proposed subject property to be \$916 per available room, or 6.0% of total revenue. By the 2014/15 stabilized year, these amounts change to \$981 per available room and 5.8% of total revenue.

**Management Fee**

Management expense consists of the fees paid to the managing agent contracted to operate the property. Some companies provide management services and a brand-name affiliation (first-tier management company), while others provide management services alone (second-tier management company). Some management contracts specify only a base fee (usually a percentage of total revenue), while others call for both a base fee and an incentive fee (usually a percentage of defined profit). Basic hotel management fees are almost always based on a percentage of total revenue, which means they have no fixed component. While base fees typically range from 2% to 4% of total revenue, incentive fees are deal specific and often are calculated as a percentage of income available after debt service and, in some cases, after a preferred return on equity. Total management fees for the subject property have been forecast at 3.0% of total revenue.

Property Taxes

Property (or ad valorem) tax is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments.

Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the local municipality.


Figure 8-9 County-Assessed Value of Comparable Hotels

Hotel	Number of Rooms	Total Assessment			
		Land	Improvements	Personal	Total
Comfort Inn Steamboat Springs	52	\$277,800	\$1,111,200	\$10,260	\$1,399,260
La Quinta Inn Steamboat Springs	29	113,140	757,150	18,850	889,140
Fairfield Inn & Suites Steamboat	66	122,510	1,569,000	122,510	1,814,020
<i>Assessments per Room</i>					
Comfort Inn Steamboat Springs		\$5,342	\$21,369	\$197	\$26,909
La Quinta Inn Steamboat Springs		3,901	26,109	650	30,660
Fairfield Inn & Suites Steamboat		1,856	23,773	1,856	27,485
Positioned Subject - Per Room	50	\$600	\$20,000	\$250	\$20,850
Positioned Subject - Total		\$30,000	\$1,000,000	\$12,500	\$1,042,500

Source: Routt County Assessor's Office

We have positioned the proposed subject property's future assessment levels based upon the illustrated comparable data. We have positioned the assessment closest to the Comfort Inn because of the similarity in product type. Our assessment for land value per key is lower than market data due to the hotel's location in Hayden, which has lower land values than Steamboat Springs. The properties in Craig were not comparable because they are located in a different county.

Tax rates are based on the city and county budgets, which change annually. The most recent tax rate in this jurisdiction was reported at 60.83200%. The following table shows changes in the tax rate during the last several years.

Figure 8-10 County Tax Rates

Year	Personal Property Tax Rate	Real Property Tax Rate
2007	65.53800	65.53800
2008	66.37000	66.37000
2009	60.83200	60.83200

Source: Routt County Assessor's Office



Based on comparable assessments and the tax rate information, the proposed subject property's projected property tax expense levels are calculated as follows.

Figure 8-11 Projected Property Tax Expense

Year	Assessed Value			Total	Pers. Prop. Tax Rate	Property Tax Rate	Tax Forecast
	Land	Improvements	Personal				
Positioned	\$30,000	\$1,000,000	\$12,500	\$1,042,500	60.83	60.83	\$63,417
2012/13	\$30,000	\$250,000	\$0	\$280,000	61.44	61.44	\$17,203
2013/14	30,000	1,000,000	12,500	1,042,500	62.36	62.36	65,012
2014/15	30,000	1,000,000	12,500	1,042,500	63.61	63.61	66,313

Insurance Expense

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage. Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy.

Based on comparable data and the structural attributes of the proposed project, we project the proposed subject property's insurance expense at \$173 per available room by the stabilized year (positioned at \$150 on a per-available-room basis in base-year dollars). This forecast equates to 1.0% of total revenue on a stabilized basis. In subsequent years, this amount is assumed to increase in tandem with inflation.

Reserve for Replacement

Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's class. This category includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use.



Periodic replacement of furniture, fixtures, and equipment is essential to maintain the quality, image, and income-producing potential of a lodging facility. Because capitalized expenditures are not included in the operating statement but nevertheless affect an owner's cash flow, a forecast of income and expense should reflect these expenses in the form of an appropriate reserve for replacement.

The International Society of Hospitality Consultants (ISHC) undertook a major industry-sponsored study of the capital expenditure requirements for full-service/luxury, select-service, and extended-stay hotels. The most recent findings of the study were published in a report in 2007⁶. Historical capital expenditures of well-maintained hotels were investigated through the compilation of data provided by most of the major hotel companies in the United States. A prospective analysis of future capital expenditure requirements was also performed based upon the cost to replace short- and long-lived building components over a hotel's economic life. The study showed that the capital expenditure requirements for hotels vary significantly from year, and depend upon both the actual and effective age of a property. The results of this study showed that hotel lenders and investors are requiring reserves for replacement ranging from 4% to 5% of total revenue.

Based on the results of this study, our review of the subject asset and comparable lodging facilities, and our industry expertise, we estimate that a reserve for replacement of 4% of total revenues is sufficient to provide for the timely and periodic replacement of the subject property's furniture, fixtures, and equipment. This amount is ramped up during the initial projection period.

Conclusion

In conclusion, our analysis reflects a profitable operation, with net income expected to total 30.7% of total revenue by the stabilized year. The stabilized total revenue comprises primarily rooms revenue, with a secondary portion derived from other income sources. On the cost side, departmental expenses total 27.5% of revenue by the stabilized year, while undistributed operating expenses total 26.0% of total revenues; this assumes that the property will be operated competently by a well-known hotel operator. After a 3.0% of total revenues management fee, and 12.8% of total revenues in fixed expenses, a net income ratio of 30.7% is forecast by the stabilized year.

⁶ The International Society of Hotel Consultants, *CapEx 2007, A Study of Capital Expenditure in the U.S. Hotel Industry*.





8. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a market study of the proposed subject property; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed to be marketable and free of any deed restrictions and easements. The property is evaluated as though free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would impact the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. The consultants are not qualified to detect hazardous substances, and we urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC



are assumed to be true and correct. We can assume no liability resulting from misinformation.

9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including a liquor license where appropriate), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.
11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and only when our standard per-diem fees and travel costs are paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's on-site management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The financial analysis presented in this report is based upon assumptions, estimates, and evaluations of the market conditions in the local and national economy, which may be subject to sharp rises and declines. Over the projection period considered in our analysis, wages and other operating expenses may increase or decrease due to market volatility and economic forces outside the control of the hotel's management. We assume that the price of hotel rooms, food, beverages, and other sources of revenue to the hotel will be adjusted



to offset any increases or decreases in related costs. We do not warrant that our estimates will be attained, but they have been developed on the basis of information obtained during the course of our market research and are intended to reflect the expectations of a typical hotel investor as of the stated date of the report.

18. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of value or the date of our field inspection, whichever occurs first.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.
20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of TS Worldwide, LLC as employees, rather than as individuals.



9. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented in this report are true and correct;
2. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
3. we have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved;
4. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
5. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
6. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined result or direction in performance that favors the cause of the client, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this study;
7. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
8. Brett E. Russell personally inspected the property described in this report; Tanya Pierson participated in the analysis and reviewed the findings, but did not personally inspect the property;
9. Tanya Pierson provided significant assistance to Brett E. Russell, and that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this report;



10. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;
11. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
12. as of the date of this report, Brett E. Russell has completed the requirements of the continuing education program of the Appraisal Institute.

A handwritten signature in black ink, appearing to read 'B. E. Russell', written over a horizontal line.

Brett E. Russell

A handwritten signature in black ink, appearing to read 'Tanya J. Pierson', written over a horizontal line.

Tanya J. Pierson

TS Worldwide, LLC



Proposed Holiday Inn Express & Alternate Scenarios

As previously detailed, the developer of the subject property is expected to develop a second hotel. This second hotel is to be located adjacent to the Yampa Valley Airport with an opening date in 2015. We have included the opening of this hotel in our forecasting of the proposed Best Western Creek View Inn. We have also forecasted the income and expense for this property. The following tables detail our projections for the proposed 80-Unit Holiday Inn Express.

80-Unit Holiday Inn Express - Detailed Forecast of Income and Expense

	2015 (Calendar Year)				2016				Stabilized				2018				2019			
Number of Rooms:	80				80				80				80				80			
Occupancy:	58%				60%				63%				63%				63%			
Average Rate:	\$105.16				\$108.31				\$111.56				\$114.91				\$118.36			
RevPAR:	\$60.99				\$64.99				\$70.28				\$72.39				\$74.56			
Days Open:	365				365				365				365				365			
Occupied Rooms:	16,936	%Gross	PAR	POR	17,520	%Gross	PAR	POR	18,396	%Gross	PAR	POR	18,396	%Gross	PAR	POR	18,396	%Gross	PAR	POR
REVENUE																				
Rooms	\$1,781	98.9 %	\$22,263	\$105.16	\$1,898	98.9 %	\$23,725	\$108.33	\$2,052	98.9 %	\$25,650	\$111.55	\$2,114	98.9 %	\$26,425	\$114.92	\$2,177	98.9 %	\$27,213	\$118.34
Telephone	5	0.3	63	0.30	5	0.3	66	0.30	6	0.3	71	0.31	6	0.3	74	0.32	6	0.3	76	0.33
Other Income	15	0.8	188	0.89	16	0.8	199	0.91	17	0.8	214	0.93	18	0.8	221	0.96	18	0.8	227	0.99
Total Revenues	1,801	100.0	22,513	106.34	1,919	100.0	23,990	109.55	2,075	100.0	25,936	112.79	2,138	100.0	26,719	116.20	2,201	100.0	27,516	119.66
DEPARTMENTAL EXPENSES *																				
Rooms	478	26.8	5,970	28.20	498	26.3	6,230	28.45	523	25.5	6,542	28.45	539	25.5	6,738	29.30	555	25.5	6,940	30.18
Telephone	10	209.2	131	0.62	11	205.4	136	0.62	11	200.0	143	0.62	12	200.0	147	0.64	12	200.0	152	0.66
Other Expenses	3	21.1	40	0.19	3	20.6	41	0.19	3	20.0	43	0.19	4	20.0	44	0.19	4	20.0	45	0.20
Total	491	27.3	6,141	29.01	513	26.7	6,407	29.26	538	25.9	6,727	29.26	554	25.9	6,929	30.13	571	25.9	7,137	31.04
DEPARTMENTAL INCOME	1,310	72.7	16,372	77.34	1,407	73.3	17,583	80.29	1,537	74.1	19,208	83.53	1,583	74.1	19,790	86.06	1,630	74.1	20,379	88.62
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	138	7.6	1,722	8.13	143	7.5	1,788	8.16	149	7.2	1,863	8.10	154	7.2	1,919	8.35	158	7.2	1,977	8.60
Marketing	37	2.0	459	2.17	38	2.0	477	2.18	40	1.9	497	2.16	41	1.9	512	2.23	42	1.9	527	2.29
Franchise Fee	169	9.4	2,115	9.99	180	9.4	2,254	10.29	195	9.4	2,437	10.60	201	9.4	2,510	10.92	207	9.4	2,585	11.24
Prop. Operations & Maint.	50	2.8	620	2.93	54	2.8	679	3.10	60	2.9	745	3.24	61	2.9	768	3.34	63	2.9	791	3.44
Utilities	62	3.4	775	3.66	64	3.4	804	3.67	67	3.2	839	3.65	69	3.2	864	3.76	71	3.2	890	3.87
Total	455	25.2	5,690	26.88	480	25.1	6,002	27.41	510	24.6	6,381	27.75	526	24.6	6,573	28.58	542	24.6	6,770	29.44
HOUSE PROFIT	855	47.5	10,682	50.46	926	48.2	11,581	52.88	1,026	49.5	12,827	55.78	1,057	49.5	13,217	57.48	1,089	49.5	13,609	59.18
Management Fee	54	3.0	675	3.19	58	3.0	720	3.29	62	3.0	778	3.38	64	3.0	802	3.49	66	3.0	825	3.59
INCOME BEFORE FIXED CHARGES	800	44.5	10,006	47.27	869	45.2	10,861	49.59	964	46.5	12,049	52.40	993	46.5	12,415	53.99	1,023	46.5	12,784	55.59
FIXED EXPENSES																				
Property Taxes	29	1.6	369	1.74	117	6.1	1,466	6.69	120	5.8	1,495	6.50	123	5.8	1,540	6.70	127	5.8	1,586	6.90
Insurance	14	0.8	176	0.83	14	0.8	181	0.83	15	0.7	186	0.81	15	0.7	192	0.83	16	0.7	198	0.86
Reserve for Replacement	36	2.0	450	2.13	58	3.0	720	3.29	83	4.0	1,037	4.51	86	4.0	1,069	4.65	88	4.0	1,101	4.79
Total	80	4.4	995	4.70	189	9.9	2,366	10.80	217	10.5	2,719	11.82	224	10.5	2,800	12.18	231	10.5	2,884	12.54
NET INCOME	\$721	40.1 %	\$9,012	\$42.57	\$680	35.3 %	\$8,495	\$38.79	\$746	36.0 %	\$9,331	\$40.58	\$769	36.0 %	\$9,615	\$41.81	\$792	36.0 %	\$9,899	\$43.05

*Departmental expenses are expressed as a percentage of departmental revenues.

80-Unit Holiday Inn Express - Ten-Year Forecast of Income and Expense

Ten Year Forecast of Income and Expense - Proposed Holiday Inn Express Airport, Hayden, CO

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Rooms:	80	80	80	80	80	80	80	80	80	80
Occupied Rooms:	16,936	17,520	18,396	18,396	18,396	18,396	18,396	18,396	18,396	18,396
Occupancy:	58%	60%	63%	63%	63%	63%	63%	63%	63%	63%
Average Rate:	\$105.16 % of	\$108.31 % of	\$111.56 % of	\$114.91 % of	\$118.36 % of	\$121.91 % of	\$125.56 % of	\$129.33 % of	\$133.21 % of	\$137.21 % of
RevPAR:	\$60.99 Gross	\$64.99 Gross	\$70.28 Gross	\$72.39 Gross	\$74.56 Gross	\$76.80 Gross	\$79.10 Gross	\$81.48 Gross	\$83.92 Gross	\$86.44 Gross
REVENUE										
Rooms	\$1,781 98.9 %	\$1,898 98.9 %	\$2,052 98.9 %	\$2,114 98.9 %	\$2,177 98.9 %	\$2,243 98.9 %	\$2,310 98.9 %	\$2,379 98.9 %	\$2,451 98.9 %	\$2,524 98.9 %
Telephone	5 0.3	5 0.3	6 0.3	6 0.3	6 0.3	6 0.3	6 0.3	7 0.3	7 0.3	7 0.3
Other Income	15 0.8	16 0.8	17 0.8	18 0.8	18 0.8	19 0.8	19 0.8	20 0.8	20 0.8	21 0.8
Total	1,801 100.0	1,919 100.0	2,075 100.0	2,138 100.0	2,201 100.0	2,268 100.0	2,336 100.0	2,405 100.0	2,478 100.0	2,552 100.0
DEPARTMENTAL EXPENSES*										
Rooms	478 26.8	498 26.3	523 25.5	539 25.5	555 25.5	572 25.5	589 25.5	607 25.5	625 25.5	644 25.5
Telephone	10 209.2	11 205.4	11 200.0	12 200.0	12 200.0	12 200.0	13 200.0	13 200.0	14 200.0	14 200.0
Other Expenses	3 21.1	3 20.6	3 20.0	4 20.0	4 20.0	4 20.0	4 20.0	4 20.0	4 20.0	4 20.0
Total	491 27.3	513 26.7	538 25.9	554 25.9	571 25.9	588 25.9	606 25.9	624 25.9	643 25.9	662 25.9
DEPARTMENTAL INCOME	1,310 72.7	1,407 73.3	1,537 74.1	1,583 74.1	1,630 74.1	1,680 74.1	1,730 74.1	1,782 74.1	1,836 74.1	1,890 74.1
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	138 7.6	143 7.5	149 7.2	154 7.2	158 7.2	163 7.2	168 7.2	173 7.2	178 7.2	183 7.2
Marketing	37 2.0	38 2.0	40 1.9	41 1.9	42 1.9	43 1.9	45 1.9	46 1.9	47 1.9	49 1.9
Franchise Fee	169 9.4	180 9.4	195 9.4	201 9.4	207 9.4	213 9.4	219 9.4	226 9.4	233 9.4	240 9.4
Prop. Operations & Maint.	50 2.8	54 2.8	60 2.9	61 2.9	63 2.9	65 2.9	67 2.9	69 2.9	71 2.9	73 2.9
Utilities	62 3.4	64 3.4	67 3.2	69 3.2	71 3.2	73 3.2	76 3.2	78 3.2	80 3.2	83 3.2
Total	455 25.2	480 25.1	510 24.6	526 24.6	542 24.6	558 24.6	575 24.6	592 24.6	610 24.6	628 24.6
HOUSE PROFIT	855 47.5	926 48.2	1,026 49.5	1,057 49.5	1,089 49.5	1,122 49.5	1,155 49.5	1,190 49.5	1,226 49.5	1,262 49.5
Management Fee	54 3.0	58 3.0	62 3.0	64 3.0	66 3.0	68 3.0	70 3.0	72 3.0	74 3.0	77 3.0
INCOME BEFORE FIXED CHARGES	800 44.5	869 45.2	964 46.5	993 46.5	1,023 46.5	1,054 46.5	1,085 46.5	1,118 46.5	1,152 46.5	1,186 46.5
FIXED EXPENSES										
Insurance	14 0.8	14 0.8	15 0.7	15 0.7	16 0.7	16 0.7	17 0.7	17 0.7	18 0.7	18 0.7
Reserve for Replacement	36 2.0	58 3.0	83 4.0	86 4.0	88 4.0	91 4.0	93 4.0	96 4.0	99 4.0	102 4.0
Total	80 4.4	189 9.9	217 10.5	224 10.5	231 10.5	238 10.5	245 10.5	252 10.5	260 10.5	267 10.5
NET INCOME	\$721 40.1 %	\$680 35.3 %	\$746 36.0 %	\$769 36.0 %	\$792 36.0 %	\$816 36.0 %	\$841 36.0 %	\$865 36.0 %	\$892 36.0 %	\$918 36.0 %

*Departmental expenses are expressed as a percentage of departmental revenues.



It is uncertain for fact that this second hotel will ever be constructed. Thus we have also made projection of income and expense for the proposed Best Western Creek View Inn without the pending Holiday Inn Express ever being constructed.

The following tables detail the operation of the Best Western without future supply opening at the airport site.

50-Unit Best Western with No New Supply - Detailed Forecast of Income and Expense

	2012/13 Begins July				2013/14				Stabilized				2015/16				2016/17			
Number of Rooms:	50				50				50				50				50			
Occupancy:	54%				57%				61%				61%				61%			
Average Rate:	\$76.62				\$80.06				\$82.86				\$85.34				\$87.90			
RevPAR:	\$41.37				\$45.63				\$50.54				\$52.06				\$53.62			
Days Open:	365				365				365				365				365			
Occupied Rooms:	9,855	%Gross	PAR	POR	10,403	%Gross	PAR	POR	11,133	%Gross	PAR	POR	11,133	%Gross	PAR	POR	11,133	%Gross	PAR	POR
REVENUE																				
Rooms	\$755	98.1 %	\$15,100	\$76.61	\$833	98.1 %	\$16,660	\$80.08	\$922	98.2 %	\$18,440	\$82.82	\$950	98.2 %	\$19,000	\$85.34	\$979	98.2 %	\$19,580	\$87.94
Telephone	1	0.1	22	0.11	1	0.1	23	0.11	1	0.1	26	0.12	1	0.1	26	0.12	1	0.1	27	0.12
Other Income	14	1.8	271	1.38	15	1.7	293	1.41	16	1.7	321	1.44	17	1.7	331	1.49	17	1.7	341	1.53
Total Revenues	770	100.0	15,393	78.10	849	100.0	16,977	81.60	939	100.0	18,787	84.38	968	100.0	19,357	86.94	997	100.0	19,948	89.59
DEPARTMENTAL EXPENSES *																				
Rooms	224	29.7	4,480	22.73	235	28.3	4,709	22.63	249	27.0	4,981	22.37	257	27.0	5,130	23.04	264	27.0	5,284	23.73
Telephone	6	534.6	116	0.59	6	518.8	122	0.59	6	500.0	128	0.58	7	500.0	132	0.59	7	500.0	136	0.61
Other Expenses	3	21.6	59	0.30	3	20.9	61	0.29	3	20.0	64	0.29	3	20.0	66	0.30	3	20.0	68	0.31
Total	233	30.2	4,654	23.61	245	28.8	4,892	23.51	259	27.5	5,174	23.24	266	27.5	5,329	23.93	274	27.5	5,489	24.65
DEPARTMENTAL INCOME	537	69.8	10,739	54.48	604	71.2	12,085	58.09	681	72.5	13,613	61.14	701	72.5	14,028	63.01	723	72.5	14,459	64.94
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	84	10.9	1,683	8.54	88	10.4	1,761	8.46	92	9.8	1,846	8.29	95	9.8	1,901	8.54	98	9.8	1,959	8.80
Marketing	16	2.1	316	1.60	17	1.9	330	1.59	17	1.8	346	1.55	18	1.8	357	1.60	18	1.8	367	1.65
Franchise Fee	23	3.0	457	2.32	24	2.8	470	2.26	24	2.6	484	2.18	25	2.6	499	2.24	26	2.6	514	2.31
Prop. Operations & Maint.	31	4.0	615	3.12	34	4.0	680	3.27	37	4.0	750	3.37	39	4.0	772	3.47	40	4.0	796	3.57
Utilities	45	5.8	894	4.54	47	5.5	936	4.50	49	5.2	981	4.40	51	5.2	1,010	4.54	52	5.2	1,041	4.67
Total	198	25.8	3,965	20.12	209	24.6	4,177	20.08	220	23.4	4,407	19.79	227	23.4	4,539	20.39	234	23.4	4,676	21.00
HOUSE PROFIT	339	44.0	6,774	34.37	395	46.6	7,908	38.01	460	49.1	9,206	41.35	474	49.1	9,489	42.62	489	49.1	9,783	43.94
Management Fee	23	3.0	462	2.34	25	3.0	509	2.45	28	3.0	564	2.53	29	3.0	581	2.61	30	3.0	598	2.69
INCOME BEFORE FIXED CHARGES	316	41.0	6,312	32.03	370	43.6	7,399	35.56	432	46.1	8,643	38.82	445	46.1	8,908	40.01	459	46.1	9,185	41.25
FIXED EXPENSES																				
Property Taxes	17	2.2	344	1.75	65	7.7	1,300	6.25	66	7.1	1,326	5.96	68	7.1	1,366	6.14	70	7.1	1,407	6.32
Insurance	8	1.1	163	0.83	8	1.0	168	0.81	9	0.9	173	0.78	9	0.9	178	0.80	9	0.9	184	0.82
Reserve for Replacement	15	2.0	308	1.56	25	3.0	509	2.45	38	4.0	751	3.38	39	4.0	774	3.48	40	4.0	798	3.58
Total	41	5.3	815	4.14	99	11.7	1,978	9.51	113	12.0	2,251	10.11	116	12.0	2,319	10.41	119	12.0	2,389	10.73
NET INCOME	\$275	35.7 %	\$5,497	\$27.89	\$271	31.9 %	\$5,421	\$26.06	\$320	34.1 %	\$6,392	\$28.71	\$329	34.1 %	\$6,590	\$29.60	\$340	34.1 %	\$6,796	\$30.52

*Departmental expenses are expressed as a percentage of departmental revenues.

50-Unit Best Western with No New Supply - Ten-Year Forecast of Income and Expense

Ten Year Forecast of Income and Expense - Proposed Best Western Creekview Hotel, Hayden

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Number of Rooms:	50	50	50	50	50	50	50	50	50	50
Occupied Rooms:	9,855	10,403	11,133	11,133	11,133	11,133	11,133	11,133	11,133	11,133
Occupancy:	54%	57%	61%	61%	61%	61%	61%	61%	61%	61%
Average Rate:	\$76.62 % of	\$80.06 % of	\$82.86 % of	\$85.34 % of	\$87.90 % of	\$90.54 % of	\$93.26 % of	\$96.06 % of	\$98.94 % of	\$101.91 % of
RevPAR:	\$41.37 Gross	\$45.63 Gross	\$50.54 Gross	\$52.06 Gross	\$53.62 Gross	\$55.23 Gross	\$56.89 Gross	\$58.59 Gross	\$60.35 Gross	\$62.16 Gross
REVENUE										
Rooms	\$755 98.1 %	\$833 98.1 %	\$922 98.2 %	\$950 98.2 %	\$979 98.2 %	\$1,008 98.2 %	\$1,038 98.2 %	\$1,069 98.2 %	\$1,101 98.2 %	\$1,134 98.2 %
Telephone	1 0.1	1 0.1	1 0.1	1 0.1	1 0.1	1 0.1	1 0.1	1 0.1	2 0.1	2 0.1
Other Income	14 1.8	15 1.7	16 1.7	17 1.7	17 1.7	18 1.7	18 1.7	19 1.7	19 1.7	20 1.7
Total	770 100.0	849 100.0	939 100.0	968 100.0	997 100.0	1,027 100.0	1,058 100.0	1,089 100.0	1,122 100.0	1,155 100.0
DEPARTMENTAL EXPENSES*										
Rooms	224 29.7	235 28.3	249 27.0	257 27.0	264 27.0	272 27.0	280 27.0	289 27.0	297 27.0	306 27.0
Telephone	6 534.6	6 518.8	6 500.0	7 500.0	7 500.0	7 500.0	7 500.0	7 500.0	8 500.0	8 500.0
Other Expenses	3 21.6	3 20.9	3 20.0	3 20.0	3 20.0	4 20.0	4 20.0	4 20.0	4 20.0	4 20.0
Total	233 30.2	245 28.8	259 27.5	266 27.5	274 27.5	283 27.5	291 27.5	300 27.5	309 27.5	318 27.5
DEPARTMENTAL INCOME	537 69.8	604 71.2	681 72.5	701 72.5	723 72.5	744 72.5	766 72.5	789 72.5	813 72.5	837 72.5
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	84 10.9	88 10.4	92 9.8	95 9.8	98 9.8	101 9.8	104 9.8	107 9.8	110 9.8	114 9.8
Marketing	16 2.1	17 1.9	17 1.8	18 1.8	18 1.8	19 1.8	19 1.8	20 1.8	21 1.8	21 1.8
Franchise Fee	23 3.0	24 2.8	24 2.6	25 2.6	26 2.6	26 2.6	27 2.6	28 2.6	29 2.6	30 2.6
Prop. Operations & Maint.	31 4.0	34 4.0	37 4.0	39 4.0	40 4.0	41 4.0	42 4.0	43 4.0	45 4.0	46 4.0
Utilities	45 5.8	47 5.5	49 5.2	51 5.2	52 5.2	54 5.2	55 5.2	57 5.2	59 5.2	60 5.2
Total	198 25.8	209 24.6	220 23.4	227 23.4	234 23.4	241 23.4	248 23.4	255 23.4	263 23.4	271 23.4
HOUSE PROFIT	339 44.0	395 46.6	460 49.1	474 49.1	489 49.1	503 49.1	518 49.1	534 49.1	550 49.1	566 49.1
Management Fee	23 3.0	25 3.0	28 3.0	29 3.0	30 3.0	31 3.0	32 3.0	33 3.0	34 3.0	35 3.0
INCOME BEFORE FIXED CHARGES	316 41.0	370 43.6	432 46.1	445 46.1	459 46.1	473 46.1	487 46.1	501 46.1	516 46.1	532 46.1
FIXED EXPENSES										
Insurance	8 1.1	8 1.0	9 0.9	9 0.9	9 0.9	9 0.9	10 0.9	10 0.9	10 0.9	11 0.9
Reserve for Replacement	15 2.0	25 3.0	38 4.0	39 4.0	40 4.0	41 4.0	42 4.0	44 4.0	45 4.0	46 4.0
Total	41 5.3	99 11.7	113 12.0	116 12.0	119 12.0	123 12.0	127 12.0	130 12.0	134 12.0	138 12.0
NET INCOME	\$275 35.7 %	\$271 31.9 %	\$320 34.1 %	\$329 34.1 %	\$340 34.1 %	\$350 34.1 %	\$360 34.1 %	\$371 34.1 %	\$382 34.1 %	\$393 34.1 %

*Departmental expenses are expressed as a percentage of departmental revenues.



Our last alternate scenario is in the event the developer decides against building the 50-unit Best Western Creek View Inn, and decides to move forward with the opening of the airport property. This scenario would allow for a larger room count of 100-units at the airport site while maintaining the Holiday Inn Express flag. Additionally, this property would be opening at an earlier point in time due to the lack of any previous supply additions.

The following is our projection of income and expense for a 100-unit Holiday Inn Express hotel without the development of the Best Western Creek View Inn.

100-Unit Holiday Inn Express with No New Supply - Detailed Forecast of Income and Expense

	2012/13 Begins July				2013/14				Stabilized				2015/16				2016/17			
Number of Rooms:	100				100				100				100				100			
Occupancy:	59%				61%				63%				63%				63%			
Average Rate:	\$92.11				\$98.21				\$101.64				\$104.69				\$107.83			
RevPAR:	\$54.34				\$59.91				\$64.03				\$65.95				\$67.93			
Days Open:	365				365				365				365				365			
Occupied Rooms:	21,535	%Gross	PAR	POR	22,265	%Gross	PAR	POR	22,995	%Gross	PAR	POR	22,995	%Gross	PAR	POR	22,995	%Gross	PAR	POR
REVENUE																				
Rooms	\$1,984	98.8 %	\$19,840	\$92.13	\$2,187	98.9 %	\$21,870	\$98.23	\$2,337	98.9 %	\$23,370	\$101.63	\$2,407	98.9 %	\$24,070	\$104.67	\$2,480	98.9 %	\$24,800	\$107.85
Telephone	6	0.3	59	0.27	6	0.3	63	0.28	7	0.3	66	0.29	7	0.3	68	0.30	7	0.3	70	0.31
Other Income	18	0.9	177	0.82	19	0.8	188	0.84	20	0.8	199	0.87	20	0.8	205	0.89	21	0.8	211	0.92
Total Revenues	2,008	100.0	20,076	93.22	2,212	100.0	22,120	99.35	2,364	100.0	23,635	102.78	2,434	100.0	24,343	105.86	2,508	100.0	25,081	109.07
DEPARTMENTAL EXPENSES *																				
Rooms	515	26.0	5,153	23.93	538	24.6	5,377	24.15	561	24.0	5,609	24.39	578	24.0	5,778	25.13	595	24.0	5,951	25.88
Telephone	12	207.3	122	0.57	13	203.5	127	0.57	13	200.0	133	0.58	14	200.0	137	0.59	14	200.0	141	0.61
Other Expenses	4	20.8	37	0.17	4	20.4	38	0.17	4	20.0	40	0.17	4	20.0	41	0.18	4	20.0	42	0.18
Total	531	26.5	5,312	24.67	554	25.1	5,542	24.89	578	24.5	5,782	25.14	596	24.5	5,955	25.90	613	24.5	6,134	26.67
DEPARTMENTAL INCOME	1,476	73.5	14,764	68.56	1,658	74.9	16,578	74.46	1,785	75.5	17,854	77.64	1,839	75.5	18,388	79.97	1,895	75.5	18,948	82.40
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	159	7.9	1,591	7.39	167	7.5	1,665	7.48	173	7.3	1,731	7.53	178	7.3	1,783	7.75	184	7.3	1,836	7.99
Marketing	42	2.1	424	1.97	44	2.0	444	1.99	46	2.0	462	2.01	48	2.0	475	2.07	49	2.0	490	2.13
Franchise Fee	188	9.4	1,885	8.75	208	9.4	2,078	9.33	222	9.4	2,220	9.65	229	9.4	2,287	9.94	236	9.4	2,356	10.25
Prop. Operations & Maint.	57	2.9	573	2.66	63	2.9	633	2.84	69	2.9	692	3.01	71	2.9	713	3.10	73	2.9	734	3.19
Utilities	72	3.6	716	3.32	75	3.4	749	3.37	78	3.3	779	3.39	80	3.3	802	3.49	83	3.3	826	3.59
Total	519	25.9	5,189	24.09	557	25.2	5,569	25.01	588	24.9	5,883	25.59	606	24.9	6,060	26.35	624	24.9	6,243	27.15
HOUSE PROFIT	957	47.6	9,575	44.46	1,101	49.7	11,009	49.45	1,197	50.6	11,970	52.06	1,233	50.6	12,328	53.61	1,271	50.6	12,705	55.25
Management Fee	60	3.0	602	2.80	66	3.0	664	2.98	71	3.0	709	3.08	73	3.0	730	3.18	75	3.0	752	3.27
INCOME BEFORE FIXED CHARGES	897	44.6	8,973	41.67	1,035	46.7	10,345	46.46	1,126	47.6	11,261	48.97	1,160	47.6	11,598	50.44	1,195	47.6	11,953	51.98
FIXED EXPENSES																				
Property Taxes	37	1.8	369	1.71	147	6.6	1,466	6.58	149	6.3	1,495	6.50	154	6.3	1,540	6.70	159	6.3	1,586	6.90
Insurance	16	0.8	163	0.76	17	0.8	168	0.75	17	0.7	173	0.75	18	0.7	178	0.78	18	0.7	184	0.80
Reserve for Replacement	40	2.0	402	1.86	66	3.0	664	2.98	95	4.0	945	4.11	97	4.0	974	4.23	100	4.0	1,003	4.36
Total	93	4.6	933	4.33	230	10.4	2,297	10.32	261	11.0	2,613	11.36	269	11.0	2,692	11.71	277	11.0	2,773	12.06
NET INCOME	\$804	40.0 %	\$8,039	\$37.33	\$805	36.3 %	\$8,048	\$36.15	\$865	36.6 %	\$8,648	\$37.61	\$891	36.6 %	\$8,906	\$38.73	\$918	36.6 %	\$9,180	\$39.92

*Departmental expenses are expressed as a percentage of departmental revenues.

100-Unit Holiday Inn Express with No New Supply - Ten-Year Forecast of Income and Expense

Ten Year Forecast of Income and Expense - Proposed 100-Unit Holiday Inn Express Airport, Hayden, CO

	2012/13		2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		
Number of Rooms:	100		100		100		100		100		100		100		100		100		100		
Occupied Rooms:	21,535		22,265		22,995		22,995		22,995		22,995		22,995		22,995		22,995		22,995		
Occupancy:	59%		61%		63%		63%		63%		63%		63%		63%		63%		63%		
Average Rate:	\$92.11 % of		\$98.21 % of		\$101.64 % of		\$104.69 % of		\$107.83 % of		\$111.06 % of		\$114.40 % of		\$117.83 % of		\$121.36 % of		\$125.00 % of		
RevPAR:	\$54.34 Gross		\$59.91 Gross		\$64.03 Gross		\$65.95 Gross		\$67.93 Gross		\$69.97 Gross		\$72.07 Gross		\$74.23 Gross		\$76.46 Gross		\$78.75 Gross		
REVENUE																					
Rooms	\$1,984	98.8 %	\$2,187	98.9 %	\$2,337	98.9 %	\$2,407	98.9 %	\$2,480	98.9 %	\$2,554	98.9 %	\$2,631	98.9 %	\$2,709	98.9 %	\$2,791	98.9 %	\$2,874	98.9 %	
Telephone	6	0.3	6	0.3	7	0.3	7	0.3	7	0.3	7	0.3	7	0.3	8	0.3	8	0.3	8	0.3	
Other Income	18	0.9	19	0.8	20	0.8	20	0.8	21	0.8	22	0.8	22	0.8	23	0.8	24	0.8	24	0.8	
Total	2,008	100.0	2,212	100.0	2,364	100.0	2,434	100.0	2,508	100.0	2,583	100.0	2,661	100.0	2,740	100.0	2,823	100.0	2,907	100.0	
DEPARTMENTAL EXPENSES*																					
Rooms	515	26.0	538	24.6	561	24.0	578	24.0	595	24.0	613	24.0	631	24.0	650	24.0	670	24.0	690	24.0	
Telephone	12	207.3	13	203.5	13	200.0	14	200.0	14	200.0	14	200.0	15	200.0	15	200.0	16	200.0	16	200.0	
Other Expenses	4	20.8	4	20.4	4	20.0	4	20.0	4	20.0	4	20.0	4	20.0	5	20.0	5	20.0	5	20.0	
Total	531	26.5	554	25.1	578	24.5	596	24.5	613	24.5	632	24.5	651	24.5	670	24.5	690	24.5	711	24.5	
DEPARTMENTAL INCOME	1,476	73.5	1,658	74.9	1,785	75.5	1,839	75.5	1,895	75.5	1,951	75.5	2,010	75.5	2,069	75.5	2,132	75.5	2,196	75.5	
UNDISTRIBUTED OPERATING EXPENSES																					
Administrative & General	159	7.9	167	7.5	173	7.3	178	7.3	184	7.3	189	7.3	195	7.3	201	7.3	207	7.3	213	7.3	
Marketing	42	2.1	44	2.0	46	2.0	48	2.0	49	2.0	50	2.0	52	2.0	54	2.0	55	2.0	57	2.0	
Franchise Fee	188	9.4	208	9.4	222	9.4	229	9.4	236	9.4	243	9.4	250	9.4	257	9.4	265	9.4	273	9.4	
Prop. Operations & Maint.	57	2.9	63	2.9	69	2.9	71	2.9	73	2.9	76	2.9	78	2.9	80	2.9	83	2.9	85	2.9	
Utilities	72	3.6	75	3.4	78	3.3	80	3.3	83	3.3	85	3.3	88	3.3	90	3.3	93	3.3	96	3.3	
Total	519	25.9	557	25.2	588	24.9	606	24.9	624	24.9	643	24.9	662	24.9	682	24.9	703	24.9	724	24.9	
HOUSE PROFIT	957	47.6	1,101	49.7	1,197	50.6	1,233	50.6	1,271	50.6	1,308	50.6	1,348	50.6	1,387	50.6	1,430	50.6	1,472	50.6	
Management Fee	60	3.0	66	3.0	71	3.0	73	3.0	75	3.0	77	3.0	80	3.0	82	3.0	85	3.0	87	3.0	
INCOME BEFORE FIXED CHARGES	897	44.6	1,035	46.7	1,126	47.6	1,160	47.6	1,195	47.6	1,231	47.6	1,268	47.6	1,305	47.6	1,345	47.6	1,385	47.6	
FIXED EXPENSES																					
Insurance	16	0.8	17	0.8	17	0.7	18	0.7	18	0.7	19	0.7	19	0.7	20	0.7	21	0.7	21	0.7	
Reserve for Replacement	40	2.0	66	3.0	95	4.0	97	4.0	100	4.0	103	4.0	106	4.0	110	4.0	113	4.0	116	4.0	
Total	93	4.6	230	10.4	261	11.0	269	11.0	277	11.0	286	11.0	294	11.0	303	11.0	312	11.0	321	11.0	
NET INCOME	\$804	40.0 %	\$805	36.3 %	\$865	36.6 %	\$891	36.6 %	\$918	36.6 %	\$945	36.6 %	\$974	36.6 %	\$1,002	36.6 %	\$1,033	36.6 %	\$1,063	36.6 %	

*Departmental expenses are expressed as a percentage of departmental revenues.



Penetration Explanation

Let us illustrate the penetration adjustment with an example.

A market has three existing hotels with the following operating statistics:

Base-Year Occupancy and Penetration Levels

Property	Number of Rooms	Fair Share	Commercial	Meeting and Group	Leisure	Occupancy	Penetration
Hotel A	100	23.5 %	60 %	20 %	20 %	75.0 %	100.8 %
Hotel B	125	29.4	70	10	20	65.0	87.4
Hotel C	200	47.1	30	60	10	80.0	107.5
Totals/Average	425	100.0 %	47 %	38 %	15 %	74.4 %	100.0 %

Based upon each hotel's room count, market segmentation, and annual occupancy, the annual number of room nights accommodated in the market from each market segment can be quantified, as set forth below.

Market-wide Room Night Demand

Market Segment	Annual Room Night Demand	Percentage of Total
Commercial	54,704	47.4 %
Meeting and Group	43,481	37.7
Leisure	17,246	14.9
Total	115,431	100.0 %

The following discussion will be based upon an analysis of the commercial market segment. The same methodology is applied for each market segment to derive an estimate of a hotel's overall occupancy. The table below sets forth



the commercial demand accommodated by each hotel. Each hotel's commercial penetration factor is computed by:

- 1) calculating the hotel's market share % of commercial demand (commercial room nights accommodated by subject hotel divided by total commercial room nights accommodated by all hotels) and
- 2) dividing the hotel's commercial market share % by the hotel's fair share %.

The following table sets forth each hotel's fair share, commercial market share, and commercial penetration factor.

Commercial Segment Penetration Factors					
Property	Number of Rooms	Fair Share	Commercial Capture	Commercial Market Share	Commercial Penetration
Hotel A	100	23.5 %	16,425	30.0 %	127.6 %
Hotel B	125	29.4	20,759	37.9	129.0
Hotel C	200	47.1	17,520	32.0	68.1
Totals/Average	425	100.0 %	54,704	100.0 %	100.0 %

If a new 100-room hotel enters the market, the fair share of each hotel changes due to the new denominator, which has increased by the 100 rooms that have been added to the market.

Commercial Segment Fair Share		
Property	Number of Rooms	Fair Share
Hotel A	100	19.0 %
Hotel B	125	23.8
Hotel C	200	38.1
New Hotel	100	19.0
Total	525	100.0 %

The new hotel's penetration factor is projected for its first year of operation. It is estimated that the hotel will capture (penetrate) only 85% of its fair share as it establishes itself in the market. The new hotel's market share and room



night capture can be calculated based upon the hotel's estimated penetration factor. When the market share of the existing hotels and that of the new hotel are added up, they no longer equal 100% because of the new hotel's entry into the market. The market share of each hotel must be adjusted to reflect the change in the denominator that comprises the sum of each hotel's market share.

This adjustment can be mathematically calculated by dividing each hotel's market share percentages by the new denominator of 97.1%. The resulting calculations reflect each hotel's new adjusted market share. The sum of the adjusted market shares equals 100%, indicating that the adjustment has been successfully completed. Once the market shares have been calculated, the penetration factors can be recalculated (adjusted market share divided by fair share) to derive the adjusted penetration factors based upon the new hotel's entry into the market. Note that each existing hotel's penetration factor actually increases because the new hotel is capturing (penetrating) less than its fair share of demand.

Commercial Segment Projections (Year 1)

Property	Number of Rooms	Fair Share	Hist./Proj. Penetration Factor	Hist./Proj. Market Share	Adjusted Market Share	Adjusted Penetration Factor	Projected Capture
Hotel A	100	19.0 %	127.6 %	24.3 %	25.0 %	131.4 %	13,688
Hotel B	125	23.8	129.0	30.7	31.6	132.8	17,299
Hotel C	200	38.1	68.1	25.9	26.7	70.1	14,600
New Hotel	100	19.0	85.0	16.2	16.7	87.5	9,117
Totals/Average	525	100.0 %		97.1 %	100.0 %		54,704

In its second year of operation, the new hotel is projected to penetrate above its fair share of demand. A penetration rate of 130% has been chosen, as the new hotel is expected to perform at a level commensurate with Hotel A and Hotel B in this market segment. The same calculations are performed to adjust market share and penetration factors. Note that now the penetration factors of the existing hotels decline below their original penetration rates because of the new hotel's above-market penetration. Also note that after the market share adjustment, the new hotel retains a penetration rate commensurate with Hotel A and Hotel B, though the penetration rates of all three hotels have declined by approximately nine percentage points due to the reapportionment of demand.



Once the market shares of each hotel have been adjusted to reflect the entry of the new hotel into the market, the commercial room nights captured by each hotel may be projected by multiplying the hotel's market share percentage by the total commercial room-night demand. This calculation is shown below.

Commercial Segment Projections (Year 2)

Property	Number of Rooms	Fair Share	Hist./Proj. Penetration Factor	Hist./Proj. Market Share	Adjusted Market Share	Adjusted Penetration Factor	Projected Capture
Hotel A	100	19.0 %	131.4 %	25.0 %	23.1 %	121.5 %	12,662
Hotel B	125	23.8	132.8	31.6	29.3	122.9	16,004
Hotel C	200	38.1	70.1	26.7	24.7	64.8	13,507
New Hotel	100	19.0	130.0	24.8	22.9	120.3	12,531
Totals/Average	525	100.0 %		108.1 %	100.0 %		54,704



HVS Consulting and Valuation Services – Boulder
1017 South Boulder Road
Suite G
Louisville, CO 80027
720-877-1376
FAX 303-443-3933

Brett Russell

Employment

March 2001 – Present

HVS CONSULTING AND VALUATION SERVICES
Boulder, Colorado

1999 – 2001

EVOKE COMMUNICATIONS
Louisville, Colorado

1997 – 1999

THARALDSON PROPERTY MANAGEMENT
Canton, Ohio & Westminster, Colorado

Education and Other Training

MOUNT UNION COLLEGE
Bachelor of Science – Information Systems and Business

Certified General Appraiser Classes Completed:

NCRE-200 Registered Appraiser

NCRE-202 Standards and Ethics

NCRE-204 Basic Appraisal Application

NCRE-304 Complex Appraisal Application

NCRE-209 Small Residential Income

NCRE-211 Certified Residential

NCRE-215 Appraisal Principles and Advanced
Applications

NCRE-310 Basic Income Capitalization – 39 hours

General Market Analysis and HBU – 30 hours

Report Writing – 40 hours

Advanced Income Capitalization – 40 hours

State Certifications

Colorado, New Mexico, Texas



Examples of Corporate and Institutional Clients Served

Arbor Commercial	Hilton Hotels	Tarsadia Hotels
Abe Investments	HCW Development Company, LLC	Thayer Lodging
Bank of America	HilMAC	Trancas Retail Center Fund
Bank of Colorado	Host Marriott	Triple Five Development
Bank of Texas	Integra Bank	Twenty4 Seven Hotels
Bankers Bank	Klas Management	University of Virgin Islands
Bear Stearns	La Pour Partners	United Properties
Blackrock Financial	Lehman Brothers FSB	Wachovia
Best Western	Lexin Capital	Wells Fargo RETECHS
CapitalSource	Langston Development	Western Financial Bank
Capmark Financial	Lowe Enterprises	White Lodging Services Corp.
Calyon New York	Los Almos National Bank	White and Williams
Cerberus Real Estate	Lightrock Hospitality	WPM Construction
Crescent Hospitality	Marriott International	Wyndham Hotels & Resorts
City of Branson	Manufacturers and Traders Trust Company	Xanterra Parks & Resorts
City of Macon	Merrill Lynch Capital	
City of West Sacramento	MetaBank	
City of Leavenworth	Midland Loan Services, Inc.	
CNL Hospitality Corporation	Miller Global	
CIBC	Morgan Stanley	
Countrywide Financial	Moody's Financial	
Commonwealth of the Virgin Islands	MeriStar Hospitality	
Column Financial	Oberstein Properties	
CSM Hotels	OPUS Northeast	
Credit Suisse First Boston	Piper Jaffray	
Deutsche Bank Securities	Park Junction Partners LLC	
Devlin Group	Park National Bank	
Emerson International	Poydras Property Hotel Holdings	
Eldridge Partners	Prudential Mortgage Capital Company	
Far East National Bank	PNC Bank	
First National Bank of Colorado	RBS Greenwich Capital	
First National Bank of Omaha	Regions Bank	
Gatehouse Capital	RKN Holdings	
GE Capital Corporation	Salt Lake City	
GMAC Commercial Mortgage Corporation	Scalley & Reading, P.C.	
Great Southern Bank	Silverton Bank	
Great Western Bank	Skyline Investments	
Greenwich Capital Financial Products, Inc.	Steptoe & Johnson LLP	
HMB Partners	Sage Hospitality	
Hyatt Hotels	Stonebridge Companies	
	Starwood Capital	
	Starwest Holdings	
	Summit Financial	



Examples of Properties Appraised or Evaluated

ALABAMA

Holiday Inn Airport, Birmingham
Courtyard by Marriott, Gulf Shores

ALASKA

Proposed Embassy Suites, Anchorage
Sheraton Hotel, Anchorage

ARKANSAS

Proposed Marriott, Little Rock

ARIZONA

Proposed Hotel and Golf Course
Community, Bullhead City
Hampton Inn, Chandler
Homewood Suites, Chandler
Proposed Hilton, Chandler
Embassy Suites, Flagstaff
Arizona Golf Resort, Mesa
Best Western, Phoenix
Embassy Suites Airport, Phoenix
Royal Palms Resort and Spa, Phoenix
Hampton Inn, Sedona
Marriott Buttes, Tempe
Embassy Suites Airport, Tucson
Grand Canyon Railway and Resort,
Williams

CALIFORNIA

Anaheim Marriott, Anaheim
Anaheim Sheraton, Anaheim
Portofino Inn and Suites, Anaheim
Embassy Suites, Arcadia

Courtyard by Marriott, Chico
Residence Inn by Marriott, Chico
Proposed Residence Inn by Marriott,
Garden Grove
Homewood Suites, Garden Grove
Hampton Inn, Garden Grove
Hilton Garden Inn, Garden Grove
Proposed Hyatt Place, Indio
Proposed Residence Inn by Marriott,
Indio
Proposed Westin, Indio
Wilshire Plaza Hotel, Los Angeles
Developable Land, Mammoth Lakes
Proposed Field & Stream Hotel,
Mammoth Lakes
Proposed SpringHill Suites, Ontario
Residence Inn by Marriott, Palm
Desert
Courtyard by Marriott, Palm Desert
Proposed Hyatt Place, Redondo
Proposed Residence Inn, Redondo
Proposed Select-Service Hotel,
Sacramento
Residence Inn by Marriott,
Sacramento
Doubletree Hotel, San Diego
Hilton Harbor Island, San Diego
Proposed Residence Inn by Marriott,
San Diego
Radisson Mission Valley, San Diego
Doubletree Club Hotel, San Diego
Comfort Inn & Suites, San Diego
Residence Inn by Marriott, Torrance
Proposed City Hotel, West
Sacramento

COLORADO

Mariott DIA Gateway Park, Aurora
Courtyard by Marriott, Boulder
Proposed St. Julian Expansion,
Boulder
Cheyenne Mountain Resort,
Colorado Springs

Courtyard by Marriott, Colorado
Springs
Residence Inn by Marriott, Colorado
Springs
Proposed Complex (full-service
hotel, two limited-service hotels
and conference center), Colorado
Springs
Wyndham Hotel, Colorado Springs
Proposed Select-Service Hotel,
Colorado Springs
Hilton Garden Inn, Colorado Springs
Proposed Irwin Mountain Lodge,
Crested Butte
Courtyard by Marriott Denver Tech
Center, Denver
Denver Renaissance, Denver
Proposed element hotel, Denver
Proposed Hilton Garden Inn,
Denver
Hampton Inn, Glenwood Springs
Holiday Inn Express, Glenwood
Springs
Proposed Residence Inn by Marriott,
Glenwood Springs
Proposed Courtyard by Marriott,
Glenwood Springs
The Golden Hotel, Golden
Adam's Mark, Grand Junction
Comfort Inn, Grand Junction
Doubletree, Grand Junction
Proposed Courtyard by Marriott,
Grand Junction
Proposed Hampton Inn and Suites,
Grand Junction
Proposed Residence Inn by Marriott,
Grand Junction
Proposed SpringHill Suites, Grand
Junction
Hampton Inn, Lakewood Hampton
Inn, Loveland
Proposed Hotel, Northglenn

CONNECTICUT



Proposed Homewood Suites,
Glastonbury

FLORIDA

Proposed Four Seasons, Celebration
Proposed Hotel, Celebration
Proposed Westin, Celebration Hyatt
Regency, Coral Gables
Boardwalk Inn and Suites, Daytona
Beach
Proposed Westin, Daytona Beach
Palms Plaza Hotel, Daytona Beach
The Beachside Hotel, Daytona Beach
Doral Golf Resort & Spa, Doral
Hilton Omni Center, Miami
Hyatt Regency Grand Cypress,
Orlando
JW Marriott Grande Lakes, Orlando
Proposed Hyatt Summerfield Suites,
Orlando
Proposed Fairmont Resort, Orlando
Residence Inn by Marriott, Orlando
Ritz-Carlton Grande Lakes and Golf
Course, Orlando
The Villas at Grand Cypress and
Golf Course, Orlando
Ocean Hammock Resort and Golf
Club, Palm Island
PGA National Golf Course and
Resort, Palm Springs Garden
Proposed Resort, St. Augustine
Proposed Westin Resort, St.
Augustine
Embassy Suites Expansion, Tampa
Proposed element hotel, Tampa

GEORGIA

Embassy Suites, Alpharetta
Holiday Inn, Augusta

Proposed Convention Center Hotel,
Macon
Wyndham Peachtree Conference
Center, Peachtree City

IDAHO

Cambria Suites, Boise
Holiday Inn Express, Boise
Proposed Courtyard by Marriott,
Boise
Proposed Holiday Inn Express, Boise
Proposed Hotel Coeur d'Alene
Proposed Residence Inn by Marriott,
Coeur d'Alene

ILLINOIS

Proposed James Hotel, Chicago
Lenox Suites, Chicago
Radisson Hotel and Suites, Chicago
Hampton Inn, Normal
Crowne Plaza Conversion,
Schaumburg
Proposed Hyatt Place Midtown,
Chicago

INDIANA

Proposed Courtyard by Marriott,
Indianapolis
Proposed SpringHill by Marriott,
Indianapolis
Hometown Inn, Seymour
Proposed SpringHill Suites,
Shelbyville

KANSAS

Proposed City Hotel and Conference
Center, Leavenworth

Proposed Hotel, Lawrence
Eldridge Hotel, Lawrence
Courtyard by Marriott, Overland
Park
Hilton Garden Inn, Overland Park

KENTUCKY

Courtyard by Marriott, Florence
Marriott Hotel Downtown, Louisville
Springhill Suites by Marriott,
Louisville
Residence Inn by Marriott
Downtown, Louisville
Residence Inn by Marriott Northeast,
Louisville
Courtyard by Marriott Northeast,
Louisville
Courtyard by Marriott, Paducah
Super 8, Prestonburg

LOUISIANA

Fairfield Inn by Marriott, Baton
Rouge
SpringHill Suites by Marriott, Baton
Rouge
TownePlace Suites by Marriott,
Baton Rouge
Hyatt Regency, New Orleans

MASSACHUSETTS

Residence Inn by Marriott, Dedham
Wellbridge - Newton Athletic Club,
Newton
Courtyard by Marriott, Revere

MICHIGAN

Candlewood Suites, Auburn Hills



Hyatt Regency, Dearborn
 Hilton Garden Inn, Novi
 Wyndham Garden Towne Center,
 Novi
 Candlewood Suites, Troy

MINNESOTA

Proposed Boutique Hotel Mall of
 America, Bloomington
 Proposed Renaissance Mall of
 America, Bloomington
 Proposed Hotel, Bloomington
 Proposed Westin, Bloomington
 Hilton Garden Inn, Eden Prairie
 The Grand Hotel, Minneapolis
 Marriott City Center, Minneapolis
 Proposed Hotels, Minneapolis
 Proposed Hyatt Place, Minneapolis
 Holiday Inn Express, Minnetonka
 Proposed Hotel and Conference
 Center, St. Paul

MISSISSIPPI

Comfort Inn, Hattiesburg
 Ramada Inn, McComb

MISSOURI

Chateau on the Lake, Branson
 Proposed Condominium Rental
 Units, Branson
 Proposed Hilton Convention Center
 Hotel, Branson
 Proposed Modified Full-Service
 Hotel, Branson
 Proposed Boutique Hotel, Branson
 Courtyard by Marriott, Creve Coeur
 County Club Hotel, Lake of the
 Ozarks

Courtyard by Marriot, St.
 Louis/Westport

NEBRASKA

Hilton Convention Center Hotel,
 Omaha

NEVADA

Proposed Holiday Inn Express,
 Henderson
 Proposed Candlewood Suites,
 Henderson
 Embassy Suites, Las Vegas
 Embassy Suites Airport, Las Vegas
 Proposed Limited-Service Hotel, Las
 Vegas
 Proposed Hotel Casino, Las Vegas
 Proposed Element, Las Vegas
 Proposed Wyndham Garden Inn,
 Las Vegas
 Proposed Residence Inn by Marriott,
 Las Vegas
 Baymont Inn, Reno
 Travelodge, Reno

NEW JERSEY

Candlewood Suites, Jersey City

NEW MEXICO

Crossland Studios, Albuquerque
 New Mexico Sports & Wellness Del
 Norte, Albuquerque
 New Mexico Sports & Wellness
 Downtown, Albuquerque
 New Mexico Sports & Wellness
 Highpoint, Albuquerque

New Mexico Sports & Wellness
 Midtown, Albuquerque
 New Mexico Sports & Wellness
 Riverpoint, Albuquerque
 Proposed Historic Hotel,
 Albuquerque
 Wyndham, Albuquerque
 TownePlace Suites, Farmington
 Extended Stay America, Rio Rancho
 Wellesley Inn and Suites, Rio Rancho
 Proposed Resort, Santa Fe

NEW YORK

Extended Stay America, Amherst
 Holiday Inn Express, Buffalo
 Proposed Renaissance Statler, Buffalo
 Residence Inn by Marriott, Fishkill
 Holiday Inn, Grand Island
 Holiday Inn, Jamestown
 Four Points, Niagara Falls
 Holiday Inn Select, Niagara Falls
 Proposed Holiday Inn Express,
 Olean
 Mirbeau Hotel and Spa, Skaneateles

NORTH DAKOTA

Holiday Inn, Fargo
 Holiday Inn Express, Fargo

NORTH CAROLINA

Candlewood Suites, Cary
 Candlewood Suites, Charlotte
 Candlewood Suites, Greensboro
 Amerisuites, Morrisville

OHIO

Extended Stay America, Brooklyn



Four Points Hotel, Independence
 Hilton Cleveland South,
 Independence
 Clarion Hotel, Middleburg Heights
 StudioPlus Suites, Middleburg
 Heights
 Homestead Suites, North Olmsted
 StudioPlus Suites, North Olmsted
 Extended Stay America, Orange
 Homestead Suites, Orange Village
 DoubleTree Guest Suites, Plymouth
 Meeting
 Holiday Inn Select, Strongsville
 StudioPlus Suites, Westlake
 Ramada Limited, Willoughby

OKLAHOMA

Westin, Oklahoma City

OREGON

Proposed Candlewood Suites,
 Medford
 Surf Sand Resort, Cannon Beach

PENNSYLVANIA

Comfort Inn, Erie
 Days Inn, Erie
 Econo Lodge, Erie
 Holiday Inn Express, Erie
 Proposed Sheraton Convention
 Hotel, Erie
 Residence Inn by Marriott, Erie
 Splash Lagoon Water Park, Erie
 Market Study, Langhorne

RHODE ISLAND

Residence Inn by Marriott, Warwick

TENNESSEE

Residence Inn by Marriott,
 Germantown
 Fairfield Inn by Marriott,
 Germantown

TEXAS

Hampton Inn and Suites, El Paso
 Proposed Hotel, El Paso
 Proposed City-Owned Hotel and
 Golf Course, El Paso
 Hilton Garden Inn, Fort Worth
 Holiday Inn Express, Fort Worth
 Proposed Holiday Inn, Fort Worth
 Candlewood Suites, Fossil Creek
 Holiday Inn Express & Suites,
 Grapevine
 Marriott Horseshoe Bay Resort,
 Horseshoe Bay
 Doubletree Bush International
 Airport, Houston
 Suburban Lodge, Leon Valley
 Proposed Resort, Meeting Center, &
 Golf Course, McKinney
 Proposed Limited-Service Hotel,
 McKinney
 La Quinta Inn, South Padre Island
 Candlewood Suites, Plano
 La Copa Beach Hotel, South Padre
 Island

UTAH

Brookfield Inn, Park City
 The Canyons Ski Resort, Park City
 Proposed Convention Center
 Headquarters Hotel, Salt Lake City

VIRGINIA

Proposed Hilton Garden Inn,
 Chesapeake
 Super 8, Danville Marriott, Fairview
 Courtyard by Marriott, McLean
 Embassy Suites, Richmond
 Proposed Westin Town Center,
 Virginia Beach

WASHINGTON

SpringHill Suites by Marriott, Bothell
 Proposed Mt. Rainer Resort at Park
 Junction, Elbe
 Proposed Limited-Service Hotel,
 Lacey
 Residence Inn Bellevue, Seattle

WISCONSIN

Wyndham Garden, Brookfield
 Proposed Hotel Palomar, Milwaukee

INTERNATIONAL

Four Seasons Hotel, Mexico City,
 Mexico
 Radisson, Kitchener, Ontario
 Radisson, London, Ontario
 Radisson, Ottawa, Ontario
 Holiday Inn Airport, Toronto,
 Ontario
 Radisson East, Toronto, Ontario
 Proposed Full-Service Hotel, Panama
 City, Panama
 Proposed Select-Service Hotel,
 Panama City, Panama
 Frenchman's Reef and MorningStar,
 Marriott Beach Resorts, Charlotte
 Amalie, St. Thomas, U.S. Virgin
 Islands



Proposed Hotel, University of Virgin
Islands, St. Thomas, U.S. Virgin
Islands
Proposed Hotel, St. John, U.S. Virgin
Islands
Proposed Sporting Complex, St.
Croix, U.S. Virgin Islands

PORTFOLIO VALUATION

Portfolio of 650 Extended-Stay
Hotels, Various Locations
Portfolio of 354 La Quinta Hotels,
Various Locations
Portfolio of 143 Tharaldson-Managed
Hotels, Various Locations
Portfolio of 100 White Lodging-
Managed Hotels, Various Locations
Portfolio of 64 Courtyard by Marriott
Hotels, Various Locations
Portfolio of 13 Suburban Lodge
Hotels, Various Locations
Portfolio of 50 Courtyard by Marriott
Hotels, Various Locations

SKI RESORTS

Mammoth Ski Resort, Mammoth
Lakes, CA
June Mountain Ski Resort, Mammoth
Lakes, CA
Steamboat Ski Resort, Steamboat
Springs, CO
The Canyons Ski Resort, Park City,
UT
Horseshoe Valley Ski Resort, Barrie,
Ontario, Canada



HVS Consulting and Valuation Services – Boulder
1017 South Boulder Road
Suite G
Louisville, CO 80027
303-588-6558
FAX 303-443-3933

Tanya Pierson

Employment

1994 - Present

HVS CONSULTING AND VALUATION SERVICES
Boulder, Colorado

1993 - 1994

TABLE MOUNTAIN INN
Golden, Colorado

1993

RICHFIELD HOTEL MANAGEMENT
Denver, Colorado

1992 - 1993

HOTEL BOULDERADO
Boulder, Colorado

1991

CAESARS TAHOE
Stateline, Nevada

1990

LA QUINTA MOTOR INN
Denver, Colorado

Education and Other Training

UNIVERSITY OF DENVER - BSBA
Hotel, Restaurant and Tourism Management

Certified General Appraiser Classes Completed:

NCRE: 200 - Basic Appraisal Principles and Procedures

NCRE: 201 - Basic Appraisal Applications

NCRE: 208 - Standards and Ethics

NCRE: 203 - Small Residential Income Properties

NCRE: 211 - Certified Residential: Reporting,
Reviewing, and Analyzing Appraisals

NCRE: 215 - Appraisal Principles and Advanced
Applications

NCRE: 216 - Income Capitalization

NCRE: 219 - Commercial Case Studies



Education and Other Training (continued)

Continuing Education Courses:

Real Estate Finance
Course 400: National USPAP Update
Appraisal Loss Prevention Seminar
Market Valuation & Financial Considerations
Developing & Growing an Appraisal Practice
Capitalization Rate Models
Feasibility, Market Value & Investment Timing
Using Your HP12C
Small Hotel/Motel Valuation
Internet Search Strategies for Appraisers
Valuation of Detrimental Conditions in Real Estate
Analyzing Operating Expenses
What Commercial Clients Would Like Appraisers to Know
Course 550: Advanced Applications
Course 530: Advanced Sales Comparison and Cost Approach
Course 510: Advanced Income Capitalization
General Appraiser Market Analysis and HBU
Business Practices and Ethics
Report Writing

State Certifications

Colorado, Georgia, Minnesota, Utah, Virginia

Memberships & Affiliations

Boulder, Colorado CVB – 2008/09 Advisory Board
Eastern Carolina University – 2008/09 Hospitality
Management Advisory Board
Associate Member of the Appraisal Institute
University of Denver Visiting Committee 1997/98
University of Denver MBA Curriculum Review
Committee 2000
University of Denver HRTM Society
Eta Sigma Delta

**Teaching and Lecture Assignments**

Guest Speaker, HRTM 3500: Lodging III - University of Denver – October 1999, February 2000, November 2000
Guest Speaker, TOM 3400: Hotel Management and Opportunities- University of Colorado – January 2004, September 2004
Guest Speaker, HRTM 4440: Hotel Asset Management – University of Denver – May 2004
Guest Speaker, Lodging Valuation – University of Denver – May 2007, May 2008, May 2009, May 2010

Articles and Mentions

Minneapolis-St. Paul Business Journal, October 2, 2009, "Grand Hotel for Sale as Wirth Tests the Waters"
Denver Business Journal, October 3, 2008, "Seven Hotels Retain U.S. 36 Plans"
Missoulian, March 25, 2005, "Foreclosure won't shutter Holiday Inn Parkside"
The Hotel Valuation Journal, August 2004, "Major U.S. Transactions-Mid-Year 2004"
The Hotel Valuation Journal, January 2003, "Telecommunication Evolution and its Impact on the Hotel Industry"
Colorado Real Estate Journal, April 18, 2001, "US 36 Hotel Market Diversifies"
e-hospitality.com, August 8, 2000, "Too Many Rooms: Lessons to Learn from Salt Lake City" – Feature Article
The Hotel Valuation Journal, September 2000, "Why Hotel Markets Crash – Salt Lake City as a Blueprint"
The Hotel Valuation Journal, September 1998, "From Lodging to Senior Housing - A Natural Trend?"
Hotel Investments Handbook, 1997 – Contributing Editor
The Hotel Valuation Journal, June 1997, "The South Pacific - Paradise Lost or Found?"



Examples of Corporate and Institutional Clients Served

Aldrich, Eastman & Waltch, L.P.
 Allegro Hotels and Resorts
 American Financial Mortgage
 Amstar Group Limited
 Archon Group, L.P.
 Ashford Financial Corporation
 Ashford Hospitality Trust
 BHA Stonehouse Association
 Ballard, Spahr, Andrews & Ingersoll, LLP
 Banc One
 Bank of America
 Bank of Boston
 Bank of the West
 Bankers Trust
 Barclays Capital
 Best Western International
 Boykin Lodging Company
 Bremer Bank
 Capmark Finance Inc.
 CDC Mortgage Capital
 Chase Manhattan Bank
 CIBC World Markets
 CNL Real Estate Advisors
 CS First Boston
 CSM Corporation
 Choice Hotels International
 Citizens National Bank
 City of Boulder
 City of Westminster
 Colonial Bank
 Columbia Sussex Corporation
 Column Financial
 Compass Bank
 Concept Restaurants, Inc.
 Contritrade Services, LLC
 Credit Lyonnaise
 Crested Butte Mountain Resort
 Daiwa Securities International
 Debartolo Holdings
 Denver Athletic Club
 Deutsche Bank Securities

Dollar Bank FSB
 Driftwood Ventures
 Equity Inns
 Finova Capital
 First Bank
 First National Bank of Boulder
 First National Bank of Omaha
 First National Bank of Santa Fe
 First National Bank of South Dakota
 First Security Commercial Mortgage
 Firststar Bank
 FirstTier Bank
 Focus Enterprises, Inc.
 Franchise Concepts Unlimited
 GE Capital
 GMAC Commercial Mortgage
 Goldman Sachs
 Great Western Bank
 Greenwich Capital
 Guaranty Bank & Trust
 Gustin Property Group
 HEI Hotels
 Heller Financial
 HilMAC
 Hilton Mortgage Acceptance Corporation
 Hodges Ward Elliott
 Hospitality Properties Trust
 Host Marriott
 Hypo Real Estate Capital Corp.
 Independence Bank One of California
 Inland Pacific Colorado, LLC
 Interlocken Advanced Technology
 Intervest Property Company
 Investco
 ITT Sheraton Corporation
 Ivory Tusk, LLC
 JD Ford and Company
 JP Morgan Chase
 Krisch Hotels
 Labovitz Enterprises
 Larken, Inc.
 LaSalle Bank

LeBoeuf Lamb Green & MacRae
 Lehman Brothers
 Lennar Partners
 Lexington Mortgage
 Lincoln National Life
 Macy Development
 Madison Capital Management
 Manor Care
 Marriott International
 Marshall Investments Corporation
 Merrill Lynch Capital
 Miller & Schroeder
 MONY Life Insurance Company
 Morgan Stanley
 National Lodging
 Nations Bank
 Nevada Gold & Casino, Inc.
 Nomura Securities International
 OPPUBCO Development Corp.
 Paine Webber
 Patriot American Hospitality
 PNC Bank, National Association
 Richfield Hospitality Services, Inc.
 Riskpro
 River Valley Development Corp.
 RREEF
 Ryan Companies
 Sage Hospitality
 Sagecrest, LLC
 Salomon Brothers Realty
 Servico, Inc.
 Seva Holdings
 Shaner Hotel Group
 Signature Hospitality
 Skopbank
 Sonmar Hospitality
 Sonnenblick Goldman
 Snow Goose Investments
 Steptoe & Johnson, LLP
 Stone Mountain Partners
 Stonebridge Companies
 Studio Ventures
 Suburban Capital
 Summit Group, Inc
 Tebo Development Company



Telemark Owners Association
 The Capital Company of America
 The Guardian Life Insurance
 Company of America
 The Weglarz Group
 US Bancorp
 US Bank
 US Bank Piper Jaffary
 VVI Corporation
 Walker Field Airport Authority
 Waterford Development Corp.
 Wells Fargo Bank
 Westin Hotels and Resorts
 WestRock Association, LLC
 WestStar Bank
 White Lodging Services Corp.
 Windmill Inns of America
 Woodbine Development Corp.
 W.P. Carey & Co. LLC
 Wyndham International, Inc.

Examples of Properties Appraised or Evaluated

PORTFOLIO ANALYSIS

Portfolio of 650 Extended
 StayAmerica Hotels, Various
 Locations
 Portfolio of 365 La Quinta-Owned
 Hotels, Various Locations
 Portfolio of 11 Boykin-Owned
 Hotels, Various Locations
 Portfolio of 48 Hotels, Various
 Locations (Due Diligence)
 Portfolio of 57 RFS-Owned Hotels,
 Various Locations
 Portfolio of 34 Athletic Clubs
 Facilities, Various Locations
 Portfolio of 13 Suburban Lodges,
 Various Locations
 Portfolio of 21 Equity Inns
 Properties, Various Locations

Portfolio of 10 Marriott Properties,
 Various Locations
 Portfolio of 6 Summerfield Suites,
 Various Locations
 Portfolio of 5 Heart of America
 Properties, Various Locations
 Portfolio of 65 Summit-Owned
 Properties, Various Locations
 Portfolio of 8 La Quinta Properties,
 Various Locations

ALABAMA

Hilton, Birmingham
 Holiday Inn, Birmingham
 Hampton Inn, Dothan
 Holiday Inn, Dothan
 Holiday Inn Express, Gadsden
 Clarion Hotel, Mobile
 Proposed USA Hotel, Mobile
 Holiday Inn, Sheffield

ALASKA

Hampton Inn, Anchorage
 Holiday Inn, Anchorage
 Marriott, Anchorage
 Proposed Embassy Suites,
 Anchorage
 Proposed Hampton Inn, Fairbanks

ARIZONA

Carefree Resort, Carefree
 Courtyard by Marriott, Chandler
 Hampton Inn, Chandler
 Homewood Suites, Chandler
 AmeriSuites, Flagstaff
 Courtyard by Marriott, Flagstaff
 Embassy Suites, Flagstaff
 Howard Johnson, Flagstaff
 SpringHill Suites, Flagstaff
 Proposed Hotel, Glendale
 Holiday Inn Express, Goodyear
 Hampton Inn & Suites, Goodyear

Residence Inn by Marriott, Mesa
 Proposed Hotel, Oro Valley
 Arizona Biltmore Resort & Spa,
 Phoenix
 Embassy Suites, Phoenix
 Fairfield Inn by Marriott, Phoenix
 Hampton Inn, Phoenix
 Holiday Inn West, Phoenix
 Homewood Suites, Phoenix
 Proposed Hampton Inn, Phoenix
 Radisson, Phoenix
 Holiday Inn Express, Prescott
 Hilton Resort, Scottsdale
 Proposed Fairfield Suites by
 Marriott, Scottsdale
 TownePlace Suites by Marriott,
 Scottsdale
 L'Auberge de Sedona, Sedona
 Hampton Inn, Sedona
 Wyndham Buttes Resort, Tempe
 Embassy Suites Airport, Tucson
 Sheraton El Conquistador, Tucson
 Proposed Comfort Suites, Tucson
 Ramada Palo Verde, Tucson
 Residence Inn by Marriott, Tucson

ARKANSAS

Four Points by Sheraton,
 Bakersfield
 Courtyard by Marriott, Bentonville
 Residence Inn by Marriott, Little
 Rock
 Proposed Marriott, West Little Rock

CALIFORNIA

Embassy Suites, Arcadia
 Proposed Hilton Garden, Arcadia
 Proposed SpringHill Suites by
 Marriott, Arcadia
 Claremont Resort & Spa, Berkeley
 Proposed Residence Inn by
 Marriott, Carlsbad



Proposed Courtyard by Marriott, Carlsbad
 Courtyard by Marriott, Century City
 Hardage Hotel, Emeryville
 Piccadilly Airport Hotel, Fresno
 Clarion Roosevelt, Hollywood
 La Quinta Resort & Club, La Quinta
 Courtyard by Marriott, Livermore
 Hotel D'Orsay, Long Beach
 Marriott LAX, Los Angeles
 Beverly Heritage Hotel, Milpitas
 Sheraton Hotel, Milpitas
 Doubletree Hotel, Mission Valley
 Silverado Resort, Napa
 Courtyard by Marriott, Oyster Point
 Residence Inn by Marriott, Oyster Point
 Holiday Inn Express, Palm Desert
 Four Points by Sheraton, Pleasanton
 Sierra Suites, Pleasanton
 Summerfield Suites by Wyndham, Pleasanton
 Wyndham Garden, Pleasanton
 Holiday Inn, Riverside
 Doubletree, Sacramento
 Residence Inn by Marriott, Sacramento
 Proposed Hotel, San Bernadino
 Doubletree, San Diego
 Hardage Hotel, San Diego
 Hilton Harbor Island, San Diego
 Wyndham Emerald Plaza, San Diego
 Hilton Fisherman's Wharf, San Francisco
 Hotel Rex, San Francisco
 Radisson Valley Center Hotel, Sherman Oaks
 Sonoma Valley Inn, Sonoma
 Maple Tree Inn, Sunnyvale
 Sheraton, Sunnyvale
 Residence Inn by Marriott, Torrance
 Holiday Inn, Ventura

Ventura Beach Marriott, Ventura
 Wyndham Bel Age, West Hollywood
 Marriott Warner Center, Woodland Hills

COLORADO

Denver Marriott, Aurora
 Hilton Garden Inn DIA, Aurora
 Proposed Residence Inn Gateway Park, Aurora
 Sleep Inn, Aurora
 Suburban Lodge, Aurora
 Hyatt Regency Beaver Creek, Avon
 Proposed Hotel, Avon
 Proposed Timeshare, Avon
 Proposed TBD Hotel, Basalt
 Alps Boulder Canyon Inn, Boulder
 Clarion Harvest House, Boulder
 Proposed Hotel Renovation/Expansion, Boulder
 Proposed Marriott, Boulder
 Proposed St. Julien Hotel, Boulder
 Interlocken Club & Spa, Broomfield
 Omni Interlocken Resort, Broomfield
 Proposed Interlocken Resort, Broomfield
 Proposed NYLO, Broomfield
 Proposed Summerfield Suites, Broomfield
 Proposed aloft, Broomfield
 Proposed Holiday Inn, Clifton
 Doubletree, Colorado Springs
 Embassy Suites, Colorado Springs
 Hampton Inn, Colorado Springs
 Holiday Inn Express, Colorado Springs
 Homewood Suites, Colorado Springs
 Proposed Brighton Gardens, Colorado Springs

Proposed Homewood Suites by Hilton, Colorado Springs
 Proposed Hotel, Colorado Springs
 Proposed Mining Exchange Hotel, Colorado Springs
 Grande Butte Hotel, Crested Butte
 Irwin Mountain Lodge, Crested Butte
 MountainLair Hotel, Crested Butte
 Sheraton Hotel, Crested Butte
 Imperial Hotel & Casino, Cripple Creek
 Colorado Athletic Club Downtown, Denver
 Colorado Athletic Club Leetsdale, Denver
 Courtyard by Marriott, Denver
 Embassy Suites, Denver
 Four Points by Sheraton, Denver
 Hampton Inn, Denver
 Hampton Inn & Suites, Denver
 Hilton DTC, Denver
 Hilton Garden Inn Downtown, Denver
 Holiday Inn Central, Denver
 Holiday Inn Express, Denver International Airport
 JW Marriott, Denver
 Proposed Denver Athletic Club Hotel, Denver
 Proposed Executive Tower Hotel, Denver
 Proposed Full-Service Hotel, Denver
 Proposed Hilton Garden Inn, Denver
 Proposed JW Marriott Hotel, Denver
 Proposed Residence Inn by Marriott, Denver
 Wyndham DTC, Denver
 Days Inn, Denver International Airport
 Ramada Limited, Denver International Airport



Proposed Sheraton, Denver
 International Airport
 Proposed Jackson Creek Ranch,
 Douglas County
 24 Hour Fitness, Englewood
 Colorado Athletic Club Inverness,
 Englewood
 Proposed Courtyard by Marriott,
 Englewood
 Proposed Residence Inn by
 Marriott, Englewood
 Sheraton Denver tech Center,
 Englewood
 Summerfield Suites by Wyndham,
 Englewood
 Holiday Inn, Frisco
 Hampton Inn & Suites, Glendale
 Golden Hotel, Golden
 Hampton Inn, Golden
 Proposed Holiday Inn Express,
 Golden
 Ramada Inn Denver West, Golden
 Proposed Residence Inn by
 Marriott, Golden
 Proposed Courtyard by Marriott,
 Golden
 Table Mountain Inn, Golden
 Adams Mark, Grand Junction
 Comfort Inn, Grand Junction
 Hilton Hotel, Grand Junction
 Proposed Candlewood Suites,
 Grand Junction
 Proposed Courtyard by Marriott,
 Grand Junction
 Proposed Hampton Inn, Grand
 Junction
 Proposed Holiday Inn, Grand
 Junction
 Proposed Residence Inn by
 Marriott, Grand Junction
 Proposed Hotel, Grand Junction
 Colorado Athletic Club DTC,
 Greenwood Village
 Greenwood Athletic Club,
 Greenwood Village

Hampton Inn, Lakewood
 Proposed Brighton Gardens,
 Lakewood
 Sheraton Denver West, Lakewood
 Holiday Inn Express, Littleton
 Proposed Hotel, Longmont
 Raintree Plaza, Longmont
 Comfort Inn, Louisville
 Courtyard by Marriott, Louisville
 Proposed Residence Inn by
 Marriott, Louisville
 Hampton Inn, Louisville
 Fairfield Inn by Marriott, Loveland
 Rock 'N River Property, Lyons
 Ramada Limited, Northglenn
 Hampton Inn, Parker
 Proposed Westin, Telluride
 Peaks at Telluride, Telluride
 The Owners Club, Telluride
 Rosewood Resort, Telluride
 Radisson Graystone Castle,
 Thornton
 Chateau Vail, Vail
 Lodge at Vail, Vail
 Vail Village Inn, Vail
 Proposed Vail Plaza, Vail
 Proposed Four Seasons, Vail
 Proposed Bradford Homesuites,
 Westminster
 Proposed Comfort Suites,
 Westminster
 Proposed SpringHill Suites by
 Marriott, Westminster
 Proposed Westin, Westminster
 Westin Hotel, Westminster

CONNECTICUT

Radisson, Enfield
 Holiday Inn, East Hartford
 Courtyard by Marriott, Orange
 Doubletree Hotel, Windsor Locks

DELAWARE

Residence Inn by Marriott,
Wilmington

DISTRICT OF COLUMBIA

Proposed Embassy Suites

FLORIDA

Boca Athletic Club, Boca Raton
 Fairfield Inn by Marriott, Brandon
 Courtyard by Marriott, Brandon
 Mayfair House, Coconut Grove
 Holiday Inn, Coral Gables
 Hyatt, Coral Gables
 Doubletree Hotel, Fort Lauderdale
 Doubletree Guest Suites, Fort
 Lauderdale
 Hampton Inn, Fort Lauderdale
 Holiday Inn, Fort Pierce
 Hampton Inn, Jacksonville
 Holiday Inn Sunspree, Jacksonville
 Beach
 Proposed aloft, Jacksonville
 Residence Inn by Marriott,
 Jacksonville
 Westin, Key Largo
 Courtyard by Marriott, Key West
 Holiday Inn, Key West
 Super 8, Lantana
 Hilton Walt Disney World, Lake
 Buena Vista
 Sheraton, Maitland
 Holiday Inn, Melbourne
 Doral Golf Resort & Spa, Miami
 Doubletree Club Hotel, Miami
 Hilton Miami Downtown, Miami
 TownePlace Suites by Marriott,
 Miami
 Summerfield Suites by Wyndham,
 Miami
 Grand Beach Hotel, Miami Beach
 TownePlace Suites by Marriott,
 Miami Lakes
 Proposed Hilton, Naples



Proposed Residence Inn by Marriott, Naples
 Residence Inn by Marriott, Orlando
 Radisson Parkway Resort, Orlando
 Holiday Inn Express, Pensacola
 Holiday Inn University Mall, Pensacola
 Hampton Inn, Pensacola
 Sheraton Suites, Plantation
 Hyatt Regency, Sarasota
 Harbour Island Athletic Club, Tampa
 Crowne Plaza, West Palm Beach
 Residence Inn by Marriott, West Palm Beach
 Sheraton, West Palm Beach
 Holiday Inn, Winter Haven

GEORGIA

Marriott, Alpharetta
 Residence Inn by Marriott, Alpharetta
 Days Inn, Atlanta
 Doubletree Guest Suites, Atlanta
 Georgian Terrace, Atlanta
 Hyatt Place Airport, Atlanta
 Marriott Hotel, Atlanta
 Northeast Athletic Club, Atlanta
 Residence Inn by Marriott, Atlanta
 Sheraton Colony Square, Atlanta
 Westin Perimeter North, Atlanta
 Wyndham Vining Inn, Atlanta
 Days Inn Downtown, Augusta
 Fairfield Inn by Marriott, Augusta
 Holiday Inn Gordon Hwy, Augusta
 Holiday Inn West, Augusta
 Holiday Inn, Brunswick
 Courtyard by Marriott, Buckhead
 Residence Inn by Marriott, Buckhead
 Sierra Suites, Buckhead
 Hampton Inn, Buford
 SpringHill Suites, Buford
 Residence Inn by Marriott, Duluth

Residence Inn by Marriott, Gwinnett
 Holiday Inn, Jekyll Island
 Fairfield Inn, Kennesaw
 SpringHill Suites, Kennesaw
 Emerald Pointe Resort, Lake Lanier Islands
 SpringHill Suites, Lithia Springs
 Comfort Inn, Marietta
 Holiday Inn & Suites, Marietta
 Hyatt Regency, Marietta
 Wyndham Peachtree Center, Peachtree City
 Radisson Hotel, Savannah
 Westin, Savannah
 Holiday Inn, Valdosta
 Fairfield Inn by Marriott, Valdosta
 Ramada Inn, Warner Robins

HAWAII

Fairmont Orchid, Big Island
 Ritz-Carlton Kapalua, Maui
 Royal Hawaiian, Oahu
 Sheraton Moana Surfrider, Oahu
 Sheraton Princess, Oahu

IDAHO

Doubletree Hotel, Boise
 Holiday Inn, Boise
 Red Lion Downtowner, Boise
 Proposed Cambria Suites, Boise
 Red Lion Riverside, Boise
 Shilo Inn, Boise
 The Grove Hotel, Boise
 Shilo Inn, Idaho Falls
 Proposed Resort, McCall

ILLINOIS

Holiday Inn, Arlington Heights
 Sheraton Chicago Northwest, Arlington Heights

Courtyard by Marriott, Bedford Park
 Fairfield Inn by Marriott, Bedford Park
 Holiday Inn Express, Bedford Park
 Proposed Holiday Inn Select, Bedford Park
 Hampton Inn, Bloomington
 Hyatt Printers Row, Chicago
 Ritz Carlton, Chicago
 Sheraton Hotel & Towers, Chicago
 Wyndham NW, Chicago
 Holiday Inn, Crystal Lake
 Doubletree Club Hotel, Des Plaines
 Holiday Inn, Downers Grove
 Proposed Staybridge Suites by Holiday Inn, Elgin
 Holiday Inn, Glen Ellyn
 Doubletree Hotel, Glenview
 Fairfield Inn by Marriott, Glenview
 Holiday Inn, Itasca
 Wyndham NW Chicago, Itasca
 Wyndham, Lisle
 Wyndham Garden, Naperville
 Proposed Hotel, Peoria
 Holiday Inn, Rolling Meadows
 Wyndham Garden, Schaumburg
 Doubletree Hotel, Skokie
 Wyndham Garden, Wood Dale

INDIANA

Holiday Inn, Bloomington
 Proposed Residence Inn by Marriott, Bloomington
 Proposed Staybridge Suites, Carmel
 Residence Inn by Marriott, Fishers
 Proposed Courtyard, Fort Wayne
 Hilton, Fort Wayne
 Holiday Inn, Fort Wayne
 Proposed Hotel, Fort Wayne
 Staybridge Suites by Holiday Inn, Fort Wayne



French Lick Resort, French Lick
 AmeriSuites, Indianapolis
 Fairfield Inn by Marriott,
 Indianapolis
 Hampton Inn, Indianapolis
 Residence Inn by Marriott,
 Indianapolis
 Proposed Hampton Inn,
 Lawrenceburg
 Residence Inn by Marriott,
 Merrillville
 Proposed Casino, Paxton
 Knights Inn, Seymour
 Proposed Fairfield Inn, South Bend

IOWA

Crowne Plaza, Cedar Rapids
 Wildwood Lodge, Clive
 Best Western Metro, Council Bluffs
 Comfort Suites, Des Moines
 Country Inn & Suites, Des Moines
 Savery Hotel, Des Moines
 Sleep Inn, Des Moines
 Four Points, West Des Moines
 Sheraton, Iowa City

KANSAS

Holiday Inn, Lawrence
 Proposed MainStay Suites,
 Lawrence
 Holiday Inn, Manhattan
 Comfort Suites, Olathe
 AmeriSuites, Overland Park
 Hampton Inn, Overland Park
 Homewood Suites, Overland Park
 Holiday Inn, Wichita
 Proposed Hotel – Bowllagio,
 Wichita
 Proposed Downtown Hotel,
 Wichita
 Proposed Hotel – Greenwich,
 Wichita

Proposed Hotel – Southfork,
 Wichita

KENTUCKY

Courtyard by Marriott, Florence
 Holiday Inn, Louisville
 Radisson, Louisville
 Courtyard by Marriott, Paducah
 Super 8, Prestonburg

LOUISIANA

Comfort Inn, Baton Rouge
 Fairfield Inn by Marriott, Baton
 Rouge
 SpringHill Suites by Marriott,
 Baton Rouge
 TownePlace Suites by Marriott,
 Baton Rouge
 Courtyard by Marriott, Lafayette
 Holiday Inn, Lafayette
 Quality Inn, Metairie
 Bourbon Orleans, New Orleans
 Crowne Plaza, New Orleans
 Hyatt Regency, New Orleans
 Maison DuPuy, New Orleans
 Radisson, New Orleans

MARYLAND

Marriott, Annapolis
 Radisson, Annapolis
 Wyndham Inner Harbor Hotel,
 Baltimore
 Bel Air Athletic Club, Bel Air
 Holiday Inn, Belmont
 Residence Inn by Marriott,
 Bethesda
 Hilton, Columbia
 Holiday Inn, Cromwell Bridge
 Holiday Inn, Frederick
 Summerfield Suites by Wyndham,
 Gaithersburg

Holiday Inn Airport, Linthicum
 Heights
 Doubletree, Rockville
 Days Inn, Silver Spring
 Holiday Inn, Silver Spring

MASSACHUSETTS

Wyndham, Billerica
 Atlantic Avenue Athletic Club,
 Boston
 Charles Square Athletic Club,
 Boston
 Commonwealth Athletic Club,
 Boston
 Courtyard by Marriott, Boston
 Proposed Intercontinental Hotel,
 Boston
 Westin Copley Place, Boston
 Wyndham Hotel, Boston
 Summerfield Suites by Wyndham,
 Burlington
 TownePlace Suites by Marriott,
 Danvers
 Residence Inn by Marriott, Dedham
 Proposed Courtyard by Marriott,
 Natick
 Newton Athletic Club, Newton
 Summerfield Suites by Wyndham,
 Waltham
 Proposed Courtyard by Marriott,
 Woburn
 Crowne Plaza, Worcester

MICHIGAN

Proposed TownePlace Suites,
 Ann Arbor
 Residence Inn by Marriott, Ann
 Arbor
 Fairfield Inn by Marriott, Auburn
 Hills
 Hilton Suites, Auburn Hills
 Proposed TownePlace Suites,
 Auburn Hills



Fairfield Inn by Marriott, Canton
 Lifetime Fitness Center, Canton
 Courtyard by Marriott, Dearborn
 Hyatt Regency, Dearborn
 TownePlace Suites by Marriott,
 Dearborn
 Doubletree Hotel Airport, Detroit
 Courtyard by Marriott, Flint
 Holiday Inn, Flint
 Proposed TownePlace Suites by
 Marriott, Grand Rapids
 Holiday Inn West, Lansing
 Proposed TownePlace Suites by
 Marriott, Livonia
 TownePlace Suites by Marriott,
 Livonia
 Fairfield Inn by Marriott, Madison
 Heights
 Hampton Inn, Northville
 Wyndham Garden, Novi
 Quality Inn, Plymouth
 Proposed Marriott, Pontiac
 Lifetime Fitness Center, Rochester
 Hills
 Fairfield Inn by Marriott, Romulus
 Proposed Hilton Garden Inn,
 Romulus
 Courtyard by Marriott, Southfield
 Holiday Inn, Southfield
 Proposed TownePlace Suites,
 Sterling Heights
 Comfort Inn, Traverse City
 Courtyard by Marriott, Troy
 Drury Inn, Troy
 Hilton Inn Northfield, Troy
 Courtyard by Marriott, Warren
 Fairfield Inn by Marriott, Warren

MINNESOTA

Holiday Inn, Arden Hills
 Cambria Suites, Bloomington
 Crowne Plaza, Bloomington
 Hampton Inn, Bloomington
 Holiday Inn, Bloomington

Holiday Inn Express, Bloomington
 Northwest Athletic Club 98th Street,
 Bloomington
 Northwest Athletic Club
 Normandale, Bloomington
 Proposed Courtyard by Marriott,
 Bloomington
 Proposed MOA Hotel, Bloomington
 Proposed Residence Inn by
 Marriott, Bloomington
 Ramada Mall of America,
 Bloomington
 Renaissance Hotel, Bloomington
 Wyndham Garden, Bloomington
 Northwest Athletic Club Highway
 100, Brooklyn Center
 Cragun's Resort, Brainerd
 Northland Inn, Brooklyn Park
 Northwest Athletic Club Burnsville,
 Burnsville
 Holiday Inn, Duluth
 Proposed Mixed-Use Development,
 Duluth
 Residence Inn by Marriott, Eagan
 Northwest Athletic Club
 Crosstown, Eden Prairie
 Flagship Athletic Club, Eden Prairie
 Proposed TownePlace Suites by
 Marriott, Eden Prairie
 Hawthorn Suites, Edina
 Northwest Athletic Club Midwest,
 Edina
 Northwest Athletic Club St. Louis
 Park, Edina
 Northwest Athletic Club Moore
 Lake, Fridley
 Proposed Microtel, Hastings
 Northwest Athletic Club Maple
 Grove, Maple Grove
 Proposed Hilton Garden Inn,
 Maple Grove
 Proposed Staybridge Suites by
 Holiday Inn, Maple Grove
 Hotel Minneapolis, Minneapolis

Northwest Athletic Club Arena,
 Minneapolis
 Proposed Courtyard by Marriott,
 Minneapolis
 Proposed Extended-Stay Hotel,
 Minneapolis
 Proposed Full-Service Hotel,
 Minneapolis
 Proposed Hampton Inn,
 Minneapolis
 Proposed TownePlace Suites,
 Minneapolis
 Proposed Westin, Minneapolis
 Radisson Metrodome, Minneapolis
 The Grand Hotel, Minneapolis
 The Marquette Hotel, Minneapolis
 Hampton Inn, Minnetonka
 Northwest Athletic Club Oakdale,
 Minnetonka
 Proposed Hilton Garden, Oakdale
 Proposed Cambria Suites,
 Rochesteer
 Comfort Inn, Roseville
 Proposed Residence Inn by
 Marriott, Roseville
 Holiday Inn West, St. Louis Park
 Holiday Inn, St. Paul
 Proposed Hotel, Wabasha

MISSISSIPPI

Hampton Inn, Harrisburg
 Comfort Inn, Hattiesburg
 Courtyard by Marriott, Jackson
 Proposed Conference Resort,
 Jackson
 Ramada, McComb
 Holiday Inn Express, Milford

MISSOURI

Sheraton, Clayton
 Hampton Inn, Kansas City
 Proposed Residence Inn by
 Marriott, Kansas City



Residence Inn by Marriott, Kansas City
 Country Club Hotel & Spa, Lake Ozark
 Big Cedar Lodge, Ridgedale
 Staybridge Suites, Ridgeland
 Comfort Inn, St. Louis
 Holiday Inn North, St. Louis
 Radisson Hotel, St. Louis

MONTANA

Proposed Holiday Inn Express, Great Falls
 Proposed Holiday Inn Express, Helena
 Proposed Hotel, Whitefish

NEBRASKA

Hampton Inn, Lincoln
 Courtyard by Marriott, La Vista
 Best Western Central, Omaha
 Doubletree, Omaha
 Hampton Inn, Omaha
 Ramada Inn, Omaha
 Sheraton Inn, Omaha

NEVADA

Candlewood Suites, Henderson
 Proposed Holiday Inn Express, Henderson
 Proposed Timeshare Resort, Lake Tahoe
 Alexis Park Suites, Las Vegas
 Courtyard by Marriott, Las Vegas
 Embassy Suites, Las Vegas
 Marriott Suites, Las Vegas
 Proposed Hotel, Las Vegas

NEW HAMPSHIRE

Fairfield Inn by Marriott, Merrimack

NEW JERSEY

Trump Marina Hotel & Casino, Atlantic City
 Summerfield Suites by Wyndham, Bridgewater
 Courtyard by Marriott, Edison
 Leisure Park Retirement Community, Lakewood
 Summerfield Suites by Wyndham, Morristown
 Hilton Gateway Plaza, Newark
 Hilton, Parsippany
 Residence Inn by Marriott, Princeton
 Doubletree, Somerset
 Residence Inn by Marriott, Tinton Falls
 Summerfield Suites by Wyndham, Whippany

NEW MEXICO

Del Norte Athletic Club, Albuquerque
 Downtown Athletic Club, Albuquerque
 Hilton Garden Inn Uptown, Albuquerque
 Highpoint Athletic Club, Albuquerque
 Holiday Inn Express, Albuquerque
 La Posada, Albuquerque
 Midtown Athletic Club, Albuquerque
 Proposed Hilton Garden Inn, Albuquerque
 Proposed Hotel Indigo, Albuquerque
 Proposed Residence Inn, Albuquerque
 Riverpoint Athletic Club, Albuquerque
 Suburban Lodge, Albuquerque

Holiday Inn Express, Farmington
 Proposed Resort, Pojoaque
 Hilton Garden Inn, Rio Rancho
 Eldorado Hotel, Santa Fe
 Encantado Resort, Santa Fe
 Hilton, Santa Fe
 Holiday Inn, Santa Fe
 Proposed Hotel, Santa Fe

NEW YORK

Crowne Plaza, Albany
 Omni Hotel, Albany
 Residence Inn by Marriott, Fishkill
 Holiday Inn, Grand Island
 Holiday Inn, Jamestown
 Sofitel, New York
 Four Points, Niagara Falls
 Holiday Inn Select, Niagara Falls
 Embassy Suites, Syracuse
 Fairfield Inn by Marriott, Syracuse
 Holiday Inn, Syracuse
 Wyndham Hotel, Syracuse

NORTH CAROLINA

Renaissance, Asheville
 Residence Inn by Marriott, Charlotte
 Westin Hotel, Charlotte
 Proposed Select-Service Hotel, Charlotte
 Proposed Hotel, Durham
 Holiday Inn, Fayetteville
 Radisson Inn, Greensboro
 Days Inn RPT, Raleigh
 Holiday Inn, Raleigh
 Fairfield Inn by Marriott, Rocky Mount

NORTH DAKOTA

Proposed Limited-Service Hotel, Fargo
 Proposed Wingate Inn, Fargo



OHIO

Fairfield Inn by Marriott, Akron
 Radisson, Cincinnati
 Courtyard by Marriott, Cleveland
 Holiday Inn Beachwood,
 Cleveland
 Holiday Inn Westlake, Cleveland
 Marriott East, Cleveland
 Marriott North, Cleveland
 Radisson, Cleveland
 AmeriSuites, Columbus
 Doubletree Guest Suites, Columbus
 Hilton Polaris, Columbus
 Doubletree Guest Suites, Dayton
 AmeriSuites, Forest Park
 Harley Hotel, Independence
 Comfort Inn, Marietta
 Harley Hotel, Middleburg Heights
 Holiday Inn, Richfield
 Homewood Suites, Sharonville
 Holiday Inn, Strongsville
 Ramada Hotel, Willoughby

OKLAHOMA

Hampton Inn, Oklahoma City
 Park Inn, Oklahoma City
 Proposed Boutique Hotel,
 Oklahoma City
 Westin, Oklahoma City
 Courtyard by Marriott, Tulsa
 Hampton Inn, Tulsa

OREGON

Windmill Inn, Ashland
 Residence Inn by Marriott, Lake
 Oswego
 Proposed Candlewood Suites,
 Medford
 Windmill Inn, Medford
 Doubletree Downtown, Portland

Doubletree Lloyd Center, Portland
 Marriott, Portland
 Residence Inn by Marriott, Portland
 Windmill Inn, Roseburg
 Doubletree, Springfield
 Holiday Inn, Wilsonville

PENNSYLVANIA

Holiday Inn, Greentree
 Four Points by Sheraton, Mars
 Holiday Inn, McKnight
 Holiday Inn, Monroeville
 Doubletree, Moon Township
 Doubletree Club, Philadelphia
 Proposed Ritz-Carlton,
 Philadelphia
 Proposed Sofitel, Philadelphia
 Residence Inn by Marriott,
 Philadelphia
 Sofitel, Philadelphia
 Wyndham Franklin Plaza,
 Philadelphia
 Crowne Plaza, Pittsburgh
 Holiday Inn, Pittsburgh
 Holiday Inn Parkway East,
 Pittsburgh
 Windsor Court Hotel Conversion,
 Pittsburgh
 Wyndham, Pittsburgh
 Doubletree Guest Suites, Plymouth
 Meeting
 Holiday Inn Meadowlands,
 Washington Park
 Holiday Inn, York

RHODE ISLAND

Residence Inn by Marriott, Warwick
 Proposed NYLO Hotel, Warwick

SOUTH CAROLINA

Best Western, Charleston
 Clarion, Charleston

Lodge Alley, Charleston
 Holiday Inn, Columbia
 Best Western, Hilton Head
 Holiday Inn, Hilton Head
 Holiday Inn Sunspree, Myrtle
 Beach
 Shorecrest II, Myrtle Beach

SOUTH DAKOTA

Courtyard by Marriott, Sioux Falls
 SpringHill Suites, Sioux Falls

TENNESSEE

Fairfield Inn by Marriott,
 Chattanooga
 Courtyard by Marriott,
 Germantown
 Fairfield Inn by Marriott, Jackson
 Proposed Convention Hotel,
 Knoxville
 Proposed Courtyard by Marriott,
 Knoxville
 Adams Mark, Memphis
 AmeriSuites, Memphis
 French Quarter Hotel, Memphis
 Hampton Inn, Memphis
 Ramada Inn, Memphis
 Country Inn, Murfreesboro
 SpringHill Suites by Marriott,
 Nashville
 Hampton Inn, Pigeon Forge

TEXAS

Courtyard by Marriott, Abilene
 Comfort Inn, Amarillo
 Crowne Plaza, Amarillo
 Days Inn, Amarillo
 Holiday Inn Express, Amarillo
 Courtyard by Marriott, Austin
 Fairfield Inn & Suites North, Austin
 Hawthorn Suites Central, Austin
 Hawthorn Suites South, Austin



Holiday Inn, Austin
 Holiday Inn NW, Austin
 Holiday Inn South, Austin
 Proposed Courtyard by Marriott,
 Austin
 Sheraton, Austin
 Proposed Spillman Ranch, Bee Cave
 Holiday Inn Market Center, Dallas
 Le Meridien, Dallas
 Proposed Boutique Hotel, Dallas
 Residence Inn by Marriott, Dallas
 Holiday Inn Select, D/FW Airport
 Hyatt D/FW Airport
 Residence Inn by Marriott, Fort
 Worth
 TownePlace Suites by Marriott, Fort
 Worth
 Proposed Resort, Horseshoe Bay
 Crowne Plaza, Houston
 Hampton Inn, Houston
 Hawthorn Suites, Houston
 Hotel Icon, Houston
 Kingwood Athletic Club, Houston
 Ramada Plaza, Houston
 Westin Galleria, Houston
 Westin Oaks, Houston
 Hawthorn Suites, Irving
 Holiday Inn Express, Irving
 Hyatt Place, Irving
 Hawthorn Suites, Kileen
 Hampton Inn, Laredo
 Proposed NYLO, Las Colinas
 Proposed Campus Hotel, Lubbock
 Embassy Suites, McAllen
 Holiday Inn, New Braunfels
 Proposed NYLO, Plano
 Courtyard by Marriott, Richardson
 Hampton Inn, Richardson
 Proposed Hotel, Riviera
 Doubletree, San Antonio
 Homewood Suites, San Antonio
 Proposed aloft, San Antonio
 Residence Inn by Marriott Airport,
 San Antonio
 Holiday Inn, Tyler

Residence Inn by Marriott, Tyler

UTAH

Crystal Inn, Brigham City
 Residence Inn by Marriott,
 Cottonwood
 Suburban Lodge, Midvale
 Brookfield Inn, Park City
 Chateaux at Silver Lake, Park City
 Olympia Park, Park City
 The Lodges at Deer Valley, Park
 City
 Comfort Inn Airport, Salt Lake City
 Crystal Inn, Salt Lake City
 Embassy Suites, Salt Lake City
 Hilton Airport, Salt Lake City
 Hilton Downtown, Salt Lake City
 Holiday Inn Express, Salt Lake City
 Peery Hotel, Salt Lake City
 Proposed Comfort Suites,
 Salt Lake City
 Proposed Courtyard by Marriott,
 Salt Lake City
 Proposed Embassy Suites,
 Salt Lake City
 Proposed Residence Inn by
 Marriott, Salt Lake City
 Quality Inn, Salt Lake City
 Quality Inn Midvalley, Salt Lake
 City
 University Park, Salt Lake City
 Proposed Embassy Suites, Sandy
 Suburban Lodge, S. Salt Lake City
 Proposed Cambria Suites, S. Jordan
 Bottle Hollow Resort, Uinitah

VERMONT

Fairfield Inn by Marriott, Colchester

VIRGINIA

Hilton Garden Inn, Chesapeake
 Super 8, Christiansburg

Holiday Inn, Covington
 AmeriSuites, Glen Allen
 Super 8, Harrisonburg
 Holiday Inn, Lexington
 Super 8, Lexington
 Courtyard by Marriott, McLean
 Staybridge Suites by Holiday Inn,
 McLean
 Super 8, Norton
 Super 8, Radford
 Embassy Suites, Richmond
 Proposed MainStay Suites,
 Roanoke
 Sheraton Airport, Roanoke
 Super 8, Roanoke
 Holiday Inn, Salem
 Country Inn, Stafford
 Super 8, Waynesboro

WASHINGTON

Doubletree Bellevue Center,
 Bellevue
 SpringHill Suites by Marriott,
 Bothell
 Proposed Holiday Inn Express,
 Lacey
 Proposed Mt. Rainer Resort, Park
 Junction
 Summerfield Suites by Wyndham,
 Seattle
 Doubletree Spokane Valley,
 Spokane
 Residence Inn by Marriott,
 Vancouver
 SpringHill Suites, Wenatchee
 Doubletree, Yakima

WEST VIRGINIA

Residence Inn by Marriott,
 Charleston
 Hampton Inn, Morgantown



WISCONSIN

Proposed Country Inn, Brookfield
Wyndham Garden, Brookfield
Telemark Resort, Cable
Proposed Hilton Garden, Kimberly
Proposed Residence Inn by
Marriott, Milwaukee
Comfort Suites, Pewaukee
Holiday inn, Wauwatosa

Proposed Limited-Service Hotel, St.
John USVI
Westin Resort, St. John, USVI
Caneel Bay, St. John, USVI
Marriott Frenchman's Reef and
Morningstar Resort, St. Thomas,
USVI

Mexico

Royal Sands, Cancun

WYOMING

Holiday Inn, Casper
Snake River Lodge, Jackson
Proposed Resort, Teton Village

INTERNATIONAL

Canada

Horseshoe Valley Ski Resort, Barrie,
Ontario
Hilton, Windsor, Ontario
Travelodge, Windsor, Ontario
Hampton Inn & Suites, Ontario

Caribbean

Aruba Marriott & Casino, Aruba
Americana Resort, Aruba
Westin, Aruba
Holiday Inn Nassau, Bahamas
Paradise Island Fun Club, Bahamas
Little Dix Bay, Virgin Gorda, BVI
Club St. Lucia, Castries, British West
Indies
Marriott Resort, Grand Cayman,
British West Indies
Ritz Carlton San Juan, Puerto Rico
Sands Hotel & Casino, Puerto Rico
Wyndham El San Juan, Puerto Rico
Hyatt Regency St. John, USVI