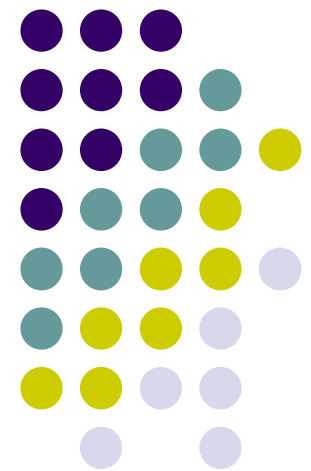


Hotel Valuation

An introduction to obtain the value of the fee simple rights of the real estate component of a limited service hotel property



Joshua Hoogland, SAMA

Senior Commercial Appraiser

Hennepin County

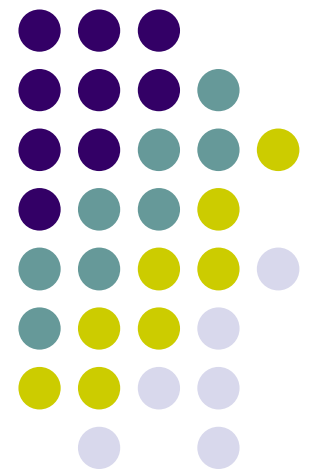


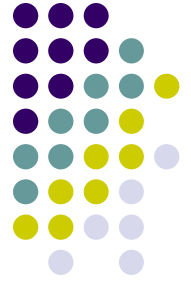
Hotel Valuation

- Definitions
- Side by Side Hotel Comparisons
- Approaches to Value
 - Cost Approach
 - Market Approach
 - Income Approach
 - Multiplier
 - Allocation of Value Components
 - Direct Capitalization Approach
 - Discounted Cash Flow

Hotel Valuation

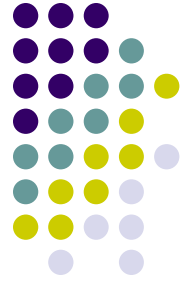
Definitions





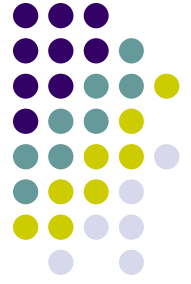
Definitions

- Hotel
 - An establishment that provides lodging and usually meals, entertainment, and various personal services for the public
- Motel
 - An establishment which provides lodging and parking and in which the rooms are usually accessible from an outdoor parking area. Blend of the terms motor and hotel.



Definitions

- **Rack Rate**
 - The published, advertised full price for a room in a hotel
- **ADR – Average Daily Rate**
 - Total guest room revenue divided by the total number of occupied rooms
- **Total Available Rooms**
 - Total number of rooms multiplied by days in a year (365)



Definitions

- Occupancy
 - Total room nights sold divided by total available rooms
- RevPAR
 - Total revenue divided by the total number of rooms available, $ADR \times Occupancy \approx RevPAR$
- Departmental Expenses
 - Direct expenses attributable to specific departments, usually separated by income sources, deducted prior to operating profit



Definitions

- Franchise
 - An agreement between a hotel-motel company (usually a national or regional chain) and an independent hotel owner in which the owner pays a fee to use the name, trademarks, and various services offered by the chain
- Economy/Limited-Service Lodging
 - “Rooms only” operation, no food and beverage, possibly continental breakfast, lower tier pricing

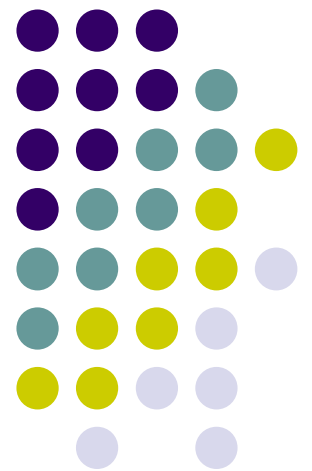


Definitions

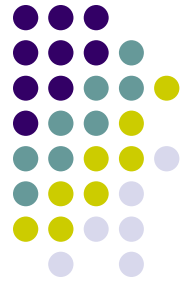
- Extended-Stay Lodging
 - Work stations, kitchenettes, lounging area, mid – upper tier pricing, weekly rates
- Full-Service Lodging
 - Restaurant, meeting/conference space, moderate to low upper tier pricing, food and beverage chain segments
- Luxury Lodging
 - High-quality, guest services, extensive amenities, upper-tier pricing, 4-5 stars

Hotel Valuation

Hotel
Comparisons
Performance



Comparisons - Hotel Performance



Property A

61 rooms
Year Built = 1980
2009 YE Income

ADR = \$74.33
Occupancy = 38.00%

RevPAR = \$28.25

Property B

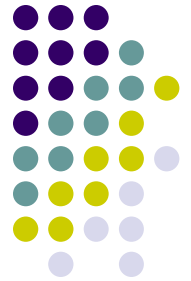
63 rooms
Year Built = 1987
2009 YE Income

ADR = \$56.38
Occupancy = 55.00%

RevPAR = \$31.01

The properties are 1.1 miles apart, both properties have a pool, continental breakfast and are equidistant from the freeway. Based on actual 2009 YE incomes.

Comparisons - Hotel Performance



Property A

61 rooms
Year Built = 1980
2009 YE Income
RevPAR = \$28.25

Total Expense = 74%

Net Operating Income/Rm =
\$2,680

Property B

63 rooms
Year Built = 1987
2009 YE Income
RevPAR = \$31.01

Total Expense = 87%

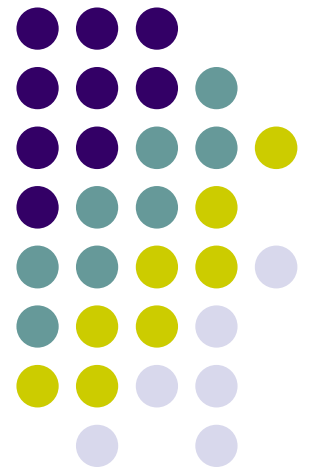
Net Operating Income/Rm =
\$1,470

Which property is at market levels?

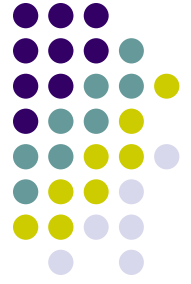
Hotel Valuation

Hotel Comparisons

Age



Comparisons - Hotel Age



Property A

74 rooms

Year Built = 2009

2010 Rack Rate

\$74 / night

Property B

63 rooms

Year Built = 1987

2010 Rack Rate

\$74 / night

The properties are 780 feet apart, both properties have a pool, continental breakfast and are equidistant from access roads. Both have well recognized franchises.

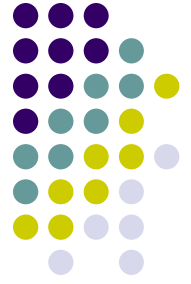
Comparisons - Hotel Age

Property A
Year Built = 2009



Comparisons - Hotel Age

Property B
Year Built = 1987





Comparisons - Hotel Age

Property A

74 rooms

Year Built = 2009

2010 Weekday Rack Rate

\$74 / night



Property B

63 rooms

Year Built = 1987

2010 Weekday Rack Rate

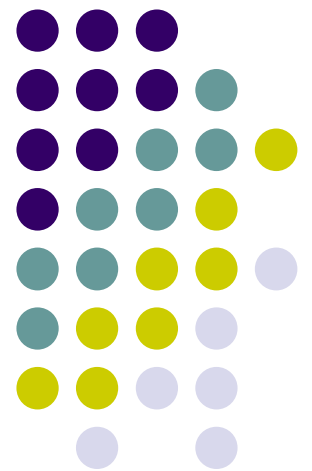
\$74 / night



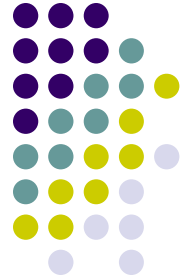
Which room would you rent?

Hotel Valuation

Hotel Comparisons *Franchise*



Comparisons - Hotel Franchise



Property A

45 rooms

Year Built = 1995

05/2010 Sale Date

National Brand

Property B

62 rooms

Year Built = 1995

05/2010 Sale Date

Nondescript Brand

Sale Price = **\$28,000/room** Sale Price = **\$17,000/room**

Neighboring/competing properties, sold together, both have pools and continental breakfast. Seller stated Property B only received overflow when Property A filled up.

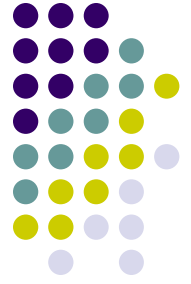
Comparisons - Hotel Franchise

Property **A** National Brand

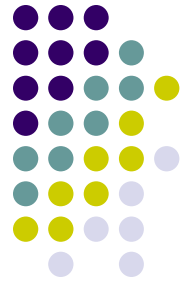


Comparisons - Hotel Franchise

Property **B** Nondescript Brand



Comparisons - Hotel Franchise



Property A

45 rooms

Year Built = 1995

Sale Price = \$28,000/room

National Brand



Property B

62 rooms

Year Built = 1995

Sale Price = \$17,000/room

Nondescript Brand

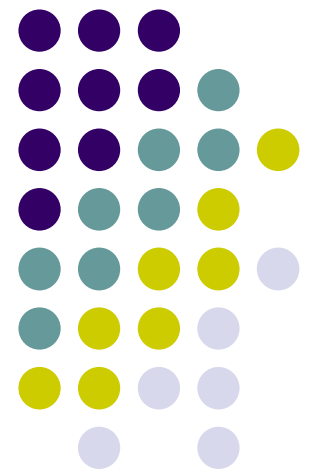


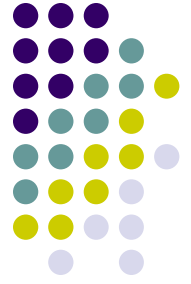
What is the franchise worth?

Hotel Valuation

Approaches to Value

Cost Approach





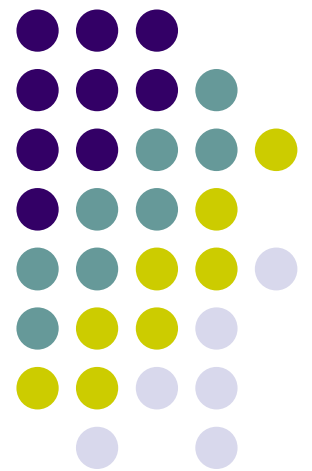
Cost Approach

- Limitations
 - Likely only accurate for newer hotels (3-5 years)
 - Market must be stabilized
 - From the start of construction to completion
 - New supply can have an adverse affect
 - Fails to recognize the economics of a particular property
 - Franchise construction requirements
 - Depreciation is very difficult to measure
 - Little or no weight in reconciliation

Hotel Valuation

Approaches to Value

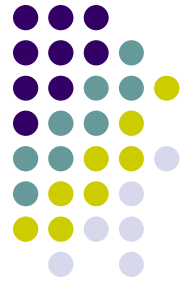
Market Approach





Market Approach

- Limitations
 - Allocation is required for comparable sales
 - Often, buyers do not have a great need/want to allocate price
 - Income is generally the basis for purchase price
 - Improbable to find 3 or 4 of the same franchise
 - Different brands will have different franchise agreements, rates, expense ratios, FF&E reserves, etc...
 - Difficult to locate all necessary information



Market Approach

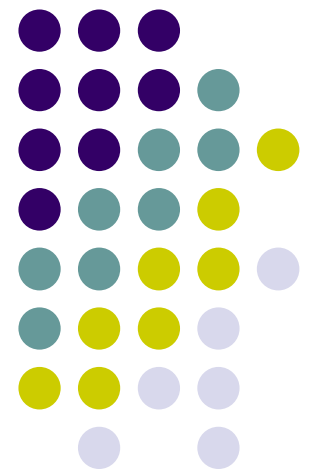
- Limitations (continued)
 - Hotels are unique and dissimilar
 - Sale price is correlated to a few items
 - Room counts, age, ADR, occupancy & NOI
 - Most of these are related to the income approach
 - Little or no weight in reconciliation
- Benefits
 - Helpful in developing a range for subject
 - Utilize to determine comparable hotels in developing gross income multiplier or cap rate

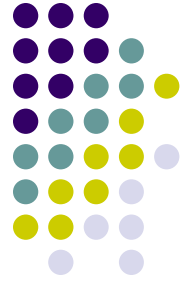
Hotel Valuation

Approaches to Value

Income Approach

Gross Income Multiplier





Gross Income Multiplier

- Typically derived by dividing overall sale price by actual trailing 12 gross income of sale
 - Inclusive of FF&E value and business value
- Benefits
 - Simple to derive & apply
 - Limited service buyers will typically base decision on income with the help of a multiplier

Gross Income Multiplier



- Limitations

- Indicates total going-concern property value
 - Allocation of value is still necessary
- Multiplier really only works for limited service/economy hotels

- Example:

AmericInn

Year Built: 2001

Sale Date: Summer 2008

Total Purchase Price: \$2,400,000

Total Gross Income: \$800,000

$$\text{GIM} = \$2,400,000 / \$800,000 = \mathbf{3.00}$$

Gross Income Multiplier



Gross Income Multiplier

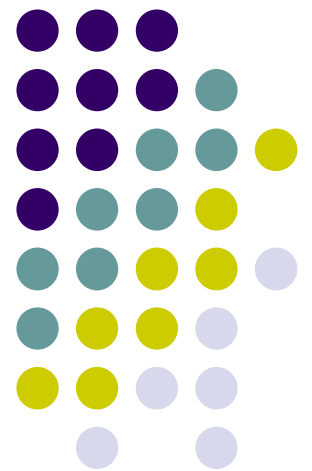
Average Daily Rate	\$65.00
Occupancy	60.00%
Rev PAR	\$39.57
Units	80
Days	365
<u>Total Rooms Available</u>	<u>29,200</u>
Total Gross Revenue	\$1,155,300
<u>Gross Income Multiplier</u>	<u>3.12</u>
Total Going Concern Value of Property	\$3,605,000
Per Unit	\$45,063

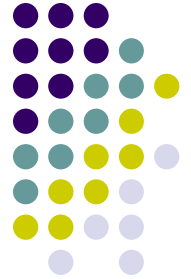
Hotel Valuation

Approaches to Value

Income Approach

Allocation of Value





Allocation of Value

Rushmore Approach

Gross Operating Profit Less:

Business Component

Management Fee
Franchise Fee
Residual Intangibles

FF&E Component

Reserve for Replacement (return of)
Value of FF&E Currently in Place (return on)

Income Attributable to Real Estate

Allocation of Value



Business Component

Management Fee

Franchise Fee

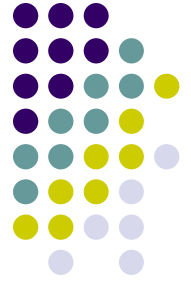
Residual Intangibles



Allocation of Value

- Management Fee
 - An expense item representing the sum paid or the value of management service; a variable operating expense, usually expressed as a percentage of total revenue

$$\begin{array}{rclcl} \text{Total Revenue} & \times & \% \text{ of Revenue} & = & \text{Management Fee} \\ \$2,440,000 & \times & 4\% & = & \$97,600 \end{array}$$

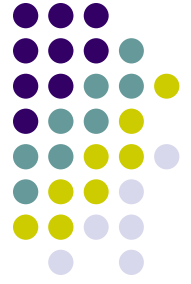


Allocation of Value

- Franchise Fee
 - An expense paid by an owner to a hotel company (national or regional chain) that will provide instant identity, reservation system, chain advertising, procedures manual and management assistance, usually expressed as a percentage of room revenue

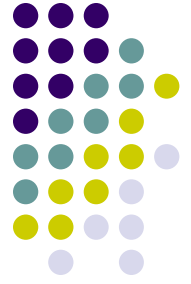
$$\begin{array}{l} \text{Room Revenue} \times \% \text{ of Room Revenue} = \text{Franchise Fee} \\ \$2,300,000 \quad \times 7\% \quad = \quad \$161,000 \end{array}$$

Allocation of Value



- Residual Intangibles
 - An adjustment for management competencies, RevPAR difference, expense ratio differences & exceptional brand differences; when compared to comparable properties
 - Basically, an adjustment to bring the property to market levels

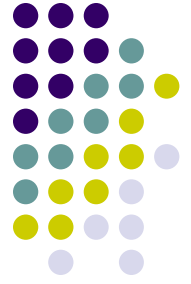
Allocation of Value



FF&E Component

Reserve for Replacement (return of)

Value of FF&E Currently in Place (return on)



Allocation of Value

- FF&E Reserve for Replacement (return of)
 - A reserve for the periodic replacement of furniture, fixtures and equipment
 - May not be included in an owner's cash flow
 - Often explicit in the franchise agreement as a percentage of gross income
 - May also estimate on a straight-line basis



Allocation of Value

- FF&E Reserve for Replacement (return of)
 - Percentage of Total Revenue

$$\begin{array}{rclcl} \text{Total Revenue} & \times & \text{\% of Revenue} & = & \text{Annual Return of FF\&E} \\ \$2,440,000 & \times & 3.5\% & = & \mathbf{\$85,400} \end{array}$$

- Straight-Line Method

$$\begin{array}{rclcl} \text{Number of Rooms} & \times & \text{Replacement Cost} & = & \text{Total Cost} \\ 122 & \times & \$7,000 & = & \$854,000 \\ & & \text{Estimated Life} & = & 10 \text{ Years} \\ & & \text{Annual Return of FF\&E} & = & \mathbf{\$85,400} \end{array}$$



Allocation of Value

- Value of FF&E Currently in Place (return on)
 - Can be estimated by personal property appraiser
 - Book value of FF&E may be used
 - Replacement cost less depreciation

<u>Number of Rooms</u>	X	<u>Value of Existing FF&E</u>	=	<u>Total Value</u>
122	X	\$5,250	=	\$640,500
		Rate of Return	=	10%
		Annual Return of FF&E	=	\$64,050

FF&E or chattel mortgages are typically a riskier investment than a normal real estate mortgage, therefore, the rate of return is 2 - 5 points higher



Allocation of Value

- Total Income Attributed to FF&E

Return of FF&E	\$85,400
Return on FF&E	\$64,050
Total Income Attributed to FF&E	\$149,450

- Total Income Attributed to Business

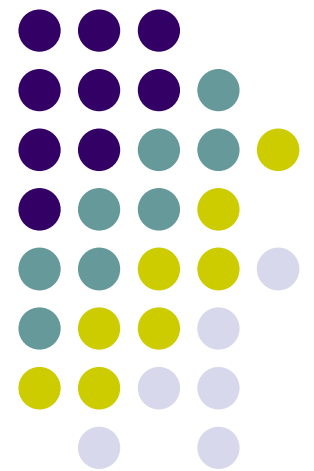
Management Fee	\$97,600
Franchise Fee	\$161,000
Total Income Attributed to Business	\$258,600

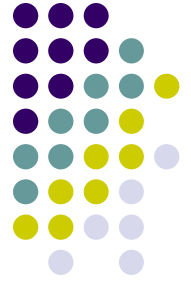
Hotel Valuation

Approaches to Value

Income Approach

Direct Capitalization





Direct Capitalization

- Benefits
 - One year, going out
 - Trailing 12 income is prevalent
 - Captures future return in simple form
- Limitations
 - Does not work when trends are negative
 - Investors do not/cannot depend on single year, historic income in down markets
 - Can be difficult to obtain capitalization rates
 - Ltd Service buyers may not consider cap rates



Direct Capitalization

- Profit & Loss Statements - [MAAO INN & SUITES 2007 P&L](#)

MAAO INN & SUITES
STATEMENT OF INCOME
FOR THE PERIOD ENDING DECEMBER 31, 2007
SUMMARY OPERATING STATEMENT

	YEAR TO DATE					
	Actual	%	Budget	%	Last Year	%
ROOMS AVAILABLE	29,200		29,200		29,200	
ROOMS SOLD	18,980		19,000		17,149	
OCCUPANCY %	60.00%		61.00%		58.73%	
AVERAGE ROOM RATE	\$65.00		\$64.50		\$63.96	
REVPAR	\$39.00		\$39.35		\$37.56	
<u>SALES</u>						
ROOMS	\$1,138,800	98.6%	\$1,148,874	98.7%	\$1,096,860	98.6%
FOOD	\$0		\$0		\$0	
BEVERAGE	\$0		\$0		\$0	
TELECOMMUNICATIONS	\$4,700	0.4%	\$4,000	0.3%	\$4,600	0.4%
VENDING, VIDEO & OTHER	\$11,800	1.0%	\$11,700	1.0%	\$11,500	1.0%
OTHER OPERATED DEPARTMENTS	\$0		\$0		\$0	
TOTAL SALES	\$1,155,300	100.0%	\$1,164,574	100.0%	\$1,112,960	100.0%
<u>DEPARTMENTAL EXPENSES</u>						
ROOMS	\$387,864	34.1%	\$396,250	34.5%	\$392,694	35.8%
FOOD	\$0		\$0		\$0	
BEVERAGE	\$0		\$0		\$0	
TELECOMMUNICATIONS	\$4,806	102.3%	\$4,000	100.0%	\$4,665	101.4%
VENDING, VIDEO & OTHER	\$11,685	99.0%	\$11,800	100.9%	\$11,587	100.8%
OTHER OPERATED DEPARTMENTS	\$0		\$0		\$0	
TOTAL DEPARTMENTAL EXPENSES	\$404,355	35.0%	\$412,050	35.4%	\$408,946	36.7%



Direct Capitalization

- Capitalization Rate
 - Market Sales
 - Band of Investments
 - Broker Surveys
 - Investor Surveys

2008 BOI Cap Rate Analysis

Mortgage Interest Rate	6.50%
Mortgage Term (Amortization Period)	25 Years
Mortgage Ratio	80%
Mortgage Constant	0.0810
Equity Yield Rate	15.00%

Mortgage Requirement	80% X	8.10% =	6.48%
Equity Requirement	20% X	15.00% =	3.00%

Indicated OAR

9.48%

Table 29
NATIONAL ECONOMY/LIMITED-SERVICE
LODGING SEGMENT
First Quarter 2008

	CURRENT QUARTER	THIRD QUARTER 2007	YEAR AGO
DISCOUNT RATE (IRR)^a			
Range	10.00% – 18.00%	10.00% – 18.00%	10.00% – 18.00%
Average	12.35%	12.35%	12.40%
Change (Basis Points)		0	- 5
OVERALL CAP RATE (OAR)^a			
Range	9.58% – 14.00%	6.50% – 14.00%	6.50% – 14.00%
Average	9.58%	9.58%	9.67%
Change (Basis Points)		0	- 9
RESIDUAL CAP RATE			
Range	7.00% – 14.00%	7.00% – 14.00%	7.00% – 14.00%
Average	10.04%	10.04%	10.13%
Change (Basis Points)		0	- 9
AVERAGE DAILY RATE CHG. RATE^b			
Range	1.00% – 9.00%	1.00% – 9.00%	1.00% – 9.00%
Average	4.08%	4.00%	4.00%
Change (Basis Points)		+ 8	+ 8
OPERATING EXPENSE CHG. RATE^b			
Range	2.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%
Average	3.10%	3.10%	3.10%
Change (Basis Points)		0	0
AVERAGE MARKETING TIME^c			
Range	3.00 – 10.00	3.00 – 10.00	3.00 – 10.00
Average	6.40	6.40	6.40
Change (%)		0	0

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

Direct Capitalization



(Valuation Date)

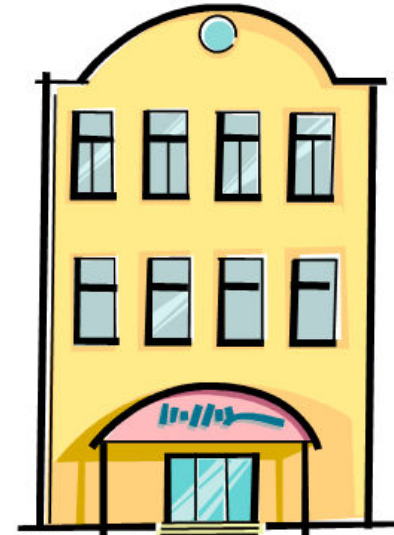
(Project Name and/or Address)

	Average Daily Rate	\$0.00
	Occupancy	0.00%
	Rev PAR	\$0.00
	Total Units	0
	Days	365
	<u>Total Rooms Available</u>	<u>0</u>
Revenues		
	Room Revenue	\$0
	Telecommunications	\$0
	Vending, Video & Other Rentals	\$0
	Total Gross Revenue:	\$0
Departmental Expenses		
	Room Expenses	\$0
	Telecommunications Expenses	\$0
	Vending, Video & Other Expenses	\$0
	Total Departmental Expenses	\$0
	Departmental Profit:	\$0
Undistributed Expenses		
	Administrative & General @	\$0
	Marketing @	\$0
	Operations & Maintenance @	\$0
	Utilities @	\$0
	Franchise Fee @	\$0
	Management @	\$0
	Total Undistributed Expenses @	\$0

Direct Capitalization

● Direct Capitalization Example

- Given:
 - MAAO Inn & Suites – No Food and Beverage
 - Limited Service Hotel
 - 80 Total Rooms
 - Year Built – 1996
 - 2 Stories, 45,000 GBA
 - Average Condition
 - Freeway Frontage
 - Effective Tax Rate: 3.50%
 - FF&E Reserves in Franchise Agreement: 3% of Total Revenue
 - Replacement Cost New = \$6,000/Room
 - FF&E Currently in Place is 30% Depreciated
 - Appraisal Date: January 2, 2008
 - No Residual Intangibles to Adjust for
 - Continental Breakfast & Pool
 - No Meeting Space
 - MAAO Inn & Suites is a well known national brand





Direct Capitalization

<u>Gross Income Multiplier</u>	
Average Daily Rate	\$65.00
Occupancy	60.00%
Rev PAR	\$39.57
Units	80
Days	365
<u>Total Rooms Available</u>	<u>29,200</u>
Total Gross Revenue	\$1,155,300
<u>Gross Income Multiplier</u>	<u>3.12</u>
Total Going Concern Value of Property Per Unit	\$3,605,000 \$45,063

GIM – Provides a rough baseline for total going concern value of the property, prior to beginning the direct cap method

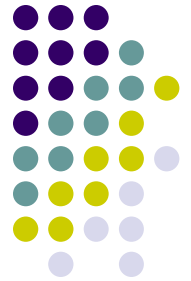
All Inclusive
No Allocation

Direct Capitalization



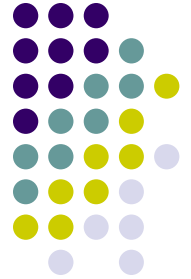
Average Daily Rate	\$65.00
Occupancy	60.00%
Rev PAR	\$39.57
Total Units	80
Days	365
<u>Total Rooms Available</u>	<u>29,200</u>

Direct Capitalization



	Average Daily Rate	\$65.00	
	Occupancy	60.00%	
	Rev PAR	\$39.57	
	Total Units	80	
	Days	365	
	<u>Total Rooms Available</u>	<u>29,200</u>	
Revenues			
	Room Revenue	\$1,138,800	
	Telecommunications	\$4,700	
	Vending, Video & Other Rentals	\$11,800	
	Total Gross Revenue:		\$1,155,300
<hr/>			
Departmental Expenses			
	Room Expenses	\$387,864	
	Telecommunications Expenses	\$4,806	
	Vending, Video & Other Expenses	\$11,685	
	Total Departmental Expenses		\$404,355
<hr/>			
	Departmental Profit:		\$750,945

Direct Capitalization



Departmental Profit: **\$750,945**

Undistributed Expenses

Administrative & General @	\$115,530
Marketing @	\$63,542
Operations & Maintenance @	\$46,212
Utilities @	\$47,367
Franchise Fee @ (7% of Room Revenue)	\$79,716
Management @ (3% of Gross Revenue)	\$34,164

Total Undistributed Expenses @ **\$386,531**

Gross Operating Profit **\$364,414**

Fixed Expenses

Insurance @	\$13,864
FF&E Reserves for Replacement @ <i>Return Of</i>	\$34,659
FF&E Currently in Place @ <i>Return On</i>	\$33,600

Total Fixed Expenses @ **\$82,123**

Net Operating Income to Real Estate **\$282,291**

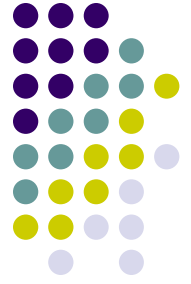
Direct Capitalization



Fixed Expenses			
Insurance @			\$13,864
FF&E Reserves for Replacement @	<i>Return Of</i>		\$34,659
FF&E Currently in Place @	<i>Return On</i>		\$33,600
Total Fixed Expenses @			\$82,123

% of Revenue	X	Total Gross Income	=	Return Of	
3%	X	\$1,155,300	=	\$34,659	
Current Value of FF&E (\$6,000 RCN & 30% Depreciated)	X	Number of Rooms	X	Yield Rate =	Return On
\$4,200	X	80 Total Rooms	X	10%	= \$33,600

Direct Capitalization



Net Operating Income to Real Estate

\$282,291

Overall Cap Rate

9.50%

Effective Tax Rate

3.50%

Loaded Cap Rate

13.00%

Direct Capitalization



Value as of January 2, 2008

MAAO Inn & Suites

Average Daily Rate	\$65.00
Occupancy	60.00%
Rev PAR	\$39.57
Total Units	80
Days	365
Total Rooms Available	29,200
Revenues	
Room Revenue	\$1,138,800
Telecommunications	\$4,700
Vending, Video & Other Rentals	\$11,800
Total Gross Revenue:	\$1,155,300
Departmental Expenses	
Room Expenses	\$387,864
Telecommunications Expenses	\$4,806
Vending, Video & Other Expenses	\$11,685
Total Departmental Expenses	\$404,355
Departmental Profit:	\$750,945
Undistributed Expenses	
Administrative & General @	\$115,530
Marketing @	\$63,542
Operations & Maintenance @	\$46,212
Utilities @	\$47,367
Franchise Fee @ (7% of Room Revenue)	\$79,716
Management @ (3% of Gross Revenue)	\$34,164
Total Undistributed Expenses @	\$386,531
Gross Operating Profit	\$364,414
Fixed Expenses	
Insurance @	\$13,864
FF&E Reserves for Replacement @	\$34,659
FF&E Currently in Place @	\$33,600
Total Fixed Expenses @	\$82,123
Net Operating Income to Real Estate	\$282,291
Overall Cap Rate	9.50%
Effective Tax Rate	2.50%
Loaded Cap Rate	13.00%

Direct Capitalization



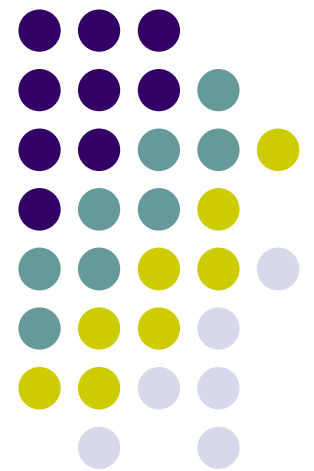
Real Estate	\$2,171,000	60.78%	\$27,138
Business	\$876,000	24.52%	\$10,950
FF&E	\$525,000	14.70%	\$6,563
Total	\$3,572,000	100.00%	\$44,650
Indicated GIM	3.09		

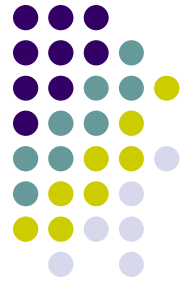
Hotel Valuation

Approaches to Value

Income Approach

Discounted Cash Flow





Discounted Cash Flow

- Benefits
 - *Most* applicable approach during negative growth periods
 - Allows for stabilizing cash flows
 - Allows emulation of business/R.E. cycle
- Limitations
 - Yield rate can be difficult to locate
 - Assumptions through the projection period
 - Impossible to project all circumstances
 - Recession, 9/11, new competition, etc...



Discounted Cash Flow

(Valuation Date)

(Project Name and/or Address)

Year	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
ADR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Occupancy	0%	0%	0%	0%	0%	0%	0%	0%	0%
RevPAR	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Number of Units									
Total Rooms Available	0								
Revenues									
Total Room Revenue	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Telecommunications	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Vending, Video & Other Rentals	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Gross Revenue	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Departmental Expenses									
Room Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Telecommunications Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Vending, Video & Other Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Departmental Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Departmental Profit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Undistributed Expenses									
Administrative & General	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Marketing	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Operations & Maintenance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utilities	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Franchise Fees	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Management	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Undistributed Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Gross Operating Profit	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fixed Expenses									
Insurance	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FF&E Reserves (return of)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
FF&E Currently in Place (return on)	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Fixed Expenses	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Net Operating Income to Real Estate	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00

Year	Cash Flow	PV of \$1 @	0.00%	Present Value
1	\$0.00	X	1.0000	= \$0.00
2	\$0.00	X	1.0000	= \$0.00
3	\$0.00	X	1.0000	= \$0.00
4	\$0.00	X	1.0000	= \$0.00
5	\$0.00	X	1.0000	= \$0.00
6	\$0.00	X	1.0000	= \$0.00
7	\$0.00	X	1.0000	= \$0.00
8	\$0.00	X	1.0000	= \$0.00
			Total	\$0.00

Real Estate NOI Year 9	\$0.00
Divided By: Terminal Cap Rate @ (Terminal Cap Rate) + (ETR)	0.00%
Capitalized Cash Flow Year 9	#DIV/0!
Less: Resale Cost @ 3%-5%	#DIV/0!
Reversion	#DIV/0!
Multiplied By: Discount Rate @ (Yield Rate) + (ETR)	1.0000
Discount Value of Reversion	#DIV/0!
Plus: Cumulative Cash Flow Years 1-8	\$0.00
Value Indication By DCF	#DIV/0!
Rounded:	#DIV/0!
Per Room Real Estate Value	#DIV/0!



Discounted Cash Flow

- Determine Year 1 Revenues, Expenses & Deductions

Year		2008
ADR		\$66.30
Occupancy		61%
RevPAR		\$41.02
Number of Units	80	
Total Rooms Available	29,200	
Revenues		
Total Room Revenue		\$1,180,935.60
Telecommunications		\$4,806.52
Vending, Video & Other Rentals		\$12,016.30
Total Gross Revenue		\$1,197,758.42
Departmental Expenses		
Room Expenses		\$396,527.46
Telecommunications Expenses		\$4,944.00
Vending, Video & Other Expenses		\$12,360.00
Total Departmental Expenses		\$413,831.46
Departmental Profit		\$783,926.96
Undistributed Expenses		
Administrative & General		\$118,093.56
Marketing		\$64,951.46
Operations & Maintenance		\$47,237.42
Utilities		\$48,418.36
Franchise Fees	7%	\$82,665.49
Management	3%	\$35,932.75
Total Undistributed Expenses		\$397,299.04
Gross Operating Profit		\$386,627.92
Fixed Expenses		
Insurance		\$14,373.10
FF&E Reserves (return of)	3%	\$35,932.75
FF&E Currently in Place (return on)	10%	\$34,272.00
Total Fixed Expenses		\$84,577.85
Net Operating Income to Real Estate		\$302,050.06



Discounted Cash Flow

- Determine growth rates for ADR, occupancy & other revenues

Value as of January 2, 2008

MAAO Inn & Suites

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
ADR	\$66.30	\$67.63	\$68.98	\$70.36	\$71.77	\$73.20	\$74.66	\$76.16	\$77.68
Occupancy	61%	62%	63%	64%	65%	66%	66%	65%	64%
RevPAR	\$41.02	\$42.51	\$44.04	\$45.62	\$47.25	\$48.92	\$49.89	\$50.12	\$50.34
Number of Units	80								
Total Rooms Available	29,200								
Revenues									
Total Room Revenue	\$1,180,935.60	\$1,224,301.10	\$1,268,928.85	\$1,314,851.99	\$1,362,104.49	\$1,410,721.14	\$1,438,935.56	\$1,445,476.18	\$1,451,702.85
Telecommunications	\$4,806.52	\$4,854.59	\$4,903.13	\$4,952.16	\$5,001.68	\$5,051.70	\$5,102.22	\$5,153.24	\$5,204.77
Vending, Video & Other Rentals	\$12,016.30	\$12,136.46	\$12,257.83	\$12,380.41	\$12,504.21	\$12,629.25	\$12,755.54	\$12,883.10	\$13,011.93
Total Gross Revenue	\$1,197,758.42	\$1,241,292.15	\$1,286,089.81	\$1,332,184.56	\$1,379,610.38	\$1,428,402.09	\$1,456,793.32	\$1,463,512.52	\$1,469,919.55



Discounted Cash Flow

- Determine growth rates for expenses and deductions

Departmental Expenses									
Room Expenses	\$396,527.46	\$408,423.28	\$420,675.98	\$433,296.26	\$446,295.15	\$459,684.00	\$473,474.52	\$487,678.76	\$502,309.12
Telecommunications Expenses	\$4,944.00	\$5,092.32	\$5,245.09	\$5,402.44	\$5,564.52	\$5,731.45	\$5,903.39	\$6,080.50	\$6,262.91
Vending, Video & Other Expenses	\$12,360.00	\$12,730.80	\$13,112.72	\$13,506.11	\$13,911.29	\$14,328.63	\$14,758.49	\$15,201.24	\$15,657.28
Total Departmental Expenses	\$413,831.46	\$426,246.40	\$439,033.80	\$452,204.81	\$465,770.95	\$479,744.08	\$494,136.41	\$508,960.50	\$524,229.31
Departmental Profit	\$783,926.96	\$815,045.75	\$847,056.01	\$879,979.75	\$913,839.43	\$948,658.01	\$962,656.91	\$954,552.02	\$945,690.24
Undistributed Expenses									
Administrative & General	\$118,093.56	\$121,636.37	\$125,285.46	\$129,044.02	\$132,915.34	\$136,902.80	\$141,009.89	\$145,240.18	\$149,597.39
Marketing	\$64,951.46	\$66,900.00	\$68,907.00	\$70,974.21	\$73,103.44	\$75,296.54	\$77,555.44	\$79,882.10	\$82,278.57
Operations & Maintenance	\$47,237.42	\$48,654.54	\$50,114.18	\$51,617.60	\$53,166.13	\$54,761.12	\$56,403.95	\$58,096.07	\$59,838.95
Utilities	\$48,418.36	\$49,870.91	\$51,367.04	\$52,908.05	\$54,495.29	\$56,130.15	\$57,814.05	\$59,548.48	\$61,334.93
Franchise Fees	7% \$82,665.49	\$85,701.08	\$88,825.02	\$92,039.64	\$95,347.31	\$98,750.48	\$100,725.49	\$101,183.33	\$101,619.20
Management	3% \$35,932.75	\$37,238.76	\$38,582.69	\$39,965.54	\$41,388.31	\$42,852.06	\$43,703.80	\$43,905.38	\$44,097.59
Total Undistributed Expenses	\$397,299.04	\$410,001.67	\$423,081.39	\$436,549.07	\$450,415.83	\$464,693.15	\$477,212.62	\$487,855.54	\$498,766.62
Gross Operating Profit	\$386,627.92	\$405,044.08	\$423,974.62	\$443,430.68	\$463,423.59	\$483,964.85	\$485,444.30	\$466,696.48	\$446,923.62
Fixed Expenses									
Insurance	\$14,373.10	\$14,804.29	\$15,248.42	\$15,705.87	\$16,177.05	\$16,662.36	\$17,162.23	\$17,677.10	\$18,207.41
FF&E Reserves (return of)	3% \$35,932.75	\$37,238.76	\$38,582.69	\$39,965.54	\$41,388.31	\$42,852.06	\$43,703.80	\$43,905.38	\$44,097.59
FF&E Currently in Place (return on)	10% \$34,272.00	\$34,957.44	\$35,656.59	\$36,369.72	\$37,097.11	\$37,839.06	\$38,595.84	\$39,367.76	\$40,155.11
Total Fixed Expenses	\$84,577.85	\$87,000.50	\$89,487.70	\$92,041.13	\$94,662.48	\$97,353.48	\$99,461.87	\$100,950.23	\$102,460.11
Net Operating Income to Real Estate	\$302,050.06	\$318,043.58	\$334,486.92	\$351,389.55	\$368,761.12	\$386,611.37	\$385,982.42	\$365,746.25	\$344,463.51



Discounted Cash Flow

- Determine yield rate & terminal capitalization rate

Table 29 NATIONAL ECONOMY/LIMITED-SERVICE LODGING SEGMENT First Quarter 2008			
	CURRENT QUARTER	THIRD QUARTER 2007	YEAR AGO
DISCOUNT RATE (IRR)^a			
Range	10.00% – 18.00%	10.00% – 18.00%	10.00% – 18.00%
Average	12.35%	12.35%	12.40%
Change (Basis Points)		0	- 5
OVERALL CAP RATE (OAR)^a			
Range	6.50% – 14.00%	6.50% – 14.00%	6.50% – 14.00%
Average	9.58%	9.58%	9.67%
Change (Basis Points)		0	- 9
RESIDUAL CAP RATE			
Range	7.00% – 14.00%	7.00% – 14.00%	7.00% – 14.00%
Average	10.04%	10.04%	10.13%
Change (Basis Points)		0	- 9
AVERAGE DAILY RATE CHG. RATE^b			
Range	1.00% – 9.00%	1.00% – 9.00%	1.00% – 9.00%
Average	4.08%	4.00%	4.00%
Change (Basis Points)		+ 8	+ 8
OPERATING EXPENSE CHG. RATE^b			
Range	2.00% – 4.00%	2.00% – 4.00%	2.00% – 4.00%
Average	3.10%	3.10%	3.10%
Change (Basis Points)		0	0
AVERAGE MARKETING TIME^c			
Range	3.00 – 10.00	3.00 – 10.00	3.00 – 10.00
Average	6.40	6.40	6.40
Change (%)		0	0

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

NATIONAL ECONOMY/LIMITED-SERVICE LODGING SEGMENT-INVESTOR SURVEY RESPONSES First Quarter 2008												
	INITIAL-YEAR CHANGE RATES		RESIDUAL			DISCOUNT RATE (IRR)		OVERALL CAP RATE (OAR)	GROSS ROOM REVENUE MULTIPLIER	MANAGEMENT FEES	RESERVE FOR REPLACEMENT OF FIXED ASSETS	MARKETING TIME
	AVERAGE DAILY RATE	OPERATING EXPENSES	CAP RATE	YEAR CAPPED	SELLING EXPENSE	FREE & CLEAR	FREE & CLEAR	GRM	BASE FEE	PERCENT OF TOTAL REVENUES	MONTHS	
INVESTMENT BANKER ♦ Forecast Period: 5 years Uses both DCF and direct capitalization; in direct cap, capitalizes next 12 months of income; deducts FF&E reserve from NOI before capitalization.	3.0% to 4.0%	3.0%	10.00% to 11.00%	6	2.0% to 3.0%	12.25% to 13.25%	9.50% to 10.50%	Does not use	3.0%	4.0%	6 to 9	
OWNER-MANAGER ♦ Forecast Period: 3 years Focuses on direct capitalization; in direct cap, capitalizes prior 12 months of income; prefers Midwest, South, and Northeast.	3.5%	6.5% of revenues	10.00%	Does not use	Does not use	Does not use	9.00%	3.5 to 4.0	4.0%, 10.0% of distribution incentive fee	4.0%	9 to 10	
PRIVATE HOTEL COMPANY ♦ Forecast Period: 10 years Prefers Northeast, Southeast, and Southwest; uses both DCF and direct capitalization; in direct cap, capitalizes prior 12 months of income; deducts both FF&E and structural reserves from NOI before capping.	3.0%	3.0%	10.00%	10	2.0%	12.00%	10.00%	Does not use	3.0%; 10.00% AGOP incentive fee	4.0%		
PENSION FUND ADVISOR ♦ Forecast Period: 5 years Uses both DCF and direct capitalization; in direct cap, capitalizes next 12 months of income; deducts both FF&E and structural reserves from NOI before capping; prefers California, Denver, Seattle, Midwest (Chicago), and East Coast to New York.	3.5% to 4.0%	2.0% to 4.0%	8.00% to 10.50%	6	3.0% to 3.0%	10.00% to 13.00%	8.00% to 10.50%	1.5 to 2.5	3.0%; 1.0% to 2.0% incentive fee	4.0%	6	
OWNER/OPERATOR ♦ Forecast Period: 10 years Uses both DCF and direct capitalization; in direct cap, capitalizes next 12 months of income; deducts both FF&E and structural reserve from NOI before capitalization; likes resort areas in major markets.	7.0% to 9.0%	3.0% to 4.0%	7.00% to 9.00%	11	2.0%	10.00%	6.50% to 8.00%	Does not use	3.0%	4.0% to 5.0%	3 to 6	
MORTGAGE BANKER ♦ Forecast Period: 3 to 7 years Uses both DCF and direct capitalization; in direct cap, capitalizes prior 12 months of income; prefers major CBDs with barriers to entry in the Northeast and West.	1.0% to 3.0%	2.0% to 4.0%	11.00% to 14.00%	4 to 8	2.0% to 3.0%	13.00% to 18.00%	10.00% to 14.00%	Does not use	3.5% to 4.5%	5.0%	6	

Source: Personal survey conducted by PricewaterhouseCoopers LLP during January 2008.



Discounted Cash Flow

- Determine yield rate & terminal capitalization rate

Year	Cash Flow		PV of \$1 @	16.00%	Present Value
1	\$302,050.06	X	0.8621	=	\$260,387.99
2	\$318,043.58	X	0.7432	=	\$236,358.19
3	\$334,486.92	X	0.6407	=	\$214,291.61
4	\$351,389.55	X	0.5523	=	\$194,069.32
5	\$368,761.12	X	0.4761	=	\$175,571.97
6	\$386,611.37	X	0.4104	=	\$158,681.64
7	\$385,982.42	X	0.3538	=	\$136,571.98
8	\$365,746.25	X	0.3050	=	\$111,561.92
				Total	\$1,487,494.62

Yield 12.50%
+ ETR 3.50%
16.00%



Discounted Cash Flow

- Determine yield rate & terminal capitalization rate

Real Estate NOI Year 9	\$344,463.51
Divided By: Terminal Cap Rate @ (Terminal Cap Rate) + (ETR)	14.00%
<u>Capitalized Cash Flow Year 9</u>	\$2,469,453.62
Less: Resale Cost @ 3%-5%	(\$73,873.61)
<u>Reversion</u>	\$2,386,640.01
Multiplied By: Discount Rate @ (Yield Rate) + (ETR)	0.3050
<u>Discount Value of Reversion</u>	\$727,985.96
Plus: Cumulative Cash Flow Years 1-8	\$1,487,494.62
<u>Value Indication By DCF</u>	\$2,215,480.58
Rounded:	\$2,215,000.00
Per Room Real Estate Value	\$27,687.50

Terminal Cap 10.50%
+ ETR 3.50%
14.00%



Discounted Cash Flow

DCF

Value as of January 2, 2008

MAAO Inn & Suites

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016
ADR	\$66.30	\$67.63	\$68.98	\$70.36	\$71.77	\$73.20	\$74.66	\$76.16	\$77.68
Occupancy	61%	62%	63%	64%	65%	66%	66%	65%	64%
RevPAR	\$41.02	\$42.51	\$44.04	\$45.62	\$47.25	\$48.92	\$49.89	\$50.12	\$50.34
Number of Units	80								
Total Rooms Available	29,200								
Revenues									
Total Room Revenue	\$1,180,935.60	\$1,224,301.10	\$1,268,928.85	\$1,314,851.99	\$1,362,104.49	\$1,410,721.14	\$1,438,935.56	\$1,445,476.18	\$1,451,702.85
Telecommunications	\$4,806.52	\$4,854.59	\$4,903.13	\$4,952.16	\$5,001.68	\$5,051.70	\$5,102.22	\$5,153.24	\$5,204.77
Vending, Video & Other Rentals	\$12,016.30	\$12,136.46	\$12,257.83	\$12,380.41	\$12,504.21	\$12,629.25	\$12,755.54	\$12,883.10	\$13,011.93
Total Gross Revenue	\$1,197,758.42	\$1,241,292.15	\$1,286,089.81	\$1,332,184.56	\$1,379,610.38	\$1,428,402.09	\$1,456,793.32	\$1,463,512.52	\$1,469,919.55
Departmental Expenses									
Room Expenses	\$396,527.46	\$408,423.28	\$420,675.98	\$433,296.26	\$446,295.15	\$459,684.00	\$473,474.52	\$487,678.76	\$502,309.12
Telecommunications Expenses	\$4,944.00	\$5,092.32	\$5,245.09	\$5,402.44	\$5,564.52	\$5,731.45	\$5,903.39	\$6,080.50	\$6,262.91
Vending, Video & Other Expenses	\$12,360.00	\$12,730.80	\$13,112.72	\$13,506.11	\$13,911.29	\$14,328.63	\$14,758.49	\$15,201.24	\$15,657.28
Total Departmental Expenses	\$413,831.46	\$426,246.40	\$439,033.80	\$452,204.81	\$465,770.95	\$479,744.08	\$494,136.41	\$508,960.50	\$524,229.31
Departmental Profit	\$783,926.96	\$815,045.75	\$847,056.01	\$879,979.75	\$913,839.43	\$948,658.01	\$962,656.91	\$954,552.02	\$945,690.24
Undistributed Expenses									
Administrative & General	\$118,093.56	\$121,636.37	\$125,285.46	\$129,044.02	\$132,915.34	\$136,902.80	\$141,009.89	\$145,240.18	\$149,597.39
Marketing	\$64,951.46	\$66,900.00	\$68,907.00	\$70,974.21	\$73,103.44	\$75,296.54	\$77,555.44	\$79,882.10	\$82,278.57
Operations & Maintenance	\$47,237.42	\$48,654.54	\$50,114.18	\$51,617.60	\$53,166.13	\$54,761.12	\$56,403.95	\$58,096.07	\$59,838.95
Utilities	\$48,418.36	\$49,870.91	\$51,367.04	\$52,908.05	\$54,495.29	\$56,130.15	\$57,814.05	\$59,548.48	\$61,334.93
Franchise Fees	\$82,665.49	\$85,701.08	\$88,825.02	\$92,039.64	\$95,347.31	\$98,750.48	\$100,725.49	\$101,183.33	\$101,619.20
Management	\$35,932.75	\$37,238.76	\$38,582.69	\$39,965.54	\$41,388.31	\$42,852.06	\$43,703.80	\$43,905.38	\$44,097.59
Total Undistributed Expenses	\$397,299.04	\$410,001.67	\$423,081.39	\$436,549.07	\$450,415.83	\$464,693.15	\$477,212.62	\$487,855.54	\$498,766.62
Gross Operating Profit	\$386,627.92	\$405,044.08	\$423,974.62	\$443,430.68	\$463,423.59	\$483,964.85	\$485,444.30	\$466,696.48	\$446,923.62
Fixed Expenses									
Insurance	\$14,373.10	\$14,804.29	\$15,248.42	\$15,705.87	\$16,177.05	\$16,662.36	\$17,162.23	\$17,677.10	\$18,207.41
FF&E Reserves (return of)	\$35,932.75	\$37,238.76	\$38,582.69	\$39,965.54	\$41,388.31	\$42,852.06	\$43,703.80	\$43,905.38	\$44,097.59
FF&E Currently in Place (return on)	\$34,272.00	\$34,957.44	\$35,656.59	\$36,369.72	\$37,097.11	\$37,839.06	\$38,595.84	\$39,367.76	\$40,155.11
Total Fixed Expenses	\$84,577.85	\$87,000.50	\$89,487.70	\$92,041.13	\$94,662.48	\$97,353.48	\$99,461.87	\$100,950.23	\$102,460.11
Net Operating Income to Real Estate	\$302,050.06	\$318,043.58	\$334,486.92	\$351,389.55	\$368,761.12	\$386,611.37	\$385,982.42	\$365,746.25	\$344,463.51

Year	Cash Flow		PV of \$1 @	16.00%	Present Value
1	\$302,050.06	X	0.8621	=	\$260,387.99
2	\$318,043.58	X	0.7432	=	\$236,358.19
3	\$334,486.92	X	0.6407	=	\$214,291.61
4	\$351,389.55	X	0.5523	=	\$194,069.32
5	\$368,761.12	X	0.4761	=	\$175,571.97
6	\$386,611.37	X	0.4104	=	\$158,681.64
7	\$385,982.42	X	0.3538	=	\$136,571.98
8	\$365,746.25	X	0.3050	=	\$111,561.92
				Total	\$1,487,494.62

Real Estate NOI Year 9	\$344,463.51
Divided By: Terminal Cap Rate @ (Terminal Cap Rate) + (ETR)	14.00%
Capitalized Cash Flow Year 9	\$2,460,453.62
Less: Resale Cost @ 3%-5%	(\$73,813.61)
Reversion	\$2,386,640.01
Multiplied By: Discount Rate @ (Yield Rate) + (ETR)	0.3050
Discount Value of Reversion	\$727,985.96
Plus: Cumulative Cash Flow Years 1-8	\$1,487,494.62
Value Indication By DCF	\$2,215,480.58
Rounded:	\$2,215,000.00
Per Room Real Estate Value	\$27,687.50

Reconciliation



Direct Capitalization

Component	Value	Value/Rm
Real Estate	\$2,171,000	\$27,138
Business	\$876,000	\$10,950
FF&E	\$525,000	\$6,563
Total	\$3,572,000	\$44,650

Discounted Cash Flow

Component	Value	Value/Rm
Real Estate	\$2,215,000	\$27,688
Business	\$912,000	\$11,400
FF&E	\$540,000	\$6,750
Total	\$3,667,000	\$45,838

Reconciled Value

Component	Value	Value/Rm
Real Estate	\$2,193,000	\$27,413
Business	\$894,000	\$11,175
FF&E	\$532,500	\$6,656
Total	\$3,619,500	\$45,244

Are we within the range?



Sales Comparison					
MAAO Inn & Suites					
1/2/2008					
Comparable No.:	Subject	1	2	4	5
Address:	<div style="background-color: yellow; border: 2px solid black; padding: 5px; text-align: center;"> Sale Price Range \$42,340 - \$49,231 Per Room </div>		Super 8 8901 Bank Blvd Minnetonka 16-42-31-0009	Country Inn 4501 HWY 55 Plymouth	AmericInn 1800 Mill St St. Louis Park
City:					
Main PID#:					
Sale Date:			Oct-07	Feb-08	Aug-07
Sale Price:			\$3,980,000	\$4,600,000	\$2,860,000
Cash Equivalent Price:	-	\$3,200,000	\$3,980,000	\$4,600,000	\$2,860,000
Personal Prop. Adj./Unit:	-	\$5,500	\$6,000	\$6,700	\$5,000
Personal Property Adjustment:	-	\$357,500	\$564,000	\$670,000	\$310,000
Location:					
Year of Construction:	1996	1998	1995	2001	1989
Condition:	Average	Similar	Similar	Similar	Similar
Quality:	Average	Similar	Similar	Similar	Similar
Number of Stories:	2	3	2	3	2
Total Units:	80	65	94	100	62
Gross Building Area	45,000	32,000	52,000	60,000	38,000
Pool	Yes	Yes	Yes	Yes	Yes
Land Area:	88,000	53,000	70,500	72,000	72,000
Land Area/Unit:	1,100	815	750	720	1,161
ADR	\$65.00	\$64.50	\$61.50	\$68.75	\$67.00
Occupancy	60%	63%	65%	61%	58%
RevPAR	\$39.00	\$40.64	\$39.98	\$41.94	\$38.86
Indicated GIM	-	3.32	2.90	3.01	3.25
CE Price/Unit:	-	\$49,231	\$42,340	\$46,000	\$46,129
Going Concern Price Range			\$42,340 to \$49,231		
Average GIM:			3.12		

Reconciliation



Direct Capitalization

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Reconciled Value

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Questions?

