



November 1, 2011

FINANCIAL FEASIBILITY STUDY:
Best Western Grand Hotel & Suites,
[REDACTED]
Austin, Texas 78750

This study has been prepared to determine the financial feasibility of building and operating a Best Western Grand Hotel & Suites, on U.S. 183, in Austin, Texas. The property is expected to open as a 73 unit Best Western Grand Hotel & Suites in January of 2013. The 2.7 acre site, located on the north side access road of U.S. 183, is highly visible and easily accessible from nearby traffic corridors and from nearby technology parks. The hotel will be convenient to the many businesses, restaurants and other amenities in the local area. The hotel is expected to consist of 58 standard units of between 342 and 394 square feet, and 15 suites of 406 square feet.

Project quality is set to meet the physical and operating standards of the Best Western Grand Inn & Suites brand, a product of Best Western International. All projections herein are based on operating this hotel as a Best Western Grand, and retaining the brand in standing at the time of an assumed sale after 10 years. Actual market acceptance for a Best Western has been quantified versus market averages, and has been assumed in developing this study. Operating costs are set at the level of similar limited service hotels in the region.

KEY FINDING: Developing and opening a Best Western Grand Hotel & Suites at this site should generate an unleveraged, pre-tax return on total invested capital exceeding 16%, with a return on equity of 40%. This return on invested capital also assumes that improvements per unit are completed at the estimated cost of \$86,000, plus \$475,000 for land. This is a good hotel investment. Project details follow:

Total Investment

Est. Land Investment	\$ 475,000 for 2.7 acres
Improvements	<u>\$ 6,278,000</u> @\$86,000 per unit
Total Investment	\$ 6,753,000
Pre-Tax Project Return	16.42%¹
Pre-Tax Return on Equity	39.57%²

This study incorporates the current downturn in the Texas hotel market, caused by the broader national recession, which began in late 2008. In our Market section, we highlight the historical hotel performance in Texas, noting the effect of past recessions. While every market has its own unique characteristics, our projections for the local area market consider how the lodging industry reacts in times of economic downturn and in normal times. We anticipate that the current downturn will continue to impact subject markets during 2011, followed by a slow, long-term period of recovery. See the Market section for more details.

With a January 2013 opening, cash flow market projections for this Best Western Grand at this site in Austin, before taxes and after renovation reserves, should be available for debt service, income tax and dividends as follows:

Project Summary

	<u>Occupancy Percent</u>	<u>Average \$ Rate</u>	<u>\$ REVPAR</u>	<u>Total Revenue</u>	<u>CashFlow**</u>
Year I	60.9%	\$101.17*	\$61.66	\$1,725,048	\$791,618
Year II	72.1%	\$102.19	\$73.63	\$2,059,905	\$990,374
Year III	72.7%	\$107.30	\$78.03	\$2,183,157	\$1,067,800
Year IV	72.4%	\$111.59	\$80.76	\$2,259,567	\$1,102,552
Year V	72.4%	\$115.49	\$83.59	\$2,338,652	\$1,083,971
Year VI	71.5%	\$118.96	\$85.07	\$2,380,083	\$1,087,237
Year VII	71.5%	\$121.10	\$86.58	\$2,422,247	\$1,119,085
Year VIII	71.5%	\$123.28	\$88.11	\$2,465,159	\$1,146,715
Year IX	71.5%	\$125.50	\$89.67	\$2,508,830	\$1,112,101
Year X	71.2%	\$127.79	\$90.95	\$2,544,530	\$9,657,831***

*Year I ADR equates to approximately \$97 in current market dollars.**Before Income Tax & Financing expense, but reflecting \$1,353,170 in reserves for capital expenditures / property renovation (\$18,537 per unit). ***assumes valuing property at Year 10 cash flow at an 11% return-to-buyer, less 4% expense of sale, plus year 10 cash flow.

¹ After reserve for on-going renovations, and incorporating a management fee.

² Assuming 30% equity and 70% debt at a 6.5% pre-tax debt cost; calculated weighted average.

The above cash flow, assuming a Year 10 sale, has been discounted at the rate of 16.42% to a present value of \$6,751,623, approximating the total budgeted investment of \$6,753,000.

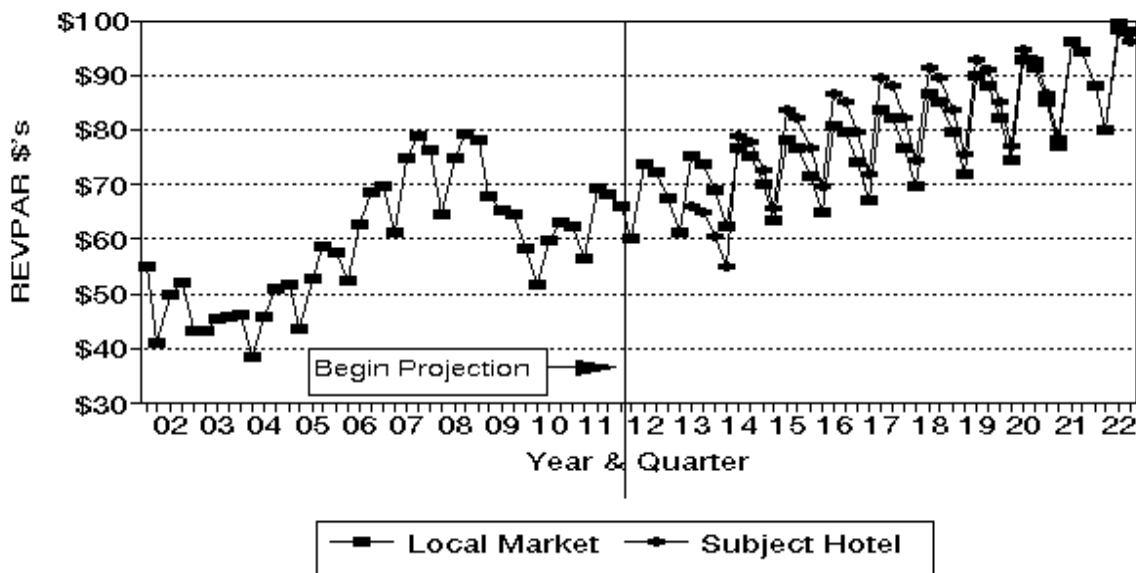
This 16.42% is the project's unleveraged return, provided capital is kept at this level.

An estimated total capital budget for existing structures, renovation, construction, and FF&E of \$86,000 per unit 'turn-key' costs for a hotel of this size and quality is well above average for a typical Best Western hotel, but likely average for a Best Western Grand Hotel & Suites, in our experience. If capital outlays vary from budget for this project, returns will vary accordingly. The following table illustrates the linear nature of financial returns as capital requirements escalate or decline and revenue streams remain stable.

Effect on Returns if Capital Investment Changes³

Variance	Improvements Budget		Land Cost	Total Investment	Discounted Cash Flow	
	Per Unit	Total			Total Proj	On Equity
(85%)	\$73.1	\$5,336	\$475	\$5,811	19.42%	49.57%
(90%)	\$77.4	\$5,650	\$475	\$6,125	18.34%	45.97%
(95%)	\$81.7	\$5,964	\$475	\$6,439	17.34%	42.63%
BUDGET	\$86.0	\$6,278	\$475	\$6,753	16.42%	39.57%
(105%)	\$90.3	\$6,592	\$475	\$7,067	15.55%	36.67%
(110%)	\$94.6	\$6,906	\$475	\$7,381	14.74%	33.97%
(115%)	\$98.9	\$7,220	\$475	\$7,695	13.98%	31.43%

**REVPAR HISTORY & PROJECTION:
NorthWest Austin / Best Western Grand**



³ Discounted Cash Flow / Internal Rate of Return.

A detailed look at Year III shows the following:

Year III 2015

Room Revenues	\$2,079,197
Total Revenues	\$2,183,157
Income Before Fixed Costs	\$1,264,760 (57.9%)
Net Income Before Tax & Fin.	\$ 976,686 (44.7%)
Cash Flow Before Financing	\$1,067,800 (48.9%) ⁴
Occupancy %	72.7%
Average Daily Rate	\$107.30
\$ REVPAR	\$ 78.03
Per Occupied Room Costs	\$ 43.76

The critical statistic used in this study is REVPAR. REVPAR means revenue per available room per day, and reflects the average daily room revenue yield of every room in a property or market (not just occupied rooms). REVPAR is generated by multiplying occupancy times rate (i.e. $REVPAR = \% \text{ occupancy times average daily rate}$), and is the most effective and important tool in the evaluation of the success of any lodging concern.

SUMMARY OF CRITICAL ASSUMPTIONS: Critical assumptions are summarized as follows, with the Market History and Projection study (page 11) following the Methodology section (page 7).

1. The local NorthWest Austin Area Market reflects a mixture of mainly new hotel properties and some few older hotels. The average hotel room in the local market is 12 years old, only one-third of the way through the life cycle of the typical hotel building, and well into its peak performing years. The typical hotel building becomes stylistically and structurally obsolete after 30 years, though this figure is significantly higher for larger for high-rise/concrete and for historic structures. The local market has 726 hotel rooms built before 1995, and 1,763 rooms built since 2000. There is typically a wide and dramatic gap between the performance of new and older properties, with the typical hotel in the area either being relatively new and competitive or older and on its way to closure.

We are comfortable with market projections. After weathering the 2009/10 recession well, market occupancy is expected to fall towards a lower level as new supply is attracted to the

⁴ Before deductions of loan principal and interest, before income tax deductions, and before any equity payout.

market due to the high performance of existing hotels in the area: from the current 67% to a more typical 63% market average. Further, REVPAR in this market is projected to grow by 3.2% annually over the next nine years, compared to the 10% rate of the past year. Detailed local market history and projections commence on page 17.

NW AUSTIN AREA MARKET⁵

<u>Year</u>	<u>Occupancy %</u>	<u>\$ REVPAR</u>
2002	56.9%	\$ 47.00
2004	62.1%	\$ 48.10
2006	72.3%	\$ 65.59
2008	70.4%	\$ 75.10
2011	67.4%	\$ 64.14 ⁶
<u>Projected</u>		
2012	65.8%	\$ 68.72
2019	63.1%	\$ 80.90
<u>Historical Annual Compound Growth Rates</u>		
Past 9 Year Average	1.6%	2.9%
Past 4 Year Average	-2.3%	-2.6%
Past Year Average	7.1%	10.0%
<u>Future Annual Compound Growth Rates</u>		
Next 9 Years	-0.7%	3.2%
Next 5 Years	-1.3%	3.0%

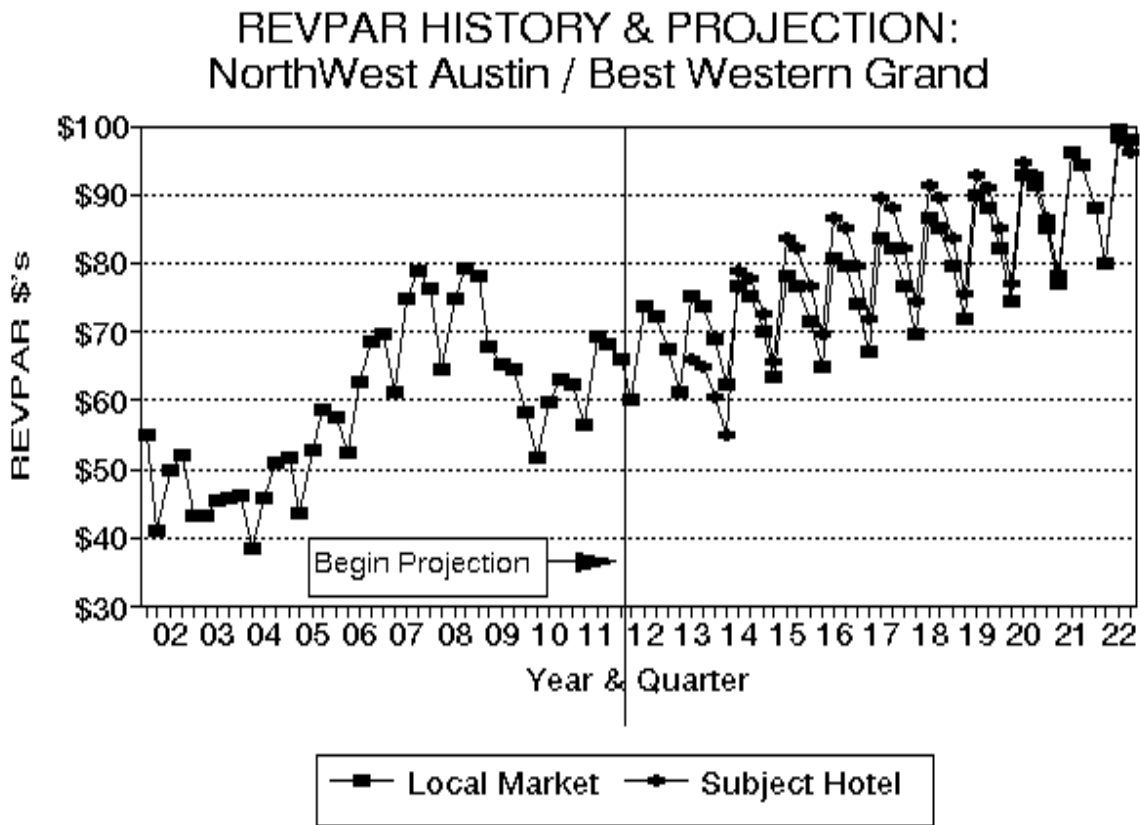
2. Versus the local market's REVPAR dollar projections, the REVPAR index of the proposed Best Western Grand starts at 88% of the market average REVPAR in Year I, peaking at 107% of the market in Years III-V. Thereafter, the REVPAR Index declines due to the normal aging cycle. Detailed REVPAR derivation and subsequent projections commence on page 33.

	Data in 2010/11 \$'s	<u>Best Western</u>		
		<u>Year I</u>	<u>Year II</u>	<u>Year III</u>
Base: Name & Quality		0.69	0.69	0.69
x Brand Age Adjustment		1.10	1.10	1.10
x Site Value Adjustment		0.95	0.95	0.95
x Size Adjustment		1.06	1.06	1.06
x Other Adjustments		1.25	1.25	1.25
x Newness Adjustment		0.92	1.07	1.12
= Performance Factor		88%	103%	107%
x Market REVPAR	\$64.14	\$64.14	\$64.14	
= Projected Performance	\$56.59	\$65.81	\$68.89	

⁵ Zipcodes 78750/759/727/729/726/732/758/613/717.

⁶ 12 months ending June 30, 2011.

The projected REVPAR performance of the subject hotel, versus the local area market average REVPAR reflects the fact that this hotel is expected to perform at a level above the market average. The hotel's REVPAR index starts in Year I at 88% of the market, rises to it's peak of 107% of the market in Years III-V, then slowly loses ground versus the local area's inflationary growth:



Note that the market is not expected to return to 2007/2008 levels of REVPAR until 2015.

3. Expenses are set at the level of similar, limited service hotel products from Smith Travel Research Host Reports operating statistics, inflated at 3% per annum. See page 48 for details.

METHODOLOGY

To develop Pro Forma financial results for the proposed project, two major sets of assumptions have been developed. First, the future market's average REVPAR is forecast on a reasonable and economically-sound basis; the performance of the project is dependent on this market forecast and varies from it only due to specific variables of the project. Second, the specific variables of the project are combined and expressed as an index for each quarter of the forecast, an index that is used to adjust the overall market performance to the specific project.

MARKET REVPAR FORECAST

The large Austin Metro is examined historically and projected. The key in the market projections is to stabilize the wider area market in the future at a sustainable, average equilibrium for occupancy, a level which we have determined to be approximately 62% in markets of this type, and higher for less seasonal areas. Over the 20 years from 1987 through 2007, according to the Source Strategies, Inc. database, hotel occupancy in Texas has averaged 59%, and 60% in overall Texas metros. This occupancy level is highly relevant as a long-term, equilibrium occupancy, a level where investors are neutral about adding new hotel rooms to the market and an average that will reoccur over long periods of time (e.g. 20 years).

After the wider market area is forecast, we forecast the performance of the local NorthWest Austin Area Market on a similar basis. Market projections are based on growth rates in real demand (room-nights sold), prices (average daily rates), and supply (rooms available). The key in this projection is to stabilize the local market in the future at a sustainable, average equilibrium for occupancy, a level which we have determined to be approximately 63% in markets of this type. The REVPAR projection of the local market is then the pro forma market environment of the proposed subject development; the project will vary from the norm for only project-specific differences, and then only relatively.

PROJECT SPECIFIC VARIABLES:
DEVELOPMENT OF PROJECT REVPAR INDICES

The first variable from the averages to be developed has to do with the fact that each product type and brand have a typical and identifiable influence on REVPAR performance. This variable is based on its consumer acceptance, its product definition, its level of quality, the price it can command from the consumer, its marketing efforts, and other factors. The value of the brand and product type is termed the Base Value.

The second adjustment used on the dollar value of the local area's REVPAR is the Brand Age Adjustment. This is made to reflect the average age of similarly branded hotels on the subject property's performance versus the market average. Best Western hotels were examined as a group in order to quantify this factor.

The next step to developing a project REVPAR index is to determine any further adjustment based on any deviation from a normal project Size. If the number of proposed rooms in the project is significantly above or below the average for that brand and product-type, its performance will also vary from the norm. A lower than average number of rooms should increase per room performance and vice versa. This is due to the fact that consumer demand for a single brand is demand at the project's site, regardless of the number of rooms offered by the hotel (a minor exception here would be a convention hotel).

An empirical proof of this evaluation of Size is the major increase in volume enjoyed by numerous hotels throughout Texas that have split into two branded operations, using two different names. For example, the Hilton Hotel Towers Austin added \$1,000,000 annually to revenues by splitting off its adjacent, ground-based rooms as a Super 8 Motel. By creating another brand, the Super 8 began to fill demand for budget properties in the immediate area, while the Hilton Towers kept its current upscale customer base. Hence, smaller room counts than average generate higher occupancy than average. Further proof is the correlation between project size and occupancy: the smaller the property, the higher the occupancy.⁷

⁷ Study detailed in size factor derivation in analysis section.

A further, 'Other,' segment adjustment may be made if the proposed product type is under- or over- supplied in the local market, or for other factors. For example, a product type commanding 10% of the Texas market - but zero locally - would command a higher daily rate or occupancy locally because it is a relatively scarce commodity. Further, a subject product far exceeds the product quality of the brand average, then a positive adjustment should be made to reflect a better product than normal. While there is usually a reasonably consistent pattern of site factors for the nearby local chain properties selected, these factors often vary because of unique situations, including: 1) visibility and access differences between nearby sites; 2) any large variation from the norm in the usual number of rooms for a local chain property at a site; 3) a nearby property's quality, the quality of management, last renovation, etc.; and 4) any major new commercial development nearby (e.g. shopping, office complex, hospital). Adjustments can be made for these differences within forecast site factor, based on industry experience. This is the Segment, or Other adjustment.

Then the REVPAR potential of the subject Site, regardless of brand, is developed in two ways. First, all other property factors except site are calculated for nearby competitors, the site factor then being used to bring the calculated REVPAR into a match with actual REVPAR performance. In other words, combining all factors including a 'plugged' site factor results in the theoretical REVPAR projection equaling actual REVPAR for each property studied, revealing the mathematical value of individual hotel sites.

With the development of the adjustments for Brand/product type, overall Brand Age, Segment, project Size, and Site, a revenue projection for the proposed operation begins to take form by combining these factors into a combined index that is applied to the overall market-wide REVPAR projection, resulting in the forecast of the project's dollar REVPAR. However, this combined index changes with the cumulative age the project.

Then, the physical Age of the individual project impacts this REVPAR index. A +12% increase factor is applied to the combined REVPAR index in the operating Years III-V. A first-year start-up adjustment of -8% and a second year adjustment of +7%, followed by a +12% adjustment for years III-V. This factor reflects the major revenue-generating power of new versus old properties. In the sixth year and thereafter, the REVPAR index is then diminished at a

rate of 1.67% per annum in order to reflect aging and the normal life-cycle of a hotel. As a renovated property, this factor is slightly different.

This pattern of declining performance with property aging is based on major studies of economic life-cycle patterns. The first study was conducted on a census of all 25,000 Texas rooms built between 1980 and 1982 (study published in September 1994 issues of *MarketShare*⁸ and the October 1994 issue of *Hotel & Motel Management*); the second investigation was conducted on all 17,231 rooms built in Texas from 1990 through 1995. These Source Strategies, Inc. studies confirm a similar, major study conducted in 1982 at the Holiday corporation on 160 company-owned and company-operated Holiday hotels.

Combining all of these factors - Product Type, Brand Age, Site, Size, Segment (other), and Newness (Age) - results in the REVPAR stream for the project. A REVPAR stream from which room revenues, estimated rate, occupancy and roomnights sold are derived. At this point, the investment and operational costs can be laid against the revenue line to generate pro forma financial performance and discounted cash flow analysis. The calculation of the statistic of Operating Costs Per Occupied Room (before fixed/capital costs are deducted) is typically the important cost to examine carefully because it is highly stable and predictable, regardless of occupancy and rate. The Smith Travel Research Host Report of Hotel Operating Statistics, 2009 edition (2008 data) with dollar costs inflated, and Source Strategies, Inc. financial models are the source of operating cost statistics.

From national average occupancies, costs are categorized as fixed, semi-variable or variable, resulting in the highly-leveraged profit performance characteristic of lodging products, depending on occupancy and REVPAR performance (i.e. variable costs increase proportionately with higher occupancy levels while fixed costs do not). Furthermore, with a capital expenditures profile provided by the International Society of Hospitality Consultants' CapEx, A Study of Capital Expenditures in the U.S. Hotel Industry, a method has been applied to determine an appropriate amount of renovation reserves to ensure that the property is maintained at the franchisor's required level.

⁸ Now *Hotel Brand Report*.

All study-area individual hotel/motel five year histories are included in the study, using the Source Strategies, Inc. database of all Texas hotels and motels (includes each hotel's brand, room count, room revenue, occupancy, rate and REVPAR). The methodology of this database is attached as an exhibit.

MARKET REVPAR HISTORY: TEXAS

1. Since 1980, the State of Texas (and the wider U.S. market) has experienced other instances of economic turmoil such as the current recession. In 1982-1983 the Texas market suffered through six consecutive quarters of major demand declines, with a sharp plummet of 24% in the first quarter of 1983.

Two years later, every quarter in 1986 posted significant demand decreases of 19% or more.

Before the recent recession, the most recent period of decline was in 2001, during which the onset of a recession was coupled, and accelerated by, the terrorist attacks of 9/11. Beginning in the Third quarter of 2001, seven of the next eight quarters showed declining room demand, and it was not until the first quarter of 2004 that healthy levels of growth resumed.

We have considered the historical market patterns in formulating our projections for all market projections. Though there are differences in each economic downturn, and areas across the state are impacted differently depending on factors driving demand, there is much that can be discerned from historical negative trending performances and the patterns of subsequent periods of recovery.

Historical quarterly periods of economic decline and recession are highlighted in the Texas market data that follows overleaf:

HOTEL MARKET: STATE OF TEXAS - 1980-1989

Year & Quarter	# Htls and Mtls	# Rooms	Room-1 nites sold 000's	Total Rooms Revenue \$ 000's	% 2 Occ.	\$ 3 Rate	\$ 4 RPAR	% Growth Vs Yr Ago			
								Sply	Real	ADR	\$ Rev
801	1,694	138,446	9,012	286,171	72.3	31.76	22.97				
802	1,859	143,967	9,593	321,352	73.2	33.50	24.53				
803	1,941	147,589	10,077	331,532	74.2	32.90	24.42				
804	1,827	150,272	9,430	296,137	68.2	31.40	21.42				
811	1,808	149,062	10,268	349,319	76.5	34.02	26.04	7.7	13.9	7.1	22.1
812	1,990	154,783	11,102	398,057	78.8	35.85	28.26	7.5	15.7	7.0	23.9
813	2,065	157,359	12,026	429,629	83.1	35.73	29.68	6.6	19.3	8.6	29.6
814	1,941	159,855	10,955	368,202	74.5	33.61	25.04	6.4	16.2	7.0	24.3
821	1,944	159,719	11,275	410,194	78.4	36.38	28.54	7.1	9.8	6.9	17.4
822	2,072	164,022	11,554	448,560	77.4	38.82	30.05	6.0	4.1	8.3	12.7
823	2,122	168,756	11,239	426,972	72.4	37.99	27.50	7.2	-6.5	6.3	-0.6
824	1,909	169,962	9,383	340,781	60.0	36.32	21.79	6.3	-14.4	8.1	-7.4
831	1,927	171,393	8,574	326,286	55.6	38.06	21.15	7.3	-24.0	4.6	-20.5
832	2,098	177,954	9,118	367,533	56.3	40.31	22.70	8.5	-21.1	3.8	-18.1
833	2,192	181,281	9,574	378,280	57.4	39.51	22.68	7.4	-14.8	4.0	-11.4
834	1,988	181,046	8,445	320,928	50.7	38.00	19.27	6.5	-10.0	4.6	-5.8
841	2,059	185,074	9,110	370,661	54.7	40.69	22.25	8.0	6.3	6.9	13.6
842	2,263	193,838	9,777	417,810	55.4	42.73	23.69	8.9	7.2	6.0	13.7
843	2,343	198,581	10,267	440,975	56.2	42.95	24.14	9.5	7.2	8.7	16.6
844	2,144	198,042	8,762	357,849	48.1	40.84	19.64	9.4	3.8	7.5	11.5
851	2,168	201,426	11,088	462,103	61.2	41.68	25.49	8.8	21.7	2.4	24.7
852	2,396	207,832	12,005	525,445	63.5	43.77	27.78	7.2	22.8	2.4	25.8
853	2,456	210,876	12,004	521,612	61.9	43.45	26.89	6.2	16.9	1.2	18.3
854	2,201	210,122	10,095	422,314	52.2	41.83	21.85	6.1	15.2	2.4	18.0
861	2,221	209,942	8,935	394,611	47.3	44.16	20.88	4.2	-19.4	6.0	-14.6
862	2,366	216,430	9,484	438,490	48.2	46.24	22.26	4.1	-21.0	5.6	-16.5
863	2,398	216,313	9,335	433,948	46.9	46.49	21.81	2.6	-22.2	7.0	-16.8
864	2,162	214,530	8,011	354,767	40.6	44.29	17.97	2.1	-20.6	5.9	-16.0
871	2,125	211,297	9,822	439,986	51.6	44.80	23.14	0.6	9.9	1.4	11.5
872	2,323	217,846	10,613	469,942	53.5	44.28	23.71	0.7	11.9	-4.2	7.2
873	2,488	223,226	11,609	513,072	56.5	44.20	24.98	3.2	24.4	-4.9	18.2
874	2,288	220,113	8,703	389,235	43.0	44.72	19.22	2.6	8.6	1.0	9.7
881	2,225	216,646	10,651	480,022	54.6	45.07	24.62	2.5	8.4	0.6	9.1
882	2,328	219,194	11,468	519,279	57.5	45.28	26.03	0.6	8.1	2.3	10.5
883	2,394	220,718	12,179	551,823	60.0	45.31	27.18	-1.1	4.9	2.5	7.6
884	2,183	217,487	10,408	468,241	52.0	44.99	23.40	-1.2	19.6	0.6	20.3
891	2,139	214,433	10,972	505,830	56.9	46.10	26.21	-1.0	3.0	2.3	5.4
892	2,254	216,409	12,152	568,731	61.7	46.80	28.88	-1.3	6.0	3.4	9.5
893	2,380	219,464	13,087	606,723	64.8	46.36	30.05	-0.6	7.5	2.3	9.9
894	2,143	214,991	10,915	505,305	55.2	46.30	25.55	-1.1	4.9	2.9	7.9

1. Room nights sold (derived from est. rate and actual revenues) 2. Occupancy nights sold divided by nights available for sale. 3. Avg. price for room nights sold; Directories, Surveys, & experience. 4. \$ Revenue per available room per day (room sales per day)

HOTEL MARKET: STATE OF TEXAS - 1990-1999

Year & Quarter	# Htls and #		Room-1 nites sold	Total Rooms Revenue	% 2 Occ.	\$ 3 Rate	\$ 4 RPAR	% Growth Vs Yr Ago			
	Mtls	Rooms	000's	\$ 000's				Sply	Real	ADR	\$ Rev
901	2,129	214,419	11,679	554,170	60.5	47.45	28.72	-0.0	6.4	2.9	9.6
902	2,311	218,824	12,840	624,482	64.5	48.64	31.36	1.1	5.7	3.9	9.8
903	2,488	223,343	12,708	629,223	61.8	49.51	30.62	1.8	-2.9	6.8	3.7
904	2,195	215,581	10,531	513,588	53.1	48.77	25.90	0.3	-3.5	5.3	1.6
911	2,288	216,607	11,476	565,424	58.9	49.27	29.00	1.0	-1.7	3.8	2.0
912	2,450	220,230	12,714	652,416	63.4	51.31	32.55	0.6	-1.0	5.5	4.5
913	2,489	221,280	13,203	669,743	64.9	50.73	32.90	-0.9	3.9	2.5	6.4
914	2,288	217,777	11,146	556,396	55.6	49.92	27.77	1.0	5.8	2.4	8.3
921	2,311	218,438	11,593	595,139	59.0	51.34	30.27	0.8	1.0	4.2	5.3
922	2,488	222,368	12,751	675,369	63.0	52.97	33.38	1.0	0.3	3.2	3.5
923	2,548	223,434	13,690	721,311	66.6	52.69	35.09	1.0	3.7	3.9	7.7
924	2,359	219,803	11,488	593,804	56.8	51.69	29.36	0.9	3.1	3.5	6.7
931	2,364	220,328	11,903	630,049	60.0	52.93	31.77	0.9	2.7	3.1	5.9
932	2,526	223,631	12,955	711,191	63.7	54.90	34.95	0.6	1.6	3.6	5.3
933	2,587	225,580	14,033	762,508	67.6	54.34	36.74	1.0	2.5	3.1	5.7
934	2,382	221,392	11,714	625,100	57.5	53.36	30.69	0.7	2.0	3.2	5.3
941	2,414	222,471	12,287	671,853	61.4	54.68	33.56	1.0	3.2	3.3	6.6
942	2,593	227,497	13,565	773,762	65.5	57.04	37.38	1.7	4.7	3.9	8.8
943	2,666	230,187	13,848	787,544	65.4	56.87	37.19	2.0	-1.3	4.7	3.3
944	2,475	226,119	12,215	677,868	58.7	55.50	32.59	2.1	4.3	4.0	8.4
951	2,457	225,028	12,549	738,394	62.0	58.84	36.46	1.1	2.1	7.6	9.9
952	2,604	229,116	13,526	810,170	64.9	59.90	38.86	0.7	-0.3	5.0	4.7
953	2,701	234,593	14,117	841,494	65.4	59.61	38.99	1.9	1.9	4.8	6.9
954	2,602	232,201	12,326	722,297	57.7	58.60	33.81	2.7	0.9	5.6	6.6
961	2,596	233,619	13,221	823,051	62.9	62.26	39.14	3.8	5.4	5.8	11.5
962	2,740	239,156	14,047	878,542	64.5	62.54	40.37	4.4	3.9	4.4	8.4
963	2,735	242,809	14,040	875,250	62.9	62.34	39.18	3.5	-0.5	4.6	4.0
964	2,666	241,679	12,572	775,657	56.5	61.70	34.89	4.1	2.0	5.3	7.4
971	2,694	245,315	13,353	861,700	60.5	64.53	39.03	5.0	1.0	3.6	4.7
972	2,774	250,349	14,720	965,813	64.6	65.61	42.39	4.7	4.8	4.9	9.9
973	2,838	254,368	14,874	968,988	63.6	65.15	41.41	4.8	5.9	4.5	10.7
974	2,800	257,088	13,470	873,191	57.0	64.83	36.92	6.4	7.1	5.1	12.6
981	2,847	258,388	14,390	965,828	61.9	67.12	41.53	5.3	7.8	4.0	12.1
982	2,930	263,497	15,481	1,057,929	64.6	68.34	44.12	5.3	5.2	4.2	9.5
983	3,019	270,763	15,927	1,053,109	63.9	66.12	42.28	6.4	7.1	1.5	8.7
984	2,978	271,238	14,316	941,569	57.4	65.77	37.73	5.5	6.3	1.4	7.8
991	3,047	277,678	15,010	1,023,911	60.1	68.22	40.97	7.5	4.3	1.6	6.0
992	3,129	282,933	15,996	1,125,938	62.1	70.39	43.73	7.4	3.3	3.0	6.4
993	3,220	290,145	16,562	1,111,162	62.0	67.09	41.63	7.2	4.0	1.5	5.5
994	3,208	289,149	14,552	968,974	54.7	66.59	36.43	6.6	1.7	1.2	2.9

1. Roomnights sold (derived from est. rate and actual revenues) 2. Occupancy nights sold divided by nights available for sale. 3. Avg. price for roomnights sold; Directories, Surveys, & experience. 4. \$ Revenue per available room per day (room sales per day)

HOTEL MARKET: STATE OF TEXAS - 2000-2011

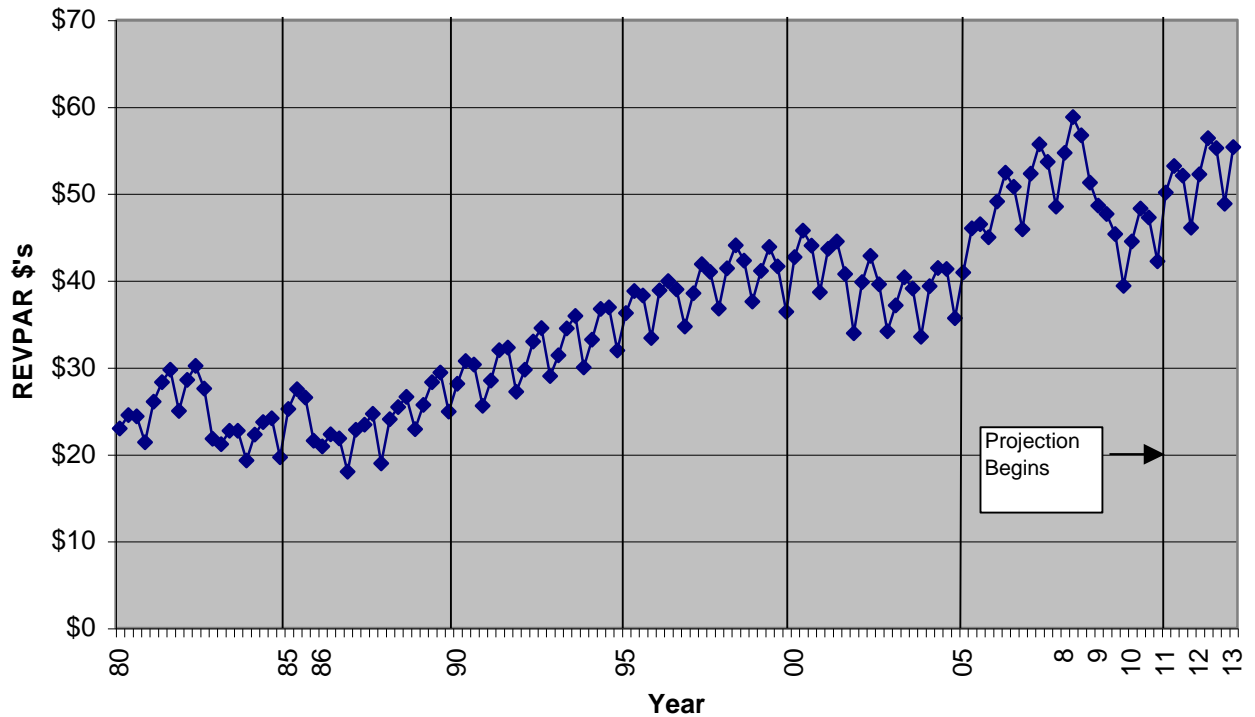
Year & Quarter	# Htals and Mtls	# Rooms	Room-1	Total	% 2	\$ 3	\$ 4	% Growth Vs Yr Ago			
			nites sold 000's	Rooms Revenue \$ 000's				Occ.	Rate	RPAR	Sply
001	3,226	290,046	15,883	1,114,731	60.8	70.18	42.70	4.5	5.8	2.9	8.9
002	3,356	295,709	17,001	1,232,674	63.2	72.51	45.81	4.5	6.3	3.0	9.5
003	3,388	300,371	17,187	1,219,157	62.2	70.94	44.12	3.5	3.8	5.7	9.7
004	3,360	299,047	15,228	1,064,870	55.3	69.93	38.71	3.4	4.6	5.0	9.9
011	3,411	302,343	16,517	1,188,162	60.7	71.94	43.66	4.2	4.0	2.5	6.6
012	3,536	306,089	17,222	1,239,069	61.8	71.95	44.48	3.5	1.3	-0.8	0.5
013	3,589	310,957	16,802	1,164,254	58.7	69.29	40.70	3.5	-2.2	-2.3	-4.5
014	3,535	307,914	14,483	960,167	51.1	66.30	33.89	3.0	-4.9	-5.2	-9.8
021	3,576	309,745	15,867	1,110,327	56.9	69.98	39.83	2.4	-3.9	-2.7	-6.6
022	3,684	314,166	17,012	1,225,468	59.5	72.04	42.86	2.6	-1.2	0.1	-1.1
023	3,707	318,226	16,541	1,158,407	56.5	70.03	39.57	2.3	-1.6	1.1	-0.5
024	3,644	313,988	14,713	986,554	50.9	67.05	34.15	2.0	1.6	1.1	2.7
031	3,672	316,723	15,361	1,057,864	53.9	68.87	37.11	2.3	-3.2	-1.6	-4.7
032	3,780	318,836	16,737	1,169,718	57.7	69.89	40.32	1.5	-1.6	-3.0	-4.5
033	3,805	323,624	16,776	1,162,518	56.3	69.30	39.05	1.7	1.4	-1.0	0.4
034	3,734	320,212	14,914	987,483	50.6	66.21	33.52	2.0	1.4	-1.3	0.1
041	3,747	323,147	16,239	1,145,793	55.8	70.56	39.40	2.0	5.7	2.5	8.3
042	3,878	327,926	17,518	1,237,847	58.7	70.66	41.48	2.9	4.7	1.1	5.8
043	3,913	332,549	17,679	1,264,128	57.8	71.50	41.32	2.8	5.4	3.2	8.7
044	3,829	329,158	15,951	1,082,616	52.7	67.87	35.75	2.8	7.0	2.5	9.6
051	3,852	329,449	17,015	1,214,908	57.4	71.40	40.97	2.0	4.8	1.2	6.0
052	3,983	332,254	18,593	1,391,414	61.5	74.84	46.02	1.3	6.1	5.9	12.4
053	4,048	338,115	19,173	1,449,393	61.6	75.59	46.59	1.7	8.5	5.7	14.7
054	3,962	334,144	18,561	1,383,105	60.4	74.52	44.99	1.5	16.4	9.8	27.8
061	3,978	334,912	18,910	1,479,351	62.7	78.23	49.08	1.7	11.1	9.6	21.8
062	4,121	337,788	19,328	1,609,669	62.9	83.28	52.37	1.7	4.0	11.3	15.7
063	4,184	344,093	19,733	1,606,206	62.3	81.40	50.74	1.8	2.9	7.7	10.8
064	4,093	341,556	18,004	1,439,964	57.3	79.98	45.82	2.2	-3.0	7.3	4.1
071	4,127	343,745	19,366	1,614,471	62.6	83.37	52.19	2.6	2.4	6.6	9.1
072	4,290	347,178	19,916	1,756,887	63.0	88.21	55.61	2.8	3.0	5.9	9.1
073	4,340	353,440	20,324	1,743,413	62.5	85.78	53.62	2.7	3.0	5.4	8.5
074	4,248	350,908	18,594	1,564,612	57.6	84.15	48.46	2.7	3.3	5.2	8.7
081	4,276	353,555	19,690	1,738,726	61.9	88.31	54.64	3.1	1.7	0.2	-0.9
082	4,463	359,217	20,654	1,919,396	63.2	92.93	58.72	3.6	3.7	8.5	10.3
083	4,524	366,163	21,246	1,907,486	63.1	89.78	56.62	3.8	4.6	7.0	22.3
084	4,338	360,500	19,285	1,694,290	58.1	87.86	51.09	2.7	3.7	4.4	8.2
091	4,378	366,440	18,710	1,592,799	56.7	85.13	48.30	3.6	-5.0	-3.6	-8.4
092	4,603	374,553	18,627	1,613,320	54.7	86.61	47.33	4.3	-9.8	-6.8	-15.9
093	4,789	385,834	18,572	1,598,060	52.3	86.05	45.02	5.2	-12.6	-2.3	-5.6
094	4,507	380,224	17,174	1,367,498	49.1	79.62	39.09	4.9	-10.6	-6.3	-13.9
101	4,569	385,457	19,015	1,544,141	54.8	81.21	44.51	4.6	1.8	-6.0	-4.3
102	4,782	392,775	20,075	1,725,520	56.2	85.96	48.28	4.2	7.5	-0.1	8.0
104	4,599	396,315	18,692	1,537,908	51.3	82.27	42.18	4.2	8.8	12.5	4.5
111	4,528	393,999	20,979	1,778,074	59.2	84.75	50.14	2.2	10.3	15.1	8.0
CGR% 28yrs		3.1%	2.5%		5.4%	-0.6%	2.9%	2.3%			
" 20yrs		3.0%	2.7%		5.5%	-0.3%	2.7%	2.4%			
" 10yrs		2.8%	2.0%		3.7%	-0.8%	1.7%	0.9%			
" 5yrs		3.4%	1.4%		3.5%	-1.9%	2.1%	0.1%			
" 1yr		3.6%	9.7%		10.7%	6.0%	1.0%	6.9%			

1. Roomnights sold (derived from est. rate and actual revenues) 2. Occupancy nights sold divided by nights available for sale. 3. Avg. price for roomnights sold; Directories, Surveys, & experience. 4. \$ Revenue per available room per day (room sales per day)

Texas Lodging Market: Projection

Yr & Qtr	# Hotels	# Rooms	Room- nights Sold (000's)	\$ Room			% Changes to Prior Year				
				Revenues (000's)	% Occ	\$ Rate	\$ REVPAR	# Rms	Rooms Sold	ADR	\$ Revs
112	4,927	400,631	21,480	1,938,726	58.9	\$90.26	\$53.18	2.0	7.0	5.0	12.4
113	4,955	403,648	22,063	1,934,415	59.4	\$87.68	\$52.09	1.0	6.0	5.0	11.3
114	4,830	399,387	19,656	1,692,568	53.5	\$86.11	\$46.06	1.0	5.0	5.0	10.3
121	4,898	404,961	21,456	1,902,773	58.9	\$88.68	\$52.21	2.0	4.0	4.0	8.2
122	5,076	408,643	22,339	2,096,926	60.1	\$93.87	\$56.39	2.0	4.0	4.0	8.2
123	5,105	411,720	22,946	2,092,264	60.6	\$91.18	\$55.24	2.0	4.0	4.0	8.2
124	4,977	407,375	20,442	1,830,681	54.5	\$89.55	\$48.85	2.0	4.0	4.0	8.2
131	5,046	413,060	22,315	2,058,039	60.0	\$92.23	\$55.36	2.0	4.0	4.0	8.2

Texas REVPAR Growth History & Projection



Market REVPAR History & Forecast:

2. Over the past nine years, the Austin Metro Market has shown an average annual real growth of 4.6% (room-nights sold), annual growth of 7.2% in total room revenues, and a 4.3% annual gain in REVPAR; note that the severe recession of 2009 depressed all measures of performance numbers. Occupancy rose 1.8% per year over the nine years. Supply rose by 2.7% per year, with room rates rising 2.4% annually.

Over the past four years, a gain of 1.9% per year in demand was coupled with higher levels of supply growth, at +3.2% annually. Revenues over this period rose an average of 2.5% per year, while REVPAR slipped 0.8% annually. Room rates rose 0.5% per year. Occupancy decreased over the last four years, by 1.3% per year.

Over the last two years, demand rose by 5.5% annually, while supply rose 4.6%. These results caused occupancy to rise by 0.9% annually, and REVPAR to fall 0.6% per year. Rates fell 1.5% per year, and yearly revenues rose 4%.

Most recent history, the 12 months ending June 2011, continues to show positive results. Real demand rose by 10.3%, rates rose by 4.5%, revenues rose by 15.4%; occupancy gained 5.1%, as supply grew by 5%. REVPAR gained 10% for the average hotel. For comparison, revenues rose 11.1% for the state of Texas in the latest year.

LODGING MARKET HISTORY: AUSTIN METRO

<u>Year & Quarter</u>	# Htls and Mtls	# Rooms	Room ¹	Total	% ²	\$ ³	\$ ⁴	% Growth Vs Yr Ago					
			nites sold 000's	Rooms Revenue \$000's				Occ.	Rate	RevPar	Sply	Real	ADR
013	225	22,634	1,148	96,381	55.1	83.94	46.29						
014	223	22,867	1,086	83,785	51.6	77.18	39.83						
021	228	23,046	1,138	93,931	54.9	82.54	45.29						
022	236	23,593	1,252	109,835	58.3	87.70	51.16						
023	237	23,785	1,094	91,716	50.0	83.86	41.91	5.1	-4.7	-0.1	-4.8		
024	234	23,918	1,134	88,783	51.5	78.28	40.35	4.6	4.5	1.4	6.0		
031	236	24,130	1,229	101,028	56.6	82.20	46.52	4.7	8.0	-0.4	7.6		
032	242	24,288	1,245	103,819	56.3	83.40	46.97	2.9	-0.6	-4.9	-5.5		
033	244	24,452	1,184	96,666	52.6	81.68	42.97	2.8	8.2	-2.6	5.4		
034	243	24,531	1,082	84,307	47.9	77.93	37.36	2.6	-4.6	-0.4	-5.0		
041	245	25,418	1,247	97,394	54.5	78.13	42.57	5.3	1.4	-5.0	-3.6		
042	251	25,601	1,408	114,440	60.4	81.28	49.12	5.4	13.1	-2.5	10.2		
043	252	25,602	1,314	109,211	55.8	83.14	46.37	4.7	11.0	1.8	13.0		
044	245	25,296	1,241	97,876	53.3	78.90	42.06	3.1	14.7	1.2	16.1		
051	242	25,078	1,412	115,818	62.6	82.01	51.31	-1.3	13.3	5.0	18.9		
052	248	25,164	1,493	132,516	65.2	88.76	57.87	-1.7	6.0	9.2	15.8		
053	247	25,105	1,404	125,445	60.8	89.35	54.31	-1.9	6.9	7.5	14.9		
054	244	24,890	1,425	120,340	62.2	84.44	52.55	-1.6	14.9	7.0	23.0		
061	244	24,887	1,549	138,823	69.2	89.60	61.98	-0.8	9.7	9.3	19.9		
062	251	25,189	1,541	155,497	67.2	100.89	67.84	0.1	3.2	13.7	17.3		
063	257	25,763	1,583	155,862	66.8	98.44	65.76	2.6	12.8	10.2	24.2		
064	252	25,875	1,500	140,933	63.0	93.97	59.20	4.0	5.2	11.3	17.1		
071	248	25,774	1,702	171,639	73.4	100.87	73.99	3.6	9.8	12.6	23.6		
072	258	25,904	1,641	180,267	69.6	109.85	76.47	2.8	6.5	8.9	15.9		
073	259	26,065	1,606	170,259	67.0	106.01	71.00	1.2	1.4	7.7	9.2		
074	251	25,922	1,526	152,970	64.0	100.25	64.14	0.2	1.7	6.7	8.5		
081	252	25,915	1,647	175,126	70.6	106.35	75.09	0.5	-3.2	5.4	2.0		
082	268	26,323	1,655	190,235	69.1	114.98	79.42	1.6	0.8	4.7	5.5		
083	266	26,641	1,589	180,546	64.8	113.59	73.66	2.2	-1.0	7.2	6.0		
084	257	26,502	1,486	156,312	60.9	105.19	64.11	2.2	-2.6	4.9	2.2		
091	252	26,757	1,594	163,266	66.2	102.42	67.80	3.2	-3.2	-3.7	-6.8		
092	270	27,340	1,564	161,600	62.8	103.35	64.95	3.9	-5.5	-10.1	-15.1		
093	267	27,427	1,469	148,013	58.2	100.75	58.66	3.0	-7.6	-11.3	-18.0		
094	267	27,674	1,421	138,324	55.8	97.37	54.33	4.4	-4.4	-7.4	-11.5		
101	270	28,022	1,691	160,998	67.1	95.20	63.84	4.7	6.1	-7.0	-1.4		
102	286	28,689	1,712	172,387	65.6	100.71	66.03	4.9	9.5	-2.6	6.7		
103	291	29,018	1,637	165,839	61.3	101.29	62.12	5.8	11.4	0.5	12.0		
104	286	29,068	1,572	159,123	58.8	101.25	59.50	5.0	10.6	4.0	15.0		
111	288	29,490	1,882	194,574	70.9	103.42	73.31	5.2	11.3	8.6	20.9		
112	305	29,773	1,849	195,710	68.2	105.85	72.24	3.8	8.0	5.1	13.5		
CGR% Past 9 yrs		2.7%	4.6%	7.2%	1.8%	2.4%	4.3%						
" 4 yrs		3.2%	1.9%	2.5%	-1.3%	0.5%	-0.8%						
" 2 yrs		4.6%	5.5%	4.0%	0.9%	-1.5%	-0.6%						
" 1 yr		5.0%	10.3%	15.4%	5.1%	4.5%	10.0%						

3. In the future, overall Austin Metro market occupancy is projected to return to the estimated long-term equilibrium occupancy level of 61% by 2017. *For the next nine years*, real demand (room nights sold) is projected at an average 2.4% growth rate, above the projected net supply growth of 3%. With 2.8% average daily rate inflation, market gross revenues should gain 5.2%, and REVPAR should rise 2.1% annually during the nine year forecast. These rates of growth reflect the opening of two 1,000 room hotels in downtown Austin.

These assumptions relative to demand, supply, and occupancy reflect the fact that over the past 20 years overall occupancy in Texas has averaged about 60%, a level considered to be 'Equilibrium Occupancy' state-wide. This fact considers that larger and more successful metro area markets generate higher overall occupancy and REVPAR numbers than state averages, while seasonal and rural areas lag these averages (Source Strategies, Inc. database).

'Equilibrium Occupancy' is further explained by the fact that new investment money will eventually be attracted to an under-supplied market until market occupancy falls and lower returns on capital are the result. The equilibrium occupancy point is where net, new supply is being added at about the same rate as growth in demand, and where return on investment is in balance with the cost of capital.

Fueled by moderate, steady demand growth, the Austin Metro has room for appropriately-positioned new development, added at similar rates to demand. Higher quality new lodging products at or above mid-priced levels are performing very well in the market despite overall performance numbers being moderated by the large number of older, obsolete, budget and independent hotels. These older, existing competitors are highly vulnerable to the superior attractiveness of newly-built lodging. This pattern can be seen in the success of chain operations at or above the mid-priced levels. Given this growth scenario, room supply consequently grows from 29,337 rooms currently to 38,731 in 2020, 32% higher and representing 9,394 net new rooms (gross new openings, less closings).

Note that REVPAR growth for every individual hotel unit is well below the total revenue growth of the market, with average REVPAR in our projection rising by 2% per annum **over the next five years** (compared to 10% REVPAR average growth of the past year). Revenues are forecast

to grow by 5.8% per year on the strength of 2.7% growth in real demand and 3% growth in price (room-rates). Occupancy over the next five years is expected to fall by 1% per year, as supply rises 3.7% per year.

If supply should grow 3,900 rooms over forecast (+10%), without demand also growing faster than forecast, average individual hotel REVPAR would decline by 9% versus forecast, dropping from the forecast REVPAR of \$82 to \$74 by 2019. Real growth for hotel rooms in the wider market area is expected to slowly continue the recovery that began in the 2nd Quarter of 2010.

AUSTIN METRO PROJECTION

<u>Year & Quarter</u>	# Htls and Mtls	# Rooms	Room ¹	Total	%	\$ ³	\$ ⁴	% Growth Vs Yr Ago			
			nites sold 000's	Revenue \$000's				Occ.	Rate	RevPar	Sply
113	309	30,469	1,711	181,093	61.0	105.85	64.60	5.0	4.5	4.5	9.2
114	303	30,521	1,642	173,768	58.5	105.81	61.88	5.0	4.5	4.5	9.2
121	305	30,965	1,966	212,491	70.6	108.07	76.25	5.0	4.5	4.5	9.2
122	323	31,262	1,932	213,727	67.9	110.61	75.13	5.0	4.5	4.5	9.2
123	327	31,992	1,762	192,121	59.9	109.02	65.27	5.0	3.0	3.0	6.1
124	322	32,047	1,692	184,350	57.4	108.98	62.53	5.0	3.0	3.0	6.1
131	324	32,513	2,025	225,432	69.2	111.32	77.04	5.0	3.0	3.0	6.1
132	343	32,825	1,990	226,743	66.6	113.93	75.91	5.0	3.0	3.0	6.1
133	341	32,952	1,797	200,863	59.3	111.75	66.26	3.0	2.0	2.5	4.5
134	335	33,009	1,725	192,738	56.8	111.70	63.47	3.0	2.0	2.5	4.5
141	337	33,488	2,066	235,689	68.5	114.10	78.20	3.0	2.0	2.5	4.5
142	357	33,809	2,030	237,060	66.0	116.78	77.05	3.0	2.0	2.5	4.5
143	354	33,941	1,833	210,002	58.7	114.54	67.25	3.0	2.0	2.5	4.5
144	348	33,999	1,760	201,508	56.3	114.50	64.42	3.0	2.0	2.5	4.6
151	351	34,493	2,107	246,413	67.9	116.95	79.38	3.0	2.0	2.5	4.5
152	371	34,824	2,071	247,847	65.3	119.70	78.21	3.0	2.0	2.5	4.5
153	369	34,959	1,870	219,557	58.1	117.41	68.27	3.0	2.0	2.5	4.5
154	362	35,019	1,795	210,677	55.7	117.36	65.39	3.0	2.0	2.5	4.5
161	363	35,355	2,149	257,625	67.5	119.88	80.96	2.5	2.0	2.5	4.5
162	385	35,694	2,112	259,124	65.0	122.69	79.77	2.5	2.0	2.5	4.5
163	382	35,833	1,907	229,547	57.9	120.34	69.63	2.5	2.0	2.5	4.5
164	375	35,895	1,831	220,262	55.4	120.29	66.70	2.5	2.0	2.5	4.5
171	376	36,239	2,192	269,347	67.2	122.87	82.58	2.5	2.0	2.5	4.5
172	398	36,587	2,154	270,914	64.7	125.76	81.37	2.5	2.0	2.5	4.5
173	393	36,550	1,946	239,991	57.9	123.35	71.37	2.0	2.0	2.5	4.6
174	386	36,613	1,868	230,284	55.4	123.30	68.37	2.0	2.0	2.5	4.6
181	387	36,964	2,236	281,602	67.2	125.94	84.65	2.0	2.0	2.5	4.5
182	410	37,318	2,197	283,240	64.7	128.90	83.40	2.0	2.0	2.5	4.5
183	405	37,281	1,985	250,911	57.9	126.43	73.16	2.0	2.0	2.5	4.5
184	398	37,345	1,905	240,762	55.4	126.38	70.08	2.0	2.0	2.5	4.5
191	399	37,703	2,281	294,415	67.2	129.09	86.76	2.0	2.0	2.5	4.6
192	423	38,065	2,241	296,128	64.7	132.13	85.49	2.0	2.0	2.5	4.5
193	417	38,026	2,024	262,327	57.9	129.59	74.98	2.0	2.0	2.5	4.5
194	410	38,092	1,943	251,717	55.4	129.54	71.83	2.0	2.0	2.5	4.5
201	411	38,457	2,326	307,811	67.2	132.32	88.93	2.0	2.0	2.5	4.5
202	435	38,826	2,286	309,602	64.7	135.43	87.63	2.0	2.0	2.5	4.5
203	430	38,787	2,065	274,263	57.9	132.83	76.86	2.0	2.0	2.5	4.5
204	423	38,853	1,982	263,170	55.4	132.78	73.62	2.0	2.0	2.5	4.5
211	424	39,226	2,373	321,816	67.2	135.63	91.16	2.0	2.0	2.5	4.5
212	449	39,603	2,332	323,688	64.7	138.81	89.82	2.0	2.0	2.5	4.5
213	443	39,562	2,106	286,742	57.9	136.16	78.78	2.0	2.0	2.5	4.5
214	436	39,631	2,022	275,144	55.4	136.10	75.46	2.0	2.0	2.5	4.5
221	436	40,011	2,420	336,459	67.2	139.02	93.44	2.0	2.0	2.5	4.5
222	462	40,395	2,378	338,416	64.7	142.29	92.06	2.0	2.0	2.5	4.6
9yr CGR %		3.0%	2.4%	5.2%	-0.6%	2.8%	2.1%				
'5yrs		3.7%	2.7%	5.8%	-1.0%	3.0%	2.0%				
HISTORY											
CGR%Past9yr		2.7%	4.6%	7.2%	1.8%	2.4%	4.3%				
4yrs		3.2%	1.9%	2.5%	-1.3%	0.5%	-0.8%				
1yr		5.0%	10.3%	15.4%	5.1%	4.5%	10.0%				

Roomnights sold (derived from est. rate and actual revenues) 2. Occupancy nights sold divided by nights available for sale. 3. Avg. price for roomnights sold; Directories, Surveys, & experience. 4. \$ Revenue per available room per day (room sales per day).

LOCAL MARKET PERFORMANCE

4. The subject hotel's market of the local Austin Area⁹ currently generates a REVPAR of \$64 compared to the Texas average of \$49:

PERIOD: TWELVE MONTHS ENDING JUNE 30, 2011											
HOTEL MARKET: NORTHWEST AUSTIN AREA											
BRAND	#	* HTL	RMS		EST.		\$		EST.		\$ RPAR
			000S	% RMS	000S	% RNS	000S	% AMT	% OCC	RATE	
COMFO STE	1	.1	1.4	14	1.2	1,035	.9	57.6	75.73	43.62	
EXT AMERI	1	.1	2.1	27	2.3	1,081	1.0	72.2	40.60	29.32	
HAMPTON	1	.1	1.5	18	1.5	1,942	1.7	69.6	107.65	74.94	
HOLID EXP	1	.1	1.4	16	1.4	1,535	1.4	68.2	94.90	64.72	
STAYBRIDG	1	.1	1.7	20	1.7	2,001	1.8	70.2	97.61	68.52	
VALUE PLC	1	.1	2.4	32	2.7	960	.9	76.6	30.39	23.27	
TOTAL COMPS	6	.5	10.4	127	10.8	8,554	7.7	70.1	67.57	47.34	
WESTIN	1	.3	7.1	84	7.1	12,753	11.4	67.5	152.06	102.62	
RENAISSAN	1	.5	10.3	116	9.9	16,554	14.8	64.4	143.14	92.18	
EMBASSY	1	.2	3.1	39	3.3	5,808	5.2	71.4	148.66	106.09	
HOMEWOOD	1	.1	2.0	26	2.2	3,388	3.0	73.9	129.44	95.69	
RESIDENCE	1	.1	1.8	23	2.0	2,811	2.5	74.8	122.52	91.69	
STAYBRIDG	1	.1	2.5	31	2.7	3,953	3.5	71.1	125.82	89.51	
SUMMERFLD	1	.1	2.7	31	2.6	3,450	3.1	65.0	111.88	72.70	
TOT SUITES	5	.6	12.2	150	12.8	19,410	17.4	70.8	129.02	91.37	
ALOFT	1	.1	1.7	22	1.8	2,895	2.6	70.7	134.64	95.23	
COURTYARD	1	.1	2.1	27	2.3	3,154	2.8	72.1	117.44	84.70	
HILT GARD	1	.1	2.9	33	2.9	3,622	3.2	66.4	108.28	71.91	
HOLID INN	1	.2	4.1	49	4.2	4,433	4.0	69.6	89.99	62.61	
HYATT PLC	1	.1	2.7	33	2.8	3,864	3.5	70.7	117.86	83.36	
TOT MID/UPS	5	.6	13.5	164	14.0	17,968	16.1	69.7	109.66	76.41	
CANDLWOOD	2	.2	4.3	50	4.2	3,351	3.0	66.4	67.46	44.78	
SPRNGHILL	1	.1	2.1	26	2.2	2,701	2.4	71.5	104.56	74.75	
TOWNPLACE	1	.1	2.9	34	2.9	2,687	2.4	66.6	79.38	52.90	
TOT MIN STE	4	.4	9.3	109	9.3	8,739	7.8	67.6	79.92	54.03	
BEST WEST	1	.0	.8	7	.6	443	.4	51.3	59.09	30.32	
COMFO INN	1	.1	1.2	12	1.0	686	.6	54.5	59.42	32.41	
FAIRFIELD	1	.1	2.8	32	2.7	2,878	2.6	65.5	89.79	58.84	
HAMPTON	1	.1	2.6	32	2.8	3,672	3.3	71.7	113.12	81.13	
HOLID EXP	1	.1	1.3	15	1.3	1,391	1.2	65.5	93.79	61.47	
LA QUINTA	3	.3	6.4	68	5.8	5,052	4.5	61.3	74.31	45.53	
TOT LTD SVE	8	.7	15.1	166	14.2	14,121	12.7	63.1	84.88	53.59	
EXT AMERI	3	.3	7.0	86	7.3	4,286	3.8	70.2	49.90	35.05	
HOMESTEAD	1	.1	2.6	30	2.6	1,218	1.1	66.9	40.19	26.90	
STUDIO 6	1	.1	2.8	35	3.0	1,264	1.1	71.3	36.50	26.04	
OTHER EXT	2	.3	6.1	66	5.6	2,263	2.0	62.6	34.26	21.45	
TOT EXT STA	7	.9	18.5	217	18.5	9,030	8.1	67.4	41.64	28.08	
ECONOLODG	1	.0	.8	9	.8	398	.4	61.9	45.21	27.99	
MOTEL 6	1	.0	.8	8	.7	462	.4	58.6	57.78	33.85	
TOT BUDGET	2	.1	1.6	17	1.4	861	.8	60.3	51.19	30.86	
TOT CHAINS	39	4.7	98.1	1,150	98.0	107,989	96.7	67.4	93.92	63.27	
TOTAL INDEP	4	.1	1.9	24	2.0	3,640	3.3	71.3	152.77	108.96	
TOTAL MARKET	43	4.8	100.0	1,174	100.0	111,629	100	67.4	95.11	64.14	

* All figures annualized. Includes taxed and est non-tax room revenues.
Independents are categorized by price: \$100+, \$60-99.99, and under \$60).

⁹Zipcodes 78750/759/727/729/726/732/758/613/717.

Local Market REVPAR History & Forecast:

5. Over the past nine years, the local NorthWest Austin Area Market¹⁰ has shown real growth (room-nights sold) of 5.3%, and annual growth of 6.7% in total room revenues, and a 2.9% annual rise in REVPAR; note that the severe recession of 2009 significantly depressed the long-term performance numbers. Occupancy rose 1.6% per year over the nine years. Supply rose by 3.7% per year, with room rates rising 1.3% annually.

Over the past four years, 3% annual demand gains were coupled with a gain in supply of 5.4% annually. Revenues over this period rose an average of 2.7% per year, while REVPAR fell 2.6% annually. Room rates fell 0.2% per year, and occupancy decreased over the last four years by 2.3% per year.

Over the last two years, demand rose by 11.1% annually, and supply rose 10.6%. These results caused occupancy to rise by 0.5% annually, with REVPAR falling 3.6% per year as room rates fell 4%.

Most recent history, the 12 months ending June 30, 2011, shows the slow and steady recovery that Austin has been experiencing since the second quarter of 2010, not to mention the rise in demand from the recent legislative session. Real demand rose 20.6%, rates rose by 2.6%, revenues rose by 23.8% and occupancy rose by 7.1%. With a supply increase of 12.8%, REVPAR rose 10% for the average hotel. Market occupancy averaged 68% versus 57% for the state.

¹⁰Zipcodes 78750/759/727/729/726/732/758/613/717.

LODGING MARKET HISTORY: NORTHWEST AUSTIN AREA

Year & Quarter	# HtIs and Mtls	# Rooms	Room ¹ nites sold 000's	Total Rooms Revenue \$000's	% ² Occ.	\$ ³ Rate	\$ ⁴ RevPar	% Growth Vs Yr Ago			
								Sply	Real	ADR	\$Rev
013	31	3,325	195	16,900	63.6	86.85	55.25				
014	29	3,386	163	12,828	52.2	78.96	41.18				
021	30	3,412	179	15,329	58.4	85.51	49.92				
022	32	3,623	200	17,204	60.7	85.95	52.18				
023	35	3,779	185	15,032	53.3	81.09	43.24	13.7	-4.7	-6.6	-11.1
024	33	3,901	199	15,565	55.6	78.06	43.37	15.2	22.7	-1.1	21.3
031	33	3,901	203	15,962	57.7	78.76	45.46	14.3	13.1	-7.9	4.1
032	33	3,901	208	16,265	58.5	78.27	45.82	7.7	3.8	-8.9	-5.5
033	34	4,001	210	17,004	57.0	80.98	46.19	5.9	13.3	-0.1	13.1
034	33	3,882	184	13,827	51.5	75.12	38.71	-0.5	-7.7	-3.8	-11.2
041	33	3,882	210	15,988	60.0	76.29	45.76	-0.5	3.4	-3.1	0.2
042	34	3,982	240	18,548	66.2	77.29	51.19	2.1	15.5	-1.3	14.0
043	34	3,977	233	18,899	63.7	81.14	51.65	-0.6	10.9	0.2	11.1
044	34	3,997	215	16,086	58.4	74.89	43.74	3.0	16.7	-0.3	16.3
051	33	3,867	239	18,470	68.5	77.44	53.07	-0.4	13.8	1.5	15.5
052	33	3,870	246	20,715	69.9	84.10	58.82	-2.8	2.6	8.8	11.7
053	33	3,869	234	20,501	65.8	87.53	57.60	-2.7	0.6	7.9	8.5
054	33	3,860	233	18,721	65.5	80.52	52.72	-3.4	8.2	7.5	16.4
061	33	3,873	260	21,941	74.5	84.55	62.95	0.2	8.8	9.2	18.8
062	32	3,864	253	24,107	72.0	95.23	68.56	-0.2	2.8	13.2	16.4
063	33	3,861	262	24,728	73.8	94.36	69.61	-0.2	11.9	7.8	20.6
064	33	3,864	246	21,769	69.2	88.55	61.24	0.1	5.7	10.0	16.3
071	33	3,856	273	25,955	78.7	94.99	74.79	-0.4	5.3	12.3	18.3
072	34	3,865	262	27,796	74.6	105.96	79.03	0.0	3.6	11.3	15.3
073	34	3,918	261	27,580	72.5	105.49	76.51	1.5	-0.3	11.8	11.5
074	34	3,903	242	23,202	67.3	96.01	64.62	1.0	-1.7	8.4	6.6
081	34	3,901	262	26,307	74.7	100.28	74.93	1.2	-4.0	5.6	1.4
082	35	3,921	260	28,303	72.7	109.06	79.32	1.4	-1.1	2.9	1.8
083	35	3,913	249	28,140	69.0	113.22	78.17	-0.1	-4.9	7.3	2.0
084	34	3,881	232	24,268	65.0	104.49	67.97	-0.6	-3.9	8.8	4.6
091	34	3,870	233	22,765	66.9	97.68	65.36	-0.8	-11.1	-2.6	-13.5
092	36	3,935	238	23,149	66.4	97.42	64.65	0.4	-8.4	-10.7	-18.2
093	36	3,994	228	21,515	61.9	94.57	58.55	2.1	-8.5	-16.5	-23.5
094	36	4,005	209	19,039	56.6	91.31	51.67	3.2	-10.2	-12.6	-21.5
101	40	4,333	259	23,343	66.3	90.27	59.86	12.0	10.9	-7.6	2.5
102	41	4,571	279	26,295	67.1	94.23	63.21	16.2	17.5	-3.3	13.6
103	43	4,822	289	27,695	65.2	95.81	62.43	20.7	27.1	1.3	28.7
104	42	4,707	263	24,484	60.7	93.08	56.54	17.5	26.2	1.9	28.6
111	42	4,721	312	29,515	73.3	94.72	69.47	9.0	20.5	4.9	26.4
112	43	4,821	310	29,934	70.7	96.56	68.23	5.5	11.1	2.5	13.8
CGR%Past9yr		3.7%	5.3%	6.7%	1.6%	1.3%	2.9%				
4yrs		5.4%	3.0%	2.7%	-2.3%	-0.2%	-2.6%				
2yrs		10.6%	11.1%	6.6%	0.5%	-4.0%	-3.6%				
1yr		12.8%	20.6%	23.8%	7.1%	2.6%	10.0%				
Wider Market History											
CGR%Past9yr		2.7%	4.6%	7.2%	1.8%	2.4%	4.3%				
4yrs		3.2%	1.9%	2.5%	-1.3%	0.5%	-0.8%				

1. Roomnights sold (derived from est. rate and actual revenues) 2. Occupancy nights sold divided by nights available for sale. 3. Avg. price for roomnights sold; Directories, Surveys, & experience. 4. \$ Revenue per available room per day (room sales per day)

6. Overall market occupancy is projected to recover as the general economy continues to rebound, though we expect this ‘hot’ market (in terms of hotel performance) to absorb significant new supply in the near future (1,336 rooms by 2014). This translates to a gradual loss in occupancy to the long-term equilibrium level of 63% over the next four years (by 2015). REVPAR should grow 3.2% annually in the period, coupled with room revenue growth of 7.4% annually, 4% annual rate increases, and a 0.7% annual occupancy loss. Over the next nine years, real demand (room nights sold) is projected at an average 3.3% growth rate, with supply rising 4.1%.

These assumptions relative to demand, supply, and occupancy reflect the fact that over the past 20 years overall occupancy in Texas has averaged about 60%, a level considered to be 'Equilibrium Occupancy' state-wide. This fact considers that larger and more successful metro area markets generate higher overall occupancy and REVPAR numbers than state averages, while seasonal, rural and Interstate highways areas lag these averages (Source Strategies, Inc. database).

'Equilibrium Occupancy' is further explained by the fact that new investment money will eventually be attracted to an under-supplied market until market occupancy falls and lower returns on capital are the result. The equilibrium occupancy point is where net, new supply is being added at about the same rate as growth in demand, and where return on investment is in balance with the cost of capital.

The NorthWest Austin Area Market has room for selectively-positioned new development. Higher quality new lodging products at or above mid-priced levels are performing very well in the market despite overall performance numbers being moderated by the large number of older, obsolete, budgets. These older, existing competitors are highly vulnerable to the superior attractiveness of newly-built, major-branded lodging. This pattern can be seen in the success of chain operations at or above the mid-priced levels. Given our growth assumptions, room supply consequently grows from 4,768 rooms currently to 6,887 in 2020, 43% higher and representing 2,119 *net* new rooms (gross new openings, less closings).

Note that REVPAR growth for every individual hotel unit is well below the total revenue growth of the market, with average REVPAR in our projection rising by 3% per annum over the next five years. Revenues during this upcoming period are forecast to grow at 9.3% per year on the strength of 4.7% growth in real demand – starting from the ‘trough’ of 2009 - and 4.4% growth in price (room-rates). Occupancy over the next five years is expected to fall 1.3% annually, as supply rises by 6.2% per year. If supply should grow 1,000 rooms over forecast (+10%), without demand also growing faster than forecast, average individual hotel REVPAR would decline by 9% versus forecast, dropping from the forecast REVPAR of \$88 to \$80 in 2020.

LODGING MARKET PROJECTION: NORTHWEST AUSTIN AREA

Year & Quarter	# Htls and Mtls	# Rooms	Room ¹ nites sold 000's	Total Rooms Revenue \$000's	% ² Occ.	\$ ³ Rate	\$ ⁴ RevPar	% Growth Vs Yr Ago			
								Sply	Real	ADR	\$Rev
113	49	5,449	321	33,205	64.0	103.47	66.24	13.0	11.0	8.0	19.9
114	48	5,319	292	29,358	59.7	100.53	59.99	13.0	11.0	8.0	19.9
121	48	5,335	346	35,382	72.0	102.30	73.69	13.0	11.0	8.0	19.9
122	49	5,448	344	35,884	69.4	104.28	72.39	13.0	11.0	8.0	19.9
123	52	5,721	332	35,570	63.1	107.10	67.58	5.0	3.5	3.5	7.1
124	51	5,585	302	31,449	58.8	104.04	61.21	5.0	3.5	3.5	7.1
131	51	5,601	358	37,902	71.0	105.88	75.18	5.0	3.5	3.5	7.1
132	52	5,720	356	38,440	68.4	107.93	73.85	5.0	3.5	3.5	7.1
133	55	6,007	344	38,104	62.2	110.84	68.94	5.0	3.5	3.5	7.1
134	54	5,864	313	33,689	58.0	107.69	62.44	5.0	3.5	3.5	7.1
141	54	5,882	371	40,602	70.0	109.58	76.70	5.0	3.5	3.5	7.1
142	55	6,006	369	41,178	67.4	111.71	75.34	5.0	3.5	3.5	7.1
143	58	6,308	356	40,818	61.3	114.72	70.34	5.0	3.5	3.5	7.1
144	57	6,157	324	36,088	57.2	111.46	63.71	5.0	3.5	3.5	7.1
151	57	6,176	383	43,494	69.0	113.42	78.25	5.0	3.5	3.5	7.1
152	59	6,306	382	44,111	66.5	115.62	76.86	5.0	3.5	3.5	7.1
153	62	6,623	368	43,725	60.4	118.74	71.76	5.0	3.5	3.5	7.1
154	61	6,465	335	38,659	56.3	115.36	64.99	5.0	3.5	3.5	7.1
161	59	6,268	389	45,691	69.0	117.39	80.99	1.5	1.5	3.5	5.1
162	60	6,401	387	46,340	66.5	119.67	79.55	1.5	1.5	3.5	5.1
163	64	6,722	374	45,934	60.4	122.90	74.27	1.5	1.5	3.5	5.1
164	62	6,562	340	40,612	56.3	119.39	67.27	1.5	1.5	3.5	5.1
171	60	6,362	395	48,000	69.0	121.50	83.83	1.5	1.5	3.5	5.1
172	62	6,497	393	48,681	66.5	123.86	82.34	1.5	1.5	3.5	5.1
173	65	6,823	379	48,255	60.4	127.20	76.87	1.5	1.5	3.5	5.1
174	64	6,661	345	42,664	56.3	123.57	69.62	1.5	1.5	3.5	5.1
181	62	6,458	401	50,425	69.0	125.75	86.76	1.5	1.5	3.5	5.1
182	63	6,594	399	51,141	66.5	128.19	85.22	1.5	1.5	3.5	5.1
183	67	6,926	385	50,693	60.4	131.65	79.56	1.5	1.5	3.5	5.1
184	65	6,760	350	44,819	56.3	127.90	72.06	1.5	1.5	3.5	5.1
191	63	6,555	407	52,973	69.0	130.15	89.80	1.5	1.5	3.5	5.1
192	65	6,693	405	53,725	66.5	132.68	88.20	1.5	1.5	3.5	5.1
193	68	7,030	391	53,254	60.4	136.26	82.35	1.5	1.5	3.5	5.1
194	67	6,862	356	47,084	56.3	132.37	74.58	1.5	1.5	3.5	5.1
201	65	6,653	413	55,649	69.0	134.71	92.94	1.5	1.5	3.5	5.1
202	66	6,794	411	56,439	66.5	137.32	91.29	1.5	1.5	3.5	5.1
203	70	7,135	397	55,945	60.4	141.03	85.23	1.5	1.5	3.5	5.1
204	69	6,965	361	49,463	56.3	137.01	77.19	1.5	1.5	3.5	5.1
211	66	6,753	419	58,461	69.0	139.42	96.19	1.5	1.5	3.5	5.1
212	68	6,896	417	59,291	66.5	142.13	94.49	1.5	1.5	3.5	5.1
213	72	7,242	403	58,772	60.4	145.96	88.21	1.5	1.5	3.5	5.1
214	70	7,069	366	51,962	56.3	141.80	79.90	1.5	1.5	3.5	5.1
221	68	6,854	426	61,415	69.0	144.30	99.56	1.5	1.5	3.5	5.1
222	70	6,999	423	62,286	66.5	147.10	97.79	1.5	1.5	3.5	5.1
9 yr CGR %		4.1%	3.3%	7.4%	-0.7%	4.0%	3.2%				
" 5 yrs		6.2%	4.7%	9.3%	-1.3%	4.4%	3.0%				
HISTORY											
CGR% Past 9 yr		3.7%	5.3%	6.7%	1.6%	1.3%	2.9%				
" 4 yrs		5.4%	3.0%	2.7%	-2.3%	-0.2%	-2.6%				
" 1 yr		12.8%	20.6%	23.8%	7.1%	2.6%	10.0%				

1. Roomnights sold (derived from est. rate and actual revenues) 2. Occupancy nights sold divided by nights available for sale. 3. Avg. price for roomnights sold; Directories, Surveys, & experience. 4. \$ Revenue per available room per day (room sales per day)

7. Overall, the local market REVPAR index history has maintained an index within ten points of the Austin Metro average over the past years:

MARKET REVPAR HISTORY

<u>Year & Quarter</u>	<u>Total Mkt Area</u>	<u>Local Market</u>	<u>Local/Total Market Index</u>	<u>Annualized</u>
013	46.29	55.25	119	
014	39.83	41.18	103	
021	45.29	49.92	110	
022	51.16	52.18	102	109
023	41.91	43.24	103	
024	40.35	43.37	107	
031	46.52	45.46	98	
032	46.97	45.82	98	101
033	42.97	46.19	107	
034	37.36	38.71	104	
041	42.57	45.76	107	
042	49.12	51.19	104	106
043	46.37	51.65	111	
044	42.06	43.74	104	
051	51.31	53.07	103	
052	57.87	58.82	102	105
053	54.31	57.60	106	
054	52.55	52.72	100	
061	61.98	62.95	102	
062	67.84	68.56	101	102
063	65.76	69.61	106	
064	59.20	61.24	103	
071	73.99	74.79	101	
072	76.47	79.03	103	103
073	71.00	76.51	108	
074	64.14	64.62	101	
081	75.09	74.93	100	
082	79.42	79.32	100	102
083	73.66	78.17	106	
084	64.11	67.97	106	
091	67.80	65.36	96	
092	64.95	64.65	100	102
093	58.66	58.55	100	
094	54.33	51.67	95	
101	63.84	59.86	94	
102	66.03	63.21	96	96
103	62.12	62.43	100	
104	59.50	56.54	95	
111	73.31	69.47	95	
112	72.24	68.23	94	96
CGR%9yrs	4.3%	2.9%		
4yrs	-0.8%	-2.6%		
2yrs	-0.6%	-3.6%		
1yr	10.0%	10.0%		

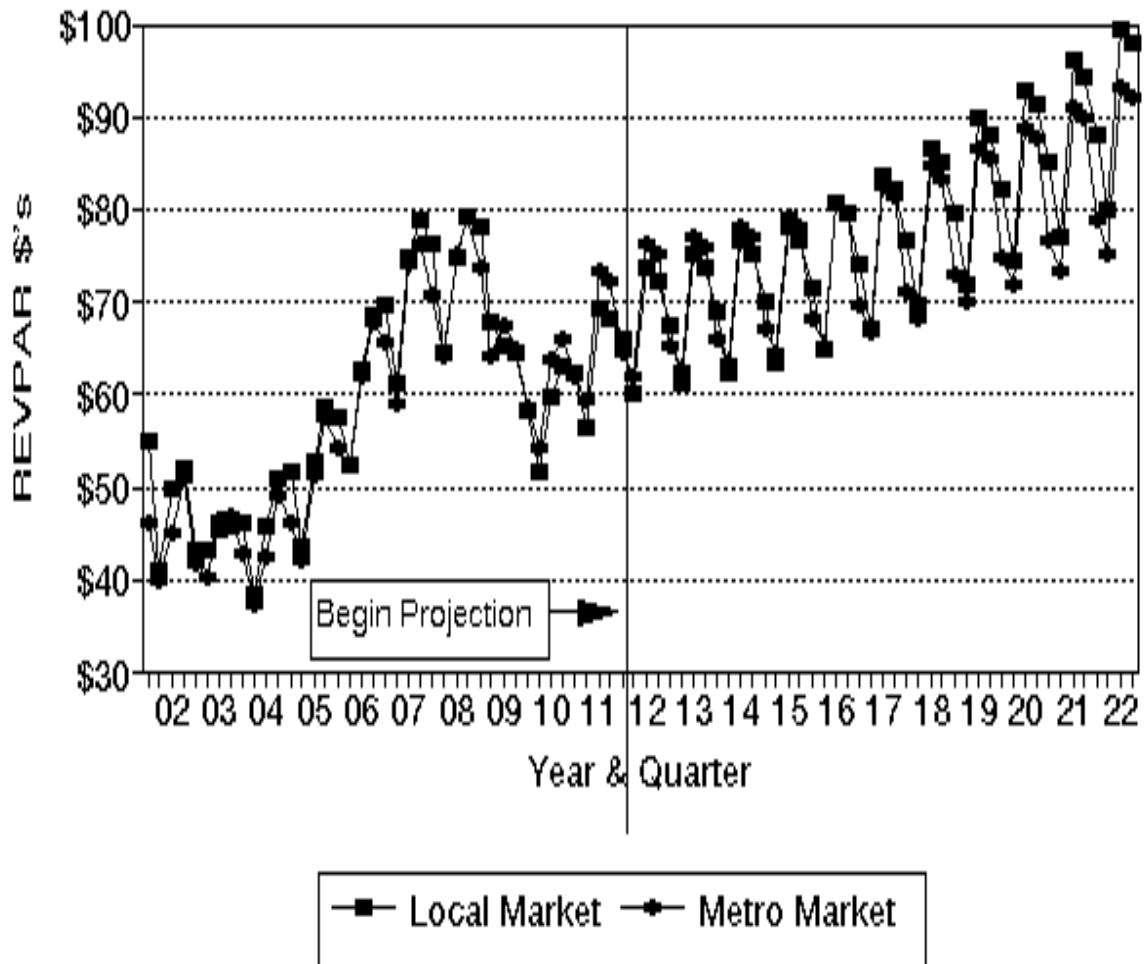
8. The REVPAR forecast calls for the local market REVPAR index to slowly rise over time versus the wider market for the length of the projection:

MARKET REVPAR PROJECTION

<u>Year & Quarter</u>	<u>Total Mkt Area</u>	<u>Local Market</u>	<u>Local/Total Market Index</u>	<u>Annualized</u>
113	64.60	66.24	103	
114	61.88	59.99	97	
121	76.25	73.69	97	
122	75.13	72.39	96	98
123	65.27	67.58	104	
124	62.53	61.21	98	
131	77.04	75.18	98	
132	75.91	73.85	97	99
133	66.26	68.94	104	
134	63.47	62.44	98	
141	78.20	76.70	98	
142	77.05	75.34	98	100
143	67.25	70.34	105	
144	64.42	63.71	99	
151	79.38	78.25	99	
152	78.21	76.86	98	100
153	68.27	71.76	105	
154	65.39	64.99	99	
161	80.96	80.99	100	
162	79.77	79.55	100	101
163	69.63	74.27	107	
164	66.70	67.27	101	
171	82.58	83.83	102	
172	81.37	82.34	101	103
173	71.37	76.87	108	
174	68.37	69.62	102	
181	84.65	86.76	102	
182	83.40	85.22	102	104
183	73.16	79.56	109	
184	70.08	72.06	103	
191	86.76	89.80	103	
192	85.49	88.20	103	105
193	74.98	82.35	110	
194	71.83	74.58	104	
201	88.93	92.94	105	
202	87.63	91.29	104	106
203	76.86	85.23	111	
204	73.62	77.19	105	
211	91.16	96.19	106	
212	89.82	94.49	105	107
213	78.78	88.21	112	
214	75.46	79.90	106	
221	93.44	99.56	107	
222	92.06	97.79	106	108
223	80.95	90.64	112	
224	77.54	82.09	106	
231	96.01	102.30	107	
CGR% 9 Yrs	2.1%	3.2%		
" First 5 Yrs	2.0%	3.0%		

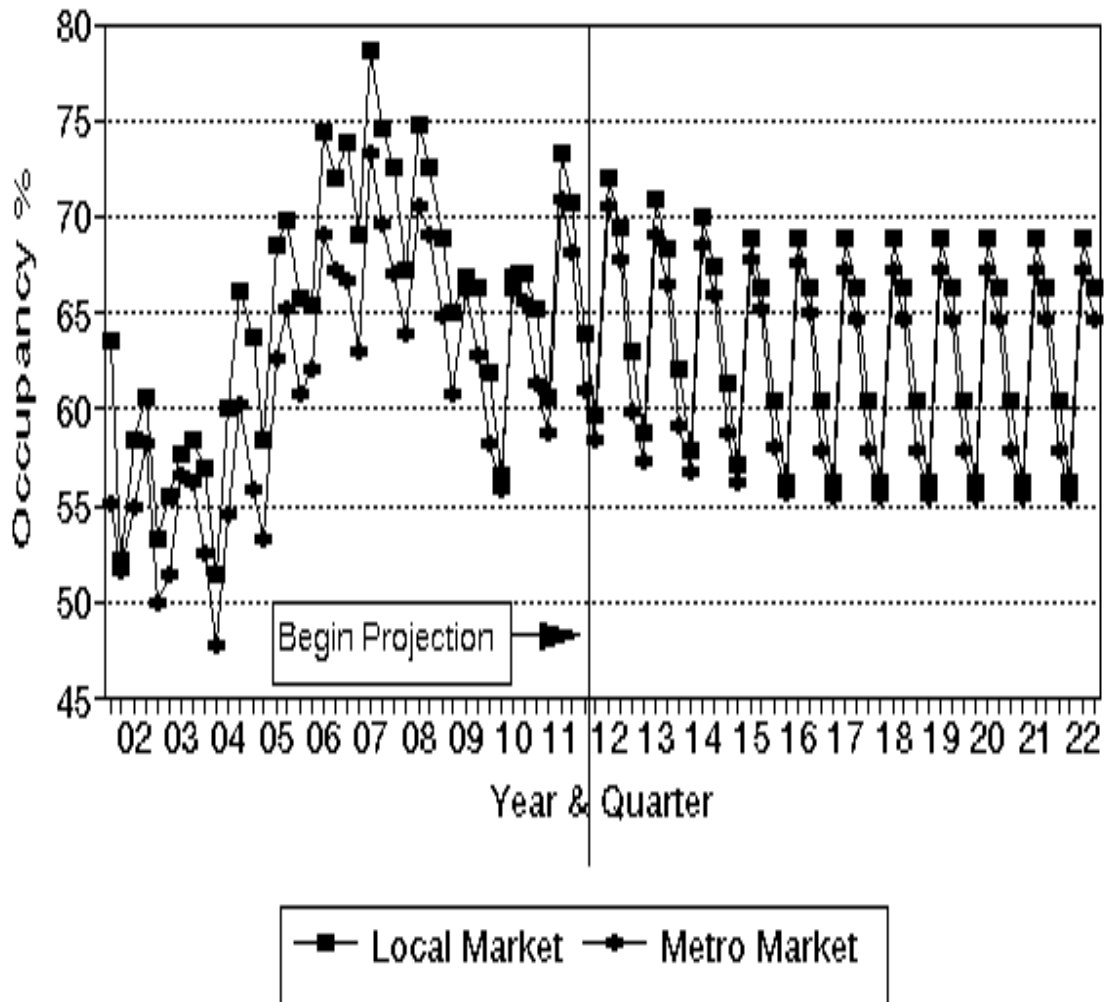
9. A graph of the REVPAR history and projection for the local and wider markets shows the recent recovery trend of overall REVPAR, and our future expectations, which do not see REVPAR returning to 2008 levels until roughly 2015:

REVPAR HISTORY & PROJECTION: NorthWest Austin / Austin Metro



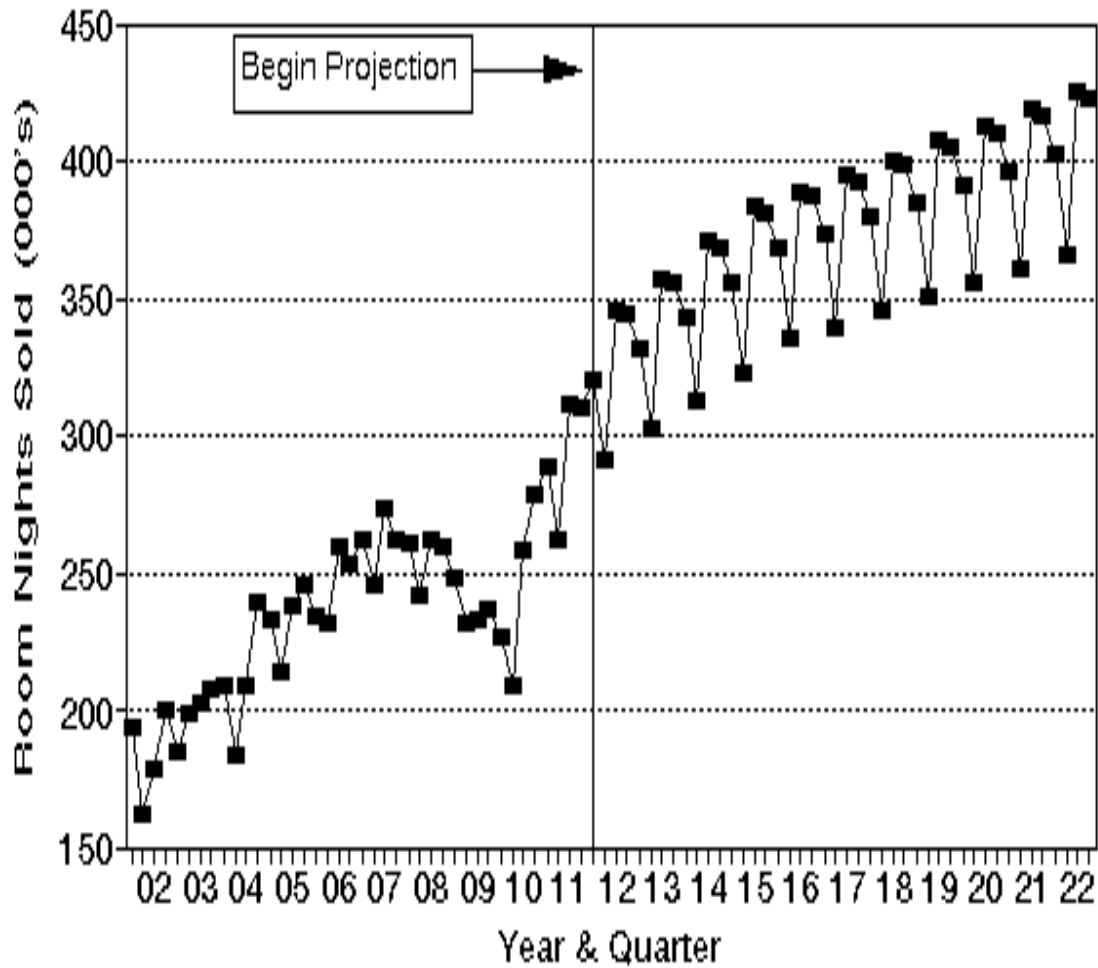
10. The occupancy projection for the Austin Area Market is well below the levels of the past five years. Our projection is for the local market to fall to the 63% equilibrium level by 2015:

OCCUPANCY HISTORY & PROJECTION: NorthWest Austin / Austin Metro



11. Graphing the Room Nights Sold history and projection also shows the reasonable nature of the expectations for the local market, given a normal level of population growth and investment expected in the area, as well as an expected slow national economic recovery:

ROOM NIGHTS SOLD HISTORY & PROJECTION: NorthWest Austin / 183 North



PROJECT REVPAR - DEVELOPMENT OF INDICES

Within the above market REVPAR forecast, the expected performance of the proposed hotel is based on six factors. All six factors are independent and modify the market's projected REVPAR average to reflect the subject property's particular characteristics.

First, what is the **Base Value**? It is the effect of the Brand, including specified product quality levels. Second, what is the effect of the **brand's overall Age** on its average performance? Third, what is the effect of **the project's Size**, or room-count, on results? Fourth, are there **any 'Other' adjustments** needed to account for various factors, including under- or over-supply in the product's Segment in which the project will compete? Fifth, what is the effect of **the normal Life Cycle** patterns on the project (e.g. the effect of the project's Newness compared to older competition on its unstoppable way to obsolescence)? And sixth, what is the likely influence of **the selected Site** on results?

1. The Base Value factor sets property type/brand/product quality for a Best Western hotel at 69% of the market average REVPAR. This valuation is based on the actual REVPAR performance of all 145 Best Western hotels operating in the Exhibit IV market.¹¹ These hotels produced a REVPAR of \$37.80 in the year ending June 30, 2011, compared to the Exhibit IV market average REVPAR of \$54.57, as follows:

$$\mathbf{\$37.80 / \$54.57 = 0.693 \text{ or } 69\%}$$

This sample of hotels firmly grounds the basic REVPAR performance that can be expected when operating such a hotel in a comparable market, such as the proposed location.

2. The second adjustment factor, Brand Aging, is set at 1.10 (110%), with an adjustment for the brand due to the fact that the average Best Western hotel room was built in 1995, and consequently are being outperformed by newer hotels in part due to their average physical age. This factor adjusts for the effect of the average age of the existing hotels on the brand's

¹¹ Texas Excluding Non-Metros, Unbranded Hotels, & Products Priced Under \$30.

current performance.¹² The brand age adjustment, or life-cycle adjustment, for this and other brands examined includes:

BRAND AGING: TEXAS MARKETS

<u>Brand</u>	<u>Average Opening</u>	<u>Brand Aging Adjustment</u>
Comfort Suites	2004	0.94
Best Western	1995	1.10
Days Inn	1988	1.20
Quality Inn	1983	1.30

3. The property Size factor - reflecting room count - calls for a strong performance adjustment for this property, as we add a 6% premium (106% factor). In the limited service segment in the Exhibit IV market, the average hotel had 86 units, significantly more than the subject's 73 units. We have therefore given a premium for this adjustment.

The size factor assigns a premium if the property is smaller than average and a penalty to the property if it is larger than average. The size adjustment is necessary because demand is not affected by the number of rental rooms offered, as the individual consumer only needs one room: customers do not care whether a hotel offers 100, 125 or 150 rooms and their purchasing behavior will be the same regardless of how many rooms the property offers. Keeping a project conservatively sized assures a higher per-unit revenue yield, particularly in very competitive markets like the local area. The highly-positive effect on revenues and return on capital due to building small, and not 'over-sizing' projects is best explained by the following study, a study that can be replicated with any brand, in almost any situation. The net effect of building small is to run higher occupancy and rate, thereby increasing brand REVPAR by building a below-average number of rental units.

**A STUDY OF THE EFFECT OF HOTEL SIZE ON PERFORMANCE
IN THE TEXAS HOTEL INDUSTRY
THE CASE FOR DOWNSIZING NEW HOTELS¹³**

Source Strategies, Inc., has long contended that the number of rooms a developer offers in a new property is one of the key factors in determining a venture's relative success or failure. It is every bit as important to size a hotel project properly as it is to select the appropriate brand, and

¹² Point #5, below, adjusts for the physical life-cycle of the subject property, a different and additional consideration.

¹³ Analyzed and compiled by Douglas W. Sutton and Bruce H. Walker.

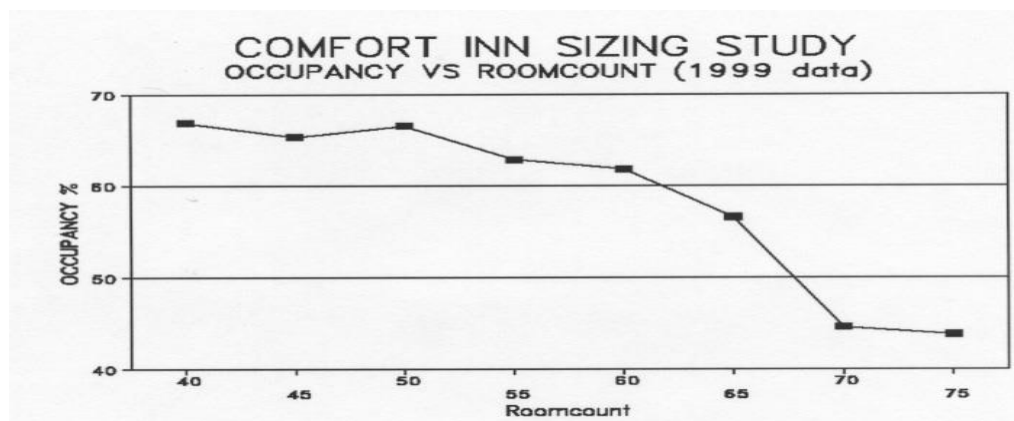
to have chosen to develop in a suitable market and location. For the purposes of this study, we analyzed two separate samplings of hotels. We first looked at Comfort Inns across Texas as a selected brand sampling; then we examined all branded hotels built during a set period of time for a wider sampling.

1) COMFORT INN - ANALYSIS OF SIZING AND ITS IMPACT ON PERFORMANCE

In our initial analysis, we selected a group [55 properties] of Texas Comfort Inn branded properties ranging in size from 36 to 75 rooms. The following chart of performance statistics clearly illustrates the fact that on average, the smaller property will perform better, in terms of REVPAR and occupancy, than a larger property of the same brand:

12 Months Ending September 30, 1999				
Rooms	Occupancy	Rate	REVPAR	
36-40	66.9	55.25	36.95	
41-45	65.3	57.34	37.45	
46-50	66.5	57.38	38.17	
51-55	62.8	56.02	35.20	
56-60	61.8	54.26	33.55	
61-65	56.6	55.33	31.33	
66-70	44.6	45.71	20.41	
71-75	43.8	44.20	19.38	
Combined:	52	63.2	55.46	35.03

Further, properties with lower room counts were clearly able to sustain a higher level of occupancy. Average occupancy ranged from 66.9% for properties of 36-40 rooms, downward to a much lower 43.8% average occupancy for properties in the 71-75 room size bracket.



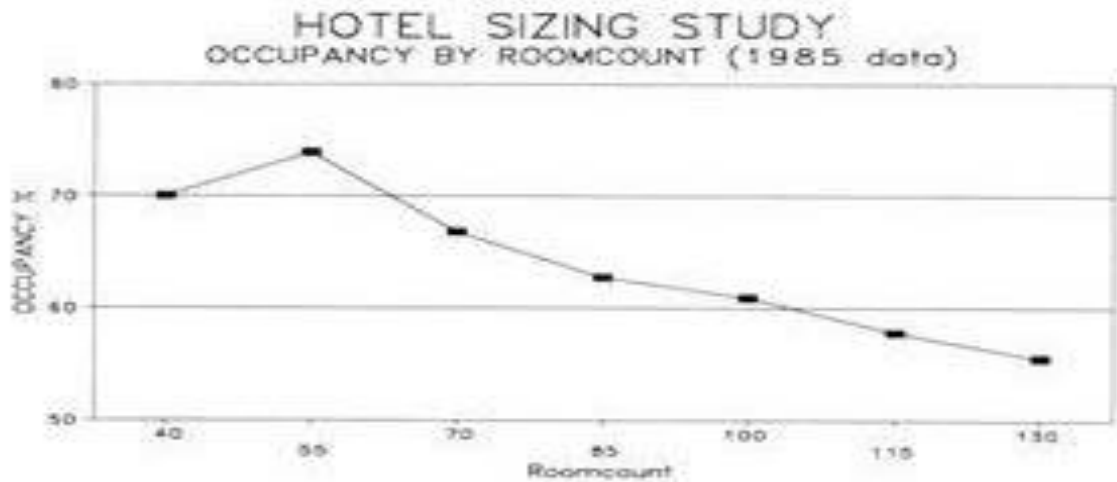
The above chart and graph clearly illustrate that developers often miss the mark, building more rooms than 'optimum'. 'Optimum' is defined as generating the highest return on invested capital, and is closely tied to occupancy and REVPAR. Analyzing the above data provides a measure of the effect of over-building. For the typical range of rooms for Comfort Inn projects occupancy dropped 23 points (a full 35%) from 67% to 44% as room counts escalated. The key question is, 'how to apply this principle to a given hotel project.' Naturally, each project would have to be judged on its individual merits, but looking at an 'average' project for a single brand and product is very revealing.

BRANDED HOTELS - ANALYSIS OF SIZING AND ITS IMPACT ON PERFORMANCE

In our second analysis, we looked at a sampling [91 properties] of Texas branded hotels of less than 135 rooms which were constructed from 1970-1975. For our analysis we examined performance results from the year 1985 when all subject hotels were 10 to 15 years old, to well into their aging life cycles. The following table of performance statistics from 1985 for branded properties throughout Texas clearly illustrates the downward curve, with a pronounced and methodical erosion of performance as room counts increased:

<u># of Hotels</u>	<u>Rooms</u>	<u>Occupancy</u>	<u>Rate</u>	<u>REVPAR</u>
2	00-44	70.0	37.88	26.50
3	45-59	73.9	36.13	26.71
7	60-74	66.8	31.10	20.77
14	75-89	62.7	31.65	19.86
29	90-104	60.9	32.42	19.75
16	105-119	57.8	26.25	15.18
<u>20</u>	<u>120-134</u>	<u>55.5</u>	<u>29.35</u>	<u>16.28</u>
Combined: 91	98	59.8	30.34	18.14

The following graph provides a clear picture of descending performance as room counts increase. Average occupancy ranged from 70% for properties of 44 rooms or less, downward to a much lower 55.5% average occupancy for properties in the 120-134 size bracket, after peaking at 73.9% in the 45-59 size range.



The data is clear: in almost every case small hotels outperform larger ones. Common sense explains this occurrence: a successful 100 room hotel will inevitably prompt the development of one or more new, small hotels of similar quality in the immediate area. In a competitive market environment, the smaller hotel has a distinct advantage and wins - almost every time. The fact remains that if one builds a smaller than average property for a given brand, results should be improved over the average: the converse of this fact is also true.

4. Fourth, the Segment or Other adjustment factor is set at 125%, with a premium for the hotel due to the high level of quality we expect the hotel to deliver. Best Western has recently differentiated their branding and products to some degree in order to take advantage of the fact that some of their products are of significantly higher quality than others. 'Grand' is at the top of this scale, and between that factor and the fact that this hotel is being built at a capital level significantly higher than a typical Best Western (on the order of +30%), we expect it's performance to reflect these particulars. Also, as an 'Suites' hotel, offering 15 suites of 406 square feet, we also expect a higher level of performance.

As well, the attractiveness of the extra space in suite and mini-suite product offers consumers greater value and comfort. The family appreciates the higher 'sleeping' capacity of a mini-suite unit and its inherent economy, offering extra value and convenience. All this is an equally valuable asset to the business traveler. The dual attraction of this type of hotel product to both

leisure and business travelers is what keeps the occupancy high on both weekends and weekdays; it is the most appropriate product type of all to build in today's lodging market, especially where high-priced demand is strong.

Furthermore, the brand itself is under-represented locally, with only 0.8% of rooms compared to 3.5% in the comparable Exhibit IV market.

5. Fifth, the Aging Adjustment factor reflects the standard hotel life cycle: 92% (-8%) in Year I; 107% for Year II; 112% for Years III through V; followed by a 1.67% annual decline in the REVPAR index starting in Year VI. The aging factor also mirrors extensive studies of hotel life-cycles conducted by Source Strategies, Inc.'s principal, Bruce Walker, when heading the Holiday Corporation's strategic planning department (1979-83). It also reflects recent research on the life cycles of 25,000 Texas hotel rooms, developed from 1980 through 1982, and then again in 1990 through 1992, with each group's performance versus the market tracked to the present (MarketShare newsletter, "The Hotel Life Cycle - It's Very Real" published September 1994).

6. The last factor, Site, is set at 0.95 (95%), or just below average for the local market.

Other nearby sites examined produced similar values, and those located closer to major highway and street intersections, or large retail centers, tended to measure higher. The site values for this property, as well as for nearby existing competitors have been developed by quantifying the influence site has had on their performance.

Applying known adjustment factors to existing properties, except for a site factor, lets us solve for the site value itself. Source Strategies' site methodology 'backs into' the value of the site by matching actual performance against known factors, using the site factor as the 'plugged number.' The differences between the closest key competitors appear to be both explainable and reasonable. The site value is 'plugged' so that projected REVPAR versus market approaches the actual REVPAR over the past 12 months. **Overall, current performance of nearby existing competition and the anticipated supply change would indicate that a 95 site value for the subject Best Western would be a responsible estimate:**

	ComfSte	ExtStay	HampI&S	HolExpI&S	Staybr.
Data in 2010/11 \$'s	78750	78750	78750	78750	78750
<u>Base:</u> Name & Quality	0.77	0.58	1.15	1.01	1.23
x Brand Age Adjustment	0.94	1.02	0.99	0.94	0.92
x <i>Site Value Adjustment</i>	0.93	0.96	0.93	0.95	0.91
x Size Adjustment	1.02	0.97	1.10	1.09	1.09
x Other Adjustments	1.00	0.80	0.90	1.00	0.85
x Newness Adjustment	0.99	1.03	1.12	1.03	1.12
= Performance Factor	68%	45%	117%	100%	107%
x Market REVPAR	\$64.14	\$64.14	\$64.14	\$64.14	\$64.14
= Projected Performance	\$43.63	\$29.18	\$74.93	\$64.46	\$68.41
Actual REVPAR 2011	\$43.62	\$29.32	\$74.94	\$64.72	\$68.52
Index (Proj. Vs Actual)	100	100	100	100	100
Units in Above Subject	65	117	71	65	80
Average Units	68	106	92	82	102
Size Adjustment (33%)	2	-3	10	9	9
Year Built	2000	2002	2007	2002	2009

Combining all six factors that affect a hotel's REVPAR performance, we calculate that the proposed hotel's REVPAR will achieve 107% of the market average REVPAR in Years III-V, declining slowly thereafter:

Best Western Grand Hotel & Suites

	Data in 2010/11 \$'s	Year I	Year II	Year III
<u>Base:</u> Name & Quality		0.69	0.69	0.69
x Brand Age Adjustment		1.10	1.10	1.10
x Site Value Adjustment		0.95	0.95	0.95
x Size Adjustment		1.06	1.06	1.06
x Other Adjustments		1.25	1.25	1.25
x Newness Adjustment		0.92	1.07	1.12
= Performance Factor		88%	103%	107%
x Market REVPAR		\$64.14	\$64.14	\$64.14
= Projected Performance		\$56.59	\$65.81	\$68.89

**COMBINING THE ABOVE MARKET REVPAR PROJECTION AND THE HOTEL'S
REVPAR INDEX TO DEVELOP REVENUES, OCCUPANCY, AND RATE**

Using the projected Year III REVPAR index of 107%, the above process generates a theoretical REVPAR of \$68.87 (in latest year market dollars). This is the result of the Year III performance index of 107% (1.07) multiplied by the current market average REVPAR of \$64.14.

Therefore, if the property were open today and were in its third year of operation, it should theoretically be operating at the following level against the latest year's market results: a \$68.89 REVPAR computes to gross room revenues of approximately \$1,835,574 (\$68.89 times 73 units times 365 days). Please note that the actual effect on the market due to the introduction of this project and other new hotels is fully reflected in subsequent pro forma market projections and financials.

In the latest year's dollars, this projection for the project's Year III revenue breaks down seasonally as follows:

Quarter	First	Second	Third	Fourth	Year III
Room Revenues	\$485,658	\$482,333	\$455,248	\$412,335	\$1,835,574
% of Year	26.5%	26.3%	24.8%	22.5%	100
Seasonal Index	107	105	98	89	100
REVPAR\$	\$73.92	\$72.61	\$67.79	\$61.40	\$68.89

Source Strategies, Inc.'s projections of a reasonable rate and occupancy mix, a split of Best Western's REVPAR for occupancy and rate, in latest year dollars, would be as follows:

Quarter	First	Second	Third	Fourth	Year III
ADR - \$	\$102.99	\$98.31	\$93.62	\$84.26	\$94.72
Occupancy %	71.8%	73.9%	72.4%	72.9%	72.7%
REVPAR\$	\$73.92	\$72.61	\$67.79	\$61.40	\$68.89

Tests For REASONABILITY

Comparisons can be made to assess the reasonable nature of the above market and subject projections:

1. Individual property projections depend importantly on the projection of local market REVPAR - forecast to rise at a reasonable, conservative rate through 2019, starting at the current level. Over the next nine years market REVPAR is projected to grow by 3.2% per year. REVPAR encompasses the net effects of supply and demand. Over the next nine years, we are comfortable with the 3.3% real compound growth projected for the local market, lower than the projected **net** supply growth of 4.1% annually, and resulting in the return to the expected equilibrium occupancy level of 63% by 2015.

2. The derived Base Value of 0.69 (69%) for a property such as Best Western in the Exhibit IV market area is reasonable when compared to the Base Values of other hotels in these same markets. The hierarchy of REVPAR indices for selected brands is shown below:

REVPAR Index Comparison¹⁴

Staybridge Suites	123
Hampton Inn	115
Best Western	69
Extended Stay America	58
Super 8	49

3. Developing actual adjustment factors for the existing properties - so that their projected REVPAR equals actual REVPAR - indicates why the REVPAR index projection has a high probability of being achieved. The REVPAR differences between the closest key competitors appear to be both explainable and reasonable, using the standard, Source Strategies' adjustment factor quantification. For each property, revenues are driven first by chain name affiliation and product type, and are further adjusted for size, segment, hotel age and site location. The REVPAR Index is then multiplied by the actual local area market average to generate dollar REVPAR. We also include the theoretical Year III performance of the subject hotel, as follows:

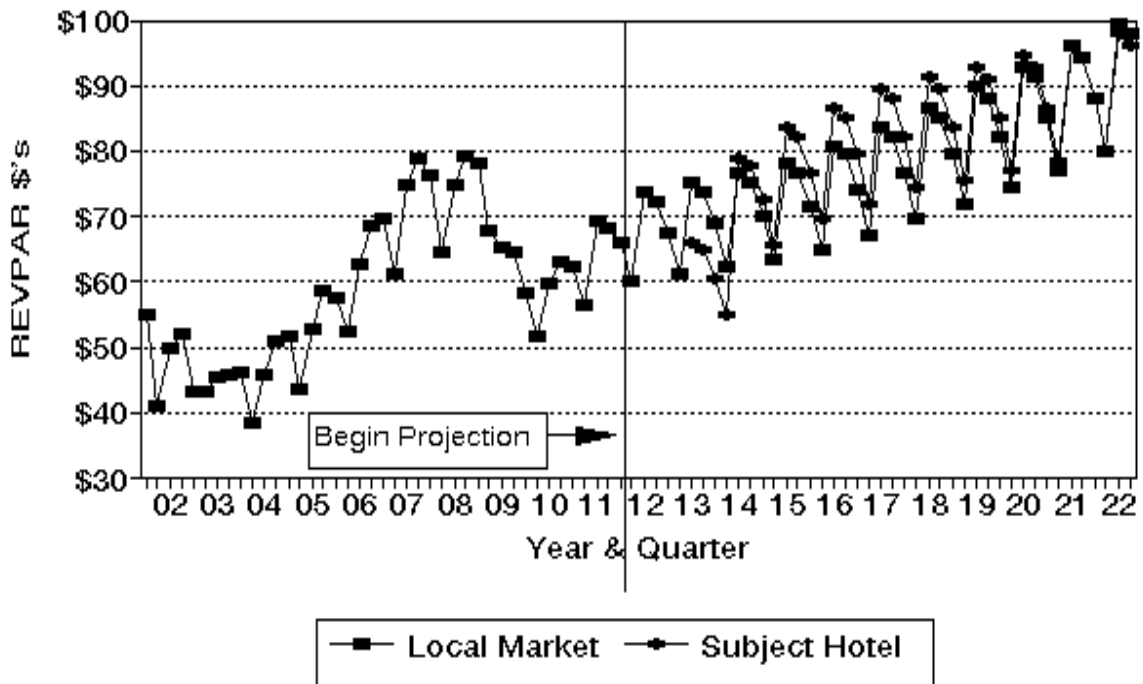
¹⁴ Unadjusted for physical aging of each brand.

REVPAR COMPARISON

Data in 2010/11 \$	Best West	ComfSte	ExtStay	HamptI&S	HolExpI&S
	Yr III	78750	78750	78750	78750
Base: Name & Quality	0.69	0.77	0.58	1.15	1.01
x Brand Age Adjustment	1.10	0.94	1.02	0.99	0.94
x Site Value Adjustment	0.95	0.93	0.96	0.93	0.95
x Size Adjustment	1.06	1.02	0.97	1.10	1.09
x Other Adjustments	1.25	1.00	0.80	0.90	1.00
x Newness Adjustment	1.12	0.99	1.03	1.12	1.03
= Performance Factor	107%	68%	45%	117%	100%
x Market REVPAR	\$64.14	64.14	64.14	64.14	64.14
= Projected Performance	\$68.89	43.63	29.18	74.93	64.46
Actual Past Year	n/a	43.62	29.32	74.94	64.72
Index (Proj. Vs. Actual	n/a	100	100	100	100

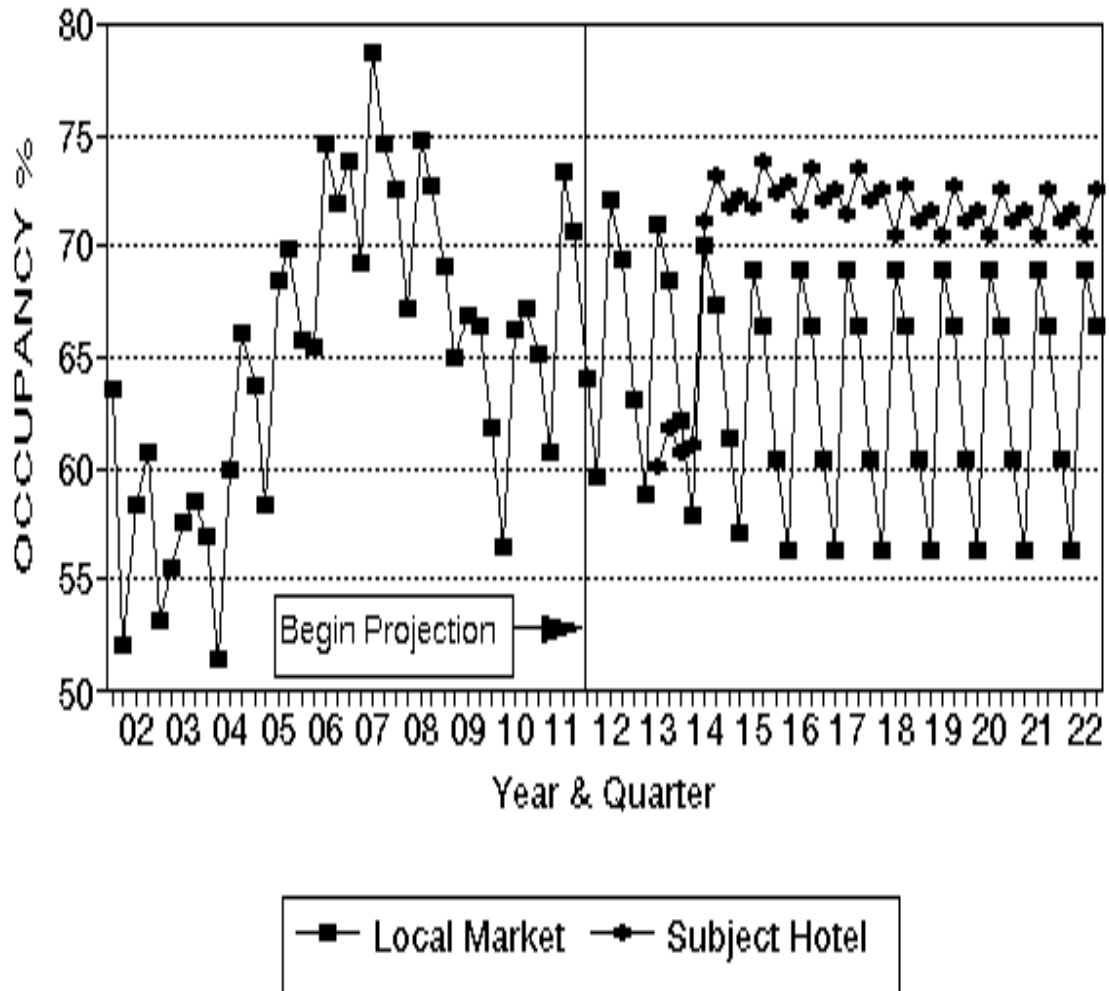
4. The projected REVPAR performance of Best Western versus the local market average reflects the fact that this hotel’s physical quality will be high, and will be offering a the preferred product type.

**REVPAR HISTORY & PROJECTION:
NorthWest Austin / Best Western Grand**



5. The graphically projected Occupancy performance of Best Western versus the local market average reflects the fact that this hotel will be well above the overall market average because of its superior product, location, and its age:

OCCUPANCY HISTORY & PROJECTION: NorthWest Austin / Best Western Grand



6. One of the strongest indicators of strong demand for this hotel product is the fact that the Best Western brand currently only has a 0.6% market share of the local market (share of room nights sold), and in the state wide Exhibit IV market the brand has a 3.3% market share. For one of the biggest single hotel name brands in the world this is a huge gap which the Best Western Grand will fill.

7. In the overall market, any new hotel will have an inordinate advantage over the old; the playing field here is not level as the lodging consumer almost always votes for 'new' versus old. From consumer research, '*new*' means '*clean*,' and '*old*' means '*dirty*' to the consumer, with cleanliness the number one consumer selection factor in lodging. The average hotel room in the local market is 12 years old, only one-third of the way through the life cycle of the typical hotel building, and well into its peak performing years. The typical hotel building becomes stylistically and structurally obsolete after 30 years, though this figure is significantly higher for larger for high-rise/concrete and for historic structures. The local market has 726 hotel rooms built before 1995, and 1,763 rooms built since 2000. There is typically a wide and dramatic gap between the performance of new and older properties, with the typical hotel in the area either being relatively new and competitive or older and on its way to closure.

AUSTIN AREA LOCAL MARKET PROPERTIES

<u>Year</u>	<u>#</u>	<u>Local Hotel</u>
<u>Open</u>	<u>Rooms</u>	
2010	80	CANDLEWOOD SUITES
2010	113	VALUE PLACE HOTEL
2010	341	WESTIN HOTEL AT DOMAIN
2010	50	MOTEL 6 CEDAR PARK, TX #4
2010	80	LA QUINTA INN & SUITES
2009	80	STAYBRIDGE SUITES NORTH 183
2009	50	ALOFT DOMAINS STORM DAMAG
2009	75	LA QUINTA INN & SUITES
2007	71	HAMPTON INN & SUITES
2007	8	LA VILLA VISTA BED AND BREAKFA
2003	35	THE CROSSINGS APTMNTS SET CAP
2002	134	FAIRFIELD INN AND SUITES
2002	138	HILTON GARDEN INN
2002	65	HOLIDAY EXPRESS FM 620
2002	62	HOLIDAY EXPRESS
2002	101	EXTENDED STAY AMERICA 183N
2001	130	TOWNPLACE SUITES N CAP HWY 130
2001	150	CRESTWOOD SUITES FMR HEARTHSID
2000	121	STAYBRIDGE AUSTIN NW
2000	99	SPRINGHILL SUITES MARRIOTT

<CONTINUED OVERLEAF>

Year	#	Local Hotel
<u>Open</u>	<u>Rooms</u>	
2000	65	COMFORT SUITES
1999	102	EXTENDED STAY AMERICA #60
1999	127	HYATT PLACE ARBORETUM FMR AMER
1999	40	BEST WESTERN CEDAR INN
1999	130	HYATT SUMMERFIELD FMR BRADFORD
1998	139	CROSSLAND #6028
1998	125	CANDLEWOOD SUITES
1998	150	EMBASSY SUITES AUSTIN
1998	58	COMFORT INN CEDAR PARK
1998	113	EXTENDED STAY AMERICA FMR WELL
1998	120	EXTENDED STAY AMERICA FMR WELL
1997	124	HAMPTON INN AUSTIN NORTHW
1997	97	HOMEWOOD SUITES NW
1996	133	STUDIO 6 #6032 FMR HOMESTEAD V
1996	149	LA QUINTA INN N MOPAC
1996	102	COURTYARD BY MARRIOTT
1996	84	RESIDENCE INN NW
1995	124	HOMESTEAD VILLAGE
1991	39	ECONO LODGE FMR RALT
1986	492	RENAISSANCE AUSTIN HOTEL
1984	194	HOLIDAY INN NW PLAZA
1979	40	LAKE AUSTIN SPA RESORT REVS @

PRO FORMA: Applying the project derivation factor (107% Years III-V) to the quarterly local market REVPAR forecast results in the following progression:

PROJECT REVPAR PROJECTION

<u>Year & Quarter</u>	<u>Local Market</u>	<u>Subject Hotel</u>	<u>Subject/ Market Index</u>	
			<u>Qtr</u>	<u>Year</u>
131	75.18	66.16	88	
132	73.85	64.99	88	
133	68.94	60.67	88	
134	62.44	54.95	88	88
141	76.70	79.00	103	
142	75.34	77.60	103	
143	70.34	72.45	103	
144	63.71	65.62	103	103
151	78.25	83.73	107	
152	76.86	82.24	107	
153	71.76	76.78	107	
154	64.99	69.54	107	107
161	80.99	86.66	107	
162	79.55	85.12	107	
163	74.27	79.47	107	
164	67.27	71.98	107	107
171	83.83	89.70	107	
172	82.34	88.10	107	
173	76.87	82.25	107	
174	69.62	74.50	107	107
181	86.76	91.28	105	
182	85.22	89.66	105	
183	79.56	83.71	105	
184	72.06	75.82	105	105
191	89.80	92.90	103	
192	88.20	91.25	103	
193	82.35	85.19	103	
194	74.58	77.16	103	103
201	92.94	94.55	102	
202	91.29	92.87	102	
203	85.23	86.70	102	
204	77.19	78.53	102	102
211	96.19	96.22	100	
212	94.49	94.51	100	
213	88.21	88.24	100	
214	79.90	79.92	100	100
221	99.56	97.93	98	
222	97.79	96.19	98	
223	90.64	89.15	98	
224	82.09	80.75	98	98
CGR% 9 Yrs	3.0%	4.4%		
" First 5 Yrs	2.9%	6.6%		

-CGR% measured from open date-

This REVPAR forecast is then extended to room revenues - multiplying REVPAR by the number of days in each quarter and by the number of rooms in the project - and to occupancy, estimated rate and to roomnights sold:

RESULTING PROJECTION: Best Western Grand Hotel & Suites

<u>Year& Quarter</u>	<u>Resulting</u>		<u>% Occ</u>	<u>Aver. Daily Rate</u>	<u>Room- nights Sold</u>	<u>Annual Basis</u>		
	<u>Room Revenues</u>	<u>Annual Basis</u>				<u>RMNTES</u>	<u>Occ.</u>	<u>Rate</u>
131	\$434,681		60.1	\$110.00	3,952			
132	\$431,705		61.9	\$105.00	4,111			
133	\$407,463		60.7	\$100.00	4,075			
134	\$369,054	\$1,642,903	61.1	\$90.00	4,101	16,238	60.9%	\$101.17
141	\$519,059		71.1	\$111.10	4,672			
142	\$515,505		73.2	\$106.05	4,861			
143	\$486,558		71.7	\$101.00	4,817			
144	\$440,692	\$1,961,814	72.2	\$90.90	4,848	19,198	72.1%	\$102.19
151	\$550,116		71.8	\$116.66	4,716			
152	\$546,350		73.9	\$111.35	4,906			
153	\$515,670		72.4	\$106.05	4,863			
154	\$467,061	\$2,079,197	72.9	\$95.45	4,894	19,378	72.7%	\$107.30
161	\$569,370		71.4	\$121.32	4,693			
162	\$565,472		73.5	\$115.81	4,883			
163	\$533,719		72.1	\$110.29	4,839			
164	\$483,408	\$2,151,969	72.5	\$99.26	4,870	19,285	72.4%	\$111.59
171	\$589,298		71.4	\$125.57	4,693			
172	\$585,264		73.5	\$119.86	4,883			
173	\$552,399		72.1	\$114.15	4,839			
174	\$500,327	\$2,227,288	72.5	\$102.74	4,870	19,285	72.4%	\$115.49
181	\$599,738		70.6	\$129.33	4,637			
182	\$595,632		72.6	\$123.46	4,825			
183	\$562,185		71.2	\$117.58	4,781			
184	\$509,191	\$2,266,746	71.6	\$105.82	4,812	19,055	71.5%	\$118.96
191	\$610,362		70.6	\$131.66	4,636			
192	\$606,184		72.6	\$125.68	4,823			
193	\$572,145		71.2	\$119.69	4,780			
194	\$518,211	\$2,306,902	71.6	\$107.72	4,811	19,050	71.5%	\$121.10
201	\$621,175		70.5	\$134.03	4,635			
202	\$616,923		72.6	\$127.94	4,822			
203	\$582,280		71.2	\$121.85	4,779			
204	\$527,392	\$2,347,770	71.6	\$109.66	4,809	19,044	71.5%	\$123.28
211	\$632,180		70.5	\$136.44	4,633			
212	\$627,852		72.6	\$130.24	4,821			
213	\$592,596		71.1	\$124.04	4,777			
214	\$536,735	\$2,389,362	71.6	\$111.64	4,808	19,039	71.5%	\$125.50
221	\$643,379		70.5	\$138.90	4,632			
222	\$638,975		72.5	\$132.59	4,819			
223	\$598,724		70.6	\$126.27	4,741			
224	\$542,285	\$2,423,362	71.0	\$113.65	4,772	18,964	71.2%	\$127.79
231	\$650,032		70.0	\$141.40	4,597			
232	\$645,582		72.0	\$134.97	4,783			
233	\$604,915		70.1	\$128.55	4,706			
234	\$547,893	\$2,448,422	70.5	\$115.69	4,736	18,822	70.6%	\$130.09
241	\$656,754		69.4	\$143.95	4,562			
242	\$652,258		71.5	\$137.40	4,747			
243	\$611,170		69.5	\$130.86	4,670			
CGR% 9 Yrs	4.4%		1.8%	2.5%	1.8%			
" First 5 Yrs	6.6%		3.3%	3.3%	3.3%			

-CGR% measured from open date-

OPERATING COSTS¹⁵

Profitability and returns reflect the above revenue projections and the following other critical assumptions: operating costs per occupied room approximate upscale limited service hotels of similar size, rate, and occupancy and include appropriate fixed, semi-fixed and variable costs (Smith Travel Research's 2011 Host Report for year 2010 data, and Source Strategies, Inc.).

Estimates of operating costs take into account the lower costs of the West South Central United States, which had an average Per Occupied Room Cost of \$43.08 (including 5% royalties) in 2011 in Limited Service hotels - versus a national average of \$49.67 - or 86.7% of the U.S. average. The following cost comparisons have all been adjusted to reflect this 13% lower-cost environment that may be expected in operating a hotel in the West South Central Region.

Rooms only Operating Costs per Occupied Room (before Fixed Charges) are estimated at \$41.91 for Year I (\$680,610 divided by 16,239 roomnights sold); \$42.30 for Year II (\$812,001 divided by 19,198), and \$43.76 for Year III (\$848,032 divided by 19,378). These numbers compare to industry-wide data as follows:

- a) \$35.77 in the Host Report for Suburban hotels in 2010 (average rate of \$75.13), adjusted to Southwest. This POR cost translates to **\$39.09** when inflated to Year 2013 dollars.
- b) \$36.53 in the Host Report for Mid-Priced hotels in 2010 (average rate of \$76.13), adjusted to Southwest. This POR cost translates to **\$39.92** when inflated to Year 2013 dollars
- c) \$35.33 in the Host Report for Interstate hotels in 2010 (average rate of \$73.72), adjusted to Southwest. This POR cost translates to **\$38.60** when inflated to Year 2013 dollars.
- d) \$35.86 in the Host Report for hotels from 75-125 units in 2010 (average rate of \$76.20) adjusted to Southwest. This translates to **\$39.19**, when inflated to Year 2013 dollars.

- **Versus room revenues:** a necessary marketing expense of 7% in Year I and thereafter.

Marketing includes reservation and advertising fees, sales expense, local advertising and the always important outdoor billboards. No royalties are included for the Best Western brand, though a small association fee is added. A management fee has also been included. A reserve

¹⁵ The calculation of the statistic of Operating Costs Per Occupied Room (before fixed/capital costs are deducted) is typically the important cost to examine carefully because it is highly stable and predictable, regardless of occupancy and rate. Looking at costs on a percentage basis can be highly misleading because of the high variability in average room revenues.

for renovations is taken and subtracted from projected cash flows annually; such renovation reserves amount to \$1,353,170 in the first ten years (\$18,537 per unit). Reserves ensure that future revenue streams continue by maintaining product quality at excellent levels. Reserves are based on an extensive 2001 study, CapEx, by the International Society of Hospitality Consultants. The study shows that required reserves average 5.5% over a 20 year period.

Total capital of \$6,753,000 is allocated for the development of the project. The estimated turn-key cost of \$86,000 per unit is above average for a hotel of this size and quality, in our experience, but within reason. Land is valued at \$475,000. Should capital needs vary, then returns would change proportionately. The estimates of necessary capital include:

Investment

Est. Land Investment	\$ 475,000 for 2.7 acres
Improvements	<u>\$ 6,278,000</u> @\$86,000 per unit
Total Investment	\$ 6,753,000

Best Western

Land Value: \$475,000 Starts: 7/1/2013 #Rooms: 73 CostPerKey: \$86,000

QUARTER:	First	Second	Third	Fourth	Year	
Rm nites Sold	3,952	4,111	4,075	4,101	16,239	
Rm nites Avail	6,570	6,643	6,716	6,716	26,645	
Occupancy %	60.2%	61.9%	60.7%	61.1%	60.9%	
Avg Rate	\$107.60	\$103.87	\$102.21	\$90.98	\$101.17	
REVPAR	\$64.72	\$64.28	\$62.02	\$55.56	\$61.66	%
						<u>Revenues</u>
Room Revenues	\$434,681	\$431,705	\$407,463	\$369,054	\$1,642,903	95.2%
Misc. Sales	21,734	21,585	20,373	18,453	82,145	4.8%
Total Sales	\$456,415	\$453,290	\$427,836	\$387,507	\$1,725,048	100.0%
<u>Operating Expe-Payroll</u>						
Administration	18,257	18,132	17,113	15,500	69,002	4.0%
Housekeeping	15,808	16,444	16,300	16,404	64,956	3.8%
Laundry	7,904	8,222	8,150	8,202	32,478	1.9%
Front Desk	23,712	24,666	24,450	24,606	97,434	5.6%
Misc.	9,128	9,066	8,557	7,750	34,501	2.0%
Taxes/Benefits	7,481	7,653	7,457	7,246	29,837	1.7%
Total Payroll	82,290	84,182	82,027	79,709	328,208	19.0%
<u>-Room Expense</u>						
S:Linen & Laun	4,545	4,728	4,686	4,716	18,675	1.1%
CompFood&Bev.	11,856	12,333	12,225	12,303	48,717	2.8%
Total Room	16,401	17,061	16,911	17,019	67,392	3.9%
<u>-Other Expense</u>						
Phone/Telecom.	6,090	6,090	6,090	6,090	24,359	1.4%
Elec/Utility	11,856	12,333	12,225	12,303	48,717	2.8%
Maint. & Repair	9,128	9,066	8,557	7,750	34,501	2.0%
Total Other	27,074	27,488	26,871	26,143	107,576	6.2%
<u>-Gen & Admin</u>						
Adver. & Sales	30,428	30,219	28,522	25,834	115,003	6.7%
Assoc. Fees	7,824	7,771	7,334	6,643	29,572	1.7%
Credit Card	8,694	8,634	8,149	7,381	32,858	1.9%
Tot Admin & Ge	46,946	46,624	44,006	39,858	177,434	10.3%
-Total Operati Expenses	172,710	175,356	169,816	162,728	680,610	39.5%
Gross Oper. Profit	283,705	277,935	258,020	224,778	1,044,438	60.5%
Management Fee	14,802	14,624	13,717	12,246	55,390	3.2%
Income Bef Fix Charges	268,903	263,310	244,303	212,533	989,049	57.3%
<u>-Fixed Charges</u>						
Insurance	15,094	15,094	15,094	15,094	60,377	3.5%
Property Tax	14,857	14,857	14,857	14,857	59,426	3.4%
DeprecSL 39Yrs	40,244	40,244	40,244	40,244	160,974	9.3%
Tot Capital Ex	70,194	70,194	70,194	70,194	280,777	16.3%
Net Income Bef Tax & Financing	198,708	193,116	174,109	142,338	708,271	41.1%
Depreciat. Add	40,244	40,244	40,244	40,244	160,974	9.3%
Renovation Res	(20,539)	(20,398)	(19,253)	(17,438)	(77,627)	-4.5%
Cash Flow Bef Tax & Financing	218,413	212,961	195,100	165,144	791,618	45.9%

-see following 2 pages for the next 9 years-

BEST WESTERN

Year										Compound
	2	3	4	5	6	7	8	9	10	Yr 2-10
# Rooms:	73									
RmNites Sold	19,198	19,378	19,285	19,285	19,055	19,050	19,044	19,039	18,964	1.7%
RmNites Avail	26,645	26,645	26,645	26,645	26,645	26,645	26,645	26,645	26,645	0.0%
Occupancy %	72.1%	72.7%	72.4%	72.4%	71.5%	71.5%	71.5%	71.5%	71.2%	1.7%
Avg Rate*	\$102.19	\$107.30	\$111.59	\$115.49	\$118.96	\$121.10	\$123.28	\$125.50	\$127.79	2.6%
REVPAR	\$73.63	\$78.03	\$80.76	\$83.59	\$85.07	\$86.58	\$88.11	\$89.67	\$90.95	4.4%
RoomRevenues	1,961,814	2,079,197	2,151,969	2,227,288	2,266,746	2,306,902	2,347,770	2,389,362	2,423,362	4.4%
Misc. Sales	98,091	103,960	107,598	111,364	113,337	115,345	117,389	119,468	121,168	4.4%
Total Sales	2,059,905	2,183,157	2,259,567	2,338,652	2,380,083	2,422,247	2,465,159	2,508,830	2,544,530	4.4%
<u>Operating Expense - Payroll</u>										
Administration	84,022	87,355	89,543	92,230	93,864	96,654	99,522	102,481	105,140	4.8%
Housekeeping	79,096	82,232	84,293	86,822	88,360	90,987	93,687	96,472	98,975	4.8%
Laundry	39,548	41,116	42,146	43,411	44,180	45,493	46,843	48,236	49,487	4.8%
Front Desk	118,644	123,349	126,439	130,233	132,540	136,480	140,530	144,708	148,462	4.8%
Miscellaneous	42,011	43,677	44,772	46,115	46,932	48,327	49,761	51,241	52,570	4.8%
Taxes/Benefits	36,332	37,773	38,719	39,881	40,587	41,794	43,034	44,314	45,463	4.8%
Total Payroll	399,653	415,502	425,913	438,691	446,462	459,736	473,379	487,452	500,098	4.8%
<u>-Room Expense</u>										
Linen & Laundry	22,740	23,642	24,234	24,961	25,403	26,159	26,935	27,736	28,455	4.8%
CompFood&Bev.	59,322	61,674	63,220	65,116	66,270	68,240	70,265	72,354	74,231	4.8%
Total Room	82,062	85,316	87,454	90,078	91,673	94,399	97,200	100,090	102,686	4.8%
<u>-Other Expense</u>										
Phone Lines	29,661	30,837	31,610	32,558	33,135	34,120	35,133	36,177	37,116	4.8%
Electric/Util.	59,322	61,674	63,220	65,116	66,270	68,240	70,265	72,354	74,231	4.8%
Repairs & Maint	41,198	43,663	45,191	46,773	47,602	48,445	49,303	50,177	50,891	4.4%
Total Other	130,181	136,175	140,021	144,448	147,007	150,805	154,701	158,708	162,237	4.7%
<u>-Gen & Admin</u>										
Adver. & Sales	137,327	145,544	150,638	155,910	158,672	161,483	164,344	167,255	169,635	4.4%
Assoc. Fees	23,542	23,911	24,748	25,614	26,068	26,529	26,999	27,478	27,869	-0.7%
Credit Card	39,236	41,584	43,039	44,546	45,335	46,138	46,955	47,787	48,467	4.4%
Total G & A	200,105	211,038	218,425	226,070	230,075	234,151	238,299	242,520	245,971	3.7%
-TotOperExp.	812,001	848,032	871,813	899,285	915,217	939,090	963,578	988,770	1,010,993	4.5%
GrossOpProfit	1,247,904	1,335,125	1,387,754	1,439,367	1,464,866	1,483,157	1,501,580	1,520,060	1,533,537	4.4%
Mngmt Fee	66,156	70,366	72,946	75,560	76,899	78,108	79,335	80,578	81,561	4.4%

BEST WESTERN

# Rooms: 73										Compound
Year	2	3	4	5	6	7	8	9	10	Yr 2-10
Rmnltes Sold	19,198	19,378	19,285	19,285	19,055	19,050	19,044	19,039	18,964	1.7%
Rmnltes Avail	26,645	26,645	26,645	26,645	26,645	26,645	26,645	26,645	26,645	0.0%
Occupancy %	72.1%	72.7%	72.4%	72.4%	71.5%	71.5%	71.5%	71.5%	71.2%	1.7%
Avg Rate*	\$102.19	\$107.30	\$111.59	\$115.49	\$118.96	\$121.10	\$123.28	\$125.50	\$127.79	2.6%
REVPAR	\$73.63	\$78.03	\$80.76	\$83.59	\$85.07	\$86.58	\$88.11	\$89.67	\$90.95	4.4%
RoomRevenues	1,961,814	2,079,197	2,151,969	2,227,288	2,266,746	2,306,902	2,347,770	2,389,362	2,423,362	4.4%
Misc. Sales	98,091	103,960	107,598	111,364	113,337	115,345	117,389	119,468	121,168	4.4%
Total Sales	2,059,905	2,183,157	2,259,567	2,338,652	2,380,083	2,422,247	2,465,159	2,508,830	2,544,530	4.4%
IncomeBefore Fixed Charges	1,181,748	1,264,760	1,314,808	1,363,807	1,387,967	1,405,049	1,422,245	1,439,483	1,451,976	3.7%
<u>-Fixed Charges</u>										
Insurance	62,188	64,054	65,975	67,954	69,993	72,093	74,256	76,483	78,778	3.0%
Property Tax	61,209	63,045	64,937	66,885	68,891	70,958	73,087	75,280	77,538	3.0%
Depr. SL 39 Yrs	160,974	160,974	160,974	160,974	160,974	160,974	160,974	160,974	160,974	0.0%
Total Fixed Ch.	284,372	288,073	291,886	295,814	299,859	304,026	308,317	312,737	317,290	1.4%
Income Before Tax & Financing	897,376	976,686	1,022,922	1,067,993	1,088,108	1,101,023	1,113,928	1,126,745	1,134,686	5.4%
Depr. AddBack	160,974	160,974	160,974	160,974	160,974	160,974	160,974	160,974	160,974	0.0%
RenovReserve	(67,977)	(69,861)	(81,344)	(144,996)	(161,846)	(142,913)	(128,188)	(175,618)	(302,799)	16.3%
Cash Before Tax & Financing	990,374	1,067,800	1,102,552	1,083,971	1,087,237	1,119,085	1,146,715	1,112,101	992,861	2.5%

November 1, 2011

OPINION

This report is based on independent opinion, surveys and research from sources considered reliable. No representation is made as to accuracy or completeness and no contingent liability of any kind can be accepted.

The study projections are dependent on the developer building and operating a Best Western Grand Hotel & Suites, including certain amenities, and spending the appropriate operating funds necessary to generate projected revenues, most especially budgeted funds for aforementioned amenities and for marketing, including a listing in the American Automobile Association Texas Tourbook, or like directory.

It is our opinion that this report fairly and conservatively represents the room revenues, profitability and return on investment performance that can be achieved by developing and operating a 73 unit 'Best Western Grand' at the aforementioned site in Austin, Texas.

Please contact us with any questions at (210) 734-3434.

Respectfully submitted,



Todd Walker,
Senior Vice President



Bruce H. Walker,
President

EXHIBITS:

- I Austin Metro & Local Market History, Aggregated Basis

- II Local Market: By Segment and Brand, Past Five Years, Annual Basis

- III Individual Hotel/Motel Histories For the Local Market

- IV Texas Excluding Non-Metros, Independents, & Products under \$30.

- V The Case For Downsizing Hotels

- VI Start-up Performance of New Hotels

- VII CAPEX Study of Capital Expenditures

- VIII Preparer Qualifications and Client List

- IX Source Strategies Database Methodology

- X Hotel Brand Report Newsletter

EXHIBIT I

LODGING MARKET: AUSTIN MSA

	# Hotels	# Rooms	Rnights sold 1 (000s)	\$ Rooms Revenues (000 s)	% OCC2	\$ Rate3	\$ RPAR4
YRQ	Motels	Rooms					
---	-----	-----	-----	-----	-----	-----	-----
013	225	22,634	1,148.2	96,381	55.1	83.94	46.29
014	223	22,867	1,085.6	83,785	51.6	77.18	39.83
*TOTAL 2001			2,233.8	180,166	53.4	80.65	43.04
021	228	23,046	1,138.0	93,931	54.9	82.54	45.29
022	236	23,593	1,252.4	109,835	58.3	87.70	51.16
023	237	23,785	1,093.7	91,716	50.0	83.86	41.91
024	234	23,918	1,134.2	88,783	51.5	78.28	40.35
*TOTAL 2002			4,618.4	384,264	53.6	83.20	44.63
031	236	24,130	1,229.0	101,028	56.6	82.20	46.52
032	242	24,288	1,244.8	103,819	56.3	83.40	46.97
033	244	24,452	1,183.5	96,666	52.6	81.68	42.97
034	243	24,531	1,081.8	84,307	47.9	77.93	37.36
*TOTAL 2003			4,739.1	385,821	53.3	81.41	43.41
041	245	25,418	1,246.6	97,394	54.5	78.13	42.57
042	251	25,601	1,408.0	114,440	60.4	81.28	49.12
043	252	25,602	1,313.5	109,211	55.8	83.14	46.37
044	245	25,296	1,240.6	97,876	53.3	78.90	42.06
*TOTAL 2004			5,208.7	418,920	56.0	80.43	45.05
051	242	25,078	1,412.2	115,818	62.6	82.01	51.31
052	248	25,164	1,493.0	132,516	65.2	88.76	57.87
053	247	25,105	1,404.0	125,445	60.8	89.35	54.31
054	244	24,890	1,425.2	120,340	62.2	84.44	52.55
*TOTAL 2005			5,734.4	494,120	62.7	86.17	54.02
061	244	24,887	1,549.3	138,823	69.2	89.60	61.98
062	251	25,189	1,541.2	155,497	67.2	100.89	67.84
063	257	25,763	1,583.3	155,862	66.8	98.44	65.76
064	252	25,875	1,499.7	140,933	63.0	93.97	59.20
*TOTAL 2006			6,173.6	591,116	66.5	95.75	63.68
071	248	25,774	1,701.5	171,639	73.4	100.87	73.99
072	258	25,904	1,641.0	180,267	69.6	109.85	76.47
073	259	26,065	1,606.0	170,259	67.0	106.01	71.00
074	251	25,922	1,525.9	152,970	64.0	100.25	64.14
*TOTAL 2007			6,474.4	675,136	68.4	104.28	71.37

		LODGING MARKET:			AUSTIN MSA		
YRQ	# Hotels Motels	# Rooms	Rnights sold 1 (000s)	\$ Rooms Revenues (000 s)	% OCC2	\$ Rate3	\$ RPAR4
---	-----	-----	-----	-----	-----	-----	-----
081	252	25,915	1,646.6	175,126	70.6	106.35	75.09
082	268	26,323	1,654.5	190,235	69.1	114.98	79.42
083	266	26,641	1,589.4	180,546	64.8	113.59	73.66
084	257	26,502	1,486.0	156,312	60.9	105.19	64.11
*TOTAL 2008			6,376.5	702,218	66.3	110.13	73.02
091	252	26,757	1,594.0	163,266	66.2	102.42	67.80
092	270	27,340	1,563.6	161,600	62.8	103.35	64.95
093	267	27,427	1,469.2	148,013	58.2	100.75	58.66
094	267	27,674	1,420.6	138,324	55.8	97.37	54.33
*TOTAL 2009			6,047.4	611,203	60.7	101.07	61.33
101	270	28,022	1,691.1	160,998	67.1	95.20	63.84
102	286	28,689	1,711.7	172,387	65.6	100.71	66.03
103	291	29,018	1,637.2	165,839	61.3	101.29	62.12
104	286	29,068	1,571.6	159,123	58.8	101.25	59.50
*TOTAL 2010			6,611.7	658,347	63.1	99.57	62.84
111	288	29,490	1,881.5	194,574	70.9	103.42	73.31
112	305	29,773	1,849.0	195,710	68.2	105.85	72.24
*TOTAL 2011			3,730.5	390,284	69.6	104.62	72.77
*TOTAL			57,948.5	5,491,595	61.5	94.77	58.24

1. Roomnights sold (derived from est. rate and actual room revenues)
2. Occupancy: nights sold divided by nights available for sale(x 100)
3. Average price for each roomnight sold;from Directories and surveys
4. \$ Revenue per available room per day (room sales per day)

HOTEL MARKET: NORTHWEST AUSTIN / US-183

YRQ	# Hotels Motels	# Rooms	Rnights sold 1 (000s)	\$ Rooms Revenues (000 s)	% OCC2	\$ Rate3	\$ RPAR4
---	-----	-----	-----	-----	-----	-----	-----
013	31	3,325	194.6	16,900	63.6	86.85	55.25
014	29	3,386	162.5	12,828	52.2	78.96	41.18
*TOTAL 2001			357.1	29,728	57.8	83.26	48.15
021	30	3,412	179.3	15,329	58.4	85.51	49.92
022	32	3,623	200.2	17,204	60.7	85.95	52.18
023	35	3,779	185.4	15,032	53.3	81.09	43.24
024	33	3,901	199.4	15,565	55.6	78.06	43.37
*TOTAL 2002			764.2	63,130	56.9	82.61	47.00
031	33	3,901	202.7	15,962	57.7	78.76	45.46
032	33	3,901	207.8	16,265	58.5	78.27	45.82
033	34	4,001	210.0	17,004	57.0	80.98	46.19
034	33	3,882	184.1	13,827	51.5	75.12	38.71
*TOTAL 2003			804.5	63,057	56.2	78.38	44.06
041	33	3,882	209.6	15,988	60.0	76.29	45.76
042	34	3,982	240.0	18,548	66.2	77.29	51.19
043	34	3,977	232.9	18,899	63.7	81.14	51.65
044	34	3,997	214.8	16,086	58.4	74.89	43.74
*TOTAL 2004			897.2	69,520	62.1	77.48	48.10
051	33	3,867	238.5	18,470	68.5	77.44	53.07
052	33	3,870	246.3	20,715	69.9	84.10	58.82
053	33	3,869	234.2	20,501	65.8	87.53	57.60
054	33	3,860	232.5	18,721	65.5	80.52	52.72
*TOTAL 2005			951.5	78,407	67.4	82.40	55.56
061	33	3,873	259.5	21,941	74.5	84.55	62.95
062	32	3,864	253.2	24,107	72.0	95.23	68.56
063	33	3,861	262.1	24,728	73.8	94.36	69.61
064	33	3,864	245.8	21,769	69.2	88.55	61.24
*TOTAL 2006			1,020.6	92,545	72.3	90.68	65.59

HOTEL MARKET: NORTHWEST AUSTIN / US-183

YRQ	# Hotels Motels	# Rooms	Rnights sold 1 (000s)	\$ Rooms Revenues (000 s)	% OCC2	\$ Rate3	\$ RPAR4
071	33	3,856	273.2	25,955	78.7	94.99	74.79
072	34	3,865	262.3	27,796	74.6	105.96	79.03
073	34	3,918	261.4	27,580	72.5	105.49	76.51
074	34	3,903	241.7	23,202	67.3	96.01	64.62
*TOTAL 2007			1,038.7	104,533	73.2	100.64	73.70
081	34	3,901	262.3	26,307	74.7	100.28	74.93
082	35	3,921	259.5	28,303	72.7	109.06	79.32
083	35	3,913	248.5	28,140	69.0	113.22	78.17
084	34	3,881	232.3	24,268	65.0	104.49	67.97
*TOTAL 2008			1,002.7	107,018	70.4	106.73	75.10
091	34	3,870	233.1	22,765	66.9	97.68	65.36
092	36	3,935	237.6	23,149	66.4	97.42	64.65
093	36	3,994	227.5	21,515	61.9	94.57	58.55
094	36	4,005	208.5	19,039	56.6	91.31	51.67
*TOTAL 2009			906.7	86,467	62.9	95.37	59.95
101	40	4,333	258.6	23,343	66.3	90.27	59.86
102	41	4,571	279.1	26,295	67.1	94.23	63.21
103	43	4,822	289.1	27,695	65.2	95.81	62.43
104	42	4,707	263.1	24,484	60.7	93.08	56.54
*TOTAL 2010			1,089.8	101,818	64.8	93.43	60.51
111	42	4,721	311.6	29,515	73.3	94.72	69.47
112	43	4,821	310.0	29,934	70.7	96.56	68.23
*TOTAL 2011			621.6	59,450	72.0	95.64	68.84
*TOTAL			9,454.5	855,673	65.2	90.50	59.05

1. Roomnights sold (derived from est. rate and actual room revenues)
2. Occupancy: nights sold divided by nights available for sale(x 100)
3. Average price for each roomnight sold;from Directories and surveys
4. \$ Revenue per available room per day (room sales per day)

EXHIBIT II

PERIOD: TWELVE MONTHS ENDING JUNE 30, 2011
HOTEL MARKET: NORTHWEST AUSTIN / US-183

BRAND	# HTL	* RMS 000S	% RMS	EST. RNS 000S	% RNS	\$ AMT. 000S	% AMT	EST. %OCC	EST. \$ RATE	\$ RPAR
COMFO STE	1	.1	1.4	14	1.2	1,035	.9	57.6	75.73	43.62
EXT AMERI	1	.1	2.1	27	2.3	1,081	1.0	72.2	40.60	29.32
HAMPTON	1	.1	1.5	18	1.5	1,942	1.7	69.6	107.65	74.94
HOLID EXP	1	.1	1.4	16	1.4	1,535	1.4	68.2	94.90	64.72
STAYBRIDG	1	.1	1.7	20	1.7	2,001	1.8	70.2	97.61	68.52
VALUE PLC	1	.1	2.4	32	2.7	960	.9	76.6	30.39	23.27
TOTAL COMPS	6	.5	10.4	127	10.8	8,554	7.7	70.1	67.57	47.34
WESTIN	1	.3	7.1	84	7.1	12,753	11.4	67.5	152.06	102.62
RENAISSAN	1	.5	10.3	116	9.9	16,554	14.8	64.4	143.14	92.18
EMBASSY	1	.2	3.1	39	3.3	5,808	5.2	71.4	148.66	106.09
HOMEWOOD	1	.1	2.0	26	2.2	3,388	3.0	73.9	129.44	95.69
RESIDENCE	1	.1	1.8	23	2.0	2,811	2.5	74.8	122.52	91.69
STAYBRIDG	1	.1	2.5	31	2.7	3,953	3.5	71.1	125.82	89.51
SUMMERFLD	1	.1	2.7	31	2.6	3,450	3.1	65.0	111.88	72.70
TOT SUITES	5	.6	12.2	150	12.8	19,410	17.4	70.8	129.02	91.37
ALOFT	1	.1	1.7	22	1.8	2,895	2.6	70.7	134.64	95.23
COURTYARD	1	.1	2.1	27	2.3	3,154	2.8	72.1	117.44	84.70
HILT GARD	1	.1	2.9	33	2.9	3,622	3.2	66.4	108.28	71.91
HOLID INN	1	.2	4.1	49	4.2	4,433	4.0	69.6	89.99	62.61
HYATT PLC	1	.1	2.7	33	2.8	3,864	3.5	70.7	117.86	83.36
TOT MID/UPS	5	.6	13.5	164	14.0	17,968	16.1	69.7	109.66	76.41
CANDLWOOD	2	.2	4.3	50	4.2	3,351	3.0	66.4	67.46	44.78
SPRNGHILL	1	.1	2.1	26	2.2	2,701	2.4	71.5	104.56	74.75
TOWNPLACE	1	.1	2.9	34	2.9	2,687	2.4	66.6	79.38	52.90
TOT MIN STE	4	.4	9.3	109	9.3	8,739	7.8	67.6	79.92	54.03
BEST WEST	1	.0	.8	7	.6	443	.4	51.3	59.09	30.32
COMFO INN	1	.1	1.2	12	1.0	686	.6	54.5	59.42	32.41
FAIRFIELD	1	.1	2.8	32	2.7	2,878	2.6	65.5	89.79	58.84
HAMPTON	1	.1	2.6	32	2.8	3,672	3.3	71.7	113.12	81.13
HOLID EXP	1	.1	1.3	15	1.3	1,391	1.2	65.5	93.79	61.47
LA QUINTA	3	.3	6.4	68	5.8	5,052	4.5	61.3	74.31	45.53
TOT LTD SVE	8	.7	15.1	166	14.2	14,121	12.7	63.1	84.88	53.59
EXT AMERI	3	.3	7.0	86	7.3	4,286	3.8	70.2	49.90	35.05
HOMESTEAD	1	.1	2.6	30	2.6	1,218	1.1	66.9	40.19	26.90
STUDIO 6	1	.1	2.8	35	3.0	1,264	1.1	71.3	36.50	26.04
OTHER EXT	2	.3	6.1	66	5.6	2,263	2.0	62.6	34.26	21.45
TOT EXT STA	7	.9	18.5	217	18.5	9,030	8.1	67.4	41.64	28.08
ECONOLODG	1	.0	.8	9	.8	398	.4	61.9	45.21	27.99
MOTEL 6	1	.0	.8	8	.7	462	.4	58.6	57.78	33.85
TOT BUDGET	2	.1	1.6	17	1.4	861	.8	60.3	51.19	30.86
TOT CHAINS	39	4.7	98.1	1,150	98.0	107,989	96.7	67.4	93.92	63.27
TOTAL INDEP	4	.1	1.9	24	2.0	3,640	3.3	71.3	152.77	108.96
TOTAL MARKET	43	4.8	100.0	1,174	100.0	111,629	100	67.4	95.11	64.14

* All figures annualized. Includes taxed and est non-tax room revenues.
Independents are categorized by price: \$100+, \$60-99.99, and under \$60)

PERIOD: TWELVE MONTHS ENDING JUNE 30, 2010
HOTEL MARKET: NORTHWEST AUSTIN / US-183

BRAND	#* HTL	# *		EST.		\$		EST.		\$ RPAR
		RMS 000S	% RMS	RNS 000S	% RNS	AMT. 000S	% AMT	%OCC	\$ RATE	
CHAINS										
COMFO STE	1	.1	1.5	13	1.3	1,049	1.2	54.8	80.71	44.22
EXT AMERI	1	.1	2.4	25	2.6	1,000	1.1	68.3	39.74	27.13
HAMPTON	1	.1	1.7	18	1.8	1,800	2.0	68.7	101.17	69.46
HOLID EXP	1	.1	1.5	16	1.6	1,477	1.6	65.8	94.66	62.27
STAYBRIDG	1	.1	1.9	18	1.8	1,648	1.8	60.8	92.81	56.44
TOT NEARBY	5	.4	9.0	89	9.2	6,974	7.7	64.1	78.09	50.02
WESTIN	0	.1	2.9	23	2.4	3,140	3.5	52.3	135.13	70.66
RENAISSAN	1	.5	11.6	111	11.4	15,544	17.2	62.1	139.49	86.56
EMBASSY	1	.2	3.6	38	4.0	5,607	6.2	70.2	145.79	102.40
HOMEWOOD	1	.1	2.3	24	2.4	2,898	3.2	67.0	122.14	81.85
RESIDENCE	1	.1	2.0	21	2.2	2,367	2.6	68.7	112.39	77.19
STAYBRIDG	1	.1	2.9	32	3.2	3,791	4.2	71.5	120.04	85.83
SUMMERFLD	1	.1	3.2	27	2.8	3,229	3.6	55.1	118.96	65.53
TOT SUITES	5	.6	13.9	142	14.6	17,891	19.8	66.3	126.02	83.50
ALOFT	1	.1	2.1	18	1.8	2,315	2.6	55.5	131.38	72.85
COURTYARD	1	.1	2.4	25	2.5	2,854	3.2	66.7	114.97	76.66
HILT GARD	1	.1	3.3	35	3.6	3,685	4.1	68.7	106.48	73.15
HOLID INN	1	.2	4.6	44	4.6	3,967	4.4	62.6	89.53	56.03
HYATT PLC	1	.1	3.0	32	3.3	3,380	3.7	69.2	104.68	72.48
TOT MID/UPS	5	.6	15.4	154	15.8	16,201	18.0	64.9	105.44	68.41
CANDLWOOD	1	.2	3.7	36	3.7	2,320	2.6	62.7	64.94	40.74
SPRNGHILL	1	.1	2.3	25	2.6	2,427	2.7	69.5	96.65	67.16
TOWNPLACE	1	.1	3.0	30	3.1	2,322	2.6	64.4	76.78	49.47
TOT MIN STE	3	.4	9.1	91	9.4	7,069	7.8	65.0	77.61	50.49
BEST WEST	1	.0	.9	8	.8	492	.5	53.3	63.22	33.68
COMFO INN	1	.1	1.4	12	1.2	808	.9	55.9	68.26	38.17
FAIRFIELD	1	.1	3.2	31	3.2	2,497	2.8	64.0	79.74	51.05
HAMPTON	1	.1	2.9	32	3.2	3,247	3.6	69.6	103.00	71.73
HOLID EXP	1	.1	1.5	15	1.6	1,625	1.8	67.3	106.67	71.82
LA QUINTA	1	.2	4.4	40	4.1	3,039	3.4	58.6	76.31	44.72
TOT LTD SVE	6	.6	14.3	138	14.1	11,708	13.0	62.4	85.14	53.09
EXT AMERI	3	.3	8.0	80	8.2	3,940	4.4	64.8	49.42	32.03
HOMESTEAD	1	.1	2.9	28	2.9	1,146	1.3	61.9	40.93	25.33
STUDIO 6	1	.1	3.1	30	3.0	1,074	1.2	60.9	36.36	22.13
OTHER EXT	2	.3	6.8	61	6.3	2,129	2.4	58.0	34.82	20.19
TOTAL	7	.9	20.9	198	20.4	8,290	9.2	61.6	41.78	25.72
ECONOLODG	1	.0	.9	9	.9	362	.4	59.7	42.53	25.40
TOT CHAINS	34	4.1	98.0	955	98.1	87,180	96.7	63.2	91.27	57.67
TOT INDEP	4	.1	2.0	18	1.9	3,012	3.3	61.0	163.30	99.61
TOT MARKET	38	4.2	100.0	974	100.0	90,192	100	63.1	92.64	58.50

* All figures annualized. Includes taxed and est non-tax room revenues.
Independents are categorized by price: \$100+, \$60-99.99, and under \$60)

PERIOD: TWELVE MONTHS ENDING JUNE 30, 2009
HOTEL MARKET: NORTHWEST AUSTIN / US-183

BRAND	# *	EST.		EST.		EST.		EST.		\$
	HTL	RMS	%	RNS	%	AMT.	%	EST.	\$	
		000S	RMS	000S	RNS	000S	AMT	%OCC	RATE	RPAR
COMFO STE	1	.1	1.7	16	1.7	1,518	1.5	67.4	94.85	63.97
EXT AMERI	1	.1	2.6	28	2.9	1,247	1.3	74.6	45.31	33.82
HAMPTON	1	.1	1.8	18	1.9	2,008	2.0	69.7	111.18	77.50
HOLID EXP	1	.1	1.7	16	1.7	1,825	1.9	68.2	112.77	76.92
STAYBRIDG	0	.0	.4	2	.2	227	.2	40.3	102.91	41.52
TOT NEARBY	4	.3	8.1	80	8.4	6,825	6.9	69.1	85.34	58.99
RENAISSAN	1	.5	12.6	112	11.8	19,056	19.4	62.4	170.07	106.11
EMBASSY	1	.2	3.8	39	4.0	6,296	6.4	70.4	163.43	115.00
HOMEWOOD	1	.1	2.5	28	2.9	4,012	4.1	78.8	143.75	113.32
RESIDENCE	1	.1	2.2	23	2.4	3,143	3.2	75.7	135.36	102.52
STAYBRIDG	1	.1	3.1	34	3.6	4,415	4.5	77.1	129.74	99.98
TOT SUITES	4	.5	11.6	124	13.0	17,867	18.2	75.0	144.45	108.30
COURTYARD	1	.1	2.6	25	2.6	3,345	3.4	67.1	133.89	89.84
HILT GARD	1	.1	3.5	36	3.8	4,164	4.2	70.9	116.63	82.67
HOLID INN	1	.2	5.0	41	4.3	4,288	4.4	57.8	104.78	60.55
HYATT PLC	1	.1	3.3	33	3.5	3,495	3.6	70.9	105.56	74.81
TOT MID/UPS	4	.6	14.4	135	14.2	15,292	15.6	65.7	113.51	74.55
CANDLWOOD	1	.1	3.2	32	3.3	2,513	2.6	69.7	79.02	55.09
SPRNGHILL	1	.1	2.5	26	2.7	2,842	2.9	71.0	110.77	78.65
TOWNPLACE	1	.1	3.3	34	3.6	2,950	3.0	72.3	86.61	62.63
OTHER MIN	1	.1	3.5	31	3.3	3,639	3.7	63.9	115.58	73.85
TOT MIN STE	4	.5	12.5	123	12.9	11,945	12.1	69.1	97.10	67.05
BEST WEST	1	.0	1.0	9	.9	614	.6	58.2	72.18	42.03
COMFO INN	1	.1	1.5	14	1.5	1,152	1.2	68.3	79.66	54.41
FAIRFIELD	1	.1	3.4	29	3.0	2,784	2.8	59.2	96.18	56.93
HAMPTON	1	.1	3.2	29	3.1	3,374	3.4	65.1	114.47	74.54
HOLID EXP	1	.1	1.6	16	1.7	1,883	1.9	71.6	116.32	83.23
LA QUINTA	1	.1	3.8	35	3.7	3,111	3.2	64.5	88.73	57.20
TOT LTD SVE	6	.6	14.5	133	13.9	12,918	13.1	64.1	97.40	62.42
EXT AMERI	3	.3	8.6	83	8.7	4,668	4.7	67.5	56.22	37.95
HOMESTEAD	1	.1	3.2	27	2.9	1,294	1.3	60.6	47.23	28.60
STUDIO 6	1	.1	3.4	36	3.7	1,410	1.4	73.4	39.54	29.04
OTHER EXT	2	.3	7.4	68	7.2	2,865	2.9	64.6	42.07	27.16
TOTAL	7	.9	22.6	214	22.5	10,237	10.4	66.5	47.80	31.76
ECONOLODG	1	.0	1.0	9	1.0	453	.5	65.6	48.53	31.84
TOT CHAINS	31	3.8	97.4	930	97.7	94,592	96.2	67.0	101.76	68.20
TOT INDEP	4	.1	2.6	22	2.3	3,730	3.8	59.9	170.83	102.40
TOT MARKET	35	3.9	100.0	951	100.0	98,322	100	66.8	103.34	69.07

* All figures annualized. Includes taxed and est non-tax rooms revenues.
Independents are categorized by price: \$100+, \$60-99.99, and under \$60)

PERIOD: TWELVE MONTHS ENDING JUNE 30, 2008
HOTEL MARKET: NORTHWEST AUSTIN / US-183

BRAND	#* HTL	# *		EST.		\$		EST.		\$ RPAR
		RMS 000S	% RMS	RNS 000S	% RNS	AMT. 000S	% AMT	% EST.	% EST.	
CHAINS										
COMFO STE	1	.1	1.7	16	1.6	1,430	1.4	68.1	88.45	60.27
EXT AMERI	1	.1	3.0	30	2.9	1,355	1.3	70.7	44.91	31.73
HAMPTON	1	.1	1.8	19	1.8	2,080	2.0	71.6	112.16	80.28
HOLID EXP	1	.1	1.7	17	1.7	1,953	1.9	71.9	114.54	82.32
TOT NEARBY	4	.3	8.1	82	8.0	6,819	6.5	70.6	83.21	58.74
RENAISSAN	1	.5	12.3	117	11.5	20,845	19.8	66.8	177.53	118.61
EMBASSY	1	.2	3.8	41	4.0	6,949	6.6	75.1	169.06	126.93
HOMEWOOD	1	.1	2.5	27	2.6	3,612	3.4	76.4	133.50	102.02
RESIDENCE	1	.1	2.1	24	2.4	3,309	3.1	79.1	136.36	107.92
STAYBRIDG	1	.1	3.1	34	3.3	4,380	4.2	77.7	127.66	99.17
TOT SUITES	4	.5	11.6	127	12.4	18,250	17.3	76.8	144.00	110.62
COURTYARD	1	.1	2.6	28	2.7	3,912	3.7	74.1	141.78	105.07
HILT GARD	1	.1	3.5	37	3.6	4,432	4.2	73.8	119.19	88.00
HOLID INN	1	.2	5.0	51	5.0	5,065	4.8	72.2	99.13	71.53
TOT MID/UPS	3	.4	11.1	116	11.3	13,409	12.7	73.1	115.73	84.65
CANDLWOOD	1	.1	3.2	34	3.3	2,692	2.6	74.7	79.02	59.00
SPRNGHILL	1	.1	2.5	27	2.7	3,232	3.1	75.9	117.85	89.44
TOWNPLACE	1	.1	3.3	37	3.6	3,001	2.8	77.7	81.84	63.58
OTHER MIN	2	.3	6.7	56	5.5	5,470	5.2	58.8	97.22	57.14
TOT MIN STE	5	.6	15.7	154	15.1	14,395	13.7	68.7	93.22	64.07
BEST WEST	1	.0	1.0	9	.9	710	.7	64.5	75.39	48.62
COMFO INN	1	.1	1.5	16	1.6	1,348	1.3	75.2	84.72	63.69
FAIRFIELD	1	.1	3.4	37	3.6	3,571	3.4	74.9	97.45	73.00
HAMPTON	1	.1	3.2	34	3.3	3,994	3.8	74.5	118.48	88.26
HOLID EXP	1	.1	1.6	17	1.7	1,884	1.8	75.9	109.77	83.26
LA QUINTA	1	.1	3.8	39	3.8	3,720	3.5	71.8	95.28	68.41
TOT LTD SVE	6	.6	14.5	152	14.8	15,228	14.4	73.4	100.25	73.58
EXT AMERI	3	.3	8.6	94	9.2	5,170	4.9	76.6	54.90	42.03
HOMESTEAD	1	.1	3.2	32	3.2	1,616	1.5	71.9	49.96	35.93
STUDIO 6	1	.1	3.4	37	3.6	1,512	1.4	76.8	40.56	31.15
OTHER EXT	2	.3	7.5	75	7.3	3,107	2.9	70.2	41.55	29.15
TOTAL	7	.9	22.6	239	23.3	11,405	10.8	73.8	47.80	35.30
ECONOLODG	1	.0	1.0	10	1.0	542	.5	67.6	55.21	37.35
TOT CHAINS	31	3.8	97.0	997	97.2	100,892	95.7	72.0	101.23	72.87
TOT INDEP	3	.1	3.0	28	2.8	4,499	4.3	65.7	159.51	104.72
TOT MARKET	34	3.9	100.0	1,025	100.0	105,392	100	71.8	102.83	73.83

* All figures annualized. Included taxed and est non-tax rooms revenues.
Independents are categorized by price: \$100+, \$60-99.99, and under \$60)

PERIOD: TWELVE MONTHS ENDING JUNE 30, 2007
HOTEL MARKET: NORTHWEST AUSTIN / US-183

BRAND	#* HTL	# *		EST.		\$			EST.	
		RMS 000S	% RMS	RNS 000S	% RNS	AMT. 000S	% AMT	EST. %OCC	\$ RATE	\$ RPAR
CHAINS										
COMFO STE	1	.1	1.7	17	1.6	1,472	1.5	71.9	86.27	62.04
EXT AMERI	1	.1	3.0	33	3.2	1,433	1.4	78.3	42.84	33.55
HAMPTON	0	.0	.3	2	.2	238	.2	62.7	99.22	62.25
HOLID EXP	1	.1	1.7	18	1.8	1,950	1.9	77.6	105.97	82.20
TOT NEARBY	3	.3	6.7	71	6.8	5,093	5.1	75.9	71.42	54.19
RENAISSAN	1	.5	12.4	121	11.6	21,123	21.1	69.6	173.91	121.07
EMBASSY	1	.2	3.9	41	4.0	6,452	6.4	75.8	155.48	117.84
HOMEWOOD	1	.1	2.5	28	2.7	3,571	3.6	79.5	126.89	100.87
RESIDENCE	1	.1	2.2	25	2.4	3,070	3.1	81.2	123.23	100.12
STAYBRIDG	1	.1	3.1	34	3.3	4,075	4.1	76.9	119.97	92.28
TOT SUITES	4	.5	11.7	129	12.3	17,168	17.1	77.9	133.58	104.06
COURTYARD	1	.1	2.6	29	2.8	3,821	3.8	78.9	130.05	102.64
HILT GARD	1	.1	3.6	37	3.6	4,124	4.1	74.1	110.51	81.87
HOLID INN	1	.2	5.0	51	4.9	4,638	4.6	72.6	90.18	65.50
TOT MID/UPS	3	.4	11.2	118	11.3	12,583	12.6	74.6	106.52	79.43
CANDLWOOD	1	.1	3.2	35	3.4	2,469	2.5	77.7	69.66	54.12
SPRNGHILL	1	.1	2.6	28	2.7	2,880	2.9	77.3	103.06	79.71
TOWNPLACE	1	.1	3.4	27	2.6	1,870	1.9	57.0	69.19	39.41
OTHER MIN	2	.3	6.8	69	6.6	5,966	6.0	72.4	86.23	62.38
TOT MIN STE	5	.6	16.0	160	15.3	13,186	13.2	71.0	82.61	58.64
BEST WEST	1	.0	1.0	10	1.0	740	.7	69.6	72.80	50.67
COMFO INN	1	.1	1.5	16	1.5	1,202	1.2	75.8	74.95	56.80
FAIRFIELD	1	.1	3.5	37	3.6	3,373	3.4	76.6	89.98	68.97
HAMPTON	1	.1	3.2	34	3.3	3,612	3.6	75.5	105.71	79.81
HOLID EXP	1	.1	1.6	17	1.7	1,609	1.6	77.2	92.15	71.11
LA QUINTA	1	.1	3.9	40	3.8	3,631	3.6	73.8	90.52	66.77
TOT LTD SVE	6	.6	14.7	155	14.9	14,169	14.1	75.1	91.15	68.46
EXT AMERI	3	.3	8.7	96	9.2	5,271	5.3	78.3	54.73	42.86
HOMESTEAD	1	.1	3.2	34	3.2	1,615	1.6	74.8	48.12	35.98
STUDIO 6	1	.1	3.4	36	3.4	1,376	1.4	73.4	38.59	28.35
OTHER EXT	2	.3	7.6	81	7.7	3,232	3.2	75.8	40.02	30.32
TOTAL	7	.9	22.9	246	23.6	11,495	11.5	76.2	46.67	35.59
ECONOLODG	1	.0	1.0	10	1.0	578	.6	69.7	56.81	39.59
TOT CHAINS	30	3.7	96.6	1,011	96.9	95,393	95.2	74.3	94.36	70.08
TOT INDEP	3	.1	3.4	32	3.1	4,855	4.8	67.3	149.73	100.72
TOT MARKET	33	3.9	100.0	1,043	100.0	100,248	100	74.0	96.08	71.13

* All figures annualized. Included taxed and est non-tax rooms revenues.
Independents are categorized by price: \$100+, \$60-99.99, and under \$60)

EXHIBIT III

HOTEL MARKET: NORTHWEST AUSTIN / US-183

CITY	ADDR	ZIP	E 3		YR	AVG	
----	----	---	S	EST 4	OP	ADJ 1	
	#	TAXABLE	T	AVG. %	--	-----	
YRQ	RMS	BRAND	REVENUE	GROSS REVENUE	ADJ 1 FACTOR	DAILY OCC \$ 5	REVPAR
---	----	-----	-----	-----	-----	-----	-----
AUSTIN		10701 LAKELINE	78717	LA QUINTA	INN & SUITES	10	1.060
20103	80	LAQUN	145,898	177,265	1.215	83.01 29	24.08
20104	80	LAQUN	212,031	221,504	1.045	73.22 41	30.10
20111	80	LAQUN	265,122	294,562	1.111	71.02 58	40.91
20112	80	LAQUN	343,912	365,051	1.061	74.66 67	50.14
		13500 FM 2769	78726	THE CROSSINGS	APTMNTS SET	03	1.040
20063	95		446,028	569,374	1.277	98.69 66	65.15
20064	95		468,117	567,995	1.213	103.58 63	64.99
20071	95		664,952	753,962	1.134	103.58 85	88.18
20072	60		325,042	352,490	1.084	106.48 61	64.56
20073	55		266,637	312,765	1.173	97.49 63	61.81
20074	80		456,516	494,185	1.083	95.54 70	67.14
20081	75		404,799	436,929	1.079	93.84 69	64.73
20082	75		311,576	346,909	1.113	86.75 59	50.83
20083	45		191,779	265,188	1.383	101.76 63	64.06
20084	61		197,419	365,689	1.852	98.67 66	65.16
20091	45		224,981	251,578	1.118	87.09 71	62.12
20092	45		228,704	241,945	1.058	87.09 68	59.08
20093	45		157,681	236,034	1.497	81.84 70	57.01
20094	33		192,694	196,069	1.018	80.16 81	64.58
20101	12		67,702	71,994	1.063	76.18 88	66.66
20102	16		100,663	101,569	1.009	75.80 92	69.76
20103	45		252,804	273,330	1.081	76.57 86	66.02
20104	32		181,738	188,178	1.035	77.32 83	63.92
20111	35		203,626	209,495	1.029	75.00 89	66.51
20112	40		236,817	246,290	.000	75.14 90	67.66
		12621 HYMEADOW	78729	CROSSLAND	#6028	98	1.850
20063	142	CROSS	262,549	365,296	1.391	34.74 80	27.96
20064	142	CROSS	179,720	300,596	1.673	31.36 73	23.01
20071	142	CROSS	212,947	324,022	1.522	32.56 78	25.35
20072	142	CROSS	250,443	389,134	1.554	37.58 80	30.11
20073	142	CROSS	215,647	374,148	1.735	36.83 78	28.64
20074	142	CROSS	153,694	294,645	1.917	32.86 69	22.55
20081	142	CROSS	193,889	336,031	1.733	33.95 77	26.29
20082	142	CROSS	252,334	390,380	1.547	40.02 75	30.21
20083	139	CROSS	234,710	365,312	1.556	39.81 72	28.57
20084	139	CROSS	140,680	290,345	2.040	36.66 62	22.70
20091	139	CROSS	181,199	295,021	1.538	34.13 69	23.58
20092	139	CROSS	217,989	319,949	1.468	36.09 70	25.29
20093	139	CROSS	150,816	273,871	1.816	33.86 63	21.42
20094	139	CROSS	130,041	237,221	1.824	31.23 59	18.55
20101	139	CROSS	124,896	223,653	1.791	28.73 62	17.88
20102	139	CROSS	150,656	269,469	1.789	32.52 66	21.30
20103	139	CROSS	168,366	285,896	1.698	34.50 65	22.36

CITY	ADDR	ZIP	E	3	YR	AVG			
----	----	----	S	EST	4	OP	ADJ 1		
			T	AVG.	%	--	-----		
YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5		
----	----	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR		
		BRAND							
AUSTIN		12621 HYMEADOW	78729	CROSSLAND	#6028		98	1.850	
20104	139	CROSS	157,678	308,041	1.954	35.85	67	24.09	
20111	139	CROSS	167,882	326,624	1.946	32.83	80	26.11	
20112	139	CROSS	180,771	322,531	1.784	33.90	75	25.50	
		7086 COMANCHE T	78732	CHRIS HACKETT & JILL TAUS			09	1.020	
20092	7		33,400	34,068	.000	117.60	45	53.48	
20093	7		30,700	31,314	.000	114.37	42	48.62	
20102	7		36,950	37,689	.000	128.80	46	59.17	
20103	7		41,600	42,432	.000	135.09	49	65.89	
20112	7		40,250	41,055	.000	135.35	48	64.45	
		6701 OASIS PASS	78732	LA VILLA VISTA BED AND BRE			07	1.050	
20082	8		64,515	67,741	.000	167.15	56	93.05	
20083	8		31,079	32,633	.000	141.55	31	44.34	
20091	8		47,215	49,576	.000	131.78	52	68.86	
20092	8		50,456	52,979	.000	131.78	55	72.77	
20093	8		40,268	40,651	1.010	128.15	43	55.23	
20094	8		42,427	44,548	.000	125.52	48	60.53	
20101	8		45,975	48,274	.000	119.29	56	67.05	
20102	8		60,024	63,025	.000	128.55	67	86.57	
20103	8		41,253	43,316	.000	125.84	47	58.85	
20104	8		51,275	53,839	.000	134.15	54	73.15	
20111	8		61,239	64,301	.000	130.13	69	89.31	
20112	8		76,011	79,812	.000	145.41	75	109.63	
		1705 S QUINLAN	78732	LAKE AUSTIN SPA RESORT			REV 79	1.010	
20063	40		545,000	550,450	.000	270.59	55	149.58	
20064	40		523,001	528,231	.000	265.18	54	143.54	
20071	40		600,001	606,001	.000	265.18	63	168.33	
20072	40		790,001	797,901	.000	293.17	75	219.20	
20073	40		571,000	576,710	.000	1	276.92	57	156.71
20074	40		600,000	606,000	.000	271.38	61	164.67	
20081	40		700,000	707,000	.000	280.30	70	196.39	
20082	40		838,912	847,301	.000	320.82	73	232.78	
20083	40		600,000	606,000	.000	324.03	51	164.67	
20084	40		610,000	616,100	.000	314.18	53	167.42	
20091	40		595,000	600,950	.000	292.50	57	166.93	
20092	40		545,000	550,450	.000	292.50	52	151.22	
20093	40		450,000	454,500	.000	284.46	43	123.51	
20094	40		445,000	449,450	.000	278.62	44	122.13	
20101	40		555,000	560,550	.000	264.81	59	155.71	
20102	40		585,000	590,850	.000	266.44	61	162.32	
20103	40		570,000	575,700	.000	269.10	58	156.44	
20104	40		451,000	455,510	.000	1	271.74	46	123.78
20111	40		610,000	616,100	.000	263.59	65	171.14	
20112	40		700,000	707,000	.000	271.11	72	194.23	
		13681 N HIGHWAY	78750	COMFORT SUITES			00	1.040	
20063	65	COMFS	361,456	375,550	1.039	85.63	73	62.80	

CITY	ADDR	ZIP	E	3	YR	AVG	
----	----	----	S	EST	4	OP	ADJ 1
			T	AVG.	%	--	-----
YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5
---	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR
---	---	---	---	---	---	---	---
AUSTIN		13681 N HIGHWAY	78750	COMFORT SUITES			00 1.040
20064	65	COMFS	305,262	311,780	1.021	79.02	66 52.14
20071	65	COMFS	346,820	359,085	1.035	82.50	74 61.38
20072	65	COMFS	409,011	425,567	1.040	97.15	74 71.95
20073	65	COMFS	319,919	321,839	1.006	85.41	63 53.82
20074	65	COMFS	326,493	332,562	1.019	82.72	67 55.61
20081	65	COMFS	342,543	350,377	1.023	81.67	73 59.89
20082	65	COMFS	400,258	425,029	1.062	103.95	69 71.86
20083	65	COMFS	400,315	437,722	1.093	104.99	70 73.20
20084	65	COMFS	340,501	356,781	1.048	95.80	62 59.66
20091	65	COMFS	327,313	351,174	1.073	89.19	67 60.03
20092	65	COMFS	350,662	372,127	1.061	89.19	71 62.91
20093	65	COMFS	281,683	306,577	1.088	85.78	60 51.27
20094	65	COMFS	210,674	214,812	1.020	80.26	45 35.92
20101	65	COMFS	220,425	236,801	1.074	74.67	54 40.48
20102	65	COMFS	277,288	290,970	1.049	81.29	61 49.19
20103	65	COMFS	238,998	247,156	1.034	80.10	52 41.33
20104	65	COMFS	222,677	226,494	1.017	77.25	49 37.88
20111	65	COMFS	260,927	266,220	1.020	73.28	62 45.51
20112	65	COMFS	280,267	294,904	1.052	73.42	68 49.86
		12989 N HIGHWAY	78750	CRESTWOOD SUITES FMR HEART			01 1.750
20063	150	X.EXT	257,258	444,072	1.726	43.53	74 32.18
20064	150	X.EXT	225,821	419,568	1.858	42.66	71 30.40
20071	150	X.EXT	291,958	485,360	1.662	47.50	76 35.95
20072	150	X.EXT	342,126	503,839	1.473	49.86	74 36.91
20073	150	X.EXT	304,104	450,378	1.481	48.86	67 32.64
20074	150	X.EXT	245,908	403,194	1.640	44.65	65 29.22
20081	150	X.EXT	257,704	393,301	1.526	45.73	64 29.13
20082	150	X.EXT	334,465	465,244	1.391	50.79	67 34.08
20083	150	X.EXT	338,980	520,908	1.537	54.39	69 37.75
20084	150	X.EXT	216,602	398,063	1.838	48.85	59 28.85
20091	150	X.EXT	208,958	306,565	1.467	41.90	54 22.71
20092	150	X.EXT	278,782	368,906	1.323	43.61	62 27.03
20093	150	X.EXT	176,675	257,511	1.458	40.50	46 18.66
20094	150	X.EXT	147,523	258,145	1.750	39.67	47 18.71
20101	150	X.EXT	157,823	291,318	1.846	36.59	59 21.58
20102	150	X.EXT	167,202	318,129	1.903	37.10	63 23.31
20103	150	X.EXT	127,284	262,659	2.064	37.46	51 19.03
20104	150	X.EXT	115,582	224,301	1.941	34.33	47 16.25
20111	150	X.EXT	175,697	282,242	1.606	33.30	63 20.91
20112	150	X.EXT	152,322	250,595	1.645	32.56	56 18.36
		13858 N US HIGH	78750	EXTENDED STAY AMERICA 183N			02 1.880
20063	117	EXTSA	222,082	336,636	1.516	41.49	75 31.27
20064	117	EXTSA	209,818	331,468	1.580	38.80	79 30.79
20071	117	EXTSA	216,741	369,762	1.706	42.50	83 35.12
20072	117	EXTSA	228,056	394,748	1.731	48.83	76 37.08

CITY	ADDR	ZIP	E	3	YR	AVG		
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			T	AVG.	%	--	-----	
YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5	
---	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR	
AUSTIN		13858 N US HIGH	78750	EXTENDED	STAY AMERICA	183N	02	1.880
20073	117	EXTSA	276,237	417,947	1.513	49.81	78	38.83
20074	117	EXTSA	208,042	305,801	1.470	42.89	66	28.41
20081	117	EXTSA	199,277	272,831	1.369	37.91	68	25.91
20082	117	EXTSA	259,470	358,658	1.382	48.04	70	33.69
20083	101	EXTSA	256,429	341,607	1.332	46.50	79	36.76
20084	101	EXTSA	186,459	310,354	1.572	45.09	74	33.40
20091	101	EXTSA	163,484	294,403	1.885	41.98	77	32.39
20092	101	EXTSA	165,058	300,396	1.820	47.86	68	32.68
20093	101	EXTSA	141,371	253,365	1.792	41.49	66	27.27
20094	101	EXTSA	154,241	241,204	1.564	40.64	64	25.96
20101	101	EXTSA	133,867	249,755	1.866	38.62	71	27.48
20102	101	EXTSA	140,191	255,649	1.824	38.42	72	27.82
20103	101	EXTSA	158,337	257,535	1.626	39.51	70	27.72
20104	101	EXTSA	136,988	259,110	1.891	40.39	69	27.89
20111	101	EXTSA	143,716	271,128	1.887	40.15	74	29.83
20112	101	EXTSA	165,354	292,998	1.772	42.23	75	31.88
		10811 PECAN PAR	78750	HAMPTON INN & SUITES			07	1.040
20072	42	HAMPT	228,777	237,928	.000	99.20	63	62.25
20073	71	HAMPT	439,213	455,464	1.037	101.43	69	69.73
20074	71	HAMPT	519,467	528,111	1.017	115.18	70	80.85
20081	71	HAMPT	502,473	516,633	1.028	113.13	71	80.85
20082	71	HAMPT	569,670	580,125	1.018	118.20	76	89.79
20083	71	HAMPT	522,587	565,343	1.082	121.40	71	86.55
20084	71	HAMPT	483,120	497,826	1.030	116.16	66	76.21
20091	71	HAMPT	451,352	464,717	1.030	100.69	72	72.73
20092	71	HAMPT	462,079	480,537	1.040	106.57	70	74.38
20093	71	HAMPT	441,041	457,100	1.036	103.64	68	69.98
20094	71	HAMPT	423,063	435,397	1.029	100.56	66	66.66
20101	71	HAMPT	415,962	435,456	1.047	95.57	71	68.15
20102	71	HAMPT	446,821	472,100	1.057	104.95	70	73.07
20103	71	HAMPT	460,344	475,088	1.032	106.00	69	72.73
20104	71	HAMPT	444,432	454,305	1.022	106.03	66	69.55
20111	71	HAMPT	472,893	491,845	1.040	103.82	74	76.97
20112	71	HAMPT	490,463	520,785	1.062	114.74	70	80.60
		12703 RANCH ROA	78750	HOLIDAY EXP	I&S FM	620	02	1.080
20063	65	HIEXP	472,988	496,620	1.050	106.34	78	83.05
20064	65	HIEXP	423,091	453,573	1.072	99.31	76	75.85
20071	65	HIEXP	445,723	469,536	1.053	102.51	78	80.26
20072	65	HIEXP	504,603	530,547	1.051	115.66	78	89.70
20073	65	HIEXP	473,839	484,737	1.023	113.35	72	81.06
20074	65	HIEXP	434,002	453,704	1.045	111.08	68	75.87
20081	65	HIEXP	420,992	441,606	1.049	106.16	71	75.49
20082	65	HIEXP	534,378	573,082	1.072	126.42	77	96.89
20083	65	HIEXP	446,526	526,265	1.179	124.65	71	88.00
20084	65	HIEXP	414,565	438,264	1.057	120.86	61	73.29

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AUSTIN	12703	RANCH ROA	78750	HOLIDAY EXPRESS FM	620	02	1.080
20091	65	HIEXP	393,748	403,818	1.026	103.21	67 69.03
20092	65	HIEXP	421,250	456,627	1.084	103.21	75 77.20
20093	65	HIEXP	338,187	366,653	1.084	99.62	62 61.31
20094	65	HIEXP	308,804	344,026	1.114	93.74	61 57.53
20101	65	HIEXP	346,386	364,622	1.053	89.09	70 62.33
20102	65	HIEXP	362,450	401,983	1.109	96.53	70 67.96
20103	65	HIEXP	321,586	336,649	1.047	92.50	61 56.30
20104	65	HIEXP	314,772	333,016	1.058	90.88	61 55.69
20111	65	HIEXP	360,739	389,625	1.080	88.83	75 66.60
20112	65	HIEXP	440,295	476,135	1.081	106.03	76 80.50
	13087	N HIGHWAY	78750	STAYBRIDGE SUITES NORTH	18	09	1.330
20092	60	STAYB	191,873	226,721	1.182	102.90	40 41.52
20093	80	STAYB	258,695	359,256	1.389	97.70	50 48.81
20094	80	STAYB	288,291	355,690	1.234	91.65	53 48.33
20101	80	STAYB	381,478	448,385	1.175	89.20	70 62.28
20102	80	STAYB	412,573	484,684	1.175	93.67	71 66.58
20103	80	STAYB	378,072	473,595	1.253	95.11	68 64.35
20104	80	STAYB	364,217	454,320	1.247	95.44	65 61.73
20111	80	STAYB	386,890	518,116	1.339	95.69	75 71.96
20112	80	STAYB	407,946	554,756	1.360	103.79	73 76.20
	13689	N HIGHWAY	78750	VALUE PLACE HOTEL		10	4.600
20103	113	VALUP	72,725	252,764	3.476	29.55	82 24.31
20104	113	VALUP	44,634	233,341	5.228	29.79	75 22.45
20111	113	VALUP	45,186	232,130	5.137	30.64	74 22.82
20112	113	VALUP	54,949	241,590	4.397	31.70	74 23.49
	11601	DOMAIN DR	78758	ALOFT DOMAINS		09	1.020
20094	70	ALOFT	264,154	269,437	.000	135.40	31 41.84
20101	140	ALOFT	985,286	995,094	1.010	128.68	61 78.98
20102	140	ALOFT	1,045,898	1,050,762	1.005	132.98	62 82.48
20103	140	ALOFT	1,040,188	1,043,945	.000	132.51	61 81.05
20104	3	ALOFT	24,493	24,983	.000	133.81	67 90.52
20111	50	ALOFT	518,769	529,144	.000	125.40	94 117.59
20112	140	ALOFT	1,274,432	1,296,650	1.017	140.67	72 101.78
	9102	BURNET RD	78758	ECONO LODGE FMR RALT		91	1.100
20063	40	ECONO	141,272	145,638	1.031	57.64	69 39.58
20064	40	ECONO	116,031	123,304	1.063	53.45	63 33.51
20071	40	ECONO	150,517	153,335	1.019	56.55	75 42.59
20072	40	ECONO	141,601	155,761	.000	59.16	72 42.79
20073	40	ECONO	132,864	146,150	.000	56.02	71 39.71
20074	40	ECONO	122,543	134,797	.000	54.90	67 36.63
20081	40	ECONO	125,516	127,736	1.018	54.90	65 35.48
20082	39	ECONO	132,672	133,216	1.040	54.90	68 37.54
20083	39	ECONO	111,952	125,024	1.040	55.45	63 34.85

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---	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR
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AUSTIN		9102 BURNET RD	78758	ECONO LODGE	FMR RALT		91 1.100
20084	39	ECONO 95,722	107,188	1.220	48.91	61	29.87
20091	39	ECONO 96,656	120,052	1.242	45.16	76	34.20
20092	39	ECONO 93,833	101,049	1.077	45.16	63	28.47
20093	39	ECONO 85,760	95,122	1.109	43.92	60	26.51
20094	39	ECONO 68,089	76,232	1.120	42.22	50	21.25
20101	39	ECONO 84,303	91,838	1.089	40.12	65	26.16
20102	39	ECONO 87,582	98,432	1.124	43.87	63	27.74
20103	39	ECONO 84,646	90,701	1.072	43.51	58	25.28
20104	39	ECONO 75,870	81,272	1.071	42.93	53	22.65
20111	39	ECONO 105,155	115,254	1.096	46.10	71	32.84
20112	39	ECONO 101,553	111,252	1.096	47.59	66	31.35
		2700 GRACY FARM	78758	EXTENDED STAY AMERICA	FMR		98 2.000
20063	113	EXTSA 222,366	443,644	1.995	54.23	79	42.67
20064	113	EXTSA 193,814	374,312	1.931	49.23	73	36.01
20071	113	EXTSA 343,310	487,574	1.420	57.53	83	47.94
20072	113	EXTSA 296,312	507,094	1.711	64.28	77	49.31
20073	113	EXTSA 260,049	418,419	1.609	56.43	71	40.25
20074	113	EXTSA 256,516	352,053	1.372	43.35	78	33.86
20081	113	EXTSA 306,793	474,449	1.546	54.37	86	46.65
20082	113	EXTSA 315,681	500,070	1.584	58.42	83	48.63
20083	113	EXTSA 334,372	493,639	1.476	61.02	78	47.48
20084	113	EXTSA 246,979	361,057	1.412	55.17	63	34.73
20091	113	EXTSA 223,858	328,807	1.500	51.36	63	32.33
20092	113	EXTSA 177,778	398,344	2.241	54.30	71	38.74
20093	113	EXTSA 143,347	315,218	2.199	51.95	58	30.32
20094	113	EXTSA 145,237	280,828	1.934	47.52	57	27.01
20101	113	EXTSA 175,848	330,185	1.878	46.11	70	32.47
20102	113	EXTSA 196,420	403,310	2.053	52.75	74	39.22
20103	113	EXTSA 139,382	341,277	2.449	51.27	64	32.83
20104	113	EXTSA 180,936	316,064	1.747	51.78	59	30.40
20111	113	EXTSA 176,426	380,625	2.157	52.17	72	37.43
20112	113	EXTSA 225,626	396,112	1.756	53.77	72	38.52
		9100 WATERFORD	78758	HOMESTEAD VILLAGE			95 2.000
20063	123	HOMES 242,049	397,677	1.643	46.58	75	35.14
20064	123	HOMES 197,088	317,559	1.611	42.71	66	28.06
20071	123	HOMES 314,624	440,548	1.400	48.51	82	39.80
20072	123	HOMES 311,868	459,658	1.474	53.98	76	41.07
20073	123	HOMES 279,524	426,554	1.526	52.90	71	37.69
20074	123	HOMES 241,313	360,096	1.492	45.96	69	31.82
20081	123	HOMES 268,821	390,317	1.452	46.72	75	35.26
20082	124	HOMES 263,448	439,157	1.667	54.22	72	38.92
20083	124	HOMES 245,366	435,614	1.775	54.76	70	38.18
20084	124	HOMES 123,802	262,193	2.118	45.34	51	22.98
20091	124	HOMES 138,655	229,113	1.652	39.60	52	20.53
20092	124	HOMES 202,792	367,452	1.812	46.60	70	32.56

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----	----	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR	
AUSTIN		9100 WATERFORD	78758	HOMESTEAD	VILLAGE		95	2.000
20093	124	HOMES 157,554	314,847	1.998	44.45	62	27.60	
20094	124	HOMES 125,069	249,088	1.992	41.78	52	21.83	
20101	124	HOMES 158,511	279,020	1.760	38.02	66	25.00	
20102	124	HOMES 94,029	303,278	3.225	39.80	68	26.88	
20103	124	HOMES 136,149	296,642	2.179	41.50	63	26.00	
20104	124	HOMES 162,568	287,251	1.767	40.39	62	25.18	
20111	124	HOMES 138,066	313,021	2.267	39.47	71	28.05	
20112	124	HOMES 148,264	320,725	2.163	39.54	72	28.42	
		3006 LONGHORN B	78758	OAKWOOD	WORLDWIDE		SE 05	1.010
20063	7	38,993	39,383	.000	83.30	73	61.15	
20064	10	56,588	57,154	.000	81.63	76	62.12	
20071	2	8,631	8,717	.000	81.63	59	48.43	
20072	4	22,676	22,903	.000	83.92	75	62.92	
20073	5	29,536	29,831	.000	82.24	79	64.85	
20074	4	22,628	22,854	.000	80.60	77	62.10	
20081	5	29,190	29,482	.000	79.17	83	65.52	
20082	4	21,520	21,735	.000	79.17	75	59.71	
20083	6	30,376	30,680	.000	79.96	69	55.58	
20084	6	31,424	31,738	.000	77.53	74	57.50	
20101	8	39,458	39,853	.000	73.69	75	55.35	
20102	11	44,853	45,302	.000	73.32	62	45.26	
20103	8	43,648	44,084	.000	74.05	81	59.90	
		11301 DOMAIN DR	78758	WESTIN	HOTEL AT DOMAIN		10	1.060
20101	150	WESTN 622,978	660,357	.000	133.65	37	48.92	
20102	340	WESTN 2,396,039	2,479,647	1.035	135.52	59	80.14	
20103	340	WESTN 2,424,502	2,647,250	1.092	140.83	60	84.63	
20104	340	WESTN 2,835,854	2,936,954	1.036	145.89	64	93.89	
20111	341	WESTN 3,434,087	3,653,192	1.064	161.21	74	119.04	
20112	341	WESTN 3,337,963	3,516,010	1.053	157.81	72	113.31	
		9701 STONELAKE	78759	CANDLEWOOD	SUITES		98	1.800
20063	125	CANDL 375,080	621,233	1.656	62.80	86	54.02	
20064	125	CANDL 401,519	538,470	1.341	63.21	74	46.82	
20071	125	CANDL 454,324	641,398	1.412	73.21	78	57.01	
20072	125	CANDL 451,151	668,108	1.481	80.71	73	58.73	
20073	125	CANDL 358,321	655,369	1.829	79.10	72	56.99	
20074	125	CANDL 402,936	570,802	1.417	71.64	69	49.63	
20081	125	CANDL 467,573	705,817	1.510	77.15	81	62.74	
20082	125	CANDL 452,813	760,025	1.678	87.68	76	66.82	
20083	125	CANDL 416,879	715,546	1.716	88.56	70	62.22	
20084	125	CANDL 422,473	646,449	1.530	81.02	69	56.21	
20091	125	CANDL 462,052	592,422	1.282	73.57	72	52.66	
20092	125	CANDL 320,845	559,069	1.742	72.59	68	49.15	
20093	125	CANDL 261,791	443,127	1.693	64.40	60	38.53	
20094	125	CANDL 245,179	392,555	1.601	62.37	55	34.14	

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AUSTIN		9701 STONELAKE	78759	CANDLEWOOD SUITES			98 1.800
20101	125	CANDL 295,803	489,531	1.655	62.32	70	43.51
20102	125	CANDL 240,918	578,563	2.401	70.48	72	50.86
20103	125	CANDL 152,793	599,019	3.920	73.59	71	52.09
20104	125	CANDL 248,557	454,033	1.827	70.27	56	39.48
20111	125	CANDL 331,228	589,951	1.781	69.42	76	52.44
20112	125	CANDL 217,391	503,356	2.315	67.55	66	44.25
		9409 STONELAKE	78759	COURTYARD BY MARRIOTT			96 1.030
20063	102	COURT 860,888	876,034	1.018	122.01	77	93.35
20064	102	COURT 823,250	828,932	1.007	121.04	73	88.33
20071	102	COURT 992,039	1,014,942	1.023	135.04	82	110.56
20072	102	COURT 1,064,506	1,101,383	1.035	140.46	84	118.66
20073	102	COURT 944,747	958,918	1.015	132.75	77	102.19
20074	102	COURT 884,006	887,345	1.004	130.10	73	94.56
20081	102	COURT 988,261	1,005,892	1.018	147.43	74	109.57
20082	102	COURT 1,016,252	1,059,446	1.043	157.56	72	114.14
20083	102	COURT 885,017	955,127	1.079	151.06	67	101.78
20084	102	COURT 723,403	770,155	1.065	134.43	61	82.07
20091	102	COURT 782,287	819,960	1.048	125.24	71	89.32
20092	102	COURT 751,519	799,615	1.064	125.24	69	86.15
20093	102	COURT 671,691	707,955	1.054	116.27	65	75.44
20094	102	COURT 609,434	643,154	1.055	111.83	61	68.54
20101	102	COURT 734,985	802,739	1.092	117.40	74	87.44
20102	102	COURT 657,732	700,204	1.065	113.86	66	75.44
20103	102	COURT 661,048	685,342	1.037	115.00	64	73.03
20104	102	COURT 702,050	714,747	1.018	113.65	67	76.17
20111	102	COURT 909,960	924,774	1.016	119.94	84	100.74
20112	102	COURT 784,918	828,645	1.056	120.17	74	89.27
		9505 STONELAKE	78759	EMBASSY SUITES AUSTIN			98 1.090
20063	150	EMBAS 1,498,535	1,558,950	1.040	151.90	74	112.97
20064	150	EMBAS 1,400,246	1,447,725	1.034	149.45	70	104.91
20071	150	EMBAS 1,607,977	1,681,673	1.046	150.45	83	124.57
20072	150	EMBAS 1,665,659	1,763,263	1.059	170.08	76	129.18
20073	150	EMBAS 1,577,701	1,632,921	1.035	164.23	72	118.33
20074	150	EMBAS 1,615,676	1,649,488	1.021	160.95	74	119.53
20081	150	EMBAS 1,791,979	1,833,252	1.023	172.82	79	135.80
20082	150	EMBAS 1,714,160	1,833,508	1.070	177.88	76	134.32
20083	150	EMBAS 1,596,117	1,692,446	1.060	174.73	70	122.64
20084	150	EMBAS 1,517,670	1,622,261	1.069	167.29	70	117.56
20091	150	EMBAS 1,362,964	1,494,758	1.097	155.75	71	110.72
20092	150	EMBAS 1,254,622	1,487,034	1.185	155.75	70	108.94
20093	150	EMBAS 1,221,498	1,391,133	1.139	148.23	68	100.81
20094	150	EMBAS 1,224,493	1,306,215	1.067	145.19	65	94.65
20101	150	EMBAS 1,366,363	1,461,687	1.070	140.84	77	108.27
20102	150	EMBAS 1,285,667	1,447,594	1.126	149.23	71	106.05
20103	150	EMBAS 1,163,275	1,305,522	1.122	145.73	65	94.60

CITY	ADDR	ZIP	E	3	YR	AVG		
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			T	AVG.	%	--	-----	
YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5	
---	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR	
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AUSTIN		9505 STONELAKE	78759	EMBASSY	SUITES AUSTIN		98	1.090
20104	150	EMBAS 1,325,786	1,423,493	1.074	147.15	70	103.15	
20111	150	EMBAS 1,417,935	1,545,547	1.090	150.50	76	114.48	
20112	150	EMBAS 1,306,380	1,533,626	1.174	150.79	75	112.35	
		10100 N CAPITAL	78759	EXTENDED	STAY AMERICA #60		99	1.850
20063	104	EXTSA 282,367	374,827	1.327	49.12	80	39.18	
20064	104	EXTSA 223,733	338,281	1.512	45.08	78	35.36	
20071	104	EXTSA 325,231	412,745	1.269	55.08	80	44.10	
20072	104	EXTSA 339,089	448,387	1.322	60.22	79	47.38	
20073	104	EXTSA 335,784	435,848	1.298	59.02	77	45.55	
20074	104	EXTSA 262,664	357,903	1.363	50.98	73	37.41	
20081	104	EXTSA 300,174	400,828	1.335	54.02	79	42.82	
20082	104	EXTSA 293,889	428,954	1.460	63.34	72	45.32	
20083	104	EXTSA 267,770	385,219	1.439	61.16	66	40.26	
20084	104	EXTSA 245,704	344,194	1.360	57.36	63	35.97	
20091	104	EXTSA 206,924	291,617	1.523	53.40	58	31.16	
20092	104	EXTSA 182,469	332,896	1.824	55.36	64	35.17	
20093	104	EXTSA 142,887	306,368	2.144	52.89	61	32.02	
20094	104	EXTSA 156,162	257,701	1.650	49.46	54	26.93	
20101	104	EXTSA 170,352	299,474	1.758	45.10	71	32.00	
20102	104	EXTSA 202,686	327,797	1.617	45.87	76	34.64	
20103	102	EXTSA 177,140	306,996	1.733	45.53	72	32.71	
20104	102	EXTSA 143,788	302,177	2.102	45.98	70	32.20	
20111	102	EXTSA 202,587	367,826	1.816	48.09	83	40.07	
20112	102	EXTSA 186,555	346,259	1.856	48.68	77	37.30	
		12424 RESEARCH	78759	EXTENDED	STAY AMERICA FMR		98	1.900
20063	120	EXTSA 270,248	445,226	1.647	52.48	77	40.33	
20064	120	EXTSA 237,377	385,831	1.625	49.00	71	34.95	
20071	120	EXTSA 345,443	495,944	1.436	56.50	81	45.92	
20072	120	EXTSA 358,233	557,617	1.557	62.19	82	51.06	
20073	120	EXTSA 303,371	498,439	1.643	58.01	78	45.15	
20074	120	EXTSA 263,252	384,097	1.459	52.44	66	34.79	
20081	120	EXTSA 278,902	430,755	1.544	51.50	77	39.88	
20082	120	EXTSA 307,754	487,941	1.585	57.58	78	44.68	
20083	120	EXTSA 338,277	472,916	1.398	58.16	74	42.84	
20084	120	EXTSA 270,798	494,980	1.653	56.39	80	44.84	
20091	120	EXTSA 191,543	326,040	1.609	52.50	57	30.19	
20092	120	EXTSA 230,500	438,031	1.900	56.42	71	40.11	
20093	120	EXTSA 180,751	392,941	2.174	54.87	65	35.59	
20094	120	EXTSA 157,482	293,623	1.864	48.50	55	26.60	
20101	120	EXTSA 192,443	331,897	1.725	46.09	67	30.73	
20102	120	EXTSA 187,840	401,089	2.135	51.78	71	36.73	
20103	120	EXTSA 190,172	393,906	2.071	51.49	69	35.68	
20104	120	EXTSA 151,083	355,652	2.354	50.99	63	32.21	
20111	120	EXTSA 230,639	380,560	1.650	49.07	72	35.24	
20112	120	EXTSA 209,684	398,087	1.899	49.66	73	36.45	

CITY	ADDR	ZIP	E	3	YR	AVG			
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	#	TAXABLE	T	AVG.	%	--	-----		
YRQ	RMS	BRAND	REVENUE	GROSS	ADJ 1	DAILY	OCC	\$ 5	
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AUSTIN	11201	N MOPOC E	78759	FAIRFIELD	INN AND SUITES	02	1.080		
20063	134	FAIRF	708,875	755,750	1.066	85.81	71	61.30	
20064	134	FAIRF	649,523	691,988	1.065	76.94	73	56.13	
20071	134	FAIRF	854,076	924,729	1.083	91.54	84	76.68	
20072	134	FAIRF	907,485	1,000,834	1.103	104.38	79	82.08	
20073	134	FAIRF	808,918	878,485	1.086	98.37	72	71.26	
20074	134	FAIRF	740,374	825,880	1.115	90.72	74	66.99	
20081	134	FAIRF	798,216	881,596	1.104	93.31	78	73.10	
20082	134	FAIRF	899,925	984,570	1.094	107.49	75	80.74	
20083	134	FAIRF	613,547	652,746	1.064	108.56	49	52.95	
20084	134	FAIRF	646,173	695,429	1.076	98.18	57	56.41	
20091	134	FAIRF	690,031	740,120	1.073	91.40	67	61.37	
20092	134	FAIRF	621,478	696,023	1.120	89.72	64	57.08	
20093	134	FAIRF	510,294	549,142	1.076	80.58	55	44.54	
20094	134	FAIRF	511,511	547,564	1.070	78.25	57	44.42	
20101	134	FAIRF	593,177	685,913	1.156	74.37	76	56.88	
20102	134	FAIRF	659,913	714,224	1.082	86.24	68	58.57	
20103	134	FAIRF	579,586	626,790	1.081	87.10	58	50.84	
20104	134	FAIRF	557,121	590,345	1.060	85.33	56	47.89	
20111	134	FAIRF	763,795	827,877	1.084	91.50	75	68.65	
20112	134	FAIRF	761,387	832,899	1.094	93.68	73	68.30	
	3908	W BRAKER L	78759	HAMPTON INN	AUSTIN NORTHW	97	1.090		
20063	124	HAMPT	795,186	850,877	1.070	99.48	75	74.59	
20064	124	HAMPT	755,236	795,585	1.053	97.49	72	69.74	
20071	124	HAMPT	899,255	938,287	1.043	107.49	78	84.08	
20072	124	HAMPT	973,533	1,027,524	1.055	117.71	77	91.06	
20073	124	HAMPT	851,884	936,221	1.099	112.22	73	82.07	
20074	124	HAMPT	828,555	868,578	1.048	109.98	69	76.14	
20081	124	HAMPT	972,790	1,051,604	1.081	121.36	78	94.23	
20082	124	HAMPT	1,067,248	1,138,027	1.066	129.16	78	100.85	
20083	124	HAMPT	961,062	1,033,744	1.076	125.81	72	90.62	
20084	124	HAMPT	920,235	965,302	1.049	115.24	73	84.62	
20091	124	HAMPT	575,714	617,467	1.073	107.29	52	55.33	
20092	124	HAMPT	703,041	757,256	1.064	106.28	63	67.11	
20093	124	HAMPT	732,624	759,255	1.036	103.36	64	66.55	
20094	124	HAMPT	738,353	760,121	1.029	101.23	66	66.63	
20101	124	HAMPT	750,968	793,075	1.056	97.16	73	71.06	
20102	124	HAMPT	823,108	934,233	1.135	109.83	75	82.79	
20103	124	HAMPT	784,353	884,072	1.127	109.53	71	77.50	
20104	124	HAMPT	779,506	837,334	1.074	108.58	68	73.40	
20111	124	HAMPT	860,989	932,552	1.083	115.02	73	83.56	
20112	124	HAMPT	935,870	1,018,016	1.088	118.75	76	90.22	
	11617	RESEARCH	78759	HILTON GARDEN INN		02	1.020		
20063	138	HILTG	983,424	991,231	1.008	109.64	71	78.07	
20064	138	HILTG	861,191	892,637	1.037	103.53	68	70.31	

CITY	ADDR	ZIP	E	3	YR	AVG	
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YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5
---	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR
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AUSTIN		11617 RESEARCH	78759	HILTON GARDEN INN			02 1.020
20071	138	HILTG 1,074,075	1,092,061	1.017	107.53	82	87.93
20072	138	HILTG 1,117,068	1,147,678	1.027	120.82	76	91.39
20073	138	HILTG 1,077,391	1,083,855	1.006	119.09	72	85.37
20074	138	HILTG 932,273	943,899	1.012	112.79	66	74.35
20081	138	HILTG 1,148,037	1,167,404	1.017	118.64	79	93.99
20082	138	HILTG 1,213,795	1,237,158	1.019	125.23	79	98.52
20083	138	HILTG 1,079,522	1,142,408	1.058	126.48	71	89.98
20084	138	HILTG 948,597	1,011,951	1.067	117.79	68	79.71
20091	138	HILTG 973,728	1,009,507	1.037	109.66	74	81.28
20092	138	HILTG 977,916	1,000,038	1.023	112.70	71	79.63
20093	138	HILTG 855,036	878,836	1.028	106.73	65	69.22
20094	138	HILTG 838,083	847,392	1.011	104.55	64	66.74
20101	138	HILTG 948,604	979,059	1.032	105.07	75	78.83
20102	138	HILTG 960,807	979,460	1.019	109.46	71	77.99
20103	138	HILTG 905,125	920,514	1.017	110.56	66	72.50
20104	138	HILTG 853,077	868,189	1.018	111.08	62	68.38
20111	138	HILTG 907,438	924,699	1.019	105.81	70	74.45
20112	138	HILTG 882,323	908,585	1.030	106.01	68	72.35
		8901 BUSINESS P	78759	HOLIDAY INN NW PLAZA			84 1.110
20063	194	HOLID 1,003,677	1,136,981	1.133	88.57	72	63.70
20064	194	HOLID 867,553	979,181	1.129	86.80	63	54.86
20071	194	HOLID 1,097,999	1,196,084	1.089	87.50	78	68.50
20072	194	HOLID 1,194,422	1,325,708	1.110	97.15	77	75.09
20073	194	HOLID 1,124,537	1,242,613	1.105	95.21	73	69.62
20074	194	HOLID 1,036,643	1,135,153	1.095	90.37	70	63.60
20081	194	HOLID 1,111,752	1,307,646	1.176	99.57	75	74.89
20082	194	HOLID 1,185,458	1,379,479	1.164	111.72	70	78.14
20083	194	HOLID 1,003,141	1,188,095	1.184	118.70	56	66.57
20084	194	HOLID 863,801	986,106	1.142	104.42	53	55.25
20091	194	HOLID 848,329	1,037,295	1.223	96.40	62	59.41
20092	194	HOLID 904,063	1,076,378	1.191	100.50	61	60.97
20093	194	HOLID 827,709	937,859	1.133	93.87	56	52.55
20094	194	HOLID 762,361	890,801	1.168	91.68	54	49.91
20101	194	HOLID 911,399	1,075,086	1.180	87.13	71	61.57
20102	194	HOLID 905,024	1,063,745	1.175	86.69	70	60.26
20103	194	HOLID 817,370	1,033,199	1.264	89.57	65	57.89
20104	194	HOLID 905,704	1,020,268	1.126	90.45	63	57.16
20111	194	HOLID 1,112,613	1,218,588	1.095	89.77	78	69.79
20112	194	HOLID 969,587	1,161,075	1.197	90.17	73	65.77
		10925 STONELAKE	78759	HOMEWOOD SUITES NW			97 1.200
20063	97	HOMEW 610,085	844,912	1.385	122.50	77	94.68
20064	97	HOMEW 431,322	791,645	1.835	116.13	76	88.71
20071	97	HOMEW 732,156	960,222	1.311	126.53	87	109.99
20072	97	HOMEW 794,121	974,383	1.227	142.41	78	110.39
20073	97	HOMEW 700,173	901,823	1.288	129.76	78	101.06

CITY	ADDR	ZIP	E	3	YR	AVG		
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YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5	
---	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR	
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AUSTIN		10925 STONELAKE	78759	HOMEWOOD	SUITES NW		97	1.200
20074	97	HOMEW	690,389	821,320	1.190	127.16	72	92.03
20081	97	HOMEW	866,435	932,471	1.076	130.20	82	106.81
20082	97	HOMEW	861,380	956,315	1.110	147.42	73	108.34
20083	97	HOMEW	749,034	932,382	1.245	146.87	71	104.48
20084	97	HOMEW	366,138	1,076,069	2.939	143.38	84	120.58
20091	97	HOMEW	282,562	1,145,476	4.054	144.66	91	131.21
20092	97	HOMEW	500,955	858,010	1.713	139.76	70	97.20
20093	97	HOMEW	552,932	741,826	1.342	126.38	66	83.13
20094	97	HOMEW	582,813	709,416	1.217	123.79	64	79.50
20101	97	HOMEW	648,048	772,968	1.193	119.55	74	88.54
20102	97	HOMEW	490,031	673,763	1.375	118.96	64	76.33
20103	97	HOMEW	632,008	804,119	1.272	125.15	72	90.11
20104	97	HOMEW	693,683	819,715	1.182	129.81	71	91.86
20111	97	HOMEW	725,105	857,308	1.182	129.80	76	98.20
20112	97	HOMEW	721,922	906,869	1.256	132.75	77	102.74
		3612 TUDOR BLVD	78759	HYATT PLACE	ARBORETUM FMR		99	1.030
20063	128	AMSTE	502,953	637,159	1.267	82.81	65	54.11
20064	128	AMSTE	492,222	581,460	1.181	79.88	62	49.38
20071	128	AMSTE	594,283	729,333	1.227	85.50	74	63.31
20072	128	AMSTE	632,462	783,712	1.239	87.89	77	67.28
20073	128	AMSTE	494,547	626,591	1.267	81.92	65	53.21
20074	128	AMSTE	304,262	353,929	1.163	79.30	38	30.06
20081	128	HYATP	711,742	799,505	1.123	100.48	69	69.40
20082	128	HYATP	792,594	952,483	1.202	112.64	73	81.77
20083	128	HYATP	838,568	916,938	1.093	111.75	70	77.86
20084	128	HYATP	704,080	758,267	1.077	98.66	65	64.39
20091	128	HYATP	854,438	914,979	1.071	101.48	78	79.43
20092	128	HYATP	832,552	904,753	1.087	110.30	70	77.67
20093	128	HYATP	831,785	864,735	1.040	109.18	67	73.43
20094	128	HYATP	718,421	750,359	1.044	101.18	63	63.72
20101	128	HYATP	805,626	859,292	1.067	99.96	75	74.59
20102	127	HYATP	815,606	905,417	1.110	108.36	72	78.34
20103	127	HYATP	892,135	914,133	1.025	111.43	70	78.24
20104	127	HYATP	853,175	865,950	1.015	112.52	66	74.11
20111	127	HYATP	987,887	1,020,626	1.033	120.78	74	89.29
20112	127	HYATP	967,041	1,063,628	1.100	126.02	73	92.03
		10001 N CAPITAL	78759	HYATT SUMMERFIELD	FMR BRAD		99	1.150
20063	134	BRADF	618,019	777,790	1.259	81.52	77	63.09
20064	134	BRADF	576,486	720,013	1.249	79.89	73	58.40
20071	134	BRADF	640,407	806,288	1.259	86.59	77	66.86
20072	134	BRADF	704,549	930,104	1.320	104.43	73	76.28
20073	134	BRADF	520,024	759,435	1.460	102.34	60	61.60
20074	134	BRADF	304,406	419,404	1.378	80.69	42	34.02
20081	134	BRADF	520,809	608,443	1.168	84.16	60	50.45
20082	135	BRADF	747,019	950,163	1.140	120.38	64	77.34

CITY	ADDR	ZIP	E	3	YR	AVG	
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			T	AVG.	%	--	-----
YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5
---	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR
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AUSTIN		10001 N CAPITAL	78759	HYATT SUMMERFIELD	FMR BRAD	99	1.150
20083	135	BRADF	754,317	974,762	1.292	121.58	65 78.48
20084	135	HYATS	712,086	951,358	1.336	117.89	65 76.60
20091	135	HYATS	585,681	848,741	1.449	109.76	64 69.86
20092	135	HYATS	603,119	864,287	1.433	112.70	62 70.35
20093	135	HYATS	541,257	816,661	1.509	113.52	58 65.75
20094	135	HYATS	616,209	694,020	1.126	115.21	48 55.88
20101	135	HYATS	649,460	828,682	1.276	126.84	54 68.20
20102	135	HYATS	694,119	889,635	1.282	120.29	60 72.42
20103	130	HYATS	655,014	870,010	1.328	115.50	63 72.74
20104	130	HYATS	693,529	825,512	1.190	113.60	61 69.02
20111	130	HYATS	724,461	837,609	1.156	108.25	66 71.59
20112	130	HYATS	796,472	916,391	1.151	110.46	70 77.46
		11901 N MOPAC E	78759	LA QUINTA INN N MOPAC		96	1.080
20063	149	LAQUN	819,923	879,573	1.073	88.72	72 64.16
20064	149	LAQUN	728,541	776,322	1.082	86.95	65 56.63
20071	149	LAQUN	890,131	937,944	1.054	87.55	80 69.94
20072	149	LAQUN	973,288	1,037,567	1.066	98.23	78 76.52
20073	149	LAQUN	833,892	948,969	1.138	96.27	72 69.23
20074	149	LAQUN	728,758	793,409	1.089	91.40	63 57.88
20081	149	LAQUN	873,914	945,723	1.082	92.87	76 70.52
20082	149	LAQUN	949,274	1,032,316	1.087	99.96	76 76.14
20083	149	LAQUN	847,666	944,744	1.115	98.53	70 68.92
20084	149	LAQUN	703,059	775,023	1.102	89.72	63 56.54
20091	149	LAQUN	625,041	669,050	1.070	81.93	61 49.89
20092	149	LAQUN	657,049	721,992	1.099	83.30	64 53.25
20093	149	LAQUN	585,220	616,165	1.053	79.59	56 44.95
20094	149	LAQUN	504,498	558,048	1.106	75.36	54 40.71
20101	149	LAQUN	514,637	595,095	1.156	71.63	62 44.38
20102	149	LAQUN	537,665	624,770	1.162	70.58	65 46.08
20103	149	LAQUN	566,959	603,207	1.064	70.65	62 44.00
20104	149	LAQUN	524,138	555,497	1.060	72.35	56 40.52
20111	149	LAQUN	688,210	737,622	1.072	73.09	75 55.01
20112	149	LAQUN	663,344	722,132	1.089	76.23	70 53.26
		9721 ARBORETUM	78759	RENAISSANCE AUSTIN HOTEL		86	1.120
20063	478	RENAS	5,048,231	5,660,624	1.121	181.54	71 128.72
20064	478	RENAS	3,883,476	4,404,394	1.134	157.33	64 100.15
20071	478	RENAS	4,759,652	5,304,219	1.114	165.33	75 123.30
20072	478	RENAS	5,281,065	5,753,361	1.089	190.52	69 132.27
20073	478	RENAS	6,068,583	6,505,521	1.072	198.47	75 147.93
20074	478	RENAS	4,170,665	4,372,172	1.048	167.06	60 99.42
20081	478	RENAS	4,596,835	4,975,103	1.082	170.47	68 115.65
20082	492	RENAS	4,451,825	4,992,371	1.121	170.47	65 111.51
20083	492	RENAS	5,664,841	6,318,944	1.115	194.48	72 139.60
20084	492	RENAS	4,139,398	4,465,700	1.079	173.21	57 98.66
20091	492	RENAS	3,903,239	4,222,178	1.082	153.81	62 95.35

CITY	ADDR	ZIP	E S T	3	YR	AVG		
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YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5	
---	---	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR	
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AUSTIN	9721	ARBORETUM	78759	RENAISSANCE	AUSTIN	HOTEL	86	1.120
20092	492	RENAS	3,610,498	4,048,894	1.121	153.81	59	90.43
20093	492	RENAS	3,840,407	4,455,687	1.160	145.39	68	98.44
20094	492	RENAS	3,065,243	3,308,204	1.079	141.57	52	73.09
20101	492	RENAS	3,443,760	3,928,426	1.141	134.55	66	88.72
20102	492	RENAS	3,379,777	3,852,025	1.140	136.48	63	86.04
20103	492	RENAS	4,383,975	4,941,585	1.127	148.55	73	109.17
20104	492	RENAS	3,281,844	3,469,662	1.057	144.96	53	76.65
20111	492	RENAS	4,035,417	4,441,922	1.101	140.61	71	100.31
20112	492	RENAS	3,227,880	3,700,508	1.146	137.77	60	82.65
	3713	TUDOR BLVD	78759	RESIDENCE	INN NW		96	1.250
20063	84	RESID	646,340	791,578	1.225	119.46	86	102.43
20064	84	RESID	583,171	730,132	1.252	117.07	81	94.48
20071	84	RESID	750,249	837,009	1.116	123.79	89	110.72
20072	84	RESID	61,757	710,924	1.133	134.45	69	93.00
20073	84	RESID	734,145	847,937	1.155	131.76	83	109.72
20074	84	RESID	689,156	778,281	1.129	129.12	78	100.71
20081	84	RESID	694,161	834,929	1.203	142.54	77	110.44
20082	84	RESID	740,850	847,795	1.144	142.54	78	110.91
20083	84	RESID	551,190	812,274	1.474	143.97	73	105.11
20084	84	RESID	460,887	866,041	1.879	139.59	80	112.07
20091	84	RESID	417,326	785,676	1.883	129.96	80	103.93
20092	84	RESID	508,873	679,367	1.335	127.40	70	88.88
20093	84	RESID	450,356	563,154	1.250	111.51	65	72.87
20094	84	RESID	435,702	524,622	1.204	107.30	63	67.89
20101	84	RESID	556,927	625,949	1.124	109.58	76	82.80
20102	84	RESID	549,526	652,832	1.188	120.76	71	85.40
20103	84	RESID	584,724	695,729	1.190	126.57	71	90.03
20104	84	RESID	588,577	633,792	1.077	123.77	66	82.01
20111	84	RESID	632,091	762,445	1.206	120.06	84	100.85
20112	84	RESID	544,479	719,222	1.321	120.29	78	94.09
	10936	STONELAKE	78759	SPRINGHILL	SUITES MARRIOTT		00	1.090
20063	99	SPRNG	592,026	631,213	1.066	99.14	70	69.30
20064	99	SPRNG	569,665	604,481	1.061	93.24	71	66.37
20071	99	SPRNG	727,248	792,926	1.090	100.24	89	88.99
20072	99	SPRNG	777,651	851,653	1.095	118.47	80	94.53
20073	99	SPRNG	735,363	765,513	1.041	116.10	72	84.05
20074	99	SPRNG	732,248	748,472	1.022	113.78	72	82.18
20081	99	SPRNG	779,033	831,057	1.067	116.47	80	93.27
20082	99	SPRNG	823,709	886,976	1.077	124.58	79	98.45
20083	99	SPRNG	727,707	796,964	1.095	121.79	72	87.50
20084	99	SPRNG	626,908	680,325	1.085	112.27	67	74.70
20091	99	SPRNG	622,813	699,274	1.123	104.53	75	78.48
20092	99	SPRNG	611,008	665,600	1.089	104.53	71	73.88
20093	99	SPRNG	563,159	584,308	1.038	101.65	63	64.15
20094	99	SPRNG	516,611	542,622	1.050	94.77	63	59.58

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---	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR		
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AUSTIN	10936	STONELAKE	78759	SPRINGHILL	SUITES	MARRIOTT	00	1.090	
20101	99	SPRNG	605,920	656,444	1.083	93.68	79	73.67	
20102	99	SPRNG	573,546	643,506	1.122	97.06	74	71.43	
20103	99	SPRNG	603,928	653,834	1.083	103.53	69	71.79	
20104	99	SPRNG	575,955	612,211	1.063	100.50	67	67.22	
20111	99	SPRNG	660,145	705,244	1.068	104.28	76	79.15	
20112	99	SPRNG	663,262	729,944	1.101	109.49	74	81.02	
	10201	STONELAKE	78759	STAYBRIDGE	AUSTIN	NW	00	1.260	
20063	121	STAYB	764,784	1,010,905	1.322	120.16	76	90.81	
20064	121	STAYB	709,067	910,009	1.283	109.92	74	81.75	
20071	121	STAYB	805,230	1,039,546	1.291	119.92	80	95.46	
20072	121	STAYB	815,112	1,114,921	1.368	129.45	78	101.26	
20073	121	STAYB	860,271	1,080,500	1.256	130.78	74	97.06	
20074	121	STAYB	906,362	1,029,411	1.136	125.03	74	92.47	
20081	121	STAYB	776,031	1,118,861	1.442	123.30	83	102.74	
20082	121	STAYB	815,624	1,150,969	1.411	131.69	79	104.53	
20083	121	STAYB	694,301	1,127,345	1.624	135.03	75	101.27	
20084	121	STAYB	643,058	1,120,483	1.742	130.93	77	100.65	
20091	121	STAYB	670,860	1,107,316	1.651	126.55	80	101.68	
20092	121	STAYB	780,594	1,060,268	1.358	126.55	76	96.29	
20093	121	STAYB	706,140	875,508	1.240	119.26	66	78.65	
20094	121	STAYB	727,585	964,391	1.325	121.42	71	86.63	
20101	121	STAYB	743,573	950,572	1.278	115.39	76	87.29	
20102	121	STAYB	744,109	1,000,134	1.344	124.12	73	90.83	
20103	121	STAYB	668,435	998,955	1.494	128.56	70	89.74	
20104	121	STAYB	708,143	950,590	1.342	128.81	66	85.39	
20111	121	STAYB	809,216	1,023,662	1.265	122.04	77	94.00	
20112	121	STAYB	768,350	979,800	1.275	124.28	72	88.98	
	11901	PAVILION	78759	STUDIO 6	#6032	FMR	HOMESTE	96	2.200
20063	133	STUD6	177,957	317,850	1.786	37.77	69	25.98	
20064	133	STUD6	199,231	318,708	1.600	36.52	71	26.05	
20071	133	STUD6	230,700	368,695	1.598	37.52	82	30.80	
20072	133	STUD6	181,061	370,799	2.048	42.68	72	30.64	
20073	133	STUD6	200,925	361,665	1.800	40.67	73	29.56	
20074	133	STUD6	208,491	377,072	1.809	39.86	77	30.82	
20081	133	STUD6	221,614	380,980	1.719	39.54	80	31.83	
20082	133	STUD6	200,602	392,300	1.956	42.20	77	32.41	
20083	133	STUD6	188,021	373,706	1.988	42.62	72	30.54	
20084	133	STUD6	193,802	326,994	1.687	39.39	68	26.72	
20091	133	STUD6	216,283	337,856	1.562	36.67	77	28.23	
20092	133	STUD6	232,057	371,052	1.599	39.61	77	30.66	
20093	133	STUD6	188,784	296,196	1.569	38.62	63	24.21	
20094	133	STUD6	152,186	246,032	1.617	36.87	55	20.11	
20101	133	STUD6	158,179	238,107	1.505	33.81	59	19.89	
20102	133	STUD6	179,235	293,852	1.639	36.01	67	24.28	
20103	133	STUD6	148,104	301,107	2.033	36.57	67	24.61	

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AUSTIN		11901 PAVILLION	78759	STUDIO 6	#6032	FMR	HOMESTE	96	2.200
20104	133	STUD6	130,031	317,332	2.440	37.43	69	25.93	
20111	133	STUD6	142,401	316,664	2.224	35.43	75	26.45	
20112	133	STUD6	132,854	328,922	2.476	36.60	74	27.18	
		10024 N CAPITAL	78759	TOWNP	SUITES N	CAP	HWY	01	1.300
20063	130	TOWNP	360,025	561,798	1.560	68.60	68	46.97	
20064	130	TOWNP	214,244	386,564	1.804	69.19	47	32.32	
20071	130	TOWNP	354,284	461,187	1.302	68.59	57	39.42	
20072	130	TOWNP	286,861	460,686	1.606	70.51	55	38.94	
20073	158	TOWNP	644,053	1,007,162	1.670	94.90	73	69.29	
20074	119	TOWNP	552,927	646,808	1.536	76.70	77	59.08	
20081	121	TOWNP	648,014	722,360	1.115	75.50	88	66.33	
20082	119	TOWNP	527,399	624,905	1.185	77.52	74	57.71	
20083	158	TOWNP	709,329	916,682	1.292	90.42	70	63.06	
20084	118	TOWNP	490,024	781,912	1.596	88.86	81	72.03	
20091	121	TOWNP	442,549	629,056	1.421	82.73	70	57.76	
20092	119	TOWNP	514,954	622,755	1.209	82.73	70	57.51	
20093	158	TOWNP	618,606	690,730	1.117	77.69	61	47.52	
20094	118	TOWNP	372,454	400,129	1.074	73.41	50	36.86	
20101	119	TOWNP	478,544	632,367	1.321	77.60	76	59.04	
20102	119	TOWNP	521,587	598,568	1.148	77.21	72	55.27	
20103	158	TOWNP	613,294	781,434	1.274	79.99	67	53.76	
20104	158	TOWNP	417,980	515,188	1.233	74.31	48	35.44	
20111	121	TOWNP	489,061	733,836	1.500	81.00	83	67.39	
20112	119	TOWNP	520,715	656,375	1.261	81.15	75	60.61	
CEDAR PARK		425 E WHITESTON	78613	BEST WESTERN	CEDAR	INN		99	1.015
20063	40	BWEST	183,118	185,865	.000	72.10	70	50.51	
20064	40	BWEST	179,221	181,909	.000	68.70	72	49.43	
20071	40	BWEST	176,737	179,388	.000	70.25	71	49.83	
20072	40	BWEST	189,735	192,581	.000	80.75	65	52.91	
20073	40	BWEST	198,550	201,528	.000	77.18	71	54.76	
20074	40	BWEST	181,322	184,042	.000	72.70	69	50.01	
20081	40	BWEST	133,351	135,351	.000	68.75	55	37.60	
20082	40	BWEST	186,139	188,931	.000	81.92	63	51.90	
20083	40	BWEST	181,639	184,364	.000	78.30	64	50.10	
20084	40	BWEST	140,490	142,597	.000	71.32	54	38.75	
20091	40	BWEST	114,194	115,907	.000	63.60	51	32.20	
20092	40	BWEST	168,214	170,737	.000	73.40	64	46.91	
20093	40	BWEST	138,002	140,072	.000	69.11	55	38.06	
20094	40	BWEST	124,224	126,087	.000	64.80	53	34.26	
20101	40	BWEST	105,985	107,575	.000	59.40	50	29.88	
20102	40	BWEST	116,296	118,040	.000	59.10	55	32.43	
20103	40	BWEST	111,849	119,757	1.071	59.70	54	32.54	
20104	40	BWEST	92,471	93,858	.000	60.08	42	25.50	
20111	40	BWEST	104,621	105,834	1.012	58.28	50	29.40	
20112	40	BWEST	121,913	123,249	1.011	58.39	58	33.86	

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YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5
---	----	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR
	BRAND						
CEDAR PARK	1100	COTTONWOOD	78613	CANDLEWOOD	SUITES	10	1.160
20101	45	CANDL	104,904	122,831	1.171	64.35	47 30.33
20102	80	CANDL	242,106	293,737	1.213	64.03	63 40.35
20103	80	CANDL	195,353	245,310	1.256	60.68	55 33.33
20104	80	CANDL	261,651	300,767	1.149	64.20	64 40.87
20111	80	CANDL	286,960	324,707	1.132	62.27	72 45.10
20112	80	CANDL	260,562	333,521	1.280	64.40	71 45.81
	300 E	WHITESTON	78613	COMFORT	INN	CEDAR PARK	98 1.060
20063	58	COMFO	244,473	260,117	1.064	70.08	70 48.75
20064	58	COMFO	295,392	301,426	1.020	73.58	77 56.49
20071	58	COMFO	269,307	286,627	1.064	71.50	77 54.91
20072	58	COMFO	345,986	354,307	1.024	83.78	80 67.13
20073	58	COMFO	341,231	368,871	1.081	85.83	81 69.13
20074	58	COMFO	301,154	311,170	1.033	79.90	73 58.32
20081	58	COMFO	299,523	307,652	1.027	78.48	75 58.94
20082	58	COMFO	355,725	360,712	1.014	94.79	72 68.34
20083	58	COMFO	316,298	351,144	1.110	94.43	70 65.81
20084	58	COMFO	284,335	295,630	1.040	75.74	73 55.40
20091	58	COMFO	207,237	220,258	1.063	68.65	61 42.20
20092	58	COMFO	271,034	284,932	1.051	78.45	69 53.98
20093	58	COMFO	243,856	249,874	1.025	76.29	61 46.83
20094	58	COMFO	197,380	202,333	1.025	71.49	53 37.92
20101	58	COMFO	152,869	160,123	1.047	62.24	49 30.67
20102	58	COMFO	191,600	195,702	1.021	61.93	60 37.08
20103	58	COMFO	160,758	172,612	1.074	61.56	53 32.35
20104	58	COMFO	144,147	146,932	1.019	58.12	47 27.54
20111	58	COMFO	163,271	173,336	1.062	56.38	59 33.21
20112	58	COMFO	182,475	193,296	1.059	61.50	60 36.62
	1605 E	WHITESTO	78613	HOLIDAY	EXPRESS	02	1.040
20063	62	HIEXP	384,429	392,744	1.022	88.70	78 68.85
20064	62	HIEXP	361,608	377,576	1.044	88.89	74 66.19
20071	62	HIEXP	384,474	395,912	1.030	89.59	79 70.95
20072	62	HIEXP	434,206	443,073	1.020	101.35	77 78.53
20073	62	HIEXP	460,980	466,512	1.012	111.28	73 81.79
20074	62	HIEXP	448,085	455,312	1.016	106.11	75 79.82
20081	62	HIEXP	436,613	453,161	1.038	104.23	78 81.21
20082	62	HIEXP	495,732	509,133	1.027	117.40	77 90.24
20083	62	HIEXP	476,457	505,536	1.061	124.63	71 88.63
20084	62	HIEXP	445,233	455,440	1.023	116.96	68 79.85
20091	62	HIEXP	422,170	444,169	1.052	107.03	74 79.60
20092	62	HIEXP	461,352	478,354	1.037	116.83	73 84.78
20093	62	HIEXP	463,642	491,350	1.060	118.38	73 86.14
20094	62	HIEXP	398,229	421,070	1.057	111.16	66 73.82
20101	62	HIEXP	328,146	350,377	1.068	99.94	63 62.79
20102	62	HIEXP	347,064	362,523	1.045	95.51	67 64.25

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----	----	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR	
CEDAR PARK	1605 E	WHITESTO	78613	HOLIDAY EXPRESS			02	1.040
20103	62	HIEXP	333,495	340,984	1.022	93.56	64	59.78
20104	62	HIEXP	314,949	324,602	1.031	93.47	61	56.91
20111	62	HIEXP	317,898	332,207	1.045	89.89	66	59.54
20112	62	HIEXP	380,976	393,245	1.032	97.78	71	69.70
	1010 E	WHITESTO	78613	LA QUINTA INN & SUITES			09	1.040
20101	75	LAQUN	255,826	268,918	1.051	87.71	45	39.84
20102	75	LAQUN	342,254	376,397	1.100	84.32	65	55.15
20103	75	LAQUN	302,092	329,891	1.092	78.16	61	47.81
20104	75	LAQUN	324,863	330,089	1.016	73.80	65	47.84
20111	75	LAQUN	320,122	333,132	1.041	74.56	66	49.35
20112	75	LAQUN	367,884	381,596	1.037	78.71	71	55.91
	800	ARROW POINT	78613	MOTEL 6 CEDAR PARK, TX #4			10	1.060
20104	50	MTL 6	95,089	97,993	1.031	55.54	38	21.30
20111	50	MTL 6	138,842	143,303	1.032	52.90	60	31.85
20112	50	MTL 6	201,341	220,747	1.096	62.62	77	48.52

ENDNOTES: 1. FACTOR USED TO ADJUST TAXABLE TO GROSS REVENUES. AREA FACTOR USED IF PROPERTY DOES NOT PROVIDE GROSS. TAXABLE IS 89% OF GROSS STATEWIDE. 2. A NUMBER OR A 'Y' INDICATES QUARTERS REVENUES ARE ESTIMATED. 3. ESTIMATED AVERAGE DAILY RATE (IE 60-85% OF RACK SINGLE) 4. Occupancy derived from calculated roomnights sold (gross room revenues divided by Average Daily Rate), divided by roomnights available. 5. Total REVENUES Per Available Room per day, or 'REVPAR'; Prepared from State Comptroller, chain directories and private records. Includes all quarterly reports exceeding \$14,000 (otherwise omitted).

EXHIBIT IV

PERIOD: TWELVE MONTHS ENDING JUNE 30, 2011
HOTEL MARKET: TEXAS EXCLUDING NON-METROS, UNBRANDED HOTELS,
& PRODUCTS UNDER \$30

BRAND	#* HTL	* RMS 000S	% RMS	EST. RNS 000S	% RNS	\$ AMT. 000S	% AMT	EST. %OCC	\$ EST. RATE	\$ RPAR
CHAINS										
FOURSEAS	3	1.1	.4	272	.5	67,547	1.2	66.1	248.70	164.35
GAYLORD	1	1.5	.6	374	.6	71,937	1.3	67.8	192.42	130.43
RITZ CARL	1	.2	.1	56	.1	15,099	.3	70.2	270.14	189.76
W HOTEL	2	.4	.1	91	.2	22,379	.4	65.2	247.21	161.24
WESTIN	10	4.5	1.6	1,000	1.7	156,601	2.9	61.1	156.54	95.69
ZA ZA	2	.5	.2	119	.2	25,513	.5	69.4	215.12	149.36
TOT LUXURY	19	8.2	3.0	1,911	3.2	359,076	6.6	63.9	187.92	120.17
HILTON	26	10.5	3.8	2,341	3.9	335,950	6.1	61.2	143.51	87.78
HYATT	11	6.7	2.4	1,524	2.5	244,897	4.5	62.5	160.69	100.46
INT-C	3	1.2	.4	268	.4	36,969	.7	61.1	137.75	84.19
MARRIOTT	25	10.4	3.8	2,396	4.0	348,370	6.4	63.0	145.42	91.56
OMNI	11	4.3	1.6	1,010	1.7	145,228	2.7	64.0	143.84	92.06
RENAISSAN	6	2.4	.9	527	.9	74,704	1.4	60.2	141.62	85.31
TOT UPSCALE	82	35.5	12.9	8,066	13.5	1,186,118	21.7	62.2	147.05	91.51
EMBASSY	22	5.0	1.8	1,214	2.0	169,565	3.1	67.2	139.68	93.84
HOMEWOOD	42	4.2	1.5	1,048	1.7	119,646	2.2	68.1	114.20	77.80
RESIDENCE	57	6.5	2.4	1,624	2.7	186,209	3.4	68.5	114.68	78.50
STAYBRIDG	26	2.7	1.0	661	1.1	67,044	1.2	65.9	101.42	66.84
SUMMERFLD	8	1.1	.4	265	.4	28,110	.5	66.1	105.91	70.01
OTH SUITE	16	3.3	1.2	802	1.3	106,347	1.9	65.7	132.59	87.13
TOT SUITES	171	22.9	8.3	5,614	9.4	676,920	12.4	67.3	120.58	81.15
ALOFT	7	1.0	.4	230	.4	27,656	.5	64.5	120.15	77.53
COURTYARD	71	9.6	3.5	2,181	3.6	227,171	4.2	62.2	104.18	64.78
CROWNPLZA	15	5.0	1.8	1,047	1.7	97,051	1.8	57.6	92.67	53.34
DOUBLTREE	10	2.9	1.0	655	1.1	72,143	1.3	62.6	110.15	68.96
HILT GARD	39	5.4	2.0	1,249	2.1	142,884	2.6	63.0	114.44	72.10
HOLID INN	53	10.0	3.7	2,060	3.4	177,355	3.2	56.2	86.11	48.44
HYATT PLC	21	2.6	.9	595	1.0	62,930	1.2	62.8	105.78	66.43
INDIGO	4	.5	.2	111	.2	11,955	.2	56.1	107.68	60.43
RADIS HTL	11	2.4	.9	484	.8	41,859	.8	54.3	86.42	46.88
SHERATON	12	5.1	1.9	1,122	1.9	126,917	2.3	59.8	113.08	67.63
WYNDHAM	8	1.9	.7	408	.7	40,098	.7	59.7	98.35	58.75
OTHER MUP	6	1.0	.4	229	.4	22,432	.4	64.5	97.83	63.10
TOT MID/UPS	257	47.5	17.3	10,371	17.3	1,050,452	19.2	59.9	101.29	60.63
CAMBRIA S	1	.1	.0	18	.0	1,572	.0	51.9	87.49	45.37
CANDLWOOD	47	4.5	1.6	1,022	1.7	67,422	1.2	62.1	65.98	40.99
COMFO STE	99	6.8	2.5	1,391	2.3	104,777	1.9	56.1	75.31	42.24
HAWTHORN	16	1.5	.5	318	.5	23,472	.4	58.3	73.88	43.07
SPRNGHILL	29	3.4	1.2	770	1.3	71,395	1.3	62.2	92.78	57.66
TOWNPLACE	24	2.6	.9	600	1.0	50,791	.9	63.8	84.65	54.04
OTHER MIN	12	1.1	.4	240	.4	17,184	.3	60.7	71.51	43.43
TOT MIN STE	228	19.9	7.3	4,359	7.3	336,612	6.2	59.9	77.23	46.25

PERIOD: TWELVE MONTHS ENDING JUNE 30, 2011
HOTEL MARKET: TEXAS EXCLUDING NON-METROS, UNBRANDED HOTELS,
& PRODUCTS UNDER \$30

BRAND	# *		EST.		\$		EST.		\$	
	HTL	RMS	%	RNS	%	AMT.	%	EST.	\$	RPAR
	000S		000S		000S		%OCC	RATE		
CHAINS										
BEST WEST	145	9.7	3.5	1,961	3.3	133,573	2.4	55.5	68.10	37.80
CNTRY INN	19	1.3	.5	272	.5	19,039	.3	58.1	70.07	40.69
COMFO INN	57	4.1	1.5	796	1.3	51,215	.9	53.3	64.36	34.28
DRURY INN	19	3.0	1.1	689	1.2	63,112	1.2	62.7	91.57	57.46
FAIRFIELD	57	4.9	1.8	1,089	1.8	90,099	1.6	61.3	82.73	50.74
HAMPTON	121	11.0	4.0	2,542	4.2	251,504	4.6	63.5	98.93	62.85
HOLID EXP	149	12.3	4.5	2,758	4.6	257,132	4.7	61.6	93.22	57.39
LA QUINTA	184	18.6	6.8	3,940	6.6	279,635	5.1	58.1	70.97	41.26
SLEEP INN	29	1.9	.7	377	.6	23,096	.4	53.9	61.27	33.03
WINGATE	11	1.0	.4	219	.4	16,530	.3	59.3	75.64	44.88
TOT LTD SVE	791	67.7	24.7	14,644	24.4	1,184,935	21.7	59.3	80.92	47.98
BUDG STES	10	3.5	1.3	876	1.5	30,316	.6	68.5	34.61	23.72
EXT AMERI	42	4.5	1.6	1,093	1.8	52,242	1.0	66.4	47.82	31.75
HOMESTEAD	14	1.9	.7	465	.8	20,163	.4	68.4	43.34	29.65
INTOWN ST	24	3.1	1.1	765	1.3	25,302	.5	67.3	33.08	22.25
STUDIO +	6	.6	.2	130	.2	5,853	.1	64.0	44.89	28.74
STUDIO 6	25	2.9	1.0	672	1.1	26,728	.5	64.0	39.79	25.47
VALUE PLC	17	2.0	.7	522	.9	18,249	.3	70.7	34.97	24.72
OTHER EXT	20	2.4	.9	513	.9	20,016	.4	58.6	38.99	22.86
TOT EXT STA	159	20.8	7.6	5,036	8.4	198,868	3.6	66.2	39.49	26.14
BAYMONT	25	2.1	.8	372	.6	19,382	.4	48.0	52.13	25.04
BEST VALU	60	3.8	1.4	681	1.1	27,562	.5	49.4	40.49	20.01
BUDGETEL	1	.1	.0	11	.0	545	.0	30.0	49.70	14.93
CLARION	7	.9	.3	162	.3	8,256	.2	49.5	51.04	25.26
DAYS INN	96	6.5	2.4	1,229	2.1	60,410	1.1	51.5	49.15	25.31
ECONOLODG	30	1.8	.7	309	.5	14,385	.3	46.9	46.48	21.78
HO JO	29	2.3	.8	394	.7	19,500	.4	46.7	49.51	23.11
MICROTEL	22	1.4	.5	265	.4	13,358	.2	52.7	50.44	26.60
MOTEL 6	90	8.9	3.2	2,028	3.4	83,352	1.5	62.5	41.10	25.70
QUALITY	56	4.6	1.7	839	1.4	46,911	.9	50.4	55.92	28.21
RAMADA	28	2.7	1.0	474	.8	23,936	.4	48.0	50.51	24.27
RED ROOF	26	3.1	1.1	602	1.0	27,048	.5	52.6	44.90	23.59
RODEWAY	22	1.3	.5	214	.4	9,137	.2	46.3	42.70	19.75
SUPER 8	128	7.5	2.7	1,434	2.4	72,297	1.3	52.6	50.43	26.50
TRAVELODG	19	1.5	.5	268	.4	12,867	.2	48.7	48.10	23.44
OTHER BUD	58	2.7	1.0	488	.8	21,188	.4	49.1	43.39	21.31
TOT BUDGET	696	51.2	18.6	9,769	16.3	460,135	8.4	52.3	47.10	24.63
TOT MARKET	2,408	274.4	100.0	59,931	100.0	5,466,521	100	59.8	91.21	54.57

* All figures annualized. Includes taxed and est non-tax room revenues.
Independents are categorized by price: \$100+, \$60-99.99, and under \$60)

EXHIBIT V

A STUDY OF THE EFFECT OF HOTEL SIZE ON PERFORMANCE
IN THE TEXAS HOTEL INDUSTRY
THE CASE FOR DOWNSIZING NEW HOTELS

11/30/99

By Douglas W. Sutton and Bruce H. Walker

Source Strategies has long contended that the number of rooms a developer offers in a new property is one of the key factors in determining a venture's relative success or failure. It is every bit as important to size a hotel project properly as it is to select the appropriate brand, and to develop in a suitable market and location. We have previously conducted extensive studies of the lodging market that support our hotel sizing contention, and we have taken this opportunity to re-examine the issue using our extensive database of hotel and motel performance for the State of Texas.

Before delving into the numbers that define the role of room count in a hotel's performance, we should first highlight the basic industry theory of 'right-sizing' a property. The premise offered by many inexperienced developers is "If I can make a profit constructing a 50 room hotel in a given market, it would be twice as profitable to develop 100 rooms." In virtually all cases nothing could be farther from the truth. At some point adding rooms to a project reaches a point of diminishing returns, and the investment in the additional rooms cannot be economically justified.

To illustrate this point, mentally divide our hypothetical 100 room project into two 50 room hotels. The initial 50 rooms may perform very well, with occupancies over 70% and a very strong rate structure. However, the second 50 rooms are only utilized when there is overflow from the first hotel because its rooms are 100% occupied. Effectively, the second 50 rooms may only attain an occupancy of 30% or less. This low level of occupancy may prompt the general manager to lower rates to bolster occupancy, but this is a losing battle. Ultimately, overbuilding causes REVPAR erosion in the property, and in the market as a whole.

Today's developers and lenders would not seriously consider involvement in a 50 room project operating at this low level, but often times they accomplish the same end by pushing for more rooms in a project than the market can effectively support. If we now mentally put these two 50 room properties back together (one operating at 70%, the other at 30% occupancy), what we end up with is an oversized 100 room hotel that is running a mediocre 50% occupancy.

Over-sizing a hotel makes it difficult, if not impossible, to be competitive in a marketplace. There are a finite number of roomnights sold to be divided among existing hotels in the market, and developing a more conservatively sized property helps insure that a profitable level of those roomnights can be captured. Building a hotel is not the 'Field of Dreams'.... If you build it - they won't come.... With the exception of destination resorts and some unique convention hotels, people do not go someplace because there is a hotel. Rather, they stay in a hotel because they want to be near someplace.

Builders who construct too many rooms usually put themselves in unenviable financial situations. Many hotels which we see put up for sale were developed with far too many rooms. The owners, having had difficulty getting a return on their investment, are often trying to get out from under a bad investment. There are even drastic cases of properties bulldozing entire wings to provide additional parking, because those extra rooms are a financial burden, remaining unsold the vast majority of the time.

Now that we've outlined the basic economic benefits of 'building small', let's look into hotel performance numbers and see if they support this development principle. We analyzed two separate hotel samplings: First we will look at Comfort Inns across Texas as a selected brand sampling. Then we will look at all branded hotels built during a given period of time for a more diverse sampling.

COMFORT INN - ANALYSIS OF SIZING AND ITS IMPACT ON PERFORMANCE

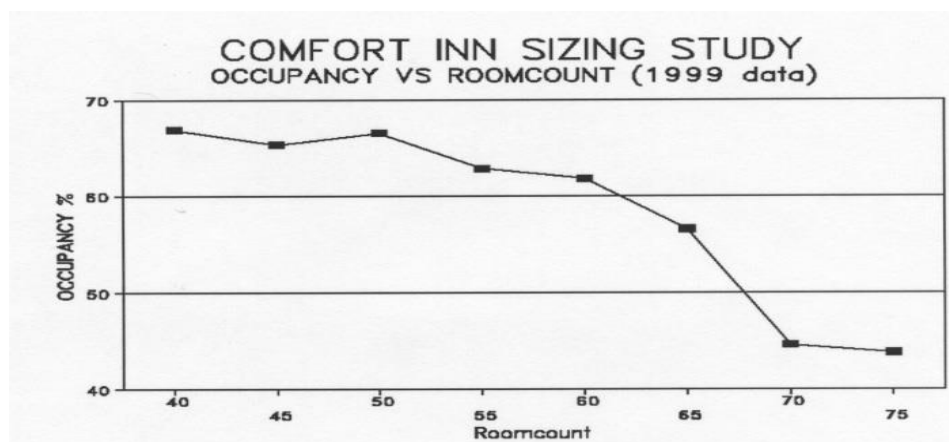
In our initial analysis, we selected a sampling of Texas Comfort Inn branded properties ranging in size from 36 to 75 rooms; they are all 'Limited Service' hotels. We excluded those properties located in exclusive, higher priced markets, since they would naturally support larger room counts while maintaining strong performance levels and would distort the findings. The resulting sample included 55 Comfort Inn hotels located across Texas.

The following chart of performance statistics from the latest year on file (12 months ending September 30, 1999) clearly illustrates the consistent curve, showing marked declines in performance as room count increases. This decline was exhibited in all three measures shown, Occupancy, Average Daily Rate, and REVPAR:

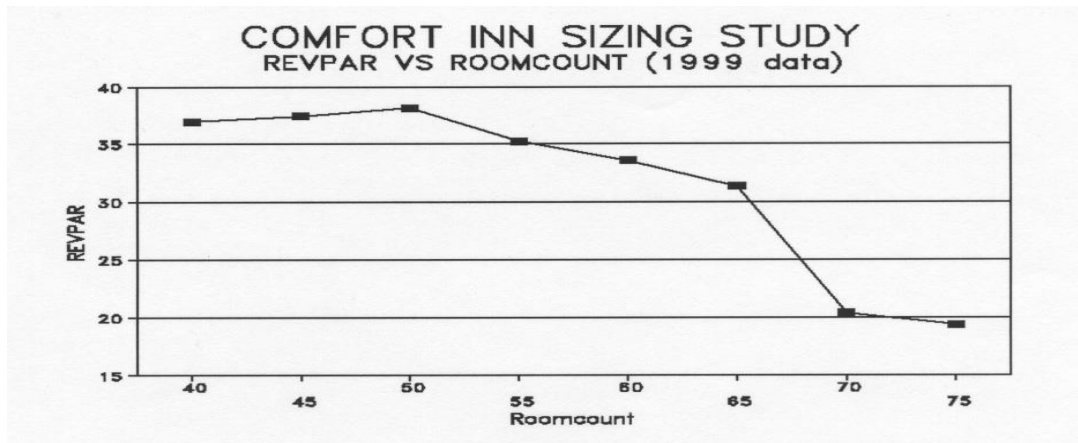
Year Ending 6/30/99 Results

# of Units	Occupancy	Average Daily Rate	REVPAR
36-40	66.9	55.25	36.95
41-45	65.3	57.34	37.45
46-50	66.5	57.38	38.17
51-55	62.8	56.02	35.20
56-60	61.8	54.26	33.55
61-65	56.6	55.33	31.33
66-70	44.6	45.71	20.41
71-75	43.8	44.20	19.38
Combined:	52	63.2	55.46

Looking only at occupancy, the following graph gives a clear depiction of the notable negative impact of larger room counts on a hotel's ability to maintain an acceptable level of roomnights sold. Properties with lower room counts were clearly able to sustain a higher level of occupancy. Average occupancy ranged from 66.9% for properties of 36-40 rooms, downward to a much lower 43.8% average occupancy for properties in the 71-75 room size bracket.



When looking at REVPAR, the following graph follows a very similar performance curve, ranging from an average REVPAR of \$36.95 for properties of 36-40 units, downward to a mediocre \$19.38 average REVPAR for properties in the 71-35 unit size bracket. Note that the downward slide in both graphs did not begin until room counts exceeded 35 units. Prior to that, a mild upward trend is experienced. This appears to indicate that, on average, 50 rooms is the 'optimum' size for a Comfort Inn in Texas markets (excluding high priced areas). Of course, this is an average number for this type of market. Each project must be examined on an individual basis to determine the proper size to develop within its given market.



The above chart and graphs clearly illustrates that Developers often missed the mark, building more rooms than 'optimum.' 'Optimum' is defined as generating the highest return on invested capital, and is closely tied to occupancy and REVPAR generation.

Analyzing the above data provides a measure of the effect of over building. For the typical range of rooms for Comfort Inn projects (40-75 rooms) outside of higher priced areas, the occupancy dropped 23.1 points (a full 35%) from 66.9% to 43.8% as room counts escalated. With a 35 room increase in rooms from the 36-40 room size bracket to the 71-75 room size bracket, a resulting 35% drop in occupancy is experienced.

The key question, is how to apply this principle to a given hotel project. Naturally, each project would have to be judged on its individual merits, but looking at an 'average' project for a single brand and product is very revealing. All are Comfort Inns. All are very similar products in similar market environments, leaving size as the major variable in performance.

In our sampling, the average project is 65 rooms in size. At this size, the average occupancy is 62.8%. If we built 36% fewer rooms (42 rooms) our average occupancy would rise a moderate 6.5% to 66.9%. Conversely, if we built 36% more than average, (71 rooms) our average occupancy plummets by 42.5% to 43.8%.

Clearly there are some basic economic principles at work. Comfort Inns are conservatively-sized. Building smaller than the average of 65 rooms yields slightly higher occupancies, but the ability to charge ever higher rates as size decreases is marginal. As rates rise, some consumers perceive lost value and will stay at another property. On the other side of the coin, properties built larger than the average 65 rooms suffer serious occupancy declines. At some

point the need for additional rooms that was envisioned by the optimistic developer is simply not there, and the extra rooms only serve to depress the overall performance of the property.

BRANDED HOTELS - ANALYSIS OF SIZING AND ITS IMPACT ON PERFORMANCE

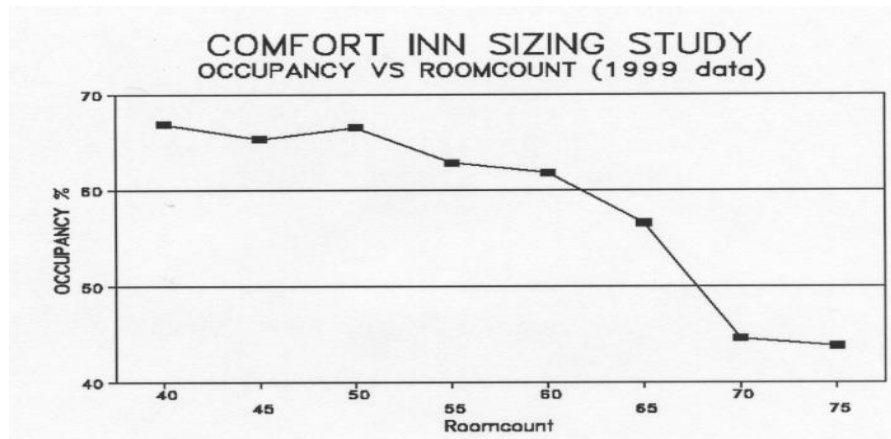
In our second analysis, we selected a sampling of all Texas branded hotels constructed from 1970-1975; 91 properties across Texas, predominantly 'Full Service'. Our sampling was limited to hotels of less than 135 rooms. We once again excluded those properties located in exclusive, higher priced markets. For our analysis we examined performance results from the year 1985 when all subject hotels were 10 to 15 years old, well into their aging life cycles.

The following chart of performance statistics from 1985 for branded properties throughout Texas clearly illustrates the downward curve, with definite erosion in performance measures as room count increases:

1985 Performance Results

# of Hotels	# of Units	Occupancy	Average Daily Rate	REVPAR	
2	00-44	70.0	37.88	26.50	
3	45-59	73.9	36.13	26.71	
7	60-74	66.8	31.10	20.77	
14	75-89	62.7	31.65	19.86	
29	90-104	60.9	32.42	19.75	
16	105-119	57.8	26.25	15.18	
20	120-134	55.5	29.35	16.28	
Combined:	91	98	59.8	30.34	18.14

With occupancy declines being the strongest indicator of the negative impact of building too large, the following graph provides a clear picture of the descending performance slide as room counts increase. Once again, properties with lower room counts were more insulated from market competition and were therefore able to be more competitive in both favorable and depressed market environments. Average occupancy ranged from 70% for properties of 58 rooms or less, downward to a much lower 55.5% average occupancy for properties in the 120-134 room size bracket, after peaking at 73.9% in the 45-59 size range.



As with the Comfort Inn analysis, the above data provides a measure of the effect of over building. However, since a number of varying brands are considered in this sample, the typical range in size of these projects ranges from about 40 to 135. This is a wider range than the Comfort sampling, since many of the brands in this sample typically have larger room counts than a Comfort Inn. This is partially due to some brands' ability to support higher room counts, and partially due to the tendency to overbuild in the early 1970s, when all hotels in this sample were constructed.

While the 65 room average for our Comfort Inn sample is reasonably close to optimum sizing for that brand, the 98 room average for this analysis appears to be oversized. In our assessment, the optimum average number of rooms for this sampling would have been 60 to 41 rooms, depending upon brand. In 1985, this roomcount supported occupancies near 70%, with an average REVPAR of almost \$27. Compare this to the average capacity of 98 rooms attaining a much lower average occupancy of 60.9% and REVPAR below \$20. Clearly this lower level of performance can be attributed to over-sizing projects in the early 1970s.

Looking at our average (oversized) roomcount of 98 rooms, increasing the size by 30% (135 rooms) would cause occupancy to slide 10% from 60.9% to 55.5%. On the other hand, making the average project smaller (58 rooms, or 75% smaller) would improve occupancy to 73.9%, or a healthy 21% increase.

For the sake of comparison, let us assume that the average property was more appropriately sized at about 58 rooms. If the project size were increased to 135 rooms, the largest range in our sample, occupancy would suffer a significant 33% decline from optimum levels.

Of course this assumes that locational differences are not significant. We believe this is true; the large sample and clear correlation between size and performance support this conclusion.

SUMMARY

The data is clear. In most cases, small hotels outperform large hotels, with the exception of higher-priced markets where competitive barriers to entry exist (e.g. lack of land, excessive land cost, building restrictions, etc.).

Common sense explains this occurrence: a successful 100 room hotel will inevitably prompt the development of one or more new, small hotels of similar quality in the immediate area. In a competitive market environment, the smaller hotel has a distinct advantage and wins - almost every time.

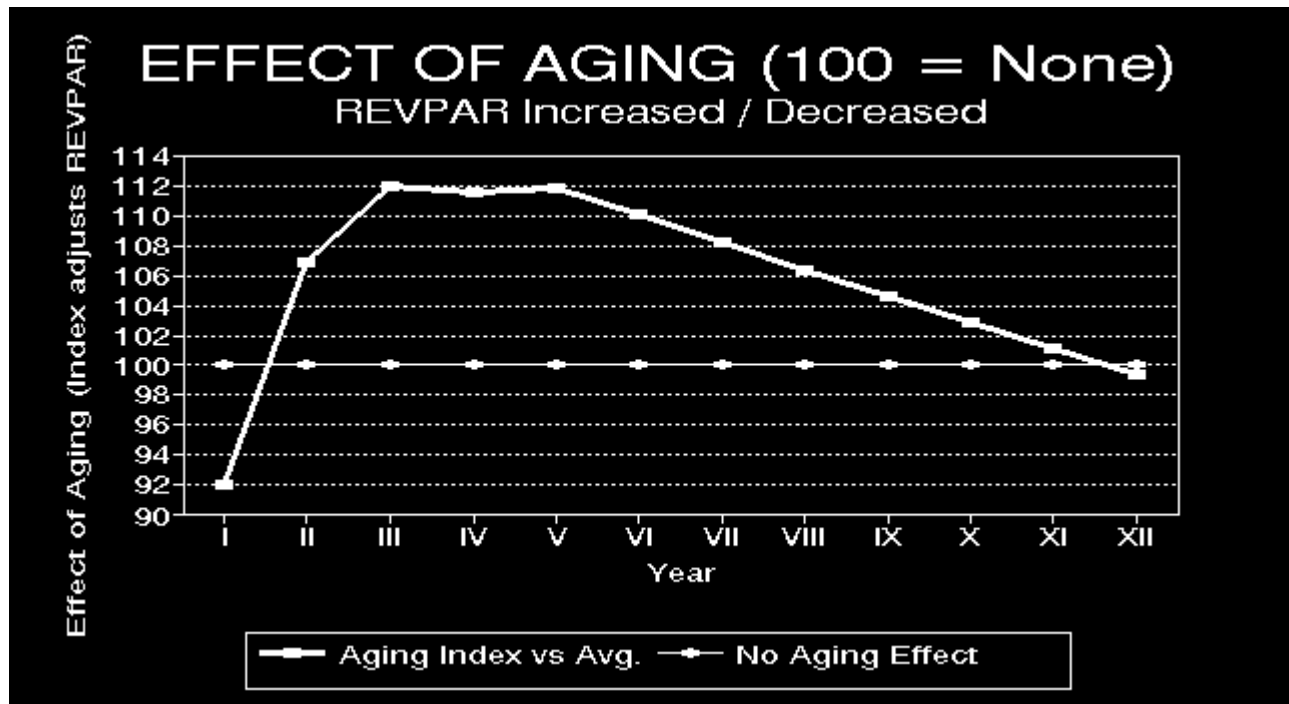
EXHIBIT VI

START-UP PERFORMANCE OF NEW HOTELS AND MOTELS

A new study by Source Strategies, Inc., utilizing all new chain hotels opened in Texas between 1990 and 1994, shows that new hotels and motels provide their peak performance in Years III through V, when they typically reach 112% of their 20-year average REVPAR performance level.

In other words, the newness of a property is an advantage on the order of a 12% premium in Years III through V - versus the average REVPAR that would otherwise be expected for that property over a twenty-year period. That's because the consumer almost always picks new over old because, to them, 'new' means 'clean' and 'new' means 'value.' Perhaps this is not news to many, but it is highly important to those who forecast the performance of new properties.

Here's what the graph looks like for the first twelve years for new properties opened in the moderately-good and improving markets of the 1990's. The years after peak are projected based on two major previous studies: one by Limited Service in the early 1980's and the second last year by Source Strategies, Inc.



Year I at 92% of the 20 Year Average, Year II at 107%

The study found that a property could expect a REVPAR at Year I of 92% of the twenty-year average for a project. In Year II, this would move to 107% and to 112% in Years' III through V.

For example, if over the twenty-year span of the project, we expect a hypothetical new hotel to generate 105% of the market average REVPAR, this means that in Year I it would generate 97% of market (105% times 92%), and in Year II 112% (105% times Year II's 107%), and then peak at 118% for Years III-V.

Study Method

The underlying design for this study was to determine what effect a property's age had on its REVPAR during the first five years of operation.

From two other studies, we know that properties will decline at 1.67% per year, versus the market average, over long periods of time. The second study sample consisted of all new Texas development in the early 1980's, a time of major under-supply. Consequently, the first few years performance of this group of hotels and motels was probably be overstated - versus the current, more-normal times. The current study confirmed that belief.

The current study's design was to develop the REVPAR index for every new chain property (each new property's REVPAR, divided by the REVPAR of all nearby hotels and motels). Then all the resulting indices were averaged.

This process was done for each year of development, 1990, 1991, 1992, 1993 and 1994, in order to obtain data for "Year I," "Year II" and so on. These were averaged as well to obtain an over-all, average Year I result.

This process produced the graph curve shown above, and is reflective of the particular mix of chain properties, a mix which produced REVPAR slightly above the market average. To eliminate the effect of a specific mix of chains, the scale was moved down slightly, so that the application of the year-by-year REVPAR indices to any project would result in averaging 100 of the first twenty years of the project.

REVPAR OF ALL NEW CHAIN HOTELS OPENED 1990-1994
INCLUDES THEIR LOCAL MARKET AVERAGES (SAME ZIP-CODES)

Opened 1990	Year I	Year II	Year III	Year IV	Year V	Year VI
9 Chain hotels	41.97	49.45	54.76	54.17	59.45	66.16
Local Market Average	35.38	37.40	39.72	39.71	43.31	48.87
Index New Chain/Market	119	132	138	136	137	135

(Peak)

Opened 1991	Year I	Year II	Year III	Year IV	Year V	Year VI
8 Chain hotels	32.06	37.95	41.49	44.18	46.26	
Local Market Average	29.96	31.26	32.36	33.04	33.70	est
Index New Chain/Market	107	121	128	134	137	135

(Peak)

Above assumes Year VI index decline of 1.67%

Opened 1992	Year I	Year II	Year III	Year IV	Year V	Year VI
7 Chain hotels	25.07	36.53	39.76	41.74		
Local Market Average	30.60	33.62	34.36	37.49	est	est
Index New Chain/Market	82	109	116	111	111	109

(Peak)

Above assumes Year V is "flat" and Year VI index declines by 1.67%

Opened 1993	Year I	Year II	Year III	Year IV	Year V	Year VI
16 Chain hotels	24.51	29.15	33.19			
Local Market Average	30.70	31.88	35.27	est	est	est
Index New Chain/Market	80	91	94	94	93	91

(Peak) (Peak)

Above assumes Year III and IV are Peak, and Year V and Year VI index declines by 1.67% annually

Opened 1994	Year I	Year II	Year III	Year IV	Year V	Year VI
29 Chain hotels	30.40	35.97				
Local Market Average	38.68	41.29	est	est	est	est
Index New Chain/Market	79	87	90	89	87	86

Above assumes Year III and Year IV Peak equals Year II plus 4%, as above, and Year V and Year VI index declines by 1.67% annually

COMBINED INDICES	Peak					
	Year I	Year II	Year III	Year IV	Year V	Year VI
Average of Raw Data	93	108	113	113	113	111
Adjusted 100 over 20 years	92	107	112	112	112	110

After Year V, Declines Average 1.67% Per Annum

In the sixth year and thereafter, the twenty-year average REVPAR index is diminished at a rate of 1.67% per annum in order to reflect aging and the normal life-cycle of a hotel.

This pattern of declining performance with property aging is based on major studies of economic life-cycle patterns, studies which were conducted on a census of all 25,000 Texas rooms built between 1980 and 1982 (study published in September 1994 issues of MarketShare and the October 1994 issue of Hotel & Motel Management). These Source Strategies studies confirm a similar, major study conducted in 1982 at the Holiday corporation on 160 company-owned and company-operated hotels.

EXHIBIT VIICapEx: A STUDY OF CAPITAL EXPENDITURES IN THE US HOTEL INDUSTRY

THE FOLLOWING IS A SUMMARY OF THE INTERNATIONAL SOCIETY OF HOSPITALITY CONSULTANTS' 2000 "CAPEX STUDY, A STUDY OF CAPITAL EXPENDITURES IN THE US HOTEL INDUSTRY" AS IT APPLIES TO LIMITED SERVICE PROPERTIES:

The objective of our historical analysis in CapEx 2000 was to determine what has been spent in the past to maintain a hotel in good, competitive condition. Hotel owners and management companies were contacted to provide data for the study.

Definition of CapEx

"Capital Expenditure" is defined as: investments of cash or the creation of liability to acquire or improve an asset, e.g., land, buildings, building additions, site improvements, machinery, equipment; Comparatively, the "reserve for replacement" for a hotel asset has been narrowly defined as the funds set aside for the periodic replacement of furniture, fixtures and equipment (FF&E). The reserve was not contemplated to fund the replacement of major building components, such as roofs, elevators, and chillers.

For this study the term has been defined as: the cost of replacing worn out FF&E, as well as the cost of;

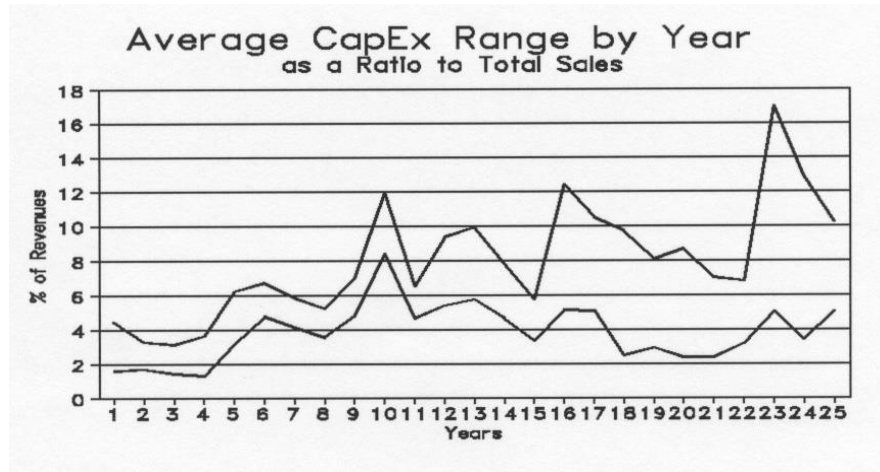
- updating design and decor
- curing functional and economic obsolescence...
- complying with franchisors' brand requirements
- technology improvements
- product change to meet market demands
- adhering to government regulatory requirements
- replacing all short and long lived building components due to wear and tear

Although many equity investors frequently argue against the necessity of a reserve, particularly if the investor does not plan to hold the property for greater than five years, the requirement for and amount of reserves are typically contractual issues between ownership, lender, manager, and/or franchisor/franchisee.

Significant Findings of CapEx 2000

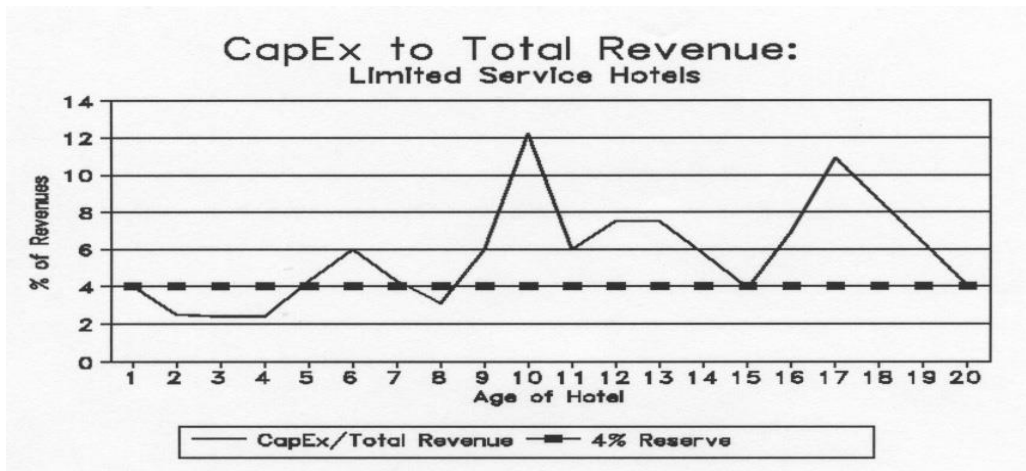
The average amount spent per year by limited-service hotels in the survey was determined to be 5.5% of total revenue for the time period covered by CapEx 2000 (1988-1998). As these limited-service hotels have matured, CapEx has increased, underscoring one of our principal findings that CapEx requirements increase as a hotel ages. CapEx Spending is highly dependent upon a hotel's point in its life cycle. The following chart shows the range of CapEx spending (as a percentage of

total revenues) over a 25-year time period; the table following the chart identifies the specific ranges of CapEx spending as a % of total revenues by year.



Percentage Range of CapEx Spending by Year		
Year	Range Minimum	Range Maximum
1	1.65%	4.51%
2	1.72%	3.29%
3	1.48%	3.15%
4	1.31%	3.64%
5	3.21%	6.23%
6	4.80%	6.77%
7	4.15%	5.85%
8	3.60%	5.23%
9	4.83%	7.01%
10	8.43%	11.94%
11	4.66%	6.55%
12	5.42%	9.36%
13	4.66%	9.93%
14	4.66%	7.82%
15	3.35%	5.72%
16	5.12%	12.40%
17	5.10%	10.50%
18	2.51%	9.72%
19	2.93%	8.10%
20	2.37%	8.68%
21	2.37%	6.99%
22	3.20%	6.84%
23	5.07%	16.98%
24	3.45%	12.88%
25	5.05%	10.24%

As the data indicates, CapEx spending increases over time for all (U.S.) hotels, with large differences in both the level of CapEx spending and timing across different hotels. The data illustrates that, over time, the minimum and maximum levels of CapEx spending generally widens as a hotel increases in age.



For limited-service hotels, the first major increase in spending occurs in the sixth year, which likely represents the replacement of soft goods. The first major spike occurs in year 10, which is likely to be the result of a rooms and corridors renovation. Smaller spikes in CapEx spending occur in the following years, with the next major spending spike occurring in year 17, which is likely building and some mechanical renovation and replacement.

The following series of tables illustrates limited-service CapEx spending levels in various demographic categories:

CapEx 2000- Limited Service Hotels by Location

Location	Average Age	Capex/Total Revenue	CapEx per Room per Year
All Properties	12.0 yrs	5.5%	\$1,111
Airport	9.8 yrs	5.4%	\$1,268
Urban	15.2 yrs	4.3%	\$ 820
Small City/Hwy	9.2 yrs	5.1%	\$ 773
Suburban	10.5 yrs	5.7%	\$1,172

CapEx 2000- Limited Service Hotels by Average Daily Rate

Average Daily Rate	Average Age	Capex/Total Revenue	CapEx per Room per Year
All Properties	12.0 yrs	5.5%	\$1,111
< \$60	12.7 yrs	5.0%	\$ 687
\$60-\$80	12.5 yrs	6.3%	\$1,134
> \$80	12.0 yrs	5.3%	\$1,570

CapEx 2000- Limited Service Hotels by Property Size

Property Size	Average Age	Capex/Total Revenue	CapEx per Room per Year
All Properties	12.0 yrs	5.5%	\$1,111
< 100 rooms	8.7 yrs	3.3%	\$ 475
100-150 rooms	10.3 yrs	5.4%	\$1,107
> 150 rooms	20.0 yrs	6.9%	\$1,360

-CapEx 2000- Limited Service Hotels by Age of Property

Average Daily Rate	Capex/Total Revenue	CapEx per Room per Year
All Properties	5.5%	\$1,111
> 15 yrs old	6.5%	\$1,372
5-15 yrs old	4.8%	\$ 897
< 5 yrs old	3.0%	\$ 547

Overall, the study details the varying levels of capital required to keep a hotel competitive in its life cycle. Historically, many operators have held no more than 3-4% of gross revenues in reserve, a level which may be sufficient for FF&E replacement, but is woefully inadequate for other required expenditures.¹⁶

¹⁶ Data compiled and organized from the CapEx report of the International Society of Hospitality Consultants, copyright 2000.



May 30, 2010

Market Texas Tourism
Office of the Governor, Economic Development & Tourism
TEXAS HOTEL PERFORMANCE REPORT:
FIRST QUARTER 2010

Texas lodging room revenues dropped 2.9% in the First quarter of 2010 after an 8.0% decline in the First quarter of 2009. The market lost 17.6% for all of 2009 after gaining 8.5% in 2008, 8.9% in 2007, 13% in 2006 and 15% in 2005.

This First quarter 2010 decline represents an 11.2% point drop versus the First quarter of 2008, two years ago. The Fourth quarter of 2008 marked the end of four years of revenue growth levels above 8%.

First quarter 2010 room revenues eroded to \$1.546 billion versus \$1.593 billion a year ago. Prices declined by 5.1%, on top of a 3.6% decline in the First quarter of 2009. Revenue Per Available Room per day (REVPAR) plummeted by 19.3% against the First quarter of 2008.

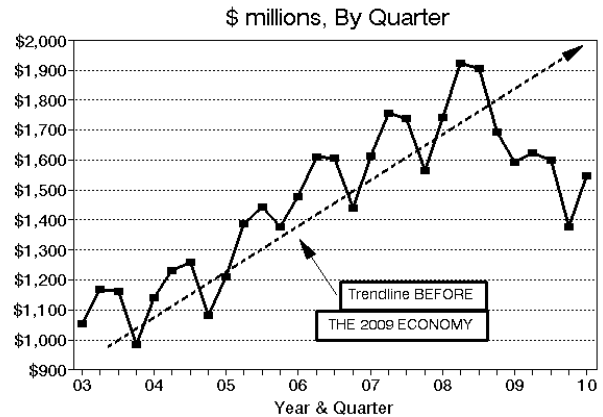
However, the most important industry driver, roomnights sold, increased by a modest 2.4% over last year although they are still 2.8% lower than 2008 levels. Room supply in the quarter grew 6.4%, growing in response to high occupancies prior to 2009. Due to generally low returns on investment, the development pipeline should soon empty and net supply growth should cease.

First quarter occupancy dropped 3.7%, from 56.9% to 54.9% (2 points), well below the 59% long-term industry average,

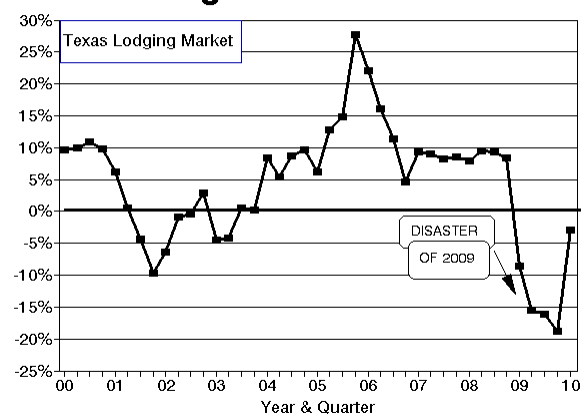
First quarter market results indicate a probable 'bottoming' of the severe recession but do not yet indicate a significant recovery to the normal levels enjoyed in 2008 and earlier.

With the important exception of a small increase in Roomnights sold, every

Texas Hotel Room Revenues

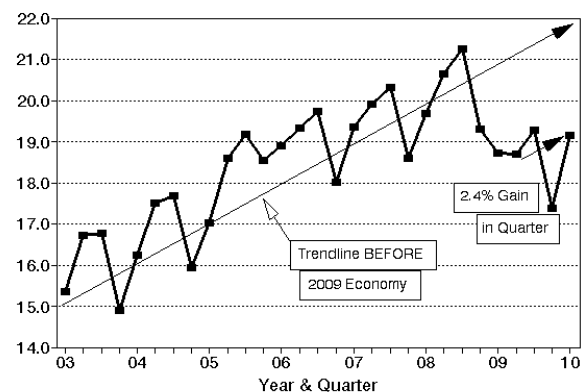


% Change in Room Revenues



Texas Hotel Roomnights Sold

millions, By Quarter



performance measure is still negative in the First quarter.

Texas: percentage Change Vs. Year Ago						
<u>Qtr/Yr</u>	<u>Room Supply</u>	<u>Room Rev \$</u>	<u>Rooms Sold</u>	<u>% Occ</u>	<u>\$ Price</u>	<u>\$ RPAR</u>
1st '08	3.2	7.1	2.4	-0.8	4.6	3.7
2nd	3.7	9.3	3.6	-0.2	5.5	5.4
3rd	3.7	9.4	4.2	0.3	5.0	5.5
4th	3.0	7.6	3.5	0.5	4.0	4.5
1st '09	4.4	-8.9	-5.5	-9.5	-3.6	-12.7
2nd	4.6	-15.5	-9.4	-13.5	-6.7	-19.3
3rd	5.6	-16.4	-9.6	-14.4	-7.6	-20.9
4th	6.8	-18.5	-10.9	-16.5	-9.7	-24.6
1st '10	6.4*	-2.9	2.4	-3.7	-5.1	-8.7

* Texas supply increase was 5.9% excluding San Antonio and Austin Metros (which temporarily lost rooms during the First quarter of 2009 from Hurricane Ike, thus overstating long-term room growth in 2010),

For the First quarter, twenty areas showed rising roomnight demand while seven areas continued declining versus last year. Strongest performers were Sherman/Denison, and San Antonio above 10%, with Laredo, Victoria, Wichita Falls, Killeen/Temple, Dallas/Ft Worth/Arlington, El Paso, Austin, Brownsville/Harlingen, and Houston/Edinburg above 5%. Additionally, better results are occurring away from the Texas coast.

Led by San Antonio, two of the four largest metros had revenue gains:

<u>First Quarter</u>	<u>%</u>	<u>Total Revenue*</u>		<u>%</u>	<u>Chains Only:</u>		
<u>Metropolitan Areas</u>	<u>Market</u>	<u>2009</u>	<u>2010</u>	<u>Change</u>	<u>%Occ</u>	<u>\$ ADR</u>	<u>REVPAR</u>
Dallas-Ft Worth-Arlington	28.3%	\$429.1	\$437.8	2.0%	57.8%	\$85.21	\$49.25
San Antonio-Baytown-Sugarland	22.2%	\$394.9	\$342.7	-13.2%	58.6%	\$87.55	\$51.30
San Antonio	13.2%	\$189.7	\$204.2	7.6%	55.6%	\$102.08	\$56.76
Austin-Round Rock	10.4%	\$163.7	\$160.2	-2.1%	67.0%	\$95.28	\$63.84
Austin	2.3%	\$37.0	\$36.1	-2.4%	49.1%	\$74.08	\$36.37
El Paso	2.3%	\$31.9	\$34.9	9.2%	65.3%	\$76.29	\$49.82
Brownsville-Harlingen	1.7%	\$25.1	\$25.7	2.5%	53.8%	\$72.63	\$39.07
Balance of Texas	19.7%	\$321.4	\$305.3	-5.0%	52.2%	\$70.16	\$36.62
Total State of Texas	100.0%	\$1,592.8	\$1,546.8	-2.9%	54.6%	\$80.74	\$44.08

* \$ millions

Analyst's Prediction: If historical patterns from the recessions of the 1980's repeat themselves, the severe rate of decline in room-nights sold has probably ceased. However, no recovery is foreseen as demand is not likely to increase significantly. This opinion is based on the overall economy: the continued ineffectiveness of federal stimuli, deficit levels approaching those of Greece, near 20% unemployment (includes part-time workers and those 'giving up'), a rejection of meaningful energy development, unaffordable and unworkable nationalized health care, and the negative effects on a free enterprise economy of proposed federal programs including, 'card check,', 'cap & trade,' immigration 'reform,' and huge, looming tax increases.

By Price – Room Revenues: Higher priced hotels dramatically lowered prices in 2009, with many moving down to the Under \$90 category and to the \$90 to \$135 category; this trend continued in the First quarter of 2010. In 2009, lodging priced above \$135 lost 31.2% of revenues versus 2008. In the First quarter of 2009, this category lost 19.4% totally due to a 22.8% decline in supply as higher priced hotels dropped rates and dropped down to the Mid-priced category. Higher priced hotels will generally drop price in order to hold occupancy levels as consumer demand drops.

Mid-priced hotel revenues (\$90-\$135) were up 1.3% in the First quarter after being down 9.4% for all of 2009; net supply was virtually unchanged in 2010. Under \$90 lodging gained only 6.5% in the First quarter in spite of a 14.8% supply gain. Again, higher priced hotels will hold occupancy better than lower priced hotels in a recession.

Change In Room Revenues by Price (vs. year ago)

<u>Average Rate:</u>	<u>Under \$90</u>	<u>\$90 to \$135</u>	<u>\$135+</u>	<u>Total</u>
Year of 2009	-3.7%	-9.4%	-31.2%	-15.0%
1st Quarter '10	6.5%	1.3%	-19.4%	-2.9%

By Product Segment: For the First quarter of 2010, Budgets, Independents, Low Priced Extended Stay and Mini Suites, were the significant losers, while higher priced hotels out-performed the market. Overall, segment results signal some recovery of Business-related demand in the market; room revenues for the Luxury, Upscale, Suites, and Mid/Upscales chain segments¹⁷ showed positive revenue gains. Limited Service Midscales and Mini Suites added 12,200 of the 23,500 total room increase.

Segment Performance – First Quarter 2010 Results

(000's)	#	#	#	\$ Room	%	%	%	Point	Rate	RVPAR
<u>Segments</u>	<u>Hotels</u>	<u>Rooms</u>	<u>Chg</u>	<u>Revenues</u>	<u>Chg</u>	<u>Mkt</u>	<u>Occup</u>	<u>Chg</u>	<u>Chg</u>	<u>Chg</u>
Luxury	17	7.6	0.0	77,854	1.6%	5.0%	64.1	4.1	6.9%	1.6%
Upscale	82	35.0	1.0	282,414	0.3%	18.3%	62.7	1.4	-4.5%	-2.4%
Suites	164	22.1	1.5	151,972	3.1%	9.8%	65.9	2.0	-6.8%	-3.9%
Mid/Upscales	245	46.0	3.6	242,504	5.9%	15.7%	59.8	0.9	-6.1%	-4.7%
Mini-Suites	225	19.2	3.2	72,516	-6.2%	4.7%	55.4	-6.1	-13.6%	-22.1%
L.S./Midscales	1,007	80.5	9.0	314,375	-2.8%	20.3%	55.8	-3.6	-8.1%	-13.7%
Extended Stay	195	25.5	1.4	52,528	-8.4%	3.4%	64.7	-1.8	-10.9%	-13.3%
Budget	<u>927</u>	<u>68.0</u>	<u>1.9</u>	<u>127,796</u>	<u>-17.2%</u>	<u>8.3%</u>	<u>47.6</u>	<u>-5.0</u>	<u>-11.1%</u>	<u>-19.6%</u>
Total Chains	2,862	303.9	22.7	1,321,959	-1.8%	85.5%	57.0	-2.0	-6.0%	-9.2%
Tot. Independ.	<u>1,778</u>	<u>86.0</u>	<u>0.7</u>	<u>224,870</u>	<u>-8.6%</u>	<u>14.5%</u>	<u>46.0</u>	<u>-3.2</u>	<u>-3.2%</u>	<u>-9.4%</u>
Total Market	4,640	389.9	23.5	1,546,829	-2.9%	100.0%	54.6	-2.1	-5.1%	-8.7%

Expansion in Room Supply Expected to Cease Near-term

Room supply increased by 6.4% in the First quarter due to the high occupancy and profitability for the five years ending 2008; after completion of hotels now under construction, supply growth should drop to very low levels. In the First quarter of 2010, total room inventory expanded by 23,500

¹⁷ Limited Service chain hotels offer high-quality rooms without restaurants at average prices (e.g. Holiday Express, Holiday Inn, Fairfield Inn, La Quinta). Mini-suite hotels feature room sizes of about 400 square feet and limited service. Luxury hotels are the highest priced chains (Westin, Four Seasons, Gaylord, Ritz Carlton). Upscales are the large full-service, higher-priced hotels (e.g. Marriott, Hilton, Hyatt, Omni, Wyndham). Mid-Upscale hotels are lower-priced, partially-full-service hotels (e.g. Marriott Courtyard, Hilton Garden, Hilton Place, Holiday Inn, Sheraton). Low Priced Extended Stay includes brands such as Budget Suites of America, Extended Stay America, etc. Budget chains include Motel 6, Super 8, Days Inn, Ramada and similar low-priced hotels.

net rooms¹⁸, after expanding by 24,500 units in the Fourth quarter of 2009. In the First quarter, rooms priced below \$90 gained by 14.8% (33,500 net rooms). Rooms offered at rates from \$46 up to \$135 increased 1.6% (1,400 net rooms). Rooms offered at rates \$135+ declined by 22.8% (-11,500 net rooms). These results reflect both hotels closing and hotels moving 'down' in price.

The Largest Areas in the First Quarter

Austin Metro roomnights-sold increased by a dramatic 10.8% from the First quarter a year ago, bringing demand equal to 2008. Rates dropped 2.9%, bringing revenues to \$204 million, up 7.6%. As net room supply increased by 8.4% (3,300 net rooms), average occupancy edged higher by 1.2 points, to 53.3%; this confirms little opportunity for new supply additions. In the year of 2009, San Antonio room revenues dropped 15.7% because of an 8.4% decrease in room rates and an 8.0% drop in roomnights sold from 2008. Occupancy slipped 8.4 points to a 51.9% average.

Ft. Worth-Arlington Metropolitan Division roomnights-sold rose a robust 8.1% in the quarter, with revenues up 4.4%, to \$144 million. Net room supply grew by 6% (1,800 rooms) resulting in an occupancy gain of 1 points, to 59.9%. In the year of 2009, roomnights dropped 5.6%, rates slipped 6% and occupancy eroded 9 points to 57.4%, slightly below the state long-term average of 59%; with supply up 9.2% (2,600 rooms), room revenues eroded by 11.5%,

Dallas Metropolitan Division roomnights-sold gained an encouraging 7.6% in the First quarter. Offset by 6.2% rate drops, revenues to moved up just 0.9% to \$294 million. Net room supply increased by 3.8% (2,600 net rooms), average occupancy rose by 2 points, to 55.5%; again, there will be only limited opportunity for new supply additions. In the year of 2009, Dallas room revenues dropped a massive 17.9% because of a 10.1% decline in roomnights sold from 2008 compounded by a 7.3% decrease in room rates; occupancy eroded 7.9 points to a 51.8% average

Austin-Round Rock roomnights-sold increased 5.9% in the First quarter in a non-legislative year. Net room supply rose 4.4% (1,200 net rooms). Also influenced by a 7.5% price decrease, revenues dropped 2.1% to \$160 million. Occupancy held its own at 65.5%. In the year of 2009, Austin room revenues dropped an alarming 12.9% in a legislative year, caused by a 6.5% decline in roomnights sold from 2008 and a 6.8% decrease in room rates; occupancy eroded 6.8 points to a still healthy 59.4%.

In the three-quarters of the state that is more than 75 miles from the Gulf coast¹⁹, roomnights sold gained 5.3%. With rates dropping 3.9%, room revenues were up slightly (1.2%). As net room supply increased by 6.1%, occupancy dropped by 0.4 points, to 54.6%. Most importantly to every hotel operator, REVPAR declined 4.6%.

San Antonio-Baytown-Sugar Land roomnights-sold showed a 13.3% decline, in part due to the high demand last year (First quarter in 2009) due to the effect of Hurricanes Ike, Dolly and Gustav. The Austin Metro hosted displaced residents and construction crews, rebuilding residential and commercial damage. In the First quarter of 2010, rates dropped 8%, and net room supply increased by 7.8% (5,700 net rooms), including the reopening of hurricane-closed hotels. Consequently, revenues dropped 13.2% to \$343 million. Occupancy declined by 8.1 points, to 57%. In the year of 2009, San Antonio/Baytown/Sugar Land room revenues dropped a massive 20.1% because of a 13.3% decline in roomnights sold from 2008 compounded by a 7.8% decrease in room rates and a 3.7% supply increase; occupancy eroded 10.9 points to a 55.4% average

¹⁸ 'net' being the combination of new supply less closures and rooms moving up from a lower-priced grouping

¹⁹ excludes metros of San Antonio/Baytown/Sugar Land, San Antonio, Austin and Brownsville/Harlingen

First Quarter Occupancy

The latest quarter occupancy averaged 54.6%. This compares to 56.7% in the First quarter of 2009 and to 61.8% 2008. In 2008, total year occupancy was 61.5%, about 4% above long term averages.

Chain occupancy was 57% in the First quarter, down by 2 points from a year ago. Chains accounted for 85.4% of market revenues, up a percentage point from a year ago. Independents generated 46% occupancy, down by 3.2 points.

Twenty of the 27 areas of Texas showed decreased occupancy versus the First quarter of 2009. Seven areas exceeded the state occupancy average of 54.6% in the quarter, including four of the five largest areas.

Metro Area Performance

	Year of 2009			1st Quarter 2010		
	Occ	Pt.	Rev	Occ	Pt.	Rev
<u>Metro Area</u>	%	Chg	% Chg	%	Chg	% Chg
Austin-Round Rock	59.4	-6.8	-12.9%	65.5	0.7	-2.1%
El Paso	63.6	-4.3	-7.9%	64.2	-0.6	9.2%
San Angelo	59.6	-2.7	-35.9%	60.3	-5.3	-8.5%
Ft Worth-Arlington MD	57.4	-9.0	-3.9%	59.9	1.0	4.4%
San Antonio-Baytown-Sugarland	55.4	-10.9	-11.3%	57.0	-8.1	-13.2%
Texarkana (Texas)	60.8	-4.6	-20.1%	55.6	-6.3	2.7%
Dallas MD	51.8	-7.9	3.4%	55.5	2.0	0.9%
State Average	53.5	-8.0	-17.6%	54.6	-2.1	-2.9%
College Station-Bryan	56.0	-8.7	-15.0%	54.1	-6.0	-10.5%
Houston-Edinburg-Pharr	51.0	-7.2	-7.6%	53.9	-0.6	3.3%
San Antonio	51.9	-8.4	-11.4%	53.3	1.2	7.6%
Tyler	52.8	-9.9	-15.7%	52.2	-3.8	-6.9%
Lubbock	57.9	-3.9	-5.8%	51.3	-3.4	0.2%
Waco	53.8	-6.4	-0.6%	51.1	-2.8	-1.7%
Odessa	50.4	-25.6	-5.7%	51.1	-5.0	-12.7%
Laredo	48.2	-7.5	-16.3%	50.2	5.5	11.8%
Killeen-Temple-Ft Hood	51.7	-5.2	-7.8%	49.8	1.9	11.1%
Longview	53.2	-11.6	-3.5%	49.6	-7.9	-3.7%
Amarillo	56.0	-2.1	-9.1%	49.6	-0.6	-0.3%
San Antonio-Pt Arthur	54.2	-12.9	-16.4%	49.4	-17.3	-28.2%
Midland	54.4	-12.0	-17.2%	49.2	-4.7	-10.9%
Victoria	45.5	-13.7	-24.0%	49.1	-1.1	10.7%
Wichita Falls	52.1	2.4	1.9%	49.0	-2.4	12.1%
Brownsville-Harlingen	45.8	-1.0	-7.2%	47.8	0.6	2.5%
Non Metro	50.0	-7.6	-13.2%	47.0	-4.9	-6.1%
Abilene	46.5	-9.3	-12.9%	45.2	-5.8	-17.2%
Austin	46.9	-1.3	-1.5%	44.6	-0.2	-2.4%
Sherman-Denison	45.8	-8.2	-10.4%	43.7	-0.4	15.8%



Know your competition

Source Strategies, Inc. maintains the most accurate and comprehensive Texas hotel database, covering 98% of all hotels. More importantly, Source is the only provider of individual, hotel-by-hotel data, trends and financial projections.

Source data is based on the Texas State Comptroller audited tax files for the period of 1980 to the present, making it more accurate and complete than voluntary samples, in our opinion. Since 1988, Source has been under contract to the Office of the Governor, Economic Development and Tourism to supply its hotel research data and analysis. Services detailed below and at www.SourceStrategies.org.

- ***The Texas Hotel Performance Factbook***, puts each and every hotel and motel's Revenue and Occupancy Numbers on your desk, hotel-by-hotel, and compared to last year, then summarized by zip-code, by city and by metro area. Factbooks are available with three month data and with 12-month data.
- ***Financial Feasibility Studies***. Over 150 hotel feasibility studies are developed annually, far more than by any other consultancy. Many of Texas' lenders insist on a Source study because of the proprietary methodology and high level of accurate prediction, speed and cost efficiency.
- ***The Hotel Brand Report*** newsletter is published quarterly. It is the only industry source that tracks how each major brand is performing, as well as product and price segments. Readers learn which are winning!
- ***Appraiser's Packages***. Five and ten year market and property histories give a comprehensive view, by selected geography and for individual hotels. As both market and individual property trends become very clear, so do resulting hotel appraisals.
- ***Litigation Support and Data Analysis***. Almost any question can be analyzed and proved up with the powerful Source database.

Endorsed by the Texas Hotel & Lodging Association

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BRUCE H. WALKER

1987-Present: Source Strategies, Inc. Founder and President of consultancy in research, strategy and marketing, specializing in lodging. Practice includes 120+ hotel feasibility studies annually for individual developers. Other clients include Office of the Governor, Texas Economic Development & Tourism, Banks, major accounting firms, appraisers and attorneys. Database of 4,100+ Texas hotel/motels created and maintained continuously. Testify regularly. Publisher and writer of *The Hotel Brand Report* and the *Texas Hotel Performance Factbook*.

1986-1987: La Quinta Motor Inns, Inc. Senior Vice President, Marketing. Repositioned brand with the ad campaign "Just Right Overnight," new corporate logo, extensive couponing and premium-quality king rooms.

1984-1985: Portel Videotex Network LP. President. Home-banking, home-shopping start-up.

1976-1983: Holiday Corporation. Hotel Group Vice President, Marketing (1975-79), President of subsidiaries (1979-82), Senior Vice President, Central and Strategic Planning(1980-83). Started the first hotel frequent traveler's program, and the classic ad campaign, "The Best Surprise is No Surprise." Developed and launched the Hi-Net satellite reception network to 350 Holiday Inn hotels, offering HBO, CNN and ESPN. Created prototypes and strategic plans for new chains Holiday Inns and Embassy Suites, and recommended sale of Holiday Inn chain (sold 1989 to Bass PLC).

1969-1975: Howard Johnson Company. Assistant to the President, Director Disney World Development, Director Restaurant Marketing.

1964-1968: Procter & Gamble Company. International Brand Manager. Took Scope mouthwash, Secret deodorant and Crisco Oil into Canada, Crest toothpaste and Tempo deodorant into the United Kingdom.

EDUCATION

1957-61 Amherst College. BA, Economics.

1961-63 Harvard Business School. MBA.

Ongoing seminars throughout career include strategic studies with the Boston Consulting Group. Appraisal Institute Hotel/Motel Valuation and Investment Seminar, April 1992

PUBLICATIONS AND SEMINARS:

- * The Cornell Quarterly, October 1993, "What's Ahead: A Strategic Look at Lodging Trends."
- * Hotel & Motel Management, October 1994, "Hoteliers Should Examine Hotels' Life Cycles."
- * Two articles per year for Hotelexecutive.com, the authoritative, on-line hotel magazine.
- * *The Hotel Brand Report* newsletter, written and published quarterly since 1987. Over 80 issues.
- * Speeches to Urban Land Institute, Appraisal Institute, Real Estate Counseling Group of America and O'Connor & Associates.



DOUGLAS W. SUTTON

1996- Present Source Strategies, Inc. Executive Vice president specializing in development of hotel feasibility studies, database software development and maintenance, and developing special studies and articles published in the *Hotel Brand Report* newsletter.

Completed over 300 Financial Feasibility studies successfully, encompassing over thirty-two different brands in Texas, New Mexico, Louisiana, Kansas, Colorado and Oklahoma. Studies include major and local market assessments and projections, proposed hotel's revenue generation and ten-year cash flow forecasts and the projection of return on capital investment. Major contributor to Source Strategies in its achieving market status as the largest supplier of hotel financial feasibilities to Texas' lending institutions.

Responsible for creating and programming database of over 4,000 Texas hotels and motels.

Contributing analyst and writer to *Hotel Brand Report* newsletter and the *Texas Hotel Performance Factbook*, including 'Hot Brands & Dying Brands' (2006), 'Development Since 9/11: Winners & Losers' (2005), 'Higher Priced Brands in Turmoil, Mid-Priced Brands Prosper' (2004).

Provides litigation support, analysis and strategy for hotel litigation and testimony.

1994-1996 University Health System, San Antonio Texas. Decision Support Analyst.

Provided data analysis support to all levels of hospital management. Prepared numerous medical studies, grant support documents, cost-analysis studies, staffing studies, and other decision support analysis. Developed a number of vertical software applications to allow key departments to track and study their individual patient populations.

1987-1994 Systems IV Professionals, Inc., San Antonio. President.

Consulting firm specializing in data analysis and customized software development utilizing *FOCUS* database software. Created major applications, including a long distance network analysis system for a major carrier; system allowed the carrier to determine the effect of various network changes before implementation to facilitate selection of the most cost efficient network possible.

1983-1987 United States Air Force. Captain and Information Services Officer, Directorate of Special Weapons, Kelly AFB, Texas.

Duties included writing and maintaining software to manage the Air Force's Nuclear weapons arsenal, tracking nuclear component parts and supplies, and acquisition and installation of major secure computer network.

EDUCATION

1979-83 Troy State University, Troy Alabama, BS in Computer and Information Science.



TODD ANDERSON WALKER

1997-Present Source Strategies, Inc. Senior Vice president, Business Operations.

Major contributor to Source Strategies in its achieving market status as the largest supplier of hotel financial feasibilities to Texas' lending institutions. Completed over 400 Financial Feasibility studies successfully, encompassing over thirty different brands now operating successfully in Texas, New Mexico, Louisiana, Kansas, Colorado and Oklahoma. Studies include major and local market assessments and projections, proposed hotel's revenue generation, ten-year cash flow forecasts and the projection of return on capital investment. Key contributor to research studies of convention hotel and convention center performance.

Responsible for sales and operation of Source Strategies' publications, including *The Texas Hotel Performance Factbook* and *The Hotel Brand Report Newsletter*. Manage Accounts Receivables, billing and collections.

Contributes as analyst, writer and editor to *Hotel Brand Report* newsletter and the *Texas Hotel Performance Factbook*, including 'Results from 1995, 2004, & 2005: Limited Service Dominates' (2005), 'First Quarter 2004, The Best Increase Since the Year 2000' (2004), 'Age Matters, Size Matters' (2005).

Provides litigation support, analysis and strategy for hotel litigation and testimony.

1997 The Toronto Globe & Mail Newspaper. Assistant to the Editor of Business Publications. The Globe & Mail is Canada's national newspaper, a division of Thomson Publishing Corporation. Wrote business articles and edited publications. Edited InfoGlobe from April to October 1997.

1994-1997 Source Strategies, Inc., San Antonio. Senior Consultant.

Developed hotel feasibility studies. Completed over 60 studies for new hotels and motels throughout Texas. Circulation Director for Brand Report newsletter and the Texas Hotel Performance Factbook. Generated renewals at 85% rate.

1989-1994 Intern at Source Strategies, Inc. during university education.

EDUCATION

1989-94 University of Toronto, Ontario, Canada. Bachelor of Arts with Honors in English and History.



2001 - 2005 FINANCIAL FEASIBILITY STUDIES

PARTIAL LISTING

AmeriSuites

Austin NW
College Station
Denton
Fort Worth Stockyards
San Antonio
Waco

Baymont Inn

San Antonio InterContinental
New Braunfels

Best Value

San Antonio
San Antonio SW
San Antonio
Waller

Best Western

Addison
Andrews
Big Spring
Bridgeport
Cameron
Cleveland
Copperas Cove
Dickinson
Franklin
Hallettsville
La Grange
Lake Dallas
Laredo
Levelland
Lumberton
Pearsall
Pilot Point
Rosenberg
Schulenberg
Temple
Tomball
Wakeeney, KS

Budget Host

Fort Worth

Candlewood Suites

San Antonio
Irving DFW
Friendswood
San Antonio Westheimer
San Antonio Toyota
Houston

Temple

Wichita Falls

Comfort Inn, Comfort Suites

Fredericksburg
Navasota
Pampa
Pharr
Bay City
College Station
Copperas Cove
Deer Park
Elmendorf
Georgetown
San Antonio InterContinental
Hobbs, NM
Longview
Pasadena
Quanah
San Antonio
San Antonio Downtown
Sugarland
Longview
Webster

Country Inn & Suites

Arlington

Econo Lodge

Dallas
Lake Charles
Port Arthur

Texas City

Embassy Suites

Laredo
Lubbock

Fairfield Inn by Marriott

Livingston
Laredo

Holiday Inn

Austin Pecan Park
Austin Ben White
Cedar Park
Austin
Del Rio
Houston
Gainesville
Greenville
Hillsboro
San Antonio InterContinental
San Antonio Beltway 8
Greenville
Nipomo, CA
Rosenberg
Seguin
Schertz
South Austin
Texarkana
Waxahatchie

Best Western Ltd

Marble Falls

Hilton Hotel

Fort Worth Convention Center

Hilton Garden Inn

Amarillo
Austin
Granbury

San Antonio Beltway 8
Killeen
Houston
New Braunfels
Temple

*Feasibilities Continued...***Holiday Express
Hotel & Suites**

Allen
Alvarado
Amarillo
Atlanta
Austin
Buda
Cameron
Center
Cleburn
Corsicana
Desoto
Houston
Gatesville
La Grange
La Porte
Lampasas
Manvel
Pearland
Orange
San Antonio I-10 West
San Antonio Toyota
Houston
Sherman
Texarkana
Wichita Falls

Holiday Inn

Austin (Select)
Dallas Downtown
Frisco
San Antonio

Homewood Suites

San Antonio Austin Area
Norman, OK
Marble Falls
Houston
New Braunfels
Waco
Wichita Falls

Independent Hotels

Crescent Hotel, New Orleans
Dacoma Inn San Antonio
Executive Inn Tyler
Fairmont Hotel San Antonio
First Choice Grand Prairie
Garden Inn San Antonio
Harker Heights Inn
Steward Mansion Houston
Killeen Inn
Laredo Inn
Luxury Suites Canton
Palms Hotel South Padre
Palace Inn San Antonio
Passport San Antonio
San Antonio Inn & Suites
Wylie Inn

Hotel Indigo

Alamo Plaza San Antonio

La Quinta Inn & Suites

Boerne
Cedar Hill
Gun Barrel City
Keene
Palestine
Pasadena
Pearland
Rockwall
San Antonio
San Antonio I-10W
San Antonio Toyota
Seguin
Tomball

Marriott Hotel

Dallas Convention Center
Colorado Springs CC

**Quality Inn,
Quality Suites**

Katy
San Antonio East

Waco

Radisson Inn & Suites

Amarillo

Red Roof Inn

San Antonio InterContinental
Pharr
Stafford
Temple

Staybridge Suites

San Antonio
South Padre Island

Studio 6

Bay City
Tyler
Winnie

Super 8

Austin East
San Antonio
Conroe
Copperas Cove
Fort Stockton
Humble
Killeen
Livingston
Pharr
Plainview
Rosenberg
San Antonio South

Townplace Suites

Killeen

Travelodge

Killeen
San Antonio

Wingate Inn & Suites

Houston
San Antonio

Wyndham

Wyndham Savoy San Antonio



CONSULTING STUDIES, DATA AND LITIGATION SUPPORT

1. Contracted by the Texas' Governors Office of Economic Development, Tourism Division since 1988 to maintain the industry database of hotel performance. Source Strategies is the sole supplier to the Governor's Office of lodging market statistics and analysis in reports used to assess Texas tourism promotion efforts and to aid in marketing Texas.

2. Provided over 1,500 detailed five-year custom local hotel market histories to MAI appraiser clients.

3. Developed numerous studies of subject hotel(s) to determine their historical, competitive REVPAR performance versus the market average. This unique analysis technique highlights trends and deviations in performance, regardless of market movement; a REVPAR index versus market average shows how well a property has performed. By limiting study to a single variable, a truly scientific conclusion can be made as to cause and effect.

Deviations from trend can be related to specific, causal events such as management problems or outside influence (e.g. new highway construction, brand change, new competition); if there is no effect from an event, studies confirm the absence of any impact). If there is an effect, the degree is measurable and apparent. This study approach is among Source's most important work, frequently the basis for expert witness testimony by Source's principal Bruce Walker.

Examples of major studies include: a) the (lack of) induced demand from opening every large downtown hotel in Texas, 1980 through 2003 (see www.sourcestrategies.org for full study); b) the impact of adding a second luxury hotel of the same brand in a local market, or removing a hotel of the same name, on the performance of the pre-existing property; 3) Studies to separate and quantify hotel Business Value - and the separate Real Estate Value - (for tax assessment disputes). The most important study here was to determine the average revenue effect of adding or removing the "Marriott Hotel" name to numerous hotel properties from 1980 through 1995. Source Strategies has produced values for the Marriott Austin hotel and the Marriott Rivercenter hotel San Antonio, both with- and without- the Marriott name for real property tax disputes. Clients include USAA and the Bexar County Appraisal District.

Sample litigation clients have included the Texas Department of Transportation (through Texas Attorney General's Office) for condemnation valuation and damage cases, including: the Days Inn San Antonio I-45N, Motel 6 Ft. Worth, Holiday Inn San Antonio I-45N, La Quinta San Antonio I-45N, Holiday Inn Lubbock, and Austin Best Western South, Chariot Inn, Malibu Grand Prix), Dallas Sheraton, San Antonio Holiday Select Airport, Coit Towers Hotel Dallas, Erie County PA Hotel Owners vs. Convention Authority, Bandera Motel San Antonio. Other litigating clients have included USAA, Bexar County Appraisal District, Capital Income Properties (Hilton Nassau Bay, Austin Marriott North), American Liberty, Dosani Brenham Inn, Wes-Tex Management El Campo. Hospitality (Homeplace Inn), Ramada Bannister Austin (Lock manufacturer), Rodeway Inn I-10 West (bank's non-funding of a committed loan), Homer J. Rader, and Siu Ft Worth and San Antonio Inn (bankruptcies), Holiday/Clarion (loss due to change of brand), United Fire (Wingate Houston performance due to construction issues), Hyatt Regency San Antonio (arbitration re: introduction of second Hyatt in CVB).

4. Numerous studies to determine the effect on revenues and cash flow of brand name alternatives, whether in new builds or in changing to- or from- a brand name. This technique is used extensively in feasibility work to predict revenue performance of new hotel projects under various brand name alternatives.

5. Represented Host Marriott before Real Estate Tax Appeal Board.

6. Drafted national lending guidelines for Heller Small Business Finance for lodging projects under \$5 million.

7. Presentations to bank lending committees to explain the dynamic economics of the lodging industry, particularly the effect of market demand and supply, equilibrium occupancy, cost structures, and the effect of brand name on REVPAR and ROIC.

8. Analysis of alternative markets to determine their potential for new lodging: alternative metro areas, alternative sites, and strategically, for an expanding chain.

9. Consumer intercept and secondary data studies, including the effect of a potential name change, the effect of new hotel.



Methodology of Texas Hotel/Motel Reports

Texas Hotel/Motel Quarterly Reports are prepared on a custom basis for private clients, including Office of the Governor, Texas Economic Development & Tourism, and the Texas Attorney General. Reports are prepared by Source Strategies Inc. of San Antonio, Texas, based on Texas State Comptroller revenue records and independent research.

Data sources include the following:

Room Revenues: State of Texas Comptroller records are the source of taxable room revenues for all properties. All properties exceeding \$18,000 in the current quarter are included; the below-\$18,000 units result in 2% of the total state revenues being initially excluded from the Source Strategies database. As a result, the database covers 98% of Texas.

Gross room revenues (including Non-taxable) were reported to the Comptroller starting in the third quarter of 1990. To account for the missing non-taxable revenues prior to the third quarter of 1990, Source Strategies increases each individual property's taxable-only, reported revenues by variable factors averaging 12% to reflect this untaxed volume (e.g. government business, over 30-day stays, charitable and educational purchases). "Apartment-type" revenues are typically not reflected.

Starting in the third quarter of 1990, hotels and motels were required by the Texas Comptroller to report both taxable and gross room revenues. Approximately 80% of properties usually comply, allowing the development of adjustment factors for all hotels and motels, even if only taxable revenues are reported. For example, taxable room revenues are adjusted accordingly higher if a hotel reports only taxable revenues (i.e. where taxable equals gross room revenues).

Properties that make no report or only partial reports are estimated based on the past five quarter trends. If and when they subsequently report accurately, their actual revenues 'overwrite' our estimates.

Room Counts: these are checked annually in chain directories and the Texas American Automobile Association Tour Book; properties checked account for approximately 80% of revenues. For independent properties too small to be listed, the room counts reported to the state are used (unless they appear unreasonable; if so, a telephone contact is made).

As a result, the 'CHAIN' occupancies and room counts appear to be very close to 'actual', while independent room counts could be slightly overstated. Reports are split into CHAIN and INDEPENDENT categories.

Average Daily Rates are estimated with the aid of financial reports, appraisers, private S.S.I. surveys, chain and AAA directories and another reliable industry database.

Roomnights sold are derived from the above revenues, divided by Average Daily Rates. Roomnights available are calculated from Room Counts (times days in the period).

Occupancy is calculated from roomnights sold and roomnights available. All occupancy figures reported represent fully weighted averages, as calculations are always made after sub-totaling or totaling roomnights sold and roomnights available.

"CHAINS" are defined as one of the "Top 70+" brands, and include the following names: Four Seasons, Gaylord, Westin, W, Hilton, Hyatt, Inter-Continental, Marriott, Omni, Renaissance, Wyndham. Also, Embassy, Homewood, Residence, Staybridge, Clarion, Courtyard, Best Western, Indigo, Doubletree, Hilton Garden, Holiday Inn, Radisson, Sheraton, AmeriSuites, Bradford, Candlewood, Comfort Suites, Hawthorn, Quality Suites, SpringHill, TownPlace, Amerihost, Baymont, Best Western, Comfort Inn, Country Inn, Drury, Fairfield, Hampton, Holiday Express, La Quinta, Wingate. Budget Suites, Extended Stay, Homestead Village, Intown, Value Place, Studio Plus, Studio 6, Best Value, Days, Econo Lodge, Howard Johnson, Microtel, Motel 6, Quality Inn, Ramada, Red Roof, Super 8.

Accuracy: Room counts and Room Revenues are within 2%. On an overall basis, the change in average daily rates reported by Source Strategies Inc. are within a few tenths of one-percent of PKF Trends, another private research firm that gets financial reports from about 30% of all hotel/motels in Texas and then publishes aggregated results by metro and smaller areas.