



FEASIBILITY STUDY
with
FINANCIAL PROJECTIONS
for a proposed



Amherst, Virginia
for the Town of Amherst
Industrial Development Authority
Amherst, Virginia





4145 Yardley Circle
Tallahassee, Florida 32308-2942
Telephone: 850/893-6010 • Fax: 850/893-8345 • Cell: 850/443-5010
www.interimhospitality.com • ihcex@comcast.net
Member, International Association of Hospitality Advisors
Member, Extended-Stay Hotel Council, AHLA

June 30, 2014

Mr. Jack Hobbs
Town of Amherst
Industrial Development Authority
Post Office Box 280
Amherst, Virginia 24521

Via Federal Express

Dear Mr. Hobbs:

This report, entitled “Feasibility Study with Financial Projections for the development of a proposed Cobblestone Inn” in Amherst, Virginia has been prepared pursuant to our agreement of May 1, 2014.

The report consists of a survey of the site and surrounding areas regarding the suitability for hotel development; a market study of the Amherst, Virginia area pertaining to transient lodging facilities; and based on these studies, estimates and assumptions, discussed in this report, the Financial Projections for the proposed hotel.

The scope of our work is described in the attached report and includes, among other things, the following steps: We discuss the demand for the facilities with representatives of government, commerce, and industry. We revisited economic and demographic data and industrial growth statistics of the area. Existing and planned travel patterns, area approaches, hotels, restaurants, and lounges were surveyed and analyzed as they pertain to the site.

In accordance with our engagement letter, we did not ascertain the legal and regulatory requirements applicable to this project, including zoning, permits, licenses, and other state and local government regulations. No effort has been made to determine the possible effect on this project of present or future federal, state, and local legislation, including any regarding environmental or ecological matters, nor an analysis of the potential impact of possible energy shortages.

Our study is based on information developed from research of the market, knowledge of the industry, and conversations with you during which we were provided certain information. The sources of information and bases of our estimates and assumptions are stated in the body of this report. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying projections are based on estimates and assumptions developed in connection with the Feasibility Study. However, certain assumptions may not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the projection period may vary from the forecasts, and the variations may be material.

The Author and Interim Hospitality Consultants will not be liable for errors and omissions in judgment, negligence, or other fault in connection with this Feasibility Study, except for acts of gross negligence, willful malfeasance, and fraud.

We acknowledge that the hotel will be financed through one or more loans with financial institutions, and said financial institutions may rely on the Feasibility Study when determining whether to extend financial credit and the terms thereof. In addition, we understand that you plan to offer ownership interests in the hotel to accredited investors in a private placement under various rules and regulations of the Securities Acts (Offering), and that investors may rely on the Feasibility Study as part of their investment analysis.

Further, we acknowledge that you and others may utilize the Feasibility Study to evaluate the market potential for the proposed hotel, planning the composition of the hotel, projecting levels of market penetration, occupancy, and average room rate, preparing cash flow and financial projections, and other purposes.

In your multiple capacities as developer of the hotel, you and your agents and assigns, are hereby authorized to utilize the Feasibility Study for its intended purposes and in pursuance of the matters described herein. As such, you and your agents and assigns, are authorized to disclose the Feasibility Study to any and all third parties and their attorneys, accountants, and employees who need access in order to analyze aspects of the hotel. These authorizations may not and will not be revoked. Neither you nor third parties to which you disclose the Feasibility Study have a duty to maintain the confidentiality of the Feasibility Study. We acknowledge that the Feasibility Study is owned by you, and you may utilize it as your sole property.

Thank you for allowing Interim Hospitality Consultants to be of service to you.

Regards,



Edward L. Xanders, CHA
Its Manager

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INTRODUCTION

Interim Hospitality Consultants was engaged to conduct a Feasibility Study with Financial Projections for a proposed Cobblestone Inn Hotel to be located in Amherst, Virginia. The Cobblestone Inn is to have all the amenities commensurate with an mid-priced transient hotel.

Objectives of Study

The basic objectives of the study were to:

1. Evaluate the market potential for the proposed hotel based on an analysis of the market support for a lodging facility on the subject site.
2. Comment on the appropriate number, types, and sizes of guest rooms and other amenities which would best serve the needs of the market.
3. Project levels of market penetration, occupancy, and average room rate for the proposed hotel for the first five years of operations.
4. Prepare detailed projections of Cash Flow from operations before fixed charges for the hotel for the first five years of operations.
5. Provide a written report containing the conclusions of the Feasibility Study and present Financial Projections for the proposed hotel.

Scope of Study

The Feasibility Study included a variety of work steps which enabled us to evaluate historic trends and project the future competitive supply of and demand for lodging accommodations in the area. The scope of the work included, but was not necessarily limited to, the following:

1. An analysis and economic evaluation of the Amherst, Virginia, market area based on interviews with area businessmen and government officials, compilation of pertinent market data, and a review of those economic indices which would be most relevant to the success of the proposed project.
2. An inspection of the site and surrounding area to determine their suitability for the proposed hotel, taking into consideration such factors as accessibility, visibility, and proximity to demand generators.
3. An inspection and analysis of the hotels in Amherst, Virginia, that would provide the primary competition to the proposed hotel. Our census of the competitive facilities included existing hotels as well as those under construction, planned, or rumored.
4. A determination of the current overall market demand and rooms in the subject area and the share of market demand that is generated by tourists, commercial travelers, and group meetings/ convention delegates.
5. A projection of growth rates for the various market segments based on the factors that should impact the future demand for hotel rooms.
6. An evaluation of the projected hotel supply and demand relationship in the market area to reach conclusions regarding the market support for the proposed hotel.
7. Comment on the proposed facilities in terms of number, mix, and type of guest rooms, and recreational amenities.
8. Comment on the proposed facilities in terms of style and size.
9. Projections of occupancy and average room rate for the proposed hotel, including projected market mix of guests.
10. Projections of cash flow from operations before fixed charges for the first five years of operations.

CONCLUSIONS

The Market research and analysis, as described in this report, indicate that the composition, strength, and projected demand for lodging accommodations in Amherst, Virginia, are sufficient to support the proposed Cobblestone Inn Hotel.

Market Area Analysis

(Section C)

Amherst, Virginia has become the suburban bedroom community of choice for the population of Lynchburg, Virginia only 15 miles to the south on U.S. 29.

Sweet Briar College offers a high-quality education for women in over 40 degrees; and the world-famous Virginia Center for the Creative Arts has been the incubator to creative artists, writers and artists since 1971.

Coupled with The Appalachian Trail and the Blue Ridge Parkway which are a short distance to the west – Amherst offers a true south Virginia hospitality and excellence quality of life.

Site and Area Evaluation

(Section D)

The site for the proposed Cobblestone Inn is in the Ambriar Retail Center on U.S. 29 South, in the northwest quadrant of the U.S. 29 By-Pass intersection, in Amherst, Virginia.

The Ambriar Plaza hosts over 20 retail establishments, and will cater to the guests of the hotel – all within walking distance on the sidewalks of the Plaza.

Supply and Demand Analysis

(Section E)

There are no hotels in Amherst, Virginia reporting their hotel data to Smith Travel Research. Interim Hospitality Consultants selected eight mid-priced, transient hotels in Lynchburg, Virginia as an indication of Potential Market Demand for Amherst all based on the excellent demand generator of nearby Lynchburg, Virginia.

The eight Lynchburg properties have an average Occupancy of 60.5% from 2008 to 2013. At an Average Daily Rate of \$95.14 this is excellent stability of hotel business in South Central Virginia. This success bodes well for the proposed Cobblestone Inn as the findings of this Feasibility Study come to fruition.

Proposed Facilities and Services

(Section F)

The Market Research for this Feasibility Study has revealed that there is sufficient demand for a 44-room upscale, mid-priced, limited-service hotel. The developer has selected Cobblestone Inn.

A Cobblestone Inn exemplifies a true mid-priced interior corridor hotel with guest room amenities expected by the traveling public in 2014. The hotel is reminiscent of a Hilton Hampton Inn or a Holiday Inn Express.

The two-story building can be adapted to three stories if required by site constraints. Each hotel incorporates local architecture and exterior features of décor. An oversized porte-co-chère welcomes each guest.

A gas flame natural stone fireplace and mantel establishes a warm, friendly welcome into the hotel lobby.

Breakfast Area

Breakfast Area

The self-served hot breakfast area has table seating for 12 and eight bar stools. Breakfast is served at 6:00 a.m. to 9:00 a.m. weekdays, and 7:00 a.m. to 10:00 a.m. on weekends, featuring premium Wolfgang Puck coffee, available 24 hours a day.

Social Bar

The eight bar stools are adjacent to the front desk offering, depending upon local ordinances:

- Full liquor, beer and wine, or
- Beer and wine, or
- Gourmet coffee and tea
- Certain hotels also heat and sell frozen pizza.

Each Cobblestone Hotel location is subject to local ordinances and the volume of revenue and expenses are minimal, due to the size of the hotel. The proforma of this study did not factor the monetary amounts of this very well received guest amenity.

All Cobblestone Hotels feature a Retail Center and Guest Fitness Center/Laundry.

Hotel Guest Rooms

The guest room key is a Radio Frequency Identification (RFID) lock technology.

All guest rooms feature:

- Hospitality Center of refrigerator/freezer, microwave and coffee maker
- Full open closet with ironing board, iron and luggage rack
- Free-standing lamps and 42-inch High Definition television
- Bedside convenience electric and USB outlets
- Full-size bath, shower/tub and two framed dressing mirrors

Each hotel has one or two Extended Stay Suites with a full kitchen, parlor with sofa bed and a separate King bedroom. Certain hotels feature a Celebration King Room with a whirlpool tub for two.



The Hotel Feasibility Study for each Cobblestone Inn delineates the hotel features that should be included to meet that community's hotel market. These market-driven amenities are the basis of overall hotel profitability and may not be included in an individual property as they are selected on meeting the guests' needs:

1. Flexibility in offering 30-50 guest rooms
2. Electronic sliding front door
3. Guest elevator to upper floors
4. Indoor swimming pool
5. Meeting room for 30 guests
6. Additional extended-stay rooms
7. Separate Conference Center building for 100-500 guests
8. Sun Patio adjacent to the indoor pool with evening fire pit
9. Guest room safe
10. Exterior architectural design to the local market

The selection of the hotel market-driven features establishes a lower construction cost. However, the key to operating the 30-50 room hotel profit is the multi-tasking of all employees. A typical 30-50 room Cobblestone Inn has only three full time and four to five part-time employees.

Cobblestone Inn Amherst, Virginia Proposed Room Mix	
15	King Room
25	Queen/Queen Room
2	Celebration Suite
2	King Extended Stay Suite
44	Total Rooms

Source: Interim Hospitality Consultants

Projected Utilization of the Proposed Hotel (Section G)

Based upon the occupancy of the Cobblestone Inn, the proposed hotel's Total Market Penetration and underlying assumptions are summarized as follows:

1. *Leisure:* Due to the hotel being marketed as the number one quality product in the mid-priced limited-service hotel classification, the hotel's projected penetration of fair market share will range from 125.5% to 123.7% over the five-year projection period.
2. *Commercial:* The fair market share of commercial business is projected to run at 25.0%. This can be achieved with a professional sales marketing effort. If for any reason the tourist business declines through seasonality or energy shortages, state and local commercial solicitation must be made to offset the decline.
3. *Occupancy:* The projected occupancy should be attainable if the property is built as described, professionally operated in all facets, and business of the area continues to be positive. In years 3 to 5, additional competition may materialize to substantially reduce the projections.

These projections are based on estimates and assumptions developed in connection with the Feasibility Study. However, certain assumptions may not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the projection period may vary from the forecasts, and the variations may be material.

Proposed Cobblestone Inn Amherst, Virginia			
<i>Year</i>	<i>Occupancy</i>	<i>Average Daily Rate</i>	<i>Room Revenue</i>
2017	69.0%	\$116.00	\$1,285,440
2018	70.0%	\$119.00	\$1,337,800
2019	71.0%	\$123.00	\$1,402,520
2020	72.0%	\$127.00	\$1,472,550
2021	73.0%	\$131.00	\$1,535,820

Source: Interim Hospitality Consultants

Financial Analysis

(Section H)

Projections of annual operating returns for the Cobblestone Inn were prepared for five years, 2017 through 2021. The projections are based on the results of operations of comparable facilities and our conclusions regarding the environment in which the hotel would operate.

Proposed Cobblestone Inn Amherst, Virginia			
<i>Year</i>	<i>Total Revenue</i>	<i>Net Operating Income Before Debt Service</i>	
2017	\$1,363,010	\$670,940	49.2%
2018	\$1,416,500	\$704,050	49.7%
2019	\$1,482,340	\$739,250	49.9%
2020	\$1,553,140	\$785,030	50.5%
2021	\$1,617,890	\$816,640	50.6%

Source: Interim Hospitality Consultants

Cobblestone Hotels

Information on the Cobblestone Hotels brand is presented on the following pages.

**BIG CITY QUALITY,
SMALL TOWN VALUES...**



**COBBLESTONE
HOTELS**

Small towns drive considerable demand

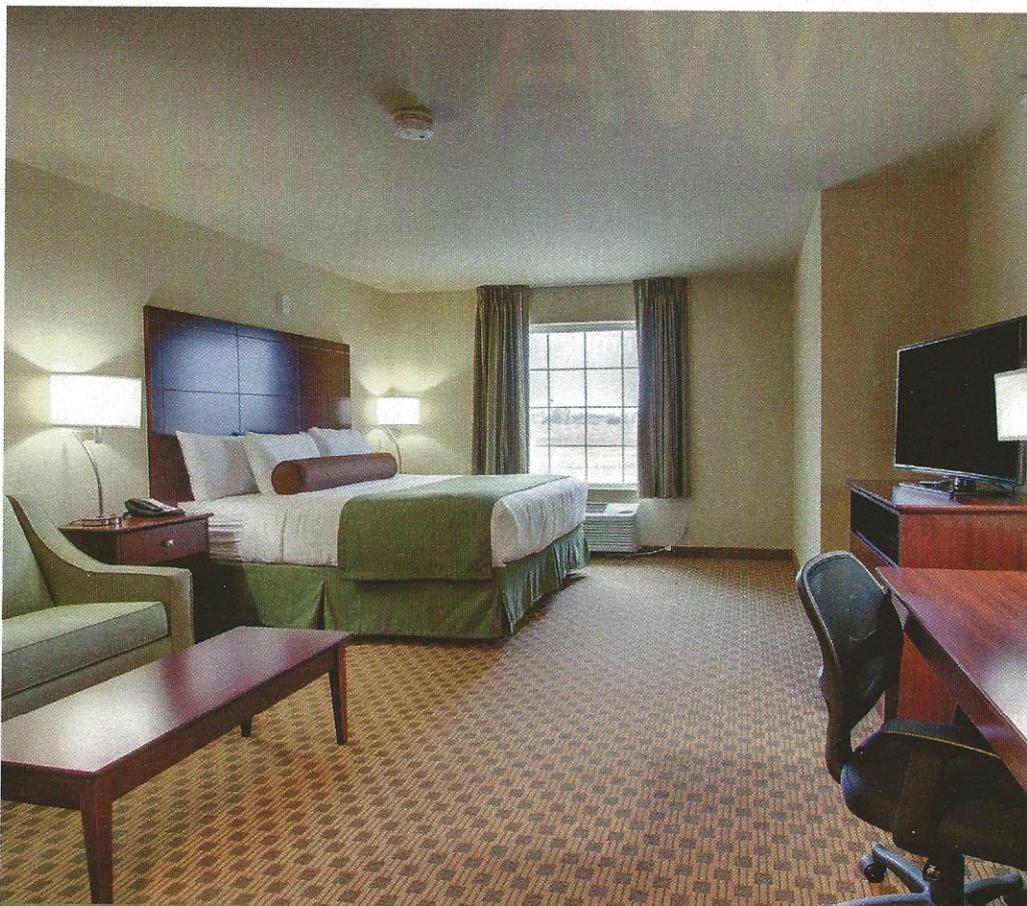
Known as an all-new-construction brand, Neenah, Wis.-based Cobblestone Hotels began in 2008 as a solution for small Midwestern towns that had demand for hotel rooms but not on a huge scale. After designing a 31-room prototype, co-founders CEO Brian Wogernese and CFO Mark Pomeranke originally thought they would be the sole investors, Wogernese said. Then the phone started ringing as other potential investors grew interested. Today, the upper-midscale limited-service chain, which has its own management company, remains focused on its original goals while incorporating growth to new regions. *Hotel Management* spoke with Wogernese on why this formula works.

HM: We hear a lot these days about brand expansion only in key gateway markets. That's not Cobblestone's plan. Why not? What makes these small towns a good fit and how do you do feasibility studies?

BW: We're not just in tertiary markets; we're in tertiary markets of tertiary markets. It can be difficult to determine if a hotel will make it or not in these markets, because it's not like we can pull a STR report in many cases. We have to talk to locals and do a lot of digging to feel comfortable. We look at the whole area. We look to see where people are staying. These small towns can pull from much larger communities. If visitors need to drive half an hour or 45 minutes away to get to the next bigger city, then we have a chance. We do studies for every market we enter and we build anywhere from a 31-room property up to a 50- or 60-room one.

HM: The first Cobblestone opened in 2008, yet you still had considerable interest during the recession. Why?

BW: Every city has weddings, class reunions and other business that you can count on. There's no clear-cut financing plan for every deal. Our deals aren't big See **Cobblestone Hotels** | page 44



INSIDE THE DEAL

Cobblestone Hotels opened the new-build Cobblestone Hotel and Suites and One Box Convention Center in Broken Bow, Neb., in mid October (shown). The hotel has 36 guestrooms and more than 1,000 square feet of meeting space in the attached convention center. Wogernese said the company will consider meeting space with new projects if the need is there. "We're not in the business to do convention centers, but we've had two properties open recently with this type of space and they saw the need in their community. Both of them are busy," he said.

BRIEF COMPANY HISTORY

Co-founders Brian Wogernese and Mark Pomeranke were franchisees of other hotel brands before starting Cobblestone. "We were driving through the Midwest from Pipestone, Minn., through all these little towns," Wogernese said. "We saw that they needed a hotel. Maybe not something big, but something." Today the company franchises, develops and operates Cobblestone Inn & Suites, Cobblestone Hotel & Suites and Boarders Inn & Suites hotels in the upper-midscale select-service segment.

FIRST PROPERTY OPENED

2008

PROPERTIES OPEN

34

PROPERTIES UNDER CONSTRUCTION

10

PROPERTIES IN THE PIPELINE

45

LOCATION

13 states

SERVICES

Design, construction and procurement services, development, franchising, operations

Cobblestone Hotels

Continued from page 12
and sexy and we tend to work with smaller regional banks. Mark and I personally invest in almost every property. Other than that we may have a lot invested at different levels, but no deal is more than 60 percent leveraged.

HM: What construction costs and labor trends have you noticed in the markets Cobblestone is in?

BW: We bring in the entire team. If there are locals who can do it, that's great, but we tend to stick with people we know. The brand started with new-builds because

there really isn't any other option in most of these places. They can be done cost effectively and people like the 'new-car smell.' We have found that development so often is based on relationships with companies that know your product and pricing.

HM: Your core brands, Cobblestone Hotel & Suites and Cobblestone Inn & Suites, are all new-build, but your Boarders Inn & Suites brand is conversion. How do they all fit together?

BW: The Hotel & Suites brand has a pool and the Inn & Suites brand does not, so those just depend on the market. Our Boarders brand grew as a lower-cost option for owners that might be at the end of a license agreement and want to convert. We're in some larger markets with Boarders but it's not really what we're focusing on. For those we want quality conversions—we don't want to just take anything.

HM: The U.S. has no shortage of small towns. Where are you looking now?

BW: Our largest concentration now is Iowa, Nebraska and North Dakota. Texas is another big focus for us; we have three in the ground right now. We have two under construction in Pennsylvania. Our three hotels under



COBBLESTONE HOTELS

All Cobblestone Hotel & Suites properties offer hot breakfast. Many also have a beer and wine bar.

construction in Texas are related to the oil fields, but not all of our six North Dakota properties are there because of the oil. Our pipeline for 2014 is a lot bigger than it was last year. In the first half of this year we'll open 10 hotels. We have so many pieces to what we do. I'm involved in development, construction and management. I don't think I'd ever want to be just a franchisor. I don't want to say, "Here's a franchise agreement, send us some money, see you later." We want to be involved with our developers. There's a personal aspect to what we do. We're still small enough that I go to every groundbreaking and every grand opening at the very least; usually I'm there along the way. **HM**

Stephanie Ricca

WISCONSIN

Brillion – Cobblestone Inn & Suites
800 W Ryan St • Brillion, WI 54110
Phone: (920) 756-3800
brillion@staycobblestone.com

Clintonville – Cobblestone Inn & Suites
175 Waupaca St • Clintonville, WI 54929
Phone: (715) 823-2000
clintonville@staycobblestone.com

Durand – Cobblestone Inn & Suites
325 W Prospect St • Durand, WI 54736
Phone: (715) 672-5055
durand@staycobblestone.com

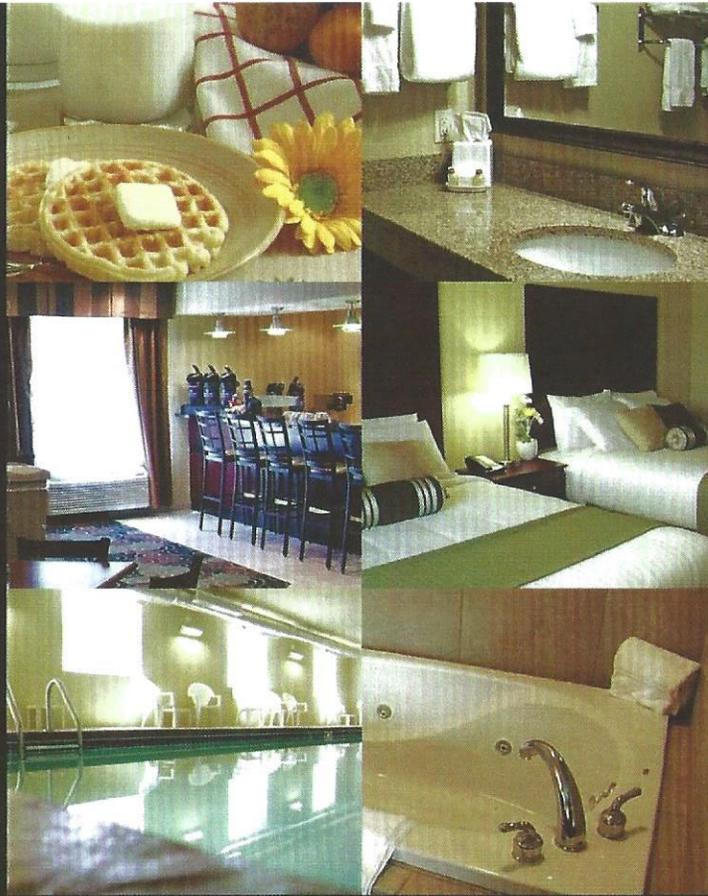
Evansville – Boarders Inn & Suites
715 Brown School Rd • Evansville, WI 53536
Phone: (608) 882-0936
evansville@stayboarders.com

Oshkosh – Cobblestone Inn & Suites
1515 Planeview Rd • Oshkosh, WI 54904
Phone: (920) 230-7400
oshkosh@staycobblestone.com

Ripon – Boarders Inn & Suites
1219 W Fond Du Lac St • Ripon, WI 54971
Phone: (920) 748-7578
ripn@stayboarders.com

Waupun – Boarders Inn & Suites
5 Gateway Dr • Waupun, WI 53963
Phone: (920) 324-2500
waupun@stayboarders.com

Wautoma – Boarders Inn & Suites
W7696 State Rd 21 & 73 • Wautoma, WI 54982
Phone: (920) 787-5050
wautoma@stayboarders.com



COBBLESTONE DIRECTORY

Corporate Headquarters:
980 American Drive • Neenah, WI 54956

Toll Free Reservation Line:
(888) 693-8262

Websites:
www.staycobblestone.com
www.stayboarders.com
www.cobblestonedream.com

★ Coming Soon

Updated May 2013


**COBBLESTONE
HOTELS**



COBBLESTONE DIRECTORY


**COBBLESTONE
INN & SUITES.**


**boarders
INN & SUITES**


**COBBLESTONE
HOTEL & SUITES**

COLORADO



★ Holyoke – Cobblestone Inn & Suites
805 Interocean Ave • Holyoke, CO 80734
Phone: (970) 854-3222
holyokey@staycobblestone.com



★ Wray – Cobblestone Inn & Suites
35952 Hwy 385 • Wray, CO 80758
Phone: (970) 332-5000
wray@staycobblestone.com

ILLINOIS



★ Newton – Cobblestone Hotel & Suites
100 Gregory Dr • Newton, IL 62448
Phone: (618) 783-5550
newton@staycobblestone.com

IOWA



Bloomfield – Cobblestone Inn & Suites
509 S Washington St • Bloomfield, IA 52537
Phone: (641) 664-2000
bloomfield@staycobblestone.com



Fayette – Boarders Inn & Suites
515 ½ W Water St • Fayette, IA 52142
Phone: (563) 425-0214
fayette@stayboarders.com



Knoxville – Cobblestone Hotel & Suites
1212 Eric Dr • Knoxville, IA 50138
Phone: (641) 828-6100
knoxville@staycobblestone.com



Marquette – Cobblestone Inn & Suites
100 North St • Marquette, IA 52158
Phone: (563) 873-8900
marquette@staycobblestone.com



Marshalltown – Boarders Inn & Suites
115 Iowa Ave W • Marshalltown, IA 50158
Phone: (641) 752-4844
marshalltown@stayboarders.com



Vinton – Cobblestone Inn & Suites
1202 W 11th St • Vinton, IA 52349
Phone: (319) 472-2220
vinton@staycobblestone.com

KANSAS



Anthony – Cobblestone Inn & Suites
1000 N LL&G Ave • Anthony, KS 67003
Phone: (620) 842-5200
anthony@staycobblestone.com



★ Harper – Cobblestone Inn & Suites
899 Frontage Rd • Harper, KS 67058
Phone: (620) 896-2400
harper@staycobblestone.com

MICHIGAN



Traverse City – Boarders Inn & Suites
1870 US 31 North • Traverse City, MI 49686
Phone: (231) 938-1887
traversecity@stayboarders.com

MINNESOTA



★ Crookston – Cobblestone Hotel & Suites
2304 Sahlstrom Drive • Crookston, MN 56716
Toll Free: (888) 693-8262
crookston@staycobblestone.com

NEBRASKA



★ Broken Bow – Cobblestone Hotel & Suites
2570 S 27th Ave • Broken Bow, NE 68822
Toll Free: (888) 693-8262
brokenbow@staycobblestone.com



Fairbury – Cobblestone Hotel & Suites
1503 K St • Fairbury, NE 68352
Phone: (402) 587-5082
fairbury@staycobblestone.com



★ Hartington – Cobblestone Inn & Suites
405 Arens Dr • Hartington, NE 68739
Phone: (402) 254-9866
hartington@staycobblestone.com



Seward – Cobblestone Hotel & Suites
2575 Progressive Rd • Seward, NE 68434
Phone: (402) 646-1004
seward@staycobblestone.com



Wayne – Cobblestone Hotel
505 Tomar Dr • Wayne, NE 68787
Phone: (402) 833-1300
wayne@staycobblestone.com

NORTH DAKOTA



Bottineau – Cobblestone Inn & Suites
1109 11th St E • Bottineau, ND 58318
Phone: (701) 534-2121
bottineau@staycobblestone.com



Carrington – Cobblestone Inn & Suites
835 5th Ave N • Carrington, ND 58421
Phone: (701) 652-3000
carrington@staycobblestone.com



Harvey – Cobblestone Inn & Suites
410 W. Brewster • Harvey, ND 58341
Phone: (701) 635-2222
harvey@staycobblestone.com



Killdeer – Cobblestone Hotel & Suites
158 Rodeo Dr • Killdeer, ND 58640
Phone: (701) 764-2200
killdeer@staycobblestone.com



Langdon – Cobblestone Inn & Suites
510 9th Ave E • Langdon, ND 58249
Phone: (701) 256-2420
langdon@staycobblestone.com



★ Rugby – Cobblestone Inn & Suites
402 Hwy 2 East • Rugby, ND 58368
Phone: (701) 881-3000
rugby@staycobblestone.com

TEXAS



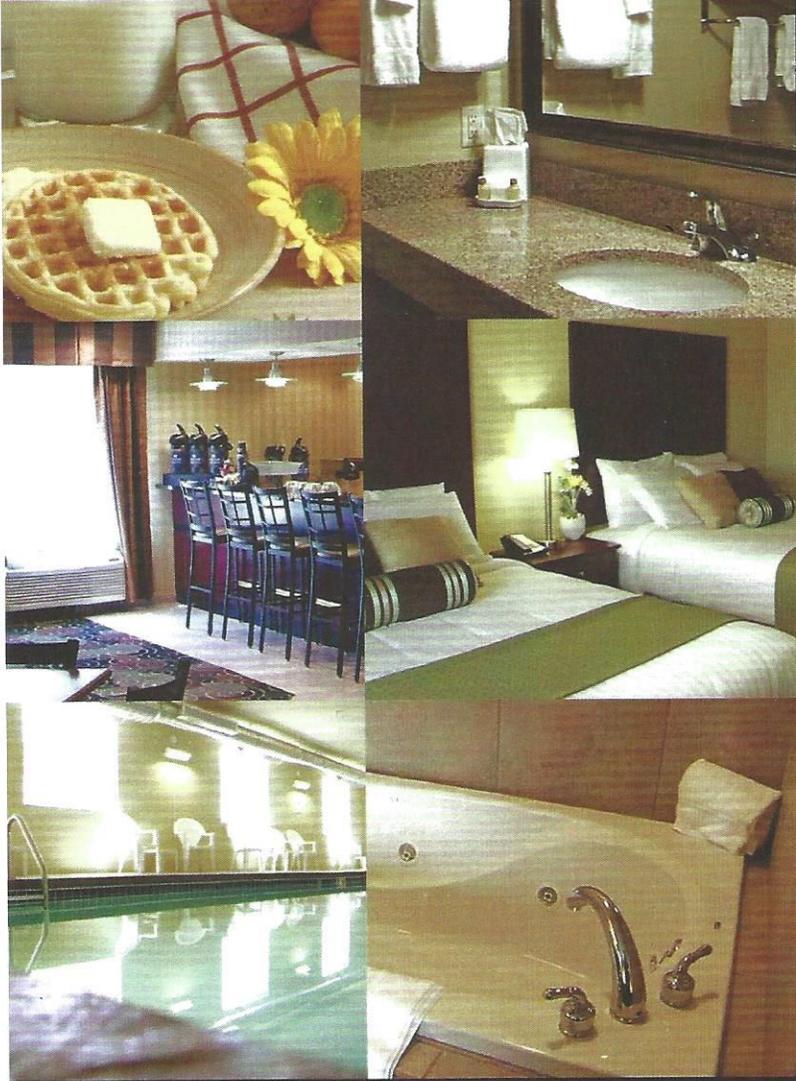
★ Big Lake – Cobblestone Inn & Suites
1318 East US Hwy 67 • Big Lake, TX 76932
Toll Free: (888) 693-8262
biglake@staycobblestone.com



★ Colorado City – Cobblestone Hotel & Suites
715 West IH-20 • Colorado City, TX 79512
Toll Free: (888) 693-8262
coloradocity@staycobblestone.com



★ Stanton – Cobblestone Hotel & Suites
3394 IH-20 • Stanton, TX 79782
Toll Free: (888) 693-8262
stanton@staycobblestone.com



**COBBLESTONE
REWARDS**



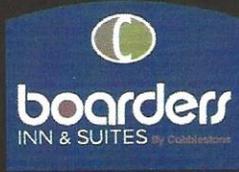
**EARN REWARDS FOR
STAYING WITH US!**

COBBLESTONE REWARDS

Corporate Headquarters:
980 American Drive • Neenah, WI 54956

Toll Free Reservation Line:
(888) 693-8262

Websites:
www.staycobblestone.com
www.stayboarders.com
www.cobblestonedream.com



HIGHLIGHTS OF BRAND AGREEMENT

PHILOSOPHY & CULTURE

- We want to see profits come to the hotel owner/owners
- Lead by example
- Client driven organization
- Cobblestone properties are committed to every hotel within our brand

The brand agreement grants the member the right to use the Cobblestone Inn and Suites or Cobblestone Hotel & Suites system for specific site for a term of 10+ years. The agreement provides for an exclusive territory in the primary trading area surrounding the site for the life of the contract. Each "area of protection" is determined by mutual agreement of the member and Cobblestone Hotels, LLC. on a case-by-case basis.

OBLIGATIONS OF BRAND

- Provide detailed prototype drawings and design standard
- Review preliminary and final architectural plans, specifications, and FF&E to assure compliance with system standards
- Conduct opening training at the facility as well as management and ownership training and orientation at designated locations
- Provide reservation system
- Promote awareness for the Cobblestone Hotels brands
- Establish Cobblestone Hotels standards

OBLIGATIONS OF HOTELIER

- Commitment to guest satisfaction
- Design, build, and equip the facility in strict conformity with prototype plans and specifications, subject to site and code requirements.
- Participate in mandatory training and marketing programs
Operate the facility in strict conformance with standards



**COBBLESTONE
HOTELS**

- Operations and service support: it takes a deep and diverse collection of resources, systems, and services, to support the quality of product and performance we expect at Cobblestone Hotels. You're not in this alone. We provide everything you need to develop the kind of operation that lives up to our name and your expectations.
- Design, standards and building requirements: our design and construction team has developed prototypes that offer flexibility and efficiency of each design. Each prototype design can adapt and be adjusted to meet the needs that your location demands. Every design includes our iconic bell tower. All of our prototypes have been value-engineered and improved on over the years; many of the improvements that have been implemented have come from our very own properties.

INITIAL FEE

Following approval from the brand review committee, the applicant will be sent a completed brand agreement to be signed and returned with the entrance fee.

COBBLESTONE HOTELS APPLICATION

A prospective member decides that Cobblestone Hotels brand is right for them, the next step is to complete a Cobblestone Hotels application. The applicant needs to provide information about the site and the entity entering into the agreement. We do require a non-refundable \$2,000 application fee in advance. Once all the information is provided, it is carefully reviewed by the Cobblestone Hotels brand committee to determine if the project represents the best opportunity in the market. The committee reserves the right to accept or deny any application.

BRAND, SALES & MARKETING

BRAND, SALES & MARKETING SUPPORT IN EVERY ASPECT OF THE INDUSTRY!

Cobblestone Hotels is devoted to helping you make sure you have a wonderful return on your investment. At no additional charge we offer a mass quantity of quality sales and marketing programs to ensure your success.

SALES

- Group Booking Tool
- National Sales and RFP Services
- Cobblestone Sales and Marketing Tools
- Cobblestone Sales and Marketing Training Checklist
- Market Specific Sales and Revenue Management Action Plans
- 24 Hour GDS/Internet Reservation System

HOTELS

- Cobblestone Hotels Brand Recognition
- Cobblestone Hotels Directory Placement
- GDS Marketing Campaigns

MARKETING

- Marketing /Advertisement Design Services
- Discounts on AAA Products
- Discounts on United States Travel Guides
- Discounts on Highway Billboards Nationwide
- Discount on all promotional material needed at your property

ONLINE OPTIMIZATION

- Key Focus on Search Engine Optimization
- Social Media Management
- Online Group Booking Partnerships
- GDS Representation, putting your property in front of over 600,000 Travel Agents and over 2000 Internet Booking Channels

BRAND SUPPORT

When it comes to the hospitality industry, consistency with in the Brand is a key factor to capture a returning customer. Cobblestone Hotels will help you start your Membership out right with our wonderful Conversation/Opening Team! From the moment you sign your Agreement our team is sprung into action to insure the smoothest process possible as well as insure that your hotel maintains the consistency needed to be as successful as possible. Some of the areas that we support your hotel in are:

- Swift Conversion/Opening to ensure optimal Market Presence
- Management and Staff Training
- Quality Assurance
- Vendor Relations to cut your costs
- Systems Training
- Membership model offers you the control over how your hotel is run
- Cobblestone Rewards, an added value to each guest and a great incentive for returning clients

And much more! Remember, Cobblestone Hotels also saves you and your hotel massive expenses by not charging you Franchise Fees on each reservation that you bring to your hotel.



*Professional
Hospitality
Management*



WHG Companies, LLC

Headquartered in Neenah, WI, WHG has built and managed projects in several states throughout the Midwest. The company has been able to translate its success into many different markets and to expand its properties exponentially, while maintaining a hands-on approach to each project.

The company credits its success and growth to its market-driven approach to each project. Whether it's a new brand, a new market, or a new property, WHG remains actively involved at the property level, giving the direction and support necessary to make a property thrive.

The staff of WHG has a combined history in the hospitality industry of over 75 years. Beginning as an independent owner/operator, WHG has grown due to its success implementing creative marketing strategies and combining them with exceptional customer service programs.

Fusing development services with operational support, WHG is positioned to contribute to every aspect of a hotel. From a conceptual idea to an existing mature property, we can assist with any facet specific to your needs.

WHG Companies, LLC Corporate Office
980 American Drive, Neenah, WI 54956

Phone **920-237-0233** Fax **866-403-7287**
Email info@whgco.com

www.whgco.com



*Professional
Hospitality
Management*



www.whgco.com

Market Area Analysis*

Overview

Amherst County is a county located in the Commonwealth of Virginia, and is a part of the Lynchburg, Virginia Metropolitan Statistical Area.

Amherst County is located near the geographic center of Virginia. It is bounded on the west by the Blue Ridge Mountains and on the south and east by the historic James River. The topography is gently rolling, typical of the Piedmont section of Virginia. The Blue Ridge Mountains provide spectacular scenery from throughout the county.

*The majority of the material contained in this section was obtained from:

1. Wikipedia Encyclopedia
2. City of Amherst
3. Sweet Briar College
4. Virginia Center for the Creative Arts

The City of Lynchburg joins the county on its southern boundary. Roanoke is fifty miles to the southwest, and Charlottesville fifty miles north. The county is bisected north to south by US Route 29 running from Washington, D.C., (three hours north) to Greensboro, North Carolina, (two hours south) and east to west by US Route 60 running from Richmond (two hours east) to Lexington (one hour west).

The county is home to golf courses, museums, lakes, parks, trails (including the Appalachian Trail and the Blue Ridge Parkway), a college, as well as to nationally known manufacturers. It offers prime commercial real estate, supported by solid infrastructure (including broadband telecommunications), and remarkably affordable housing.

History

Early History

Native Americans were the first humans to populate the area. They hunted and fished mainly along the countless rivers and streams in the county. Bear Mountain in Amherst County has been the home of the Monacan people for more than 10,000 years. The earliest written histories of Virginia record that in 1607, the James River Monacan (along with their Mannahoac allies on the Rappahannock River) controlled the area between the Fall Line in Richmond and the Blue Ridge Mountains.

The Monacan Nation

When the first colonists arrived at Jamestowne in 1607, they immediately met with Indian people on the Eastern Shore of Virginia. These Indians belonged to a vast Powhatan autocracy and spoke Algonquian languages. In the piedmont and mountain regions of this area lived Siouan Indians of the Monacan and Mannahoac tribes, arranged in a confederation ranging from the Roanoke River Valley to the Potomac River, and from the Fall Line at Richmond and Fredericksburg west through the Blue Ridge Mountains.

At this time, the Virginia Siouans numbered more than 10,000 people. They were an agricultural people who grew the “Three Sisters” crops of corn, beans and squash, and they had domesticated a wide variety of other foods, including sunflowers, fruit trees, wild grapes and nuts. They lived in villages with palisaded walls, and their homes were dome-shaped structures of bark and reed mats. These Monacan ancestors hunted deer, elk and small game, and they would leave their villages every year to visit their hunting camps. The Monacans traded with the Powhatans to the east and the Iroquois to the north. They mined copper, which they wore in necklaces, and which the Powhatans prized greatly. The Monacans also buried their dead in mounds, a tradition that differentiates them from neighboring Indian nations. Throughout the piedmont and mountain regions, thirteen mounds have been identified and many excavated, yielding interesting information about the lives of these First Americans, whose ancestors inhabited this region for more than 10,000 years.

Even before the English arrived, the Indians had encountered sweeping epidemics of disease, carried to this land by Spanish explorers in the 1500s. Such diseases as smallpox and influenza wiped out entire tribes, because the Indians had no immunity to the bacteria. With their numbers reduced and whole villages gone, the tribes were greatly disadvantaged when the colonists landed in Virginia.

Unlike the Powhatans, who maintained an appearance of friendly relations with the colonists, the Monacan people appeared to want little contact with the English. A number of explorers visited their towns and described them, but none remained to learn the Monacan languages, and thus the historical record of these people is poor in contrast to Powhatan history.

Between 1607 and 1720, a series of encounters are recorded, and the Monacans gradually moved westward, away from the advancing settlers. Some stayed for several years at Fort Christanna, in Brunswick County, and these people eventually moved into Pennsylvania and finally to Canada, where they were adopted by the Cayugas, a division of the Iroquois Confederacy. Tuscaroras from North Carolina, who had fought a disastrous war with the English and were decimated as a result, joined them. However, some of the Monacan people stayed in Virginia, entrenched in their ancestral home in the mountains, a place that became known as Amherst County. Other members of their confederacy, such as Saponis, Occaneechis, and Tutelos, joined these remaining Monacans, and the Monacan people adopted the few Tuscaroras who chose to remain in Virginia.

A party of scouts explored the future Amherst area in 1742, preceding the development of the Hat Creek Presbyterian Colony, in present Campbell County. They found only one aged white man living within a 45-mile radius. According to a local history, “the region was inhabited by Indians who disputed its possession and offered combat with the whites from the very first. Some were of the Sapon (Saponi) nation but most of these red men were of the Tuscaroras tribe and were commonly known as Monacans.”

In the 1750s, Thomas Jefferson described a party of passing Indians on his property (near Monticello) who visited a burial mound there. They stayed at the mound for quite some time, with expressions of sorrow on their faces, and then went on their way. Because the Monacans of Amherst County were the only Siouan Indians remaining in the mound region at this time, it is assumed that they were these travelers. The episode shows that the Monacan people knew their ancestors were buried in the mounds and still visited them to grieve. Jefferson later excavated this mound, finding numerous graves inside. He has become known as “the father of American archaeology” because he documented his findings.

Lewis Evans published a map, in 1755, showing the Monacans and Tuscaroras located in the Amherst, Nelson and Bedford areas. There were two villages of Monacan Indians located nearby, one near White Rock Hill and one on the opposite side of the river. These Indians were peaceful and did not harm their new neighbors, the settlers.

However, other Monacan people were disturbed by the arrivals. According to local sources, “as late as 1758 they (Monacans) were to prove so troublesome to the Quakers at Goose Creek (near Bedford) that the settlement had to be abandoned for two years before being reclaimed.” Another source states, “It is quite possible that this can be explained by the Quakers choosing for settlement one of the best known Indian east and west Blue Ridge trail crossings and also their site was near an Indian burying ground of some significance.”

The Town of Lynchburg was established in 1786. Prior to this, a settlement had developed at Bethel, on the James River, and both Indian and white people were known to live there. According to one source, “It is common knowledge among older people of the area that the graveyard (at Bethel) contains a mixture of Whites and Indians who have lived in the vicinity for the past two centuries.”

By 1807, the settlement of Monacan ancestors on Johns Creek had been named “Oronoco,” after a type of dark-leaf tobacco grown in the area. One source has suggested that the Indians helped their new neighbors to grow this tobacco, thus contributing greatly to one of the greatest tobacco markets in the world at that time, which became the City of Lynchburg. The settlement at Oronoco was listed as a post town on a map of the county, and from this settlement grew the modern Monacan Nation.

The Virginia legislature passed a Race Law in 1823, which declared that any child of an Indian, and any descendant of a Negro, up to the great-grandchild, would be counted as a mulatto. This designation was used for all non-whites in Virginia until after the Civil War.

In 1831, William Johns purchased 52 acres of land on Bear Mountain. In 1833, he bought another 400 acres, and this land became a settlement for the Indian families related to him. One source states, “It was the people on Bear Mountain who cohered and maintained an identity through one another. It was also this community that became the target of prejudice and misunderstanding.” In 1850, the census recorded 29 families, mostly large, related to the Bear Mountain settlement and Monacan community. In 1856, Will Johns divided his lands among his sons and daughter. Five years later, at the age of 91, he died. In 1860, the Amherst County Clerk's Office recorded, among the names of free persons of color, the Monacan surnames of Beverly, Branham, Johns, Pinn and Terry.

In 1868, a parcel of land was donated for a meeting place for the Indian people. At the time, churches and schools were provided for whites and for blacks, but not for Indians. Originally, a wooden arbor served as the meeting place, and itinerant ministers began to hold Baptist and Methodist services there. Shortly thereafter, a log building was built, to be used for the meeting place. The new church served about 350 Indian people. This building later became the Indian mission school, which still stands at the foot of Bear Mountain and is now a registered national historic landmark.

An 1896 newspaper article about the Indian community described them this way: “The older part were typical Indians, of a rich copper color, high cheek-bones, long, straight

black hair, tall and erect in form.” The Monacan community was called “the Indian settlement” from everyone's earliest memory, the article stated.

In 1908, Reverend Arthur Gray proposed to build a chapel near “the center of the territory occupied by the tribe.” At this time, Rev. Gray was conducting one service each month at the log cabin schoolhouse. He stated, “These Indian people are increasing rapidly, and one could almost say that they are making a separate nation.”

Virginia passed its Racial Integrity Law in 1924, which prohibited intermarriage between those considered white and those having any mixture of colored blood more than one-sixteenth. This law was to have a disastrous effect on the Monacan people and resulted in many of their records being changed by state officials without their knowledge. Many Monacans left the state during this time, because they were no longer permitted to marry freely or to register as Indian in any official capacity. Indian children were at this time attending a first-to-seventh-grade school at Bear Mountain, and some were known to walk five miles each way to reach the school.

During this period, Monacans began challenging the official classifications of their race by state officials and census takers. The debate continued through 1942, when several Monacans led a legal challenge to the state's actions, and Dr. Walter Plecker, who headed the state Bureau of Vital Statistics, was forced to admit that he had no scientific evidence ascertaining the Monacans' race. In 1943, Monacans challenged the local draft board successfully resolving their incorrect racial classification for the World War II draft.

During the early part of the century, most of the Indian people had been tenant farmers, cropping shares, but they were forced finally to change to day work, cutting pulpwood and working seasonally at the local fruit farms. In 1946 the owner of two fruit farms, which employed many of the Indian families, agreed to provide a truck to transport the children to school and church. The people divided themselves into two groups, those with lighter and darker appearances, and the Presbyterian Church formed a separate mission and school at Pedlar Mills. During harvest season, the fruit farms had to set up three tables at lunchtime, for white, Indian, and black laborers.

A 1956 article in the Amherst paper noted the lack of secondary education being provided to mission children in the area, and in 1963, the County proposed a \$30,000 bond to build an Indian school for the mission community. The proposal was voted down, and 23 students applied for transfer to public schools. In Richmond, the applications were approved, and the old mission schoolhouse closed as its students entered public schooling for the first time.

The mission, now called St. Paul's mission, began holding its annual Homecoming Reunion and Bazaar in 1969, an event that is still enjoyed yearly in October by many county residents, and in 1970 a five-acre parcel was purchased by the church, still used as a recreational area for the tribe. In 1979, a federal Native American grant established a pottery cooperative at the mission, and some important pieces were produced, several of which were

sold to the Smithsonian Museum in Washington, D.C. The next year, a parish hall was added to the mission, and in 1981, the Mattaponi-Pamunkey-Monacan Consortium was created, the first intertribal consortium in Virginia, which obtains funding from the U.S. Department of Labor to create jobs and job training for Indian people in the state.

The tribe became a state-registered corporation in 1988, and in 1989, it was recognized by the Virginia General Assembly as one of the eight indigenous tribes of the state. In 1993, the tribe became a registered nonprofit organization, developed a museum steering committee, and held its first annual Powwow in Bedford County. With the funds raised from this event, the tribe purchased 110 acres of land on Bear Mountain, to be held in trust for its future generations. A tribal scholarship fund was also established at this time.

In 1994, the tribe began negotiating with the Episcopal Diocese of Southwest Virginia to open a tribal museum at the mission site, and in 1995 the Church made history by returning the deed to 7.5 acres of its property to the Monacan Tribe. The mission school building was accepted into the Virginia Register of Historic Places, and in 1996 the Bear Mountain log cabin was added to the National Register of Historic Places. In 1997, the tribe petitioned the Virginia Council on Indians to request legislation enacting corrections to birth certificates and other official documentation at no charge to tribal members. With the passing of this new bill, nearly a century of state-sanctioned racial oppression ended for Monacan people. Also in 1997, the tribe obtained its first grant from the federal Administration for Native Americans, to conduct historical research that will help them to obtain federal recognition as an Indian tribe.

The Monacan Nation, headquartered in Amherst County, has survived almost four hundred years since the first settlers landed at Jamestowne. Today the tribe numbers nearly 1,700 people, as more descendants discover their heritage and return to Amherst to celebrate their Indian culture. The tribe operates numerous programs designed to assist tribal members and to educate the general public. It has paid off its land purchase on Bear Mountain and acquired new parcels as well. The Monacan Nation, one of the few American Indian nations that still remain in their ancestral homeland, has made significant contributions to Virginia's history and development, and it continues to be a strong group, dedicated to the survival of Indian people in Virginia and throughout the hemisphere.

English Emigrants

With the establishment of the Virginia Colony in 1607, English emigrants arrived in North America. By the late 17th century, English explorers and traders traveled up the James River to this area. Early trading posts formed between 1710 and 1720. By 1730, many new families moved into the land currently known as Amherst County drawn by the desire for land and the good tobacco-growing soil.

Amherst County was formed in 1761, from the southern half of Albemarle County. The county was named for Lord Amherst, known as the “Conqueror of Canada” who

commanded the British forces that successfully secured Canada from the French. Jeffery Amherst was named Governor of Virginia, although he never came to the colony.

In 1806 the county assumed its present proportions when Nelson County was formed from its northern half. At that point the county seat, originally located in Cabellsville, now Colleen, was moved to the village of Five Oaks, later renamed Amherst. The present county courthouse was built in 1870 and has served the county ever since. Amherst County produced more Confederate soldiers per capita than anywhere else in the Confederate States of America.



Amherst County Courthouse

In the early days, the major crop raised in Amherst County was tobacco. Apple orchards were part of mixed farming that replaced tobacco, especially in the late 19th century. Timber, mining and milling were also important industries. The introduction of the railroad in the late 19th century greatly influenced the county's growth.

The county contains many good examples of 18th, 19th and early 20th century rural and small town architecture. The downtown area of Amherst is a classic example of early 20th century commercial architecture.

The Civil War in Virginia

On April 17, 1861, convention delegates meeting in Richmond voted eighty-eight to fifty-five to repeal the commonwealth's ratification of the U.S. Constitution and to withdraw Virginia from the Union. In a referendum on May 23rd, voters in eastern Virginia overwhelmingly approved the Ordinance of Secession.

On July 21, 1861, Union and Confederate armies fought at Bull Run near Manassas Junction. In the first major land battle of the war in Virginia, which the Confederates won, more than forty-eight hundred men were killed, wounded, or captured.

In May, 1863, the Army of Northern Virginia defeated the Army of the Potomac at Chancellorsville. Union losses totaled more than seventeen thousand, Confederate losses nearly thirteen thousand but a larger percentage of its army. Thomas J. "Stonewall" Jackson was mortally wounded on May 2nd while reconnoitering his defense lines, costing Robert E. Lee his "right arm."

On January 31, 1865, Congress submitted to the states the proposed Thirteenth Amendment to the Constitution, abolishing slavery. Nine days later the Restored government of Virginia ratified the amendment. Ratification by twenty-seven of the thirty-six states then part of the Union was completed on 6 December 6, 1865. In 1860, there had been 490,865 slaves in Virginia.

On April 9, 1865, R. E. Lee surrendered the Army of Northern Virginia at Appomattox Court House. Virginia was the site of 123 major military engagements, more than any other state. More than half a million men were killed, wounded, or captured in Virginia during the four years of war.

Geography

According to the United States Census Bureau, the county has a total area of 479 square miles, of which 474 square miles is land and 4.9 square miles is water.

Adjacent Virginia counties to Amherst County are:

- Rockbridge to the northwest
- Nelson to the northeast
- Appomattox to the southeast
- Campbell to the south
- Lynchburg to the south
- Bedford to the southwest

Climate

Located in the Piedmont Region of Virginia, Amherst County enjoys a moderate climate and the beauty of the four seasons. The Fall is the most spectacular time of the year with the vibrant leaves hitting their 'peak' in mid-October.

Average January temperatures:

Low: 24 F

High: 47 F

Average July temperatures:

Low: 68 F

High: 88 F

Government

Amherst County is governed by a five member Board of Supervisors.

Areas in the county include the town of Amherst and the unincorporated areas of Clifford, Elon, Madison Heights, Sweet Briar, Monroe, Riverville and Stapleton.

Demographics

As of the census of 2000, there were 31,894 people, 11,941 households, and 8,645 families residing the county. The population density was 67 people per square mile. There were 12,958 housing units at an average density of 27 per square mile. The racial makeup of the county was 77.67% White, 19.79% Black or African American, 0.81% Native America, 0.35% Asian, 0.02% Pacific Islander, 0.41% from other races, and 0.94% from two or more races. 0.96% of the population were Hispanic or Latino of any race.

There were 11,941 households out of which 31.7% had children under the age of 18 living with them, 56.0% were married couples living together, 12.4% had a female householder with no husband present, and 27.6% were non-families. 24.0% of all households were made up of individuals, and 9.9% had someone living alone who was 65 years of age or older. The average household size was 2.51 and the average family size was 2.95.

In the county, the population was spread out with 23.5% under the age of 18, 9.7% from 18 to 24, 27.7% from 25 to 44, 25.3% from 45 to 64, and 13.8% who were 65 years of age or older. The median age was 38 years. For every 100 females there were 91.1 males. For every 100 females age 18 and over, there were 87.1 males.

The median income for a household in the county was \$37,393, and the median income for a family was \$42,876. Males had a median income of \$31,493 versus \$22,155 for females. The per capita income for the county was \$16,952. About 8.0% of families and 10.7% of the population were below the poverty line, including 13.2% of those under age 18 and 11.6% of those age 65 or older.

Education

Every Child, Every Day is the mission and vision statement of the Amherst County Public Schools with its goals focusing on student achievement, safety, communication, leadership, and responsibility. Serving over 4,600 students in seven elementary schools, two middle schools, and one high school, county graduates are well prepared for future success in their chosen path of college, the workforce, or military.

Private Schools

A number of private schools in the Lynchburg area serve children from Amherst County. Among these are:

- Holy Cross Regional Catholic School
Holy Cross has been in Lynchburg since 1879 and offers classes K-12.
- James River Day School
James River Day School is an independent, non-sectarian day school for grades K through eight. Enrollment is 255 with a faculty and staff of 40 on a 12 acre campus with physical facilities totaling 55 thousand square feet. The school has been accredited by the Virginia Association of Independent Schools since 1979.
- Liberty Christian Academy
Liberty Christian Academy (LCA) was founded in 1968 and offers classes K-12. The school has a new \$9.5 million facility situated on its 113 acre campus. LCA is accredited by the Southern Association of Colleges and Schools and the Association of Christian Schools International. Graduates in good standing receive a full scholarship to Liberty University.
- New Covenant Schools
New Covenant Schools was established in 1991. The school is located on a fifty acre campus and offers a classical curriculum within a Christian framework for classes K-12. It is affiliated with the Reformed Episcopal Church.
- New Vistas School
New Vistas School is an independent day school founded in 1986 with classes K-12. The school is licensed by the Virginia State Department of Education and accredited by the Virginia Association of Independent Schools. Enrollment averages 45 and is focused on students of average to superior intelligence with learning and attention difficulties.
- Temple Christian School
Temple Christian School is affiliated with Temple Baptist Church and serves K-12.
- Virginia Episcopal School
Virginia Episcopal School (VES) was founded in 1916. VES is a college preparatory, coeducational, independent boarding and day school for grades 9-12. The school is located on a 160 acre campus in a residential section, and is accredited by several agencies. Enrollment is approximately 268.
- Virginia School of the Arts
Virginia School of the Arts is an independent residential and day school dedicated to dance education, performance, and community outreach. Students pursue a full academic program. Upon graduation students are prepared to begin their careers immediately, to continue their training at a conservatory, or to study at a more traditional college or university.

Higher Education

Sweet Briar College (SBC) is a private, women's liberal arts and sciences college founded in 1901 and occupying 3,250 acres. The school's Latin motto translates as: "She who has earned the rose may bear it." It is consistently rated as one of the most beautiful campuses in America. In fact, the National Register of Historic Places has designated twenty-one of its buildings on the main campus as The Sweet Briar College National Historic District.



Sweet Briar House

The school is named after the former Sweet Briar plantation, the former plantation of Elijah Fletcher and his family. Fletcher was a 19th-century teacher, businessman, and mayor of Lynchburg. His wife, Maria Crawford, is credited with naming the land Sweet Briar. By the mid-19th century, Fletcher had between 80 and 100 slaves at the plantation. After their emancipation in 1865, several continued to work for pay and live at Sweet Briar. On Elijah Fletcher's death, his daughter, Indiana, inherited the plantation.

When she died in 1900, she willed the land and much of her assets to starting a college for women, as her daughter Daisy had died at 16 and, therefore, never had a chance to attend college.

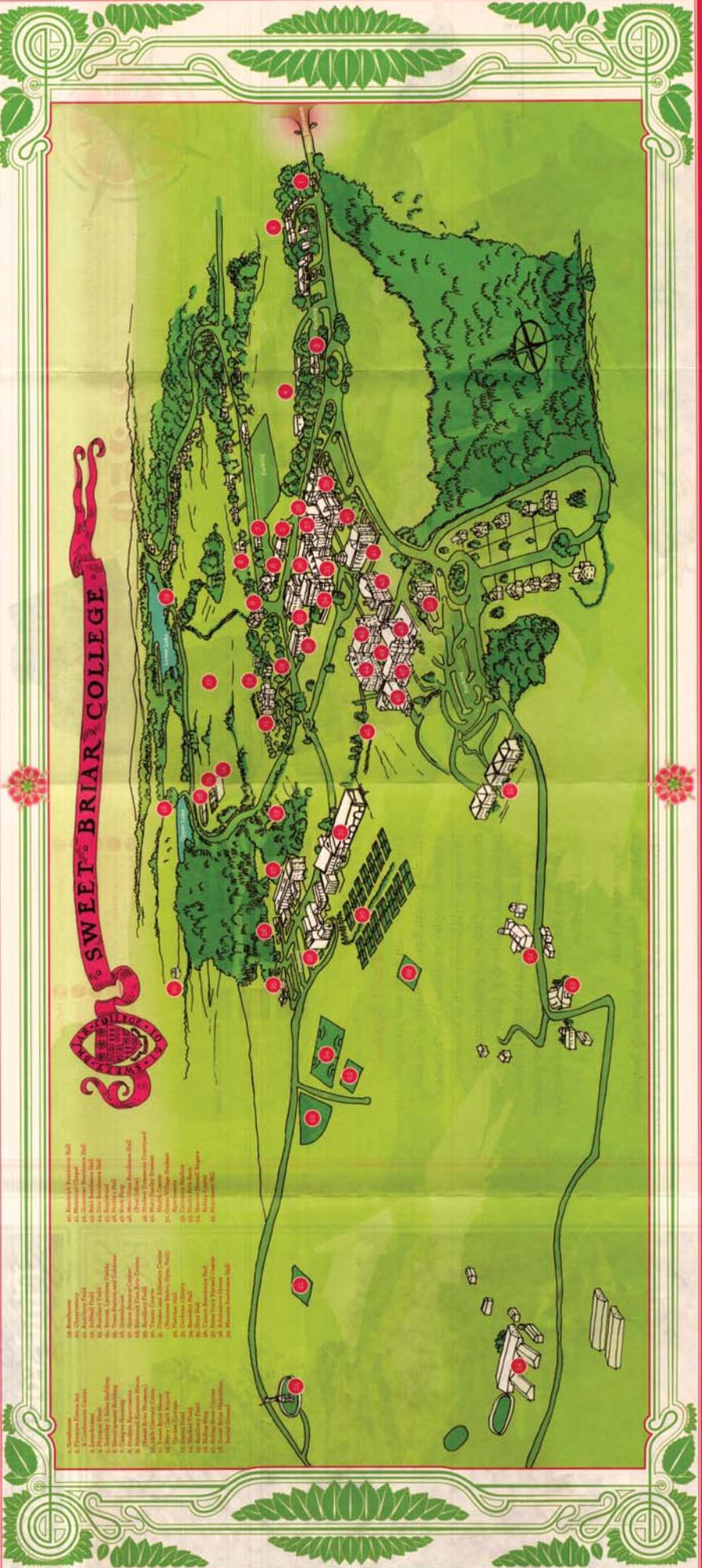
The school functions on a semester system, and operates 50 undergraduate courses of study as well as three pre-professional programs: Pre-Law, Pre-Medicine and Pre-Veterinary and two graduate degrees. Both programs are co-ed and in the field of education.

- Sweet Briar College is the second women's college to offer an engineering degree.
- Sweet Briar College offers several abroad programs to its students, the two largest being Junior Year in France and Junior Year in Spain.

Sweet Briar is a residential campus, and nearly all students live on campus during their time at SBC. There are seven standard dormitories, and more independent living available in the Green Village and Patteson House, available to upper classwomen. The school has over fifty clubs and organizations.

SWEET BRIAR COLLEGE

- 1. College
- 2. Administration
- 3. Conference Center
- 4. Dining Hall
- 5. Library
- 6. Student Union
- 7. Chapel
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3,250

Sweet Briar is set on 3,250 acres in the Blue Ridge Mountain foothills, creating a landscape for learning.



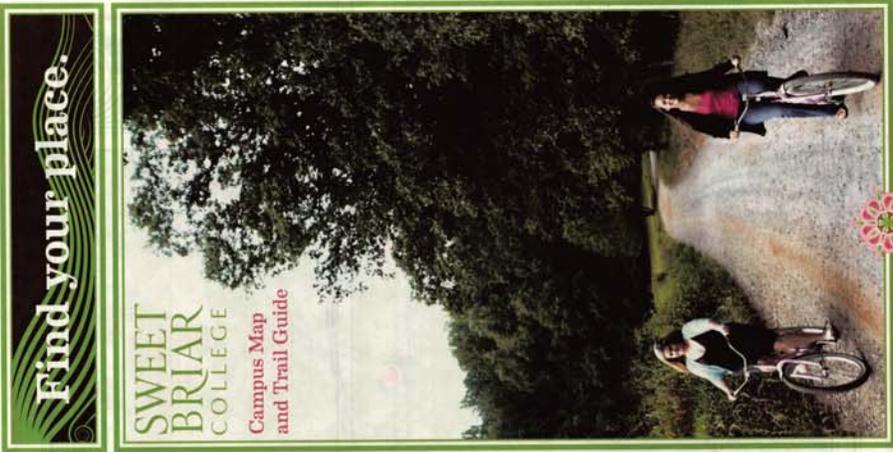
- Wildflower Garden
- Carry Nature Sanctuary
- Main Campus
- Butterfly Garden
- Nature Center
- Wetland
- Outing Cabin
- Community Garden
- Old Dairy
- Mt. Sen Angelo (VCCA)

- Trails
- Streams
- Private Road
- Rural Route 663
- Secondary Road
- Railroad
- U.S. 29
- Fields/Open Land
- Forest
- Nature Sanctuaries

Sweet Briar Trail System

Trails traverse open fields and young, mature and old-growth forest containing red and white oak, poplar, maple and beech trees. In season, wildflowers such as bloodroot, crested dwarf iris, wild geraniums and native azaleas can be found. The many types of wildlife spotted along the trails include white-tailed deer, turkey, kingfishers, pileated woodpeckers, fox, an occasional river otter and myriad butterflies.

- Please stay on trails
- Take only photographs; leave only footprints
- Everyone yields to horses; cyclist yield to hikers



SWEET BRIAR COLLEGE
Campus Map and Trail Guide

Find your place.

The Virginia Center for the Creative Arts

The Virginia Center for the Creative Arts (VCCA) is an artists' community in Amherst, Virginia. Since 1971, VCCA has offered residencies of two weeks to two months for international artists, writers, and composers at its working retreat in the foothills of Virginia's Blue Ridge Mountains. VCCA is among the nation's largest artist residency programs, and since 2004, has also offered workshops and retreats at its studio center in Southwest France, Le Moulin à Nef.

VCCA fellowships aim to intensify creativity by freeing more than 350 artists a year, up to 25 at a time, from the disruptions of everyday life. Fellows have a private room and studio, with three meals a day. Fellowships have been awarded to more than 4,000 writers, composers and visual artists nationwide and from 63 different countries. Honors accorded VCCA Fellow have included MacArthur genius grants, National Book Awards, Pulitzer Prizes, and fellowships from the National Endowment for the Arts, the American Academy in Rome, and the Guggenheim and Pollock-Krasner Foundations.

History

The Virginia writers Elizabeth Coles Langhorne and Nancy Hale Bowers founded VCCA in 1971. Hale Bowers, the first female reporter for the New York Times and a frequent "New Yorker" contributor, testified before the Virginia Commission for the Arts and Humanities that "if Virginia Really wanted to further arts, it could do so easily, moreover cheaply, by purchasing an abandoned motel and staffing it for writers to write in -- feeding them and seeing that they were uninterrupted."

The remark resonated with Langhorne, but her 1968 residency at the MacDowell Colony in New Hampshire suggested a considerably more elegant approach. She and Hale Bowers collaborated with Maria Miller and Edith Newcomb who donated the use of her Wavertree Farm, near Charlottesville, Virginia. Included on the original board were William Massey Smith, Alex von Thelen, Peter Taylor, and MacDowell Colony's longtime Director, George Kendall.

The first sixteen Fellows arrived in June 1971, and the first international Fellows arrived from the United Kingdom and Korea the following year.

Repeated dislocations marked the early years of the VCCA. In 1973 Edith Newcomb's daughters reclaimed Wavertree Farm, but in 1974 Rosamund Frost Lowell donated the use of historic Prospect Hill estate east of Charlottesville. That year VCCA received its first challenge grant from the National Endowment for the Arts.

Expansion restrictions imposed by the National Register of Historic Places convinced the VCCA Board to close Prospect Hill. Then, the VCCA executive directorship was awarded to Bill Smart, a VCCA Fellow and a professor at Sweet Briar College near Amherst, who would direct VCCA for several decades.

Elizabeth Langhorne urged Smart to arrange two VCCA residency sessions with Sweet Briar College in 1976, which led to a 25-year lease of Sweet Briar's nearby 450-acre Mount San Angelo estate in 1976, an agreement made by Sweet Briar president Harold Whiteman and VCCA Board President Jane Camp. VCCA became the only artists' community in America directly affiliated with an institution of higher learning. In time, the lease was expanded to automatic 15-year options. VCCA Fellows periodically teach at Sweet Briar and benefit from its academic, cultural and athletic facilities.

Mount San Angelo is an estate in Central Virginia that includes a villa and gardens with more than 70 varieties of trees and shrubs, including Chinese chestnut, weeping hemlock, magnolia, mahonia, dogwood, cooper beech, pink horse chestnut, spruce, crape myrtle, columbine and chrysanthemum. During the American Civil War, the estate owner, Elizabeth "Lily" Mosby had traveled to Europe where she admired Italian architecture. She brought architect Thomas Eastlock from England to create the original 1870 Italianate villa. Upon her death, she willed the estate, then called Mount Saint Angelo, to the legally nonexistent Catholic Sisters of Lynchburg, and so the property reverted to her brother. At his death, the estate transferred to Elizabeth Mosby's sister, Indiana Fletcher Williams, founder of Sweet Briar College. In 1909 the house was remodeled into a Georgian Revival mansion. After 1920, a lake and a sunken boxwood garden – with a waterlily pool edged with peonies, iris, and roses – were installed. Installation of a 13,000-square foot Normandy-style barn complex, overseer's cottage and tennis courts, as well as fruit and vegetable gardens, and the name change to Mount San Angele occurred after 1932. Sweet Briar College purchased the property in 1968. Fifty-six VCCA Fellows were in residence when a fire destroyed the mansion on July 17, 1979. No one was injured. During the two years it took for the residence to be replaced, Fellows lived and worked in the barn complex, and with emergency help from the National Endowment for the Arts, VCCA established the Phoenix Fund.

In 1980, the first Pulitzer Prize to be awarded a VCCA Fellow was bestowed on David Del Tredici's *In Memory of a Summer Day*, based on Lewis Carroll's *Alice in Wonderland*. The St. Louis Symphony commissioned this work for sole soprano and orchestra to commemorate its hundredth anniversary.

Elizabeth Taylor Warner and William Styron were the honorary chairs for VCCA's tenth birthday at New York City's Harold Reed Gallery in 1981. That year also witnessed the opening of the new Mt. San Angelo residence, designed specifically as a year-round residence for up to 24 Fellows.

In 1982 VCCA assumed responsibility for the annual Virginia Prize for Poetry and Fiction, then one of the largest such American awards, alternating yearly between poetry and fiction, with an \$8,000 first prize and a \$5,000 second prize. The first VCCA art auction was hosted by Senator John Warner and William Styron in 1983 at the Gallery of the Arts Club in Washington, DC under the patronage of Virginia Governor Charles Robb and his wife Lynda Johnson Robb.

In 1984 VCCA and Associated University Presses released what was termed the first work published by an artists' community: *From Mt. San Angelo: Stories, Poems and Essays*. In 1989 VCCA Fellow John Casey's novel *Spartina* took the National Book Award.

By the end of the 1980s VCCA's international exchanges had matured to the point that the Literary Fund of the Soviet Writers' Union chose VCCA for its first exchange with any American organization. In commemoration of the exchange, VCCA one year later received the gift of the 1,000-pound cast-iron "Pasternak Bench" from the Literary Fund of the Russian Federated Republic.

In 1993 VCCA became a founding member of Res Artis, the Netherlands-based International Association of Residential Arts Centres. VCCA exchanges had come to include the Oberpfalzer Künstlerhaus, Salzburg's Künstlerhaus, Jerusalem's Mishkeot Shana'anin, London's Delfina Studios and Moscow's Kolodzei Art Foundation.

In 1990 VCCA had been one of the 18 founding members of the Alliance of Artists' Communities spawned by the MacArthur Foundation's 1990 "Special Initiative on Artists' Colonies, Communities, and Residencies." In 1996 it hosted a conference on "Sustaining America's Artists", leading to the "Hedge-Apple Initiative" seeking just compensation of creative workers.

After Charlene (Suny) Monk was appointed as Executive Director in 1997, VCCA garnered further awards including the 2000 Governor's Award in the Arts and National Book Awards for Fellows Alice McDermott (*Charming Billy*) and Ha Jin (*Waiting*). "Constructed residencies' have specifically fostered cross-fertilization of genres. VCCA has partnered with the Woodhull Institute for Ethical Leadership to provide writers with workshops on increasing their readership.

There have been nearly 5,000 VCCA Fellows, and exchanges with 350 artists from 62 countries; VCCA's international exchange program is the oldest and largest of its kind in America.

VCCA ADVANCES THE ARTS BY PROVIDING A CREATIVE SPACE IN WHICH OUR BEST NATIONAL AND INTERNATIONAL ARTISTS PRODUCE THEIR FINEST LITERATURE, VISUAL ART AND MUSIC.

QUICK FACTS ABOUT VCCA

Founded by three Charlottesville writers in 1971 as an artists' retreat, VCCA is the largest of over 200 artists' residency programs in the U.S.

Located on a farm in Amherst County, Virginia, the campus is an hour south of Charlottesville.

Each year, over 400 artists come to VCCA from all over the world. In 42 years VCCA has provided a creative space for around 5,000 artists.

VCCA is one of only three artists' communities in the world with facilities on two continents: Mt. San Angelo in Amherst County, Virginia, and Moulin à Nef in Auvillar, France.

VCCA operates America's largest international artists' residency exchange program, with partner institutions in Germany, Austria, Malta and Ireland.

Artists are accepted through a merit-based peer review process and pay what they can afford.

Open 360 days a year, residencies range from two weeks to two months and provide artists with three meals a day and a private air-conditioned studio.

The Mt. San Angelo campus in Virginia offers individual dormitory rooms for up to 25 artists at a time, as well as dining, conference and meeting facilities.

The Moulin à Nef studio center in France offers three renovated 17th century buildings, which house a state-of-the-art ceramic studio and individual studios as well as an exhibition and performance space.

Important academic relationships with several institutions of higher learning include Sweet Briar College, Yale University and James Madison University.

VCCA artists have received every major artistic and literary award, such as the MacArthur Genius Award, Pulitzer Prize, Guggenheim, NEA, and National Book Award.

Artists report that VCCA residencies allow them to be far more innovative and productive.

VCCA is operated by an executive director with oversight from a 26-member volunteer board of directors. The board members come from Virginia and all over the U.S.

The annual operating budget for 2013 was \$900,000. VCCA operates at one of the lowest costs of any artists' community in the U.S. and has no debt.

Select Awards Won By Our Fellows

15 VCCA Fellows won Guggenheim Fellowships between 2011-2013:

2011: Philippe Bodin, Claudia Emerson, Endi E. Poskovic, Marina Zurkow

2012: Tom Cipullo, Matt Connors, Daron Aric Hagen, Pablo Medina, Joseph Millar, Eileen Myles, Lia Purpura

2013: Kati Agocs, Sharon Harper, Michael Kolster, Matthew Rosenblum

Three VCCA Fellows have won the Barnes & Noble Discover Great New Writers Award: Cheryl Strayed, Manil Suri, and Carrie Brown

Eight VCCA Fellows received NEA Fellowships in 2013 and 2014:

Creative Writing: Catherine Chung, Eduardo C. Corral, Kelle Groom,
Alexandria Marzano-Lesnevich, Catherine Reid, Allison Seay, Rachel Zucker

Translation: Rika Lesser

VCCA Fellow Dan Hurlin was awarded the Rome Prize in 2013

The Poetry Society of America awarded VCCA Fellow Gerald Stern the 2014 Frost Medal

Other awards won by VCCA Fellows include:

Pulitzer Prize

MacArthur "Genius Grant" Fellowship

National Book Award

Emmy

Fulbright Fellowship

Grammy

CMA Award

OBIE Award

* *National Book Award winner and Pulitzer Prize finalist Alice McDermott started and finished her novel Charming Billy at VCCA.*

* *VCCA Fellow Gregory Maguire's bestselling novel, Wicked: The Life and Times of the Wicked Witch of the West, became a Broadway hit nominated for 10 Tony awards.*

* *Poet Eugene Gloria won the 2013 Anisfield-Wolf Book Award; past recipients include five Nobel Prize winners, among them Dr. Martin Luther King, Jr. and Toni Morrison.*

* *VCCA Fellow and painter Barbara Crawford worked with the late VCCA Advisory Council Member Cy Twombly to oversee and facilitate his commission to paint the ceiling of the Salle des Bronzes in the Louvre in Paris, France.*

* *Works by VCCA visual artists are held in public, private, and corporate collections world-wide, including the Metropolitan Museum of Art, the Museum of Modern Art, The Tate Gallery, the Corcoran Gallery of Art, the Guggenheim Museum, Coca-Cola, Bank of America, IBM, and AT&T.*

* *Works by VCCA composers have been performed at Carnegie Hall, on Broadway, at Lincoln Center and Kennedy Center.*

ADVISORY COUNCIL

Samuel H. Adler composer
David Del Tredici composer conductor
Rita Dove U. S. Poet Laureate, 1993 - 1995
Teresita Fernández visual artist
Harper Lee writer
Sally Mann photographer
Alice McDermott writer
Gregory Maguire writer
Claes Oldenburg sculptor
William Jay Smith U. S. Poet Laureate, 1968 - 1970
Naomi Wolf writer
David Weiss playwright

BOARD OF DIRECTORS

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President
Tina Walls Denver, Colorado
Immediate Past President
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Alieda Keevil Charlottesville, Virginia
Laura Edge Kottkamp Richmond, Virginia
Robbie Mascotte Charlottesville, Virginia
Thomas Justin Moore III Richmond, Virginia
Sandell Morse York, Maine
Alexander Lee Nyerges Richmond, Virginia
Ann W. Ramsey Richmond, Virginia
Tatem Webb Read Mill Valley, California
Cynthia Tremblay Greenwood, Virginia
Donald Ubben Manning, South Carolina
Linda E. A. Wachtmeister Scottsville, Virginia
R. Kennon Williams Charlottesville, Virginia

Gregory Allgire Smith
Executive Director

SECURING A CREATIVE SPACE

VCCA.COM

“WHY GO ANYWHERE ELSE?”

– ALICE McDERMOTT

AUTHOR OF *CHARMING BILLY*, WINNER OF THE NATIONAL BOOK AWARD

WHAT ARTISTS SAY ABOUT VCCA

“As always, the other Fellows were a wonderful, brilliant, exciting group—very generous... I learned and was inspired by the work of the other writers, composers, visual artists... I am always inspired by the beauty and loveliness of this place... Thank you for the vision that guides VCCA.”

– Elaine Orr, writer, Raleigh, North Carolina

“My month long residency has been one of most rewarding art experiences that I have had in some time... I was able to work on two and sometimes three projects because of [the studio’s] spaciousness. I arrived here with a rigid and tight approach but leave having rekindled old methods while developing new approaches to my art-making process as well.”

– Fred Hayes, visual artist, New York, New York

“I have had residencies at several [communities], but I worked harder and more productively here at the VCCA than I ever have at any other [community]. It is an exquisite place. The grounds are immaculate, and the staff is flexible and helpful without being intrusive. The atmosphere is one of pastoral tranquility, where one is free to think and let one’s mind wander about endlessly. One is always aware of other [Fellows], but never bothered by them; mutual respect is paramount. In this setting, I was able to ‘see’ the novel I was working on in a new light, and the ‘vision’ enabled me to complete a readable second draft.”

– Cori Jones, writer, Whitehouse, New Jersey

“VCCA is amazing. My studio was perfect—everything was provided that I could possibly want. I completed an insane amount of work. Nice people, beautiful grounds, good food. I found this experience too good to be true and I am infinitely grateful for the opportunity to work at such a fantastic place.”

– Laurel Hausler, visual artist, Beaufort, South Carolina

“At no other place and time and time have I experienced the paradigm shift of self and the soul of my work.”

– Carol Rubenstein, poet, Ithaca, New York

“My deep and sincere thanks to all the people who manage VCCA and keep it running so smoothly. ‘The purpose of art is to conceal the art,’ I have told students. In your quiet concealment of all the work and the meshing of the gears that provides us with what we need, you are all the true artists here.”

– Daniel Meltzer, writer, New York, New York

“VCCA is unquestionably a fantastic facility for artists, but the professionalism of the administration and staff was extraordinary. Thank you again for the wonderful experience that I had at VCCA and for creating a professional environment for artists that is so important for creative endeavors.”

– Pamela Marks, visual artist, New London, Connecticut

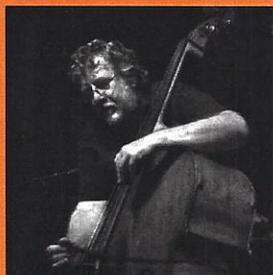
“I love VCCA and recognize and appreciate the care and commitment with which it is managed and maintained... I can do in two weeks what would likely take six months elsewhere.”

– Margaret Ingraham, writer, Alexandria, Virginia

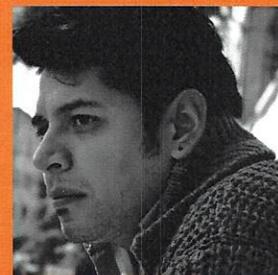
You're invited
TO A ONE NIGHT STAND



Maja Spasova
Visual artist + VCCA Fellow
London and Berlin



Michael Formanek Quartet
Composer + VCCA Fellow



Luis Hilario Arévalo
Composer + VCCA Fellow
Mexico City

SATURDAY, JUNE 1

6:00 pm

TICKETS
VCCA.COM

Cocktails • Hors d'oeuvres • Music • Art

TELL ME MORE
VCCA.COM

Starr Hill - Red Light Fund in the
Charlottesville Area Community Foundation
cacf
Charlottesville Area
COMMUNITY
FOUNDATION

the event company
destination and event management
catering etc.

HARVEST
MOON
CATERING



CRUTCHFIELD

Gaspari

HANSEL AND GRETEL PICTURE GARDEN
NEW YORK, NEW YORK



VIRGINIA
NATIONAL
BANK

ASH LAWN
Opera

Cary Brown & Steve Epstein
Kiwi and Landon Hilliard
Alieda and Adrian Keevil
Linda Wachtmeister & Robert Strini



FIND YOUR CREATIVE SPACE IN THE SOUTH OF FRANCE

DESIGNATED ONE OF THE 100 MOST BEAUTIFUL VILLAGES IN FRANCE, AUVILLAR IS HOME TO VCCA'S FLAGSHIP INTERNATIONAL PROGRAM, THE MOULIN À NEF STUDIO CENTER



Photo by Richard McCord

“THE VILLAGE ITSELF...MEDIEVAL, MYSTICAL, MAGICAL—WAS TRULY WONDROUS.”

RUTH KNAFO SETTON, AUTHOR OF THE ROAD TO FEZ

REGISTER FOR AUVILLAR ARTS WORKSHOPS LED BY VCCA FELLOWS

Popular arts workshops at Moulin à Nef explore creative writing, visual arts and musical composition as well as excursions to local sites to enjoy the pleasures of daily village life. Go to our website for more information or email:

A B R O A D @ V C C A . C O M



RENT MOULIN À NEF FOR PROGRAMS AND PRIVATE WORKSHOPS

Various groups, such as Yale University and James Madison University, rent Moulin à Nef for their own classes and workshops. To learn more, call us at the number below, or go to the International section on our website, or email us at:

A B R O A D @ V C C A . C O M

APPLY FOR RESIDENCIES

VCCA Fellows may apply for a residency of any length between mid-July through October. The application deadline is December 1st. Applications are on our website or request one by email:

A B R O A D @ V C C A . C O M

VCCA.COM



434.946.7236



IN ADDITION TO MOULIN À NEF, VCCA OFFERS EXCHANGE PROGRAMS
WITH FIVE INTERNATIONAL ARTISTS' COMMUNITIES

OBERPFÄLZER KÜNSTLERHAUS IN BAVARIA
Four six-week residencies each year



TYRONE GUTHRIE CENTRE IN ANNAGHAMKERIG, IRELAND
One one-month residency each year
Former estate of Sir Tyrone Guthrie, 70 miles from Dublin

SALZBURG KÜNSTLERHAUS IN SALZBURG, AUSTRIA
One six-week residency each year



SCHLOSS PLÜSCHOW IN MECKLENBURG, GERMANY
One four-week residency each year
Near the Baltic Sea

ST JAMES CAVALIER CENTRE FOR CREATIVITY IN VALLETTA, MALTA
Two six-week residencies each year
Restored 16th century fort reimagined as an arts complex



Photo: playwright Fellow Brian T. Silberman
during his June 2011 residency



VIRGINIA CENTER FOR THE CREATIVE ARTS
154 San Angelo Drive, Amherst, VA 24521
434.946.7236
abroad@vcca.com
VCCA.COM

Economy

The Town of Amherst is the center for commerce in northern Amherst County. In addition to the local government, courts and schools, and manufacturers, major employers include Sweet Briar College.

The Town of Amherst sponsors the Amherst Industrial Development Authority which is able to provide a conduit for tax-exempt financing for qualified local manufacturing concerns.

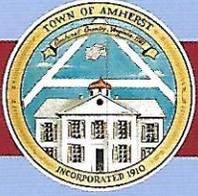
The L. Barnes Brockman, Sr. Business & Industrial Park is located in the Town of Amherst off U.S. Route 60, east of the traffic circle, and is home to Fairmont Crossing, a 120-bed extended-care facility owned by Centra Health and Mutual Telecom Services, a manufacturer and installer of telephone switching equipment. This development has a series of “ready-to-go” building sites, containing more than 150 acres arranged for a variety of industrial, commercial and institutional operations. The lots have water, sewer, street, street-light, electrical and cable modem infrastructures.

The town’s Zane Snead Industrial Park is just east of U.S. Route 29. Present occupants are Glad Manufacturing, Buffalo Air Handling, Hermle Black Forest Clocks and Verizon.

In Madison Heights, the Amelon Commerce Center on Virginia Route 130 is home for an England Stove Works plant and Old Dominion Shoes, CMC Rebar and Quality Archery Designs/Lasermarx.

Economic Development

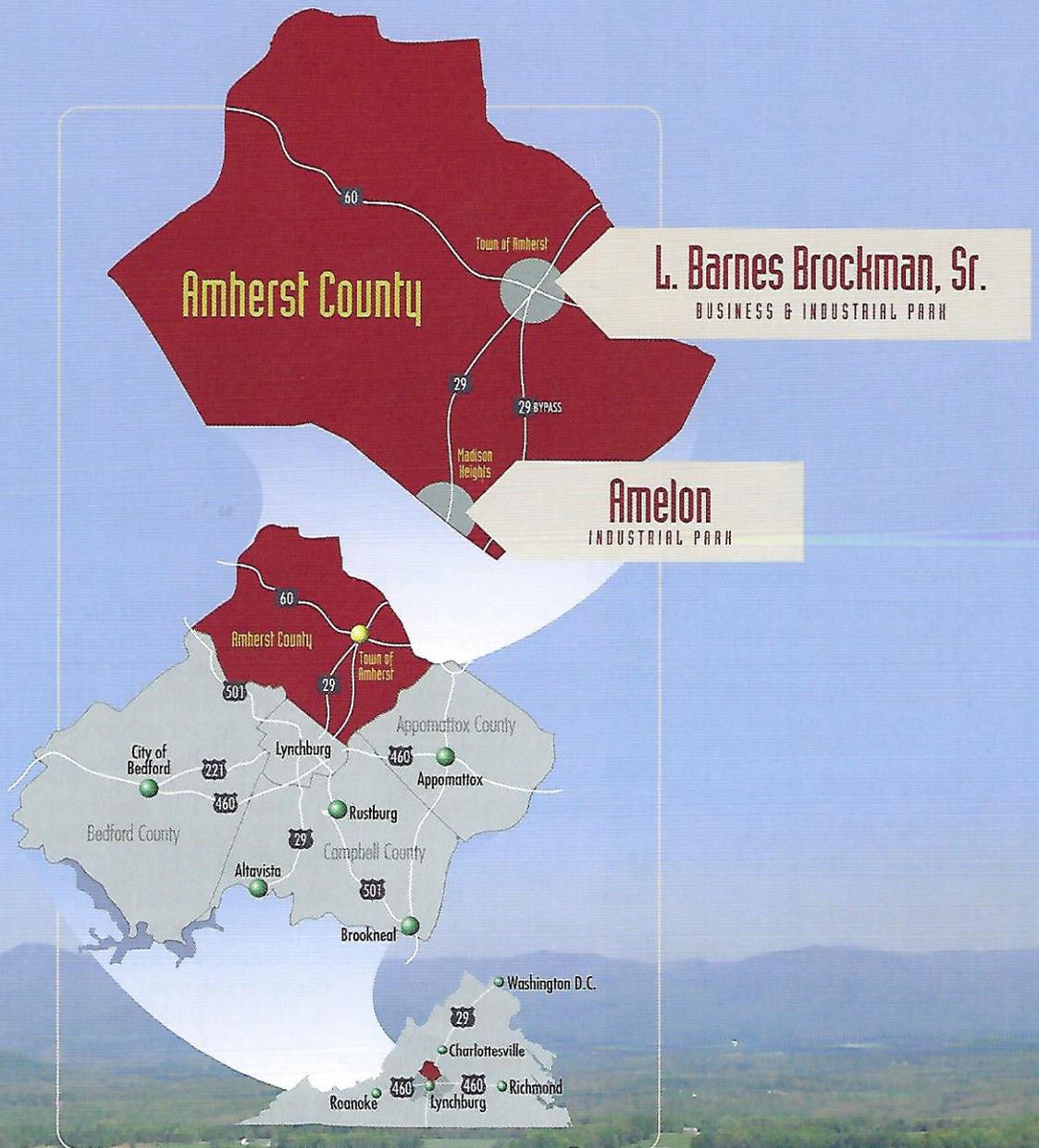
The Economic Development Authority of Amherst County was created by the Amherst County Board of Supervisors with authority to acquire, own, lease, and dispose of properties and make loans for the general purpose of promoting and developing manufacturing, industrial, governmental, non-profit and commercial enterprises and institutions of higher education to locate or remain in Amherst County.



AMHERST, VIRGINIA



BUSINESS SITES



Amelon Industrial Park



Amelon Industrial Park is a prime 120-acre park providing direct access to U.S. Route 29 and direct frontage for the U.S. Routes 130/29 Bypass Connector. Amelon includes a 50,000 square-foot shell building on site. The building is expandable with a 12-acre pad site.

Location

Madison Heights, Va., just two-tenths of a mile off Route 29, north of Lynchburg, 2-1/2 hours southeast of Washington, D.C.

Zoning

M1 Industrial

Size

120 acres

Sites

Amelon offers potential sites ranging from 5 acres to more than 15 acres.

Utilities

- Served by 12" water line and 18" sewer line (Amherst County Service Authority)
- Natural Gas (Columbia Gas of VA)
- Electric (American Electric Power)
- Telecommunications (Verizon)
- Fiber Optic access (Verizon)

Highways

- U.S. Route 29 Bypass (1.5 miles)
- U.S. Route 29 Business (.5 miles)
- U.S. Routes 130/29 Bypass Connector (Adjacent)
- Interstates 81 north & south and 64 east & west (45 miles)

Air Service

Lynchburg Regional Airport
(15 miles south)

Documentation

- Digital aerial photography
- Boundary survey
- Title report
- CCR
- Master plan
- Phase I Environmental Study

Contact Info

Amherst County
Director of Economic
Development
P.O. Box 390, Amherst, VA 24521
Ph: 434/946-9314
Fax: 434/946-9370
www.countyofamherst.com
www.region2000.org



L. Barnes Brockman, Sr. Business & Industrial Park



Offering sites for both large and small enterprises, this spacious new park is served by fiber optic lines, public streets, public utilities, and a major north-south highway, U.S. Route 29.

Location

Town of Amherst on U.S. Routes 60 & 29. One mile north of the start of Lynchburg's Route 29 bypass. 2 1/2 hours south of Washington, D.C.

Zoning

Industrial (allows combination of commercial and industrial uses).

Size

220 acres

Sites

Preliminarily subdivided into 16 sites of 2.2 acres to 50 acres in size.

Utilities

- 12" water line installed (Town of Amherst)
- 18" sewer line installed (Town of Amherst)
- 12-kV, 3-phase electric power installed (American Electric Power)
- Fiber optic lines installed (Verizon)

Highways

- U.S. Route 60 (frontage)
- U.S. Route 29 (adjacent)
- Interstate 81 north & south (30 miles west)
- Interstate 64 east & west (45 miles north & 30 miles west)

Air Service

Lynchburg Regional Airport (21 miles south)

Documentation

- Digital aerial photographs
- Digital, two-foot topography
- Boundary survey
- Title report
- Environmental site assessment
- Deed restrictions

Contact Info

Amherst Town Manager
186 South Main St.
P.O. Box 280
Amherst, VA 24521
Phone: 434/946-7885
Fax: 434/946-2087

www.region2000.org
www.countyofamherst.com



Community Profile

Location

Amherst is situated at the northern boundary of Virginia's Region 2000, nestled alongside the Blue Ridge Mountains. The town and county are both immediately north of Lynchburg, 170 miles south of Washington, D.C., and four hours west of the Port of Hampton Roads.

Transportation

Amherst is served by U.S. Routes 29, 60, and 460, with access available to Interstates 81 (north & south) and 64 (east & west) in less than one hour. More than 30 common carriers service the region. Airports are located nearby in Lynchburg and Charlottesville.

Telecommunications

Four long-haul fiber lines pass through the area. Abundant wireless resources also exist to serve the region's 200+ manufacturers as well as the area's large, high-technology service companies supporting the nuclear and insurance industries.

Employment Base

Amherst is located in an MSA with a population of more than 200,000. A labor force of nearly 140,000 is available within 30 miles—32,000 of whom reside in Amherst county (2000 Census).

Education

Amherst's public school system operates a vocational education center, and extensive workforce training options are also available for area businesses through Central Virginia Community College. Amherst is home to Sweet Briar College; five other four-year colleges are located within 20 miles; and the University of Virginia is just 45 minutes to the north.



▲ A bird's eye view of Sweet Briar College's stately campus.

Quality of Life

The region offers a rich quality of life, with museums, performing arts centers, fairs and festivals, plus a host of cultural activities provided by the region's seven colleges. There are also plenty of opportunities for outdoor recreation, including golf, boating, skiing, and hiking amidst the scenery of the Blue Ridge Mountains.



▲ Amherst's golf courses (just a few of many in the area) are favorites with local golfers.

Sports fans enjoy major collegiate sports at UVA in Charlottesville, minor league baseball, and auto racing at several locations, while history buffs relish the many nearby historic sites, such as Appomattox, Natural Bridge, and two homes of Thomas Jefferson (Monticello and Poplar Forest). The local healthcare system brings great peace of mind to area residents, with 330 physicians, two outstanding hospitals, and the renowned UVA medical center less than an hour away. To top it all off, the region boasts very moderate taxes and costs of living.

▼ Diverse cultural and recreational activities keep residents busy year-round.

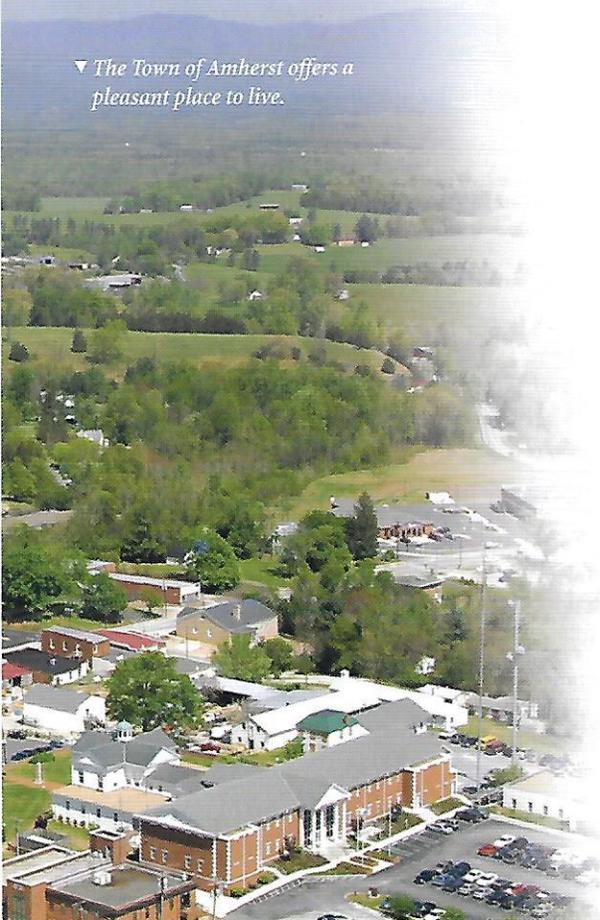


▲ Nearby lakes and rivers provide a haven for water sports.



▲ Glad Manufacturing is one of Amherst's leading corporate citizens.

▼ The Town of Amherst offers a pleasant place to live.



Cost of Living

Living costs in the region are approximately 8% below the national average and are among the lowest in Virginia. Taxes in Amherst County are low, compared to the nation and Virginia. Each locality sets its own rates. There are no special taxing districts within local jurisdictions. The average family gross income for the county is \$37,700.

Transportation

Highways

Amherst County is served by two major highways. U.S. Route 29 north to south is a four-lane highway with posted speeds in most areas of 60 to 65 miles per hour. U.S. Route 60 east to west is a two-lane highway with posted speeds in most areas of 55 miles per hour.

Interstate 64 is accessed 45 minutes north. Interstate 81 is accessed to the north at Staunton and to the south at Roanoke, each about an hour and fifteen minutes away.

Air

Commercial service is provided locally at Lynchburg Regional Airport with daily flights by Delta and US Airways.

General aviation services and charter service are also available.

Rail

Amherst County is serviced by both Norfolk Southern and CSX.

Amtrak also provides daily service into and out of Lynchburg. Many business people and tourists make day trips to Washington, DC, departing Lynchburg for a mid-morning arrival at Union Station with a late afternoon departure for the return to Lynchburg.

Truck

Amherst County is the headquarters location for Harris Trucking, one of the leading family-owned trucking companies in the east, operating over 200 tractors and 400 trailers.

Healthcare

Located 18 miles south of Amherst, Centra Lynchburg General Hospital (LGH) in Lynchburg, Virginia, with 358 licensed beds, is an emergency and critical care center

specializing in cardiology, emergency medicine, orthopedics, oncology, neurology, and neurosurgery. LGH is recognized nationally for its oncology, cardiac, and neurosciences programs, as well as nursing. National recognitions some of the hospital's services have received, include:

- 50 Top Cardiovascular Hospital
- Magnet Nursing
- Cancer Care Services Accredited with Commendation from Commission on Cancer of the American College of Surgeons
- Highest Rating from Society of Cardiothoracic Surgeons for open heart surgery
- Certified National Primary Stroke Center (region's only)
- Forbes Safest Hospitals in America
- Certified Chest Pain and Acute MI Center
- National Accreditation Program for Breast Centers (region's only)
- Level II Trauma Center

Outdoors and Nature

Amherst County's location on the eastern slope of the Blue Ridge and favorable climate draw many people to enjoy the many opportunities for recreation and relaxation outdoors.

The western boundary of Amherst County is formed by the Blue Ridge Parkway with miles of scenic driving along the top of the Blue Ridge Mountains and countless opportunities for relaxing stops. A map of the Parkway in Amherst County is available along with a description of the Otter Creek Campground, Restaurant, Gift Shop, and Visitors Center. There are an abundance of activities for the entire family at Wildwood Campground located just minutes from the Blue Ridge Parkway on Virginia Route 130.

The Appalachian Trail, which extends over 2,000 miles from Maine to Georgia, passes through Amherst County. The Appalachian Trail and a number of other trails wind through the western part of the County in the George Washington and Jefferson National Forests, which constitute over 57,000 acres of Amherst County.

Amherst County has several trail loops listed in the Mountain Phase trail system. The Lynchburg Loop includes the James River Heritage Trail along the southern border of the county. The Sleeping Giant Loop, includes Mt. Pleasant Scenic Area, Mill Creek Lake, Stonehouse Lake, Thrashers Lake, as well as the Virginia Blue Ridge Railway Trail.

James River Heritage Trail

This blacktop hiking/biking trail is currently accessible from Percival's Island Natural Area. The trail extends from Lynchburg's Blackwater Creek Trail, crossing the railroad trestle onto Percival's Isle from Lynchburg. It traverses the island for about one mile along

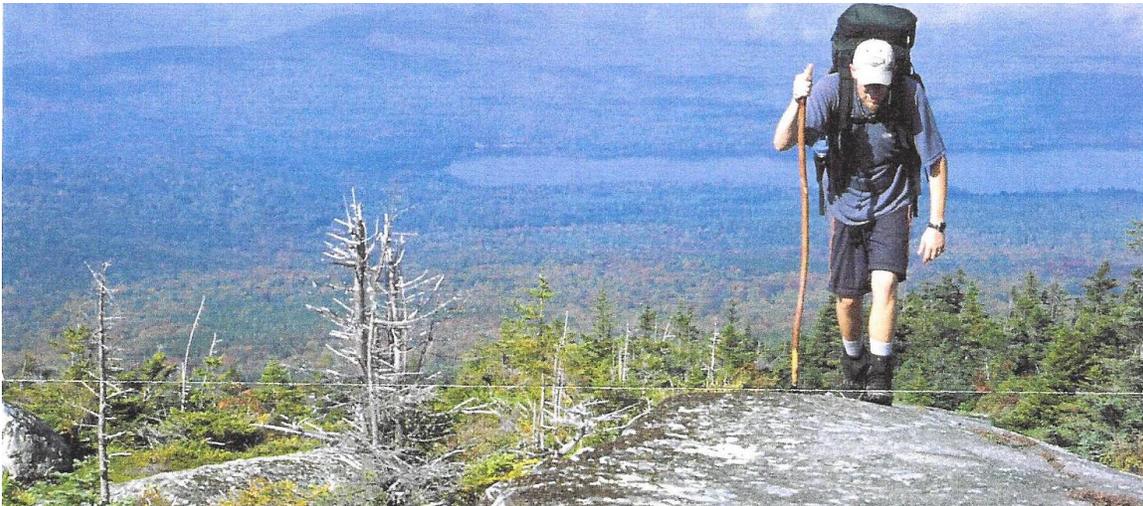
an old railroad bed. The trail continues across the James River on another trestle, and continues along the James River in Amherst County for another 1 ½ miles. This is a beautiful scenic walk or bike ride through an historical area. The trail is now accessible in Amherst County at the end of Fertilizer Road.

Virginia Blue Ridge Railway Trail

This trail is idyllically located in the rolling Virginia countryside and follows the banks of the Piney and Tye Rivers along the path of the longest running, commercially successful short-line railway in America. It provides a perfect opportunity to relive the historically significant events that developed and changed Amherst and Nelson Counties. Another two miles of trail has recently been completed in the Amherst County portion of this trail. This extends the two-mile stretch of the trail already established in Nelson County for hikers, bikers, and horseback riding. The two access points are currently located at Piney River and Roses Mill.

Appalachian Trail

Approximately 25 miles of this trail passes through Amherst County from the Nelson County line to the James River. There are many beautiful and scenic trails that run through the mountains of the county. Enjoy the sights from Mt. Pleasant, Cole Mountain, Tar Jacket, Rocky Row Run, just to name a few.



Appalachian Trail -- The Trail atop Moxie Bald in Maine

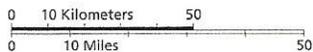
The Appalachian National Scenic Trail is a public footpath that follows more than 2,100 miles of Appalachian Mountain ridgelines between Maine and Georgia. Roads that cross it at varying intervals give ready access. The Trail is protected along more than 99 percent of its course by federal or state ownership or rights-of-way. It was designed, constructed, and marked in the 1920s and 1930s by volunteer hiking clubs brought together by the volunteer-based, nonprofit Appalachian Trail Conservancy (ATC). Formed in 1925

and based in Harpers Ferry, West Virginia, ATC works in partnership with the National Park Service (NPS), USDA Forest Service, states, and local communities.

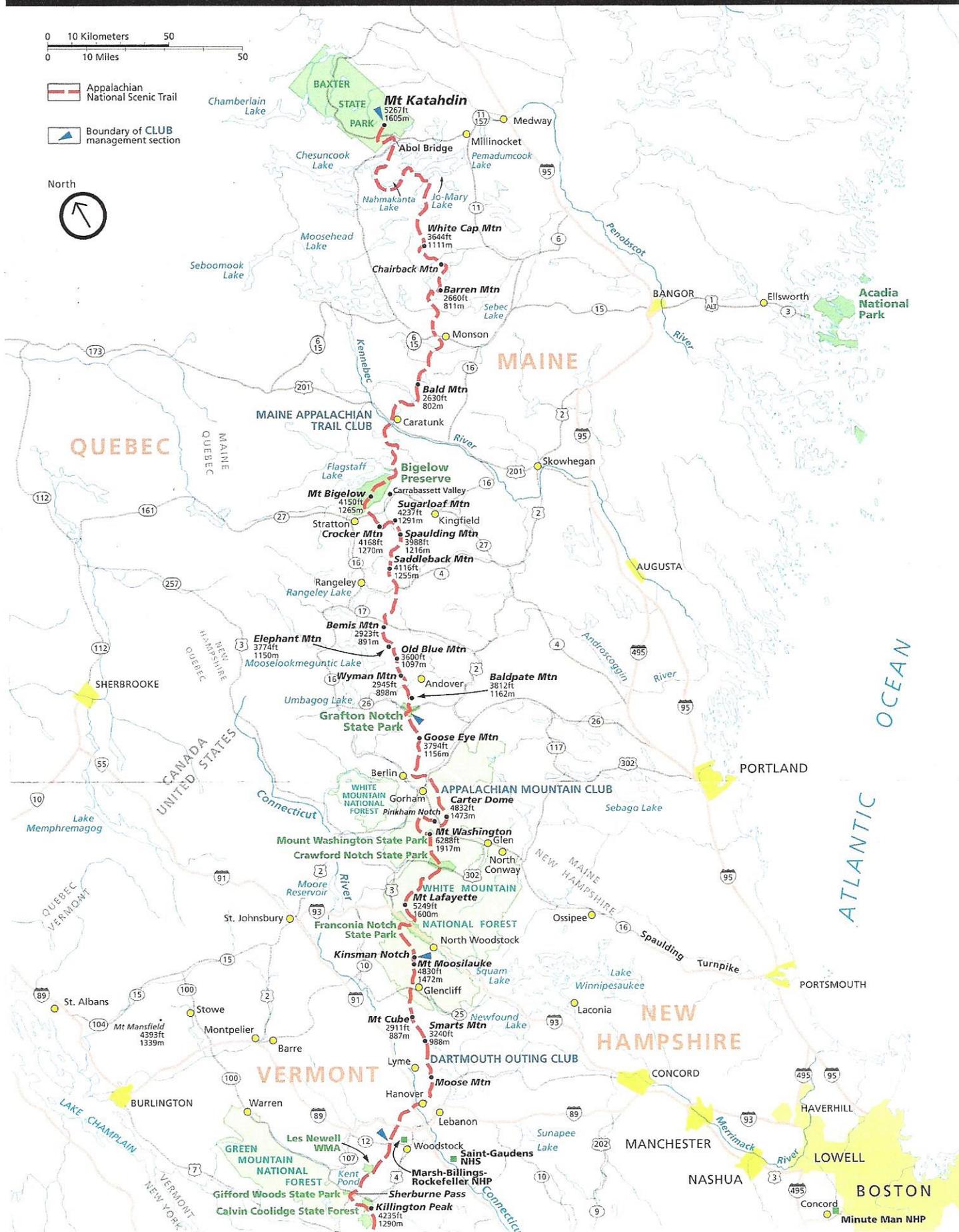
A “super trail” had been talked about in New England hiking circles in the early 1900s. The Appalachian Trail evolved from the 1921 proposals of Massachusetts regional planner Benton MacKaye to preserve the Appalachian crests as a wilderness belt—a retreat from urban life. The old clubs that united behind MacKaye, plus new clubs formed specifically to advance the Appalachian Trail idea, concentrated on the hiking aspects of his vision under the leadership of Myron Avery, ATC chairman from 1931 to 1952.

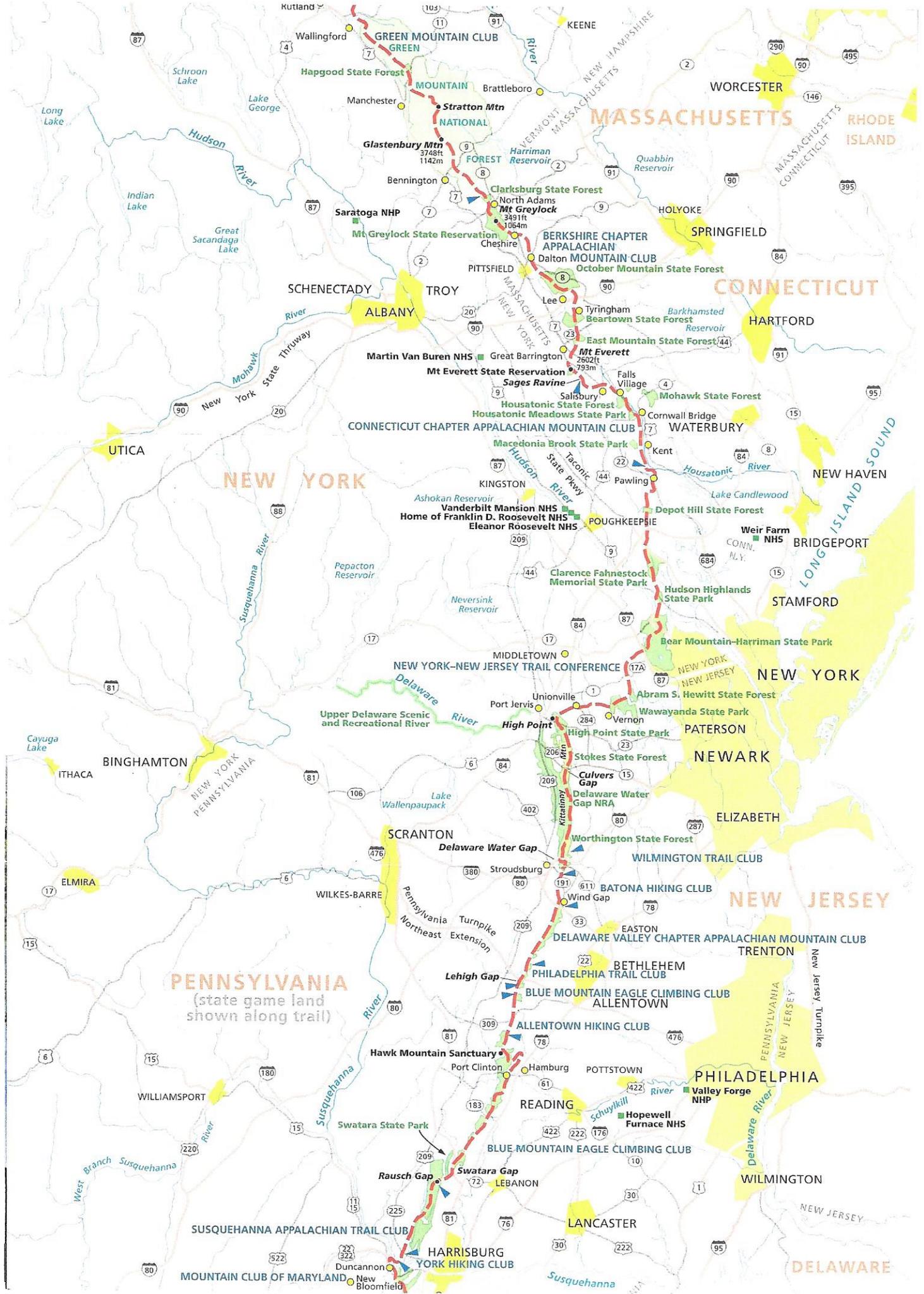
The clubs, two federal agencies, states, and Depression-era Civilian Conservation Corps (CCC) combined forces to open a continuous trail by August 1937. Hurricanes, highway construction, and the demands of World War II undid those efforts until 1951, when all sections were finally relocated, opened, and marked for hikers. The 1968 National Trails System Act made the Appalachian Trail a linear national park area and authorized funds from the NPS, USDA Forest Service, and states to protect the entire route with public lands. The goal is to preserve the Trail and provide for visitors’ enjoyment of the varied scenic, historical, natural, and cultural features of this one-of-a-kind park.

Appalachian Trail: Maine to Georgia



- Appalachian National Scenic Trail
- Boundary of CLUB management section





GREEN MOUNTAIN CLUB GREEN

MOUNTAIN NATIONAL

MASSACHUSETTS

WORCESTER

RHODE ISLAND

SPRINGFIELD

CONNECTICUT

HARTFORD

ALBANY

TROY

PITTSFIELD

Lee

Great Barrington

CONNECTICUT CHAPTER APPALACHIAN MOUNTAIN CLUB

KINGSTON

ASHOKAN RESERVOIR

Vanderbilt Mansion NHS

Home of Franklin D. Roosevelt NHS

Eleanor Roosevelt NHS

POUGHKEEPSIE

CLARENCE FAHNESTOCK MEMORIAL STATE PARK

NEVERSINK RESERVOIR

MIDDLETOWN

NEW YORK-NEW JERSEY TRAIL CONFERENCE

UPPER DELAWARE SCENIC AND RECREATIONAL RIVER

DELAWARE RIVER

PORT JERVIS

High Point

UNIONVILLE

SCRANTON

DELAWARE WATER GAP

WILKES-BARRE

LEHIGH GAP

ALLENTOWN HIKING CLUB

ALLENTOWN HIKING CLUB

ALLENTOWN HIKING CLUB

HAWK MOUNTAIN SANCTUARY

PORT CLINTON

READING

BLUE MOUNTAIN EAGLE CLIMBING CLUB

BLUE MOUNTAIN EAGLE CLIMBING CLUB

LEBANON

RAUSCH GAP

SWATARA GAP

LANCASTER

HARRISBURG YORK HIKING CLUB

MOUNTAIN CLUB OF MARYLAND

UTICA

NEW YORK

NEW HAVEN

BRIDGEPORT

STAMFORD

NEW YORK

PATERSON

NEWARK

ELIZABETH

NEW JERSEY

BETHLEHEM

PHILADELPHIA

WILMINGTON

NEW JERSEY

DELAWARE

BINGHAMTON

ITHACA

ELMIRA

WILLIAMSPORT

WILLIAMSPORT

WILLIAMSPORT

WILLIAMSPORT

WILLIAMSPORT

WILLIAMSPORT

WILLIAMSPORT

PENNSYLVANIA
(state game land shown along trail)

SUSQUEHANNA APPALACHIAN TRAIL CLUB

MOUNTAIN CLUB OF MARYLAND

LONG ISLAND SOUND

NEW JERSEY TURNPIKE

NEW JERSEY

NEW JERSEY

SUSQUEHANNA APPALACHIAN TRAIL CLUB

MOUNTAIN CLUB OF MARYLAND

NEW JERSEY TURNPIKE

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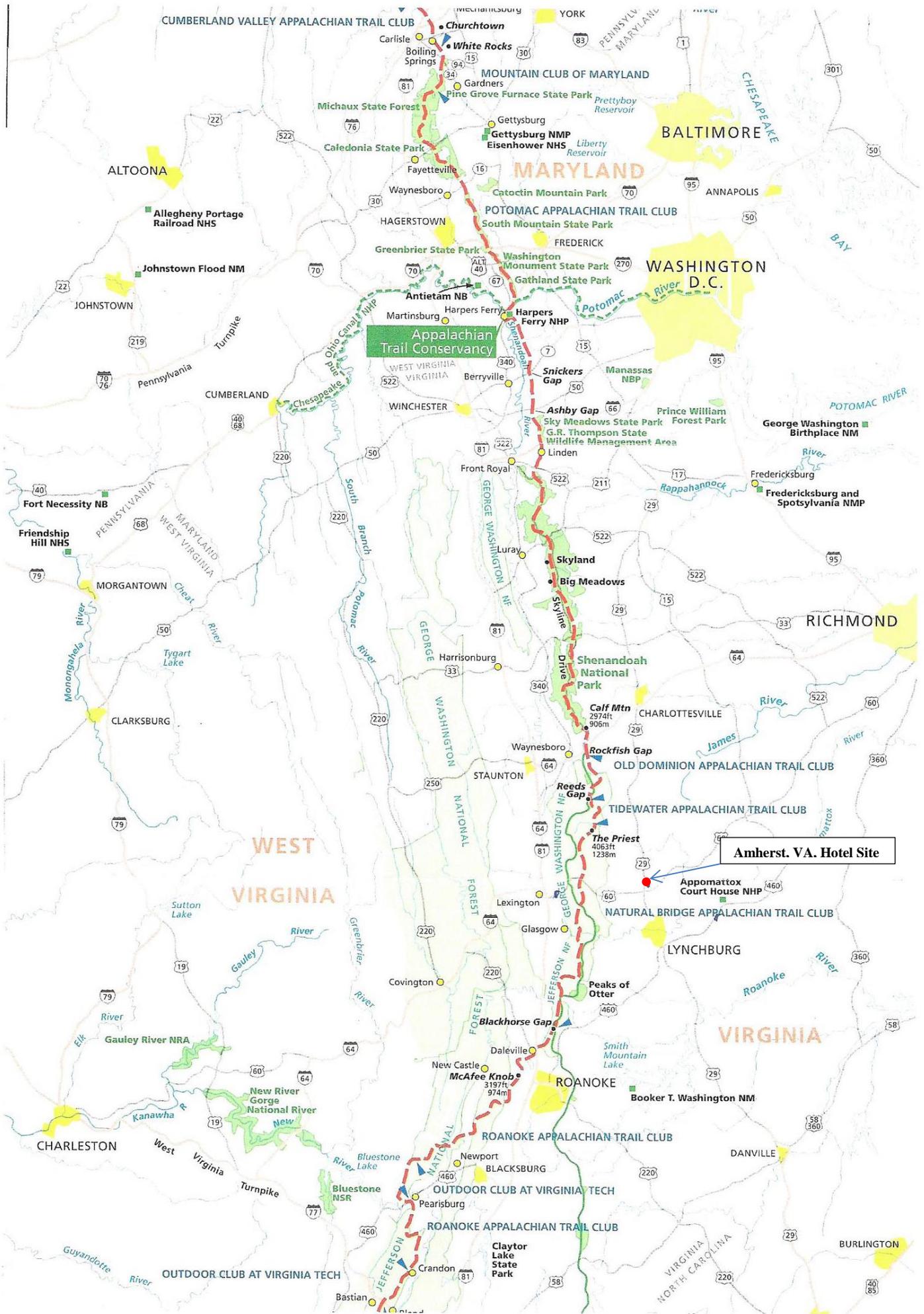
MOUNTAIN CLUB OF MARYLAND

NEW JERSEY TURNPIKE

NEW JERSEY

NEW JERSEY

SUSQUEHANNA APPALACHIAN TRAIL CLUB



Amherst, VA. Hotel Site

Appalachian Trail Conservancy

BALTIMORE

WASHINGTON D.C.

WEST VIRGINIA

VIRGINIA

ALTOONA

JOHNSTOWN

CUMBERLAND

MORGANTOWN

CLARKSBURG

CHARLESTON

Churchtown

White Rocks

Boiling Springs

Gardners

Gettysburg

Fayetteville

Waynesboro

HAGERSTOWN

Greenbrier State Park

Antietam NB

Martinsburg

Harpers Ferry

Berryville

WINCHESTER

Front Royal

Luray

Harrisonburg

Waynesboro

STAUNTON

Lexington

Glasgow

Covington

New Castle

Daleville

Newport

PEARISBURG

CRANDON

BASTIAN

MARYLAND

POTOMAC APPALACHIAN TRAIL CLUB

WEST VIRGINIA

ASHBY GAP

SKYLAND

BIG MEADOWS

SHENANDOAH NATIONAL PARK

ROCKFISH GAP

REEDS GAP

THE PRIEST

BLACKHORSE GAP

McAfee Knob

ROANOKE APPALACHIAN TRAIL CLUB

ROANOKE APPALACHIAN TRAIL CLUB

FREDERICK

ANNAPOLIS

Manassas NBP

Prince William Forest Park

Fredericksburg

CHARLOTTESVILLE

OLD DOMINION APPALACHIAN TRAIL CLUB

TIDEWATER APPALACHIAN TRAIL CLUB

Appomattox Court House NHP

LYNCHBURG

Peaks of Otter

Booker T. Washington NM

DANVILLE

BURLINGTON

Allegany Portage Railroad NHS

Johnstown Flood NM

Fort Necessity NB

Friendship Hill NHS

Michaux State Forest

Caledonia State Park

Washington Monument State Park

Gathland State Park

Sky Meadows State Park

G.R. Thompson State Wildlife Management Area

George Washington Birthplace NM

Fredericksburg and Spotsylvania NMP

Shenandoah National Park

Calf Mtn

Rockfish Gap

Reeds Gap

The Priest

Blackhorse Gap

McAfee Knob

Outdoor Club at Virginia Tech

Outdoor Club at Virginia Tech

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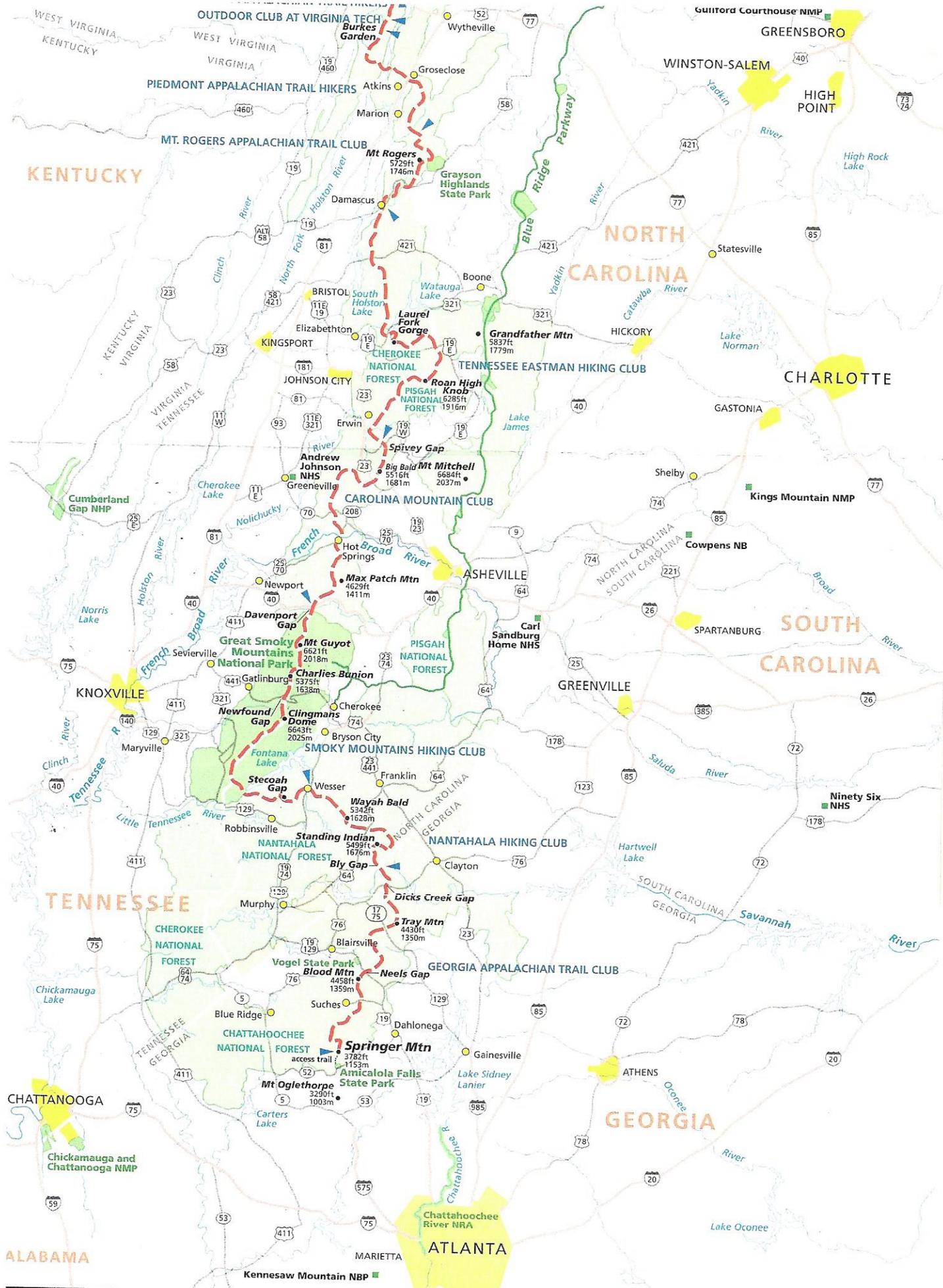
Blackhorse Gap

McAfee Knob

Outdoor Club at Virginia Tech

Outdoor Club at Virginia Tech

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West Virginia The trail crosses the Potomac River as the suspension bridge crosses the river.



One-fourth of the Appalachian Trail lies in Virginia. Shenandoah National Park has 107 miles of graded Appalachian Trail and many side trails. The Trail crosses Skyline Drive 32 times and offers side trips, never too far from a base of supplies. Views are extraordinary. The Appalachian Trail continues roughly parallel to, but generally many miles removed from, the Blue Ridge Parkway. It crosses the parkway two times in one 70-mile stretch. This is a section of mature forest and wilderness with high summits, as impressive as any region south of New England. From here the Appalachian Trail route crosses west of the Shenandoah Valley. The portion in southwest Virginia affords a splendid wilderness trip. In the George Washington and Jefferson national forests the display of rhododendron and azalea in June and July is beautiful.

Henry Lanum Memorial Trail

Located in the Mount Pleasant National Scenic Area, this 4.8 mile loop leads to the 4,071 foot summit of Mount Pleasant with panoramic 360 degree views.

Old Hotel Trail

A five-mile loop, when combined with the Appalachian Trail, across the meadows on the summit of Cole Mountain with fantastic views of the Amherst foothills and the western valley.

Mount Pleasant National Scenic Area

Located in the Glenwood and Pedlar Ranger Districts of Amherst County, this 7,580 acre area is part of the George Washington National Forest and is accessible by Virginia Route 60 West. It offers excellent opportunities for solitude and serenity and is very popular for various forms of dispersed recreation including hiking, hunting, and fishing. The core of the Mount Pleasant National Scenic Area is remote in appearance. Motor vehicles are permitted only on open roads.

Virginia Birding and Wildlife Trail

From the Atlantic Ocean of Virginia's eastern border, to the towering Mt. Rogers at its southwest corner, the Commonwealth includes every bird and animal habitat that occurs naturally between Maine and Florida. Virginia also offers a long history, rich culture, and tradition of warm hospitality to welcome visitors.

Within Virginia's 43,000 square miles of diverse natural habitat, you can find some 400 species of birds, 250 species of fish, 150 species of terrestrial and marine animals, 150 species of amphibians and reptiles, and a wide variety of aquatic and terrestrial invertebrates. The Virginia Birding and Wildlife Trail celebrates this diversity. In fact, it is the first statewide program of its kind in the United States. All three phases of the trail link wildlife viewing sites throughout the state have been completed: The Coastal, Piedmont, and Mountain Phases.

The eastern slopes of the Blue Ridge Mountains are cut by numerous streams and rivers and dotted with lakes affording opportunities for fishing and boating. Many people enjoy fishing, float trips and kayaking on the James River, which forms the southern and eastern boundary of Amherst County.

Several public parks are located in the county operated by the Department of Parks and Recreation, which runs an active schedule of events. Additional information is available on the County's web site.

Golf is a favorite activity, and there are many courses in the area. Amherst County has three excellent courses. Poplar Grove, rated one of America's ten best new courses in 2005 by Golf Digest, Shadow Ridge, and Historical Winton Country Club.

Skiing is less than an hour away (30 miles) during the winter at Wintergreen.

Museums and Historic Sites

The Virginia Center for the Creative Arts is near Sweet Brier College on a 12-acre site. It is one of the largest working retreats in America for writers, visual artists, and composers providing two week to two month residencies where artists work free from distractions and responsibilities. Additionally, two important museums chronicle the area's history: the Historical Amherst County Museum and the Monacan Indian Museum.

Historical Amherst County Museum

The Amherst County Museum and Historical Society aims to preserve the history of Amherst County, Virginia through the exhibition of its collections and the operation of a genealogy research library. Housed in a 1907 Georgian home, the Amherst County Museum maintains two rooms of changing exhibits on the history of Amherst County. Amherst County Pathways, its exhibit on the history of Amherst County is a permanent fixture at the Museum. Also on the main floor is a reference library filled with material on the history of Virginia, local history and genealogical files that may be used for research purposes.



Amherst County Museum & Historical Society

Monacan Indian Museum

The Monacan Indian Nation of Virginia is a small tribe today, composed of about 1,700 people, located in the Amherst County area near Lynchburg and recognized as a tribe by the State of Virginia. The tribe's culture in this region dates back 10,000 years, and the original territory of the tribe comprised roughly half of the state of Virginia, including most of the Piedmont region. It is one of the oldest groups of indigenous people still existing in our ancestral homeland, and is the only group of Eastern Sioux in the state.

The Monacan community today centers around Bear Mountain in Amherst County. At this site, a log cabin was built in the late 1870s and used as a church for the Indian people. Later, it functioned as a school. Today, the log cabin is a recognized National Historic Landmark.

The Episcopal Church has operated an Indian Mission here, since 1908 and in 1995 it returned 7.5 acres of land to the Monacan Nation. In the late 1960s, the school it conducted was discontinued after Monacans petitioned to attend public schools.

The tribal museum is located at this site, developed by the Monacan people with grants from the Virginia Foundation for the Humanities, the Sweetgrass Foundation, and the Easley Foundation. The log cabin is presently being restored, and the museum is equipped with proper technology for storing and displaying artifacts. Many artifacts are now displayed at the museum, with plans to acquire more displays over time.

Nearby are:

- Poplar Forest - Thomas Jefferson's plantation retreat and octagonal second home.
- Appomattox - Site of the surrender of General Robert E. Lee to Lt. General U. S. Grant signaling the end of the Southern States' attempt to create a separate nation.
- National D-Day Memorial - Dedicated to preserving the lessons and legacy of D-Day.
- University of Virginia with a rich calendar of events.
- Roanoke Symphony Orchestra
- Roanoke Civic Center
- John Paul Jones Arena in Charlottesville

AMHERST COUNTY ANNUAL EVENTS

The 41st Annual Amherst Rotary Club Pancake Day First Friday, March 2014 6:30 a.m. to 8 p.m. at the Ascension Episcopal Parish Hall South Main St., Amherst Adults...\$5 and \$3 for Children under 5.

Amherst Cruise-In Saturday, April 26, 2014, 5 pm - 8 pm - Come join us for the 3rd Amherst Cruse-In! Take a walk down scenic, historic streets, browse local businesses, view classic cars. Enjoy live muic from the band Wild Card! Free admission, spectators welcome. Where: Intersection of Goodwin and East Court Streets. Additional parking has been added for this event. For questions or information regarding trailer parking - contact Tim Ware at tware212mx@gmail.com

Village Garden Club's GardenFest Saturday...April 2014...8 a.m. to 1 p.m. Home-grown Plants, Garden Supplies for Sale A Gardening Demonstration, Children's Activity, Door Prizes, and Amherst Art Society painting on site... at the Amherst County Museum... 154 S. Main Street, Amherst Call 434-946-9294 for information.

Clifford Ruritan Club's Annual Easter Sunrise Service at 7 a.m., outside (weather permitting) & followed by Community Breakfast inside. Free. Donations gratefully accepted.

Blue Ledge Meals on Wheels' Poker Run and Pig Pickin' Party to benefit Blue Ledge Meals on Wheels of Amerst and Nelson counties. May 2014. Registration (\$20) begins at 9 a.m. and will continue on to 11:00 a.m. at the Mountain View Market, 1900 Lowesville Rd., Amherst, VA 24521 and includes a Fabulous Meal and Live Music by Wildcard Contact coordinator@blueledge.org or call 434-946-9629 or visit www.blueledge.org

MONACAN INDIAN NATION POWWOW Third Saturday & Sunday, May 2014. Sat. 10 a.m. - 9 p.m. and Sun., 10 a.m. - 6 p.m. Route 130 in Elon...6 miles west of Rt. 29. Admission Fee...Adults, \$7; Seniors, \$5; Children 12 & under, \$5; and Children 5 & under, free. For information contact the Tribal Office, 434-946-0389 MNation538@aol.com www.monacannation.com

Amherst County Chamber of Commerce's 12th Annual Business

Appreciation Awards Dinner - April 29, 2014 at Sweet Briar College's Florence Elston Inn & Conference Center. 5:30 p.m. - Social Hour/Cash Bar; 6:30 p.m. - Dinner & Awards. Tickets are \$35 per person (in advance or at the door). Call the Chamber office for more informaton (434) 946-0990 or email at information@amherstvachamber.com. To sponsor a table at the event, click here: [Sponsor a Table](#). All table sponsorhips must be paid by April 18, 2014.

United Way's Day of Caring May 21, 2014. Every business, organization, group, and individual in Central Virginia is invited to donate your skills, labor, time and talents to fulfilling projects submitted by area non-profits. projects can range from landscaping to painting to window-washing to cleaning and much more. Join your friends and neighbors in the community-wide day to give back and Live United! To volunteer or register a project, click [here](#) or contact Tabitha Abbott at 434-455-6909. www.unitedwayev.org

Clifford Ruritan Club's 2nd Annual Clifford Day, the first Saturday, June, 2014 755 Fletchers Level Road, Clifford 8 a.m. to 4 p.m. 434-826-1163.

LABOR DAY WINE & MUSIC FESTIVAL Labor Day Saturday...September 1st. Rebec Vineyards from 12 to 6 p.m. Live music, five wineries to sample, arts & crafts, dancing. Discounted combo tickets for Labor Day Festival & the Wine & Garlic Festival the 2nd weekend in October.
www.rebecwinery.com

ST. PAUL'S MISSION & MONACAN INDIAN NATION HOMECOMING

BAZAAR First Saturday in October at the Monacan Indian Tribal Center & Museum, 2009 Kenmore Road, Amherst...10 a.m. to 4 p.m. Scholarship Auction...1 p.m. For information contact the Tribal Office 434-946-0389...434-946-2531

CLIFFORD RURITAN CLUB'S SORGHUM FESTIVAL First Saturday & Sunday in October at the Ruritan Club, 755 Fletchers Level Rd.(Rt. 610), Clifford, VA 24533. Sorghum molasses & apple butter making, arts & crafts, vendors, food, jousting, Kids Korner, Civil War re-enactors, regional bands and entertainment. Sat. & Sun., 9 am - 5 pm...Rain or Shine! Parking fee, \$5 per car; \$1 for Motorcycles ... NO pets or coolers, Please! 434-826-1163 or CliffordRuritan@gmail.com

<http://sites.google.com/site/cliffordvirginiaruritanclub/>

Annual VIRGINIA WINE & GARLIC FESTIVAL Second Saturday & Sunday in October at Rebec Vineyards, Amherst Virginia Garlic is featured in this food and fun event Garlic Festival Wineries, music, arts, crafts; 10 - 5 pm Admission fee, 434-946-5168
<http://www.rebecwinery.com/vwgf.htm>

Annual AMHERST COUNTY APPLE HARVEST FESTIVAL Third Saturday & Sunday, October at the Amherst County High School, 139 Lancer Lane, Amherst Everything and anything having to do with apples! Sat, 9 - 5 pm; Sun, noon - 5 pm Amherst Association for Family & Community Education 434-845-5606 - Shelby Penn or 434-847-7435 - Gail Sims

Clifford Ruritan Club's Veterans Day Celebration the Saturday or Sunday closest to Veterans Day. Saturday, November 2013...1 p.m. Welcome veterans, veterans groups, families and friends with patriotic program, posting of colors, historical memorabilia, lots of giveaways, free refreshments for veterans and current service members. Food also available for non-veterans...donations gratefully accepted.

Source: <http://www.amherstvachamber.com/visit>

Summary

Amherst, Virginia has become the suburban bedroom community of choice for the population of Lynchburg, Virginia only 15 miles to the south on U.S. 29.

Sweet Briar College offers a high-quality education for women in over 40 degrees. The world-famous Virginia Center for the Creative Arts has been the incubator to creative artists, writers and artists since 1971.

The Appalachian Trail and the Blue Ridge Parkway are a short distance to the west – all offering a true south Virginia hospitality and excellence quality of life.

SITE AND AREA EVALUATION

The Site

The site for the proposed Cobblestone Inn is in the Ambriar Retail Center on U.S. 29 South, in the northwest quadrant of the U.S. 29 By-Pass intersection, in Amherst, Virginia.

Highways

U.S. Route 29

U.S. Route 29 (US 29) is a major north–south route in the Commonwealth of Virginia. It covers 248 miles from the North Carolina border at the city of Danville to the Key Bridge in Washington, D.C.. US 29 roughly bisects Virginia into eastern and western halves, and along with Interstate 81 in western Virginia, and 85/95 farther east, provides one of the major north–south routes through the Commonwealth.

For much of its length, US 29 in Virginia is known as the Seminole Trail. Through Northern Virginia, it is known as Lee Highway, except in Falls Church, where it acts as the east/west divider for city streets and is called North or South Washington Street. On April 7, 1993 the Virginia General Assembly officially designated the entire length of US 29 from the North Carolina border to the Potomac River as the "29th Infantry Division Memorial Highway" in honor of that Army unit, which, along with the 1st Infantry Division, formed the spearhead of the American infantry that landed on the morning of 6 June 1944 on Omaha Beach in Normandy as part of the invasion of France to liberate that country during World War II. These divisions next fought their way across France, and into Germany. In addition, the name of this highway serves to honor many members of the Virginia Army National Guard who serve as part of this National Guard Division today. Signs indicating this designation have been placed periodically on both sides of US 29.

US 29 in Virginia has probably the most highway by-pass routes in the entire state, having eleven of these around various cities and towns. These bypasses are around Danville, Chatham, Gretna, Hurt-Altavista, Lynchburg-Madison Heights-Amherst, Lovingston, Charlottesville, Madison, Culpeper, Remington, and Warrenton. In addition, Interstate 66 serves for the most part as a by-pass of Manassas and also Fairfax and Arlington.

US 29 enters Virginia in Danville from North Carolina, immediately splitting into business and by-pass routes. US 29 joins the Danville Expressway and US 58 around the east side of Danville, entering Pittsylvania County, and re-merging with the business route north of town in Blairs. Along the southeastern quadrant of the Danville Expressway between the North Carolina border and US 360, the route is designated as part of unsigned State Route 785 (SR 785) for 7.39 miles. Created in 2000, SR 785 is numbered in contradiction to the conventional system of numbering in the state, where primary routes are numbered less than 600 and secondary routes at or above this number. It is numbered as such because it is part of the planned Interstate 785, which will run south along US 29 to Interstate 85 in Greensboro, North Carolina, and is only one of two routes of this type. The other is Route 895 in Richmond for similar reasons.

US 29 then continues north where it splits into business and by-pass routes for Chatham, Gretna, and Hurt before entering Campbell County.

U.S. Route 60

U.S. Route 60 in Virginia runs 312 miles west to east through the central part of the state, generally close to and paralleling the Interstate 64 corridor, except for the crossing of the Blue Ridge Mountains, and in the South Hampton Roads area.

Between Lexington in the Shenandoah Valley and Richmond, I-64 uses a lower elevation crossing of the Blue Ridge Mountains located about 30 miles further north, where it runs parallel to U.S. Route 250 through Rockfish Gap. In contrast, through this section, the older US 60 is mostly a rural two-lane road. With the crossing of the Blue Ridge Mountains at White's Gap at a higher altitude in more rugged terrain, US 60 in this area

offers much more challenging and weather-sensitive driving conditions, as well as a history of many crashes in the years before I-64 was completed.

East of north–south U.S. Route 29 (which runs parallel to the eastern slope of the Blue Ridge), the older US 60 and I-64 gradually converge as they pass through the rolling hills of the rocky Piedmont region in an easterly direction to reach the fall line at Richmond, where they again become very close.

From Richmond east to the harbor area near the mouth of Hampton Roads, US 60 again essentially parallels I-64 through Williamsburg and the Historic Triangle region, extending down the Virginia Peninsula east to the Hampton Roads Bridge-Tunnel. A few miles south of the bridge-tunnel, in Norfolk, US 60 diverges to follow the south shoreline of the Chesapeake Bay through Ocean View and past the entrance to the Chesapeake Bay Bridge-Tunnel to reach Cape Henry. There it curves south to run along the Atlantic Ocean shoreline to end near the south end of the Virginia Beach resort strip.

The first developed portions of US 60 in Virginia included the Manchester Turnpike, later known as the Midlothian Turnpike, west from Richmond and the James River and Kanawha Turnpike west of Lexington into West Virginia

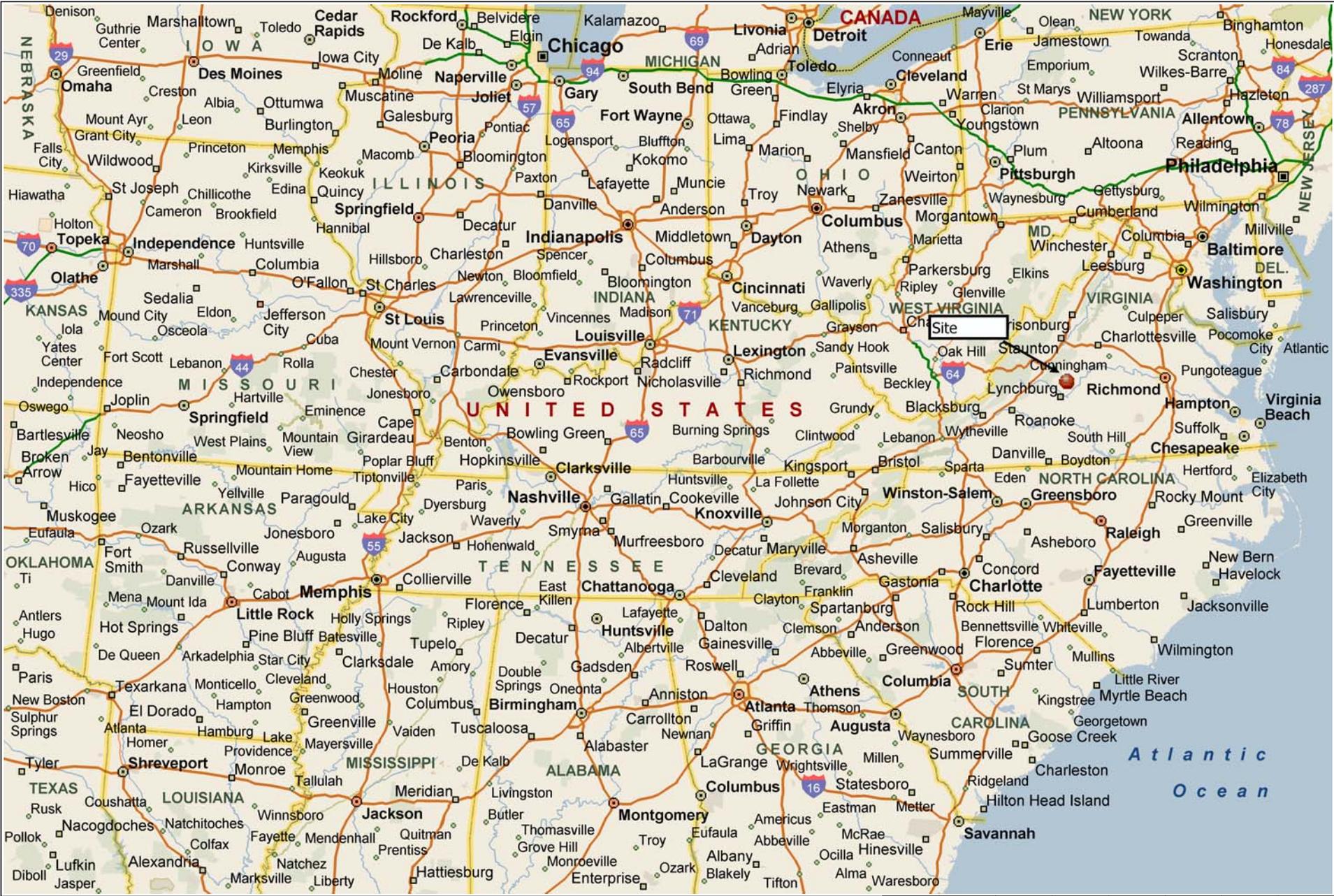
From Lexington, US 60 runs easterly across the Blue Ridge Mountains. The switchbacks and grades along the crossing of the Blue Ridge Mountains still used by U.S. 60 combine to form a very hilly and treacherous section. The 30 miles east of Lexington become virtually impassable by most vehicles during inclement weather, particularly snow and ice. A short distance east of Interstate 81, as it passes through Buena Vista, even before leaving the city limits, the roadway immediately begins a steep climb. The roadway has many switchbacks and on both the eastern and western slopes, with White's Gap at the peak. After descending on the eastern side, travelers reach Amherst, where Route 60 intersects north–south U.S. Route 29.

Continuing east, there is an additional shorter section of mountainous terrain before the road levels out somewhat into the rolling Piedmont region through the middle belt of the state. At Sprouse's Corner in Buckingham County, north–south U.S. Route 15 is crossed. This is the last major intersection until reaching the outskirts of Richmond.

Maps and Site Pictures

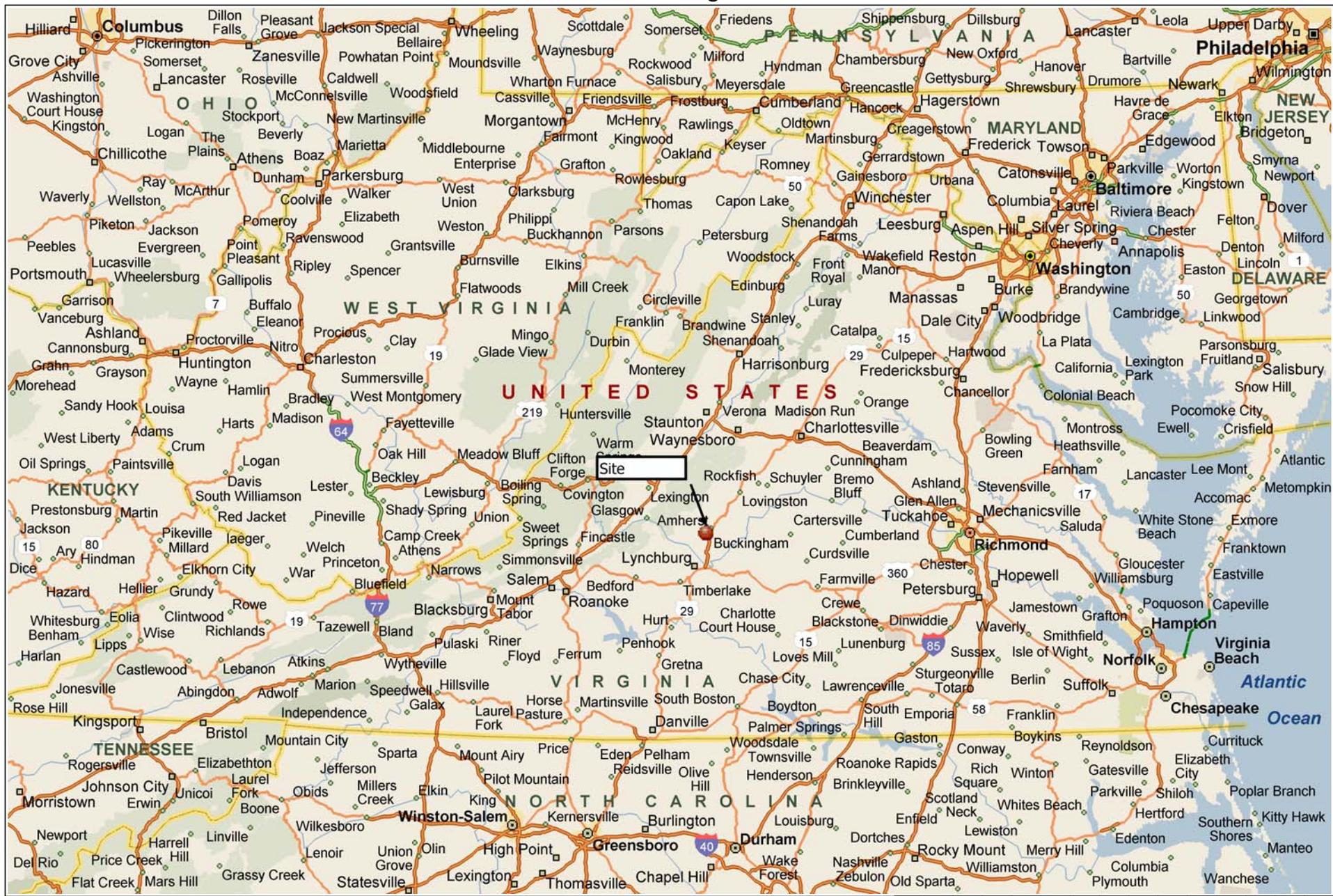
Various maps, site pictures and illustrations are presented on the following pages to orient the site in Amherst, Virginia.

Eastern United States

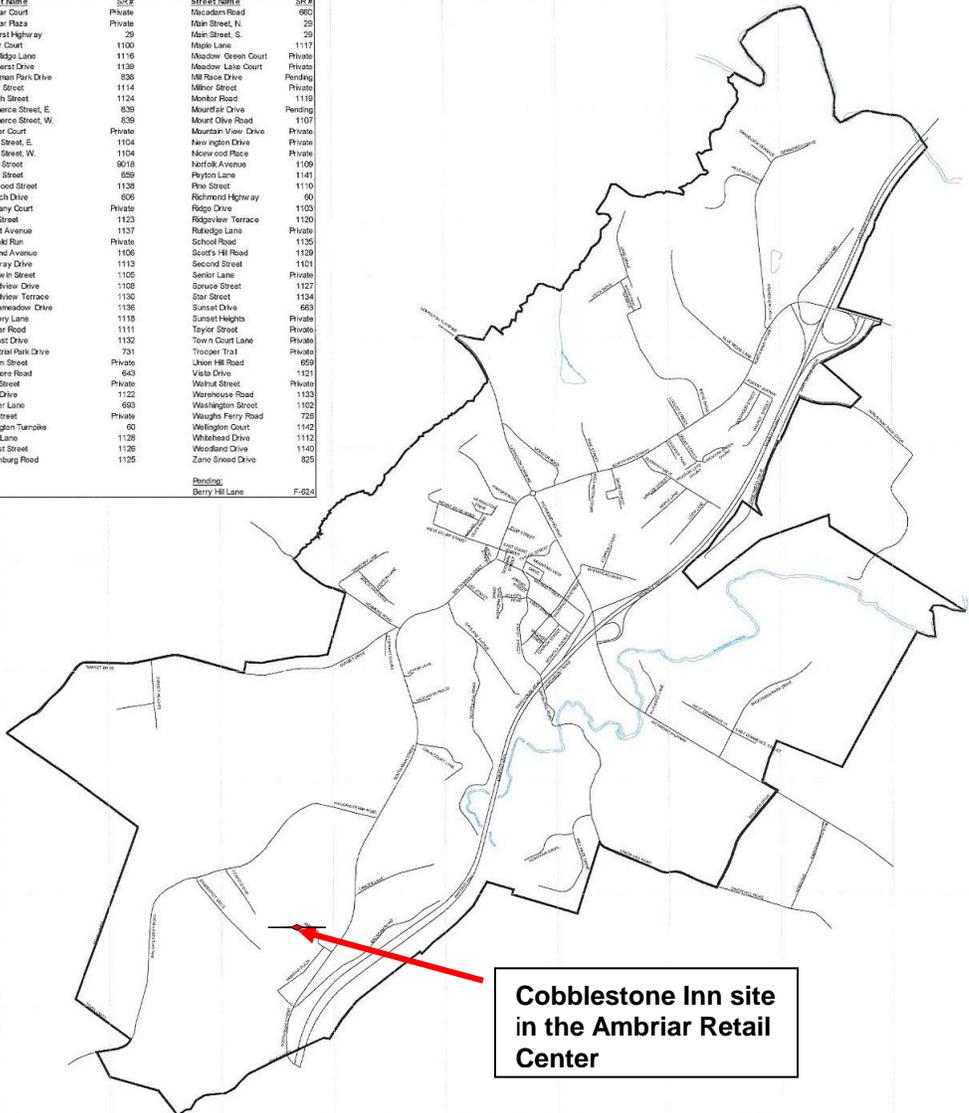


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State of Virginia



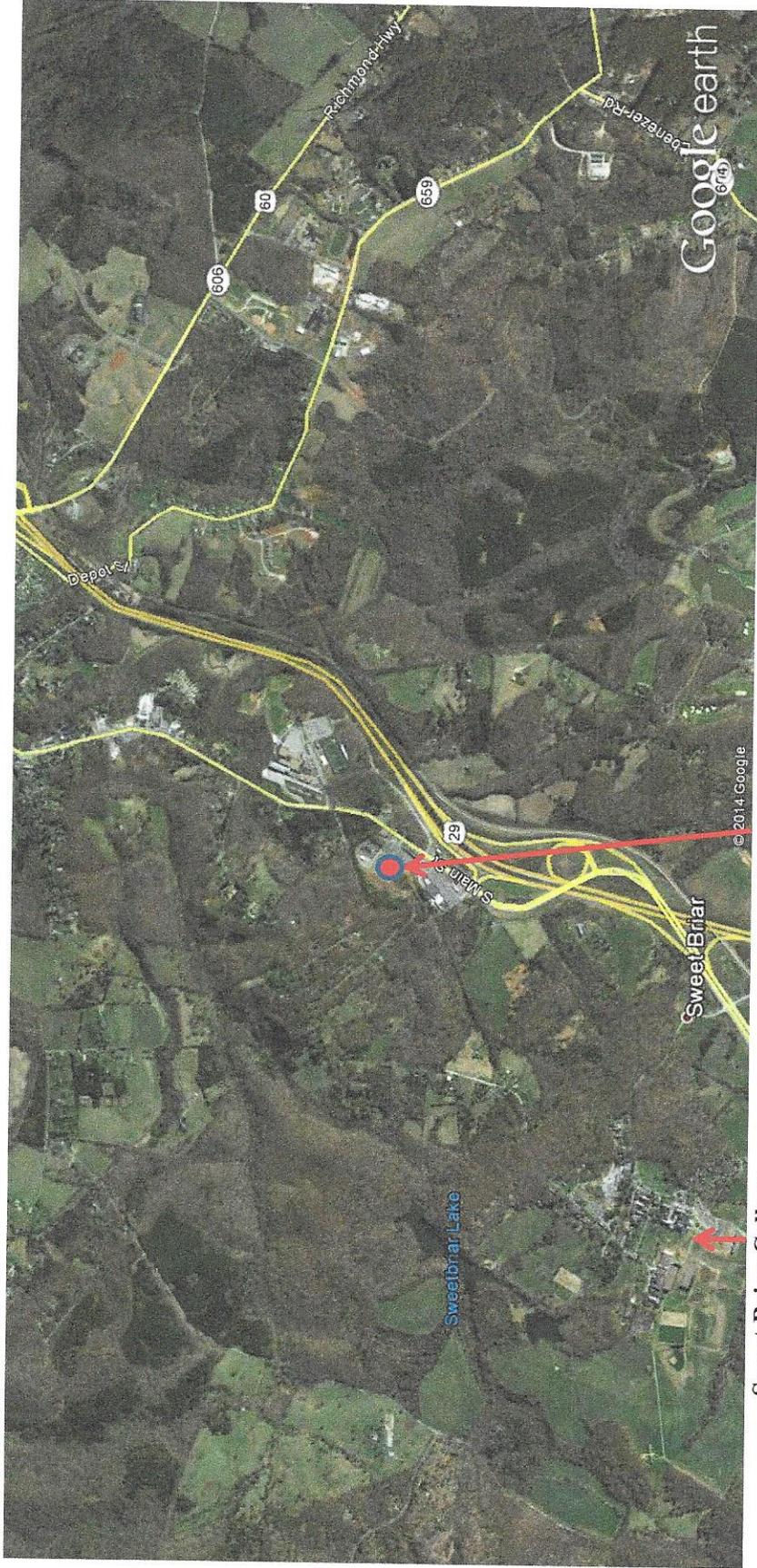
Street Name	SR#	Street Name	SR#
Ambrier Court	Private	Academy Road	600
Ambrier Plaza	Private	Main Street, N.	20
Amherst Highway	20	Main Street, S.	20
Arthur Court	1100	Maple Lane	1117
Blue Ridge Lane	1116	Meadow Green Court	Private
Brainerd Drive	1139	Meadow Lake Court	Private
Brookman Park Drive	838	Mill Race Drive	Pending
Cedar Street	1114	Monitor Street	Private
Church Street	1124	Monitor Road	1119
Commerce Street, E.	839	Mountain Drive	Pending
Commerce Street, W.	839	Mount Olive Road	1107
Copper Court	Private	Mountain View Drive	Private
Court Street, E.	1104	Newington Drive	Private
Court Street, W.	1104	Norwood Place	Private
Crane Street	9018	Norfolk Avenue	1109
Depot Street	699	Payton Lane	1141
Dogwood Street	1138	Rice Street	1110
Dulwich Drive	606	Rippon Highway	90
Epiphany Court	Private	Ridge Drive	1103
First Street	1123	Ridgeview Terrace	1120
Forest Avenue	1137	Rutledge Lane	Private
Foxfield Run	Private	School Road	1135
Garland Avenue	1106	Scott's Hill Road	1129
Glenway Drive	1113	Second Street	1101
Goodwin Street	1105	Senior Lane	Private
Grandview Drive	1108	Soruce Street	1127
Grandview Terrace	1130	Star Street	1134
Greenwood Drive	1136	Sunset Drive	663
Gregory Lane	1118	Sunset Heights	Private
Hanger Road	1111	Taylor Street	Private
Hilbert Drive	1132	Town Court Lane	Private
Industrial Park Drive	731	Trooper Trail	Private
Jordan Street	Private	Union Hill Road	699
Kenners Road	643	Vaino Drive	1121
Kent Street	Private	Walnut Street	Private
Lake Drive	1122	Warehouse Road	1133
Lancaster Lane	663	Washington Street	1102
Lee Street	Private	Waughts Ferry Road	726
Leasington Turnpike	60	Wellington Court	1142
Lock Lane	1126	Whitehead Drive	1113
Locust Street	1126	Woodland Drive	1140
Lynchburg Road	1125	Zano Smead Drive	825
		Pending:	
		Berry Hill Lane	F-024



**Cobblestone Inn site
in the Ambrier Retail
Center**

Town of Amherst, Virginia

April 2, 2014



Sweet Briar College

Hotel Site



Hotel Site

Virginia Center for
the Creative Arts

Sweet Briar College



Entrance to Ambriar Plaza



**View to the south and U.S. 29 from the Hotel Site
Amherst, Virginia**

Hotel Signage

As the subject site is located inside the town limits of Amherst, various sign ordinances must be reviewed concurrently with the development of a signage program. It is recommended that the development obtain the following two signs:

1. A monument sign at the drive entrance;
2. A large logo sign mounted on the front of the hotel;

Utilities

With the site being inside the Town of Amherst, all public utilities of water, sewer, electricity, natural gas, telephone and cable television systems are available to the subject hotel.

Neighborhood

The Ambriar Plaza hosts over 20 retail establishments, and will cater to the guests of the hotel – all within walking distance on the sidewalks of the Plaza.

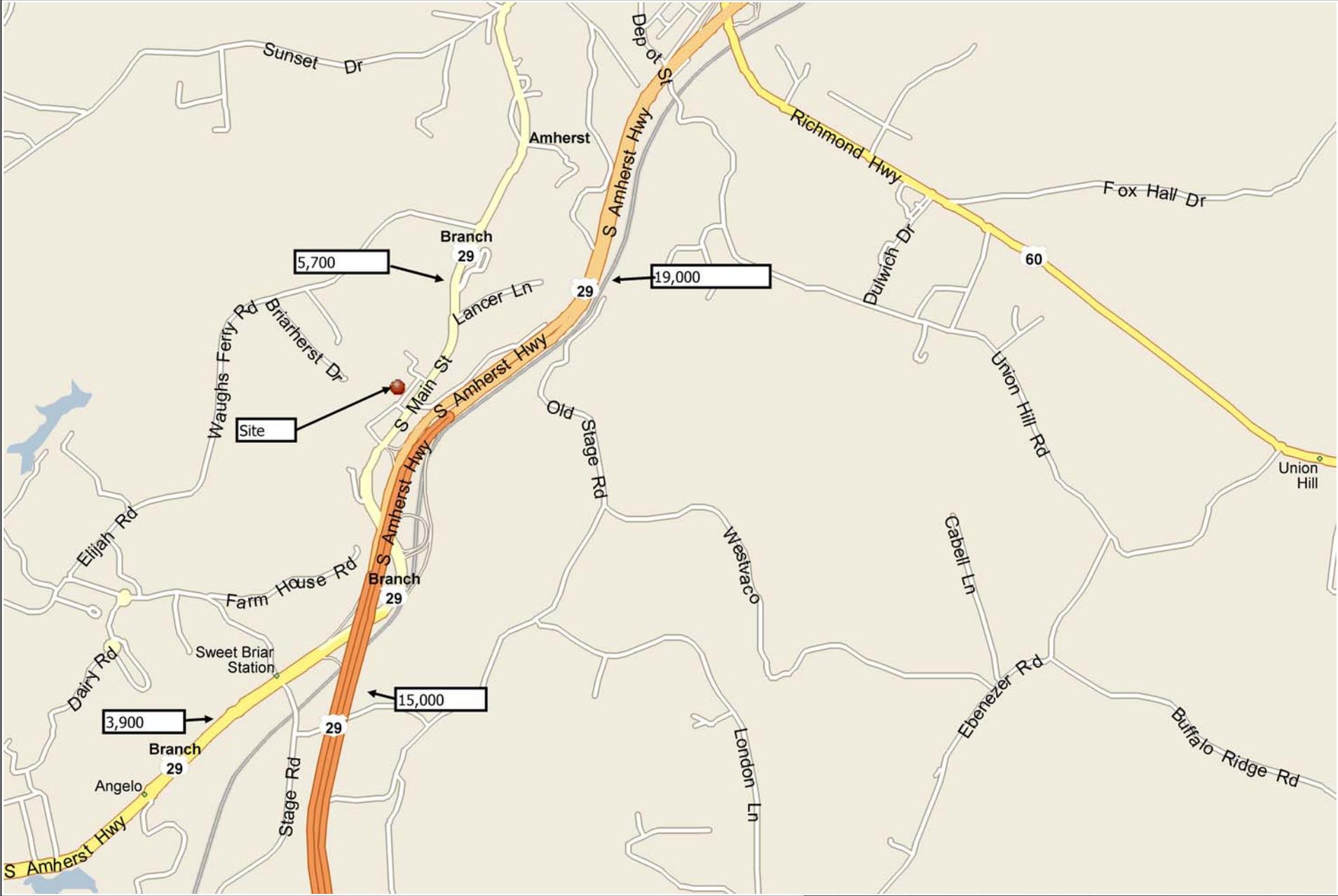
Traffic Counts

The Virginia Department of Transportation has published the following daily traffic counts of the subject site intersection:

Traffic Counts (Annual Average Daily Traffic)	
U.S. 29 North	19,000
U.S. 29 South	15,000
U.S. 29 Business – North	5,700
U.S. 29 Business – South	3,900

Source: Virginia Department of Transportation.

Traffic Counts



0 mi 0.5 1 1.5

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Summary

The site for the proposed Cobblestone Inn is in the Ambriar Retail Center on U.S. 29 South, in the northwest quadrant of the U.S. 29 By-Pass intersection, in Amherst, Virginia.

The Ambriar Plaza hosts over 20 retail establishments, and will cater to the guests of the hotel – all within walking distance on the sidewalks of the Plaza.

Blue Ridge Parkway



Blue Ridge Parkway Overlook in Buena Vista, Virginia

The *Blue Ridge Parkway* is a National Parkway and an All-American Road, noted for its scenic beauty. It runs for 469 miles through twenty-nine Virginia and North Carolina counties, mostly along the Blue Ridge, a major mountain chain that is part of the Appalachian Mountains. Its southern terminus is on the boundary between Great Smoky Mountains National Park and the Cherokee Indian Reservation in North Carolina, from which it travels north to Shenandoah National Park in Virginia and offers access to the Skyline Drive. While the two roads join together end-to-end, they are separate and distinct entities, built as two different projects and managed by two different National Park Service units. The Blue Ridge parkway was built to connect Shenandoah National Park to the Great Smoky Mountains National Park.

The Parkway, while not a “National Park” has been the most visited unit of the National Park System every year since 1946 except one (1949). Land on either side of the road is owned and maintained by the National Park Service and, in many places, parkway land is bordered by United States Forest Service property. The Parkway will be depicted on North Carolina’s version of the America the Beautiful quarter in 2015.

History

Begun during the administration of U.S. president Franklin D. Roosevelt, the project was originally called the Appalachian Scenic Highway. Most construction was carried out by private contractors under federal contracts under an authorization by Harold L. Ickes in his role as federal public works administrator. Work began on September 11, 1935, near Cumberland Knob in North Carolina; construction in Virginia began the following February. On June 30, 1936, Congress formally authorized the project as the Blue Ridge parkway and placed it under the jurisdiction of the National Park Service. Some work was carried out by various New Deal public works agencies. The Works Progress Administration did some roadway construction. Crews from the Emergency Relief Administration carried out landscape work and development of parkway recreation areas. Personnel from four Civilian Conservation Corps (CCC) camps worked on roadside cleanup, roadside plantings, grading slopes, and improving adjacent fields and forest lands. During World War II, the CCC crews were replaced by conscientious objectors in the Civilian Public Service program.

Construction of the parkway took over 52 years to complete, the last stretch (near the Linn Cove Viaduct) laid around Grandfather Mountain and opened in 1987. The Blue Ridge Parkway tunnels were constructed through the rock—one in Virginia and twenty-five in North Carolina. Sections of the parkway near the tunnels are often closed in winter, (due to dripping groundwater from above, freezing temperatures, and the lack of sunlight, ice often accumulates inside these areas even when the surrounding areas are above freezing). The highest point on the parkway (south of Waynesville, near Mount Pisgah in North Carolina) is 6,053 feet above sea level on Richland Balsam Mountain at Milepost 431, and is often closed from November to April due to inclement weather such as snow, fog, and even freezing fog from low clouds. The parkway is carried across streams, railway ravines and cross roads by 168 bridges and six viaducts.

The parkway runs from the southern terminus of Shenandoah national Park's Skyline Drive in Virginia at Rockfish Gap to U.S. Route 441 at Oconaluftee in the Great Smoky Mountains National Park near Cherokee, North Carolina. There is no fee for using the parkway; however, commercial vehicles are prohibited without approval from the Park Service Headquarters, near Asheville North Carolina. The roadway is not maintained in the winter, and sections which pass over especially high elevations and through tunnels are often impassable and therefore closed from late fall through early spring. Weather is extremely variable in the mountains, so conditions and closures often change rapidly. The speed limit is never higher than 45 mph and lower in some sections.

The parkway uses short side roads to connect to other highways, and there are no direct interchanges with interstate highways, making it possible enjoy wildlife and other scenery without stopping for cross-traffic. Mileposts along the parkway start at zero at the northeast end in Virginia and count to 469 at the southern end in North Carolina. The mileposts can be found on the west side of the road. Major towns and cities along the way include Waynesboro, Roanoke, and Galax in Virginia; and in North Carolina, Boone and

Asheville, where it runs across the property of the Biltmore Estate. The Blue Ridge Music Center (also part of the park) is located in Galax, and Mount Mitchell (the highest point in eastern North America) is only accessible via a state road from the parkway at milepost 355.4.

Ecology along the parkway

Flowering shrubs and wildflowers dominate the parkway in the spring, including rhododendrons and dogwoods, moving from valleys to mountains as the cold weather retreats. Smaller annuals and perennials such as the daisy and aster flower through the summer. Brilliant autumn foliage occurs later in September on the mountaintops, descending to the valleys by later in October. Often in early-to-middle October and middle-to-late April all three seasons can be seen simply by looking down from the cold and windy parkway to the green and warm valleys below. October is especially dramatic, as the colored leaves stand out boldly and occur mostly at the same time, unlike the flowers.

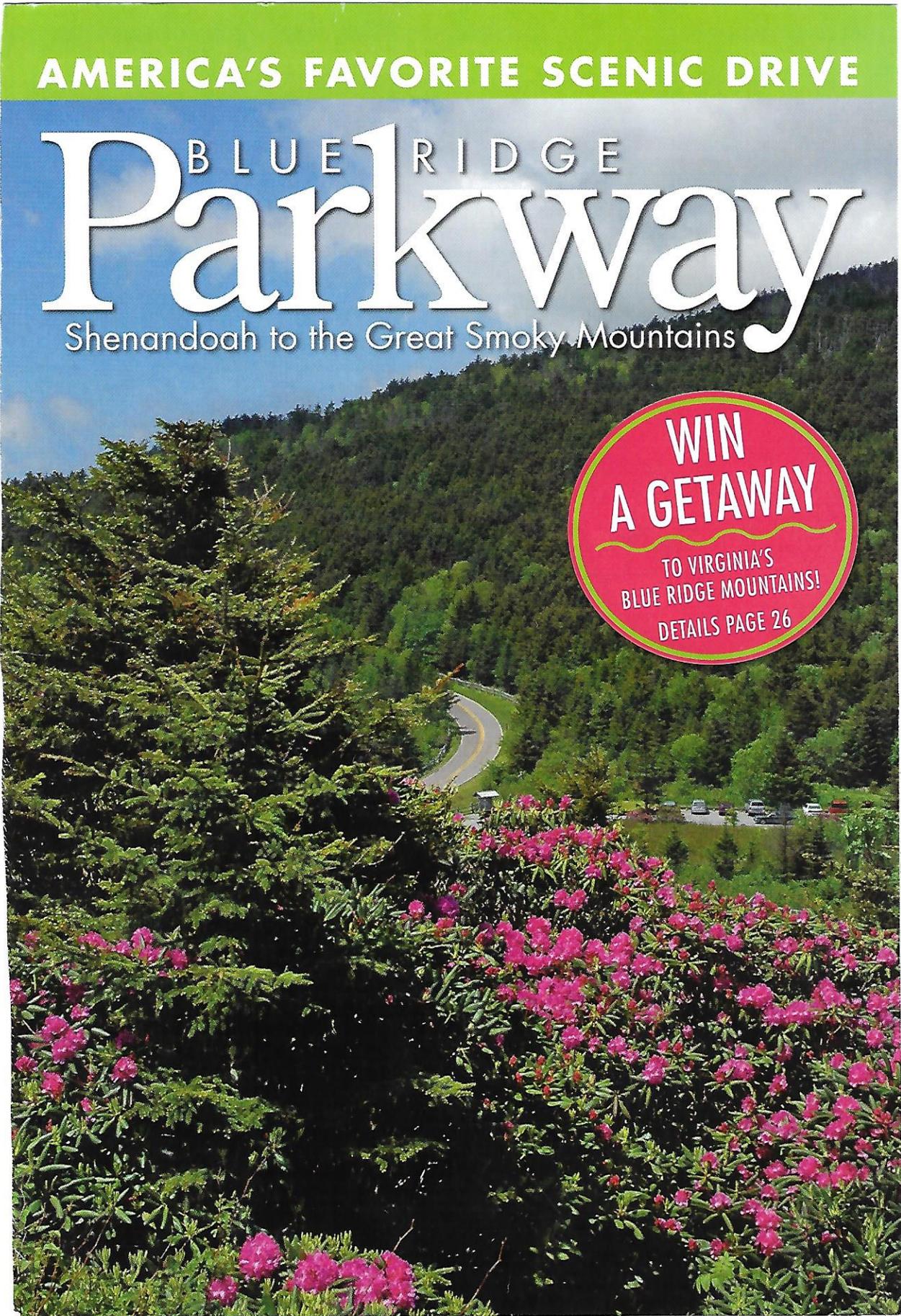
Major trees include oak, hickory, and tulip tree at lower elevations and buckeye and ash in the middle, turning into conifers such as fir and spruce at the highest elevations on the parkway. Trees near ridges, peaks, and passes (often called gaps or notches) are often distorted and even contorted by the wind, and persistent rime ice (white ice) deposited by passing clouds in the winter.

AMERICA'S FAVORITE SCENIC DRIVE

BLUE RIDGE
Parkway
Shenandoah to the Great Smoky Mountains

WIN
A GETAWAY

TO VIRGINIA'S
BLUE RIDGE MOUNTAINS!
DETAILS PAGE 26



Along The Road

The Blue Ridge Parkway today is in many ways what it has been for all its years – a ribbon of highway along the high Appalachian ridges of the Southeast, and a gateway to the discovery of ways of life that thrive along its pristine miles.

The Parkway begins in Virginia between Waynesboro and Afton where the Skyline Drive and Shenandoah National Park leaves off. The terminus is at MP 469 in western North Carolina in the Great Smoky Mountains National Park.

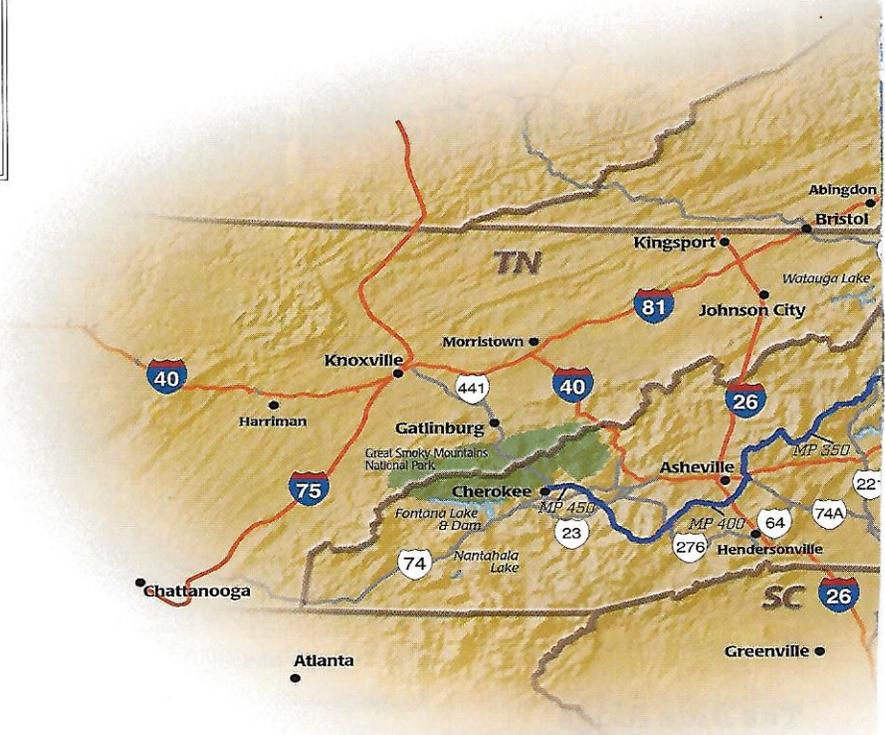
The Smokies encompass more than a half-million acres straddling the North Carolina/Tennessee state line.

More than just a road, the Blue Ridge Parkway is one of the most biologically diverse places in the temperate portion of our planet. It contains more species of trees than all of Europe, many protected plant species and dozens of historic structures.

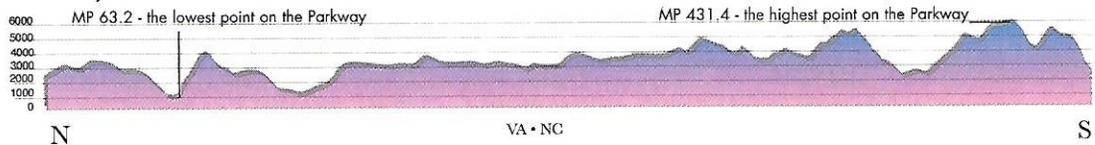


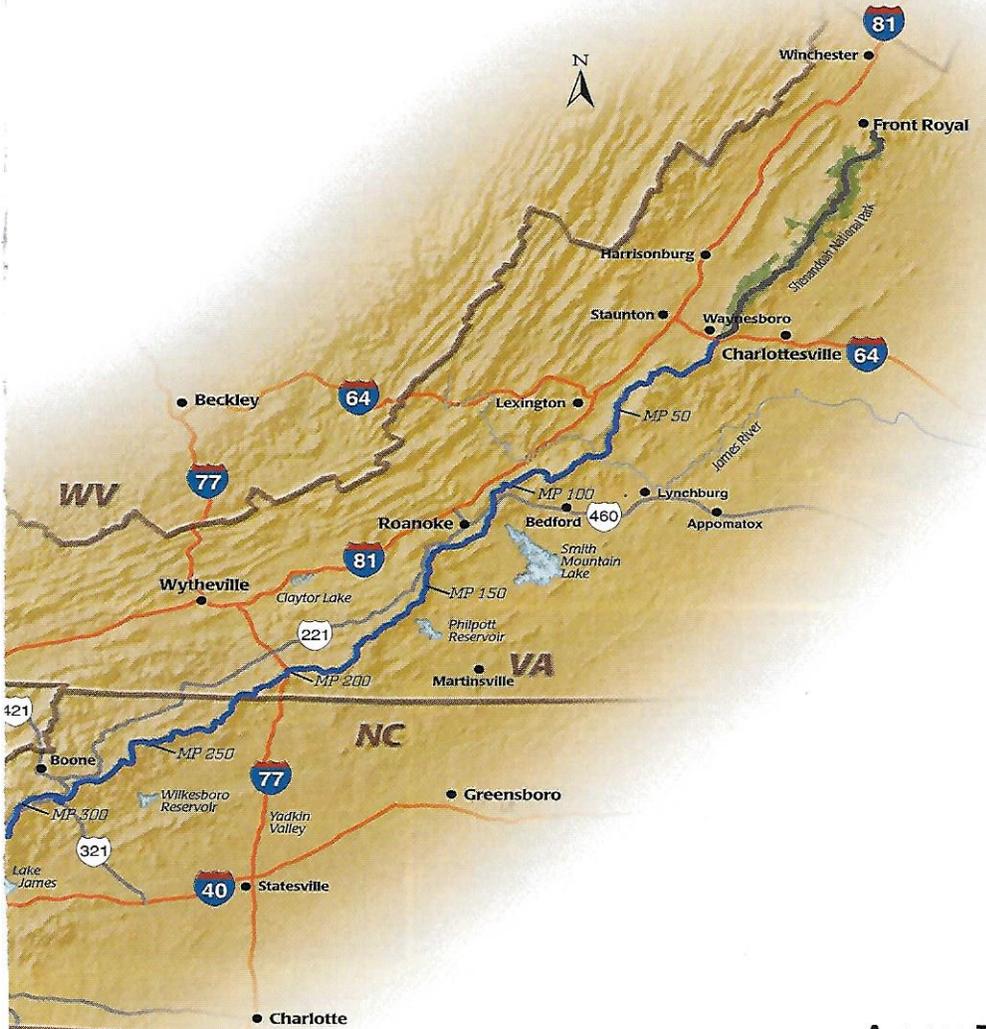
- Key
-  Blue Ridge Parkway
 -  Skyline Drive
 -  Interstates
 -  U.S. Highways
 -  Rivers
 - MP Parkway Milepost

Scale is approximate
1 inch = 50 miles



Parkway Elevation





Average Temperatures Along the Parkway

Roanoke (elevation 1,149')
 Asheville (elevation 2,165')
 Mt. Mitchell (elevation 6,684')

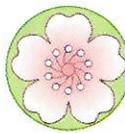


Winter

Roanoke
27°-46°

 Asheville
27°-49°

 Mt. Mitchell
23°-39°

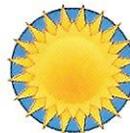


Spring

Roanoke
44°-67°

 Asheville
43°-67°

 Mt. Mitchell
33°-50°

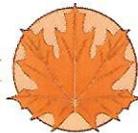


Summer

Roanoke
63°-85°

 Asheville
61°-82°

 Mt. Mitchell
53°-69°



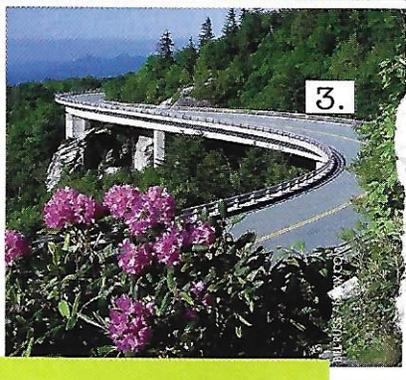
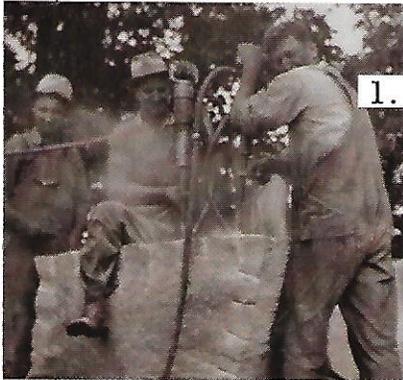
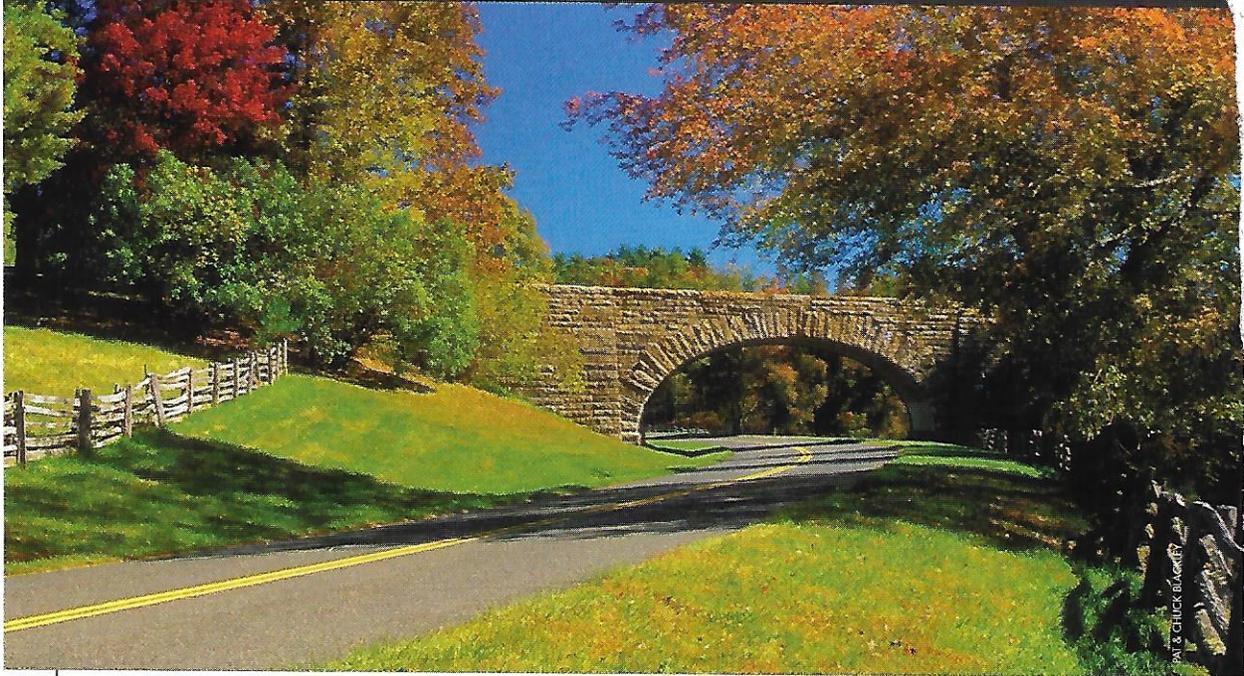
Fall

Roanoke
46°-68°

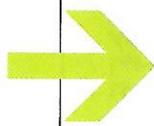
 Asheville
45°-68°

 Mt. Mitchell
39°-67°

THE COMBINED FORCES OF THE GREAT DEPRESSION and a great vision for public spaces came together in the 1930s to allow the building of a unique American treasure.



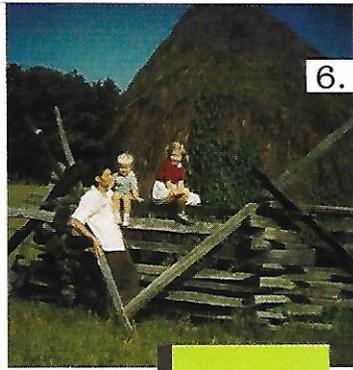
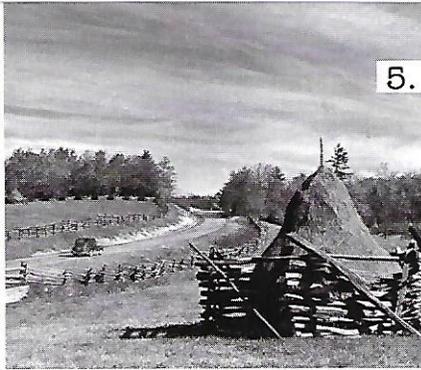
1. The CCC contributed to the building of the Parkway 2. The tunnels were built with nearby stone 3. Linn Cove Viaduct – the final piece



Parkway History

A '30s Serendipity

Two new national parks – Shenandoah National Park in Virginia and Great Smoky Mountains National Park in North Carolina and Tennessee – needed a road to link them. The Great Depression provided large numbers of unemployed workers as well as a pool of highly trained but temporarily idled engineers and landscape architects.



The Design

When young Stanley Abbott was appointed resident landscape architect for the new park-to-park road, he converted 469 miles of hodge-podge mountain land into the nation's most famous rural national parkway, conforming to "a proper road's" guidelines: (1) Lie easily on the ground; (2) Blend harmoniously with the topography; (3) Appear as if it had grown out of the soil.

He designed not only a parkway but also a total recreation program, incorporating visitor centers, hiking trails, lodges, campgrounds, milepost markers and interpretive programs.

The Construction

Construction of the Blue Ridge Parkway began on September 11, 1935, and was built in sections that were then connected.

In the wake of the Depression, the Blue Ridge region was economically depressed, and the idea of a paved road passing through this relatively undeveloped region appealed to many mountain residents.

The Missing Link

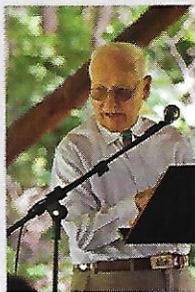
One by one the road sections and parks were completed until only one unit – the route around Grandfather Mountain in North Carolina – remained unfinished.

After years of stalemate, the park service masterminded a compromised middle route using state-of-the-art engineering between the park service's "high route" and the landowner's "low route."

In 1987, when the Linn Cove Viaduct was dedicated, the 469 miles were at last rendered into one long, beautiful park through the Appalachians.

4. Mabry Mill - before
5. Haystacks were common
6. Stanley Abbot with kids

Blue Ridge Parkway Historian Waxes Poetic



"A make-work project that worked very well."

That's how Dr. Harley Jolley, professor emeritus at Mars Hill College in North Carolina and Blue Ridge Parkway historian, describes the parkway.

Ask him about the parkway experience and he waxes more poetic.

Ask him about hiking to the overlook at Humpback Rocks, where he worked as an interpreter:

"You have to work to get there, but that's the beauty of it," he says. "In moonlight, it's almost a fairyland." It overlooks the lights of Waynesboro and Charlottesville, Va., and the Old Wagon Road in the valley. It takes the better part of an hour, he says, to get to the top, and "you know there are probably bears below you."

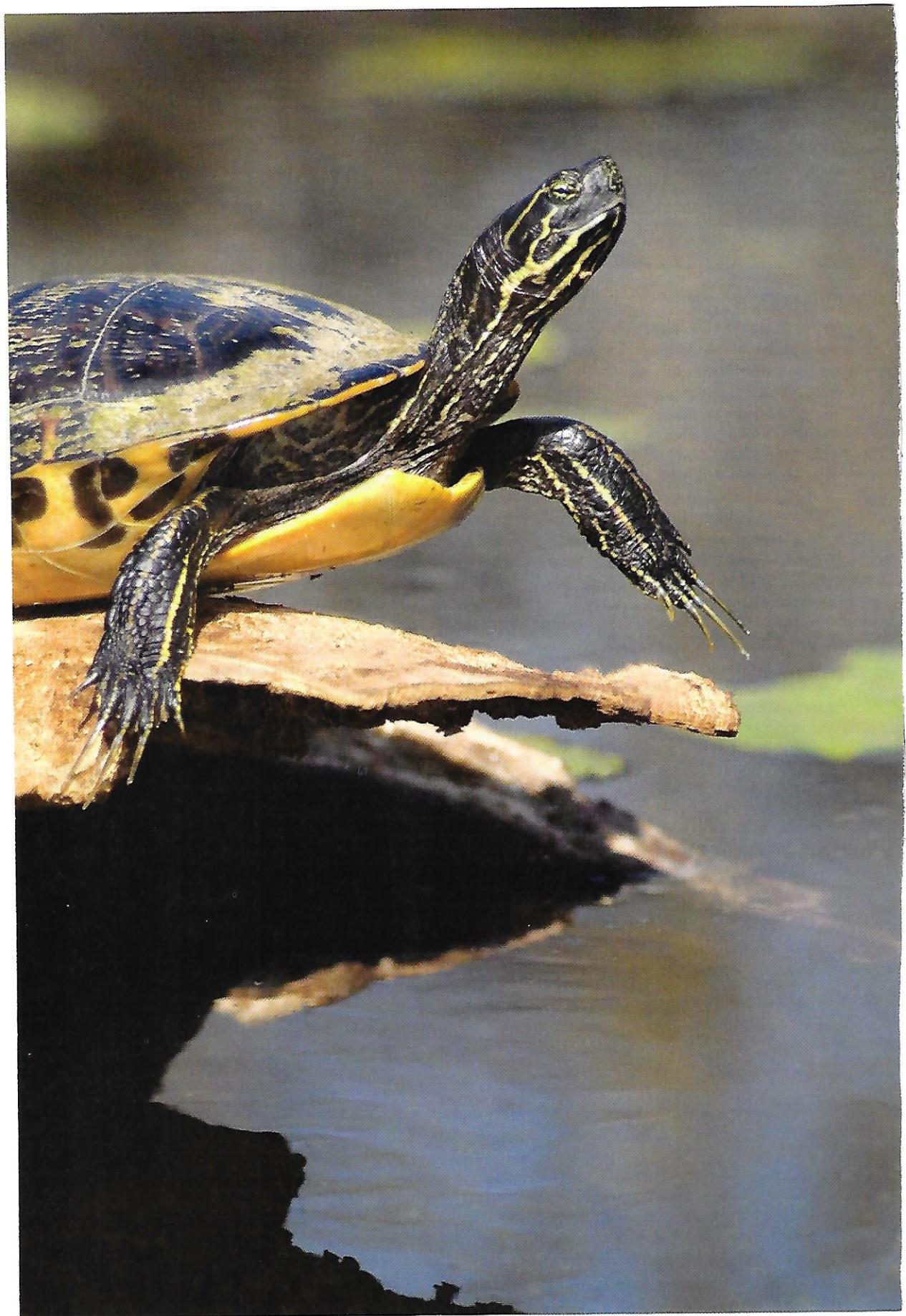
Dr. Jolley has written books on the parkway and on

the Civilian Conservation Corps, and he still hikes every chance he gets – "any day, any time, any weather." He remembers a trip to Newfound Gap with his son, in the snow, not expecting to see anyone else out, but they met four other hikers. "That's what national parks are for."

Jolley is sorry he never met parkway designer Stanley Abbott, whom he describes as "a man 10 generations ahead of his time," a man who came into "a totally different terrain, a totally different culture" from New York, yet masterminded a beautiful, carefully crafted route through the eastern mountains.

When Jolley worked for the park service, he made a point to visit every community and meet the local people. "The intent was to be friends, to be neighbors. We [were] doing it for them."

On this particular day he sits in his home office. "I wish I were out there." The view from his window – "green grass, green trees – and I know good and well the changing leaves, the autumn's coming."



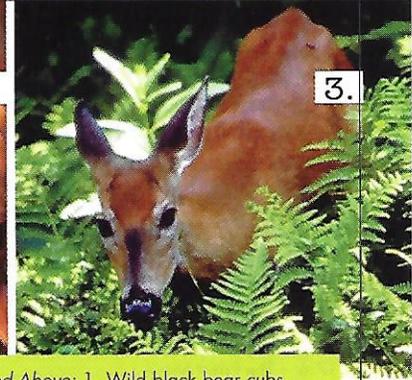
THE BOG TURTLE, one of the rarest freshwater turtles in North America, lives in a narrow belt in and along the Blue Ridge Parkway.



1.



2.



3.

PHOTOS THIS PAGE COURTESY OF SHENANDOAH NATIONAL PARK

Pictured Above: 1. Wild black bear cubs
2. Playful chipmunk 3. Curious white-tailed deer



Nature

Along The Parkway

50+ The number of threatened and endangered plant species the Parkway provides critical habitat for

130 species of trees, **1,600** plant species and **74** mammals

159 species of birds are known to nest here with dozens of others passing through during migrations

47 Natural Heritage Areas set aside as national, regional or state examples of exemplary natural communities

369 miles of hiking trails

4 the number of National Forests the Parkway passes through (George Washington, Jefferson, Pisgah and Nantahala)

382 paved overlooks

5,700 feet elevation range of the Parkway provides a home for both southern species at the lower elevations and northern species on the mountaintops.

National Park Photographers Lead A Charmed Life

"We lead a charmed life," says Ann Simpson, who with her husband Rob photographs around the world, specializing in national parks. They've photographed in Shenandoah for years, combining their interests in biology (they both teach at Lord Fairfax Community College in Virginia) to capture stunning images of wildlife along and off the Skyline Drive.

"Our goal is to teach people about national parks," says Ann, "and how to best enjoy national parks without destroying them.

"Our favorite place to visit in spring is the northern end of the park," she says. "In the summer we love the

central region – it's cooler the higher you get." And the southern end of Shenandoah: "That's where we go to find solitude."

Their favorite places to shoot include Big Meadows ("for baby deer, I don't think there is anyplace better" – they recommend going out early in the morning the first half of June) – Dark Hollow Falls, White Oak Canyon, Lewis Mountain and South River Falls (for wildflowers). As for time of year, "mid-October is hard to beat!" says Rob. They head for Shenandoah in early fall, along the Blue Ridge Parkway in mid-fall and to the Great Smokies in late autumn.

Hiking Trails

TRAIL KEY: Easy | Easy/Moderate | Moderate | Moderate/Strenuous | Strenuous

Virginia's Trails

Milepost	Location	Miles
5.9	Mountain Farm Trail (to pioneer farmstead)	0.25*
6	Appalachian Trail (Humpback Gap/ Humpback Mtn., elev. 3,650')	2*
8.4	Catoctin Loop Trail (leg stretcher)	0.3*
8.8	Greenstone Trail (self-guiding; geology formation, oak hickory forest)	0.2*
17.6	The Priest (view)	0.1*
18.5	White Rock Falls Trail Connection	2.9*
20	White Rock Falls Trail	0.9*
26.3	Big Spy Mountain (view into Shen. Valley)	0.1*
34.4	Yankee Horse (to logging RR exhibit, waterfall)	0.2*
38.8	Boston Knob (leg stretcher)	0.1*
47.5	Indian Gap (to Indian Rocks)	0.63*
55.2	White Oak Flats (leg stretcher)	0.1*
60.8	Otter Creek Trail (begin at campground)	3.5*
63.1	Otter Lake Trail (around Otter Lake)	0.8*
63.6	James River Trail (self-guiding to canal locks)	0.2*
63.6	Trail of Trees Trail (to James River overlook)	0.5*
74.7	Thunder Ridge Trail (loop to Arnold Valley view)	0.1*
78.4	Apple Orchard Falls Trail	1.2*
79.7	Onion Mountain Loop Trail (rhododendron)	0.1*
83.1	Fallingwater Cascades Nat'l Rec. Trail (loop to view of cascades)	1.6*
83.5	Flat Top Trail (leads to highest of three prominent peaks in area)	4.4*
N/A	Cross Rock Trail (spur off Flat Top Trail; unique geological features)	0.1*
85.7	Abbott Lake Trail (loop around Abbott Lake)	1*
85.9	Elk Run Trail (nature trail from Visitor Center)	0.8
85.9	Johnson Farm Loop Trail (loop to restored mountain farm)	2.1
85.9	Harkening Hill Trail (begin at Peaks Visitor Center; 3,300')	3.3
N/A	Balance Rock (spur trail off Harkening Hill Trail; geological formations)	0.1
86	Sharp Top Trail (camp store to 360° view at summit; 3,875')	1.5*
91	Appalachian Trail (Va. 695 to Sharp Top Mtn)	1.9*
92.5	Appalachian Trail (Sharp Top Mtn overlook to Harvey's Knob overlook)	2.9*
95.4	Appalachian Trail (Harvey's Knob overlook to Montvale overlook)	0.6*
95.9	Appalachian Trail (Montvale overlook to Taylor's Mountain overlook)	1*
96	Spec Mine Trail (USFS Trail from Montvale OL to Va. 645 in Botetourt)	2.8*

97	Appalachian Trail (Taylor's Mtn overlook to Blackhorse Gap)	0.8*
110.6	Stewarts Knob Trail (view)	0.05*
114.9	Roanoke River Trail (self-guiding river loop)	0.35
120.4	Roanoke Mountain Summit Trail (view)	0.11*
120.5	Chestnut Ridge Trail (adjacent to Roanoke Mtn campground)	1.75
121.4	Roanoke Valley Horse Trail (from U.S. 220, parallels Parkway)	18.5*
123.2	Buck Mountain Trail (to summit view)	0.53*
154.5	Smart View Loop Trail (around picnic area)	2.6
167.1	Rock Castle Gorge Trail (loop along ridge over Rocky Knob into gorge)	10.8*
167.1	Hardwood Cove Self-Guiding Nature Trail (part of Rock Castle Loop)	0.8*
169	Black Ridge Trail (loop; Rocky Knob, Black Ridge, Grassy Knoll, back)	3.1*
169	Rocky Knob Picnic Loop Trail (leg stretcher around picnic area)	1*
176.2	Mountain Industry Trail (Mabry Mill)	0.5*
179.2	Round Meadow Creek Loop Trail (through a stream bottom forest)	0.5*

North Carolina's Trails

Milepost	Location	Miles
217.5	Cumberland Knob Trail (ideal lazy-day walk)	0.5
217.5	Gully Creek Trail (rewarding loop that meanders by stream)	2
218.6	Fox Hunters Paradise Trail (view)	0.2
230.1	Little Glad Mill Pond (easy loop stroll)	0.4*
238.5	Cedar Ridge Trail (great for day hike; vistas and forests)	4.2*
238.5	Bluff Mountain Trail (parallels Parkway to Milepost 244.7)	7.5
241	Fodder Stack Trail (great variety of plants)	1*
241	Bluff Ridge Trail (primitive trail with steep slopes)	2.89*
243.7	Grassy Gap Fire Road (wide enough for side-by-side hiking)	6.5*
243.7	Basin Creek Trail (access from back-country campground)	3.3*
244.7	Flat Rock Ridge Trail (forest path to vista)	5
260.3	Jumpingoff Rocks Trail (forest path to vista)	1*
264.4	The Lump Trail (to hilltop view)	0.3*
271.9	Cascades Trail (loop to view of falls)	0.5
272.5	Tompkins Knob Trail (to Jesse Brown Cabin)	0.6
294	Rich Mountain Carriage, Horse, & Hiking Trail	3
294	Flat Top Mountain Carriage, Horse, & Hiking Trail	3
294	Watkins Carriage, Horse, & Hiking Trail	3.3
294	Black Bottom Carriage, Horse, & Hiking Trail	0.5

294 Bass Lake Carriage, Horse, & Hiking Trail..... 1.7
 294 Deer Park Carriage, Horse, & Hiking Trail 0.8
 294 Maze Carriage, Horse, & Hiking Trail..... 2.3
 294 Duncan Carriage, Horse, & Hiking Trail 2.5
 294 Rock Creek Bridge Carriage, Horse, & Hiking Trail..... 1
 294.1 Figure 8 Trail (short self-guiding loop nature trail)... 0.07
 294.6 Trout Lake Hiking & Horse Trail (loop)..... 1
 295.9 Green Knob Trail (to Green Knob)..... 2.3
 296.5 Boone Fork Trail (stream, forest, and meadows) 4.9
 297 Price Lake Loop Trail (loop around Price Lake) 2.3
 304.4 Linn Cove Viaduct Access Trail 0.16
 305.2 Beacon Heights Trail (10 minutes to view) 0.22
 305.5 Tanawha Trail (diverse biological and geological features)..... 13.5
 308.2 Flat Rock Trail (self-guiding loop)..... 0.63
 315.5 Camp Creek Trail (through laurel, rhododendron) ...0.1*
 316.4 Linville Falls Trail (view of upper falls) 0.8
 316.4 Linville Gorge Trail (view of lower falls)..... 0.5
 316.4 Duggers Creek Trail (view of Duggers Falls)0.25*
 316.5 Linville River Bridge Trail (view of unusual bridge).....0.1*
 320.8 Chestoa View Trail (30-minute loop to vista)0.63*
 339.5 Crabtree Falls Loop Trail (loop to view of falls).....2*
 344.1 Woods Mountain Trail (USFS)2*
 350.4 Lost Cove Ridge (USFS).....0.6*
 351.9 Deep Gap Trail (USFS)0.2*
 355 Bald Knob Ridge Trail (USFS)0.1*
 359.8 Big Butt Trail (USFS) (continues on USFS lands)0.2*
 361.2 Glassmine Falls (view of falls)0.05*
 364.2 Craggy Pinnacle Trail (to panoramic view)..... 0.73
 364.2 Craggy Gardens Trail (self-guiding nature trail)..... 0.84
 374.4 Rattlesnake Lodge Trail (woodland walk)..... 0.5
 382 Mountain-to-Sea Trail (Folk Art Center to MP 365)..... 7.5
 393.7 Shut-In Trail/MTS Trail (Bent Creek-Walnut Cove) 3.1
 396.4 Shut-In Trail/MTS Trail (Walnut Cove-Sleepy Gap).... 1.7
 397.3 Grassy Knob Trail (steep trail to USFS area) 0.9
 397.3 Shut-In Trail/MTS Trail (Sleepy Gap-Chestnut Cove).. 0.7
 398.3 Shut-In Trail/MTS Trail (Chestnut Cove-Bent Creek Gap) 2.8
 400.3 Shut-In Trail/MTS Trail (Bent Creek Gap-Beaver Dam Gap)..... 1.9
 401.7 Shut-In Trail/MTS Trail (Beaver Dam Gap-Stoney Bald) 0.9
 402.6 Shut-In Trail/MTS Trail (Stoney Bald-Big Ridge) 1.2
 403.61 Shut-In Trail/MTS Trail (Big Ridge-Mills River Valley) . 1.2
 404.5 Shut-In Trail/MTS Trail (Mills River Valley-Elk Pasture Gap) 1.2
 405.5 Shut-In Trail/MTS Trail (Elk Pasture Gap-Mt. Pisgah) 1.7
 407.6 Mt. Pisgah Trail (summit view)..... 1.26
 407.6 Buck Springs Trail (Pisgah Lodge to view)..... 1.06
 408.5 Frying Pan Mountain Trail 1.65
 417 East Fork Trail (USFS, access to Shining Rock Trail System)..... 0.1

418.8 Graveyard Fields Loop Trail (loop by a stream)..... 2.29
 419.4 John Rock Trail (leg stretcher to view)..... 0.1
 422.4 Devil's Courthouse Trail (summit view)..... 0.42
 427.6 Bear Pen Gap Trail (access to Mountains-to-Sea Trail).....0.22*
 431 Richland Balsam Trail (through spruce-fir forest).....1.47*
 433.8 Toy Taylor Overlook Trail (paved trail)0.1*
 451.2 Waterrock Knob Trail (summit view) 1.18

Tennessee's Trails

To Mount LeConte, between Newfound Gap and Chimney Tops. (865) 436-1200. Round-trip (moderate). Past creeks and scenic overlooks. 4.4

Backbone Rock Rec Area Trails - Shady Valley Trail. (423) 735-1500. One-way (moderate). Leads to Appalachian Trail.2.2*

Boulevard Trail. Take the Appalachian Trail from Newfound Gap. (865) 436-0120. round-trip. The easiest and most popular of the five trails to the summit of Mount LeConte. 16

Davy Crockett Birthplace Trails - Limestone (423) 257-2167. 3/4 hour; loop (easy). Starts at campground; goes along the Nolichucky.

Jacobs Creek Rec Area Trails. Bristol. (423) 735-1500. one-way (easy). Follows lake3*

Laurel Falls Trail. South end of Gatlinburg. (865) 436-1200. One of the easiest; roundtrip. Waterfall is 80 feet high. 2.5

Roan Mountain Trails. (423) 772-0190 (800) 250-8620. 8 trails, 12 miles of trails; 2.25 mn. bike trails, one-way (easy to strenuous). Trailheads throughout the park.

Sugarlands Valley Nature Trail. Gatlinburg. (865) 436-1200. .5-mile loop trail. Educational exhibits paved to accommodate visitors with disabilities. Trailhead is located off Newfound Gap Road, one-quarter mile south of Sugarlands Visitor Center.

Sycamore Shoals Trails. Elizabethton. (423) 543-5808 one-way/loop (easy). Walking/fitness trail..... 2

* = one way

Appalachian National Scenic Trail

Appalachian Trail Conservatory
 PO Box 807, Harpers Ferry, WV 25425
 (304) 535-6331, AppalachianTrail.org

The Virginia/North Carolina/Tennessee mountain region is host to about 830 miles (easy to strenuous) of the famed 2,100-plus-mile, Maine-to-Georgia trail. The 540 Virginia miles include one of the trail's prettiest vistas at McAfee Knob near Roanoke. The AT parallels both the Skyline Drive and the Blue Ridge Parkway at times through Virginia. The 288 North Carolina/Tennessee miles include such favorite sections as Max Patch Bald, Roan Mountain and Clingmans Dome in the Great Smokies. Shelters and campsites are at regular intervals for long-distance hikers; AT often links with shorter trails to allow easier loop or out-and-back dayhikes. Trail access at points throughout the region.

ALL YEAR LONG, cities and towns along the Blue Ridge Parkway host wonderful events – from quilt shows to battle re-enactments. Here's a small sampling. For more events, visit BlueRidgeParkwayUSA.com.



Check for wine festivals at
visitncwine.com or virginiawine.org.



Music, Food and Fun

Fairs and Festivals

SPRING

Shenandoah Valley

Shenandoah Apple Blossom Festival

April 26-May 5. Winchester. World's largest fire fighters' parade, crafters carnival, fireworks display. (540) 662-3863.

Roanoke Festival in the Park

May 25-28. Roanoke. Celebration of art, music and family. (540) 342-2640, roanokefestival.org.

Virginia's Jefferson Country

Wine Festival at Monticello

May 11. Celebrate Jefferson's passion for wine. (434) 984-9800, monticello.org.

Virginia's Blue Ridge Highlands

2nd Annual Southwest Virginia Wine Festival

May 18. Abingdon. Taste the best of Southwest Virginia's wines, cider, mead and beer. (276) 492-2401, heartwoodvirginia.org.

North Carolina's Yadkin Valley Foothills

Yadkin Valley Wine Festival

May 18. Elkin. Wine tasting, craft vendors and music. (336) 526-1111, yvwf.com.

North Carolina's High Country

Naturalist Weekend at Grandfather

May 17-19. Guided hikes and presentations on the birds, wildflowers and nature. (800) 468-7325, grandfather.com/events.

North Carolina's Blue Ridge/Asheville

New Biltmore Exhibition: The Vanderbilts at Home and Abroad

Ongoing. Biltmore Estate. Features never-before-seen treasures from the Vanderbilt collection including a close-up look at rare items they collected throughout their lives. (877) Biltmore, biltmore.com.

Fiber Day

May 11. Folk Art Center, MP 382. Fiber artists from the Southern Highland Craft Guild and other area guilds provide hands-on learning about fiber crafts. Sheep shearing demos. (828) 298-7928, craftguild.org.

North Carolina Smokies

79th Annual Ramp Festival

May 5. Waynesville. Live bluegrass, clogging, food featuring ramps. (828) 456-8691.

Tennessee Smokies

Dolly's Homecoming Parade

May 11. Pigeon Forge. Pigeon Forge salutes its favorite celebrity and native daughter, Dolly Parton in an Americana classic parade with Dolly in the lead float. (800) 251-9100.

SUMMER

Shenandoah Valley

Court & Market Days

June 1. Harrisonburg. Old friends from the 1850s gather together with the local farmers market to re-create the Court & Market Days of years past. (540) 432-8922, downtownharrisonburg.org.

Green Valley Book Fair

May 11-27, June 29-July 14, Aug. 17-Sept. 2, October 5-20, Nov. 29-Dec. 15 Mount Crawford. 25,000 square feet containing over 500,000 new books at incredible bargain prices. (800) 385-0099, gvbookfair.com.

Virginia's Jefferson Country

9th Annual Horse and Hound Wine Festival

July 13. Johnsons Orchards & Peaks of Otter Winery. Wine, music and art, crafts and food. Horse and dog attractions such as the Parade of Horses, lure course and muskrat racing. Kiddie Korral. (540) 586-3707, peaksofotterwinery.com.

Family Day 40s Festival.

July 20. National D-Day Memorial, Bedford. Interactive programs, tours, and projects. (540) 587-3619, dday.org.

Virginia's Blue Ridge Highlands

Juneteenth Celebration

June 15. Booker T. Washington National Monument. Freedom is the focus of this emancipation celebration. Tour the Burroughs Plantation – music performed by local gospel groups. (540) 721-2094, nps.gov/bowa.

Virginia Covered Bridge Festival

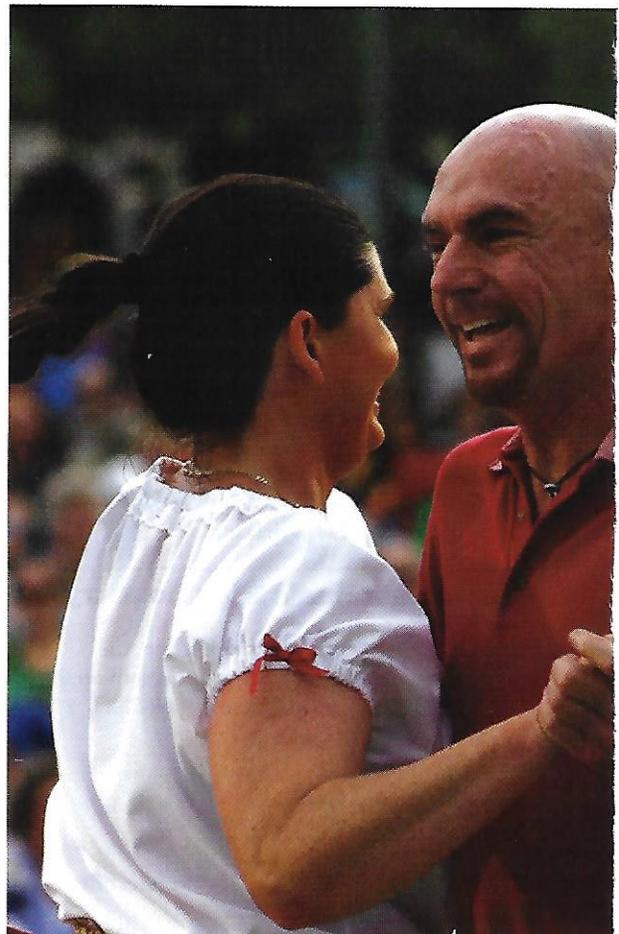
June 15th. Woolwine between Jacks Creek and Bob White Covered Bridges. Music, horse and wagon rides; cruise-in of antique vehicles; "duck" race in the river; arts, craft and food vendors; activities for children. (276) 930-2127, visitpatrickcounty.org.

Virginia Highlands Festival

Aug. 2-11. Abingdon. Antiques, music, arts and crafts. (276) 623-5266, vahighlandsfestival.org.



Family Day, July 20 at the National D-Day Memorial



North Carolina's Yadkin Valley Foothills

Mayberry Cruise-In

June 15, July 20, August 17, Sept. 21. Downtown Mount Airy. Bruising, music, great food, shopping. (336) 786-4511, mountairydowntown.org.

North Carolina's High Country

57th Annual Grandfather Mountain Highland Games

July 11-14. Linville. Over one hundred Scottish clans and societies sponsor this celebration of Scottish dance, music and athletics. (828) 733-1333, gmhg.org.

North Carolina's Blue Ridge/Asheville

NC Gold Festival

May 31-June 1. Mountain Gateway Museum, Old Fort. Gold exhibits, mining techniques and demonstrations, treasure and scavenger hunts, geo-caching, gold panning, numerous vendors. (800) 959-9033, ncgold.org.

47th Annual Shindig on the Green

June 29; July 6, 13, 20; August 10, 17, 24 and 31. Pack Square Park, Asheville. A joyously spontaneous celebration of string bands, bluegrass, ballad singers, big circle mountain dancers and cloggers. Stage show and informal jam sessions. Bring a lawn chair or blanket. (828) 258-6101 x345, folkheritage.org.

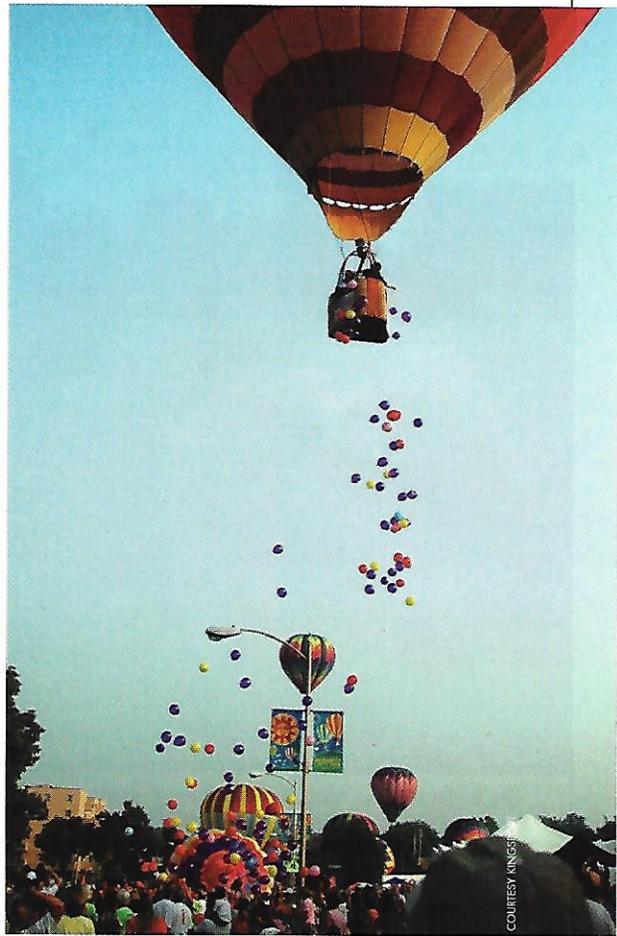
Mt. Mitchell Crafts Fair

August 2-3. Burnsville. Handmade quilts, pottery, woven baskets, or other handmade crafts. (828) 682-7413, YanceyChamber.com.



Shindig on the Green, Asheville

JERRY NELSON PHOTOGRAPHY/JOHNNEWAMERICA.ORG 2011



Kingsport Funfest, July 12-20 in Kingsport, Tenn.

COURTESY KINGS

North Carolina Smokies

Folkmoot USA

July 17-28. Waynesville. Celebrate the world's cultural heritage through folk music and dance. (877) FOLK.USA, folkmootusa.org.

Tennessee Smokies

June Days in Englewood

June 22-23, Englewood. Community celebration with music, crafts, and food ending with a community street dance. (423) 887-5455.

Fun Fest 2013

July 12-20. Kingsport. Nine-day family festival, hot air balloons, 8K race, music, sports events, kids' area. (800) 743-5282, visitkingsport.com/funfest.

FALL

Shenandoah Valley

Fall Mountain Magic in Buchanan

October 5. Antiques, crafts, art, food, bluegrass, and Antique Auto and Tractor Show. (540) 254-1212, townofbuchanan.com.

Virginia's Jefferson Country

Lynchburg Beer & Wine Festival

Sept. 21. Riverfront Festival Park, Lynchburg. Over 275 craft brews and wines, artisans and crafters, fabulous food vendors and live music. (434) 401-3366 lynchburgbeerandwinefestival.com.

25th Anniversary Smith Mountain Lake Wine Festival

Sept. 28-29. Twenty-seven Virginia wineries, more than 85 food and craft vendors, plus popular local bands. (540) 721-1203, visitsmithmountainlake.com.



COURTESY NEW MARKET BATTLEFIELD

The Battle of New Market Re-enactment takes place on the original 1864 battlefield each May.

Archaeology Behind-the-Scenes Tours

October 5. Poplar Forest. Archaeologists share their latest discoveries and take visitors inside the archaeology lab. (434) 525-1806, poplarforest.org.

Thomas Jefferson Wine Festival

November 16. Poplar Forest. Raise a glass with Mr. Jefferson, as we celebrate his passion for wine. Featuring Virginia wineries, artisans, food vendors and music. thomasjeffersonwinefestival.com.

Virginia's Blue Ridge Highlands

Chinquapin Festival

September 1-3. Mountain Meadow Farm and Craft Market, Meadows of Dan. Labor Day craft show, music. Locally grown fruits and vegetables, Corn Acoustics Corn Maze. Bring lawn chairs. (540) 593-3279, mountainmeadowcrafts.com/chinquapin.htm

Apple Days Craft Show

October 5-6. Willow Oak Plaza, Waynesboro. Juried show with jewelry, ornaments, quilts, fine art and furniture, homemade apple dumplings, festival foods & live entertainment! (540) 942-5101.

Blue Ridge Folklife Festival

October 26. Ferrum. Music, folklife demonstrations. (540) 365-4412, blueridgefolklifefestival.com.

North Carolina's Yadkin Valley Foothills

Mayberry Days

Sept. 26-29. Mount Airy. Mayberry Days. Celebrates the legacy of the 1960's television program "The Andy Griffith Show." Local bands play the same songs that Andy grew up with. Parade, Special Guests, music. (336) 786-7998.

Harvest Festival

October 12-13. Shelton Vineyards, Dobson. Free tours and tastings. Local artisans and craftsmen, free hayrides through the vineyard. Off I-77 at Exit 93. (336) 366-4724.

North Carolina's High Country

The Colors of Grandfather.

October 19, Linville. A guided walk by interpretive rangers to discuss the reasons trees change color and to identify what trees turn what colors. (800) 468-7325, grandfather.com.

MILEPOST

MILEPOST	Location	Food	Visitor center	Comfort Station	Picnic Area	Campground	Trails
0	U.S. 250, Rockfish Gap		•				
5.8	Humpback Rocks. Outdoor museum with 100-year-old log buildings	•	•	•			•
29	Whetstone Ridge		•				
45.6	U.S. 60						
60.8	Otter Creek. Along Otter Creek						•
63.8	James River. Canal lock, exhibits						•
63.7	U.S. 501						
86	Peaks of Otter. Lake, gift shop	•	•	•	•		
106	U.S. 460						
115	Virginia's Explore Park. Frontier-life exhibits, interpretive center, trails		•	•			•
120.3	Roanoke Mountain. Link to campground and Roanoke, zoo		•	•			•
121.4	U.S. 220						
154.5	Smart View. 500-acre rec area						•
169	Rocky Knob Recreation Area. Cabins			•	•	•	
176.1	Mabry Mill. Gristmill, exhibits	•	•				
177.7	U.S. 58						
189	Groundhog Mountain. Fences, observation tower			•	•		
199.5	U.S. 52, Fancy Gap						
213	Blue Ridge Music Center		•	•			•
217.5	Cumberland Knob			•	•		
229.7	U.S. 21						
238.5	Brinegar Cabin. 1880s log cabin						•
241.1	Doughton Park. Lodging, shop		•	•			

MILEPOST

MILEPOST	Location	Food	Visitor center	Comfort Station	Picnic Area	Campground	Trails
258.6	Northwest Trading Post		•	•			
272	E.B. Jeffress Park						•
276.4	U.S. 421, Deep Gap						
291.9	U.S. 321						
294.1	Moses Cone Memorial Park Magnificent home, craft center		•	•			•
297.1	Julian Price Memorial Park			•	•	•	
304.4	Linn Cove Viaduct			•	•		•
316.3	Linville Falls			•	•	•	•
317.5	U.S. 221						
331	Museum of North Carolina Minerals		•	•			
339.5	Crabtree Meadows. Gift shop, Crabtree Falls						•
364.6	Craggy Gardens Visitor Center		•	•	•	•	
382	Folk Art Center. Crafts, gallery, demonstrations		•	•			
382.4	U.S. 70						
384	Blue Ridge Parkway Visitor Center		•	•			•
384.7	U.S. 74A						
388.1	U.S. 25						
407.6/408.8	Mount Pisgah		•	•	•	•	
411.9	U.S. 276						
443.1	U.S. 19A, Balsam Gap						
451.2	Waterrock Knob. Exhibits		•	•			•
455.7	U.S. 19, Soco Gap						
462.9	Oconaluftee		•	•			

(updated March 2013, NPS)

• The trails in red are wheelchair-accessible.

North Carolina's Blue Ridge/Asheville

33rd Annual Heritage Weekend

September 21-22. Folk Art Center, Asheville. Traditional music, dancing and heritage craft demonstrations featuring the World Gee Haw Whimmy Diddle Competition. (828) 298-7928.

Guild Artist Holiday Sale

December 7, 14. Folk Art Center, MP 382. Overruns, discontinued stock and studio seconds in a festive atmosphere. (828) 298-7928, craftguild.org.

North Carolina Smokies

Great Smoky Mountain Railroad Railfest

September 14-6. Bryson City. 25th anniversary of Great Smoky Mountain Railroad. A taste of railroad food, memorabilia, storytelling, dance, music, special excursions. (800) 872-4681, gsmr.com.

100th Annual Cherokee Indian Fair

October 1-5. Cherokee Indian Fair Grounds. Music, dancing, crafts, exhibits and fun. (828) 554-6471, cherokee-nc.com.

Highlands 7th Annual Culinary Weekend

November 7-11. Highlands. Saturday- Sip and Stroll: Wind your way through the wonderful boutique style shopping of downtown Highlands while enjoying a sip of wine and hor d'oeuvres. (828) 526-2112.

Tennessee Smokies

18th Century Trade Faire – Fort Loudoun State Historic Area

September 7-8, Vonore. A living history event that re-creates a colonial marketplace. (423) 884-6217.

National Storytelling Festival

October 4-6. Jonesborough. World-renowned tellers spin their tales throughout town. (800) 952-8392, storytellingcenter.net/festival.

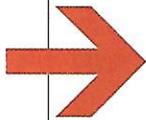
Tennessee Fall Homecoming

October 11-13, Museum of Appalachia, Old-time musicians and pioneer-type craftspeople. Frontier, mountain and rural activities. (865) 494-7680, museumofappalachia.org.

SWEET NOTES OF MOUNTAIN MUSIC still ring out in the Blue Ridge Highlands. The notes of birdsong echo from soaring peaks accompanied by the symphony of a mountain stream.

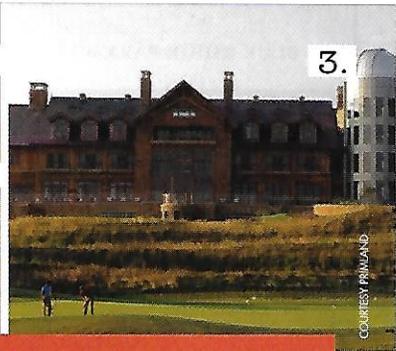
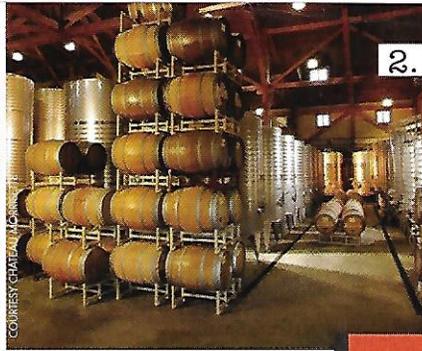


Pictured above: Discover the State Theater of Virginia in the Commonwealth's oldest town, Abingdon, which maintains its rich historical integrity with an eye on the future.



Virginia's Blue Ridge Highlands

Traditions are valued and preserved in Virginia's Blue Ridge Highlands. Everyday life and culture of the area is on display at Blue Ridge Institute & Museum. Ancestral music is celebrated with annual events such as the Old Fiddlers' Convention in Galax and the Rhythm and Roots Reunion in Bristol, the birthplace of country music. Mountain music is preserved for future generations at Blue Ridge Music Center on the Blue Ridge Parkway. Take time out to enjoy swimming or paddleboating at Hungry Mother State Park or visit Mabry Mill, one of the most photographed sites on the parkway. As the parkway winds its way through these rugged hills, discover the State Theater of Virginia in the Commonwealth's oldest town, Abingdon. Enjoy fine dining, art galleries, museums plus the excitement of NASCAR racing near the parkway. See, taste and hear the region's flavor at Heartwood: Southwest Virginia's Artisan Gateway.

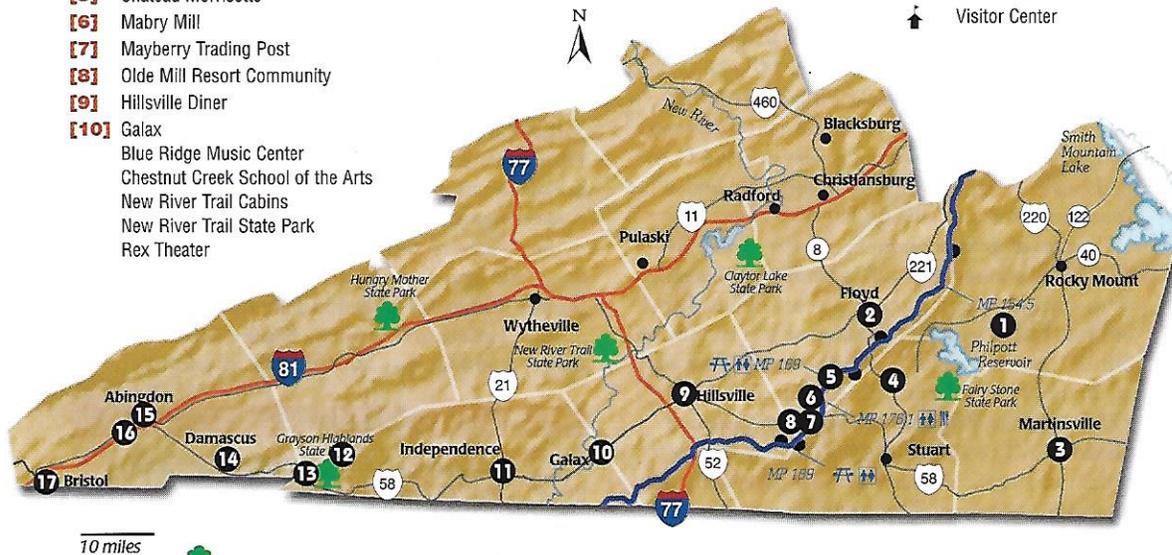


1. Abingdon 2. Chateau Morrisette
3. Primland

SIGHTS AND SITES AT A GLANCE

- [1]** Ferrum
Blue Ridge Institute & Museum
Paradise Sports Grill
- [2]** Floyd
Floyd Country Store
The Jacksonville Center for the Arts
- [3]** Martinsville
Martinsville-Henry County Visitor Center
Meadows of Dan
Piedmont Arts Association
Philpott Lake
Primland Resort
Martinsville Speedway
Virginia Museum of Natural History
- [4]** Patrick County
Bob White Covered Bridge
Jack's Creek Covered Bridge
- [5]** Chateau Morrisette
- [6]** Mabry Mill
- [7]** Mayberry Trading Post
- [8]** Olde Mill Resort Community
- [9]** Hillsville Diner
- [10]** Galax
Blue Ridge Music Center
Chestnut Creek School of the Arts
New River Trail Cabins
New River Trail State Park
Rex Theater
- [11]** Historic 1908 Courthouse
- [12]** Mount Rogers
- [13]** Whitetop Mountain
- [14]** The Old Mill Inn and Restaurant
- [15]** Abingdon
Barter Theatre
Park Street Guesthouse
William King Museum
- [16]** Heartwood: Southwest Virginia's Artisan Gateway
The Heartwood Café
- [17]** Bristol
Big Walker Lookout
Birthplace of Country Music Museum
Paramount Center for the Arts

- Key
- Blue Ridge Parkway
 - Skyline Drive
 - Highways
 - Secondary Roads
 - Rivers/Lakes
 - Overlooks
 - Tunnels
 - Mileposts
 - Gasoline
 - Restrooms
 - Food
 - Picnicking
 - Visitor Center



For specific locations of state parks see www.virginiastateparks.gov or call (800) 933-PARK.

This region goes from Parkway MP 116 to the north to MP 216.9 to the south. That's 100.9 miles and would take 3 hours to drive.

THE CROOKED ROAD, VIRGINIA'S HERITAGE MUSIC TRAIL, winds through the Blue Ridge Highlands with bluegrass, old-time and traditional country music.



Martinsville Speedway's paperclip-shaped track offers exciting racing.

HISTORY BUFF

Learn about folklife in and around the Blue Ridge Mountains at Ferrum College's **Blue Ridge Institute & Museum** (30 miles from MP 121.5). This popular stop along the Crooked Road Music Trail showcases a re-created Virginia-German farmstead, heritage archives and rotating gallery exhibits. Come in the fall and experience local history firsthand at the Blue Ridge Folklife Festival. (540) 365-4412.

A must-stop for a photo-op, **Mabry Mill** (MP 176.1) is a restored gristmill, sawmill, woodworking shop and blacksmith shop. Watch as crafters demonstrate basket weaving, spinning or seat caning. On Sundays, the sounds of bluegrass music fill the air.

In the city of Martinsville (43 miles from MP 177.7) tour the **Virginia Museum of Natural History**, where award-winning exhibits include prehistoric fossils, African mammal collections, an interactive Discovery Reef and demonstrations of how nature works. (276) 634-4141.

Visit the **AAF Tank Museum** (70 miles from MP 177.7) in Danville, which houses the largest international collection of military tank and cavalry artifacts. (434) 836-5323.

Shop the way folks did in the early 1900s at the **Mayberry Trading Post** (MP 180). Originally home to a post office and general store, the trading

post still sells homemade molasses and apple butter made the old-fashioned way, as well as mountain crafts, books and other items. (336) 786-7294.

Hungry? Feed both mind and body at **Hillsville Diner** (8.6 miles from MP 199.1), the oldest continuously operating streetcar diner in the state of Virginia. Listed on the National Register of Historic Places, the diner – known for its stewed beef – offers gravy biscuits, buttermilk pancakes and other home-cooked menu items. (276) 728-7681.

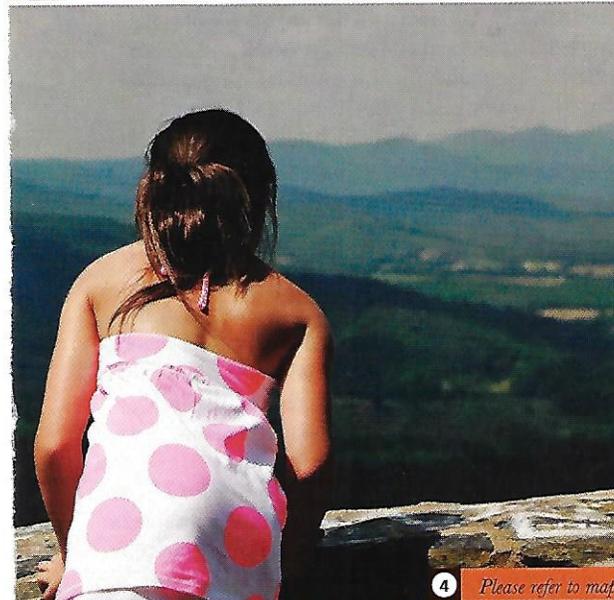
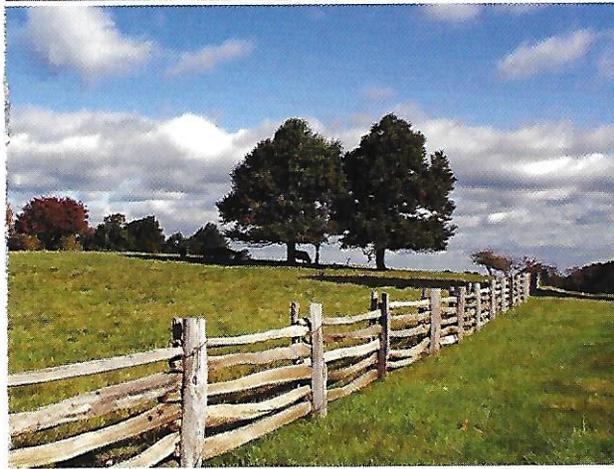
See where record producer Ralph Peer produced the first country music recordings with Jimmie Rodgers, The Carter Family and others at the **Birthplace of Country Music Museum** in Bristol (100 miles from MP 199.4). (276) 645-0111.

NATURE

The scenic, manmade waters of **Philpott Lake** in Martinsville (43 miles from MP 177.7) cover 3,000 acres and offer 100 miles of shoreline. Explore the area via bike or on foot, or enjoy recreation such as boating, fishing, swimming and camping. (276) 629-2703.

Enjoy the simple pleasure of pristine nature at **Primland Resort** (4.5 miles from MP 177.7), with geo-caching on two nature trails, mountain biking, hiking on a restored six-mile section of the Old Appalachian Trail, horseback and ATV riding, golf, tennis, fishing, hunting and even tree-climbing. In

Patrick County, Va...Experience The Simple Life



4 Please refer to map

PATRICK COUNTY'S ROLLING HILLS AND MAJESTIC VALLEYS

make us one of the best kept secrets of the Blue Ridge. Within these picturesque mountains you'll find our four rivers; the Dan, Mayo, Ararat, and the Smith Rivers. The county has dozens of walking, hiking, and biking trails along with birding trails, several wineries and parks, including Fairy Stone State Park, Fred Clifton Park and Kibler Valley.

Guests can stay at various bed & breakfasts, rustic cabins, campgrounds, motels or our luxurious Primland Resort. Historical attractions include the Patrick County Historical Museum, Patrick County Courthouse, Reynolds Homestead, and Bob White and Jacks' Creek Covered Bridges. Experience traditional music of the mountains on Virginia's Heritage Music Trail known as The Crooked Road.

Our small town communities offer several festivals, restaurants, antique stores, museums, and unique shops showcasing our artisans. **MP 176.1 MABRY MILL & MP 177.7 MEADOWS OF DAN, VA**

Patrick County Tourism Office
(276) 694-6094
www.visitpatrickcounty.org



ANNUAL EVENTS INCLUDE: Peach, Apple Dumpling and Strawberry Festivals, Beach Music, and Bluegrass Festivals. Monthly music events include Patrick County Music Association and open jam sessions.



COURTESY PATRICK COUNTY

Patrick County's rolling hills and majestic valleys hold attractions and fun.

addition to outdoor activities there is world-class golf, state-of-the-art observatory and casual or refined dining. (866) 960-7746.

Climb the 100-foot tower at **Big Walker Lookout** (34 miles from MP 199.4) on the Big Walker Mountain National Forest Scenic Byway between Wytheville and Bland for panoramic views of mountains and several states. There's also an opportunity for bird watching, as well as a Country Store where patrons can browse a selection of local crafts.

Stretch your legs with a hike in **New River Trail State Park** in Galax (9 miles from MP 206.35). This 57-mile long rails-to-trails park runs parallel to 39 miles of the New River and features two tunnels, three major bridges and 30 minor bridges and trestles along the trail. In addition to hiking, recreational opportunities include biking, swimming, horseback riding, fishing and boating. (276) 236-8889.

See or traverse the highest mountain in Virginia, **Mount Rogers** (43 miles from MP 215.85), which boasts an elevation of 5,729 feet. The mountain rises from within a national recreation area; several trailheads meander toward the Appalachian Trail, which leads to a sidetrail to the summit. Along with scenic views, you'll also see spruce fir forests and wild ponies in the Crest Zone of the recreation area. (800) 628-6202.

Nearby **Whitetop Mountain** (58 miles from MP 215.85) is the second highest peak in Virginia. From the summit – reachable via car or hiking trail – enjoy views of other mountain peaks and three neighboring states.

ARTS & CULTURE

Admire a variety of regional arts – or even create a craft or piece of artwork of your own – at **The Jacksonville Center for the Arts** in Floyd (6 miles from MP 165.35). Two galleries are filled with rotating exhibits of local and regional work and classes, offered year-round, include ceramics, photography, jewelry, painting and more. (540) 745-2784.

You'll find more than old-fashioned candy at the **Floyd Country Store**, where folks gather for camaraderie and to hear live music by regional musicians. The store fills with the sounds of music, dancing and laughter every Friday night. (540) 745-4563.

Become cultured in local wine at **Chateau Morrisette** (MP 171.5) in Meadows of Dan. Take a tour of the winery, surrounded by gorgeous views, then sample award-winning white or red wines. The winery's elegant, old-world style restaurant serves lunch or dinner, with cuisine featuring regional ingredients. (540) 593-2865.

Head to Martinsville (43 miles from MP 177.7) and walk through the galleries at **Piedmont Arts Association**. Exhibits rotate throughout the year, featuring genres such as photography, sculpture, painting and more. The nonprofit museum also hosts special events: family days, art walks and readings. (276) 632-3221.

Have a need for speed? Martinsville also is home

to the **Martinsville Speedway**, a paperclip-shaped NASCAR racetrack – the shortest on the Sprint Cup circuit. Built in 1947 by H. Clay Earles as a dirt track, the speedway hosts two Sprint Cup races each year (one in spring, one in fall), along with truck and late model stock car races. (276) 956-7200.

Abingdon (88 miles from MP 177.7) has become quite the hub for arts and culture. The town already served as home to **Barter Theatre**, the oldest repertory theater in America. Year-round, productions range from comedies to dramas on a stage that boasts some famous alumni, including Gregory Peck and Patricia Neal. Barter Stage II, located in a historic building across from the theater, offers an intimate setting. (276) 628-3991.

Also in Abingdon, the **William King Museum** serves as a regional arts museum and arts education center. Enjoy lectures, art exhibits, classes, workshops and other special events that celebrate regional and international artwork. You're also welcome to visit artist studios, a reference library and outdoor sculpture garden on the property. (276) 628-5005.

Heartwood: Southwest Virginia's Artisan Gateway opened in Abingdon in 2011 and features an expansive showcase of regional heritage. Shop local crafts, listen to live bluegrass and gospel music,

enjoy interactive exhibits, relax in the coffee and wine bar or grab a bite to eat in the restaurant that features local foods. (276) 492-2400.

Listed on the National Register of Historic Places, **Paramount Center for the Arts** in Bristol (100 miles from MP 199.4) was restored in 1991 to preserve its luxurious beauty. See anything from Broadway and children's plays to symphony performances and ballets. (423) 274-8920.

Featuring an outdoor amphitheater and indoor interpretive center, the **Blue Ridge Music Center** in Galax (9 miles from MP 206.35) celebrates regional music. Tap your feet at musical performances during the annual Summer Concert Series or the Mid-day Mountain Music event, and learn more about the history of local music via performance talks or the permanent exhibit "The Roots of American Music." (276) 236-5309.

For more regional music, head to Galax's historic **Rex Theater**, where you can experience "Blue Ridge Backroads," a live radio broadcast of performances by bluegrass bands every Friday evening. (276) 236-0329.

Stay in Galax for more fun at the **Chestnut Creek School of the Arts**. Here, arts and crafts classes offered for folks of all skill levels allow you the opportunity to create jewelry, glasswork or ceramics, learn a culinary

SOUTHWEST VIRGINIA
Authentic. Distinctive. Place.

THE FLOYD COUNTRY

- 333 miles of **The Crooked Road: Virginia's Heritage Music Trail**
- 15 **Round the Mountain Artisan Trails** throughout SWVA
- **Heartwood: Southwest Virginia's Artisan Gateway** at I-81 Exit 14 in Abingdon, VA

There's so much to LOVE about Southwest Virginia, it barely fits on one website.

Virginia is for Lovers

Visit www.myswva.org

Photo: Cameron Davidson @ CameronDavidson.com

SUPPLY AND DEMAND ANALYSIS

The objectives of the supply and demand analysis are to:

1. Identify those hotels that constitute direct competition to the proposed hotel.
2. Estimate the occupancy levels, average room rates, and market mixes of the competitive hotels.
3. Project growth rates for each identifiable market segment.
4. Determine the existing relationship of supply to demand for the competitive hotels and to project these relationships for the first five years of operation.

In addition, this section represents a review of both existing and proposed lodging facilities in the competitive market area.

Competitive Market Survey

There are no hotels in Amherst, Virginia reporting their hotel data to Smith Travel Research. Interim Hospitality Consultants selected eight mid-priced, transient hotels in Lynchburg, Virginia as an indication of Potential Market Demand for Amherst all based on the excellent demand generator of Patrick County, Virginia.

Hotels Under Construction, Announced or Rumored

The Field Research for this project did not reveal any hotels under construction, announced, or rumored within the Competitive Market Set that would compete with the proposed hotel.

Smith Travel Research, Inc.

Smith Travel Research, Inc. (STR) is an American company based in Hendersonville, Tennessee, that tracks supply and demand data for the hotel industry and provides market share analysis for all major hotel chains and brands in the United States, Canada, Mexico and the Caribbean. STR is associated with STR Global. RRC Associates. STR Analytics and HotelNewsNow.com.

The hotel markets served are worldwide with more than 150 employees. Offices are located in:

- Hendersonville (Nashville), Tennessee
- Rocky River (Cleveland), Ohio
- Boulder, Colorado

History

STR was founded in 1985 by Randy and Carolyn Smith in Lancaster, Pennsylvania. The Smiths built the company with a focus on providing overall performance data and trends to the hotel industry. In the beginning, they developed a database with names, addresses and phone numbers of established hotel companies in the United States to create the Census Database. Randy Smith was contacted by Holiday Inn multiple times and urged to create a market share report. By 1988, the company launched the first Smith Travel Accommodations Report (STAR), a monthly report that includes data from hotels and measures each property's market share performance against a self-selected competitive set.

STAR currently tracks nearly 40,000 properties.

STR Family of Companies

STR Global

In 2008, STR combined its operations outside North America with Deloitte to form STR Global. STR continues serving the North American markets, while STR Global caters to a global audience.

STR Global has its main office in London, with regional offices in Italy, Singapore, Tokyo, Jakarta, Sydney and Beijing.

HotelNewsNow.com

STR launched HotelNewsNow.com in 2008. HotelNewsNow.com provides the global hotel industry with news coverage and hotel analysis that leverages its first access to data from the STR family of companies. This division comprises a multimedia website and collection of e-newsletters, including the Daily Update, Hotel Investment Barometer and Product Showcase.

HotelNewsNow.com also hosts The Baird/STR Hotel Stock Index, a co-branded index created by Robert W. Baird & Co. and STR. The Index tracks the stock price movements associated with U.S. focused and domestically-based hotel companies. HotelNewsNow.com is based in Rocky River, Ohio.

RRC Associates

STR acquired RRC Associates in 2008. RRC is a consulting firm that provides market research, strategic analysis, community and land use planning services. RRC specializes in the collection and analysis of customer feedback via web, internet, mail or phone surveys. In addition, RRC operates the Boulder Focus Center, a qualitative research facility designed for state of the art research including surveys and focus groups. RRC Associates is based in Boulder, Colorado.

STR Analytics

STR Analytics utilizes the STR database and cross-references it with other data to provide objective trend-based analysis and empirical data about the lodging industry. STR Analytics is based in Boulder, Colorado.

Trend Report

One of the more requested reports by hotel developers, investors and the financial community of the Hotel Industry is the STR Trend Report. This is because it is pure uncorrupted data.

Example: The night desk clerk at a hotel posts the room rate and appropriate taxes to each guest room folio. The total of the room revenue and number of occupied rooms is transmitted each day at 4:00 A.M. to the appropriate franchise corporate office, such as:

- Hilton Hotels to Memphis, Tennessee
- Holiday Inn to Atlanta Georgia, etc.

Each morning the franchise company knows how many hotel rooms were rented (occupancy) and the total of room revenue of each of their hotels – worldwide.

Every franchise hotel company, and many independent hotels, provide their room data to STR each day of the week,

STR then produces Occupancy and Daily Average Rates data of various hotel segments and locations worldwide.

Developers, consultants, financial executives and the general public can order a STR Trend Report of a specific set of hotels in specific locations. A report for the Competitive Market Set of Hotels ordered by Interim Hospitality Consultants follows.

Glossary

Terms used in the various Smith Travel Research reports of importance in this Study are defined as follows.

- *Occ (Occupancy)* Rooms sold divided by rooms available. Occupancy is always displayed as a percentage of rooms occupied.
- *ADR (Average Daily Rate)* Room revenue divided by rooms sold, displayed as the average rental rate for a single room.
- *RevPAR (Revenue Per Available Room)* Room revenue divided by rooms available.

See Tab 10 of the STR Report for additional definitions.

Smith Travel Research — Competitive Market Set

The following hotels were combined to report their historical Occupancy and Average Daily Rate from January 2008 through April 2014.

<i>Hotel</i>	<i>City</i>	<i>Franchise Date</i>	<i>Date Opened</i>	<i>Number of Rooms</i>
Springhill Suites, Lynchburg	Lynchburg, VA	Apr 2009	Apr 2009	106
Wingate by Wyndham, Lynchburg	Lynchburg, VA	Jan 1998	Jan 1998	131
Hilton Garden Inn, Lynchburg	Lynchburg, VA	Jun 2008	Jun 2008	126
Courtyard, Lynchburg	Lynchburg, VA	Feb 1999	Feb 1999	90
Kirkley Hotel	Lynchburg, VA	Jan 2006	Oct 1980	167
Holiday Inn Express, Lynchburg	Lynchburg, VA	Dec 1999	Jun 1989	100
Holiday Inn, Lynchburg	Lynchburg, VA	Jan 2010	Mar 1984	229
Craddock Terry Hotel	Lynchburg, VA	Sep 2007	Sep 2007	44
Total				993

Source: Smith Travel Research, Hendersonville, Tennessee

Note: Room counts in the Smith Travel Research Occupancy Data may vary from the room count reported by individual hotels due to usage of the rooms by the hotel management.

Competitive Market Set Amherst, Virginia							
2008				2009			
<i>Month</i>	<i>Occupancy</i>	<i>ADR</i>	<i>RevPAR</i>	<i>Month</i>	<i>Occupancy</i>	<i>ADR</i>	<i>RevPAR</i>
Jan	50.9	85.59	43.56	Jan	45.8	87.87	40.27
Feb	58.6	87.47	51.23	Feb	54.5	92.07	50.22
Mar	55.6	87.33	48.55	Mar	53.5	88.13	47.14
Apr	61.3	88.74	54.44	Apr	54.9	89.72	49.27
May	62.4	94.39	58.88	May	57.8	98.74	57.08
Jun	58.9	89.44	52.69	Jun	62.0	88.58	54.96
Jul	52.4	90.30	47.27	Jul	58.1	87.16	50.63
Aug	63.1	91.30	57.65	Aug	60.1	87.23	52.43
Sep	56.1	94.58	53.10	Sep	61.8	88.59	54.73
Oct	67.0	96.01	64.32	Oct	71.8	91.31	65.61
Nov	52.0	90.47	47.04	Nov	50.4	87.51	44.12
Dec	44.5	90.81	40.38	Dec	43.5	88.92	38.64

Source: Smith Travel Research, Hendersonville, Tennessee

Competitive Market Set Amherst, Virginia							
2010				2011			
Month	Occupancy	ADR	RevPAR	Month	Occupancy	ADR	RevPAR
Jan	49.8	87.59	43.64	Jan	48.8	88.89	43.42
Feb	52.8	88.40	46.67	Feb	54.9	93.36	51.22
Mar	60.3	87.94	53.02	Mar	60.7	93.43	56.67
Apr	63.4	88.59	56.17	Apr	63.0	93.30	58.82
May	63.8	97.45	58.49	May	63.8	102.72	65.50
Jun	72.6	88.71	62.34	Jun	72.6	90.71	65.86
Jul	60.9	87.40	56.79	Jul	60.9	91.94	55.97
Aug	73.0	90.97	61.73	Aug	73.0	95.52	69.71
Sep	63.2	93.21	56.82	Sep	63.2	94.97	60.00
Oct	71.3	94.76	68.60	Oct	71.3	97.75	69.68
Nov	56.7	90.83	50.42	Nov	56.7	95.61	54.22
Dec	44.5	89.77	38.55	Dec	44.5	93.58	41.68

Source: Smith Travel Research, Hendersonville, Tennessee

Competitive Market Set Amherst, Virginia							
2012				2013			
Month	Occupancy	ADR	RevPAR	Month	Occupancy	ADR	RevPAR
Jan	53.0	92.86	49.24	Jan	52.9	97.98	51.79
Feb	59.0	96.67	57.07	Feb	60.8	102.61	62.39
Mar	62.2	96.97	60.35	Mar	62.1	103.08	64.04
Apr	61.8	95.56	59.05	Apr	66.2	103.35	68.40
May	64.1	108.37	69.43	May	69.3	113.80	78.82
Jun	74.7	95.47	71.31	Jun	78.7	99.30	78.19
Jul	73.6	98.53	72.54	Jul	70.6	99.19	70.04
Aug	63.6	99.90	63.54	Aug	72.2	104.40	75.43
Sep	62.3	99.57	62.02	Sep	69.1	107.35	74.22
Oct	69.3	102.35	70.88	Oct	72.1	107.50	77.56
Nov	55.7	99.85	55.58	Nov	61.8	107.29	66.31
Dec	46.3	98.30	45.52	Dec	49.7	102.64	50.97

Source: Smith Travel Research, Hendersonville, Tennessee

Standard Historical Trends			
Amherst, Virginia, Competitive Market Set			
<i>2014*</i>			
<i>Month</i>	<i>Occ</i>	<i>ADR</i>	<i>RevPAR</i>
January	58.3	101.30	59.05
February	64.5	106.34	68.55
March	69.6	108.60	75.63
April	70.3	110.06	77.41
May			
June			
July			
August			
September			
October			
November			
December			

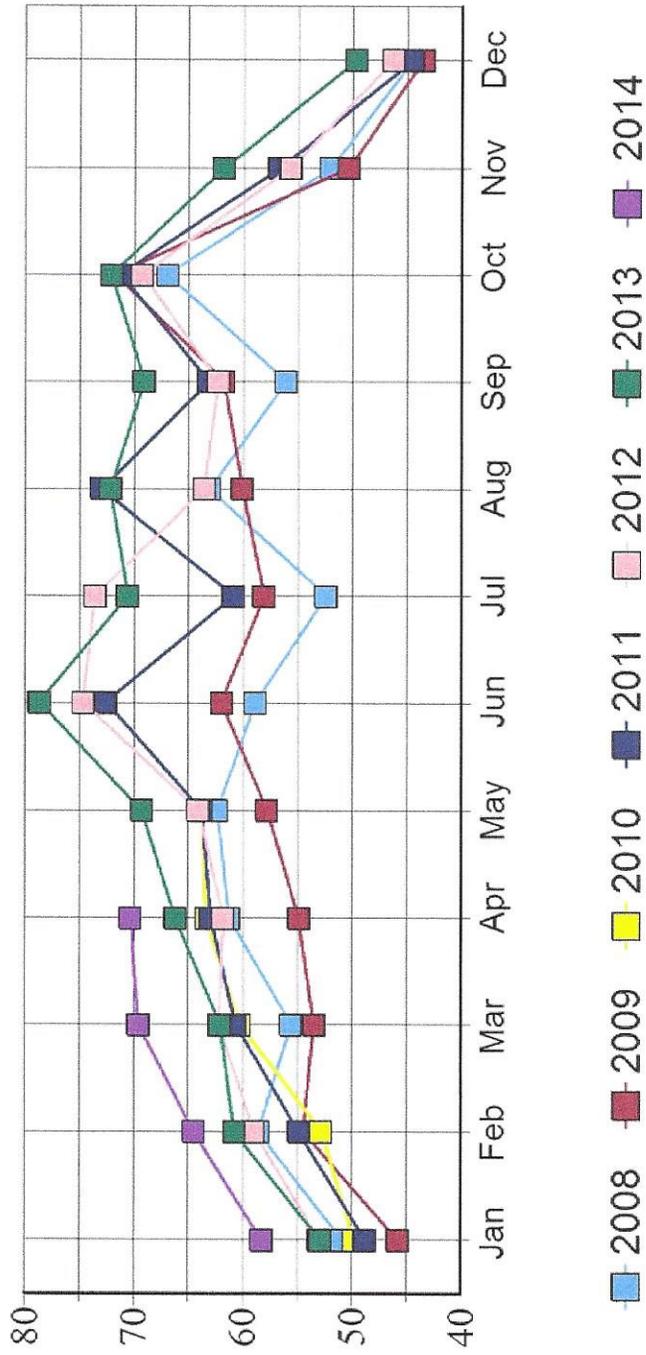
*January through April, 2014 Only

Source: Smith Travel Research, Hendersonville, Tennessee

Market Trend			
Amherst, Virginia			
Competitive Market Set			
<i>Year</i>	<i>Occupancy</i>	<i>Average Daily Rate</i>	<i>RevPAR</i>
2008	56.8	90.81	51.61
2009	56.3	89.73	50.55
2010	60.1	90.59	54.48
2011	61.1	94.48	57.76
2012	62.1	98.82	61.41
2013	65.5	104.16	68.21

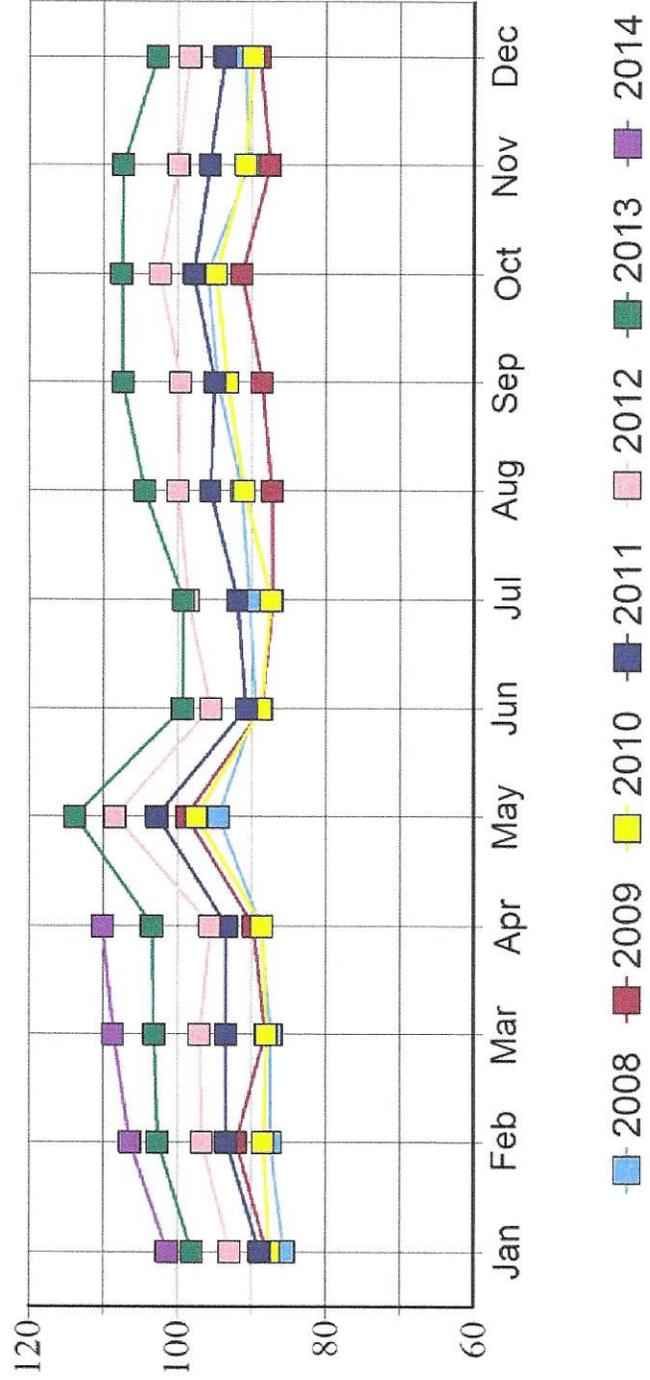
Source: Smith Travel Research, Hendersonville, Tennessee

Hotel Occupancy Amherst, VA, Market Set



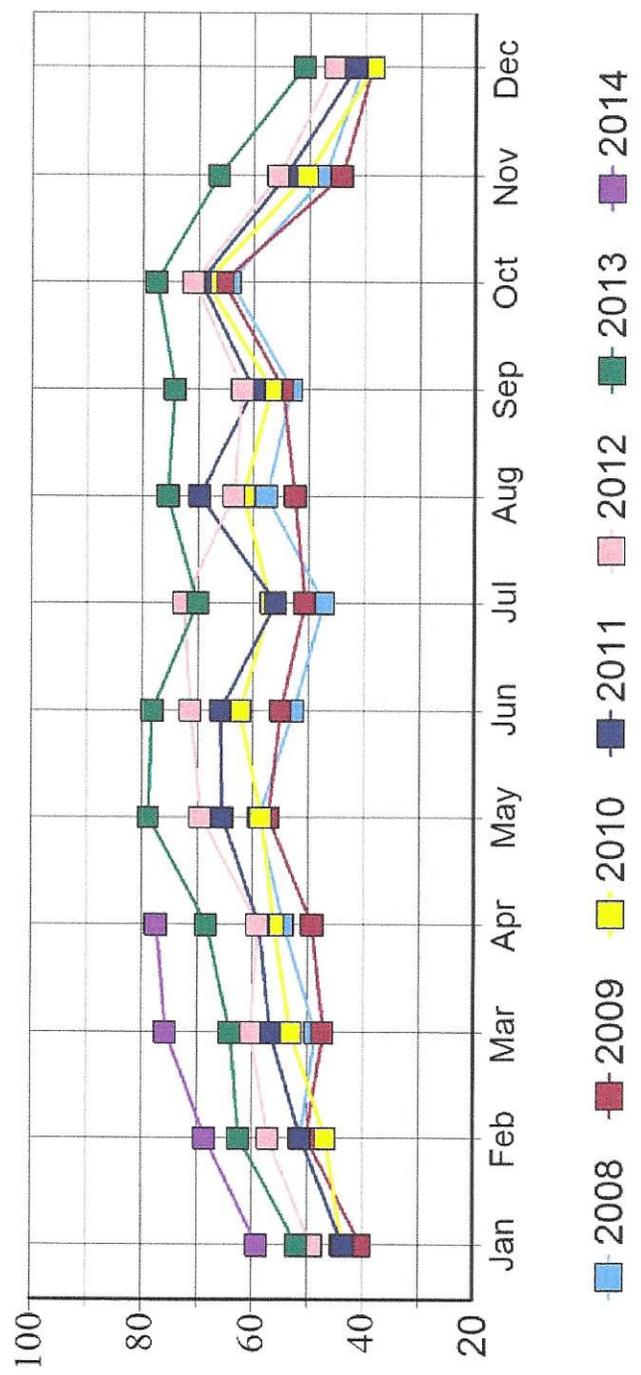
Source: Smith Travel Research, Hendersonville, Tennessee

Average Daily Rate Amherst, VA, Market Set



Source: Smith Travel Research, Hendersonville, Tennessee

Revenue per Available Room Amherst, VA Market Set

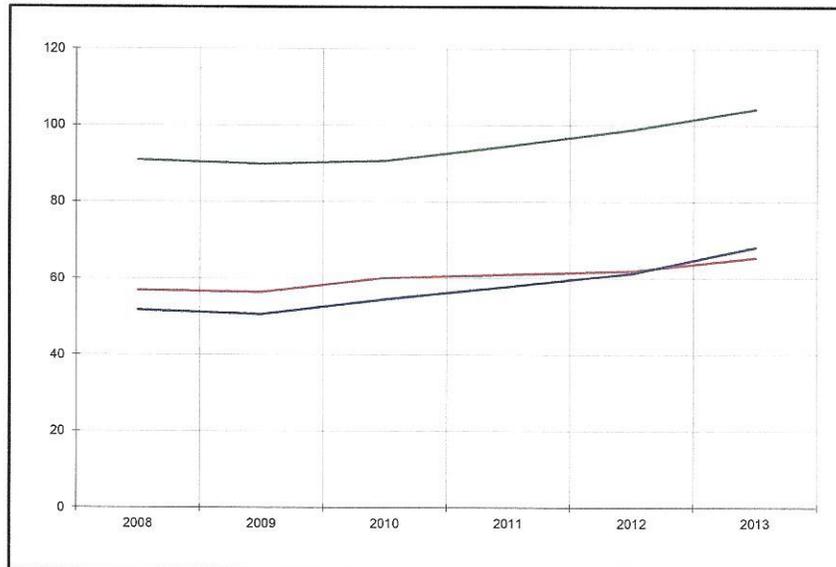


Source: Smith Travel Research, Hendersonville, Tennessee

Trend Report

Amherst, Virginia Market Set

Year	Occupancy	ADR	RevPAR
2008	56.8	90.81	51.61
2009	56.3	89.73	50.55
2010	60.1	90.59	54.48
2011	61.1	94.48	57.76
2012	62.1	98.82	61.41
2013	65.5	104.16	68.21



Source: Smith Travel Research, Hendersonville, Tennessee



United Kingdom
Blue Fin Building
110 Southwark Street
London SE1 0TA
Phone: +44 (0)20 7922 1930
Fax: +44 (0)20 7922 1931
www.strglobal.com

United States
735 East Main Street
Hendersonville
TN 37075
Phone: +1 (615) 824 8664
Fax: +1 (615) 824 3848
www.str.com

Lynchburg, VA Selected Properties

January 2008 to April 2014

Currency: USD - US Dollar

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

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Tab 2 - Data by Measure

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Occupancy (%)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	50.9	58.6	55.6	61.3	62.4	58.9	52.4	63.1	56.1	67.0	52.0	44.5	56.8	56.5
2009	45.8	54.5	53.5	54.9	57.8	62.0	58.1	60.1	61.8	71.9	50.4	43.5	56.3	52.2
2010	49.8	52.8	60.3	63.4	60.0	70.3	65.0	67.9	61.0	72.4	55.5	42.9	60.1	56.6
2011	48.8	54.9	60.7	63.0	63.8	72.6	60.9	63.0	63.2	71.3	56.7	44.5	61.1	56.9
2012	53.0	59.0	62.2	61.8	64.1	74.7	73.6	63.6	62.3	69.3	55.7	46.3	62.1	59.0
2013	52.9	60.8	62.1	66.2	69.3	78.7	70.6	72.2	69.1	72.1	61.8	49.7	65.5	60.4
2014	58.3	64.5	69.6	70.3										65.7
Avg	51.5	57.9	60.8	63.0	62.9	69.7	63.6	66.7	62.4	70.7	55.4	45.2	60.5	58.3

ADR (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	85.59	87.47	87.33	88.74	94.39	89.44	90.30	91.30	94.58	96.01	90.47	90.81	90.81	87.34
2009	87.87	92.07	88.13	89.72	98.74	88.58	87.16	87.23	88.59	91.31	87.51	88.92	89.73	89.46
2010	87.59	88.40	88.94	87.94	97.45	88.71	87.40	90.97	93.21	94.76	90.83	89.77	90.59	88.14
2011	88.89	93.36	93.43	93.30	102.72	90.71	91.94	95.52	94.97	97.75	95.61	93.58	94.48	92.37
2012	92.86	96.67	96.97	95.56	108.37	95.47	98.53	99.90	99.57	102.35	99.85	98.30	98.82	95.58
2013	97.98	102.61	103.08	103.35	113.80	99.30	99.19	104.40	107.35	107.50	107.29	102.64	104.16	101.89
2014	101.30	106.34	108.60	110.06										106.80
Avg	92.31	95.94	95.95	96.26	103.22	92.39	92.87	95.20	96.66	98.32	95.72	94.28	95.14	95.20

RevPAR (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	43.56	51.23	48.55	54.44	58.88	52.69	47.27	57.65	53.10	64.32	47.04	40.38	51.61	49.36
2009	40.27	50.22	47.14	49.27	57.08	54.96	50.63	52.43	54.73	65.61	44.12	38.64	50.55	46.69
2010	43.64	46.67	53.02	56.17	58.49	62.34	56.79	61.73	56.82	68.60	50.42	38.55	54.48	49.90
2011	43.42	51.22	56.67	58.82	65.50	65.86	55.97	69.71	60.00	69.68	54.22	41.68	57.76	52.51
2012	49.24	57.07	60.35	59.05	69.43	71.31	72.54	63.54	62.02	70.88	55.58	45.52	61.41	56.39
2013	51.79	62.39	64.04	68.40	78.82	78.19	70.04	75.43	74.22	77.56	66.31	50.97	68.21	61.58
2014	59.05	68.55	75.63	77.41										70.14
Avg	47.50	55.54	58.38	60.68	64.93	64.43	59.08	63.52	60.27	69.53	53.03	42.65	57.52	55.50

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	23,963	21,644	23,963	23,190	23,963	26,970	27,869	27,869	26,970	27,869	26,970	27,869	309,109	92,760
2009	27,869	25,172	27,869	30,150	31,155	30,150	31,155	31,155	30,150	31,155	30,150	31,155	357,285	111,060
2010	31,155	28,140	31,155	30,150	31,155	30,150	31,155	31,155	30,150	31,155	30,150	31,155	366,825	120,600
2011	31,155	28,140	31,155	30,150	31,155	30,150	31,155	31,155	30,150	31,155	30,150	31,155	366,825	120,600
2012	31,155	28,140	31,155	30,150	31,155	30,150	31,155	31,155	30,150	31,155	30,150	31,155	366,825	120,600
2013	31,155	28,140	31,155	30,150	31,155	30,150	31,155	31,155	30,150	31,155	29,790	30,783	366,093	120,600
2014	30,783	27,804	30,783	29,790										119,160
Avg	29,605	26,740	29,605	29,104	29,956	29,620	30,607	30,607	29,620	30,607	29,560	30,545	355,494	115,054

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	12,196	12,675	13,323	14,227	14,949	15,887	14,590	17,599	15,143	18,670	14,022	12,391	175,672	52,421
2009	12,773	13,730	14,907	16,558	18,012	18,707	18,098	18,727	18,625	22,388	15,202	13,537	201,264	57,968
2010	15,521	14,857	18,783	19,117	18,698	21,188	20,244	21,140	18,380	22,553	16,737	13,379	220,597	68,278
2011	15,219	15,440	18,898	19,006	19,867	21,891	18,964	22,737	19,047	22,208	17,098	13,877	224,252	68,563
2012	16,520	16,614	19,391	18,630	19,961	22,518	22,938	18,778	21,577	16,782	14,428	13,877	227,953	71,155
2013	16,470	17,110	19,357	19,953	21,579	23,742	21,998	22,509	20,846	22,477	18,413	15,287	239,741	72,890
2014	17,945	17,923	21,438	20,951										78,257
Avg	15,235	15,478	18,014	18,349	18,844	20,656	19,472	20,421	18,470	21,646	16,376	13,817	214,913	67,076

Revenue (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2008	1,043,796	1,108,740	1,163,443	1,262,456	1,410,976	1,420,925	1,317,489	1,606,779	1,432,232	1,792,560	1,268,625	1,125,253	15,953,274	4,578,435
2009	1,122,302	1,264,104	1,313,815	1,485,535	1,778,466	1,657,012	1,577,345	1,633,499	1,650,074	2,044,157	1,330,274	1,203,709	18,060,292	5,185,756
2010	1,359,560	1,313,397	1,651,786	1,693,576	1,822,140	1,879,655	1,769,225	1,923,083	1,713,269	2,137,201	1,520,252	1,201,066	19,984,210	6,018,319
2011	1,352,831	1,441,412	1,765,613	1,773,304	2,040,714	1,985,726	1,743,628	2,171,900	1,808,893	2,170,847	1,634,797	1,298,576	21,188,241	6,333,160
2012	1,534,025	1,606,055	1,880,328	1,780,295	2,163,079	2,149,867	2,260,083	1,979,560	1,869,757	2,208,392	1,675,755	1,418,298	22,525,494	6,800,703
2013	1,613,666	1,755,675	1,995,253	2,062,236	2,455,646	2,357,472	2,181,943	2,349,961	2,237,760	2,416,387	1,975,512	1,569,068	24,970,579	7,426,830
2014	1,817,872	1,905,931	2,328,191	2,305,936										8,357,930
Avg	1,406,293	1,485,045	1,728,347	1,766,191	1,945,170	1,908,443	1,808,286	1,944,130	1,785,331	2,128,257	1,567,536	1,302,662	20,447,015	6,385,876

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

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Occupancy														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2009	-9.9	-6.9	-3.8	-10.5	-7.3	5.3	11.0	-4.8	10.0	7.3	-3.0	-2.3	-0.9	-7.6
2010	8.7	-3.2	12.7	15.5	3.8	13.3	11.9	12.9	-1.3	0.7	10.1	-1.2	6.8	8.5
2011	-1.9	3.9	0.6	-0.6	6.3	3.3	-6.3	7.6	3.6	-1.5	2.2	3.7	1.7	0.4
2012	8.5	7.6	2.6	-2.0	0.5	2.9	21.0	-12.8	-1.4	-2.8	-1.8	4.0	1.7	3.8
2013	-0.3	3.0	-0.2	7.1	8.1	5.4	-4.1	13.6	11.0	4.2	11.0	7.2	5.4	2.4
2014	10.3	6.0	12.1	6.3										8.7
Avg	2.6	1.7	4.0	2.6	2.3	6.0	6.7	3.3	4.4	1.6	3.7	2.3	2.9	2.7

ADR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2009	2.7	5.3	0.9	1.1	4.6	-1.0	-3.5	-4.5	-6.3	-4.9	-3.3	-2.1	-1.2	2.4
2010	-0.3	-4.0	-0.2	-1.3	-1.3	0.2	0.3	4.3	5.2	3.8	3.8	1.0	1.0	-1.5
2011	1.5	5.6	6.2	5.3	5.4	2.3	5.2	5.0	1.9	3.2	5.3	4.2	4.3	4.8
2012	4.5	3.5	3.8	2.4	5.5	5.3	7.2	4.6	4.8	4.7	4.4	5.0	4.6	3.5
2013	5.5	6.1	6.3	8.2	5.0	4.0	0.7	4.5	7.8	5.0	7.4	4.4	5.4	6.6
2014	3.4	3.6	5.4	6.5										4.8
Avg	2.9	3.4	3.7	3.7	3.8	2.1	2.0	2.8	2.7	2.4	3.5	2.5	2.8	3.4

RevPAR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2009	-7.5	-2.0	-2.9	-9.5	-3.1	4.3	7.1	-9.1	3.1	2.0	-6.2	-4.3	-2.1	-5.4
2010	8.4	-7.1	12.5	14.0	2.5	13.4	12.2	17.7	3.8	4.6	14.3	-0.2	7.8	6.9
2011	-0.5	9.7	6.9	4.7	12.0	5.6	-1.4	12.9	5.6	1.6	7.5	8.1	6.0	5.2
2012	13.4	11.4	6.5	0.4	6.0	8.3	29.6	-8.9	3.4	1.7	2.5	9.2	6.3	7.4
2013	5.2	9.3	6.1	15.8	13.5	9.7	-3.5	18.7	19.7	9.4	19.3	12.0	11.1	9.2
2014	14.0	9.9	18.1	13.2										13.9
Avg	5.5	5.2	7.9	6.4	6.2	8.3	8.8	6.3	7.1	3.9	7.5	5.0	5.8	6.2

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2009	16.3	16.3	16.3	30.0	30.0	11.8	11.8	11.8	11.8	11.8	11.8	11.8	15.6	19.7
2010	11.8	11.8	11.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	8.6
2011	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2012	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
2013	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.2	-1.2	-0.2	0.0
2014	-1.2	-1.2	-1.2	-1.2										-1.2
Avg	4.5	4.5	4.5	4.8	6.0	2.4	2.4	2.4	2.4	2.4	2.1	2.1	3.6	4.5

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2009	4.7	8.3	11.9	16.4	20.5	17.8	24.0	6.4	23.0	19.9	8.4	9.2	14.6	10.6
2010	21.5	8.2	26.0	15.5	3.8	13.3	11.9	12.9	-1.3	0.7	10.1	-1.2	9.6	17.8
2011	-1.9	3.9	0.6	-0.6	6.3	3.3	-6.3	7.6	3.6	-1.5	2.2	3.7	1.7	0.4
2012	8.5	7.6	2.6	-2.0	0.5	2.9	21.0	-12.8	-1.4	-2.8	-1.8	4.0	1.7	3.8
2013	-0.3	3.0	-0.2	7.1	8.1	5.4	-4.1	13.6	11.0	4.2	9.7	6.0	5.2	2.4
2014	9.0	4.8	10.8	5.0										7.4
Avg	6.9	6.0	8.6	6.9	7.8	8.5	9.3	5.5	7.0	4.1	5.7	4.3	6.5	7.1

Revenue														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Apr YTD
2009	7.5	14.0	12.9	17.7	26.0	16.6	19.7	1.7	15.2	14.0	4.9	7.0	13.2	13.3
2010	21.1	3.9	25.7	14.0	2.5	13.4	12.2	17.7	3.8	4.6	14.3	-0.2	10.7	16.1
2011	-0.5	9.7	6.9	4.7	12.0	5.6	-1.4	12.9	5.6	1.6	7.5	8.1	6.0	5.2
2012	13.4	11.4	6.5	0.4	6.0	8.3	29.6	-8.9	3.4	1.7	2.5	9.2	6.3	7.4
2013	5.2	9.3	6.1	15.8	13.5	9.7	-3.5	18.7	19.7	9.4	17.9	10.6	10.9	9.2
2014	12.7	8.6	16.7	11.8										12.5
Avg	9.9	9.5	12.5	10.7	12.0	10.7	11.3	8.4	9.5	6.3	9.4	6.9	9.4	10.6

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

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

	Jan 09	Feb 09	Mar 09	Apr 09	May 09	Jun 09	Jul 09	Aug 09	Sep 09	Oct 09	Nov 09	Dec 09	Total Year	Apr YTD
Occ	-9.9	-6.9	-3.8	-10.5	-7.3	5.3	11.0	-4.8	10.0	7.3	-3.0	-2.3	-0.9	-7.6
ADR	2.7	5.3	0.9	1.1	4.6	-1.0	-3.5	-4.5	-6.3	-4.9	-3.3	-2.1	-1.2	2.4
RevPAR	-7.5	-2.0	-2.9	-9.5	-3.1	4.3	7.1	-9.1	3.1	2.0	-6.2	-4.3	-2.1	-5.4
Supply	16.3	16.3	16.3	30.0	30.0	11.8	11.8	11.8	11.8	11.8	11.8	11.8	15.6	19.7
Demand	4.7	8.3	11.9	16.4	20.5	17.8	24.0	6.4	23.0	19.9	8.4	9.2	14.6	10.6
Revenue	7.5	14.0	12.9	17.7	26.0	16.6	19.7	1.7	15.2	14.0	4.9	7.0	13.2	13.3

	Jan 10	Feb 10	Mar 10	Apr 10	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10	Dec 10	Total Year	Apr YTD
Occ	8.7	-3.2	12.7	15.5	3.8	13.3	11.9	12.9	-1.3	0.7	10.1	-1.2	6.8	8.5
ADR	-0.3	-4.0	-0.2	-1.3	-1.3	0.2	0.3	4.3	5.2	3.8	3.8	1.0	1.0	-1.5
RevPAR	8.4	-7.1	12.5	14.0	2.5	13.4	12.2	17.7	3.8	4.6	14.3	-0.2	7.8	6.9
Supply	11.8	11.8	11.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	8.6
Demand	21.5	8.2	26.0	15.5	3.8	13.3	11.9	12.9	-1.3	0.7	10.1	-1.2	9.6	17.8
Revenue	21.1	3.9	25.7	14.0	2.5	13.4	12.2	17.7	3.8	4.6	14.3	-0.2	10.7	16.1

	Jan 11	Feb 11	Mar 11	Apr 11	May 11	Jun 11	Jul 11	Aug 11	Sep 11	Oct 11	Nov 11	Dec 11	Total Year	Apr YTD
Occ	-1.9	3.9	0.6	-0.6	6.3	3.3	-6.3	7.6	3.6	-1.5	2.2	3.7	1.7	0.4
ADR	1.5	5.6	6.2	5.3	5.4	2.3	5.2	5.0	1.9	3.2	5.3	4.2	4.3	4.8
RevPAR	-0.5	9.7	6.9	4.7	12.0	5.6	-1.4	12.9	5.6	1.6	7.5	8.1	6.0	5.2
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	-1.9	3.9	0.6	-0.6	6.3	3.3	-6.3	7.6	3.6	-1.5	2.2	3.7	1.7	0.4
Revenue	-0.5	9.7	6.9	4.7	12.0	5.6	-1.4	12.9	5.6	1.6	7.5	8.1	6.0	5.2

	Jan 12	Feb 12	Mar 12	Apr 12	May 12	Jun 12	Jul 12	Aug 12	Sep 12	Oct 12	Nov 12	Dec 12	Total Year	Apr YTD
Occ	8.5	7.6	2.6	-2.0	0.5	2.9	21.0	-12.8	-1.4	-2.8	-1.8	4.0	1.7	3.8
ADR	4.5	3.5	3.8	2.4	5.5	5.3	7.2	4.6	4.8	4.7	4.4	5.0	4.6	3.5
RevPAR	13.4	11.4	6.5	0.4	6.0	8.3	29.6	-8.9	3.4	1.7	2.5	9.2	6.3	7.4
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Demand	8.5	7.6	2.6	-2.0	0.5	2.9	21.0	-12.8	-1.4	-2.8	-1.8	4.0	1.7	3.8
Revenue	13.4	11.4	6.5	0.4	6.0	8.3	29.6	-8.9	3.4	1.7	2.5	9.2	6.3	7.4

	Jan 13	Feb 13	Mar 13	Apr 13	May 13	Jun 13	Jul 13	Aug 13	Sep 13	Oct 13	Nov 13	Dec 13	Total Year	Apr YTD
Occ	-0.3	3.0	-0.2	7.1	8.1	5.4	-4.1	13.6	11.0	4.2	11.0	7.2	5.4	2.4
ADR	5.5	6.1	6.3	8.2	5.0	4.0	0.7	4.5	7.8	5.0	7.4	4.4	5.4	6.6
RevPAR	5.2	9.3	6.1	15.8	13.5	9.7	-3.5	18.7	19.7	9.4	19.3	12.0	11.1	9.2
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.2	-1.2	-0.2	0.0
Demand	-0.3	3.0	-0.2	7.1	8.1	5.4	-4.1	13.6	11.0	4.2	9.7	6.0	5.2	2.4
Revenue	5.2	9.3	6.1	15.8	13.5	9.7	-3.5	18.7	19.7	9.4	17.9	10.6	10.9	9.2

	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14	Jul 14	Aug 14	Sep 14	Oct 14	Nov 14	Dec 14	Total Year	Apr YTD
Occ	10.3	6.0	12.1	6.3										8.7
ADR	3.4	3.6	5.4	6.5										4.8
RevPAR	14.0	9.9	18.1	13.2										13.9
Supply	-1.2	-1.2	-1.2	-1.2										-1.2
Demand	9.0	4.8	10.8	5.0										7.4
Revenue	12.7	8.6	16.7	11.8										12.5

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Tab 5 - Twelve Month Moving Average

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Occupancy (%)												
	January	February	March	April	May	June	July	August	September	October	November	December
2009	56.3	56.0	55.8	55.3	55.7	55.4	55.9	55.7	56.2	56.7	56.5	56.3
2010	56.6	56.4	57.0	57.7	57.9	58.5	59.1	59.8	59.7	59.8	60.2	60.1
2011	60.1	60.2	60.2	60.2	60.5	60.7	60.4	60.8	61.0	60.9	61.0	61.1
2012	61.5	61.8	61.9	61.8	61.9	62.0	63.1	62.3	62.3	62.1	62.0	62.1
2013	62.1	62.3	62.3	62.6	63.1	63.4	63.1	63.9	64.4	64.7	65.2	65.5
2014	66.0	66.2	66.9	67.2								

ADR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2009	90.96	91.30	91.33	91.38	91.86	91.74	91.41	91.01	90.51	90.08	89.86	89.73
2010	89.69	89.44	89.39	89.30	89.27	89.22	89.22	89.56	89.95	90.31	90.54	90.59
2011	90.69	91.03	91.49	91.90	92.40	92.59	93.00	93.45	93.60	93.90	94.26	94.48
2012	94.74	94.98	95.28	95.47	95.97	96.42	97.00	97.40	97.78	98.21	98.53	98.82
2013	99.19	99.63	100.15	100.80	101.36	101.72	101.79	102.20	102.86	103.35	103.90	104.16
2014	104.37	104.64	105.11	105.67								

RevPAR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2009	51.22	51.14	50.98	50.58	50.59	50.81	51.09	50.68	50.84	51.08	50.80	50.55
2010	50.75	50.47	50.94	51.50	51.62	52.23	52.75	53.54	53.71	53.97	54.49	54.48
2011	54.46	54.81	55.12	55.34	55.93	56.22	56.15	56.83	57.09	57.18	57.50	57.76
2012	58.26	58.70	59.02	59.04	59.37	59.82	61.22	60.70	60.87	60.97	61.08	61.41
2013	61.62	62.03	62.34	63.11	63.91	64.48	64.26	65.27	66.28	66.84	67.73	68.21
2014	68.84	69.31	70.29	71.03								

Supply												
	January	February	March	April	May	June	July	August	September	October	November	December
2009	313,015	316,543	320,449	327,409	334,601	337,781	341,067	344,353	347,533	350,819	353,999	357,285
2010	360,571	363,539	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825
2011	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825
2012	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825
2013	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,825	366,465	366,093
2014	365,721	365,385	365,013	364,653								

Demand												
	January	February	March	April	May	June	July	August	September	October	November	December
2009	176,249	177,304	178,888	181,219	184,282	187,102	190,610	191,738	195,220	198,938	200,118	201,264
2010	204,012	205,139	209,015	211,574	212,260	214,741	216,887	219,300	219,055	219,220	220,755	220,597
2011	220,295	220,878	220,993	220,882	222,051	222,754	221,474	223,071	223,738	223,393	223,754	224,252
2012	225,553	226,727	227,220	226,844	226,938	227,565	231,539	228,618	228,349	227,718	227,402	227,953
2013	227,903	228,399	228,365	229,688	231,306	232,530	231,590	234,283	236,351	237,251	238,882	239,741
2014	241,216	242,029	244,110	245,108								

Revenue (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2009	16,031,780	16,187,144	16,337,516	16,560,595	16,928,085	17,164,172	17,424,028	17,450,748	17,668,590	17,920,187	17,981,836	18,060,292
2010	18,297,550	18,346,843	18,684,814	18,892,855	18,936,529	19,159,172	19,351,052	19,640,636	19,703,831	19,796,875	19,986,853	19,984,210
2011	19,977,481	20,105,496	20,219,323	20,299,051	20,517,625	20,623,696	20,598,099	20,846,916	20,942,540	20,976,186	21,090,731	21,188,241
2012	21,369,435	21,534,078	21,648,793	21,655,784	21,778,149	21,942,290	22,458,745	22,266,405	22,327,269	22,364,814	22,405,772	22,525,494
2013	22,605,135	22,754,755	22,869,680	23,151,621	23,444,188	23,651,793	23,573,653	23,944,054	24,312,057	24,520,052	24,819,809	24,970,579
2014	25,174,785	25,325,041	25,657,979	25,901,679								

High value is boxed.

Low value is boxed and italicized.

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Tab 6 - Twelve Month Moving Average with Percent Change

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg
Jan 09	56.3		90.96		51.22		313,015		176,249		16,031,780	
Feb 09	56.0		91.30		51.14		316,543		177,304		16,187,144	
Mar 09	55.8		91.33		50.98		320,449		178,888		16,337,516	
Apr 09	55.3		91.38		50.58		327,409		181,219		16,560,595	
May 09	55.1		91.86		50.59		334,601		184,282		16,928,085	
Jun 09	55.4		91.74		50.81		337,781		187,102		17,164,172	
Jul 09	55.9		91.41		51.09		341,067		190,610		17,424,028	
Aug 09	55.7		91.01		50.68		344,353		191,738		17,450,748	
Sep 09	56.2		90.51		50.84		347,533		195,220		17,668,590	
Oct 09	56.7		90.08		51.08		350,819		198,938		17,920,187	
Nov 09	56.5		89.86		50.80		353,999		200,118		17,981,836	
Dec 09	56.3	-0.9	89.73	-1.2	50.55	-2.1	357,285	15.6	201,264	14.6	18,060,292	13.2
Jan 10	56.6	0.5	89.69	-1.4	50.75	-0.9	360,571	15.2	204,012	15.8	18,297,550	14.1
Feb 10	56.4	0.7	89.44	-2.0	50.47	-1.3	363,539	14.8	205,139	15.7	18,346,843	13.3
Mar 10	57.0	2.1	89.39	-2.1	50.94	-0.1	366,825	14.5	209,015	16.8	18,684,814	14.4
Apr 10	57.7	4.2	89.30	-2.3	51.50	1.8	366,825	12.0	211,574	16.8	18,892,855	14.1
May 10	57.9	5.1	89.21	-2.9	51.62	2.0	366,825	9.6	212,260	15.2	18,936,529	11.9
Jun 10	58.5	5.7	89.22	-2.7	52.23	2.8	366,825	8.6	214,741	14.8	19,159,172	11.6
Jul 10	59.1	5.8	89.22	-2.4	52.75	3.3	366,825	7.6	216,887	13.8	19,351,052	11.1
Aug 10	59.8	7.4	89.56	-1.6	53.54	5.7	366,825	6.5	219,300	14.4	19,640,636	12.5
Sep 10	59.7	6.3	89.95	-0.6	53.71	5.7	366,825	5.6	219,055	12.2	19,703,831	11.5
Oct 10	59.8	5.4	90.31	0.3	53.97	5.7	366,825	4.6	219,220	10.2	19,796,875	10.5
Nov 10	60.2	6.5	90.54	0.8	54.49	7.3	366,825	3.6	220,755	10.3	19,986,853	11.2
Dec 10	60.1	6.8	90.59	1.0	54.48	7.8	366,825	2.7	220,597	9.6	19,984,210	10.7
Jan 11	60.1	6.1	90.69	1.1	54.46	7.3	366,825	1.7	220,295	8.0	19,977,481	9.2
Feb 11	60.2	6.7	91.03	1.8	54.81	8.6	366,825	0.9	220,878	7.7	20,105,496	9.6
Mar 11	60.2	5.7	91.49	2.3	55.12	8.2	366,825	0.0	220,993	5.7	20,219,323	8.2
Apr 11	60.2	4.4	91.90	2.9	55.34	7.4	366,825	0.0	220,882	4.4	20,299,051	7.4
May 11	60.5	4.6	92.40	3.6	55.93	8.3	366,825	0.0	222,051	4.6	20,517,625	8.3
Jun 11	60.7	3.7	92.59	3.8	56.22	7.6	366,825	0.0	222,754	3.7	20,623,696	7.6
Jul 11	60.4	2.1	93.00	4.2	56.15	6.4	366,825	0.0	221,474	2.1	20,598,099	6.4
Aug 11	60.8	1.7	93.45	4.3	56.83	6.1	366,825	0.0	223,071	1.7	20,846,916	6.1
Sep 11	61.0	2.1	93.60	4.1	57.09	6.3	366,825	0.0	223,738	2.1	20,942,540	6.3
Oct 11	60.9	1.9	93.90	4.0	57.18	6.0	366,825	0.0	223,393	1.9	20,976,186	6.0
Nov 11	61.0	1.4	94.26	4.1	57.50	5.5	366,825	0.0	223,754	1.4	21,090,731	5.5
Dec 11	61.1	1.7	94.48	4.3	57.76	6.0	366,825	0.0	224,252	1.7	21,188,241	6.0
Jan 12	61.5	2.4	94.74	4.5	58.26	7.0	366,825	0.0	225,553	2.4	21,369,435	7.0
Feb 12	61.8	2.6	94.98	4.3	58.70	7.1	366,825	0.0	226,727	2.6	21,534,078	7.1
Mar 12	61.9	2.8	95.28	4.1	59.02	7.1	366,825	0.0	227,220	2.8	21,648,793	7.1
Apr 12	61.8	2.7	95.47	3.9	59.04	6.7	366,825	0.0	226,844	2.7	21,655,784	6.7
May 12	61.9	2.2	95.97	3.9	59.37	6.1	366,825	0.0	226,938	2.2	21,778,149	6.1
Jun 12	62.0	2.2	96.42	4.1	59.82	6.4	366,825	0.0	227,565	2.2	21,942,290	6.4
Jul 12	63.1	4.5	97.00	4.3	61.22	9.0	366,825	0.0	231,539	4.5	22,458,745	9.0
Aug 12	62.3	2.5	97.40	4.2	60.70	6.8	366,825	0.0	228,618	2.5	22,266,405	6.8
Sep 12	62.3	2.1	97.78	4.5	60.87	6.6	366,825	0.0	228,349	2.1	22,327,269	6.6
Oct 12	62.1	1.9	98.21	4.6	60.97	6.6	366,825	0.0	227,718	1.9	22,364,814	6.6

Tab 6 - Twelve Month Moving Average with Percent Change

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg								
Nov 12	62.0	1.6	98.53	4.5	61.08	6.2	366,825	0.0	227,402	1.6	22,405,772	6.2
Dec 12	62.1	1.7	98.82	4.6	61.41	6.3	366,825	0.0	227,953	1.7	22,525,494	6.3
Jan 13	62.1	1.0	99.19	4.7	61.62	5.8	366,825	0.0	227,903	1.0	22,605,135	5.8
Feb 13	62.3	0.7	99.63	4.9	62.03	5.7	366,825	0.0	228,399	0.7	22,754,755	5.7
Mar 13	62.3	0.5	100.15	5.1	62.34	5.6	366,825	0.0	228,365	0.5	22,869,680	5.6
Apr 13	62.6	1.3	100.80	5.6	63.11	6.9	366,825	0.0	229,688	1.3	23,151,621	6.9
May 13	63.1	1.9	101.36	5.6	63.91	7.7	366,825	0.0	231,306	1.9	23,444,188	7.7
Jun 13	63.4	2.2	101.72	5.5	64.48	7.8	366,825	0.0	232,530	2.2	23,651,793	7.8
Jul 13	63.1	0.0	101.79	4.9	64.26	5.0	366,825	0.0	231,590	0.0	23,573,653	5.0
Aug 13	63.9	2.5	102.20	4.9	65.27	7.5	366,825	0.0	234,283	2.5	23,944,054	7.5
Sep 13	64.4	3.5	102.86	5.2	66.28	8.9	366,825	0.0	236,351	3.5	24,312,057	8.9
Oct 13	64.7	4.2	103.35	5.2	66.84	9.6	366,825	0.0	237,251	4.2	24,520,052	9.6
Nov 13	65.2	5.2	103.90	5.5	67.73	10.9	366,465	-0.1	238,882	5.0	24,819,809	10.8
Dec 13	65.5	5.4	104.16	5.4	68.21	11.1	366,093	-0.2	239,741	5.2	24,970,579	10.9
Jan 14	66.0	6.2	104.37	5.2	68.84	11.7	365,721	-0.3	241,216	5.8	25,174,785	11.4
Feb 14	66.2	6.4	104.64	5.0	69.31	11.7	365,385	-0.4	242,029	6.0	25,325,041	11.3
Mar 14	66.9	7.4	105.11	5.0	70.29	12.7	365,013	-0.5	244,110	6.9	25,657,979	12.2
Apr 14	67.2	7.3	105.67	4.8	71.03	12.5	364,653	-0.6	245,108	6.7	25,901,679	11.9

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Tab 7 - Day of Week Analysis

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Occupancy (%)								Total Month
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
May - 13	47.7	63.8	74.7	70.3	69.0	75.6	82.0	69.3
Jun - 13	59.8	83.1	88.1	88.6	84.0	76.9	76.2	78.7
Jul - 13	53.2	71.3	78.4	75.1	76.1	71.8	65.2	70.6
Aug - 13	48.7	72.1	82.1	77.8	68.2	77.1	78.0	72.2
Sep - 13	42.4	55.0	71.9	77.8	71.6	88.0	87.4	69.1
Oct - 13	43.8	68.2	75.3	76.3	71.3	83.0	85.4	72.1
Nov - 13	35.1	56.3	61.1	65.3	65.5	77.0	67.2	61.8
Dec - 13	34.3	58.9	64.9	56.4	47.2	44.2	39.4	49.7
Jan - 14	39.1	62.4	73.3	63.6	55.9	56.9	56.4	58.3
Feb - 14	38.2	67.9	76.1	75.5	70.2	70.2	53.2	64.5
Mar - 14	41.1	67.2	78.3	82.6	78.8	84.6	63.9	69.6
Apr - 14	39.1	63.3	73.4	77.0	76.3	84.1	76.7	70.3
Total Year	43.6	65.6	74.7	73.7	69.3	74.0	69.5	67.2

Three Year Occupancy (%)								Total Year
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
May 11 - Apr 12	39.4	58.3	67.5	67.3	62.6	70.4	67.8	61.8
May 12 - Apr 13	41.1	60.9	67.5	67.8	63.5	69.8	67.6	62.6
May 13 - Apr 14	43.6	65.6	74.7	73.7	69.3	74.0	69.5	67.2
Total 3 Yr	41.4	61.6	69.9	69.6	65.1	71.4	68.3	63.9

ADR								Total Month
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
May - 13	96.40	101.72	104.07	104.40	104.13	136.69	136.04	113.80
Jun - 13	94.16	99.68	100.67	100.35	98.82	100.19	100.45	99.30
Jul - 13	95.33	100.55	101.27	99.92	97.32	98.33	99.43	99.19
Aug - 13	96.75	104.38	107.44	110.98	104.89	102.29	102.08	104.40
Sep - 13	97.98	102.25	102.93	103.53	105.32	114.30	118.74	107.35
Oct - 13	99.99	103.94	105.22	104.88	103.03	115.57	116.47	107.50
Nov - 13	99.74	103.12	104.65	103.83	103.33	112.66	114.79	107.29
Dec - 13	94.51	110.60	112.20	99.81	97.95	93.21	97.18	102.64
Jan - 14	96.64	101.82	102.66	105.00	99.87	99.41	101.14	101.30
Feb - 14	103.11	104.60	106.80	104.65	105.16	111.93	106.79	106.34
Mar - 14	96.94	107.55	111.66	108.97	106.65	118.41	105.37	108.60
Apr - 14	105.51	107.06	109.76	109.53	109.07	114.34	112.19	110.06
Total Year	97.66	103.90	105.75	104.76	103.12	111.05	110.13	105.67

Three Year ADR								Total Year
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
May 11 - Apr 12	89.81	95.20	96.87	96.62	94.38	96.62	96.31	95.47
May 12 - Apr 13	95.46	100.99	101.66	101.39	99.16	102.65	102.02	100.80
May 13 - Apr 14	97.66	103.90	105.75	104.76	103.12	111.05	110.13	105.67
Total 3 Yr	94.41	100.16	101.57	101.06	99.03	103.56	102.87	100.78

RevPAR								Total Month
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
May - 13	46.00	64.90	77.72	73.36	71.87	103.37	111.50	78.82
Jun - 13	56.31	82.84	88.70	88.87	82.99	77.01	76.52	78.19
Jul - 13	50.69	71.67	79.37	75.02	74.08	70.64	64.78	70.04
Aug - 13	47.12	75.28	88.25	86.38	71.58	78.82	79.63	75.43
Sep - 13	41.55	56.26	74.05	80.58	75.38	100.62	103.76	74.22
Oct - 13	43.75	70.92	79.26	79.98	73.51	95.96	99.52	77.56
Nov - 13	35.04	58.08	63.93	67.77	67.68	86.80	77.13	66.31
Dec - 13	32.40	65.16	72.79	56.34	46.24	41.23	38.29	50.97
Jan - 14	37.81	63.52	75.26	66.83	55.78	56.58	57.09	59.05
Feb - 14	39.36	70.99	81.25	79.03	73.81	78.61	56.78	68.55
Mar - 14	39.89	72.28	87.46	90.01	84.06	100.20	67.36	75.63
Apr - 14	41.25	67.76	80.52	84.32	83.23	96.20	86.06	77.41
Total Year	42.62	68.16	78.98	77.25	71.43	82.15	76.50	71.03

Three Year RevPAR								Total Year
Sun	Mon	Tue	Wed	Thu	Fri	Sat		
May 11 - Apr 12	35.42	55.55	65.39	65.05	59.08	68.03	65.26	59.04
May 12 - Apr 13	39.27	61.50	68.61	68.71	62.93	71.69	68.97	63.11
May 13 - Apr 14	42.62	68.16	78.98	77.25	71.43	82.15	76.50	71.03
Total 3 Yr	39.08	61.69	70.97	70.37	64.47	73.94	70.24	64.38

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Tab 8 - Raw Data

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 08	50.9		85.59		43.56		23,963		12,196		1,043,796		6	773	100.0
Feb 08	58.6		87.47		51.23		21,644		12,675		1,108,740		6	773	100.0
Mar 08	55.6		87.33		48.55		23,963		13,323		1,163,443		6	773	100.0
Apr 08	61.3		88.74		54.44		23,190		14,227		1,262,456		6	773	100.0
May 08	62.4		94.39		58.88		23,963		14,949		1,410,976		6	773	100.0
Jun 08	58.9		89.44		52.69		26,970		15,887		1,420,925		7	899	100.0
Jul 08	52.4		90.30		47.27		27,869		14,590		1,317,489		7	899	100.0
Aug 08	63.1		91.30		57.65		27,869		17,599		1,606,779		7	899	100.0
Sep 08	56.1		94.58		53.10		26,970		15,143		1,432,232		7	899	100.0
Oct 08	67.0		96.01		64.32		27,869		18,670		1,792,560		7	899	100.0
Nov 08	52.0		90.47		47.04		26,970		14,022		1,268,625		7	899	100.0
Dec 08	44.5		90.81		40.38		27,869		12,391		1,125,253		7	899	100.0
Jan 09	45.8	-9.9	87.87	2.7	40.27	-7.5	27,869	16.3	12,773	4.7	1,122,302	7.5	7	899	100.0
Feb 09	54.5	-6.9	92.07	5.3	50.22	-2.0	25,172	16.3	13,730	8.3	1,264,104	14.0	7	899	100.0
Mar 09	53.5	-3.8	88.13	0.9	47.14	-2.9	27,869	16.3	14,907	11.9	1,313,815	12.9	7	899	100.0
Apr 09	54.9	-10.5	89.72	1.1	49.27	-9.5	30,150	30.0	16,558	16.4	1,485,535	17.7	8	1,005	100.0
May 09	57.8	-7.3	98.74	4.6	57.08	-3.1	31,155	30.0	18,012	20.5	1,778,466	26.0	8	1,005	100.0
Jun 09	62.0	5.3	88.58	-1.0	54.96	4.3	30,150	11.8	18,707	17.8	1,657,012	16.6	8	1,005	100.0
Jul 09	58.1	11.0	87.16	-3.5	50.63	7.1	31,155	11.8	18,098	24.0	1,577,345	19.7	8	1,005	100.0
Aug 09	60.1	-4.8	87.23	-4.5	52.43	-9.1	31,155	11.8	18,727	6.4	1,633,499	1.7	8	1,005	100.0
Sep 09	61.8	10.0	88.59	-6.3	54.73	3.1	30,150	11.8	18,625	23.0	1,650,074	15.2	8	1,005	100.0
Oct 09	71.9	7.3	91.31	-4.9	65.61	2.0	31,155	11.8	22,388	19.9	2,044,157	14.0	8	1,005	100.0
Nov 09	50.4	-3.0	87.51	-3.3	44.12	-6.2	30,150	11.8	15,202	8.4	1,330,274	4.9	8	1,005	100.0
Dec 09	43.5	-2.3	88.92	-2.1	38.64	-4.3	31,155	11.8	13,537	9.2	1,203,709	7.0	8	1,005	100.0
Jan 10	49.8	8.7	87.59	-0.3	43.64	8.4	31,155	11.8	15,521	21.5	1,359,560	21.1	8	1,005	100.0
Feb 10	52.8	-3.2	88.40	-4.0	46.67	-7.1	28,140	11.8	14,857	8.2	1,313,397	3.9	8	1,005	100.0
Mar 10	60.3	12.7	87.94	-0.2	53.02	12.5	31,155	11.8	18,783	26.0	1,651,786	25.7	8	1,005	100.0
Apr 10	63.4	15.5	88.59	-1.3	56.17	14.0	30,150	0.0	19,117	15.5	1,693,576	14.0	8	1,005	100.0
May 10	60.0	3.8	97.45	-1.3	58.49	2.5	31,155	0.0	18,698	3.8	1,822,140	2.5	8	1,005	100.0
Jun 10	70.3	13.3	88.71	0.2	62.34	13.4	30,150	0.0	21,188	13.3	1,879,655	13.4	8	1,005	100.0
Jul 10	65.0	11.9	87.40	0.3	56.79	12.2	31,155	0.0	20,244	11.9	1,769,225	12.2	8	1,005	100.0
Aug 10	67.9	12.9	90.97	4.3	61.73	17.7	31,155	0.0	21,140	12.9	1,923,083	17.7	8	1,005	100.0
Sep 10	61.0	-1.3	93.21	5.2	56.82	3.8	30,150	0.0	18,380	-1.3	1,713,269	3.8	8	1,005	100.0
Oct 10	72.4	0.7	94.76	3.8	68.60	4.6	31,155	0.0	22,553	0.7	2,137,201	4.6	8	1,005	100.0
Nov 10	55.5	10.1	90.83	3.8	50.42	14.3	30,150	0.0	16,737	10.1	1,520,252	14.3	8	1,005	100.0
Dec 10	42.9	-1.2	89.77	1.0	38.55	-0.2	31,155	0.0	13,379	-1.2	1,201,066	-0.2	8	1,005	100.0
Jan 11	48.8	-1.9	88.89	1.5	43.42	-0.5	31,155	0.0	15,219	-1.9	1,352,831	-0.5	8	1,005	100.0
Feb 11	54.9	3.9	93.36	5.6	51.22	9.7	28,140	0.0	15,440	3.9	1,441,412	9.7	8	1,005	100.0
Mar 11	60.7	0.6	93.43	6.2	56.67	6.9	31,155	0.0	18,898	0.6	1,765,613	6.9	8	1,005	100.0
Apr 11	63.0	-0.6	93.30	5.3	58.82	4.7	30,150	0.0	19,006	-0.6	1,773,304	4.7	8	1,005	100.0
May 11	63.8	6.3	102.72	5.4	65.50	12.0	31,155	0.0	19,867	6.3	2,040,714	12.0	8	1,005	100.0
Jun 11	72.6	3.3	90.71	2.3	65.86	5.6	30,150	0.0	21,891	3.3	1,985,726	5.6	8	1,005	100.0
Jul 11	60.9	-6.3	91.94	5.2	55.97	-1.4	31,155	0.0	18,964	-6.3	1,743,628	-1.4	8	1,005	100.0
Aug 11	73.0	7.6	95.52	5.0	69.71	12.9	31,155	0.0	22,737	7.6	2,171,900	12.9	8	1,005	100.0
Sep 11	63.2	3.6	94.97	1.9	60.00	5.6	30,150	0.0	19,047	3.6	1,808,893	5.6	8	1,005	100.0
Oct 11	71.3	-1.5	97.75	3.2	69.68	1.6	31,155	0.0	22,208	-1.5	2,170,847	1.6	8	1,005	100.0
Nov 11	56.7	2.2	95.61	5.3	54.22	7.5	30,150	0.0	17,098	2.2	1,634,797	7.5	8	1,005	100.0
Dec 11	44.5	3.7	93.58	4.2	41.68	8.1	31,155	0.0	13,877	3.7	1,298,576	8.1	8	1,005	100.0

Tab 8 - Raw Data

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 12	53.0	8.5	92.86	4.5	49.24	13.4	31,155	0.0	16,520	8.5	1,534,025	13.4	8	1,005	100.0
Feb 12	59.0	7.6	96.67	3.5	57.07	11.4	28,140	0.0	16,614	7.6	1,606,055	11.4	8	1,005	100.0
Mar 12	62.2	2.6	96.97	3.8	60.35	6.5	31,155	0.0	19,391	2.6	1,880,328	6.5	8	1,005	100.0
Apr 12	61.8	-2.0	95.56	2.4	59.05	0.4	30,150	0.0	18,630	-2.0	1,780,295	0.4	8	1,005	100.0
May 12	64.1	0.5	108.37	5.5	69.43	6.0	31,155	0.0	19,961	0.5	2,163,079	6.0	8	1,005	100.0
Jun 12	74.7	2.9	95.47	5.3	71.31	8.3	30,150	0.0	22,518	2.9	2,149,867	8.3	8	1,005	100.0
Jul 12	73.6	21.0	98.53	7.2	72.54	29.6	31,155	0.0	22,938	21.0	2,260,083	29.6	8	1,005	100.0
Aug 12	63.6	-12.8	99.90	4.6	63.54	-8.9	31,155	0.0	19,816	-12.8	1,979,560	-8.9	8	1,005	100.0
Sep 12	62.3	-1.4	99.57	4.8	62.02	3.4	30,150	0.0	18,778	-1.4	1,869,757	3.4	8	1,005	100.0
Oct 12	69.3	-2.8	102.35	4.7	70.88	1.7	31,155	0.0	21,577	-2.8	2,208,392	1.7	8	1,005	100.0
Nov 12	55.7	-1.8	99.85	4.4	55.58	2.5	30,150	0.0	16,782	-1.8	1,675,755	2.5	8	1,005	100.0
Dec 12	46.3	4.0	98.30	5.0	45.52	9.2	31,155	0.0	14,428	4.0	1,418,298	9.2	8	1,005	100.0
Jan 13	52.9	-0.3	97.98	5.5	51.79	5.2	31,155	0.0	16,470	-0.3	1,613,666	5.2	8	1,005	100.0
Feb 13	60.8	3.0	102.61	6.1	62.39	9.3	28,140	0.0	17,110	3.0	1,755,675	9.3	8	1,005	100.0
Mar 13	62.1	-0.2	103.08	6.3	64.04	6.1	31,155	0.0	19,357	-0.2	1,995,253	6.1	8	1,005	100.0
Apr 13	66.2	7.1	103.35	8.2	68.40	15.8	30,150	0.0	19,953	7.1	2,062,236	15.8	8	1,005	100.0
May 13	69.3	8.1	113.80	5.0	78.82	13.5	31,155	0.0	21,579	8.1	2,455,646	13.5	8	1,005	100.0
Jun 13	78.7	5.4	99.30	4.0	78.19	9.7	30,150	0.0	23,742	5.4	2,357,472	9.7	8	1,005	100.0
Jul 13	70.6	-4.1	99.19	0.7	70.04	-3.5	31,155	0.0	21,998	-4.1	2,181,943	-3.5	8	1,005	100.0
Aug 13	72.2	13.6	104.40	4.5	75.43	18.7	31,155	0.0	22,509	13.6	2,349,961	18.7	8	1,005	100.0
Sep 13	69.1	11.0	107.35	7.8	74.22	19.7	30,150	0.0	20,846	11.0	2,237,760	19.7	8	1,005	100.0
Oct 13	72.1	4.2	107.50	5.0	77.56	9.4	31,155	0.0	22,477	4.2	2,416,387	9.4	8	1,005	100.0
Nov 13	61.8	11.0	107.29	7.4	66.31	19.3	29,790	-1.2	18,413	9.7	1,975,512	17.9	8	993	100.0
Dec 13	49.7	7.2	102.64	4.4	50.97	12.0	30,783	-1.2	15,287	6.0	1,569,068	10.6	8	993	100.0
Jan 14	58.3	10.3	101.30	3.4	59.05	14.0	30,783	-1.2	17,945	9.0	1,817,872	12.7	8	993	100.0
Feb 14	64.5	6.0	106.34	3.6	68.55	9.9	27,804	-1.2	17,923	4.8	1,905,931	8.6	8	993	100.0
Mar 14	69.6	12.1	108.60	5.4	75.63	18.1	30,783	-1.2	21,438	10.8	2,328,191	16.7	8	993	100.0
Apr 14	70.3	6.3	110.06	6.5	77.41	13.2	29,790	-1.2	20,951	5.0	2,305,936	11.8	8	993	100.0

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Tab 9 - Classic

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 08	50.9		85.59		43.56		23,963		12,196		1,043,796		6	773	100.0
Feb 08	58.6		87.47		51.23		21,644		12,675		1,108,740		6	773	100.0
Mar 08	55.6		87.33		48.55		23,963		13,323		1,163,443		6	773	100.0
Apr 08	61.3		88.74		54.44		23,190		14,227		1,262,456		6	773	100.0
May 08	62.4		94.39		58.88		23,963		14,949		1,410,976		6	773	100.0
Jun 08	58.9		89.44		52.69		26,970		15,887		1,420,925		7	899	100.0
Jul 08	52.4		90.30		47.27		27,869		14,590		1,317,489		7	899	100.0
Aug 08	63.1		91.30		57.65		27,869		17,599		1,606,779		7	899	100.0
Sep 08	56.1		94.58		53.10		26,970		15,143		1,432,232		7	899	100.0
Oct 08	67.0		96.01		64.32		27,869		18,670		1,792,560		7	899	100.0
Nov 08	52.0		90.47		47.04		26,970		14,022		1,268,625		7	899	100.0
Dec 08	44.5		90.81		40.38		27,869		12,391		1,125,253		7	899	100.0
Apr YTD 2008	56.5		87.34		49.36		92,760		52,421		4,578,435				
Total 2008	56.8		90.81		51.61		309,109		175,672		15,953,274				
Jan 09	45.8	-9.9	87.87	2.7	40.27	-7.5	27,869	16.3	12,773	4.7	1,122,302	7.5	7	899	100.0
Feb 09	54.5	-6.9	92.07	5.3	50.22	-2.0	25,172	16.3	13,730	8.3	1,264,104	14.0	7	899	100.0
Mar 09	53.5	-3.8	88.13	0.9	47.14	-2.9	27,869	16.3	14,907	11.9	1,313,815	12.9	7	899	100.0
Apr 09	54.9	-10.5	89.72	1.1	49.27	-9.5	30,150	30.0	16,558	16.4	1,485,535	17.7	8	1,005	100.0
May 09	57.8	-7.3	98.74	4.6	57.08	-3.1	31,155	30.0	18,012	20.5	1,778,466	26.0	8	1,005	100.0
Jun 09	62.0	5.3	88.58	-1.0	54.96	4.3	30,150	11.8	18,707	17.8	1,657,012	16.6	8	1,005	100.0
Jul 09	58.1	11.0	87.16	-3.5	50.63	7.1	31,155	11.8	18,098	24.0	1,577,345	19.7	8	1,005	100.0
Aug 09	60.1	-4.8	87.23	-4.5	52.43	-9.1	31,155	11.8	18,727	6.4	1,633,499	1.7	8	1,005	100.0
Sep 09	61.8	10.0	88.59	-6.3	54.73	3.1	30,150	11.8	18,625	23.0	1,650,074	15.2	8	1,005	100.0
Oct 09	71.9	7.3	91.31	-4.9	65.61	2.0	31,155	11.8	22,388	19.9	2,044,157	14.0	8	1,005	100.0
Nov 09	50.4	-3.0	87.51	-3.3	44.12	-6.2	30,150	11.8	15,202	8.4	1,330,274	4.9	8	1,005	100.0
Dec 09	43.5	-2.3	88.92	-2.1	38.64	-4.3	31,155	11.8	13,537	9.2	1,203,709	7.0	8	1,005	100.0
Apr YTD 2009	52.2	-7.6	89.46	2.4	46.69	-5.4	111,060	19.7	57,968	10.6	5,185,756	13.3			
Total 2009	56.3	-0.9	89.73	-1.2	50.55	-2.1	357,285	15.6	201,264	14.6	18,060,292	13.2			
Jan 10	49.8	8.7	87.59	-0.3	43.64	8.4	31,155	11.8	15,521	21.5	1,359,560	21.1	8	1,005	100.0
Feb 10	52.8	-3.2	88.40	-4.0	46.67	-7.1	28,140	11.8	14,857	8.2	1,313,397	3.9	8	1,005	100.0
Mar 10	60.3	12.7	87.94	-0.2	53.02	12.5	31,155	11.8	18,783	26.0	1,651,786	25.7	8	1,005	100.0
Apr 10	63.4	15.5	88.59	-1.3	56.17	14.0	30,150	0.0	19,117	15.5	1,693,576	14.0	8	1,005	100.0
May 10	60.0	3.8	97.45	-1.3	58.49	2.5	31,155	0.0	18,698	3.8	1,822,140	2.5	8	1,005	100.0
Jun 10	70.3	13.3	88.71	0.2	62.34	13.4	30,150	0.0	21,188	13.3	1,879,655	13.4	8	1,005	100.0
Jul 10	65.0	11.9	87.40	0.3	56.79	12.2	31,155	0.0	20,244	11.9	1,769,225	12.2	8	1,005	100.0
Aug 10	67.9	12.9	90.97	4.3	61.73	17.7	31,155	0.0	21,140	12.9	1,923,083	17.7	8	1,005	100.0
Sep 10	61.0	-1.3	93.21	5.2	56.82	3.8	30,150	0.0	18,380	-1.3	1,713,269	3.8	8	1,005	100.0
Oct 10	72.4	0.7	94.76	3.8	68.60	4.6	31,155	0.0	22,553	0.7	2,137,201	4.6	8	1,005	100.0
Nov 10	55.5	10.1	90.83	3.8	50.42	14.3	30,150	0.0	16,737	10.1	1,520,252	14.3	8	1,005	100.0
Dec 10	42.9	-1.2	89.77	1.0	38.55	-0.2	31,155	0.0	13,379	-1.2	1,201,066	-0.2	8	1,005	100.0
Apr YTD 2010	56.6	8.5	88.14	-1.5	49.90	6.9	120,600	8.6	68,278	17.8	6,018,319	16.1			
Total 2010	60.1	6.8	90.59	1.0	54.48	7.8	366,825	2.7	220,597	9.6	19,984,210	10.7			
Jan 11	48.8	-1.9	88.89	1.5	43.42	-0.5	31,155	0.0	15,219	-1.9	1,352,831	-0.5	8	1,005	100.0
Feb 11	54.9	3.9	93.36	5.6	51.22	9.7	28,140	0.0	15,440	3.9	1,441,412	9.7	8	1,005	100.0
Mar 11	60.7	0.6	93.43	6.2	56.67	6.9	31,155	0.0	18,898	0.6	1,765,613	6.9	8	1,005	100.0
Apr 11	63.0	-0.6	93.30	5.3	58.82	4.7	30,150	0.0	19,006	-0.6	1,773,304	4.7	8	1,005	100.0
May 11	63.8	6.3	102.72	5.4	65.50	12.0	31,155	0.0	19,867	6.3	2,040,714	12.0	8	1,005	100.0
Jun 11	72.6	3.3	90.71	2.3	65.86	5.6	30,150	0.0	21,891	3.3	1,985,726	5.6	8	1,005	100.0
Jul 11	60.9	-6.3	91.94	5.2	55.97	-1.4	31,155	0.0	18,964	-6.3	1,743,628	-1.4	8	1,005	100.0
Aug 11	73.0	7.6	95.52	5.0	69.71	12.9	31,155	0.0	22,737	7.6	2,171,900	12.9	8	1,005	100.0
Sep 11	63.2	3.6	94.97	1.9	60.00	5.6	30,150	0.0	19,047	3.6	1,808,893	5.6	8	1,005	100.0
Oct 11	71.3	-1.5	97.75	3.2	69.68	1.6	31,155	0.0	22,208	-1.5	2,170,847	1.6	8	1,005	100.0
Nov 11	56.7	2.2	95.61	5.3	54.22	7.5	30,150	0.0	17,098	2.2	1,634,797	7.5	8	1,005	100.0

Tab 9 - Classic

Lynchburg, VA Selected Properties

Job Number: 594710_SADIM Staff: CW Created: June 05, 2014

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Dec 11	44.5	3.7	93.58	4.2	41.68	8.1	31,155	0.0	13,877	3.7	1,298,576	8.1	8	1,005	100.0
Apr YTD 2011	56.9	0.4	92.37	4.8	52.51	5.2	120,600	0.0	68,563	0.4	6,333,160	5.2			
Total 2011	61.1	1.7	94.48	4.3	57.76	6.0	366,825	0.0	224,252	1.7	21,188,241	6.0			
Jan 12	53.0	8.5	92.86	4.5	49.24	13.4	31,155	0.0	16,520	8.5	1,534,025	13.4	8	1,005	100.0
Feb 12	59.0	7.6	96.67	3.5	57.07	11.4	28,140	0.0	16,614	7.6	1,606,055	11.4	8	1,005	100.0
Mar 12	62.2	2.6	96.97	3.8	60.35	6.5	31,155	0.0	19,391	2.6	1,880,328	6.5	8	1,005	100.0
Apr 12	61.8	-2.0	95.56	2.4	59.05	0.4	30,150	0.0	18,630	-2.0	1,780,295	0.4	8	1,005	100.0
May 12	64.1	0.5	108.37	5.5	69.43	6.0	31,155	0.0	19,961	0.5	2,163,079	6.0	8	1,005	100.0
Jun 12	74.7	2.9	95.47	5.3	71.31	8.3	30,150	0.0	22,518	2.9	2,149,867	8.3	8	1,005	100.0
Jul 12	73.6	21.0	98.53	7.2	72.54	29.6	31,155	0.0	22,938	21.0	2,260,083	29.6	8	1,005	100.0
Aug 12	63.6	-12.8	99.90	4.6	63.54	-8.9	31,155	0.0	19,816	-12.8	1,979,560	-8.9	8	1,005	100.0
Sep 12	62.3	-1.4	99.57	4.8	62.02	3.4	30,150	0.0	18,778	-1.4	1,869,757	3.4	8	1,005	100.0
Oct 12	69.3	-2.8	102.35	4.7	70.88	1.7	31,155	0.0	21,577	-2.8	2,208,392	1.7	8	1,005	100.0
Nov 12	55.7	-1.8	99.85	4.4	55.58	2.5	30,150	0.0	16,782	-1.8	1,675,755	2.5	8	1,005	100.0
Dec 12	46.3	4.0	98.30	5.0	45.52	9.2	31,155	0.0	14,428	4.0	1,418,298	9.2	8	1,005	100.0
Apr YTD 2012	59.0	3.8	95.58	3.5	56.39	7.4	120,600	0.0	71,155	3.8	6,800,703	7.4			
Total 2012	62.1	1.7	98.82	4.6	61.41	6.3	366,825	0.0	227,953	1.7	22,525,494	6.3			
Jan 13	52.9	-0.3	97.98	5.5	51.79	5.2	31,155	0.0	16,470	-0.3	1,613,666	5.2	8	1,005	100.0
Feb 13	60.8	3.0	102.61	6.1	62.39	9.3	28,140	0.0	17,110	3.0	1,755,675	9.3	8	1,005	100.0
Mar 13	62.1	-0.2	103.08	6.3	64.04	6.1	31,155	0.0	19,357	-0.2	1,995,253	6.1	8	1,005	100.0
Apr 13	66.2	7.1	103.35	8.2	68.40	15.8	30,150	0.0	19,953	7.1	2,062,236	15.8	8	1,005	100.0
May 13	69.3	8.1	113.80	5.0	78.82	13.5	31,155	0.0	21,579	8.1	2,455,646	13.5	8	1,005	100.0
Jun 13	78.7	5.4	99.30	4.0	78.19	9.7	30,150	0.0	23,742	5.4	2,357,472	9.7	8	1,005	100.0
Jul 13	70.6	-4.1	99.19	0.7	70.04	-3.5	31,155	0.0	21,998	-4.1	2,181,943	-3.5	8	1,005	100.0
Aug 13	72.2	13.6	104.40	4.5	75.43	18.7	31,155	0.0	22,509	13.6	2,349,961	18.7	8	1,005	100.0
Sep 13	69.1	11.0	107.35	7.8	74.22	19.7	30,150	0.0	20,846	11.0	2,237,760	19.7	8	1,005	100.0
Oct 13	72.1	4.2	107.50	5.0	77.56	9.4	31,155	0.0	22,477	4.2	2,416,387	9.4	8	1,005	100.0
Nov 13	61.8	11.0	107.29	7.4	66.31	19.3	29,790	-1.2	18,413	9.7	1,975,512	17.9	8	993	100.0
Dec 13	49.7	7.2	102.64	4.4	50.97	12.0	30,783	-1.2	15,287	6.0	1,569,068	10.6	8	993	100.0
Apr YTD 2013	60.4	2.4	101.89	6.6	61.58	9.2	120,600	0.0	72,890	2.4	7,426,830	9.2			
Total 2013	65.5	5.4	104.16	5.4	68.21	11.1	366,093	-0.2	239,741	5.2	24,970,579	10.9			
Jan 14	58.3	10.3	101.30	3.4	59.05	14.0	30,783	-1.2	17,945	9.0	1,817,872	12.7	8	993	100.0
Feb 14	64.5	6.0	106.34	3.6	68.55	9.9	27,804	-1.2	17,923	4.8	1,905,931	8.6	8	993	100.0
Mar 14	69.6	12.1	108.60	5.4	75.63	18.1	30,783	-1.2	21,438	10.8	2,328,191	16.7	8	993	100.0
Apr 14	70.3	6.3	110.06	6.5	77.41	13.2	29,790	-1.2	20,951	5.0	2,305,936	11.8	8	993	100.0
Apr YTD 2014	65.7	8.7	106.80	4.8	70.14	13.9	119,160	-1.2	78,257	7.4	8,357,930	12.5			

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Tab 10 - Help

Methodology

While virtually every chain in the United States provides STR with data on almost all of their properties, there are still some hotels that don't submit data. But we've got you covered.

Every year we examine guidebook listings and hotel directories for information on hotels that don't provide us with data. We don't stop there. We call each hotel in our database every year to obtain "published" rates for multiple categories. Based on this information we group all hotels - those that report data and those that don't - into groupings based off of price level and geographic proximity. We then estimate the non-respondents based off of nearby hotels with similar price levels.

Similarly, we sometimes obtain monthly data from a property, but not daily data. We use a similar process. We take the monthly data that the property has provided, and distribute it to the individual days based on the revenue and demand distribution patterns of similar hotels in the same location.

We believe it imperative to perform this analysis in order to provide interested parties with our best estimate of total lodging demand and room revenue on their areas of interest. Armed with this information a more informed decision can be made.

Glossary

ADR (Average Daily Rate)

Room revenue divided by rooms sold, displayed as the average rental rate for a single room.

Affiliation Date

Date the property affiliated with current chain/flag

Census (Properties and Rooms)

The number of properties and rooms that exist within the selected property set or segment.

Change in Rooms

Indicator of whether or not an individual hotel has added or removed rooms from their inventory.

Exchange Rate

The factor used to convert revenue from U.S. Dollars to the local currency.
The exchange rate data is obtained from Oanda.com. Any aggregated number in the report (YTD, Running 3 month, Running 12 month) uses the exchange rate of each relative month when calculating the data.

Extended Historical Trend

Data on selected properties or segments starting in 2000.

Demand (Rooms Sold)

The number of rooms sold (excludes complimentary rooms).

Full Historical Trend

Data on selected properties or segments starting in 1987.

Occupancy

Rooms sold divided by rooms available. Occupancy is always displayed as a percentage of rooms occupied.

Open Date

Date the property opened as a lodging establishment.

Percent Change

Amount of growth, up, flat, or down from the same period last year (month, ytd, three months, twelve months). Calculated as $((TY-LY)/LY) * "100"$.

Revenue (Room Revenue)

Total room revenue generated from the sale or rental of rooms.

RevPAR (Revenue Per Available Room)

Room revenue divided by rooms available

Sample % (Rooms)

The % of rooms from which STR receives data. Calculated as $(\text{Sample Rooms}/\text{Census Rooms}) * "100"$.

Standard Historical Trend

Data on selected properties or segments starting in 2005.

STR Code

Smith Travel Research's proprietary numbering system. Each hotel in the lodging census has a unique STR code.

Supply (Rooms Available)

The number of rooms times the number of days in the period.

Twelve Month Moving Average

The value of any given month is computed by taking the value of that month and the values of the eleven preceding months, adding them together and dividing by twelve.

Year to Date

Average or sum of values starting January 1 of the given year.

Tab 11 - Terms and Conditions

Before purchasing this product you agreed to the following terms and conditions.

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Smith Travel Research, Inc. ("STR") and purchaser of this product ("Licensee") agree as follows:

1. LICENSE

1.1 Definitions.

(a) "Agreement" means these Standard Terms and Conditions and any additional terms specifically set out in writing in the document(s) (if any) to which these Standard Terms and Conditions are attached or in which they are incorporated by reference, and, if applicable, any additional terms specifically set out in writing in any Schedule attached hereto.

(b) "Licensed Materials" means the newsletters, reports, databases or other information resources, and all lodging industry data contained therein, provided to Licensee hereunder.

1.2 Grant of License. Subject to the terms and conditions of this Agreement, and except as may be expressly permitted elsewhere in this Agreement, STR hereby grants to Licensee a non-exclusive, non-transferable, indivisible, non-sublicensable license to use, copy, manipulate and extract data from the Licensed Materials for its own INTERNAL business purposes only.

1.3 Copies. Except as expressly permitted elsewhere in this Agreement, Licensee may make and maintain no more than two (2) copies of any Licensed Materials.

1.4 No Service Bureau Use. Licensee is prohibited from using the Licensed Materials in any way in connection with any service bureau or similar services. "Service bureau" means the processing of input data that is supplied by one or more third parties and the generation of output data (in the form of reports, charts, graphs or other pictorial representations, or the like) that is sold or licensed to any third parties.

1.5 No Distribution to Third Parties. Except as expressly permitted in this Agreement, Licensee is prohibited from distributing, republishing or otherwise making the Licensed Materials or any part thereof (including any excerpts of the data and any manipulations of the data) available in any form whatsoever to any third party, other than Licensee's accountants, attorneys, marketing professionals or other professional advisors who are bound by a duty of confidentiality not to disclose such information.

1.6 Security. Licensee shall use commercially reasonable efforts to protect against unauthorized access to the Licensed Materials.

1.7 Reservation of Rights. Licensee has no rights in connection with the Licensed Materials other than those rights expressly enumerated herein. All rights to the Licensed Materials not expressly enumerated herein are reserved to STR.

2. DISCLAIMERS AND LIMITATIONS OF LIABILITY

2.1 Disclaimer of Warranties. The licensed materials are provided to the licensee on an "as is" and "as available" basis. STR makes no representations or warranties of any kind, express or implied, with respect to the licensed materials, the services provided or the results of use thereof. Without limiting the foregoing, STR does not warrant that the licensed materials, the services provided or the use thereof are or will be accurate, error-free or uninterrupted. STR makes no implied warranties, including without limitation, any implied warranty of merchantability, noninfringement or fitness for any particular purpose or arising by usage of trade, course of dealing, course of performance or otherwise.

2.2 Disclaimers. STR shall have no liability with respect to its obligations under this agreement or otherwise for consequential, exemplary, special, incidental, or punitive damages even if STR has been advised of the possibility of such damages. Furthermore, STR shall have no liability whatsoever for any claim relating in any way to any decision made or action taken by licensee in reliance upon the licensed materials.

2.3 Limitation of Liability. STR's total liability to licensee for any reason and upon any cause of action including without limitation, infringement, breach of contract, negligence, strict liability, misrepresentations, and other torts, shall be limited to all fees paid to STR by the licensee during the twelve month period preceding the date on which such cause of action first arose.

3. MISCELLANEOUS

3.1 Liquidated Damages. In the event of a violation of Section 1.5 of these Standard Terms and Conditions, Licensee shall be required to pay STR an amount equal to the sum of (i) the highest aggregate price that STR, in accordance with its then-current published prices, could have charged the unauthorized recipients for the Licensed Materials that are the subject of the violation, and (ii) the full price of the lowest level of republishing rights that Licensee would have been required to purchase from STR in order to have the right to make the unauthorized distribution, regardless of whether Licensee has previously paid for any lower level of republishing rights, and (iii) fifteen percent (15%) of the total of the previous two items. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

3.2 Obligations on Termination. Within thirty (30) days of the termination or expiration of this Agreement for any reason, Licensee shall cease all use of the Licensed Materials and shall return or destroy, at STR's option, all copies of the Licensed Materials and all other information relating thereto in Licensee's possession or control as of the such date. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

3.3 Governing Law, Jurisdiction and Venue. This Agreement shall be governed by the substantive laws of the State of Tennessee, without regard to its or any other jurisdiction's laws governing conflicts of law. Any claims or actions regarding or arising out of this Agreement shall be brought exclusively in a court of competent jurisdiction located in Nashville, Tennessee, and the parties expressly consent to personal jurisdiction thereof. The parties also expressly waive any objections to venue.

3.4 Assignment. Licensee is prohibited from assigning this Agreement or delegating any of its duties under this Agreement without the prior written consent of STR.

3.5 Independent Relationship. The relationship between the parties is that of an independent contractor. Nothing in this Agreement shall be deemed to create an employer/employee, principal/agent, partnership or joint venture relationship.

3.6 Notices. All notices required or permitted to be given hereunder shall be in writing and shall be deemed given i) when delivered in person, at the time of such delivery; ii) when delivered by facsimile transmission or e-mail, at the time of transmission (provided, however, that notice delivered by facsimile transmission shall only be effective if such notice is also delivered by hand or deposited in the United States mail, postage prepaid, registered, certified or express mail or by courier service within two (2) business days after its delivery by facsimile transmission); iii) when delivered by a courier service or by express mail, at the time of receipt; or iv) five (5) business days after being deposited in the United States mail, postage prepaid, registered or certified mail, addressed (in any such case) to the addresses listed on the first page of this Agreement or to such other address as either party may notify the other in writing.

3.7 Waiver. No waiver of any breach of this Agreement will be deemed to constitute a waiver of any subsequent breach of the same or any other provision.

3.8 Entire Agreement. This Agreement constitutes the entire agreement of the parties with respect to the matters described herein, superseding in all respects any and all prior proposals, negotiations, understandings and other agreements, oral or written, between the parties.

3.9 Amendment. This Agreement may be amended only by the written agreement of both parties.

3.10 Recovery of Litigation Costs. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

3.11 Injunctive Relief. The parties agree that, in addition to any other rights or remedies which the other or STR may have, any party alleging breach or threatened breach of this Agreement will be entitled to such equitable and injunctive relief as may be available from any court of competent jurisdiction to restrain the other from breaching or threatening to breach any of the provisions of this Section, without posting bond or other surety.

3.12 Notice of Unauthorized Access. Licensee shall notify STR immediately upon Licensee's becoming aware of any facts indicating that a third party may have obtained or may be about to obtain unauthorized access to the Licensed Materials, and shall fully cooperate with STR in its efforts to mitigate the damages caused by any such breach or potential breach.

3.13 Conflicting Provisions. In the event that any provision of these Standard Terms and Conditions directly conflicts with any other provision of the Agreement, the conflicting terms of such other provision shall control.

3.14 Remedies. In addition to any other rights or remedies that STR may have, in the event of any termination by STR on account of a breach by Licensee, STR may, without refund, immediately terminate and discontinue any right of Licensee to receive additional Licensed Materials from STR.

Demand Analysis

The management of the various competitive hotels revealed that room-night demand within the competitive supply is currently generated by two major market segments: leisure travelers, 75%, and commercial segment, 25%, on an annual basis.

Commercial Guest Demand

Commercial travelers, who are 25% of the market, generally have strong demand for rooms from mid-January to mid-June, and again from mid-September to mid-December. The summer time of mid-June to mid-September has moderate demand, with the mid-December to mid-January period very low.

In the more commercially-oriented properties, the weekday market is strongest. This is due to the strength of the commercial market during Monday through Thursday. When extended-stay amenities are added to the guest rooms, the annual guest occupancy increases, as various companies cut travel costs of their personnel. The commercial room demand in the Amherst area is increasing, and hotels are changing their guestroom mix and adding facilities and amenities to cater to this business. Commercial travelers are comprised of corporate business, military and sales personnel. However, government employees are also included in this group. The government business is primarily that of the State of Virginia with a contribution by national government interests.

Projected Growth Rates Commercial Room Night Demand			
<i>Year</i>	<i>Weekday</i>	<i>Weekend</i>	<i>Annual</i>
2017, 2018	1%	0	1%
2019-2021	1%	0	1%

Source: Interim Hospitality Consultants

Leisure Demand

Leisure travelers represent the 75% of demand for lodging accommodations in the competitive market area. This segment is made up of vacationing families, followed by individual senior citizens, amateur athletes, and motor coach tours. The average length of stay was 1.1 days according to information supplied by interviews with local hotels. The following are the projected growth rates for leisure room-night demand for the years 2017 to 2021.

Projected Growth Rates Leisure Room Night Demand			
Year	Weekday	Weekend	Annual
2017, 2018	0%	1%	1%
2019-2021	0%	1%	1%

Source: Interim Hospitality Consultants

Proposed Hotel Base Year

As of the date of this Study, June, 2014, it is understood that the property will open in 2016 at the earliest. Therefore, the first full base year of the hotel will be 2017.

Base Year and Projected Market Demand, Available Rooms and Occupancy					
Year	Leisure 75%	Commercial 25%	Total Guestroom Nights Occupied 100%	Annual Available Rooms-A	Market Set Occupancy-B
2017	6,625	2,208	8,833	16,060	69.0%
2018	6,745	2,248	8,994	16,060	70.0%
2019	6,866	2,289	9,159	16,060	71.0%
2020	7,005	2,335	9,340	16,104	72.0%
2021	7,107	2,369	9,475	16,060	73.0%

Source: Interim Hospitality Consultants

Annual Available Rooms

Subject Cobblestone Hotel	44
Total Rooms	44

Projected Annual Growth Rate	2016-2017	2018-2020
Commercial Room Demand	1.0%	1.0%
Leisure Room Demand	<u>1.0%</u>	<u>1.0%</u>
Annual Total Projected Growth Rate	2.0%	2.0%

Summary

There are no hotels in Amherst, Virginia reporting their hotel data to Smith Travel Research. Interim Hospitality Consultants selected eight mid-priced, transient hotels in Lynchburg, Virginia as an indication of Potential Market Demand for Amherst all based on the excellent demand generator of nearby Lynchburg, Virginia.

The eight Lynchburg properties have an average Occupancy of 60.5% from 2008 to 2013. At an Average Daily Rate of \$95.14 this is excellent stability of hotel business in South Central Virginia. This success bodes well for the proposed Cobblestone Inn as the findings of this Feasibility Study come to fruition.

PROPOSED FACILITIES AND SERVICES

Based on the demand for lodging accommodations in the competitive market area of the proposed hotel, and the review of the pertinent characteristics of area visitors, the following general comments regarding the nature and scope of the facilities and services to be provided by the proposed hotel are presented. The plan presented coincides with the project developer's concept, with which we concur in the outlined quality and scope of the proposed hotel development.

Site Plan

The 44-room Cobblestone Inn to be located in the Ambriar Retail Center on U.S. 29 South at the U.S. 29 By-Pass, Amherst, Virginia, will be oriented to provide ease of guest usage and feature a 30-person Meeting Room, an indoor swimming pool along with a Sun Deck and an evening fire pit.

Hotel Building

A Cobblestone Inn exemplifies a true mid-priced interior corridor hotel with guest room amenities expected by the traveling public in 2014. The hotel is reminiscent of a Hilton Hampton Inn or a Holiday Inn Express.

The two-story building can be adapted to three stories if required by site constraints. Each hotel incorporates local architecture and exterior features of décor. An oversized porte-co-chère welcomes each guest. The single front door is not an electronic sliding door – but may be added if warranted by the market.

Lobby

A gas flame natural stone fireplace and mantel establishes a warm, friendly welcome into the hotel lobby. Conventional overstuffed sofas and chairs are appreciated by all guests. Each lobby features a single person business center with computer and color printer. Guests' faxes are complimentary at the front desk. A banking ATM is also in the lobby.

Breakfast Area

The self-served hot breakfast area has table seating for 12 and eight bar stools. Breakfast is served at 6:00 a.m. to 9:00 a.m. weekdays, and 7:00 a.m. to 10:00 a.m. on weekends, featuring premium Wolfgang Puck coffee, available 24 hours a day.

Social Bar

The eight bar stools are adjacent to the front desk offering, depending upon local ordinances:

- Full liquor, beer and wine, or
- Beer and wine, or
- Gourmet coffee and tea
- Certain hotels also heat and sell frozen pizza.

Each Cobblestone Hotel location is subject to local ordinances and the volume of revenue and expenses are minimal, due to the size of the hotel. The proforma of this study did not factor the monetary amounts of this very well received guest amenity.

All Cobblestone Hotels feature a Retail Center and Guest Fitness Center/Laundry.

Retail Center

A full guest Retail Center is adjacent to the front desk, offering cold beverages, frozen food and ice cream as well as snacks, candy and toiletries. Certain hotels offer souvenirs unique to that community.

Revenues for the area are minimal; however, with a very high guest satisfaction point. Income and expenses are factored under Retail Center in the Performa.

Fitness Room – Guest Laundry

A two-person Fitness Center, also hosting a washer-dryer, is available to all guests.

Corridors and Stairways

The guest room corridor is six feet wide and the ground floor features a guest luggage cart. The two stairwells at each end of the building have vinyl wall covering and are fully carpeted with heating and air conditioning.

Hotel Guest Rooms

The guest room key is a Radio Frequency Identification (RFID) lock technology.

All guest rooms feature:

- Hospitality Center of refrigerator/freezer, microwave and coffee maker
- Full open closet with ironing board, iron and luggage rack
- Free-standing lamps and 42-inch High Definition television
- Bedside convenience electric and USB outlets
- Full-size bath, shower/tub and two framed dressing mirrors

Each hotel has one or two Extended Stay Suites with a full kitchen, parlor with sofa bed and a separate King bedroom. Certain hotels feature a Celebration King Room with a whirlpool tub for two.

The Hotel Feasibility Study for each Cobblestone Inn will delineate the hotel features that should be included to meet that community's hotel market. These market-driven amenities are the basis of overall hotel profitability:

1. Flexibility in offering 30-50 guest rooms
2. Electronic sliding front door
3. Guest elevator to upper floors
4. Indoor swimming pool
5. Meeting room for 30 guests

6. Additional extended-stay rooms
7. Separate Conference Center building for 100-500 guests
8. Sun Patio adjacent to the indoor pool with evening fire pit
9. Guest room safe
10. Exterior architectural design to the local market

Human Resources

The selection of the hotel market-driven features establishes a lower construction cost. However, the key to operating the 30-50 room profitability is the multi-tasking of all employees. A typical 30-50 room Cobblestone Inn has only three full time and four to five part-time employees.

- A hotel day begins at 5:00 a.m. with the Night Auditor preparing the hot breakfast by 6:00 a.m., while continuing front desk duties until 7:00 a.m.
- At 7:00 a.m., the Hotel Manager arrives to perform front desk duties until 3:00 p.m. Additionally, the Hotel Manager serves and cleans up breakfast while performing daily General Manager paperwork. By 11:00 a.m. the Manager is cleaning the lobby and vacuuming the hotel guest rooms that were cleaned by the previous evening's Desk Clerk and Night Auditor, but not vacuumed as carpet cleaning is not permitted after 8:00 p.m. The Manager/Desk Clerk/Room Attendant cleans the rooms on the second floor. If the hotel is sold out, the Manager will schedule a part-time Room Attendant to service a number of rooms on the second floor. If the hotel also has a meeting room, a part-time houseman may be added for the servicing of the meeting room, swimming pool and other hotel areas.
- At 3:00 p.m. the "B-Shift" Desk Clerk relieves the General Manager from front desk duties and also cleans first floor guest rooms along with registering new arriving guests and hosting the Lobby Bar.
- The Night Auditor arrives at 11:00 p.m., performs the night audit, and all hotel laundry operations which includes restocking the Room Attendant carts on both floors.

This multi-tasking desk clerk operation is facilitated by a "ring down" telephone. The arriving guest picks up the telephone located on the Front Desk Center to request the Desk Clerk. A second phone is located in the hotel vestibule to summon the "C-Shift" Night Auditor.

Total Hotel Payroll and Burden expense is factored at under 20% of total revenues for a Cobblestone Inn. A normal 80-room limited-service hotel has a payroll cost in excess of 25%.

The Cobblestone Business Plan of market-driven amenities, first class, mid-priced transient hotel rooms, coupled with a multi-tasking hotel staff, produces a profitable Cobblestone Inn in nearly 50 small communities across the United States.

Room Mix

The Market Research for this Study revealed that 25% of the market is the commercial guest, and 75% is leisure, as discussed in the Supply and Demand Section of this Study.

Cobblestone Inn Amherst, Virginia Proposed Room Mix	
15	King Room
25	Queen/Queen Room
2	Celebration Suite
2	King Extended Stay Suite
44	Total Rooms

Source: Interim Hospitality Consultants

Summary

The Market Research for this Feasibility Study has revealed that there is sufficient demand for a 44-room upscale, mid-priced, limited-service hotel. The developer has selected Cobblestone Inn.

A Cobblestone Inn exemplifies a true mid-priced interior corridor hotel with guest room amenities expected by the traveling public in 2014. The hotel is reminiscent of a Hilton Hampton Inn or a Holiday Inn Express.

The two-story building can be adapted to three stories if required by site constraints. Each hotel incorporates local architecture and exterior features of décor. An oversized porte-co-chère welcomes each guest.

A gas flame natural stone fireplace and mantel establishes a warm, friendly welcome into the hotel lobby.

Breakfast Area

The self-served hot breakfast area has table seating for 12 and eight bar stools. Breakfast is served at 6:00 a.m. to 9:00 a.m. weekdays, and 7:00 a.m. to 10:00 a.m. on weekends, featuring premium Wolfgang Puck coffee, available 24 hours a day.

Social Bar

The eight bar stools are adjacent to the front desk offering, depending upon local ordinances:

- Full liquor, beer and wine, or
- Beer and wine, or
- Gourmet coffee and tea
- Certain hotels also heat and sell frozen pizza.

Each Cobblestone Hotel location is subject to local ordinances and the volume of revenue and expenses are minimal, due to the size of the hotel. The proforma of this study did not factor the monetary amounts of this very well received guest amenity.

All Cobblestone Hotels feature a Retail Center and Guest Fitness Center/Laundry.

Hotel Guest Rooms

The guest room key is a Radio Frequency Identification (RFID) lock technology.

All guest rooms feature:

- Hospitality Center of refrigerator/freezer, microwave and coffee maker
- Full open closet with ironing board, iron and luggage rack
- Free-standing lamps and 42-inch High Definition television
- Bedside convenience electric and USB outlets
- Full-size bath, shower/tub and two framed dressing mirrors

Each hotel has one or two Extended Stay Suites with a full kitchen, parlor with sofa bed and a separate King bedroom. Certain hotels feature a Celebration King Room with a whirlpool tub for two.



The Hotel Feasibility Study for each Cobblestone Inn delineates the hotel features that should be included to meet that community's hotel market. These market-driven amenities are the basis of overall hotel profitability and may not be included in an individual property as they are selected on meeting the guests' needs:

1. Flexibility in offering 30-50 guest rooms
2. Electronic sliding front door
3. Guest elevator to upper floors
4. Indoor swimming pool
5. Meeting room for 30 guests
6. Additional extended-stay rooms
7. Separate Conference Center building for 100-500 guests
8. Sun Patio adjacent to the indoor pool with evening fire pit
9. Guest room safe
10. Exterior architectural design to the local market

The selection of the hotel market-driven features establishes a lower construction cost. However, the key to operating the 30-50 room hotel profit is the multi-tasking of all employees. A typical 30-50 room Cobblestone Inn has only three full time and four to five part-time employees.

Cobblestone Inn Amherst, Virginia Proposed Room Mix	
15	King Room
25	Queen/Queen Room
2	Celebration Suite
2	King Extended Stay Suite
44	Total Rooms

Source: Interim Hospitality Consultants

Cobblestone Inn Hotel Information

The following pages illustrate the hotel prototype of lobby, administration, housekeeping, guest rooms, meeting room, and amenities in the proposed hotel as well as information about the Cobblestone Inn Hotel. Additional information from the franchisor is presented in their literature found in the Conclusions Section of this Study.



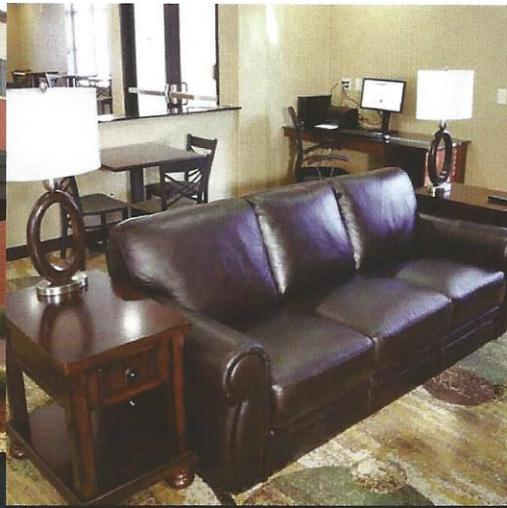
COBBLESTONE HOTELS

ADDRESS: 980 AMERICAN DRIVE, NEENAH, WI 54956

PHONE: (920) 230-2622

WEB: www.staycobblestone.com

www.cobblestonedream.com



The Cobblestone Hotels Brand has become a trusted brand by guests and hoteliers alike. Hotel Brand Franchising can be a tough process to go through. It is an uncomplicated and easy process when you franchise with Cobblestone Hotels. Whether you are a conversion to our Boarders Inn and Suites by Cobblestone Brand or a newly built Cobblestone Inn and Suites or Cobblestone Hotel and Suites Brands, we make the process easy for you, our client. Why is Cobblestone Hotels different?

COBBLESTONE HOTELS UNDERSTANDS

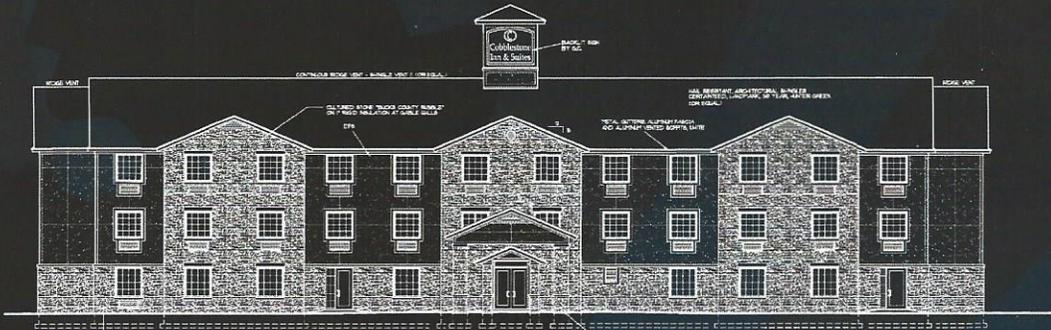
We work for our Franchisees. Not the other way around.

COBBLESTONE HOTELS CARES

As a growing brand, we make sure our franchisees are happy. As seasoned industry leaders, our team knows what happens when a client is not happy. They leave, tell all their colleagues/family/friends that they were not happy, and do not return. Our current franchisees are our best sales people.

COBBLESTONE HOTELS IS FAIR

When you franchise with Cobblestone Hotels you receive low flat pricing with the same services and support that you do and should expect from every other brand available.



FRONT ELEVATION
1/8" = 1'-0"



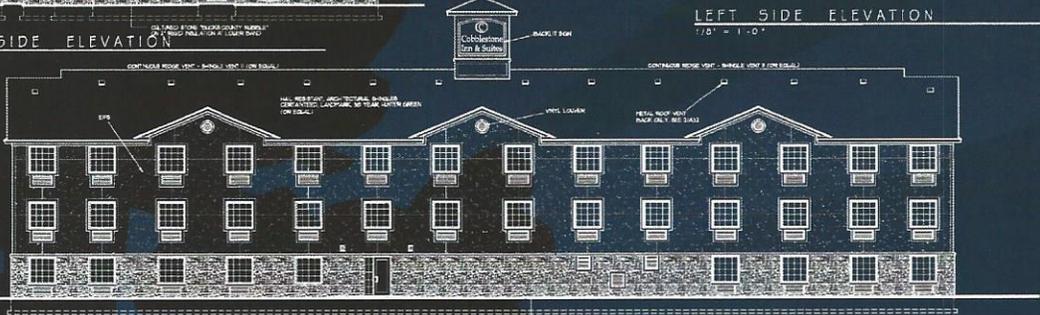
SIGN/CUPOLA DETAIL
1/4" = 1'-0"



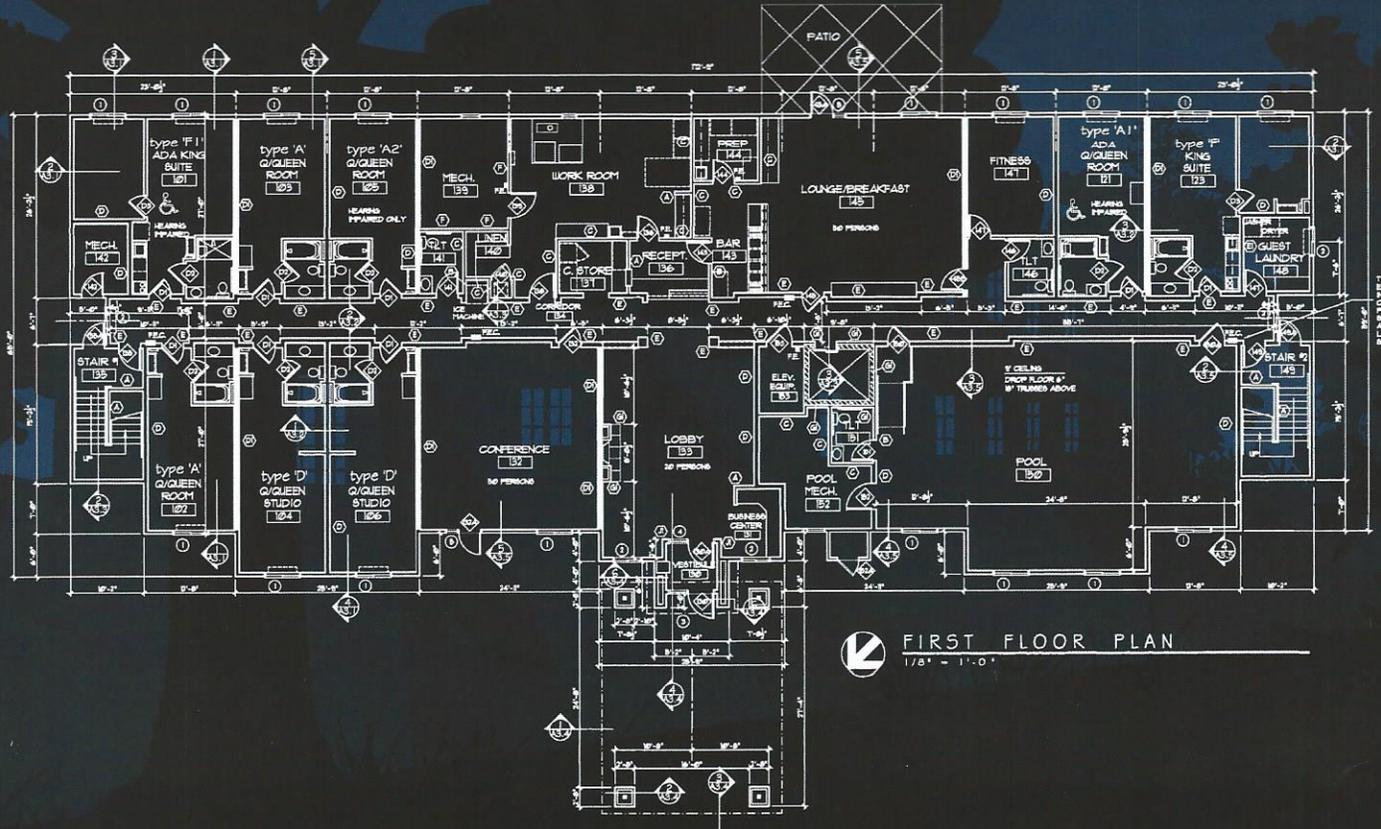
RIGHT SIDE ELEVATION
1/8" = 1'-0"



LEFT SIDE ELEVATION
1/8" = 1'-0"



BACK ELEVATION
1/8" = 1'-0"



FIRST FLOOR PLAN
1/8" = 1'-0"



- *Classic Inn Design with stone accents*
- *Portechere entrance*
- *Welcome Lobby with Fireplace*





- ***Multi-Level Front Desk with pass-through window to the Retail Center***
- ***Direct Line Phone for guest use to summon the Desk Clerk, who may be performing other duties in the hotel***





- *Lobby Breakfast and Social Hour Bar*



- *Lobby Dining*





Retail Center



Guest Business Center



First Floor Corridor with Luggage Cart



*Finished stairway to Second Floor
Guest Rooms*



*Cobblestone Hotel King Suite Room
Photo by Corporate Office*



King Room





Two Queen Beds

Bedside Convenience Power and USB Outlets



- Hospitality Center in every room with:*
- Refrigerator/Freezer
 - Microwave
 - Coffee Maker
 - Full Open Closet
 - Ironing Board/Iron
 - Luggage Rack





Extended Stay King Suite with Full Kitchen





Typical Guest Bathroom



Handicapped Equipped Bathroom





*Fitness Center
And
Guest Laundry*





Housekeeping/Laundry



Dirty Laundry drop from the Second Floor



Maintenance/Boilder Room



Environmental Concerns

Information from the U.S. Green Building Council (USGBC) is presented at the end of this Section F. The information is provided as a base to assist in the development of a “Green” development/building project.

Leadership in Energy and Environmental Design (LEED®®) Green Building Rating System

Welcome to USGBC

The U.S. Green Building Council is a 501(c)(3) nonprofit community of leaders working to make Green Buildings available to everyone within a generation.

The U.S. Green Building Council (USGBC) is a Washington, D.C. –based 501(c)(3) nonprofit organization committed to a prosperous and sustainable future for our nation through cost-efficient and energy-saving Green Buildings. USGBC works toward its mission of market transformation through its LEED® Green Building certification program, robust educational offerings, a nationwide network of chapters and affiliates, the annual Greenbuild International Conference & Expo, and advocacy in support of public policy that encourages and enables Green Buildings and communities.

The LEED® Green Building certification program is a voluntary, consensus-based national rating system for buildings designed, constructed and operated for improved environmental and human health performance. LEED® addresses all building types and emphasizes state-of-the-art strategies in five areas sustainable site development, water savings, energy efficiency, materials and resources selection, and indoor environmental quality.

LEED® Rating Systems

What is LEED®?

The Leadership in Energy and Environmental Design (LEED®) Green Building Rating System™ encourages and accelerates global adoption of sustainable Green Building and development practices through the creation and implementation of universally understood and accepted tools and performance criteria.

LEED® is a third-party certification program and the nationally accepted benchmark for the design, construction and operation of high performance Green Buildings. LEED® gives building owners and operators the tools they need to have an immediate and measurable impact on their buildings’ performance. LEED® promotes a whole-building

approach to sustainability by recognizing performance in five key areas of human and environmental health: sustainable site development, water savings, energy efficiency, materials selection and indoor environmental quality.

Who uses LEED®?

Architects, real estate professionals, facility managers, engineers, interior designers, landscape architects, construction managers, lenders and government officials all use LEED® to help transform the built environment to sustainability. State and local governments across the country are adopting LEED® for public-owned and public-funded buildings; there are LEED® initiatives in federal agencies, including the Departments of Defense, Agriculture, Energy, and State; and LEED® projects are in progress in 41 different countries, including Canada, Brazil, Mexico and India.

How is LEED® Developed?

LEED® Rating Systems are developed through an open, consensus-based process led by LEED® communities. Each volunteer committee is composed of a diverse group of practitioners and experts representing a cross-section of the building and construction industry. The key elements of USGBC's consensus process include a balanced and transparent committee structure, technical advisory groups that ensure scientific consistency and rigor, opportunities for stakeholder comment and review, member ballot of new rating systems, and a fair and open appeals process.

LEED® Version 3

The LEED® Green Building certification program's greatest strength lies in its consensus-based, transparent, ongoing development cycle. The next version of LEED® is here! On April 27, 2009, USGBC launched LEED® v3. The ability to be flexible allows LEED® to evolve, taking advantage of new technologies and advances in building science while prioritizing energy efficiency and CO₂ emissions reductions.

Project Certification

As part of the newly launched LEED® v3, the Green Building Certification Institute (GBCI) has assumed administration of LEED® certification for all commercial and institutional projects registered under any LEED® Rating System.

LEED® certification provides independent, third-party verification that a building project meets the highest Green building and performance measures. Sustainable building strategies should be considered early in the development cycle. An integrated project team will include the major stakeholders of the project such as the developer/owner, architect, engineer, landscape architect, contractor, and asset and property management staff. Implementing an integrated, systems-oriented approach to Green project design,

development and operations can yield synergies and improve the overall performance of a building. Initial LEED® assessment will bring the project team together to evaluate and articulate the project's goals and the certification level sought.

There are both environmental and financial benefits to earning LEED® certification.

LEED®-certified buildings are designed to:

- Lower operating costs and increase asset value.
- Reduce waste sent to landfills.
- Conserve energy and water.
- Be more healthful and safer for occupants.
- Reduce harmful greenhouse gas emissions.
- Qualify for tax rebates, zoning allowances and other incentives in hundreds of cities.
- Demonstrate an owner's commitment to environmental stewardship and social responsibility.

Eligibility

Commercial buildings as defined by standard building codes are eligible for certification under the LEED® for New Construction, LEED® for Existing Buildings, LEED® for Commercial Interiors, LEED® for Retail, LEED® for Schools, and LEED® for Core & Shell rating systems. Building types include – but are not limited to – offices, retail and service establishments, institutional buildings (e.g., libraries, museums and religious institutions), hotels and residential buildings of four or more habitable stories.

Green Building Research

The built environment has a profound impact on our natural environment, economy, health, and productivity.

In the United States alone, buildings account for:

- 72% of electricity consumption,
- 39% of energy use,
- 38% of all carbon dioxide (CO₂) emissions,
- 40% of raw materials use,
- 30% of waste output (136 million tons annually), and
- 14% of potable water consumption.

Benefits of Green Building

Environmental benefits:

- Enhance and protect ecosystems and biodiversity.
- Improve air and water quality.
- Reduce solid waste.
- Conserve natural resources.

Economic Benefits:

- Reduce operating costs.
- Enhance asset value and profits.
- Improve employee productivity and satisfaction.
- Optimize life-cycle economic performance.

Health and community benefits:

- Improve air, thermal, and acoustic environments.
- Enhance occupant comfort and health.
- Minimize strain on local infrastructure.
- Contribute to overall quality of life.

Rankings of Completed Projects

Under LEED® there are 100 possible Base Points distributed across six credit categories:

- Sustainable Sites.
- Water Efficiency.
- Energy and Atmosphere.
- Materials and Resources.
- Indoor Environmental Quality.
- Innovation in Design.

An additional four points may be received for Regional Priority Credits and six points for Innovation in Design.

Total points buildings can qualify for four levels of certification:

- | | |
|--------------------|--------------|
| A. LEED® Platinum | 80 and above |
| B. LEED® Gold | 60 and above |
| C. LEED® Silver | 50 and above |
| D. LEED® Certified | 40 and above |

PROJECTED UTILIZATION OF THE PROPOSED HOTEL

The supply and demand analysis included general overviews of the Amherst, Virginia, market area, a detailed analysis of the properties projected to provide competition to the proposed hotel, a discussion of the characteristics of room-night demand, and projections of future room supply and demand within the competitive environment. In this section, the information which has been presented in the preceding chapters is synthesized to project the utilization of the proposed hotel.

Projected Market Penetration and Occupancy

Market Penetration.

The potential occupancy of the proposed hotel has been evaluated in terms of its “Fair Share” of market demand. Fair share is the number of rooms in the proposed hotel as a percentage of the total market area supply. There are presently no properties which would compete with the proposed hotel. The number of units in the proposed hotel, the projected market area available rooms per day, and the resulting fair share percentage for the period 2017 through 2021 are listed below:

Fair Share of the Proposed Cobblestone Inn 2017 – 2021			
<i>Year</i>	<i>Number of Rooms in Proposed Hotel</i>	<i>Projected Market Area Supply of Rooms</i>	<i>Projected Fair Share of Proposed Hotel</i>
2017	44	44	100.0%
2018	44	44	100.0%
2019	44	44	100.0%
2020	44	44	100.0%
2021	44	44	100.0%

Source: Interim Hospitality Consultants

Induced Room Demand represents hotel guests who are attracted to the Market Area due to new attractions or the specific hotel new amenities not found in the competitive hotels.

Assuming that each competitive property, including the proposed hotel, were to receive only its fair share of the market demand from 2017 through 2021, each would achieve projected occupancies ranging from 100.0% in 2017 to 100.0% in 2021, the projected market set occupancy, during the projection period.

To further refine the analysis and to take into account the qualitative factors affecting the occupancy of a lodging facility, the proposed hotel’s competitive position was evaluated by an analysis that relates the most important factors which influence a potential guest’s choice of lodging facilities. Such a comparison of the hotel’s advantages and disadvantages indicates the degree to which a hotel could penetrate a given market relative to its fair share. Market penetration (percent of fair share) is the percentage of demand actually accruing to a hotel, calculated as the ratio between the number of rooms occupied in the property and the fair share of occupied rooms attributable to that property. The proposed hotel must capture a portion of both (1) current room-night demand, and (2) growth in demand for overnight accommodations, to obtain the projected occupancy levels.

In this instance, the proposed property should have a number of competitive advantages. Its competitors may be considered less desirable by potential market users due to the lack of certain characteristics which will be unique to the proposed facility. The following factors and assumptions are major considerations in determining the penetration potential of the proposed hotel relative to its competitors:

1. *Location:* In the Ambriar Retail Center on U.S. 29 South at the U.S. 29 Bypass, Amherst, Virginia.

2. *Accessibility and Visibility:* Extremely good accessibility coupled with excellent street corner visibility.
3. *Market Orientation:* The proposed hotel would be directly positioned to the leisure guest in addition to the commercial market segment.
4. *Room Mix:*

Cobblestone Inn Amherst, Virginia Proposed Room Mix	
15	King Room
25	Double Queen Room
2	Celebration Suite
2	King Extended Stay Suite
44	Total Rooms

Source: Interim Hospitality Consultants

Included in the room mix will be an appropriate number of rooms with full access for the physically challenged.

5. *Room Amenities:* Oversized beds with plush duvet covers and triple sheets, hospitality center of refrigerator/freezer, microwave and coffee maker; full open closet with ironing board, iron and luggage rack; free-standing lamps and 42-inch high definition televisions; bedside convenience electric and USB outlets; and full size-bath with shower/tub and two framed dressing mirrors.
6. *Hotel Amenities:* Meeting space to accommodate small to mid-sized groups, a complimentary 24-hour business center, 24-hour fitness room, indoor swimming pool with sun deck and evening fire pit, and complimentary WiFi throughout the hotel. A Social Bar adjacent to the front desk offering, depending upon local ordinances: full liquor, beer and wine; or beer and wine; or gourmet coffee and tea.
7. *Complimentary Breakfast:* A self-served hot breakfast area with table seating for 12 and eight bar stools. Breakfast is served from 6:00 a.m. to 9:00 a.m. weekdays, and 7:00 a.m. to 10:00 a.m. on weekends, featuring premium Wolfgang Puck coffee, available 24 hours a day.
8. *Newness:* The project will be the newest hotel in the competitive supply, thereby offering more appeal to the proposed property.
9. *National Franchise:* The facility will gain instant name recognition and set itself apart from other competitive hotels when it positions itself in the upscale, mid-priced transient hotel market.

10. *Hotel Management:* The facility will be professionally managed and aggressively marketed.

While the foregoing is primarily a qualitative analysis, it represents a fair approximation of the projected market situation based on the fieldwork.

The proposed hotel's market penetration and underlying assumptions are summarized as follows:

1. *Leisure:* Due to the hotel being marketed as the number-one quality product in the mid-priced limited-service hotel classification, the hotel's projected penetration of fair market share will run at 100% over the five-year projection period.
2. *Commercial:* The fair market share of commercial business is projected to run at 100.0%. This can be achieved with a professional sales marketing effort. If for any reason the tourist business declines through seasonality or energy shortages, state and local commercial solicitation must be made to offset the decline.
3. *Occupancy:* The projected occupancy should be attainable if the property is built as described, professionally operated in all facets, and business of the area continues to be positive. In years 3 to 5, additional competition may materialize to substantially reduce the projections.

Market Penetration is the percentage of demand for rooms projected for the proposed Cobblestone Inn. It is calculated as the ratio between the number of rooms projected to be occupied at the proposed hotel against the Fair Share of occupied rooms attributed to the hotel's Market Set.

To calculate Market Penetration, information from the Supply and Demand Analysis Section of this Study indicates:

Step One:

a. Total of year round Hotel Market Set of Rooms	44
b. Times estimated average occupancy	55.0%
c. Times days in year	365
d. Equals total Guest Room Nights	8,833
e. Times Cobblestone Inn Fair Share	100.0%
f. Equals the Goal of Guest Room Nights the Cobblestone Inn must achieve	8,833

Step Two:

- a. Convert the projected Cobblestone Inn 2017 occupancy of 125.5% into Occupied Guest Room Nights 11,081
- b. Divided by the Goal of 8,833
- c. Equals the Cobblestone Inn Market Penetration 125.5%

Market Penetration must be at least 100% to be equal with the hotel's Market Set of competitors. The higher the total is over 100, the stronger the leadership of the hotel. If the Market Penetration is under 100, then something is wrong in the hotel's image, features, or marketing, and must be corrected.

Future Years Market Penetration			
2018	2019	2020	2021
125.0%	124.6%	124.1%	123.7%

Consecutive Market Penetration for future years with no addition to the Market Set and prior to operations success.

Proposed 44-Room Cobblestone Inn Projected Market Penetration, Room-Night Demand and Occupancy						
		2017	2018	2019	2020	2021
Projected Room Demand						
Commercial	25%	2,208	2,248	2,289	2,335	2,369
Leisure	75%	6,625	6,745	6,866	7,005	7,107
Total Demand	100%	8,833	8,994	9,154	9,340	9,475
Fair Share Ratio		100.0%	100.0%	100.0%	100.0%	100.0%
Projected Penetration as a Percentage of Fair Market Share						
		125.5%	125.0%	124.6%	124.1%	123.7%
Projected Market Penetration						
Commercial	25%	2,770	2,811	2,851	2,899	2,931
Leisure	75%	8,311	8,432	8,552	8,696	8,793
Total Market Penetration	100%	11,081	11,242	11,403	11,595	11,724
Available Rooms at the Proposed Hotel						
	44	16,060	16,060	16,060	16,104	16,060
Projected Occupancy		69%	70%	71%	72%	73%

Source: Interim Hospitality Consultants

Note: Totals may not foot due to rounding.

Cobblestone Inn Amherst, Virginia Optimum Proforma Year One					
		<i>Season</i>	<i>Shoulder</i>	<i>Balance of Year</i>	<i>2017</i>
<i>Months Days</i>		4,5,6,7,8,10 184	2,3,9,11 119	1,12 62	365
<i>Room Mix</i>	<i># Rooms</i>				
King Room	15	130.00	100.00	85.00	
Double Queen Room	25	130.00	100.00	85.00	
Celebration Suite	2	135.00	125.00	125.00	
King Extended Stay Suite	2	115.00	95.00	75.00	
Total Rooms:	44				
Optimum Revenue					
King Room	15	358,800	178,500	79,050	616,350
Double Queen Room	25	598,000	297,500	131,750	1,027,250
Celebration Suite	2	49,680	29,750	15,500	94,930
King Extended Stay Suite	2	42,320	22,610	9,300	74,230
Total Optimum Revenue	44	1,048,800	528,360	235,600	1,812,760
Seasonal Occupancy		80.0%	70.0%	35.0%	69.1%
Optimum Guest Room Nights		8,096	5,236	2,728	16,060
Seasonal Guest Room Nights		6,477	3,665	955	11,097
Seasonal Revenue		839,040	369,862	82,460	1,291,352
Seasonal Average Daily Rate		129.55	100.91	86.36	116.37
Average Daily Rate use					116.00
Occupancy use					69.0%

Projected Average Room Rate

The projections of average room rate for the proposed hotel are based on the following factors:

1. The competitive market position of the proposed hotel as one of the newest projects in the area.
2. The assumption that the proposed hotel will be professionally managed and aggressively marketed.
3. The assumption that the proposed hotel will be affiliated with a national franchise chain.
4. The assumption that the proposed mid-priced hotel will command a rate, somewhat commensurate with competition of higher room rates.

A detailed review of recent trends in room rate increases to estimate the impact of inflation was conducted along with the consideration of the specific experience of the hotels in the competitive market.

Based on the above assumptions and details, the proposed Cobblestone Inn Hotel should achieve an initial average rate \$116.00 in the first stabilized year of operations, 2017.

An inflation rate of 5% per year was assumed. The following table summaries the current year (inflated) dollar room rates projected for the proposed hotel.

Projected Average Room Rate (Current Year Dollars)	
<i>Year</i>	<i>Average Room Rate</i>
2017	\$116.00
2018	\$119.00
2019	\$123.00
2020	\$127.00
2021	\$131.00

Source: Interim Hospitality Consultants

The projected average room rates could be materially different if significantly higher or lower rates of inflation are actually experienced. Since the actual rates of inflation cannot be predicted with any degree of certainty, no assurance is given that the actual average room rates achieved will not vary materially from those projected in this Study.

Summary

Based upon the occupancy of the Cobblestone Inn, the proposed hotel's Total Market Penetration and underlying assumptions are summarized as follows:

1. *Leisure:* Due to the hotel being marketed as the number one quality product in the mid-priced limited-service hotel classification, the hotel's projected penetration of fair market share will range from 125.5% to 123.7% over the five-year projection period.
2. *Commercial:* The fair market share of commercial business is projected to run at 25.0%. This can be achieved with a professional sales marketing effort. If for any reason the tourist business declines through seasonality or energy shortages, state and local commercial solicitation must be made to offset the decline.

3. *Occupancy:* The projected occupancy should be attainable if the property is built as described, professionally operated in all facets, and business of the area continues to be positive. In years 3 to 5, additional competition may materialize to substantially reduce the projections.

These projections are based on estimates and assumptions developed in connection with the Feasibility Study. However, certain assumptions may not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the projection period may vary from the forecasts, and the variations may be material.

Proposed Cobblestone Inn Amherst, Virginia			
<i>Year</i>	<i>Occupancy</i>	<i>Average Daily Rate</i>	<i>Room Revenue</i>
2017	69.0%	\$116.00	\$1,285,440
2018	70.0%	\$119.00	\$1,337,800
2019	71.0%	\$123.00	\$1,402,520
2020	72.0%	\$127.00	\$1,472,550
2021	73.0%	\$131.00	\$1,535,820

Source: Interim Hospitality Consultants

FINANCIAL PROFORMA

Projections of the annual operating results for the proposed Cobblestone Inn were prepared for five years, 2017 through 2021 and presented in U.S. Dollars. The projections are based on the results of operations in comparable facilities and our calculations regarding the environment in which the proposed hotel would operate. The bases found on the following pages were prepared in constant dollars, June, 2014, with slight inflation increases noted in the Proforma Schedules.

The PKF Hospitality Research *Trends in the Hotel Industry- USA Edition-2013* Report for Limited Service Hotels, is positioned as a benchmark for the Proforma of the proposed hotel.

The hotel is scheduled to open during 2016, thus the first full year will be 2017. The Proforma for 2017 was calculated by line-item classifications of all types of Revenues, Payroll and Other Expenses in each Department. These Schedules have been prepared according to the guidelines set forth in the “Uniform System of Accounts for the Lodging Industry, Tenth Revision Edition.” Subsequent years of the Proforma were adjusted to inflation and normal usage factors of a mid-priced transient hotel.

The accompanying projections are based on estimates and assumptions developed in connection with the Feasibility Study. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur, therefore, actual results achieved during the projection period will vary from the projections and the variations may be material.

**Cobblestone Inn
Amherst, Virginia
Proforma Year One**

44 Rooms

Schedule 1 of 9

	<i>Full Year</i>	<i>Ratio %</i>	<i>Full Year Dollars Per Available Room</i>
Available Suite Nights	16,060		
Occupancy	69.0%		
Occupied Suite Nights	11,081		
Average Daily Rate	116.00		
RevPar	80.04		
Revenues			
Rooms	1,285,440	94.3%	80.04
Telecommunications — Complimentary			
Retail Center	33,240	2.4%	2.07
Other Hotel	44,330	3.3%	2.76
Total Revenue	1,363,010	100.0%	84.87
Departmental Profit			
Rooms	1,079,940	84.0%	67.24
Telecommunications	(22,160)	0.0%	(1.38)
Retail Center	11,080	33.3%	0.33
Other	22,170	50.0%	1.38
Total Departmental (House Profit)	1,091,030	80.0%	67.58
Deductions From Income			
Administrative & General	93,840	6.9%	5.84
Sales & Marketing	54,000	4.0%	3.36
Complimentary Guest Services	28,810	2.1%	1.79
Marketing Contribution	1,200	0.1%	0.07
Franchise Fee	42,000	3.1%	2.62
Utilities	66,120	4.9%	4.12
Repairs & Maintenance	<u>7,340</u>	<u>0.5%</u>	<u>0.46</u>
Total Deductions From Income	293,310	21.5%	18.26
Gross Operating Profit	797,720	58.5%	49.31
Fixed Costs			
Real Estate Taxes – Allowance	30,000	2.2%	1.87
Management Fee	68,150	5.0%	4.24
Insurance - Allowance	15,000	1.1%	0.93
Replacement Reserve	<u>13,630</u>	<u>1.0%</u>	<u>0.85</u>
Total Fixed Costs	126,780	9.3%	7.89
Net Operating Income Before Debt Service	670,940	49.2%	41.42
Debt Service			
Cash Flow			

Source: Interim Hospitality Consultants

**Cobblestone Inn
Amherst, Virginia
Proforma Year One
Rooms Department**

Schedule 2 of 9

Rooms Revenue						1,285,440
Payroll	F	P	<i>Per Unit of</i>	<i>Factor</i>		
Front Office						
Front Office Manager			Annual Salary			
Front Desk Clerks/Reserv. Concierge	1	1	Hourly Rate	\$10	\$31,200	
Bellman/Valet/Drivers			Daily x 8 hr x			
Night Auditor Staff	1	1	Daily x 8 hr x	\$12	37,440	
Subtotal Front Office Wages	2	2				68,640
Housekeeping						
Executive Housekeeper			Salary			
Inspectress Staff			Daily x 8 hr x			
Houseman Staff		1	Daily x 8 hr x	\$8	8,320	
Laundry Staff			Daily x 8 hr x			
Housekeepers		2	Occupied Suites/year	11,081		
			Suites Cleaned/Maid/day	16.0		
			Housekeeping Days/year	693		
			Housekeeping Hours/year	5,541		
			Wage/Hour	\$8		
			Housekeeper's Wages		44,330	
Subtotal Housekeeping Wages		3				52,650
Total Rooms Department Wage						121,290
Taxes and Benefits				15.0%		18,190
Total Room Department Payroll						139,480
As Percentage of Room Revenue						10.9%
Other Expenses						
Cable Television			Month	700.00	8,400	
Carpet Cleaning			Suite/6 mo.	10.00	880	
China/Glass/Silver			Month	100.00	1,200	
Cleaning Supplies			Occupied Suite	0.50	5,540	
Drapery			Month	30.00	360	
Frequent Guest Program			Room Revenue	0.05%	640	
Guest Supplies			Occupied Suite	0.35	3,880	
Laundry Supplies			Occupied Suite	0.55	6,090	
Linen			Occupied Suite	2.50	27,700	
Miscellaneous			Month	500.00	6,000	
Printing			Occupied Suite	0.35	3,880	
Travel Agent Commission			Occupied Suite	0.05	550	
Uniforms			Month	75.00	900	
Total Other Expenses						66,020
As Percentage of Room Revenue						5.1%
Rooms Department Profit						1,079,940
As Percentage of Room Revenue						84.0%
Per Occupied Room						97.46

**Cobblestone Inn
Amherst, Virginia
Proforma Year One
Minor Departments**

Schedule 3 of 9

<i>Departments</i>	<i>FT</i>	<i>PT</i>	<i>Rate</i>	<i>Revenue per Occupied Suite</i>		<i>Ratio</i>
Telecommunications						100.0%
Expense				-2.00	-22,160	
Profit				-2.00	-22,160	
Retail Center*						
Revenue				3.00	33,240	100.0%
Expense of Goods				-2.00	-22,160	-66.7%
Wages						
Taxes and Benefits			15.0%			
Profit				1.00	11,080	33.3%
Other*						
Revenue				4.00	44,330	100.0%
Expense				-2.00	(22,160)	-50.0%
Profit				2.00	22,170	50.0%

*Revenue of Valet Cleaning, Meeting Room, FAX, ATM, Vending, etc.

Schedule 4 of 9

Total Hotel Payroll							
	<i>Employees</i>		<i>Wages</i>	<i>Taxes and Benefits</i>	<i>Total Payroll</i>		
	<i>FT</i>	<i>PT</i>					
Rooms							
Front Office	2	2	68,640	10,296	78,940		5.8%
Housekeeping		3	52,650	7,898	60,550		4.4%
Subtotal Rooms Department	2	5	121,290	18,190	139,480		10.2%
Retail Department	0	0					
Food & Beverage Department	0	0					
Administrative and General							
Administrative Wages	1	0	40,000	6,000	46,000		3.4%
Security Payroll							
Subtotal A&G Department	1	0	40,000	6,000	46,000		3.4%
Food and Beverage Comp Services							
Sales & Marketing							
Repair & Maintenance							
Grand Total Hotel Payroll	3	5	161,290	24,190	185,480		13.6%

Note: Totals may not foot due to rounding

**Cobblestone Inn
Amherst, Virginia
Proforma Year One
Administrative and General**

Schedule 5 of 9

			<i>Per Unit of</i>	<i>Factor</i>		
Payroll	F	P				
Manager	1		Annual Salary	40,000	40,000	
Assistant Manager						
Secretary/Accounting			Salary			
Subtotal Admin. Payroll	1		Taxes & Benefits	40,000	6,000	
				15.0%		
Subtotal Office Payroll						
Security Staff			Daily x 8 hr x			
			Taxes & Benefits			
Subtotal: Security Payroll						
Total Admin. & Gen. Payroll						46,000
Other Expenses						
Accounting Fees			Month	200.00	2,400	
Audit Fees			Unbudgeted			
Bank Charges			Month	30.00	360	
Computer Expense			Month	200.00	2,400	
Credit Card Commission			Room Revenue	2.0%	25,710	
Legal Fees			Unbudgeted			
Licenses			Annual		2,000	
Miscellaneous			Month	100.00	1,200	
Office Expenses			Occupied Suite	0.25	2,770	
Printing			Occupied Suite	0.25	2,770	
Radios, 2-Way			Month	50.00	600	
Telephone Expenses			Occupied Suite	0.40	4,430	
Trade Association Dues			Annual		2,000	
Travel Expenses			Month	100.00	1,200	
Total Other Expenses						47,840
Total Administrative and General						93,840
As Percentage of Total Revenue						6.9%
Per Occupied Room						8.47

**Cobblestone Inn
Amherst, Virginia
Proforma Year One
Food & Beverage Complimentary Services**

Schedule 6 of 9

	F	P	Per Unit of	Factor		
Breakfast						
6 am - 9 am, M-F						
7 am - 10 am, S, S						
Hostess			Daily x 3 hr x 7 days			
Social Hour						
5 pm - 7 pm, M-Th						
Desk Clerk			Daily x 2 hr x 4 days			
Total Wages			Taxes & Benefits			
Total Payroll						
Other Expenses			Per			
Food - Breakfast			Occupied Suite	2.25	24,930	
Food - Social Hour			Occupied Suite		510	
Liquor/Beer/Wine			Occupied Suite			
Paper Products			Occupied Suite	0.15	1,660	
Newspapers			Occupied Suite	0.10	1,110	
Seasonal Items			Month	50.00	600	
Total Other Expenses						28,810
Complimentary Service						28,810
Per Occupied Room						2.60

**Cobblestone Inn
Amherst, Virginia
Proforma Year One
Sales and Marketing**

Schedule 7 of 9

	<i>Per Unit of</i>		<i>Factor</i>		
Payroll	F	P			
Director of Sales			Salary		
Sales Manager			Salary		
Secretary Staff			Salary		
			Total Wages		
			Tax and Benefits		
Total Payroll					
Advertising					
Billboards			Month	3,000	36,000
Print--Magazine			Month	500	6,000
Print--Newspaper			Month		
Radio/Television			Month		
Airport			Month		
Internet			Month	500	6,000
Production			Annual		
Yellow Pages			Month		
Total Advertising					48,000
Public Relations					
Contributions			Month	250	3,000
Travel			Month		
Trade Shows			One (1) per year		
Guest Relations			Month	150	1,800
Total Public Relations					4,800
Promotions					
Brochures			Pre-Opening Expense		
Direct Mail			Month		
Merchandise			Month	100	1,200
Total Promotions					1,200
Total Sales and Marketing					54,000
As a percentage of Total Revenue					4.0%
Per Occupied Room					4.87

Cobblestone Inn National Fees

Marketing Fee @ \$100/month	of Room Revenue Year 1	\$1,200
	of Room Revenue Year 2	\$1,200
	of Room Revenue Year 3	\$1,200
	of Room Revenue Year 4	\$1,200
	of Room Revenue Year 5	\$1,200
Franchise Fee @ \$3,500/month	of Room Revenue Year 1	\$42,000
	of Room Revenue Year 2	\$42,000
	of Room Revenue Year 3	\$42,000
	of Room Revenue Year 4	\$42,000
	of Room Revenue Year 5	\$42,000

**Cobblestone Inn
Amherst, Virginia
Proforma Year One
Utilities**

Schedule 8 of 9

	<i>Per Unit of</i>	<i>Factor</i>		
Electric	Occupied Suite	2.75	30,474	
Gas	Occupied Suite	1.50	16,622	
Water/Sewer	Occupied Suite	1.50	16,622	
Refuse	Month	200.00	2,400	
Total Utilities				66,120
As a percentage of Total Revenue				4.9%
Per Occupied Room				5.97

Repairs and Maintenance

Schedule 9 of 9

Payroll	F	P				
Chief Engineer			Salary			
Part-Time Worker			Daily x 8 hr x			
Subtotal Wages			Taxes & Benefits			
Total Repair & Maint Payroll						
Other Expenses						
Electrical			Month	30.00	360	
Plumbing			Month	30.00	360	
HVAC			Month	30.00	360	
Building			Month	30.00	360	
Suites - Bedrooms			Month	30.00	360	
Suites – Micro-Fridge			Month	30.00	360	
Grounds			Month	100.00	1,200	
Parking Deck			Annual		500	
Pest Control			Month	40.00	480	
Light Bulbs			Month	25.00	300	
Television/VCP			Month	30.00	360	
Uniforms			Month	20.00	240	
Pool/Spa			Month	75.00	900	
Hotel Vehicles			Month			
Miscellaneous			Month	100.00	1,200	
Total Other Expenses						7,340
Total Repair & Maintenance Expenses						7,340
As a percentage to Total Revenues						0.5%
Per Occupied Room						0.66

**Five-Year Proforma
Cobblestone Inn, Amherst, Virginia**

44 Rooms	2017		2018		2019		2020		2021	
Occupancy		69.0%		70.0%		71.0%		72.0%		73.0%
Average Daily Rate	116.00		119.00		123.00		127.00		131.00	
RevPar	80.04		83.30		87.33		91.44		95.63	
Revenue										
Rooms	1,285,440	94.3%	1,337,800	94.4%	1,402,520	94.6%	1,472,550	94.8%	1,535,820	94.9%
Telecommunications– Comp.										
Retail Center	33,240	2.4%	33,730	2.4%	34,210	2.3%	34,210	2.2%	35,170	2.2%
Other	44,330	3.3%	44,970	3.2%	45,610	3.1%	46,380	3.0%	46,900	2.9%
Total Revenues	1,363,010	100.0%	1,416,500	100.0%	1,482,340	100.0%	1,553,140	100.0%	1,617,890	100.0%
Departmental Profit										
Rooms	1,079,940	84.0%	1,123,750	84.0%	1,178,120	84.0%	1,236,940	84.0%	1,290,090	84.0%
Telecommunications	(22,160)	0.0%	(22,480)	0.0%	(23,150)	0.0%	(23,840)	0.0%	(24,560)	0.0%
Retail Center	11,080	33.3%	11,240	33.3%	11,400	33.3%	11,590	33.9%	11,720	33.3%
Other	22,170	50.0%	22,480	50.0%	22,810	50.0%	23,190	50.0%	23,450	50.0%
Total Departmental Profit	1,091,030	80.0%	1,134,990	80.1%	1,189,180	80.2%	1,247,880	80.3%	1,300,700	80.4%
Deductions from Income										
Administrative & General	93,840	6.9%	95,200	6.7%	96,560	6.5%	98,190	6.3%	99,280	6.1%
Sales & Marketing	54,000	4.0%	54,780	3.9%	55,570	3.7%	56,500	3.6%	57,130	3.5%
Complimentary Guests Services	28,810	2.1%	29,230	2.1%	29,650	2.0%	30,140	1.9%	30,480	1.9%
Marketing Fee	1,200	0.1%	1,200	0.1%	1,200	0.1%	1,200	0.1%	1,200	0.1%
Franchise Fee	42,000	3.1%	42,000	3.0%	42,000	2.8%	42,000	2.7%	42,000	2.6%
Utilities	66,120	4.9%	67,080	4.7%	68,040	4.6%	69,180	4.5%	69,950	4.3%
Repair & Maintenance	7,340	0.5%	7,450	0.5%	7,550	0.5%	7,680	0.5%	7,770	0.5%
Total Deductions from Income	293,310	21.5%	296,940	21.0%	300,570	20.3%	304,890	19.6%	307,810	19.0%
Gross Operating Profit	797,720	58.5%	838,050	59.2%	888,610	59.9%	942,990	60.7%	992,890	61.4%
Fixed Costs										
Real Estate Taxes - Allowance	30,000	2.2%	32,000	2.3%	34,000	2.3%	36,000	2.3%	38,000	2.3%
Management Fee	68,150	5.0%	70,830	5.0%	74,120	5.0%	77,660	5.0%	80,990	5.0%
Insurance - Allowance	15,000	1.1%	17,000	1.2%	19,000	1.3%	21,000	1.4%	23,000	1.4%
Replacement Reserves	13,630	1.0%	14,170	1.0%	22,240	1.5%	23,300	1.5%	32,360	2.0%
Total Fixed Costs	126,780	9.3%	134,000	9.5%	149,360	10.1%	157,960	10.2%	174,250	10.8%
Net Operating Income Before Debt Service	670,940	49.2%	704,050	49.7%	739,250	49.9%	785,030	50.5%	818,640	50.6%
Debt Service										
Cash Flow										

Source: Interim Hospitality Consultants, 850/893-6010 – June 17, 2014

MID-PRICED, LIMITED-SERVICE HOTELS

Performance in 2013

Each year PKF Consulting of San Francisco, California, the Research Department of Parnell Kerr Foster, the International Hospitality Industry Accounting firm, publishes *Trends in the Hotel Industry, USA Edition – 2013*. The data reported are the benchmark against which hotel companies and individual proprietors measure their operating picture against the overall results in their segment of the industry. Hotel tables from the report are presented:

1. Ratios to Total Revenues
2. Ratios to Departmental Revenues
3. Summary – Dollars per Available Room
4. Dollars per Available Room

The following information is provided as a background to illustrate the segment as it relates to a 44-room Cobblestone Inn in Amherst, Virginia:

1. Trends in the Hotel Industry, USA Edition – 2013
2. Hospitality Investment Survey – 2014
3. U.S. Hotel Industry Outlook – 2014
4. Tax Incentives for Hotels
5. Potential Sources of Hotel Financing
5. Interim Hospitality Consultants
6. Letter of Agreement

HOSPITALITY INVESTMENT SURVEY

At Peak Performance

■ By Bill Morton and Scott Smith, MAI

Hospitality investment indices continue to operate at peak (optimal) performance levels. Profits are up, debt is more readily available at attractive terms, capitalization rates are stable and values are expected to continue to increase in the near term. With new hotel supply forecast to be below long-term averages, the outlook for exceptional returns on hotel investment appears to be positive.

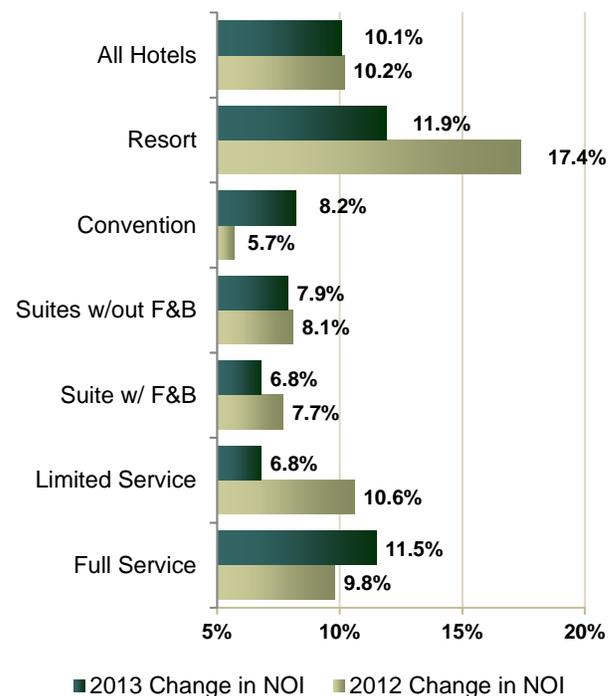
The looming concern of many of the respondents to this year's *Hospitality Investment Survey* is...How long can the industry maintain this peak performance? The combination of healthy demand from all segments, increasing ADRs, and favorable financing terms caused the supply pipeline to expand over the past year. However, many projects are just now in the early stages of development and won't open until late 2016 or 2017. According to the PKF Hospitality Research (PKF-HR) *Hotel Horizons*[®] national forecast presented in the March 2014 report, supply growth is expected to be below the long-run average of 1.9 percent through 2016 before increasing to 2.1 percent in 2017. PKF-HR expects this modest growth to keep occupancy strong, and allow operators to increase room rates resulting in robust RevPAR growth through 2016 until tapering down to 2.5 percent in 2017.

Property level net operating income (NOI), a primary driver of a hotel's value, increased for the typical

U.S. hotel by 10.1 percent in 2013, just below the 2012 year-over-year increase of 10.2 percent according to PKF-HR's *2014 Trends in the Hotel Industry*[®]. This pattern is expected to continue through 2014, allowing the NOI for the average US hotel to finally exceed 2007 NOI levels in terms of nominal dollars.

As shown in Chart 1, full-service and resort properties continue to grow profits at rates greater than the all property averages. Also, the continued improve-

**Chart 1 - NOI Per Available Room
2013 and 2012 Year-Over-Year Growth**



Note - NOI before deductions for capital reserve, rent, interest, income taxes, depreciation, and amortization

Source: PKF Hospitality Research, LLC, the research affiliate of PKF Consulting USA, LLC

Hospitality Investment Survey

ment in the group and convention demand segments allowed convention hotels to experience the largest spike in NOI compared to last year.

Many survey respondents indicate that recent NOI growth, along with the forecast for 2014 and 2015, prevented many desirable assets from being marketed for sale as owners are content holding on to earn high yield. In the low interest rate environment of recent years the search for current yield at manageable risk levels is a dominant investment theme. As a result, there are a limited number of hotels available for purchase. This has created a competitive environment for buyers, effectively driving-up pricing and sometimes resulting in bidding wars. Some investors are now targeting other asset classes (*i.e.* select service, extended stay) or are focusing on secondary and tertiary markets. All signs indicate that this trend will continue throughout 2014 and into 2015.

Potential setbacks in NOI growth going forward could include the impact of health care costs, increasing property taxes as assessed values rise, higher labor costs, and potential increases in interest rates. Even with these concerns, most survey respondents are optimistic that the hospitality asset class will continue to outperform most other forms of real estate in the coming years.

Survey Results

Administered in March/April 2014, the annual *PKF Hospitality Investment Survey* indicates that a vast majority of investors and lenders remain bullish on the near-term outlook of hotel investing. As revealed in Table 1, the overall capitalization rate (OAR) for all hotels decreased to 8.27 percent, an 11 basis point decline compared to the 2013 results and the lowest OAR recorded since the inception of this survey. Respondents indicated that cap rates have remained stable due to the positive NOI forecast for the next couple years, as well as the favorable financing terms that buyers are securing.

Discount rates, or un-leveraged IRR's, were relatively unchanged compared to last year (11.09 percent versus 11.05 percent in 2013). This equates to a 282 bps spread above the average OAR. In our opinion, this spread displays the comfort level that many market participants have with the current investment environment.

As can be seen in Table 1, debt service coverage ratios were consistent with 2013 results, and continue to remain near 2007/2008 levels. The table also shows a slight uptick in interest rates, which grew to 5.59 percent, a nominal increase compared to last year's average of 5.54 percent. It is important to note that

Table 1 - Investment Trends in the Lodging Industry

INVESTMENT CRITERIA	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002	2000
Overall Capitalization Rate	8.27%	8.38%	8.73%	8.88%	10.33%	10.65%	9.43%	9.13%	8.89%	9.71%	10.69%	11.24%	10.94%	11.26%
Discount Rate	11.09%	11.05%	11.42%	11.75%	15.35%	15.17%	13.13%	12.96%	13.30%	13.71%	14.17%	15.96%	16.15%	14.54%
Holding Period (Years)	6.75	6.30	6.33	6.24	6.75	8.24	7.73	8.24	6.31	6.93	5.67	7.74	9.27	8.60
Debt Coverage Ratio	1.41	1.40	1.35	1.45	1.50	1.45	1.45	1.39	1.41	1.40	1.47	1.47	1.52	1.41
Interest Rate	5.59%	5.54%	6.58%	6.69%	7.71%	7.53%	7.08%	6.95%	7.06%	7.21%	7.08%	7.72%	8.25%	9.21%
Loan-to-Value Ratio	67.44%	64.63%	63.49%	64.30%	56.50%	59.00%	67.23%	69.80%	68.51%	70.57%	68.96%	65.25%	62.17%	66.41%

Source: PKF Hospitality Research, LLC, the research affiliate of PKF Consulting USA, LLC

Hospitality Investment Survey

this is an average among our 300 plus respondents, who range from regional lenders and investors to large REITS. The results indicate that experienced sponsors involved in upper-upscale and resort properties were able to secure rates in the mid-to-low four percent range. Many respondents continue to pursue CMBS financing. Loan-to-value (LTV) ratios increased 281 basis points compared to last year, and are approaching 2007 levels. This demonstrates the increasing confidence of lenders providing debt for hotel acquisitions and refinancing. According to the Real Capital Analytics First Quarter 2014 in Review, in 2013 CMBS lenders continued to provide the most capital for hotel properties as they accounted for 42 percent of deal activity. International banks (20 percent), financial institutions (12 percent) and national banks (10 percent) also continue to be active in the hotel market.

As presented in Table 2, capitalization rates being applied to trailing 12 month and next 12 month NOI continue to decrease, positively impacting hotel valuations. Terminal capitalization rates increased slightly to 8.71 percent, a 14 basis point increase compared to the 2013 survey. Also shown in Table 2, discount rates experienced minimal change and remained near 11 percent. Equity yields for both property types experienced a slight increase. This would indicate that equity investors are beginning to forecast additional risk (new supply?) into their expected return. This would tend to negatively affect property values.

The average expected cash-on-cash return for a hotel investment increased from 10.10 percent in 2013 to 11.06 percent in 2014. This indicates strong income growth expectations and realization of current yield objectives. The nearly 100 basis point increase in cash

-on-cash return helps explain the increase in equity yield reported here. Lastly, the average holding period indicated by the survey respondents increased to 7.12 years for full service hotels and 6.18 years for limited-service hotels, resulting in an all property average holding period of 6.75 years. This is greater than the 6.3 year average indicated last year, likely the result of the bright near-term outlook of the industry, and many investors preferring to hold well-performing assets a little longer.

Current mortgage terms for the full-service and limited-service lodging segments are summarized in

Investment Criteria	Average	Low	High	2013 Average
Capitalization Rates* Trailing 12 Months NOI				
Full-Service	7.94%	4.50%	11.00%	8.15%
Limited-Service	8.69%	7.00%	11.00%	8.81%
All Properties	8.28%			8.38%
Capitalization Rates* Next 12 Months NOI				
Full-Service	8.36%	6.00%	12.00%	8.39%
Limited-Service	8.84%	7.00%	12.00%	9.05%
All Properties	8.68%			8.67%
Terminal Capitalization*				
Full-Service	8.56%	7.00%	12.00%	8.35%
Limited-Service	8.88%	7.00%	14.00%	8.92%
All Properties	8.71%			8.57%
Internal Rate of Return / Discount Rate				
Full-Service	11.20%	8.00%	12.00%	10.90%
Limited-Service	10.97%	8.50%	15.00%	11.19%
All Properties	11.09%			11.05%
Equity Yield				
Full-Service	16.99%	9.60%	22.00%	16.45%
Limited-Service	17.06%	9.00%	23.00%	16.58%
All Properties	17.03%			16.51%
Cash-on-Cash Return				
Full-Service	10.81%	6.00%	15.00%	10.05%
Limited-Service	11.34%	8.00%	15.00%	10.15%
All Properties	11.06%			10.10%
Holding Period (years)				
Full-Service	7.12	3.00	15.00	6.70
Limited-Service	6.18	3.00	15.00	5.80
All Properties	6.75			6.30
*After fees and reserves				
Source: PKF Hospitality Research, LLC, the research affiliate of PKF Consulting USA, LLC				

Hospitality Investment Survey

Table 3
Hotel Mortgage Terms, 2014

Investment Criteria	Average	Low	High	2013 Average
Loan-to-Value Ratio				
Full-Service	68.05%	55.00%	80.00%	64.00%
Limited-Service	66.69%	50.00%	80.00%	65.26%
All Properties	67.44%			64.63%
Interest Rates				
Full-Service	5.36%	4.00%	8.00%	5.51%
Limited-Service	5.93%	4.00%	8.00%	5.57%
All Properties	5.59%			5.54%
Amortization Period (years)				
Full-Service	24.60	20.00	30.00	23.91
Limited-Service	24.20	20.00	30.00	23.00
All Properties	22.00			23.46
Loan Term (year of balloon)				
Full-Service	9.00	3.00	20.00	7.48
Limited-Service	8.56	5.00	20.00	7.52
All Properties	8.86			7.50
Debt Coverage Ratio				
Full-Service	1.40	1.30	1.70	1.45
Limited-Service	1.45	1.30	1.80	1.35
All Properties	1.41			1.40

Source: PKF Hospitality Research, LLC, the research affiliate of PKF Consulting USA, LLC

Table 3. Most notably, loan-to-value (LTV) ratios grew in both segments, but more so among full-service hotels. The all property average grew from 64.63 percent to 67.44 percent. This further demonstrates the appetite of lenders from all sources, and their increased confidence in hotel lending.

Interest rates experienced a minor uptick among limited-service hotels and slightly decreased for full-service hotels. But, it is important to note that rates remain below 6.0 percent for both property types and continue to be favorable compared to the Survey's average of 7.0 percent during the previous 10 years. Specifically, respondents indicated that the average interest rate for a limited-service hotel loan was 5.9 percent, up from 5.57 percent last year. Conversely,

the average rate for a full-service hotel loan was 5.36 percent, a decrease of 15 basis points compared to the average 2013 rate of 5.51 percent.

Also shown in the table, there was little change regarding amortization period (in terms of years), however loan term (or year of balloon payment) increased from 7.5 years in 2013 to 8.86 years in 2014. The hotel lenders responding to the survey indicated that the average debt service coverage ratio required for a typical hotel loan was 1.41. This metric has seen only minor changes over the past four years.

Table 4 provides a comparison of capitalization rates by property type. As in the past, top-tier metro market hotels and luxury hotels, particularly institutional quality assets and those in high barrier markets, continue to be underwritten on lower cap rates compared to the other asset classes. Boutique hotels, both branded and unbranded, command lower cap rates than the typical full-service hotel. Multiple respondents indicated that this is due to the flexibility an

Table 4
Capitalization Rates by Product Type, 2014

Note: Results are from Equity Investors & Lenders	Average	Low	High
Top-Tier Metro Market Hotel	6.81%	4.50%	9.00%
Luxury Hotel	6.49%	4.50%	9.00%
Boutique Hotel (unbranded)	7.28%	6.00%	10.00%
Boutique Hotel	7.52%	6.00%	10.25%
Resort Hotel	7.49%	5.00%	10.00%
All Suite Hotel	8.00%	6.00%	11.00%
Extended Stay Hotel	8.25%	6.00%	10.75%
Select/Focused Service Hotel	8.57%	7.00%	12.00%
Full-Service Hotel < 15 yrs old	8.07%	5.00%	11.00%
Full-Service Hotel > 16 yrs old	8.82%	6.00%	12.00%
Limited-Service Hotel < 15 yrs old	8.85%	7.00%	12.00%
Limited-Service Hotel > 16 yrs old	10.17%	7.00%	14.00%
Limited-Service Hotel (unbranded) > 16 yrs old	10.15%	7.00%	13.00%
All Hotels	8.27%	4.50%	13.00%

Source: PKF Hospitality Research, LLC, the research affiliate of PKF Consulting USA, LLC

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operator can have with this type of asset when completing a repositioning or value enhancement project. However, this category is heavily weighted by properties located in gateway cities such as New York and San Francisco. Respondents indicated that all-suite (8.0 percent) and extended stay hotels (8.25 percent) are also attractive asset classes, especially those participating in some of the more popular rewards programs.

Depending on the age of the asset, capitalization rates for full-service hotels continue to vary widely. Hotels less than 15 years old had an average cap rate of 8.07 percent, while hotels 16 years or older had an average of 8.82 percent. Limited-service hotels have a similar discrepancy, as properties less than 15 years old (8.85 percent) command a lower cap rate than hotels that are greater than 16 years old (10.17 percent).

How Long Will This Last?

With five years of double digit NOI growth behind us, new supply will inevitably come into the market as lenders become more aggressive. Prudent hotel investors should recognize the potential risk in their exit strategy. As one respondent put it “You cannot expect NOI and asset values to increase forever. At some point, supply and demand will return to equilibrium and value appreciation will moderate”. According to the PKF-HR *Hotel Horizons*[®] forecast for the nation this point is still three years away – sooner for some city markets, later for others. In the meantime, enjoy this beautiful view from the peak. 🌄

Scott Smith, MAI – Senior Vice President in the Atlanta office of PKF Consulting. (404) 842-1150, ext 233. scott.smith@pkfc.com.

Bill Morton – Vice President in the Indianapolis office of PKF Consulting. (317) 616-1948. bill.morton@pkfc.com

Interest Rates and Hotel Capitalization Rates

■ *By John B. Corgel, Ph. D.*

Introduction

Questions about near-term interest rates levels have become particularly difficult to answer with the importance of factoring in future economic growth and Federal Reserve policy modifications as well as their interactions. Despite the difficulty of pinpointing interest rates over the next 12 and 24 months, some increase in interest rates appears inevitable given the continued and steady growth of an economy that should require less central bank accommodation. Accordingly, the heftier capitalization of incomes generated by capital assets, including hotel real estate, may exert downward pressure on values holding other factors constant.

Notwithstanding the interest rate effect, hotel property capitalization rates also embody risk premiums through the discount rate and asset-specific NOI growth rates.¹ Changes in both of these components coincidental with sustained economic growth will offset some or all of the anticipated rise in the risk-free rate. Hence the combined effects of continuing economic growth and Federal Reserve retrenchment may leave hotel capitalization rates unchanged as rising interest rates are countered by risk premium compression and NOI growth.²

¹ The standard expression following Gordon (1959) is $R = (r_f + r_p) - g$, where R is the capitalization rate, r_f and r_p are the risk-free rate and risk premium, respectively; and g is the constant growth rate in net income.

² Yeatts (2013) argues that upward movements of NOIs will come as the result of lease renewals at higher rents. For hotel properties these movements come with greater frequency. PKF Hospitality Research reports already robust NOI percent growth among a large sample of U.S. hotels exceeding double digits during 2012 and 2013, respectively.

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In the absence of a reversal of the Federal Reserve policy direction and unexpected inflation the neutralization scenario just described could play out in the hotel real estate markets. One expert however contends that at current levels and market conditions a 100 basis point increase in long-term Treasuries would effectuate a 50 basis point increase in capitalization rates for all property types.³ The findings from my analysis support this prediction.

In this article, I present estimates of how much near-term interest rate (*i.e.*, 10-year Treasuries) may rise during the foreseeable future given steady economic growth, gradual reduction in Federal Reserve accommodation, and only expected inflation. Using these estimates, I statistically derive estimates of the long-term relationship between interest and hotel capitali-

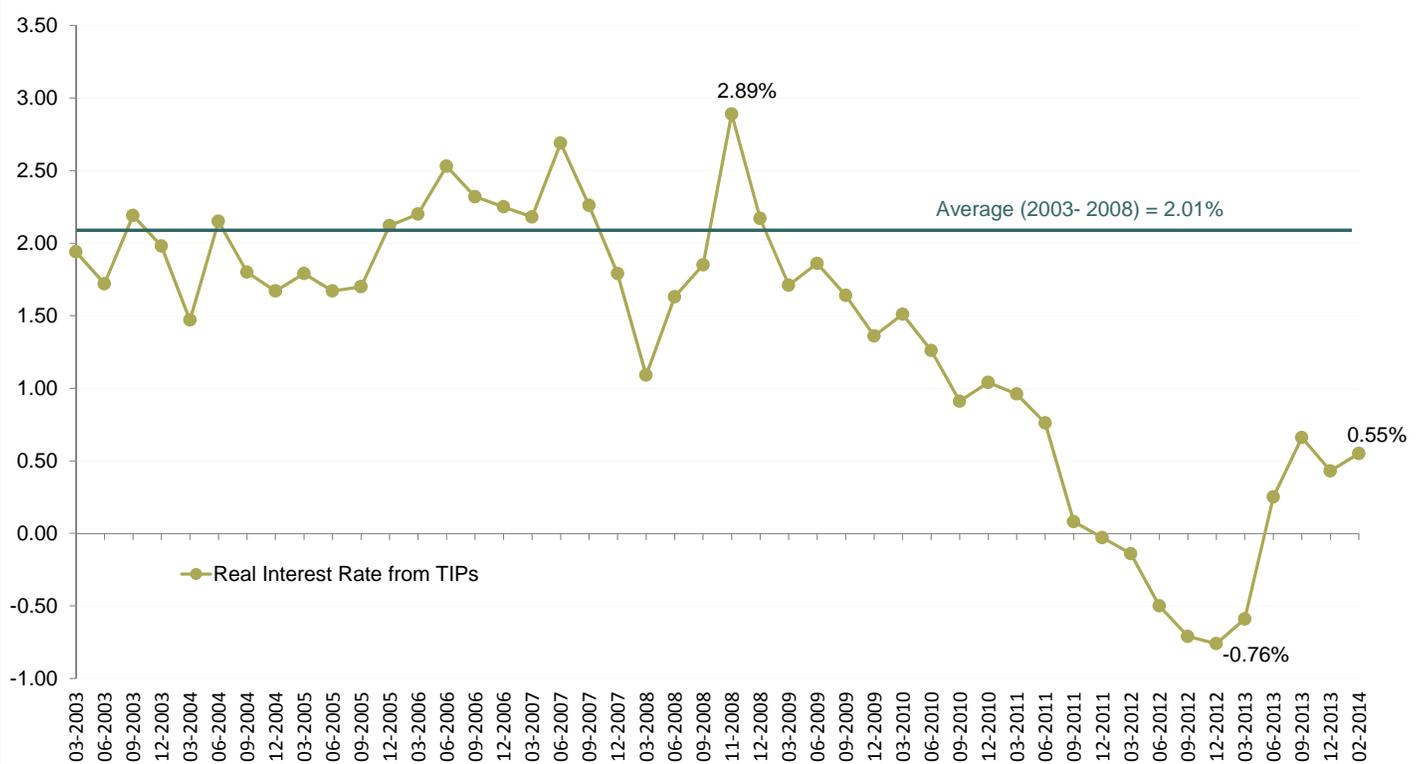
zation rates and review the research results of others on the relationship between commercial real estate capitalization rates and interest rates. My predictions are that the general level of interest rates will increase in the range of 50-to-150 basis points over the next 24 months, assuming no unexpected inflation, and this rise will effectuate a 25-to-75 basis point hotel capitalization rate holding constant risk premiums NOI growth.

Interest Rates and Fed Policy Changes

Assuming for the moment that inflation and inflationary expectations remain low, the real rate of interest appears as the likely component of the risk-free rate to be immediately affected in a meaningful way by the combination of continued economic growth and less accommodation. This thesis is conditional on there being room for upward movement in the real rate

³ *Ibid.* See quote by Tad Phillips of Moody's.

Exhibit 1: Real Interest Rates from 10-Year Treasury Inflation-Indexed Security, Constant Maturity (FII10) Not Seasonally Adjusted Q1 2003 - Q1 2014 (2 Months)



Source: FRED

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using the historical long-run average as a benchmark. Exhibit 1 presents the pattern of real interest rates measured as constant maturity yields on 10-Year Treasury Inflation Protected Securities (TIPs) since these securities began trading in 2003. From 2003 to 2009 the average real rate was 2.01 percent. The recent real rate has hovered around .5 percent. If this series mean reverts and stabilizes at the as pre-great recession mean as experience indicates, then with minimal inflation the ceiling on near-term interest rate increases is approximately 150 basis points.

As a check for robustness the data prepared for a recent *New York Times* article by Paul Krugman (2013) was re-created which shows the 54-year history of real rates computed as the 10-year Treasury rate minus the previous year core personal consumption expenditures inflation rate. The recent history of this series closely resembles the one in Exhibit 1. The long-run average covering the period 1959 to present indicates a real rate of approximately three percent. The average real rate using the Krugman series during the period 2003 through 2008 equals 2.30 percent which favorably compares to the TIPs average rate for the same period of 2.01 percent ($r=.77$). While the TIPs real rate continues to hover around .5 percent the real rate from the Krugman series moved up since mid-2013 through February 2014 from .5 percent to 1.82 percent which is about 125 basis point higher than the real rate from TIPs trading shown in Exhibit 1. Again assuming mean reversion to the 2003 through 2008 average, the ceiling estimate for the ten-year Treasury rate becomes about 50 bps. Considering both methods the range for the near term ceiling is 50 to 150 bps.

What then would as much of a 150 basis point upward movement in real interest rates do to hotel property capitalization rates? Before addressing this question

the prospects for near-term inflation need to be considered.

Current Inflation and Inflationary Expectations

Despite the fears of many about accelerating inflation, the inflation rate has remained low and is expected to be in the range of one to two percent for the foreseeable future. Support for this conclusion comes from a number of sources including studies by Federal Reserve economists. The Federal Reserve has the stated goal of maintaining the inflation rate, as measured by the personal consumption expenditures (PCE) price index, at the two percent level. Yet, the reported PCE has trended below two percent for the past four years.

Economists at the Federal Reserve Bank of Cleveland use a sophisticated method for measuring inflationary expectations that relies on inflation rate swaps (Haubrich, Pennacchi, and Richken, 2011).⁴ In a recent analysis, their model indicates that investors expect a 1.7 percent inflation rate over the next decade. The difference between the 10-year constant maturity Treasury and TIPs index rates over the next decade place expected inflation at approximately 2.3 percent.⁵ Regardless, the comparison of current and expected inflation rates does not support the conclusion that the U.S. will experience a meaningful interest rate increase over the next two or more years based on current expectations of rising inflation. Unexpected inflation as the name implies is not expected!

Interest Rate and Hotel Capitalization Rate Relationships

The commercial real estate capitalization rate literature has progressively deepened over the past decade.

⁴ See <http://www.clevelandfed.org>.

⁵ These data are available through the Federal Reserve Bank of Saint Louis (FRED, 2014).

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The findings from this research apply almost equally across all property types, including hotels. Most studies, past and recent, seek a better understanding about the determinants of property capitalization levels and changes. The Gordon (1959) growth model presented in Equation (1) serves as the conceptual foundation for much of this empirical research.

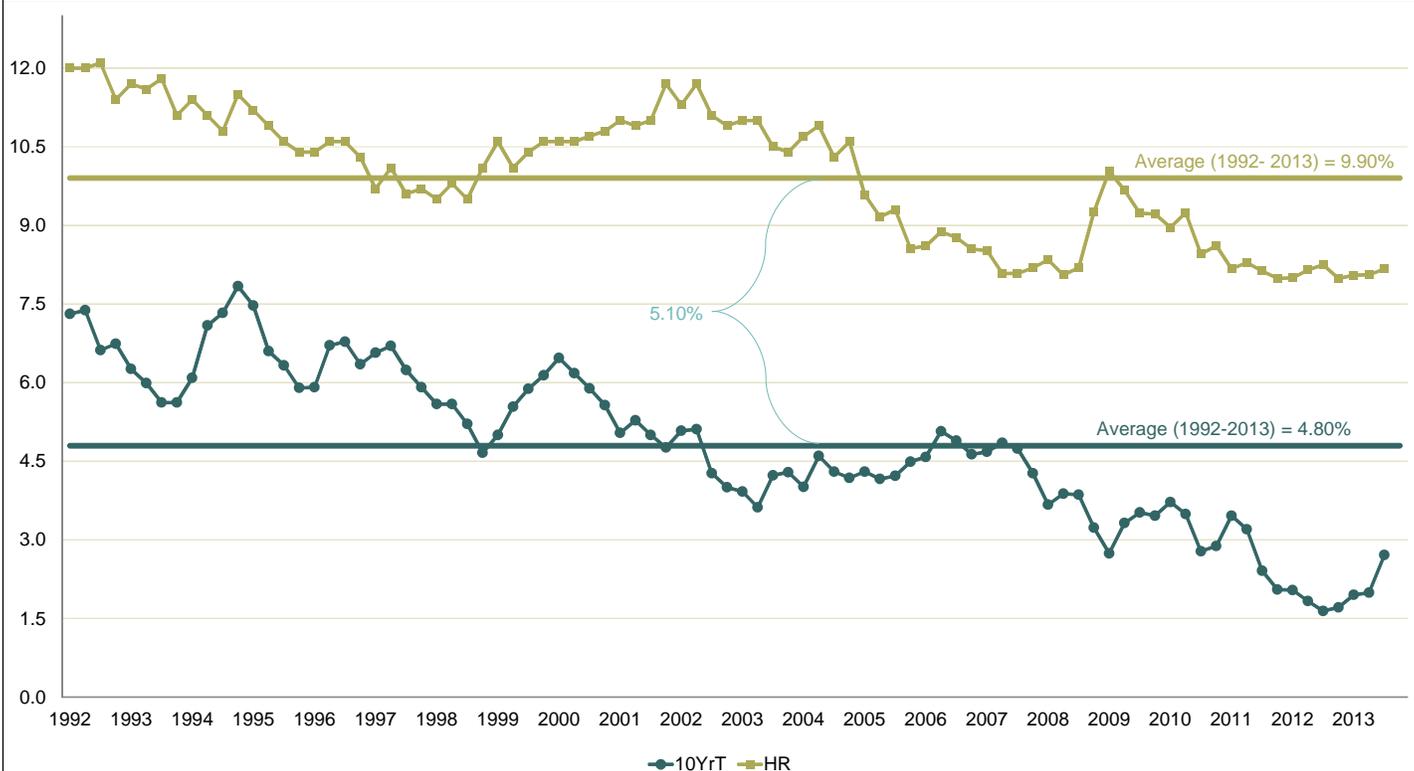
$$R = (r_f + r_p) - g. \quad (1)$$

where R in this particular adaptation is the property capitalization rate level, r_f is the risk-free rate (*i.e.*, a combination of the real rate and the expected rate of inflation) usually measured by a Treasury rate, r_p is the risk premium typically specified as the spread between a risky asset rate and the Treasury rate, and g is the growth rate in income specified either as gross or net NOI.

A recent round of studies extends the variable set for explaining variation in reported capitalization rates beyond Gordon model variables to include investor sentiment (Clayton, Ling, and Naranjo, 2009) and credit availability (Chervachidze, S, J. Costello, and W. Wheaton, 2009 and Chervachidze, S, and W. Wheaton, 2013). Both variables demonstrate statistical significance for explaining variation in property capitalization rate levels. Recent studies such as these confirm that the general level of interest rates is dominate for explaining variation in commercial property capitalization rates.

Among the forces that may influence capitalization rates going forward the focus in this article is on the contribution from changes in general level of interest rates while holding other forces constant. Exhibit 2 offers the opportunity to make a side-by-side visual

Exhibit 2: Historical Pattern of 10-Year Treasuries and Hotel Capitalization Rates



Notes: Correlation coefficient of the two series equals .71.

Sources: FRED and RERC

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comparison of the historical capitalization for hotels and 10-year Treasury rate series from Q1 1992 to Q3 2013. The exhibit indicates a common trend and a strong correlation ($r=.71$). The average spread between hotel capitalization rates and 10-year Treasuries equals 510 basis points.

Statistical Analysis

To better understand the statistical relationship between the general level of interest rates and hotel capitalization rates the log of the ten-year Treasury rate, $\ln r_f$, is regressed on the log of the hotel capitalization rate, $\ln HR$, to produce an elasticity estimate. The results are (t-statistics in parentheses):

$$\ln HR = \beta_0 + \beta_1 \ln r_f + \varepsilon \quad (2)$$

1.02 .24 Adj. $R^2 = .50$, Elasticity $_{HR, r_f} = .24$
(46.83) (9.29)

The ten-year Treasury rate explains exactly one-half of the variation in the hotel capitalization rate. The elasticity of .24 may be interpreted as a one 1.0 percent change in the 10-year Treasury rate on average results in a .24 percent change in the hotel capitalization rate. Thus, hotel capitalization rates are relatively inelastic with respect to 10-year Treasury rates while the 10-year Treasury rate explains one-half of the variation in the hotel capitalization rate.⁶

If, for example, the 10-year Treasury rate increases from 3.0 to 4.0 percent representing a 33 percent change the hotel capitalization rate will increase on average by 7.92 percent (33 percent x .24). Assuming hotel properties trade at 8.0 percent capitalization rates, the assumed change in the 10-year Treasury rate corresponds to a 8.63 percent (8.0 x 1.0792) hotel capitalization rate. At these assumed levels, which approximate the levels of 10-year Treasuries and hotel

capitalization rates during the first half of 2014, a 150 basis points increase in the 10-year Treasury rate equates to nearly a 100 basis points increase in hotel capitalization rates.

The results from same exercise also are performed with data for the all-property capitalization rate, R , as shown below.⁷

$$\ln R = \beta_0 + \beta_1 \ln r_f + \varepsilon \quad (3)$$

1.85 .18 Adj. $R^2 = .33$, Elasticity $_{R, r_f} = .18$
(45.10) (6.99)

This regression output closely resembles the previous one except that both the R^2 and the elasticity are somewhat lower than in the case of the hotel capitalization rate. This implies that hotel capitalization rates have greater sensitivity to changes in the general level of interest rates than do other commercial real estate capitalization rates.⁸

Expanded Statistical Analysis

An important extension for enhancing the estimation precision of the of hotel capitalization rate and interest rate elasticity involves recasting the analysis on a multivariate platform to allow for any offsetting effects from risk premium compression/expansion and different NOI growth rates over time. This approach also offers the opportunity to control for possible influences of investor sentiment and credit availabil-

⁶ The elasticity related to the slope of the regression line and the R^2 relates to the aggregate proximity of the points around the regression line.

⁷ The all-property capitalization rate is the average of the rates of the nine property sub-categories reported by Real Estate Research Corporation (RERC).

⁸ Because hotel capitalization rates are part of the all-capitalization rate calculation data reported by RERC some bias is introduced when making this comparison. Notwithstanding, the bias is quite small.

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ity. The conventional wisdom is for interest rates to move upward, but coincidentally, for risk premiums to shrink, and for NOI growth to during economic recoveries. The multivariate regression uses data beginning in 1997. The hotel capitalization rate as the dependent variable and the model includes the following explanatory variables (data sources in parentheses):

Gordon Growth Model Variables

r_f - The constant maturity ten-year Treasury rate (FRED).

r_p - The spread between Moody's AAA corporate bond yield index and the ten-year Treasury rate (FRED).

g - The expected rent growth rate for the next five years specified by survey respondents (RERC).⁹

Controls

Sentiment measured by an investment conditions rating specified by survey respondents using a one-through-ten scale (RERC).

Credit availability measured as the quarterly change in commercial bank real estate loans divided by GDP (FRED).

Yearly dummy variables to control for trend (RERC).

The elasticity of hotel capitalization rates and 10-year Treasury rates computed from the multivariate regression of .15 is 38 percent smaller than the univariate estimate which is not surprising given that the potentially offsetting effects of the risk premium and income are considered in this statistical analysis. The adjusted R^2 from this regression is quite high at .93.

Each of the Gordon growth model variables is correctly signed and statistically significant at the .10 level. The risk premium and income growth elasticity estimates of .10 and .06, respectively, fall well below the 10-year Treasury rate elasticity. Neither the sentiment nor the credit availability variables performed well in this model.

Returning to the earlier example and revising the numbers accordingly - if the 10-year Treasury rate increases from 3.0 to 4.0 percent representing a 33 percent change then the hotel capitalization rate will increase on average by 4.95 percent (33 percent x .15). Again assuming hotel properties trade at 8.0 percent capitalization rates, the change in the 10-year Treasury rate corresponds to an 8.39 percent (8.0 x 1.0495) hotel capitalization rate. The multivariate results therefore suggests that it will take more than a 200 basis point increase in the 10-year Treasury rate to produce a 100 basis point increase in the hotel capitalization rate.

Implications for Near-Term Hotel Capitalization Rates

The real rate of interest is likely to mean revert over the next 24 months and if it does hotel capitalization rates will increase to between 25 to 75 basis points. This interval estimate derives from the assumption of no unexpected inflation or deflation and incorporates the potential for offsetting effects of narrowing risk spreads in the capital markets and future income growth. The two-to-one basis point empirically-rule I infer from the statistical analysis comes from recent data but it must be viewed as an average result. This general rule will not always yield an accurate prediction. Interestingly, the statistical prediction obtained

⁹ Rent growth serves as a proxy for NOI growth.

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here of the sensitivity of the real estate capitalization rate to the general interest rate matches the expert opinion offered by the Moodys executive identified in footnote number three of this article. 🌞

Jack Corgel, Robert C. Baker Professor of Real Estate, School of Hotel Administration, Cornell University, 450 Statler Hall, Ithaca, New York 14853, 607-255-9949, jc81@cornell.edu and Senior Advisor to PKF Hospitality Research, LLC.

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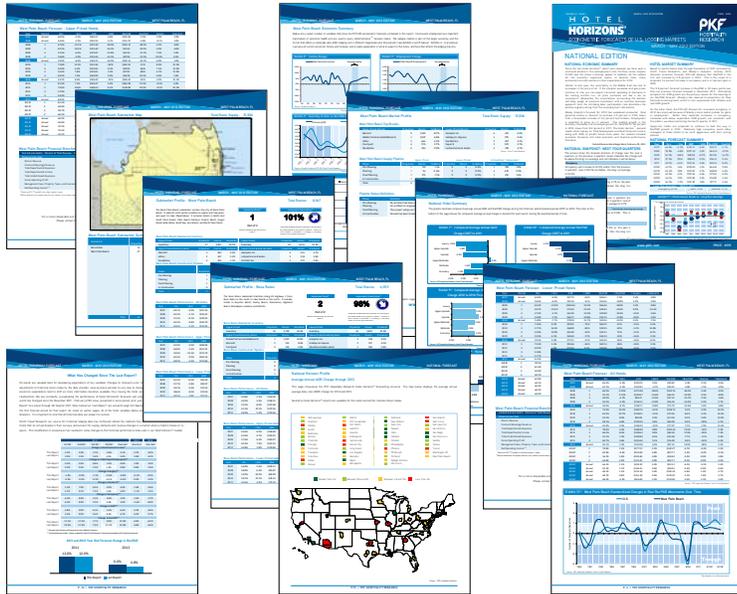
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Bozeman, MT

Contact: Christopher Kraus
chris.kraus@pkfc.com

Chicago

Contact: Mark Eble
mark.eble@pkfc.com

Dallas / Houston

Contact: Randy McCaslin
randy.mccaslin@pkfc.com

Indianapolis

Contact: Mark Eble
mark.eble@pkfc.com

Jacksonville

Contact: Hank Staley
hank.staley@pkfc.com
Contact: Hank Fonde
hank.fonde@pkfc.com

Los Angeles

Contact: Bruce Baltin
bruce.baltin@pkfc.com
Contact: Jeff Lugosi
jeff.lugosi@pkfc.com

New York

Contact: Mark Van Stekelenburg
mark.vanstekelenburg@pkfc.com

Orlando / Tampa

Contact: Chuck Ross
chuck.ross@pkfc.com

Philadelphia

Contact: David E. Arnold
dave.arnold@pkfc.com

Washington, D.C.

Contact: Kannan Sankaran
kannan.sankaran@pkfc.com
Contact: Thomas Lewerenz
tom.lewerenz@pkfc.com

San Francisco

Contact: Tom Callahan
thomas.callahan@pkfc.com



Industry Research
& Publications

Atlanta

Contact: Mark Woodworth
mark.woodworth@pkfc.com

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Balancing the Certainty of the Past with the Uncertainty of the Future



R. Mark Woodworth

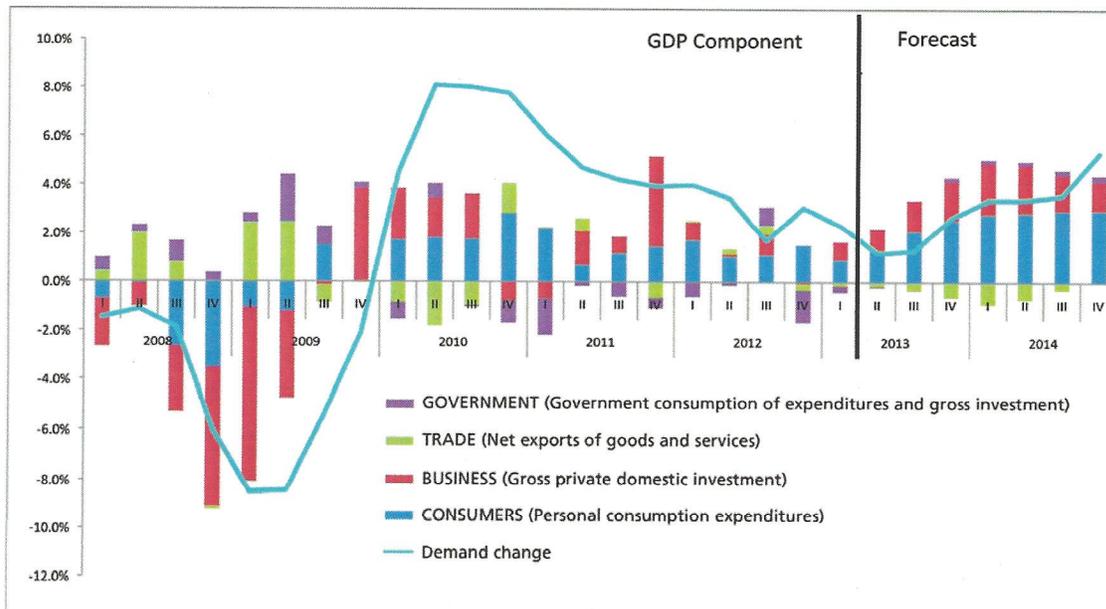
A year ago, in writing the introduction to the 2012 edition of *Trends® in the Hotel Industry*, I noted that “sub-par growth continues to characterize the United States economy following the Great Recession that commenced in 2008. Much uncertainty surrounds the pace and timing of economic growth in both the U. S. and around the globe.” Unfortunately, this basically remains equally as true today as we approach the mid-point of 2013. While the uncertainty of the then-impending local and national political elections contributed to much angst in 2012, it is a combination of policy implementation, pioneering Federal Reserve actions and continued turmoil in many markets around the globe (most notably in Europe), that today are contributing to comparatively lack-luster economic growth in the U.S. Most experts anticipate that an expansion to the Gross Domestic Product (“GDP”) in the years ahead will continue to accelerate, but at a tepid pace relative to past economic recoveries.

Encouraging Past – Attractive Future

This, the 77th edition of *Trends® in the Hotel Industry*, documents the third successive year in which demand growth outpaced that of supply; room rates increased at a rate well above the Smith Travel Research (“STR”) long run annual average of 2.9 percent and the typical hotel in our industry-wide sample achieved year-over-year Net Operating Income growth in excess of 10.0 percent. These basic fundamental measures for the industry resemble those last seen during the years 2003 through 2007 – a period considered to be one of favorable performance for hoteliers. Prosperous times in this weak economic environment?

As we reported a year ago, the disconnect between the economy and improved lodging industry performance is explained by three factors: 1) strong growth in corporate profits; 2) a full recovery of real personal income levels and 3) the low average price of a hotel room.

According to Moody's Analytics, the outlook for continued corporate profit and personal income growth, and their contribution to business and consumer spending, remains attractive. Importantly, our research reveals that these two components of GDP correlate very closely to changes in hotel demand, particularly among high end lodgings. As illustrated in the nearby chart, Moody's Analytics forecasts that the contribution of business and consumer spending to GDP growth will increase at an accelerating rate in 2013 and 2014. This is clearly good news for U.S. hoteliers.



Source: PKF Hospitality Research LLC, Moody's Analytics, Smith Travel Research

Will Consumers React Negatively to Increased Room Rates?

The data of the past three years makes clear that the Economics 101 axiom of the relationship of price to demand holds true in the lodging industry. The unprecedented 8.7 percent decline in Average Daily Rate ('ADR') reported by STR for 2009 served to dramatically increase the affordability of hotels. Demand responded favorably as a result. Since that time, the industry ADR has increased a cumulative 8.0 percent and our June to August *Hotel Horizons*® forecast calls for the nominal U.S. ADR level to surpass its previous peak level in 2013. As a result, we anticipate that there will be some (but not much) resistance to these higher prices, and demand growth in 2013 and 2014, while still very attractive, will be slightly impaired. Make no mistake – this is all good news. We are now in that phase of the lodging cycle where significant real increases in ADR are achieved, and above-average lodging profit growth occurs as a result. To summarize our most recent thinking concerning the outlook for U.S. hotels:

- Supply Growth: Below Average through 2016.
- Demand Growth: Above Average through 2015.
- Occupancy: Above the Long Run Average Level through 2016.
- ADR Growth: 2 x's Average through 2015.
- RevPAR: 2.5 x's Average through 2015.

I call your attention to the two articles included in this edition of *Trends*®. First, one of the more important contributing factors to the full recovery of lodging demand in the U.S. has been the record levels of international visitation to the States. The article "Measuring the Influence of Currency Exchange Rates on United States Lodging Demand", authored by my colleagues Jack Corgel, Jamie Lane and Aaron Walls, provides new insights to the drivers of change within this increasingly important source of business, particularly for those hotels located in our gateway cities.

The second article included herein comes from my long-time friend and colleague Larry Henry and analyzes the growing benefits of "going green". As Larry demonstrates herein, "green" buildings are "smart solutions for businesses serious about reducing pollution, mitigating environmental impact and saving money."

In summary, 2013 is shaping up to be another year of favorable growth across the lodging industry. Perhaps of greater import is the expectation that, as a result of the continued improvement to lodging industry fundamentals, 2014 should "certainly" be an outstanding year!

All the Best for the year ahead.

Very truly yours,



R. Mark Woodworth
President
PKF Hospitality Research, LLC

About The Cover

After cascading over the cliff twice during the last decade (2001 and 2009), U.S. lodging industry participants have enjoyed a tranquil environment since 2010. Occupancy, ADR, revenue and profit levels have increased each of the past three years, and are expected to continue to grow for the foreseeable future.

With the industry fundamentals in alignment, hotel owners and operators are getting their ducks in a row in an effort to take advantage of these favorable market conditions. PKF Hospitality Research, LLC expects that improvement on the bottom-line will eventually bridge the gap between solid operating performance and property values.

The Center for Hospitality Research

Hospitality Leadership Through Learning

537 Statler Hall
Ithaca, NY 14853
hosp_research@cornell.edu
607-255-9780

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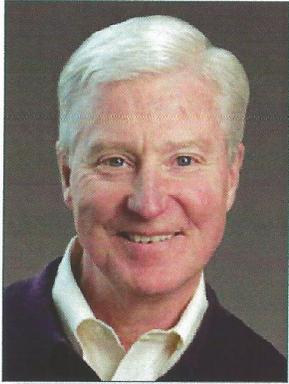
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Cornell University
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MEASURING THE INFLUENCE OF CURRENCY EXCHANGE RATES ON UNITED STATES LODGING DEMAND*



Jack Corgel



Jamie Lane



Aaron Walls

By Jack Corgel, Jamie Lane, and Aaron Walls

International visitation to the U.S. now exceeds historic levels. After experiencing a decline following the 2008-2009 financial crisis and recession, travel by non-U.S. residents to domestic destinations accelerated to over 32 million in 2011. The data in Table 1 show a record number of international air travelers to the U.S. and expenditures during 2011. Importantly, international travel concentrates in gateway cities and tourist destinations, thus the contributions to the hotel revenues and the economies of these local areas well exceeds the national contribution. Miami, for example, annually receives nearly 2.5 million international visitors who stay in a hotel or motel. Assuming a five day stay, these visitors may account for as much as one half of total hotel demand in Miami. Our estimates match up with the Miami Convention and Visitors Bureau's survey results showing that international visitors accounted for 48 percent of all over-

night visitors with an average stay of 5.8 nights in 2011.

International travel demand theoretically derives from the same factors that explain domestic travel. Academic research and demand modeling used in hotel market forecasting confirm that hotel room sales strongly respond to price and income changes much similar to demand for most products and services (Wheaton and Rossoff, 1998 and PKF Hospitality Research, LLC 2012). Among other logical determinants, variation in currency exchange rates is potentially important for explaining international, albeit not domestic, hotel demand. Interest in the impact of exchange rate changes on hotel occupancy in the U.S. becomes

particularly acute during volatile periods of currency revaluations. Political and economic instability in the world can create significant revaluations at any time. Yet, few empirical studies analyze how movements in relative currency values influence hotel demand. Hospitality academic literature of exchange rate effects mainly addresses international firms' exposure to exchange rate risk and hedging strategies (Singh and Upneja, 2007;

**Table 1:
Historical Patterns of International Travel to the U.S. and Expenditures**

Year	Enplanements ^a	Travel Spending ^b
1992	5.22	11.02
1993	5.6	11.63
1994	5.82	12.19
1995	6.53	12.86
1996	7.38	13.93
1997	7.86	14.76
1998	7.74	15.48
1999	8.22	16.29
2000	9.26	17.54
2001	8.25	17.54
2002	7.84	15.42
2003	7.67	15.67
2004	9.2	17.04
2005	10.48	18.47
2006	11.31	19.09
2007	13.29	19.75
2008	15.74	20.33
2009	13.43	19.13
2010	15.25	19.61
2011	17.93	20.39

a - Millions of Persons

b - Billions of dollars spent by international visitors

Sources: U.S. Department of Transportation, International Travel Association

Singh, 2009; Chang, 2009; and Lee and Jang, 2010). Only Barrie, Flanegin, Racic, and Rudd (2009) and Quadri and Zheng (2010) present evidence about currency exchange rate effects on hotel occupancy using recent data. Their results, however, come from univariate analyses absent of controls afforded by estimating a fully-specified demand model.

Economic theory suggests that a weak U.S. dollar creates relatively favorable currency exchange rates for foreign visitors that may induce marginal travel to the U.S. The data we present in Table 1 indicate long-run positive trends among measures of international travel. Interestingly, these data extend through both periods of dollar weakness and strength, which suggest that international travel to the U.S. could be invariant to exchange rates contrary to theoretical predictions. The conflicting interpretations from theory and historical data raise

an interesting empirical question – do exchange rates have anything to do with U.S. hotel room sales?

Consistent with the theory that exchange rates influence international travel demand, data in Table 2 imply relationships between foreign traveler spending, aggregate hotel demand, and currency exchange rates as measured by the Federal Reserve Board’s (FRB) Broad index of international exchange rates relative to the U.S. dollar. The FRB Broad Index is a closely followed composite of global currency relationships. Index numbers less than 100 indicate a relatively weak dollar.

In this paper, we report evidence of statistically significant relationships between exchange rates and hotel demand, although these results are largely confined to certain U.S. hotel chain scale segments and only in some cities. Our study is the first to estimate the extent to which the number of rooms sold in the U.S. is influenced by currency exchange rates while con-

trolling for other important demand determinants. The travel demand literature prior to 1993 reviewed in Couch (1993) includes 25 studies (i.e., 29 percent of all studies) in which exchange rates appear as a determinant along with other demand drivers. None of these studies concentrate on inbound U.S. travel by non-residents. More recently published research provides little guidance for understanding whether or not exchange rates affect travel to the U.S.

Our analysis is performed in the aggregate for the U.S. and with disaggregated data for chain scales and both upper-price and lower-price hotels in gateway cities. We are especially interested in the differential effects of exchange rates on demand in large hotel markets serving many international travelers, thus we estimate unique demand equations in eight gateway cities.

Summary of Results

We find that currency exchange rates have a statistically significant, although rather modest, influence on hotel demand in the U.S. at the national level of aggregation over the sample period 1992 Q1 through 2012 Q1. Tests for time period bias indicate that hotel demand responded to currency exchange rates differently prior to 2000 than after 2000. We suspect these differences are related to Internet availability. Regressions run using post-2000 data produce estimates in line with expectations from theory. Our analysis shows that exchange rates impact demand at the chain scale level of aggregation, but the coefficients are only correctly signed and significant especially for luxury;

**Table 2:
Historical Patterns of International Travel
to the U.S. and Expenditures**

Year	U.S. Demands ^a	Travel Spending ^b	FRB Broad Index ^c
2006	2,800.08	19.09	96.22
2007	2,805.33	19.75	91.63
2008	2,782.36	20.33	87.79
2009	2,619.58	19.13	91.39
2010	2,682.53	19.61	87.12
2011	2,848.46	20.39	82.65

*a - Thousands of hotel rooms
b - Billions of dollars spent by international visitors
c - Index 1973 = 100*

Sources: Federal Reserve Board, International Travel Association, Smith Travel Research.

Table 3: Variables in Study of U.S. Hotel Demand and Currency Exchange Rates

Type	Name	Period	Measurement	Source
Dependent	Room sold (D)	1988 Q1-2012 Q2	Room Count	Smith Travel Research ^a
Explanatory/ control	Real ADR (RADR)	1988 Q2-2012 Q2	Dollars	Smith Travel Research ^a
Explanatory/ control	Real Personal Income (RPI)	1988 Q2-2012 Q2	Dollars or percent change YOY	Moodys ^b
Explanatory/ control	Employment (EMP)	1988 Q2-2012 Q2	Employee count or YOY percent change	Moodys ^b
Explanatory/ control	Real Air Fare (RAIRF)	1992 Q1-2012 Q2	Dollars	U.S. Dept. of Transportation
Explanatory/ control	Seasonal	1992 Q1-2012 Q4	Indicator (1,0)	N/A
Explanatory/ Focus	Federal Reserve Board Index (XE)	1992 Q1-2012 Q4	Index 1973 = 100	Federal Reserve

^a Smith Travel Research

^b Moodys - Moodys Analytics

Source: PKF Hospitality Research, LLC

and also upper-upscale and upscale hotels. We find no relationship between exchange rates and the number of rooms sold in the upper-midscale, midscale, and economy chain scales.

When estimating separate demand equations for U.S. gateway cities, each at both the upper-price and lower-price tiers, we find stronger evidence that exchange rates influence hotel demand at the upper-price tier in these cities than for the national chain scales. The demand for upper-priced hotels is related to exchange rates in seven of eight U.S. gateway cities; Honolulu being the exception. These relationships weaken among lower-price hotels located in the gateway cities.

A limitation of this study comes from the inability to separate rooms di-

rectly sold to international travelers from the total number of rooms sold. Data provider Smith Travel Research (STR) does not segment demand by country of origin and to our knowledge only proprietary time series data exist on market-wide hotel stays by international travelers. Therefore, our analyses are performed using total demand numbers. Also, the results we generate from estimating aggregate demand equations indicate net changes in U.S. hotel rooms sold due to currency exchange rate movements from domestic and international hotel occupancy. We cannot measure the extent to which domestic travelers substitute domestic travel for international travel during periods of unfavorable exchange rates.

The Study

Hotel demand, measured by number of rooms sold per period, and average daily rate (ADR) data come from STR. Data for all variables introduced as economic controls come from Moody's Analytics and the U.S. Department of Transportation is the source of international airfare data. These quarterly hotel and economic data span the period 1988 Q1 through 2012 Q1. The airfare time series data begin in 1992 Q1. For exchange rates, we use the Federal Reserve Board's Broad Index. The FRB explains that their broad exchange rate index "aggregates and summarizes information contained in a collection of bilateral foreign exchange rates" and that, "the main objective of the current indexes is to summarize the effects of dollar

Table 4: Elasticity Estimates for Hotel Demand and Currency Exchange Rate: U.S., Chain Scales, and Gateway City Markets

Hotel Market ^a	Price Tier	Elasticity ^b
United States	All Hotels	0.32
	Luxury	-1.21
	Upper Upscale	-0.4
	Upscale	-0.38
	Upper Midscale	NSS
	Midscale	NSS
	Economy	NSS
Boston	Upper Price	-0.98
	Lower Price	NSS
Chicago	Upper Price	-1.15
	Lower Price	NSS
Honolulu	Upper Price	NSS
	Lower Price	-0.62
Los Angeles	Upper Price	-0.91
	Lower Price	NSS
Miami	Upper Price	-1.25
	Lower Price	-1.19
New York	Upper Price	-0.85
	Lower Price	-0.73
San Francisco	Upper Price	-1.06
	Lower Price	-0.48
Washington	Upper Price	-0.77
	Lower Price	NSS

^a Estimated from a demand equation with controls, period- 2000 Q1 - 2012 Q1.

^b Significant at .10 level or better

NSS - Not Statistically significant at the .10 level or better.

appreciation and depreciation against foreign currencies on the competitiveness of U.S. products relative to goods produced by important trading partners of the United States" (Loretan, 2005, p.1).

The objective of this empirical work is to estimate the effects of exchange rates on hotel demand while controlling for as many other factors as pos-

sible that may explain variation in the number of rooms sold per quarter. As with any demand equation, our equation includes a price variable with an expected negative coefficient. The ADR, expressed in real terms and lagged one quarter to account for booking decisions prior to occupancy, controls for movements in the prices of hotel rooms. Hotel demand is also influenced by either general (i.e., na-

tional) or local (i.e., city) economic conditions, hence we introduce two economic controls – real personal income and employment. The levels of these variables are highly collinear, thus one variable enters the equations as a level while the other enters as a year-over-year percent change. Coefficients of both economic controls should be positive. We rely on these two economic controls because at certain times hotel demand has greater sensitivity to one economic effect far more than the other. During the recovery following the financial crisis of 2008 and the recession of 2007-2009, for example, the hotel markets in the U.S. experienced a sustained recovery mainly driven by income growth. Employment dominates at other times.

International traveler demand for hotel rooms in the U.S. should be influenced by costs other than just the cost of hotel rooms. Air transportation expenditures represent another large financial outlay by foreign visitors. We account for transportation price movements with the inclusion of real international airfares in the demand equations. The coefficient for this variable should be negatively signed. Finally, seasonality is controlled for with quarterly dummies with the fourth quarter as the omitted period in the series. Table 3 presents the variables in our demand equation.

Detailed Results

Elasticity estimates presented in this section appear in Table 4.

The initial tests of the national demand equation use different time series models and alternatively intro-

duced XE with one-quarter through four-quarter lags. We anticipated problems from introducing real airfare (RAIRF) into the demand equation given its correlation with other right-side variables, especially XE. Thus, RAIRF is dropped. Also, XE lagged one quarter performs best and we use data from the internet rich period, 2000 Q1 to 2012 Q1 instead of the entire time series. The XE variable in the national hotel equation has a significant negative coefficient. The elasticity however, indicates a weak demand response to XE movements among all U.S. hotels such that on average a ten percent change in XE results in only a 3.20 percent change in hotel demand.

Chain Scale Results

To determine if disaggregating the national data along ADR and quality dimensions provides additional insights about the effect of currency exchange rates on U.S. hotel demand, we estimate separate demand models for the six chain scales defined by STR. Overall, the regression results for the six chain scales resemble those obtained with the national data. The coefficient on XE, however, is insignificant for the three chain scales in the lower quality tiers; and correctly signed and significant for the three upper-tier hotel chain scales. The elasticity estimates of -.38 through -1.21 shown in Table 4 indicate that a ten percent change in XE generates as much as a 12.1 percent change in the number of hotel rooms sold among luxury hotels in the U.S. This means, for example, that the year-over-year XE decline of approximately nine

percent that occurred during two quarters of 2008 led to tens of thousands of additional hotel rooms sold nationally in the higher quality tiers per day during those quarters.

While hotels counted among the top three chain scale segments only constitute about ten percent of the total number of properties and rooms in the U.S., these hotels are economically important to the cities in which they operate. In addition, many prominent independent hotels would be included in the luxury and upper-upscale categories if they were chain affiliated. We conjecture that the sensitivity of demand to exchange rates for these independent hotels would closely align with the sensitivities we find from the chain scale regressions.

Gateway City Results

The motivation for singling out U.S. 'gateway' cities is to determine if a currency exchange rate effect on hotel demand is most pronounced in local markets that attract relatively more and different types of international visitors. For example, New York, Miami, and Los Angeles rank one, two, and three, respectively, in international enplanements among major U.S. cities in 2011; far outdistancing most other U.S. cities ranked among the top 25 cities (U.S. Department of Transportation, 2012). Further, we assume that the type of traveler differs in each city with New York and Washington proportionally receiving more business travel relative to, say, Miami. In the absence of either institutional or academic determinations of what constitutes a 'gateway' city, we rely on a definition and classification of

gateway city orientated to local hotel markets developed by Corgel (2012). This definition is as follows:

hotel gateway city 1. A city that serves as a departure or arrival point for international travel regardless of either transportation mode or country of origin and destination. 2. A city in which international tourism is meaningful to the local hotel market.

This classification approach leads the following locations qualifying as hotel gateway cities: Boston, Chicago, Honolulu, Los Angeles, Miami, New York, San Francisco, and Washington DC.

Our demand model estimation for gateway cities proceeds at the upper-price and lower-price tiers. This division aligns closely with the traditional notion of classifying hotels as full service and limited service as well as a division of chain scales with luxury, upper-upscale and upscale constituting the upper-price tier and upper-midscale, midscale, and economy making up the lower-price tier. The main distinction here is the inclusion by STR of independent hotels into the price tiers at the city level.

The demand model estimates for gateway cities differ in only minor ways from results obtained with the national and chain scale data. In seven of the eight gateway city upper-price hotel regressions, the XE coefficient has the correct sign and is statistically significant, Honolulu being the exception. As indicated in Table 4, the elasticity estimates range from a low of -.77 in Washington DC to a high of -1.25 in Miami. These estimates well exceed those reported for the U.S. and for the chain scales. Consistent with our

findings from the chain scale analysis, XE is negative and significant in only one half of the lower-price segment of gateway cities – Honolulu, Miami, New York, and San Francisco. In addition, the elasticity estimates are generally below those for upper-price hotels in these cities.

Conclusions

Our findings have some dominant themes. First, we demonstrate that evaluating currency exchange rate effects on hotel demand at the national level of aggregation masks important effects across different price/quality tiers and cities. Second, when examining disaggregated data we find that only demand among upper-price hotels, particularly the luxury chain scale, is sensitive to currency exchange rates. These effects, as indicated by their elasticity, are quite meaningful when exchange rates become more volatile. Third, significant statistical relationships between currency exchange rates and hotel demand are particularly strong among large, mainly coastal (continental) U.S. cities. The estimated demand elasticity with respect to currency exchange is greatest for all but one of eight gateway city destinations for international travel, but predominately among travelers that stay in upper-price hotels. In only one half of these cities does the exchange rate have some influence on demand among lower-price hotels.

About the Authors:

Jack Corgel (jc81@cornell.edu, 607-255-9949) is a Robert C. Baker Professor of Real

Estate at Cornell University and a Senior Advisor to PKF Hospitality Research, LLC. Jamie Lane (jamie.lane@pkfc.com, 404-809-3950) and Aaron Walls (aaron.walls@pkfc.com) are Economists with PKF Hospitality Research, LLC.

* This report is an abbreviated version of a paper under review at an academic journal which is available at:

<http://www.hotelschool.cornell.edu/industry/centers/cref/publications/working/2012.html>.

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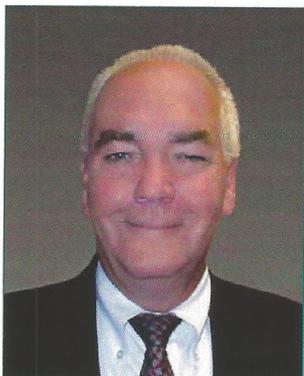
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THE GREENING OF AMERICA—INCLUDING HOTELS WILL GOING GREEN PUSH ME FURTHER INTO THE BLACK?



By Larry Henry MAI

The answer to the latter, of course, is yes.

But what is “greening”? Most, if not all of us are familiar with the term, but, if you’re like me, it’s mostly a vague, somewhat nebulous concept having to do with improving our environment.

Building “green” was once considered a cause advocated mostly by hardcore environmental groups. Not so today. With rising energy costs and emerging technologies catching on, “green” buildings are smart solutions for businesses serious about reducing pollution, mitigating environmental impact and saving money.

LEED (Leadership in Energy and Environmental Design) is an internationally recognized green building program, developed by the U.S. Green Building Council (USGBC) in 2000. It provides building owners and operators with a framework for identifying and implementing practical and measurable green building

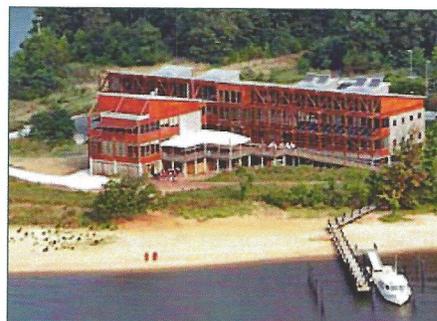
design, construction, operations and maintenance solutions. It is a voluntary, consensus-based, market-driven program that provides third-party verification of green buildings. Participation in the process demonstrates leadership, innovation, environmental stewardship and social responsibility. LEED provides building owners and operators the tools they need to immediately impact their building’s performance and bottom line, while providing healthy indoor spaces for the building’s occupants. LEED projects have been successfully established in 135 countries. International projects, those outside the U.S., make up more than 50 percent of the total LEED-registered square footage.

LEED-certified buildings are designed to:

- Lower operating costs and increase asset value;
- Reduce waste sent to landfills;
- Conserve energy and water;
- Be healthier and safer for occupants;
- Reduce harmful greenhouse gas emissions; and
- Qualify for tax rebates, zoning allowances and other incentives in hundreds of cities.

Under a point-based system, building projects earn LEED points for satisfying specific green building criteria, up to a possible 100 points, with specific levels of certification as follows:

40 – 49 points	Certified
50 – 59 points	Silver
60 – 79 points	Gold
80 + points	Platinum



Notable Buildings

Notable “green” buildings include The Philip Merrill Environmental Center in Annapolis, Maryland, which houses the Chesapeake Bay Foundation’s headquarters (of course, one would expect an environmental center to be green), and is one of the world’s most energy-efficient buildings. It was the first building to receive USGBC’s Platinum rating for LEED and has won international acclaim as a model for energy efficiency, high performance and water conservation.



The David L. Lawrence Convention Center in Pittsburgh was the first Gold LEED-certified convention cen-

ter and the largest “green” building in the world, spanning 1.5 million square feet when it opened in 2003. It subsequently became the first convention center to earn Platinum certification in 2012.

Perhaps the world’s most famous office building, the Empire State Building, is completing a \$550-million renovation, with \$120 million spent in an effort to transform the building into a more energy-efficient and eco-friendly structure. Receiving a Gold LEED rating in September 2011, it is the tallest LEED-certified building in the U.S.

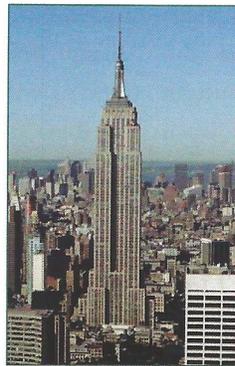
Certainly, no sustainability program makes sense if it does not have a favorable cost-benefit ratio.

Fees for certification vary by project size but average about \$2,000. Often when a LEED rating is pursued, the cost of initial design and construction rises. This added cost comes in the form of USGBC correspondence, LEED design aid consultants and the hiring of a required commissioning authority. However, higher initial costs can be effectively mitigated by the savings achieved over time due to lower-than-industry-standard operational costs typical of a LEED-certified building.

Studies have suggested that an initial up-front investment of an extra 2.0 percent will yield over 10 times the initial investment over the life cycle of the building. In a 2008 white paper by the Leonardo Academy comparing LEED-certified buildings with data from BOMA (Building Owners & Managers Association) Experience Exchange Report 2007, a compilation

of operating costs for office buildings, demonstrated that LEED-certified buildings achieved superior operating cost savings in 63 percent of the buildings surveyed, ranging from \$4.94 to \$15.59 per square foot of floor space, with an average of \$6.68. The overall cost of LEED implementation and certification ranges from \$0.00 to \$6.46 per square foot, averaging \$2.43.

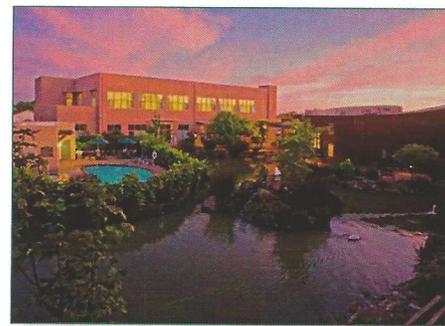
The Empire State Building reportedly saved \$2.4 million dollars in the first year of its energy efficiency plan and, once all tenant spaces are upgraded, expects to save \$4.4 million per year, a 38 percent reduction in energy use. Additional benefits from federal, state and local governments are increasingly available in the form of property tax exemptions, tax credits, density bonuses, grants and low-interest loans.



Hotels

Can hotels benefit from going “green”? Once again the answer is yes. No industry is more exposed to the public’s inspection than is the hospitality industry. An efficient hotel design, or retrofit, not only conserves resources, but it can make a hotel more viable (and profitable).

DoubleTree Hotel & Spa in Napa Valley, California was the first hotel to receive the Gold LEED certification and at the time, was one of the most publicized hotels in the United



States. The hotel was built in 2007 and is green from the foundation up. Natural fibers, carpeting, recycled building materials and a full array of conservation solutions were implemented. One of the early concerns expressed by the owner and the management company, Marin Management, Inc., was that a “green” hotel would be perceived as less luxurious, accompanied with the false idea that conservation meant “less.” This inspired Marin Management to revise the promotional concept to “Sustainable Luxury.” The perception of conservation and sustainability, by the general public, is constantly improving fueled with awareness and support. It’s been substantiated that conservation is worth the effort and that it is providing a cleaner more efficient environment with increased cost savings. A complete sensor-based monitoring system with display screens in the lobby, shows the effects of energy conservation and the reduction of the hotel’s carbon footprint.

Wyndham Hotels and Resorts established a 6-point sustainability program called Wyndham Green, and assisted in the development of one of the world’s first eco-friendly uniform programs in the hospitality industry. Working with its existing supplier, Cintas, Wyndham developed uni-

forms made with recycled polyester, such as from plastic beverage bottles. By selecting a recycled polyester apparel program, Wyndham helped divert nearly 70,000 water bottles – a popular hotel amenity – from landfills. Not only does this process keep water bottles out of the waste stream, but it reduces energy consumption by as much as 33 percent compared to manufacturing virgin fibers from crude oil. It also reduces carbon dioxide emissions by 47 percent and helps decrease harmful air emissions. In addition to its uniform program, Wyndham utilizes several ecologically friendly practices including the use of energy-efficient compact fluorescent lighting, low-flow water faucets and showerheads, an “Earth Smart” guest linen reuse program and numerous recycling efforts.

A side note about bottled water. It takes three times the amount of water to produce the bottle as it does to fill it. Seventeen million barrels of oil are used annually to produce the bottles, enough to fuel 1.5 million cars per year, and 40 percent is actually tap water. Only one in five bottles is recycled, with the rest ending up in landfills and on city streets, eventually littering our oceans via sewage systems.

Marriott Corporation is focused on integrating greater environmental sustainability throughout its business, including architecture and construction, engineering and procurement. It recognizes the compelling need to run its hotels efficiently, and in 2009 achieved its goal in the Americas of reducing energy consumption by 5.0 percent per available room (on a year-

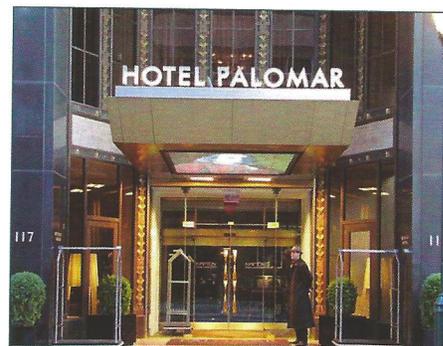
over-year basis after weather normalization). Marriott has 13 hotels across all brands that are LEED-certified by the USGBC, as well as its international headquarters in Bethesda, Maryland.

The four-star Proximity Hotel in Greensboro, North Carolina, achieved 39 percent less energy use, 34 percent less water use and diverted 87 percent of its construction waste from the landfill by integrating LEED strategies. Overall, environmental goals added between \$1.5 and \$2.0 million to the luxury hotel’s construction budget, which owners expect to recoup in less than four years through tax credits, operating savings and increased revenue driven by customer demand. The Proximity was the first LEED Platinum hotel in the U.S. and was voted 2013 Top 500 World’s Best Hotels by *Travel+Leisure*.

According to the former general manager and vice president of The Rittenhouse Hotel in Philadelphia, they have implemented 35 green programs that reduce their carbon footprint, making the hotel a safer place for guests and employees, while reducing expenses in a number of areas.



In October 2010, the Hotel Palomar Philadelphia became Philadelphia’s and Kimpton Hotels & Restaurants’ first LEED-certified hotel at the Gold level. The Palomar is outfitted with reclaimed, renewable and sustainable



materials, and its structure maintains the integrity of the former Architects Building, a historically significant Art-Deco building built in 1929.

Impact On Demand

All of this is well and good from the “supply” side, but will going green have an effect on demand? Here again, the answer is apparently yes.

Conde Nast Traveler’s April 2009 survey indicated that 87 percent of respondents said it was important that a hotel is environmentally friendly, and almost 75 percent said they are influenced by a hotel’s environmental policies when deciding on a hotel.

National Leisure Travel MONITOR’s 18th annual publication May 2009 survey of more than 1,500 travelers indicated that 80 percent of travelers consider themselves environmentally conscious, 38 percent would select an environmentally friendly hotel if they knew about the hotel’s commitment to the environment, and 30 percent said they would pay more for an eco-friendly hotel.

Deloitte Consulting conducted a survey in May 2008 of more than 1,100 business travelers. Adam Weissenberg, the Deloitte Tourism, Hospitality and Leisure leader who oversaw the survey

stated, "Our survey shows that green concerns have made their way on to the business traveler's agenda. Business travelers understand the issues and are trying to do their part in being more environmentally responsible when they are on the road." Ninety-five percent of respondents think that lodging companies should be undertaking green initiatives; 38 percent have taken steps to determine whether a hotel is "green"; and 40 percent would be willing to pay more for green lodging.

Of course, we all know the reliability of surveys (remember the Edsel).

Representatives of the industry, however, tend to corroborate the survey results.

The general manager of Kimpton's Hotel Monaco in Baltimore, in a July 2009 article in *Hotel OnLine*, stated "We've done surveys and found 57 percent of our guests had a great concern for the environment, so this (environmental commitment) is something they sought."

In a June 2009 interview, Starwood's CEO, Frits van Paasschen said, "When it comes right down to it, sustainability pays. And it pays in three ways: guests are increasingly interested, so it's good for business; there are real opportunities to reduce costs and do things that are green at the same time; and something not everybody realizes, there is so much passion and energy within the organization to do this that the ability to get people excited about the company they're part of through the kinds of green practices we've been implementing is another source of success and payoff."

And so, it is written, that going green begets lower operating costs, which begets higher bottom lines, which begets higher values. To borrow from a popular phrase, going green is a win-win-win situation, benefiting the hotel, its guests and its community.

Larry Henry MAI is Vice President in the Philadelphia office of PKF Consulting USA, LLC. He can be reached at larry.henry@pkfc.com, or (215) 563-5300, ext 30.

GLOSSARY OF TERMS

HOTEL TYPES

All Hotels

Total of all hotels in our survey sample. Includes hotels in all six property type categories.

Full-Service Hotel

A hotel which provides a wide variety of facilities and amenities, including food and beverage outlets, meeting rooms, and recreational amenities.

Limited-Service Hotel

A hotel which provides only some of the facilities and amenities of a full-service property. Does not offer restaurant, lounge, or banquet service. May offer complimentary food and beverage.

Resort Hotel

A hotel, usually in a suburban or isolated rural location, with special recreational facilities.

Suite Hotel with Food and Beverage

A hotel in which all rooms have "separate," but not necessarily physically divided, "sleeping and living areas." These hotels offer restaurant, lounge, or banquet service.

Suite Hotel without Food and Beverage

A hotel in which all rooms have "separate," but not necessarily physically divided, "sleeping and living areas." These hotels do not offer restaurant, lounge, or banquet service. May offer complimentary food and beverage. Most extended-stay hotels reside in this category.

Convention Hotel

A hotel which provides facilities and services geared to meet the needs of large group and association meetings and trade shows. Typically, these hotels have more than 500 guest rooms and contain substantial amounts of function and banquet space. Included in this category are hotels attached to convention centers and conference centers.

DEMAND CATEGORIES

Transient

Leisure and corporate guests staying on an individual basis.

Group

Guests associated with a group occupying 10 or more rooms.

Contract

Guests staying as part of a special contract.

Other

Guests that do not fall into the previous three categories.

STATISTICS

Percentage of Occupancy

The percentage of available rooms occupied for a given period. It is computed by dividing the number of paid guest rooms occupied for a period by the number of rooms available for the same period.

Average Daily Rate

Total guest room revenue for a given period divided by the total number of paid occupied rooms during the same period.

RevPAR

Rooms revenue divided by the annual number of available rooms.

Guest Day

Number of guests, per paid occupied room, per day.

Average Size (Room)

Number of daily guest rooms available for rent.

REVENUES

Rooms

Revenue derived from the rental of sleeping rooms, no-show charges, early departure and late checkout fees, pet fees, and charges for rollaway beds and cribs.

Food and Beverage

Revenue from the sale of food, alcohol, and non-alcoholic beverages in restaurants, lounges, room service, mini-bar, and banquet rooms. Also includes revenue from public room rentals, service charges, and the rental of audio/visual and other meeting room equipment.

GLOSSARY OF TERMS

Other Operated Departments

Revenues from departments operated by the hotel such as telecommunications, internet connections, guest laundry, retail shops, recreational facilities, and parking operations.

Rentals and Other Income

Revenues from the rental of stores or other space in the hotel for activities not operated by the hotel. Also includes income from interest, cash discounts, cancellation and attrition penalties, and other services provided to guests by outside firms for which the hotels receives a commission or concession.

COSTS AND EXPENSES

Rooms

Includes salaries, wages, and benefits for the front desk personnel, reservations staff, revenue management, housekeeping and laundry workers, bell staff, and concierge personnel. In addition, rooms department expenses include linen, guest supplies, commissions to travel agents, complimentary breakfast and social hour costs, and reservation system charges assessed by franchise companies.

Food and Beverage

Includes the costs of food, alcohol, and non-alcoholic beverages sold, together with the salaries, wages, and employee benefits for managers, kitchen personnel, servers, bartenders, cashiers, and hosts. Other applicable expenses include laundry, linen, china, glassware, silverware, operating supplies, audio/visual equipment, music, and entertainment.

Other Operated Departments

Includes the salaries, wages, benefits, cost of goods sold, and other expenses associated with the operation of other revenue producing departments operated by the hotel.

Administrative and General

Expenditures for the operations of the general manager's office, the accounting department, human resources, security, information systems, and other similar activities. Examples of expenditures include salaries, wages, benefits, professional fees, credit card commissions, bad debts, telecommunications and computer maintenance, office supplies, and postage.

Sales and Marketing

Expenditures to sell and promote the hotel's services and enhance its image to the general public. These include salaries, wages, benefits, media advertising, agency fees, e-commerce, outside sales representation, outdoor advertising, trade shows, and public relations. Also included in this expense category are payments made to franchisors and referral agencies for franchise royalties, marketing assessments, and guest loyalty programs. Does not include payments made for reservation services and/or systems.

Property Operations and Maintenance

Payments for salaries, wages, benefits, maintenance contracts, tools, and supplies to maintain the buildings, grounds, furniture, and equipment of the hotel. Not included are costs associated with the maintenance of computer, point-of-sale, and telecommunications systems, as well as major capital purchases.

Utilities

Costs for electricity, gas and other fuels, steam, water, and sewer.

Management Fees

Fees paid for management services and supervision of the property. Includes both base and incentive fees.

Property and Other Taxes

Includes real estate taxes, personal property taxes, business and occupation taxes, and all other taxes except payroll and income taxes. Does not include occupancy, sales, or any other taxes based on revenue.

Insurance

Includes premiums paid for insuring buildings and contents, liability, fidelity, and theft coverage. Premiums for workers' compensation insurance are not included in this category.

Other Fixed Charges

Includes deductions for capital replacement reserves, rent, interest, depreciation, amortization, and income taxes. Comparisons beyond income after property taxes and insurance are virtually meaningless due to wide variances in ownership, depreciation methods, financing bases, and applicable taxes.

A NOTE TO READERS:

Same-Store Sales

The data presented in this report reflect the performance of hotels for which we have two full years of comprehensive information. The percentage changes in revenues and expenses that are presented in the 2013 edition of *Trends® in the Hotel Industry* represent the movement derived from a side-by-side comparison of the 2011 and 2012 financial statements of the same hotels.

Please note that our survey sample consists of hotels that have volunteered to share their data with us. Therefore, the sample does change somewhat from year to year. Because of this change, readers will find differences when comparing 2011 data in the 2013 edition of *Trends® in the Hotel Industry* with the 2011 data presented in the 2012 edition.

This document provides the reader with the benchmarks of comparative measurement for evaluating the performance of lodging assets on a year-to-year basis. These annual variances are different from the relative movements seen within the entire U.S. lodging industry or within a defined market area. An increase or decrease in supply influences market-wide change in measures such as occupancy, average daily rate, and revenue. However, using period-to-period, same-store sales removes the inherent bias created by the inclusion of initial-year operating results of brand-new facilities.

Data Processing, Comparability, and Accuracy

Processing nearly 7,000 financial statements has its challenges. Data arrives in the Atlanta office of PKF Hospitality Research, LLC (PKF-HR) via many different channels. Some contributors take the time to complete our survey form, while others simply send us copies of their December profit and loss statements. A few companies provide us with huge electronic data files that contain in excess of 10,000 individual revenue and expense items.

In addition to the diversity of delivery methods, we also observe the wide variety of financial statement formats and account classification systems in use by U.S. hotel managers. While the general parameters of the *Uniform System of Accounts for the Lodging Industry (USALI)* can be found in most statements, each hotel company or property customizes their layout and accounts to identify the performance statistics that are most critical to their operations.

To make *Trends®* valuable for readers, we need to ensure the comparability and accuracy of the data contained in the report. Therefore, we take the time to put all the data we receive into one common format and one common classification system. For the 2013 edition of *Trends®*, we used the Tenth (10th) edition of the *Uniform System of Accounts for the Lodging Industry (USALI)*. To purchase a copy of the Tenth edition of the *Uniform System of Accounts for the Lodging Industry*, please contact the Educational Institute of the American Hotel and Lodging Association at www.ei-ahla.org.

Our goal of information comparability and accuracy requires thousands of hours from the *Trends®* staff. Before entering our database, each statement is reviewed by at least two people. As needed, we re-classify revenue and expense items. We spend the time, for example, to move General Insurance from Administrative and General to Fixed Charges. If we see Reservations Expenses in the Marketing Department, we move them to the Rooms Department.

On occasion, certain expense items are excluded from the financial statement of a hotel depending on the source of the document. For example, financial statements sometimes do not include certain ownership expenses such as property taxes or property insurance. In these special circumstances, PKF-HR will estimate these costs to ensure comparability. The estimates are based on the relative movement of the same expense item in comparable hotels for which we have data in the current year.

In addition to comparability and accuracy, another goal is to provide critical performance measurements. Therefore, we identify and capture over 200 specific revenue and expense items to provide readers and clients with the greatest degree of financial benchmarking.

Revenue Growth Varies

Now that the national hotel occupancy rate is approaching its long run averages and scarcity has returned in certain markets and property types, guests have to pay more to rent rooms. However, after the guests have checked in, managers are struggling to get them to spend more on the additional services and amenities offered by hotels.

On average, the properties in the *Trends*® sample achieved a healthy 6.3 percent increase in rooms revenue from 2011 to 2012; however, total hotel revenue grew by just 5.0 percent. This means that the combined revenue earned from food and beverage, other operated departments, and rentals and other income increased only 2.3 percent per available room (PAR), or a mere 0.5 percent when measured on a dollar per occupied room basis (POR).

Among the other sources of revenue, food and beverage sales grew 2.5 percent while rental and other income increased by 3.0 percent. Revenue from other operated departments (i.e. retail, recreation, telecommunications, laundry) lagged with a growth rate of just 1.0 percent on a per available room basis, but declined by 0.8 percent on a per occupied room basis.

Variable Costs Contained

Facing the challenge of boosting their revenue, hotel managers responded once again by controlling costs. Total hotel operating expenses for the properties in the *Trends*® sample increased by 3.3 percent in 2012, compared to the 4.3 percent rise observed in 2011. Because of the high degree of variable costs at hotels, part of the decline in the pace of expense growth can be attributed to the reduced rate of occupancy increases. Nonetheless, when measured on a POR basis, operators were able to limit expense growth to just 1.5 percent in 2012.

PKF-HR begins their analysis of expenses by looking at labor costs since they account for 45.3 cents of every dollar spent to operate a hotel. In 2012, total labor costs increased by 3.6 percent PAR, down from the 4.1 percent growth rate posted in 2011. The slower growth of labor costs implies that managers monitored employee compensation closely during the year. In 2012, salaries and wages, the more controllable component of labor costs, increased by 2.9 percent, while payroll-related expenses rose by 5.4 percent. Many U.S. hoteliers are concerned that the accelerated rise in payroll-related expenses could be a foreshadowing of future escalation in government mandated taxes and benefits.

Fixed Expenses Explained

In general, undistributed expenses are considered to be largely fixed in nature. Therefore, at first glance, the

5.3 percent rise in sales and marketing expenses, along with the 5.0 percent increase in management fees for the *Trends*® sample, appear to be a cause for concern. However, the positive growth in revenue and profits helps to explain the rise in these two expense categories.

Franchise fees (considered a sales and marketing expense), as well as the bonuses for sales personnel, frequently are tied to changes in rooms revenue. Management fees almost exclusively are driven by changes in total revenues and profits, thus explaining the relatively strong increase in this expense item.

The greatest percentage change in an individual expense category was observed in insurance. The amount paid by hotels for property and liability insurance grew by 6.0 percent in 2012. According to the firm Swiss Re, 2011 saw the second greatest dollar volume of worldwide insured losses ever. It appears that the insurance companies needed to recoup their 2011 outlays by raising premiums in 2012.

On a positive note, utility costs declined by 3.4 percent from 2011 to 2012. PKF-HR attributes this reduction to the continued implementation of green and sustainable operating practices, the purchase of energy efficient equipment, and, according to the Bureau of Labor Statistics, a mere 0.9 percent increase in energy costs during the year.

Profits

Net Operating Income (NOI) for the average hotel in the PKF-HR *Trends*® sample grew by 10.2 percent in 2012. Resort hotels enjoyed the greatest gain in NOI (10.6%), followed by limited-service (10.6%) and full-service (9.8%) properties. Lagging in profit growth were convention hotels (5.7%), suite hotels with F&B (7.7%), and suite hotels without F&B (8.1%). Resort hotels benefited from the greatest increase in ADR, while convention hotels were impacted by the lag in the recovery of the group market segment.

PKF Consulting USA, LLC and PKF Hospitality Research, LLC make every effort to compile and analyze data in ways that are most useful to the industry. Please contact PKF Hospitality Research, LLC in Atlanta at (404) 842-1150, extension 223 with questions and ideas for future studies, or for assistance in interpreting the data presented in this report.

TRENDS® IN THE HOTEL INDUSTRY

United States Metro Areas

Year-End Results for 2012

	Occupancy			Average Daily Rate			RevPAR		
	2012	2011	Percent Variation	2012	2011	Percent Variation	2012	2011	Percent Variation
New England & Middle Atlantic Cities									
Boston	71.7 %	71.0 %	0.9 %	\$ 158.76	\$ 147.91	7.3 %	\$ 113.83	\$ 105.09	8.3 %
Hartford	56.6	58.5	(3.3)	99.19	95.90	3.4	56.14	56.14	—
Long Island	69.7	67.8	2.7	130.62	123.78	5.5	91.00	83.98	8.3
New York	83.6	81.1	3.1	251.39	244.38	2.9	210.19	198.21	6.0
Newark	70.7	69.9	1.0	111.31	104.37	6.6	78.65	73.00	7.7
Philadelphia	66.9	66.1	1.2	119.12	114.54	4.0	79.65	75.71	5.2
Pittsburgh	67.5	68.0	(0.6)	109.40	104.54	4.6	73.90	71.07	4.0
Subtotal	74.2 %	72.9 %	1.7 %	\$ 182.35	\$ 174.17	4.7 %	\$ 135.30	\$ 127.02	6.5 %
North Central Cities									
Chicago	66.7 %	64.1 %	4.0 %	\$ 125.05	\$ 118.14	5.8 %	\$ 83.45	\$ 75.79	10.1 %
Cincinnati	56.2	55.5	1.1	86.97	84.37	3.1	48.85	46.86	4.3
Cleveland	60.7	56.8	6.9	89.23	84.79	5.2	54.20	48.18	12.5
Columbus	62.0	59.5	4.2	85.95	81.54	5.4	53.25	48.48	9.8
Detroit	61.8	59.8	3.3	79.53	76.76	3.6	49.12	45.90	7.0
Indianapolis	59.4	56.9	4.5	91.68	84.07	9.0	54.48	47.82	13.9
Kansas City	57.1	56.6	0.7	85.19	81.86	4.1	48.60	46.36	4.8
Minneapolis	64.0	63.8	0.4	98.31	95.39	3.1	62.97	60.88	3.4
Saint Louis	60.7	58.2	4.2	85.78	83.88	2.3	52.05	48.85	6.5
Subtotal	62.3 %	60.3 %	3.3 %	\$ 99.61	\$ 94.90	5.0 %	\$ 62.02	\$ 57.21	8.4 %

TRENDS[®] IN THE HOTEL INDUSTRY

United States Metro Areas

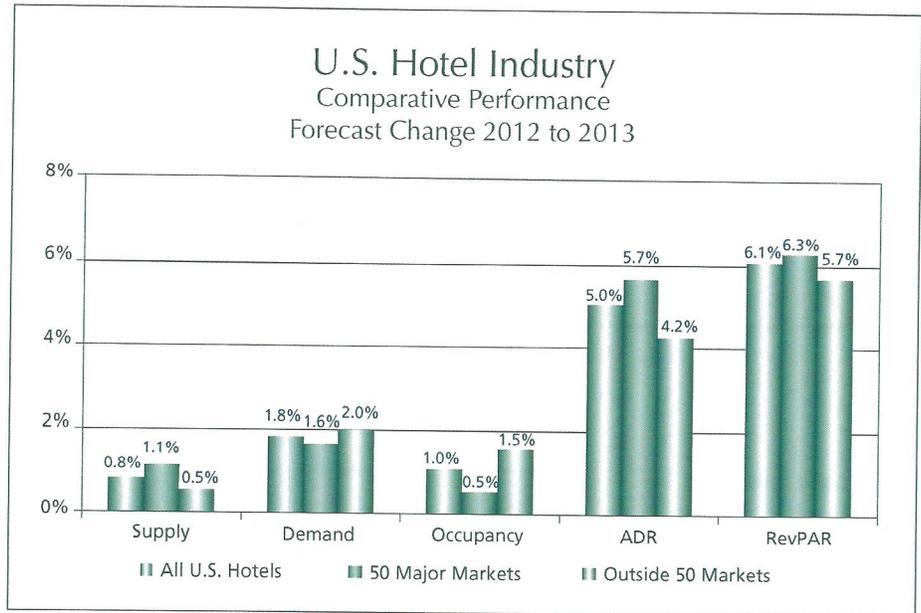
Year-End Results for 2012

	Occupancy			Average Daily Rate			RevPAR		
	2012	2011	Percent Variation	2012	2011	Percent Variation	2012	2011	Percent Variation
South Atlantic Cities									
Atlanta	60.9 %	59.0 %	3.1 %	\$ 85.92	\$ 82.76	3.8 %	\$ 52.30	\$ 48.86	7.0 %
Baltimore	64.3	64.5	(0.3)	107.99	105.43	2.4	69.47	68.01	2.2
Charlotte	63.6	61.4	3.6	89.20	81.50	9.4	56.75	50.05	13.4
Fort Lauderdale	72.6	70.5	3.0	114.65	110.77	3.5	83.26	78.08	6.6
Jacksonville	60.2	57.7	4.4	83.95	81.72	2.7	50.53	47.14	7.2
Miami	76.4	75.6	1.1	163.97	153.75	6.6	125.30	116.17	7.9
Orlando	68.8	67.6	1.8	97.17	94.26	3.1	66.88	63.73	4.9
Raleigh-Durham	60.5	60.6	(0.1)	85.29	82.29	3.7	51.64	49.88	3.5
Richmond	57.6	55.2	4.3	76.95	75.18	2.4	44.33	41.52	6.8
Tampa	63.1	60.5	4.3	100.19	93.76	6.9	63.23	56.72	11.5
Washington DC	67.5	67.3	0.3	143.85	144.99	(0.8)	97.11	97.59	(0.5)
West Palm Beach	67.8	64.9	4.4	140.95	134.76	4.6	95.52	87.51	9.2
Subtotal	66.0 %	64.7 %	2.1 %	\$ 111.04	\$ 107.75	3.0 %	\$ 73.27	\$ 69.66	5.2 %
South Central Cities									
Austin	68.1 %	66.5 %	2.4 %	\$ 113.23	\$ 105.23	7.6 %	\$ 77.07	\$ 69.97	10.1 %
Dallas	61.0	59.0	3.4	86.23	85.34	1.0	52.60	50.33	4.5
Fort Worth	60.4	59.4	1.6	91.36	91.55	(0.2)	55.17	54.43	1.4
Houston	65.4	59.8	9.4	94.16	90.57	4.0	61.58	54.14	13.7
Memphis	60.7	58.1	4.5	78.51	75.44	4.1	47.64	43.81	8.7
Nashville	65.6	62.0	5.9	96.84	93.41	3.7	63.52	57.88	9.7
New Orleans	67.8	64.2	5.6	132.87	122.51	8.5	90.02	78.62	14.5
San Antonio	63.3	60.9	4.0	97.03	95.86	1.2	61.45	58.35	5.3
Subtotal	63.9 %	60.8 %	5.1 %	\$ 97.96	\$ 94.35	3.8 %	\$ 62.61	\$ 57.40	9.1 %
Mountain and Pacific Cities									
Albuquerque	56.5 %	57.9 %	(2.4)%	\$ 71.81	\$ 70.91	1.3 %	\$ 40.57	\$ 41.06	(1.2)%
Anaheim	73.0	70.8	3.2	120.28	113.48	6.0	87.84	80.33	9.3
Denver	67.0	65.2	2.6	100.49	97.53	3.0	67.28	63.62	5.7
Los Angeles	75.4	71.7	5.1	130.17	123.23	5.6	98.17	88.38	11.1
Oahu	84.7	80.7	4.9	183.45	164.89	11.3	155.30	133.06	16.7
Oakland	72.1	67.7	6.6	95.73	87.68	9.2	69.04	59.35	16.3
Phoenix	57.8	58.0	(0.3)	106.20	104.12	2.0	61.40	60.39	1.7
Portland	67.4	64.3	4.8	99.87	94.51	5.7	67.27	60.76	10.7
Sacramento	57.9	56.2	2.9	89.82	87.50	2.7	51.98	49.21	5.6
Salt Lake City	64.5	62.9	2.5	90.00	86.96	3.5	58.02	54.67	6.1
San Diego	70.6	68.6	2.9	131.71	126.11	4.4	92.99	86.53	7.5
San Francisco	80.3	79.0	1.7	171.62	154.82	10.9	137.84	122.25	12.8
Seattle	71.2	68.7	3.6	120.34	114.55	5.1	85.64	78.70	8.8
Tucson	56.8	55.6	2.2	89.34	89.77	(0.5)	50.75	49.89	1.7
Subtotal	69.9 %	67.8 %	3.1 %	\$ 123.94	\$ 116.76	6.1 %	\$ 86.68	\$ 79.19	9.5 %
United States*	61.4 %	59.9 %	2.5 %	\$ 106.09	\$ 101.84	4.2 %	\$ 65.14	\$ 60.99	6.8 %

Sources - Smith Travel Research, PKF Hospitality Research, LLC
 Note: * All U.S. Hotels

MARKET RECOVERIES VARY BY SIZE

After comparing our firm's hotel forecasts for the nation's largest cities to the outlook for properties located outside major metro areas, we see evidence that these two disparate geographies are clearly in different places on their respective lodging business cycles. For 2013, hotels located in tertiary and rural areas are forecast to achieve greater growth in demand and occupancy. Conversely, properties in the larger metro areas will enjoy greater increases in average room rates (ADR) and revenue (RevPAR).



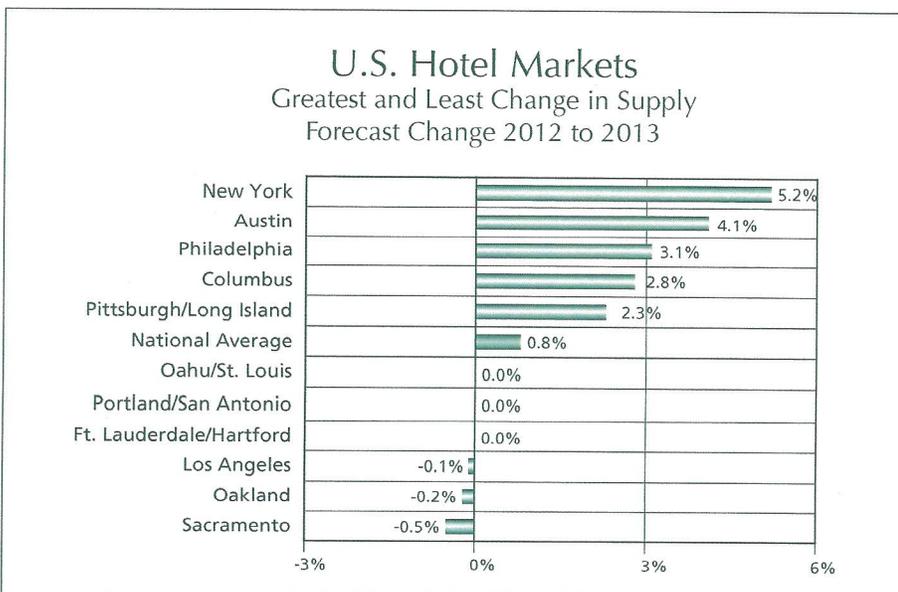
Source: PKF Hospitality Research, LLC, March 2013 *Hotel Horizons*® reports

Hotels in the nation's major markets led the early stages of the recovery from the Great Recession in terms of growth in demand. The bias of upper-income leisure and corporate travelers returning to high-end hotels, combined with the healthy economies of the nation's coastal

gateway cities, drove the expedited revival of these lodging markets. Now, with the 2013 aggregate occupancy level for the 50 major markets in our *Hotel Horizons*® universe forecast to surpass the pre-recession

peak, we are projecting ADR in these cities to start growing significantly, and be the primary driver of RevPAR gains in the future.

On the other hand, occupancy levels at hotels located outside the 50 major markets are still below the 60 percent mark. At this level, there is plenty of room for growth in demand and occupancy; therefore hoteliers are still struggling to raise room rates.



Source: PKF Hospitality Research, LLC, March 2013 *Hotel Horizons*® reports

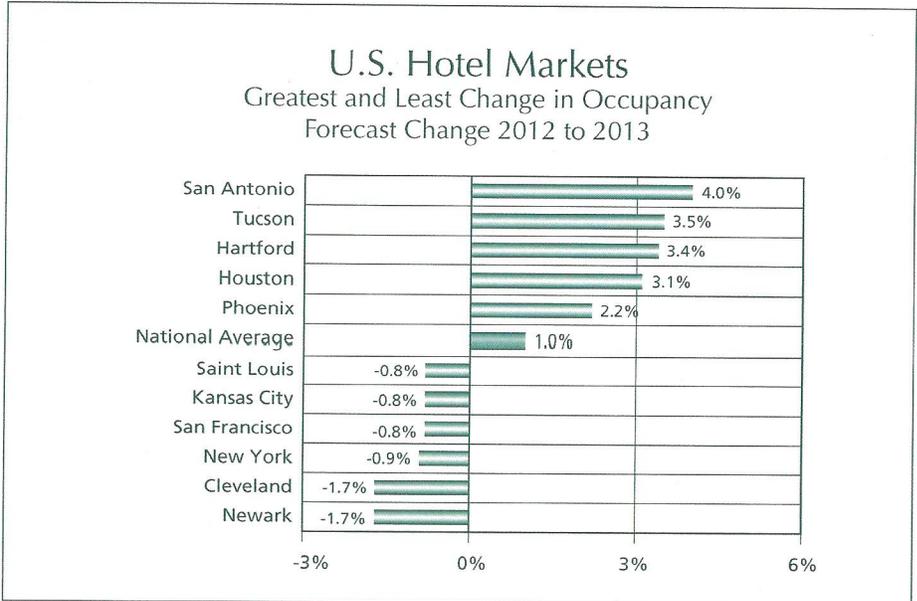
Overall, it appears that hotels in the major markets continue to be "ahead of the curve" in terms of recovery. However, when analyzing each of the 50 markets covered by PKF Hospitality Research, LLC (PKF-HR), we see varying degrees of placement on each market's respective business cycle. The following paragraphs summarize our March 2013 *Hotel Horizons*® local market forecasts

Supply and Demand

Nationwide, supply growth is forecast to remain below one percent in 2013. However, we are starting to see a pick-up in the addition of new rooms to some markets. Once again, New York City leads all markets in the amount of new hotel room additions during the year, followed by Austin and Philadelphia. The majority of new hotels entering the metro Philadelphia market will operate in the upscale segment, while upper-midscale properties dominate the near-term Austin construction pipeline.

The California markets of Sacramento, Oakland, and Los Angeles will experience a net reduction in room inventory during 2013. The declines are due to hotel closings that occurred in 2012. Six other markets across the country will not see any new hotel openings in 2013.

Driven by oil and gas exploration, the Texas markets of Austin, Houston, and San Antonio continue to lead



Source: PKF Hospitality Research, LLC, March 2013 *Hotel Horizons*® reports

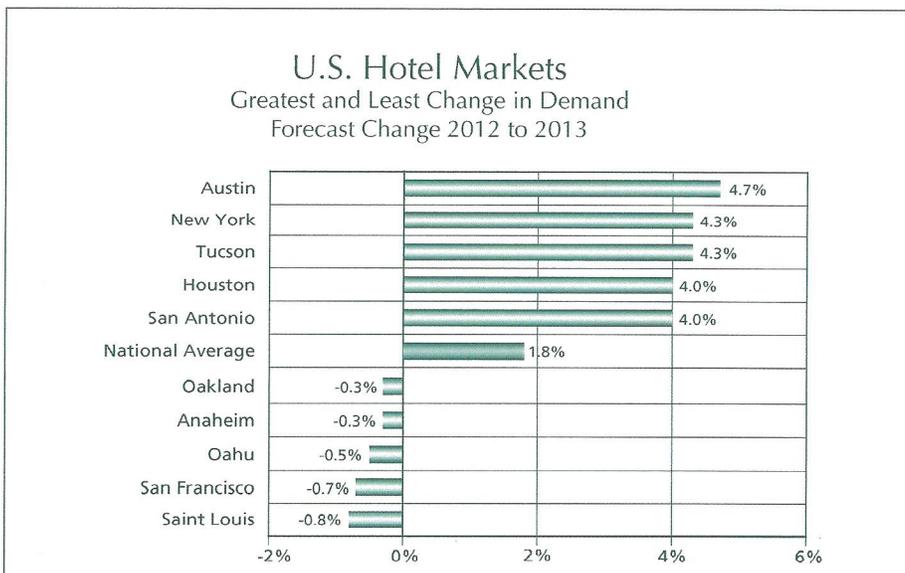
the nation in demand growth, along with New York and Tucson. Unfortunately for hoteliers in seven U.S. markets, the number of room nights accommodated will decline in 2013. On the surface a decline in demand is a cause for concern. However, occupancy levels in five of these seven

cities are at or above 70 percent. At this level, operators are beginning to raise room rates, albeit at the expense of declining demand.

Occupancy, ADR, and RevPAR

Given the previously mentioned strong growth in demand, it is not surprising that two Texas cities (San Antonio, Houston) are among the markets forecast to achieve the greatest gains in occupancy during 2013. Tucson, Hartford, and Phoenix are examples of markets that have lagged during the recovery. Despite forecasts of strong gains in occupancy, the overall average occupancy levels in these cities are still projected to come in below 60 percent for the year.

A significant 19 out of 50 *Horizons*® markets are expected to endure flat or declining occupancy levels in 2013. The majority of these markets have surpassed their pre-recession



Source: PKF Hospitality Research, LLC, March 2013 *Hotel Horizons*® reports

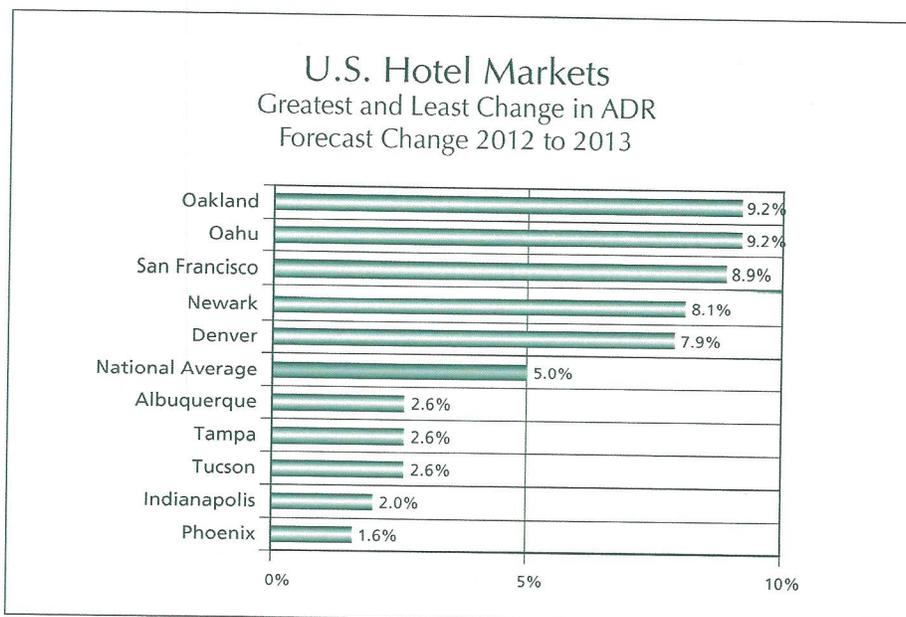
peak occupancy levels, and therefore are at a stage where strong increases in ADR are starting to reduce or suppress demand. For others, they are experiencing supply growth above the 0.8 percent national average.

All 50 cities in the *Horizons*® universe are forecast to achieve an increase in ADR in 2013. Leading the way in ADR gains are the Pacific port cities of Oakland, Oahu, and San Francisco. Except for Tampa, the five cities lagging the most in ADR growth are all expected to achieve occupancy levels below 60 percent, thus not providing managers the leverage to raise rates.

For the markets of Houston, San Antonio, and Seattle, a combination of strong gains in both occupancy and ADR will lead to RevPAR growth in excess of eight percent in 2013. Concurrently, the robust RevPAR growth forecast for hotels in Oakland and Oahu will be attributable exclusively to gains in ADR. On the other end of the spectrum, flat or declines in occupancy contribute to the lagging RevPAR growth in the bottom five markets.

The Eighty Percent

Previous research conducted by PKF-HR has found that 80 percent of the performance of a hotel is influenced by local area economics and market factors. As shown in our March 2013 *Hotel Horizons*® reports, there are significant differences in forecast performance depending on your property's location in a major market, or rural area. Further, even among the 50 largest markets, the positioning along the typical lodging business cycle varies greatly.



Source: PKF Hospitality Research, LLC, March 2013 *Hotel Horizons*® reports

To learn more about the Hotel Horizons® forecast reports for 50 markets in the United States, please visit www.HotelHorizons.com, or call (855) 223-1200.

BENCHMARK YOUR HOTEL AGAINST THE COMPETITION

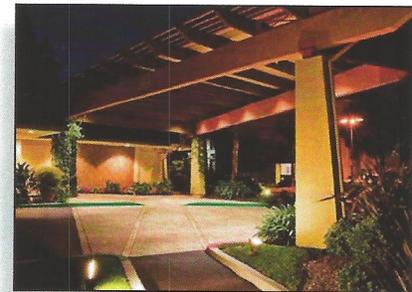
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You've used *Trends[®] in the Hotel Industry* to help measure the effectiveness of a hotel's performance. Now, customized BenchmarkerSM Reports allow you to go a lot farther in your analysis. They are customized income statement analyses of your property against a set of comparable properties. Now with over 5,000 properties to choose from, owners and operators can compare revenues, expenses, and profits of their hotel to similar properties. The parameters are chosen by you: By market segment, geographic area, or competitive set from our database of thousands of financial statements from U.S. hotels.



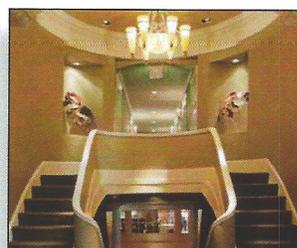
The comparable group you select can contain as many, or as few, criteria as you wish:

- Property Type — full-service, limited-service, convention hotel, etc.
- Range of Rooms — 100-199, 200-299, etc.
- Geographical Area — city, state, or U.S. region
- Affiliation — chain or independent
- Or ranges of occupancy and ADR



Standard reports now available:

- Income Statement- a consolidation of revenues and expenses for major departments.
- Departmental Statements - revenues and expenses for the following departments:
Rooms, Food and Beverage, Administration and General, Sales and Marketing, and Maintenance and Utilities.
- Labor Cost Analysis - salaries, wages, and employee benefits for each department.



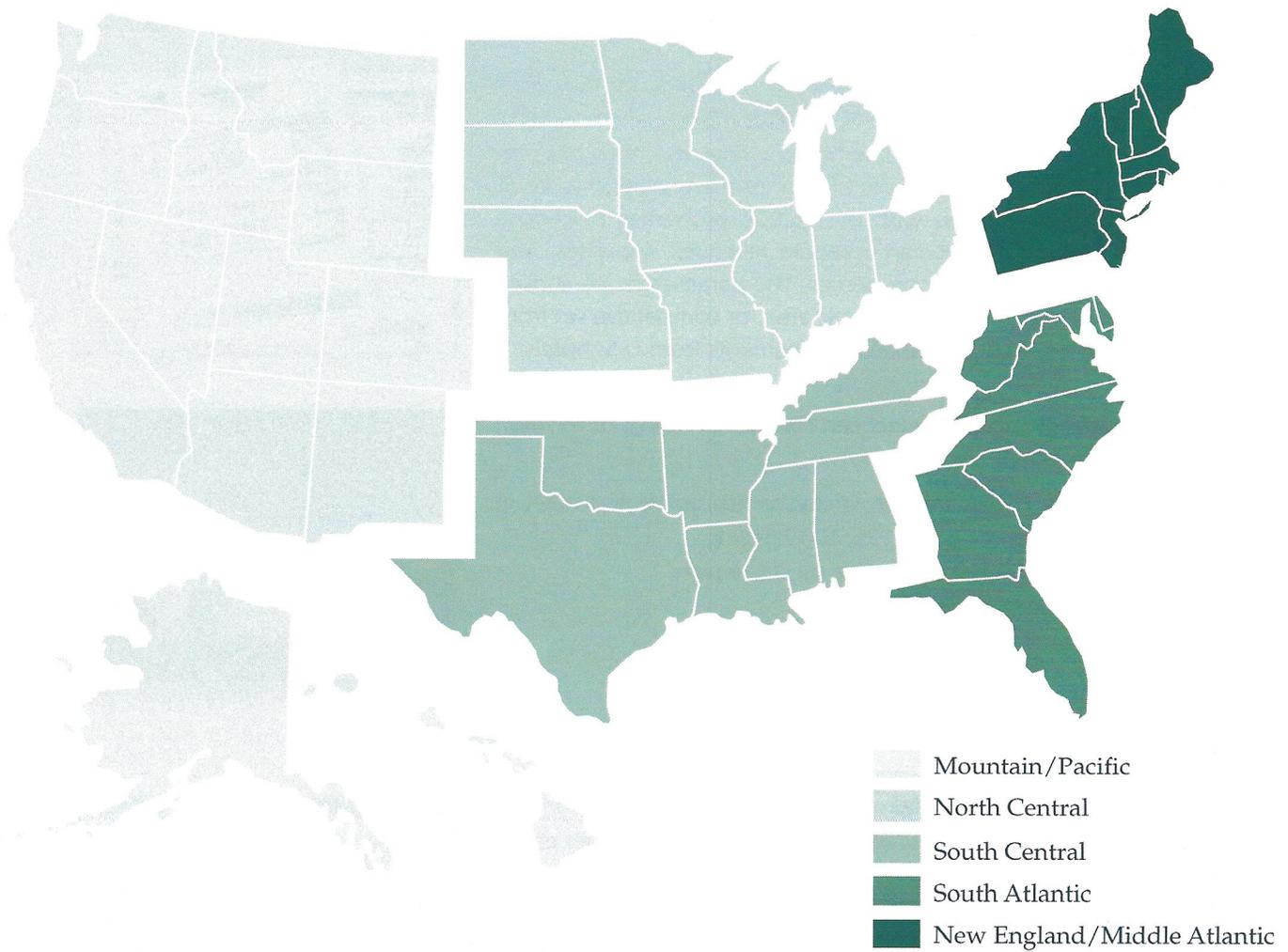
Are you a Data Partner?

Data partners receive benefits such as a free Annual *Trends[®] in the Hotel Industry* book (a \$375.00 value) and deep discounts on BenchmarkerSM and all downloadable web reports.



For more information, or to receive the BenchmarkerSM Brochure and Order Form, please contact Claude Vargo, Vice President - Operations PKF Hospitality Research, LLC. Address email to Claude.Vargo@pkfc.com, call toll-free at 855-223-1200 or visit www.pkfc.com/benchmarker.

GEOGRAPHIC REGIONS: TRENDS® IN THE HOTEL INDUSTRY REPORT



MOUNTAIN / PACIFIC

Alaska
Arizona
California
Colorado
Hawaii
Idaho
Montana
Nevada
New Mexico
Oregon
Utah
Washington
Wyoming

NORTH CENTRAL

Illinois
Indiana
Iowa
Kansas
Michigan
Minnesota
Missouri
Nebraska
North Dakota
Ohio
South Dakota
Wisconsin

SOUTH CENTRAL

Alabama
Arkansas
Kentucky
Louisiana
Mississippi
Oklahoma
Tennessee
Texas

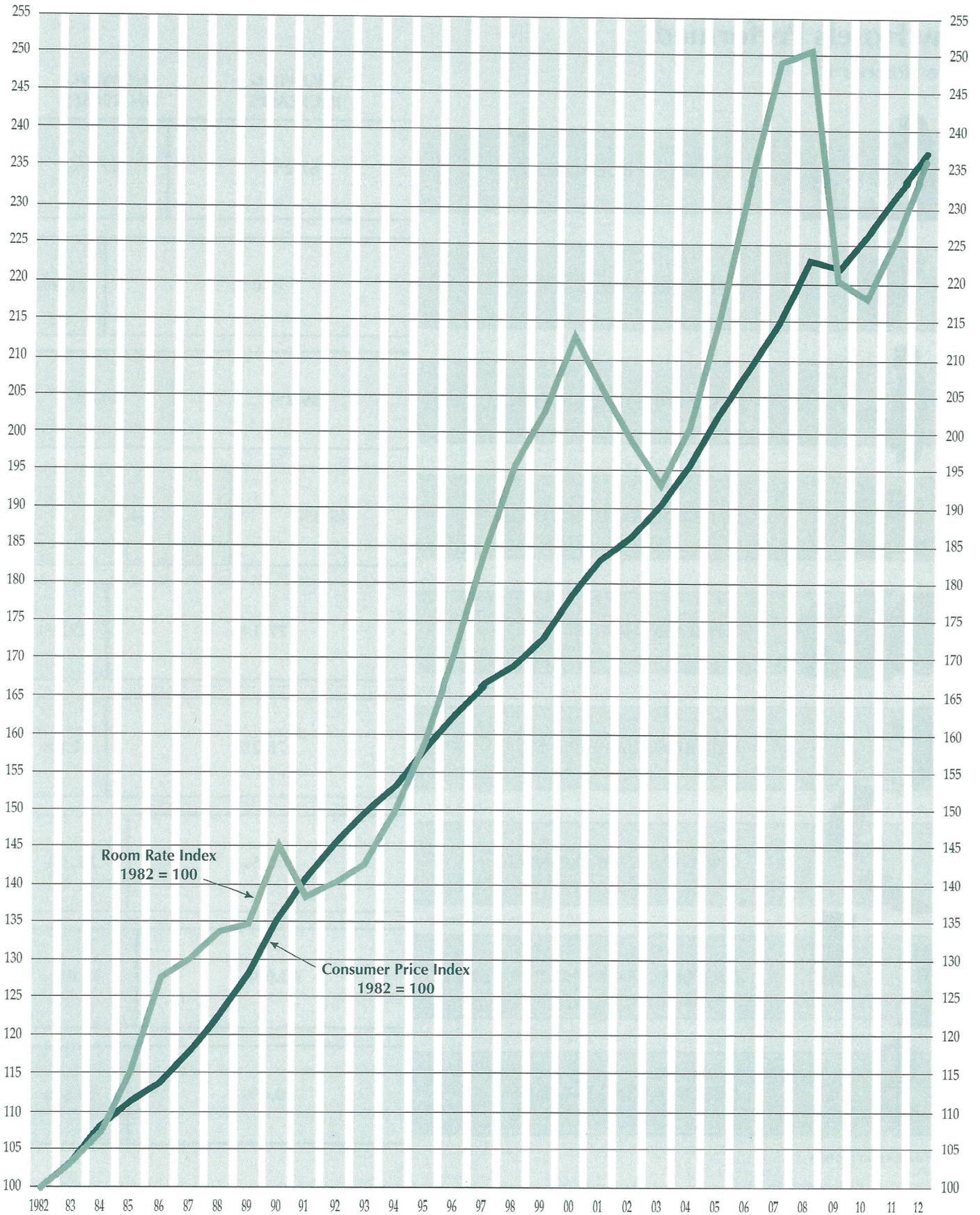
SOUTH ATLANTIC

Delaware
District of
Columbia
Florida
Georgia
Maryland
North Carolina
South Carolina
Virginia
West Virginia

NEW ENGLAND / MIDDLE ATLANTIC

Connecticut
Maine
Massachusetts
New Hampshire
New Jersey
New York
Pennsylvania
Rhode Island
Vermont

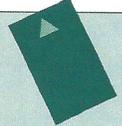
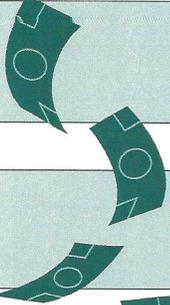
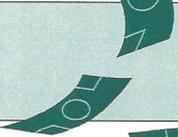
CONSUMER PRICE INDEX vs. AVERAGE DAILY ROOM RATE



ALL HOTELS – 2012 VS. 2011

How Hotels Performed

Figure Number 1

	SHOWING INCREASES	SHOWING DECREASES
 NUMBER OF ROOMS SOLD	67.2%	37.8%
 ROOMS REVENUE	79.0%	21.0%
 FOOD & BEVERAGE REVENUE	59.2%	40.8%
 OTHER OPERATED REVENUE	45.8%	54.2%
 TOTAL REVENUE	77.1%	22.9%
 DEPARTMENTAL EXPENSES	78.2%	21.8%
 UNDISTRIBUTED EXPENSES	70.7%	29.3%
 PROPERTY TAXES AND INSURANCE	68.0%	32.0%
 NET OPERATING INCOME*	70.4%	29.6%

* Before deduction for rent

ALL HOTELS Statistical Highlights – 2012

Figure Number 2

	Average Size (Rooms)	2012 Occupancy	Change from 2011	2012 ADR	Change from 2011	2012 Total RevPAR	Change from 2011	2012 NOI* PAR	Change from 2011
All Hotels	215	70.5 %	1.8 %	\$149.10	4.4 %	\$56,559	5.0 %	\$14,469	10.2 %
Full Service	245	71.3	1.6	155.53	4.5	59,065	4.8	14,278	9.8
Limited Service	110	65.1	2.1	84.31	3.8	20,457	6.2	7,310	10.6
Suite with F&B	234	73.2	1.0	133.25	3.7	46,490	4.4	13,633	7.7
Suite Without F&B	110	75.0	0.9	109.71	4.9	30,875	5.6	11,643	8.1
Convention	829	71.4	2.5	173.03	3.0	71,319	3.6	18,111	5.7
Resort	426	68.5	2.1	209.40	5.8	96,850	6.2	21,762	17.4

* Before deduction for rent.

ALL HOTELS – 2012

Source and Disposition of the Industry Dollar

Figure Number 3

Revenues



Costs and Expenses



ALL HOTELS

Summary Operating Statement

Dollars Per Available and Occupied Room

Figure Number 4

	2012 Dollars Per Available Room	2011 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2011 Dollars Per Occupied Room	Change From Prior Year
Revenue						
Rooms	\$ 38,366	\$ 36,093	6.3 %	\$ 149.10	\$ 142.79	4.4 %
Food and Beverage	14,562	14,200	2.5	56.59	56.18	0.7
Other Operated Departments	2,650	2,624	1.0	10.30	10.38	(0.8)
Rentals and Other Income	981	953	3.0	3.81	3.77	1.2
Total Revenue	\$ 56,559	\$ 53,870	5.0 %	\$ 219.81	\$ 213.12	3.1 %
Departmental Expenses						
Rooms	\$ 10,285	\$ 9,762	5.4 %	\$ 39.97	\$ 38.62	3.5 %
Food and Beverage	10,874	10,632	2.3	42.26	42.06	0.5
Other Operated Departments	2,002	1,981	1.1	7.78	7.84	(0.7)
Total Departmental Expenses	\$ 23,162	\$ 22,375	3.5 %	\$ 90.01	\$ 88.52	1.7 %
Total Departmental Income	\$ 33,397	\$ 31,494	6.0 %	\$ 129.79	\$ 124.60	4.2 %
Undistributed Operating Expenses						
Administrative and General	\$ 4,896	\$ 4,731	3.5 %	\$ 19.03	\$ 18.72	1.7 %
Sales and Marketing	4,788	4,548	5.3	18.61	17.99	3.4
Property Operations and Maintenance	2,654	2,584	2.7	10.31	10.22	0.9
Utilities	2,219	2,298	(3.4)	8.62	9.09	(5.1)
Total Undistributed Expenses	\$ 14,557	\$ 14,161	2.8 %	\$ 56.57	\$ 56.02	1.0 %
Gross Operating Profit	\$ 18,840	\$ 17,333	8.7 %	\$ 73.22	\$ 68.58	6.8 %
Management Fees	\$ 1,642	\$ 1,563	5.0 %	\$ 6.38	\$ 6.18	3.2 %
Income Before Fixed Charges	\$ 17,199	\$ 15,770	9.1 %	\$ 66.84	\$ 62.39	7.1 %
Fixed Charges						
Property and Other Taxes	\$ 2,040	\$ 1,987	2.7 %	\$ 7.93	\$ 7.86	0.9 %
Insurance	690	651	6.0	2.68	2.57	4.1
Total Fixed Charges	\$ 2,730	\$ 2,638	3.5 %	\$ 10.61	\$ 10.44	1.7 %
Net Operating Income*	\$ 14,469	\$ 13,132	10.2 %	\$ 56.23	\$ 51.96	8.2 %
Percentage of Occupancy	70.5 %	69.3 %	1.8 %			
Average Daily Rate	\$ 149.10	\$ 142.79	4.4 %			
RevPAR	\$ 105.07	\$ 98.88	6.3 %			
Average Size (Rooms)	215	215	0.2 %			

* Before deduction for rent

ALL HOTELS

Summary Operating Statement

Percent of Revenue

Figure Number 5

	2012 Percent of Revenue	2011 Percent of Revenue
Revenue		
Rooms	67.8 %	67.0 %
Food and Beverage	25.7	26.4
Other Operated Departments	4.7	4.9
Rentals and Other Income	1.7	1.8
Total Revenue	100.0 %	100.0 %
Departmental Expenses*		
Rooms	26.8 %	27.0 %
Food and Beverage	74.7	74.9
Other Operated Departments	75.5	75.5
Total Departmental Expenses	41.0 %	41.5 %
Total Departmental Income	59.0 %	58.5 %
Undistributed Operating Expenses		
Administrative and General	8.7 %	8.8 %
Sales and Marketing	8.5	8.4
Property Operations and Maintenance	4.7	4.8
Utilities	3.9	4.3
Total Undistributed Expenses	25.7 %	26.3 %
Gross Operating Profit	33.3 %	32.2 %
Management Fees	2.9 %	2.9 %
Income Before Fixed Charges	30.4 %	29.3 %
Fixed Charges		
Property and Other Taxes	3.6 %	3.7 %
Insurance	1.2	1.2
Total Fixed Charges	4.8 %	4.9 %
Net Operating Income**	25.6 %	24.4 %
Percentage of Occupancy	70.5 %	69.3 %
Average Daily Rate	\$ 149.10	\$ 142.79
RevPAR	\$ 105.07	\$ 98.88
Average Size (Rooms)	215	215

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

ALL HOTELS Departmental Expenses

Figure Number 6

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Total Labor Costs	\$ 6,366	4.8 %	\$ 24.74	16.6 %
Other Expenses	3,919	6.3	15.23	10.2
Total Department Expenses	\$ 10,285	5.4 %	\$ 39.97	26.8 %
Food and Beverage Department*				
Total Labor Costs	\$ 6,493	3.2 %	\$ 25.23	44.6 %
Other Expenses***	4,382	0.9	17.03	30.1
Total Department Expenses	\$ 10,874	2.3 %	\$ 42.26	74.7 %
Other Operated Departments*				
Total Labor Costs	\$ 985	2.2 %	\$ 3.83	37.2 %
Other Expenses***	1,016	—	3.95	38.4
Total Department Expenses	\$ 2,002	1.1 %	\$ 7.78	75.5 %
Administrative and General Department**				
Total Labor Costs	\$ 2,370	2.8 %	\$ 9.21	4.2 %
Other Expenses	2,526	4.2	9.82	4.5
Total Department Expenses	\$ 4,896	3.5 %	\$ 19.03	8.7 %
Marketing Department**				
Total Labor Costs	\$ 1,492	3.4 %	\$ 5.80	2.6 %
Other Expenses	3,296	6.2	12.81	5.8
Total Department Expenses	\$ 4,788	5.3 %	\$ 18.61	8.5 %
Maintenance Department**				
Total Labor Costs	\$ 1,376	2.8 %	\$ 5.35	2.4 %
Other Expenses	1,278	2.5	4.97	2.3
Total Department Expenses	\$ 2,654	2.7 %	\$ 10.31	4.7 %
Utilities Department**				
Other Expenses	\$ 2,219	(3.4)%	\$ 8.62	3.9 %
Total Operating Expenses**				
Total Labor Costs	\$ 19,082	3.6 %	\$ 74.16	33.7 %
Other Expenses***	18,636	2.9	72.43	33.0
Total Operating Expenses****	\$ 37,719	3.2 %	\$ 146.59	66.7 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

*** Includes cost of sales.

**** Before management fees, property taxes, insurance, and rent.

ALL HOTELS

Payroll Costs

Figure Number 7

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Salaries, Wages and Bonuses	\$ 4,442	4.1 %	\$ 17.26	11.6 %
Payroll-Related Expenses	1,924	6.4	7.48	5.0
Total Labor Costs	\$ 6,366	4.8 %	\$ 24.74	16.6 %
Food and Beverage Department*				
Salaries, Wages and Bonuses	\$ 4,441	2.3 %	\$ 17.26	30.5 %
Payroll-Related Expenses	2,052	5.5	7.97	14.1
Total Labor Costs	\$ 6,493	3.2 %	\$ 25.23	44.6 %
Other Operated Departments*				
Salaries, Wages and Bonuses	\$ 695	1.2 %	\$ 2.70	26.2 %
Payroll-Related Expenses	290	4.5	1.13	11.0
Total Labor Costs	\$ 985	2.2 %	\$ 3.83	37.2 %
Administrative and General Department**				
Salaries, Wages and Bonuses	\$ 1,763	2.5 %	\$ 6.85	3.1 %
Payroll-Related Expenses	607	3.6	2.36	1.1
Total Labor Costs	\$ 2,370	2.8 %	\$ 9.21	4.2 %
Marketing Department**				
Salaries, Wages and Bonuses	\$ 1,127	3.1 %	\$ 4.38	2.0 %
Payroll-Related Expenses	365	4.0	1.42	0.6
Total Labor Costs	\$ 1,492	3.4 %	\$ 5.80	2.6 %
Maintenance Department**				
Salaries, Wages and Bonuses	\$ 968	2.1 %	\$ 3.76	1.7 %
Payroll-Related Expenses	407	4.7	1.58	0.7
Total Labor Costs	\$ 1,376	2.8 %	\$ 5.35	2.4 %
All Departments**				
Salaries, Wages and Bonuses	\$ 13,436	2.9 %	\$ 52.22	23.8 %
Payroll-Related Expenses	5,646	5.4	21.94	10.0
Total Labor Costs	\$ 19,082	3.6 %	\$ 74.16	33.7 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

ALL HOTELS

Management Fees – Franchise Fees – 2012

Figure Number 8*

	Management Fees PAR	Management Fees Percent of Total Revenue	Franchise Fees** PAR	Franchise Fees** Percent of Rooms Revenue
All Hotels	\$ 1,705	3.0 %	\$ 2,807	7.3 %
Full Service	1,925	3.2	3,215	7.9
Limited Service	570	2.8	1,589	7.9
Suite With F&B	1,085	2.3	3,816	10.8
Suite Without F&B	1,032	3.3	2,808	9.3
Convention	2,227	3.2	2,676	5.8
Resort	2,601	2.7	2,539	4.7

* Figure 8 reflects composite results for only those properties reporting a management fee and/or franchise fee. In all other charts, management fee and franchise fee ratios are calculated based on the total sample, whether or not management fees or franchise fees were reported.

** Reservation assessment, franchise royalty, marketing assessment, loyalty program

ALL HOTELS

Selected Revenue and Expense Items – 20-Year Trend

Figure Number 9

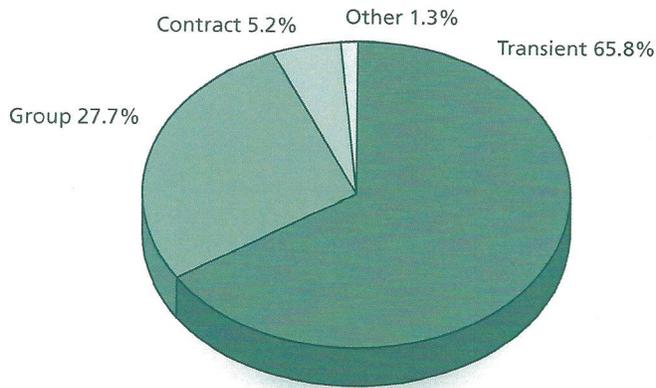
	Year*							
	1993	1998	2003	2008	2009	2010	2011	2012
Ratios to Total Revenues								
Rooms	63.7 %	64.6 %	67.7 %	66.8 %	66.0 %	66.3 %	67.0 %	67.8 %
Food and Beverage	26.6	26.6	24.9	26.0	26.4	26.6	26.4	25.7
Other Operated Departments	8.2	7.4	5.8	4.9	5.3	5.2	4.9	4.7
Rental and Other Income	1.5	1.4	1.6	2.4	2.3	1.9	1.8	1.7
Total Departmental Income	56.5 %	59.8 %	58.5 %	61.0 %	57.3 %	57.5 %	58.5 %	59.0 %
Gross Operating Profit	29.4	36.7	32.3	36.7	28.0	30.9	32.2	33.3
NOI**	22.4	29.8	23.8	28.0	21.9	22.9	24.4	25.6
Dollars Per Available Room								
Total Revenue	\$ 29,969	\$ 43,037	\$ 37,490	\$ 59,645	\$ 48,435	\$ 50,777	\$ 53,870	\$ 56,559
NOI**	6,695	12,843	8,932	16,725	10,596	11,639	13,132	14,469
Occupancy	67.5 %	70.0 %	65.2 %	70.0 %	63.7 %	67.7 %	69.3 %	70.5 %
Average Daily Rate	\$ 77.47	\$ 109.68	\$ 107.28	\$ 155.54	\$ 137.44	\$ 136.24	\$ 142.79	\$ 149.10

* Data prior to 2011 taken from different samples.

** Before deduction for rent.

FULL-SERVICE HOTELS Performance in 2012

FULL-SERVICE HOTELS Market Mix



- Total full-service hotel revenues increased 4.8 percent in 2012 driven by a 1.6 percent gain in occupancy and a 4.5 percent rise in ADR.

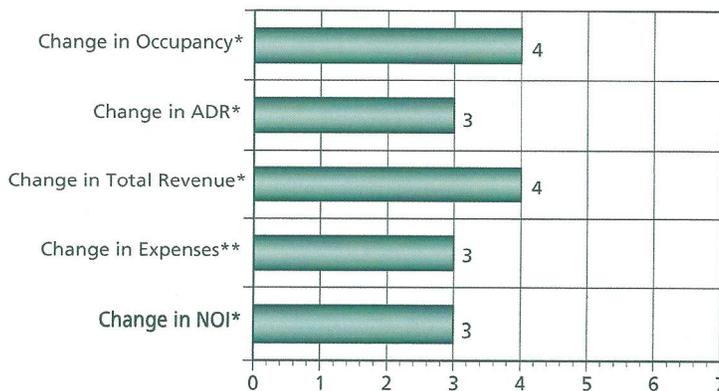
- With expenses growing 3.3 percent, full-service NOI increased 9.8 percent.

- Expenses within the rooms and sales and marketing departments grew the most on a percentage basis from 2011 to 2012.

- Labor costs at full-service hotels increased 3.5 percent in 2012. The combined costs of salaries, wages, bonuses, and benefits represented 45.8 percent of total operating expenses for the year.

- Mid-sized and mid-priced full-service properties achieved the greatest gains in NOI in 2012. Full-service properties with an ADR between \$100 and \$200 experienced a 10.8 percent increase in NOI, while those with 150 to 300 rooms achieved NOI growth of 12.5 percent.

RANKING Rank Among Six Property Type Categories Change From 2011 to 2012



NOTE: * 1 = greatest increase, 6 = least increase

** 1 = least increase, 6 = greatest increase

- Among the regions, full-service hotels in the Mountain and Pacific states achieved the greatest growth in NOI.

FULL-SERVICE HOTELS

Summary Operating Statement

Dollars Per Available and Occupied Room

Figure Number 10

	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Occupied Room
Revenue				
Rooms	\$ 40,469	6.1 %	68.5 %	\$ 155.53
Food and Beverage	15,584	2.0	26.4	59.89
Other Operated Departments	2,239	1.6	3.8	8.60
Rentals and Other Income	774	3.0	1.3	2.97
Total Revenue	\$ 59,065	4.8 %	100.0 %	\$ 227.00
Departmental Expenses*				
Rooms	\$ 10,862	5.2 %	26.8 %	\$ 41.74
Food and Beverage	11,979	2.0	76.9	46.04
Other Operated Departments	1,708	1.8	76.3	6.56
Total Departmental Expenses	\$ 24,549	3.4 %	41.6 %	\$ 94.35
Total Departmental Income	\$ 34,516	5.8 %	58.4 %	\$ 132.65
Undistributed Operating Expenses				
Administrative and General	\$ 5,370	3.3 %	9.1 %	\$ 20.64
Sales and Marketing	5,339	5.6	9.0	20.52
Property Operations and Maintenance	2,707	2.6	4.6	10.40
Utilities	2,164	(3.8)	3.7	8.32
Total Undistributed Expenses	\$ 15,579	2.9 %	26.4 %	\$ 59.88
Gross Operating Profit	\$ 18,936	8.4 %	32.1 %	\$ 72.78
Management Fees	\$ 1,853	5.0 %	3.1 %	\$ 7.12
Income Before Fixed Charges	\$ 17,083	8.8 %	28.9 %	\$ 65.66
Fixed Charges				
Property and Other Taxes	\$ 2,123	2.8 %	3.6 %	\$ 8.16
Insurance	682	6.4	1.2	2.62
Total Fixed Charges	\$ 2,805	3.7 %	4.7 %	\$ 10.78
Net Operating Income**	\$ 14,278	9.8 %	24.2 %	\$ 54.88
Percentage of Occupancy	71.3 %	1.6 %		
Average Daily Rate	\$ 155.53	4.5 %		
RevPAR	\$ 110.87	6.1 %		
Average Size (Rooms)	245	0.3 %		

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

FULL-SERVICE HOTELS

Summary Operating Statement – By Rate Groups

Figure Number 10A

	Rate Groups								
	Under \$100			\$100 to \$200			Over \$200		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 21,181	4.5 %	78.5 %	\$ 35,922	6.7 %	69.5 %	\$ 82,562	5.5 %	64.3 %
Food and Beverage	5,302	0.4	19.6	13,431	1.8	26.0	36,845	2.5	28.7
Other Operated Departments	318	6.3	1.2	1,667	1.7	3.2	6,946	1.3	5.4
Rentals and Other Income	188	(1.4)	0.7	643	1.8	1.2	2,020	5.3	1.6
Total Revenue	\$ 26,989	3.7 %	100.0 %	\$ 51,664	5.2 %	100.0 %	\$ 128,374	4.4 %	100.0 %
Departmental Expenses*									
Rooms	\$ 6,309	5.1 %	29.8 %	\$ 9,144	5.2 %	25.5 %	\$ 23,611	5.2 %	28.6 %
Food and Beverage	4,121	0.5	77.7	9,691	1.9	72.2	31,030	2.3	84.2
Other Operated Departments	371	7.5	116.6	1,132	0.9	67.9	5,764	2.1	83.0
Total Departmental Expenses	\$ 10,801	3.4 %	40.0 %	\$ 19,967	3.3 %	38.6 %	\$ 60,405	3.4 %	47.1 %
Total Departmental Income	\$ 16,188	3.9 %	60.0 %	\$ 31,697	6.4 %	61.4 %	\$ 67,968	5.2 %	52.9 %
Undistributed Operating Expenses									
Administrative and General	\$ 2,833	1.8 %	10.5 %	\$ 4,690	3.6 %	9.1 %	\$ 11,265	3.0 %	8.8 %
Sales and Marketing	3,013	4.0	11.2	5,152	6.3	10.0	8,837	4.5	6.9
Property Operations and Maintenance	1,592	3.5	5.9	2,355	2.6	4.6	5,527	2.4	4.3
Utilities	1,436	(1.7)	5.3	2,042	(3.8)	4.0	3,535	(4.7)	2.8
Total Undistributed Expenses	\$ 8,874	2.3 %	32.9 %	\$ 14,240	3.3 %	27.6 %	\$ 29,164	2.4 %	22.7 %
Gross Operating Profit	\$ 7,313	6.0 %	27.1 %	\$ 17,458	9.1 %	33.8 %	\$ 38,804	7.5 %	30.2 %
Management Fees	\$ 851	4.0 %	3.2 %	\$ 1,655	4.9 %	3.2 %	\$ 3,872	5.5 %	3.0 %
Income Before Fixed Charges	\$ 6,463	6.2 %	23.9 %	\$ 15,802	9.6 %	30.6 %	\$ 34,932	7.7 %	27.2 %
Fixed Charges									
Property and Other Taxes	\$ 981	(0.7)%	3.6 %	\$ 1,740	1.9 %	3.4 %	\$ 5,114	5.1 %	4.0 %
Insurance	345	6.9	1.3	580	6.6	1.1	1,516	5.8	1.2
Total Fixed Charges	\$ 1,325	1.2 %	4.9 %	\$ 2,319	3.0 %	4.5 %	\$ 6,630	5.3 %	5.2 %
Net Operating Income**	\$ 5,137	7.6 %	19.0 %	\$ 13,483	10.8 %	26.1 %	\$ 28,302	8.3 %	22.0 %
Percentage of Occupancy	65.9 %	1.1 %		71.5 %	1.9 %		76.8 %	0.7 %	
Average Daily Rate	\$ 88.09	3.4 %		\$ 137.74	4.8 %		\$ 294.50	4.7 %	
RevPAR	\$ 58.03	4.5 %		\$ 98.42	6.7 %		\$ 226.20	5.5 %	
Average Size (Rooms)	172	0.3 %		262	0.3 %		305	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

FULL-SERVICE HOTELS

Summary Operating Statement – By Geographic Divisions

Figure Number 10B

		Geographic Divisions					
		New England/Middle Atlantic			North Central		
		2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue							
1.	Rooms	\$ 52,383	3.1 %	70.5 %	\$ 35,152	6.4 %	66.9 %
2.	Food and Beverage	18,760	(1.0)	25.2	14,649	3.5	27.9
3.	Other Operated Departments	2,329	(1.5)	3.1	1,925	2.1	3.7
4.	Rentals and Other Income	852	4.4	1.1	797	1.2	1.5
5.	Total Revenue	\$ 74,324	1.9 %	100.0 %	\$ 52,525	5.4 %	100.0 %
Departmental Expenses*							
6.	Rooms	\$ 14,162	3.5 %	27.0 %	\$ 9,700	5.3 %	27.6 %
7.	Food and Beverage	15,393	(0.1)	82.1	11,072	3.4	75.6
8.	Other Operated Departments	1,982	(1.9)	85.1	1,491	2.2	77.4
9.	Total Departmental Expenses	\$ 31,537	1.4 %	42.4 %	\$ 22,263	4.1 %	42.4 %
10.	Total Departmental Income	\$ 42,787	2.3 %	57.6 %	\$ 30,262	6.3 %	57.6 %
Undistributed Operating Expenses							
11.	Administrative and General	\$ 6,457	1.9 %	8.7 %	\$ 4,902	3.1 %	9.3 %
12.	Sales and Marketing	6,506	4.0	8.8	4,818	5.1	9.2
13.	Property Operations and Maintenance	3,281	1.1	4.4	2,528	2.0	4.8
14.	Utilities	2,678	(4.7)	3.6	1,933	(4.4)	3.7
15.	Total Undistributed Expenses	\$ 18,922	1.5 %	25.5 %	\$ 14,181	2.5 %	27.0 %
16.	Gross Operating Profit	\$ 23,865	3.0 %	32.1 %	\$ 16,081	9.9 %	30.6 %
17.	Management Fees	\$ 2,176	2.9 %	2.9 %	\$ 1,681	5.9 %	3.2 %
18.	Income Before Fixed Charges	\$ 21,689	3.0 %	29.2 %	\$ 14,400	10.4 %	27.4 %
Fixed Charges							
19.	Property and Other Taxes	\$ 3,447	3.3 %	4.6 %	\$ 2,112	4.1 %	4.0 %
20.	Insurance	633	5.7	0.9	414	5.9	0.8
21.	Total Fixed Charges	\$ 4,080	3.7 %	5.5 %	\$ 2,527	4.4 %	4.8 %
22.	Net Operating Income**	\$ 17,609	2.9 %	23.7 %	\$ 11,873	11.8 %	22.6 %
23.	Percentage of Occupancy	72.3 %	(0.1)%		68.8 %	1.3 %	
24.	Average Daily Rate	\$ 198.50	3.2 %		\$ 140.00	5.1 %	
25.	RevPAR	\$ 143.52	3.1 %		\$ 96.31	6.4 %	
26.	Average Size (Rooms)	261	0.3 %		225	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

FULL-SERVICE HOTELS

Summary Operating Statement – By Geographic Divisions

Figure Number 10B (Continued)

	Geographic Divisions								
	South Atlantic			South Central			Mountain/Pacific		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
1.	\$ 35,025	4.7 %	68.1 %	\$ 33,882	7.5 %	70.8 %	\$ 43,125	8.5 %	67.0 %
2.	13,853	1.0	26.9	11,879	3.1	24.8	17,378	3.5	27.0
3.	1,857	2.9	3.6	1,530	1.7	3.2	2,994	2.5	4.7
4.	717	5.5	1.4	550	2.5	1.2	882	2.0	1.4
5.	\$ 51,453	3.6 %	100.0 %	\$ 47,840	6.1 %	100.0 %	\$ 64,379	6.7 %	100.0 %
6.	\$ 8,779	4.2 %	25.1 %	\$ 7,864	5.7 %	23.2 %	\$ 12,500	6.6 %	29.0 %
7.	9,753	1.5	70.4	8,299	2.1	69.9	13,915	3.0	80.1
8.	1,420	4.0	76.5	1,157	2.7	75.6	2,154	2.6	71.9
9.	\$ 19,952	2.8 %	38.8 %	\$ 17,320	3.8 %	36.2 %	\$ 28,569	4.5 %	44.4 %
10.	\$ 31,501	4.1 %	61.2 %	\$ 30,520	7.5 %	63.8 %	\$ 35,810	8.5 %	55.6 %
11.	\$ 4,676	2.0 %	9.1 %	\$ 4,437	4.7 %	9.3 %	\$ 5,924	4.3 %	9.2 %
12.	4,763	4.9	9.3	4,744	5.6	9.9	5,597	7.4	8.7
13.	2,417	1.9	4.7	2,259	4.1	4.7	2,891	3.8	4.5
14.	2,189	(4.9)	4.3	1,888	(2.1)	3.9	2,109	(3.0)	3.3
15.	\$ 14,044	1.8 %	27.3 %	\$ 13,328	3.9 %	27.9 %	\$ 16,521	4.3 %	25.7 %
16.	\$ 17,457	6.0 %	33.9 %	\$ 17,192	10.5 %	35.9 %	\$ 19,289	12.5 %	30.0 %
17.	\$ 1,707	3.6 %	3.3 %	\$ 1,548	6.0 %	3.2 %	\$ 2,012	6.4 %	3.1 %
18.	\$ 15,751	6.3 %	30.6 %	\$ 15,644	10.9 %	32.7 %	\$ 17,277	13.3 %	26.8 %
19.	\$ 1,709	—	3.3 %	\$ 1,721	4.3 %	3.6 %	\$ 1,821	2.5 %	2.8 %
20.	676	5.2 %	1.3	508	6.0	1.1	947	7.4	1.5
21.	\$ 2,385	1.4 %	4.6 %	\$ 2,228	4.7 %	4.7 %	\$ 2,769	4.1 %	4.3 %
22.	\$ 13,366	7.2 %	26.0 %	\$ 13,415	12.0 %	28.0 %	\$ 14,509	15.2 %	22.5 %
23.	70.2 %	1.4 %		69.2 %	2.5 %		73.8 %	2.3 %	
24.	\$ 136.64	3.2 %		\$ 134.16	4.8 %		\$ 160.12	6.1 %	
25.	\$ 95.96	4.7 %		\$ 92.83	7.5 %		\$ 118.15	8.5 %	
26.	243	0.3 %		216	0.3 %		269	0.2 %	

FULL-SERVICE HOTELS

Summary Operating Statement – By Property Size Classifications

Figure Number 10C

	Property Size Classifications								
	Under 150 Rooms			150 to 300 Rooms			Over 300 Rooms		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 28,409	5.8 %	82.9 %	\$ 38,707	6.8 %	68.3 %	\$ 45,456	5.9 %	66.3 %
Food and Beverage	4,385	3.9	12.8	15,194	2.4	26.8	19,398	1.6	28.3
Other Operated Departments	1,210	8.5	3.5	2,028	3.3	3.6	2,703	(0.1)	3.9
Rentals and Other Income	269	3.8	0.8	722	4.3	1.3	968	2.3	1.4
Total Revenue	\$ 34,274	5.6 %	100.0 %	\$ 56,650	5.4 %	100.0 %	\$ 68,526	4.3 %	100.0 %
Departmental Expenses*									
Rooms	\$ 7,146	5.5 %	25.2 %	\$ 10,117	5.5 %	26.1 %	\$ 12,531	5.0 %	27.6 %
Food and Beverage	3,681	3.5	83.9	11,901	2.0	78.3	14,667	1.8	75.6
Other Operated Departments	1,050	7.9	86.7	1,604	3.1	79.1	1,986	0.2	73.5
Total Departmental Expenses	\$ 11,877	5.1 %	34.7 %	\$ 23,623	3.5 %	41.7 %	\$ 29,184	3.1 %	42.6 %
Total Departmental Income	\$ 22,397	5.9 %	65.3 %	\$ 33,028	6.8 %	58.3 %	\$ 39,342	5.3 %	57.4 %
Undistributed Operating Expenses									
Administrative and General	\$ 3,390	3.8 %	9.9 %	\$ 5,422	3.4 %	9.6 %	\$ 5,965	3.1 %	8.7 %
Sales and Marketing	3,466	5.0	10.1	5,508	5.4	9.7	5,823	5.9	8.5
Property Operations and Maintenance	1,714	3.4	5.0	2,620	2.8	4.6	3,079	2.4	4.5
Utilities	1,463	(3.0)	4.3	2,160	(3.1)	3.8	2,390	(4.4)	3.5
Total Undistributed Expenses	\$ 10,033	3.1 %	29.3 %	\$ 15,710	3.0 %	27.7 %	\$ 17,256	2.8 %	25.2 %
Gross Operating Profit	\$ 12,363	8.3 %	36.1 %	\$ 17,317	10.4 %	30.6 %	\$ 22,087	7.4 %	32.2 %
Management Fees	\$ 1,207	5.6 %	3.5 %	\$ 1,785	6.3 %	3.2 %	\$ 2,103	4.2 %	3.1 %
Income Before Fixed Charges	\$ 11,157	8.6 %	32.6 %	\$ 15,533	10.9 %	27.4 %	\$ 19,983	7.7 %	29.2 %
Fixed Charges									
Property and Other Taxes	\$ 1,263	(0.1)%	3.7 %	\$ 2,018	2.6 %	3.6 %	\$ 2,466	3.4 %	3.6 %
Insurance	391	6.9	1.1	623	7.2	1.1	812	5.8	1.2
Total Fixed Charges	\$ 1,655	1.5 %	4.8 %	\$ 2,641	3.7 %	4.7 %	\$ 3,278	4.0 %	4.8 %
Net Operating Income**	\$ 9,502	9.9 %	27.7 %	\$ 12,892	12.5 %	22.8 %	\$ 16,705	8.5 %	24.4 %
Percentage of Occupancy	69.5 %	1.2 %		68.9 %	1.8 %		73.4 %	1.5 %	
Average Daily Rate	\$ 111.95	4.5 %		\$ 153.85	4.9 %		\$ 169.68	4.3 %	
RevPAR	\$ 77.83	5.8 %		\$ 106.05	6.8 %		\$ 124.54	5.9 %	
Average Size (Rooms)	113	0.2 %		218	0.3 %		447	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

FULL-SERVICE HOTELS

Departmental Expenses

Figure Number 11

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Total Labor Costs	\$ 6,771	4.7 %	\$ 26.02	16.7 %
Other Expenses	4,091	6.0	15.72	10.1
Total Department Expenses	\$ 10,862	5.2 %	\$ 41.74	26.8 %
Food and Beverage Department*				
Total Labor Costs	\$ 7,217	3.1 %	\$ 27.73	46.3 %
Other Expenses***	4,763	0.3	18.30	30.6
Total Department Expenses	\$ 11,979	2.0 %	\$ 46.04	76.9 %
Other Operated Departments*				
Total Labor Costs	\$ 739	3.2 %	\$ 2.84	33.0 %
Other Expenses***	969	0.8	3.72	43.3
Total Department Expenses	\$ 1,708	1.8 %	\$ 6.56	76.3 %
Administrative and General Department**				
Total Labor Costs	\$ 2,620	2.7 %	\$ 10.07	4.4 %
Other Expenses	2,750	3.8	10.57	4.7
Total Department Expenses	\$ 5,370	3.3 %	\$ 20.64	9.1 %
Marketing Department**				
Total Labor Costs	\$ 1,744	3.4 %	\$ 6.70	3.0 %
Other Expenses	3,595	6.8	13.82	6.1
Total Department Expenses	\$ 5,339	5.6 %	\$ 20.52	9.0 %
Maintenance Department**				
Total Labor Costs	\$ 1,422	2.1 %	\$ 5.47	2.4 %
Other Expenses	1,285	3.3	4.94	2.2
Total Department Expenses	\$ 2,707	2.6 %	\$ 10.40	4.6 %
Utilities Department**				
Other Expenses	\$ 2,164	(3.8)%	\$ 8.32	3.7 %
Total Operating Expenses**				
Total Labor Costs	\$ 20,512	3.5 %	\$ 78.83	34.7 %
Other Expenses***	19,617	2.8	75.39	33.2
Total Operating Expenses****	\$ 40,129	3.2 %	\$ 154.22	67.9 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

*** Includes cost of sales.

****Before management fees, property taxes, insurance, and rent.

FULL-SERVICE HOTELS

Payroll Costs

Figure Number 12

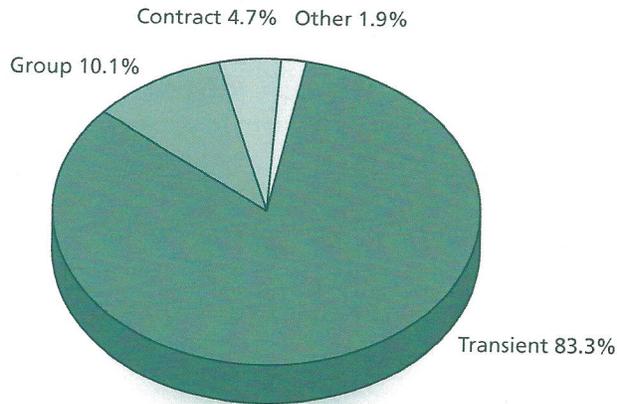
	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Salaries, Wages and Bonuses	\$ 4,732	3.9 %	\$ 18.19	11.7 %
Payroll-Related Expenses	2,039	6.7	7.84	5.0
Total Labor Costs	\$ 6,771	4.7 %	\$ 26.02	16.7 %
Food and Beverage Department*				
Salaries, Wages and Bonuses	\$ 4,982	2.2 %	\$ 19.15	32.0 %
Payroll-Related Expenses	2,235	5.2	8.59	14.3
Total Labor Costs	\$ 7,217	3.1 %	\$ 27.73	46.3 %
Other Operated Departments*				
Salaries, Wages and Bonuses	\$ 525	2.4 %	\$ 2.02	23.4 %
Payroll-Related Expenses	214	5.4	0.82	9.6
Total Labor Costs	\$ 739	3.2 %	\$ 2.84	33.0 %
Administrative and General Department**				
Salaries, Wages and Bonuses	\$ 1,954	2.6 %	\$ 7.51	3.3 %
Payroll-Related Expenses	666	3.1	2.56	1.1
Total Labor Costs	\$ 2,620	2.7 %	\$ 10.07	4.4 %
Marketing Department**				
Salaries, Wages and Bonuses	\$ 1,324	3.2 %	\$ 5.09	2.2 %
Payroll-Related Expenses	420	3.9	1.61	0.7
Total Labor Costs	\$ 1,744	3.4 %	\$ 6.70	3.0 %
Maintenance Department**				
Salaries, Wages and Bonuses	\$ 1,002	1.1 %	\$ 3.85	1.7 %
Payroll-Related Expenses	420	4.4	1.61	0.7
Total Labor Costs	\$ 1,422	2.1 %	\$ 5.47	2.4 %
All Departments**				
Salaries, Wages and Bonuses	\$ 14,519	2.8 %	\$ 55.80	24.6 %
Payroll-Related Expenses	5,993	5.3	23.03	10.1
Total Labor Costs	\$ 20,512	3.5 %	\$ 78.83	34.7 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

LIMITED-SERVICE HOTELS Performance in 2012

LIMITED-SERVICE HOTELS Market Mix



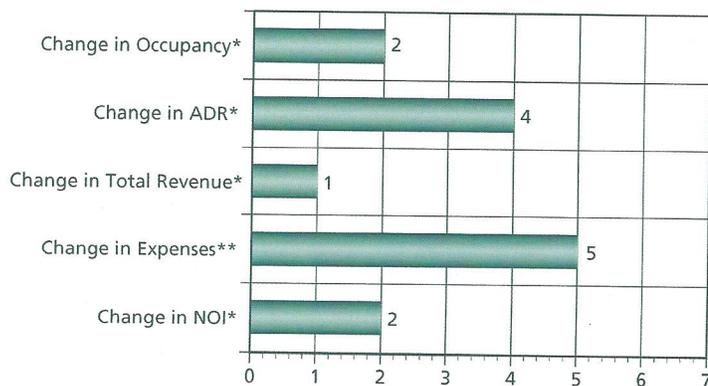
- Total limited-service hotel revenues increased 6.2 percent in 2012. The growth in revenue can be attributed to a 2.1 percent gain in occupancy accompanied by a 3.8 percent rise in ADR.

- With expenses growing at 3.9 percent, limited-service NOI grew 10.6 percent.

- Expenses within the rooms and maintenance departments increased the most from 2011 to 2012.

- Labor costs at limited-service hotels increased 4.4 percent in 2012. The combined costs of salaries, wages, bonuses, and benefits represented 36.2 percent of total operating expenses for the year.

RANKING Rank Among Six Property Type Categories Change From 2011 to 2012



NOTE: * 1 = greatest increase, 6 = least increase
 ** 1 = least increase, 6 = greatest increase

- There appears to be a direct correlation between changes in limited-service profitability and the size of the hotel. Limited-service hotels with less than 100 rooms achieved NOI growth of 7.6 percent. On the other hand, limited-service properties with more than 150 rooms achieved an increase in NOI of 14.8 percent.

- Limited-service hotels in the South Central region achieved the greatest gains in NOI. Properties in the New England/Middle Atlantic states lagged in NOI growth.

LIMITED-SERVICE HOTELS

Summary Operating Statement

Dollars Per Available and Occupied Room

Figure Number 13

	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Occupied Room
Revenue				
Rooms	\$ 20,080	6.3 %	98.2 %	\$ 84.31
Other Operated Departments	228	1.9	1.1	0.96
Rentals and Other Income	148	(1.5)	0.7	0.62
Total Revenue	\$ 20,457	6.2 %	100.0 %	\$ 85.89
Departmental Expenses*				
Rooms	\$ 5,175	5.7 %	25.8 %	\$ 21.73
Other Operated Departments	231	2.7	101.2	0.97
Total Departmental Expenses	\$ 5,406	5.5 %	26.4 %	\$ 22.70
Total Departmental Income	\$ 15,051	6.5 %	73.6 %	\$ 63.19
Undistributed Operating Expenses				
Administrative and General	\$ 2,009	3.2 %	9.8 %	\$ 8.44
Sales and Marketing	1,822	3.3	8.9	7.65
Property Operations and Maintenance	1,069	4.1	5.2	4.49
Utilities	1,014	(3.2)	5.0	4.26
Total Undistributed Expenses	\$ 5,915	2.2 %	28.9 %	\$ 24.83
Gross Operating Profit	\$ 9,136	9.4 %	44.7 %	\$ 38.36
Management Fees	\$ 569	6.4 %	2.8 %	\$ 2.39
Income Before Fixed Charges	\$ 8,567	9.6 %	41.9 %	\$ 35.97
Fixed Charges				
Property and Other Taxes	\$ 958	3.2 %	4.7 %	\$ 4.02
Insurance	299	6.7	1.5	1.26
Total Fixed Charges	\$ 1,257	4.0 %	6.1 %	\$ 5.28
Net Operating Income**	\$ 7,310	10.6 %	35.7 %	\$ 30.69
Percentage of Occupancy	65.1 %	2.1 %		
Average Daily Rate	\$ 84.31	3.8 %		
RevPAR	\$ 54.86	6.0 %		
Average Size (Rooms)	110	(0.1)%		

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

LIMITED-SERVICE HOTELS

Summary Operating Statement – By Rate Groups

Figure Number 13A

	Rate Groups								
	Under \$70			\$70 to \$100			Over \$100		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 13,151	5.8 %	99.2 %	\$ 20,273	6.5 %	98.1 %	\$ 32,561	6.7 %	97.4 %
Other Operated Departments	35	(3.5)	0.3	218	1.9	1.1	604	2.7	1.8
Rentals and Other Income	72	1.2	0.5	167	5.3	0.8	257	(9.2)	0.8
Total Revenue	\$ 13,259	5.8 %	100.0 %	\$ 20,658	6.4 %	100.0 %	\$ 33,423	6.5 %	100.0 %
Departmental Expenses*									
Rooms	\$ 3,764	4.8 %	28.6 %	\$ 5,328	6.1 %	26.3 %	\$ 7,519	5.9 %	23.1 %
Other Operated Departments	101	(2.4)	288.3	244	3.7	111.9	450	4.1	74.5
Total Departmental Expenses	\$ 3,866	4.6 %	29.2 %	\$ 5,572	6.0 %	27.0 %	\$ 7,970	5.8 %	23.8 %
Total Departmental Income	\$ 9,393	6.3 %	70.8 %	\$ 15,086	6.5 %	73.0 %	\$ 25,453	6.6 %	76.2 %
Undistributed Operating Expenses									
Administrative and General	\$ 1,550	2.6 %	11.7 %	\$ 2,039	3.8 %	9.9 %	\$ 2,806	3.2 %	8.4 %
Sales and Marketing	816	5.2	6.2	1,774	1.2	8.6	3,767	4.3	11.3
Property Operations and Maintenance	844	5.0	6.4	1,100	4.9	5.3	1,431	2.3	4.3
Utilities	885	(3.3)	6.7	1,031	(2.8)	5.0	1,224	(3.5)	3.7
Total Undistributed Expenses	\$ 4,095	2.2 %	30.9 %	\$ 5,944	2.0 %	28.8 %	\$ 9,228	2.6 %	27.6 %
Gross Operating Profit	\$ 5,298	9.7 %	40.0 %	\$ 9,141	9.7 %	44.3 %	\$ 16,226	9.1 %	48.5 %
Management Fees	\$ 245	5.4 %	1.9 %	\$ 585	5.5 %	2.8 %	\$ 1,140	7.8 %	3.4 %
Income Before Fixed Charges	\$ 5,052	9.9 %	38.1 %	\$ 8,556	10.0 %	41.4 %	\$ 15,085	9.2 %	45.1 %
Fixed Charges									
Property and Other Taxes	\$ 658	3.5 %	5.0 %	\$ 956	2.0 %	4.6 %	\$ 1,517	4.4 %	4.5 %
Insurance	300	11.9	2.3	288	4.5	1.4	315	1.7	0.9
Total Fixed Charges	\$ 958	6.0 %	7.2 %	\$ 1,244	2.6 %	6.0 %	\$ 1,832	3.9 %	5.5 %
Net Operating Income**	\$ 4,094	10.8 %	30.9 %	\$ 7,312	11.3 %	35.4 %	\$ 13,253	10.0 %	39.7 %
Percentage of Occupancy	59.8 %	2.1 %		66.2 %	2.5 %		73.0 %	1.6 %	
Average Daily Rate	\$ 60.12	3.3 %		\$ 83.73	3.6 %		\$ 121.81	4.7 %	
RevPAR	\$ 35.93	5.6 %		\$ 55.39	6.2 %		\$ 88.97	6.4 %	
Average Size (Rooms)	118	—		102	(0.1)%		109	(0.2)%	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

LIMITED-SERVICE HOTELS

Summary Operating Statement – By Geographic Divisions

Figure Number 13B

		Geographic Divisions					
		New England/Middle Atlantic			North Central		
		2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue							
1.	Rooms	\$ 29,656	4.2 %	97.6 %	\$ 20,890	6.8 %	98.7 %
2.	Other Operated Departments	435	(7.1)	1.4	139	(4.6)	0.7
3.	Rentals and Other Income	310	(4.7)	1.0	141	15.0	0.7
4.	Total Revenue	\$ 30,400	3.9 %	100.0 %	\$ 21,170	6.8 %	100.0 %
Departmental Expenses*							
5.	Rooms	\$ 7,493	5.8 %	25.3 %	\$ 5,585	7.0 %	26.7 %
6.	Other Operated Departments	285	(1.5)	65.5	207	3.8	148.9
7.	Total Departmental Expenses	\$ 7,778	5.6 %	25.6 %	\$ 5,792	6.8 %	27.4 %
8.	Total Departmental Income	\$ 22,622	3.3 %	74.4 %	\$ 15,378	6.8 %	72.6 %
Undistributed Operating Expenses							
9.	Administrative and General	\$ 2,708	2.6 %	8.9 %	\$ 2,141	3.8 %	10.1 %
10.	Sales and Marketing	3,025	3.1	10.0	2,109	3.1	10.0
11.	Property Operations and Maintenance	1,374	3.4	4.5	1,081	6.3	5.1
12.	Utilities	1,302	(9.0)	4.3	917	(2.0)	4.3
13.	Total Undistributed Expenses	\$ 8,409	0.9 %	27.7 %	\$ 6,248	3.1 %	29.5 %
14.	Gross Operating Profit	\$ 14,213	4.8 %	46.8 %	\$ 9,130	9.5 %	43.1 %
15.	Management Fees	\$ 873	3.4 %	2.9 %	\$ 740	7.0 %	3.5 %
16.	Income Before Fixed Charges	\$ 13,340	4.9 %	43.9 %	\$ 8,389	9.7 %	39.6 %
Fixed Charges							
17.	Property and Other Taxes	\$ 1,730	4.6 %	5.7 %	\$ 1,122	2.6 %	5.3 %
18.	Insurance	326	3.5	1.1	245	2.7	1.2
19.	Total Fixed Charges	\$ 2,056	4.5 %	6.8 %	\$ 1,367	2.6 %	6.5 %
20.	Net Operating Income**	\$ 11,285	4.9 %	37.1 %	\$ 7,022	11.2 %	33.2 %
21.	Percentage of Occupancy	70.8 %	0.5 %		65.8 %	2.6 %	
22.	Average Daily Rate	\$ 114.43	3.3 %		\$ 86.68	3.9 %	
23.	RevPAR	\$ 81.03	3.9 %		\$ 57.08	6.5 %	
24.	Average Size (Rooms)	120	(0.2)%		88	(0.1)%	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

LIMITED-SERVICE HOTELS

Summary Operating Statement – By Geographic Divisions

Figure Number 13B (Continued)

Geographic Divisions									
South Atlantic			South Central			Mountain/Pacific			
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
1.	\$ 19,810	6.1 %	98.3 %	\$ 17,179	7.4 %	98.1 %	\$ 19,137	6.3 %	97.7 %
2.	235	4.9	1.2	204	9.1	1.2	265	3.1	1.4
3.	102	(8.2)	0.5	126	(14.0)	0.7	176	11.9	0.9
4.	\$ 20,146	6.0 %	100.0 %	\$ 17,509	7.2 %	100.0 %	\$ 19,578	6.3 %	100.0 %
5.	\$ 5,059	4.2 %	25.5 %	\$ 4,294	5.4 %	25.0 %	\$ 5,045	6.2 %	26.4 %
6.	250	4.1	106.7	214	4.3	104.6	236	(0.1)	88.9
7.	\$ 5,309	4.2 %	26.4 %	\$ 4,508	5.4 %	25.7 %	\$ 5,281	5.9 %	27.0 %
8.	\$ 14,837	6.6 %	73.6 %	\$ 13,001	7.9 %	74.3 %	\$ 14,297	6.5 %	73.0 %
9.	\$ 1,926	2.2 %	9.6 %	\$ 1,817	3.4 %	10.4 %	\$ 1,902	4.0 %	9.7 %
10.	1,865	3.0	9.3	1,396	3.4	8.0	1,457	4.2	7.4
11.	1,108	2.7	5.5	958	4.4	5.5	1,020	3.4	5.2
12.	1,152	(1.2)	5.7	903	(4.1)	5.2	979	(1.9)	5.0
13.	\$ 6,051	1.9 %	30.0 %	\$ 5,073	2.2 %	29.0 %	\$ 5,358	2.8 %	27.4 %
14.	\$ 8,786	10.2 %	43.6 %	\$ 7,927	11.9 %	45.3 %	\$ 8,939	8.9 %	45.7 %
15.	\$ 545	5.9 %	2.7 %	\$ 438	9.1 %	2.5 %	\$ 438	5.2 %	2.2 %
16.	\$ 8,242	10.5 %	40.9 %	\$ 7,490	12.0 %	42.8 %	\$ 8,501	9.1 %	43.4 %
17.	\$ 756	1.5 %	3.8 %	\$ 835	5.0 %	4.8 %	\$ 821	1.9 %	4.2 %
18.	361	5.8	1.8	283	11.1	1.6	294	7.8	1.5
19.	\$ 1,116	2.8 %	5.5 %	\$ 1,118	6.5 %	6.4 %	\$ 1,116	3.4 %	5.7 %
20.	\$ 7,125	11.8 %	35.4 %	\$ 6,372	13.1 %	36.4 %	\$ 7,385	10.0 %	37.7 %
21.	66.4 %	1.2 %		61.4 %	2.8 %		65.4 %	2.8 %	
22.	\$ 81.54	4.5 %		\$ 76.46	4.1 %		\$ 79.96	3.1 %	
23.	\$ 54.13	5.8 %		\$ 46.94	7.1 %		\$ 52.29	6.0 %	
24.	117	(0.1)%		116	—		120	—	

LIMITED-SERVICE HOTELS

Summary Operating Statement – By Property Size Classifications

Figure Number 13C

	Property Size Classifications								
	Under 100 Rooms			100 to 150 Rooms			Over 150 Rooms		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 22,083	5.6 %	99.1 %	\$ 18,069	5.9 %	98.6 %	\$ 24,210	8.4 %	95.9 %
Other Operated Departments	78	(20.3)	0.4	145	(0.5)	0.8	749	8.4	3.0
Rentals and Other Income	129	(16.9)	0.6	119	7.1	0.6	283	(0.9)	1.1
Total Revenue	\$ 22,290	5.4 %	100.0 %	\$ 18,332	5.9 %	100.0 %	\$ 25,242	8.2 %	100.0 %
Departmental Expenses*									
Rooms	\$ 5,955	7.0 %	27.0 %	\$ 4,653	4.7 %	25.8 %	\$ 5,859	6.3 %	24.2 %
Other Operated Departments	227	7.7	289.9	164	(0.1)	113.7	474	2.8	63.4
Total Departmental Expenses	\$ 6,182	7.0 %	27.7 %	\$ 4,817	4.6 %	26.3 %	\$ 6,333	6.0 %	25.1 %
Total Departmental Income	\$ 16,108	4.7 %	72.3 %	\$ 13,515	6.4 %	73.7 %	\$ 18,909	9.0 %	74.9 %
Undistributed Operating Expenses									
Administrative and General	\$ 2,393	3.9 %	10.7 %	\$ 1,797	2.2 %	9.8 %	\$ 2,187	4.9 %	8.7 %
Sales and Marketing	2,094	1.0	9.4	1,578	4.5	8.6	2,283	3.5	9.0
Property Operations and Maintenance	1,189	4.3	5.3	993	4.3	5.4	1,159	3.3	4.6
Utilities	1,021	(2.0)	4.6	979	(3.2)	5.3	1,128	(4.7)	4.5
Total Undistributed Expenses	\$ 6,697	2.1 %	30.0 %	\$ 5,348	2.2 %	29.2 %	\$ 6,756	2.5 %	26.8 %
Gross Operating Profit	\$ 9,411	6.7 %	42.2 %	\$ 8,167	9.3 %	44.6 %	\$ 12,153	13.0 %	48.1 %
Management Fees	\$ 761	6.1 %	3.4 %	\$ 454	6.1 %	2.5 %	\$ 689	7.7 %	2.7 %
Income Before Fixed Charges	\$ 8,650	6.7 %	38.8 %	\$ 7,713	9.5 %	42.1 %	\$ 11,463	13.4 %	45.4 %
Fixed Charges									
Property and Other Taxes	\$ 1,015	2.1 %	4.6 %	\$ 868	3.3 %	4.7 %	\$ 1,191	4.4 %	4.7 %
Insurance	270	2.1	1.2	308	8.8	1.7	311	5.7	1.2
Total Fixed Charges	\$ 1,285	2.1 %	5.8 %	\$ 1,176	4.7 %	6.4 %	\$ 1,502	4.7 %	5.9 %
Net Operating Income**	\$ 7,365	7.6 %	33.0 %	\$ 6,537	10.4 %	35.7 %	\$ 9,962	14.8 %	39.5 %
Percentage of Occupancy	66.2 %	1.4 %		63.4 %	2.0 %		69.1 %	3.8 %	
Average Daily Rate	\$ 91.10	3.9 %		\$ 77.82	3.6 %		\$ 95.68	4.1 %	
RevPAR	\$ 60.34	5.4 %		\$ 49.37	5.7 %		\$ 66.15	8.1 %	
Average Size (Rooms)	73	(0.1)%		121	(0.1)%		182	—	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

LIMITED-SERVICE HOTELS

Departmental Expenses

Figure Number 14

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Total Labor Costs	\$ 3,131	5.5 %	\$ 13.14	15.6 %
Other Expenses	2,044	5.9	8.58	10.2
Total Department Expenses	\$ 5,175	5.7 %	\$ 21.73	25.8 %
Other Operated Departments*				
Total Labor Costs	\$ 30	1.4 %	\$ 0.13	13.3 %
Other Expenses***	201	2.9	0.84	87.9
Total Department Expenses	\$ 231	2.7 %	\$ 0.97	101.2 %
Administrative and General Department**				
Total Labor Costs	\$ 969	1.6 %	\$ 4.07	4.7 %
Other Expenses	1,040	4.8	4.37	5.1
Total Department Expenses	\$ 2,009	3.2 %	\$ 8.44	9.8 %
Marketing Department**				
Total Labor Costs	\$ 172	(5.3)%	\$ 0.72	0.8 %
Other Expenses	1,650	4.3	6.93	8.1
Total Department Expenses	\$ 1,822	3.3 %	\$ 7.65	8.9 %
Maintenance Department**				
Total Labor Costs	\$ 462	7.2 %	\$ 1.94	2.3 %
Other Expenses	607	1.9	2.55	3.0
Total Department Expenses	\$ 1,069	4.1 %	\$ 4.49	5.2 %
Utilities Department**				
Other Expenses	\$ 1,014	(3.2)%	\$ 4.26	5.0 %
Total Operating Expenses**				
Total Labor Costs	\$ 4,764	4.4 %	\$ 20.00	23.3 %
Other Expenses***	6,557	3.3	27.53	32.1
Total Operating Expenses****	\$ 11,321	3.8 %	\$ 47.53	55.3 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

*** Includes cost of sales.

**** Before management fees, property taxes, insurance, and rent.

LIMITED-SERVICE HOTELS

Payroll Costs

Figure Number 15

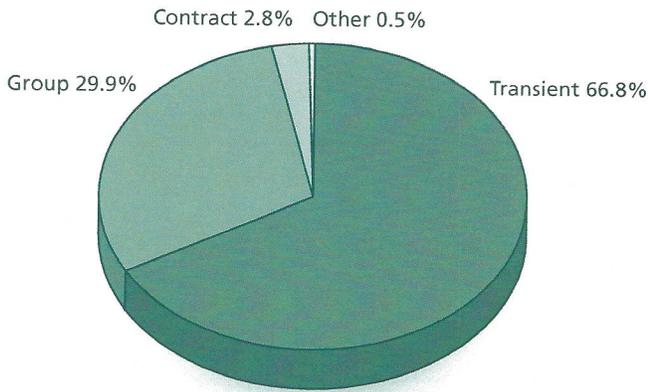
	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Salaries, Wages and Bonuses	\$ 2,512	5.5 %	\$ 10.55	12.5 %
Payroll-Related Expenses	619	5.4	2.60	3.1
Total Labor Costs	\$ 3,131	5.5 %	\$ 13.14	15.6 %
Other Operated Departments*				
Salaries, Wages and Bonuses	\$ 24	3.6 %	\$ 0.10	10.7 %
Payroll-Related Expenses	6	(6.7)	0.02	2.6
Total Labor Costs	\$ 30	1.4 %	\$ 0.13	13.3 %
Administrative and General Department**				
Salaries, Wages and Bonuses	\$ 778	1.5 %	\$ 3.26	3.8 %
Payroll-Related Expenses	191	1.8	0.80	0.9
Total Labor Costs	\$ 969	1.6 %	\$ 4.07	4.7 %
Marketing Department**				
Salaries, Wages and Bonuses	\$ 137	(5.5)%	\$ 0.58	0.7 %
Payroll-Related Expenses	35	(4.2)	0.15	0.2
Total Labor Costs	\$ 172	(5.3)%	\$ 0.72	0.8 %
Maintenance Department**				
Salaries, Wages and Bonuses	\$ 370	7.3 %	\$ 1.55	1.8 %
Payroll-Related Expenses	92	6.8	0.38	0.4
Total Labor Costs	\$ 462	7.2 %	\$ 1.94	2.3 %
All Departments**				
Salaries, Wages and Bonuses	\$ 3,821	4.4 %	\$ 16.04	18.7 %
Payroll-Related Expenses	942	4.3	3.96	4.6
Total Labor Costs	\$ 4,764	4.4 %	\$ 20.00	23.3 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

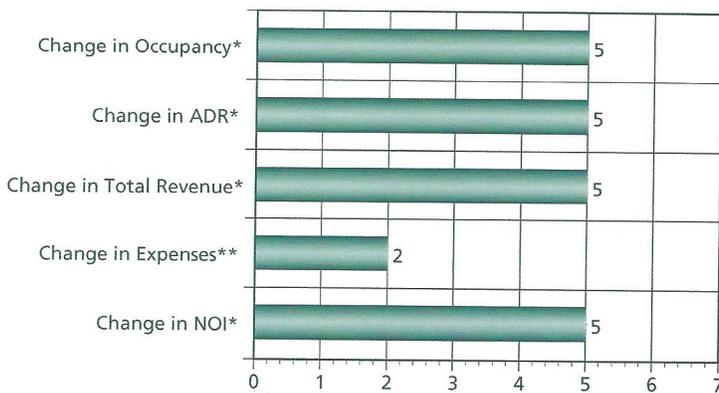
SUITE HOTELS WITH FOOD AND BEVERAGE Performance in 2012

SUITE HOTELS WITH FOOD AND BEVERAGE Market Mix



RANKING

Rank Among Six Property Type Categories
Change From 2011 to 2012



NOTE: * 1 = greatest increase, 6 = least increase

** 1 = least increase, 6 = greatest increase

- Total revenues for suite hotels with F&B increased 4.4 percent in 2012, driven by a 1.0 percent gain in occupancy and a 3.7 percent rise in ADR.
- With expenses rising 3.1 percent at suite hotels with F&B, NOI increased 7.7 percent.
- Measured on a percentage change basis, expenses within the rooms and sales and marketing departments increased the most from 2011 to 2012.
- Labor costs at suite hotels with F&B increased 3.1 percent in 2012. The combined costs of salaries, wages, bonuses, and benefits represented 39.1 percent of total operating expenses for the year.
- Mid-sized and mid-priced suite hotels with F&B achieved the greatest gains in NOI in 2012. Suite hotels with F&B with an ADR between \$110 and \$150 experienced a 10.0 percent increase in NOI, while those with 200 to 300 rooms achieved NOI growth of 8.5 percent.
- Suite hotels with F&B in the New England/Middle Atlantic states suffered an NOI decline, while properties in the North Central region enjoyed the greatest growth in NOI.

SUITE HOTELS WITH FOOD AND BEVERAGE

Summary Operating Statement

Dollars Per Available and Occupied Room

Figure Number 16

	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Occupied Room
Revenue				
Rooms				
Food and Beverage	\$ 35,595	4.8 %	76.6 %	\$ 133.25
Other Operated Departments	9,245	3.6	19.9	34.61
Rentals and Other Income	1,248	0.1	2.7	4.67
	402	4.1	0.9	1.51
Total Revenue	\$ 46,490	4.4 %	100.0 %	\$ 174.04
Departmental Expenses*				
Rooms	\$ 9,117	4.2 %	25.6 %	\$ 34.13
Food and Beverage	6,046	2.6	65.4	22.63
Other Operated Departments	871	0.9	69.8	3.26
Total Departmental Expenses	\$ 16,035	3.4 %	34.5 %	\$ 60.03
Total Departmental Income	\$ 30,455	4.9 %	65.5 %	\$ 114.01
Undistributed Operating Expenses				
Administrative and General	\$ 3,903	3.5 %	8.4 %	\$ 14.61
Sales and Marketing	5,455	4.2	11.7	20.42
Property Operations and Maintenance	2,194	3.4	4.7	8.21
Utilities	2,069	(3.0)	4.5	7.75
Total Undistributed Expenses	\$ 13,621	2.7 %	29.3 %	\$ 50.99
Gross Operating Profit	\$ 16,835	6.8 %	36.2 %	\$ 63.02
Management Fees	\$ 1,076	3.0 %	2.3 %	\$ 4.03
Income Before Fixed Charges	\$ 15,759	7.0 %	33.9 %	\$ 58.99
Fixed Charges				
Property and Other Taxes	\$ 1,753	3.0 %	3.8 %	\$ 6.56
Insurance	372	4.0	0.8	1.39
Total Fixed Charges	\$ 2,125	3.2 %	4.6 %	\$ 7.96
Net Operating Income**	\$ 13,633	7.7 %	29.3 %	\$ 51.04
Percentage of Occupancy	73.2 %	1.0 %		
Average Daily Rate	\$ 133.25	3.7 %		
RevPAR	\$ 97.52	4.8 %		
Average Size (Rooms)	234	0.2 %		

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

SUITE HOTELS WITH FOOD AND BEVERAGE

Summary Operating Statement – By Rate Groups

Figure Number 16A

	Rate Groups								
	Under \$110			\$110 to \$150			Over \$150		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 24,842	2.2 %	79.2 %	\$ 34,298	5.7 %	74.5 %	\$ 47,977	3.8 %	80.1 %
Food and Beverage	5,417	6.5	17.3	10,367	4.0	22.5	8,968	1.2	15.0
Other Operated Departments	906	6.9	2.9	1,063	0.6	2.3	2,069	(2.9)	3.5
Rentals and Other Income	209	2.1	0.7	301	4.3	0.7	854	4.3	1.4
Total Revenue	\$ 31,374	3.1 %	100.0 %	\$ 46,030	5.2 %	100.0 %	\$ 59,867	3.1 %	100.0 %
Departmental Expenses*									
Rooms	\$ 7,445	3.8 %	30.0 %	\$ 8,664	4.6 %	25.3 %	\$ 11,786	3.4 %	24.6 %
Food and Beverage	4,401	6.7	81.2	6,289	2.6	60.7	6,636	0.7	74.0
Other Operated Departments	791	8.1	87.3	784	1.2	73.8	1,192	(3.1)	57.6
Total Departmental Expenses	\$ 12,636	5.0 %	40.3 %	\$ 15,738	3.6 %	34.2 %	\$ 19,615	2.0 %	32.8 %
Total Departmental Income	\$ 18,738	1.8 %	59.7 %	\$ 30,292	6.1 %	65.8 %	\$ 40,253	3.7 %	67.2 %
Undistributed Operating Expenses									
Administrative and General	\$ 3,139	4.3 %	10.0 %	\$ 3,767	3.2 %	8.2 %	\$ 4,915	3.8 %	8.2 %
Sales and Marketing	4,023	2.3	12.8	5,433	4.6	11.8	6,657	4.5	11.1
Property Operations and Maintenance	1,912	1.0	6.1	2,091	4.6	4.5	2,722	2.1	4.5
Utilities	1,857	(0.1)	5.9	2,047	(3.7)	4.4	2,302	(3.0)	3.8
Total Undistributed Expenses	\$ 10,931	2.2 %	34.8 %	\$ 13,338	2.8 %	29.0 %	\$ 16,596	2.8 %	27.7 %
Gross Operating Profit	\$ 7,807	1.2 %	24.9 %	\$ 16,954	8.7 %	36.8 %	\$ 23,657	4.3 %	39.5 %
Management Fees	\$ 774	0.8 %	2.5 %	\$ 1,042	4.1 %	2.3 %	\$ 1,417	1.6 %	2.4 %
Income Before Fixed Charges	\$ 7,033	1.2 %	22.4 %	\$ 15,912	9.1 %	34.6 %	\$ 22,240	4.5 %	37.1 %
Fixed Charges									
Property and Other Taxes	\$ 1,174	4.9 %	3.7 %	\$ 1,683	2.4 %	3.7 %	\$ 2,421	3.5 %	4.0 %
Insurance	272	4.1	0.9	390	5.1	0.8	399	1.0	0.7
Total Fixed Charges	\$ 1,446	4.8 %	4.6 %	\$ 2,073	2.9 %	4.5 %	\$ 2,821	3.1 %	4.7 %
Net Operating Income**	\$ 5,586	0.3 %	17.8 %	\$ 13,839	10.0 %	30.1 %	\$ 19,419	4.7 %	32.4 %
Percentage of Occupancy	67.9 %	0.9 %		73.7 %	2.0 %		76.0 %	(1.6) %	
Average Daily Rate	\$ 100.28	1.3 %		\$ 127.55	3.6 %		\$ 173.01	5.4 %	
RevPAR	\$ 68.06	2.2 %		\$ 93.97	5.7 %		\$ 131.44	3.8 %	
Average Size (Rooms)	195	0.3 %		240	0.2 %		255	0.2 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

SUITE HOTELS WITH FOOD AND BEVERAGE

Summary Operating Statement – By Geographic Divisions

Figure Number 16B

		Geographic Divisions					
		New England/Middle Atlantic			North Central		
		2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue							
1.	Rooms	\$ 43,868	0.9 %	80.9 %	\$ 34,253	8.8 %	75.8 %
2.	Food and Beverage	8,348	(3.0)	15.4	9,586	4.8	21.2
3.	Other Operated Departments	1,502	0.8	2.8	1,018	8.4	2.3
4.	Rentals and Other Income	520	10.5	1.0	358	1.2	0.8
5.	Total Revenue	\$ 54,238	0.3 %	100.0 %	\$ 45,215	7.9 %	100.0 %
Departmental Expenses*							
6.	Rooms	\$ 12,362	2.3 %	28.2 %	\$ 8,907	6.5 %	26.0 %
7.	Food and Beverage	7,043	(3.3)	84.4	5,760	3.7	60.1
8.	Other Operated Departments	801	0.5	53.4	728	1.3	71.5
9.	Total Departmental Expenses	\$ 20,206	0.2 %	37.3 %	\$ 15,395	5.2 %	34.0 %
10.	Total Departmental Income	\$ 34,032	0.4 %	62.7 %	\$ 29,820	9.3 %	66.0 %
Undistributed Operating Expenses							
11.	Administrative and General	\$ 4,722	2.2 %	8.7 %	\$ 3,831	5.8 %	8.5 %
12.	Sales and Marketing	6,493	3.1	12.0	5,447	5.9	12.0
13.	Property Operations and Maintenance	3,009	1.7	5.5	1,988	5.0	4.4
14.	Utilities	2,572	(5.6)	4.7	1,902	(3.8)	4.2
15.	Total Undistributed Expenses	\$ 16,796	1.2 %	31.0 %	\$ 13,168	4.2 %	29.1 %
16.	Gross Operating Profit	\$ 17,236	(0.3)%	31.8 %	\$ 16,651	13.7 %	36.8 %
17.	Management Fees	\$ 1,134	0.4 %	2.1 %	\$ 1,024	6.7 %	2.3 %
18.	Income Before Fixed Charges	\$ 16,102	(0.3)%	29.7 %	\$ 15,627	14.2 %	34.6 %
Fixed Charges							
19.	Property and Other Taxes	\$ 2,377	2.8 %	4.4 %	\$ 2,276	2.2 %	5.0 %
20.	Insurance	321	1.7	0.6	371	3.3	0.8
21.	Total Fixed Charges	\$ 2,698	2.7 %	5.0 %	\$ 2,647	2.3 %	5.9 %
22.	Net Operating Income**	\$ 13,404	(0.9)%	24.7 %	\$ 12,980	16.9 %	28.7 %
23.	Percentage of Occupancy	74.8 %	(2.1)%		72.0 %	2.6 %	
24.	Average Daily Rate	\$ 160.64	3.1 %		\$ 130.32	6.0 %	
25.	RevPAR	\$ 120.19	0.9 %		\$ 93.84	8.8 %	
26.	Average Size (Rooms)	267	0.2 %		231	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

SUITE HOTELS WITH FOOD AND BEVERAGE

Summary Operating Statement – By Geographic Divisions

Figure Number 16B (Continued)

	Geographic Divisions								
	South Atlantic			South Central			Mountain/Pacific		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
1.	\$ 34,899	4.2 %	77.2 %	\$ 32,464	4.4 %	72.3 %	\$ 36,565	4.8 %	77.6 %
2.	8,525	3.1	18.8	11,080	1.2	24.7	8,782	7.3	18.6
3.	1,419	0.3	3.1	1,049	3.0	2.3	1,278	(4.8)	2.7
4.	385	4.2	0.9	280	(4.3)	0.6	484	6.8	1.0
5.	\$ 45,227	3.8 %	100.0 %	\$ 44,872	3.5 %	100.0 %	\$ 47,109	5.0 %	100.0 %
6.	\$ 8,945	4.0 %	25.6 %	\$ 7,985	4.9 %	24.6 %	\$ 9,182	3.4 %	25.1 %
7.	5,554	1.8	65.2	6,143	0.1	55.4	6,283	6.5	71.5
8.	1,034	1.1	72.9	803	10.4	76.6	870	(4.3)	68.1
9.	\$ 15,533	3.0 %	34.3 %	\$ 14,931	3.2 %	33.3 %	\$ 16,336	4.1 %	34.7 %
10.	\$ 29,694	4.3 %	65.7 %	\$ 29,941	3.7 %	66.7 %	\$ 30,773	5.5 %	65.3 %
11.	\$ 3,754	2.6 %	8.3 %	\$ 3,599	3.9 %	8.0 %	\$ 4,033	3.2 %	8.6 %
12.	5,228	3.9	11.6	4,925	2.9	11.0	5,697	4.8	12.1
13.	2,078	1.7	4.6	2,068	5.7	4.6	2,255	3.4	4.8
14.	2,125	(1.1)	4.7	2,127	(4.2)	4.7	1,934	(2.6)	4.1
15.	\$ 13,183	2.4 %	29.1 %	\$ 12,719	2.3 %	28.3 %	\$ 13,918	3.0 %	29.5 %
16.	\$ 16,510	5.9 %	36.5 %	\$ 17,223	4.7 %	38.4 %	\$ 16,855	7.7 %	35.8 %
17.	\$ 972	2.6 %	2.1 %	\$ 987	1.4 %	2.2 %	\$ 1,232	3.1 %	2.6 %
18.	\$ 15,538	6.1 %	34.4 %	\$ 16,235	4.9 %	36.2 %	\$ 15,623	8.0 %	33.2 %
19.	\$ 1,435	3.5 %	3.2 %	\$ 1,831	3.5 %	4.1 %	\$ 1,526	2.9 %	3.2 %
20.	401	4.8	0.9	360	3.3	0.8	370	4.6	0.8
21.	\$ 1,836	3.8 %	4.1 %	\$ 2,191	3.5 %	4.9 %	\$ 1,896	3.3 %	4.0 %
22.	\$ 13,702	6.4 %	30.3 %	\$ 14,044	5.2 %	31.3 %	\$ 13,727	8.7 %	29.1 %
23.	74.5 %	1.4 %		71.2 %	2.1 %		73.5 %	0.2 %	
24.	\$ 128.35	2.8 %		\$ 124.98	2.2 %		\$ 136.30	4.6 %	
25.	\$ 95.61	4.2 %		\$ 88.94	4.4 %		\$ 100.18	4.8 %	
26.	223	0.2 %		223	0.1 %		245	0.2 %	

SUITE HOTELS WITH FOOD AND BEVERAGE

Summary Operating Statement – By Property Size Classifications

Figure Number 16C

	Property Size Classifications								
	Under 200 Rooms			200 to 300 Rooms			Over 300 Rooms		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 34,678	3.5 %	86.8 %	\$ 34,290	5.0 %	75.1 %	\$ 40,894	5.1 %	74.6 %
Food and Beverage	4,040	2.1	10.1	9,859	3.7	21.6	11,545	3.8	21.0
Other Operated Departments	792	(3.1)	2.0	1,169	1.5	2.6	1,910	(1.6)	3.5
Rentals and Other Income	434	2.8	1.1	366	5.2	0.8	502	2.4	0.9
Total Revenue	\$ 39,943	3.2 %	100.0 %	\$ 45,683	4.6 %	100.0 %	\$ 54,850	4.5 %	100.0 %
Departmental Expenses*									
Rooms	\$ 8,189	4.2 %	23.6 %	\$ 8,910	4.1 %	26.0 %	\$ 10,624	4.2 %	26.0 %
Food and Beverage	3,443	4.3	85.2	6,302	2.0	63.9	7,375	4.0	63.9
Other Operated Departments	610	1.7	77.0	830	1.1	71.0	1,238	—	64.8
Total Departmental Expenses	\$ 12,242	4.1 %	30.6 %	\$ 16,042	3.1 %	35.1 %	\$ 19,237	3.8 %	35.1 %
Total Departmental Income	\$ 27,702	2.8 %	69.4 %	\$ 29,642	5.4 %	64.9 %	\$ 35,614	4.9 %	64.9 %
Undistributed Operating Expenses									
Administrative and General	\$ 3,770	1.7 %	9.4 %	\$ 3,902	3.8 %	8.5 %	\$ 4,021	3.9 %	7.3 %
Sales and Marketing	4,677	3.3	11.7	5,426	4.3	11.9	6,217	4.7	11.3
Property Operations and Maintenance	2,130	1.2	5.3	2,175	4.1	4.8	2,313	2.9	4.2
Utilities	1,876	(4.9)	4.7	2,069	(2.5)	4.5	2,236	(3.2)	4.1
Total Undistributed Expenses	\$ 12,454	1.1 %	31.2 %	\$ 13,571	3.0 %	29.7 %	\$ 14,787	2.9 %	27.0 %
Gross Operating Profit	\$ 15,248	4.2 %	38.2 %	\$ 16,071	7.5 %	35.2 %	\$ 20,827	6.4 %	38.0 %
Management Fees	\$ 1,241	1.2 %	3.1 %	\$ 1,006	3.4 %	2.2 %	\$ 1,177	3.5 %	2.1 %
Income Before Fixed Charges	\$ 14,007	4.5 %	35.1 %	\$ 15,065	7.8 %	33.0 %	\$ 19,650	6.6 %	35.8 %
Fixed Charges									
Property and Other Taxes	\$ 1,449	3.6 %	3.6 %	\$ 1,624	2.9 %	3.6 %	\$ 2,458	2.9 %	4.5 %
Insurance	435	1.2	1.1	353	5.3	0.8	387	2.8	0.7
Total Fixed Charges	\$ 1,883	3.0 %	4.7 %	\$ 1,977	3.3 %	4.3 %	\$ 2,845	2.9 %	5.2 %
Net Operating Income**	\$ 12,124	4.7 %	30.4 %	\$ 13,088	8.5 %	28.6 %	\$ 16,805	7.2 %	30.6 %
Percentage of Occupancy	72.7 %	0.1 %		73.2 %	1.6 %		73.5 %	(0.2) %	
Average Daily Rate	\$ 130.77	3.4 %		\$ 128.28	3.3 %		\$ 152.48	5.3 %	
RevPAR	\$ 95.01	3.5 %		\$ 93.94	5.0 %		\$ 112.04	5.1 %	
Average Size (Rooms)	149	0.2 %		245	0.2 %		350	0.2 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

SUITE HOTELS WITH FOOD AND BEVERAGE

Departmental Expenses

Figure Number 17

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Total Labor Costs	\$ 5,316	1.6 %	\$ 19.90	14.9 %
Other Expenses	3,801	7.9	14.23	10.7
Total Department Expenses	\$ 9,117	4.2 %	\$ 34.13	25.6 %
Food and Beverage Department*				
Total Labor Costs	\$ 3,066	5.1 %	\$ 11.48	33.2 %
Other Expenses***	2,980	0.3	11.16	32.2
Total Department Expenses	\$ 6,046	2.6 %	\$ 22.63	65.4 %
Other Operated Departments*				
Total Labor Costs	\$ 142	1.1 %	\$ 0.53	11.3 %
Other Expenses***	730	0.8	2.73	58.5
Total Department Expenses	\$ 871	0.9 %	\$ 3.26	69.8 %
Administrative and General Department**				
Total Labor Costs	\$ 1,857	4.4 %	\$ 6.95	4.0 %
Other Expenses	2,046	2.7	7.66	4.4
Total Department Expenses	\$ 3,903	3.5 %	\$ 14.61	8.4 %
Marketing Department**				
Total Labor Costs	\$ 1,509	2.9 %	\$ 5.65	3.2 %
Other Expenses	3,946	4.8	14.77	8.5
Total Department Expenses	\$ 5,455	4.2 %	\$ 20.42	11.7 %
Maintenance Department**				
Total Labor Costs	\$ 969	3.0 %	\$ 3.63	2.1 %
Other Expenses	1,225	3.7	4.58	2.6
Total Department Expenses	\$ 2,194	3.4 %	\$ 8.21	4.7 %
Utilities Department**				
Other Expenses	\$ 2,069	(3.0)%	\$ 7.75	4.5 %
Total Operating Expenses**				
Total Labor Costs	\$ 12,859	3.1 %	\$ 48.14	27.7 %
Other Expenses***	16,797	3.1	62.88	36.1
Total Operating Expenses****	\$ 29,656	3.1 %	\$ 111.02	63.8 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

*** Includes cost of sales.

****Before management fees, property taxes, insurance, and rent.

SUITE HOTELS WITH FOOD AND BEVERAGE

Payroll Costs

Figure Number 18

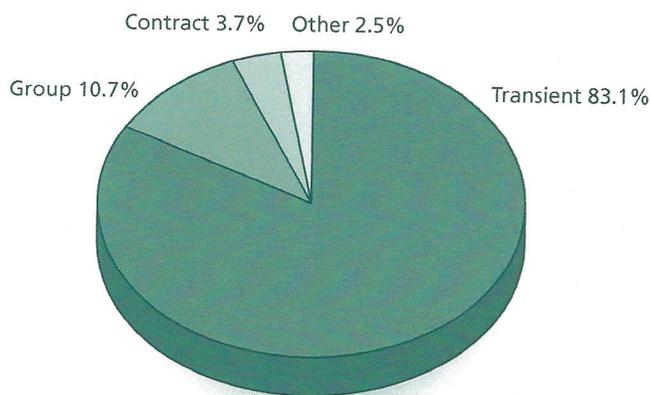
	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Salaries, Wages and Bonuses	\$ 4,004	1.5 %	\$ 14.99	11.2 %
Payroll-Related Expenses	1,311	2.0	4.91	3.7
Total Labor Costs	\$ 5,316	1.6 %	\$ 19.90	14.9 %
Food and Beverage Department*				
Salaries, Wages and Bonuses	\$ 2,379	5.0 %	\$ 8.91	25.7 %
Payroll-Related Expenses	687	5.2	2.57	7.4
Total Labor Costs	\$ 3,066	5.1 %	\$ 11.48	33.2 %
Other Operated Departments*				
Salaries, Wages and Bonuses	\$ 114	3.9 %	\$ 0.43	9.2 %
Payroll-Related Expenses	27	(9.4)	0.10	2.2
Total Labor Costs	\$ 142	1.1 %	\$ 0.53	11.3 %
Administrative and General Department**				
Salaries, Wages and Bonuses	\$ 1,422	4.3 %	\$ 5.32	3.1 %
Payroll-Related Expenses	435	4.7	1.63	0.9
Total Labor Costs	\$ 1,857	4.4 %	\$ 6.95	4.0 %
Marketing Department**				
Salaries, Wages and Bonuses	\$ 1,176	2.6 %	\$ 4.40	2.5 %
Payroll-Related Expenses	333	4.1	1.25	0.7
Total Labor Costs	\$ 1,509	2.9 %	\$ 5.65	3.2 %
Maintenance Department**				
Salaries, Wages and Bonuses	\$ 742	2.7 %	\$ 2.78	1.6 %
Payroll-Related Expenses	228	4.1	0.85	0.5
Total Labor Costs	\$ 969	3.0 %	\$ 3.63	2.1 %
All Departments**				
Salaries, Wages and Bonuses	\$ 9,837	3.0 %	\$ 36.83	21.2 %
Payroll-Related Expenses	3,021	3.4	11.31	6.5
Total Labor Costs	\$ 12,859	3.1 %	\$ 48.14	27.7 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

SUITE HOTELS WITHOUT FOOD AND BEVERAGE Performance in 2012

SUITE HOTELS WITHOUT FOOD AND BEVERAGE Market Mix



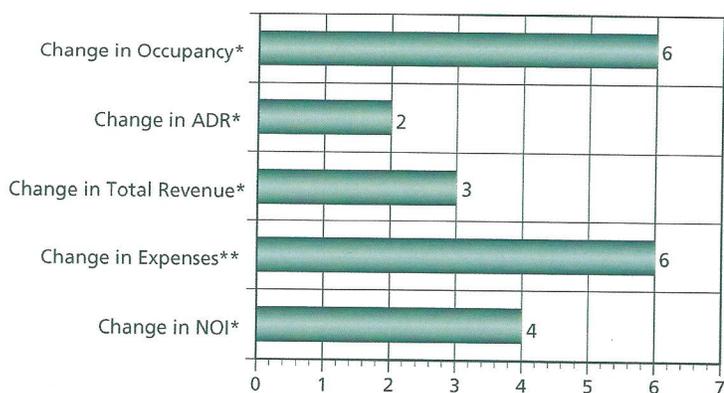
- Total revenues for suite hotels without F&B increased 5.6 percent in 2012, driven by a 0.9 percent gain in occupancy and a 4.9 percent rise in ADR.

- With expenses growing 4.1 percent at suite hotels without F&B, NOI at these properties increased 8.1 percent.

- Measured on a percentage change basis, expenses within the rooms and sales and marketing departments increased the most from 2011 to 2012.

- Labor costs at suite hotels without F&B increased 3.6 percent in 2012. The combined costs of salaries, wages, bonuses, and benefits represented 34.5 percent of total operating expenses for the year.

RANKING Rank Among Six Property Type Categories Change From 2011 to 2012



NOTE: * 1 = greatest increase, 6 = least increase
** 1 = least increase, 6 = greatest increase

- Mid-sized and mid-priced suite hotels without F&B achieved the greatest gains in NOI in 2012. Suite hotels without F&B with an ADR between \$75 and \$125 experienced an 8.6 percent increase in NOI, while those with 100 to 200 rooms achieved NOI growth of 9.4 percent.

- Suite hotels without F&B in the South Atlantic region achieved the lowest increase gain in NOI during 2012, while the properties in the North Central region enjoyed the greatest gain in NOI.

SUITE HOTELS WITHOUT FOOD AND BEVERAGE

Summary Operating Statement

Dollars Per Available and Occupied Room

Figure Number 19

	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Occupied Room
Revenue				
Rooms	\$ 30,033	5.8 %	97.3 %	\$ 109.71
Other Operated Departments	627	(3.5)	2.0	2.29
Rentals and Other Income	215	3.0	0.7	0.78
Total Revenue	\$ 30,874	5.6 %	100.0 %	\$ 112.79
Departmental Expenses*				
Rooms	\$ 6,727	5.7 %	22.4 %	\$ 24.57
Other Operated Departments	476	(4.8)	75.9	1.74
Total Departmental Expenses	\$ 7,202	4.9 %	23.3 %	\$ 26.31
Total Departmental Income	\$ 23,672	5.8 %	76.7 %	\$ 86.48
Undistributed Operating Expenses				
Administrative and General	\$ 2,797	4.9 %	9.1 %	\$ 10.22
Sales and Marketing	3,497	5.1	11.3	12.78
Property Operations and Maintenance	1,526	4.6	4.9	5.58
Utilities	1,353	(4.1)	4.4	4.94
Total Undistributed Expenses	\$ 9,173	3.5 %	29.7 %	\$ 33.51
Gross Operating Profit	\$ 14,499	7.4 %	47.0 %	\$ 52.97
Management Fees	\$ 1,027	5.1 %	3.3 %	\$ 3.75
Income Before Fixed Charges	\$ 13,472	7.6 %	43.6 %	\$ 49.22
Fixed Charges				
Property and Other Taxes	\$ 1,541	4.0 %	5.0 %	\$ 5.63
Insurance	288	3.6	0.9	1.05
Total Fixed Charges	\$ 1,829	3.9 %	5.9 %	\$ 6.68
Net Operating Income**	\$ 11,643	8.1 %	37.7 %	\$ 42.53
Percentage of Occupancy	75.0 %	0.9 %		
Average Daily Rate	\$ 109.71	4.9 %		
RevPAR	\$ 82.28	5.8 %		
Average Size (Rooms)	110	0.2 %		

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

SUITE HOTELS WITHOUT FOOD AND BEVERAGE

Summary Operating Statement – By Rate Groups

Figure Number 19A

	Rate Groups								
	Under \$75			\$75 to \$125			Over \$125		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 14,897	3.4 %	98.8 %	\$ 27,713	5.9 %	97.8 %	\$ 46,170	6.2 %	96.1 %
Other Operated Departments	98	(18.5)	0.7	443	(5.7)	1.6	1,536	(0.7)	3.2
Rentals and Other Income	90	(2.8)	0.6	194	5.6	0.7	353	(0.6)	0.7
Total Revenue	\$ 15,085	3.1 %	100.0 %	\$ 28,349	5.7 %	100.0 %	\$ 48,060	5.9 %	100.0 %
Departmental Expenses*									
Rooms	\$ 3,488	4.2 %	23.4 %	\$ 6,569	6.2 %	23.7 %	\$ 9,047	4.7 %	19.6 %
Other Operated Departments	231	(0.5)	234.9	407	(6.1)	92.0	841	(3.2)	54.7
Total Departmental Expenses	\$ 3,719	3.9 %	24.7 %	\$ 6,976	5.4 %	24.6 %	\$ 9,888	4.0 %	20.6 %
Total Departmental Income	\$ 11,365	2.9 %	75.3 %	\$ 21,373	5.8 %	75.4 %	\$ 38,171	6.5 %	79.4 %
Undistributed Operating Expenses									
Administrative and General	\$ 1,961	3.5 %	13.0 %	\$ 2,668	5.0 %	9.4 %	\$ 3,691	5.1 %	7.7 %
Sales and Marketing	1,684	3.0	11.2	3,295	4.8	11.6	5,176	6.0	10.8
Property Operations and Maintenance	1,042	4.4	6.9	1,471	4.5	5.2	1,979	5.0	4.1
Utilities	931	(1.4)	6.2	1,308	(4.2)	4.6	1,735	(4.7)	3.6
Total Undistributed Expenses	\$ 5,618	2.7 %	37.2 %	\$ 8,743	3.4 %	30.8 %	\$ 12,581	4.0 %	26.2 %
Gross Operating Profit	\$ 5,748	3.1 %	38.1 %	\$ 12,631	7.5 %	44.6 %	\$ 25,591	7.7 %	53.2 %
Management Fees	\$ 613	2.5 %	4.1 %	\$ 963	5.1 %	3.4 %	\$ 1,471	5.9 %	3.1 %
Income Before Fixed Charges	\$ 5,135	3.2 %	34.0 %	\$ 11,668	7.7 %	41.2 %	\$ 24,120	7.8 %	50.2 %
Fixed Charges									
Property and Other Taxes	\$ 650	0.3 %	4.3 %	\$ 1,368	2.2 %	4.8 %	\$ 2,614	7.9 %	5.4 %
Insurance	188	2.8	1.2	294	4.1	1.0	327	2.6	0.7
Total Fixed Charges	\$ 838	0.9 %	5.6 %	\$ 1,661	2.5 %	5.9 %	\$ 2,941	7.3 %	6.1 %
Net Operating Income**	\$ 4,298	3.7 %	28.5 %	\$ 10,006	8.6 %	35.3 %	\$ 21,180	7.9 %	44.1 %
Percentage of Occupancy	70.5 %	0.5 %		73.9 %	1.2 %		81.0 %	0.2 %	
Average Daily Rate	\$ 57.87	2.8 %		\$ 102.68	4.6 %		\$ 156.19	6.0 %	
RevPAR	\$ 40.81	3.4 %		\$ 75.93	5.9 %		\$ 126.49	6.2 %	
Average Size (Rooms)	95	0.3 %		107	0.2 %		135	0.2 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

SUITE HOTELS WITHOUT FOOD AND BEVERAGE

Summary Operating Statement – By Geographic Divisions

Figure Number 19B

		Geographic Divisions					
		New England/Middle Atlantic			North Central		
		2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue							
1.	Rooms	\$ 42,810	3.5 %	96.7 %	\$ 26,692	7.2 %	97.4 %
2.	Other Operated Departments	1,225	(1.5)	2.8	499	(9.1)	1.8
3.	Rentals and Other Income	229	(6.0)	0.5	202	15.7	0.7
4.	Total Revenue	\$ 44,264	3.3 %	100.0 %	\$ 27,393	6.9 %	100.0 %
Departmental Expenses*							
5.	Rooms	\$ 9,378	3.6 %	21.9 %	\$ 6,417	6.3 %	24.0 %
6.	Other Operated Departments	785	(3.2)	64.1	447	(8.9)	89.6
7.	Total Departmental Expenses	\$ 10,163	3.1 %	23.0 %	\$ 6,864	5.1 %	25.1 %
8.	Total Departmental Income	\$ 34,101	3.4 %	77.0 %	\$ 20,530	7.5 %	74.9 %
Undistributed Operating Expenses							
9.	Administrative and General	\$ 3,663	1.1 %	8.3 %	\$ 2,661	6.7 %	9.7 %
10.	Sales and Marketing	4,877	6.0	11.0	3,015	7.4	11.0
11.	Property Operations and Maintenance	2,113	3.2	4.8	1,400	2.8	5.1
12.	Utilities	1,961	(7.5)	4.4	1,272	(3.1)	4.6
13.	Total Undistributed Expenses	\$ 12,614	1.8 %	28.5 %	\$ 8,348	4.7 %	30.5 %
14.	Gross Operating Profit	\$ 21,487	4.4 %	48.5 %	\$ 12,182	9.6 %	44.5 %
15.	Management Fees	\$ 1,326	0.6 %	3.0 %	\$ 954	8.8 %	3.5 %
16.	Income Before Fixed Charges	\$ 20,162	4.7 %	45.5 %	\$ 11,228	9.7 %	41.0 %
Fixed Charges							
17.	Property and Other Taxes	\$ 2,812	4.2 %	6.4 %	\$ 1,519	3.1 %	5.5 %
18.	Insurance	319	3.9	0.7	242	3.8	0.9
19.	Total Fixed Charges	\$ 3,130	4.2 %	7.1 %	\$ 1,761	3.2 %	6.4 %
20.	Net Operating Income**	\$ 17,031	4.7 %	38.5 %	\$ 9,467	11.0 %	34.6 %
21.	Percentage of Occupancy	79.4%	0.1 %		74.1%	0.9 %	
22.	Average Daily Rate	\$ 147.70	3.4 %		\$ 98.64	6.2 %	
23.	RevPAR	\$ 117.29	3.5 %		\$ 73.13	7.2 %	
24.	Average Size (Rooms)	123	0.3 %		102	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

SUITE HOTELS WITHOUT FOOD AND BEVERAGE

Summary Operating Statement – By Geographic Divisions

Figure Number 19B (Continued)

	Geographic Divisions								
	South Atlantic			South Central			Mountain/Pacific		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
1.	\$ 25,325	3.8 %	97.2 %	\$ 28,040	7.2 %	97.8 %	\$ 33,507	6.8 %	97.0 %
2.	546	(5.5)	2.1	375	(6.2)	1.3	819	1.7	2.4
3.	177	4.7	0.7	258	2.3	0.9	202	(1.6)	0.6
4.	\$ 26,048	3.6 %	100.0 %	\$ 28,673	7.0 %	100.0 %	\$ 34,528	6.7 %	100.0 %
5.	\$ 5,930	5.1 %	23.4 %	\$ 6,216	6.6 %	22.2 %	\$ 7,002	6.2 %	20.9 %
6.	416	(2.6)	76.1	412	(6.3)	109.9	468	(2.6)	57.2
7.	\$ 6,346	4.6 %	24.4 %	\$ 6,628	5.7 %	23.1 %	\$ 7,471	5.6 %	21.6 %
8.	\$ 19,702	3.3 %	75.6 %	\$ 22,045	7.4 %	76.9 %	\$ 27,058	7.0 %	78.4 %
9.	\$ 2,439	3.6 %	9.4 %	\$ 2,659	5.6 %	9.3 %	\$ 2,993	6.7 %	8.7 %
10.	2,884	2.5	11.1	3,353	6.0	11.7	4,012	3.9	11.6
11.	1,444	2.9	5.5	1,430	6.6	5.0	1,516	6.9	4.4
12.	1,331	(2.8)	5.1	1,168	(4.4)	4.1	1,336	(3.1)	3.9
13.	\$ 8,097	2.0 %	31.1 %	\$ 8,609	4.4 %	30.0 %	\$ 9,857	4.1 %	28.5 %
14.	\$ 11,605	4.2 %	44.6 %	\$ 13,436	9.4 %	46.9 %	\$ 17,201	8.6 %	49.8 %
15.	\$ 1,070	5.5 %	4.1 %	\$ 929	6.5 %	3.2 %	\$ 1,001	3.4 %	2.9 %
16.	\$ 10,535	4.0 %	40.4 %	\$ 12,507	9.6 %	43.6 %	\$ 16,199	9.0 %	46.9 %
17.	\$ 1,081	0.6 %	4.1 %	\$ 1,389	4.8 %	4.8 %	\$ 1,514	6.6 %	4.4 %
18.	362	1.5	1.4	258	6.7	0.9	274	2.8	0.8
19.	\$ 1,443	0.8 %	5.5 %	\$ 1,646	5.1 %	5.7 %	\$ 1,788	6.0 %	5.2 %
20.	\$ 9,092	4.6 %	34.9 %	\$ 10,861	10.4 %	37.9 %	\$ 14,412	9.4 %	41.7 %
21.	73.1 %	0.7 %		74.0 %	1.9 %		76.6 %	0.4 %	
22.	\$ 94.86	3.0 %		\$ 103.85	5.3 %		\$ 119.82	6.4 %	
23.	\$ 69.38	3.8 %		\$ 76.82	7.2 %		\$ 91.80	6.8 %	
24.	110	0.2 %		105	0.2 %		121	0.2 %	

SUITE HOTELS WITHOUT FOOD AND BEVERAGE

Summary Operating Statement – By Property Size Classifications

Figure Number 19C

	Property Size Classifications								
	Under 100 Rooms			100 to 200 Rooms			Over 200 Rooms		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 26,138	4.3 %	98.2 %	\$ 30,590	6.7 %	97.1 %	\$ 49,275	5.0 %	95.2 %
Other Operated Departments	248	(9.7)	0.9	697	(3.9)	2.2	2,325	2.6	4.5
Rentals and Other Income	233	14.2	0.9	207	(3.1)	0.7	177	2.2	0.3
Total Revenue	\$ 26,619	4.2 %	100.0 %	\$ 31,494	6.4 %	100.0 %	\$ 51,777	4.9 %	100.0 %
Departmental Expenses*									
Rooms	\$ 6,337	5.2 %	24.2 %	\$ 6,621	6.0 %	21.6 %	\$ 10,479	5.1 %	21.3 %
Other Operated Departments	337	(1.0)	135.9	501	(8.2)	72.0	1,094	7.7	47.0
Total Departmental Expenses	\$ 6,674	4.9 %	25.1 %	\$ 7,123	4.8 %	22.6 %	\$ 11,572	5.3 %	22.3 %
Total Departmental Income	\$ 19,945	4.0 %	74.9 %	\$ 24,371	6.9 %	77.4 %	\$ 40,205	4.8 %	77.7 %
Undistributed Operating Expenses									
Administrative and General	\$ 2,802	5.0 %	10.5 %	\$ 2,718	5.0 %	8.6 %	\$ 3,665	3.2 %	7.1 %
Sales and Marketing	2,994	3.0	11.2	3,635	6.2	11.5	5,238	4.3	10.1
Property Operations and Maintenance	1,500	5.2	5.6	1,494	4.3	4.7	2,072	4.6	4.0
Utilities	1,333	(3.0)	5.0	1,327	(4.4)	4.2	1,774	(7.0)	3.4
Total Undistributed Expenses	\$ 8,628	3.0 %	32.4 %	\$ 9,173	3.9 %	29.1 %	\$ 12,749	2.3 %	24.6 %
Gross Operating Profit	\$ 11,316	4.8 %	42.5 %	\$ 15,199	8.8 %	48.3 %	\$ 27,457	6.0 %	53.0 %
Management Fees	\$ 919	2.7 %	3.5 %	\$ 1,059	6.6 %	3.4 %	\$ 1,379	3.0 %	2.7 %
Income Before Fixed Charges	\$ 10,398	5.0 %	39.1 %	\$ 14,140	8.9 %	44.9 %	\$ 26,078	6.1 %	50.4 %
Fixed Charges									
Property and Other Taxes	\$ 1,318	0.3 %	5.0 %	\$ 1,530	6.3 %	4.9 %	\$ 3,129	2.1 %	6.0 %
Insurance	276	3.9	1.0	286	3.7	0.9	395	2.2	0.8
Total Fixed Charges	\$ 1,594	0.9 %	6.0 %	\$ 1,816	5.9 %	5.8 %	\$ 3,525	2.1 %	6.8 %
Net Operating Income**	\$ 8,804	5.8 %	33.1 %	\$ 12,324	9.4 %	39.1 %	\$ 22,553	6.8 %	43.6 %
Percentage of Occupancy	73.1 %	0.4 %		75.7 %	1.1 %		79.6 %	1.7 %	
Average Daily Rate	\$ 97.98	3.9 %		\$ 110.72	5.6 %		\$ 169.57	3.3 %	
RevPAR	\$ 71.61	4.3 %		\$ 83.81	6.7 %		\$ 135.00	5.0 %	
Average Size (Rooms)	82	0.3 %		129	0.2 %		248	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

SUITE HOTELS WITHOUT FOOD AND BEVERAGE

Departmental Expenses

Figure Number 20

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Total Labor Costs	\$ 4,096	4.6 %	\$ 14.96	13.6 %
Other Expenses	2,631	7.4	9.61	8.8
Total Department Expenses	\$ 6,727	5.7 %	\$ 24.57	22.4 %
Other Operated Departments*				
Total Labor Costs	\$ 44	(14.8)%	\$ 0.16	7.0 %
Other Expenses***	432	(3.6)	1.58	68.8
Total Department Expenses	\$ 476	(4.8)%	\$ 1.74	75.9 %
Administrative and General Department**				
Total Labor Costs	\$ 1,234	1.6 %	\$ 4.51	4.0 %
Other Expenses	1,563	7.6	5.71	5.1
Total Department Expenses	\$ 2,797	4.9 %	\$ 10.22	9.1 %
Marketing Department**				
Total Labor Costs	\$ 627	2.5 %	\$ 2.29	2.0 %
Other Expenses	2,870	5.7	10.48	9.3
Total Department Expenses	\$ 3,497	5.1 %	\$ 12.78	11.3 %
Maintenance Department**				
Total Labor Costs	\$ 626	3.8 %	\$ 2.29	2.0 %
Other Expenses	900	5.2	3.29	2.9
Total Department Expenses	\$ 1,526	4.6 %	\$ 5.58	4.9 %
Utilities Department**				
Other Expenses	\$ 1,353	(4.1)%	\$ 4.94	4.4 %
Total Operating Expenses**				
Total Labor Costs	\$ 6,627	3.6 %	\$ 24.21	21.5 %
Other Expenses***	9,749	4.5	35.61	31.6
Total Operating Expenses****	\$ 16,375	4.1 %	\$ 59.82	53.0 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

*** Includes cost of sales.

**** Before management fees, property taxes, insurance, and rent.

SUITE HOTELS WITHOUT FOOD AND BEVERAGE

Payroll Costs

Figure Number 21

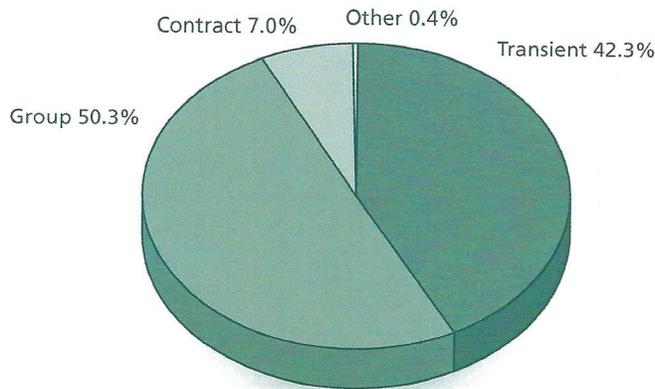
	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Salaries, Wages and Bonuses	\$ 3,235	4.5 %	\$ 11.82	10.8 %
Payroll-Related Expenses	860	4.8	3.14	2.9
Total Labor Costs	\$ 4,096	4.6 %	\$ 14.96	13.6 %
Other Operated Departments*				
Salaries, Wages and Bonuses	\$ 32	(14.0)%	\$ 0.12	5.1 %
Payroll-Related Expenses	12	(17.0)	0.04	1.9
Total Labor Costs	\$ 44	(14.8)%	\$ 0.16	7.0 %
Administrative and General Department**				
Salaries, Wages and Bonuses	\$ 980	1.5 %	\$ 3.58	3.2 %
Payroll-Related Expenses	254	2.0	0.93	0.8
Total Labor Costs	\$ 1,234	1.6 %	\$ 4.51	4.0 %
Marketing Department**				
Salaries, Wages and Bonuses	\$ 498	2.5 %	\$ 1.82	1.6 %
Payroll-Related Expenses	129	2.6	0.47	0.4
Total Labor Costs	\$ 627	2.5 %	\$ 2.29	2.0 %
Maintenance Department**				
Salaries, Wages and Bonuses	\$ 489	3.6 %	\$ 1.79	1.6 %
Payroll-Related Expenses	137	4.6	0.50	0.4
Total Labor Costs	\$ 626	3.8 %	\$ 2.29	2.0 %
All Departments**				
Salaries, Wages and Bonuses	\$ 5,235	3.5 %	\$ 19.12	17.0 %
Payroll-Related Expenses	1,392	3.9	5.08	4.5
Total Labor Costs	\$ 6,627	3.6 %	\$ 24.21	21.5 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

CONVENTION HOTELS Performance in 2012

CONVENTION HOTELS Market Mix



- Total convention hotel revenues increased 3.6 percent in 2012, driven by a 2.5 percent gain in occupancy and a 3.0 percent rise in ADR.

- With expenses growing at 2.9 percent, convention hotel NOI increased 5.7 percent.

- Expenses in the rooms and sales and marketing departments grew the most on a percentage basis from 2011 to 2012.

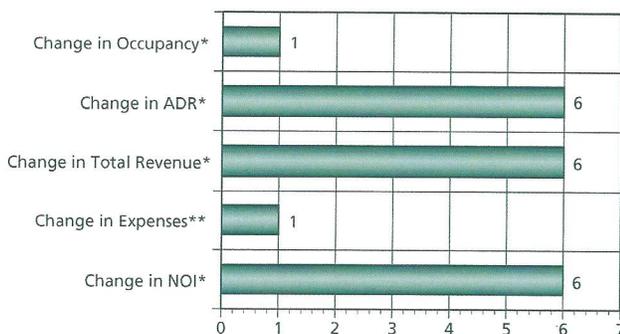
- Labor costs at convention hotels increased 3.6 percent in 2012. The combined costs of salaries, wages, bonuses, and benefits represented 47.7 percent of total operating expenses for the year.

- Convention properties with an ADR under \$125 achieved NOI growth of just 2.5 percent in 2012, while those with an ADR greater than \$200 enjoyed an 8.5 percent gain in NOI.

- Convention hotels in the Mountain/Pacific states achieved the lowest growth in NOI, while properties in the South Atlantic region enjoyed the greatest gains in NOI.

RANKING

Rank Among Six Property Type Categories
Change From 2011 to 2012



NOTE: * 1 = greatest increase, 6 = least increase

** 1 = least increase, 6 = greatest increase

CONVENTION HOTELS

Summary Operating Statement

Dollars Per Available and Occupied Room

Figure Number 22

	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Occupied Room
Revenue				
Rooms	\$ 45,095	5.6 %	63.2 %	\$ 173.03
Food and Beverage	22,396	1.0	31.4	85.93
Other Operated Departments	2,223	(3.2)	3.1	8.53
Rentals and Other Income	1,606	(1.1)	2.3	6.16
Total Revenue	\$ 71,319	3.6 %	100.0 %	\$ 273.66
Departmental Expenses*				
Rooms	\$ 12,992	5.9 %	28.8 %	\$ 49.85
Food and Beverage	16,338	1.2	73.0	62.69
Other Operated Departments	1,592	(1.1)	71.6	6.11
Total Departmental Expenses	\$ 30,923	3.0 %	43.4 %	\$ 118.65
Total Departmental Income	\$ 40,397	4.1 %	56.6 %	\$ 155.01
Undistributed Operating Expenses				
Administrative and General	\$ 5,709	3.5 %	8.0 %	\$ 21.91
Sales and Marketing	5,169	6.6	7.2	19.84
Property Operations and Maintenance	3,124	2.0	4.4	11.99
Utilities	2,444	(4.7)	3.4	9.38
Total Undistributed Expenses	\$ 16,446	2.8 %	23.1 %	\$ 63.11
Gross Operating Profit	\$ 23,951	5.1 %	33.6 %	\$ 91.90
Management Fees	\$ 2,037	3.6 %	2.9 %	\$ 7.81
Income Before Fixed Charges	\$ 21,914	5.2 %	30.7 %	\$ 84.09
Fixed Charges				
Property and Other Taxes	\$ 2,997	2.7 %	4.2 %	\$ 11.50
Insurance	806	4.7	1.1	3.09
Total Fixed Charges	\$ 3,803	3.1 %	5.3 %	\$ 14.59
Net Operating Income**	\$ 18,111	5.7 %	25.4 %	\$ 69.49
Percentage of Occupancy	71.4 %	2.5 %		
Average Daily Rate	\$ 173.03	3.0 %		
RevPAR	\$ 123.55	5.6 %		
Average Size (Rooms)	829	0.3 %		

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

CONVENTION HOTELS

Summary Operating Statement – By Rate Groups

Figure Number 22A

	Rate Groups								
	Under \$125			\$125 to \$200			Over \$200		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 25,841	3.9 %	59.7 %	\$ 41,562	5.4 %	61.8 %	\$ 78,453	6.5 %	67.2 %
Food and Beverage	15,055	0.3	34.8	21,683	1.4	32.2	33,255	0.7	28.5
Other Operated Departments	1,373	(7.6)	3.2	2,456	(2.4)	3.7	2,554	(2.5)	2.2
Rentals and Other Income	986	0.5	2.3	1,545	(1.3)	2.3	2,525	(1.7)	2.2
Total Revenue	\$ 43,254	2.1 %	100.0 %	\$ 67,247	3.6 %	100.0 %	\$ 116,787	4.4 %	100.0 %
Departmental Expenses*									
Rooms	\$ 7,680	4.9 %	29.7 %	\$ 11,634	5.9 %	28.0 %	\$ 23,318	6.1 %	29.7 %
Food and Beverage	10,494	(1.1)	69.7	15,026	2.0	69.3	27,166	1.1	81.7
Other Operated Departments	1,072	(3.1)	78.1	1,654	0.4	67.4	2,032	(3.5)	79.6
Total Departmental Expenses	\$ 19,246	1.1 %	44.5 %	\$ 28,314	3.5 %	42.1 %	\$ 52,516	3.1 %	45.0 %
Total Departmental Income	\$ 24,008	3.0 %	55.5 %	\$ 38,933	3.7 %	57.9 %	\$ 64,271	5.5 %	55.0 %
Undistributed Operating Expenses									
Administrative and General	\$ 4,427	4.6 %	10.2 %	\$ 5,293	3.4 %	7.9 %	\$ 8,459	2.9 %	7.2 %
Sales and Marketing	3,638	6.9	8.4	5,036	6.5	7.5	7,391	6.6	6.3
Property Operations and Maintenance	1,995	2.8	4.6	3,052	2.0	4.5	4,685	1.7	4.0
Utilities	2,091	(3.4)	4.8	2,254	(4.9)	3.4	3,421	(5.2)	2.9
Total Undistributed Expenses	\$ 12,151	3.5 %	28.1 %	\$ 15,635	2.8 %	23.2 %	\$ 23,957	2.5 %	20.5 %
Gross Operating Profit	\$ 11,857	2.5 %	27.4 %	\$ 23,298	4.3 %	34.6 %	\$ 40,315	7.3 %	34.5 %
Management Fees	\$ 1,143	1.7 %	2.6 %	\$ 1,883	2.3 %	2.8 %	\$ 3,555	6.5 %	3.0 %
Income Before Fixed Charges	\$ 10,714	2.5 %	24.8 %	\$ 21,415	4.5 %	31.8 %	\$ 36,760	7.4 %	31.5 %
Fixed Charges									
Property and Other Taxes	\$ 1,423	2.5 %	3.3 %	\$ 2,518	2.5 %	3.7 %	\$ 6,280	2.9 %	5.4 %
Insurance	394	4.5	0.9	900	4.7	1.3	1,027	4.5	0.9
Total Fixed Charges	\$ 1,817	3.0 %	4.2 %	\$ 3,417	3.1 %	5.1 %	\$ 7,307	3.2 %	6.3 %
Net Operating Income**	\$ 8,897	2.5 %	20.6 %	\$ 17,998	4.8 %	26.8 %	\$ 29,453	8.5 %	25.2 %
Percentage of Occupancy	63.1 %	3.1 %		70.9 %	2.0 %		82.7 %	3.1 %	
Average Daily Rate	\$ 112.17	0.8 %		\$ 160.58	3.3 %		\$ 259.75	3.3 %	
RevPAR	\$ 70.80	3.9 %		\$ 113.87	5.4 %		\$ 214.94	6.5 %	
Average Size (Rooms)	663	0.2 %		875	0.3 %		971	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

CONVENTION HOTELS

Summary Operating Statement – By Geographic Divisions

Figure Number 22B

	Geographic Divisions					
	New England/Middle Atlantic			North Central		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue						
1. Rooms	\$ 67,801	5.2 %	66.2 %	\$ 42,135	7.1 %	62.7 %
2. Food and Beverage	30,332	(0.7)	29.6	21,748	(0.9)	32.4
3. Other Operated Departments	2,125	(4.7)	2.1	1,763	(8.2)	2.6
4. Rentals and Other Income	2,118	(4.2)	2.1	1,527	4.6	2.3
5. Total Revenue	\$ 102,376	2.9 %	100.0 %	\$ 67,172	3.9 %	100.0 %
Departmental Expenses*						
6. Rooms	\$ 20,319	5.3 %	30.0 %	\$ 12,806	8.1 %	30.4 %
7. Food and Beverage	24,241	(0.3)	79.9	15,450	0.4	71.0
8. Other Operated Departments	1,572	(5.3)	74.0	1,354	(4.7)	76.8
9. Total Departmental Expenses	\$ 46,132	1.9 %	45.1 %	\$ 29,610	3.3 %	44.1 %
10. Total Departmental Income	\$ 56,244	3.8 %	54.9 %	\$ 37,562	4.3 %	55.9 %
Undistributed Operating Expenses						
11. Administrative and General	\$ 7,513	1.6 %	7.3 %	\$ 5,090	3.2 %	7.6 %
12. Sales and Marketing	6,823	6.1	6.7	4,634	5.6	6.9
13. Property Operations and Maintenance	4,313	1.2	4.2	3,035	1.6	4.5
14. Utilities	3,243	(6.5)	3.2	1,877	(6.5)	2.8
15. Total Undistributed Expenses	\$ 21,892	1.5 %	21.4 %	\$ 14,636	2.2 %	21.8 %
16. Gross Operating Profit	\$ 34,352	5.3 %	33.6 %	\$ 22,926	5.7 %	34.1 %
17. Management Fees	\$ 3,225	4.9 %	3.1 %	\$ 2,142	2.7 %	3.2 %
18. Income Before Fixed Charges	\$ 31,127	5.4 %	30.4 %	\$ 20,784	6.0 %	30.9 %
Fixed Charges						
19. Property and Other Taxes	\$ 5,464	3.0 %	5.3 %	\$ 3,064	1.9 %	4.6 %
20. Insurance	764	3.1	0.7	480	7.2	0.7
21. Total Fixed Charges	\$ 6,229	3.0 %	6.1 %	\$ 3,543	2.6 %	5.3 %
22. Net Operating Income**	\$ 24,898	6.0 %	24.3 %	\$ 17,241	6.8 %	25.7 %
23. Percentage of Occupancy	78.1 %	2.5 %		72.4 %	3.0 %	
24. Average Daily Rate	\$ 237.87	2.6 %		\$ 159.40	3.9 %	
25. RevPAR	\$ 185.76	5.2 %		\$ 115.44	7.1 %	
26. Average Size (Rooms)	741	0.3 %		858	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

CONVENTION HOTELS

Summary Operating Statement – By Geographic Divisions

Figure Number 22B (Continued)

	Geographic Divisions								
	South Atlantic			South Central			Mountain/Pacific		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
1.	\$ 34,138	7.4 %	63.5 %	\$ 33,153	4.6 %	57.2 %	\$ 44,188	4.7 %	64.3 %
2.	16,883	4.6	31.4	20,428	2.5	35.3	20,542	1.9	29.9
3.	1,471	(5.2)	2.7	3,248	1.6	5.6	2,123	(4.1)	3.1
4.	1,277	(25.0)	2.4	1,111	8.3	1.9	1,888	8.2	2.7
5.	\$ 53,770	5.1 %	100.0 %	\$ 57,940	3.7 %	100.0 %	\$ 68,741	3.7 %	100.0 %
6.	\$ 8,697	6.7 %	25.5 %	\$ 8,308	4.3 %	25.1 %	\$ 13,432	5.5 %	30.4 %
7.	11,778	3.7	69.8	12,886	2.0	63.1	15,655	2.6	76.2
8.	1,211	(2.1)	82.3	2,024	2.9	62.3	1,611	1.2	75.9
9.	\$ 21,685	4.5 %	40.3 %	\$ 23,217	2.9 %	40.1 %	\$ 30,698	3.8 %	44.7 %
10.	\$ 32,084	5.4 %	59.7 %	\$ 34,723	4.3 %	59.9 %	\$ 38,043	3.6 %	55.3 %
11.	\$ 5,738	5.4 %	10.7 %	\$ 4,536	3.1 %	7.8 %	\$ 5,599	5.4 %	8.1 %
12.	4,872	7.2	9.1	4,350	7.2	7.5	4,987	7.0	7.3
13.	2,592	3.3	4.8	2,388	2.9	4.1	3,112	2.2	4.5
14.	2,471	(4.4)	4.6	2,195	(3.6)	3.8	2,344	(2.1)	3.4
15.	\$ 15,673	3.9 %	29.1 %	\$ 13,470	3.2 %	23.2 %	\$ 16,042	4.1 %	23.3 %
16.	\$ 16,412	6.9 %	30.5 %	\$ 21,254	5.0 %	36.7 %	\$ 22,001	3.3 %	32.0 %
17.	\$ 1,260	6.4 %	2.3 %	\$ 1,585	2.6 %	2.7 %	\$ 1,723	2.0 %	2.5 %
18.	\$ 15,152	7.0 %	28.2 %	\$ 19,669	5.2 %	33.9 %	\$ 20,278	3.4 %	29.5 %
19.	\$ 1,791	1.9 %	3.3 %	\$ 1,624	2.1 %	2.8 %	\$ 2,662	3.7 %	3.9 %
20.	645	8.3	1.2	834	2.4	1.4	1,202	5.3	1.7
21.	\$ 2,436	3.5 %	4.5 %	\$ 2,457	2.2 %	4.2 %	\$ 3,863	4.2 %	5.6 %
22.	\$ 12,715	7.7 %	23.6 %	\$ 17,211	5.6 %	29.7 %	\$ 16,414	3.2 %	23.9 %
23.	66.2 %	4.2 %		63.1 %	1.4 %		75.9 %	2.1 %	
24.	\$ 141.20	3.0 %		\$ 143.90	3.2 %		\$ 159.60	2.6 %	
25.	\$ 93.53	7.4 %		\$ 90.83	4.6 %		\$ 121.06	4.7 %	
26.	677	0.3 %		873	0.2 %		1,023	0.3 %	

CONVENTION HOTELS

Summary Operating Statement – By Property Size Classifications

Figure Number 22C

	Property Size Classifications								
	Under 500 Rooms			500 to 1,000 Rooms			Over 1,000 Rooms		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 29,997	5.1 %	49.5 %	\$ 43,992	4.6 %	64.4 %	\$ 48,124	6.2 %	64.3 %
Food and Beverage	23,962	0.1	39.6	20,858	1.3	30.5	23,130	1.0	30.9
Other Operated Departments	5,151	6.2	8.5	1,985	(2.7)	2.9	1,921	(6.9)	2.6
Rentals and Other Income	1,457	6.5	2.4	1,517	0.7	2.2	1,686	(3.1)	2.3
Total Revenue	\$ 60,567	3.2 %	100.0 %	\$ 68,352	3.3 %	100.0 %	\$ 74,861	3.9 %	100.0 %
Departmental Expenses*									
Rooms	\$ 8,195	3.6 %	27.3 %	\$ 12,170	4.9 %	27.7 %	\$ 14,254	6.6 %	29.6 %
Food and Beverage	16,188	(1.4)	67.6	15,379	1.5	73.7	16,969	1.5	73.4
Other Operated Departments	3,145	1.7	61.1	1,520	2.0	76.6	1,399	(4.1)	72.8
Total Departmental Expenses	\$ 27,528	0.4 %	45.5 %	\$ 29,069	2.9 %	42.5 %	\$ 32,622	3.4 %	43.6 %
Total Departmental Income	\$ 33,039	5.7 %	54.5 %	\$ 39,283	3.5 %	57.5 %	\$ 42,239	4.3 %	56.4 %
Undistributed Operating Expenses									
Administrative and General	\$ 6,520	3.7 %	10.8 %	\$ 5,609	3.7 %	8.2 %	\$ 5,647	3.3 %	7.5 %
Sales and Marketing	5,195	2.9	8.6	5,178	6.0	7.6	5,160	7.6	6.9
Property Operations and Maintenance	3,020	1.7	5.0	2,965	1.8	4.3	3,242	2.2	4.3
Utilities	2,519	(4.8)	4.2	2,494	(3.2)	3.6	2,400	(5.6)	3.2
Total Undistributed Expenses	\$ 17,254	1.8 %	28.5 %	\$ 16,245	2.9 %	23.8 %	\$ 16,449	3.0 %	22.0 %
Gross Operating Profit	\$ 15,785	10.2 %	26.1 %	\$ 23,038	4.0 %	33.7 %	\$ 25,789	5.2 %	34.4 %
Management Fees	\$ 1,342	1.4 %	2.2 %	\$ 2,348	1.7 %	3.4 %	\$ 1,946	5.4 %	2.6 %
Income Before Fixed Charges	\$ 14,443	11.1 %	23.8 %	\$ 20,690	4.2 %	30.3 %	\$ 23,843	5.2 %	31.9 %
Fixed Charges									
Property and Other Taxes	\$ 1,719	2.8 %	2.8 %	\$ 2,765	2.5 %	4.0 %	\$ 3,341	2.8 %	4.5 %
Insurance	501	3.2	0.8	716	5.6	1.0	911	4.3	1.2
Total Fixed Charges	\$ 2,220	2.9 %	3.7 %	\$ 3,481	3.1 %	5.1 %	\$ 4,252	3.1 %	5.7 %
Net Operating Income**	\$ 12,223	12.8 %	20.2 %	\$ 17,208	4.5 %	25.2 %	\$ 19,592	5.7 %	26.2 %
Percentage of Occupancy	61.5 %	1.5 %		71.5 %	2.3 %		72.9 %	2.7 %	
Average Daily Rate	\$ 133.70	3.6 %		\$ 168.50	2.2 %		\$ 180.98	3.3 %	
RevPAR	\$ 82.18	5.1 %		\$ 120.53	4.6 %		\$ 131.85	6.2 %	
Average Size (Rooms)	264	0.2 %		743	0.2 %		1,391	0.3 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

CONVENTION HOTELS Departmental Expenses

Figure Number 23

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Total Labor Costs	\$ 8,126	5.1 %	\$ 31.18	18.0 %
Other Expenses	4,866	7.2	18.67	10.8
Total Department Expenses	\$ 12,992	5.9 %	\$ 49.85	28.8 %
Food and Beverage Department*				
Total Labor Costs	\$ 10,106	2.8 %	\$ 38.78	45.1 %
Other Expenses***	6,232	(1.1)	23.91	27.8
Total Department Expenses	\$ 16,338	1.2 %	\$ 62.69	73.0 %
Other Operated Departments*				
Total Labor Costs	\$ 825	2.2 %	\$ 3.17	37.1 %
Other Expenses***	767	(4.5)	2.94	34.5
Total Department Expenses	\$ 1,592	(1.1)%	\$ 6.11	71.6 %
Administrative and General Department**				
Total Labor Costs	\$ 2,716	3.2 %	\$ 10.42	3.8 %
Other Expenses	2,993	3.7	11.48	4.2
Total Department Expenses	\$ 5,709	3.5 %	\$ 21.91	8.0 %
Marketing Department**				
Total Labor Costs	\$ 1,832	5.2 %	\$ 7.03	2.6 %
Other Expenses	3,338	7.4	12.81	4.7
Total Department Expenses	\$ 5,169	6.6 %	\$ 19.84	7.2 %
Maintenance Department**				
Total Labor Costs	\$ 1,795	2.2 %	\$ 6.89	2.5 %
Other Expenses	1,330	1.8	5.10	1.9
Total Department Expenses	\$ 3,124	2.0 %	\$ 11.99	4.4 %
Utilities Department**				
Other Expenses	\$ 2,444	(4.7)%	\$ 9.38	3.4 %
Total Operating Expenses**				
Total Labor Costs	\$ 25,400	3.6 %	\$ 97.46	35.6 %
Other Expenses***	21,968	2.1	84.29	30.8
Total Operating Expenses****	\$ 47,369	2.9 %	\$ 181.76	66.4 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

*** Includes cost of sales.

**** Before management fees, property taxes, insurance, and rent.

CONVENTION HOTELS

Payroll Costs

Figure Number 24

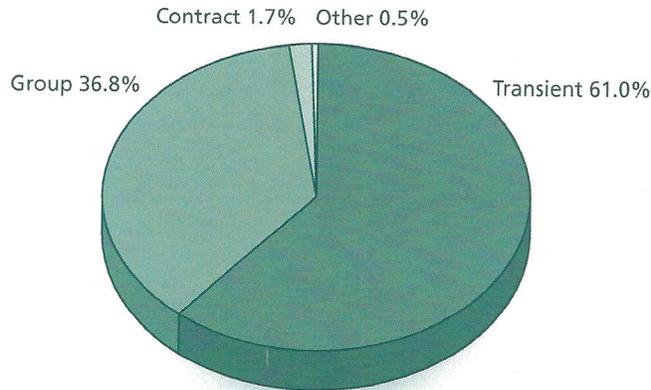
	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Salaries, Wages and Bonuses	\$ 5,129	4.3 %	\$ 19.68	11.4 %
Payroll-Related Expenses	2,997	6.5	11.50	6.6
Total Labor Costs	\$ 8,126	5.1 %	\$ 31.18	18.0 %
Food and Beverage Department*				
Salaries, Wages and Bonuses	\$ 6,531	1.5 %	\$ 25.06	29.2 %
Payroll-Related Expenses	3,575	5.1	13.72	16.0
Total Labor Costs	\$ 10,106	2.8 %	\$ 38.78	45.1 %
Other Operated Departments*				
Salaries, Wages and Bonuses	\$ 557	1.0 %	\$ 2.14	25.0 %
Payroll-Related Expenses	269	4.9	1.03	12.1
Total Labor Costs	\$ 825	2.2 %	\$ 3.17	37.1 %
Administrative and General Department**				
Salaries, Wages and Bonuses	\$ 1,950	2.2 %	\$ 7.48	2.7 %
Payroll-Related Expenses	767	5.6	2.94	1.1
Total Labor Costs	\$ 2,716	3.2 %	\$ 10.42	3.8 %
Marketing Department**				
Salaries, Wages and Bonuses	\$ 1,354	5.0 %	\$ 5.20	1.9 %
Payroll-Related Expenses	478	5.8	1.83	0.7
Total Labor Costs	\$ 1,832	5.2 %	\$ 7.03	2.6 %
Maintenance Department**				
Salaries, Wages and Bonuses	\$ 1,172	1.2 %	\$ 4.50	1.6 %
Payroll-Related Expenses	623	4.2	2.39	0.9
Total Labor Costs	\$ 1,795	2.2 %	\$ 6.89	2.5 %
All Departments**				
Salaries, Wages and Bonuses	\$ 16,692	2.7 %	\$ 64.05	23.4 %
Payroll-Related Expenses	8,708	5.6	33.41	12.2
Total Labor Costs	\$ 25,400	3.6 %	\$ 97.46	35.6 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

RESORT HOTELS Performance in 2012

RESORT HOTELS Market Mix



- Total resort hotel revenues increased 6.2 percent in 2012, driven by a 2.1 percent gain in occupancy and a 5.8 percent rise in ADR.

- With expenses growing at 3.3 percent, resort hotel NOI increased 17.4 percent.

- Expenses within the rooms and sales and marketing departments grew the most on a percentage basis from 2011 to 2012.

- Labor costs at resort hotels increased 3.5 percent in 2012. The combined costs of salaries, wages, bonuses, and benefits represented 47.5 percent of total operating expenses for the year.

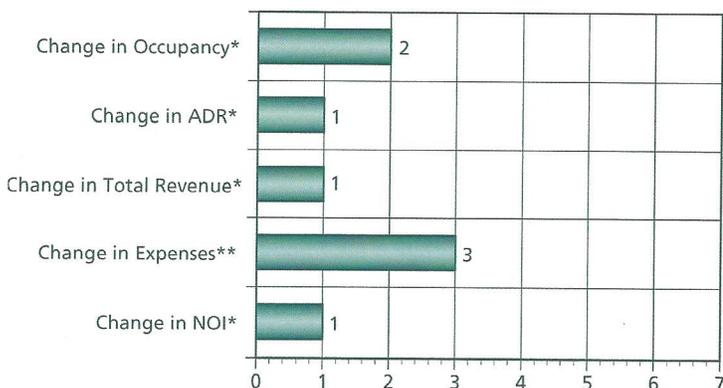
- Resort hotels across all ADR and room size categories enjoyed double-digit gains in NOI during 2012.

- Resort NOI growth was greatest for properties in the Mountain/Pacific states, while profit growth lagged for resorts in the South Atlantic and South Central region.

- Average guests per occupied room declined slightly from 1.83 in 2011 to 1.81 in 2012.

RANKING

Rank Among Six Property Type Categories
Change From 2011 to 2012



NOTE: * 1 = greatest increase, 6 = least increase

** 1 = least increase, 6 = greatest increase

RESORT HOTELS

Summary Operating Statement

Dollars Per Available and Occupied Room

Figure Number 25

	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Occupied Room
Revenue				
Rooms	\$ 52,350	8.1 %	54.1 %	\$ 209.40
Food and Beverage	32,103	4.5	33.1	128.41
Other Operated Departments	9,630	2.0	9.9	38.52
Rentals and Other Income	2,767	6.3	2.9	11.07
Total Revenue	\$ 96,850	6.2 %	100.0 %	\$ 387.40
Departmental Expenses*				
Rooms	\$ 14,300	5.2 %	27.3 %	\$ 57.20
Food and Beverage	23,687	3.5	73.8	94.75
Other Operated Departments	7,280	1.2	75.6	29.12
Total Departmental Expenses	\$ 45,267	3.7 %	46.7 %	\$ 181.07
Total Departmental Income	\$ 51,583	8.5 %	53.3 %	\$ 206.33
Undistributed Operating Expenses				
Administrative and General	\$ 7,750	3.6 %	8.0 %	\$ 31.00
Sales and Marketing	6,616	4.1	6.8	26.47
Property Operations and Maintenance	4,842	2.2	5.0	19.37
Utilities	4,283	(1.9)	4.4	17.13
Total Undistributed Expenses	\$ 23,492	2.4 %	24.3 %	\$ 93.97
Gross Operating Profit	\$ 28,091	14.2 %	29.0 %	\$ 112.36
Management Fees	\$ 2,446	6.4 %	2.5 %	\$ 9.78
Income Before Fixed Charges	\$ 25,645	15.0 %	26.5 %	\$ 102.58
Fixed Charges				
Property and Other Taxes	\$ 2,396	1.1 %	2.5 %	\$ 9.59
Insurance	1,487	6.5	1.5	5.95
Total Fixed Charges	\$ 3,883	3.1 %	4.0 %	\$ 15.53
Net Operating Income**	\$ 21,762	17.4 %	22.5 %	\$ 87.05
Percentage of Occupancy	68.5 %	2.1 %		
Average Daily Rate	\$ 209.40	5.8 %		
RevPAR	\$ 143.43	8.1 %		
Average Size (Rooms)	426	0.2 %		

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

RESORT HOTELS

Summary Operating Statement – By Rate Groups

Figure Number 25A

	Rate Groups								
	Under \$150			\$150 to \$250			Over \$250		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 27,181	4.8 %	54.4 %	\$ 50,797	8.6 %	52.0 %	\$ 86,629	8.7 %	56.8 %
Food and Beverage	16,719	1.1	33.4	33,794	4.4	34.6	47,040	6.2	30.9
Other Operated Departments	4,436	0.1	8.9	9,934	(0.1)	10.2	15,280	5.9	10.0
Rentals and Other Income	1,645	5.0	3.3	3,069	6.3	3.1	3,448	7.0	2.3
Total Revenue	\$ 49,981	3.1 %	100.0 %	\$ 97,595	6.1 %	100.0 %	\$ 152,397	7.6 %	100.0 %
Departmental Expenses*									
Rooms	\$ 8,697	3.7 %	32.0 %	\$ 13,420	5.2 %	26.4 %	\$ 23,148	5.9 %	26.7 %
Food and Beverage	11,598	0.6	69.4	23,817	2.7	70.5	38,155	5.8	81.1
Other Operated Departments	3,642	(1.3)	82.1	7,428	0.3	74.8	11,386	3.7	74.5
Total Departmental Expenses	\$ 23,937	1.4 %	47.9 %	\$ 44,665	3.0 %	45.8 %	\$ 72,689	5.5 %	47.7 %
Total Departmental Income	\$ 26,044	4.7 %	52.1 %	\$ 52,930	8.9 %	54.2 %	\$ 79,707	9.5 %	52.3 %
Undistributed Operating Expenses									
Administrative and General	\$ 5,305	3.4 %	10.6 %	\$ 7,531	3.7 %	7.7 %	\$ 11,236	3.7 %	7.4 %
Sales and Marketing	4,218	2.7	8.4	7,060	4.0	7.2	8,536	5.1	5.6
Property Operations and Maintenance	2,906	2.6	5.8	4,608	1.9	4.7	7,742	2.5	5.1
Utilities	2,657	(1.9)	5.3	3,958	(2.4)	4.1	7,006	(1.2)	4.6
Total Undistributed Expenses	\$ 15,086	2.1 %	30.2 %	\$ 23,158	2.3 %	23.7 %	\$ 34,520	2.7 %	22.7 %
Gross Operating Profit	\$ 10,959	8.6 %	21.9 %	\$ 29,772	14.6 %	30.5 %	\$ 45,187	15.4 %	29.7 %
Management Fees	\$ 1,115	3.1 %	2.2 %	\$ 2,479	5.7 %	2.5 %	\$ 3,995	8.7 %	2.6 %
Income Before Fixed Charges	\$ 9,843	9.2 %	19.7 %	\$ 27,293	15.4 %	28.0 %	\$ 41,192	16.1 %	27.0 %
Fixed Charges									
Property and Other Taxes	\$ 1,556	1.7 %	3.1 %	\$ 2,483	1.1 %	2.5 %	\$ 3,225	0.7 %	2.1 %
Insurance	858	2.5	1.7	1,470	4.3	1.5	2,293	12.0	1.5
Total Fixed Charges	\$ 2,414	2.0 %	4.8 %	\$ 3,953	2.2 %	4.1 %	\$ 5,518	5.1 %	3.6 %
Net Operating Income**	\$ 7,429	11.8 %	14.9 %	\$ 23,340	18.0 %	23.9 %	\$ 35,674	18.0 %	23.4 %
Percentage of Occupancy	61.6 %	1.9 %		70.3 %	2.5 %		72.8 %	1.6 %	
Average Daily Rate	\$ 120.88	2.8 %		\$ 197.98	6.0 %		\$ 326.04	7.0 %	
RevPAR	\$ 74.47	4.8 %		\$ 139.17	8.6 %		\$ 237.34	8.7 %	
Average Size (Rooms)	395	0.2 %		488	0.2 %		355	0.2 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

RESORT HOTELS

Summary Operating Statement – By Geographic Divisions

Figure Number 25B

		Geographic Divisions					
		New England/Middle Atlantic			North Central		
		2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue							
1.	Rooms	\$ 36,630	8.4 %	45.1 %	\$ 36,077	8.1 %	46.9 %
2.	Food and Beverage	26,267	2.8	32.3	27,423	4.7	35.6
3.	Other Operated Departments	17,429	(1.3)	21.4	13,036	(3.6)	16.9
4.	Rentals and Other Income	936	14.3	1.2	462	39.2	0.6
5.	Total Revenue	\$ 81,263	4.4 %	100.0 %	\$ 76,999	4.9 %	100.0 %
Departmental Expenses*							
6.	Rooms	\$ 9,777	4.3 %	26.7 %	\$ 8,407	4.4 %	23.3 %
7.	Food and Beverage	20,892	1.6	79.5	18,315	1.2	66.8
8.	Other Operated Departments	12,009	2.2	68.9	10,090	2.4	77.4
9.	Total Departmental Expenses	\$ 42,678	2.4 %	52.5 %	\$ 36,812	2.3 %	47.8 %
10.	Total Departmental Income	\$ 38,585	6.8 %	47.5 %	\$ 40,186	7.4 %	52.2 %
Undistributed Operating Expenses							
11.	Administrative and General	\$ 7,303	1.8 %	9.0 %	\$ 6,568	4.1 %	8.5 %
12.	Sales and Marketing	4,917	1.8	6.1	6,627	3.9	8.6
13.	Property Operations and Maintenance	4,148	2.5	5.1	4,289	3.5	5.6
14.	Utilities	4,949	(0.9)	6.1	2,177	(3.5)	2.8
15.	Total Undistributed Expenses	\$ 21,317	1.3 %	26.2 %	\$ 19,660	3.0 %	25.5 %
16.	Gross Operating Profit	\$ 17,268	14.5 %	21.2 %	\$ 20,526	12.0 %	26.7 %
17.	Management Fees	\$ 2,536	4.7 %	3.1 %	\$ 2,503	6.3 %	3.3 %
18.	Income Before Fixed Charges	\$ 14,732	16.3 %	18.1 %	\$ 18,023	12.9 %	23.4 %
Fixed Charges							
19.	Property and Other Taxes	\$ 1,196	5.0 %	1.5 %	\$ 752	2.0 %	1.0 %
20.	Insurance	1,090	5.2	1.3	592	2.9	0.8
21.	Total Fixed Charges	\$ 2,286	5.1 %	2.8 %	\$ 1,344	2.4 %	1.7 %
22.	Net Operating Income**	\$ 12,446	18.7 %	15.3 %	\$ 16,679	13.8 %	21.7 %
23.	Percentage of Occupancy	42.4 %	(1.6)%		62.3 %	0.4 %	
24.	Average Daily Rate	\$ 236.49	10.2 %		\$ 158.58	7.7 %	
25.	RevPAR	\$ 100.36	8.4 %		\$ 98.84	8.1 %	
26.	Average Size (Rooms)	219	(0.1)%		207	1.4 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

RESORT HOTELS

Summary Operating Statement – By Geographic Divisions

Figure Number 25B (Continued)

	Geographic Divisions								
	South Atlantic			South Central			Mountain/Pacific		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
1.	\$ 44,240	5.9 %	53.7 %	\$ 39,634	4.7 %	44.5 %	\$ 59,564	9.3 %	55.2 %
2.	29,378	2.0	35.7	33,936	2.4	38.1	34,050	6.2	31.6
3.	6,850	(3.1)	8.3	14,486	2.9	16.3	10,622	4.5	9.9
4.	1,891	6.8	2.3	981	(5.5)	1.1	3,596	6.3	3.3
5.	\$ 82,360	3.7 %	100.0 %	\$ 89,037	3.4 %	100.0 %	\$ 107,832	7.7 %	100.0 %
6.	\$ 10,945	4.3 %	24.7 %	\$ 10,607	3.0 %	26.8 %	\$ 17,059	5.8 %	28.6 %
7.	19,235	1.2	65.5	24,999	2.7	73.7	26,668	4.7	78.3
8.	4,544	(4.9)	66.3	11,114	1.9	76.7	8,467	3.4	79.7
9.	\$ 34,724	1.3 %	42.2 %	\$ 46,720	2.6 %	52.5 %	\$ 52,194	4.9 %	48.4 %
10.	\$ 47,635	5.5 %	57.8 %	\$ 42,317	4.3 %	47.5 %	\$ 55,638	10.6 %	51.6 %
11.	\$ 6,856	4.0 %	8.3 %	\$ 8,018	3.3 %	9.0 %	\$ 8,347	3.5 %	7.7 %
12.	5,785	3.1	7.0	6,603	4.0	7.4	7,220	4.7	6.7
13.	3,851	2.4	4.7	4,411	2.2	5.0	5,552	2.1	5.1
14.	3,217	(2.2)	3.9	3,197	(4.2)	3.6	5,069	(1.6)	4.7
15.	\$ 19,709	2.3 %	23.9 %	\$ 22,229	2.1 %	25.0 %	\$ 26,188	2.5 %	24.3 %
16.	\$ 27,926	7.9 %	33.9 %	\$ 20,088	6.7 %	22.6 %	\$ 29,450	18.9 %	27.3 %
17.	\$ 2,073	3.5 %	2.5 %	\$ 2,372	1.9 %	2.7 %	\$ 2,685	8.4 %	2.5 %
18.	\$ 25,853	8.3 %	31.4 %	\$ 17,716	7.4 %	19.9 %	\$ 26,765	20.0 %	24.8 %
19.	\$ 2,187	1.1 %	2.7 %	\$ 3,049	1.1 %	3.4 %	\$ 2,566	1.0 %	2.4 %
20.	2,008	4.4	2.4	681	5.1	0.8	1,254	8.9	1.2
21.	\$ 4,195	2.7 %	5.1 %	\$ 3,730	1.8 %	4.2 %	\$ 3,820	3.4 %	3.5 %
22.	\$ 21,659	9.4 %	26.3 %	\$ 13,986	9.0 %	15.7 %	\$ 22,946	23.3 %	21.3 %
23.	69.5 %	1.3 %		57.7 %	1.5 %		69.9 %	2.8 %	
24.	\$ 174.39	4.6 %		\$ 188.18	3.1 %		\$ 233.38	6.3 %	
25.	\$ 121.21	5.9 %		\$ 108.59	4.7 %		\$ 163.19	9.3 %	
26.	511	0.2 %		290	0.3 %		423	0.2 %	

RESORT HOTELS

Summary Operating Statement – By Property Size Classifications

Figure Number 25C

Property Size Classifications

	Under 200 Rooms			200 to 500 Rooms			Over 500 Rooms		
	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue	2012 Dollars Per Available Room	Change From Prior Year	2012 Percent of Revenue
Revenue									
Rooms	\$ 53,603	10.3 %	53.2 %	\$ 46,583	6.9 %	51.8 %	\$ 56,040	8.5 %	55.5 %
Food and Beverage	30,957	9.1	30.7	31,505	4.0	35.0	32,668	4.2	32.4
Other Operated Departments	14,087	9.7	14.0	9,977	(0.5)	11.1	8,759	2.3	8.7
Rentals and Other Income	2,174	13.7	2.2	1,900	4.5	2.1	3,433	6.3	3.4
Total Revenue	\$ 100,821	9.9 %	100.0 %	\$ 89,965	4.9 %	100.0 %	\$ 100,900	6.4 %	100.0 %
Departmental Expenses*									
Rooms	\$ 14,893	7.9 %	27.8 %	\$ 12,801	4.0 %	27.5 %	\$ 15,221	5.6 %	27.2 %
Food and Beverage	25,083	7.6	81.0	23,820	3.2	75.6	23,397	3.1	71.6
Other Operated Departments	9,267	6.8	65.8	7,758	(0.6)	77.8	6,675	1.6	76.2
Total Departmental Expenses	\$ 49,243	7.5 %	48.8 %	\$ 44,379	2.8 %	49.3 %	\$ 45,293	3.7 %	44.9 %
Total Departmental Income	\$ 51,579	12.3 %	51.2 %	\$ 45,586	7.2 %	50.7 %	\$ 55,606	8.8 %	55.1 %
Undistributed Operating Expenses									
Administrative and General	\$ 10,035	4.8 %	10.0 %	\$ 7,985	3.1 %	8.9 %	\$ 7,266	3.8 %	7.2 %
Sales and Marketing	7,085	5.9	7.0	6,685	4.6	7.4	6,503	3.5	6.4
Property Operations and Maintenance	5,555	3.6	5.5	4,920	3.1	5.5	4,689	1.4	4.6
Utilities	3,994	(1.9)	4.0	3,814	(2.6)	4.2	4,638	(1.5)	4.6
Total Undistributed Expenses	\$ 26,669	3.8 %	26.5 %	\$ 23,404	2.5 %	26.0 %	\$ 23,096	2.1 %	22.9 %
Gross Operating Profit	\$ 24,909	23.1 %	24.7 %	\$ 22,182	12.5 %	24.7 %	\$ 32,510	14.1 %	32.2 %
Management Fees	\$ 3,228	10.7 %	3.2 %	\$ 2,504	4.7 %	2.8 %	\$ 2,294	6.9 %	2.3 %
Income Before Fixed Charges	\$ 21,681	25.2 %	21.5 %	\$ 19,678	13.5 %	21.9 %	\$ 30,216	14.7 %	29.9 %
Fixed Charges									
Property and Other Taxes	\$ 1,956	2.2 %	1.9 %	\$ 1,894	2.1 %	2.1 %	\$ 2,796	0.5 %	2.8 %
Insurance	1,531	6.5	1.5	1,407	5.6	1.6	1,534	7.1	1.5
Total Fixed Charges	\$ 3,487	4.1 %	3.5 %	\$ 3,301	3.5 %	3.7 %	\$ 4,330	2.7 %	4.3 %
Net Operating Income**	\$ 18,194	30.2 %	18.0 %	\$ 16,377	15.8 %	18.2 %	\$ 25,886	16.9 %	25.7 %
Percentage of Occupancy	57.6 %	3.0 %		62.8 %	1.7 %		73.9 %	2.2 %	
Average Daily Rate	\$ 254.99	7.1 %		\$ 203.26	5.1 %		\$ 207.82	6.1 %	
RevPAR	\$ 146.86	10.3 %		\$ 127.63	6.9 %		\$ 153.53	8.5 %	
Average Size (Rooms)	123	—		346	0.2 %		860	0.2 %	

* Expressed as a percent of departmental revenue.

** Before deduction for rent.

RESORT HOTELS

Summary Operating Statement – Dollars Per Guest Day

Figure Number 26

	2012 Dollars Per Guest Day	2011 Dollars Per Guest Day	Change From Prior Year
Revenue			
Rooms	\$ 115.86	\$ 108.15	7.1 %
Food and Beverage	71.05	68.59	3.6
Other Operated Departments	21.31	21.09	1.1
Rentals and Other Income	6.12	5.81	5.3
Total Revenue	\$ 214.34	\$ 203.64	5.3 %
Departmental Expenses			
Rooms	\$ 31.65	\$ 30.34	4.3 %
Food and Beverage	52.42	51.10	2.6
Other Operated Departments	16.11	16.06	0.4
Total Departmental Expenses	\$ 100.18	\$ 97.50	2.8 %
Total Departmental Income	\$ 114.16	\$ 106.14	7.6 %
Undistributed Operating Expenses			
Administrative and General	\$ 17.15	\$ 16.70	2.7 %
Sales and Marketing	14.64	14.19	3.2
Property Operations and Maintenance	10.72	10.58	1.3
Utilities	9.48	9.75	(2.8)
Total Undistributed Expenses	\$ 51.99	\$ 51.21	1.5 %
Gross Operating Profit	\$ 62.17	\$ 54.93	13.2 %
Management Fees	\$ 5.41	\$ 5.13	5.5 %
Income Before Fixed Charges	\$ 56.76	\$ 49.80	14.0 %
Fixed Charges			
Property and Other Taxes	\$ 5.30	\$ 5.29	0.2 %
Insurance	3.29	3.12	5.6
Total Fixed Charges	\$ 8.59	\$ 8.41	2.2 %
Net Operating Income*	\$ 48.16	\$ 41.39	16.4 %
Percentage of Occupancy	68.5 %	67.1 %	2.1 %
Average Daily Rate	\$ 209.40	\$ 197.84	5.8 %
RevPAR	\$ 143.43	\$ 132.71	8.1 %
Average Size (Rooms)	426	425	0.2 %

* Before deduction for rent.

RESORT HOTELS

Departmental Expenses

Figure Number 27

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Total Labor Costs	\$ 8,877	5.0 %	\$ 35.51	17.0 %
Other Expenses	5,423	5.6	21.69	10.4
Total Department Expenses	\$ 14,300	5.2 %	\$ 57.20	27.3 %
Food and Beverage Department*				
Total Labor Costs	\$ 13,758	3.6 %	\$ 55.03	42.9 %
Other Expenses***	9,929	3.3	39.71	30.9
Total Department Expenses	\$ 23,687	3.5 %	\$ 94.75	73.8 %
Other Operated Departments*				
Total Labor Costs	\$ 4,257	1.7 %	\$ 17.03	44.2 %
Other Expenses***	3,023	0.7	12.09	31.4
Total Department Expenses	\$ 7,280	1.2 %	\$ 29.12	75.6 %
Administrative and General Department**				
Total Labor Costs	\$ 3,846	2.6 %	\$ 15.39	4.0 %
Other Expenses	3,904	4.6	15.62	4.0
Total Department Expenses	\$ 7,750	3.6 %	\$ 31.00	8.0 %
Marketing Department**				
Total Labor Costs	\$ 2,423	2.5 %	\$ 9.69	2.5 %
Other Expenses	4,194	5.0	16.78	4.3
Total Department Expenses	\$ 6,616	4.1 %	\$ 26.47	6.8 %
Maintenance Department**				
Total Labor Costs	\$ 2,543	3.6 %	\$ 10.17	2.6 %
Other Expenses	2,300	0.7	9.20	2.4
Total Department Expenses	\$ 4,842	2.2 %	\$ 19.37	5.0 %
Utilities Department**				
Other Expenses	\$ 4,283	(1.9)%	\$ 17.13	4.4 %
Total Operating Expenses**				
Total Labor Costs	\$ 35,704	3.5 %	\$ 142.82	36.9 %
Other Expenses***	33,055	2.9	132.22	34.1
Total Operating Expenses****	\$ 68,759	3.2 %	\$ 275.04	71.0 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

*** Includes cost of sales.

****Before management fees, property taxes, insurance, and rent.

RESORT HOTELS

Payroll Costs

Figure Number 28

	2012 Dollars Per Available Room	Change From Prior Year	2012 Dollars Per Occupied Room	2012 Percent of Revenue
Rooms Department*				
Salaries, Wages and Bonuses	\$ 6,017	4.1 %	\$ 24.07	11.5 %
Payroll-Related Expenses	2,859	6.9	11.44	5.5
Total Labor Costs	\$ 8,877	5.0 %	\$ 35.51	17.0 %
Food and Beverage Department*				
Salaries, Wages and Bonuses	\$ 9,581	2.5 %	\$ 38.33	29.8 %
Payroll-Related Expenses	4,177	6.1	16.71	13.0
Total Labor Costs	\$ 13,758	3.6 %	\$ 55.03	42.9 %
Other Operated Departments*				
Salaries, Wages and Bonuses	\$ 3,010	0.6 %	\$ 12.04	31.3 %
Payroll-Related Expenses	1,248	4.2	4.99	13.0
Total Labor Costs	\$ 4,257	1.7 %	\$ 17.03	44.2 %
Administrative and General Department**				
Salaries, Wages and Bonuses	\$ 2,793	2.4 %	\$ 11.17	2.9 %
Payroll-Related Expenses	1,054	3.3	4.22	1.1
Total Labor Costs	\$ 3,846	2.6 %	\$ 15.39	4.0 %
Marketing Department**				
Salaries, Wages and Bonuses	\$ 1,797	2.3 %	\$ 7.19	1.9 %
Payroll-Related Expenses	625	3.3	2.50	0.6
Total Labor Costs	\$ 2,423	2.5 %	\$ 9.69	2.5 %
Maintenance Department**				
Salaries, Wages and Bonuses	\$ 1,780	2.9 %	\$ 7.12	1.8 %
Payroll-Related Expenses	763	5.5	3.05	0.8
Total Labor Costs	\$ 2,543	3.6 %	\$ 10.17	2.6 %
All Departments**				
Salaries, Wages and Bonuses	\$ 24,978	2.7 %	\$ 99.91	25.8 %
Payroll-Related Expenses	10,726	5.6	42.90	11.1
Total Labor Costs	\$ 35,704	3.5 %	\$ 142.82	36.9 %

* Expressed as a percent of department revenue.

** Expressed as a percent of total revenue.

PKF CONSULTING USA GROUP OF COMPANIES



PKF CONSULTING USA, LLC

Atlanta

3475 Lenox Road, Suite 720
Atlanta, GA 30326
Phone: (404) 842-1150
Fax: (404) 842-1165
Contact:
Scott Smith
scott.smith@pkfc.com

Boston

160 Federal Street, 11th Floor
Boston, MA 02110
Phone: (617) 330-8110
Fax: (617) 330-8093
Contacts:
Reed Woodworth
reed.woodworth@pkfc.com
Andrea Foster
andrea.foster@pkfc.com

Bozeman

321 E. Main Street
Suite 322
Bozeman, MT 59715
Phone: (406) 582-8189
Fax: (406) 585-9180
Contact:
Christopher Kraus
chris.kraus@pkfc.com

Chicago

2 North La Salle Street
Chicago, IL 60602
Phone: (312) 602-6070
Fax: (317) 616-1816
Contact:
Mark Eble
mark.eble@pkfc.com

Dallas/Houston

1010 Lamar Street, Suite 400
Houston, TX 77002
Phone: (713) 621-5252
Fax: (713) 621-9494
Contact:
Randy McCaslin
randy.mccaslin@pkfc.com

Indianapolis

Two Meridian Plaza
10401 North Meridian Street, Suite 300
Indianapolis, IN 46290
Phone: (317) 616-1815
Fax: (317) 616-1816
Contact:
Mark Eble
mark.eble@pkfc.com

Jacksonville

4314 Pablo Oaks Court
Jacksonville, FL 32224
Phone: (904) 821-0690
Fax: (904) 821-0242
Contact:
Hank Staley
hank.staley@pkfc.com

Los Angeles

865 South Figueroa Street, Suite 3500
Los Angeles, CA 90017
Phone: (213) 680-0900
Fax: (213) 623-8240
Contacts:
Bruce Baltin
bruce.baltin@pkfc.com
Jeff Lugosi
jeff.lugosi@pkfc.com

New York

29 Broadway
New York, NY 10006
Phone: (212) 867-8000
Fax: (212) 968-0599
Contact:
John A. Fox
john.fox@pkfc.com

Philadelphia

8 Penn Center Plaza, 19th Floor
Philadelphia, PA 19103
Phone: (215) 563-5300
Fax: (215) 563-1977
Contact:
David E. Arnold
dave.arnold@pkfc.com

PKF CONSULTING USA GROUP OF COMPANIES



PKF Hospitality Research, LLC

San Francisco

50 California Street, 19th Floor
San Francisco, CA 94111
Phone: (415) 788-3102
Fax: (415) 433-7844
Contact:
Thomas E. Callahan
thomas.callahan@pkfc.com

Tampa / Orlando

4418 Blantyre Place
Valrico, FL 33594
Phone: (813) 871-0139
Fax: (813) 571-0119
Contact:
Chuck Ross
chuck.ross@pkfc.com

Washington, D.C.

1625 Eye Street, NW
Suite 700
Washington, DC 20006
Phone: (202) 534-3614
Fax: (202) 331-1526
Contacts:
Kannan Sankarin
kannan.sankarin@pkfc.com
Tom Lewerenz
tom.lewerenz@pkfc.com

Atlanta

3475 Lenox Road, Suite 720
Atlanta, GA 30326
Phone: (404) 842-1150
Fax: (404) 842-1165
Contact:
R. Mark Woodworth
mark.woodworth@pkfc.com

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PKF INTERNATIONAL CONSULTING OFFICES

CANADA – TORONTO

PKF Consulting, Inc.
30 St. Patrick Street, 8th Floor
Toronto, Ontario M5T 3A3
Phone: (416) 360-5000
Fax: (416) 777-1567
Contacts:
David Larone
davidlarone@pkfcanada.com
Brian Stanford
brianstanford@pkfcanada.com
www.pkfcanada.com

CANADA – VANCOUVER

PKF Consulting, Inc.
800 West Pender Street, Suite 1120
Vancouver, British Columbia V6C 2V6
Phone: (604) 689-3833
Fax: (604) 689-2568
Contacts:
David Larone
davidlarone@pkfcanada.com
Brian Stanford
brianstanford@pkfcanada.com
www.pkfcanada.com

AUSTRIA – VIENNA

PKF hotelexperts
1010 Vienna
Hegelgasse 8
Vienna, Austria
Phone: 43 1 5120707
Fax: 43 1 5120607
Contact: Michael Widmann
michael.widmann@pkfhotels.com
www.pkfhotels.com

GERMANY – MUNICH

PKF hotelexperts GmbH
Maximilianstrasse 27
80539 Munich, Germany
Phone: 49 89 29032-200
Fax: 49 89 29032-222
Contacts:
Ulrike Schueler
ulrike.schueler@m.pkf.de
Ulf Templin
ulf.templin@m.pkf.de
www.pkfhotelexperts.com

SOUTH AMERICA, BUENOS AIRES – ARGENTINA

PKF hotelexperts S.A.
Tucuman 695-4B
C1007ABE- Buenos Aires-Argentina
Phone: 54 11 5032-8535
Contact: Carlos Alonso
calonso@pkfhotelexperts.com.ar
www.pkfhotels.com

CHINA - SHANGHAI

PKF Consulting Inc
2405 CITIC Square
1168 Nanjing West Road
Shanghai 200041
Phone: 86 21 5292 9998
Fax: 86 21 5292 9993
Contact: Wingsee Auyeung
wingsee@pkfchina.com
www.pkfchina.com

MIDDLE EAST - DUBAI, U.A.E.

PKF - The Consulting House
Office 3.03, Arjaan Al Sufouh, Office Tower,
Dubai Media City,
Dubai, United Arab Emirates
PO Box 502294
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Fax: 971 4 390 9549
Contact: Sven Gade
sgade@pkf-tch.com
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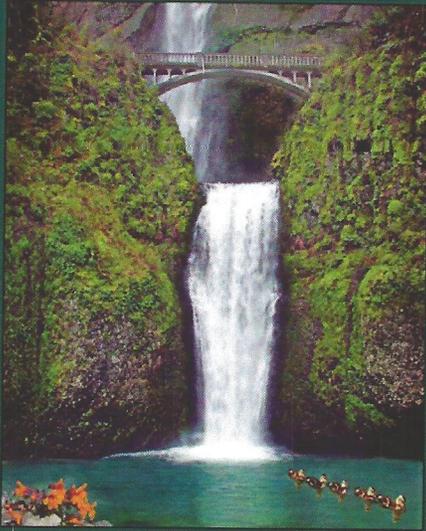
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IN THE HOTEL INDUSTRY
USA EDITION 2013



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Outlook
2014

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Italics identify Extended Stay Hotels

LUXURY - 31

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 Fairmont Hotel
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 InterContinental
 Jumeirah
 JW Marriott
 Le Mandarin Oriental
 Leading Hotels of the World
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 Regent Hotels
 Ritz-Carlton
 StarHotels
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Affinia Hospitality
 AC by Marriott
 Andaz
 Autograph Collection
 Caesars
 Concorde Hotels
 Destination Hotels
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 Dream
 Edition
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Quinta Real
 Radisson Blu
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 Small Luxury Hotels of the World
 Summit Hotel
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Adam's Mark
 Aloft
 AmeriSuites
 Ascend Collection
 Aston
 Ayres
 Cambria Suites
Chase Suites
 Club Med
 Coast Hotels USA
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Element
 Even Hotels
 Four Points
 Harrah's
 Historic Hotels of America
 Hilton Garden Inn
 Historic Hotels
Homewood Suites
 Hotel Indigo
 Hotel Novotel
Hyatt House
 Hyatt Place
 Indigo
 Leo Hotel Collection
 Night Hotels
 NYLO Night Hotels
 Outrigger
 Planet Hollywood
 Radisson
Residence Inn
 Resort Quest Hawaii
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Staybridge Suites
 TYRP
 Woodfield Suites
Woodfin Suites
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 Xanterra Parks & Resorts

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Best Western
 Clarion
 Drury Plaza Hotel
 Golden Tulip
 Harvey Hotel
 Holiday Inn
 Howard Johnson

Jolly Hotels
 Lexington Collection
 Little America
 Magnuson Grand
 Marc
 Nickelodean
 Ohana Hotels
 Park Inn
 Park Plaza
 Quality Inn & Suites
 Ramada
 Red Lion
 Romantik Hotel
 Summit Hotels
 3 Palms Hotel
 Westmark
 WestCoast
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AmeriHost
 AmericInn
 Baymont Inns
Bradford HomeSuites
 Cabot Lodge
Candlewood Suites
 Centerstone Inn
 ClubHouse Inns of America
 Cobblestone Hotels
 Comfort Inn
 Comfort Suites
 Country Inn & Suites
 Drury Inn
 Drury Lodge
Extended Stay Deluxe
 Fairfield Inn
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 Hampton Inn
Hawthorn Suites
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 Holiday Inn Express
Home 2
 InnSuites Hotels
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 Sleep Inn
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TownPlace Suites
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 Wingate Inn

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1st Interstate Inn
 Admiral Benbow

America's Best Inns
 America's Best Value Inn
 Boarders Inn
 Budgetel
 Budget Host Inn
 Centerstone
 Country Hearth Inn
Crestwood Suites
 Cross Country Inn
Crossland Suites
 Days Inn
 Downtowner Motor Inn
 Dumont Inn
 E-Z 8
 Econo Lodge
 Inns of America
 Exel Inn
Extended Stay America
 Fairbridge Inn
 Family Inns of America
 Good Nite Inn
 Great Western
 GuestHouse Inns
 Homegate
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Studio Plus
Suburban Extended Stay Hotels
Sun Suites Hotels
 Super 8
 Thrift Lodge
 Travelodge
 Vagabond
ValuPlace
 Wandlyn Inn

Source: Smith Travel Research, Hendersonville, Tennessee



U.S. Hotel Industry Outlook 2014

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Industry growth continues in '14; room rates to surge

The overall U.S. hotel business is expected to post another brisk year of recovery and growth in 2014, with anticipated room rate hikes almost entirely driving forecasted RevPAR gains. While some experts predict slower demand growth and relatively modest new supply, the consensus seems to be that the nation's existing room count still remains significantly underpriced.

There's a notable variance in the levels of RevPAR and ADR growth respective to the various chain-scale segments and individual geographic hotel markets. But still, the rebounding economy is fueling increases across the board, just in different degrees.

"We're going into a new year with momentum," said Scott Berman, principal & industry leader for the Hospitality & Leisure practice at PricewaterhouseCoopers (PwC). "I think everybody's feeling generally good, but you really have to break the industry down by geography and chain scale to really see just who's in the best shape. The starting place for me is PwC looking at 5.9% overall RevPAR growth for 2014."

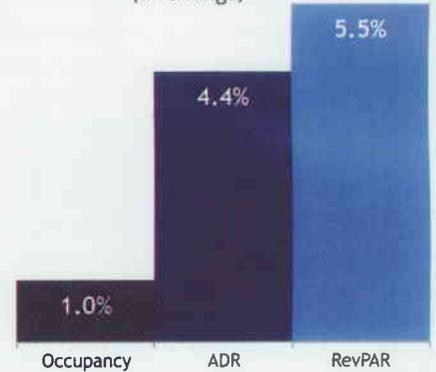
Since modest demand and occupancy growth is generally predicted overall—remaining at averages above the 70% occupancy range for some segments—the projected RevPAR growth will therefore stem from higher ADRs. This is an extension of the fundamental pattern also seen last year.

"When you look at it generally as a broad brush, what you'll see in the numbers is all of the chain scales' RevPAR growth will be driven primarily by rate, and I think that's the story across the board," said Bobby Bowers, SVP at Smith Travel Research. "Right now, it's almost a replay of 2013, from what we see. You never know what's going to pop up that's unexpected, but from the economic view things look good."

According to PKF Hospitality Research, real ADR growth will remain so healthy, it will surge at roughly double that of inflation, verging on

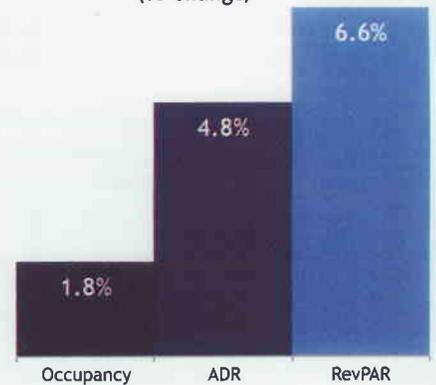
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2014 Year-end Outlook
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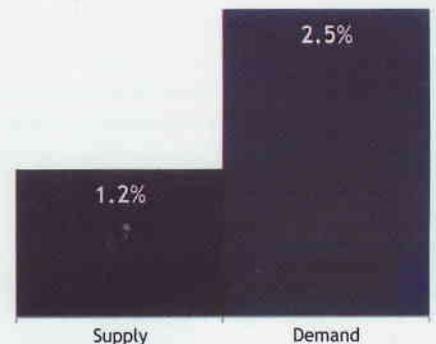


Source: Smith Travel Research

National Forecast
(% change)



Source: PKF Hospitality Research



Source: PKF Hospitality Research

Economy segment to grow in rate and RevPAR

Positive demand trends will drive economy hotels to post significant occupancy gains in 2014, according to experts, enabling percentage growth in rate and RevPAR for budget properties to remain on pace with or above national averages. That may not translate into a large dollar amount, but it's still forward progress as the segment waits for national employment—a key demand driver—to fully recover from the recession.

That's why this year the segment is bucking the industry-wide trend and benefitting more from occupancy gains than from pushing ADR. The prevailing supply trends in the sector are the primary cause.

"In the economy segment, net room supply is expected to decline in the 0.5-1% range, while demand is expected to increase 1.5%. This combination would yield 2014 occupancy growth of 2.3%, which is the highest occupancy growth forecast of any chain-scale group," said Bobby Bowers, SVP at Smith Travel Research. "ADR is expected to grow in the 3-3.5% range. If the current occupancy and ADR forecasts hold, this would yield RevPAR growth of around 6%, third-highest among all chain-scale groups."

Even in the case of positive new supply, as some predict, the demand curve is still well on the rise. "Our outlook for next year is some net new additions to supply, up .3%, with demand growing at 2.7% outpacing supply, so it's a pretty hefty occupancy gain of 2.3%, and the ADR projection is equal to that of the national level, at 4.8%," said Robert Mandelbaum, director of research information services for PKF Hospitality Research. "Percentage change in RevPAR for the economy segment is fairly strong—7.3%. But it's important to note that the occupancy levels and ADRs are the lowest. Growth is looking strong, but the levels of occupancy and ADR remain below the other chain scales."

Others were similarly guarded with their outlook for the segment. "Given the averages, the limited-service products are grinding through, so we don't expect to see overly robust results in those segments," said Scott Berman, principal & industry leader for the Hospitality & Leisure practice at PricewaterhouseCoopers (PwC). "Their base is smaller, in the sense that with a \$50 rate, 3% is what, \$1.50? You also have a lot

more supply in that price point, so the competition is stiffer, and it's more concentrated in the heartland of America, which is softer."

An important factor for the segment going forward into 2014 and 2015 will be the recovery of overall national employment levels, which dictate much of the demand for both economy and mid-scale products. The upscale and higher segments, on the other hand, are fueled by real personal income, which has grown post-recession at a much faster rate.

"Our forecast looks at a lot of economic variables. The two that we focus on are the real personal income and employment levels," said Mandelbaum. "One of the things we've found is that the lower-end chain scales, i.e. upper-midscale, midscale and economy, are more dependent upon employment variables, where luxury, upper-upscale and upscale are more dependent on the real personal income variable. If you look at the economy, while employment levels are starting to grow, they're not forecast to return to their pre-recession levels until the latter part of 2014 or 2015. The recovery of employment in the U.S. has lagged compared to the recovery in real personal income, which I believe is already back to pre-recession levels."

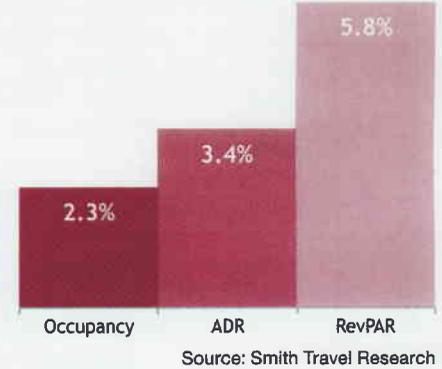
Still, the demand is there and operators are confident, both now and looking ahead. Barring any unexpected events or upheavals, operators are projecting another steady, respectable year where smart owners will finish stronger than where they began.

"Overall, we are looking at 2014 as being a good year; a continued trend, where we see increases in occupancy, not very large, but somewhere in the two- to three-point range," said Mike Monchino, president of Monchino Management, which operates a number of branded and independent hotels in the Midwest, spanning both the economy and mid-scale segments. "Then we're looking at average rate increases of somewhere from 4-6%."

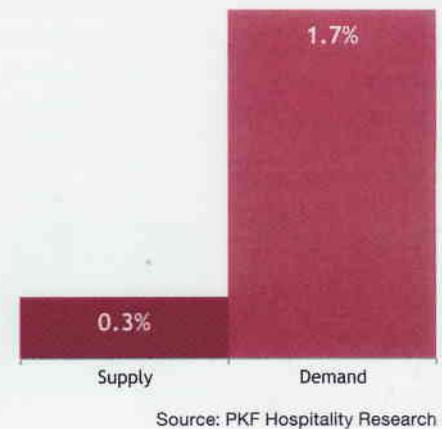
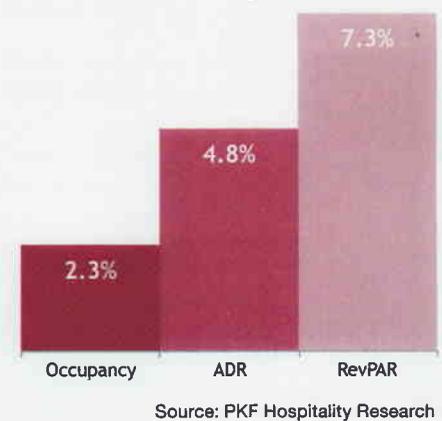
Monchino explained that in some cases, economy properties are even benefitting from the downturn, thanks to usually higher-tier guests trading down to economy hotels based purely on price point. Monchino has personally witnessed regular customers walking away from some of

continued on page 14A

2014 Year-end Outlook (% change)



National Forecast (% change)



Midscale hotels hold down the middle in 2014

Industry experts predict that in 2014, hotels in the midscale segment will live up to the classification's name and perform dead in the middle of the pack, with moderate gains in occupancy, rate and RevPAR. And although slow and steady may characterize the segment's recovery, sources say there's still upside ahead.

Considering both the midscale and economy segments have been more sluggish to rebound from the recession than their upscale counterparts, it's still positive news that operators can push ahead in 2014.

"Midscale is right smack in the middle," said Scott Berman, principal & industry leader for the Hospitality & Leisure practice at PricewaterhouseCoopers (PwC). "It is just under 5% RevPAR growth; 6.4% is the high in luxury and economy is the lowest at 4.5%, so it's somewhere in the middle three quarters."

That's partially because demand is holding firm. With minimal new supply entering the market, occupancy levels have remained strong enough for operators to start edging up rates this year, as the segment works its way back toward pre-recession highs.

"Net room supply is expected to be flat or slightly down, due to net conversions out and inventory removals," said Bobby Bowers, SVP at Smith Travel Research, whose projections are slightly lower than Berman's. "Flat supply combined with positive demand growth means 2014 occupancy is expected to increase about 1%. Combine that with anticipated ADR growth of around 3%, and RevPAR is expected to grow about 4%."

As Bowers mentioned, there aren't many new-build midscale rooms coming online. Mostly, the new inventory is the result of brand-swapping.

"In the midscale segment, there's a little more development activity—it's a positive change to supply. But not many people are projecting to build into this sector; a lot of hotels have changes of affiliation that place them in this segment," said Robert Mandelbaum, director of research information services for PKF Hospitality Research. "Demand is changing 3.1%, so there's growth in occupancy, below-average growth in ADR and a 5.1% projection of RevPAR growth, which is our slowest-projected change in RevPAR among all segments. The midscale segment is the one that has continually lagged in terms of percentage change of revenue and demand throughout the recovery."

Like the economy segment, midscale hotel demand is largely dependent on national employment levels—not real personal income, which drives the upscale and higher segments—and the overall domestic employment levels simply haven't recovered as quickly as real personal income. Things will improve though, with continued gains in employment expected by late 2014 and beyond.

"Total real personal income in the U.S. fully recovered back in the second quarter of 2012," said Mark Woodworth, president of PKF Hospitality Research. "According to Moody's, their most recent forecast actually has total employment returning to its previous peak level by the end of the third quarter of 2014, which would be almost exactly seven years from peak to peak, whereas incomes recovered in about half that time. It's real personal income and corporate profits that move the demand needle for higher-priced hotels, and it's total employment that moves the needle for lower-priced properties."

There's also tight competition within midscale's sub-segments, namely extended-stay product versus traditional, per-night hotels. For hotel properties that rely on business transient in particular, competing with the value of extended-stay—especially recently opened properties—will pose a nagging question for 2014.

"The general trend is workers that come Monday through Friday who used to keep midscale at a good occupancy, are finding that they can book a room for seven days, instead of five days; so they don't have to check out, take their stuff home," said Harry Mistra, president of Karishma Riya Inc., which owns several midscale properties. "They can check in Monday and leave Friday but leave their stuff there because the rate is the same."

So for owners, it often comes down to balancing the scales of rate and occupancy perpetually down the middle. With strong competitive, price-sensitive pressure within the segment, it can be a tricky juggling act for revenue managers.

"I try to do it on a midscale, for my properties. We try and get a good ADR—not sell it too cheap, so the occupancy is high and the ADR is very low. That's not very beneficial to me," said Mistra. "We look at mid-price according to the area, and our ADR is set there. We're running at about 70% occupancy, and we find it works out better, so that we get a good rate that makes us money."

2014 Year-end Outlook (% change)



Source: Smith Travel Research

National Forecast (% change)



Source: PKF Hospitality Research



Source: PKF Hospitality Research

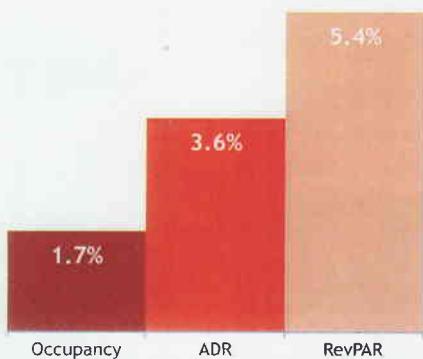
Upper-midscale hotels continue building, driving rates

2014 Year-end Outlook
(% change)

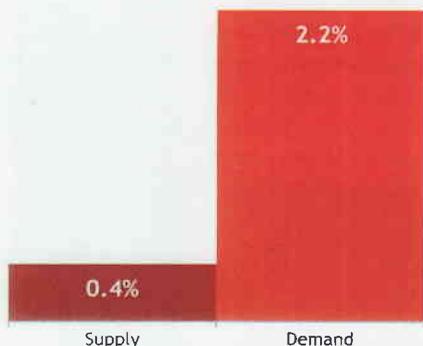


Source: Smith Travel Research

National Forecast
(% change)



Source: PKF Hospitality Research



Source: PKF Hospitality Research

Like its slightly higher-tier sibling the upscale segment, upper-midscale hotels will see another year of steady, moderate rate and RevPAR growth in 2014, with demand still remaining high despite an active supply pipeline. And like much of the upscale class, upper-midscale's health reflects the success and dominance of select-service products, which comprise much of the segment.

Sources told *Hotel Business* that the industry is evolving and placing greater emphasis on select-service projects for new development, with tangible numbers to show for it: In 2014, the upscale and upper-midscale segments combined represent the largest chunk of new construction coming online.

"Upper-midscale is running neck-and-neck with upscale in the number of rooms under construction; however, upper-midscale 2014 percentage supply growth will be much smaller because the existing upper-midscale base is much larger than upscale," said Bobby Bowers, SVP at Smith Travel Research (STR). "Again, it's more of the same because most of the new supply that is going to be coming from chains like Hampton Inn, Holiday Inn and those types of brands."

All the construction activity in the segment showcases a shift in strategy for many hoteliers, even the large investors. "You're seeing capital groups—REITs and private equity that used to be primarily in full-service—shifting to investing a lot in select-service," said Mary Beth Cutshall, VP of acquisitions & business development for Hospitality Ventures Management Group (HVMG).

But even new supply won't deter operators from pushing rate in 2014 and, thus, boosting RevPAR along with it. "Upper-midscale RevPAR growth is currently forecast to be in the 3.5-4% range. This is driven primarily by ADR growth of around 3%," said Bowers.

Those numbers may not dazzle compared with the premium-priced segments, but experts say rock-solid occupancy projections for upper-midscale will greatly aid hotels working to drive ADR this year. With the proper diligence, the RevPAR gains are there for the taking.

"Upper-midscale is the strongest performer among the lower-tier categories, with 64.8% [projected 2014 occupancy]," said Robert Mandelbaum, director of research information services for PKF Hospitality Research. "This is a relatively large segment, very popular among the developers as well as consumers.

We've got a little bit of a lag in terms of ADR growth [3.6%], and a relatively low projection for RevPAR change [5.4%], but their projected occupancy level does eclipse their long-term average, so we suspect going forward that will enhance the ability of managers in this segment to raise their room rates."

Hoteliers are also attributing much of upper-midscale's performance to the popularity of select-service hotels. From an owner and investor's standpoint, it represents a lower risk and greater stability over the long term.

"It's a simpler business model versus a full-service or luxury property. You don't have so many moving parts; you don't have so many departments and places where you could lose money," explained Cutshall. "If the economy turns down or the major demand generator leaves or something like what happened in Washington, DC with the slowdown in government travel, maybe there will be less impact because you don't have so much complexity. Your business is primarily supported by transient demand—corporate and leisure—and that's a little bit easier to manage."

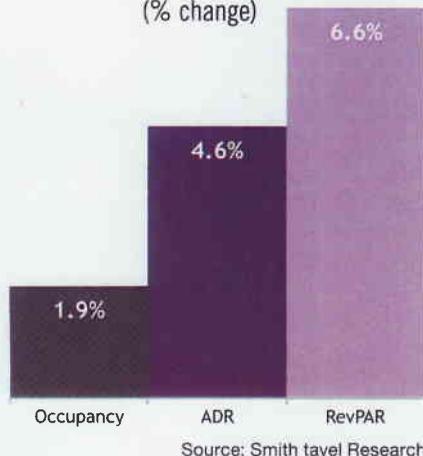
Cutshall said an important factor also impacting the current state of upper-midscale is the performance of another key product within the segment: extended stay. According to Cutshall, extended-stay hotels—many of which fall into the upper-midscale class—have been especially impacted by reductions in government spending. The jury is still out on whether that business will return as the economy continues its recovery.

"It definitely has impacted that segment. If you break it down to who stays in extended-stay properties, it's very popular with government travelers, for various reasons with a per diem, so they've had an impact," said Cutshall. "There's also a lot more extended-stay business today than there was eight to 10 years ago. There's a different saturation of the market, and as that recovers, I think that will help the extended-stay product. But it may be a little slower to recover, depending whether government spending starts picking up again."

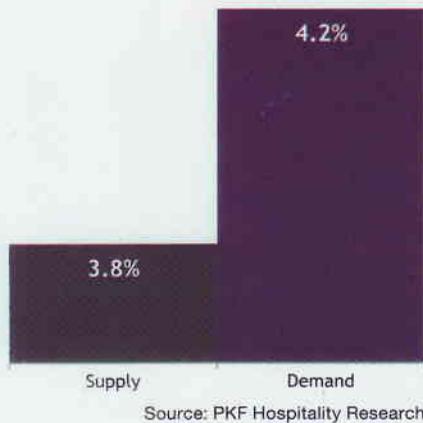
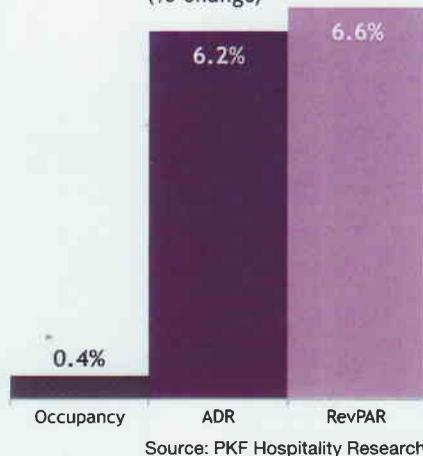
Until that happens, upper-midscale hotels will lean heavily on transient demand, according to Cutshall. "I think transient will still be leading: corporate transient and leisure transient," she said. "Group will follow, and government after that. I think select-service is in a good position to be able to benefit. Overall, it's a good time."

Upscale hotels stay strong amid new supply

2014 Year-end Outlook
(% change)



National Forecast
(% change)



In 2014, the upscale hotel segment—largely synonymous with the popular, ubiquitous select-service concept—will remain a vital, albeit middle-of-the-pack performer, according to experts. Even in the face of reduced government demand and new supply, this industry cornerstone continues to excel, thanks in part to well-established brands and popular, guest-centric products.

Experts say brands like Courtyard by Marriott and Hilton Garden Inn have done a sound job of ingratiating themselves with the traveling public; the proof is in the results. Some predict upscale hotels will lead the industry in 2014 new rooms supply, but that will still barely put a dent in current demand for the segment, which also includes many extended-stay and boutique properties.

“Upscale is probably the most popular segment,” said Robert Mandelbaum, director of research information services for PKF Hospitality Research. “With a strong increase in supply of 3.8% eclipsed with a 4.2% rise in demand, and therefore continued occupancy levels above 70%, we see a very strong 6.2% forecast for ADR growth.”

Similarly, optimistic projections are in place at Smith Travel Research, where analysts claim demand growth puts the segment near the top of U.S. scales, even though it has more new supply than any other segment.

“It’s by far the leader in percentage room supply growth, yet demand growth is expected to outpace supply growth and full-year 2014 occupancy gain is currently forecast at nearly 2%,” said Bobby Bowers, SVP at STR. “RevPAR growth in the 6.5-7% range is expected, trailing only luxury chains.”

Industry analysts told *Hotel Business* that much of the upscale segment’s performance hinges on rate—like the rest of the industry at the moment—but this sector is especially dependent on each hotel’s individual ability to drive price.

“It’s more around pricing. An upscale buyer is more price-sensitive and, therefore, is going to buy on rate,” said Scott Berman, principal & industry leader for the Hospitality & Leisure practice at PricewaterhouseCoopers (PwC). “In upper-upscale we expect rate growth of 5.1%, upscale at 4.9%, so it’s margin of error. There’s a contrarian out there who says, ‘Why isn’t it higher? If your occupancies are so strong, why haven’t you grown rate faster?’ That’s certainly what owners are saying. So it’s really a market by market,

street by street conversation.”

Sources said corporate transient demand is back at peak levels, but group demand remains the big question mark. The very same changing dynamics that have somewhat stymied group demand flowing into upper-upscale hotels has translated into higher upscale demand and a burgeoning supply pipeline for select-service properties, explaining why the sector leads in new rooms. This is the effect of many corporate groups—particularly governmental—trading down to a lower-priced select-service product that’s perceived to still offer a strong value proposition.

“There’s still the ‘AIG effect’ that’s never really gone away and I don’t think it ever will,” said Chris Flagg, SVP of business development for Crestline Hotels & Resorts. “You’re seeing that change also impact the supply pipeline: You’re seeing more of that select-service upscale being built than I think you will see with the full-service side. The industry has come to the reality that corporate and government group will never be back to previous levels, and the allocation of new supply between your big boxes and your select-service boxes will adjust accordingly.”

When the new upscale supply does come online, hoteliers expect it will be more competitive than ever, featuring the latest and greatest branded designs. As much as that drives competition, it also feeds the overall health of the segment.

“There’s really been some nice changes and program and design evolutions that will allow rate to continue to increase in the segment,” said Paul Sacco, chief development officer at TPG Hospitality. “Whether that’s in suburban markets or traditionally urban markets, I think that niche will continue to grow in rate, occupancy and supply, but supply that’s much more differentiated product than what you’ve seen in the past.”

When anticipating future performance other operators also stress the upscale segment’s broad-base appeal to a wide spectrum of travelers. Undoubtedly, happy customers equal even happier hotel P&Ls.

“The traveling public has really begun to understand the value of a select-service property,” said Mary Beth Cutshall, VP of acquisitions & business development for Hospitality Ventures Management Group (HVMG). “You have a lot of amenities that are complimentary, your parking, breakfast and Internet are free, and with the new prototypical designs, it’s a wonderful experience. When a traveler is comparing cost and value, they can get a lot of bang for their buck.”

Upper-upscale hotels to shine, despite slow group biz

Ranked just behind the industry-leading luxury segment, upper-upscale hotels are anticipated to post attractive gains in 2014, even though the group business that once fueled the sector has been slow to return since the recession. But with occupancies steady and room for higher rates still plentiful, hoteliers are hardly complaining.

Representing the classic full-service “box” found in most major urban and suburban markets, upper-upscale hotels are doing a brisk business thanks in part to big-name brands and overall healthy industry demand, which consistently brings a flood of guests through the doors. Like all segments, right now the rooms are underpriced given the demand.

“This is your Marriott, Hilton, Hyatt segment,” said Robert Mandelbaum, director of research information services for PKF Hospitality Research. “To some degree, it reflects the group demand segment—the demand increases may not look spectacular, at 2.4%—but they’re running at 72.2% occupancy levels, so you’re talking about a lot of capacity nights and inability to accommodate that many more room nights. We forecast above average growth in ADR, at 5.7%, resulting in a strong 6.4% RevPAR forecast.”

That falls in line with roughly 6% RevPAR growth projected by PricewaterhouseCoopers (PwC), according to Scott Berman, principal & industry leader for the Hospitality & Leisure practice. Sources at Smith Travel Research (STR), however, were somewhat more conservative with estimates.

“Full-year 2014 RevPAR [growth is] expected to be around 4% to 4.5%, and driven almost totally by ADR growth,” said Bobby Bowers, SVP at STR. “Growth in demand, or room nights sold, is currently forecast at 1.8%.”

Supply trends also remain favorable, although the pipeline is beginning to show signs of life again. STR is currently predicting 1.8% supply growth overall in 2014 for the upper upscale hotel segment.

“There’s a growing amount of upper-upscale supply; there’s a pretty good bit that’s in there now,” said Bowers. “But in terms of the new supply that’s going to be coming online in 2014, I just don’t think that that’s going to be any kind of significant number that’s going to hit upper upscale at the top end.”

The main concern facing the segment, according to analysts and hoteliers, are the dynamics of the group business—especially large conventions and events—which have changed since the recession. Typically,

upper-upscale properties greatly depend on the room nights and revenues generated by these sources.

“Many of them have typically 20% to 50% of their room nights generated by group business,” explained Mary Beth Cutshall, VP of acquisitions & business development for Hospitality Ventures Management Group (HVMG). “I think that’s going to continue strengthening and we’ll start to see rates go up a little bit. We’re feeling good about that—typically about a 5-7% RevPAR growth, depending on the specific market.”

Others stress the difficulty in courting and securing group demand these days, with the competition only getting tighter as group business remains constricted. According to sources, it’s having a clear impact on the numbers.

“They’re still trending below their peak levels because group business is not back,” explained Chris Flagg, SVP of business development for Crestline Hotels & Resorts. “We do feel there is group out there, but it really takes a sophisticated operator to find that group and capture that group, then create some decent profit flow-through once that business is booked.”

The other crucial question is the spending generated by those group guests once they arrive. Occupancy forecasts for 2014 may show plenty of rooms booked, but experts note your average convention attendee isn’t racking up the same kind of bill they once used to, and company-paid “freebies” are certainly on the wane.

“We are back at 2007 and 2008 levels in terms of demand. Where we have a ways to go, is on group spending,” said Berman. “They’re not spending on hotel food and beverage and hotel amenities, like they were. So, it’s a French-service dinner in the past, versus a buffet now; spa treatments are on your own dime, not the company’s.”

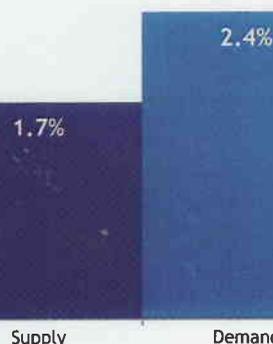
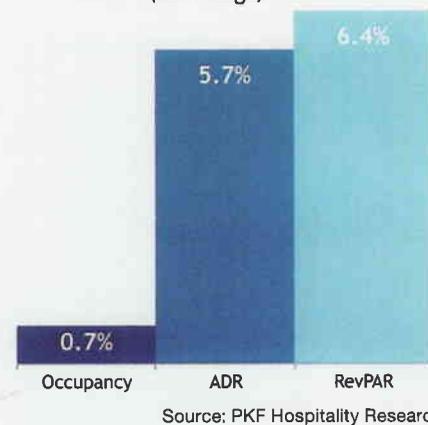
But that doesn’t mean there isn’t cause for optimism. Considering upper-upscale’s solid demand base and higher rate potential, operators can focus on driving ADR while waiting for group travel to fully recover. To some it’s a matter of time.

“We’re in a robust, growing economy. Companies still need to host meetings,” said Paul Sacco, chief development officer at TPG Hospitality. “That will continue to happen, and there will still be a need for group-oriented hotels. That will continue to evolve as the economy evolves.”

2014 Year-end Outlook (% change)

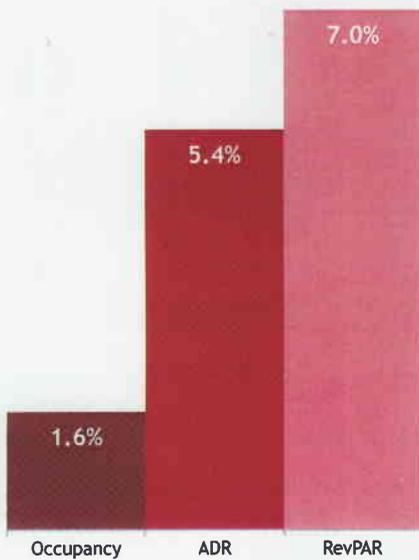


National Forecast (% change)



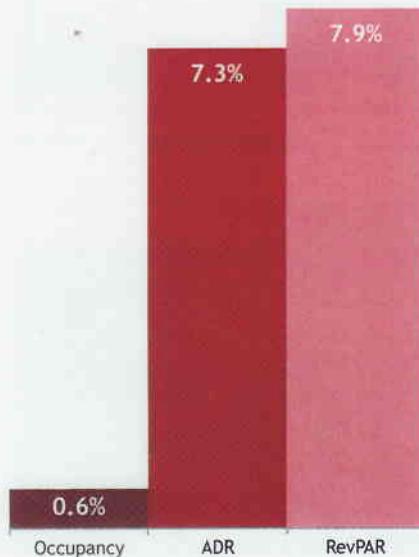
Luxury segment set to lead in RevPAR Growth for '14

2014 Year-end Outlook
(% change)



Source: Smith Travel Research

National Forecast – Luxury Hotels
(% change)



Source: PKF Hospitality Research

Not just representative of the finest accommodations available, the luxury hotel segment also continues to lead the pack in terms of projected market performance, with the overall sector expected to once again post robust gains in RevPAR and ADR in 2014. With demand for luxe rooms strong and steady as the U.S. economy continues to improve, it's become apparent that guests are ready and willing to splurge a bit when it comes to lodging.

At the moment, luxury hotels are benefitting from a "perfect storm" of positive factors, particularly its favorable supply and demand conditions, as well as outside macroeconomic drivers.

"It's a function of the stronger economy, limited supply growth and all three major segments—group, leisure and commercial—showing growth, particularly in room rate," said Scott Berman, principal & industry leader for the Hospitality & Leisure practice at PricewaterhouseCoopers (PwC). "The luxury segment is north of 6% RevPAR growth, and that's all a function of anticipated rate growth for the industry: We're expecting 4.6% rate growth [overall] in '14; and again, in the luxury segment we're expecting 6% growth."

Other experts are even more optimistic, like sources at PKF Hospitality Research, who also rank the luxury sector as the top performer for 2014. Sources there told *Hotel Business* that the remarkable occupancy levels at these hotels make the anticipated rate push a given.

"We forecast occupancy at 74.8%, which is well above luxury's long-term run average, by nearly five points," said Robert Mandelbaum, director of research information services for PKF Hospitality Research. "Luxury has the strongest ADR projection in the industry, at 7.3%, and the second consecutive year of RevPAR growth forecast above 7%, with 7.9% RevPAR growth forecast for 2014."

The demand fueling this surge will also remain stable, at least for now. Although there are projects in the pipeline for the coming years, in 2014, new luxury supply will rise, but still remain relatively low.

"We're seeing increased supply growth expected in 2014—about 1%—up from 2013, which should end the year basically flat," said Bobby Bowers, SVP at STR. "There's actually a fair amount of luxury supply in the pipeline right now, but it's not going to be coming online in 2014; it's mostly

going to be in 2015 and after that."

For hoteliers, it's more of the same. Since demand hasn't been a concern, operators have been working to push rates for some time, and 2014 will simply be an extension of that objective. Mostly, the job has gotten easier.

"We are seeing interest pickup in luxury. We're finding that people psychologically are feeling confident to be able to travel and spend that money and stay at a property that offers a higher level of services," said Mary Beth Cutshall, VP of acquisitions & business development for Hospitality Ventures Management Group (HVMG). "We're actually able to move the rate, and I think if you look at the stats from 2013, that segment has done fairly well."

One sub-segment within the luxury sector that is especially primed for growth is the resort market, according to Berman, who is based in Miami. In addition to capitalizing on greater domestic consumer confidence and discretionary spending, luxury U.S. resorts also greatly benefit from an ever-expanding base of foreign guests.

"It's the convergence of the world; it's not just America," said Berman. "European travel habits have been very beneficial to North American hotel performance, whether it's the Caribbean, Mexico, Canada or the mainland. You can't walk Times Square and South Beach and not hear multiple dialects. The same can be said for the West Coast in terms of the influence of Pan-Asia."

There's also an evolution happening within the resort product, notably with all-inclusive offerings gaining ground. Berman pointed to Hyatt Hotels' recent deal with Playa Hotels & Resorts—which includes 13 all-inclusive resorts and 5,800 rooms in the Dominican Republic, Mexico and Jamaica—as a sign of things to come.

"I think you'll hear the word 'inclusive' much more," said Berman. "It's been around a long time, and hasn't always been successful, but has been more successful in geographies with more favorable wage rates, like Mexico, Cuba and the Dominican Republic. Brands are testing these kinds of new concepts in the laboratory; if that model can be tested in areas where it historically hasn't, to a favorable result, I think we're going to see more and more of that. Hyatt's Playa announcement sort of sets the tone."

Independent performance rivals top segments

Independent, non-branded hotels are expected to post strong performance numbers in 2014, spotlighting both the overall robust demand trends in the top U.S. markets and owners' increasing ability to operate outside the traditional branded hotel model. Although much in the indie segment hinges upon location, positioning and management, 2014 will be a lucrative year for the sector if hoteliers have those elements aligned.

According to sources, in 2014, independent hotels are expected to post the third-highest gain in RevPAR in the industry, just behind the luxury and upper-upscale segments. Although that may still surprise some, industry experts say the segment's vitality can't be denied.

"It'll be quite an interesting conversation this year around what is the value of a brand, when you see independent performance much stronger than what I think conventional wisdom expected. [Independents are] actually quite strong; they're up there with luxury and upper upscale," said Scott Berman, principal & industry leader for PwC's Hospitality & Leisure practice. "Independents will grow RevPAR at 5.8%, and 4.5% of the growth will be room rate."

Other analysts are equally optimistic, including sources at Smith Travel Research. "STR's current full-year 2014 RevPAR forecast for independents is 5.1% [growth]," said Bobby Bowers, SVP at STR. "Like chain affiliated hotels, the RevPAR gain is expected to be driven primarily by ADR growth of 4.6%."

Demand fundamentals remain strong in the sector, with occupancies holding steady. Limited new supply also bodes well for ongoing and future room nights sold. "Occupancy growth is forecast at 0.4% [growth]," said Bowers. "Room supply growth is forecast to be under 1%, while demand will grow at 1.2%."

According to Berman, the projections reflect not just the underlying demand conditions of the industry, which continue to rebound, but also the unique qualities of the independent sector, which is often focused within thriving downtown and/or urban markets.

"Independents are gaining quite a bit of traction. That's a function of demand strength; that's a function of occupancy," Berman explained. "There are a lot of sold-out room nights in places like New York and Miami."

Positioning plays a huge role in performance among independents, too. Many non-branded hotels were developed for and cater to a specific audience or

market niche, such as university students. With overall group business on the rise, the resulting increased activity from key customers is oftentimes driving the considerable performance expectations levied upon the independent segment for 2014.

"We are seeing university groups coming back. They're performing very well, compared to previous years," said Chris Flagg, SVP of business development for Crestline Hotels & Resorts, which operates several independent hotels near universities. "We're seeing that growth continue to grow into 2014 as more and more of the university educational groups continue booking and increase the frequency of those bookings in the coming years.

"I think we are seeing the same type of rate increases [as other demand segments] as well," continued Flagg. "It really is market-driven for how much of a rate increase we're seeing, but for the university markets we're in, I think we're seeing some pretty healthy ADR growth."

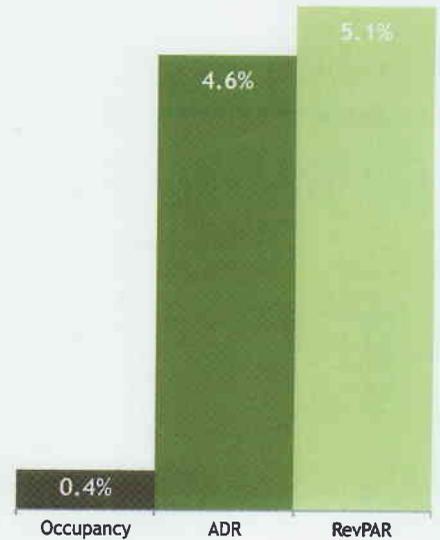
That said, it still takes a smart operator to make an independent hotel succeed in a largely branded world. Without the benefit of a brand's built-in marketing muscle, hoteliers have to work harder and more creatively to ensure a steady stream of room nights, especially if the property is looking to siphon business away from its local branded competitors.

"It really takes a sophisticated operator who knows how to drive that independent business, how to get that independent hotel appropriately marketed on the Internet for booking both transient as well as group," said Flagg, "and then build a real proactive marketing strategy, in order to capture the business that otherwise may not be looking for an independent hotel to accommodate their events."

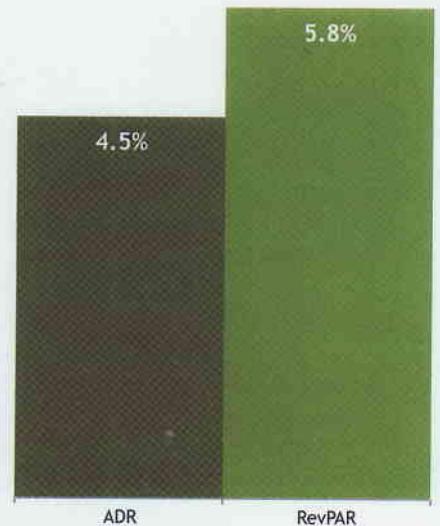
One increasingly effective option is to take advantage of affiliation programs and other similar mass-distribution methods tailored to independents. These can offer a best-case scenario where the hotel can tap into the GDS and be marketed as part of a group online, yet still retain its unique, non-branded identity.

"There are instances in which these affiliation options can be very beneficial," said Paul Sacco, chief development officer at TPG Hospitality. "Typically, a lot of the [affiliation] brands have come out with solutions so that hotels with individual identities can still benefit from the system. If it has the right location, and it's the right product, then I think you can achieve that."

2014 Year-end Outlook (% change)



Source: Smith Travel Research



Source: PKF Hospitality Research

Overview

continued from page 3A

new record levels. "We're forecasting for 2014 ADR to go up 3.9%, and inflation's going to be more like 1.5%, so you're looking at roughly 2.5% real ADR growth," said Mark Woodworth, president of PKF Hospitality Research. "Most people think inflation next year will be between 1.5% and 2%, so if our forecast is right, we're looking at real rate growth of roughly 3%. In real terms, rates are increasing at historic highs."

Analysts and hoteliers are also seeing quite a bit of dependence on location, too, with urban and coastal markets slated for the highest gains, especially among the industry-leading luxury and upper upscale tiers. One core reason for the dominance of these markets is the rising surge of inbound tourism from abroad.

"You're seeing the coastal gateway markets—San Francisco, New York, Los Angeles, San Diego, Philadelphia, Boston—all up strong and at or very close to their peak levels. But your Midwest markets—Detroit, Cleveland, Cincinnati and some of the Texas markets—they're going to see less growth in the future years," said Chris Flagg, SVP of business development for Crestline Hotels & Resorts. "Some of the impact is from the international tourists, who are growing in numbers, especially the tourists from Asia."

Urban markets

According to other observers, urban markets are tops at the moment. Occupancies at urban hotels have not only returned to pre-recession levels, but are now exceeding those numbers and setting new highs.

"Hotels in the urban environment now on average are running at a higher occupancy today than they ever have," said Woodworth.

Since demand for the core urban markets remains perpetually high, sources at PKF said the discounted pricing of recent years has only made room nights in these locations surge. "If you look at the markets that are recovering—the urban gateway markets, benefiting from international inbound travel—I think the luxury hotels in urban markets in the early stages of the recovery represented a good bargain," said Robert Mandelbaum, director of research information services for PKF Hospitality Research. "If you were a meeting planner, it was an opportunity to get into New York, Chicago and San Francisco, where you might not have in the past."

There is, however, one demand segment that continues to lag throughout the industry, and will befuddle hoteliers yet again in 2014: group business. Between cuts in corporate planning and reduced government spending, this demand segment remains to slowest to recover.

"Group demand is a big question mark still, even for 2014," said Flagg. "I don't think we will see a return of the group business that we once saw before [the recession]. It's anyone's guess really as to why that group hasn't come back to what it was in 2006 to 2007."

Other insiders say hope still remains for group demand, which will inevitably benefit overall industry pricing dynamics should it rebound. "We're now starting to see it from our own data, talking to our clients and reading the third-quarter earnings reports from companies like Marriott, Starwood and Hilton. They are seeing group accelerating—bookings are up for 2014," said Woodworth. "The absence of meaningful volumes of advance group meeting business on the books has caused a drag on increasing room rates. If I have more product on the shelf that I haven't sold yet, I'm going to be much more judicious about how I increase the prices on that inventory, as long as I have a lot of it sitting there."

Overall industry demand has otherwise been collectively strong, thus new supply is beginning to creep back as well, although nowhere near pre-recession levels. According to developers, much of the new-build product is centered on full-service and upscale to upper midscale select-service, located in key urban and secondary markets.

"We're bullish on major markets like Boston, Los Angeles, New York, Miami, San Diego and New Orleans for new opportunities," said Paul Sacco, chief development officer at TPG Hospitality. "We also see opportunity for new-build hotels in secondary markets near the hubs, like just outside Boston, or San Jose or Bellevue, where we think there's upscale focused service potential."

For most, 2014 will be a year guided by renewed confidence. Among the hotels currently open for business, most operators are preaching one all-encompassing mantra for 2014: Don't be afraid to raise room rates.

"As an industry as a whole, it is time to recognize that the economy is getting better," said Mary Beth Cutshall, VP of acquisitions & business development for Hospitality Ventures Management Group (HVMG). "We've come out of it, and it's time to be confident about that. We need to be smart and strategic, but confident."

Economy

continued from page 5A

his midscale hotels—for economy rooms—when he wouldn't lower rates. His own economy-priced properties get a boost from the same ripple effect.

"In the economy segment, we have the opportunity to gain people from the upper segments that drop down a segment or two," Monchino said. "People try and say it doesn't happen, but it does. I've seen it happen for years now."

Discount pricing

Others fear that beyond just trading down, the discounting may go too far from there. "The luxury, upper-upscale and upscale chain scales are all running north of 70% occupancy, while upper-midscale, midscale and economy on average are running 11 to 12 points lower occupancy than the upper-priced categories," said Mark Woodworth, president of PKF Hospitality Research. "That big gap there clearly means for one, the lower-priced properties at low occupancies have a lot of unsold inventory that they're willing to really negotiate price on. That presents a bit of a drag on the upper-price segments and therefore the industry as a whole."

However from an operator's perspective, the lure of bargain pricing can be an added jolt to a demand picture that Monchino said remains ever-reliable. Consistent with analyst predictions, he said the economy scale's consistent base, plus the flat to declining new supply, means more of the same in 2014, if not better.

"The economy sector is one of the best survivor segments, in the sense that it always seems to be the least affected by what's taking place in the marketplace," said Monchino. "Regardless of how bad or good the overall economy is, you always have people traveling, even if it's the worst of times, whether it's for business or pleasure. I find the economy segment is more recession-proof than any other segment out there."

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Kim Pedersen, Senior Research Analyst

American Hotel Lodging Association

Extended-Stay Hotel Council, AHLA

International Association of Hospitality Advisors

National Association of Black Hotel Owners, Operators and Developers

Asian American Hotel Owners Association, authored articles for AAHOA publications

National Association of Condo Hotel Owners

Latino Hotel Association

Superior Small Lodging of America

Florida Bed and Breakfast Association



CHART 1: Financial Assistance for Industry

For more detail concerning these incentives, see the footnotes online at www.siteselection.com.



- ALABAMA
- ALASKA
- ARIZONA
- ARKANSAS
- CALIFORNIA
- COLORADO
- CONNECTICUT
- DELAWARE
- FLORIDA
- GEORGIA
- HAWAII
- IDAHO
- ILLINOIS
- INDIANA
- IOWA
- KANSAS
- KENTUCKY
- LOUISIANA
- MAINE
- MARYLAND
- MASSACHUSETTS
- MICHIGAN
- MINNESOTA
- MISSISSIPPI
- MISSOURI
- MONTANA
- NEBRASKA
- NEVADA
- NEW HAMPSHIRE
- NEW JERSEY
- NEW MEXICO
- NEW YORK
- NORTH CAROLINA
- NORTH DAKOTA
- OHIO
- OKLAHOMA
- OREGON
- PENNSYLVANIA
- RHODE ISLAND
- SOUTH CAROLINA
- SOUTH DAKOTA
- TENNESSEE
- TEXAS
- UTAH
- VERMONT
- VIRGINIA
- WASHINGTON
- WEST VIRGINIA
- WISCONSIN
- WYOMING
- STATE TOTALS**
- PUERTO RICO

	State-Sponsored Industrial Development Authority	Privately Sponsored Development Credit Corporation	State Authority or Agency Revenue Bond Financing	State Authority or Agency General Obligation Bond Financing	City and/or County Revenue Bond Financing	City and/or County General Obligation Bond Financing	State Loans for Building Construction	State Loans for Equipment, Machinery	City and/or County Loans for Building Construction	City and/or County Loans for Equipment, Machinery	State Loan Guarantees for Building Construction	State Loan Guarantees for Equipment, Machinery	City and/or County Loan Guarantees for Building Construction	City and/or County Loan Guarantees for Equipment, Machinery	State Financing Aid for Existing Plant Expansion	State Matching Funds for City and/or County Industrial Financing Programs	State Incentive for Establishing Industrial Plants in Areas of High Unemployment	City and/or County Incentive for Establishing Industrial Plants in Areas of High Unemployment
ALABAMA
ALASKA
ARIZONA
ARKANSAS
CALIFORNIA
COLORADO
CONNECTICUT
DELAWARE
FLORIDA
GEORGIA
HAWAII
IDAHO
ILLINOIS
INDIANA
IOWA
KANSAS
KENTUCKY
LOUISIANA
MAINE
MARYLAND
MASSACHUSETTS
MICHIGAN
MINNESOTA
MISSISSIPPI
MISSOURI
MONTANA
NEBRASKA
NEVADA
NEW HAMPSHIRE
NEW JERSEY
NEW MEXICO
NEW YORK
NORTH CAROLINA
NORTH DAKOTA
OHIO
OKLAHOMA
OREGON
PENNSYLVANIA
RHODE ISLAND
SOUTH CAROLINA
SOUTH DAKOTA
TENNESSEE
TEXAS
UTAH
VERMONT
VIRGINIA
WASHINGTON
WEST VIRGINIA
WISCONSIN
WYOMING
STATE TOTALS	41	40	47	27	47	38	43	44	45	45	31	35	19	19	46	28	42	39
PUERTO RICO

CHART 2: Tax Incentives for Industry

For more detail concerning these incentives, see the footnotes online at www.siteselection.com.



- ALABAMA
- ALASKA
- ARIZONA
- ARKANSAS
- CALIFORNIA
- COLORADO
- CONNECTICUT
- DELAWARE
- FLORIDA
- GEORGIA
- HAWAII
- IDAHO
- ILLINOIS
- INDIANA
- IOWA
- KANSAS
- KENTUCKY
- LOUISIANA
- MAINE
- MARYLAND
- MASSACHUSETTS
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- MINNESOTA
- MISSISSIPPI
- MISSOURI
- MONTANA
- NEBRASKA
- NEVADA
- NEW HAMPSHIRE
- NEW JERSEY
- NEW MEXICO
- NEW YORK
- NORTH CAROLINA
- NORTH DAKOTA
- OHIO
- OKLAHOMA
- OREGON
- PENNSYLVANIA
- RHODE ISLAND
- SOUTH CAROLINA
- SOUTH DAKOTA
- TENNESSEE
- TEXAS
- UTAH
- VERMONT
- VIRGINIA
- WASHINGTON
- WEST VIRGINIA
- WISCONSIN
- WYOMING
- STATE TOTALS**
- PUERTO RICO

	Corporate Income Tax Exemption	Personal Income Tax Exemption	Excise Tax Exemption	Tax Exemption or Moratorium on Land, Capital Improvements	Tax Exemption or Moratorium on Equipment, Machinery	Inventory Tax Exemption on Goods in Transit (Freight)	Tax Exemption on Manufacturers' Inventories	Sales/Use Tax Exemption on New Equipment	Tax Exemption on Raw Materials Used in Manufacturing	Tax Incentive for Creation of Jobs	Tax Incentive for Industrial Investment	Tax Credits for Use of Specified State Products	Tax Stabilization Agreements for Specified Industries	Tax Exemption to Encourage Research and Development	Accelerated Depreciation of Industrial Equipment
ALABAMA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
ALASKA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
ARIZONA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
ARKANSAS	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
CALIFORNIA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
COLORADO	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
CONNECTICUT	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
DELAWARE	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
FLORIDA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
GEORGIA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
HAWAII	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
IDAHO	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
ILLINOIS	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
INDIANA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
IOWA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
KANSAS	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
KENTUCKY	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
LOUISIANA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
MAINE	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
MARYLAND	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
MASSACHUSETTS	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
MICHIGAN	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
MINNESOTA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
MISSISSIPPI	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
MISSOURI	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
MONTANA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
NEBRASKA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
NEVADA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
NEW HAMPSHIRE	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
NEW JERSEY	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
NEW MEXICO	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
NEW YORK	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
NORTH CAROLINA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
NORTH DAKOTA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
OHIO	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
OKLAHOMA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
OREGON	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
PENNSYLVANIA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
RHODE ISLAND	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
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SOUTH DAKOTA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
TENNESSEE	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
TEXAS	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
UTAH	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
VERMONT	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
VIRGINIA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
WASHINGTON	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
WEST VIRGINIA	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
WISCONSIN	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
WYOMING	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
STATE TOTALS	41	39	29	40	45	49	48	49	50	47	46	7	13	42	41
PUERTO RICO	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•



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Fax: 1-800-903-6350
Cell: 850-443-5010

Potential Financing Sources April 2013

Provided by Jeff Crowley of HVS Hotel Management

BBVA COMPASS BANK

15 South 20th Street
Birmingham, Alabama, 35233
+1 205 297-3206 [Business] (ALBirmingham Financial Center 505 North 20th Street)
+1 205 297-4600 [Business]
<http://www.bbvacompass.com>
Proposed Residence, Courtyard & Hilton Garden & a NYC hotel., Purchases Limited service .
Construction to 55-60% LTC.

Charles Tully

charles.tully@bbvacompass.com
Account Executive
2525 Ridgmar Street, Suite 200
Fort Worth, Texas, 76116
+1 817 735-0975 [Work] (ALBirmingham Financial Center 505 North 20th Street)

Jeffrey Woodruff

jeffrey.woodruff@bbvacompass.com
Account Executive
15 South 20th Street
Birmingham, Alabama, 35233
+1 713 968-8291 [Work]
+1 205 297-3206 [Company Main] (ALBirmingham Financial Center 505 North 20th Street)

CATHAY BANCORP

777 North Broadway
Los Angeles, California, 90012
+1 800 922-8429 [Business]
<http://www.CathayBank.com>
LA CA & Flushing NY. Proposed in NYC & Existing middle market Days Inns, Holiday Inns etc

Charles C. Lin

charles_lin@cathaybank.com
Asst. Vice President
Cathay Bank
40-14 Main Street
Flushing, New York, 11354
+1 718 886-5225 [Work]



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Existing Flagged Refis & Repositioning Limited

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7777 Alvarado Road, Suite 501
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+1 619 668-5159 [Business]
+1 619 403-5191 [Fax]
<http://www.borregospringsbank.com>
BW's & Mid Market Refis & Purchases of existing. Some proposed Limited Service

Bernie Haneke

BHaneke@B-S-B.net
777 Alvarado Road, Suite 501
La Mesa, California, 91941
619-668-5150 [Work]

Ms. Joni Arcoraci

jarcoraci@b-s-b.net
Loan Officer
7777 Alvarado Road, Suite 501
La Mesa, California, 91942
619-668-5150 [Work]

HEARTLAND BANK

Post Office Box 16959
Chesterfield, Missouri, 63105-9921
+1 314 512-8888 [Business]
+1 866 512-8501 [Business]
<http://www.heartland->
Refis, Repositioning, Purchase of Existing

Melissa Swanson

MSWANSON@heartland-bank.com
Loan Officer
Bus. Card: Loan Coordinator
212 South Central Avenue
Clayton, Missouri, 63105
+1 314 512-8599 [Work]

Susan Chapman

SCHAPMAN@heartland-bank.com
Vice President
Bus. Card: Vice President, CRE Group
212 South Central
2nd Floor
Clayton, Missouri, 63105
(Business)
+1 314 512-8560 [Work]

HVS CAPITAL CORP

Bill Sipple

BSipple@HVS.com

Managing Director

8055 East Tufts Avenue, Suite 350

Denver, Colorado, 80237

+1 303 512-1226 [Work]

Repositioning, Refi, Equity , Purchase of existing, Equity for construction

WELLS FARGO & COMPANY

420 Montgomery Street

San Francisco, California, 94104

+1 866 878-5865 [Business]

+1 651 450-4033 [Fax]

<http://www.wellsfargo.com>

Refis, Purchase Existing, Repositioning, Limited New Construction

Brett B. Bunney

bunneyb@wellsfargo.com

Vice President

Redondo Beach, California, 90277

+1 310 318-5811 [Work]

Scott R Schory

123 North Wacker Drive, Suite 1900

Hospitality Finance Group

Chicago, Illinois, 60606

scott.r.schory@wellsfargo.com

+1 312 827-1519[Work]

+1 312 489-6221[Mobile]

Carol Derby Gauthier - VP

1750 H Street Northwest, Suite 650

Washington, District of Columbia, 20006

Carol.Derby.Gauthier@wellsfargo.com

+1 202 303-3027 [Work]

STARWOOD CAPITAL GROUP

591 West Putman Avenue

Greenwich, Connecticut, 06830

+1 203 422-7700 [Business]

+44 20 7434-8570 [Business] (UK)

<http://www.starwoodcapital.com>

Large Individual or Portfolio financing. Distressed Note purchases in Bulk FDIC

HSBC

15th Floor
One HSBC Center
Buffalo, New York, 14203
Refinancing Flagged limited Aloft , Residence Inn & Ritz Carlton. New Construction mostly New York City

Gregory Navagh

gregory.m.navagh@us.hsbc.com

Vice President

15th Floor

1 HSBC Center

Buffalo, New York, 14203

(Business)

+1 716 841-4148 [Work]

+1 716 841-2842 [Fax]

Michael Pijanowski

michael.d.pijanowski@us.hsbc.com

Asst. Vice President

15th Floor

One HSBC Center

Buffalo, New York, 14203

(Business)

+1 716 841-2122 [Work]

+1 716 841-2842 [Fax]

Dean Carino

dean.carino@us.hsbc.com

VP Real Estate

Suite 130

534 Broadhollow Rd.

Melville, New York, 11747 [Business]

TOTAL BANK

2720 Coral Way

Miami, Florida, 33145

+1 305 448-6500 [Business]

+1 305 448-8201 [Fax]

<http://www.totalbank.com>

Refis large like Grand Beach Miami & New Construction Courtyard Jupiter FL

Ximena Lamadrid

XLamadrid@totalbank.com

Credit Manager

Bus. Card: Project Floater

2720 Coral Way

Miami, Florida, 33145 (Business)

+1 305 448-6500 [Company Main]

NATIONAL REPUBLIC BANK OF CHICAGO

1201 West Harrison Street

+1 631 752-4336[w]

+1 631 752-4396[f]

Chicago, Illinois, 60607

+1 312 738-4900 [Business]

<http://www.NRBChicago.com>

Refis, repositioning, Purchase Existing, New Construction Fairfields & Hyatt Place, Holiday Inn Express, Residence & Spring Hill Comfort Inns, Clarions

Dinesh Gandhi

Director of Commercial Hospitality Finance

1201 West Harrison Street

Chicago, Illinois, 60607

+1 312 738-4975 [Work]

+1 312 738-4920 [Fax]

+1 312 738-4900 [Company Main]

US BANCORP

800 Nicollet Mall

Minneapolis, Minnesota, 55402

+1 612 659-2000 [Business]

<http://www.usbank.com>

Limited Service New Construction, Flagged refis & purchases

Tom Pinkston

thomas.pinkston@usbank.com

Vice President

801 North Clark Street

Chicago, Illinois, 60610 [Business]

+1 312 335-4559[w]

+1 312 664-5200[c]

Michael Pissare

michael.pissare@usbank.com

Associate

950 17th Street

12th Floor DN-CO-T 12C

Denver, Colorado, 80202

+1 303 585-4841 [Work]

+1 612 659-2000 [Company Main]

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1625 Eye Street

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+1 202 682-0900 [Business]

<http://www.ullico.com>

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patrick.feltes@ge.com
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8377 East Hartford Drive
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Scottsdale, Arizona, 85255
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+1 480 563-6708 [Work]

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t.pruneda@pmctrust.com
Associate
Bus. Card: Servicing Administrator
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+1 702 939-2415 [Fax]
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Sanat B. Patel
Sanat@TheBankOfLV.com
Vice President
Bus. Card: Executive Vice President
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+1 623 487-4890 [Work]
+1 213 700-7775 [Mobile]
<http://www.TheBankOfLV.com>

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www.pnc.com

Proposed Extended Stay Marriott, Hilton etc. Existing Flagged Refis & Repositioning

Carrie Hutchinson

Carol.Hutchinson@pnc.com

Associate

620 Liberty Avenue, 13th Floor
Pittsburgh, Pennsylvania, 15222
412-762-3871(w)

Lucas Veverka

249 5th Avenue, 1 PNC Plaza
Pittsburgh, Pennsylvania, 15222
lucas.veverka@pnc.com+1 412 762-2000

RBC (Royal Bank of Canada)

200 Bay Street, North Tower Lower Concourse
Toronto, Ontario, M5J 2J5
Canada [Other Addresses]
+1 416 974-5151 [Business]

<http://www.rbc.com>

Mr. Tim Brewer

tim.brewer@rbc.com

Project Manager

200 Bay Street, North Tower Lower Concourse
Toronto, Ontario, M5J 2J5
Canada

+1 919 788-6203 [Work]

+1 416 974-5151 [Company Main]

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Canada
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www.scotiabank.com
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44 King Street West, Scotia Plaza 11th Floor
Toronto, Ontario, M5H 1H1
Canada
anthony.ottavino@scotiabank.com
+1 416 350-1164(Work)
+1 416 866-6161(Company Mai

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Zineb Bouazzaoui
Zineb.Bouazzaoui@us.natixis.com
Associate
9 West 57th Street 36th Floor
New York, New York, 10019
212-891-5789 [Work]

UBS

1285 Avenue of the Americas
New York, New York, 10019
+1 212 713-2480 [Work]
Existing Big Box flagged refis & purchases. Portfolio including Select & extended purchase & refis
Christopher Metz
UBS Securities LLC
Real Estate Finance Group
1285 Avenue of the Americas
New York, NY 10019
212-713-2480
Email: Chris.Metz@ubs.com
www.ubs.com

Oliver Striker

oliver.striker@ubs.com

Director

Bus. Card: Associate Director

1285 Avenue of Americas, 19th Floor

New York, New York, 10019

+1 212 713-8648 [Work]

CAPITAL ONE BANK

Lawrence Montz

larry.montz@capitalonebank.com

ljmontz@yahoo.com

Vice President

10305 Joy Drive

Frisco, Texas, 75035

+1 972 987-8929 [Work]

+1 504 533-2266 [Fax]

MESA WEST

Steve Fried

sfried@mesawestcapital.com

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11755 Wilshire Boulevard, Suite 1670

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+1 310 806-6300

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mchoi@MetroCityBank.com
Loan Officer
165 26th Street
Dickinson, North Dakota, 58601
+1 770-454-1859(w)
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carolyn.dukes@regions.com
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VP
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Highland, Indiana, 46322
zkorican@centier.com
+1 219 922-2410 ext. 317 [Work]

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Los Angeles, California, 90010
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ekim@kbw.com

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+1 562 926-8737 [Fax] www.firstchoicebankca.com
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Gene May

Exec. VP

17414 Carmenita Road
Cerritos, California, 90703
gmay@FirstChoiceBank.com

+1 562 345-9092 [Company Main]

+1 706 685-7185 [Mobile]

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Joseph Roper

JRoper@GBRECAP.com

VP

227 West Trade Street, Suite 400
Charlotte, North Carolina, 28202

+1 704 332-4454(w)

+1 704 379-6900(c)

Gary Dunkum

gdunkum@gbrecap.com

President Production

2200 West Loop South, Suite 600

Houston, Texas, 77027

+1 713 993-1331(w)

+1 713 993-1399(f)

JOHNSON CAPITAL

18101 Von Karman Avenue, Suite 1050
Irvine, California, 92612

+1 949 660-1999

+1 949 660-1998 [Fax]

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Gary Braun

garybraun@johnsoncapital.com

Sr. VP

2603 Main Street, Suite 200

Irvine, California, 92614

+1 949 660-1999(c)

+1 310 488-0379(m)

CLOPTON CAPITAL

414 North Orleans, Suite 300
Chicago, Illinois, 60654

+1 866 647-1650 [Business]

cloptoncapital.com

Matt Reed

mreed@cloptoncapital.com

VP

414 North Orleans, Suite 300

Chicago, Illinois, 60654

+1 866 647-1650(c)

+1 224 523-7769(m)

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1-312-782-5800

Matt Gilbert

Exec VP
Matt.Gilbert@am.jll.com
8775 West Higgins Road, Suite 750
Chicago, Illinois, 60631
+1 773 458-1415(w)
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Peter A. Sargent
peter@bridwellsargent.com

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745 Boylston Street, Suite 502
Boston, Massachusetts, 02116
DManago@CPRAsset.com
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+1 857 288-2778[Company Main]
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Edward L. Xanders, CHA, CAM, GRI, IAHA
President

Edward L. Xanders has over 30 years of hotel management experience, with over 12 years in hotel management companies.

As President/Owner of Interim Hospitality Consultants, Tallahassee, Florida, which was formed in 1994, Xanders provides Operations, Feasibility/Market Analyses, Yield Management, Food & Beverage Controls, Human Resource Search/Training, Pre-Opening and Renovation Coordination, along with expert testimony to the hospitality industry across North America.

Xanders heads two associated companies: Lodging Realty Services provides hotel brokerage on a national basis, and Lodging Management Services, LLC, assists on the development and operation of hotels nationwide.

His prior company was Cambridge Management Corporation, Tallahassee, Florida, from 1984 to 1993. He directed the operations of over ten hotels and condominiums. Two of the annual management contracts were extended five times until the properties were sold. Xanders has authored over 700 Feasibility Studies and Market Analyses. He has also developed numerous projects for investors that included the Feasibility Study, engagement of Architect, General Contractor, Franchise (Holiday Inn, Comfort Suites, Staybridge Suites, Suburban Extended Stay Hotel), construction and FF&E coordination, Pre-Opening Staffing and Operations Management.



From 1972 to 1984, Ed was Vice President and Regional Manager for Management Resources, Tallahassee, Florida, along with assignments at Hospitality Management Corporation, Metro Inns Management, and Westbrook Inn Management, all of Dallas, Texas. During this tenure, he served as General Manager of the Tallahassee Hilton (246 rooms) from 1979 to 1984. Additional Hilton Hotel Management assignments included Hiltons in Macon, GA; Amarillo, Ft. Worth, Midland, and Abilene, TX; Wichita, KA; and Albuquerque and Santa Fe, NM.

Ed has a Bachelor of Arts in Hotel and Restaurant Management from Michigan State University; was designated a Certified Hotel Administrator in 1980 by the American Hotel Lodging Association; and is a 1990 Graduate of the Realtor Institute of the National Association of Realtors. He has guest-lectured at major universities and hotel schools while also teaching AHLA Educational Institute classes.

Ed holds three professional Florida licenses: Community (Condominium) Association Management, Real Estate Broker, and Mortgage Broker Business. Lodging Realty Services, which provides Hotel Industry Real Estate Services, and Lodging Management Services, LLC, providing hotel management to all types of hotels and condominium associations, are both owned by Ed. He has published Management Case Studies in the *Florida Hotel Motel Association Journal* and the *Asian American Hotel Owners Association Hospitality* monthly magazine. Interim Hospitality Consultants has marketed its services in the national publications of *Hotel and Motel Management* and *Hotel Business*.

Ed is a past president of the Tallahassee Lodging and Restaurant Association, and Past Board Member of the Florida Hotel and Motel Association, Leon County United Way, and cofounder of the Tallahassee Area Convention and Visitors Bureau.

Ed has served various committee chairmanships and as a delegate to the American Hotel Lodging Association and is currently a member of the Extended-Stay Hotel Council, Tallahassee Chamber of Commerce, Florida State University Boosters, Springtime Tallahassee Festival, and Good Shepherd Catholic Church, along with membership in the Florida Bed and Breakfast Innkeepers Association, Asian American Hotel Owners Association, the National Association of Black Hotel Owners, Operators and Developers, the Latino Hotel Association, National Association of Condo Hotel Owners, and Superior Small Lodging of the United States. In 1999, he formed the International Association of Hospitality Advisors.

Ed and Judy have been married for over 30 years and have three grown sons.



Kim Pedersen
Senior Research Analyst

Kim Pedersen's diverse experience in hotel management extends from a 4-Star bed and breakfast hotel to the Florida 5-Star Boca Raton Resort and Club, as well as private club management and numerous hotel franchise properties. She comes from a long line of hotel and restaurant owners and grew up at her family's New Hampshire summer resort. Kim graduated from Florida State University with a bachelor's degree from the School of Hospitality Administration.

Kim may be reached at 317-832-8515 or PedeKLP@aol.com.



4145 Yardley Circle, Tallahassee, FL 32309-2942
Phone: (850) 893-6010 • Cell: (850) 443-5010 • Fax: (850) 893-8345
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North America, Central America and the Caribbean Sea

H&MM's 2008 Top Hotel Consultants Survey

The H&MM Top Hotel Consultants list was gathered from surveys completed by leading hotel consultants. The list is ranked by revenue from lodging in 2007. Only those who disclosed their revenue figure were ranked. To be included in the database for next year's survey, contact Emily Hanna, associate editor, at ehanna@questex.com.

2008 Rank	2007 Rank	Company Name	2007 lodging revenue	2007 total revenue	2007 lodging projects	Areas of expertise	Top lodging segments served	Contact
1	—	Benjamin West	\$310 million	\$310 million	235	FF&E and OS&E procurement	Upscale, upper-upscale, midscale w/F&B	Dede Kassel dkassel@benjaminwest.com
2	—	Neil Locke & Associates	\$101 million	\$101 million	35	FF&E procurement	Upper-upscale, upscale, resort	Neil Locke nlocke@neillocke.com
3	3	RTKL Associates	\$40.3 million	\$231.5 million	6	NA	Upscale, upper-upscale, resort	Todd Lundgren tlundgren@rtkl.com
4	1	Consultare International	\$27 million	NA	6	Hotel marketing	Upper-upscale, resort, mixed-use	Linda Bruno consultare@erols.com
5	4	PKF Consulting	\$20 million	\$20 million	1,200	Research and capital services	Upper-upscale, upscale, resort	Thomas Callahan thomas.callahan@pkfc.com
6	—	VOA Associates	\$14.3 million	\$48.2 million	5	Architecture, planning, interior design	Upscale, resort, midscale w/F&B	Mike Tools mtools@voa.com
7	7	Jonathan Nehmer & Associates	\$12 million	\$12 million	35	Architecture, project management	Upscale, resort, upper-upscale	Julie Bourque jbourque@nehmer.com
8	—	Law Kingdon	\$5.4 million	\$15.2 million	15	Architecture, engineering, interiors	Midscale w/F&B, extended-stay, all-suite	Larry Krier lkrier@lawkingdon.com
9	—	Bare International	\$2.5 million	\$18 million	3,360	Mystery guest visits, quality assurance audits	Upscale, midscale w/F&B, upper-upscale	Michael L. Bare mbare@bareinternational.com
10	—	Hotel & Leisure Advisors	\$2.1 million	\$2.2 million	133	Indoor waterpark resorts, hotels	Indoor waterpark resorts, resorts, midscale w/out F&B	David J. Sangree dsangree@hladvisors.com
11	11	Cole Martinez Curtis & Associates	\$1.8 million	\$1.8 million	8	Interior design	Upper-upscale, resort, upscale	Jill Cole jcole@cmcadesign.com
12	13	HVScompass	\$1.7 million	\$1.7 million	25	Interior design	Midscale w/F&B, resort, upper-upscale	Brooke Pearsall bpearsall@hvscompass.com
13	—	Fareed Zapala Koepke	\$1.5 million	NA	16	Marketing, litigation support	Resort, upper-upscale, upscale	John Fareed fareed@fzkllc.com
14	—	EntrepreNIYOUR	\$1.3 million	\$1.3 million	28	Culture building, training	Midscale w/o F&B, midscale w/F&B, economy	Don Farrell don@bee-ing.com
15	16	Hospitality Advisors LLC	\$1.1 million	\$1.2 million	30	Strategic market and economic analysis	Resort, upper-upscale, extended-stay	Joseph Toy jtoy@hospitalityadvisors.com
16	19-tie	Interim Hospitality Consultants LLC	\$765,000	\$765,000	78	Feasibility studies, pre-opening	Midscale w/o F&B, extended-stay, upscale	Edward Xanders hxex@comcast.net
17-tie	14-tie	Maurice Robinson & Associates	\$500,000	\$500,000	30	Dispute resolution, hotel development advisers	Luxury, resort, upscale	Maurice Robinson maurice@mauricerobinson.com
17-tie	17-tie	Novom Marketing	\$500,000	\$1 million	4	Pre-opening marketing and public relations	Resort, upper-upscale, boutique	Charlotte Novom cnovom@novom.com
19	22	TR Mandigo & Co.	\$408,383	\$408,383	41	Market feasibility, portfolio analysis, litigation support, asset management	Upper-upscale, all-suite, midscale w/o F&B	Ted Mandigo tedmandigo@trmandigo.com
20	—	Hotel Investment Services	\$400,000	NA	8	Feasibility studies, hotel turnaround, operational expenses and buy/sell analysis	Upper-upscale, midscale w/o F&B, upscale	Karen Moore karenmoore@his-corp.com
21	21	Brush & Co.	\$265,000	\$265,000	30	Market feasibility	All	Scott Brush scottbrush@brush-and-company.com
22-tie	—	Everingham Associates	\$250,000	\$250,000	3	Project management	Upper-upscale, resort, upscale	Robert Everingham reveringham@aol.com
22-tie	—	The Hotel Experts	\$250,000	\$250,000	48	Hotel operations and litigation	Midscale w/F&B, economy, upscale	Skip Stearns saltriverfarm@yahoo.com
24	23	Brandt Hospitality Consulting	\$125,000	\$125,000	15	Feasibility, litigation support, appraisal	Midscale w/o F&B, extended-stay, midscale w/F&B	Isabel Brandt isabelbrandt@charter.net
25	—	Stanley Turkel	\$75,000	\$200,000	2	Litigation support, franchising	Economy, midscale w/F&B, midscale w/o F&B	Stanley Turkel stanturkel@aol.com

Interim Hospitality Consultants Offers a Wide Array of Hospitality Assistance to Your Firm

Selected Completed Projects

Management Assistance:

Hotel Operations Analysis:

- | | | | |
|------------------------|--------------------------|------------------------------|-----------------------|
| 1. Hamilton Inn | Chattanooga, TN | 6. Holiday Express Inn & Sts | Russellville, AL |
| 2. Desert Pearl Inn | Springdale, UT | 7. Pineapple Beach Resort | Panama City Beach, FL |
| 3. Clarion Hotel | Atlanta (East Point), GA | 8. Holiday Inn Hotel | Louisville, KY |
| 4. Holiday Inn Express | Marianna, FL | 9. Four Points Sheraton | Cincinnati, OH |
| 5. Tides Inn | Norfolk, VA | 10. Diamond Inn | Villa Ridge, MO |

Quality Assurance Reviews:

- | | | | |
|---------------------|----------------------------|-------------------------------|---------------------------|
| 1. Tahitian Inn | Ft. Myers, FL | 8. Hampton Inn & Suites | Boynton Beach, FL |
| 2. Villager Lodge | Riviera Beach, FL | 9. Hampton Inn & Suites | Boca Raton, FL |
| 3. Villager Lodge | Homestead, FL | 10. Hampton Inn & Suites | Palm Beach Gardens, FL |
| 4. Travelodge | Altamonte Springs, FL | 11. Majestic Pines Casino/Htl | Black River Falls, WI |
| 5. Holiday Inn | Orlando (Florida Mall), FL | 12. Microtel Inn | Meridian, MS |
| 6. Villager Premier | Tucker, GA | 13. Tides Inn | Norfolk, VA |
| 7. Villager Lodge | Marietta, GA | 14. User Housing Facility | Dept Energy, Richland, WA |
| | | 15. Days Inn | Minneapolis, MN |

Hotel Operations Management Contract:

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|-----------------------------|---------------------|----------------------------|------------------------------|
| 1. North Shore Inn & Suites | N. Myrtle Beach, SC | 7. Holiday Inn | Statesboro, GA |
| 2. Comfort Inn & Suites | Cairo, GA | 8. Holiday Inn Express | Bainbridge, GA |
| 3. Days Inn | Glen Burnie, MD | 9. Suburban Extended Stay | Tallahassee, FL |
| 4. Desert Isle | Daytona Beach, FL | 10. Holiday Inn Exp H & S | Crawfordville, FL |
| 5. Quality Inn | Tallahassee, FL | 11. Holiday Inn Exp H & S | Grand Rapids, MI |
| 6. Maple Leaf Condo Hotel | Daytona Beach, FL | 12. Howard Johnson Exp H/S | Grand Rapids, MI |
| | | 13. Wingate Inn | Lynn Haven (Panama City), FL |

Market Research Studies:

- | | | | |
|--------------------|--------------------------|--------------------------|-----------------------------|
| 1. Comfort Suites | Nashville, TN | 9. Independent Living | Endicott, NY |
| 2. Super 8 Motel | Atlanta (Six Flags), GA | 10. Comfort Inn | Fern Park, FL |
| 3. Guest House Inn | Thomasville, GA | 11. Comfort Suites | Naples, FL |
| 4. Microtel Suites | Brunswick, GA | 12. Keweenaw Mtn Lodge | Copper Harbor, MI |
| 5. Hawthorn Suites | Richmond Hills, GA | 13. Sun Suites | Gulfport, MS |
| 6. Ramada Inn SE | Nashville, TN | 14. Comfort Inn & Suites | St. Louis Airport, MO |
| 7. Hawthorn Suites | Alpharetta (Atlanta), GA | 15. Diamond Inn | Villa Ridge (St. Louis), MO |
| 8. Microtel Suites | Freehold, NJ | 16. Tides Inn | Norfolk, VA |

Human Resources, Employee Guides, Employment Placement:

- | | | | |
|-------------------------|------------------|---------------------------|------------------------------|
| 1. Holiday Inn Express | Bainbridge, GA | 5. Hilton Hotel | Macon, GA |
| 2. Holiday Inn & Suites | Russellville, AL | 6. Park Central Inn | Ft. Worth, TX |
| 3. Ramada Limited | Gainesville, FL | 7. Suburban Extended Stay | Tallahassee, FL |
| 4. Desert Pearl Inn | Springdale, UT | 8. Holiday Inn Exp H & S | Crawfordville, FL |
| | | 9. Wingate Inn | Lynn Haven (Panama City), FL |

Pre-Opening Contracts

- | | | | |
|----------------------------|-----------------|---------------------------|------------------------------|
| 1. Comfort Inn & Suites | Cairo, GA | 5. Holiday Inn Express | Russellville, AL |
| 2. Hilton Hotel | Macon, GA | 6. Suburban Extended Stay | Tallahassee, FL |
| 3. Southgate Campus Center | Tallahassee, FL | 7. Holiday Inn Exp H & S | Crawfordville, FL |
| 4. Holiday Inn Express | Bainbridge, GA | 8. Holiday Inn Exp H & S | Grand Rapids, MI |
| | | 9. Wingate Hotel | Lynn Haven (Panama City), FL |

Asset Management

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|----------------------|-----------------|-------------------|-------------|
| 1. Staybridge Suites | Tallahassee, FL | 2. Comfort Suites | Suffolk, VA |
|----------------------|-----------------|-------------------|-------------|

Selected Completed Projects

Ownership Assistance:

Economic Impact::

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|----------------|---------------|----------------------------|------------------|
| 1. Hampton Inn | Dade City, FL | 2. Holiday Inn Express H&S | Grand Rapids, MI |
|----------------|---------------|----------------------------|------------------|

Internal Audit

- | | | | |
|-----------------|------------------|------------|------------------|
| 1. Best Western | Calumet Park, IL | 2. Super 8 | Calumet Park, IL |
|-----------------|------------------|------------|------------------|

Litigation Support — Expert Witness Testimony:

- | | | | |
|--------------------|-------------------|------------------------|-------------|
| 1. MainStay Suites | Atlanta, GA | 3. Comfort Suites | Decatur, AL |
| 2. Desert Isle | Daytona Beach, FL | 4. Holiday Inn Express | Cahokia, IL |

Anonymous Audits:

- | | | | |
|--------------------------|-----------------|-------------|------------------|
| 1. Microtel Inn & Suites | Meridian, MS | 3. Days Inn | Minneapolis, MN |
| 2. Hamilton Inn | Chattanooga, TN | 4. Port Inn | Port St. Joe, FL |

Real Estate Services:

The Real Estate arm of Interim Hospitality Consultants, Lodging Realty Services has the following listings

Hotels

- | | | | |
|----------------------------|------------|-------------------|---------------|
| 1. Wingate by Wyndham | Mobile, AL | 4. Howard Johnson | Pensacola, FL |
| 2. Microtel Inn and Suites | Daphne, AL | 5. Days Inn | Pensacola, FL |
| 3. Future Hotel Site | Quincy, FL | 6. Pensacola Inn | Pensacola, FL |

Bed and Breakfasts

- | | | | |
|---------------------------|-----------------------------|------------------------|------------------------|
| 1. Calhoun St Inn | Tallahassee, FL | 7. G. V. Tillman House | Lake Wales, FL |
| 2. 1872 John Denham House | Monticello, FL | 8. Dickens Inn | Mims, FL. SOLD |
| 3. Suwanee River Inn | Old Town, FL | 9. Sweet Magnolia | St. Marks, FL |
| 4. Heritage Country Inn | Ocala, FL. SOLD | 10. 12 Oaks Resort | Monticello, FL |
| 5. Noble Manor | Pensacola, FL. SOLD | 11. Lake Hampton B&B | Starke, FL |
| 6. The Footed Tub | Fort Green, FL | | |

Site Reviews:

- | | | | |
|----------------------------|----------------------------------|---------------------------|----------------------------|
| 1. Sleep Inn | Elkhart, IN | 21. Staybridge Suites | Orlando (I-Drive), FL |
| 2. Microtel Inn & Suites | Pulaski, TN | 22. Hawthorn Suites | Tallahassee, FL |
| 3. Country Inn & Suites | Virginia Beach, VA | 23. Wellesley Inn | Ramsey, NJ |
| 4. Comfort Inn | Stuart, FL | 24. Holiday Inn Express | Tallahassee, FL |
| 5. Eagles Nest Resort | Columbia, SC | 25. Baymont Inn | Shreveport (Greenwood), LA |
| 6. Hamilton Inn | Tallahassee, FL | 26. Hawthorn Suites | Atlanta (East Point), GA |
| 7. Hawthorn Suites | Tampa (Airport), FL | 27. Days Inn | Gainesville, FL |
| 8. Hawthorn Suites | Bonita Springs, FL | 28. Microtel Suites | New Orleans (Gretna), LA |
| 9. AmericInn | Ft. Myers, FL | 29. Microtel Inn & Suites | Ft. Myers, FL |
| 10. Microtel Inn & Suites | West Palm Beach (I-95), FL | 30. Wingate Inn | Ft. Lauderdale, FL |
| 11. Hawthorn Suites | West Palm Beach (Airport), FL | 31. Microtel Inn & Suites | Spanish Fort, AL |
| 12. Country Inns & Suites | West Palm Beach, FL | 32. La Quinta Inn | Orange Beach, AL |
| 13. Hawthorn Suites | W. Palm Beach (Gardens Mall), FL | 33. Country Inn & Suites | Tampa, FL |
| 14. Hawthorn Suites | Fort Myers, FL | 34. Microtel Inn | Wyoming, MN |
| 15. Wingate Inn | Lakeland, FL | 35. Hawthorn Suites | Blaine, MN |
| 16. La Quinta Inn & Suites | Columbia, LA | 36. Hampton Inn | Destin, FL |
| 17. Microtel Inn | Richmond Hills (Savannah), GA | 37. Microtel Inn | San Antonio, Texas |
| 18. Hamilton Inn | Bluffton, SC | 38. Sleep Inn | Quincy, FL |
| 19. Hawthorn Suites | Atlanta (Cumming), GA | 39. Residence Inn | Savannah, GA |
| 20. Best Western Inn | Havana, FL | 40. Westin Hotel | Greensboro, NC |
| | | 41. Market-driven | Tupelo, MS |

Selected Completed Projects

Development Assistance:

Feasibility Studies:

1. Microtel Inn & Suites	Decatur, AL	58. Comfort Suites	Crawfordville, FL
2. Travelodge to Quality Inn	Clarksville, TN	59. Microtel Inn & Suites	Ocala, FL
3. Microtel Inn (Update)	Franklin, KY	60. Hampton Inn	Chipley, FL
4. Country Inn & Suites	Sandusky, OH	61. MainStay Suites	Tallahassee, FL
5. Hawthorn Inn & Suites	Fort Myers, FL	62. Holiday Inn Express	Luverne, AL
6. Best Western Inn	Calumet Park (Chicago), IL	63. Suburban Extended Stay	Tallahassee, FL
7. Country Inn & Suites	Taunton (Boston), MA	64. Holiday Inn Hotel & Suites	Ocala, FL
8. Country Inn & Suites	Raynham (Boston), MA	65. Homewood by Hilton	Tallahassee, FL
9. Guest House Inn (Update)	Birmingham, AL	66. Holiday Inn Express	Holiday City, OH
10. Hawthorn Suites (Update)	Dalton, GA	67. Candlewood Suites	Niceville, FL
11. Hampton Inn & Suites	Ft. Myers, FL	68. Country Inn & Suites	Yulee, FL
12. Hawthorn Suites	Atlanta (Airport), GA	68. Best Western	Luverne, AL
13. Hawthorn Suites	Palm Bay, FL	69. Hampton Inn	Quincy, FL
14. Candlewood Suites	Atlanta (Airport), GA	70. Best Western Inn	Auburndale, FL
15. Hawthorn Suites	Birmingham, AL	71. Microtel Inn & Suites	Williamsburg, VA
16. Microtel Suites	Birmingham, AL	72. Holiday Inn Express H&S	Quincy, FL
17. Hawthorn Condo Resort	Warm Springs, GA	73. Candlewood Suites	Grand Rapids, MI
18. Microtel Inn & Suites	Lincoln Park (Detroit), MI	74. Holiday Inn Express H&S	Wheeling, WV
19. Hawthorn Suites	Coconut Grove (Miami), FL	75. Edward Waters Hotel	Jacksonville, FL
20. Country Inn & Suites	DeLand, FL	76. Staybridge Suites	Tallahassee, FL
21. Wingate Hotel	Beaufort, SC	77. Microtel Inn & Suites	Talladega, AL
22. Hawthorn Suites	Roswell (Atlanta), GA	78. Sleep Inn	Port St. Joe, FL
23. Hawthorn Suites	Ocala, FL	79. Holiday Inn Express	Crossett, AR
24. Hawthorn Suites	Dalton, GA	80. Four Points Sheraton	Indianapolis, IN
25. Shoney's Inn & Suites	Morrilton, AR	81. Country Inn & Suites	Jackson, MS
26. Hawthorn Suites	Flowery Branch (Atl), GA	82. Performing Arts Theatre	Mt. Morris, NY
27. Sleep Inn	Augusta, GA	83. Keweenaw Mtn. Lodge	Copper Harbor, MI
28. Holiday Inn Express	Binghamton, NY	84. MainStay Suites	Ocala, FL
29. Hilton Garden Inn	Miramar (Miami), FL	85. Cambria Suites	Lauderhill, FL
30. Best Western	Jackson, GA	86. Hilton Garden Inn	Naples, FL
31. Hawthorn Suites	College Park (Atlanta), GA	87. Holiday Inn Express H&S	Fort Myers, FL
32. Hawthorn Suites	Hartwell, GA	88. Sleep Inn and Suites	Jacksonville, FL
33. Hawthorn Suites	Melbourne, FL	89. Candlewood Suites	Brandon, FL
34. Microtel Suites	Meridian, MS	90. Hilton Garden Inn	Harrisburg, PA
35. Microtel Inn & Suites	Shreveport, LA	91. Microtel Inn and Suites	Lake Wales, FL
36. Microtel Inn & Suites	Pasadena, TX	92. Hampton Inn and Suites	Lake Wales, FL
37. Microtel Inn & Suites	Slidell, LA	93. Holiday Inn Express H&S	Rubidoux (Riverside), CA
38. Country Inn & Suites	Ft. Myers, FL	94. Best Western Exec Inn	Okeechobee, FL
39. Hawthorn Suites	Raleigh (Airport), NC	95. Country Inn and Suites	Crestview, FL
40. Hampton Inn	St. Petersburg, FL	96. Hilton Garden Inn	Crestview, FL
41. Port Inn	Port St. Joe, FL	97. Cambria Suites	Vero Beach, FL
42. Microtel Inn & Suites	Daphne, AL	98. Hilton Homewood Suites	De Pere (Green Bay), WI
43. Hawthorn Suites	Tallahassee, FL	99. Candlewood Suites	Tallahassee, FL
44. Villager Lodge	Dallas, GA	100. Hampton Inn and Suites	Huntsville, AL
45. Hawthorn Suites	New Orleans, LA	101. Microtel Inn & Suites	Leland, MS
46. Chama Inn & Suites	Chama, NM	102. Comfort Suites	Suffolk, VA
47. Microtel Inn & Suites	Bushnell, FL	103. AmericInn	Greenville, MI
48. Homewood Suites	Harrisburg, PA	104. Best Western	Pensacola, FL
49. Suburban Lodge	Meridian, MS	105. Roosevelt Inn & Suites	Saratoga Springs, NY
50. MainStay Suites	Meridian, MS	106. Hilton Homewood Suites	Norfolk, VA
51. Hilton Garden Inn	Gettysburg, PA	107. Country Inn & Suites	Natchez, MS
52. Microtel Inn & Suites	Leland, MS	108. Holiday Inn Hotel	Pearl (Jackson), MS
53. Hampton Inn	Dade City, FL	109. Country Inn & Suites	Lady Lake, FL
54. Holiday Inn Express	Wheeling, WV	110. MainStay Suites	Richmond, VA
55. Guest House at PNNL	Richland, WA	111. Hilton Homewood Suites	Mason, OH
56. Hearthside Inn	New Orleans, LA	112. Holiday Inn Express H&S	Mason, OH
57. Country Inn and Suites	Cortland, NY	113. Hampton Inn	Rocky Mount, NC
		114. Microtel Inn and Suites	East Point, FL

Selected Completed Projects

Feasibility Studies continued

115. La Quinta Inn & Suites	Malbis, AL	174. Lexington Hotel	Coral Springs, FL
116. Microtel Inn & Suites	Carrabelle, FL	175. Independent Hotel	Copperhill, TN
117. Holiday Inn Hotel	Fayetteville, NC	176. Hampton Inn and Suites	Knightdale, NC
118. Country Inn & Suites	Grand Haven, MI	177. Sheraton Four Points Hotel	Lancaster, PA
119. Microtel Inn & Suites	St. Rose (New Orleans), LA	178. Sleep Inn	Shreveport, LA
120. Courtyard by Marriott	Ft. Myers, FL	179. Comfort Inn	Raleigh, NC
121. TownePlace Suites	Pensacola, FL	180. Country Inn and Suites	Rose Hill, NC
122. Microtel Inn & Suites	Mount Pleasant, SC	181. Golf Resort Hotel	Coral Springs, FL
123. Microtel Inn & Suites	Summerville, SC	182. Wyndham Garden Inn	Indianapolis, IN
124. Element Extended Stay	Norfolk, VA	183. Cambria Suites	Perdido Key, FL
125. Hilton Garden Inn	Durham, NC	184. Country Inn and Suites	Jasper, GA
126. La Quinta Inn & Suites	Pensacola, FL	185. Hotel	Cape Coral, FL
127. Radisson Hotel	Memphis, TN	186. Comfort Inn & Suites	Eutaw, AL
128. Microtel Inn & Suites	Brooksville, FL	187. Country Inn & Suites (2)	Greensboro, NC
129. Hotel Indigo	Stuart, FL	188. Cambria Suites	Greensboro, NC
130. Microtel Inn & Suites	Maumee (Toledo), OH	189. Comfort Inn and Suites	Hastings, MI
131. Hyatt Summerfield	Norfolk, VA	190. Hawthorn Suites	Daphne, AL
132. Boutique Hotel	Miami Beach, FL	191. Microtel Inn & Suites	Daphne, AL
133. MainStay Suites	Horn Lake, MS	192. Aloft	Jamaica, Queens, NY
134. Golf Resort Hotel & Spa	Palmyra, VA	193. Country Inn & Suites	Grand Haven, MI
135. SpringHill Suites	Richmond, VA	194. Suburban Extended Stay	Ocala, FL
136. Zydeco Hotel & Spa	Gulf Shores, AL	195. Country Inn & Suites	Mansfield, PA
137. MainStay Suites	Montgomery, AL	196. MainStay Suites	Newark, NJ
138. Candlewood Suites	Anderson, SC	197. Staybridge Suites	Dothan, AL
139. Embassy Suites	Jackson, MS	198. Country Inn & Suites	Greenville, MS
140. Country Inn & Suites	Magnolia, NC	199. Crowne Plaza	Rochester, NY
141. Resort Hotel & Residences	Gulf Shores, AL	200. Courtyard by Marriott	Jacksonville, NC
143. Microtel Inn & Suites	Thibodaux, LA	201. Delta Court Hotel	Vicksburg, MS
144. La Quinta Inn & Suites	Southaven, MS	202. Residence Inn	Silver Spring, MD
145. Hampton Inn & Suites	Plattsburgh, NY	203. Best Western Inn/W.P.	Mount Morris, NY
146. Doubletree Hotel	South Amboy, NJ	204. Hyatt Place	Augusta, GA
147. AmericInn	Edgemont, SD	205. Hyatt Place	Montgomery, AL
148. Holiday Inn Express	Perry, FL	206. Hyatt Place	Bluffton, SC
149. Suburban Extended-Stay	Perry, FL	207. Hyatt Place	Lexington, KY
150. Condo Hotel	St. James Island, FL	208. Country Inn & Suites	Fort Mill, SC
151. Holiday Inn Hotel	Portsmouth, VA	209. Comfort Inn & Suites	Winfield, AL
152. Microtel Inn	Salamanca, NY	210. Hilton	Coral Springs, FL
153. Boutique Hotel	Oxford, MS	211. Lexington Hotel	Palmyra, VA
154. Lexington Hotel	Chelsea, Manhattan, NY	212. Cambria Suites	Dallas, TX
155. Key West Inn	Columbiana, AL	213. Comfort Inn & Suites	Leland, MS
156. Sleep Inn & Suites	Headland, AL	214. Sleep Inn & Suites	Columbia, SC
157. Condo Hotel	Sarasota, FL	215. Country Inn & Suites	Davie, FL
158. Country Inn & Suites	Marinette, WI	216. Best Western	Plant City, FL
159. Days Inn	Allendale, SC	217. Hampton Inn & Suites	Geneseo, NY
160. MainStay Suites	Springfield, MA	218. Hyatt Place	Suffolk, VA
161. MainStay Suites	Pinellas Park, FL	219. Holiday Inn Express	Palatka, FL
162. Homewood Suites	Greenville, NC	220. Hawthorn Suites	Interlochen, MI
163. La Quinta Inn & Suites	Lincoln, NE	221. Hilton Home2 Suites	Millville, NJ
164. Hyatt Place	North Miami Beach, FL	222. Holiday Inn Hotel	Stuart, FL
165. Comfort Suites	Eastpoint, FL	223. DoubleTree Hotel	Willow Valley, PA
166. Country Inn & Suites	Troutman, NC	224. La Quinta Inn & Suites	Verona, NY
167. Hotel Indigo	North Miami Beach, FL	225. Microtel Inn & Suites	N. Bergen, NJ
168. Cambria Suites	Bluffton, SC	226. Quality Inn	Geneseo, NY
169. Lexington Hotel	Long Island City, NY	227. Country Inn & Suites	Pensacola, FL
170. Cambria Suites	Washington Hgts, NY	228. Microtel Inn & Suites	Carrabelle, FL
171. Days Inn	Kenner, LA	229. Hampton Inn & Suites	Smithfield, VA
172. Hawthorn Suites	New Orleans, LA	230. Comfort Suites	N. Miami Beach, FL
173. Baymont Inn & Suites	Slidell, LA	231. Dozier Hotel	Petersburg, VA
		232. Best Western & Water Pk.	Geneseo, NY

Selected Completed Projects

Feasibility Studies continued

233. Lexington	Middletown, NY	283. Radisson Hotel	Porto-au-Prince, Haiti
234. Ascend Hotel	Manitowish Waters, WI	284. Wakulla Springs Lodge	Wakulla Springs, FL
235. Staybridge Suites	Memphis (Collierville), TN	285. Staybridge Suites	Union City, NJ
236. Crowne Plaza	Memphis (Collierville), TN	286. Suburban Hotel	Morgantown, WV
236. InterContinental Hotel	Greensboro, NC	287. Ascend Collection	Wytheville, VA
237. Ascend Collection Hotel	Brooklyn, NY	288. Fairfield Inn	Ft Walton Beach, FL
238. Clarion Hotel	Brooklyn, NY	289. Market-driven hotel	Immokalee, FL
239. Extended Stay Hotel	Monterrey, Mexico	290. Hotel Indigo	Dania Beach, FL
240. SpringHill Inn & Suites	Portsmouth, VA	291. Sleep Inn	Woodbridge, VA
241. Country Inn & Suites	Rossford, OH	292. Holiday Inn Express	Allentown, PA
242. MainStay Suites	Port Charlotte, FL	293. Holiday Inn Express	Breezewood, PA
243. Extended Stay Hotel	San Luis Potosi, Mexico	294. Suburban E/S Hotel	Traidelphia, WV
244. Hampton Inn & Suites	Mansfield, PA	295. Candlewood Suites	Edmond, OK
245. Best Western Suites	Marietta, GA	296. Barq Boutique Hotel	Biloxi, MS
246. Candlewood Suites	Marietta, GA	297. Quality Inn	Bedford, PA
247. Holiday Inn Express	College Park, GA	298. Sleep Inn	Mena, AR
248. Hotel Indigo	Dania Beach, FL	299. Union Springs, AL	Sleep Inn
249. Comfort Suites	West Park, FL	300. Kennedale, TX	Sleep Inn/MainStay Suites
250. Radisson Hotel	Gladstone, MO	301. Windham, ME	Sleep Inn/MainStay Suites
251. Comfort Suites	Bronx, NY	302. Williston, ND	Radisson Hotel
252. Holiday Inn Express	Victorville, CA	303. Enterprise, AL	Best Western Plus
253. Country Inn & Suites	Pelham, AL	304. Blakely, GA	Comfort Inn
254. Conrad Hotel	Memphis, TN	305. Dickinson, ND	MainStay Suites
255. Country Inn & Suites	Washington, GA	306. St. George, UT	Homewood Suites
256. Hotel Indigo	New Orleans, LA	307. Huntsville, AL	Hampton Inn & Suites
257. Holiday Inn	Williamsburg, IA	308. Louisville, KY	Holiday Inn
258. Cambria Suites	Las Vegas, NV	309. Midland, TX	Ascent Collection
259. La Quinta Inn & Suites	Malbis, AL	310. St. Martin, FWI	Hilton Garden Inn
260. Extended Suites	Monterrey, Mexico	311. Marlton, NJ	Sleep Inn/MainStay Suites
261. Country Inn & Suites	Starkville, MS	312. Jackson Twnp, NJ	Best Western Premier
262. Holiday Inn Express	Wytheville, VA	313. Flemington, NJ	Holiday Inn
263. Hyatt Place	Delray Beach, FL	314. Glasgow, KY	Holiday Inn Express
264. Wyndham Garden Hotel	Delray Beach, FL	315. Plattsburgh, NY	Fairfield Inn & Suites
265. Fairfield by Marriott	Plattsburgh, NY	316. Baltimore, MD	MainStay Suites
266. Lexington Hotel	Branson, MO	317. Ardmore, OK	Best Western Plus
267. Comfort Inn & Suites	Hastings, MI	318. Wichita Falls, TX	La Quinta Suites
268. Autograph Collection	Houston, TX	319. California, MD	Holiday Inn Express
269. MainStay Suites	Great Mills, MD	320. Knoxville, TN	Staybridge Suites
270. Holiday Inn	Kingsland, GA	321. Ft. Lauderdale, FL	Lexington Inn
271. Sleep Inn & Suites	Marion, AL	322. Ridgeway, PA	Ascend Collection
272. Ramada Inn	Poconos, PA	323. Valley Stream, NY	Comfort Suites
273. Independent Resort	Black Mountain, NC	324. Oklahoma City, OK	Hampton Inn
274. TownePlace Suites	Vidalia, LA	325. Hammondsport, NY	Comfort Inn
275. Homewood Suites	Atlanta, GA	326. Tallahassee, FL	Home2
276. Baymont Inn & Suites	Kissimmee, FL	327. Kenner, LA	Best Western Plus
277. Microtel Inn & Suites	Wilkes-Barre, PA	328. Canton, OH	MainStay Suites
278. Holiday Inn Express	Duncan, OK	329. Niagara Falls, NY	Sleep Inn & Suites
279. Osa Resort Club	Costa Rica	330. Cadiz, OH	Comfort Inn/MainStay Suites
280. Holiday Inn Express & S.	Canonsburg, PA	331. Olive Branch, MS	La Quinta Inn
281. Holiday Inn Express	Bordentown, NJ	332. Montevallo, AL	Holiday Inn Express
282. EconoLodge	Ocala, FL	333. Fanning Springs, FL	Holiday Inn Express

Selected Completed Projects

Architectural Reviews:

- | | | | |
|-------------------------|-----------------|---------------------------|----------------|
| 1. Comfort Suites | Nashville, TN | 6. Moorings Marina | Carrabelle, FL |
| 2. Hampton Inn & Suites | Toledo, OH | 7. Econo Lodge | Cairo, GA |
| 3. Hampton Inn & Suites | Augusta, GA | 8. Travel Lodge | Macon, GA |
| 4. Holiday Inn Express | Binghamton, NY | 9. Holiday Inn Express | Marianna, FL |
| 5. Hawthorn Suites | Tallahassee, FL | 10. Comfort Inn | Cairo, GA |
| | | 11. Microtel Inn & Suites | Marianna, FL |

FEASIBILITY STUDIES

Authored by Edward L. Xanders, CHA

Partial Client List

Frank Cerasoli
115 Timerlachen Circle, Suite 2001
Lake Mary, FL 32746
407-222-3700

Sanford, FL

Scott Shaw
Kissimmee, FL
364-692-6506

Baymont Inn
Kissimmee, FL

Ms Megan Clark, Acting CM
City of Boonsboro
21 North Main St
Boonsboro, MD 21713

CobbleStone Inn
Boonsboro, MD

Bill Goodson
Allendale County ALIVE, Inc.
611 Mulberry St., Bldg B
Allendale, SC 29810
863-608-3122

Cobblestone Inn
Allendale, SC

Bernard T. Moyle
9305 W. Sample Road
Coral Springs, FL 33065
754-264-6267

Lexington Hotel
Ft. Lauderdale, FL
Trinidad

Caren Wingate
1030 Edgehill Road, S., #103
Charlotte, NC 28207
704-641-2154

Staybridge Suites
Denver, NC

Scott Shaw
Kissimmee, FL
364-692-6506

Baymont Inn
Kissimmee, FL

George Mayer, Main St Admin
City of Federalsburg
118 N. Main St
Federalsburg, MD 21632
410-714-0198

CobbleStone Inn
Federalsburg, MD

Mark R. Nesselroad, CEO
Glenmark Holdings
6 Canyon Road, #300
Morgantown, WV 26508
304-599-3369, x 107

Suburban Ex-Stay Hotel
Washington, PA
St. Clairsville, OH
Tridelfphia, WV

Mitesh V. Patel
2432 Veterans Boulevard
Ardmore, OK

La Quinta Suites
Wichita Falls, TX

Morris Starkman
Starkman Properties, LLC
1939 Route 70 East, Suite 210
Cherry Hill, NJ 08003
856-424-0497

Sleep Inn/MainStay Suites
Marlton, NJ

Claude Kemp
24 Parliament Drive
Mount Holly, NJ 08060

Best Western Premier
Princeton, NJ

P.C. Patel
c/o Comfort Inn
21885 Tree Notch Road
Lexington Park, MD 20653

Holiday Inn Express
California, MD

Andrea A. White, Pres
The Stokely Company
620 Campbell Station Rd, Suite 27
Knoxville, TN 37934
865.966.4878

Staybridge Suites
Knoxville, TN

Mike Imhof
317 Aspen Way
DuBois, PA 15801
814-335-1934

Ascend Collection
Ridgeway, PA

Ericka Keller
Brisa Builders Corp.
188 Dahill Road, #203
Brooklyn, NY
516-770-4244

Comfort Suites
Valley Stream, NY

Scott Patel
3141 Northwest Expressay
Oklahoma Cty, OK 73112
405-843-2002

Hampton Inn
Oklahoma City, OK

Brian Harris
8805 State Route 415
Campbell, KY 14821
215-292-7252

Comfort Inn
Hammondsport, NY

Sam Agee, Chairman
Gateway Hospitality
111 Stonemark Lane, Suite 202
Columbia, SC 29210
803-795-7979

Home2 Suites
Tallahassee, FL

Ahmad Siddiqui
1000 Veterans Memorial Blvd
Kenner, LA 70119
504-463-5612

Best Western Plus
Kenner, LA

Ashish Shah
7804 Niagra Falls Blvd
Niagra Falls, NY 14304
716-748-9400

Sleep Inn and Suites
Niagara Falls, NJ

Edward Littlejohn
356 Main Street
Wintersville, OH 43953
740-632-1196

Comfort Inn/MainStay Suites
Cadiz, OH

Donny Singh
3085 Church Road
Southaven, MS 38672
901-331-9742

La Quinta Inn
Olive Branch, MS

Herman Lehman
City of Montevallo
545 Main St
Montevallo, AL 35115

Holiday Inn Express
Montevallo, AL

David Padot
7272 Cardinal Trail
Fanning Springs, FL 32693
352-222-6656

Holiday Inn Express
Fanning Springs, FL

Nilesh Patel
601 N. 1st Street
Madill, OK 73446
580-795-4876

Best Western Plus
Ardmore OK

B. F. Patel
200 Rainbow Boulevard
Niagara Falls, NY 14303
716-998-2623

Courtyard Suites
Niagara Falls, NY

Neil Patel
1520 Gulf Blvd, # 406
Clearwater, FL 33767
727-871-5876

Quality Inn
Leesburg, FL.

Bhadresh Patel
1555 Bear Creek Pike
Columbia, TN 38401
931-505-0550

70-room Best Western
Columbia, TN

Julian Cope, Exec. Sec
Bullock County Econ. Devel.
106 Conecuh Avenue East
Union Springs, AL 36089
C: 334-381-0821

Sleep Inn
Union Springs, AL

Sam Patel
Best Western Plus
715 Bollweevil Circle
Enterprise, AL 36330
334-475-0306

Best Western Plus
Enterprise, AL

Bob Hart, Exec Dir
Kennedale Econo Devel Corp
405 Municipal Dr
Kennedale, TX 76060
817-532-6291

Sleep Inn/MainStay Suites
Kennedale, TX

Derek Rowley
SunRiver St. George
1404 W. SunRiver Pky, Ste 200
St. George, UT 84790
435-673-4300

Homewood Suites
Hyatt House
Residence Inn
St. George, Utah

Kiran Patel
1010 West Chester Road
Madison, AL 35758
256-374-9021

Hampton Inn and Suites
Huntsville, AL

Jillian-Marie Nargi
Mona Shah & Associates
299 roadway, Suite 1005
New York, NY 10007
212-233-7473

Holiday Inn Hotel
Louisville, KY

Hervé Dorvil
Chambre Consulaire Interprofessionnelle
10 Rue Jean-Jacques Fayel
Concordia, St. Maarten
05-90-87-8442

Hilton Garden Inn
St. Marten, FWI

Claude Kemp
24 Parliament Drive
Mount Holly, NJ 08060
829-438-8598

Best Western Premier
Jackson Township, NJ

Suresh Patel
350 Parsippany Blvd
Boonton, NJ 07005
973-334-5499

Holiday Inn Hotel
Flemington, NJ

Vic Patel
1564 Stillwater Court
Bowling Green, KY 42103
270-991-2997

Holiday Inn Express
Glasgow, KY

Kalpesh Patel
YUG CORP.
820 Hwy 59 North
Heavener, OK 74937
918-721-3530

Sleep Inn
Mena, AR

Muhittin Arda Kandirali
Proposal Coordinator
Serka Services, LLC
8230 Leesburg Park, Suite 7000
Vienna, VA 22122
703 288 1555

Radisson Hotel
Williston, ND

MainStay Suites
Dickinson, ND

Ascend Collection Hotel
Midland, TX

Erik Heyland
Heyland Development
194 Central Street
Saugus, MA 019006
781-231-1349

Sleep Inn and MainStay Suites combination
hotel
Windham, ME

Francisco Hernandez
Tana Holdings
Presidente Masoryk #29 Piso 2
Col. Chapultepec de Morales
Mexico D.F. 11570
1 (305) 433.5672

Extended Suites
Aguascalientes, Mexico

Extended Suites
Coatzacoalcos, Mexico

Dominique F. Carvonis, President
MAC, S.A.
Visa Lodge
Rue des Nimes
Route de l'Aéroport
Port-au-Prince, Haiti
305-283-6919

Hilton Garden Inn
Port-au-Prince, Haiti

Jeffery Calhoun
SAC Incorporated
4588 Business 220
Bedford, PA 15522
814-623-8114

Comfort Suites
Bedford, PA

Calvin Glover
300 Greystone Court, #401
Fredericksburg, VA 22401
803-479-4053

Sleep Inn
Woodbridge, VA

Rob Brooks
34203 Singletary Drive
Myakka City, FL 34251
941-322-2820

Holiday Inn Express
Allentown, PA

John O'Donnell, President
Mainstream Construction Group, Inc.
725 Sunshine Lane
Altamonte Springs, FL 32714
407-862-6445

Osa Resort Club
Puerto Jimenez, Costa Rica

Laura Aftosmis, Partner
Revest Properties
985 Towne Square Dr
Greensburg, PA 15601
724-838-0260

Holiday Inn Express and Suites
Canonsburg, PA

Dinkerrao Taylor
James Taylor
2001 Hamilton Street, No. 326
Philadelphia, PA 19130
609-208-2345

Holiday Inn Express hotel
Bordentown, NJ

David Warner
Tapper & Company
208 Monument Ave
Port St. Joe, FL 32457
850-227-1111

Wakulla Springs Lodge
Wakulla, FL

Vince Bruner
110 Eglin Parkway SE
Fort Walton Beach, FL 32548
850-243-4227

87-room Fairfield Inn
Fort Walton Beach, FL

Kim Mehta
Candlewood Suites
279 Secaucus Road
Secaucus, NJ 07094
732-644-6921

Staybridge Suites
Union City, NJ

Marie Capita, Manager
Immokalee Business Development Center
310 Alachua Street
Immokalee, FL 34142
239-269-9629

market-driven hotel
Immokalee, FL

Robert W. Bittner
16563 Lincoln Highway
Breezewood, PA 15533
814-285-2275

Holiday Inn Express
Breezewood, PA

Scott Patel
5725 SW 5th Street
Oklahoma City, OK 73128
405-819-7343

Candlewood Suites
Edmond, OK

Josh Caillavet
508 Natchez Street
New Orleans, LA 70130
504-810-6207

Barq Boutique Hotel
Biloxi, MS

Bill Smith
395 Chapman Road
Wytheville, VA 26382
276-620-6202

George Wythe Hotel
Ascend Collection
Wytheville, VA

Mitesh Patel
2432 Veterans Blvd.
Ardmore, OK 73401
405-388-7728

Holiday Inn Express
Duncan, OK

Richard Zentner
388 State Route 487
Bloomsburg, PA 17815
570-784-0111

Microtel Inn and Suites
Wilkes-Barre, PA

Sachin Patel
Diplomat Companies
2100 Parklake Dr NE, Suite A
Atlanta, GA. 30345
770-938-2060

116-rm Homewood Suites
Atlanta, GA

Anil Patel
Asutosh Group
220 Ponte Vedra Park Dr., Suite 140
Ponte Vedra Beach, FL 32082
904-493-9393

Holiday Inn
Kingsland, GA

Perry County Eco Dev't Bd
P. O. Box 678
Marion, AL 36756
334-327-0523

Sleep Inn & Suites
Marion, AL

Guy Curley, President
Hickory Hills Lodge LLC
22501 Iverson Drive
Great Mills, MD 20634
301-862-5246

MainStay Suites
Great Mills, MD

Harry Patel
4346 Frank Ford Avenue
Philadelphia, PA 19126
215-533-7606

Pocono Inn and Resort
Lake Harmony, PA

Anup Shah
Alpha Hotel Group
52 Riley Road, #421
Celebration, FL 34747
407-301-8165

Stadium Inn & Suites
Kissimmee, FL

Dr. Seth Lartey, Pastor
AME Zion Church
630 N. Patterson Ave
Winston-Salem, NC 27101
(336) 918-4994

Independent Resort
Black Mountain, NC

Louis Carbone
Coastal Design Development Group
90 SE 4 Ave, #1
Delray Beach, FL 33483
561-272-3419

Wyndham Garden Inn
Delray Beach, FL

Nick Patel
820 Lithia Road
Wytheville, VA 24382
276-620-9393

Holiday Inn Express
Wytheville, VA

Bill Frohn
509 Deer Creek
Oxford, MS 38655
662-236-4205

Site Analysis
Tupelo, MS

Rickey Marecle
Little Properties Inc.
2107 Highway 72 West
Corinth, MS 38884
662-396-4299

Country Inn & Suites
Starkville, MS

Bridget Chisholm
BWC Consulting
802 Walker Ave, Suite 5
Memphis, TN 38126
901-435-1667

InterContinental Hotel
Greensboro, NC

Joseph Yunason
Reda Group Ltd.
70-13 Austin Street, 3 Floor
Forest Hills, NY 11375
718-575-5400

1. Ascend Collection Hotel
Brooklyn, NY

2. Clarion Hotel
Brooklyn, NY

Francisco Hernández
Tana Holdings
Presidente Masoryk #29 Piso 2
Col. Chapultepec de Morales
México D.F. 11570
+52 (55) 5255.2928

Extended Suites
1. San Luis Potosi, Mexico
2. Monterrey, Mexico

Richard Zentner
388 State Route 487
Bloomsburg, PA 17815
570-784-0111

Country Inn and Suites
Mansfield, PA

Mohammed Merchant
9990 International Drive
Orlando, FL 32819
407-352-8700

Country Inn and Suites
Rossford, OH

Hon. L. Louise Lucas
1214 County Street
Post Office Box 700
Portsmouth, VA 23705
757-328-2966

Hampton Inn & Suites
Portsmouth, VA

David Witters
3385 S. Access Rd, Suite 7
Englewood, FL 34224
941-400-2184

Comfort Suites Hotel
Port Charlotte, FL

Sanjay Patel
Diplomat Companies
2100 Parklake Dr. NE, Ste A
Atlanta, GA. 30345
770-938-2060

Best Western Suites
Candlewood Suites
Marietta, GA

Jeremy Earle, Exec Dir
Comm Redev Agency
100 W Dania Beach Blvd
Dania Beach, FL 33004
954-924-6800

Holiday Inn Express
College Park, GA
Hotel Indigo
Dania Beach, FL

Joseph Alexander
1175 Boston Road
Bronx, NY 10456
917-567-1798

Comfort Suites
Bronx, NY

Russell Benford
City Administrator
City of West Park, FL
3150 SW 52nd Ave Ste 100
Pembroke Park, FL 33023
954-989-2688

207-room Hilton Garden Inn
Bronx, NY
Comfort Suites
West Park, FL

Ray McClendon
Gourmet Services
82 Piedmont Avenue
Atlanta, GA 32303
404-876-5700

Country Inn & Suites
Washington, GA

Sam Patel
12175 Mariposa Road
Victorville, CA 92395
760-963-2820

71-room Holiday Inn Express
Victorville, CA

Don Rogers. SVP
Compass Bank
321 Belleaire Blvd, 2nd Floor
Mobile, AL 36606
251-470-7467

132-room Hotel Indigo
New Orleans, LA

Al Hill
Hillcrest Development
1315 Franklin Grove Rd, #110
Dixon, IL 61021
815-288-4672

Country Inn and Suites
Pelham (Birmingham), AL

Asrar Khan, President
Khan Hospitality Inc.
411 E. Huntington Dr., Suite 215
Arcadia, CA 91006
626-254-9500

Radisson Hotel
Gladstone, MO

Marlon Phoenix
Phoenix and Associates
384 E. Goodman Rd, Suite 136
Southhaven, MS 38671
662-404-4990

1. Conrad Hotel
Memphis, TN
2. Staybridge Suites
3. Crowne Plaza
Collierville, TN

Erik Hosdaghian
779 Route 211 East
Middletown, NY 10941
845-283-0538

Lexington Hotel
Middletown, NY

Dr. Keith Newby, M.D.
Newby Enterprises LLC
400 Gresham Drive, Suite 507
Norfolk, VA 23507
757-719-0060

Hyatt Place
Suffolk, VA

Nathaniel Dozier, Jr.
11808 Chadwick Lane
Petersburg, VA 23805
804-691-8291

Dozier Hotel
Petersburg, VA

Jas Ahluwalia
1922 South Breeze Drive
Orlando, FL 32836
407-363-4496

Holiday Inn Express
Palatka, FL

Ron Legrand
9799 Old St. Augustine Road
Jacksonville, FL 32257
888-840-8389

Hawthorn Suites
Interlochen, MI

Olin Grantham
2600 Lucerne Dr.
Tallahassee, FL 32303
850-562-6906

50-room Microtel Inn and Suites
Carrabelle, FL

Don Rodgers, SVP
Compass Bank
321 Belleaire Blvd, 2nd Floor
Mobile, AL 36606
251-470-7467

60-room La Quinta Inn and Suites
Malbis, AL

Bill and Carol Robinson
236 Highway 98
East Point, FL 32328
850-653-1240

Microtel Inn and Suites
Eastpoint, FL

Bill Brantley
Bunn-Brantley Enterprises, Inc.
389 Instrument Drive
Rocky Mount, NC 27804
252-977-9111

Hampton Inn
Rocky Mount, NC

Jeff Moyle, Vice-President
Moyle Construction and Development, Inc.
46702 Highway M-26
Houghton, MI 49931
906-482-3000

Country Inn and Suites
Grand Haven, MI

Thomas Johnson
5425 Summer Duck Road
Fayetteville, NC 28314
910-237-2636

Holiday Inn Hotel
Fayetteville, NC

Blaise Holzbauer
Willow Valley Resort
2416 Willow Street Pike
Lancaster, PA 17602
1-800-444-1714

DoubleTree Hotel
Lancaster, PA

Paresh Pachigar
Country Hearth Inn
2251 S. Old Dixie Highway
Bunnell, FL 32110
561-744-1987

Holiday Inn Hotel
Stuart, FL

Matthew Bedosky
581 Harry L Drive
Johnson City, NY 13790
607-770-9333

La Quinta Inn
Verona, NY

Tom Bauer
Bauer and Company
625 St. Charles Ave., #1A
New Orleans, LA 70130
225-939-2680

1. Country Inn and Suites
Natchez, MS
2. Indigo Hotel
New Orleans, LA

Dinesh Patel
5226 Kingsford Court
West Chester, OH 45069
513-259-7040

David J. Beatty, President
Townebank Comm'l Mortgage
109 E. Main Street
Norfolk, VA 23510
757-628-6360

Moshe Winer
Ursus Management Corp
37-14 Broadway
Fair Lawn, NJ 10471
718-549-1778

John McGraw
37 Deer Park Road
Manitowish Waters, WS 54545
715-904-0020

Jean Cherubin
1510 N.E. 162nd Street
N Miami Beach, FL 33162
305-785-0720

Maurice Snipes
395 Franklin Street
Bloomfield, NJ 07003
973-445-1933

Steve Benjamin
700 Gervais Street, #300
Columbia, SC 29201
803-227-2236

Jay Patel
1130 Motel Drive
Chipley, FL 32428
850-258-3302

David Hauseman
Hauseman Group
1231 Collier Road, NW, #C
Atlanta, GA 30318
404-231-5900

1. Hilton Homewood Suites
Mason, Ohio
2. Holiday Inn Express Hotel & Suites
Mason, Ohio

Hampton Inn and Suites
Smithfield, VA

Microtel Inn
North Bergen, NJ

Condominium Hotel
Manitowish Waters, WS

market-driven hotel
North Miami Beach, FL

MainStay Suites
Newark, NJ

Sleep Inn and Suites
Columbia, SC

Staybridge Suites
Dothan, AL

1. Comfort Inn & Suites
Winfield, AL
2. Comfort Inn & Suites
Leland, MS
3. Country Inn & Suites
Greenville, MS



Office: 850-893-6010
 Fax: 850-893-8345
 Cell: 850-443-5010
 E-mail: ihcex@comcast.net
 www.interimhospitality.com

Edward L. Xanders, CHA, President

4145 Yardley Circle, Tallahassee, FL 32309-2942

Interim Hospitality Consultants Offers a Wide Array of Hospitality Services for Your Firm.

MANAGEMENT ASSISTANCE

1. *Hotel Operations*: General Manager of any size property/development at any location.
2. *Quality Assurance Programs*: Independent evaluation.
3. *Yield Management*: Maximize room revenues from an hourly to a seasonal basis.
4. *Front Office/Reservation Systems Training*: From the first customer greeting to night audit operations.
5. *Marketing Studies*: Formal studies to expose primary and secondary markets; personnel training.
6. *Human Resource Programs*: Position description, employee guides, wage and benefit reviews, task training.

OWNERSHIP ASSISTANCE

1. *Financial Operations Analysis* by department to maximize profits.
2. *Operations Manuals Consolidation* of your policies and procedures in compliance with state/federal laws and franchisee requirements.
3. *Litigation Support* with expert witness testimony.
4. *Anonymous Audits* of service and management standards.
5. *Lodging Realty Services* through Lodging Realty Services, LLC.
6. *Appraisal Services* through members of the Appraisal Institute of America.
7. *Mortgage Brokerage Services* for real estate financing.

DEVELOPMENT ASSISTANCE

1. *Feasibility Studies*: Authored over 600 franchisor and lender approved studies for over 60 brands.
2. *Impact Studies* to determine from a third-party standpoint the effect of new hotel development.
3. *Architectural Reviews* from a Hotel Operations perspective to eliminate errors and increase productivity.
4. *Remodeling Coordination* from project review to oversight management, including design, purchasing and installation.
5. *Construction Coordination*: Coordinating the efforts of the architect, general contractor, franchisee and ownership from a daily or project review perspective.
6. *Pre-Opening Management Functions* Includes permits/licensing, FF&E installation, punch lists, staffing, training and marketing.

Edward L. Xanders, CHA, President, Broker
Kim Pedersen, Senior Research Analyst



American Hotel Lodging Association
 Extended-Stay Hotel Council, AHLA
 International Association of Hospitality Advisors
 National Association of Black Hotel Owners, Operators and Developers
 Asian American Hotel Owners Association, authored articles for AAHOA publications
 National Association of Condo Hotel Owners
 Latino Hotel Association
 Superior Small Lodging of America
 Florida Bed and Breakfast Association
 Hotel Brokers Internatioal





4145 Yardley Circle
Tallahassee, FL 32309-2942
www.lodgingrealty.com
ihcex@comcast.net
Phone: 850-893-6010
Fax: 850-893-8345
Cell: 850-443-5010

**Hotel Properties Assisted by
Edward L. Xanders, CHA
Selected List**

- 1. *Candlewood Suites, Tallahassee, Florida.***
Asset Management and Pre-Opening Management of the development of a 113-room extended-stay hotel.
- 2. *Country Inn and Suites, Rose Hill, North Carolina***
Asset Management and co-ordinate the development of a Country Inn and Suites.
- 3. *Comfort Suites, Suffolk, Virginia***
Asset Management in assisting the ownership (Temple Beth-El) in final negotiation of franchise and management company contracts.
- 4. *Wingate Inn, Lynn Haven, Florida***
Pre-Opening and Management Contracts
In 2005 Lodging Management Services was awarded the Pre-Opening and Hotel Management Contracts for the Wingate Inn, Lynn Haven (Panama City), Florida. Market Research dictated that the 68-room hotel be positioned as a Boutique Hotel with upgraded bedding, amenities and an Aquatic Center to meet the local competition. Within 65 days of opening, the property had obtained parity within its Competitive Set at 98.6% RevPAR.
- 5. *Staybridge Suites, Tallahassee, Florida***
Asset Management Contract
Assisting the Project Developer as the Asset Manager in all phases of Pre-Opening, Architectural, Interior Design; Furniture, Fixtures and Equipment purchasing of the 104-unit Staybridge Suites Hotel. Total development cost estimated at \$17 million.
- 6. *Suburban Extended Stay Hotel***
Pre-Opening and Management Contracts
Conversion of the 120-room exterior-corridor, two-story transient hotel into an Extended-Stay Hotel with an appraised value of \$6 million. Through innovative design, a standard 12'x23' room was adjusted to include a sleep/sofa, desk with ergonomic chair and armoire with a 27-inch television living area. Queen-sized bed with double night stands, sleeping space, Kitchen area of two-seat dining table with wall sconce, 12-cubic-foot, 2-door refrigerator with ice maker, full-size dishwasher, 19"x17" sink with disposal, two-burner cook top, full-size

microwave hood and cabinets; dressing area of double rack closet shelves, vanity with framed mirror. Annual Occupancy of 80% was achieved within seven months of opening.

7. ***Holiday Inn and Suites, Russellville, Alabama***
Complete direction of all pre-opening activities for a six-week period.
Expert Witness for Comfort Suites, Decatur, Alabama.
8. ***Desert Pearl Inn, Springdale, Utah, at Zion National Park***
Recruitment of a new General Manager. Perform a Quality Assurance Review. Review Front Office Procedures to effect maximum Yield Management and Internal Controls. Review all Reservation Procedures; all Marketing Programs; all Human Resource Programs. Analyze prior Financial Reports to maximize profitability. Review all Operations Manuals, Policies, and Procedures for compliance with state/federal statutes and industry standards. Perform an Anonymous Audit of Reservations, and Management Operations.
9. ***Proposed Comfort Suites, Naples, Florida***
Performed all Market Research with Franchise and Design recommendations on the proposed hotel development.
10. ***Park Central Inn, Ft. Worth, Texas***
Hotel Market Analysis, Quality Assurance, Evaluation, Recruitment of a General Manager to reposition an independent hotel in downtown Ft. Worth, Texas.
11. ***The Tides Inn, Norfolk, Virginia***
Quality Assurance Evaluation to reposition the property in the market place.
12. ***Ramada Limited, Gainesville, Florida***
Assisted the first-time hotel owner with final remodeling requirements of converting a 100-room independent motel. Purchased and directed the installation of FF&E. Held Training Classes for all employees on the new Franchise programs. Revisited the property on four occasions to assist management to successfully complete a Quality Assurance Evaluation and Programs to pass a Franchise Inspection.
13. ***Days Inn, Baltimore (Glen Burnie), Maryland***
Was Interim General Manager and coordinated the changing of a 130-room Holiday Inn into a Days Inn during the first 6 weeks under new ownership.
14. ***Holiday Inn, Statesboro, Georgia***
As Interim General Manager, had complete authority in implementing a \$300,000 Property Improvement Program over a 4- month period to successfully pass a Holiday Inn Corporate Inspection in the 129-room hotel.

15. ***Holiday Inn Express, Bainbridge, Georgia***
Authored the Feasibility Study, presentation before lenders, assisted with the architectural design, specifications, bidding and installation of furniture, fixtures, and equipment for the 50-room motel. Interim General Manager on two occasions to re-market position the motel to pass Franchise inspections.
16. ***Ramada Inn Southeast, Nashville, Tennessee***
On two separate occasions, conducted Hotel Market Analyses, Sales Training of new Marketing staff, Quality Assurance Evaluation, Developed new Market Sales leads of potential room sales of over \$750,000 per year.
17. ***Sleep Inn, Nashville, Tennessee*** and
Comfort Inn and Suites, Goodlettsville, Tennessee
Innovative Preconstruction Design Recommendations
18. ***Comfort Inn, Cairo, Georgia***
Successfully petitioned city council for revision to city ordinance regulating sale of liquor by the drink. Authored Feasibility Study, selected Franchise, architectural design input of 75% of the project, reviewed general contractor bids and purchased all operational supplies. Coordinated all FF&E installations. Completed final punch lists. Selected, hired, and trained all management and staff. Directed all Pre-Opening Marketing for the 50-room, 80-seat restaurant, 60-seat lounge.
19. ***Best Western, Nashville, Tennessee***
Innovative Preconstruction Design Recommendations
20. ***Howard Johnson, Windsor, Ontario, Canada***
Marketing and Site Review prior to purchase decision.
21. ***SouthGate Campus Centre, Tallahassee, Florida***
The upscale luxury student residence of 268 rooms also had a cafeteria, ballroom, food court (6 national franchises), convenience store, bookstore, copy center, hair salon, dry cleaner, sports lounge, fitness center, and a computer lab. Developed all pre-opening brochures, video tapes and collateral materials. Directed all public relations, direct mail campaign, and sales solicitations as the Marketing Director.
22. ***Weatherspoon Guest House, Apalachicola, Florida.***
Directed the total redesign of 70-year-old antebellum house into a 4-room bed and breakfast inn. Specified bids and purchased all FF&E.
23. ***Shoneys Inn, Thomasville, Georgia***
Designed lobby, front office, and housekeeping facilities for the 100-room motel.

24. ***Hilton Hotel and Convention Center, Macon, Georgia***
Project coordination on the \$9 million property rebuilding. Coordinated the efforts of the owner (life insurance company), franchisor, management company, general contractor, architect, and interior designer while keeping the 306-room, full-service hotel open over a 15-month period.
25. ***Hilton Hotel, Tallahassee***
As General Manager, directed a multimillion-dollar renovation program to the Coffee Shop, Front Desk, Lobby Bar, Show Lounge, and all Guest Rooms of the 246-room, full-service hotel.
26. ***Hilton Hotel, Augusta, Georgia***
Coordinated the design and construction of an indoor pool/health facility and guest room renovation for the 210-room, full-service hotel.
27. ***Powdermill Inn, Bessemer, Michigan***
As General Manager, provided design input into guest rooms, food and beverage, lobby, and front desk for the 55-unit condominium ski resort.
28. ***Hilton Hotel, Sioux City, Iowa***
Coordinated all FF&E installations, hired and trained the management and staff of the 200-room, full-service hotel.
29. ***Sheraton Inn, Dallas, Texas***
Six months prior to opening, named restaurant and lounge, purchased interior decor, coordinated all FF&E installations, hired and trained management and staff for the 150-room, full-service hotel.
30. ***Registry Hotel, Dallas, Texas***
Responsible for obtaining all occupancy permits and licenses four months prior to the opening of the 250-room, full-service hotel.
31. ***North Shore Inn and Suites, North Myrtle Beach, South Carolina***
Hotel Operations Contract of the 80-room reflagged Wingate Inn.

	<i>Feasibility Study</i> Houston (Katy), TX Puerto Jimenez, Costa Rica
	<i>Feasibility Study</i> New York (Queens), NY <i>Site Review</i> Tallahassee, FL
	<i>Feasibility Study</i> Vernal, UT
	<i>Feasibility Study</i> Dickinson, ND Brooklyn, NY Ridgeway, PA Midland, TX Wytheville, VA Manitowish Waters, WI
	<i>Feasibility Studies</i> Greenville, MI Edgemont, SD <i>Site Review</i> Ft. Myers, FL
	<i>Feasibility Study</i> Kissimmee, FL Slidell, LA <i>Site Review</i> Shreveport (Greenwood), LA
	<i>Site Reviews</i> Fort Myers, FL Gainesville, FL Orlando, FL
	<i>Feasibility Studies</i> Luverne, AL Auburndale, FL Okeechobee, FL Atlanta (Marietta), GA Jackson, GA Chicago (Calumet Park), IL Chama, NM Mount Morris, NY Plus Enterprise, AL Kenner, LA Ardmore, OK Columbia, TN Premier Jackson Twn, NJ Princeton, NJ
	<i>Feasibility Studies</i> Ft. Lauderdale (Lauderhill), FL Vero Beach, FL Raleigh, NC New York (Washington Hgts), NY Las Vegas, NV Bluffton, SC Dallas, TX

	<i>Feasibility Studies</i> Atlanta (Airport), GA Atlanta (Marietta), GA Brandon, FL Niceville, FL Tallahassee, FL Grand Rapids, MI Anderson, SC <i>Pre-Opening Contract</i> Tallahassee, FL
	<i>Feasibility Study</i> Atlanta (East Point), GA Brooklyn, NY <i>Quality Assurance Review</i> Cedar Rapids, IA
	Berlin, MD Ocean Pines, MD Pocomoke City, MD Snow Hill, MD West Ocean City, MD
	<i>Feasibility Study</i> Eutaw, AL Union Springs, AL Winfield, AL Blakely, GA Cairo, GA Hastings, MI Leland, MS Raleigh, NC Hammondsport, NY Bedford, PA
	<i>Feasibility Study</i> Crawfordville, FL Eastpoint, FL North Miami Beach, FL Port Charlotte, FL Water Park, FL Bronx, NY Valley Stream, NY Washington Heights, NY Bluffton, SC Suffolk, VA
	<i>Feasibility Study</i> • Memphis, TN
	<i>Feasibility Study</i> Birmingham (Pelham), AL Cape Coral, FL Crestview, FL Davie, FL DeLand, FL Ft. Myers, FL Plant City, FL Lady Lake, FL Yulee, FL Jasper, GA Washington, GA Boston (Taunton), MA Boston (Raynham), MA Grand Haven, MI Greenville, MS Jackson, MS Natchez, MS

	<p>Starkville, MS Charlotte, NC Greensboro, NC - (2) Kannapolis, NC Magnolia, NC Rocky Mount, NC Rose Hill, NC Troutman, NC Cortland, NY Rossford, OH Sandusky, OH Mansfield, PA Marinette, WI</p>
	<p><i>Feasibility Study</i> Jacksonville, NC Niagara Falls, NY <i>Market Analysis</i> Fort Myers, FL</p>
	<p><i>Feasibility Study</i> Rochester, NY Memphis (Collierville), TN <i>Site Analysis</i> Tallahassee, FL</p>
	<p><i>Feasibility Studies</i> Quincy, FL Bainbridge, GA Kenner, LA New Orleans, LA Allendale, SC</p>
	<p><i>Feasibility Study</i> South Amboy, NJ</p>
	<p><i>Feasibility Study</i> Ocala, FL Quincy, FL <i>Proforma</i> Doswell, VA</p>
	<p><i>Feasibility Study</i> Youngstown, OH Norfolk, VA</p>
	<p><i>Feasibility Study</i> Jackson, MS</p>
	<p><i>Feasibility Study</i> Aguascalientes, Mexico Coatzacoalcos, Mexico Ciudad del Carmen, Mexico Léon, Mexico Monterrey, Mexico San Luis Potosi, Mexico <i>Site Analysis</i> Querétaro, Mexico</p>

	<p><i>Feasibility Study</i> Fort Walton Beach, FL Plattsburgh, NY Madison, AL</p>
	<p><i>Feasibility Study</i> Birmingham, AL <i>Market Research Study</i> Thomasville, GA</p>
	<p><i>Feasibility Studies</i> Huntsville, AL Winfield, AL Little Rock, AR Dade City, FL Ft. Myers, FL (2) Lake Wales, FL Quincy, FL Palatka, FL St. Petersburg, FL Knightdale, NC Rocky Mount, NC Geneseo, NY Plattsburgh, NY Oklahoma City, OK Mansfield, PA Smithfield, VA</p>
	<p><i>Feasibility Studies</i> Birmingham, AL Daphne, al Montgomery, AL Fort Myers, FL Melbourne, FL Miami (Coconut Grove), FL Ocala, FL Palm Bay, FL Tallahassee, FL Atlanta (Airport), GA Atlanta (College Park), GA Atlanta (Flowery Branch), GA Atlanta (Roswell), GA Dalton, GA Hartwell, GA Warm Springs, GA Bowling Green, KY New Orleans, LA Raleigh (Airport), NC Middletown, NY <i>Site Review</i> Gulf Shores, AL Auburn, AL Boca Raton, FL Bonita Springs, FL Destin, FL Fort Myers, FL Miami (North), FL Naples, FL Orlando, FL Panama City, FL Tallahassee, FL</p>
	<p><i>Feasibility Study</i> New Orleans, LA</p>



Feasibility Study
Coral Springs, FL
Millville, NJ
*Hotel Mgt Operations Contract**
Tallahassee, FL
Market Analysis
Memphis, TN



Feasibility Studies
Crestview, FL
Miami (Miramar), FL
Naples, FL
Louisville, KY
Grambling, LA
Durham, NC
Canandaigua, NY
New York (Bronx), NY
Gettysburg, PA
Port-au-Prince, Haiti
St. Marten, FWI



Feasibility Studies
Ocala, FL
Kingsland, GA
Williamsburg, IA
Jackson (Pearl), MS
Fayetteville, NC
Portsmouth, VA
Hotel Operations Mgt Contract
Statesboro, GA
Quality Assurance Review
Orlando (Florida Mall), FL
Operations Review
Louisville, KY



Feasibility Studies
Guin, AL
Luverne, AL
Mims, AL
Montevallo, AL
Crossett, AR
Riverside, CA
Victorville, CA
Crawfordville, FL
Fanning Springs, FL
Ft. Myers, FL
Marianna, FL
Perry, FL
Quincy, FL
Atlanta (College Park), GA
Bainbridge, GA
East Point, GA
Thomasville, GA
Glasgow, KY
California, MD
Bordentown, NJ
Flemington, NJ
Mahwah, NJ
Binghamton, NY
Bryan, OH
Duncan, OK
Edmond, OK
Allentown, PA
Breezewood, PA
Canonsburg, PA
Wytheville, VA
Wheeling, WV



Feasibility Study
Tallahassee, FL
Millville, NJ



Feasibility Studies
Crestview, FL
Tallahassee, FL
Athens, GA
Atlanta Airport, GA
Greenville, NC
Mason (Cincinnati), OH
Harrisburg, PA
St. George, UT
Norfolk, VA
Green Bay (De Pere), WI



Site Review
Windsor, Ontario, Canada
Management Contract
Grand Rapids, MI



Feasibility Studies
Mobile, AL
Montgomery, AL
Dania Beach, FL
Delray Beach, FL
North Miami Beach, FL
Augusta, GA
Lexington, KY
Bluffton, SC



Feasibility Study
Dania Beach, FL
Stuart, FL
New Orleans, LA



Feasibility Study
Greensboro, NC



Feasibility Study
Columbiana, AL
St. James Island, FL



Feasibility Studies
Daphne, AL
Pensacola, FL
Olive Branch, MS
Wichita Falls, TX
Southaven, MS
Lincoln, NE
Verona, NY
Site Reviews
Orange Beach, AL
Pensacola, FL
Columbia, LA



Feasibility Studies
Coral Springs, FL
Ft. Lauderdale, FL
Branson, MO
Middletown, NY
New York (Long Island City), NY
New York (Manhattan), NY
Palmyra, VA



Feasibility Studies
 Montgomery, AL
 Ocala, FL
 Pinellas Park, FL
 Port St. Joe, FL
 Tallahassee, FL
 Springfield, MA
 Great Mills, MD
 Meridian, MS
 Newark, NJ
 Mayfield, NY
 Richmond, VA



Feasibility Studies
 Birmingham, AL
 Daphne, AL (2)
 Decatur, AL
 Mobile, AL
 Talladega, AL
 Brooksville, FL
 Bushnell, FL
 Carrabelle, FL
 Eastpoint, FL
 Jacksonville (Yulee), FL
 Lake Wales, FL
 Marianna, FL
 Ocala, FL
 Brunswick, GA
 Hammond, LA
 New Orleans, LA
 Shreveport, LA
 Thibodaux, LA
 Detroit (Lincoln Park), MI
 Leland, MS
 Meridian, MS
 Salamanca, NY
 Toledo, OH
 Mansfield, PA
 Wilkes-Barre, PA
 Mount Pleasant, SC
 Summerville, SC
 Pasadena, TX
 Williamsburg, VA

Site Reviews
 Ft. Myers, FL
 West Palm Beach (I-95), FL
 Savannah, GA
 New Orleans (Gretna), LA
 New Orleans (Mandeville), LA
 Wyoming, MN
 Beaufort, SC
 Pulaski, TN
 San Antonio, TX



Feasibility Study
 Tallahassee, FL



Feasibility Study
 Vicksburg, MS
Market Update
 Vicksburg, MS



Feasibility Study
 Leesburg, FL
Hotel Franchise Conversion
 Louisville, KY



Feasibility Studies
 Tallahassee, FL
 Kansas City (Gladstone), MO
 Tunica, MS
 Williston, ND
 Memphis, TN
 Port-au-Prince, Haiti



Market Research Study
 Lake Harmony, PA
 Nashville, TN
Human Resources
 Gainesville, FL



Feasibility Study
 Silver Spring, MD
Site Review
 Savannah, GA



Feasibility Studies
 Indianapolis, IN
 Lancaster, PA
Operations Review
 Cincinnati, OH



Feasibility Study
 Morrilton, AR
Architectural Review
 Thomasville, GA



Feasibility Studies
 Headland, AL
 Marion, AL
 Mena, AR
 Jacksonville, FL
 Port St. Joe, FL
 Shreveport, LA
 Windham, ME
 Marlton, NJ
 Niagara Falls, NY
 Canton, OH
 Oklahoma City, OK
 Kennedale, TX
 Woodbridge, VA



Hotel Development Conversion
 Wheeling, WV
 Knoxville, TN
Market Analysis
 Richmond, VA

	<p><i>Feasibility Studies</i> Kissimmee, FL Ocala, FL Perry, FL Tallahassee, FL Meridian, MS Union City, NJ Morgantown, WV Triadelphia, WV</p> <p><i>Pre-Opening</i> Tallahassee, FL</p> <p><i>Operations Contract</i> Tallahassee, FL</p>
	<p><i>Feasibility Study</i> Norfolk, VA</p> <p><i>Site Review</i> Tallahassee, FL</p>
	<p><i>Market Analysis</i> Gulfport, MS</p>
	<p><i>Market Research Study</i> Atlanta (Six Flags), GA</p>
	<p><i>Market Research</i> Pensacola, FL Vidalia, LA</p>
	<p><i>Feasibility Study</i> Macon, GA Clarksville, TN</p> <p><i>Quality Assurance Review</i> Altamonte Springs, FL</p>
	<p><i>Site Review</i> Greensboro, NC</p>
	<p><i>Feasibility Study</i> Macon, GA Clarksville, TN</p> <p><i>Quality Assurance Review</i> Altamonte Springs, FL</p>
	<p><i>Feasibility Study</i> Sarasota, FL Oxford, MS</p>
	<p><i>Feasibility Study</i> Indianapolis, IN</p>
	<p><i>Feasibility Study</i> Delray Beach, FL</p>

CONDOMINIUM HOTELS

Feasibility Study

Ft. Morgan, AL	The Sanctuary at Fort Morgan
Gulf Shores, AL	Zydeco Hotel and Spa
Coral Springs, FL	Golf Resort
Miami, FL	Ocean 4
Sarasota, FL,	Condo Hotel and Theatre
Palmyra, VA,	Rivanna Resort



Lodging Management Services assisted in the development of **Staybridge Suites**, **Candlewood Suites** and **Suburban Extended Stay Hotel**, Tallahassee, FL, **Wingate Inn**, Lynn Haven, FL and **Comfort Suites**, Suffolk, VA.



LISTINGS

Days Inn
 Donalsonville, GA

SOLD



Pensacola, FL



Valdosta, GA

Four Bed and Breakfast Inns in Florida

INDEPENDENT LODGING

Feasibility Studies

Tallahassee, FL	Hamilton Inn
Port St. Joe, FL	Port Inn
Kingsland, GA	Assisted Living Home
Biloxi, MS	Barq Boutique Hotel
Oxford, MS	Ava Hotel and Spa
Camp Dorothy Walls	Black Mountain, NC
Saratoga Springs, NY	Roosevelt Inn & Suites

Site Reviews

Tallahassee, FL	Hamilton Inn
Bluffton, SC	Hamilton Inn
Columbia, SC	Eagles Nest Resort

Hotel Operations Management Contracts

Daytona Beach, FL	Desert Isle Inn
Daytona Beach, FL	Maple Leaf Condo Hotel
Columbia, SC	Eagles Nest Resort
N. Myrtle Beach, SC	North Shore Inn & Suites

Hotel Operations Analysis

Panama City Beach, FL	Pineapple Beach Resort
Copper Harbor, MI	Keweenaw Mountain Lodge
Villa Ridge, MO	Diamond Inn
Springdale, UT	Desert Pearl Inn
Norfolk, VA	Tides Inn

Quality Assurance Reviews

Fort Worth, TX	Park Central Inn
Richland, WA	DOE User Housing Facility
Black River Falls, WI	Majestic Pines Casino

Management Recruitment

Port St. Joe, FL	Port Inn
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Market Research Study

Endicott, NY	Independent Living
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Anonymous Audit

Port St. Joe, FL	Port Inn
Chattanooga, TN	Hamilton Inn

Sales & Marketing Contract

Tallahassee, FL	Southgate Campus Center
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INDUSTRY PARTICIPATION

	<i>Attend</i>	<i>Exhibit</i>	<i>Speaker</i>
AHLA, Ex-Stay Council	✓		
AAHOA Conference	✓	✓	
ALIS Conference	✓		✓
Atlanta Hotel Investment Conf.	✓	✓	
Best Western Hotel Conf.	✓	✓	
Boutique Hotel Conf.	✓		
Choice Hotels Int'l Conf	✓	✓	
CHRIS Conference	✓		
Condo Hotel Conference	✓		
FBI Conference	✓	✓	✓
HBI Conference	✓		✓
HHOA Conference	✓	✓	✓
InterContinental Hotel Conf.	✓	✓	✓
Latino Hotel Association	✓		
Midwest Hotel Lodging Conf.	✓		✓
NABHOOD Conference	✓	✓	✓
New York Investment Conf.	✓		✓
Superior Small Lodging Conf.	✓	✓	✓
Vantage Hotel Conference	✓	✓	✓
Interviewed on CNBC Cable News			



Letter of Agreement

for

FEASIBILITY STUDY

This is a Letter of Agreement for a Hotel Feasibility Study to be provided to *Town of Amherst Industrial Development Authority of P.O. Box 280,* **Amherst County Economic Development Authority** of Post Office Box 390, Amherst, Virginia 24521 (the Client), and to be conducted by **Interim Hospitality Consultants**, Tallahassee, Florida. H

Hotel Location

The Client has proposed the development of a Cobblestone Inn, at a location to be determined in *the Town of Amherst* ~~Amherst County~~, Virginia. H

Purpose of the Feasibility Study

Interim Hospitality Consultants will develop a professional independent hotel feasibility study to evaluate current and projected market conditions that will affect the operation and market position of the proposed Hotel. The objectives of the IHC study will be to:

1. Evaluate the market potential of the proposed hotel, based on an analysis of the market support for lodging facilities on the site.
2. Project levels of market penetration, occupancy and average room rate for the hotel for the first five years of operations.
3. Comment on the appropriate number, types and sizes of guest rooms, food and beverage facilities, meeting rooms and other amenities which would best serve the needs of the market.

4. Prepare detailed projections of cash flow from operations, before fixed charges, for the hotel for the first five years of operation.
5. Provide a written report containing the conclusions of the IHC Feasibility Study presenting the financial projections for the proposed development.

1. Market Analysis

The market analysis for the proposed hotel will include a variety of steps designed to determine trends in the demand for hotel rooms. Cumulatively, these steps will enable IHC to comment on the overall market potential for a lodging facility on the site.

Interim Hospitality Consultants will conduct an analysis of the site and the surrounding area to evaluate their impact on future lodging trends, IHC will investigate such factors as ease of access to the site, visibility, the supportive nature of surrounding land use, and planned developments in the proposed hotel's market area.

Interim Hospitality Consultants will investigate trends in economic and demographic factors in the general market area to determine the economic environment within which the hotel would operate as well as likely market sources and generators of demand. Particular attention will be given to those economic indices which would be most relevant to the success of the hotel.

The supply and demand analysis will be designed to identify trends in the supply of and demand for rooms on both a general and competitive market basis and to project the future supply and demand situation.

Interim Hospitality Consultants will develop a census of the competitive hotel facilities in the market area as well as those under construction, or announced. The census will encompass the proposed hotel's market area in general, but more detailed information will be developed on properties considered to be competitive with the proposed hotel. To the extent that the information is available, the census will include the following factors:

- Location
- Number of rooms
- Published room rates
- Annual and seasonal/daily occupancy patterns
- Market mix of guests
- Type and class of food, beverage and meeting facilities
- Other amenities offered

Interim Hospitality Consultants' analysis will be oriented toward determining the strength and growth of available markets, trends in occupancy patterns, utilization levels, and factors important to the success of comparable lodging facilities.

Based on the information obtained, IHC will reach market conclusions regarding the proposed hotel as follows:

1. Determine the current overall market demand for rooms in the competitive market area and the share of market demand that is generated by commercial travelers, tourists, meeting delegates, and any other identifiable source. IHC will estimate the extent to which the proposed hotel could penetrate local market demand for lodging accommodations.
2. Comment on the appropriate mix and type of guest rooms, food and beverage facilities, function/meeting rooms and other amenities that would best serve the needs of the market.
3. Project the potential utilization of the proposed hotel, IHC will project annual occupancy rates, average room rates, and the market mix of guests for a five-year period.

II. Financial Analysis

Annual projections of cash flow from operations before fixed charges will be prepared for the first five operating years. Interim Hospitality Consultants' projections will be presented in current year's (inflated) dollars. Bases for the financial projections will be made explicit in the financial section of the written report.

III. Written Report

Interim Hospitality Consultants will present a written report containing findings and recommendations concerning the proposed project. Interim Hospitality Consultants warrants that the report will be prepared in accordance with industry standards for such reports. Though the exact format of the report will evolve as the engagement progresses, the following topics will be discussed:

- Market Area Analysis

- Site Location and Evaluation
- Supply and Demand Analysis
- Proposed Facilities and Services
- Projected Utilization
- Financial Analysis

Interim Hospitality Consultants will not ascertain the legal and regulatory requirements applicable to the project, including zoning, other state and local government regulations, permits and licenses. Further, no effort will be made to determine the possible effect on this project of present or future federal, state or local legislation, including any environmental or ecological matters, or an analysis of the potential impact of possible energy shortages.

Interim Hospitality Consultants projections will be based on estimates, assumptions and other information developed from research of the market, knowledge of the industry and meetings with you and other partner(s), if needed, during which IHC will be provided with all pertinent information. The sources of information and bases of the estimates and assumptions will be stated in the written report. The terms of this engagement are such that IHC will have no obligation to revise the written report or projected results to reflect events or conditions which occur subsequent to the date of the written report. However, IHC will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the proposed project.

The projections will be based on estimates and assumptions developed in connection with the market study. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the projection period will vary from the projections, and the variations may be material.

Interim Hospitality Consultants Feasibility findings and projections are intended solely for the Client and in support of an application with a lending institution for financing of the proposed hotel. They may also be submitted to a hotel franchisor or management company in order to generate interest in licensing or managing the property or to a lending institution in support of an application with a lending institution for financing of the proposed hotel; and should not be relied on for any other purpose. The report will contain a statement to that effect. Otherwise, neither the report, the projections nor their contents are

to be referred to or quoted in any registration statement, prospectus, loan or other agreement or document without prior written consent from IHC.

Communication

During the course of the Feasibility Study, Interim Hospitality Consultants has planned for two meetings with the Client.

1. At the beginning of the engagement to inspect the sites, discuss the plans for the proposed hotel, and discuss any additional guidelines which are important to the study.
2. At the end of the market analysis, or after the draft financial analysis, to discuss the findings and conclusions.

All written correspondence will be delivered by overnight courier.

Four copies of the Feasibility Study, signed and bound, and one electronic copy, will be provided to the Client for its use. Additional copies may be obtained at reproduction cost.

Fees and Time Table

Based on the scope, the work outlined and our 30 years of experience in the Hospitality Industry, we submit our fee of \$3,500, inclusive, for the Feasibility Study:

Retainer with signed Letter of Agreement	\$1,000
Balance due with Final Report	\$2,500

At the completion of this project the Client will be sent the Conclusions Section of the Feasibility Study and invoiced for payment in full for this project. Upon receipt of such payment, the Feasibility Study will be forwarded to the Client. Payment may be made by check or money order.

Possibly during the course of the study, findings may lead Interim Hospitality Consultants to a negative conclusion concerning the market support for the proposed development, IHC will so advise you to discuss the findings. If the decision is then made to discontinue the study, IHC's fee will be a one-week consulting fee rate of \$2,500, plus out-of-pocket expenses to that date, against which your advance retainer will be applied.

Notwithstanding the provisions contained in this Letter of Agreement, it is hereby understood and agreed that ^{the Town of Amherst Industrial Development Authority} ~~the individual~~ accepting this Letter of Agreement by signing the same shall be ~~personally~~ responsible to Interim Hospitality Consultants for all costs and expenses set forth herein and incurred by Interim Hospitality Consultants in the execution of its duties and responsibilities hereunder and the total cost of collection of such fees and expenses, including attorney fees at all levels.

Ad
A

Submitted by:
Interim Hospitality Consultants

Accepted by:
~~Amherst County Economic
Development Authority~~

Town of Amherst Industrial Development Authority

Edward L. Xanders 04/21/14
Edward L. Xanders, CHA Date
President

Jacki Hobbs, Secretary 5/1/2014
Date

Project Manager:

Vaden Lee Cobb
Amherst County EDA
P.O. Box 390
Amherst, VA 24521
Mobile: (434) 944-8254
E-mail: vadenc@comcast.net

Billing Contact:

Jack Hobbs
Amherst Town Manager
P.O. Box 280
Amherst, VA 24521
Bus: (434)946-7885
Fax: (434)946-2087
E-mail: jack.hobbs@amherstva.gov

April 21, 2014

Mr. Lee Cobb
Amherst County Economic Development Authority
Post Office Box 390
Amherst, Virginia 24521

Via email to: vadenc@comcast.net

Dear Mr. Cobb:

Thank you for your inquiry regarding a Feasibility Study for the development of a Cobblestone Inn hotel development, at a site to be determined in Amherst County, Virginia.

We offer to you over 30 years of experience in consulting on the development of first-class hotel accommodations by performing over 700 Feasibility Studies with Financial Projections of various bands nationwide for developers like yourself. In that time, we are unaware of a member of the Financial Community declining a hotel project based on our study, which has resulted in over \$1 Billion in completed hotel developments.

We will forward to you by a separate email from mailbigfile.com an IHC study for a Cobblestone Inn in Boonsboro, Maryland. Attached is information on Interim Hospitality Consultants that is also found on our website at interimhospitality.com. We have been busy performing Feasibility Studies and Market Analyses across North and Central America and the Caribbean.

In your letter you requested that we submit a list of references. To that end, please feel free to contact:

Bill Badger, Director
Worcester County Economic Development
100 Pearl Street, Suite 100
Snow Hill, Maryland 21863
Email to: bbadger@co.worcester.md.us

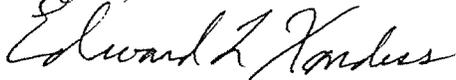
Office: 410.532.4112
Cell: 443.754.0283
Fax: 410.632.5631

Megan Clark, Town Manager
Town of Boonsboro
210 North Main Street
Boonsboro, Maryland 21713
Email to: town.manager@myactv.net

Office: 301.432.5141
Fax: 301.432.4050

We submit an all-inclusive fee of \$3,500.00 for this study. Please execute the Letter of Agreement and forward by check, or wire, a retainer of \$1,000.00. If we receive the executed Letter of Agreement and the retainer by May 1st, we can schedule the Field Research for the week of May 5 through 10. I will call to preset the site tour of your community. This project can be published for shipment the week of May 28th. Thank you for allowing Interim Hospital Consultants to be of service to you.

Regards,



Edward L. Xanders, CHA
President

Wiring Instructions:

Diamond Popour, Branch Mgr.
Wells Fargo Bank
3529 Thomasville Road
Tallahassee, FL 32309
Phone: 850.521.2004
Fax: 850.425.6033

Swift Code: WFBIUS6S
Routing No.: 121000248
Account No.: 1010085621309
Name: Edward L. Xanders



APPENDIX

Amherst County Guide Book – 2013-2014, For Newcomers & Old-Timers Alike...Since 1993, published by All-American Publications, LLC, Lynchburg, VA.