

March 24, 2010



FINANCIAL FEASIBILITY STUDY:
Best Western Inn & Suites
Winnsboro, Texas

This study has been prepared to determine the feasibility and financial result of building and operating Best Western Inn & Suites of 50 units on a site which is yet to be determined, in Winnsboro, Texas. It should be noted that it may be possible to obtain a waiver to develop a slightly lower room count. This study assumes the site will be one of several locations which are highly visible and accessible, and are convenient to area businesses and amenities. The project will provide a quality limited service hotel option to area travelers, and will be well poised to serve leisure and business guests. The hotel is to have approximately 20% mini-suites, with the remaining units being standard room bays. Project quality is set to meet the physical and operating standards of the Best Western brand, including amenities and design features from their new prototypes. This level of quality and acceptance for a Best Western Inn has been assumed in developing this financial feasibility study. Operating costs are set at the level of similar Limited-Service hotels.

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

KEY FINDING: Developing and operating a 'Best Western Inn & Suites' at one of the identified sites in Winnsboro, Texas, generates an unleveraged, pre-tax return on total invested capital of approximately 14.5%, with a return on equity exceeding 44%. This return on invested capital assumes that per unit improvements are completed at the estimated cost of \$55,000, with land costs estimated at \$250,000. Project details follow:

Total Investment

Est. Land Investment	\$ 250,000 ¹
Improvements	\$ 2,750,000 @ \$55,000 per unit
Total Investment	<u>\$ 3,000,000</u>
Pre-Tax Project Return*	14.45%
Pre-Tax Return on Equity**	44.25%

* after reserve for renovations

** assuming 20% equity and 80% debt at a 7% pre-tax debt cost; calculated weighted average.

Cash flow market projections, beginning in July of 2011, for the Best Western Inn & Suites, before taxes and after renovation reserves, would be available for debt service, income tax and dividends as follows:

	Occupancy Percent	Average \$ Rate*	\$ REVPAR	Total Revenue	Cash Flow**
Year I	57.3%	\$67.90*	\$38.90	\$739,836	\$300,045
Year II	65.8%	\$71.27	\$46.86	\$891,199	\$388,343
Year III	68.7%	\$74.83	\$51.39	\$977,242	\$435,557
Year IV	68.8%	\$77.81	\$53.56	\$1,018,574	\$457,328
Year V	69.2%	\$80.12	\$55.41	\$1,053,618	\$453,184
Year VI	68.0%	\$82.52	\$56.11	\$1,067,104	\$439,887
Year VII	66.9%	\$85.00	\$56.83	\$1,080,761	\$462,892
Year VIII	65.7%	\$87.55	\$57.56	\$1,094,594	\$480,936
Year IX	64.7%	\$90.17	\$58.30	\$1,108,604	\$453,880
Year X	63.5%	\$92.87	\$58.96	\$1,121,263	\$3,777,599***

*Approximate ADR of \$64 if open today (assuming 3% inflation **Before Income Tax & Financing expense, but reflecting \$492,820 in reserves for capital expenditures / property renovation (\$9,856 per unit). ***assumes valuing property at Year 10 cash flow at an 11% return-to-buyer, less 4% expense of sale, plus year 10 cash flow.

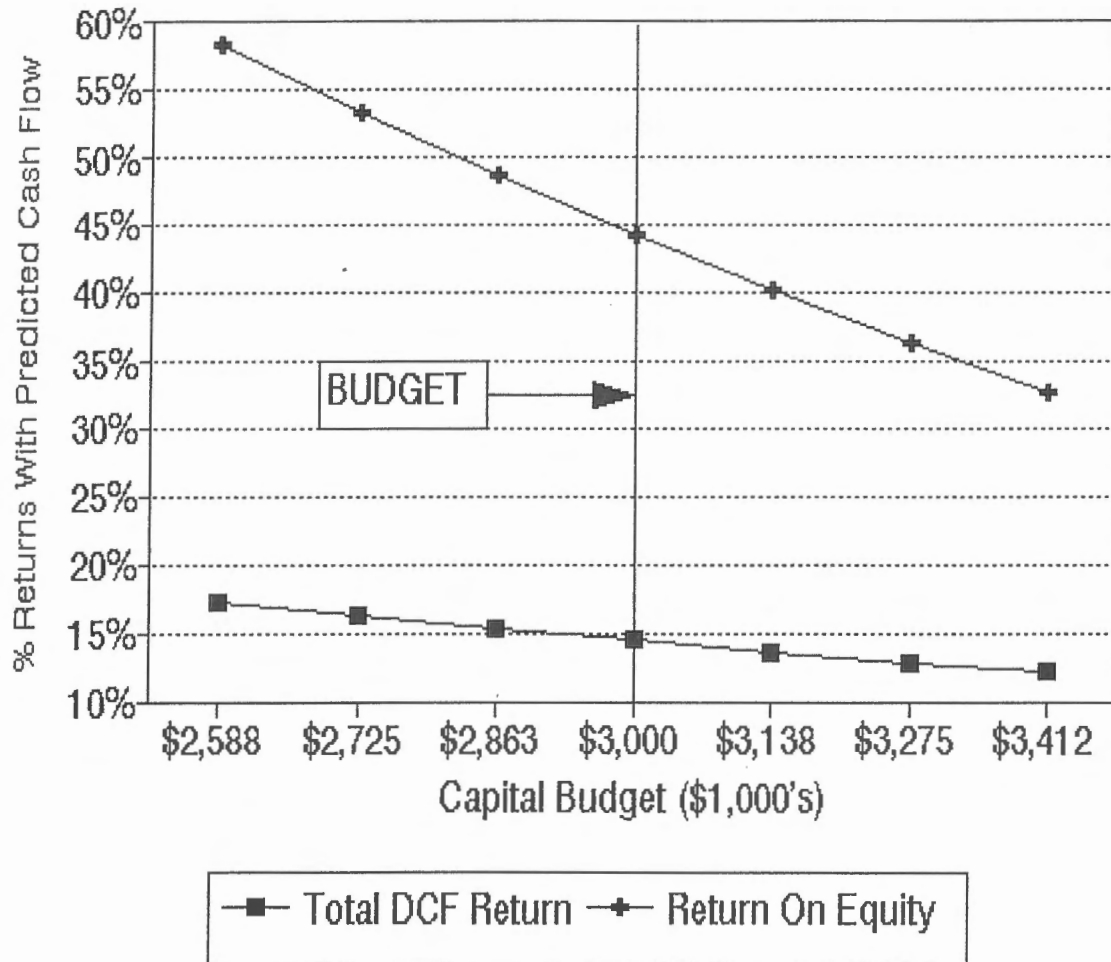
The above cash flow, assuming a Year 10 sale, has been discounted at the rate of 14.45% to a present value of \$2,999,866, approximating the total budgeted investment of \$3,000,000. This 14.45% is the project's unleveraged return, provided capital is kept at this level. In our experience an estimated capital budget of \$55,000 per unit reflect reasonable 'turn-key' costs for a hotel of this size and quality. If capital outlays were to vary from the estimated costs per unit for this project, returns will vary accordingly. The following table and graph illustrate the linear nature of financial returns as capital requirements escalate or decline and revenue streams remain stable.

¹ SSI estimate of development costs and land value.

Effect on Returns if Capital Investment Changes²

Variance	Improvements Per Unit	Budget Total	Land Cost	Total Investment	Discounted Total Proj	Cash Flow On Equity
(85%)	\$46.8	\$2,338	\$250	\$2,588	17.26%	58.30%
(90%)	\$49.5	\$2,475	\$250	\$2,725	16.25%	53.25%
(95%)	\$52.3	\$2,613	\$250	\$2,863	15.32%	48.60%
BUDGET	\$55.0	\$2,750	\$250	\$3,000	14.45%	44.25%
(105%)	\$57.8	\$2,888	\$250	\$3,138	13.63%	40.15%
(110%)	\$60.5	\$3,025	\$250	\$3,275	12.87%	36.35%
(115%)	\$63.2	\$3,162	\$250	\$3,412	12.15%	32.75%

DCF Project Returns If Capital Investment Varies



² Discounted Cash Flow / Internal Rate of Return.

A detailed look at Year III, the first 'going' year shows the following:

Year III - 2013/2014

Room Revenues	\$ 937,852
Total Revenues	\$ 977,242
Income Before Fixed Costs	\$ 517,645 (53.0%)
Net Income Before Tax & Fin.	\$ 388,498 (39.8%)
Cash Flow Before Financing	\$ 435,557 (44.6%) ³
Occupancy %	68.7%
Average Daily Rate	\$ 74.83
\$ REVPAR	\$ 51.39

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

SUMMARY OF CRITICAL ASSUMPTIONS:

Critical assumptions are summarized as follows, with detailed market study and projection following the Methodology section (page 7).

1. Projections of the local Winnsboro Area⁴ reflect a mixture of older and newer competitive hotels. The average hotel room in the local market is 18 years old, with a mix of newer competitive properties, and older properties that have lost their competitive edge. Of the 24 properties, 8 (38% of local rooms) were built since 1999, and 9 were built in or before 1985 (40% of local rooms), and are at least 25 years old.

There is typically a wide and dramatic gap between the performance of new and older properties, with the typical hotel in the area either being relatively new and competitive alongside a group that is older and on its way to closure. The typical hotel building becomes stylistically and structurally obsolete after 25-30 years. The local area market projections are reasonable, characterized by occupancy falling slightly in the near-term before recovering

³ Before deductions of loan principal and interest, before income tax deductions, and before any equity payout.

⁴ Seven County area around Winnsboro Texas, including Wood, Upshur, Camp, Franklin, Titus, Hopkins and Rains counties.

to an equilibrium level of 56%. Local REVPAR is projected to grow by 3.5% annually over the next nine years, slowly recovering from the notable decline of the past year. Detailed market history and projections commence on page 10.

<u>SEVEN COUNTY MARKET</u>		
<u>Year</u>	<u>Occupancy %</u>	<u>\$ REVPAR</u>
2009	55.9%	\$ 34.22 ⁵
2010	54.1%	\$ 34.30
2012	54.3%	\$ 37.81
2018	56.0%	\$ 46.56
<u>Future Annual Compound Growth Rates</u>		
Next 9 Years	0.0%	3.5%
Next 5 Years	-0.2%	3.7%
<u>Historical Annual Compound Growth Rates</u>		
Past 9 Year Average	1.2%	4.7%
Past 4 Year Average	1.5%	5.6%
Past 2 Year Average	-1.5%	-4.7%

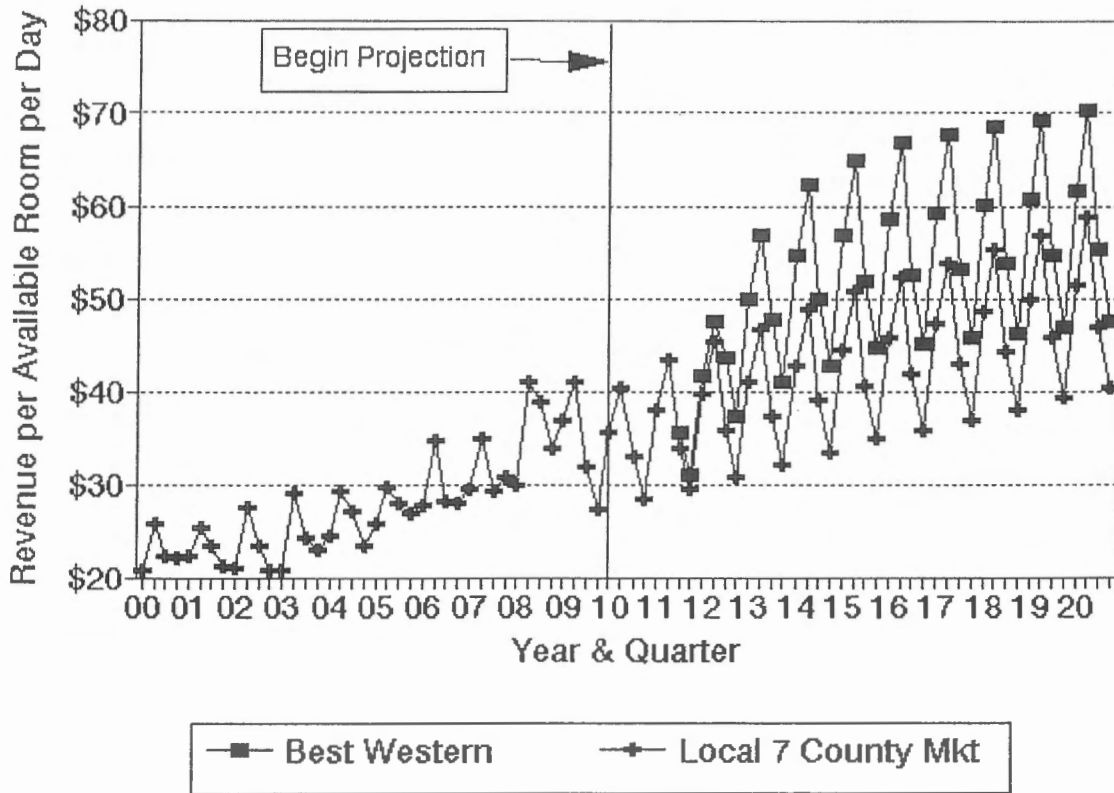
2. Versus the local market's REVPAR dollar projections, the REVPAR index of the proposed hotel starts at an average of 105% of the market average REVPAR in Year I, climbs to 122% in Year II, and reaches 128% in Years III-V. Thereafter, the REVPAR Index declines due to normal aging. Detailed REVPAR derivation and subsequent projections commence on page 23.

Data in 2009 \$	Best Western I&S Winnsboro		
	<u>Year I</u>	<u>Year II</u>	<u>Year III</u>
Base: Name & Quality	1.09	1.09	1.09
x Brand Age Adjustment	1.07	1.07	1.07
x Site Value Adjustment	.90	.90	.90
x Size Adjustment	1.09	1.09	1.09
x Other Adjustments	1.00	1.00	1.00
x Newness Adjustment	.92	1.07	1.12
= Performance Factor	105%	122%	128%
x Market REVPAR	\$34.13	\$34.13	\$34.13
= Projected Performance	\$35.93	\$41.78	\$43.74

⁵ 12 months ending December 31, 2009.

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

REVPAR HISTORY & PROJECTION: Best Western vs Local Market Area



3. Expenses are set at the level of similar limited service hotel products from Smith Travel Research Host Reports operating statistics. Details page 36.

METHODOLOGY

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

Market REVPAR Forecast

The local area market, which includes properties in seven counties⁶, is examined historically and projected. The key in the market projections is to stabilize the market in the future at a sustainable, average equilibrium for occupancy, a level which we have determined to be approximately 56% in markets of this type, and higher for more urban, metro areas. Over the 20 years from 1989 through 2009, according to the Source Strategies, Inc. database, hotel occupancy in Texas has averaged 60%, and slightly lower in rural, small town markets. This occupancy level is highly relevant as a long-term, equilibrium occupancy, a level where investors are neutral about adding new hotel rooms to the market and an average that will reoccur over long periods of time (e.g. 20 years).

Market projections are based on growth rates in real demand (roomnights sold), prices (average daily rates), and supply (rooms available). The key in this projection is to stabilize the local market in the future at a sustainable, average equilibrium for occupancy, a level which we have determined to be approximately 56% locally; The REVPAR projection of the local market is then the pro forma market environment of the proposed subject development; the project will vary from the norm for only project-specific differences, and then only relatively.

Project Specific Variables

Development of the Project REVPAR Indices

The first variable from the averages to be developed has to do with the fact that each product type and brand have a typical and identifiable influence on

⁶ Seven County area around Winnsboro Texas, including Wood, Upshur, Camp, Franklin, Titus, Hopkins and Rains counties.

REVPAR performance. This variable is based on its consumer acceptance, its product definition, its level of quality, the price it can command from the consumer, its marketing efforts, and other factors. The value of the brand and product type is termed the Base Value.

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

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

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

A further, 'Other,' segment adjustment may be made if the proposed product type is under- or over- supplied in the local market. In other words, a product type commanding 10% of the Texas market - but zero locally - would command a higher daily rate or occupancy locally because it is a relatively scarce commodity.

⁷ Study detailed in size factor derivation in analysis section.

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

While there is usually a reasonably consistent pattern of site factors for the nearby local chain properties selected, these factors often vary because of unique situations, including: 1) visibility and access differences between nearby sites; 2) any large variation from the norm in the usual number of rooms for a local chain property at a site; 3) a nearby property's quality, the quality of management, last renovation, etc.; and 4) any major new commercial development nearby (e.g. shopping center, office complex, hospital). Adjustments can be made for these differences within forecast site factor, based on industry experience. This is the Segment, or Other adjustment.

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

The physical Age of the individual project impacts this REVPAR index. A +12% increase factor is applied to the combined REVPAR index in the operating Years III-V. A first-year start-up adjustment of -8% and a second year adjustment of +7%, followed by a +12% adjustment for years III-V. This factor reflects the major revenue-generating power of new versus old properties. In the sixth year and thereafter, the REVPAR index is then diminished at a rate of 1.67% per annum in order to reflect aging and the normal life-cycle of a hotel.

This pattern of declining performance with property aging is based on major studies of economic life-cycle patterns. The first study was conducted on a census of all 25,000 Texas rooms built between 1980 and 1982 (study published

in September 1994 issues of MarketShare⁸ and the October 1994 issue of Hotel & Motel Management); the second investigation was conducted on all 17,231 rooms built in Texas from 1990 through 1995. These Source Strategies, Inc. studies confirm a similar, major study conducted in 1982 at the Holiday corporation on 160 company-owned and company-operated Holiday Inn hotels.

Combining all of these factors - Product Type, Brand Age, Site, Size, Segment (other), and Newness (Age) - results in the REVPAR stream for the project. A REVPAR stream from which room revenues, estimated rate, occupancy and roomnights sold are derived. At this point, the investment and operational costs can be laid against the revenue line to generate pro forma financial performance and discounted cash flow analysis.

The calculation of the statistic of Operating Costs Per Occupied Room (before fixed/capital costs are deducted) is typically the important cost to examine carefully because it is highly stable and predictable, regardless of occupancy and rate. The Smith Travel Research Host Report of Hotel Operating Statistics, 2009 edition (2008 data) with dollar costs inflated, and Source Strategies, Inc. financial models are the source of operating cost statistics.

From national average occupancies, costs are categorized as fixed, semi-variable or variable, resulting in the highly-leveraged profit performance characteristic of lodging products, depending on occupancy and REVPAR performance (i.e. variable costs increase proportionately with higher occupancy levels while fixed costs do not).

Furthermore, with a capital expenditures profile provided by the International Society of Hospitality Consultants' CapEx, A Study of Capital Expenditures in the U.S. Hotel Industry, a method has been applied to determine an appropriate amount of renovation reserves to ensure that the property is maintained at the franchisor's required level. Adjustments are made for any expected cost deviations from the norm (i.e. delivering higher- or lower- levels of quality).

All-study area chain and independent hotel/motel revenue, occupancy, rate and REVPAR histories are included in the study, using the Source Strategies, Inc. database of all Texas hotels and motels. The methodology of this database is attached as an exhibit.

⁸ Now Hotel Brand Report.

Market REVPAR History & Forecast:

TEXAS

1. Since 1980, the State of Texas (and the wider US market) has experienced other instances of economic turmoil such as the current recession. In 1982-1983 the Texas market suffered through 6 consecutive quarters of major demand declines, with a sharp plummet of 24% in the first quarter of 1983. Two years later, every quarter in 1986 posted significant demand decreases of 19% or more.

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

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

Historical quarterly data highlighting periods of economic decline follows overleaf:

HOTEL MARKET: STATE OF TEXAS - 1980-2009

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

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

HOTEL MARKET: STATE OF TEXAS - 1980-2009

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

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

HOTEL MARKET: STATE OF TEXAS - 1980-2009

Year & Quarter	# Htls and Mtls	# Rooms	Room-1 nites sold 000's	Total Rooms Revenue \$ 000's	% 2 Occ.	\$ 3 Rate	\$ 4 RPAR	% Growth Vs Yr Ago			
								Sply	Real	ADR	\$ Rev
001	3,226	290,046	15,883	1,114,731	60.8	70.18	42.70	4.5	5.8	2.9	8.9
002	3,356	295,709	17,001	1,232,674	63.2	72.51	45.81	4.5	6.3	3.0	9.5
003	3,388	300,371	17,187	1,219,157	62.2	70.94	44.12	3.5	3.8	5.7	9.7
004	3,360	299,047	15,228	1,064,870	55.3	69.93	38.71	3.4	4.6	5.0	9.9
011	3,411	302,343	16,517	1,188,162	60.7	71.94	43.66	4.2	4.0	2.5	6.6
012	3,536	306,089	17,222	1,239,069	61.8	71.95	44.48	3.5	1.3	-0.8	0.5
013	3,589	310,957	16,802	1,164,254	58.7	69.29	40.70	3.5	-2.2	-2.3	-4.5
014	3,535	307,914	14,483	960,167	51.1	66.30	33.89	3.0	-4.9	-5.2	-9.8
021	3,576	309,745	15,867	1,110,327	56.9	69.98	39.83	2.4	-3.9	-2.7	-6.6
022	3,684	314,166	17,012	1,225,468	59.5	72.04	42.86	2.6	-1.2	0.1	-1.1
023	3,707	318,226	16,541	1,158,407	56.5	70.03	39.57	2.3	-1.6	1.1	-0.5
024	3,644	313,988	14,713	986,554	50.9	67.05	34.15	2.0	1.6	1.1	2.7
031	3,672	316,723	15,361	1,057,864	53.9	68.87	37.11	2.3	-3.2	-1.6	-4.7
032	3,780	318,836	16,737	1,169,718	57.7	69.89	40.32	1.5	-1.6	-3.0	-4.5
033	3,805	323,624	16,776	1,162,518	56.3	69.30	39.05	1.7	1.4	-1.0	0.4
034	3,734	320,212	14,914	987,483	50.6	66.21	33.52	2.0	1.4	-1.3	0.1
041	3,747	323,147	16,239	1,145,793	55.8	70.56	39.40	2.0	5.7	2.5	8.3
042	3,878	327,926	17,518	1,237,847	58.7	70.66	41.48	2.9	4.7	1.1	5.8
043	3,913	332,549	17,679	1,264,128	57.8	71.50	41.32	2.8	5.4	3.2	8.7
044	3,829	329,158	15,951	1,082,616	52.7	67.87	35.75	2.8	7.0	2.5	9.6
051	3,852	329,449	17,015	1,214,908	57.4	71.40	40.97	2.0	4.8	1.2	6.0
052	3,983	332,254	18,593	1,391,414	61.5	74.84	46.02	1.3	6.1	5.9	12.4
053	4,048	338,115	19,173	1,449,393	61.6	75.59	46.59	1.7	8.5	5.7	14.7
054	3,962	334,144	18,561	1,383,105	60.4	74.52	44.99	1.5	16.4	9.8	27.8
061	3,978	334,912	18,910	1,479,351	62.7	78.23	49.08	1.7	11.1	9.6	21.8
062	4,121	337,788	19,328	1,609,669	62.9	83.28	52.37	1.7	4.0	11.3	15.7
063	4,184	344,093	19,733	1,606,206	62.3	81.40	50.74	1.8	2.9	7.7	10.8
064	4,093	341,556	18,004	1,439,964	57.3	79.98	45.82	2.2	-3.0	7.3	4.1
071	4,127	343,745	19,366	1,614,471	62.6	83.37	52.19	2.6	2.4	6.6	9.1
072	4,290	347,178	19,916	1,756,887	63.0	88.21	55.61	2.8	3.0	5.9	9.1
073	4,340	353,440	20,324	1,743,413	62.5	85.78	53.62	2.7	3.0	5.4	8.5
074	4,248	350,908	18,594	1,564,612	57.6	84.15	48.46	2.7	3.3	5.2	8.7
081	4,295	354,192	19,696	1,741,606	61.8	88.43	54.63	3.1	1.7	0.2	-0.9
082	4,479	359,552	20,651	1,922,956	63.1	93.12	58.77	3.6	3.7	8.5	10.3
083	4,548	366,771	21,255	1,912,989	63.0	90.00	56.69	3.8	4.6	7.0	22.3
084	4,398	362,394	19,212	1,692,689	57.6	88.11	50.77	3.3	3.3	-0.4	-2.8
091	4,476	369,477	18,596	1,586,486	55.9	85.31	47.71	4.3	-5.6	-8.4	-17.5
092	4,676	376,334	18,698	1,624,192	54.6	86.87	47.43	4.7	-9.5	-3.5	-15.1
093	4,782	385,800	19,273	1,597,614	54.3	82.89	45.01	5.3	-9.3	-7.7	-16.3
094	4,617	385,400	17,395	1,375,785	49.1	79.09	38.81	6.8	-9.9	-9.9	-18.8
CGR% 28 yrs		3.3%	2.3%	5.9%	-0.9%	3.5%	2.6%				
" 20 yrs		2.7%	2.7%	6.1%	0.0%	3.3%	3.3%				
" 10 yrs		3.0%	2.4%	5.1%	-0.5%	2.6%	2.1%				
" 5 yrs		2.6%	3.5%	8.5%	0.9%	4.8%	5.7%				
" 1 yr		5.1%	-8.6%	-15.0%	-13.0%	-7.0%	-19.1%				

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

Market REVPAR History & Forecast:LOCAL AREA MARKET

2. Being a rural highway area, the local hotel market currently generates a lower occupancy and REVPAR compared to the wider Texas average:

PERIOD: TWELVE MONTHS ENDING DECEMBER 31, 2009
 LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

<u>BRAND</u>	<u>#*</u> <u>HTL</u>	<u># *</u> <u>RMS</u> <u>000S</u>	<u>%</u> <u>RMS</u>	<u>EST.</u> <u>RNS</u> <u>000S</u>	<u>%</u> <u>RNS</u>	<u>\$</u> <u>AMT.</u> <u>000s</u>	<u>%</u> <u>AMT</u>	<u>EST.</u> <u>%OCC</u>	<u>EST</u> <u>\$</u> <u>RATE</u>	<u>\$</u> <u>RPAR</u>
CHAINS										
COMFO STE	1	.1	4.9	11	4.6	685	4.5	52.1	60.02	31.28
TOT MIN STE	1	.1	4.9	11	4.6	685	4.5	52.1	60.02	31.28
BEST WEST	2	.2	12.3	30	12.3	1,869	12.3	55.5	61.57	34.14
COMFO INN	1	.1	4.9	12	4.8	861	5.7	55.3	72.24	39.96
HAMPTON	1	.1	6.5	15	6.1	1,483	9.8	52.7	97.62	51.43
HOLID EXP	2	.1	11.8	33	13.4	2,962	19.6	63.7	89.05	56.75
LA QUINTA	0	.0	1.0	2	.7	132	.9	36.8	77.91	28.66
TOT LTD SVE	6	.4	36.5	92	37.3	7,307	48.2	57.1	79.06	45.13
DAYS INN	1	.1	6.1	19	7.7	1,082	7.1	70.9	56.51	40.05
QUALITY	1	.1	4.6	11	4.4	651	4.3	52.7	60.42	31.85
SUPER 8	2	.1	8.9	21	8.5	1,062	7.0	53.5	50.41	26.95
TOT BUDGET	4	.2	19.6	51	20.6	2,795	18.5	58.7	54.81	32.18
TOT CHAINS	11	.7	61.0	155	62.5	10,787	71.2	57.2	69.67	39.85
INDEPENDENTS										
\$60-99ADR	4	.2	17.3	46	18.8	2,755	18.2	60.6	59.31	35.94
LT \$60ADR	9	.3	21.7	46	18.7	1,608	10.6	48.0	34.75	16.66
TOT INDEP	13	.5	39.0	93	37.5	4,363	28.8	53.6	47.05	25.20
TOT MARKET	24	1.2	100.0	248	100.0	15,149	100	55.8	61.20	34.13

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

3. Demand in the local market over the last nine years rose 2.1% annually, compared to a 0.9% annual gain in supply. Revenues rose 5.5%, on average, for the period, and REVPAR gained 4.7% per year. With the above supply/demand growth levels, occupancy increased 1.2%, on average, over each year of the measured period, while rates rose 3.4% per year.

Over the past four years, demand in the local market increased 3.3% annually, while supply rose 1.8% per year. These results caused occupancy to rise 1.5% on average over each of the past four years. Average daily rates rose 3.9% per year, and REVPAR increased 5.6% per year over the period. Revenues climbed 7.4% per year over the period.

Over the past two years, room demand eroded 3.5% annually, while supply rose 2.3% per year. This favorable balance caused occupancy to rise by 1.3% per year for the period. Daily rates climbed 3.3% and combined with this demand/supply balance to result in REVPAR rising 4.9% per year. Revenues increased 7.1% over each of the past two years.

Over the last year of recession, market REVPAR has fallen 4.7% over the previous year. Supply rose 3.3%, demand gained a lesser 1.5%, while occupancy fell 1.5% from the previous year levels. Revenues in the latest year fell 1.8% compared to the previous year, while rates fell 3.3%.

SMALL MARKET: Seven County Market Area Around Winnsboro

Year & Quarter	# Htls and Mtls	# Rooms	Room- ¹	Total	% ²	\$ ³	\$ ⁴	% Growth Vs Yr Ago					
			nites sold 000's	Rooms Revenue \$000's				Occ	Rate	REVPR	Sply	Real	ADR
001	25	1,128	48	2,110	47.1	44.16	20.78						
002	24	1,134	55	2,659	53.7	48.00	25.77						
003	24	1,134	52	2,315	49.7	44.68	22.19						
004	23	1,111	51	2,248	49.9	44.06	21.99						
011	23	1,099	48	2,198	48.3	46.04	22.23	-2.6	-0.2	4.3	4.2		
012	23	1,099	52	2,519	52.3	48.13	25.18	-3.1	-5.6	0.3	-5.3		
013	23	1,099	53	2,373	52.2	44.92	23.47	-3.1	1.9	0.5	2.5		
014	22	1,076	47	2,094	47.6	44.44	21.15	-3.2	-7.6	0.9	-6.9		
021	23	1,083	46	2,048	46.9	44.85	21.01	-1.5	-4.2	-2.6	-6.8		
022	23	1,046	54	2,630	56.8	48.62	27.63	-4.8	3.4	1.0	4.4		
023	23	1,102	51	2,379	49.9	46.99	23.46	0.3	-4.2	4.6	0.3		
024	21	1,067	43	2,027	43.4	47.59	20.65	-0.8	-9.6	7.1	-3.2		
031	23	1,102	45	2,064	44.9	46.31	20.81	1.8	-2.4	3.3	0.8		
032	23	1,102	56	2,905	55.7	52.00	28.96	5.4	3.3	7.0	10.5		
033	23	1,102	51	2,454	50.3	48.10	24.20	0.0	0.8	2.4	3.2		
034	22	1,087	49	2,288	48.8	46.90	22.87	1.9	14.6	-1.4	12.9		
041	23	1,103	50	2,428	50.4	48.52	24.46	0.1	12.3	4.8	17.6		
042	23	1,099	58	2,930	57.5	50.95	29.30	-0.3	2.9	-2.0	0.9		
043	23	1,099	54	2,737	53.6	50.46	27.07	-0.3	6.3	4.9	11.5		
044	22	1,084	49	2,341	48.7	48.14	23.47	-0.3	-0.4	2.6	2.3		
051	25	1,153	54	2,660	52.1	49.15	25.63	4.5	8.0	1.3	9.6		
052	25	1,153	59	3,114	56.3	52.71	29.68	4.9	2.8	3.5	6.3		
053	25	1,153	54	2,971	50.7	55.21	28.01	4.9	-0.7	9.4	8.5		
054	22	1,073	51	2,653	51.2	52.49	26.88	-1.0	3.9	9.0	13.3		
061	24	1,132	54	2,826	53.4	51.90	27.74	-1.8	0.6	5.6	6.2		
062	24	1,132	64	3,576	62.2	55.79	34.72	-1.8	8.5	5.8	14.8		
063	25	1,152	54	2,985	50.8	55.42	28.16	-0.1	0.2	0.4	0.5		
064	23	1,093	51	2,795	51.1	54.38	27.80	1.9	1.8	3.6	5.4		
071	24	1,132	56	3,010	55.0	53.75	29.54	0.0	2.9	3.6	6.5		
072	26	1,161	64	3,673	60.3	57.70	34.77	2.6	-0.6	3.4	2.7		
073	27	1,233	57	3,326	50.3	58.34	29.32	7.0	5.8	5.3	11.4		
074	23	1,125	54	3,192	52.5	58.69	30.84	2.9	5.8	7.9	14.2		
081	25	1,184	53	3,191	49.7	60.23	29.95	4.6	-5.4	12.1	6.0		
082	25	1,184	68	4,420	62.9	65.17	41.02	2.0	6.4	12.9	20.3		
083	25	1,184	67	4,225	61.1	63.50	38.79	-4.0	16.7	8.8	27.0		
084	24	1,155	57	3,591	53.4	63.33	33.80	2.7	4.2	7.9	12.5		
091	25	1,243	67	4,114	59.9	61.40	36.77	5.0	26.4	1.9	28.9		
092	23	1,183	69	4,414	63.7	64.38	41.00	-0.1	1.2	-1.2	-0.1		
093	24	1,204	59	3,530	52.9	60.23	31.87	1.7	-11.9	-5.1	-16.4		
094	24	1,234	53	3,092	47.1	57.87	27.24	6.8	-5.8	-8.6	-13.9		
CGR%Past9yr		0.9%	2.1%	5.5%	1.2%	3.4%	4.7%						
4yrs		1.8%	3.3%	7.4%	1.5%	3.9%	5.6%						
2yrs		2.3%	3.5%	7.1%	1.3%	3.3%	4.9%						
1yr		3.3%	1.5%	-1.8%	-1.5%	-3.3%	-4.7%						

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

4. Over the next 9 years, growth in room revenue is forecast at 6.5% per annum. REVPAR growth is forecast to be 3.5% for the average room in the market. Supply is projected to grow 2.9% per year over the period, matching 2.9% demand growth. Average daily rates are expected to rise by 3.5% per year, and occupancy should remain near the current level.

For the next five years, REVPAR is expected to rise at a rate of 3.7% per year, with occupancy falling an average of 0.2% per year. Revenues are projected to rise 7.4% annually on average over the period. Supply growth of 3.6% is expected to just surpass demand growth of 3.5%. The current 55.9% occupancy level is considered to be near 'equilibrium' in most markets of this type, leading us to anticipate a fairly static occupancy level of around 56%.

The overall projection reflects a supply growth of 383 net new rooms through 2019 (gross new rooms less closures). This is a net supply increase of 31%, from 1,234 in the latest year to 1,617 in 2019. Net, the local market area forecast assumes that net new rooms (building less closing) beyond the 383 projected increase will not take place because of the constraints of financing and the general caution regarding Texas real estate in general. If even greater building did occur, then all REVPAR projections would be reduced. For example, REVPAR could decline by 9% in the fourth quarter of 2019, from \$39 to \$34.50, if an additional 240 (+10%) rooms were built over forecast without a commensurate increase in demand. The local market projection follows:

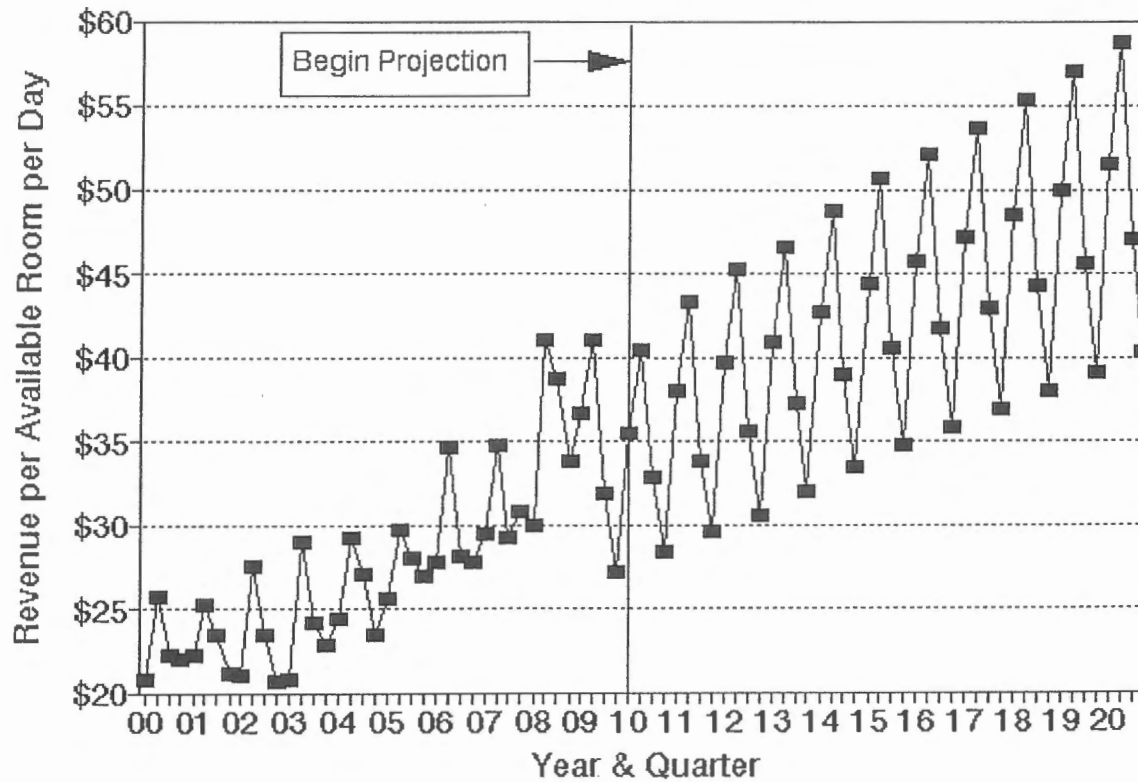
PROJECTION: Seven County Market Area Around Winnsboro

Year & Quarter	# Htls and Mtls	# Rooms	Room- ¹ Total		% Growth Vs Yr Ago							
			nites sold 000's	Rooms Revenue \$000's	% ² Occ	\$ ³ Rate	\$ ⁴ REVPR	Sply	Real	ADR	\$ Rev	
101	25	1,262	66	4,032	57.8	61.40	35.51	1.5	-2.0	0.0	-2.0	
102	25	1,260	69	4,637	59.8	67.60	40.45	6.5	0.0	5.0	5.1	
103	25	1,264	60	3,817	51.9	63.24	32.82	5.0	3.0	5.0	8.1	
104	25	1,277	55	3,342	46.8	60.76	28.44	3.5	3.0	5.0	8.1	
111	27	1,306	69	4,466	58.9	64.47	38.00	3.5	5.5	5.0	10.8	
112	26	1,304	72	5,137	61.0	70.98	43.29	3.5	5.5	5.0	10.8	
113	28	1,359	64	4,228	50.9	66.40	33.82	7.5	5.5	5.0	10.8	
114	27	1,360	58	3,702	46.4	63.80	29.58	6.5	5.5	5.0	10.8	
121	28	1,365	72	4,877	58.7	67.69	39.71	4.5	4.0	5.0	9.2	
122	27	1,363	75	5,610	60.7	74.53	45.24	4.5	4.0	5.0	9.2	
123	29	1,407	66	4,617	51.2	69.72	35.68	3.5	4.0	5.0	9.2	
124	28	1,408	60	3,966	46.6	65.72	30.62	3.5	4.0	3.0	7.1	
131	29	1,412	75	5,199	58.7	69.72	40.90	3.5	3.5	3.0	6.6	
132	29	1,410	78	5,980	60.7	76.76	46.59	3.5	3.5	3.0	6.6	
133	30	1,435	69	4,922	51.9	71.82	37.29	2.0	3.5	3.0	6.6	
134	29	1,436	62	4,228	47.3	67.69	32.00	2.0	3.5	3.0	6.6	
141	30	1,441	77	5,542	59.5	71.82	42.75	2.0	3.5	3.0	6.6	
142	29	1,439	81	6,375	61.6	79.07	48.70	2.0	3.5	3.0	6.6	
143	31	1,463	71	5,248	52.7	73.97	38.98	2.0	3.5	3.0	6.6	
144	30	1,465	65	4,507	48.0	69.72	33.45	2.0	3.5	3.0	6.6	
151	31	1,469	79	5,880	60.1	73.97	44.46	2.0	3.0	3.0	6.1	
152	30	1,467	83	6,763	62.2	81.44	50.65	2.0	3.0	3.0	6.1	
153	32	1,493	73	5,567	53.2	76.19	40.54	2.0	3.0	3.0	6.1	
154	31	1,494	67	4,781	48.4	71.81	34.79	2.0	3.0	3.0	6.1	
161	32	1,499	81	6,177	60.1	76.19	45.80	2.0	2.0	3.0	5.1	
162	31	1,497	85	7,106	62.2	83.88	52.17	2.0	2.0	3.0	5.1	
163	33	1,523	75	5,849	53.2	78.47	41.76	2.0	2.0	3.0	5.1	
164	32	1,524	68	5,023	48.4	73.96	35.83	2.0	2.0	3.0	5.1	
171	33	1,529	83	6,490	60.1	78.48	47.17	2.0	2.0	3.0	5.1	
172	32	1,527	86	7,465	62.2	86.40	53.74	2.0	2.0	3.0	5.1	
173	34	1,553	76	6,145	53.2	80.83	43.01	2.0	2.0	3.0	5.1	
174	33	1,554	69	5,278	48.4	76.18	36.91	2.0	2.0	3.0	5.1	
181	34	1,559	84	6,818	60.1	80.83	48.58	2.0	2.0	3.0	5.1	
182	33	1,557	88	7,843	62.2	88.99	55.35	2.0	2.0	3.0	5.1	
183	35	1,584	78	6,456	53.2	83.25	44.30	2.0	2.0	3.0	5.1	
184	34	1,585	71	5,545	48.4	78.47	38.01	2.0	2.0	3.0	5.1	
191	35	1,591	86	7,163	60.1	83.25	50.04	2.0	2.0	3.0	5.1	
192	34	1,588	90	8,240	62.2	91.66	57.01	2.0	2.0	3.0	5.1	
193	36	1,616	79	6,782	53.2	85.75	45.63	2.0	2.0	3.0	5.1	
194	35	1,617	72	5,825	48.4	80.82	39.15	2.0	2.0	3.0	5.1	
201	36	1,622	88	7,526	60.1	85.75	51.54	2.0	2.0	3.0	5.1	
202	35	1,620	92	8,657	62.2	94.41	58.72	2.0	2.0	3.0	5.1	
203	37	1,648	81	7,126	53.2	88.32	47.00	2.0	2.0	3.0	5.1	
204	36	1,649	74	6,120	48.4	83.25	40.33	2.0	2.0	3.0	5.1	
9yr CGR %		2.9%	2.9%	6.5%	0.0%	3.5%	3.5%					
'5yrs		3.6%	3.5%	7.4%	-0.2%	3.8%	3.7%					
HISTORY												
CGR&Past9yr		0.9%	2.1%	5.5%	1.2%	3.4%	4.7%					
4yrs		1.8%	3.3%	7.4%	1.5%	3.9%	5.6%					
1yr		3.3%	1.5%	-1.8%	-1.5%	-3.3%	-4.7%					

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

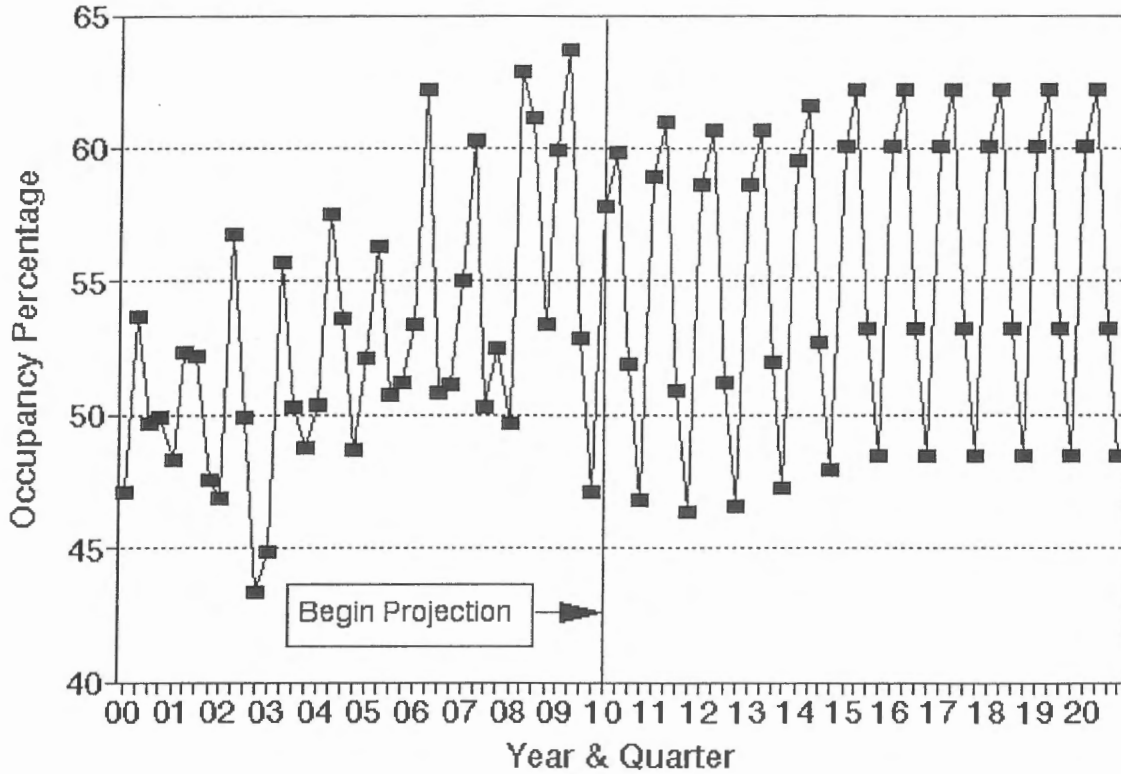
5. Graphing the REVPAR history and projection for the local market area illustrates the expected growth for the area after a short term drop.

REVPAR HISTORY & PROJECTION: Local Seven County Market Area



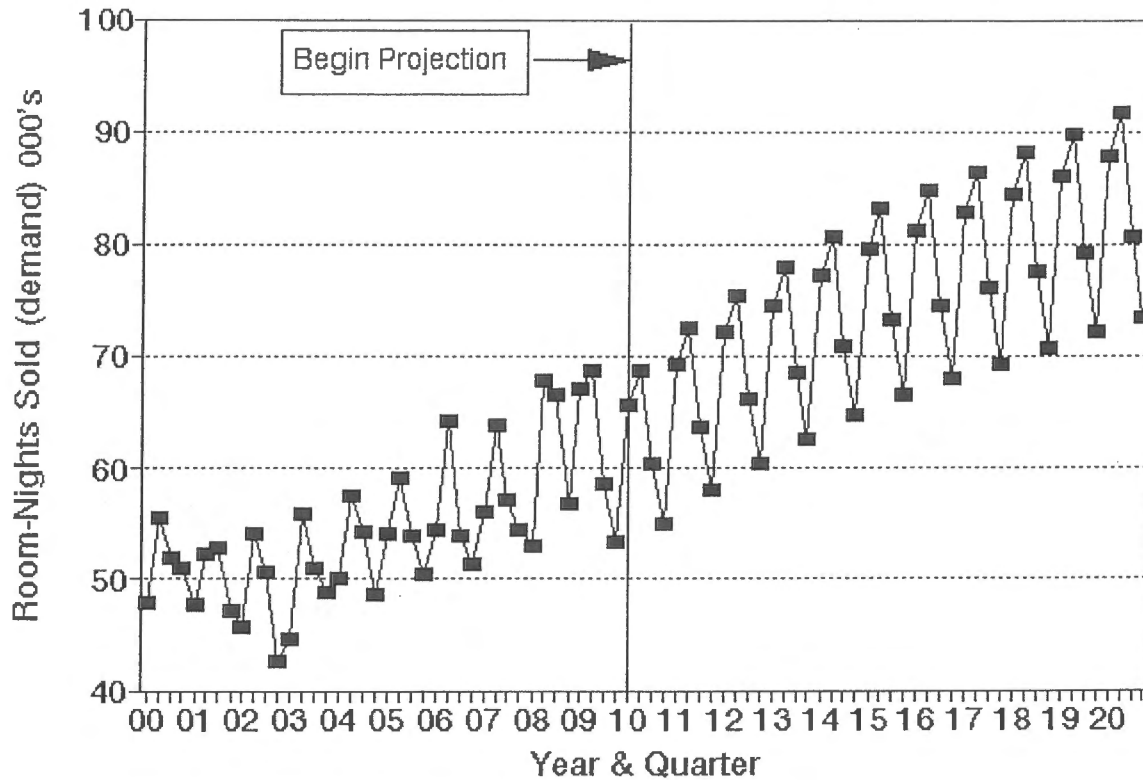
6. The occupancy history and projection for the local Seven County market area shows strong seasonality with historical fluctuations and the continuation of the expected long term trend. Our projection is for the local market to remain near the 56% equilibrium level:

OCCUPANCY HISTORY & PROJECTION: Local Seven County Market Area



7. Graphing the Room Nights Sold history and projection also shows the reasonable nature of the expectations for the local market, given the level of population growth and investment expected in the area:

ROOM-NIGHTS SOLD HISTORY & PROJECTION: Local Seven County Market Area



PROJECT REVPAR - DEVELOPMENT OF INDICES

Within the above market REVPAR forecast, the expected performance of the proposed hotel is based on six factors. All six factors are independent and modify the market's projected REVPAR average to reflect the subject property's particular characteristics. First, what is the Base Value? It is the effect of the Brand, including specified product quality levels. Second, what is the effect of the brand's overall Age on its average performance? Third, what is the effect of the project's Size, or room-count, on results? Fourth, are there any adjustments needed to account for under- or over-supply in the product's Segment in which the project will compete? Fifth, what is the effect of the project's Newness (versus older competition on its unstoppable way to obsolescence)? And sixth, what is the likely influence of the selected Site on results?

1. The Base Value factor sets property type/brand/product quality for a new Best Western in Winnsboro at 109%, the average level for Best Western Inn in the Exhibit IV hotel market.⁹ This valuation is based on the REVPAR performance of the 242 Best Western hotels currently operating in the Exhibit IV market. These hotels produced a REVPAR of \$37.45 in the latest year, compared to the Exhibit IV market average REVPAR of \$34.34, as follows:

$$\text{\$37.45} / \text{\$34.34} = 1.09 \text{ or } 109\%$$

This sample of comparable hotels firmly grounds the basic REVPAR performance of operating such a hotel in an area market such as the proposed location.

2. The second adjustment factor, Brand Aging, is set at 1.07, an upward adjustment of 7%; Best Western hotels, were built on average in 1994, and have a depressed performance due to the overall age of the brand. The Brand Aging factor represents the effect of the overall average age of each studied brand name. This factor is used to neutralize the effect of the average physical age of an entire group of hotels on its average performance. It makes the adjustment for the effect of the age of the existing hotels on the brand's

⁹ This is the Exhibit IV hotel market: it is selected to closely mimic the local market situation/mix and to provide a wider body of information from which to draw the characteristics of specific brand performance. This market incorporates all of Texas excluding Luxury, Upscale, and Suite hotels.

current performance (factor #5 adjusts for the physical life-cycle of the specific subject property, a different and additional consideration). The brand age adjustment for some other brands examined include:

<u>Brand Averages</u>	<u>Year Built</u>	<u>Brand Age Adjustment</u>
Holiday Express	2003	0.92
Comfort Suites	2003	0.92
Comfort Inn	1999	0.99
Marriott	1994	1.07

3. The property Size factor - reflecting room count - calls for a +9% performance adjustment premium for this property, or 109% (1.09). The proposed 50 unit property is smaller than the average of 63 rooms for the brand in the Exhibit IV Market, warranting a premium in this adjustment factor. The size factor gives a premium if the property is smaller than average and a penalty to the property if it is larger than average. For this project, we feel that it is critical to keep the project size as small as possible, to fit the small town market area. The size adjustment is necessary because demand is not affected by the number of rental rooms offered, as the individual consumer only needs one room: customers do not care whether you offer 100, 125 or 150 rooms and their purchasing behavior will be the same regardless of how many rooms the property offers. Keeping a project conservatively sized assures a higher per-unit revenue yield, particularly in very competitive markets like the local area. The highly-positive effect on revenues and return on capital due to building small, and not 'over-sizing' projects is best explained by the following study, a study that can be replicated with any brand, in almost any situation. The net effect of building small is to run higher occupancy and rate, thereby increasing brand REVPAR by building a below-average number of rental units.

A STUDY OF THE EFFECT OF HOTEL SIZE ON PERFORMANCE
IN THE TEXAS HOTEL INDUSTRY
THE CASE FOR DOWNSIZING NEW HOTELS¹⁰

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

¹⁰ Analyzed and compiled by Douglas W. Sutton and Bruce H. Walker.

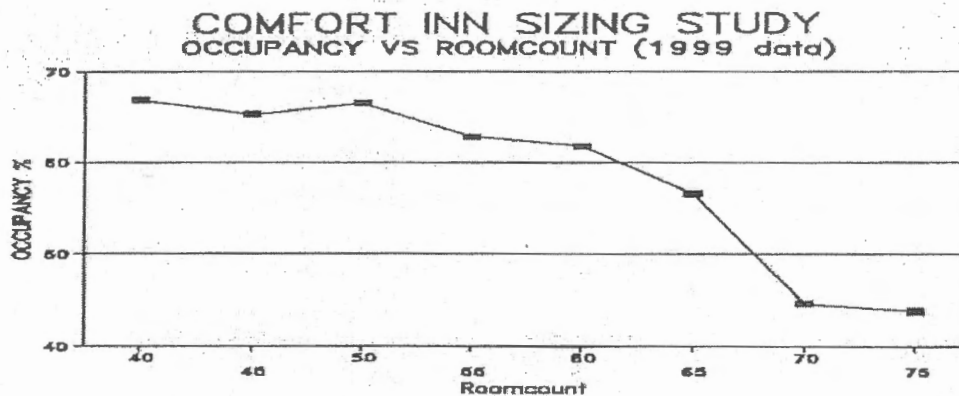
study, we analyzed two separate samplings of hotels. We first looked at Comfort Inns across Texas as a selected brand sampling: then we examined all branded hotels built during a set period of time for a wider sampling.

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

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

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

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



The above chart and graph clearly illustrate that developers often miss the mark, building more rooms than 'optimum'. 'Optimum' is defined as generating the highest return on invested capital, and is closely tied to occupancy and REVPAR. Analyzing the above data provides a measure of the effect of over-

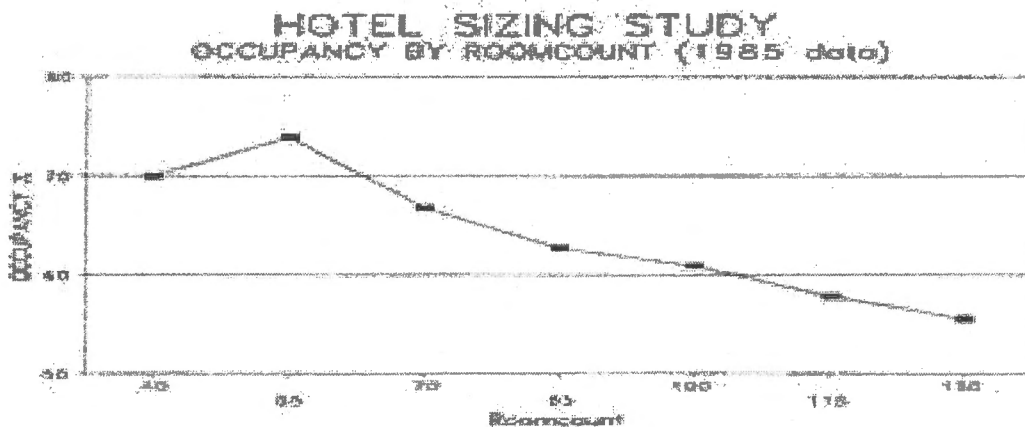
building. For the typical range of rooms for Comfort Inn projects occupancy dropped 23 points (a full 35%) from 67% to 44% as room counts escalated. The key question is, 'how to apply this principle to a given hotel project.' Naturally, each project would have to be judged on its individual merits, but looking at an 'average' project for a single brand and product is very revealing.

BRANDED HOTELS - ANALYSIS OF SIZING AND ITS IMPACT ON PERFORMANCE

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

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

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



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

4. No 'Other Adjustment' is warranted for this project, to the factor is set at 1.00. In theory, offering a number of mini-suites in the project could warrant an upward adjustment, but since most new hotel developments now include suite units, we conservatively opted not to assign a premium for this project.

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

6. The last factor, Site, is set at .90 (90%), or below average for the local market. The site values for this property, as well as for existing competitors in nearby communities have been developed by quantifying the influence site has had on their performance. Applying known adjustment factors to existing properties, except for a site factor, lets us solve for the site value itself. Source Strategies' site methodology 'backs into' the value of the site by matching actual performance against known factors, using the site factor as the 'plugged number.' The differences between the closest key competitors appear to be both explainable and reasonable. The site value is 'plugged' so that projected REVPAR versus market approaches the actual REVPAR over the past 12 months, as follows:

	Mineola Best Western	Mount Pleasant--- Comfort Inn	Holiday Express	Sulpher Springs-- Holiday Express	Best Western
Data in 2009 \$					
Base: Name & Quality	1.09	1.05	1.61	1.61	1.09
x Brand Age Adjustment	1.07	.99	.92	.92	1.07
x Site Value Adjustment	.86	1.14	1.11	1.00	1.21
x Size Adjustment	1.09	1.04	1.03	1.03	.88
x Other Adjustments	.90	1.00	1.00	.90	1.00
x Newness Adjustment	<u>1.12</u>	<u>.95</u>	<u>1.06</u>	<u>1.12</u>	<u>.76</u>
= Performance Factor	110%	117%	180%	154%	94%
x Market REVPAR	\$34.13	\$34.13	\$34.13	\$34.13	\$34.13
= Projected Performance	\$37.39	\$39.96	\$61.27	\$52.49	\$32.21
Actual Yr End 2009	\$37.39	\$39.96	\$61.11	\$52.48	\$32.22
Index (Proj. Vs Actual)	100	100	100	100	100
Units in Above Subject	50	59	71	72	100
Average Units	63	66	78	78	63
Size Adjustment (33%)	9	4	3	3	-12
Year Built	2007	1995	2002	2007	1982

Combining all six factors that affect a hotel's REVPAR performance, we calculate that the proposed hotel's REVPAR will achieve 128% of the market average REVPAR in Year's III-V, declining slowly thereafter:

	Best Western I&S Winnsboro		
Data in 2009 \$	Year I	Year II	Year III
Base: Name & Quality	1.09	1.09	1.09
x Brand Age Adjustment	1.07	1.07	1.07
x Site Value Adjustment	.90	.90	.90
x Size Adjustment	1.09	1.09	1.09
x Other Adjustments	1.00	1.00	1.00
x Newness Adjustment	<u>.92</u>	<u>1.07</u>	<u>1.12</u>
= Performance Factor	105%	122%	128%
x Market REVPAR	\$34.13	\$34.13	\$34.13
= Projected Performance	\$35.93	\$41.78	\$43.74

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

Using the projected Year III REVPAR index of 128%, the above process generates a theoretical REVPAR of \$43.74 (in current market dollars). This is the result of the Year III performance index of 128% (1.28) multiplied by the current market average REVPAR of \$34.13. Therefore, if the property were open today and were in its third year of operation, it would theoretically be operating at the following level against the latest year's market results: a \$58.77 REVPAR computes to gross room revenues of approximately \$798,255 (\$43.74 times 50 units times 365 days). Please note that the actual effect on the market due to the introduction of this project and other new hotels is fully reflected in subsequent pro forma market projections and financials.

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

<u>Quarter</u>	<u>Third</u>	<u>Fourth</u>	<u>First</u>	<u>Second</u>	<u>Year III</u>
Room Revenues	\$186,897	\$160,381	\$209,576	\$241,401	\$798,255
% of Year	23.4%	20.1%	26.3%	30.2%	100
Seasonal Index	93	80	106	121	100
REVPAR\$	\$40.63	\$34.87	\$46.57	\$53.06	\$43.74

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

<u>Quarter</u>	<u>Third</u>	<u>Fourth</u>	<u>First</u>	<u>Second</u>	<u>Year III</u>
ADR - \$	\$61.00	\$56.30	\$65.69	\$70.38	\$63.69
Occupancy %	66.6%	61.9%	70.9%	75.4%	68.7%
REVPAR\$	\$40.63	\$34.87	\$46.57	\$53.06	\$43.74

Tests For REASONABILITY

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

1. Individual property projections depend importantly on the projection of local market REVPAR - forecast to rise at a steady and reasonable rate through 2020. Over the next nine years market REVPAR is projected to grow 3.5% per year (versus the 4.7% annual REVPAR increase of the past nine years). REVPAR encompasses the net effects of supply and demand. Over the next nine years, we are comfortable with the 2.9% real compound growth projected for the local market, matching projected 2.9% supply growth (adding 383 net new rooms in the next ten years), and resulting in the return to the expected equilibrium occupancy level of 56% in the later years of our projection.

2. The derived Base Value of 1.09 (109%) for a Best Western in the Exhibit IV market area is quite reasonable when compared to the Base Values of other hotels in these same markets. The hierarchy of REVPAR indices for selected brands is shown below:

<u>REVPAR Index Comparison¹¹</u>	
Hampton Inn	178
Holiday Express	161
Fairfield Inn	141
Comfort Suites	129
Candlewood	122
La Quinta	118
Best Western	109
Comfort Inn	105
Sleep Inn	99
Super 8	78
Days Inn	71
Motel 6	70

3. Developing actual adjustment factors for the existing properties - so that their projected REVPAR equals actual REVPAR - indicates why the REVPAR index projection has a high probability of being achieved. The REVPAR differences between the closest key competitors appear to be both explainable and reasonable, using the standard, Source Strategies' adjustment factor quantification. For each property, revenues are driven first by chain name affiliation and product type, and are further adjusted for size, segment, hotel

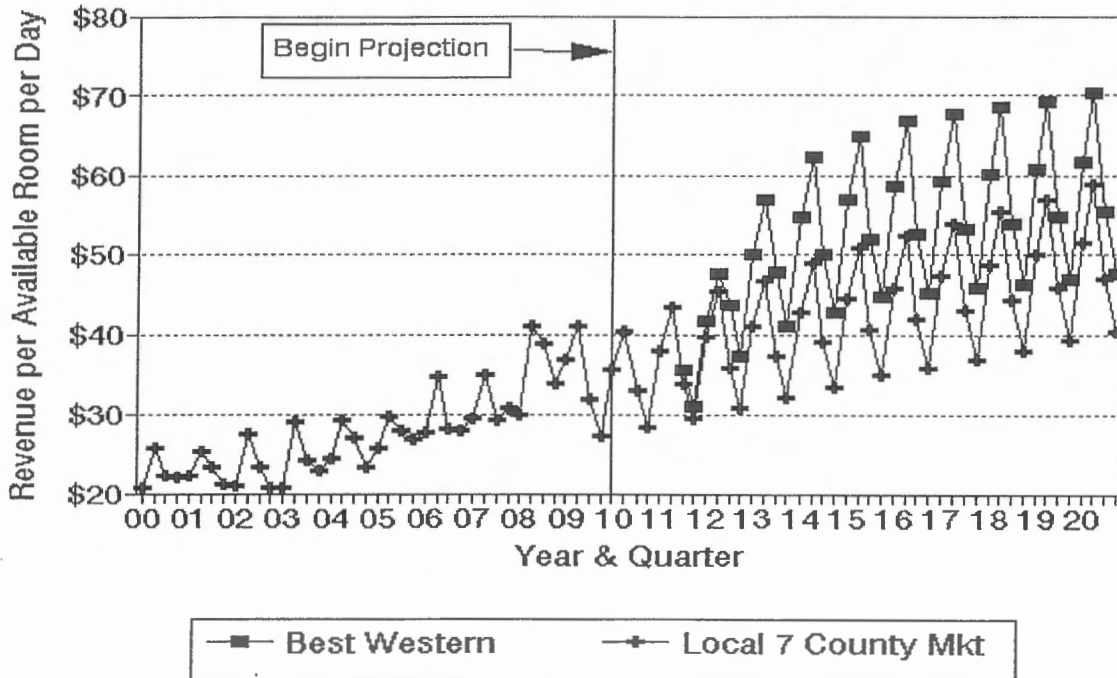
¹¹ Unadjusted for physical aging of each brand.

age and site location. The REVPAR index is then multiplied by the actual local area market average to generate dollar REVPAR, as follows:

	Winnsboro Best West	Mineola Best Western	Mount Pleasant-- Comfort Inn	Holiday Express	Sulpher Springs-- Holiday Express	Best Western
Data in 2009 \$	Yr III	Western	Inn	Express	Express	Western
Base: Name & Quality	1.09	1.09	1.05	1.61	1.61	1.09
x Brand Age Adjustment	1.07	1.07	.99	.92	.92	1.07
x Site Value Adjustment	.90	.86	1.14	1.11	1.00	1.21
x Size Adjustment	1.09	1.09	1.04	1.03	1.03	.88
x Other Adjustments	1.00	.90	1.00	1.00	.90	1.00
x Newness Adjustment	1.12	1.12	.95	1.06	1.12	.76
= Performance Factor	128%	110%	117%	180%	154%	94%
x Market REVPAR	\$34.13	34.13	34.13	34.13	34.13	34.13
= Projected Performance	\$43.74	37.39	39.96	61.27	52.49	32.21
Actual Past Year	n/a	37.39	39.96	61.11	52.48	32.22
Index (Proj. Vs. Actual)	n/a	100	100	100	100	100

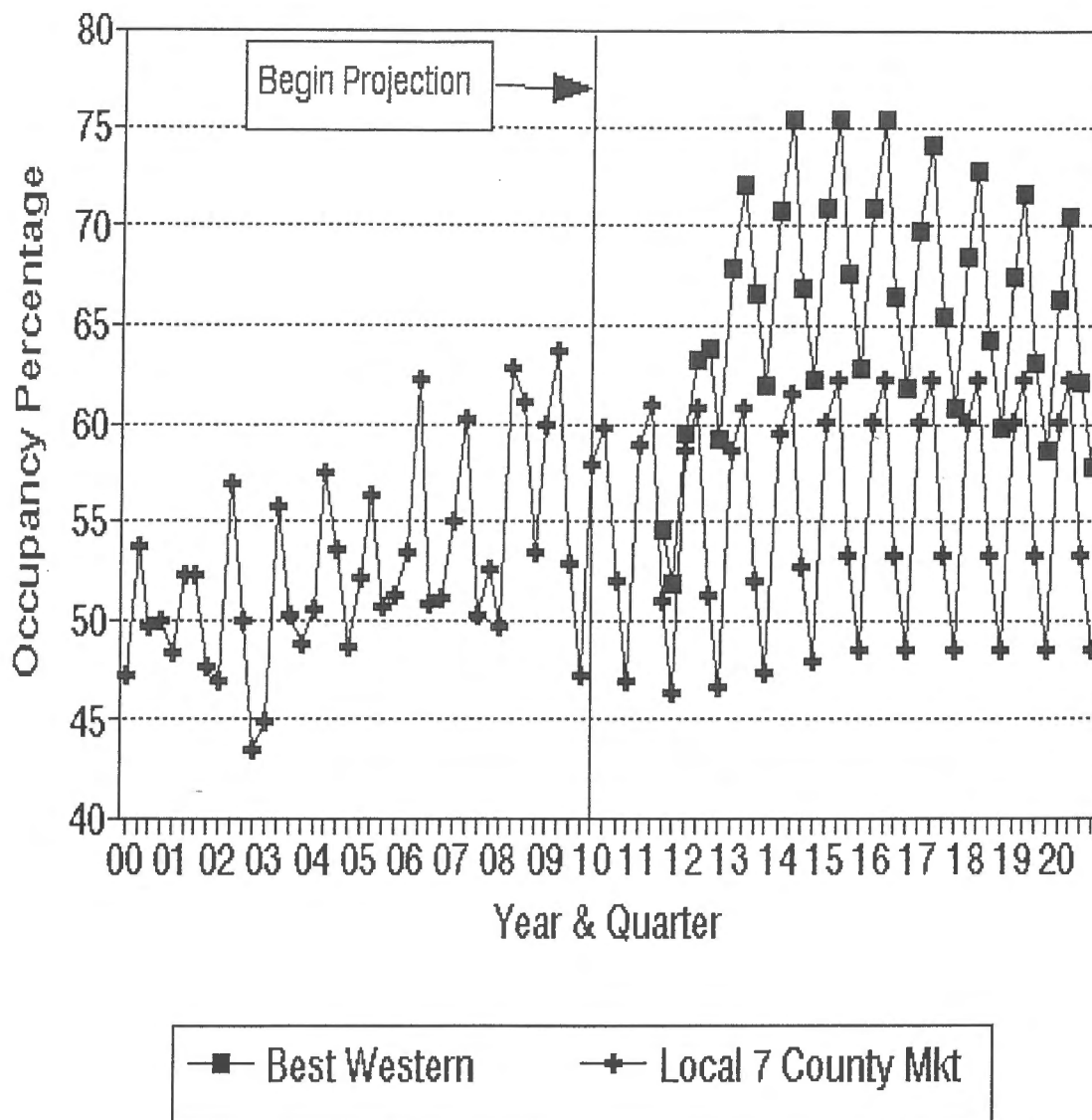
4. The graphically projected REVPAR performance of the Best Western Inn & Suites versus the local market average reflects the fact that this hotel will be above the overall market average because of its brand performance level, reasonable size, and newness. The hotel REVPAR gradually declines versus the market from its Year V peak level.

REVPAR HISTORY & PROJECTION: Best Western vs Local Market Area



5. Graphing the projected occupancy performance of the project versus the local market demonstrates a realistic pattern: the hotel leads the local market average:

OCCUPANCY HISTORY & PROJECTION: Best Western vs Local Market Area



6. In the overall market, any new hotel will have an inordinate advantage over the old; the playing field here is not level as the lodging consumer almost

always votes for 'new' versus old. From Holiday Inn consumer research, 'new' means 'clean,' and 'old' means 'dirty' to the consumer; cleanliness is the number one consumer selection factor in lodging.

The average hotel room in the local market is 18 years old, with a mix of newer competitive properties, and older properties that have lost their competitive edge. Of the 24 properties, 8 (38% of local rooms) were built since 1999, and 9 were built in or before 1985 (40% of local rooms), and are at least 25 years old. The age and sizes of local market properties follows:

LOCAL MARKET PROPERTIES

<u>Year</u>	<u>#</u>	<u>Local Hotel</u>
2009	65	LA QUINTA INN & SUITES
2008	79	HAMPTON INN & SUITES
2007	50	BEST WESTERN INN
2007	72	HOLIDAY EXPRESS
2002	71	HOLIDAY EXPRESS & SUITES
2000	60	COMFORT SUITES
2000	40	BUDGET INN MOTEL
1999	35	EXECUTIVE INN FMR RAMADA LTD
1998	45	COLONIAL HOUSE HOTEL
1997	56	MOUNT PLEASANT INN & SUITES FM
1996	19	BENT TREE MOTEL
1996	43	SUPER 8 MOTEL OF MT VERNO
1995	59	COMFORT INN
1986	15	FISHERMAN`S COVE MARINA
1986	36	LAKE FORK MARINA
1984	56	SUPER 8 OR QUALITY INN FMR DAY
1983	39	GILMER INN
1982	74	DAYS INN OF MOUNT PLEASAN 4/08
1982	100	BEST WESTERN TRAIL DUST I
1979	65	SUPER 8 FMR LAKEWOOD
1978	26	ROYAL INN
1977	21	LAKELAND LODGE MOTEL
1967	20	SANDS MOTEL
1965	103	EXECUTIVE INN FMR DAYS/EXEC/RA

PRO FORMA: Applying the project derivation factor (128% Year III-V) to the quarterly local market REVPAR forecast results in the following progression:

PROJECT REVPAR PROJECTION				
<u>Year & Quarter</u>	<u>Local Market</u>	<u>Subject Hotel</u>	<u>Subject /</u>	
			<u>Market</u>	<u>Index</u>
			<u>Qtr</u>	<u>Year</u>
113	33.82	35.51	105	
114	29.58	31.06	105	
121	39.71	41.70	105	
122	45.24	47.50	105	105
123	35.68	43.53	122	
124	30.62	37.36	122	
131	40.90	49.90	122	
132	46.59	56.85	122	122
133	37.29	47.73	128	
134	32.00	40.96	128	
141	42.75	54.72	128	
142	48.70	62.33	128	128
143	38.98	49.89	128	
144	33.45	42.81	128	
151	44.46	56.91	128	
152	50.65	64.83	128	128
153	40.54	51.89	128	
154	34.79	44.53	128	
161	45.80	58.62	128	
162	52.17	66.78	128	128
163	41.76	52.55	126	
164	35.83	45.10	126	
171	47.17	59.37	126	
172	53.74	67.63	126	126
173	43.01	53.23	124	
174	36.91	45.68	124	
181	48.58	60.13	124	
182	55.35	68.50	124	124
183	44.30	53.91	122	
184	38.01	46.26	122	
191	50.04	60.90	122	
192	57.01	69.37	122	122
193	45.63	54.60	120	
194	39.15	46.85	120	
201	51.54	61.68	120	
202	58.72	70.26	120	120
203	47.00	55.30	118	
204	40.33	47.45	118	
211	52.96	62.32	118	
212	60.33	70.99	118	118
213	48.29	55.87	116	
214	41.44	47.94	116	
221	54.42	62.96	116	
222	61.99	71.72	116	116
CGR%9Yrs	3.4%	4.7%		
First5Yrs	3.8%	7.6%		

-CGR% measured from open date-

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

<u>RESULTING PROJECTION: Best Western Inn & Suites Winnsboro</u>								
<u>Year&</u>	<u>Resulting</u>	<u>Annual</u>	<u>%</u>	<u>Average</u>	<u>Room-</u>	<u>Annual Basis</u>		
<u>Quarter</u>	<u>Room</u>	<u>Basis</u>	<u>Occ</u>	<u>Daily</u>	<u>nghts</u>	<u>RNS</u>	<u>Occ</u>	<u>Rate</u>
	<u>Revenues</u>			<u>Rate</u>	<u>Sold</u>			
113	\$163,348		54.6	\$65.00	2,513			
114	\$142,895		51.8	\$60.00	2,382			
121	\$187,629		59.6	\$70.00	2,680			
122	\$216,121	\$709,993	63.3	\$75.00	2,882	10,457	57.3%	\$67.90
123	\$200,247		63.8	\$68.25	2,934			
124	\$171,838		59.3	\$63.00	2,728			
131	\$224,547		67.9	\$73.50	3,055			
132	\$258,645	\$855,277	72.2	\$78.75	3,284	12,001	65.8%	\$71.27
133	\$219,581		66.6	\$71.66	3,064			
134	\$188,428		61.9	\$66.15	2,848			
141	\$246,226		70.9	\$77.18	3,190			
142	\$283,617	\$937,852	75.4	\$82.69	3,430	12,533	68.7%	\$74.83
143	\$229,494		66.9	\$74.53	3,079			
144	\$196,935		62.2	\$68.80	2,863			
151	\$256,099		70.9	\$80.26	3,191			
152	\$294,990	\$977,518	75.4	\$86.00	3,430	12,563	68.8%	\$77.81
153	\$238,696		67.6	\$76.76	3,109			
154	\$204,832		62.8	\$70.86	2,891			
161	\$263,782		70.9	\$82.67	3,191			
162	\$303,839	\$1,011,150	75.4	\$88.57	3,430	12,621	69.2%	\$80.12
163	\$241,751		66.5	\$79.07	3,058			
164	\$207,453		61.8	\$72.99	2,842			
171	\$267,159		69.7	\$85.15	3,138			
172	\$307,728	\$1,024,092	74.1	\$91.23	3,373	12,410	68.0%	\$82.52
173	\$244,846		65.4	\$81.44	3,006			
174	\$210,109		60.8	\$75.18	2,795			
181	\$270,578		68.6	\$87.70	3,085			
182	\$311,667	\$1,037,199	72.9	\$93.97	3,317	12,203	66.9%	\$84.99
183	\$247,979		64.3	\$83.88	2,956			
184	\$212,798		59.7	\$77.43	2,748			
191	\$274,041		67.4	\$90.34	3,034			
192	\$315,656	\$1,050,474	71.7	\$96.79	3,261	11,999	65.8%	\$87.54
193	\$251,153		63.2	\$86.40	2,907			
194	\$215,521		58.7	\$79.75	2,702			
201	\$277,549		66.3	\$93.05	2,983			
202	\$319,696	\$1,063,919	70.5	\$99.69	3,207	11,799	64.7%	\$90.17
203	\$254,368		62.1	\$88.99	2,858			
204	\$218,280		57.8	\$82.15	2,657			
211	\$280,419		65.0	\$95.84	2,926			
212	\$323,002	\$1,076,068	69.1	\$102.68	3,146	11,587	63.5%	\$92.87
213	\$256,998		61.0	\$91.66	2,804			
214	\$220,537		56.7	\$84.61	2,606			
221	\$283,318		63.8	\$98.71	2,870			
222	\$326,342	\$1,087,195	67.8	\$105.76	3,086	11,366	62.3%	\$95.65
CGR%9Yr	4.7%		1.1%	3.6%	1.1%			
First5Y	7.6%		3.5%	4.0%	3.5%			

-CGR% measured from open date-

Operating Costs¹²

Profitability and returns reflect the above revenue projections and the following other critical assumptions: operating costs per occupied room approximate Limited Service hotels of similar size, rate, and occupancy and include appropriate fixed, semi-fixed and variable costs (Smith Travel Research's 2009 Host Report for year 2008 data, and Source Strategies, Inc.).

Estimates of operating costs take into account the lower costs of the West South Central United States, which had an average Per Occupied Room Cost of \$43.51 (including 5% royalties) in 2008 in Limited Service hotels - versus a national average of \$53.72 - or 81% of the U.S. average. The following cost comparisons have all been adjusted to reflect this 19% lower-cost environment that may be expected in operating a hotel in the West South Central Region.

Rooms only Operating Costs per Occupied Room (before Fixed Charges) are estimated at \$34.98 For Year I (\$365,807 divided by 10,457 roomnights sold); \$35.59 for Year II (\$427,104 divided by 12,001), and \$36.67 for Year III (\$459,596 divided by 12,533). These numbers compare to industry-wide data as follows:

- a) \$37.80 in the 2009 Host Report, for suburban hotels (average rate of \$89.48) in 2008 (adjusted to Southwest). This translates to \$41.30 when inflated to Year 2011 dollars.
- b) \$37.01 in the 2009 Host Report, for mid-priced hotels (average rate of \$84.99) in 2008 (adjusted to Southwest). This translates to \$40.44, when inflated to Year 2011 dollars.
- c) \$34.00 in the 2009 Host Report, for highway hotels (average rate of \$78.64) in 2008 (adjusted to Southwest). This translates to \$38.02, when inflated to Year 2011 dollars.
- d) \$26.02 in the 2009 Host Report, for Economy hotels (average rate of \$65.78) in 2008 (adjusted to Southwest). This translates to \$28.43, when inflated to Year 2011 dollars.

¹² The calculation of the statistic of Operating Costs Per Occupied Room (before fixed/capital costs are deducted) is typically the important cost to examine carefully because it is highly stable and predictable, regardless of occupancy and rate.

- **Versus room revenues:** a necessary marketing expense of 7% in Year I and thereafter. Marketing includes reservation and advertising fees, sales expense, local advertising and the always important outdoor billboards. A 3% assessment has been charged to cover annual association fees.

A reserve for renovations is taken and subtracted from projected cash flows annually; such renovation reserves amount to \$492,820 in the first ten years (\$9,856 per unit). Reserves insure that future revenue streams continue by maintaining product quality at excellent levels as required by the franchisor. Reserves are based on an extensive 2001 study, CapEx, by the International Society of Hospitality Consultants. The study shows that required reserves average 5.5% over a 20 year period. However, average expenditures vary by year, with peak spending occurring in year ten at over 12% of gross revenues (details in Exhibit VII).

- Total capital of \$3,000,000 is allocated for the development of the project. The estimated turn-key construction cost of \$55,000 per unit is average for the construction of a hotel of this size and quality, in our experience. Land is estimated at \$250,000, which is within reason for a small site in a highway/rural/small town market area. Should capital needs prove to be greater, then returns would change proportionately. The estimates of necessary capital include:

<u>Investment</u>	
Est. Land Investment	\$ 250,000 ¹³
Improvements	\$ <u>2,750,000</u> @ \$55,000 per unit
Total Investment	\$ 3,000,000

The pro forma profit and cash flow statements are shown overleaf:

¹³ SSI's estimate of development costs and land value.

Open July 1, 2011
 # Rooms: 50

Best Western Inn & Suites

Land Value: \$250,000

Investment per room excluding land: \$55,000

QUARTER:	Third	Fourth	First	Second	Year	
Rm nites Sold	2,513	2,382	2,680	2,882	10,457	
Rm nites Avail	4,600	4,600	4,500	4,550	18,250	
Occupancy %	54.6%	51.8%	59.6%	63.3%	57.3%	
Avg Rate	\$65.00	\$60.00	\$70.00	\$75.00	\$67.90	
REVPAR	\$35.51	\$31.07	\$41.69	\$47.51	\$38.90	%
						Revenues
Room Revenues	\$163,345	\$142,920	\$187,600	\$216,150	710,015	96.0%
Other	6,860	6,003	7,879	9,078	29,821	4.0%
Total Sales	\$170,205	\$148,923	\$195,479	\$225,228	\$739,836	100.0%
<u>Operating Expense</u>						
Administration	10,212	8,935	11,729	13,514	44,390	6.0%
Housekeeping	8,796	8,337	9,380	10,087	36,600	4.9%
Laundry	3,770	3,573	4,020	4,323	15,686	2.1%
Front Desk	10,052	9,528	10,720	11,528	41,828	5.7%
Miscellaneous	3,404	2,978	3,910	4,505	14,797	2.0%
Taxes/Benefits	4,348	4,002	4,771	5,275	18,396	2.5%
Total Payroll	40,581	37,354	44,529	49,231	171,696	23.2%
<u>-Room Expense</u>						
Linen & Laundry	3,770	3,573	4,020	4,323	15,686	2.1%
Comp. F & B	6,283	5,955	6,700	7,205	26,143	3.5%
Total Room	10,052	9,528	10,720	11,528	41,828	5.7%
<u>-Other Expense</u>						
Phone Lines	1,307	1,307	1,307	1,307	5,229	0.7%
Elec/Utility	11,309	10,719	12,060	12,969	47,057	6.4%
Maint. & Repair	3,404	2,978	3,910	4,505	14,797	2.0%
Total Other	16,020	15,005	17,277	18,781	67,082	9.1%
<u>-Gen & Admin</u>						
Marketing & Adver	11,434	10,004	13,132	15,131	49,701	6.7%
Franchise Fee	4,900	4,288	5,628	6,485	21,300	2.9%
Credit Card	3,267	2,858	3,752	4,323	14,200	1.9%
Tot Admin & Gen	19,601	17,150	22,512	25,938	85,202	11.5%
-Total Op Expense	86,255	79,037	95,038	105,478	365,807	49.4%
Income Bef Fixed	83,951	69,886	100,441	119,751	374,028	50.6%
<u>-Fixed Charges</u>						
Insurance	3,699	3,699	3,699	3,699	14,797	2.0%
Property Tax	6,808	5,957	7,819	9,009	29,593	4.0%
Deprec SL 39 Yrs.	17,628	17,628	17,628	17,628	70,513	9.5%
Tot Capital Expen	28,136	27,284	29,147	30,337	114,903	15.5%
Net Income Before	55,815	42,601	71,295	89,414	259,125	35.0%
<u>Tax & Financing</u>						
Depreciat. AddBac	17,628	17,628	17,628	17,628	70,513	9.5%
Renovation Reserv	(6,808)	(5,957)	(7,819)	(9,009)	(29,593)	-4.0%
Cash Flow Before	66,635	54,273	81,104	98,033	300,045	40.6%
<u>Tax & Financing</u>						

-see following 2 pages for the next 9 years-

Best Western Inn & Suites										Compound Growth
# Rooms: 50										
Year	2	3	4	5	6	7	8	9	10	Yr 2-10
Rmnltes Sold	12,001	12,533	12,563	12,621	12,410	12,203	11,999	11,799	11,587	1.1%
Rmnltes Avail	18,250	18,250	18,250	18,250	18,250	18,250	18,250	18,250	18,250	0.0%
Occupancy %	65.8%	68.7%	68.8%	69.2%	68.0%	66.9%	65.7%	64.7%	63.5%	1.1%
Avg Rate*	\$71.27	\$74.83	\$77.81	\$80.12	\$82.52	\$85.00	\$87.55	\$90.17	\$92.87	3.5%
REVPAR	\$46.86	\$51.39	\$53.56	\$55.41	\$56.11	\$56.83	\$57.56	\$58.30	\$58.96	4.7%
RoomRevenues	855,277	937,852	977,518	1,011,150	1,024,092	1,037,199	1,050,474	1,063,919	1,076,068	4.7%
Other	35,922	39,390	41,056	42,468	43,012	43,562	44,120	44,685	45,195	4.7%
Total Revenues	891,199	977,242	1,018,574	1,053,618	1,067,104	1,080,761	1,094,594	1,108,604	1,121,263	4.7%
<u>Operating Expense - Payroll</u>										
Administration	45,722	47,093	48,506	49,961	51,460	53,004	54,594	56,232	57,919	3.0%
Housekeeping	43,264	46,537	48,048	49,718	50,353	50,999	51,650	52,313	52,914	4.2%
Laundry	18,542	19,944	20,592	21,308	21,580	21,857	22,136	22,420	22,678	4.2%
Front Desk	49,444	53,185	54,912	56,820	57,546	58,284	59,029	59,786	60,474	4.2%
Miscellaneous	17,491	18,814	19,425	20,100	20,357	20,618	20,882	21,150	21,393	4.2%
Taxes/Benefits	20,935	22,269	22,978	23,749	24,156	24,571	24,995	25,428	25,845	3.8%
Total Payroll	195,397	207,843	214,461	221,656	225,452	229,333	233,286	237,329	241,223	3.8%
<u>-Room Expense</u>										
Linen & Laundry	18,542	19,944	20,592	21,308	21,580	21,857	22,136	22,420	22,678	4.2%
Comp. F & B	30,903	33,241	34,320	35,513	35,966	36,428	36,893	37,367	37,796	4.2%
Total Room	49,444	53,185	54,912	56,820	57,546	58,284	59,029	59,786	60,474	4.2%
<u>-Other Expense</u>										
Phone Lines	6,181	6,648	6,864	7,103	7,193	7,286	7,379	7,473	7,559	4.2%
Electric	55,625	59,833	61,776	63,923	64,740	65,570	66,408	67,260	68,033	4.2%
Repairs & Maint	17,824	19,545	20,371	21,072	21,342	21,615	21,892	22,172	22,425	4.7%
Total Other	79,629	86,026	89,011	92,098	93,275	94,470	95,678	96,905	98,017	4.3%
<u>-Gen & Admin</u>										
Marketing & Adv	59,869	65,650	68,426	70,781	71,686	72,604	73,533	74,474	75,325	4.7%
Franchise Fee	25,658	28,136	29,326	30,335	30,723	31,116	31,514	31,918	32,282	4.7%
Credit Card	17,106	18,757	19,550	20,223	20,482	20,744	21,009	21,278	21,521	4.7%
Total G & A	102,633	112,542	117,302	121,338	122,891	124,464	126,057	127,670	129,128	4.7%
-Tot Oper Exp	427,104	459,596	475,686	491,912	499,165	506,551	514,050	521,691	528,842	4.2%
Income Bef Fixe	464,095	517,645	542,888	561,707	567,939	574,210	580,544	586,912	592,421	5.2%

Best Western Inn & Suites										Compound Growth
# Rooms: 50 Year	2	3	4	5	6	7	8	9	10	Yr 2-10
Rmrites Sold	12,001	12,533	12,563	12,621	12,410	12,203	11,999	11,799	11,587	1.1%
Rmrites Avail	18,250	18,250	18,250	18,250	18,250	18,250	18,250	18,250	18,250	0.0%
Occupancy %	65.8%	68.7%	68.8%	69.2%	68.0%	66.9%	65.7%	64.7%	63.5%	1.1%
Avg Rate*	\$71.27	\$74.83	\$77.81	\$80.12	\$82.52	\$85.00	\$87.55	\$90.17	\$92.87	3.5%
REVPAR	\$46.86	\$51.39	\$53.56	\$55.41	\$56.11	\$56.83	\$57.56	\$58.30	\$58.96	4.7%
RoomRevenues	855,277	937,852	977,518	1,011,150	1,024,092	1,037,199	1,050,474	1,063,919	1,076,068	4.7%
Other	35,922	39,390	41,056	42,468	43,012	43,562	44,120	44,685	45,195	4.7%
Total Revenues	891,199	977,242	1,018,574	1,053,618	1,067,104	1,080,761	1,094,594	1,108,604	1,121,263	4.7%
-Fixed Charges										
Insurance	17,824	19,545	20,371	21,072	21,342	21,615	21,892	22,172	22,425	4.7%
Property Tax	35,648	39,090	40,743	42,145	42,684	43,230	43,784	44,344	44,851	4.7%
Depr. SL 39 Yrs	70,513	70,513	70,513	70,513	70,513	70,513	70,513	70,513	70,513	0.0%
Total Fixed Ch.	123,985	129,147	131,627	133,730	134,539	135,359	136,188	137,029	137,789	2.0%
Income Before	340,110	388,498	411,261	427,977	433,400	438,852	444,355	449,883	454,633	6.4%
<u>Tax & Financing</u>										
Depr. AddBack	70,513	70,513	70,513	70,513	70,513	70,513	70,513	70,513	70,513	0.0%
RenovReserve	(22,280)	(23,454)	(24,446)	(45,306)	(64,026)	(46,473)	(33,932)	(66,516)	(136,794)	18.5%
Cash Before	388,343	435,557	457,328	453,184	439,887	462,892	480,936	453,880	388,351	2.9%
<u>Tax & Financing</u>										

March 24, 2010

OPINION

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

The projections in this study are dependent on the developer using the brand name 'Best Western Inn & Suites', delivering the level of product quality as required by the franchisor, including certain amenities, and spending the appropriate operating funds necessary to generate projected revenues, most especially budgeted funds for aforementioned amenities and for marketing, including a listing in the American Automobile Association Texas Tourbook.

It is our opinion that this report fairly and conservatively represents the room revenues, profitability and return on investment performance that can be achieved by building and operating a 50 unit Best Western Inn & Suites at one of the available hotel sites in Winnsboro, Texas. Please contact us with any questions at (210) 734-3434.

Respectfully submitted,



Douglas W. Sutton,
Executive Vice President



Bruce H. Walker,
President

EXHIBITS:

- I Market History, Aggregated Basis:
-Local market
- II Local Market: By Segment and Brand, Past Five
Years, Annual Basis
- III Individual Hotel/Motel Histories For
Local Market
- IV Texas Excluding High Priced Segments
- V The Case For Downsizing Hotels
- VI Start-up Performance of New Hotels
- VII CAPEX Study of Capital Expenditures
- VIII Preparer Qualifications and Client List
- IX Source Strategies Database Methodology
- X Hotel Brand Report Newsletter

EXHIBIT I

LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

YRQ	# Hotels Motels	# ROOMS	RNIGHTS SOLD 1 (000S)	\$ ROOMS REVENUES (000 S)	% OCC2	\$ Rate3	\$ RPAR4
---	-----	-----	-----	-----	-----	-----	-----
001	25	1,128	47.8	2,110	47.1	44.16	20.78
002	24	1,134	55.4	2,659	53.7	48.00	25.77
003	24	1,134	51.8	2,315	49.7	44.68	22.19
004	23	1,111	51.0	2,248	49.9	44.06	21.99
*TOTAL 2000			206.0	9,332	50.1	45.30	22.69
011	23	1,099	47.7	2,198	48.3	46.04	22.23
012	23	1,099	52.3	2,519	52.3	48.13	25.18
013	23	1,099	52.8	2,373	52.2	44.92	23.47
014	22	1,076	47.1	2,094	47.6	44.44	21.15
*TOTAL 2001			200.0	9,183	50.1	45.92	23.01
021	23	1,083	45.7	2,048	46.9	44.85	21.01
022	23	1,046	54.1	2,630	56.8	48.62	27.63
023	23	1,102	50.6	2,379	49.9	46.99	23.46
024	21	1,067	42.6	2,027	43.4	47.59	20.65
*TOTAL 2002			193.0	9,084	49.2	47.07	23.16
031	23	1,102	44.6	2,064	44.9	46.31	20.81
032	23	1,102	55.9	2,905	55.7	52.00	28.96
033	23	1,102	51.0	2,454	50.3	48.10	24.20
034	22	1,087	48.8	2,288	48.8	46.90	22.87
*TOTAL 2003			200.2	9,709	49.9	48.50	24.22
041	23	1,103	50.1	2,428	50.4	48.52	24.46
042	23	1,099	57.5	2,930	57.5	50.95	29.30
043	23	1,099	54.2	2,737	53.6	50.46	27.07
044	22	1,084	48.6	2,341	48.7	48.14	23.47
*TOTAL 2004			210.4	10,436	52.6	49.60	26.08
051	25	1,153	54.1	2,660	52.1	49.15	25.63
052	25	1,153	59.1	3,114	56.3	52.71	29.68
053	25	1,153	53.8	2,971	50.7	55.21	28.01
054	22	1,073	50.5	2,653	51.2	52.49	26.88
*TOTAL 2005			217.6	11,399	52.6	52.39	27.57
061	24	1,132	54.4	2,826	53.4	51.90	27.74
062	24	1,132	64.1	3,576	62.2	55.79	34.72
063	25	1,152	53.9	2,985	50.8	55.42	28.16
064	23	1,093	51.4	2,795	51.1	54.38	27.80
*TOTAL 2006			223.8	12,182	54.4	54.43	29.61
071	24	1,132	56.0	3,010	55.0	53.75	29.54
072	26	1,161	63.7	3,673	60.3	57.70	34.77
073	27	1,233	57.0	3,326	50.3	58.34	29.32
074	23	1,125	54.4	3,192	52.5	58.69	30.84
*TOTAL 2007			231.0	13,200	54.4	57.13	31.10

LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

YRQ	# Hotels Motels	# ROOMS	RNIGHTS SOLD 1 (000S)	\$ ROOMS REVENUES (000 S)	% OCC2	\$ Rate3	\$ RPAR4
----	-----	-----	-----	-----	-----	-----	-----
081	25	1,184	53.0	3,191	49.7	60.23	29.95
082	25	1,184	67.8	4,420	62.9	65.17	41.02
083	25	1,184	66.5	4,225	61.1	63.50	38.79
084	24	1,155	56.7	3,591	53.4	63.33	33.80
*TOTAL 2008			244.1	15,428	56.8	63.21	35.92
091	25	1,243	67.0	4,114	59.9	61.40	36.77
092	23	1,183	68.6	4,414	63.7	64.38	41.00
093	24	1,204	58.6	3,530	52.9	60.23	31.87
094	24	1,234	53.4	3,092	47.1	57.87	27.24
*TOTAL 2009			247.6	15,149	55.8	61.19	34.13
*TOTAL			2,173.7	115,103	52.7	52.95	27.90

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

EXHIBIT II

PERIOD: TWELVE MONTHS ENDING DECEMBER 31, 2009
 LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

BRAND	#* HTL	# *		EST.		\$		EST.		\$ RPAR
		RMS 000S	% RMS	RNS 000S	% RNS	AMT. 000S	% AMT	%OCC	\$ RATE	
CHAINS										
COMFO STE	1	.1	4.9	11	4.6	685	4.5	52.1	60.02	31.28
TOT MIN STE	1	.1	4.9	11	4.6	685	4.5	52.1	60.02	31.28
BEST WEST	2	.2	12.3	30	12.3	1,869	12.3	55.5	61.57	34.14
COMFO INN	1	.1	4.9	12	4.8	861	5.7	55.3	72.24	39.96
HAMPTON	1	.1	6.5	15	6.1	1,483	9.8	52.7	97.62	51.43
HOLID EXP	2	.1	11.8	33	13.4	2,962	19.6	63.7	89.05	56.75
LA QUINTA	0	.0	1.0	2	.7	132	.9	36.8	77.91	28.66
TOT LTD SVE	6	.4	36.5	92	37.3	7,307	48.2	57.1	79.06	45.13
DAYS INN	1	.1	6.1	19	7.7	1,082	7.1	70.9	56.51	40.05
QUALITY	1	.1	4.6	11	4.4	651	4.3	52.7	60.42	31.85
SUPER 8	2	.1	8.9	21	8.5	1,062	7.0	53.5	50.41	26.95
TOT BUDGET	4	.2	19.6	51	20.6	2,795	18.5	58.7	54.81	32.18
TOT CHAINS	11	.7	61.0	155	62.5	10,787	71.2	57.2	69.67	39.85
INDEPENDENTS										
\$60-99ADR	4	.2	17.3	46	18.8	2,755	18.2	60.6	59.31	35.94
LT \$60ADR	9	.3	21.7	46	18.7	1,608	10.6	48.0	34.75	16.66
TOT INDEP	13	.5	39.0	93	37.5	4,363	28.8	53.6	47.05	25.20
TOT MARKET	24	1.2	100.0	248	100.0	15,149	100	55.8	61.20	34.13

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

PERIOD: TWELVE MONTHS ENDING DECEMBER 31, 2008
 LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

BRAND	#* HTL	# *		EST.		\$		EST.		\$ RPAR
		RMS 000S	% RMS	RNS 000S	% RNS	AMT. 000S	% AMT	EST. %OCC	\$ RATE	
CHAINS										
COMFO STE	1	.1	5.1	12	4.8	838	5.4	53.8	71.17	38.28
TOT MIN STE	1	.1	5.1	12	4.8	838	5.4	53.8	71.17	38.28
BEST WEST	2	.2	12.7	33	13.6	2,301	14.9	60.7	69.26	42.04
COMFO INN	1	.1	5.0	15	6.0	1,171	7.6	68.4	79.55	54.38
HAMPTON	0	.0	.6	1	.6	164	1.1	53.4	111.15	59.32
HOLID EXP	2	.1	12.2	36	14.6	3,465	22.5	68.2	97.41	66.39
TOT LTD SVE	5	.4	30.6	85	34.8	7,101	46.0	64.8	83.55	54.11
DAYS INN	1	.1	6.3	15	6.3	967	6.3	57.1	62.64	35.80
QUALITY	1	.1	4.8	8	3.3	464	3.0	39.0	58.15	22.69
SUPER 8	2	.1	9.2	24	9.7	1,346	8.7	59.8	57.10	34.13
TOT BUDGET	4	.2	20.2	47	19.3	2,776	18.0	54.1	59.10	31.96
TOT CHAINS	10	.7	55.9	144	58.9	10,716	69.5	59.9	74.54	44.65
INDEPENDENTS										
LT \$60ADR	14	.5	44.1	100	41.1	4,711	30.5	52.9	46.99	24.86
TOT INDEP	14	.5	44.1	100	41.1	4,711	30.5	52.9	46.99	24.86
TOT MARKET	25	1.2	100.0	244	100.0	15,428	100	56.8	63.22	35.92

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

PERIOD: TWELVE MONTHS ENDING DECEMBER 31, 2007
 LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

BRAND	#* HTL	#* RMS 000S	% RMS	EST. RNS 000S	% RNS	\$ AMT. 000S	% AMT	EST. %OCC	EST. \$ RATE	\$ RPAR
CHAINS										
COMFO STE	1	.1	5.2	12	5.3	911	6.9	56.2	74.02	41.60
TOT MIN STE	1	.1	5.2	12	5.3	911	6.9	56.2	74.02	41.60
BEST WEST	2	.1	11.8	29	12.6	1,851	14.0	57.9	63.65	36.84
COMFO INN	1	.1	5.1	15	6.4	1,096	8.3	69.0	73.76	50.89
HOLID EXP	2	.1	9.2	25	10.9	2,407	18.2	64.6	95.23	61.47
TOT LTD SVE	4	.3	26.1	69	30.0	5,355	40.6	62.4	77.35	48.26
DAYS INN	2	.1	12.0	26	11.3	1,432	10.8	51.0	54.92	28.00
SUPER 8	2	.1	9.3	22	9.6	1,193	9.0	56.5	53.60	30.27
TOT BUDGET	4	.2	21.3	48	20.9	2,625	19.9	53.4	54.31	28.99
TOT CHAINS	9	.6	52.6	130	56.2	8,891	67.4	58.1	68.46	39.80
INDEPENDENTS										
LT \$60ADR	16	.6	47.4	101	43.8	4,309	32.6	50.3	42.62	21.43
TOT INDEP	16	.6	47.4	101	43.8	4,309	32.6	50.3	42.62	21.43
TOT MARKET	25	1.2	100.0	231	100.0	13,200	100	54.4	57.15	31.10

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

PERIOD: TWELVE MONTHS ENDING DECEMBER 31, 2006
 LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

BRAND	#* HTL	# *		EST.		\$			EST.	
		RMS 000S	% RMS	RNS 000S	% RNS	AMT. 000S	% AMT	EST. %OCC	\$ RATE	\$ RPAR
CHAINS										
COMFO STE	1	.1	5.3	15	6.7	1,134	9.3	68.1	76.02	51.78
TOT MIN STE	1	.1	5.3	15	6.7	1,134	9.3	68.1	76.02	51.78
BEST WEST	2	.2	13.8	32	14.4	1,914	15.7	56.4	59.61	33.62
COMFO INN	1	.1	5.2	14	6.2	1,009	8.3	64.1	73.11	46.85
HOLID EXP	1	.1	6.3	19	8.4	1,736	14.3	72.2	92.76	67.00
TOT LTD SVE	4	.3	25.4	65	28.9	4,660	38.2	61.9	72.09	44.64
DAYS INN	2	.2	15.2	32	14.3	1,680	13.8	51.1	52.63	26.91
SUPER 8	2	.1	9.6	22	9.9	1,117	9.2	56.1	50.50	28.33
TOT BUDGET	4	.3	24.8	54	24.1	2,797	23.0	53.1	51.76	27.46
TOT CHAINS	9	.6	55.4	134	59.7	8,590	70.5	58.6	64.31	37.66
INDEPENDENTS										
\$60-99ADR	1	.0	1.3	2	.9	126	1.0	38.2	60.43	23.06
LT \$60ADR	14	.5	43.2	88	39.4	3,466	28.4	49.5	39.35	19.49
TOT INDEP	15	.5	44.6	90	40.3	3,592	29.5	49.2	39.84	19.60
TOT MARKET	24	1.1	100.0	224	100.0	12,182	100	54.4	54.45	29.61

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

PERIOD: TWELVE MONTHS ENDING DECEMBER 31, 2005
 LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

BRAND	#* HTL	# *		EST.		\$		EST.		\$ RPAR
		RMS 000S	% RMS	RNS 000S	% RNS	AMT. 000S	% AMT	% EST.	\$ RATE	
CHAINS										
HOLID INN	1	.1	8.6	15	7.1	793	7.0	43.5	51.41	22.39
TOT MID/UPS	1	.1	8.6	15	7.1	793	7.0	43.5	51.41	22.39
COMFO STE	1	.1	5.3	14	6.5	954	8.4	64.6	67.44	43.56
TOT MIN STE	1	.1	5.3	14	6.5	954	8.4	64.6	67.44	43.56
BEST WEST	2	.2	13.8	32	14.8	1,815	15.9	56.4	56.28	31.73
COMFO INN	1	.1	5.2	15	6.7	1,007	8.8	67.4	69.44	46.78
HOLID EXP	1	.1	6.3	19	8.8	1,635	14.3	73.6	85.68	63.08
TOT LTD SVE	4	.3	25.3	66	30.3	4,457	39.1	62.9	67.70	42.59
DAYS INN	1	.1	6.5	18	8.2	959	8.4	66.3	53.53	35.51
SUPER 8	2	.1	9.6	21	9.8	1,004	8.8	53.9	46.93	25.28
TOT BUDGET	3	.2	16.1	39	18.1	1,963	17.2	58.9	49.94	29.43
TOT CHAINS	9	.6	55.3	135	61.9	8,167	71.6	58.9	60.62	35.71
INDEPENDENTS										
\$60-99ADR	1	.0	1.8	2	1.1	133	1.2	31.4	57.93	18.20
LT \$60ADR	14	.5	42.9	81	37.0	3,099	27.2	45.4	38.49	17.46
TOT INDEP	15	.5	44.7	83	38.1	3,232	28.4	44.8	39.03	17.49
TOT MARKET	24	1.1	100.0	218	100.0	11,399	100	52.6	52.40	27.57

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

EXHIBIT III

LODGING MARKET: SEVEN COUNTY AREA SURROUNDING WINNSBORO

CITY	ADDR	ZIP	E S T	3 EST	4	YR	AVG
---	---	---	T	AVG.	%	OP	ADJ 1
---	---	---	2	DAILY	OCC	---	---
YRQ	# RMS	BRAND	TAXABLE REVENUE	GROSS REVENUE	ADJ 1 FACTOR	RATE	\$ 5 EST REVPAR
---	---	---	---	---	---	---	---
ALBA		2712 N FM 17	75410	FISHERMAN`S COVE	MARINA	86	1.04
051	15		27,115	28,200	.00	57.21	36 20.89
052	15		30,873	32,108	.00	60.21	39 23.52
053	15		13,646	14,192	.00	57.47	18 10.28
054	15		26,479	27,538	.00	57.47	35 19.96
061	15		40,195	41,803	.00	63.20	49 30.97
062	15		41,816	43,489	.00	61.50	52 31.86
063	15		23,366	24,301	.00	57.50	31 17.61
064	15		16,005	16,645	.00	55.50	22 12.06
071	15		33,252	34,582	.00	58.50	44 25.62
072	15		43,700	45,448	.00	63.50	52 33.30
073	15		42,671	44,378	.00	61.88	52 32.16
074	15		21,008	21,848	.00	55.88	28 15.83
081	15		34,304	35,676	.00	59.71	44 26.43
082	15		45,212	47,020	.00	64.77	53 34.45
083	15		30,928	32,165	.00	61.94	38 23.31
084	15		19,440	20,218	.00	56.50	26 14.65
091	15		32,149	33,435	.00	57.30	43 24.77
092	15		42,023	43,704	.00	58.49	55 32.02
093	15		17,992	18,712	.00	55.04	25 13.56
094	15		16,687	17,354	.00	49.04	26 12.58
		275 COUNTY ROAD	75410	LAKE FORK	MARINA	86	1.04
051	36		82,107	84,981	.00	46.46	56 26.23
052	36		154,552	159,961	.00	69.56	70 48.83
053	36		73,960	75,507	1.02	57.84	39 22.80
054	36		62,856	65,056	.00	50.54	39 19.64
061	36		99,500	102,982	.00	53.07	60 31.78
062	36		175,059	181,186	.00	73.07	76 55.31
063	36		84,423	87,378	.00	60.07	44 26.38
064	36		68,373	70,766	.00	55.07	39 21.37
071	36		101,957	105,525	.00	55.07	59 32.57
072	36		188,418	195,013	.00	80.07	74 59.53
073	36		82,772	85,669	.00	59.47	43 25.87
074	36		84,740	87,706	.00	57.55	46 26.48
081	36		112,075	115,998	.00	57.70	62 35.80
082	36		161,988	167,658	.00	71.88	71 51.18
083	36		96,091	99,661	1.04	65.22	46 30.09
084	36		77,270	79,974	.00	65.87	37 24.15
091	36		106,306	110,027	.00	62.39	54 33.96
092	36		196,040	202,901	.00	77.60	80 61.94
093	36		91,625	93,075	1.02	63.92	44 28.10
094	36		77,000	79,695	.00	62.64	38 24.06
		5004 N FM 17	75410	LAKE FORK	RESORT	91	1.02
051	20		19,003	19,383	.00	45.84	23 10.77

CITY		ADDR	ZIP		E 3		YR	AVG
----		----	----		S EST	4	OP	ADJ 1
	#		TAXABLE	GROSS	ADJ 1	DAILY		
YRQ	RMS	BRAND	REVENUE	REVENUE	FACTOR	RATE	OCC	\$ 5
----	----	----	-----	-----	-----	-----	EST	REVPAR
ALBA		5004 N FM 17	75410	LAKE FORK	RESORT		91	1.02
052	20		42,185	43,029	.00	77.50	30	23.64
053	20		14,386	14,674	.00	52.57	15	7.97
061	20		23,603	24,075	.00	45.02	30	13.38
062	20		64,191	65,475	.00	77.02	47	35.98
063	20		25,639	26,152	.00	52.02	27	14.21
071	20		35,679	36,393	.00	47.02	43	20.22
072	20		67,786	69,142	.00	77.02	49	37.99
073	20		33,356	34,023	.00	51.50	36	18.49
081	20		38,625	39,398	.00	51.63	42	21.89
082	20		67,598	68,950	.00	87.09	43	37.88
083	20		44,851	45,748	.00	63.45	39	24.86
091	20		37,030	37,771	.00	60.10	35	20.98
092	20		52,319	53,365	.00	58.30	50	29.32
093	20		33,199	33,863	.00	53.89	34	18.40
BIG SANDY		2129 S FM 2869	75755	HOLLY REALTY			00	1.10
063	20		30,515	30,815	1.01	30.00	56	16.75
064	20		15,871	17,458	.00	30.00	32	9.49
072	20		22,517	24,769	.00	30.00	45	13.61
073	20		16,399	18,039	.00	29.70	33	9.80
083	20		14,800	16,280	.00	29.70	30	8.85
084	20		15,280	16,808	.00	27.77	33	9.13
EMORY		2959 FM 2946	75440	AXTON'S BASS CITY INC			00	1.03
051	39		43,870	45,186	.00	30.75	42	12.87
052	39		52,927	54,515	.00	33.50	46	15.36
053	39		22,198	22,864	.00	31.75	20	6.37
061	39		42,765	44,048	.00	32.88	38	12.55
062	39		47,456	48,880	.00	33.48	41	13.77
063	39		20,152	20,757	.00	31.00	19	5.78
071	39		37,646	38,775	.00	32.00	35	11.05
072	39		41,091	42,324	.00	32.00	37	11.93
073	39		18,096	18,639	.00	29.70	17	5.19
081	39		41,207	42,443	.00	31.79	38	12.09
082	39		40,347	41,557	.00	31.79	37	11.71
083	39		18,759	19,322	.00	30.48	18	5.39
091	39		38,053	39,195	.00	28.88	39	11.17
		381 W LENNON DR	75440	BENT TREE MOTEL			96	1.03
051	19		26,450	26,696	1.01	43.56	36	15.61
052	19		41,749	43,001	.00	49.56	50	24.87
053	19		37,831	39,726	1.05	51.59	44	22.73
054	19		26,419	27,212	.00	45.59	34	15.57
061	19		30,159	31,098	1.03	43.02	42	18.19
062	19		47,649	48,012	1.01	50.02	55	27.77
063	19		32,136	32,476	1.01	50.02	37	18.58
064	19		27,877	28,365	1.02	45.52	36	16.23

CITY	ADDR	ZIP	E 3	YR	AVG
---	---	---	S EST 4	OP	ADJ 1
			T AVG. %		
#	TAXABLE	GROSS	ADJ 1	DAILY	OCC \$ 5
YRQ RMS	REVENUE	REVENUE	FACTOR	RATE	EST REVPAR
---	---	---	---	---	---
EMORY	381 W LENNON DR	75440	BENT TREE	MOTEL	96 1.03
071 19	31,249	32,389	1.04	45.52	42 18.94
072 19	40,917	41,293	1.01	45.52	52 23.88
073 19	36,975	38,972	1.05	45.06	49 22.29
074 19	34,676	34,886	1.01	45.06	44 19.96
081 19	29,719	30,450	1.03	45.18	39 17.81
082 19	42,616	43,078	1.01	47.21	53 24.91
083 19	32,958	33,614	1.05	46.74	41 19.23
084 19	27,588	27,756	1.01	41.96	38 15.88
091 19	25,103	25,856	.00	39.74	38 15.12
092 19	47,035	47,432	1.01	44.17	62 27.43
093 19	32,777	33,760	.00	41.09	47 19.31
094 19	27,000	27,810	.00	39.29	40 15.91
GILMER	1200 HWY 271 S	75644	EXECUTIVE	INN FMR	RAMADA L 99 1.05
051 35	85,536	88,108	1.03	46.05	61 27.97
052 35	115,180	121,370	1.05	54.55	70 38.11
053 35	110,423	136,965	1.24	56.55	75 42.54
054 35	107,581	124,576	1.16	56.55	68 38.69
061 35	97,311	105,730	1.09	54.85	61 33.57
062 35	113,273	119,790	1.06	54.12	69 37.61
063 35	109,780	116,942	1.06	53.72	68 36.32
064 35	120,414	123,280	1.02	55.79	69 38.29
071 35	115,985	137,577	1.19	55.79	78 43.68
072 35	133,219	159,406	1.20	63.16	79 50.05
073 35	115,729	118,159	1.02	57.15	64 36.70
074 35	98,482	102,550	1.04	55.92	57 31.85
081 35	82,361	85,536	1.04	56.61	48 27.15
082 35	120,896	126,856	1.05	65.14	61 39.83
083 35	144,651	153,867	1.06	65.51	73 47.78
084 35	119,177	122,631	1.03	63.14	60 38.08
091 35	89,056	93,994	1.05	54.59	55 29.84
092 35	88,978	90,711	1.02	57.72	49 28.48
093 35	97,786	99,494	1.02	55.09	56 30.90
094 35	76,541	85,607	1.12	52.89	50 26.59
	1018 HWY 271 S	75644	GILMER	INN	83 1.07
051 39	34,481	62,885	1.82	33.19	54 17.92
052 39	47,327	73,184	1.55	36.59	56 20.62
053 39	56,314	88,669	1.58	36.59	68 24.71
054 39	67,902	85,911	1.26	37.75	63 23.94
061 39	51,505	78,530	1.53	36.62	61 22.37
062 39	64,049	88,738	1.39	36.36	69 25.00
063 39	75,784	83,572	1.10	38.37	61 23.29
064 39	74,300	82,296	1.11	43.23	53 22.94
071 39	72,879	92,760	1.27	43.23	61 26.43
072 39	93,445	118,535	1.27	44.67	75 33.40
073 39	73,815	75,808	1.03	39.42	54 21.13

CITY	ADDR	ZIP	E 3	YR	AVG	
---	---	---	S EST 4	OP	ADJ 1	
			T AVG. %	--	-----	
#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5
YRQ RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR
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GILMER	1018 HWY 271 S	75644	GILMER INN	83	1.07	
074 39	59,995	60,769	1.01	38.24	44 16.94	
081 39	60,697	62,058	1.02	39.49	45 17.68	
082 39	80,738	82,158	1.02	44.47	52 23.15	
083 39	93,741	100,309	1.07	45.15	62 27.96	
084 39	65,397	69,738	1.07	40.55	48 19.44	
091 39	68,014	76,298	1.12	40.14	54 21.74	
092 39	62,435	71,308	1.10	42.98	47 20.09	
093 39	70,443	79,195	1.12	40.44	55 22.07	
094 39	71,158	73,860	1.04	37.86	54 20.59	
HAWKINS	119 ET PETTY ST	75765	BLUE BONNET INN	85	1.50	
051 15	9,545	21,015	2.20	31.25	50 15.57	
052 15	13,030	19,560	1.50	31.25	46 14.33	
053 15	11,691	17,537	.00	32.53	39 12.71	
MINEOLA	100 DEBBY LANE	75773	BEST WESTERN INN	07	1.04	
072 50	BWEST 151,016	155,180	1.03	75.00	45 34.11	
073 50	BWEST 209,653	212,378	1.01	74.25	62 46.17	
074 50	BWEST 175,344	178,041	1.01	68.55	56 38.70	
081 50	BWEST 210,675	215,078	1.02	74.23	64 47.80	
082 50	BWEST 260,811	270,623	1.04	85.65	69 59.48	
083 50	BWEST 170,513	195,228	1.15	76.87	55 42.44	
084 50	BWEST 159,274	160,980	1.01	73.28	48 35.00	
091 50	BWEST 136,595	143,387	1.05	69.42	46 31.86	
092 50	BWEST 177,161	182,887	1.03	76.16	53 40.19	
093 50	BWEST 172,585	176,351	1.02	71.68	53 38.34	
094 50	BWEST 182,800	191,137	1.05	70.25	59 41.55	
	533 BROAD ST	75773	LAKELAND LODGE MOTEL	77	1.25	
051 21	14,567	18,209	.00	34.12	28 9.63	
052 21	13,974	17,468	.00	34.12	27 9.14	
053 21	15,711	19,639	.00	35.52	29 10.16	
054 21	11,967	14,959	.00	32.52	24 7.74	
061 21	13,198	16,498	.00	32.85	27 8.73	
062 21	14,752	18,440	.00	32.85	29 9.65	
063 21	19,750	24,688	.00	32.85	39 12.78	
064 21	18,400	23,000	.00	31.55	38 11.90	
071 21	14,686	18,358	.00	30.55	32 9.71	
072 21	15,670	19,588	.00	30.55	34 10.25	
073 21	18,205	22,756	.00	30.24	39 11.78	
074 21	21,574	26,968	.00	30.24	46 13.96	
081 21	16,743	20,929	.00	29.20	38 11.07	
082 21	19,457	24,321	.00	29.20	44 12.73	
083 21	18,208	22,760	.00	28.91	41 11.78	
084 21	16,217	20,271	.00	27.99	37 10.49	
091 21	12,591	15,739	.00	26.51	31 8.33	
093 21	15,682	19,603	.00	24.86	41 10.15	

CITY	ADDR	ZIP	E 3	YR	AVG			
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YRQ	# RMS	BRAND	TAXABLE REVENUE	GROSS REVENUE	ADJ 1 FACTOR	DAILY RATE	OCC EST	\$ 5 REVPAR
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MINEOLA	533 BROAD ST	75773	LAKELAND LODGE MOTEL	77	1.25			
094	21	14,271	17,839	.00	24.36	38	9.23	
MOUNT PLEASA	101 W 16TH ST	75455	COLONIAL HOUSE HOTEL	98	2.00			
051	45	21,975	46,625	2.12	20.53	56	11.51	
052	45	14,820	57,105	3.85	22.00	63	13.95	
053	45	23,180	29,013	1.25	22.90	31	7.01	
054	45	18,319	31,150	1.70	20.90	36	7.52	
061	45	13,826	53,169	3.85	21.72	60	13.13	
062	45	19,545	79,681	4.08	24.52	79	19.46	
063	45	20,298	33,216	1.64	23.52	34	8.02	
064	45	22,750	55,670	2.45	23.52	57	13.45	
071	45	24,982	63,900	2.56	24.22	65	15.78	
072	45	19,212	55,268	2.88	24.22	56	13.50	
073	45	17,822	25,664	1.44	22.89	27	6.20	
074	45	15,583	49,017	3.15	22.19	53	11.84	
081	45	11,231	24,300	2.16	22.98	26	6.00	
082	45	13,061	65,839	5.04	24.31	66	16.08	
083	45	23,550	66,533	2.83	24.07	67	16.07	
084	45	29,132	69,696	2.39	26.82	63	16.83	
091	45	28,855	74,695	2.59	26.95	68	18.44	
092	45	20,524	35,255	1.72	23.76	36	8.61	
093	45	14,875	30,021	2.02	21.98	33	7.25	
094	45	15,000	30,000	2.00	19.60	37	7.25	
	2515 W FERGUSON	75455	COMFORT INN	95	1.06			
051	59	COMFO 218,414	232,401	1.06	66.12	66	43.77	
052	59	COMFO 239,793	264,463	1.10	70.52	70	49.26	
053	59	COMFO 199,636	267,693	1.34	73.41	67	49.32	
054	59	COMFO 180,660	242,802	1.34	67.50	66	44.73	
061	59	COMFO 194,781	215,710	1.11	68.18	60	40.62	
062	59	COMFO 234,325	281,762	1.20	73.58	71	52.48	
063	59	COMFO 233,123	265,967	1.14	76.58	64	49.00	
064	59	COMFO 238,015	245,581	1.03	73.58	61	45.24	
071	59	COMFO 239,440	263,027	1.10	73.58	67	49.53	
072	59	COMFO 295,729	310,704	1.05	73.58	79	57.87	
073	59	COMFO 243,364	254,072	1.04	72.84	64	46.81	
074	59	COMFO 256,519	268,180	1.05	75.00	66	49.41	
081	59	COMFO 227,248	245,331	1.08	75.21	61	46.20	
082	59	COMFO 312,444	333,969	1.07	82.61	75	62.20	
083	59	COMFO 284,516	319,606	1.12	81.78	72	58.88	
084	59	COMFO 258,439	272,124	1.05	77.55	65	50.13	
091	59	COMFO 271,881	282,986	1.04	73.46	73	53.29	
092	59	COMFO 251,398	258,731	1.02	76.19	63	48.19	
093	59	COMFO 186,861	197,529	1.06	71.31	51	36.39	
094	59	COMFO 114,993	121,346	1.05	64.00	35	22.36	
	2501 W FERGUSON	75455	DAYS INN OF MOUNT PLEASAN	82	1.15			
051	74	DAYS 180,881	243,388	1.35	48.73	75	36.54	

CITY		ADDR	ZIP		E 3		YR	AVG	
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	#		TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5	
YRQ	RMS	BRAND	REVENUE	REVENUE	FACTOR	2 RATE	EST	REVPAR	
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MOUNT	PLEASA	2501	W FERGUSON	75455	DAYS INN	OF MOUNT	PLEASAN	82	1.15
052	74	DAYS	202,115	248,145	1.23	55.73	66	36.85	
053	74	DAYS	198,206	238,842	1.21	58.01	60	35.08	
054	74	DAYS	195,421	228,776	1.17	52.51	64	33.60	
061	74	DAYS	193,692	241,329	1.25	54.05	67	36.24	
062	74	DAYS	225,137	288,826	1.28	57.55	75	42.89	
063	74	DAYS	196,198	227,451	1.16	55.55	60	33.41	
064	74	DAYS	216,939	243,492	1.12	56.55	63	35.77	
071	74	DAYS	197,741	221,120	1.12	56.55	59	33.20	
072	74	DAYS	232,276	252,999	1.09	61.55	61	37.57	
073	74	DAYS	224,303	235,518	1.05	57.96	60	34.59	
074	74	DAYS	229,047	252,036	1.10	57.96	64	37.02	
081	74	DAYS	208,128	247,666	1.19	59.30	63	37.19	
082	74	DAYS	281,185	323,842	1.15	66.39	72	48.09	
083	74	DAYS	265,400	289,254	1.09	61.77	69	42.49	
084	74	DAYS	76,333	106,066	1.39	62.39	25	15.58	
091	74	DAYS	247,117	296,846	1.20	59.09	75	44.57	
092	74	DAYS	300,000	325,000	1.08	1 59.74	81	48.26	
093	74	DAYS	230,000	250,000	1.09	2 54.31	68	36.72	
094	74	DAYS	190,000	210,000	1.11	3 51.46	60	30.85	
		2502	W FERGUSON	75455	EXECUTIVE	INN FMR	DAYS/EXE	65	1.11
051	103		102,548	168,581	1.64	39.48	46	18.19	
052	103		106,395	174,535	1.64	42.58	44	18.62	
053	103		105,829	178,573	1.69	44.33	43	18.84	
054	103		115,666	166,104	1.44	38.53	45	17.53	
061	103		108,428	170,804	1.58	38.92	47	18.43	
062	103		138,582	250,980	1.81	42.00	64	26.78	
063	103		99,874	203,269	2.04	42.00	51	21.45	
064	103		125,981	244,515	1.94	41.50	62	25.80	
071	103		131,842	237,632	1.80	41.50	62	25.63	
072	103		147,112	228,956	1.56	42.00	58	24.43	
073	103		163,472	221,341	1.35	41.58	56	23.36	
074	103		149,714	197,215	1.32	41.58	50	20.81	
081	103		121,994	164,036	1.35	41.52	43	17.70	
082	103		207,445	264,914	1.28	44.56	63	28.26	
083	103		195,755	284,139	1.45	46.09	65	29.99	
084	103		247,487	328,290	1.33	55.55	62	34.64	
091	103		387,642	496,038	1.28	64.93	82	53.51	
092	103		381,217	439,805	1.15	57.86	81	46.92	
093	103		265,303	291,328	1.10	54.43	56	30.74	
094	103		260,000	285,000	1.10	1 53.34	56	30.08	
		2504	W FERGUSON	75455	HAMPTON	INN & SUITES		08	1.06
084	30	HAMPT	160,930	163,729	1.02	111.10	53	59.32	
091	79	HAMPT	378,136	386,433	1.02	105.23	52	54.35	
092	79	HAMPT	355,292	362,535	1.02	102.07	49	50.43	
093	79	HAMPT	362,073	382,417	1.06	95.49	55	52.62	

CITY	ADDR	ZIP	E 3	YR	AVG				
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YRQ	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5		
---	---	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR		
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MOUNT	PLEASA	2504 W FERGUSON	75455	HAMPTON	INN & SUITES			08	1.06
094	79	HAMPT	318,561			88.68	55	48.38	
		2306 GREENHILL	75455	HOLIDAY	EXPRESS & SUITES			02	1.05
051	71	HIEXP	364,024			81.52	73	59.27	
052	71	HIEXP	406,294			84.52	78	65.70	
053	71	HIEXP	376,857			90.07	73	65.55	
054	71	HIEXP	371,262			86.57	71	61.72	
061	71	HIEXP	372,755			87.44	71	61.71	
062	71	HIEXP	420,049			95.44	75	71.37	
063	71	HIEXP	419,412			92.44	73	67.25	
064	71	HIEXP	419,423			95.44	71	67.62	
071	71	HIEXP	421,937			95.44	72	68.75	
072	71	HIEXP	476,839			100.44	75	75.77	
073	71	HIEXP	451,458			99.44	73	72.29	
074	71	HIEXP	443,372			99.44	70	70.05	
081	71	HIEXP	428,524			101.74	70	71.18	
082	71	HIEXP	465,000			1101.74	73	74.29	
083	71	HIEXP	479,620			107.65	74	80.17	
084	71	HIEXP	397,892			105.70	66	70.29	
091	71	HIEXP	334,966			97.27	66	63.74	
092	71	HIEXP	425,856			102.11	66	67.85	
093	71	HIEXP	372,788			93.07	64	59.28	
094	71	HIEXP	325,000			1 90.23	59	53.58	
		102 BURTON RD	75455	MOUNT PLEASANT	INN & SUITE			97	1.05
051	56	BWEST	142,818			59.62	52	31.02	
052	56	BWEST	137,337			59.62	53	31.33	
053	56	BWEST	154,643			62.06	56	34.84	
054	56	BWEST	137,369			58.06	54	31.46	
061	56	BWEST	147,202			58.64	57	33.56	
062	56	BWEST	187,353			62.54	61	38.41	
063	56		95,576			62.54	32	19.89	
064	56		76,647			57.25	31	17.64	
071	56		89,341			56.55	35	19.90	
072	56		118,690			51.55	50	25.73	
073	56		153,301			56.97	57	32.31	
074	56		179,081			58.57	62	36.59	
081	56		158,059			58.32	57	33.07	
082	56		264,460			73.51	75	55.32	
083	56		248,857			72.77	70	50.72	
084	56		212,508			63.40	74	46.94	
091	56		209,746			62.90	76	47.60	
092	56		164,263			59.07	56	32.82	
093	56		114,599			51.23	45	23.21	
094	56		100,000			1 46.58	44	20.38	
		227 W FERGUSON	75455	SANDS MOTEL				67	1.07
051	24		17,566			27.15	40	10.82	

CITY	ADDR	ZIP	E 3	YR	AVG	
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			T AVG. %	--	-----	
YRQ	#	TAXABLE	ADJ 1	DAILY	OCC \$ 5	
RMS	BRAND	REVENUE	FACTOR	RATE	EST REVPAR	
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MOUNT	PLEASA	227 W FERGUSON	75455	SANDS MOTEL	67	1.07
052	24	16,309	1.42	27.15	39	10.60
053	24	15,981	1.31	28.26	34	9.51
054	20	16,858	1.31	26.26	46	11.97
061	20	16,527	1.33	26.52	46	12.24
062	20	13,442	1.88	26.52	52	13.85
063	20	15,469	.00	26.52	34	9.00
064	20	17,845	1.41	26.52	51	13.63
071	20	16,644	1.44	26.52	50	13.27
072	20	16,507	1.55	26.52	53	14.08
073	20	18,264	1.42	26.25	54	14.10
074	20	20,264	1.39	26.25	58	15.32
081	20	19,896	1.37	26.85	56	15.14
082	20	17,911	1.41	26.85	52	13.84
083	20	22,856	1.27	26.58	59	15.78
084	20	30,496	1.05	28.87	60	17.43
091	20	26,264	.00	24.89	63	15.61
092	20	23,728	.00	24.14	58	13.95
093	20	20,688	.00	23.52	51	12.03
094	20	25,000	.00	1 23.05	63	14.54
		204 LAKEWOOD DR	75455	SUPER 8 FMR LAKEWOOD	79	1.02
051	65	SUPR8 114,295	1.01	44.33	44	19.73
052	65	SUPR8 146,142	1.02	44.33	57	25.26
053	65	SUPR8 146,386	1.03	46.15	54	25.12
054	65	SUPR8 113,433	1.12	43.55	49	21.18
061	65	SUPR8 107,520	1.07	45.00	44	19.62
062	65	SUPR8 163,121	1.13	50.00	63	31.26
063	65	SUPR8 141,420	1.03	50.00	49	24.31
064	65	SUPR8 142,668	1.03	49.00	50	24.55
071	65	SUPR8 143,756	1.04	49.00	52	25.46
072	65	SUPR8 153,224	1.04	51.50	52	27.02
073	65	SUPR8 135,431	1.01	50.99	45	22.87
074	65	SUPR8 145,661	1.03	50.55	50	25.08
081	65	SUPR8 134,119	1.03	50.13	47	23.64
082	65	SUPR8 222,053	1.06	59.26	67	39.76
083	65	SUPR8 196,701	1.10	56.69	64	36.20
084	65	SUPR8 179,997	1.05	57.26	55	31.54
091	65	SUPR8 169,765	1.07	54.23	57	30.95
092	65	SUPR8 151,127	1.02	50.97	51	26.05
093	65	SUPR8 123,850	1.01	46.36	45	20.92
094	65	SUPR8 85,407	.00	42.69	34	14.57
MOUNT	VERNON	401 S SERVICE R	75457	SUPER 8 MOTEL OF MT VERNO	96	1.06
051	44	SUPR8 100,469	1.02	48.44	53	25.90
052	44	SUPR8 117,365	1.05	50.00	62	30.80
053	44	SUPR8 116,662	1.04	52.57	57	30.08
054	43	SUPR8 105,693	1.08	48.57	59	28.90

CITY	ADDR	ZIP	E 3	YR	AVG
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			T AVG. %		
#	TAXABLE	GROSS	ADJ 1	DAILY	OCC \$ 5
YRQ RMS	REVENUE	REVENUE	FACTOR	RATE	EST REVPAR
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MOUNT VERNON	401 S SERVICE R	75457	SUPER 8	MOTEL OF MT VERNO	96 1.06
061 43	SUPR8 110,208	114,408	1.04	49.06 60	29.56
062 43	SUPR8 159,916	161,546	1.01	57.56 72	41.28
063 43	SUPR8 123,114	130,501	.00	53.56 62	32.99
064 43	SUPR8 111,645	118,344	.00	49.56 60	29.91
071 43	SUPR8 133,873	141,905	.00	53.56 68	36.67
072 43	SUPR8 166,039	176,001	.00	60.56 74	44.98
073 43	SUPR8 146,141	154,909	.00	58.96 66	39.16
074 43	SUPR8 117,812	124,881	.00	54.56 58	31.57
081 43	SUPR8 109,875	116,468	.00	55.83 54	30.09
082 43	SUPR8 169,145	179,294	.00	60.89 75	45.82
083 43	SUPR8 135,793	143,941	.00	59.29 61	36.39
084 43	SUPR8 120,168	127,378	.00	56.06 57	32.20
091 43	SUPR8 127,689	135,350	.00	53.11 66	34.97
092 43	SUPR8 104,509	110,780	.00	50.55 56	28.31
093 43	SUPR8 124,310	131,769	.00	49.26 68	33.31
094 43	SUPR8 129,381	137,144	.00	53.47 65	34.67
QUITMAN	HWY 37 SOUTH	75783	CLEAR LAKES INN		84 1.40
051 29	11,645	16,303	.00	28.22 22	6.25
052 29	15,438	20,313	1.32	27.22 28	7.70
053 29	16,170	22,460	1.39	28.34 30	8.42
054 29	10,675	14,945	.00	26.34 21	5.60
061 29	11,277	15,788	.00	26.60 23	6.05
062 29	14,015	20,253	1.45	23.50 33	7.67
063 29	15,653	22,372	1.43	25.00 34	8.39
064 29	11,207	15,690	.00	25.00 24	5.88
071 29	13,535	18,949	.00	25.00 29	7.26
072 29	13,817	20,167	1.46	24.00 32	7.64
073 29	14,315	20,800	1.45	23.76 33	7.80
	3035 STATE HIGH	75783	MINNOW BUCKET MOTEL & RV		86 1.06
051 20	40,133	42,541	.00	61.76 38	23.63
052 20	40,447	42,874	.00	61.76 38	23.56
053 20	21,822	23,131	.00	54.92 23	12.57
054 20	22,919	24,294	.00	49.52 27	13.20
061 20	35,834	37,984	.00	53.05 40	21.10
062 20	50,541	53,573	.00	53.05 55	29.44
063 20	22,665	24,025	.00	49.05 27	13.06
064 20	25,917	27,472	.00	49.05 30	14.93
071 20	41,361	43,843	.00	49.05 50	24.36
072 20	49,049	51,992	.00	53.05 54	28.57
073 20	25,854	27,405	.00	47.07 32	14.89
074 20	26,432	28,018	.00	47.07 32	15.23
081 20	34,139	36,187	.00	50.20 40	20.10
082 20	41,070	43,534	.00	54.26 44	23.92
SULPHUR SPRI	1521 SHANNON RD	75482	BEST WESTERN TRAIL DUST I		82 1.05
051 101	BWEST 234,257	250,426	1.07	51.44 54	27.55

CITY	ADDR	ZIP	E	3	YR	AVG	
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			T	AVG.	--	-----	
	#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5
YRQ	RMS	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR
---	---	---	---	---	---	---	---
SULPHUR	SPRI 1521	SHANNON RD	75482	BEST WESTERN TRAIL	DUST I	82	1.05
052	101	BWEST	293,914	300,932	1.02	54.54	60 32.74
053	101	BWEST	280,267	310,093	1.11	56.78	59 33.37
054	100	BWEST	267,142	296,179	1.11	54.58	59 32.19
061	100	BWEST	305,708	319,142	1.04	53.11	67 35.46
062	100	BWEST	374,694	379,567	1.01	63.11	66 41.71
063	100	BWEST	340,808	349,167	1.03	62.51	61 37.95
064	100	BWEST	302,188	308,120	1.02	58.51	57 33.49
071	100	BWEST	292,712	299,176	1.02	56.51	59 33.24
072	100	BWEST	371,900	375,870	1.01	63.51	65 41.30
073	100	BWEST	306,726	319,915	1.04	61.88	56 34.77
074	100	BWEST	296,794	310,756	1.05	60.00	56 33.78
081	100	BWEST	265,695	280,012	1.05	59.85	52 31.11
082	100	BWEST	399,291	411,024	1.03	66.94	67 45.17
083	100	BWEST	406,849	428,281	1.05	66.27	70 46.55
084	100	BWEST	328,465	340,211	1.04	65.92	56 36.98
091	100	BWEST	282,692	294,970	1.04	59.24	55 32.77
092	100	BWEST	337,688	345,262	1.02	57.46	66 37.94
093	100	BWEST	278,390	331,073	1.19	55.99	64 35.99
094	100	BWEST	197,499	204,089	1.03	53.50	41 22.18
	I 30	EAST	75482	BUDGET INN MOTEL		00	1.45
051	40		16,469	33,043	2.01	19.42	47 9.18
052	40		22,708	44,348	1.95	20.42	60 12.18
053	40		13,833	31,019	2.24	21.26	40 8.43
054	40		13,924	29,424	2.11	21.26	38 8.00
061	40		15,857	26,916	1.70	19.65	38 7.48
062	40		20,520	34,298	1.67	20.25	47 9.42
063	40		17,872	34,152	1.91	20.25	46 9.28
064	40		15,898	29,531	1.86	20.25	40 8.02
071	40		15,054	27,971	1.86	20.00	39 7.77
072	40		19,459	34,141	1.75	20.00	47 9.38
073	40		20,665	35,420	1.71	19.80	49 9.62
074	40		20,470	31,637	1.55	19.80	43 8.60
081	40		17,285	28,024	1.62	19.44	40 7.78
082	40		18,359	28,641	1.56	19.44	40 7.87
083	40		20,416	29,682	1.45	18.81	43 8.07
084	40		20,045	31,135	1.55	19.00	45 8.46
091	40		22,974	33,464	1.46	18.63	50 9.30
092	40		19,121	28,781	1.51	18.07	44 7.91
093	40		19,527	28,531	1.46	17.61	44 7.75
094	40		20,321	28,514	1.40	17.26	45 7.75
	1521	INDUSTRIAL	75482	COMFORT SUITES		00	1.15
051	60	COMFS	206,267	219,914	1.07	64.10	64 40.72
052	60	COMFS	239,961	250,283	1.04	67.50	68 45.84
053	60	COMFS	228,193	258,366	1.13	70.14	67 46.81
054	60	COMFS	214,576	225,389	1.05	67.75	60 40.83

CITY	ADDR	ZIP	E S T	3 EST	4	YR	AVG
---	---	---	T	AVG.	%	OP	ADJ 1
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#	TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$	5
YRQ	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR	
---	---	---	---	---	---	---	---
SULPHUR	SPRI 1521 INDUSTRIAL	75482	COMFORT	SUITES		00	1.15
061	60 COMFS	243,036	263,496	1.08	73.28	67	48.80
062	60 COMFS	281,636	297,680	1.06	75.28	72	54.52
063	60 COMFS	256,082	288,961	1.13	80.28	65	52.35
064	60 COMFS	229,838	283,944	1.23	75.28	68	51.44
071	60 COMFS	226,571	280,201	1.24	75.28	69	51.89
072	60 COMFS	233,551	255,477	1.09	75.28	62	46.79
073	60 COMFS	185,102	211,201	1.14	74.53	51	38.26
074	60 COMFS	148,940	164,133	1.10	69.53	43	29.73
081	60 COMFS	129,000	145,763	1.13	69.10	39	26.99
082	60 COMFS	182,942	240,697	1.32	73.15	60	44.08
083	60 COMFS	204,536	244,865	1.20	71.43	62	44.36
084	60 COMFS	178,069	207,088	1.16	70.12	53	37.52
091	60 COMFS	154,870	174,053	1.12	61.68	52	32.23
092	60 COMFS	192,850	209,101	1.60	61.64	62	38.30
093	60 COMFS	162,391	187,585	1.16	59.08	58	33.98
094	60 COMFS	110,653	114,236	1.03	56.43	37	20.69
	421 INDUSTRIAL	75482	HOLIDAY	EXPRESS		07	1.10
073	72 HIEXP	221,873	235,185	1.06	85.00	42	35.50
074	72 HIEXP	297,849	313,603	1.03	85.00	56	47.34
081	72 HIEXP	352,026	363,434	1.03	86.97	64	56.09
082	72 HIEXP	430,036	447,994	1.04	94.06	73	68.38
083	72 HIEXP	377,991	416,533	1.10	92.13	68	62.88
084	72 HIEXP	284,212	319,609	1.13	85.98	56	48.25
091	72 HIEXP	310,172	324,404	1.05	81.44	61	50.06
092	72 HIEXP	362,548	380,900	1.05	83.90	69	58.13
093	72 HIEXP	335,766	380,788	1.13	84.34	68	57.49
094	72 HIEXP	267,438	293,120	1.10	79.04	56	44.25
	1344 EATON DR	75482	LA QUINTA	INN & SUITES TO		09	.00
094	50 LAQUN	114,635	131,830	.00	77.91	37	28.66
	1233 SOUTH BROA	75482	ROYAL	INN		78	1.25
051	26	36,425	46,691	1.28	33.33	60	19.95
052	26	47,850	54,294	1.14	35.33	65	22.95
053	26	54,350	61,256	1.13	39.07	66	25.61
054	26	41,375	49,918	1.21	36.57	57	20.87
061	26	46,425	52,813	1.14	36.94	61	22.57
062	26	43,100	52,590	1.22	37.54	59	22.23
063	26	44,675	55,322	1.24	37.54	62	23.13
064	26	33,100	41,376	1.25	37.54	46	17.30
071	26	39,025	48,280	1.24	37.54	55	20.63
072	26	42,800	53,976	1.26	38.54	59	22.81
073	26	40,900	52,148	1.28	37.86	58	21.80
074	26	32,634	42,643	1.31	35.86	50	17.83
081	26	43,800	55,500	1.27	39.46	60	23.72
082	26	56,075	70,075	1.25	44.07	67	29.62

CITY		ADDR	ZIP		E	3		YR	AVG
---		----	---		S	EST	4	OP	ADJ 1
	#		TAXABLE	GROSS	ADJ 1	DAILY	OCC	\$ 5	
YRQ	RMS	BRAND	REVENUE	REVENUE	FACTOR	RATE	EST	REVPAR	
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SULPHUR	SPRI	1233	SOUTH BROA	75482	ROYAL INN			78	1.25
083	26		59,250	73,780	1.25	44.62	69	30.84	
084	26		53,350	66,703	1.25	44.44	63	27.89	
091	26		41,250	52,644	1.28	38.30	59	22.50	
092	26		45,800	56,802	1.24	40.26	60	24.01	
093	26		35,950	42,850	1.19	37.58	48	17.91	
094	26		43,600	53,031	1.22	39.77	56	22.17	
		1495	INDUSTRIAL	75482	SUPER 8 OR QUALITY INN FMR			84	1.10
051	97	HOLID	179,482	188,715	1.05	50.93	42	21.62	
052	97	HOLID	210,333	212,733	1.01	50.93	47	24.10	
053	97	HOLID	214,004	220,536	1.03	53.02	47	24.71	
054	97	DAYS	141,001	170,685	1.21	50.52	38	19.13	
061	97	DAYS	153,948	169,343	.00	50.02	39	19.40	
062	97	DAYS	193,197	194,613	1.01	48.52	45	22.05	
063	97	DAYS	195,431	199,593	1.02	48.52	46	22.37	
064	97	DAYS	113,150	115,246	1.02	45.52	28	12.91	
071	97	DAYS	153,732	154,795	1.04	45.52	39	17.73	
072	56	DAYS	164,464	180,910	.00	45.52	78	35.50	
073	56	QUALY	56,403	62,043	.00	1 55.06	22	12.04	
074	56	QUALY	65,852	72,437	.00	63.56	22	14.06	
081	56	QUALY	45,573	50,130	.00	67.08	15	9.95	
082	56	QUALY	111,218	115,218	1.04	59.99	38	22.61	
083	56	QUALY	130,580	179,463	1.37	59.39	59	34.83	
084	56	QUALY	90,170	119,064	1.32	52.01	44	23.11	
091	56	QUALY	120,000	130,000	1.12	1 46.42	56	25.79	
092	56	QUALY	357,264	383,253	1.07	66.49	**	75.21	
093	56	SUPR8	58,826	67,689	1.12	62.94	21	13.14	
094	56	SUPR8	60,000	70,000	1.17	1 61.68	22	13.59	

ENDNOTES:

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1. Factor used to adjust taxable to gross revenues. Area factor used if property data not available. Taxable equals 89% of gross Statewide.
 2. A number or a 'Y' indicates quarter's revenues were estimated.
 3. Estimated Average Daily Rate (e.g. 60-85% of 'rack single');
 4. Occupancy derived from calculated roomnights sold (gross room revenues divided by Average Daily Rate), divided by roomnights available.
 5. Total REVENUES Per Available Room per day, or 'REVPAR';
- Prepared from State Comptroller, chain directories and private records. Includes all quarterly reports exceeding \$18,000 (otherwise omitted).

EXHIBIT IV

PERIOD: TWELVE MONTHS ENDING DECEMBER 31, 2009
 LODGING MARKET: TEXAS EXCLUDING HIGHER PRICED SEGMENTS

BRAND	#* HTL	# * RMS		EST. RNS		\$ AMT.		EST. \$		\$ RPAR
		RMS 000S	% RMS	RNS 000S	% RNS	AMT. 000S	% AMT.	EST. %OCC	RATE	
CHAINS										
4 POINTS	3	.5	.2	84	.1	8,394	.2	47.9	100.47	48.14
ALOFT	5	.6	.2	100	.2	11,505	.3	43.2	114.83	49.63
COURTYARD	63	8.3	2.8	1,716	3.0	184,093	5.0	56.6	107.28	60.71
CROWNPLZA	13	4.3	1.5	846	1.5	82,508	2.2	53.5	97.56	52.17
DOUBLTREE	8	2.3	.8	475	.8	55,695	1.5	57.3	117.15	67.17
HILT GARD	34	4.7	1.6	1,008	1.8	113,547	3.1	58.5	112.63	65.93
HOLID INN	50	10.0	3.4	1,985	3.5	179,645	4.9	54.3	90.50	49.10
HYATT PLC	18	2.2	.7	485	.9	51,457	1.4	61.5	106.04	65.17
INDIGO	2	.3	.1	62	.1	6,468	.2	56.0	104.77	58.67
SHERAT HTL	12	2.8	1.0	530	.9	45,400	1.2	51.9	85.59	44.39
SHERATON	12	4.9	1.7	972	1.7	103,061	2.8	53.9	106.07	57.22
OTHER MUP	2	.3	.1	68	.1	6,943	.2	60.0	101.58	60.97
TOT MID/UPS	220	41.3	14.0	8,332	14.7	848,716	23.0	55.3	101.87	56.33
BRADFORD	1	.1	.0	29	.1	3,224	.1	59.0	110.96	65.42
CAMBRIA	1	.1	.0	19	.0	2,003	.1	42.1	103.53	43.56
CANDLWOOD	31	3.0	1.0	665	1.2	46,156	1.2	60.1	69.43	41.75
COMFO STE	101	6.7	2.3	1,329	2.3	108,818	2.9	54.1	81.87	44.31
HAWTHORN	15	1.6	.5	298	.5	25,795	.7	51.6	86.41	44.62
QUAL STES	3	.2	.1	36	.1	2,548	.1	46.5	71.45	33.24
SPRNGHILL	23	2.6	.9	536	.9	51,445	1.4	57.3	95.95	54.97
TOWNPLACE	20	2.0	.7	407	.7	35,211	1.0	55.0	86.62	47.65
OTHER MIN	10	1.0	.3	211	.4	16,131	.4	60.5	76.28	46.13
TOT MIN STE	204	17.4	5.9	3,531	6.2	291,331	7.9	55.7	82.52	45.98
BEST WEST	235	14.6	5.0	2,857	5.0	199,895	5.4	53.5	69.96	37.45
CNTRY INN	16	1.1	.4	207	.4	14,309	.4	50.9	69.18	35.21
COMFO INN	81	5.3	1.8	1,007	1.8	69,431	1.9	52.1	68.95	35.89
DRURY INN	18	2.8	1.0	589	1.0	57,587	1.6	57.2	97.79	55.94
FAIRFIELD	51	4.2	1.4	854	1.5	74,396	2.0	55.6	87.13	48.42
HAMPTON	128	11.0	3.7	2,461	4.3	246,414	6.7	61.1	100.13	61.14
HOLID EXP	187	14.3	4.9	3,082	5.4	289,386	7.8	59.0	93.91	55.39
LA QUINTA	190	19.2	6.5	3,862	6.8	283,922	7.7	55.0	73.52	40.47
SLEEP INN	27	1.8	.6	337	.6	21,987	.6	52.1	65.26	33.98
WINGATE	10	1.0	.3	201	.4	15,662	.4	57.9	77.80	45.07
TOT LTD SVE	942	75.4	25.6	15,456	27.2	1,272,990	34.4	56.2	82.36	46.27
BUDG STES	11	4.0	1.4	945	1.7	30,522	.8	64.8	32.31	20.93
EXT AMERI	42	4.5	1.5	1,031	1.8	52,088	1.4	62.8	50.51	31.74
HOMESTEAD	15	2.0	.7	431	.8	17,984	.5	60.0	41.75	25.05
INTOWN ST	31	4.0	1.4	1,006	1.8	31,286	.8	69.2	31.10	21.52
STUDIO +	7	.6	.2	144	.3	6,826	.2	61.4	47.28	29.04
STUDIO 6	24	2.8	.9	637	1.1	27,073	.7	62.4	42.51	26.51
VALUE PLC	28	3.3	1.1	771	1.4	22,362	.6	64.6	28.99	18.71
OTHER EXT	30	3.4	1.2	745	1.3	29,776	.8	59.3	39.95	23.68
TOT EXT STA	188	24.6	8.3	5,711	10.1	217,917	5.9	63.6	38.16	24.27

PERIOD: TWELVE MONTHS ENDING DECEMBER 31, 2009
 LODGING MARKET: TEXAS EXCLUDING HIGHER PRICED SEGMENTS

BRAND	#* HTL	# * RMS 000S	EST.		% RNS	% RNS	\$		EST.		\$ RPAR
			% RMS	000S			AMT. 000S	% AMT	%OCC	\$ RATE	
CHAINS											
BAYMONT	28	2.4	.8	433	.8	23,955	.6	50.2	55.37	27.82	
BST VALUE	98	6.3	2.1	1,046	1.8	39,913	1.1	45.8	38.15	17.46	
CLARION	8	1.0	.3	156	.3	8,760	.2	42.1	56.33	23.74	
DAYS INN	136	9.6	3.2	1,666	2.9	84,926	2.3	47.7	50.97	24.33	
ECONOLODG	49	2.8	.9	481	.8	22,431	.6	47.8	46.60	22.27	
HO JO	33	3.0	1.0	461	.8	22,992	.6	41.6	49.93	20.75	
MICROTEL	19	1.2	.4	223	.4	11,275	.3	52.4	50.60	26.51	
MOTEL 6	107	10.6	3.6	2,351	4.1	93,345	2.5	60.8	39.71	24.15	
QUALITY	63	5.3	1.8	926	1.6	55,383	1.5	48.2	59.79	28.83	
RAMADA	40	3.9	1.3	620	1.1	31,437	.9	43.5	50.69	22.05	
RED ROOF	28	3.4	1.1	600	1.1	27,676	.7	48.9	46.13	22.58	
RODEWAY	32	2.0	.7	308	.5	14,393	.4	43.1	46.75	20.17	
SUPER 8	150	8.9	3.0	1,674	2.9	86,968	2.4	51.8	51.96	26.89	
TRAVELODG	23	2.0	.7	314	.6	15,064	.4	43.8	47.90	21.00	
OTHER BUD	85	4.3	1.5	729	1.3	32,272	.9	46.3	44.25	20.50	
TOT BUDGET	898	66.4	22.5	11,988	21.1	570,790	15.4	49.5	47.61	23.56	
TOT CHAINS	2,452	225.0	76.3	45,017	79.2	3,201,744	86.6	54.8	71.12	38.99	
INDEPENDENTS											
\$60-99ADR	266	13.1	4.4	2,092	3.7	157,530	4.3	43.9	75.30	33.06	
LT \$60ADR	1,207	56.8	19.3	9,698	17.1	336,464	9.1	46.8	34.69	16.23	
TOT INDEP	1,473	69.9	23.7	11,791	20.8	493,994	13.4	46.2	41.90	19.37	
TOT MARKET	3,925	294.9	100.0	56,808	100.0	3,695,738	100	52.8	65.06	34.34	

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

EXHIBIT V

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

11/30/99

By Douglas W. Sutton and Bruce H. Walker

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

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

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

Today's developers and lenders would not seriously consider involvement in a 50 room project operating at this low level, but often times they accomplish the same end by pushing for more rooms in a project than the market can effectively support. If we now mentally put these two 50 room properties back together

(one operating at 70%, the other at 30% occupancy), what we end up with is an oversized 100 room hotel that is running a mediocre 50% occupancy.

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

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

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

COMFORT INN - ANALYSIS OF SIZING AND ITS IMPACT ON PERFORMANCE

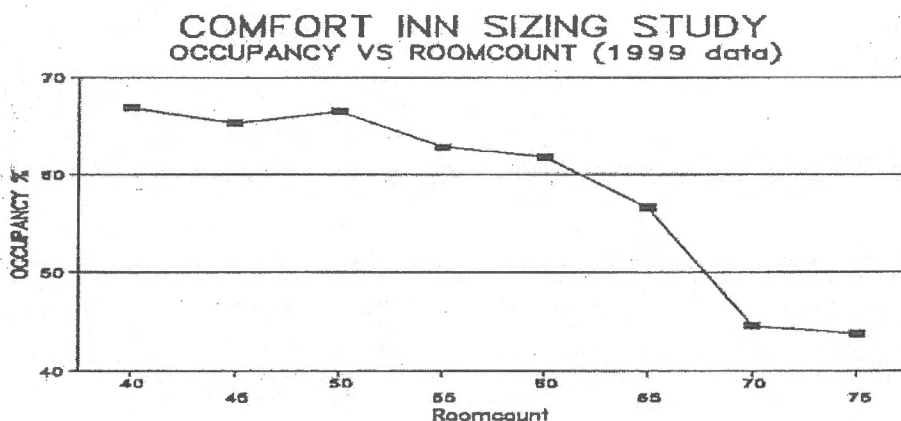
In our initial analysis, we selected a sampling of Texas Comfort Inn branded properties ranging in size from 36 to 75 rooms; they are all 'Limited Service' hotels. We excluded those properties located in exclusive, higher priced markets, since they would naturally support larger room counts while maintaining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

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

Year Ending 6/30/99 Results

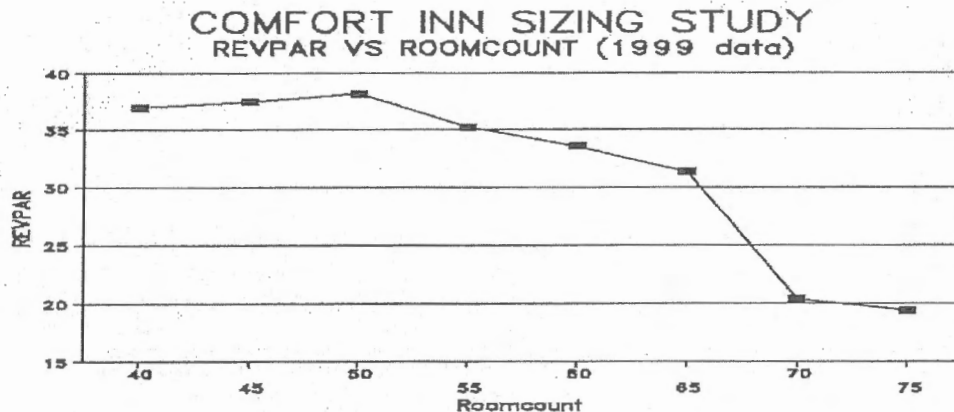
# of Units	Occupancy	Average Daily Rate	REVPAR
36-40	66.9	55.25	36.95
41-45	65.3	57.34	37.45
46-50	66.5	57.38	38.17
51-55	62.8	56.02	35.20
56-60	61.8	54.26	33.55
61-65	56.6	55.33	31.33
66-70	44.6	45.71	20.41
71-75	43.8	44.20	19.38
Combined: 52	63.2	55.46	35.03

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



When looking at REVPAR, the following graph follows a very similar performance curve, ranging from an average REVPAR of \$36.95 for properties of 36-40 units, downward to a mediocre \$19.38 average REVPAR for properties in the 71-50 unit

size bracket. Note that the downward slide in both graphs did not begin until room counts exceeded 50 units. Prior to that, a mild upward trend is experienced. This appears to indicate that, on average, 50 rooms is the 'optimum' size for a Comfort Inn in Texas markets (excluding high priced areas). Of course, this is an average number for this type of market. Each project must be examined on an individual basis to determine the proper size to develop within its given market.



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

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

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

In our sampling, the average project is 65 rooms in size. At this size, the average occupancy is 62.8%. If we built 36% fewer rooms (42 rooms) our average

occupancy would rise a moderate 6.5% to 66.9%. Conversely, if we built 36% more than average, (71 rooms) our average occupancy plummets by 42.5% to 43.8%.

Clearly there are some basic economic principles at work. Comfort Inns are conservatively-sized. Building smaller than the average of 65 rooms yields slightly higher occupancies, but the ability to charge ever higher rates as size decreases is marginal. As rates rise, some consumers perceive lost value and will stay at another property. On the other side of the coin, properties built larger than the average 65 rooms suffer serious occupancy declines. At some point the need for additional rooms that was envisioned by the optimistic developer is simply not there, and the extra rooms only serve to depress the overall performance of the property.

BRANDED HOTELS - ANALYSIS OF SIZING AND ITS IMPACT ON PERFORMANCE

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

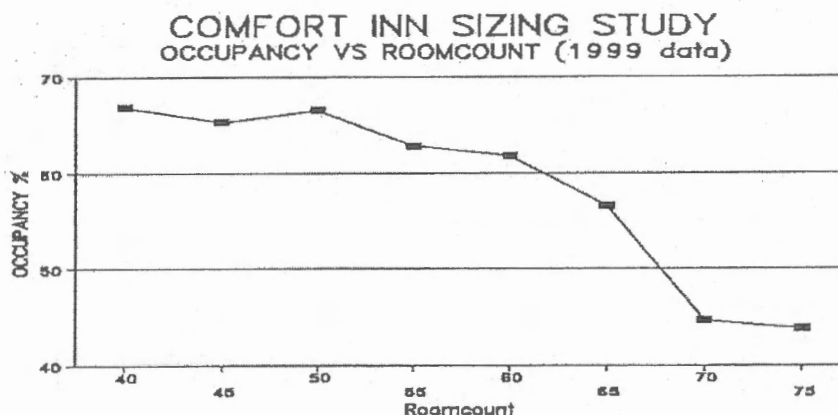
The following chart of performance statistics from 1985 for branded properties throughout Texas clearly illustrates the downward curve, with definite erosion in performance measures as room count increases:

1985 Performance Results

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

With occupancy declines being the strongest indicator of the negative impact of building too large, the following graph provides a clear picture of the

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



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

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

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

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

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

SUMMARY

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

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

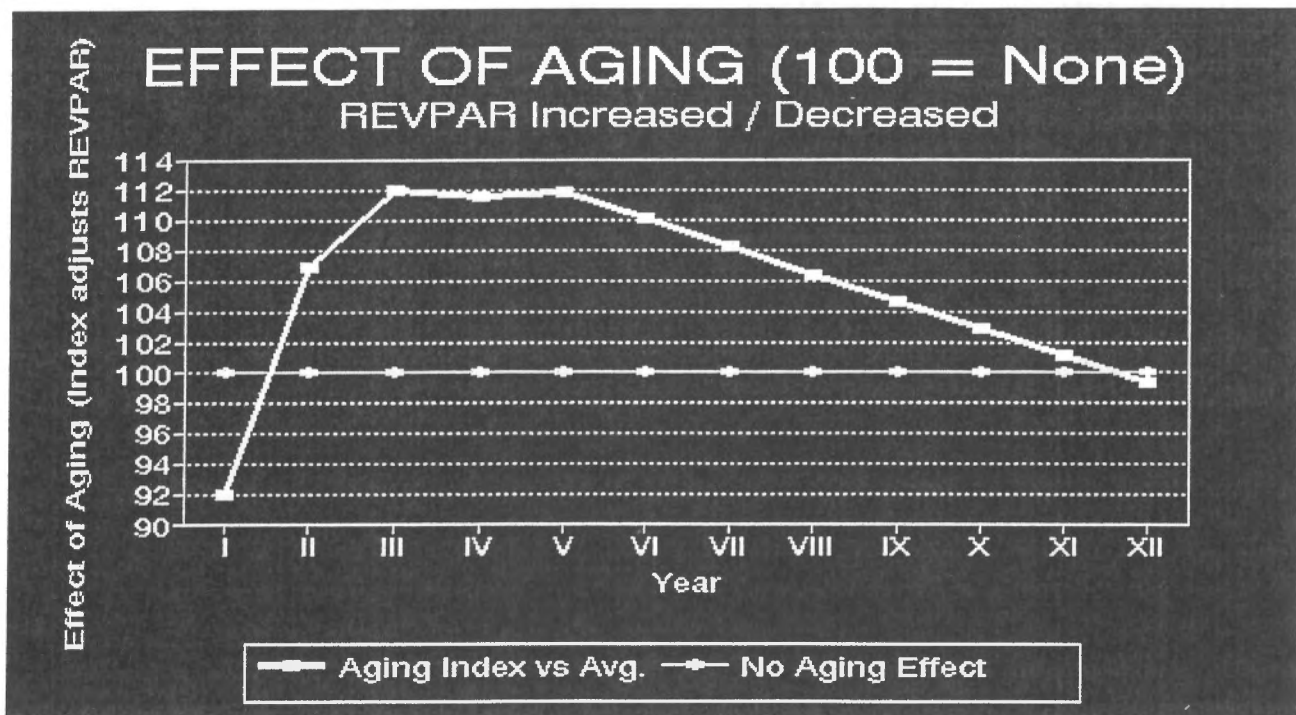
EXHIBIT VI

START-UP PERFORMANCE OF NEW HOTELS AND MOTELS

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

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

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



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

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

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

Study Method

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

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

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

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

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

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

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

(Peak)

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

(Peak)

Above assumes Year VI index decline of 1.67%

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

(Peak)

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

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

(Peak) (Peak)

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

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

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

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

After Year V, Declines Average 1.67% Per Annum

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

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

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

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

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

Definition of CapEx

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

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

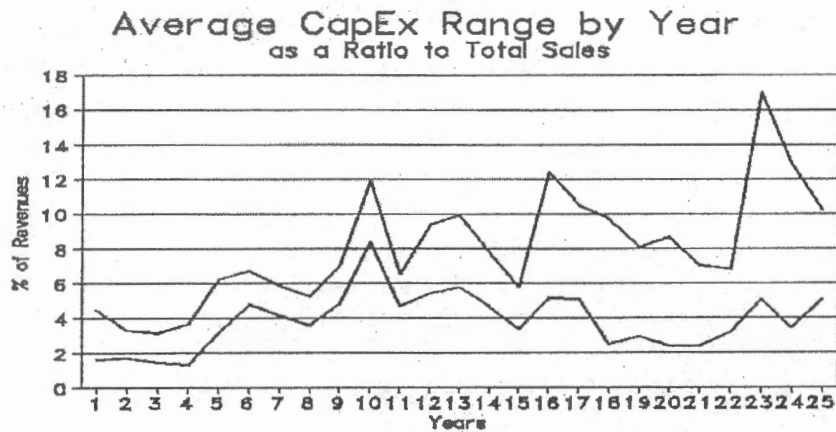
- updating design and decor
- curing functional and economic obsolescence...
- complying with franchisors' brand requirements
- technology improvements
- product change to meet market demands
- adhering to government regulatory requirements
- replacing all short and long lived building components due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

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

Significant Findings of CapEx 2000

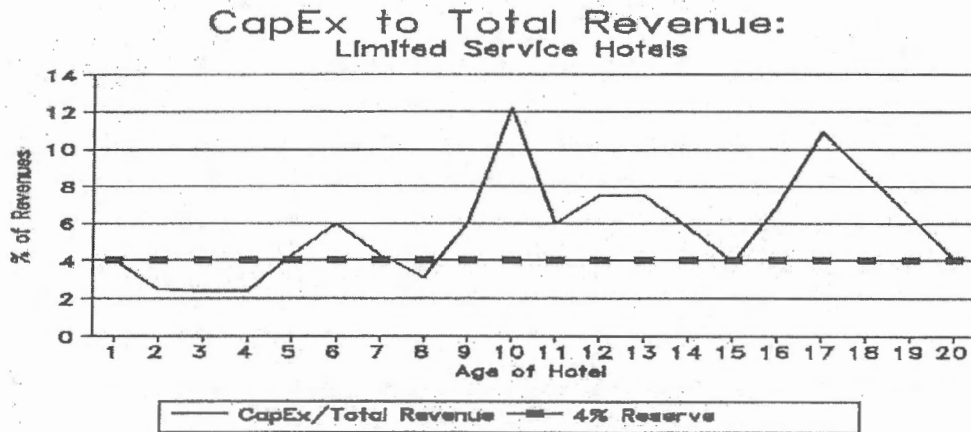
The average amount spent per year by limited-service hotels in the survey was determined to be 5.5% of total revenue for the time period covered by CapEx 2000 (1988-1998). As these limited-service hotels have matured, CapEx has increased, underscoring one of our principal findings that CapEx requirements

increase as a hotel ages. CapEx Spending is highly dependent upon a hotel's point in its life cycle. The following chart shows the range of CapEx spending (as a percentage of total revenues) over a 25-year time period; the table following the chart identifies the specific ranges of CapEx spending as a % of total revenues by year.



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

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



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

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

CapEx 2000- Limited Service Hotels by Location

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

CapEx 2000- Limited Service Hotels by Average Daily Rate

Average Daily Rate	Average Age	Capex/Total Revenue	CapEx per Room per Year
--------------------	-------------	---------------------	-------------------------

All Properties	12.0 yrs	5.5%	\$1,111
< \$60	12.7 yrs	5.0%	\$ 687
\$60-\$80	12.5 yrs	6.3%	\$1,134
> \$80	12.0 yrs	5.3%	\$1,570

CapEx 2000- Limited Service Hotels by Property Size

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

-CapEx 2000- Limited Service Hotels by Age of Property

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

Overall, the study details the varying levels of capital required to keep a hotel competitive in its life cycle. Historically, many operators have held no more than 3-4% of gross revenues in reserve, a level which may be sufficient for FF&E replacement, but is woefully inadequate for other required expenditures.¹⁴

¹⁴ Data compiled and organized from the CapEx report of the International Society of Hospitality Consultants, copyright 2000.



Know your competition

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

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

- ***The Texas Hotel Performance Factbook***, puts each and every hotel and motel's Revenue and Occupancy Numbers on your desk, hotel-by-hotel, and compared to last year, then summarized by zip-code, by city and by metro area. Factbooks are available with three month data and with 12-month data.
- ***Financial Feasibility Studies***. Over 100 hotel feasibility studies are developed annually, far more than by any other consultancy. Many of Texas' lenders insist on a Source study because of the proprietary methodology and high level of accurate prediction.
- ***The Hotel Brand Report*** newsletter is published quarterly. It is the only industry source that tracks how each major brand is performing, as well as product and price segments. Readers learn which are winning!
- ***Appraiser's Packages***. Five and ten year market and property histories give a comprehensive view, by selected geography and for individual hotels. As both market and individual property trends become very clear, so do resulting hotel appraisals.
- ***Litigation Support and Data Analysis***. Almost any question can be analyzed and proved up with the powerful Source database.

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BRUCE H. WALKER

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

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

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

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

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

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

EDUCATION

1957-61 Amherst College. BA, Economics.

1961-63 Harvard Business School. MBA.

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

PUBLICATIONS AND SEMINARS:

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



DOUGLAS W. SUTTON

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

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

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

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

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

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

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

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

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

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

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

EDUCATION

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



TODD ANDERSON WALKER

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

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

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

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

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

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

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

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

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

EDUCATION

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



2001 - 2005 FINANCIAL FEASIBILITY STUDIES

PARTIAL LISTING

AmeriSuites

Austin NW
College Station
Denton
Fort Worth Stockyards
San Antonio
Waco

Baymont Inn

Houston InterContinental
New Braunfels

Best Value

Houston
Houston SW
San Antonio
Waller

Best Western Inn & Suites

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

Budget Host

Fort Worth

Candlewood Suites

Beaumont
Irving DFW
Friendswood
Houston Westheimer
San Antonio Toyota
San Marcos
Temple
Wichita Falls

Clarion Hotel

O'Brien San Antonio

Comfort Inn, Comfort Suites

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

Country Inn & Suites

Arlington

Econo Lodge

Dallas
Lake Charles
Port Arthur
Texas City

Embassy Suites

Laredo
Lubbock

Fairfield Inn by Marriott

Livingston
Laredo

Hampton Inn & Suites

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

Hawthorn Suites Ltd

Marble Falls

Hilton Hotel

Fort Worth Convention Center

Hilton Garden Inn

Amarillo
Corpus Christi
Granbury
Houston Beltway 8
Killeen
McAllen
New Braunfels
Temple

Feasibilities Continued...

**Holiday Express
Hotel & Suites**

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

Holiday Inn

Austin (Select)
Dallas Downtown
Frisco
San Antonio

Homewood Suites

Houston Katy Freeway
Norman, OK
Marble Falls
McAllen
New Braunfels
Waco
Wichita Falls

Independent Hotels

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

Hotel Indigo

Alamo Plaza San Antonio

La Quinta Inn & Suites

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

Marriott Hotel

Dallas Convention Center
Colorado Springs CC

**Quality Inn,
Quality Suites**

Katy
San Antonio East
Waco

Radisson Inn & Suites

Amarillo

Red Roof Inn

Houston InterContinental
Pharr
Stafford
Temple

Staybridge Suites

San Antonio
South Padre Island

Studio 6

Bay City
Tyler
Winnie

Super 8

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

Townplace Suites

Killeen

Travelodge

Killeen
San Antonio

Wingate Inn & Suites

McAllen
San Antonio

Wyndham

Wyndham Savoy Houston



CONSULTING STUDIES, DATA AND LITIGATION SUPPORT

1. Contracted by the Texas' Governors Office of Economic Development, Tourism Division since 1988 to maintain the industry database of hotel performance. Source Strategies is the sole supplier to the Governor's Office of lodging market statistics and analysis in reports used to assess Texas tourism promotion efforts and to aid in marketing Texas.
2. Provided over 1,500 detailed five-year custom local hotel market histories to MAI appraiser clients.
3. Developed numerous studies of subject hotel(s) to determine their historical, competitive REVPAR performance versus the market average. This unique analysis technique highlights trends and deviations in performance, regardless of market movement; a REVPAR index versus market average shows how well a property has performed. By limiting study to a single variable, a truly scientific conclusion can be made as to cause and effect.

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

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

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

4. Numerous studies to determine the effect on revenues and cash flow of brand name alternatives, whether in new builds or in changing to- or from- a brand name. This technique is used extensively in feasibility work to predict revenue performance of new hotel projects under various brand name alternatives.
5. Represented Host Marriott before Real Estate Tax Appeal Board.
6. Drafted national lending guidelines for Heller Small Business Finance for lodging projects under \$5 million.
7. Presentations to bank lending committees to explain the dynamic economics of the lodging industry, particularly the effect of market demand and supply, equilibrium occupancy, cost structures, and the effect of brand name on REVPAR and ROIC.
8. Analysis of alternative markets to determine their potential for new lodging: alternative metro areas, alternative sites, and strategically, for an expanding chain.
9. Consumer intercept and secondary data studies, including the effect of a potential name change, the effect of new hotel.



Methodology of Texas Hotel/Motel Reports

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

Data sources include the following:

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

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

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

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

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

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

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

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

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

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

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