



Core DISTINCTION GROUP

HOTEL MARKET FEASIBILITY STUDY FINANCIAL PROFORMA

PREPARED FOR

CLYDE, TEXAS

PREPARED BY

Core Distinction Group, LLC

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Offices in Wisconsin

INCLUDES

Projected Land Costs

Projected Building Costs

Projected Fixture, Furnishings and Equipment Costs

Projected Soft Costs

Projected Investment

Projected Revenue

Projected Expenses

Projected Return on Investment

TAKING THE FIRST STEP TO DEVELOP A NEW HOTEL

Fairfield by Marriott
Clyde, TX
Number of Units: **90**

Total Project Costs: (Excluding Land Cost TBD)		\$12,960,000	
<i>per room</i>		<i>\$144,000</i>	
Requested Loan Amount:		\$8,960,000	69.1%
Expected Cash Injection:		\$4,000,000	30.9%
Sources of Funding			
Bank Loan	8,960,000	Debt Interest:	6.00%
Expected Cash Injection	4,000,000	Debt Terms:	25
Total:	\$12,960,000	Debt Service:	\$692,753



Ramp Up Year													Rooms: 90
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Lodging Rooms Available	2,790	2,520	2,790	2,700	2,790	2,700	2,790	2,790	2,700	2,790	2,700	2,790	32,850
Lodging Occupancy %	63.0%	66.0%	74.9%	72.1%	71.5%	70.4%	66.4%	66.4%	68.6%	70.0%	68.6%	63.0%	68.4%
Total Occ. Rooms	1,758	1,663	2,090	1,948	1,995	1,900	1,853	1,853	1,853	1,952	1,853	1,758	22,472
Average Daily Rate	\$111.21	\$112.51	\$125.38	\$124.68	\$136.12	\$129.30	\$123.75	\$121.90	\$132.43	\$133.83	\$125.92	\$114.97	\$124.67
Revenue Per Available Room (REVPAR)	\$70.05	\$74.22	\$93.92	\$89.93	\$97.33	\$90.99	\$82.17	\$80.94	\$90.86	\$93.65	\$86.40	\$72.43	\$85.28
Revenue:													
Guest Room Revenue	195,450	187,043	262,048	242,813	271,554	245,665	229,254	225,824	245,318	261,272	233,271	202,068	2,801,582
Meeting Room Revenue	879	831	1,045	974	998	950	926	926	926	976	926	879	11,236
Vending Revenue	4,394	4,156	5,225	4,869	4,988	4,750	4,631	4,631	4,631	4,881	4,631	4,394	56,181
TOTAL HOTEL REVENUE	200,723	192,031	268,318	248,656	277,539	251,365	234,811	231,382	250,876	267,129	238,829	207,341	2,868,999
Hotel Payroll Expenses:													
Hotel Manager	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
AGM/Sales Manager	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Maintenance	3,011	2,880	4,025	3,730	4,163	3,770	3,522	3,471	3,763	4,007	3,582	3,110	43,035
Housekeeping	13,181	12,469	15,675	14,606	14,963	14,250	13,894	13,894	13,894	14,642	13,894	13,181	168,542
Front Desk	11,727	11,223	15,723	14,569	16,293	14,740	13,755	13,549	14,719	15,676	13,996	12,124	168,095
Workers Comp Insurance	1,010	977	1,198	1,135	1,198	1,132	1,092	1,085	1,122	1,171	1,099	1,023	13,242
Payroll Tax	5,052	4,884	5,990	5,676	5,990	5,658	5,459	5,427	5,609	5,853	5,497	5,114	66,209
TOTAL HOTEL PAYROLL	46,482	44,933	55,111	52,216	55,107	52,049	50,222	49,926	51,607	53,849	50,568	47,053	609,123
Hotel Operating Expenses:													
Cleaning Supplies	967	914	1,150	1,071	1,097	1,045	1,019	1,019	1,019	1,074	1,019	967	12,360
Laundry Supplies	879	831	1,045	974	998	950	926	926	926	976	926	879	11,236
Linens	1,318	1,247	1,568	1,461	1,496	1,425	1,389	1,389	1,389	1,464	1,389	1,318	16,854
Guest Supplies	1,758	1,663	2,090	1,948	1,995	1,900	1,853	1,853	1,853	1,952	1,853	1,758	22,472
Operating Supplies	1,494	1,413	1,777	1,655	1,696	1,615	1,575	1,575	1,575	1,659	1,575	1,494	19,101
Repairs & Maintenance	1,955	1,870	2,620	2,428	2,716	2,457	2,293	2,258	2,453	2,613	2,333	2,021	28,016
Swimming Pool Maintenance	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Franchise Fees	11,040	10,562	14,757	13,676	15,265	13,825	12,915	12,726	13,798	14,692	13,136	11,404	157,795
Marketing Funds Fee	7,728	7,393	10,330	9,573	10,685	9,678	9,040	8,908	9,659	10,284	9,195	7,983	110,456
Reservation Expense	4,014	3,841	5,366	4,973	5,551	5,027	4,696	4,628	5,018	5,343	4,777	4,147	57,380
PMS Fee	1,004	960	1,342	1,243	1,388	1,257	1,174	1,157	1,254	1,336	1,194	1,037	14,345
Training Expense	417	417	417	417	417	417	417	417	417	417	417	417	5,000
Complimentary Breakfast	8,788	8,313	10,450	9,738	9,975	9,500	9,263	9,263	9,263	9,761	9,263	8,788	112,361
Travel Agent Fees	11,727	11,223	15,723	14,569	16,293	14,740	13,755	13,549	14,719	15,676	13,996	12,124	168,095
Vending Expense	2,197	2,078	2,613	2,434	2,494	2,375	2,316	2,316	2,316	2,440	2,316	2,197	28,090
Marketing / Advertising	1,955	1,870	2,620	2,428	2,716	2,457	2,293	2,258	2,453	2,613	2,333	2,021	28,016
Utilities	8,029	7,681	10,733	9,946	11,102	10,055	9,392	9,255	10,035	10,685	9,553	8,294	114,760
Cable/Internet/Phone	2,790	2,520	2,790	2,700	2,790	2,700	2,790	2,790	2,700	2,790	2,700	2,790	32,850
Credit Card Expense	4,516	4,321	6,037	5,595	6,245	5,656	5,283	5,206	5,645	6,010	5,374	4,665	64,552
Management Fee	8,029	7,681	10,733	9,946	11,102	10,055	9,392	9,255	10,035	10,685	9,553	8,294	114,760
TOTAL OPERATING EXPENSES	81,435	77,631	104,993	97,608	106,851	97,965	92,613	91,581	97,359	103,305	93,733	83,427	1,128,501
Income Before Fixed Expenses	72,806	69,467	108,214	98,832	115,582	101,351	91,976	89,875	101,910	109,975	94,528	76,861	1,131,376
Gross Operating Profit (GOP)	36.27%	36.18%	40.33%	39.75%	41.65%	40.32%	39.17%	38.84%	40.62%	41.17%	39.58%	37.07%	39.43%
Reserves & Fixed Expenses:													
Debt Service	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	692,753
Real Estate Taxes (Estimates)	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	114,499
Insurance	3,011	2,880	4,025	3,730	4,163	3,770	3,522	3,471	3,763	4,007	3,582	3,110	43,035
Reserves For Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESERVES & FIXED	70,282	70,151	71,296	71,001	71,434	71,041	70,793	70,742	71,034	71,278	70,853	70,381	850,287
NET OPERATING INCOME (NOI)	60,253	57,045	94,647	85,561	101,877	88,039	78,912	76,862	88,605	96,427	81,404	64,209	973,842
NET CASH FLOW	2,524	(684)	36,918	27,831	44,148	30,309	21,183	19,133	30,875	38,697	23,674	6,480	281,089

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.



First Full Year Open													Rooms: 90
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Lodging Rooms Available	2,790	2,520	2,790	2,700	2,790	2,700	2,790	2,790	2,700	2,790	2,700	2,790	32,850
Lodging Occupancy %	66.3%	69.4%	78.9%	75.9%	75.3%	74.1%	69.9%	69.9%	72.2%	73.7%	72.2%	66.3%	72.0%
Total Occ. Rooms	1,850	1,750	2,200	2,050	2,100	2,000	1,950	1,950	1,950	2,055	1,950	1,850	23,655
Average Daily Rate	\$117.06	\$118.43	\$131.98	\$131.24	\$143.28	\$136.10	\$130.27	\$128.32	\$139.40	\$140.88	\$132.55	\$121.03	\$131.23
Revenue Per Available Room (REVPAR)	\$77.62	\$82.24	\$104.07	\$99.65	\$107.85	\$100.82	\$91.05	\$89.68	\$100.67	\$103.76	\$95.73	\$80.25	\$94.50
Revenue:													
Guest Room Revenue	216,565	207,250	290,358	269,045	300,891	272,205	254,021	250,221	271,821	289,498	258,473	223,898	3,104,246
Meeting Room Revenue	925	875	1,100	1,025	1,050	1,000	975	975	975	1,028	975	925	11,828
Vending Revenue	4,625	4,375	5,500	5,125	5,250	5,000	4,875	4,875	4,875	5,138	4,875	4,625	59,138
TOTAL HOTEL REVENUE	222,115	212,500	296,958	275,195	307,191	278,205	259,871	256,071	277,671	295,663	264,323	229,448	3,175,211
Hotel Payroll Expenses:													
Hotel Manager	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
AGM/Sales Manager	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Maintenance	3,332	3,188	4,454	4,128	4,608	4,173	3,898	3,841	4,165	4,435	3,965	3,442	47,628
Housekeeping	13,875	13,125	16,500	15,375	15,750	15,000	14,625	14,625	14,625	15,413	14,625	13,875	177,413
Front Desk	10,828	10,363	14,518	13,452	15,045	13,610	12,701	12,511	13,591	14,475	12,924	11,195	155,212
Workers Comp Insurance	1,013	979	1,199	1,136	1,198	1,132	1,093	1,087	1,122	1,171	1,100	1,025	13,256
Payroll Tax	5,194	5,019	6,146	5,824	6,137	5,802	5,602	5,571	5,750	5,999	5,639	5,255	67,939
TOTAL HOTEL PAYROLL	46,742	45,174	55,318	52,416	55,237	52,217	50,419	50,135	51,754	53,992	50,753	47,292	611,448
Hotel Operating Expenses:													
Cleaning Supplies	1,018	963	1,210	1,128	1,155	1,100	1,073	1,073	1,073	1,130	1,073	1,018	13,010
Laundry Supplies	925	875	1,100	1,025	1,050	1,000	975	975	975	1,028	975	925	11,828
Linens	1,388	1,313	1,650	1,538	1,575	1,500	1,463	1,463	1,463	1,541	1,463	1,388	17,741
Guest Supplies	1,850	1,750	2,200	2,050	2,100	2,000	1,950	1,950	1,950	2,055	1,950	1,850	23,655
Operating Supplies	1,573	1,488	1,870	1,743	1,785	1,700	1,658	1,658	1,658	1,747	1,658	1,573	20,107
Repairs & Maintenance	2,166	2,073	2,904	2,690	3,009	2,722	2,540	2,502	2,718	2,895	2,585	2,239	31,042
Swimming Pool Maintenance	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Franchise Fees	12,216	11,688	16,333	15,136	16,896	15,301	14,293	14,084	15,272	16,261	14,538	12,620	174,637
Marketing Funds Fee	8,551	8,181	11,433	10,595	11,827	10,711	10,005	9,859	10,690	11,383	10,176	8,834	122,246
Reservation Expense	4,442	4,250	5,939	5,504	6,144	5,564	5,197	5,121	5,553	5,913	5,286	4,589	63,504
PMS Fee	1,111	1,063	1,485	1,376	1,536	1,391	1,299	1,280	1,388	1,478	1,322	1,147	15,876
Complimentary Breakfast	9,250	8,750	11,000	10,250	10,500	10,000	9,750	9,750	9,750	10,275	9,750	9,250	118,275
Travel Agent Fees	12,994	12,435	17,421	16,143	18,053	16,332	15,241	15,013	16,309	17,370	15,508	13,434	186,255
Vending Expense	2,313	2,188	2,750	2,563	2,625	2,500	2,438	2,438	2,438	2,569	2,438	2,313	29,569
Marketing / Advertising	2,166	2,073	2,904	2,690	3,009	2,722	2,540	2,502	2,718	2,895	2,585	2,239	31,042
Utilities	8,885	8,500	11,878	11,008	12,288	11,128	10,395	10,243	11,107	11,827	10,573	9,178	127,008
Cable/Internet/Phone	2,790	2,520	2,790	2,700	2,790	2,700	2,790	2,790	2,700	2,790	2,700	2,790	32,850
Credit Card Expense	4,998	4,781	6,682	6,192	6,912	6,260	5,847	5,762	6,248	6,652	5,947	5,163	71,442
Management Fee	8,885	8,500	11,878	11,008	12,288	11,128	10,395	10,243	11,107	11,827	10,573	9,178	127,008
TOTAL OPERATING EXPENSES	88,351	84,221	114,260	106,170	116,374	106,593	100,682	99,538	105,949	112,469	101,931	90,558	1,227,096
Income Before Fixed Expenses	87,022	83,106	127,380	116,610	135,580	119,395	108,770	106,399	119,968	129,202	111,638	91,598	1,336,667
Gross Operating Profit (GOP)	39.18%	39.11%	42.90%	42.37%	44.14%	42.92%	41.86%	41.55%	43.21%	43.70%	42.24%	39.92%	42.10%
Reserves & Fixed Expenses:													
Debt Service	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	57,729	692,753
Real Estate Taxes (Estimates)	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	9,542	114,499
Insurance	3,332	3,188	4,454	4,128	4,608	4,173	3,898	3,841	4,165	4,435	3,965	3,442	47,628
Reserves For Replacement	4,442	4,250	5,939	5,504	6,144	5,564	5,197	5,121	5,553	5,913	5,286	4,589	63,504
TOTAL RESERVES & FIXED	75,045	74,709	77,665	76,903	78,023	77,008	76,367	76,234	76,989	77,619	76,522	75,302	918,385
NET OPERATING INCOME (NOI)	69,707	66,127	107,445	97,436	115,287	100,116	90,133	87,895	100,708	109,312	92,845	74,026	1,111,036
NET CASH FLOW	11,977	8,397	49,716	39,707	57,557	42,386	32,404	30,165	42,978	51,583	35,116	16,297	418,283

Five Year Numbers Projected Summary									
	YEAR 1 AMOUNT		YEAR 2 AMOUNT		YEAR 3 AMOUNT		YEAR 4 AMOUNT		YEAR 5 AMOUNT
Lodging Rooms Available	32,850		32,850		32,850		32,850		32,850
Lodging Occupancy %	72.0%		75.6%		77.9%		80.0%		80.0%
Total Occ. Rooms	23,655		24,838		25,583		26,280		26,280
Average Daily Rate	\$131.23		\$135.17		\$139.22		\$142.01		\$143.43
REVENUE:									
Guest Room Revenue	3,104,246	97.8%	3,357,242	97.8%	3,561,698	97.9%	3,731,928	97.9%	3,769,247
Meeting Room Revenue	11,828	0.4%	12,419	0.4%	12,791	0.4%	13,140	0.3%	13,140
Vending / Bar Revenue	59,138	1.9%	62,094	1.8%	63,957	1.8%	65,700	1.7%	65,700
=====			=====		=====		=====		=====
TOTAL HOTEL REVENUE	3,175,211	100.0	3,431,756	100.0	3,638,447	100.0	3,810,768	100.0	3,848,087

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.



5 Year Projection										Rooms:
The following statistics are preliminary projections based on assumed costs of a prototypical hotel.										90
	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Lodging Rooms Available	32,850		32,850		32,850		32,850		32,850	
Lodging Occupancy %	72.0%	72.0%	75.6%	75.6%	77.9%	77.9%	80.0%	80.0%	80.0%	80.0%
Total Occ. Rooms	23,655		24,838		25,583		26,280		26,280	
Average Daily Rate	\$131.23		\$135.17		\$139.22		\$142.01		\$143.43	
Revenue Per Available Room (REVPAR)	\$94.50		\$102.20		\$108.42		\$113.61		\$114.74	
Revenue:										
Guest Room Revenue	3,104,246	97.77%	3,357,242	97.83%	3,561,698	97.89%	3,731,928	97.93%	3,769,247	97.95%
Meeting Room Revenue	11,828	0.37%	12,419	0.36%	12,791	0.35%	13,140	0.34%	13,140	0.34%
Vending Revenue	59,138	1.86%	62,094	1.81%	63,957	1.76%	65,700	1.72%	65,700	1.71%
TOTAL HOTEL REVENUE	3,175,211	100%	3,431,756	100%	3,638,447	100%	3,810,768	100%	3,848,087	100%
Hotel Payroll Expenses:										
Hotel Manager	90,000	2.83%	91,350	2.66%	92,720	2.55%	94,111	2.47%	95,523	2.48%
AGM/Sales Manager	60,000	1.89%	60,900	1.77%	61,814	1.70%	62,741	1.65%	63,682	1.65%
Maintenance	47,628	1.50%	50,359	1.47%	51,234	1.96%	52,100	1.96%	53,000	1.96%
Housekeeping	177,413	5.59%	186,283	5.43%	191,872	5.27%	197,100	5.17%	197,100	5.12%
Front Desk	155,212	4.89%	159,869	4.66%	164,665	4.53%	169,605	4.45%	174,693	4.54%
Workers Comp Insurance	13,256	0.42%	13,719	0.40%	14,558	0.40%	14,955	0.39%	15,160	0.39%
Payroll Tax	67,939	2.14%	70,310	2.05%	74,608	2.05%	76,644	2.01%	77,693	2.02%
TOTAL HOTEL PAYROLL	611,448	19.26%	632,789	18.44%	671,469	18.45%	689,794	18.10%	699,235	18.17%
Hotel Operating Expenses:										
Cleaning Supplies	13,010	0.41%	13,661	0.40%	14,071	0.39%	14,454	0.38%	14,454	0.38%
Laundry Supplies	11,828	0.37%	12,419	0.36%	12,791	0.35%	13,140	0.34%	13,140	0.34%
Linens	17,741	0.56%	18,628	0.54%	19,187	0.53%	19,710	0.52%	19,710	0.51%
Guest Supplies	23,655	0.74%	24,838	0.72%	25,583	0.70%	26,280	0.69%	26,280	0.68%
Operating Supplies	20,107	0.63%	21,112	0.62%	21,745	0.60%	22,338	0.59%	22,338	0.58%
Repairs & Maintenance	31,042	0.98%	33,572	0.98%	44,521	1.22%	46,649	1.22%	56,539	1.47%
Swimming Pool Maintenance	10,000	0.31%	11,500	0.34%	13,225	0.36%	15,209	0.40%	17,490	0.45%
Franchise Fees	174,637	5.50%	188,747	5.50%	200,115	5.50%	209,592	5.50%	211,645	5.50%
Marketing Funds Fee	122,246	3.85%	132,123	3.85%	140,080	3.85%	146,715	3.85%	148,151	3.85%
Reservation Expense	63,504	2.00%	68,635	2.00%	72,769	2.00%	76,215	2.00%	76,962	2.00%
PMS Fee	15,876	0.50%	17,159	0.50%	18,192	0.50%	19,054	0.50%	19,240	0.50%
Complimentary Breakfast	118,275	3.72%	124,189	3.62%	127,914	3.52%	131,400	3.45%	131,400	3.41%
Travel Agent Fees	186,255	5.87%	201,435	5.87%	213,702	5.87%	223,916	5.88%	226,155	5.88%
Vending Expense	29,569	0.93%	31,047	0.90%	31,979	0.88%	32,850	0.86%	32,850	0.85%
Marketing / Advertising	31,042	0.98%	33,572	0.98%	35,617	0.98%	37,319	0.98%	37,692	0.98%
Utilities	127,008	4.00%	137,270	4.00%	145,538	4.00%	152,431	4.00%	153,923	4.00%
Cable/Internet/Phone	32,850	1.03%	33,836	0.99%	34,851	0.96%	35,896	0.94%	36,973	0.96%
Credit Card Expense	71,442	2.25%	77,215	2.25%	81,865	2.25%	85,742	2.25%	86,582	2.25%
Management Fee	127,008	4.00%	137,270	4.00%	145,538	4.00%	152,431	4.00%	153,923	4.00%
TOTAL OPERATING EXPENSES	1,227,096	38.65%	1,318,227	38.41%	1,399,283	38.46%	1,461,340	38.35%	1,485,448	38.60%
Income Before Fixed Expenses										
Gross Operating Profit (GOP)	1,336,667	42.10%	1,480,740	43.15%	1,567,695	43.09%	1,659,633	43.55%	1,663,404	43.23%
Reserves & Fixed Expenses:										
Real Estate Taxes (Estimates)	114,499	3.61%	114,499	3.34%	114,499	3.15%	114,499	3.00%	114,499	2.98%
Insurance	47,628	1.50%	51,476	1.50%	54,577	1.50%	57,162	1.50%	57,721	1.50%
Reserves For Replacement	63,504	2.00%	102,953	3.00%	109,153	3.00%	152,431	4.00%	153,923	4.00%
NET OPERATING INCOME (NOI)	1,111,036	34.99%	1,211,811	35.31%	1,289,465	35.44%	1,335,542	35.05%	1,337,260	34.75%
Loan (Interest Payment)	533,261	16.79%	523,424	15.25%	512,980	14.10%	501,893	13.17%	490,121	12.74%
Loan (Principal Reduction)	159,492	5.02%	169,329	4.93%	179,773	4.94%	190,860	5.01%	202,632	5.27%
NET CASH FLOW	\$418,283	13.17%	\$519,058	15.13%	\$596,712	16.40%	\$642,789	16.87%	\$644,507	16.75%
RETURN ON INVESTMENT (ROI) %	10.46%		12.98%		14.92%		16.07%		16.11%	
ROI % (Including Principal Reduction)	14.44%		17.21%		19.41%		20.84%		21.18%	

NOTE: The above information is a forward looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.



5 Year Break Even										Rooms:
The following statistics are preliminary projections based on assumed costs of a prototypical hotel.										90
	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Lodging Rooms Available	32,850		32,850		32,850		32,850		32,850	
Lodging Occupancy %	47.0%	47.0%	46.6%	46.6%	46.0%	46.0%	46.8%	46.8%	46.9%	46.9%
Total Occ. Rooms	15,441		15,297		15,118		15,365		15,398	
Average Daily Rate	\$131.23		\$135.17		\$139.22		\$142.01		\$143.43	
Revenue Per Available Room (REVPAR)	\$61.68		\$62.94		\$64.07		\$66.42		\$67.23	
Revenue:										
Guest Room Revenue	2,026,323	97.77%	2,067,649	97.83%	2,104,757	97.89%	2,181,928	97.93%	2,208,480	97.95%
Meeting Room Revenue	7,721	0.37%	7,649	0.36%	7,559	0.35%	7,683	0.34%	7,699	0.34%
Vending Revenue	38,603	1.86%	38,243	1.81%	37,795	1.76%	38,413	1.72%	38,495	1.71%
TOTAL HOTEL REVENUE	2,072,646	100%	2,113,540	100%	2,150,111	100%	2,228,023	100%	2,254,674	100%
Hotel Payroll Expenses:										
Hotel Manager	90,000	4.34%	92,700	4.39%	95,481	4.44%	98,345	4.41%	101,296	4.49%
Maintenance	31,090	1.50%	31,015	1.47%	42,095	1.96%	54,548	2.45%	55,212	2.45%
Housekeeping	115,808	5.59%	114,728	5.43%	113,385	5.27%	115,238	5.17%	115,485	5.12%
Front Desk	90,000	4.34%	92,700	4.39%	95,481	4.44%	98,345	4.41%	101,296	4.49%
Workers Comp Insurance	8,172	0.39%	8,279	0.39%	8,661	0.40%	9,162	0.41%	9,332	0.41%
Payroll Tax	41,884	2.02%	42,428	2.01%	44,388	2.06%	46,955	2.11%	47,828	2.12%
TOTAL HOTEL PAYROLL	376,953	18.19%	381,848	18.07%	399,491	18.58%	422,593	18.97%	430,448	19.09%
Hotel Operating Expenses:										
Cleaning Supplies	8,493	0.41%	8,413	0.40%	8,315	0.39%	8,451	0.38%	8,469	0.38%
Laundry Supplies	7,721	0.37%	7,649	0.36%	7,559	0.35%	7,683	0.34%	7,699	0.34%
Linens	11,581	0.56%	11,473	0.54%	11,339	0.53%	11,524	0.52%	11,549	0.51%
Guest Supplies	15,441	0.74%	15,297	0.72%	15,118	0.70%	15,365	0.69%	15,398	0.68%
Operating Supplies	13,125	0.63%	13,002	0.62%	12,850	0.60%	13,060	0.59%	13,088	0.58%
Repairs & Maintenance	20,263	0.98%	20,676	0.98%	26,309	1.22%	27,274	1.22%	33,127	1.47%
Swimming Pool Maintenance	10,000	0.48%	11,500	0.54%	13,225	0.62%	15,209	0.68%	17,490	0.78%
Franchise Fees	113,996	5.50%	116,245	5.50%	118,256	5.50%	122,541	5.50%	124,007	5.50%
Marketing Funds Fee	79,797	3.85%	81,371	3.85%	82,779	3.85%	85,779	3.85%	86,805	3.85%
Reservation Expense	41,453	2.00%	42,271	2.00%	43,002	2.00%	44,560	2.00%	45,093	2.00%
PMS Fee	10,363	0.50%	10,568	0.50%	10,751	0.50%	11,140	0.50%	11,273	0.50%
Complimentary Breakfast	77,205	3.72%	76,485	3.62%	75,590	3.52%	76,825	3.45%	76,990	3.41%
Travel Agent Fees	121,579	5.87%	124,059	5.87%	126,285	5.87%	130,916	5.88%	132,509	5.88%
Vending Expense	19,301	0.93%	19,121	0.90%	18,898	0.88%	19,206	0.86%	19,248	0.85%
Marketing / Advertising	20,263	0.98%	20,676	0.98%	21,048	0.98%	21,819	0.98%	22,085	0.98%
Utilities	82,906	4.00%	84,542	4.00%	86,004	4.00%	89,121	4.00%	90,187	4.00%
Cable/Internet/Phone	32,850	1.58%	33,836	1.60%	34,851	1.62%	35,896	1.61%	36,973	1.64%
Credit Card Expense	46,635	2.25%	47,555	2.25%	48,378	2.25%	50,131	2.25%	50,730	2.25%
Management Fee	82,906	4.00%	84,542	4.00%	86,004	4.00%	89,121	4.00%	90,187	4.00%
TOTAL OPERATING EXPENSES	815,876	39.36%	829,280	39.24%	846,561	39.37%	875,620	39.30%	892,907	39.60%
Income Before Fixed Expenses	879,816		902,411		904,059		929,809		931,319	
Gross Operating Profit (GOP)										
Reserves & Fixed Expenses:										
Real Estate Taxes (Estimates)	114,499	5.52%	114,499	5.42%	114,499	5.33%	114,499	5.14%	114,499	5.08%
Insurance	31,090	1.50%	31,703	1.50%	32,252	1.50%	33,420	1.50%	33,820	1.50%
Reserves For Replacement	41,453	2.00%	63,406	3.00%	64,503	3.00%	89,121	4.00%	90,187	4.00%
NET OPERATING INCOME (NOI)	692,774	33.42%	692,803	32.78%	692,805	32.22%	692,769	31.09%	692,812	30.73%
Loan (Interest Payment)	533,261	25.73%	523,424	24.77%	512,980	23.86%	501,893	22.53%	490,121	21.74%
Loan (Principal Reduction)	159,492	7.70%	169,329	8.01%	179,773	8.36%	190,860	8.57%	202,632	8.99%
NET CASH FLOW	\$21	0.00%	\$50	0.00%	\$52	0.00%	\$16	0.00%	\$59	0.00%

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.



This lodging demand analysis is based on general observations of the surrounding market area and the overall Clyde, TX market area.

1st Quarter (Jan-Mar)	January	February	March	
Lodging Rooms Available	2,790	2,520	2,790	
Lodging Occupancy %	66.3%	69.4%	78.9%	
Total Occ. Rooms	1,850	1,750	2,200	
Average Daily Rate	117.06	118.43	131.98	
Total Revenue	\$216,565	\$207,250	\$290,358	
2nd Quarter (Apr-June)	April	May	June	
Lodging Rooms Available	2,700	2,790	2,700	
Lodging Occupancy %	75.9%	75.3%	74.1%	
Total Occ. Rooms	2,050	2,100	2,000	
Average Daily Rate	131.24	143.28	136.10	
Total Revenue	\$269,045	\$300,891	\$272,205	
3rd Quarter (July-Sept)	July	August	September	
Lodging Rooms Available	2,790	2,790	2,700	
Lodging Occupancy %	69.9%	69.9%	72.2%	
Total Occ. Rooms	1,950	1,950	1,950	
Average Daily Rate	130.27	128.32	139.40	
Total Revenue	\$254,021	\$250,221	\$271,821	
4th Quarter (Oct-Dec)	October	November	December	TOTAL
Lodging Rooms Available	2,790	2,700	2,790	32,850
Lodging Occupancy %	73.7%	72.2%	66.3%	72.0%
Total Occ. Rooms	2,055	1,950	1,850	23,655
Average Daily Rate	140.88	132.55	121.03	\$131.23
Total Revenue	\$289,498	\$258,473	\$223,898	3,104,246

** The above forecasts represent projections for occupancy, ADR, and revenue of a developed 90 unit lodging option. Financial Returns projected based on specific brand chosen for development. Development costs and FDD required by each brand for financial projection estimates.*

NOTE: The above information is a forward looking projection of anticipated occupancies, average daily rate and revenue based on the professional experience of Core Distinction Group LLC's participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by CoStar/Smith Travel Research (STR) in the market's proximity along with to date rate shopping of local and surrounding hotels, and community feedback. This projection could change due to changes in the economy (both locally and overall), the acceptance of the project by the local community and patrons, and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward looking projections are not warranted by CDG and are subject to change and fluctuation.

Source: Core Distinction Group LLC



First Year Ramp Up Projections of 90 Guestroom Lodging Options:

OCC%	ADR:	REVPAR	Room Revenue:
68.4%	\$124.67	\$85.28	\$2,801,582

1-5 Year Projections:

OCC%	ADR:	REVPAR	Room Revenue:	YEAR 1
72.0%	\$131.23	\$94.50	\$3,104,246	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 2
75.6%	\$135.17	\$102.20	\$3,357,242	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 3
77.9%	\$139.22	\$108.42	\$3,561,698	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 4
80.0%	\$142.01	\$113.61	\$3,731,928	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 5
80.0%	\$143.43	\$114.74	\$3,769,247	

It should be noted that the above projections are considered to be forecasted for the first full year open. Consideration for a ramp up period at a minimum of 90 to 190 days is typical for new hotel development. It should be noted that projections shown in any forward reaching Pro Forma will indicate a first partial year ramp up period for comparison and budget planning. The opening of this potential hotel development should be in timing up to 90 days prior to peak season to ensure highest potential profitability in year 1. A minimum of \$150k should be factored into the total project cost under working capital to offset this first year ramp up period loss potential. Hotels used in this seasonality analysis are from the regional market of Clyde, TX. The market's demand patterns appear average.

Source: Core Distinction Group LLC



Proposed Property

In this section of the report, Core Distinction Group has compiled a projection of income and expense for the proposed hotel development. This projection is based on the hotel's recommendations stated throughout this report, as well as the occupancy and average rate projected throughout this report. This section of the report also details construction/development costs gathered by Core Distinction Group.

Proposed Property Description

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

Projected Construction/Development Costs

Gathering the most accurate costs available may help ensure the hotel project projection estimates set in this report be as accurate as possible. Core Distinction Group requested construction/development costs directly from a reputable hotel construction company and/or the brand selected by the client. Core Distinction Group is not responsible for any discrepancies in costs in the future. The total estimated costs for this proposed hotel development project are listed in table below:

Hotel Construction/Development Costs in Clyde, TX	
Total Estimated Costs	\$12,960,000

Hotel Construction/Development Costs in Clyde, TX		
Total Estimated Costs	\$144,000	per room/key



Projected Hotel Development Revenue

In this section of this report, Core Distinction Group has compiled projections of revenue for the proposed hotel. This projection is based on the hotel's recommendations stated throughout this report, as well as the occupancy and average rate projected throughout this report. Room revenue is determined by two variables: occupancy and average rate. We projected occupancy and average rate in a previous section of this report. The proposed subject hotel is expected to stabilize by year three. Following the stabilized year, the proposed subject hotel's average rate is projected to increase along with the underlying rate of inflation. Due to the scale of the proposed hotel development, the revenue will also contain a small amount of food and beverage revenue, telephone revenue, meeting space revenue and miscellaneous revenue. Below you will find a five year projection of total revenue for the proposed hotel development:

Five Year Projected Hotel Development Revenue	
Year 1	
	\$3,175,211.33
Year 2	
	\$3,431,755.65
Year 3	
	\$3,638,447.11
Year 4	
	\$3,810,767.56
Year 5	
	\$3,848,086.84

Projected Hotel Development Payroll

The projected hotel development payroll expenses consist of all payroll associated with the revenue obtained by the proposed property. Core Distinction Group includes; the General Manager salary, all maintenance payroll, all housekeeping payroll, all front desk payroll, as well as workers compensation insurance and any payroll taxes in its evaluation. Below you will find the forecasted five year proposed property's total payroll:

Five Year Projected Hotel Development Total Payroll	
Year 1	
	\$611,447.97
Year 2	
	\$632,789.39
Year 3	
	xx
Year 4	
	\$689,793.60
Year 5	
	\$699,234.59



Projected Hotel Development Operating Expenses

The projected hotel development operating expenses consist of all operating expenses associated with the revenue obtained by the proposed property. Core Distinction Group includes the following in its operating expenses:

Cleaning Supply Expenses - All expenses related to the cleaning of the proposed hotel project.

Laundry Supply Expenses - All expenses related to the laundering of the linens at the proposed hotel project.

Linen Expenses - All expenses related to the ongoing cost of replacing linens at the proposed hotel project.

Guest Supply Expenses - All expenses related to the restocking of supplies used by the guest at proposed hotel project.

Operating Supply Expenses - All expenses related to the operations of the proposed hotel project.

Repairs and Maintenance Expenses - All expenses related to the repair and maintenance of the proposed hotel project. It should be noted that as a new hotel, these amounts may be lower in the first year or two of operation. However, this also does include any contracts such as elevator maintenance, fire alarm monitoring, etc.

Swimming Pool Maintenance Expenses - All expenses related to the upkeep of the pool at the proposed hotel project. It should be noted that if the proposed hotel does not have a pool, this number will not be present in the proposed hotel project expenses.

Grounds and Landscaping Expenses - All expenses related to the ongoing maintenance of lawn, landscaping and snow removal (if applicable) of the proposed hotel project.

Franchise Fee Expenses - All expenses related to the ongoing fees charged by the franchise to the proposed hotel project.

Property Management System Expenses - All expenses related to the ongoing fees charged by the property management system of the proposed hotel project.

Breakfast Expenses - All expenses related to the breakfast provided by the proposed hotel project.

Travel Agent Fee Expenses - All expenses related to the ongoing fees charged by any travel agent booking revenue at the proposed hotel project. This also includes online travel agent websites.

Reservation Expenses - All expenses related to the ongoing fees charged by the central reservation system of proposed hotel project.



Projected Hotel Development Operating Expenses (continued)

Vending and Bar Expenses - All expenses related to the bar or vending area of the proposed hotel project.

Office Expenses - All expenses related to the office supplies need at the proposed hotel project.

Marketing and Advertising Expenses - All expenses related to the marketing and advertising done for the proposed hotel project.

Utility Expenses - All expenses related to the utilities utilized at the proposed hotel project.

Telephone Expenses - All expenses related to the phone system at the proposed hotel project.

Internet Expenses - All expenses related to the internet system at the proposed hotel project.

Cable Expenses - All expenses related to the cable system at the proposed hotel project.

Waste Removal Expenses - All expenses related to the removal of waste at the proposed hotel project.

Dues and Subscription Expenses - All expenses related to any dues or subscriptions utilized at proposed hotel project.

Licenses and Permitting Expenses - All expenses related to any ongoing licenses or permits for the proposed hotel project.

Credit Card Processing Expenses - All expenses related to the credit card processing system at the proposed hotel project.

Management Fee Expenses - All expenses related to the ongoing professional hotel management fees of the proposed hotel project.

Accounting Service Expenses - All expenses related to the ongoing, professional accounting or accountant fees of the proposed hotel project.

Other Expenses/Frequent Stay Program Expenses - All expenses related to the brand's frequent stay program at the proposed hotel project. This line also includes any miscellaneous expenses.



Projected Hotel Development Operating Expenses (continued)

Below you will find the forecasted five year, proposed property's total operating expenses:

Five Year Projected Hotel Development Total Operating Expenses	
Year 1	
	\$1,227,095.91
Year 2	
	\$1,318,226.62
Year 3	
	\$1,399,283.04
Year 4	
	\$1,461,340.49
Year 5	
	\$1,485,448.20



Projected Hotel Development Reserves and Fixed Expenses

The projected hotel development reserves and fixed expenses consist of all fixed monthly expenses as well as the reserve for replacement expenses associated with the revenue obtained by the proposed property. Core Distinction Group includes the following in its reserves and fixed expenses:

Real Estate Tax Expenses - This expense relates to the real estate taxes assessed for the proposed hotel project. In some cases this item could be an estimate and/or may be reduced due to incentives. Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the local municipality. The numbers below are based on what was available to Core Distinction Group representatives at the time of conducting the research in this report.

Insurance Expenses - This expense relates to the ongoing property insurance for the proposed hotel project. In some cases this item could be an estimate. The insurance expense consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage. Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy. The numbers to follow are based on what was available to Core Distinction Group representatives at the time of conducting the research in this report.

Reserve for Replacement Expenses - Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's revenue-producing abilities. This expense line includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use. Periodic replacement of furniture, fixtures, and equipment is essential to maintain the quality, image, and revenue-producing potential of a lodging facility. Studies have indicated that on an ongoing basis a minimum of 4 percent is required to properly maintain hotels. Because the proposed hotel will be a new construction, we used a buildable approach whereas, in the first two years of operation, the reserve was estimated to be 3 percent and in subsequent years the reserve for replacement was estimated to be 4 percent of total sales and is estimated to provide sufficient funds for future capital improvements.



Projected Hotel Development Reserves and Fixed Expenses (continued)

Below you will find the forecasted five year, proposed property's total reserves and fixed expenses:

Five Year Projected Hotel Development Total Reserves and Fixed Expenses	
Year 1	
	\$225,631.73
Year 2	
	\$268,928.34
Year 3	
	\$278,229.45
Year 4	
	\$324,091.55
Year 5	
	\$326,144.11



Projected Hotel Development Loan Expenses

The projected hotel development loan expenses consist of all monthly expenses incurred by the proposed property. Based on our analysis of the current lodging industry's mortgage market and adjustments for specific factors, such as the property's site, proposed facility, and conditions in the hotel market, it is our opinion that a 6% interest, 25-year amortization mortgage is appropriate for the proposed subject hotel. In the mortgage equity analysis, we have applied a loan-to-cost ratio of 70%, which is reasonable to expect based on this interest rate and current parameters. Below you will find the forecasted five year, proposed property's total loan expenses:

Five Year Projected Hotel Development Total Interest Payment	
Year 1	
	\$533,261
Year 2	
	\$523,424
Year 3	
	\$512,980
Year 4	
	\$501,893
Year 5	
	\$490,121

Five Year Projected Hotel Development Total Principal Reduction	
Year 1	
	\$159,492
Year 2	
	\$169,329
Year 3	
	\$179,773
Year 4	
	\$190,860
Year 5	
	\$202,632



Projected Hotel Development Income

The projected hotel development income is measured by two separate parameters for the proposed property:

Return On Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment relative to the investment's cost.

Net Operating Income (NOI) is a calculation used to analyze the profitability of income-generating real estate investments. NOI equals all revenue from the property, minus all reasonably necessary operating expenses.

The projected hotel development Return On Investment (ROI) and Net Operating Income (NOI) for the proposed property are as follows:

Five Year Projected Hotel Development Total Return On Investment (ROI)	
Year 1	
	10.46%
Year 2	
	12.98%
Year 3	
	14.92%
Year 4	
	16.07%
Year 5	
	16.11%

Five Year Projected Hotel Development Total Net Operating Income (NOI)	
Year 1	
	14.44%
Year 2	
	17.21%
Year 3	
	19.41%
Year 4	
	20.84%
Year 5	
	21.18%

