

Hospitality Acquisition Example

Project Assumptions

Property Information

Property Name	Hospitality Acquisition Example
Location	Texas
Property Use	Hospitality
Rooms	98
Analysis Year Begin	January 2023
Annual Inflation Rate	3.0%

Acquisition Assumptions

Project Type	Acquisition
Acquisition Cost	\$15,000,000
Other Costs	\$1,500,000
-	\$0
Acquisition Cost	\$16,500,000
Due Diligence/Closing Costs	0.50% \$82,500
Initial Deposits to Reserve Accounts	
Operating Reserve Account	\$100,000
Cap Ex Reserve Account	\$0
Replacement Reserves Account	\$0
Unleveraged Acquisition Cost	\$16,682,500
Initial Loan Origination Fee	0.00% \$0
Leveraged Acquisition Cost	\$16,682,500

Initial Capital Structure

Debt: (LTV)	70.0%	\$11,677,750
Equity		\$5,004,750
Total		\$16,682,500

Desired Equity Return (Discount Rate)		10.0%
Developer	10.0%	\$500,475
JV Partner	90.0%	\$4,504,275
Total Equity	100.0%	\$5,004,750

Please refer to the Equity Investor Returns worksheet for waterfall information.

Tax Assumptions

Ordinary Income Marginal Tax Rate	35.0%
Capital Gains Tax Rate	20.0%
Cost Recovery Recapture Tax Rate	25.0%

Cost Recovery Assumptions

Assessed Value of Land	91%
Assessed Value of Improvements	9%
Cost Recovery Method	Straight Line
Useful Life	27.5
C.R. 1st & Last Years (11.5 months)	3.485%
C.R. Interim Years (12 Months)	3.636%

Debt Structure Assumptions

Interest Only Loan

Will there be an Interest Only Period?	No
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Amortizing Debt Service

Amortization Type	American
Amortizing Loan Amount	\$11,677,750
Term (Months)	120
Amortization (Months)	240
Start Rate	5.75%
Origination Fee	0.00%
Initial Interest Only Period	No
Exit Fee	0.00%
Rate Type	Fixed

Sale Assumptions

Year of Sale	10
Terminal Value Calculation Method	Cap Rate
Cost of Sale	1.0%
Exit Cap Rate	7.00%

Schedule of Prospective Cash Flows

Period		1	2	3	4	5	6	7	8	9	10	11
		Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32	Jan 33 - Dec 33
Operating Statistics	Inflation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Rooms		98	98	98	98	98	98	98	98	98	98	98
Room Nights		35,770	35,770	35,770	35,770	35,770	35,770	35,770	35,770	35,770	35,770	35,770
Occupancy		80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%	80.0%
Occupied Rooms		28,616	28,616	28,616	28,616	28,616	28,616	28,616	28,616	28,616	28,616	28,616
Average Daily Rate (ADR)		\$125.00	\$128.75	\$132.61	\$136.59	\$140.69	\$144.91	\$149.26	\$153.73	\$158.35	\$163.10	\$167.99
RevPAR		\$100.00	\$103.00	\$106.09	\$109.27	\$112.55	\$115.93	\$119.41	\$122.99	\$126.68	\$130.48	\$134.39
Income												
Revenues												
Rooms		3,577,000	3,684,310	3,794,839	3,908,684	4,025,945	4,146,723	4,271,125	4,399,259	4,531,237	4,667,174	4,807,189
Telecommunications		845	870	896	923	951	980	1,009	1,039	1,070	1,103	1,136
Food & Beverage		100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477	134,392
Other Income		30,000	30,900	31,827	32,782	33,765	34,778	35,822	36,896	38,003	39,143	40,317
Total Revenues		3,707,845	3,819,080	3,933,653	4,051,662	4,173,212	4,298,409	4,427,361	4,560,182	4,696,987	4,837,897	4,983,034
Departmental Expenses												
Rooms		572,672	589,852	607,548	625,774	644,547	663,884	683,800	704,314	725,444	747,207	769,623
Telecommunications		8,300	8,549	8,805	9,070	9,342	9,622	9,911	10,208	10,514	10,830	11,155
Food & Beverage		89,000	91,670	94,420	97,253	100,170	103,175	106,271	109,459	112,743	116,125	119,609
Other Income		19,315	19,894	20,491	21,106	21,739	22,391	23,063	23,755	24,468	25,202	25,958
Total Departmental Expenses		689,287	709,966	731,265	753,203	775,799	799,073	823,045	847,736	873,168	899,363	926,344
Gross Operating Income		3,018,558	3,109,115	3,202,388	3,298,460	3,397,414	3,499,336	3,604,316	3,712,446	3,823,819	3,938,534	4,056,690
Operating Expenses	Inflation		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Undistributed Expenses												
Credit Card Commissions		85,000	87,550	90,177	92,882	95,668	98,538	101,494	104,539	107,675	110,906	114,233
Administrative & General		19,467	20,051	20,653	21,272	21,910	22,568	23,245	23,942	24,660	25,400	26,162
Marketing		122,380	126,051	129,833	133,728	137,740	141,872	146,128	150,512	155,027	159,678	164,468
Franchise Fee		180,000	185,400	190,962	196,691	202,592	208,669	214,929	221,377	228,019	234,859	241,905
Repairs & Maintenance		110,000	113,300	116,699	120,200	123,806	127,520	131,346	135,286	139,345	143,525	147,831
Utilities		75,000	77,250	79,568	81,955	84,413	86,946	89,554	92,241	95,008	97,858	100,794
Total Undistributed Expenses		591,847	609,602	627,890	646,727	666,129	686,113	706,696	727,897	749,734	772,226	795,393
Gross Operating Profit		2,426,711	2,499,512	2,574,498	2,651,733	2,731,285	2,813,223	2,897,620	2,984,548	3,074,085	3,166,307	3,261,297
Fixed Expenses												
Property Taxes		540,000	556,200	572,886	590,073	607,775	626,008	644,788	664,132	684,056	704,578	725,715
Management Fee		23,000	23,690	24,401	25,133	25,887	26,663	27,463	28,287	29,136	30,010	30,910
Administrative Fee		0	0	0	0	0	0	0	0	0	0	0
Incentive Management Fee		0	0	0	0	0	0	0	0	0	0	0
Insurance		300,000	309,000	318,270	327,818	337,653	347,782	358,216	368,962	380,031	391,432	403,175
Miscellaneous		0	0	0	0	0	0	0	0	0	0	0
Total Fixed Expenses		863,000	888,890	915,557	943,023	971,314	1,000,454	1,030,467	1,061,381	1,093,223	1,126,019	1,159,800
Total Operating Expenses		1,454,847	1,498,492	1,543,447	1,589,751	1,637,443	1,686,566	1,737,163	1,789,278	1,842,957	1,898,245	1,955,193
NOI Before Reserves		1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,040,288	2,101,497
Operating Reserve Contributions												
Operating Reserve Account		0	0	0	0	0	0	0	0	0	0	0
Cap Ex Reserve Account		0	0	0	0	0	0	0	0	0	0	0
Replacement Reserves Account		0	0	0	0	0	0	0	0	0	0	0
Total Reserves		0	0	0	0	0	0	0	0	0	0	0
Net Operating Income		1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,040,288	2,101,497

Schedule of Prospective Cash Flows

Period	1	2	3	4	5	6	7	8	9	10
	<i>Jan 23 - Dec 23</i>	<i>Jan 24 - Dec 24</i>	<i>Jan 25 - Dec 25</i>	<i>Jan 26 - Dec 26</i>	<i>Jan 27 - Dec 27</i>	<i>Jan 28 - Dec 28</i>	<i>Jan 29 - Dec 29</i>	<i>Jan 30 - Dec 30</i>	<i>Jan 31 - Dec 31</i>	<i>Jan 32 - Dec 32</i>
Net Operating Income	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,040,288
Debt Service										
Interest	663,105	644,168	624,114	602,875	580,382	556,561	531,334	504,618	476,324	446,360
Principal	320,745	339,682	359,737	380,976	403,469	427,289	452,516	479,233	507,527	537,491
Less: Interest in Development Budget	0	0	0	0	0	0	0	0	0	0
Total Debt Service	983,851	983,851	983,851	983,851	983,851	983,851	983,851	983,851	983,851	983,851
Refinance Proceeds	0	0	0	0	0	0	0	0	0	0
Less: Mortgage Origination Fee	0	0	0	0	0	0	0	0	0	0
Cash Flow After Debt Service	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,056,437
Reserve Account Expenses										
Capital Expenditures	0	0	0	0	0	0	0	0	0	0
Replacement Reserve Expenses	0	0	0	0	0	0	0	0	0	0
Total Capital Expenses	0	0	0	0	0	0	0	0	0	0
Expenses Paid from Reserves										
Less: Cap Ex Paid from Reserves	0	0	0	0	0	0	0	0	0	0
Less: User Defined Paid from Reserves	0	0	0	0	0	0	0	0	0	0
Net Capital Expenses	0	0	0	0	0	0	0	0	0	0
Other Non-Regular Income										
Other Non-Regular Income	0	0	0	0	0	0	0	0	0	0
Other Non-Regular Expenses	0	0	0	0	0	0	0	0	0	0
Operating Deficit Reserve Draw	0	0	0	0	0	0	0	0	0	0
Return of Reserve Funds	0	0	0	0	0	0	0	0	0	100,000
Total Non-Regular Income	0	0	0	0	0	0	0	0	0	100,000
Cash Flow Before Taxes	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,156,437
<i>CFBI/Month</i>	<i>\$48,322</i>	<i>\$52,231</i>	<i>\$56,258</i>	<i>\$60,405</i>	<i>\$64,677</i>	<i>\$69,077</i>	<i>\$73,609</i>	<i>\$78,276</i>	<i>\$83,084</i>	<i>\$88,370</i>
<i>Cash on Cash Return</i>	<i>11.6%</i>	<i>12.5%</i>	<i>13.5%</i>	<i>14.5%</i>	<i>15.5%</i>	<i>16.6%</i>	<i>17.6%</i>	<i>18.8%</i>	<i>19.9%</i>	<i>23.1%</i>
Tax Liability*										
Cost Recovery Improvements	52,853	55,143	55,143	55,143	55,143	55,143	55,143	55,143	55,143	52,853
Loan Costs Amortization	0	0	0	0	0	0	0	0	0	0
Taxable Income	(415,958)	(390,312)	(360,987)	(330,200)	(297,873)	(263,922)	(228,262)	(190,799)	(151,436)	(107,781)
Less: Tax Liability at 35%	145,585	136,609	126,345	115,570	104,255	92,373	79,892	66,780	53,003	37,723
Operating Deficit Reserve Draw for Taxes	0	0	0	0	0	0	0	0	0	0
Cash Flow After Taxes	725,446	763,381	801,436	840,429	880,375	921,292	963,194	1,006,096	1,050,014	1,194,161

**Does not include Capital Expenses as they are often subject to separate tax treatment.
This pro forma does not constitute tax advice. Please consult a professional tax advisor*

Reserve Account Balances

Period	1	2	3	4	5	6	7	8	9	10
	<i>Jan 23 - Dec 23</i>	<i>Jan 24 - Dec 24</i>	<i>Jan 25 - Dec 25</i>	<i>Jan 26 - Dec 26</i>	<i>Jan 27 - Dec 27</i>	<i>Jan 28 - Dec 28</i>	<i>Jan 29 - Dec 29</i>	<i>Jan 30 - Dec 30</i>	<i>Jan 31 - Dec 31</i>	<i>Jan 32 - Dec 32</i>
Operating Reserve Account										
Beginning Balance	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Contributions	0	0	0	0	0	0	0	0	0	0
Expenses Paid	0	0	0	0	0	0	0	0	0	0
Taxes Paid	0	0	0	0	0	0	0	0	0	0
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Cap Ex Reserve Account										
Beginning Balance	0	0	0	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0	0	0	0
Expenses Paid	0	0	0	0	0	0	0	0	0	0
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0
Replacement Reserves Account										
Beginning Balance	0	0	0	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0	0	0	0
Expenses Paid	0	0	0	0	0	0	0	0	0	0
Withdrawal	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0
Total Reserve Balances	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000

Hospitality Acquisition Example

Project Return Summary

Summary

Rooms	98
Acquisition Price	\$16,500,000
Other Costs	\$82,500
Equity	\$5,004,750
Debt	\$11,677,750
LTV	70%

Sale Analysis

Acquisition Price	\$16,500,000
Per Room	\$168,367
Sale Price	\$30,021,383
Per Room	\$306,341
Appreciation	81.9%
Avg. App/Year	8.2%

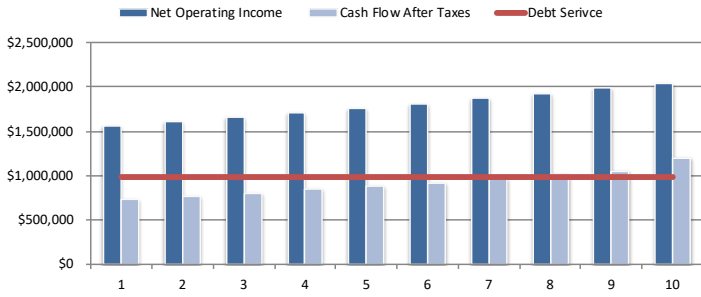
Cash Flows

	Before Tax	After Tax
Operating Cash Flows	\$8,187,687	\$9,145,823
Net Sale Proceeds	\$22,252,085	\$19,507,638
Total Cash Flow	\$30,439,772	\$28,653,461
Profit	\$25,435,022	\$23,648,711
Equity Multiple	5.08x	4.73x

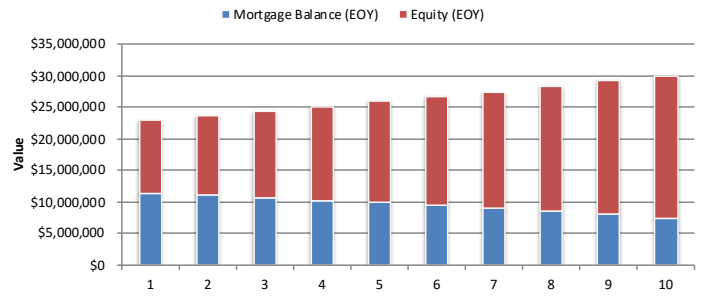
IRR & Present Value

Unleveraged IRR	14.4%
Unleveraged PV at 10%	\$22,260,000
Leveraged IRR	24.9%
Leveraged PV at 10%	\$25,010,000
After Tax IRR (Leveraged)	25.3%
After Tax PV at 10%	\$24,600,000

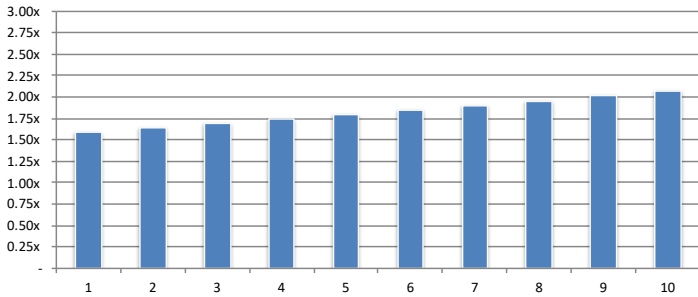
Annual Income Projections



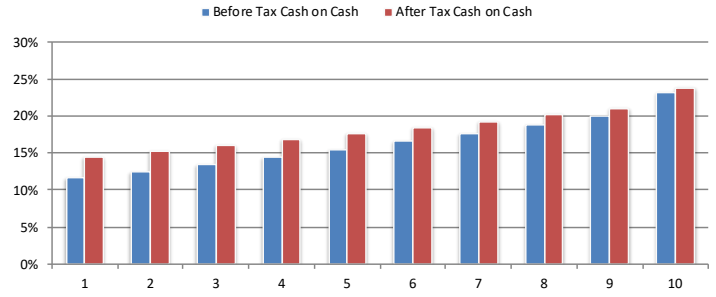
Debt vs. Equity



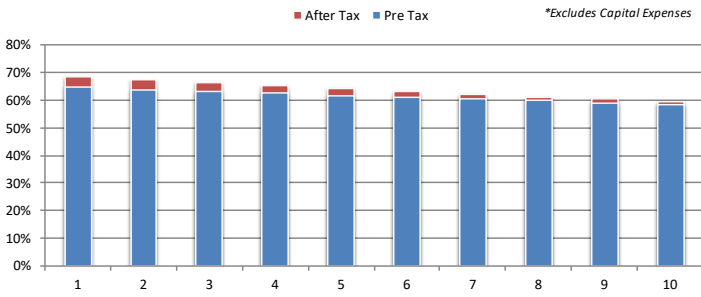
Debt Service Coverage Ratio



Annual Cash on Cash Return



Break Even Occupancy



Value Sensitivity



This pro forma does not constitute tax advice. Please consult a professional tax advisor.

Summary & Ratios

	1	2	3	4	5	6	7	8	9	10
	Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32
Operating Summary										
Effective Gross Income	3,018,558	3,109,115	3,202,388	3,298,460	3,397,414	3,499,336	3,604,316	3,712,446	3,823,819	3,938,534
Operating Expenses	(1,454,847)	(1,498,492)	(1,543,447)	(1,589,751)	(1,637,443)	(1,686,566)	(1,737,163)	(1,789,278)	(1,842,957)	(1,898,245)
Operating Reserves										
Net Operating Income	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,040,288
Less: Debt Service	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)
Less: Fees										
Refinance Proceeds										
Cash Flow After Debt Service	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,056,437
Capital Expenses										
Other Non-Regular Income										100,000
Sale Price Based on 7% Exit Cap Rate										30,021,383
Less: Mortgage Balance										(7,469,084)
Less: Cost of Sale										(300,214)
Cash Flow Before Taxes	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	23,408,522
Less: Taxes	145,585	136,609	126,345	115,570	104,255	92,373	79,892	66,780	53,003	(2,706,724)
Cash Flow After Taxes	725,446	763,381	801,436	840,429	880,375	921,292	963,194	1,006,096	1,050,014	20,701,799

Value Summary

Cap Rate Based on Acquisition Cost	9.37%	9.65%	9.94%	10.24%	10.55%	10.87%	11.19%	11.53%	11.87%	12.23%
Value Based on 7% Exit Cap Rate	23,008,890	23,699,157	24,410,132	25,142,436	25,896,709	26,673,610	27,473,818	28,298,033	29,146,974	30,021,383
Mortgage Balance (EOY)	11,357,005	11,017,322	10,657,585	10,276,609	9,873,141	9,445,851	8,993,335	8,514,102	8,006,575	7,469,084
Equity (EOY)	11,651,886	12,681,835	13,752,547	14,865,826	16,023,568	17,227,759	18,480,483	19,783,931	21,140,399	22,552,299

Operating Ratios

Net Income Multiplier*	10.67	10.36	10.06	9.76	9.48	9.20	8.93	8.67	8.42	8.18
Operating Expense Ratio	48%	48%	48%	48%	48%	48%	48%	48%	48%	48%
Cash on Cash Return (Pre Tax)	11.6%	12.5%	13.5%	14.5%	15.5%	16.6%	17.6%	18.8%	19.9%	23.1%
Cash on Cash Return (Post Tax)	14.5%	15.3%	16.0%	16.8%	17.6%	18.4%	19.2%	20.1%	21.0%	23.9%

*Based on Acquisition Cost

Lender Ratios

Loan to Value Ratio	49%	46%	44%	41%	38%	35%	33%	30%	27%	25%
Debt to Equity Ratio	0.97	0.87	0.77	0.69	0.62	0.55	0.49	0.43	0.38	0.33
Debt Service Coverage Ratio	1.59x	1.64x	1.69x	1.74x	1.79x	1.84x	1.90x	1.95x	2.01x	2.07x
Break Even Occupancy (Pre Tax)	65%	64%	63%	62%	62%	61%	60%	60%	59%	59%
Break Even Occupancy (Post Tax)	68%	67%	66%	65%	64%	63%	62%	61%	60%	59%
Debt Yield	13.8%	14.6%	15.6%	16.6%	17.8%	19.2%	20.8%	22.6%	24.7%	27.3%

Performance Summary over 10 Years

	Pre Tax	Post Tax
Initial Equity	(5,004,750)	(5,004,750)
Operating Cash Flows	8,187,687	9,145,823
Net Reversion Proceeds	22,252,085	19,507,638
Net Cash Flow	25,435,022	23,648,711
Net Present Value at 10%	8,331,796	7,918,853
Leveraged IRR	24.9%	25.3%



Real Property Metrics, Inc.
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Project Return Details

Unlevered Returns

	1	2	3	4	5	6	7	8	9	10
Net Operating Income	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,040,288
Less: Capital Expenses	-	-	-	-	-	-	-	-	-	-
Non-Regular Income	-	-	-	-	-	-	-	-	-	100,000
Operating Cash Flow	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,140,288
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	30,021,383
Less: Cost of Sale	-	-	-	-	-	-	-	-	-	(300,214)
Net Cash Flow	(16,682,500)	1,563,711	1,610,622	1,658,941	1,708,709	1,812,770	1,867,153	1,923,167	1,980,862	31,861,458
<i>Cash on Cash Return</i>		9.4%	9.7%	9.9%	10.2%	10.5%	10.9%	11.2%	11.5%	11.9%

Net Cash Flow	\$31,064,864
Net Present Value at 10%	\$5,579,037
Unleveraged IRR	14.4%
Avg. Operating Cash on Cash	10.8%
Avg. Cash on Cash	28.6%
Unleveraged PV at 10% Rounded (\$10,000's)	\$22,260,000
Per Room	\$227,143

Levered Cash Flow

	1	2	3	4	5	6	7	8	9	10
Net Operating Income	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,040,288
Refinance Proceeds	-	-	-	-	-	-	-	-	-	-
Less: Debt Service	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)
Less: Mortgage Origination Fee	-	-	-	-	-	-	-	-	-	-
Cash Flow After Debt Service	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,056,437
Less: Capital Expenses	-	-	-	-	-	-	-	-	-	-
Non-Regular Income	-	-	-	-	-	-	-	-	-	100,000
Distributable Cash Flow	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,156,437
Reversion Cash Flow	-	-	-	-	-	-	-	-	-	30,021,383
Less: Cost of Sale	-	-	-	-	-	-	-	-	-	(300,214)
Less: Mortgage Balance	-	-	-	-	-	-	-	-	-	(7,469,084)
Less: Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-
Net Cash Flow	(5,004,750)	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	23,408,522
<i>Cash on Cash Return</i>		11.6%	12.5%	13.5%	14.5%	15.5%	16.6%	17.6%	18.8%	19.9%

Net Leveraged Cash Flow	\$25,435,022
Net Present Value at 10%	\$8,331,796
Leveraged IRR	24.9%
Avg. Operating Cash on Cash	16.4%
Avg. Cash on Cash	60.8%
Present Value of Cash Flows at 10%	\$13,336,546
Plus: Original Loan Amount	\$11,677,750
Total Leveraged Present Value	\$25,014,296
Rounded (\$10,000's)	\$25,010,000
Per Room	\$255,204

After Tax Returns

	1	2	3	4	5	6	7	8	9	10
Basis Calculation										
Basis at Acquisition	-	-	-	-	-	-	-	-	-	16,682,500
+ Capital Additions	-	-	-	-	-	-	-	-	-	-
Cost Recovery (Depreciation) Taken	-	-	-	-	-	-	-	-	-	(546,852)
Adjusted Basis at Sale										16,135,648

Capital Gain Calculation

Sale Price	-	-	-	-	-	-	-	-	-	30,021,383
Less Cost of Sale	-	-	-	-	-	-	-	-	-	(300,214)
Less Adjusted Basis at Sale	-	-	-	-	-	-	-	-	-	(16,135,648)
Gain (Loss)										13,585,522
Straight Line Cost Recovery (Limited to Gain)	-	-	-	-	-	-	-	-	-	546,852
Capital Gain from Appreciation	-	-	-	-	-	-	-	-	-	13,038,669
Unamortized Loan Fees (Costs)	-	-	-	-	-	-	-	-	-	-

Sale Proceeds Calculation

Sale Price	-	-	-	-	-	-	-	-	-	30,021,383
Less Cost of Sale	-	-	-	-	-	-	-	-	-	(300,214)
Less Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-
Less Mortgage Balance	-	-	-	-	-	-	-	-	-	(7,469,084)
Sale Proceeds Before Tax										22,252,085
Less Tax on Ordinary Income at 35%	-	-	-	-	-	-	-	-	-	-
Less Tax on Cost Recovery Recapture at 25%	-	-	-	-	-	-	-	-	-	(136,713)
Less Tax on Capital Gain at 20%	-	-	-	-	-	-	-	-	-	(2,607,734)
Sale Proceeds After Tax										19,507,638

Proceeds After Taxes

Cash Flow Before Taxes	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,156,437
Less: Annual Operating Tax Liability	145,585	136,609	126,345	115,570	104,255	92,373	79,892	66,780	53,003	37,723
Draw from Operating Reserve	-	-	-	-	-	-	-	-	-	-
Cash Flow After Taxes	434,275	490,163	548,745	609,289	671,865	736,546	803,410	872,537	944,009	1,118,714
Sale Proceeds After Taxes	-	-	-	-	-	-	-	-	-	19,507,638
Annual Proceeds After Taxes	(5,004,750)	434,275	490,163	609,289	671,865	736,546	803,410	872,537	944,009	20,701,799
<i>Cash on Cash Return</i>		14.5%	15.3%	16.0%	16.8%	17.6%	18.4%	19.2%	20.1%	21.0%

Net Cash Flows	\$23,648,711
Net Present Value at 10%	\$7,918,853
Effective Tax Rate	-1.8%
After Tax Leveraged IRR	25.3%
Avg. Operating Cash on Cash	18.3%
Avg. Cash on Cash	57.3%
Present Value of Cash Flows at 10%	\$12,923,603
Plus: Original Loan Amount	\$11,677,750
Total After Tax Leveraged Present Value	\$24,601,353
Rounded (\$10,000's)	\$24,600,000
Per Room	\$251,020

Loan Amortization Schedule

Interest Only Loan

Loan Amount	-
Term	-
Rate	-
Funding Status	-

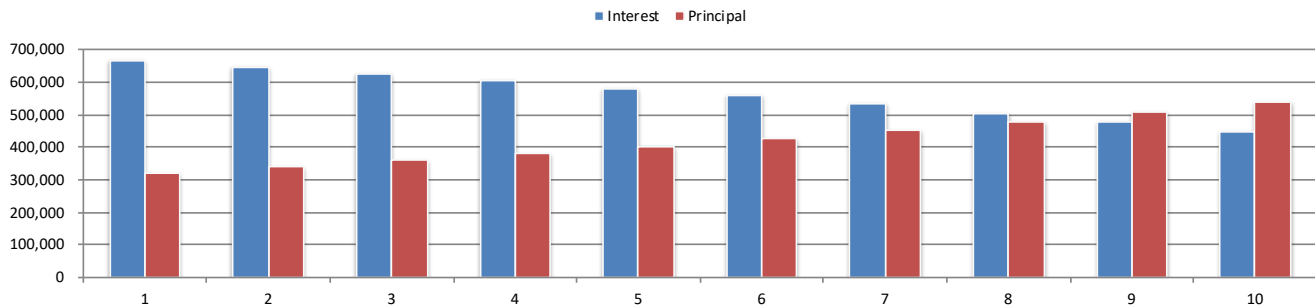
Amortizing Loan

Loan Amount	\$11,677,750
Term	120
Amortization	240
Rate	5.75%
Rate Type	Fixed

Annual Summary

Period	Dates	Loan Type	Effective Rate	Beginning Balance	Interest	Principal	Total Payments	Ending Balance
1	Jan 23 - Dec 23	Amortizing	5.75%	11,677,750	663,105	320,745	983,851	11,357,005
2	Jan 24 - Dec 24	Amortizing	5.75%	11,357,005	644,168	339,682	983,851	11,017,322
3	Jan 25 - Dec 25	Amortizing	5.75%	11,017,322	624,114	359,737	983,851	10,657,585
4	Jan 26 - Dec 26	Amortizing	5.75%	10,657,585	602,875	380,976	983,851	10,276,609
5	Jan 27 - Dec 27	Amortizing	5.75%	10,276,609	580,382	403,469	983,851	9,873,141
6	Jan 28 - Dec 28	Amortizing	5.75%	9,873,141	556,561	427,289	983,851	9,445,851
7	Jan 29 - Dec 29	Amortizing	5.75%	9,445,851	531,334	452,516	983,851	8,993,335
8	Jan 30 - Dec 30	Amortizing	5.75%	8,993,335	504,618	479,233	983,851	8,514,102
9	Jan 31 - Dec 31	Amortizing	5.75%	8,514,102	476,324	507,527	983,851	8,006,575
10	Jan 32 - Dec 32	Amortizing	5.75%	8,006,575	446,360	537,491	983,851	7,469,084
Total			5.75%	-	5,629,841	4,208,666	9,838,507	-

Annual Interest vs. Principal

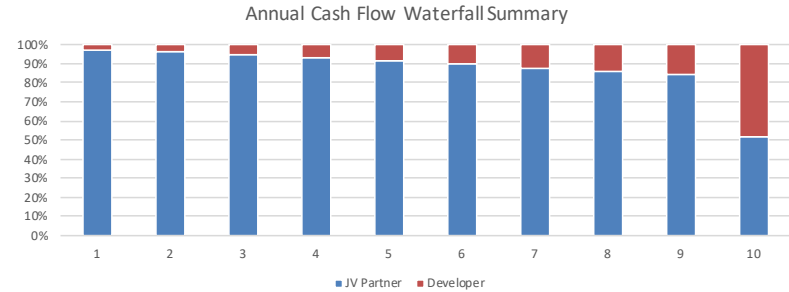


Sources & Uses

Period	-	1	2	3	4	5	6	7	8	9	10	Total
		Jan 23 - Dec 23	Jan 24 - Dec 24	Jan 25 - Dec 25	Jan 26 - Dec 26	Jan 27 - Dec 27	Jan 28 - Dec 28	Jan 29 - Dec 29	Jan 30 - Dec 30	Jan 31 - Dec 31	Jan 32 - Dec 32	
Sources Of Capital												
Debt Proceeds	11,677,750	-	-	-	-	-	-	-	-	-	-	11,677,750
Refinance Proceeds	-	-	-	-	-	-	-	-	-	-	-	-
Equity Contributions	5,004,750	-	-	-	-	-	-	-	-	-	-	5,004,750
Net Operating Income	-	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,040,288	17,926,194
Non-Regular Income	-	-	-	-	-	-	-	-	-	-	100,000	100,000
Reserve Draw for Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Gross Proceeds from Sale	-	-	-	-	-	-	-	-	-	-	30,021,383	30,021,383
Total Sources Of Capital	16,682,500	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	32,161,671	64,730,077
Uses Of Capital												
Acquisition Price	16,500,000	-	-	-	-	-	-	-	-	-	-	16,500,000
Costs and Fees	82,500	-	-	-	-	-	-	-	-	-	300,214	382,714
Initial Reserve Accounts	100,000	-	-	-	-	-	-	-	-	-	-	100,000
Operating Requirements	-	-	-	-	-	-	-	-	-	-	-	-
Mortgage Balance	-	-	-	-	-	-	-	-	-	-	7,469,084	7,469,084
Mortgage Exit Fee	-	-	-	-	-	-	-	-	-	-	-	-
Annual Interest Expense	-	663,105	644,168	624,114	602,875	580,382	556,561	531,334	504,618	476,324	446,360	5,629,841
Less: Budgeted Interest	-	-	-	-	-	-	-	-	-	-	-	-
Annual Principal Paydown	-	320,745	339,682	359,737	380,976	403,469	427,289	452,516	479,233	507,527	537,491	4,208,666
Capital Expenses	-	-	-	-	-	-	-	-	-	-	-	-
Operating Tax Liability	-	(145,585)	(136,609)	(126,345)	(115,570)	(104,255)	(92,373)	(79,892)	(66,780)	(53,003)	(37,723)	(958,135)
Ordinary Income Tax Liability	-	-	-	-	-	-	-	-	-	-	-	-
Cost Recovery Tax Liability	-	-	-	-	-	-	-	-	-	-	136,713	136,713
Capital Gains Tax Liability	-	-	-	-	-	-	-	-	-	-	2,607,734	2,607,734
Operating Reserve Draw for Taxes	-	-	-	-	-	-	-	-	-	-	-	-
Equity Returns	-	725,446	763,381	801,436	840,429	880,375	921,292	963,194	1,006,096	1,050,014	20,701,799	28,653,461
Total Uses Of Capital	16,682,500	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	32,161,671	64,730,077

Pre-Tax Equity Investor Returns

Cash Flow Distribution					
	Method	Basis	Rate	JV Partner Split	Developer Split
Initial Equity Contribution				90.0%	10.0%
Preferred Return	Cumulative	Cash on Cash	10.0%	100.0%	0.0%
Hurdle 1		Cash on Cash	12.0%	90.0%	10.0%
Hurdle 2		Cash on Cash	14.0%	80.0%	20.0%
Hurdle 3		Cash on Cash	16.0%	70.0%	30.0%
Final Split				60.0%	40.0%
Reversion (Sale) Proceeds	Independent			50.0%	50.0%



Cash Flow Waterfall Summary

Period	0	1	2	3	4	5	6	7	8	9	10	
Pre-Tax Net Cash Flow		(5,004,750)	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,156,437
Pre-Tax Sale Proceeds		-	-	-	-	-	-	-	-	-	-	22,252,085
Total Cash Flow		(5,004,750)	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	23,408,522
JV Partner												
Cash Flow Paid at Preferred Return		(4,504,275)	450,428	450,428	450,428	450,428	450,428	450,428	450,428	450,428	450,428	450,428
Cash Flow Paid at Hurdle 1		-	90,086	90,086	90,086	90,086	90,086	90,086	90,086	90,086	90,086	90,086
Cash Flow Paid at Hurdle 2		-	23,470	60,999	90,086	90,086	90,086	90,086	90,086	90,086	90,086	90,086
Cash Flow Paid at Hurdle 3		-	-	-	8,373	43,210	79,093	90,085	90,085	90,085	90,085	90,085
Cash Flow Paid at Final Split		-	-	-	-	-	22,258	54,887	88,496	123,113	218,769	-
Cash Flow Paid at Reversion (Sale)		-	-	-	-	-	-	-	-	-	-	11,126,042
Total Cash Flow to JV Partner		(4,504,275)	563,983	601,512	638,971	673,809	709,692	742,942	775,571	809,180	843,797	12,065,495
<i>Annual Cash on Cash</i>			12.5%	13.4%	14.2%	15.0%	15.8%	16.5%	17.2%	18.0%	18.7%	267.9%
Net Cash Flow	13,920,678											
IRR	20.5%											
Equity Multiple	4.09x											
Average Annual Cash on Cash Return	40.9%											

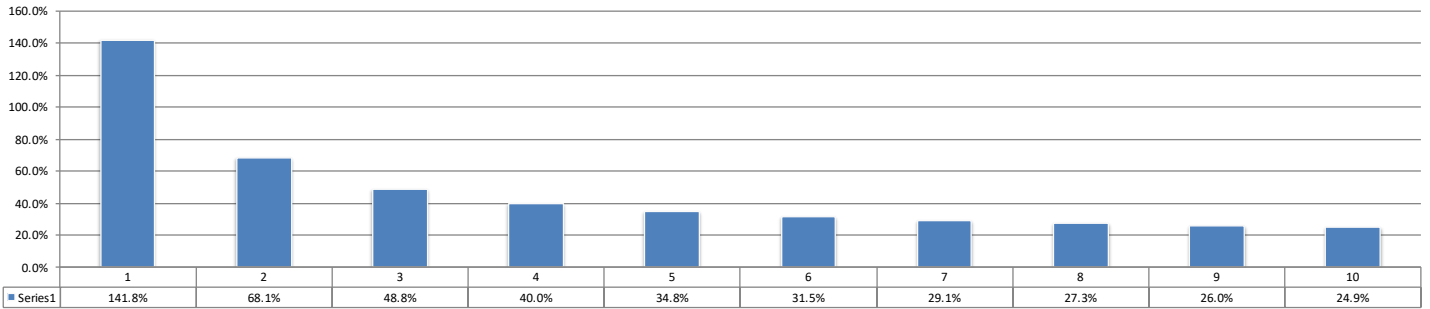
Developer

Cash Flow Paid at Preferred Return		(500,475)	-	-	-	-	-	-	-	-	-	-
Cash Flow Paid at Hurdle 1		-	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010	10,010
Cash Flow Paid at Hurdle 2		-	5,868	15,250	22,521	22,521	22,521	22,521	22,521	22,521	22,521	22,521
Cash Flow Paid at Hurdle 3		-	-	-	3,588	18,519	33,897	38,608	38,608	38,608	38,608	38,608
Cash Flow Paid at Final Split		-	-	-	-	-	-	14,838	36,592	58,997	82,075	145,846
Cash Flow Paid at Reversion (Sale)		-	-	-	-	-	-	-	-	-	-	11,126,042
Total Cash Flow to Developer		(500,475)	15,877	25,259	36,119	51,050	66,428	85,977	107,731	130,136	153,214	11,343,027
<i>Annual Cash on Cash</i>			3.2%	5.0%	7.2%	10.2%	13.3%	17.2%	21.5%	26.0%	30.6%	2266.5%
Net Cash Flow	11,514,344											
IRR	39.8%											
Equity Multiple	24.01x											
Average Annual Cash on Cash Return	240.1%											

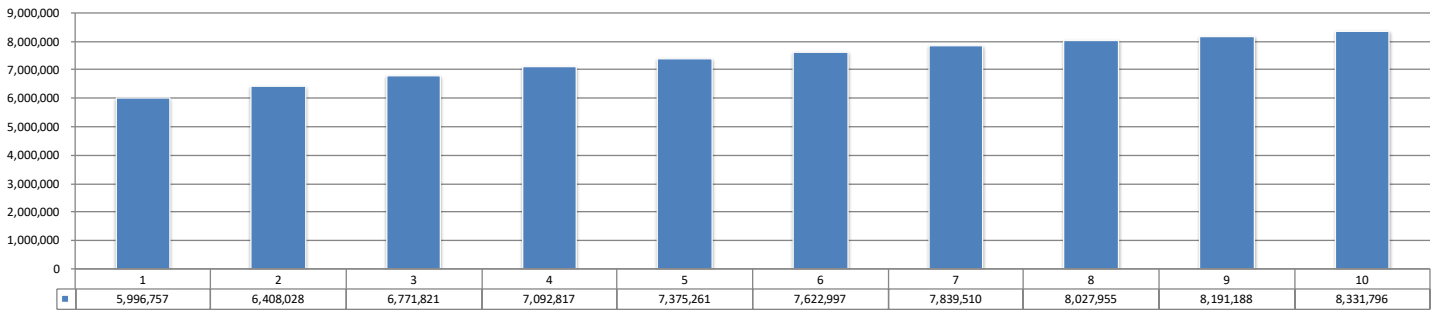
Holding Period Sensitivity Analysis

These charts show the project's performance based on Disposition year. They assume continued financing regardless of term.

IRR Based on Hold Period



NPV Based on Hold Period



Project Level IRR Sensitivity

Period	1	2	3	4	5	6	7	8	9	10	11
NOI (excluding Reserves)	1,563,711	1,610,622	1,658,941	1,708,709	1,759,971	1,812,770	1,867,153	1,923,167	1,980,862	2,040,288	2,101,497
Refinance Proceeds	0	0	0	0	0	0	0	0	0	0	0
Less: Reserves	0	0	0	0	0	0	0	0	0	0	0
Less: Debt Service	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)	(983,851)
Cash Flow After Debt Service	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,056,437	2,101,497
Less: Mortgage Origination Fee	0	0	0	0	0	0	0	0	0	0	0
Less: Capital Expenses	0	0	0	0	0	0	0	0	0	0	0
Other Non-Regular Income	0	0	0	0	0	0	0	0	0	0	0
Distributable Cash Flow	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	1,056,437	2,101,497
Reversion Analysis (if sold in this year)											
Reversion Cash Flow	23,008,890	23,699,157	24,410,132	25,142,436	25,896,709	26,673,610	27,473,818	28,298,033	29,146,974	30,021,383	
Less: Cost of Sale	(230,089)	(236,992)	(244,101)	(251,424)	(258,967)	(266,736)	(274,738)	(282,980)	(291,470)	(300,214)	
Less: Mortgage Exit Fee	0	0	0	0	0	0	0	0	0	0	
Less: Mortgage Balance	(11,357,005)	(11,017,322)	(10,657,585)	(10,276,609)	(9,873,141)	(9,445,851)	(8,993,335)	(8,514,102)	(8,006,575)	(7,469,084)	
Return of Reserve Funds	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	
Reversion Balance	11,521,797	12,544,843	13,608,445	14,714,402	15,864,601	17,061,023	18,305,745	19,600,951	20,948,929	22,352,085	

Periods	0	1	2	3	4	5	6	7	8	9	10	IRR	NPV
1	(5,004,750)	12,101,657	-	-	-	-	-	-	-	-	-	141.8%	5,996,757
2	(5,004,750)	579,860	13,171,615	-	-	-	-	-	-	-	-	68.1%	6,408,028
3	(5,004,750)	579,860	626,772	14,283,536	-	-	-	-	-	-	-	48.8%	6,771,821
4	(5,004,750)	579,860	626,772	675,090	15,439,261	-	-	-	-	-	-	40.0%	7,092,817
5	(5,004,750)	579,860	626,772	675,090	724,859	16,640,721	-	-	-	-	-	34.8%	7,375,261
6	(5,004,750)	579,860	626,772	675,090	724,859	776,120	17,889,942	-	-	-	-	31.5%	7,622,997
7	(5,004,750)	579,860	626,772	675,090	724,859	776,120	828,919	19,189,047	-	-	-	29.1%	7,839,510
8	(5,004,750)	579,860	626,772	675,090	724,859	776,120	828,919	883,302	20,540,267	-	-	27.3%	8,027,955
9	(5,004,750)	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	21,945,940	-	26.0%	8,191,188
10	(5,004,750)	579,860	626,772	675,090	724,859	776,120	828,919	883,302	939,317	997,012	23,408,522	24.9%	8,331,796