



Core DISTINCTION GROUP

HOTEL MARKET FEASIBILITY STUDY FINANCIAL PROFORMA

PREPARED FOR

QUINCY, ILLINOIS

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

Cobblestone Hotel & Suites Quincy, IL Number of Units: 82

Building Specifications: 82 unit, four (4) story, Main Street Prototype, Cobblestone Hotel & Suites, with an expanded guest wine & beer bar, standard (king & queen/queen) rooms, 2-room extended stay suites, free hot breakfast for all guests, guest fitness room, guest laundry room, pool, 2 elevators and meeting room (no restaurant).

Total Land & Prep (TBD)	\$1,000,000	
<i>per room</i>	<i>\$12,195</i>	
Raw Land (TBD)	\$0	
Permit & Community (plan review/permit/inspect/impact/tap fees/etc.)	\$350,000	
Site Utility & Excav. (sewer/water/electric/grading & fill/drainage/etc.)	\$650,000	
Building Construction	\$9,465,000	
<i>per room</i>	<i>\$115,427</i>	
Fixtures, Furnishings, and Equipment	\$1,437,000	
<i>per room</i>	<i>\$17,524</i>	
Indirect/Soft Costs	\$667,000	
<i>per room</i>	<i>\$8,134</i>	
Appraisal	\$7,000	
Architectural/Engineering	\$100,000	
Cobblestone Franchise Fee	\$40,000	
Surveys	\$15,000	
Pre-Opening Services	\$40,000	
Working Capital	\$170,000	
Legal and Accounting Fees	\$15,000	
Construction Period Interest/Loan Fees/Closing	\$100,000	
Insurance & Taxes During Construction	\$30,000	
Project Contingency	\$150,000	
Total Project Costs:	\$12,569,000	
<i>per room</i>	<i>\$153,280</i>	
Requested Loan Amount:	\$8,769,000	69.8%
Expected Cash Injection:	\$3,800,000	30.2%
Sources of Funding		
Bank Loan	8,769,000	Debt Interest: 6.00%
Expected Cash Injection	3,800,000	Debt Terms: 25
Total:	\$12,569,000	Debt Service: \$677,985

Ramp Up Year													Rooms: 82
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Lodging Rooms Available	2,542	2,296	2,542	2,460	2,542	2,460	2,542	2,542	2,460	2,542	2,460	2,542	29,930
Lodging Occupancy %	47.8%	57.4%	65.5%	65.9%	67.3%	71.3%	67.3%	67.3%	66.4%	66.4%	64.0%	53.1%	63.4%
Total Occ. Rooms	1,215	1,319	1,665	1,620	1,710	1,755	1,710	1,710	1,665	1,688	1,575	1,350	18,981
Average Daily Rate	\$119.71	\$122.21	\$127.24	\$131.95	\$139.79	\$141.64	\$140.24	\$141.64	\$140.68	\$143.13	\$131.96	\$127.28	\$134.73
Revenue Per Available Room (REVPAR)	\$57.22	\$70.18	\$83.34	\$86.89	\$94.04	\$101.05	\$94.34	\$95.28	\$95.22	\$95.02	\$84.49	\$67.60	\$85.44
Revenue:													
Guest Room Revenue	145,449	161,128	211,854	213,761	239,044	248,577	239,814	242,203	234,234	241,530	207,845	171,835	2,557,272
Meeting Room Revenue	608	659	833	810	855	878	855	855	833	844	788	675	9,491
Vending Revenue	3,038	3,296	4,163	4,050	4,275	4,388	4,275	4,275	4,163	4,219	3,938	3,375	47,453
TOTAL HOTEL REVENUE	149,094	165,083	216,849	218,621	244,174	253,842	244,944	247,333	239,229	246,593	212,570	175,885	2,614,215
Hotel Payroll Expenses:													
Hotel Manager	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000
Ast.Manager/Sales	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	55,000
Maintenance	2,236	2,476	3,253	3,279	3,663	3,808	3,674	3,710	3,588	3,699	3,189	2,638	39,213
Housekeeping	9,113	9,889	12,488	12,150	12,825	13,163	12,825	12,825	12,488	12,656	11,813	10,125	142,358
Front Desk	9,454	10,473	13,771	13,894	15,538	16,158	15,588	15,743	15,225	15,699	13,510	11,169	166,223
Workers Comp Insurance	801	852	1,019	1,014	1,082	1,109	1,083	1,088	1,064	1,083	994	880	12,070
Payroll Tax	4,007	4,261	5,095	5,072	5,409	5,547	5,417	5,441	5,319	5,413	4,970	4,398	60,349
TOTAL HOTEL PAYROLL	36,861	39,202	46,875	46,660	49,767	51,034	49,838	50,057	48,934	49,800	45,725	40,460	555,212
Hotel Operating Expenses:													
Cleaning Supplies	668	725	916	891	941	965	941	941	916	928	866	743	10,440
Laundry Supplies	608	659	833	810	855	878	855	855	833	844	788	675	9,491
Linens	911	989	1,249	1,215	1,283	1,316	1,283	1,283	1,249	1,266	1,181	1,013	14,236
Guest Supplies	1,215	1,319	1,665	1,620	1,710	1,755	1,710	1,710	1,665	1,688	1,575	1,350	18,981
Operating Supplies	1,033	1,121	1,415	1,377	1,454	1,492	1,454	1,454	1,415	1,434	1,339	1,148	16,134
Uniforms Expense	132	132	167	167	171	176	171	171	167	169	158	135	1,898
Repairs & Maintenance	727	806	1,059	1,069	1,195	1,243	1,199	1,211	1,171	1,208	1,039	859	12,786
Grounds/Landscaping	750	750	750	500	250	250	250	250	250	250	500	750	5,500
Swimming Pool Maintenance	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Franchise Fees	9,533	8,610	9,533	9,225	9,533	9,225	9,533	9,533	9,225	9,533	9,225	9,533	112,238
Marketing Funds Fee	1,907	1,722	1,907	1,845	1,907	1,845	1,907	1,907	1,845	1,907	1,845	1,907	22,448
Reservation Expense	775	775	775	775	775	775	775	775	775	775	775	775	9,300
PMS Fee	564	564	564	564	564	564	564	564	564	564	564	564	6,768
Training Expense	417	417	417	417	417	417	417	417	417	417	417	417	5,000
Complimentary Breakfast	6,075	6,593	8,325	8,100	8,550	8,775	8,550	8,550	8,325	8,438	7,875	6,750	94,905
Travel Agent Fees	7,272	8,056	10,593	10,688	11,952	12,429	11,991	12,110	11,712	12,077	10,392	8,592	127,864
Vending Expense	1,519	1,648	2,081	2,025	2,138	2,194	2,138	2,138	2,081	2,109	1,969	1,688	23,726
Marketing/Advertising	1,454	1,611	2,119	2,138	2,390	2,486	2,398	2,422	2,342	2,415	2,078	1,718	25,573
Utilities	5,964	6,603	8,674	8,745	9,767	10,154	9,798	9,893	9,569	9,864	8,503	7,035	104,569
Cable/Internet/Phone	2,542	2,296	2,542	2,460	2,542	2,460	2,542	2,542	2,460	2,542	2,460	2,542	29,930
Credit Card Expense	3,355	3,714	4,879	4,919	5,494	5,711	5,511	5,565	5,383	5,548	4,783	3,957	58,820
Management Fee	8,946	9,905	13,011	13,117	14,650	15,231	14,697	14,840	14,354	14,796	12,754	10,553	156,853
TOTAL OPERATING EXPENSES	57,188	59,848	74,305	73,494	79,369	81,172	79,514	79,962	77,550	79,602	71,919	63,535	877,457
Income Before Fixed Expenses	55,045	66,034	95,670	98,466	115,038	121,636	115,593	117,314	112,745	117,190	94,926	71,890	1,181,546
Gross Operating Profit (GOP)	36.92%	40.00%	44.12%	45.04%	47.11%	47.92%	47.19%	47.43%	47.13%	47.52%	44.66%	40.87%	45.20%
Reserves & Fixed Expenses:													
Debt Service	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	677,985
Real Estate Taxes (Estimates)	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	109,794
Insurance	2,236	2,476	3,253	3,279	3,663	3,808	3,674	3,710	3,588	3,699	3,189	2,638	39,213
Reserves For Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESERVES & FIXED	67,885	68,125	68,901	68,928	69,311	69,456	69,322	69,358	69,237	69,347	68,837	68,287	826,993
NET OPERATING INCOME (NOI)	43,659	54,408	83,268	86,038	102,226	108,678	102,769	104,455	100,007	104,342	82,588	60,102	1,032,539
NET CASH FLOW	(12,840)	(2,091)	26,769	29,539	45,727	52,180	46,270	47,956	43,508	47,843	26,089	3,603	354,553

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: 82
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Lodging Rooms Available	2,542	2,296	2,542	2,460	2,542	2,460	2,542	2,542	2,460	2,542	2,460	2,542	29,930
Lodging Occupancy %	53.1%	63.8%	72.8%	73.2%	74.7%	79.3%	74.7%	74.7%	75.2%	73.8%	71.1%	59.0%	70.5%
Total Occ. Rooms	1,350	1,465	1,850	1,800	1,900	1,950	1,900	1,900	1,850	1,875	1,750	1,500	21,090
Average Daily Rate	\$126.01	\$128.64	\$133.94	\$138.90	\$147.15	\$149.09	\$147.62	\$149.09	\$148.09	\$150.66	\$138.91	\$133.98	\$141.82
Revenue Per Available Room (REVPAR)	\$66.92	\$82.08	\$97.48	\$101.63	\$109.99	\$118.18	\$110.34	\$111.44	\$111.36	\$111.13	\$98.82	\$79.06	\$99.93
Revenue:													
Guest Room Revenue	170,116	188,453	247,783	250,013	279,583	290,733	280,484	283,279	273,957	282,491	243,093	200,976	2,990,962
Meeting Room Revenue	675	733	925	900	950	975	950	950	925	938	875	750	10,545
Vending Revenue	3,375	3,663	4,625	4,500	4,750	4,875	4,750	4,750	4,625	4,688	4,375	3,750	52,725
TOTAL HOTEL REVENUE	174,166	192,848	253,333	255,413	285,283	296,583	286,184	288,979	279,507	288,116	248,343	205,476	3,054,232
Hotel Payroll Expenses:													
Hotel Manager	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	6,667	80,000
Ast.Manager/Sales	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	4,583	55,000
Maintenance	2,612	2,893	3,800	3,831	4,279	4,449	4,293	4,335	4,193	4,322	3,725	3,082	45,813
Housekeeping	10,125	10,988	13,875	13,500	14,250	14,625	14,250	14,250	13,875	14,063	13,125	11,250	158,175
Front Desk	9,356	10,365	13,628	13,751	15,377	15,990	15,427	15,580	15,068	15,537	13,370	11,054	164,503
Workers Comp Insurance	834	887	1,064	1,058	1,129	1,158	1,130	1,135	1,110	1,129	1,037	916	12,587
Payroll Tax	4,272	4,548	5,452	5,424	5,786	5,934	5,794	5,819	5,687	5,788	5,313	4,694	64,510
TOTAL HOTEL PAYROLL	38,450	40,930	49,069	48,814	52,071	53,406	52,144	52,369	51,182	52,088	47,820	42,246	580,588
Hotel Operating Expenses:													
Cleaning Supplies	743	806	1,018	990	1,045	1,073	1,045	1,045	1,018	1,031	963	825	11,600
Laundry Supplies	675	733	925	900	950	975	950	950	925	938	875	750	10,545
Linens	1,013	1,099	1,388	1,425	1,463	1,425	1,425	1,388	1,406	1,313	1,125	1,125	15,818
Guest Supplies	1,350	1,465	1,850	1,800	1,900	1,950	1,900	1,900	1,850	1,875	1,750	1,500	21,090
Operating Supplies	1,148	1,245	1,573	1,530	1,615	1,658	1,615	1,615	1,573	1,594	1,488	1,275	17,927
Repairs & Maintenance	851	942	1,239	1,250	1,398	1,454	1,402	1,416	1,370	1,412	1,215	1,005	14,955
Grounds/Landscaping	1,000	1,000	1,000	750	500	500	500	500	500	500	750	1,000	8,500
Swimming Pool Maintenance	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Franchise Fees	9,533	8,610	9,533	9,225	9,533	9,225	9,533	9,533	9,225	9,533	9,225	9,533	112,238
Marketing Funds Fee	1,907	1,722	1,907	1,845	1,907	1,845	1,907	1,907	1,845	1,907	1,845	1,907	22,448
Reservation Expense	775	775	775	775	775	775	775	775	775	775	775	775	9,300
PMS Fee	564	564	564	564	564	564	564	564	564	564	564	564	6,768
Complimentary Breakfast	6,750	7,325	9,250	9,000	9,500	9,750	9,500	9,500	9,250	9,375	8,750	7,500	105,450
Travel Agent Fees	8,506	9,423	12,389	12,501	13,979	14,537	14,024	14,164	13,698	14,125	12,155	10,049	149,548
Vending Expense	1,688	1,831	2,313	2,250	2,375	2,438	2,375	2,375	2,313	2,344	2,188	1,875	26,363
Marketing/Advertising	1,701	1,885	2,478	2,500	2,796	2,907	2,805	2,833	2,740	2,825	2,431	2,010	29,910
Utilities	6,967	7,714	10,133	10,217	11,411	11,863	11,447	11,559	11,180	11,525	9,934	8,219	122,169
Cable/Internet/Phone	2,542	2,296	2,542	2,460	2,542	2,460	2,542	2,542	2,460	2,542	2,460	2,542	29,930
Credit Card Expense	3,919	4,339	5,700	5,747	6,419	6,673	6,439	6,502	6,289	6,483	5,588	4,623	68,720
Management Fee	10,450	11,571	15,200	15,325	17,117	17,795	17,171	17,339	16,770	17,287	14,901	12,329	183,254
TOTAL OPERATING EXPENSES	62,911	66,177	82,607	81,811	88,583	90,736	88,752	89,276	86,564	88,872	80,000	70,238	976,530
Income Before Fixed Expenses	72,805	85,741	121,656	124,787	144,629	152,441	145,288	147,333	141,761	147,156	120,522	92,993	1,497,113
Gross Operating Profit (GOP)	41.80%	44.46%	48.02%	48.86%	50.70%	51.40%	50.77%	50.98%	50.72%	51.08%	48.53%	45.26%	49.02%
Reserves & Fixed Expenses:													
Debt Service	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	56,499	677,985
Real Estate Taxes (Estimates)	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	9,150	109,794
Insurance	2,612	2,893	3,800	3,831	4,279	4,449	4,293	4,335	4,193	4,322	3,725	3,082	45,813
Reserves For Replacement	3,483	3,857	5,067	5,108	5,706	5,932	5,724	5,780	5,590	5,762	4,967	4,110	61,085
TOTAL RESERVES & FIXED	71,744	72,398	74,515	74,588	75,633	76,029	75,665	75,763	75,431	75,732	74,340	72,840	894,678
NET OPERATING INCOME (NOI)	57,560	69,842	103,640	106,699	125,495	132,911	126,122	128,069	122,829	127,923	102,681	76,652	1,280,421
NET CASH FLOW	1,061	13,343	47,141	50,200	68,996	76,412	69,623	71,571	66,330	71,424	46,182	20,153	602,436

Five Year Numbers Projected Summary										
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5					
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT					
Lodging Rooms Available	29,930	29,930	29,930	29,930	29,930					
Lodging Occupancy %	70.5%	72.6%	74.0%	75.5%	77.0%					
Total Occ. Rooms	21,090	21,723	22,157	22,600	23,052					
Average Daily Rate	\$141.82	\$146.07	\$150.46	\$153.46	\$155.00					
REVENUE:										
Guest Room Revenue	2,990,962	97.9%	3,173,111	98.0%	3,333,671	98.0%	3,468,351	98.1%	3,573,095	98.1%
Meeting Room Revenue	10,545	0.3%	10,861	0.3%	11,079	0.3%	11,300	0.3%	11,526	0.3%
Vending / Bar Revenue	52,725	1.7%	54,307	1.7%	55,393	1.6%	56,501	1.6%	57,631	1.6%
TOTAL HOTEL REVENUE	3,054,232	100.0	3,238,280	100.0	3,400,142	100.0	3,536,152	100.0	3,642,252	100.0

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: 82
	Year 1		Year 2		Year 3		Year 4		Year 5	
Lodging Rooms Available	29,930		29,930		29,930		29,930		29,930	
Lodging Occupancy %	70.5%		72.6%		74.0%		75.5%		77.0%	
Total Occ. Rooms	21,090		21,723		22,157		22,600		23,052	
Average Daily Rate	\$141.82		\$146.07		\$150.46		\$153.46		\$155.00	
Revenue Per Available Room (REVPAR)	\$99.93		\$106.02		\$111.38		\$115.88		\$119.38	
Revenue:										
Guest Room Revenue	2,990,962		3,173,111		3,333,671		3,468,351		3,573,095	
Meeting Room Revenue	10,545		10,861		11,079		11,300		11,526	
Vending Revenue	52,725		54,307		55,393		56,501		57,631	
TOTAL HOTEL REVENUE	3,054,232		3,238,280		3,400,142		3,536,152		3,642,252	
Hotel Payroll Expenses:										
Hotel Manager	80,000		81,200		82,418		83,654		84,909	
Ast. Manager/Sales	55,000		55,825		56,662		57,512		58,375	
Maintenance	45,813		47,597		66,673		69,367		71,462	
Housekeeping	158,175		162,920		166,179		169,502		172,892	
Front Desk	164,503		169,438		174,521		179,757		185,149	
Workers Comp Insurance	12,587		12,924		13,661		13,995		14,320	
Payroll Tax	64,510		66,238		70,014		71,723		73,388	
TOTAL HOTEL PAYROLL	580,588		596,142		630,129		645,511		660,496	
Hotel Operating Expenses:										
Cleaning Supplies	11,600		11,947		12,186		12,430		12,679	
Laundry Supplies	10,545		10,861		11,079		11,300		11,526	
Linens	15,818		16,292		16,618		16,950		17,289	
Guest Supplies	21,090		21,723		22,157		22,600		23,052	
Operating Supplies	17,927		18,464		18,834		19,210		19,594	
Repairs & Maintenance	14,955		20,625		25,003		29,481		33,944	
Swimming Pool Maintenance	10,000		11,500		13,225		15,209		17,490	
Grounds/Landscape	8,500		8,755		9,018		9,288		9,567	
Franchise Fees	112,238		112,238		112,238		112,238		112,238	
Marketing Funds Fee	22,448		22,448		22,448		22,448		22,448	
Reservation Expense	9,300		9,300		9,300		9,300		9,300	
PMS Fee	6,768		6,768		6,768		6,768		6,768	
Complimentary Breakfast	105,450		108,614		110,786		113,001		115,262	
Travel Agent Fees	149,548		158,656		166,684		173,418		178,655	
Vending Expense	26,363		27,153		27,696		28,250		28,815	
Marketing/Advertising	29,910		31,731		33,337		34,684		35,731	
Utilities	122,169		129,531		136,006		141,446		145,690	
Cable/Internet/Phone	29,930		30,828		31,753		32,705		33,686	
Credit Card Expense	68,720		72,861		76,503		79,563		81,951	
Management Fee	183,254		194,297		204,009		212,169		218,535	
TOTAL OPERATING EXPENSES	976,530		1,024,592		1,065,644		1,102,459		1,134,220	
Income Before Fixed Expenses	1,497,113		1,617,545		1,704,369		1,788,182		1,847,536	
Gross Operating Profit (GOP)										
Reserves & Fixed Expenses:										
Real Estate Taxes (Estimates)	109,794		109,794		109,794		109,794		109,794	
Insurance	45,813		48,574		51,002		53,042		54,634	
Reserves For Replacement	61,085		97,148		102,004		141,446		145,690	
NET OPERATING INCOME (NOI)	1,280,421		1,362,029		1,441,568		1,483,900		1,537,418	
Loan (Interest Payment)	521,894		512,266		502,045		491,194		479,673	
Loan (Principal Reduction)	156,091		165,719		175,940		186,791		198,312	
NET CASH FLOW	\$602,436		\$684,043		\$763,583		\$805,914		\$859,433	
RETURN ON INVESTMENT (ROI) %	15.85%		18.00%		20.09%		21.21%		22.62%	
ROI % (Including Principal Reduction)	19.96%		22.36%		24.72%		26.12%		27.84%	

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 Break Even								Rooms: 82	
	Year 1		Year 2		Year 3		Year 4		Year 5
Lodging Rooms Available	29,930		29,930		29,930		29,930		29,930
Lodging Occupancy %	45.4%		45.0%		44.3%		44.8%		44.7%
Total Occ. Rooms	13,587		13,459		13,245		13,406		13,386
Average Daily Rate	\$141.82		\$146.07		\$150.46		\$153.46		\$155.00
Revenue Per Available Room (REVPAR)	\$64.38		\$65.69		\$66.58		\$68.74		\$69.32
Revenue:									
Guest Room Revenue	1,926,894		1,966,004		1,992,786		2,057,350		2,074,823
Meeting Room Revenue	6,794		6,730		6,623		6,703		6,693
Vending Revenue	33,968		33,648		33,113		33,515		33,465
TOTAL HOTEL REVENUE	1,967,655		2,006,381		2,032,521		2,097,568		2,114,981
Hotel Payroll Expenses:									
Hotel Manager	80,000		82,400		84,872		87,418		90,041
Ast.Manager/Sales	55,000		55,825		56,662		57,512		58,375
Maintenance	29,515		29,490		39,856		51,434		51,871
Housekeeping	101,903		100,943		99,338		100,545		100,395
Front Desk	90,000		92,700		95,481		98,345		101,296
Workers Comp Insurance	8,910		9,034		9,405		9,881		10,049
Payroll Tax	45,666		46,299		48,202		50,642		51,503
TOTAL HOTEL PAYROLL	410,994		416,690		433,816		455,778		463,530
Hotel Operating Expenses:									
Cleaning Supplies	7,473		7,402		7,285		7,373		7,362
Laundry Supplies	6,794		6,730		6,623		6,703		6,693
Linens	10,190		10,094		9,934		10,055		10,040
Guest Supplies	13,587		13,459		13,245		13,406		13,386
Operating Supplies	11,549		11,440		11,258		11,395		11,378
Repairs & Maintenance	9,634		12,779		14,946		17,487		19,711
Swimming Pool Maintenance	10,000		11,500		13,225		15,209		17,490
Grounds/Landscape	8,500		8,755		9,018		9,288		9,567
Franchise Fees	112,238		112,238		112,238		112,238		112,238
Marketing Funds Fee	22,448		22,448		22,448		22,448		22,448
Reservation Expense	9,300		9,300		9,300		9,300		9,300
PMS Fee	6,768		6,768		6,768		6,768		6,768
Complimentary Breakfast	67,935		67,295		66,225		67,030		66,930
Travel Agent Fees	96,345		98,300		99,639		102,867		103,741
Vending Expense	16,984		16,824		16,556		16,758		16,733
Marketing/Advertising	19,269		19,660		19,928		20,573		20,748
Utilities	78,706		80,255		81,301		83,903		84,599
Cable/Internet/Phone	29,930		30,828		31,753		32,705		33,686
Credit Card Expense	44,272		45,144		45,732		47,195		47,587
Management Fee	118,059		120,383		121,951		125,854		126,899
TOTAL OPERATING EXPENSES	699,980		711,601		719,371		738,555		747,303
Income Before Fixed Expenses	856,681		878,089		879,335		903,235		904,148
Gross Operating Profit (GOP)									
Reserves & Fixed Expenses:									
Real Estate Taxes (Estimates)	109,794		109,794		109,794		109,794		109,794
Insurance	29,515		30,096		30,488		31,464		31,725
Reserves For Replacement	39,353		60,191		60,976		83,903		84,599
NET OPERATING INCOME (NOI)	678,019		678,008		678,077		678,074		678,030
Loan (Interest Payment)	521,894		512,266		502,045		491,194		479,673
Loan (Principal Reduction)	156,091		165,719		175,940		186,791		198,312
NET CASH FLOW	\$34		\$23		\$92		\$89		\$45

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 Quincy, IL market area.

1st Quarter (Jan-Mar)	January	February	March	
Lodging Rooms Available	2,542	2,296	2,542	
Lodging Occupancy %	53.1%	63.8%	72.8%	
Total Occ. Rooms	1,350	1,465	1,850	
Average Daily Rate	126.01	128.64	133.94	
Total Revenue	\$170,116	\$188,453	\$247,783	
2nd Quarter (Apr-June)	April	May	June	
Lodging Rooms Available	2,460	2,542	2,460	
Lodging Occupancy %	73.2%	74.7%	79.3%	
Total Occ. Rooms	1,800	1,900	1,950	
Average Daily Rate	138.90	147.15	149.09	
Total Revenue	\$250,013	\$279,583	\$290,733	
3rd Quarter (July-Sept)	July	August	September	
Lodging Rooms Available	2,542	2,542	2,460	
Lodging Occupancy %	74.7%	74.7%	75.2%	
Total Occ. Rooms	1,900	1,900	1,850	
Average Daily Rate	147.62	149.09	148.09	
Total Revenue	\$280,484	\$283,279	\$273,957	
4th Quarter (Oct-Dec)	October	November	December	TOTAL
Lodging Rooms Available	2,542	2,460	2,542	29,930
Lodging Occupancy %	73.8%	71.1%	59.0%	70.5%
Total Occ. Rooms	1,875	1,750	1,500	21,090
Average Daily Rate	150.66	138.91	133.98	\$141.82
Total Revenue	\$282,491	\$243,093	\$200,976	2,990,962

** The above forecasts represent projections for occupancy, ADR, and revenue of a developed 82 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 82 Guestroom Lodging Options:

OCC%	ADR:	REVPAR	Room Revenue:
63.4%	\$134.73	\$85.44	\$2,557,272

1-5 Year Projections:

OCC%	ADR:	REVPAR	Room Revenue:	YEAR 1
70.5%	\$141.82	\$99.93	\$2,990,962	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 2
72.6%	\$146.07	\$106.02	\$3,173,111	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 3
74.0%	\$150.46	\$111.38	\$3,333,671	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 4
75.5%	\$153.46	\$115.88	\$3,468,351	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 5
77.0%	\$155.00	\$119.38	\$3,573,095	

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 182 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 Quincy, IL. 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 Quincy, IL	
Total Estimated Costs	\$12,569,000

Hotel Construction/Development Costs in Quincy, IL		
Total Estimated Costs	\$153,280	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
\$3,054,231.83
Year 2
\$3,238,279.51
Year 3
\$3,400,142.31
Year 4
\$3,536,152.04
Year 5
\$3,642,252.26

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
\$580,588.50
Year 2
\$596,142.46
Year 3
\$630,129.28
Year 4
\$645,510.83
Year 5
\$660,495.84

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	
	\$976,529.92
Year 2	
	\$1,024,591.78
Year 3	
	\$1,065,644.43
Year 4	
	\$1,102,458.87
Year 5	
	\$1,134,220.19

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
\$216,692.11
Year 2
\$255,516.58
Year 3
\$262,800.40
Year 4
\$304,282.36
Year 5
\$310,117.87

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
\$521,894
Year 2
\$512,266
Year 3
\$502,045
Year 4
\$491,194
Year 5
\$479,673

Five Year Projected Hotel Development Total Principal Reduction
Year 1
\$156,091
Year 2
\$165,719
Year 3
\$175,940
Year 4
\$186,791
Year 5
\$198,312

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	
	15.85%
Year 2	
	18.00%
Year 3	
	20.09%
Year 4	
	21.21%
Year 5	
	22.62%

Five Year Projected Hotel Development Total Net Operating Income (NOI)	
Year 1	
	19.96%
Year 2	
	22.36%
Year 3	
	24.72%
Year 4	
	26.12%
Year 5	
	27.84%