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Bussiness Plan

Marriott®

FAIRFIELD INN AND SUITES
&
TOWNE PLACE SUITES EXTENDED STAY HOTEL

World Class Hospitality with a Resort Experience

ANAHEIM CALIFORNIA on the I-5 FREEWAY
1 MILE NORTH OF DISNEYLAND

THE FIRST DUAL BRANDED HOTEL OF ITS KIND UNDER ONE ROOF IN THE USA

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Section A

THE COMPANY

ABOUT THE BRAND

MARRIOTT SPRINGHILL SUITES

ABOUT THE BRAND

MARRIOTT
SPRINGHILL SUITES

In 1998, Marriott International announced plans to convert Fairfield Suites to Springhill suites by Marriott. By doing so, Marriott hoped to capture a share in the *upper* moderate-priced al-suite lodging segment of the hotel industry. In 1999, its first fiscal year, six managed and twenty-eight franchised locations made up the thirty-four total Springhill Suites properties. Seven years later, in 2006, that number had increased by nearly five times, with 153 properties operating under the Springhill Suites banner in North America. As of December 31, 2010 there are 274 Springhill Suites in North America.

All properties feature a Suite Seasons hot breakfast buffet, most have a pool and exercise room, and all feature complimentary high-speed internet access. In July 2006, the Springhill Suites Grand Rapids-Airport opened with the *first lobby bar* in brand history (52fifty Lounge). In the years since, Marriott has opened numerous properties featuring lobby bars. In contrast to its sibling brands, Residence Inn and TownePlace Suites, which are extended-stay properties, Springhill Suites competes with mainstream, all-suite brands, such as Comfort Suites, Quality Suites, and Ramada Limited Suites.

Financial Performance Representation

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned or franchisor-managed hotels if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in this Item 19 may be given only if: (1) a franchisor provides the actual records of an existing hotel you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

Average Occupancy Rate, Average Daily Room Rate, and Average RevPAR

As of December 31, 2010, there were 274 North American (U.S. and Canada) open and operating Spring Hill Suites hotels; of these 241 were franchised. There were 180 franchised hotels for which Smith Travel Research, Inc. ("Smith Travel") data was available and which were open and operating for at least one year as of January 1, 2010. For the one-year period ending December 31, 2010, those franchised hotels achieved an average occupancy rate of 65.8%, an average daily room rate of $97.76, and an average revenue per available room ("RevPAR") of $64.35. The occupancy rate for the 180 franchised hotels ranged from a high of 85.1% to a low of 42.1%. Ninety-one of these hotels (51%) achieved an occupancy rate equal to or greater than 65.8%. The average daily room rate ranged from a high of $180.63 to a low of $68.05. Sixty-three of these hotels (35%) achieved an average daily rate equal to or greater than $97.76. The RevPAR ranged from a high of $119.672 to a low of $32.15. Seventy-four of these hotels (41%) achieved or exceeded the average RevPAR of $64.35. The "average occupancy rate" is the total occupied rooms reported divided by total available rooms for the entire period. The "average daily room rate" is the gross room sales divided by total occupied rooms. The "average RevPAR" is the gross room sales divided by total available rooms.

Yield Index

The 180 North American franchised SpringHill Suites hotels that had been open for at least one year as of January 1, 2010 based on Smith Travel data, achieved an average yield index of 111.4% for the one-year period ending December 31, 2010. The yield index ranged from a high of 243.4% to a low of 79.6% for the hotels during that period. Eighty franchised hotels (44%) achieved a total yield index equal to or greater than 111.4%.Yield index measures the fair share of the amount of available revenue a hotel (or hotel brand) receives relative to its competitive set (as defined by each hotel or brand) within a given market.

Reservations

During 2010, Marriott Worldwide Reservations received 835,084 inquiries for SpringHill Suites hotels worldwide through our domestic and international reservations numbers ("Voice Reservations"),which resulted in 807,781 gross room nights booked for SpringHill Suites hotels worldwide. In addition, 4,741,062 gross room nights worldwide were generated through Marriott.com, global distribution systems ("GDS"), and certain online distribution channels such as Orbitz, Travelocity, and Expedia ("eChannels")(collectively, "Electronic Reservations," and together with Voice Reservations, the “Marriott Channels”). The total number of gross room nights booked for all worldwide SpringHill Suites hotels through the Marriott Channels in 2010 was 5,548,843. The average length of stay booked in 2010 through the Marriott Channels for the 181 North American franchised SpringHill Suites hotels that had been open for at least one year as of January 1, 2010 was 2.0 nights. The average number of gross room nights booked through the Marriott Channels for the 181 North American franchised SpringHill Suites hotels during 2010 was 19,607 gross room nights per hotel. Gross room nights per SpringHill Suites franchised hotel ranged from 6,889 room nights up to 67,699 room nights. As a percentage of gross room nights per hotel, the percentage generated by the Marriott Channels for such 181 North American franchised SpringHill Suites hotels in 2010 ranged from 12.4% to 77.2%, and the average percentage was 56.7%. Ninety franchised SpringHill Suites hotels (49.7%) had more than 56.7% of their gross room nights booked through the Marriott Channels.

Marriott Rewards

Marriott Rewards has approximately 33 million members worldwide, and over 3,400 hotels and resorts in 68 countries participate in Marriott Rewards. Marriott’s Consumer Marketing Department tracked the 181 North American franchised SpringHill Suites hotels that had been open and operating for at least one year as of January 1, 2010. For those hotels, for the one-year period ending December 31, 2010, SpringHill Suites hotels guests who were members of Marriott Rewards generated Marriott Rewards eligible revenue that is approximately 58% of the total room night revenue with an average daily spend of $106. The total of all Marriott Rewards room nights for such 181 North American franchised SpringHill Suites hotels was 2,609,000, generating approximately $275,488,000 in room revenue, not including taxes and tips. For such 181 hotels, Marriott Rewards members paid for an average of 14,400 room nights. The Marriott Rewards hotel room nights ranged from 6,300 to 40,900 and 85 North American franchised hotels (47%) achieved or exceeded the average of 14,400 paid Marriott Rewards room nights.

YOUR RESULTS ARE LIKELY TO DIFFER SUBSTANTIALLY FROM THE DATA AND RESULTS INDICATED ABOVE.

Smith Travel, an independent research firm servicing the travel industry, compiles average occupancy rate, average daily room rate, RevPAR, yield index, and other relevant information concerning the lodging industry and is used by substantially all of the major lodging companies for tracking this data.The information in this Item 19 regarding average occupancy rate, average daily room rate, average RevPAR, and yield index, including the number of North American franchised hotels that were open and operating for more than two full years, was compiled and reported by Smith Travel, and such information has not been audited or otherwise confirmed by us. The data in this Item 19 regarding reservations and Marriott Rewards was not provided by Smith Travel, but instead was drawn from Marriott’s internal databases. Because of Smith Travel’s minimum competitive set reporting requirements, some hotels that were actually open and operating for more than two years and are reflected in Marriott’s internal databases are not included in the Smith Travel data. These statements relate to historical performance of franchised North American SpringHill Suites hotels and are not guarantees of future performance. The figures above were based on hotels with at least two years of operating results. Hotels typically achieve lower results in their first year of operation. We do not claim or expect that you can or will expect to achieve the same average occupancy rate, average daily room rate, average RevPAR, reservations, Marriott Rewards room nights or yield index, as these figures will vary from hotel to hotel and will depend upon many variables and factors, including size, location, seasonality, competition, the length of time your hotel has been open or affiliated with Marriott, the condition of the hotel, the quality of service at the hotel, and the efficiency with which you operate your hotel. Operating results are subject to numerous risks and uncertainties, including economic conditions, public reaction to terrorist attacks and political unrest, supply and demand changes for hotel rooms, competitive conditions in the hospitality industry, relationships with customers and property owners, and the availability of capital.

We will provide you with substantiation of the data used in preparing this information upon your request. The information described above that was provided to us by third parties has not been audited or otherwise verified by us. We are under no obligation to disclose information for a particular hotel in the system.

Above information from Marriott.com Spring Hill Suites 567781v6 (03/31/2011)

Executive & Operational Management

Gina M. Oklejas – Executive Manager/Founder

Gina M. Oklejas has been involved in the retail business sector since 1984 and has a broad range of experience. Ms. Oklejas has had direct responsibility as corporate President for upwards of 125 employees while generating as much as $50,000,000 in annual revenues. In addition, Ms. Oklejas has substantal experience in directing startup operations both as a principal and an advisor to numerous entrepreneurial businesses. Ms. Oklejas holds a Bachelors Degree in Human Sciences from California State University, Fullerton, Ca. and a Juris Doctor degree with Academic Excellence, from Western State University.

MICHAEL D. CRYAN - Operational Management

Michael D. Cryon, with a Master's degree in Business Administration and a Bachelor of Science degree and over **30** years of progressive managerial experience in the hospitality and service industries, Mr. Cryan brings extensive expertise to the LLG Management Team. He has hotel operations experience both domestically and internationally, achieved goals through strategic visioning and tactical implementation of various Sales and Marketing, Finance and Operations Programs.

Prior to co-founding Lighthouse Lodging Group, Mr. Cryan served as the President and COO for Windsor Capital Group for eight years. He developed and implemented Corporate Sales Programs which provide direct sales for large multi-property customers, meeting planners and travel agents. He established centralized Revenue

Management Programs to support the development of property level business plans; individual property level goals and policies, training and mentoring of the sales teams. During his tenure, the Company doubled in size in terms of rooms under management and total revenues.

Mr. Cryan was the Co-Chairman and Chief Operating Officer of Homestead Village. Some of his achievements while at Homestead Village include the creation of an operating infrastructure that grew the company from 27 properties in 5 states to 126 properties in 28 states. Increased revenue from $33 million in 1996 to $240 million in 1999. Centralized all highly technical hotel functions as well as the implementation of a centralized electronic reservations and sales system which resulted in more than $11 million in revenue booked in the first year.

During his 17 years associated with ITT Sheraton he served as the Executive Vice President, Chief Financial Officer and Corporate Board member, Vice President, Director of Asset Management and Acquisitions, and Vice President-Director of Operations-North America East. Conducted extensive analysis of the potential acquisition of hotels, resorts, casinos and joint ventures, completed 15 purchases with values in excess of $2 billion. Participated in development of the strategy for Sheraton's entry into the gaming industry which lead to the development of casinos in Tunica, MS; Halifax, Nova Scotia; Lima, Peru; and the acquisition of the Desert Inn in Las Vegas, NV. Preparation and presentation of the annual Operating and Capital Plans, Five Year Strategic Plans to the Sheraton Board of Directors. Developed Financial model to analyze the impact of complex acquisitions on Sheraton's cash flow and debt capacity.

Anaheim Springhill Suites
Development Team

Because of our desire to have a world class project, we have searched and interviewed the entire hospitality industry to assemble the very best development and operating team possible.
In every respective discipline, our selected partner has been chosen because they are the best in the specific business area that they serve. From franchise, architect, construction, hotel consultation and hospitality management, only world class companies were considered, vetted, and then selected.

The Brand -This was the single most important selection that needed to be made. We looked at all the major "flags" (franchises) that are in this arena. It quickly became apparent that Marriott was by far the best hospitality franchise for our location. Marriott offers great name recognition in the market place along with a tremendous reputation among consumers. Additionally, their reservation system is world class, and exceeds its competitors far and away. They enjoy a huge loyalty among their guests and the use of the Marriott rewards program just keeps bringing guests back time and again for return stays.

The Springhill brand itself is a perfect fit for our location. Not only does it appeal to families coming to visit Disneyland with all the rooms that are suites and family friendly, it also appeals to the business professional that will make use of the amenities such as the lobby lounge, meeting room and complimentary breakfasts.

The Architect: Gene Fong Associates is our selected architectural firm. GFA are world class architects that have a specialty in hotel design and they are one of the few firms that are recognized by Marriott as a firm that has the unique qualifications to meet the high standards of Marriott Hospitality Services. GFA has demonstrated a brilliant design and use of space for our specific property using a unique design that allows for some additional adjoining retail space that will complement our main hotel property.

The Builder: Lusardi Construstion-Lusardi truly stands out from their peers. Founded 53 years ago, Lusardi is headquartered in San Diego and is still family owned and operated. Through our interview process it became clear that satisfied customers are the company's focus. Their goal is always a quality product that completes on time and in budget. They work within schedules that are the shortest in the industry which translates into a quicker opening time. In the 50 plus years in business, Lusardi has completed thousands of buildings and they enjoy many repeat customers.

The Hospitality Consultant: PKF Hospitality Research & Consulting-PKF Is the industry standard in the hospitality industry. Their client list is the who's who of both business and government. When a city or other government agency wants to know if a project is viable, and should be considered it is PKF that they ask. When a company wants to know if a hotel under consideration is a viable opportunity, it is PKF that gets the call. We chose PKF to evaluate our entire project from location, to brand, to the financial pro forma that is a part of this business plan. Our charge to them was to "tear it apart" and tell us anything that they don't agree with, hold back NOTHING!

The Operator: Lighthouse Lodging Group-This was a very important decision for the future of our project. The hotel operator has the ongoing responsibility to ensure that the hotel operates in such a way that the guests are always happy, the franchiser (Marriott) is happy and the owners are happy and the property is profitable. Lighthouse enjoys the talent that can make this happen. The principals of Lighthouse have a combined experience pool of over 100 years. Prior to forming Lighthouse, the principals managed a portfolio of 39 hotels at the Windsor Capital Group. When ownership made the decision to sell Windsor, the management team headed by Michael Cryan formed Lighthouse and they operate with a philosophy that every guest should leave happy and satisfied with their stay. The Lighthouse Lodging Group is highly recognized by Marriott Hotels and have a number of Marriott franchises under their management.

Current Status of Development

Oklejas has acquired land for the designed hotel project and is in discussions to acquire additional land for the project. Verbal confirmation for the Springhill Suites franchise from Marriott has been obtained and a Letter of Intent from Marriott is anticipated as the project evolves. The development team has been selected and in place, and accordingly, the architect, Gene Fong Associates, has developed the initial site plan in such a way that every square foot of land is scrutinized to maximize the overall value of the project. The project initial lay out has been completed and is included in this report further on. Luscardi Construction Company of San Diego, our chosen firm, is an extremely reputable, debt-free and well capitalized general contractor. Luscardi has conducted an exhaustive level of pre-construction planning study to ensure the fastest possible production schedule. Negotiations for a construction and permanent mortgage commitments are scheduled to begin shortly. Construction is anticipated to commence approximately in the fall of 2012. All pre-development activities have been funded and paid for to date.

Ms. Oklejas is seeking investor capital to allow her and her development team to build this new hotel project and adjoining retail space in Anaheim, California.

Objectives – Short Term

The first and foremost challenge, to choose an ideal site, has already been accomplished. **Anaheim I-5 Freeway Marriott Springhill Suites** will be located directly adjacent to the southbound I-5 freeway at the Lincoln Avenue off ramp. A tremendous location, that will benefit both from its close proximity to Disneyland and it’s “in your face” high profile visibility next to the freeway. Approximately 300,000 cars a day go by our site. We believe that this location will draw both families visiting for their Disneyland vacation and the business person on the move. This project next to the freeway with its high profile, beautiful design and brilliant colors, will announce to travelers on the freeway that they have arrived in Anaheim and the Disneyland area.

Objectives – Long Term

By selecting Michael Cryan and his Lighthouse Lodging Hotel Group as the operators of the hotel, our anticipation of every guest completely satisfied and "we can't wait to return" should be achieved from opening day. There are many other choices that consumers will have for their stay, and we intend to smother them with great service. It is our intent to price our rooms slightly under our closest competitors. We intend to offer free shuttle service to Disneyland for our guests and it is anticipated that will be perceived as a huge benefit to our guests due to Disney parking being very expensive.

After the hotel has opened, we have plans for approximately 10,000 square feet of adjoining retail space where we will cultivate a search for tenants that will lease the retail space for complementing food and drink establishments where our guests will have a desire to patronize them.

We believe that because of our unbelievable location, our world class Spring Hill Suites franchise, our development of a compelling facility and adhering to the above objectives, solid profitability and adequate debt service coverage can be achieved even at realized levels below forecast.

Facility Development Time Line

SpringHill Suites
Marriott

Phase I
Site Selection & Project Layout Complete
Q2, 2012

Phase II
Gov't Entitlements & Capital Formation
Q2 - Q4 2012

Phase III
Finalization of Plans, Construction Begins
Q4 2012 - Q2 2013

Final Phase IV
Construction Complete, Fixturing, Provisioning, Marketing and OPENING!
Q3 2013

* Q2, 2012 | Q3, 2012 | Q4, 2012 | Q1, 2013 | Q2, 2013 | Q3, 2013 | Grand Opening

* Completed — Projected

Phase IV

Section B
THE FACILITY

SPRINGHILL SUITES

ANAHEIM, CALIFORNIA

SITE LOCATION

JOB NO.: 1121P

DEVELOPER: GINA M OKLEAS
ORANGE CA 92869

GENE FONG ASSOCIATES
ARCHITECTURE • PLANNING • INTERIORS
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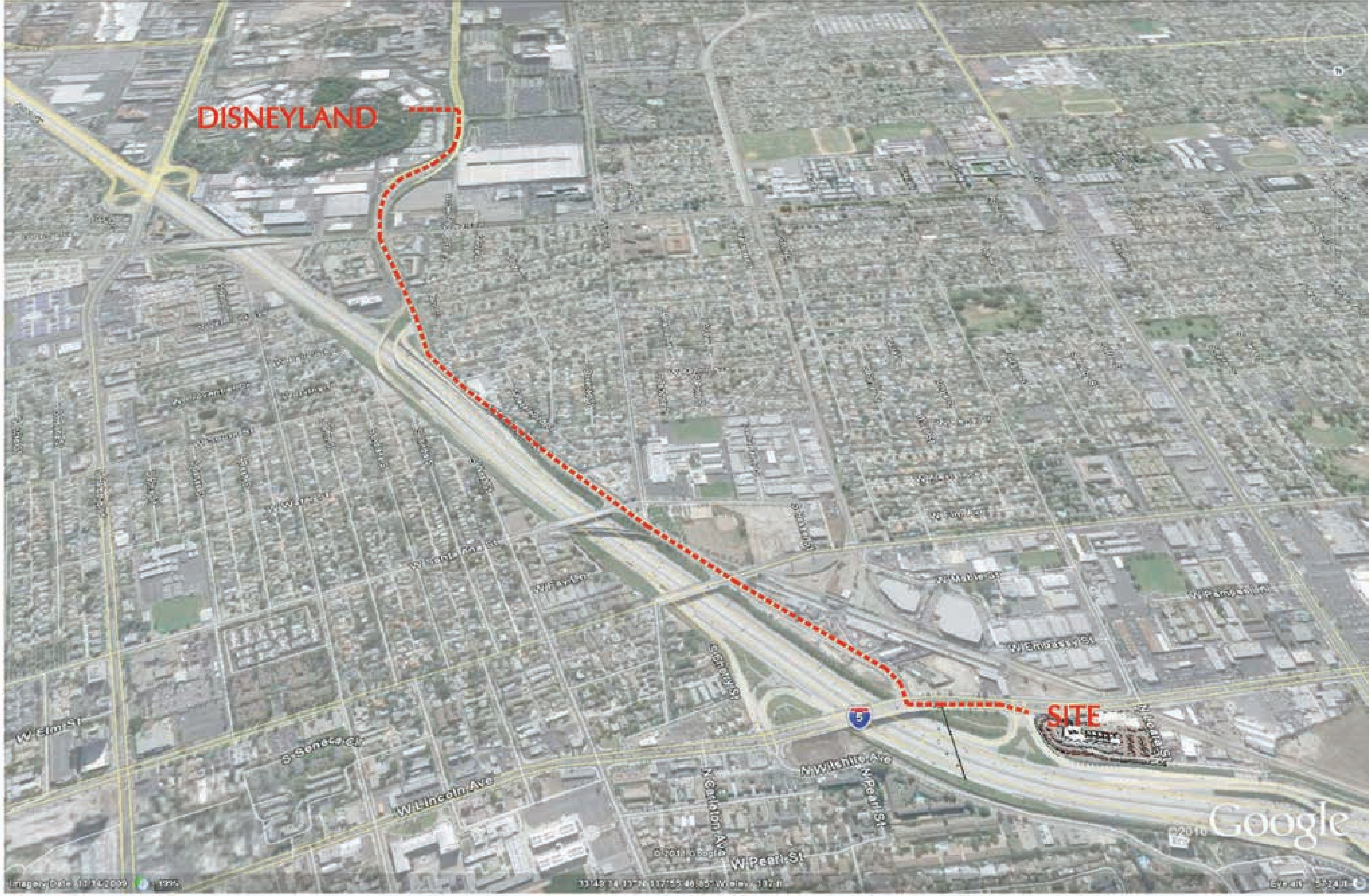
(310)209-7520 FAX (310)209-7516



SPRINGHILL SUITES

ANAHEIM, CALIFORNIA

PROXIMITY DIAGRAM

JOB NO.: 1121P

DEVELOPER: GINA M OKLEAS
ORANGE CA 92869

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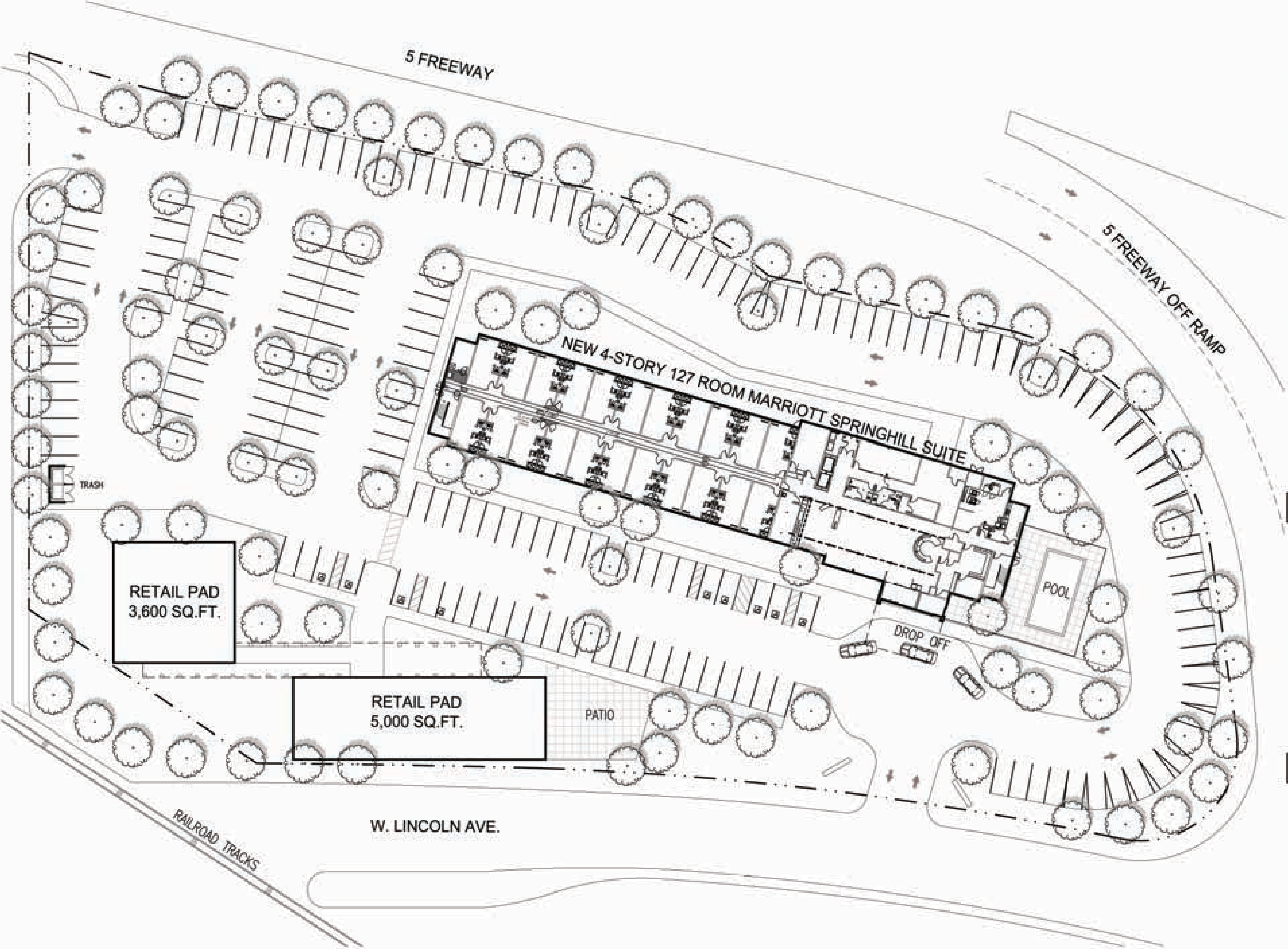

SITE DATA

HOTEL SUMMARY:

GROUND FLOOR	(17,770 SQ.FT.)	= 22 ROOMS
2ND FLOOR	(17,770 SQ.FT.)	= 35 ROOMS
3RD FLOOR	(17,770 SQ.FT.)	= 35 ROOMS
4TH FLOOR	(17,770 SQ.FT.)	= 35 ROOMS
		= 35 ROOMS
TOTAL	(71,080 SQ.FT.)	=127 ROOMS

PARKING REQUIRED:

GUEST ROOMS (1 SPACE PER ROOM)	= 127 SPACES
EMPLOYEES: 1 PER 5 EMPLOYEES (15 EMPLOYEES)	= 3 SPACES
HOTEL SUBTOTAL	= 130 SPACES
RETAIL: 1 SPACE PER 200 SQ.FT. (8,600 SQ.FT.)	= 43 SPACES
TOTAL PARKING SPACES REQUIRED	= 173 SPACES

PARKING PROVIDED:

STANDARD PARKING	= 125 SPACES
HANDICAP PARKING	= 5 SPACES
SUBTOTAL PARKING	= 130 SPACES
RETAIL PARKING	= 53 SPACES
TOTAL PARKING SPACES REQUIRED	= 183 SPACES

SPRINGHILL SUITES

ANAHEIM, CALIFORNIA

SCHEME 1 - SITE PLAN

SCALE: 1:50

JOB NO.: 1121P

DEVELOPER: GINA M OKLEAS
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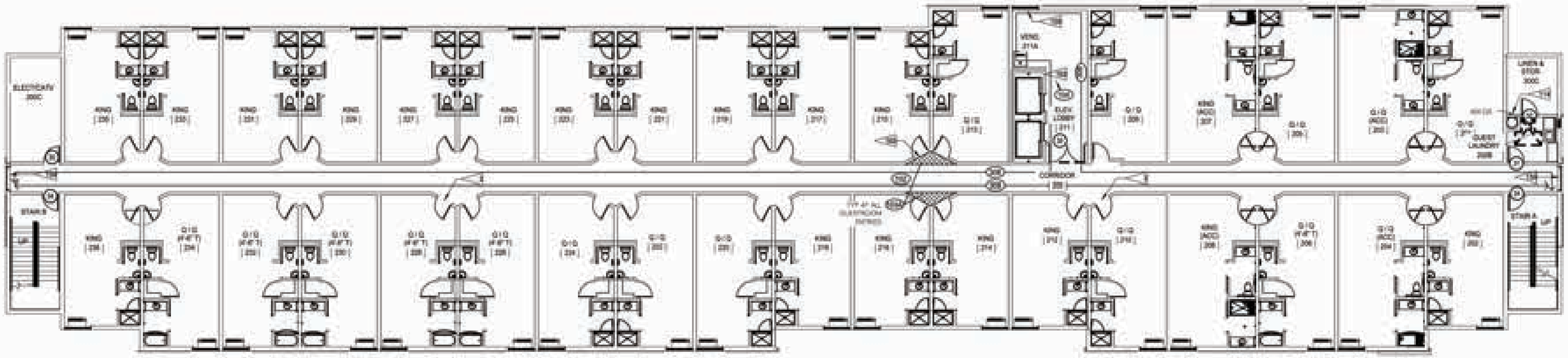
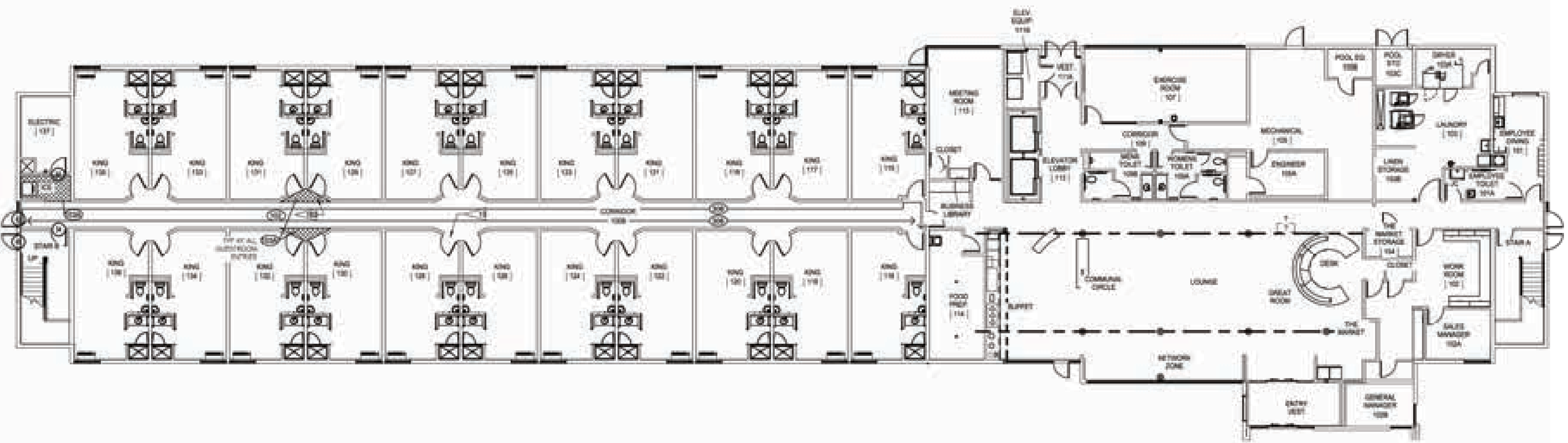


	KING	Q/Q			ACCESSIBLE				
GUESTROOM TYPE	ING SHOWER	UEEN / QUEEN SHOWER	UEEN / QUEEN 4'-6" TUB	IDE QUEEN / QUEEN 5'-0" TUB	UEEN / QUEEN ACCESSIBLE TUB	UEEN / QUEEN ACCESSIBLE ROLL-IN	ING ACCESSIBLE TUB	ING ACCESSIBLE ROLL-IN	TOTAL
FIRST	22								22
SECOND	17	8	6		1	1	1	1	35
THIRD	17	8	6	1	1		2		35
FOURTH	25	4	2	4					35
	81	20	14	5	2	1	3	1	127
RATIO	64%			31%				6%	

TYPICAL FLOOR



GROUND FLOOR

SPRINGHILL SUITES

ANAHEIM, CALIFORNIA

PROTOTYPE

SCALE: 1:25

JOB NO.: 1121P

DEVELOPER: GINA M OKLEAS
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SPRINGHILL SUITES

ANAHEIM, CALIFORNIA

LOOKING SOUTH EAST

JOB NO.: 1121P

DEVELOPER: GINA M OKLEAS
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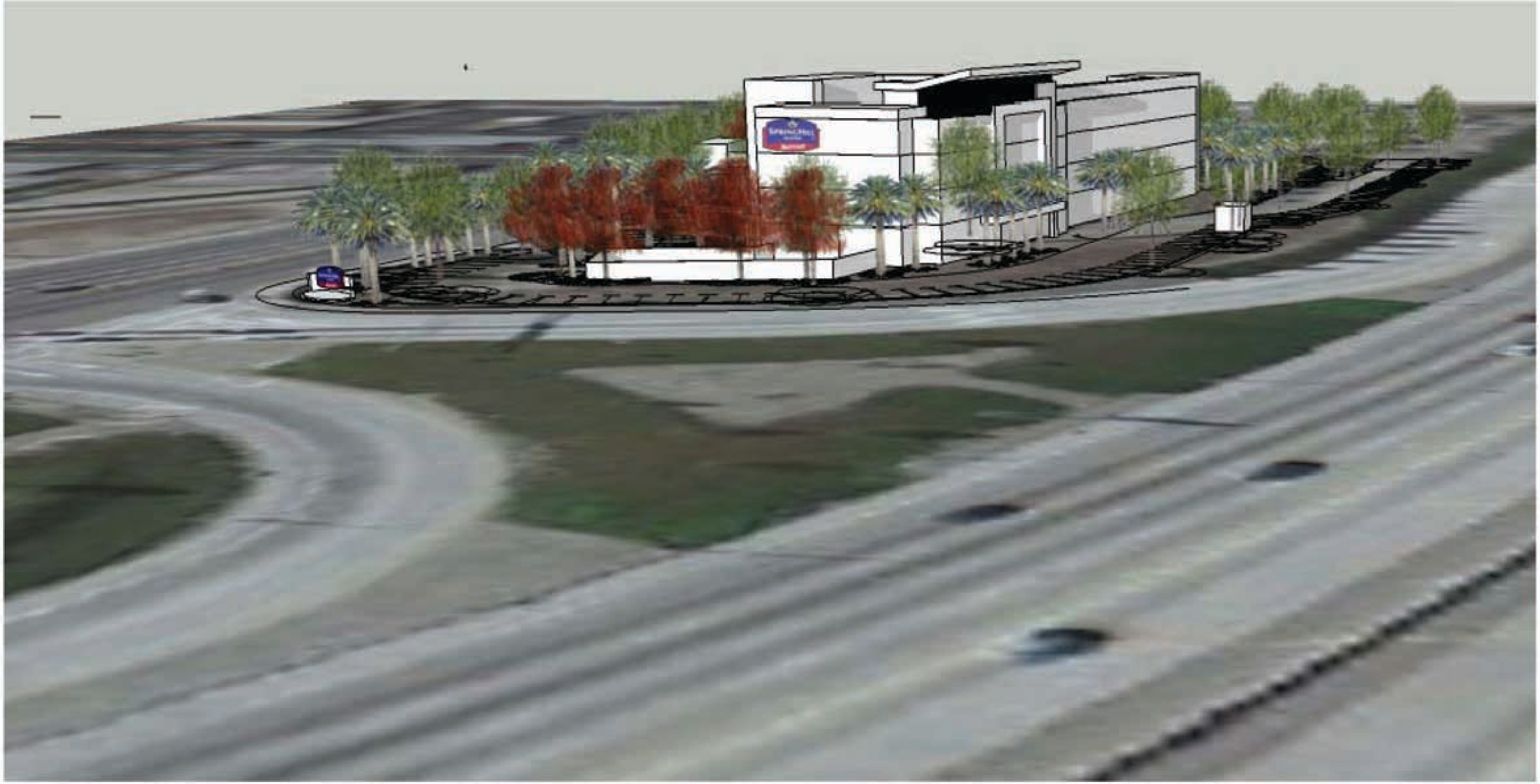

SPRINGHILL SUITES

ANAHEIM, CALIFORNIA

LOOKING WEST

JOB NO.: 1121P

DEVELOPER: GINA M OKLEAS
ORANGE CA 92869

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SPRINGHILL SUITES

ANAHEIM, CALIFORNIA

LOOKING NORTH

JOB NO.: 1121P

DEVELOPER: GINA M OKLEAS
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SPRINGHILL SUITES

ANAHEIM, CALIFORNIA

LOOKING NORTHWEST

JOB NO.: 1121P

DEVELOPER: GINA M OKLEAS
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Section C

FINANCIAL DATA

The following report was prepared by PKF Consulting, USA, exclusively for this project

April 12, 2012

Ms. Gina M. Oklejas
Executive Business Matters
428 South Esplanade Street
Orange, California 92869

Re: Site Analysis, Validation of Financial Projections, and IRR Analysis for a Proposed Springhill Suites to be Located in Anaheim, California

Dear Ms. Oklejas:

Pursuant to your request, we have completed an analysis of your proposed project. We have toured the site, reviewed your projections for reasonableness, and completed an internal rate of return (IRR) analysis. The conclusions reached are based on our present knowledge of the market, a tour of the site, and a desktop analysis of the project and projected returns. The following report summarizes our findings.

As in all studies of this type, the estimated results are based upon competent and efficient management and presume no significant change in the competitive market. Since our results are based on estimates and assumptions that are subject to uncertainty and variation, we do not represent them as results that will actually be achieved.

This report was prepared for your internal use to assist you in evaluating the project. As is customary in assignments of this type, neither our name nor the material submitted may be included in any prospectus or as part of any printed material or used in offerings or representations in connection with the sale of securities or participation interest to the public without our prior written consent. This report is subject to the attached Statement of Assumptions and Limiting Conditions.

OVERVIEW OF THE ANALYSIS

PKF Consulting has been retained by representatives of Executive Business Matters to review projections and complete an analysis of a proposed hotel to be located at the corner of Loara Street and West Lincoln Avenue in Anaheim, California. As a component of this analysis, we have toured the site, evaluated the overall Anaheim market, reviewed your cost budget and projections of operating revenues and expenses, and completed an analysis of IRR for the project. Please note, we have not completed an independent market study of the project.

We recognize that the pro-forma was developed some time ago and reflects a June 2012 opening date. For the purpose of our analysis, we have analyzed the projections as presented with a June 2012 start date and note that these projections would change as the timeline is updated. The proposed project includes a 127 guestrooms and a stand-alone 10,000 square foot restaurant that will be leased out.

METHODOLOGY

In conducting the study, we:

- Physically inspected the Subject site as well as existing and planned surrounding developments;
- Assessed the impact of the proposed Subject's accessibility, visibility, and location relative to demand generators and overall marketability;
- Reviewed the development budget;
- Reviewed your projections of operating revenues and expenses for the first five years;
- Developed an IRR calculation for the 2nd participating debt and equity.

Several sources were used in compiling the background information and preparing the analysis contained in this summary report. These resources included *Trends in the Hotel Industry* and *Hotel Horizons*, published by PKF Consulting; data on the local lodging market; and economic data on the region from various local governmental and planning entities.

SUMMARY OF FINDINGS AND CONCLUSIONS

Based on the work program previously outlined, we have provided commentary on the reasonableness of the projections and conclusions of resulting IRR for various components of the capital stack. The results of our research and analyses are summarized in the following paragraphs.

Analysis of Site Location

The subject site is located at the northeast corner of Loara Street and West Lincoln Avenue in Anaheim California. The site is bordered to the north by Manchester Avenue followed by the I-5 Freeway, a major Orange County and Southern California throughway. The site is vacant and has been graded. The proposed development includes a 127-room Springhill Suites and a free-standing 10,000 square foot restaurant building.

The following presents an aerial of the site.

Uses immediately surrounding the site include:

North: The subject is bounded to the north by North Manchester Avenue. Directly north of North Manchester Avenue is the I-5 Freeway, followed by residential and retail improvements.

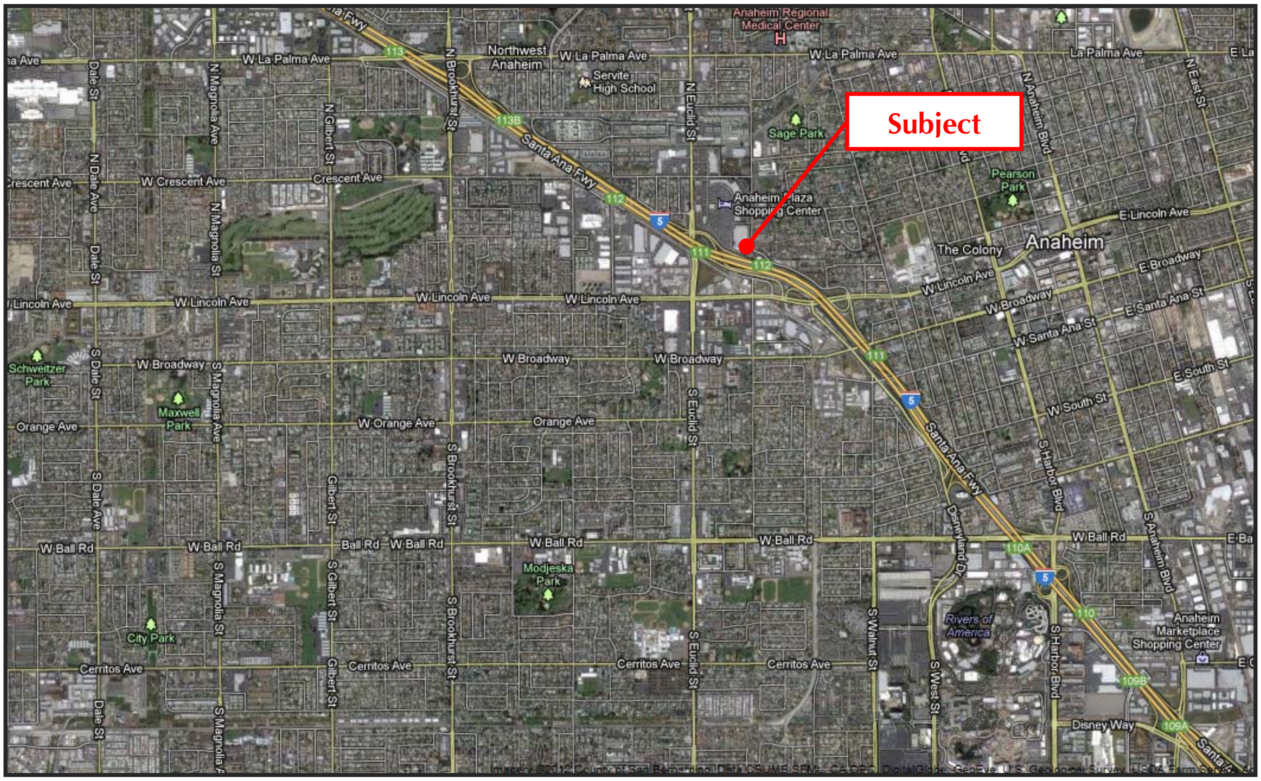
South: The subject is bounded to the south by West Lincoln Avenue, followed by retail and office improvements. Disneyland is approximately two miles southeast of the subject site.

East: The subject is bounded to the east by North Manchester as it curves around the site, as well as by the I-5 Freeway.

West: The subject is bounded to the west by North Loara Street, followed by mixed use retail, office, and industrial improvements.

The general area is improved with residential, commercial, and light industrial, including tourist attractions, retail, and office. The subject's location adjacent to the I-5 Freeway should lead to excellent visibility. The site has street frontage on Loara Street and Manchester and Lincoln Avenues and should have good access with multiple curb cuts. The I-5 Freeway northbound and southbound exits let out just east of the site. The subject's proximity to Disneyland and other area demand generators should poise it to successfully capture hotel demand.

The following presents a map of the greater area with the subject location identified.



Area Map

PROPOSED FACILITIES DESCRIPTION

The subject project is the proposed development of a 127-room Springhill Suites. The property is assumed to feature facilities in-line with the Springhill Suites brand standards and include various room types, a food and beverage operation, and appropriate amenities and complementing facilities. In addition to the hotel, a 10,000 square foot free-standing restaurant will be constructed on the site. This will be leased out to a restaurant tenant.

DESKTOP ANALYSIS OF PROFORMA

The following presents the pro-forma as presented by Executive Business Matters. The projections are presented in fiscal years beginning June 1 and ending May 31. We have provided commentary on the reasonableness of these projections.

Proposed Springhill Suites Anaheim
Projected Operating Results
Fiscal Years Beginning June 1

	2012/13		2013/14		2014/15		2015/16		2016/17	
Number of Units:	127		127		127		127		127	
Number of Annual Rooms Available:	46,355		46,355		46,355		46,355		46,355	
Number of Rooms Occupied:	29,670		34,300		36,160		36,160		36,160	
Annual Occupancy:	64.0%		74.0%		78.0%		78.0%		78.0%	
Average Daily Rate:	$123.00		$133.00		$141.00		$148.00		$154.00	
Revenue Per Available Room:	$78.72		$98.42		$109.98		$115.44		$120.12	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
Revenues										
Rooms	$3,650,549	94.5%	$4,558,623	93.8%	$5,093,337	94.2%	$5,362,656	94.1%	$5,561,924	94.0%
Food & Beverage	200,000	5.2%	285,000	5.9%	299,250	5.5%	323,190	5.7%	339,350	5.7%
Telecommunications	5,000	0.1%	5,000	0.1%	5,000	0.1%	5,000	0.1%	5,000	0.1%
Rentals and Other Income	7,500	0.2%	10,000	0.2%	10,400	0.2%	10,816	0.2%	11,249	0.2%
Total Revenues	3,863,049	100.0%	4,858,623	100.0%	5,407,987	100.0%	5,701,662	100.0%	5,917,523	100.0%
Departmental Expenses										
Rooms	748,363	20.5%	934,518	20.5%	1,018,667	20.0%	1,072,531	20.0%	1,112,385	20.0%
Food & Beverage	170,000	85.0%	228,000	80.0%	224,438	75.0%	242,393	75.0%	254,512	75.0%
Telecommunications	5,000	100.0%	5,000	100.0%	5,000	100.0%	5,000	100.0%	5,000	100.0%
Total Departmental Expenses	923,363	23.9%	1,167,518	24.0%	1,248,105	23.1%	1,319,924	23.1%	1,371,897	23.2%
Departmental Profit	2,939,686	76.1%	3,691,105	76.0%	4,159,882	76.9%	4,381,738	76.9%	4,545,626	76.8%
Undistributed Expenses										
Administrative & General	444,251	11.5%	485,862	10.0%	513,759	9.5%	524,553	9.2%	538,495	9.1%
Marketing	270,413	7.0%	315,810	6.5%	340,703	6.3%	353,503	6.2%	366,886	6.2%
Franchise Fees	182,527	4.7%	227,931	4.7%	254,667	4.7%	268,133	4.7%	278,096	4.7%
Property Operation and Maintenance	173,837	4.5%	208,921	4.3%	227,135	4.2%	239,470	4.2%	248,536	4.2%
Utility Costs	193,152	5.0%	242,931	5.0%	270,399	5.0%	285,083	5.0%	295,876	5.0%
Total Undistributed Operating Expenses	1,264,180	32.7%	1,481,455	30.5%	1,606,663	29.7%	1,670,742	29.3%	1,727,889	29.2%
Gross Operating Profit	1,675,506	43.4%	2,209,650	45.5%	2,553,219	47.2%	2,710,996	47.5%	2,817,737	47.6%
Base Management Fee	115,891	3.0%	145,759	3.0%	162,240	3.0%	171,050	3.0%	177,526	3.0%
Fixed Expenses										
Property Taxes	230,832	6.0%	235,449	4.8%	240,158	4.4%	244,961	4.3%	249,860	4.2%
Insurance	57,500	1.5%	58,938	1.2%	60,411	1.1%	61,921	1.1%	63,469	1.1%
Total Fixed Expenses	288,332	7.5%	294,387	6.1%	300,569	5.6%	306,882	5.4%	313,329	5.3%
Net Operating Income	1,271,283	32.9%	1,769,504	36.4%	2,090,410	38.7%	2,233,064	39.2%	2,326,882	39.3%
FF&E Reserve	154,522	4.0%	194,345	4.0%	216,319	4.0%	228,066	4.0%	236,701	4.0%
Net Operating Income After Reserve	$1,116,761	28.9%	$1,575,159	32.4%	$1,874,091	34.7%	$2,004,998	35.2%	$2,090,181	35.3%

Source: ***Executive Business Matters*** — Fiscal Years Beginning June 1

We have reviewed the projections and provide the following commentary on their reasonableness.

Occupancy and ADR

The subject's room revenue is projected as follows:

Estimated Rooms Revenue			
Year	Average Daily Rate	Annual Occupancy	Rooms Revenue
2012/13	$123.00	64.0%	$3,649,000
2013/14	133.00	74.0%	4,562,000
2014/15	141.00	78.0%	5,099,000
2015/16	148.00	78.0%	5,352,000
2016/17	154.00	78.0%	5,569,000

We have reviewed the Anaheim market historical and projected performance and the historical performance of the Disneyland submarket from our Horizons publication. The following presents performance for these markets from 2007 to 2011.

ANAHEIM FORECAST SUMMARY

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2007	72.0%	-0.6%	$121.85	8.2%	$87.68	7.6%
2008	68.3%	-5.0%	$122.65	0.7%	$83.80	-4.4%
2009	63.5%	-7.1%	$108.99	-11.1%	$69.17	-17.5%
2010	67.8%	6.9%	$108.23	-0.7%	$73.40	6.1%
2011	70.9%	4.5%	$113.37	4.7%	$80.36	9.5%
2012F	73.5%	3.7%	$119.24	5.2%	$87.67	9.1%
2013F	74.0%	0.7%	$126.04	5.7%	$93.28	6.4%
2014F	74.2%	0.2%	$134.51	6.7%	$99.74	6.9%
2015F	74.2%	0.1%	$143.25	6.5%	$106.33	6.6%
2016F	73.9%	-0.5%	$152.52	6.5%	$112.65	5.9%

Disneyland Performance - All Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2007	74.9%	1.2%	$129.98	8.9%	$97.34	10.2%
2008	71.8%	-4.1%	$133.45	2.7%	$95.82	-1.6%
2009	68.2%	-5.0%	$122.30	-8.4%	$83.46	-12.9%
2010	70.6%	3.5%	$122.60	0.2%	$86.61	3.8%
2011	73.0%	3.4%	$128.80	5.1%	$94.08	8.6%

Based on the subject's facilities and positioning as an extended stay property under the Springhill Suites by Marriott flag, we find 78 percent a reasonable level of stabilization for the property. Furthermore, the subject's ADR is projected to be $154 in 2016/17, which equates to $135 in 2012 dollars, or approximately $6 above the year-end 2011 ADR of the Disneyland Market and $16 above the projected 2012 ADR for the Anaheim market. We find this reasonable.

Total Departmental Revenues

The total revenues include rooms, food and beverage, telecommunications, and rentals and other income. Total revenues excluding rooms are projected at $7 to $9 over the five year period, which we find reasonable for the subject given its facilities and typical level of revenues generated by hotels of this type.

Total Departmental Expense

The subject's projected expense levels (20% rooms, 75% food and beverage, 100% telecommunications) are seen as reasonable and within the range of margins typically posted by this type of hotel.

Undistributed Expense

Undistributed expense, at 29 to 32 percent of total revenues, appear reasonable. The following presents an excerpt from our 2011 Annual Trends publication, which shows the average expense levels for extended stay hotels with food and beverage.

	2010 Dollars per Available Room	Change from Prior Year	2010 Percent of Revenue	2010 Dollars per Occupied Room
Undistributed Operating Expenses				
Administrative and General	$ 3,734	5.3%	8.9%	$14.25
Sales and Marketing	5,011	5.7	12.0	19.13
Property Operation and Maintenance	2,206	2.8	5.3	8.42
Utility Costs	2,071	1.8	4.9	7.91
Total Undistributed Expenses	$13,021	4.4%	**31.1%**	$49.70

Management Fees

We have assumed management fees at 3 percent of total revenue. This is the typical base management fee for a property of this type.

Fixed Expense

We have utilized your estimates for real estate taxes. Insurance at $450 to $500 per room during the five year period is deemed reasonable.

Reserves

An additional item not typically listed on an owner's income statement is the amount required for the periodic replacement of certain short-lived items such as carpeting, draperies, and other furniture, fixtures and equipment. For a new hotel, reserves are often lower in the first few years, because very little capital improvements will be necessary. The subject pro-forma presents a reserve for replacement of 4 percent throughout the projection period. We recommend adjusting this downward in the first two years to 2 and 3 percent, respectively.

Retail Space Revenue

One item not listed on the pro-forma is the lease of the 10,000 square foot retail space. We understand you are assuming a NNN lease of $2.50 per square foot per month. We find

$2.50 per square foot reasonable given the first quarter 2012 average rental rates for Orange County.

EXISTING PROPERTIES		VACANCY		ACTIVITY		CONSTRUCTION		RENTS	SALES
Market/ Property Type	Total Inventory SF	Total [1] Vacancy Rate	Total [1] Vacancy Rate Prior Qtr	Net [2] Absorption Current Qtr SF	Net [2] Absorption YTD SF	Completions [3] Current Qtr SF	Under Construction/ Renovation SF	Weighted [4] Avg Asking Lease Rates PSF/Month	Average [5] Sales Price PSF
ORANGE COUNTY									
SUPER REGIONAL/REGIONAL MALLS	14,090,400	2.7%	2.5%	(17,200)	(17,200)	0	0	$3.27	-
POWER CENTERS	6,133,500	8.6%	7.6%	(59,100)	(59,100)	3,800	201,100	$2.80	$301
LIFESTYLE/THEME-FESTIVAL CENTERS	3,175,300	14.7%	15.7%	32,500	32,500	0	0	$2.83	-
COMMUNITY/NEIGHBORHOOD CENTERS	45,036,600	7.9%	7.5%	(168,700)	(168,700)	0	0	$2.35	$219
STRIP CENTERS	9,254,800	8.7%	8.5%	(22,700)	(22,700)	0	0	$1.58	$177
SINGLE TENANT BLDGS.	19,217,600	4.2%	4.3%	13,300	13,300	3,000	10,200	$1.97	$468
Subtotal	**96,908,200**	**6.8%**	**6.7%**	**(221,900)**	**(221,900)**	**6,800**	**211,300**	**$2.33**	**$291**

Proposed Development Budget

We have reviewed your development budget, which presents a total cost of $21,930,943 for the hotel. In addition, we have assumed a cost of $1,400,000 for the retail space. This equates to approximately $173,000 per room for the hotel, which we find to be within the range of reasonable development costs for a hotel of this type, and $140 per square foot for the restaurant building shell. The following presents the development budget. Please note, it does not include the retail space, which we have assumed at $1,400,000. The build-out is assumed to be completed by the tenant.

Uses		
Working Capital		1,071,224.
	TOTAL WORKING CAPITAL	1,071,224.
Project Cost:		
Land		6,185,520.
Hotel Building Construction Cost		11,430,275.
F.F. & E		1,768,983.
Telecommunications		116,967.
Commercial Equipment/Appliances		156,972.
Design Fees		431,038.
Developer Fee		250,000.
Supplies		175,006.
Computer Systems		44,958.
Carrying Costs during Construction		300,000.
	Total Hotel Project Cost	**20,859,719.**
	TOTAL USES	**$21,930,943.**

Capital Stack

The proposed capital stack is as follows:

Summary of Proposed Capital Stack				
	Hotel	Retail	Total	%
1st Mortgage	$12,945,423	$1,400,000	$14,345,423	61.5%
2nd Participating Debt	2,800,000		2,800,000	12.0
Equity	6,185,520		6,185,520	26.5
Total	$21,930,943	$1,400,000	$23,330,943	100.0%

The 1st mortgage has been assumed at $12,945,423 for the hotel and $1,400,000 for the retail space. We have assumed a 6.6 percent interest rate on both portions of the 1st mortgage. The calculations of annual debt payment are presented below.

1st Mortgage	Hotel	**1st Mortgage**	Retail
$12,945,423	Loan	$1,400,000	Loan
6.60%	Interest Rate	6.60%	Interest Rate
8.18%	Mortgage Constant	8.18%	Mortgage Constant
$1,058,629	Annual PMT	$114,487	Annual PMT

The 2nd Participating Debt receives a 6.0 percent preferred return (annually) that is second in line after primary debt service. Following the deduction of the 1st mortgage and preferred return to participating debt, the remaining operating cash flow is split 15 percent to the 2nd participating debt and 85 percent to equity. Our analysis assumes a sale in year five. Utilizing an 8.5 percent terminal capitalization rate, the remaining balances of the 1st mortgage and 2nd participating debt are repaid at the time of sale, and all remaining monies flow to equity.

IRR ANALYSIS

We have completed separate analyses of the hotel and retail and then combined them into a total return calculation. The first step is to analyze the hotel

Hotel IRR

The following presents the return schedule for the hotel.

Projected Cash Flows from Operation - Hotel						
Year	Hotel NOI	Debt Service	Equity 2 Pref Return	Available for Distribution	2nd Participating Debt Distribution	Remaining Distribution for Equity
2012/13	$1,116,761	$(1,058,629)	$(168,000)	$(109,868)	$(16,480)	$(93,388)
2013/14	1,575,159	(1,058,629)	(168,000)	348,530	52,280	296,251
2014/15	1,874,091	(1,058,629)	(168,000)	647,462	97,119	550,343
2015/16	2,004,998	(1,058,629)	(168,000)	778,369	116,755	661,614
2016/17	2,090,181	(1,058,629)	(168,000)	863,552	129,533	734,019
Reversion	$24,694,874	(11,780,283)	(2,800,000)	$10,114,591		$10,114,591

This is turn leads to the following cash flows to each of the three components of the capital stack.

1st Mortgage	Hotel			
$12,945,423	Loan			
6.60%	Interest Rate			
8.18%	Mortgage Constant			
$1,058,629	Annual PMT			
		Debt Service		
Year	Principal	Debt Service	To Principal	To Interest
2012/13	$12,945,423	($1,058,629)	($204,231)	($854,398)
2013/14	$12,741,192	($1,058,629)	($217,710)	($840,919)
2014/15	$12,523,482	($1,058,629)	($232,079)	($826,550)
2015/16	$12,291,403	($1,058,629)	($247,396)	($811,233)
2016/17	$12,044,007	($1,058,629)	($263,724)	($794,904)
	$11,780,283		(11,780,283)	

2nd Participating Debt	Hotel				
$2,800,000	Loan				
6.00%	preferred return				
$168,000	Annual PMT				
Year	Outflow	Inflow - pref return	Inflow - 15% Equity	Inflow - Reversion	Net
2012/13	$2,800,000	($168,000)	$16,480		$2,648,480
2013/14		($168,000)	($52,280)		($220,280)
2014/15		($168,000)	($97,119)		($265,119)
2015/16		($168,000)	($116,755)	$0	($284,755)
2016/17		($168,000)	($129,533)	($2,800,000)	($3,097,533)
				IRR	**11.2%**

Equity 1 - Founder Equity	Hotel			
$6,185,520	Equity			
Year	Outflow	Inflow	Inflow Reversion	Net
2012/13	$6,185,520	$93,388		$6,278,908
2013/14		($296,251)		($296,251)
2014/15		($550,343)		($550,343)
2015/16		($661,614)		($661,614)
2016/17		($734,019)	($10,114,591)	($10,848,610)
			IRR	**19.8%**

The following page presents a similar calculation for the retail.

Projected Cash Flows from Operation - Retail						
Year	Hotel NOI	Debt Service	Equity 2 Pref Return	Available for Distribution	2nd Participating Debt Distribution	Remaining Distribution for Equity
2012/13	$300,000	$(114,487)	$0	$185,513	$27,827	$157,686
2013/14	309,000	(114,487)	0	194,513	29,177	165,336
2014/15	318,270	(114,487)	0	203,783	30,567	173,216
2015/16	327,818	(114,487)	0	213,331	32,000	181,332
2016/17	337,653	(114,487)	0	223,166	33,475	189,691
Reversion	$3,989,267	($1,273,994)	0	$2,715,272		$2,715,272

1st Mortgage Retail

$1,400,000	Loan
6.60%	Interest Rate
8.18%	Mortgage Constant
$114,487	Annual PMT

		Debt Service		
Year	Principal	Debt Service	To Principal	To Interest
2012/13	$1,400,000	($114,487)	($22,087)	($92,400)
2013/14	$1,377,913	($114,487)	($23,545)	($90,942)
2014/15	$1,354,369	($114,487)	($25,098)	($89,388)
2015/16	$1,329,270	($114,487)	($26,755)	($87,732)
2016/17	$1,302,515	($114,487)	($28,521)	($85,966)
	$1,273,994		($1,273,994)	

2nd Participating Debt Retail

$2,800,000	Loan
6.00%	preferred return
$168,000	Annual PMT

Year	Outflow	Inflow - pref return	Inflow - 15% Equity	Inflow - Reversion	Net
2012/13	$0	$0	($27,827)		($27,827)
2013/14		$0	($29,177)		($29,177)
2014/15		$0	($30,567)		($30,567)
2015/16		$0	($32,000)	$0	($32,000)
2016/17		$0	($33,475)	$0	($33,475)
				IRR	N/A

Equity 1 - Founder Equity Retail

$0	Equity

Year	Outflow	Inflow	Inflow Reversion	Net
2012/13	$0	($157,686)		($157,686)
2013/14		($165,336)		($165,336)
2014/15		($173,216)		($173,216)
2015/16		($181,332)		($181,332)
2016/17		($189,691)	($2,715,272)	($2,904,963)
			IRR	N/A

Lastly, we have combined the two cash flows (hotel and retail) to develop an overall IRR for 2nd Participating Debt and the equity. Our conclusions are presented below.

Projected Cash Flows from Operation						
Year	Hotel NOI	Debt Service	Equity 2 Pref Return	Available for Distribution	2nd Participating Debt Distribution	Remaining Distribution for Equity
2012/13	$1,416,761	($1,173,115)	($168,000)	$75,646	$11,347	$64,299
2013/14	1,884,159	(1,173,115)	(168,000)	543,044	81,457	461,587
2014/15	2,192,361	(1,173,115)	(168,000)	851,246	127,687	723,559
2015/16	2,332,816	(1,173,115)	(168,000)	991,701	148,755	842,946
2016/17	2,427,834	(1,173,115)	(168,000)	1,086,718	163,008	923,710
Reversion	$28,684,140	($13,054,277)	($2,800,000)	$12,829,863		$12,829,863

1st Mortgage Hotel and Retail

$14,345,423	Loan
6.60%	Interest Rate
8.18%	Mortgage Constant
$1,173,115	Annual PMT

Year	Principal	Debt Service	To Principal	To Interest
2012/13	$14,345,423	($1,173,115)	($226,318)	($946,798)
2013/14	$14,119,105	($1,173,115)	($241,255)	($931,861)
2014/15	$13,877,851	($1,173,115)	($257,177)	($915,938)
2015/16	$13,620,674	($1,173,115)	($274,151)	($898,964)
2016/17	$13,346,522	($1,173,115)	($292,245)	($880,870)
	$13,054,277		($13,054,227)	

2nd Participating Debt Hotel and Retail

$2,800,000	Loan
6.00%	preferred return
$168,000	Annual PMT

Year	Outflow	Inflow - pref return	Inflow - 15% Equity	Inflow - Reversion	Net
2012/13	$2,800,000	($168,000)	($11,347)		$2,620,653
2013/14		($168,000)	($81,457)		($249,457)
2014/15		($168,000)	($127,687)		($295,687)
2015/16		($168,000)	($148,755)	$0	($316,755)
2016/17		($168,000)	($163,008)	($2,800,000)	($3,131,008)
				IRR	**12.6%**

Equity 1 - Founder Equity Hotel and Retail

$6,185,520	Equity

Year	Outflow	Inflow	Inflow Reversion	Net
2012/13	$6,185,520	($64,299)		$6,121,221
2013/14		($461,587)		($461,587)
2014/15		($723,559)		($723,559)
2015/16		($842,946)		($842,946)
2016/17		($923,710)	($12,829,863)	($13,753,573)
			IRR	**29.2%**

As can be seen, utilizing the cost budget and projected cash flows, the internal rate of return for equity is projected to be 29.2 percent while the IRR for 2nd Participating debt is projected to be 12.6 percent.

We appreciate the opportunity to provide consulting services. We look forward to continue working with you on this engagement

Sincerely,

PKF Consulting

Bruce Baltin
Senior Vice President

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This report is made with the following assumptions and limiting conditions:

Economic and Social Trends - The consultant assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of the letter of transmittal accompanying this report. The consultant is not obligated to predict future political, economic or social trends.

Information Furnished by Others - In preparing this report, the consultant was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either express or implied, is given by the consultant for the accuracy of such information and the consultant assumes no responsibility for information relied upon later found to have been inaccurate. The consultant reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

Hidden Conditions - The consultant assumes no responsibility for hidden or unapparent conditions of the property, subsoil, ground water or structures that render the subject property more or less valuable. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

Hazardous Materials - The consultant has not been provided any information regarding the presence of any material or substance on or in any portion of the subject property or improvements thereon, which material or substance possesses or may possess toxic, hazardous and/or other harmful and/or dangerous characteristics. Unless otherwise stated in the report, the consultant did not become aware of the presence of any such material or substance during the consultant's inspection of the subject property. However, the consultant is not qualified to investigate or test for the presence of such materials or substances. The presence of such materials or substances may adversely affect the value of the subject property. The value estimated in this report is predicated on the assumption that no such material or substance is present on or in the subject property or in such proximity thereto that it would cause a loss in value. The consultant assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material. Unless otherwise stated, this report assumes the subject property is in compliance with all federal, state and local environmental laws, regulations and rules.

Zoning and Land Use - Unless otherwise stated, the projections were formulated assuming the hotel to be in full compliance with all applicable zoning and land use regulations and restrictions.

Licenses and Permits - Unless otherwise stated, the property is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

Engineering Survey - No engineering survey has been made by the consultant. Except as specifically stated, data relative to size and area of the subject property was taken from sources considered reliable and no encroachment of the subject property is considered to exist.

Subsurface Rights - No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

Maps, Plats and Exhibits - Maps, plats and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS
(continued)

Legal Matters - No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants.

Right of Publication - Possession of this report, or a copy of it, does not carry with it the right of publication. Without the written consent of the consultant, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with proper written qualification and only in its entirety for its stated purpose.

Testimony in Court - Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made a reasonable time in advance of said hearing. Further, unless otherwise indicated, separate arrangements shall be made concerning compensation for the consultant's time to prepare for and attend any such hearing.

Archeological Significance - No investigation has been made by the consultant and no information has been provided to the consultant regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

Compliance with the American Disabilities Act - The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We assumed that the property will be in direct compliance with the various detailed requirements of the ADA.

Definitions and Assumptions - The definitions and assumptions upon which our analyses, opinions and conclusions are based are set forth in appropriate sections of this report and are to be part of these general assumptions as if included here in their entirety.

Dissemination of Material - Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, news media or other public means of communication without the prior written consent and approval of the consultant(s).

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Use in Offering Materials - This report, including all cash flow forecasts, market surveys and related data, conclusions, exhibits and supporting documentation, may not be reproduced or references made to the report or to PKF Consulting in any sale offering, prospectus, public or private placement memorandum, proxy statement or other document ("Offering Material") in connection with a merger, liquidation or other corporate transaction unless PKF Consulting has approved in writing the text of any such reference or reproduction prior to the distribution and filing thereof.

Limits to Liability - PKF Consulting cannot be held liable in any cause of action resulting in litigation for any dollar amount, which exceeds the total fees collected from this individual engagement.

Legal Expenses - Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.

HOTEL OPERATING PRO FORMA	Springhill Suites										
In Thousands of Dollars	Anaheim,CA	2012		2013		2014		2015		2016	
		6/1 - 5/31		6/1 - 5/31		6/1 - 5/31		6/1 - 5/31		6/1 - 5/31	
		Projected		Projected		Projected		Projected		Projected	
		Year 1		Year 2		Year 3		Year 4		Year 5	
Rooms		127		127		127		127		127	
Annual Escalation				8.0%		6.0%		5.0%		4.0%	
Available Room Nights		46,355		46,355		46,355		46,482		46,355	
Occupancy		64.0%		74.0%		78.0%		78.0%		78.0%	
Nights Sold		29,667		34,303		36,157		36,256		36,157	
Average Daily Rate		$123.05		$132.89		$140.87		$147.91		$153.83	
RevPAR		$78.75		$98.34		$109.88		$115.37		$119.99	
Rooms		3,650,549	94.5%	4,558,623	93.8%	5,093,337	94.2%	5,362,656	94.1%	5,561,924	94.0%
Food & Beverage		200,000	5.2%	285,000	5.9%	299,250	5.5%	323,190	5.7%	339,350	5.7%
Other Operated		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Telephone		5,000	0.1%	5,000	0.1%	5,000	0.1%	5,000	0.1%	5,000	0.1%
Miscellaneous income		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other Income		7,500	0.2%	10,000	0.2%	10,400	0.2%	10,816	0.2%	11,249	0.2%
Total Revenues		3,863,049	100.0%	4,858,623	100.0%	5,407,987	100.0%	5,701,662	100.0%	5,917,522	100.0%
Departmental Expenses			% of Category		% of Category		% of Category		% of Category		% of Category
Rooms		748,363	20.5%	934,518	20.5%	1,018,667	20.0%	1,072,531	20.0%	1,112,385	20.0%
Food & Beverage		170,000	85.0%	228,000	80.0%	224,438	75.0%	242,393	75.0%	254,512	75.0%
Other Operated		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Telephone		5,000	100.0%	5,000	100.0%	5,000	100.0%	5,000	100.0%	5,000	100.0%
Miscellaneous Income		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Other Income expense		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total Departmental Expenses		923,363	23.9%	1,167,518	24.0%	1,248,105	23.1%	1,319,924	23.1%	1,371,897	23.2%
Total Departmental Profit		2,939,686	76.1%	3,691,105	76.0%	4,159,882	76.9%	4,381,738	76.9%	4,545,625	76.8%
Deductions from Income			% of Tot. Rev.		% of Tot. Rev.		% of Tot. Rev.		% of Tot. Rev.		% of Tot. Rev.
Administrative and General		444,251	11.5%	485,862	10.0%	513,759	9.5%	524,553	9.2%	538,495	9.1%
Management Fee		115,891	3.0%	145,759	3.0%	162,240	3.0%	171,050	3.0%	177,526	3.0%
Heat, Light, and Power		193,152	5.0%	242,931	5.0%	270,399	5.0%	285,083	5.0%	295,876	5.0%
Repairs and Maintenance		173,837	4.5%	208,921	4.3%	227,135	4.2%	239,470	4.2%	248,536	4.2%
Franchise & Program Fee		182,527	4.7%	227,931	4.7%	254,667	4.7%	268,133	4.7%	278,096	4.7%
Property Marketing		270,413	7.0%	315,810	6.5%	340,703	6.3%	353,503	6.2%	366,886	6.2%
Total Deductions from Income		1,380,073	35.7%	1,627,215	33.5%	1,768,903	32.7%	1,841,792	32.3%	1,905,415	32.2%
Gross Operating Profit		1,559,614	40.4%	2,063,891	42.5%	2,390,979	44.2%	2,539,947	44.5%	2,640,211	44.6%
Fixed Charges											
Leases & Other		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Professional Expenses		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Property Taxes		229,457	5.9%	234,046	4.8%	238,727	4.4%	243,502	4.3%	248,372	4.2%
Insurance		57,500	1.5%	58,938	1.2%	60,411	1.1%	61,921	1.1%	63,469	1.1%
Total Fixed Charges		286,957	7.4%	292,984	6.0%	299,138	5.5%	305,423	5.4%	311,841	5.3%
Net Operating Income before reserve		1,272,657	32.9%	1,770,907	36.4%	2,091,841	38.7%	2,234,524	39.2%	2,328,370	39.3%
FF&E Reserve (4%)		154,522	4.0%	194,345	4.0%	216,319	4.0%	228,066	4.0%	236,701	4.0%
NOI After Reserve		1,118,135	28.9%	1,576,562	32.4%	1,875,522	34.7%	2,006,458	35.2%	2,091,669	35.3%
		0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
NOI After Reserve and Asset Mgt. Fee		1,118,135	28.9%	1,576,562	32.4%	1,875,522	34.7%	2,006,458	35.2%	2,091,669	35.3%

LUSARDI
CONSTRUCTION COMPANY

RE:	PRELIMINARY CONSTRUCTION BUDGET	
EST:	BS	
DATE:	6-Feb-12	
FIRST FLOOR	17,770	SF
SECOND FLOOR	17,770	SF
THIRD FLOOR	17,770	SF
FOURTH FLOOR	17,770	SF
	0	SF
TOTAL BUILDING	71,080	SF
ROOMS	127	KEYS

PROJECT:	SPRINGHILL SUITES - ANAHEIM
CLIENT:	WOODY OKLEJAS
CONTACT:	WOODY OKLEJAS
PHONE #:	714-240-8000
LOCATION:	ANAHEIM, CA
VERSION #	3
PRINT DATE	07-Feb-12

COST CODE	DESCRIPTION	GRAND TOTAL
1000	GENERAL CONDITIONS	$525,000
2100	OFFSITE WORK	$67,997
2200	DEMOLITION/EARTHWORK	$272,250
2210	GEOPIERS	$177,700
2220	ONSITE UTILITIES	$217,800
2500	ASPHALT PAVING	$272,250
2580	STRIPING	$10,890
2700	SITE CONCRETE	$206,910
2710	FENCING	IN STEEL
2800	LANDSCAPING & IRRIGATION	$261,360
3000	BUILDING CONCRETE	$390,940
3200	REINFORCING	$53,310
4200	MASONRY	$60,418
5100	STRUCTURAL & MISCELLANEOUS STEEL	$177,700
6100	CARPENTRY	$1,094,632
6110	FINISH CARPENTRY/STONE TOP	$228,600
7100	WATERPROOFING	$4,000
7200	INSULATION	$87,630
7500	ROOFING	$78,188
7600	SHEET METAL	$50,800
7900	CAULKING	$28,575
8100	DOORS, FRAMES & HARDWARE	$482,600
8800	GLASS & GLAZING	$381,000
9200	LATH & PLASTER	$265,430
9250	STEEL STUDS & DRYWALL	$730,250
9300	TILE WORK	$184,150
9510	ACOUSTICAL	$63,500
9680	FLOORING	$123,825
9900	PAINTING & WALLCOVERING	$184,150
10800	TOILET PARTITIONS AND ACCESSORIES	$82,550
11420	KITCHEN EQUIPMENT	$212,000
13000	MISCELLANEOUS SPECIALTIES	$330,200
14200	ELEVATORS	$165,000
15300	FIRE SPRINKLERS	$139,700
15400	PLUMBING	$991,870
15800	HVAC	$639,720
16000	ELECTRICAL	$1,329,196
	INSURANCE	$100,436
	FEE	$533,626
	CONTINGENCY (2%)	$224,123
	TOTAL	$11,430,275

NONCONSTRUCTION ELEMENTS		
TELECOMMUNICATIONS	$921	$116,967
CARRYING COSTS	$300,000	$300,000
COMMERCIAL EQUIPMENT/APPLIANCES	$1,236	$156,972
COMPUTER SYSTEMS	$354	$44,958
SUPPLIES	$1,378	$175,006
FURNITURE AND FIXTURES	$13,929	$1,768,983
DESIGN FEES	$3,394	$431,038
TOTAL HOTEL COSTS (EXCLUDING LAND/PERMITS/FEES)		$14,424,199
127 KEYS	$/KEY =	$113,576

Source and Use of Funds Marriott Spring Hill Suites Anaheim I-5 Freeway

Sources	
Founder Equity	$6,185,520.
Subordinated Debt	2,800,000.
Lender First Lien on Assets	12,945,423.
TOTAL SOURCES	**$21,930,943.**
Uses	
Working Capital	1,071,224.
TOTAL WORKING CAPITAL	1,071,224.
Project Cost:	
Land	6,185,520.
Hotel Building Construction Cost	11,430,275.
F.F. & E	1,768,983.
Telecommunications	116,967.
Commercial Equipment/Appliances	156,972.
Design Fees	431,038.
Developer Fee	250,000.
Supplies	175,006.
Computer Systems	44,958.
Carrying Costs during Construction	300,000.
Total Hotel Project Cost	**20,859,719.**
TOTAL USES	**$21,930,943.**
Lender Facility Required:	
First Mortgage Loan (first lien on assets)	12,945,423.
	12,945,423.

Section D

THE PKF MARKET RESEARCH REPORT

ANAHEIM, CA.

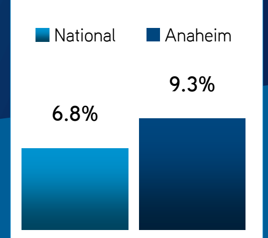
HOTEL HORIZONS®

ECONOMETRIC FORECASTS OF U.S. LODGING MARKETS

DECEMBER 2011 - FEBRUARY 2012 EDITION

PKF HOSPITALITY RESEARCH

RevPAR Snapshot



Next 4 Quarter Forecast

ANAHEIM

REGIONAL ECONOMIC SUMMARY

"Economic activity in the Twelfth District continued to grow at a moderate pace during the reporting period of October through mid-November. Price increases for final goods and services were limited, and upward pressures on wages were subdued overall. Sales of retail items rose further. District manufacturing activity edged up on balance. Sales continued to grow for agricultural producers, and activity expanded for extractors of energy and other natural resources. Demand for residential and nonresidential real estate remained weak on balance. Contacts from financial institutions reported little or no change in overall loan demand.

Demand for business and consumer services was largely stable or slightly improved on balance. Energy utilities noted largely stable demand from businesses and households. Demand for professional services, such as legal services and accounting, also was described as largely unchanged. Providers of health-care services reported that demand softened a bit further, as reflected in a slight decline in inpatient admissions and surgical procedures. Activity in the District's travel and tourism industry picked up: contacts in Hawaii noted an uptick in visitor volumes, reversing the slight decline in the prior period, and contacts in San Diego and Las Vegas reported ongoing increases in hotel occupancy rates."

Federal Reserve Bank Beige Book, November 30, 2011

ANAHEIM: NEXT FOUR QUARTERS

The arrows show the forecast direction of change over the next 4 quarters vs. the previous 4 quarters. Green indicates the change will be above the long run average, and red indicates it will be below.

Occupancy

Occupancy will increase to 72.5%, better than the previous 4 quarters rate of 70.4%, and above the long run average of 67.0%

Average Daily Rate

ADR growth expectations are increasing, 6.2% vs. the past 4 quarters rate of 4.3%, and are above the long run average of 3.0%

Revenue Per Available Room

RevPAR growth proections for the next 4 quarters are falling to 9.3% as compared to the past 4 quarters rate of 10.1%, but are greater than the long run average of 3.1%

Supply* * Red indicates above long-term average

Supply growth is climbing, 0.3% vs. the past 4 quarters' rate of 0.2%, though it is under the long run average of 2.3%

Demand

Forecast demand growth is falling, 3.2% vs. the past 4 quarters' rate of 5.8%, but is greater than the long run average of 2.4%

Source: PKF Hospitality Research

ANAHEIM HOTEL MARKET SUMMARY

By year-end 2011, Anaheim hotels are forecast to see a RevPAR increase of 9.9%. This is the result of an estimated increase in occupancy of 4.6% and a 5.1% gain in average daily room rates ADR. The 9.9% boost in Anaheim RevPAR is better than the national proection of an 8.1% increase.

Leading the way in 2011 RevPAR growth is the upper-priced segment of Anaheim. The properties in this category are forecast to achieve a 5.9% gain in ADR and see a 4.2% increase in occupancy, resulting in a 10.3% RevPAR increase. Lower-priced hotels are proected to experience an ADR growth rate of 3.5%, along with a 5.0% gain in occupancy, resulting in an 8.7% RevPAR increase.

Looking towards 2012, Anaheim RevPAR is expected to grow 8.5%. This is less than the rate of growth in 2011. Prospects for RevPAR growth in the upper-priced segment positive 8.7% are better than in the lower-priced segment positive 7.8%. Anaheim market occupancy levels are expected to range from 71.0% to 75.0% during the 5-year forecast period.

FORECAST SUMMARY

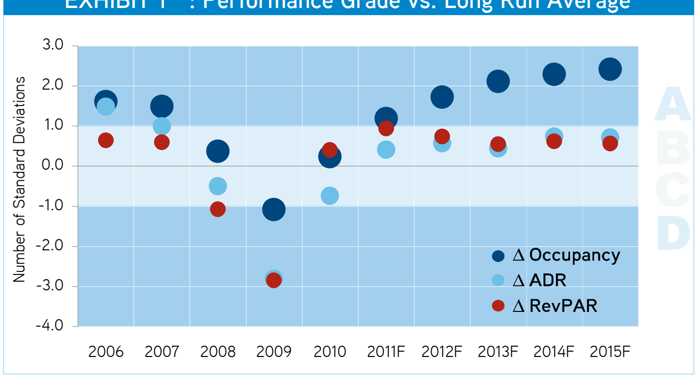
Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2006	72.4%	-2.5%	$113.57	10.5%	$82.17	7.8%
2007	71.9%	-0.6%	$122.70	8.0%	$88.27	7.4%
2008	68.3%	-5.1%	$123.21	0.4%	$84.11	-4.7%
2009	63.5%	-7.0%	$109.15	-11.4%	$69.26	-17.7%
2010	67.8%	6.9%	$108.27	-0.8%	$73.43	6.0%
2011F	71.0%	4.6%	$113.74	5.1%	$80.70	9.9%
2012F	72.7%	2.5%	$120.42	5.9%	$87.55	8.5%
2013F	**74.0%**	**1.8%**	**$126.68**	**5.2%**	**$93.76**	**7.1%**
2014F	**74.6%**	**0.8%**	**$135.22**	**6.7%**	**$100.87**	**7.6%**
2015F	**75.0%**	**0.6%**	**$144.13**	**6.6%**	**$108.12**	**7.2%**

Source: PKF Hospitality Research, Smith Travel Research

Long Run Averages - 1988 to 2010		
Occupancy: 67.0%	Δ ADR: 3.0%	Δ RevPAR: 3.1%

Source: Smith Travel Research

EXHIBIT 1**: Performance Grade vs. Long Run Average



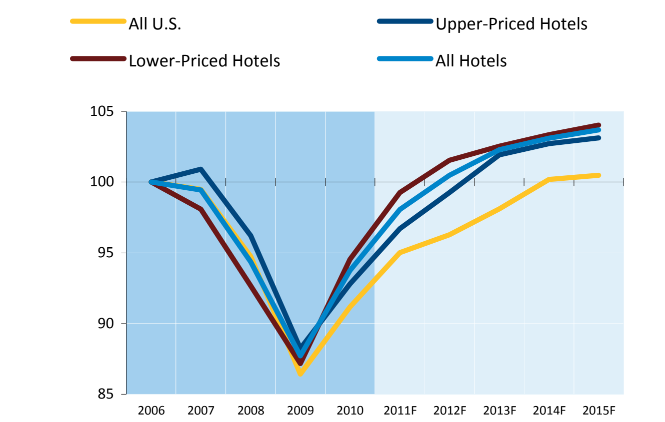
** See Appendix for exhibit descriptions

Source: PKF Hospitality Research, Smith Travel Research

Anaheim Hotel Summary

The graphs on the left illustrate the magnitude of change in performance during the historical and forecasted period 2006 to 2015. Used as a relative benchmark, each market segment is plotted against a common index value of 2006 = 100. This method provides clear insight of how each market segment performed and is expected to perform in relation to others in the specified period. The charts on the right compare near-term historical compound annual growth rates (CAGR) to the CAGRs for the forecast period.

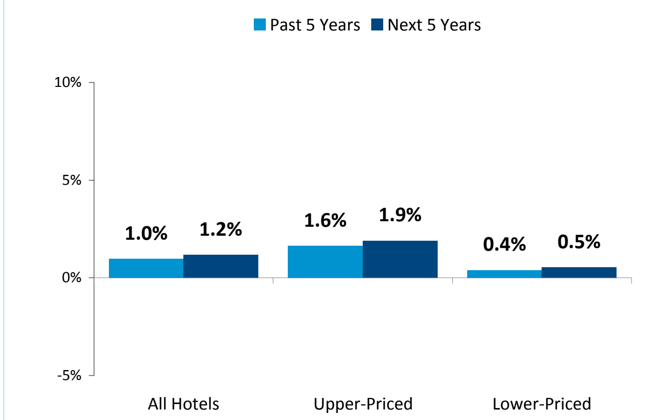
Exhibit 7*: Occupancy Change



Source: PKF Hospitality Research, Smith Travel Research

*See Appendix for exhibit descriptions

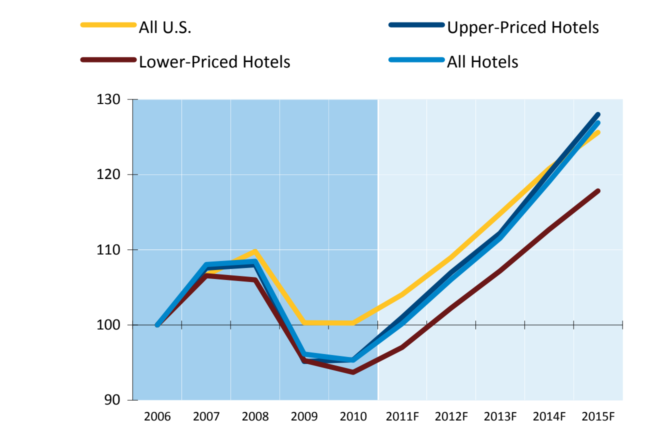
Exhibit 10*: Compound Average Annual Supply Change



Source: PKF Hospitality Research, Smith Travel Research

*See Appendix for exhibit descriptions

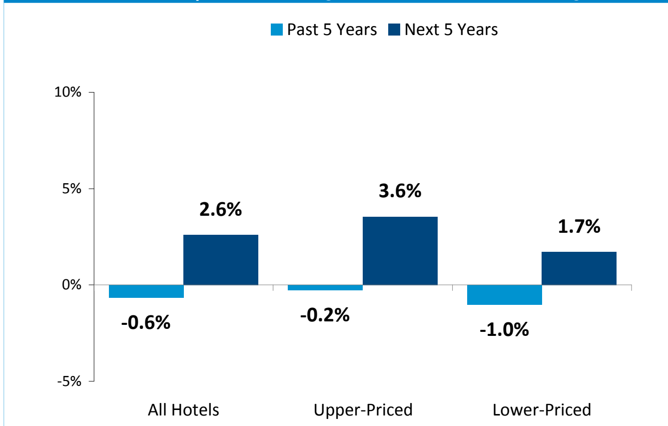
Exhibit 8*: ADR Change



Source: PKF Hospitality Research, Smith Travel Research

*See Appendix for exhibit descriptions

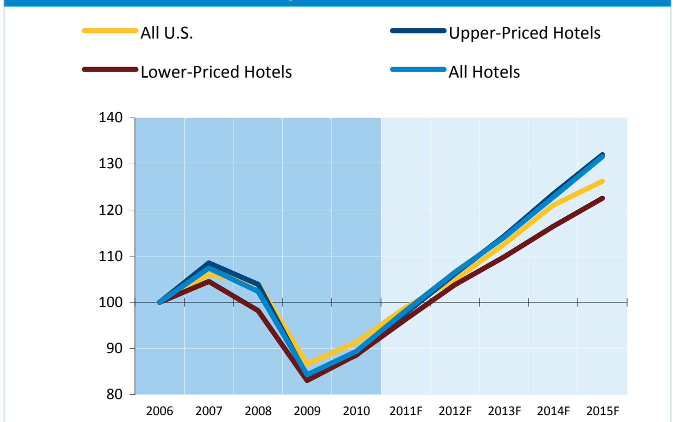
Exhibit 11*: Compound Average Annual Demand Change



Source: PKF Hospitality Research, Smith Travel Research

*See Appendix for exhibit descriptions

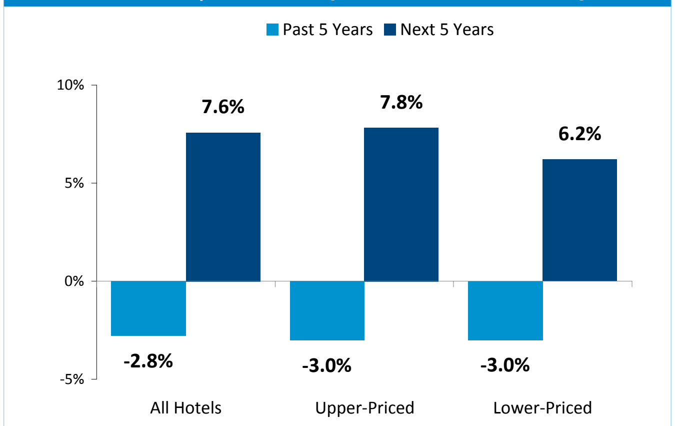
Exhibit 9*: RevPAR Change



Source: PKF Hospitality Research, Smith Travel Research

*See Appendix for exhibit descriptions

Exhibit 12*: Compound Average Annual RevPAR Change



Source: PKF Hospitality Research, Smith Travel Research

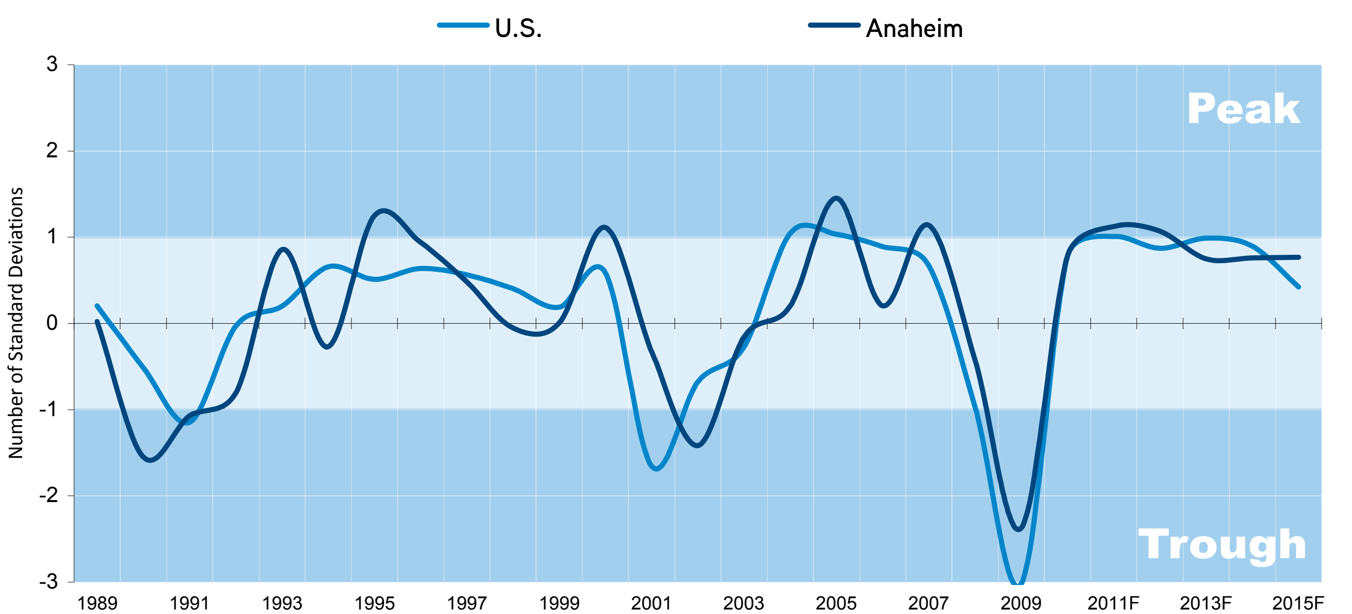
*See Appendix for exhibit descriptions

Anaheim Forecast - All Hotels

Year	Period	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR	Δ Supply	Δ Demand
2006	Annual	72.4%	-2.5%	$113.57	10.5%	$82.17	7.8%	1.4%	-1.1%
2007	Annual	71.9%	-0.6%	$122.70	8.0%	$88.27	7.4%	0.6%	0.0%
2008	Annual	68.3%	-5.1%	$123.21	0.4%	$84.11	-4.7%	0.6%	-4.5%
2009	1	59.6%	-13.2%	$114.02	-9.3%	$67.91	-21.3%	1.5%	-11.9%
2009	2	65.4%	-9.7%	$108.27	-12.3%	$70.85	-20.9%	1.9%	-8.1%
2009	3	69.2%	-4.1%	$111.60	-13.1%	$77.23	-16.6%	1.5%	-2.6%
2009	4	59.6%	-0.5%	$102.50	-9.9%	$61.11	-10.3%	1.7%	1.2%
2009	Annual	63.5%	-7.0%	$109.15	-11.4%	$69.26	-17.7%	1.6%	-5.5%
2010	1	62.4%	4.7%	$105.06	-7.9%	$65.52	-3.5%	1.7%	6.5%
2010	2	70.5%	7.8%	$106.40	-1.7%	$75.04	5.9%	1.3%	9.2%
2010	3	74.3%	7.4%	$115.11	3.1%	$85.52	10.7%	0.8%	8.3%
2010	4	64.1%	7.5%	$105.52	2.9%	$67.62	10.7%	0.2%	7.8%
2010	Annual	67.8%	6.9%	$108.27	-0.8%	$73.43	6.0%	1.0%	8.0%
2011	1	66.3%	6.3%	$110.10	4.8%	$73.01	11.4%	0.1%	6.4%
2011	2	73.6%	4.3%	$111.80	5.1%	$82.25	9.6%	0.2%	4.6%
2011	3	77.7%	4.6%	$120.04	4.3%	$93.26	9.0%	0.3%	4.8%
2011F	*4*	*66.2%*	*3.4%*	*$112.13*	*6.3%*	*$74.26*	*9.8%*	*0.3%*	*3.7%*
2011F	*Annual*	*71.0%*	*4.6%*	*$113.74*	*5.1%*	*$80.70*	*9.9%*	*0.2%*	*4.8%*
2012F	*1*	*69.2%*	*4.4%*	*$119.08*	*8.2%*	*$82.45*	*12.9%*	*0.3%*	*4.7%*
2012F	*2*	*75.4%*	*2.5%*	*$119.08*	*6.5%*	*$89.80*	*9.2%*	*0.2%*	*2.7%*
2012F	*3*	*79.2%*	*1.9%*	*$125.25*	*4.3%*	*$99.20*	*6.4%*	*0.2%*	*2.2%*
2012F	*4*	*67.0%*	*1.1%*	*$117.58*	*4.9%*	*$78.73*	*6.0%*	*0.3%*	*1.4%*
2012F	*Annual*	*72.7%*	*2.5%*	*$120.42*	*5.9%*	*$87.55*	*8.5%*	*0.2%*	*2.7%*
2013F	*Annual*	*74.0%*	*1.8%*	*$126.68*	*5.2%*	*$93.76*	*7.1%*	*0.3%*	*2.1%*
2014F	*Annual*	*74.6%*	*0.8%*	*$135.22*	*6.7%*	*$100.87*	*7.6%*	*1.4%*	*2.2%*
2015F	*Annual*	*75.0%*	*0.6%*	*$144.13*	*6.6%*	*$108.12*	*7.2%*	*2.8%*	*3.4%*

Source: PKF Hospitality Research, Smith Travel Research

Exhibit 13*: Anaheim Standardized Changes in Real RevPAR Movements Over Time



Source: PKF Hospitality Research, Smith Travel Research

*See Appendix for exhibit description

Anaheim Forecast - Upper-Priced Hotels

Year	Period	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR	Δ Supply	Δ Demand
2006	Annual	73.6%	-2.6%	$157.38	11.0%	$115.89	8.0%	2.8%	0.1%
2007	Annual	74.3%	0.9%	$169.30	7.6%	$125.80	8.5%	1.4%	2.3%
2008	Annual	70.9%	-4.7%	$169.98	0.4%	$120.43	-4.3%	1.1%	-3.6%
2009	1	60.7%	-15.7%	$157.51	-8.9%	$95.63	-23.2%	3.0%	-13.2%
2009	2	66.4%	-11.5%	$148.05	-13.3%	$98.34	-23.3%	3.5%	-8.4%
2009	3	71.7%	-3.7%	$152.15	-14.4%	$109.09	-17.5%	2.1%	-1.6%
2009	4	61.0%	-1.6%	$141.21	-9.8%	$86.20	-11.2%	2.1%	0.5%
2009	Annual	65.0%	-8.3%	$149.75	-11.9%	$97.29	-19.2%	2.7%	-5.8%
2010	1	63.1%	4.0%	$145.38	-7.7%	$91.77	-4.0%	2.1%	6.2%
2010	2	71.7%	7.9%	$146.14	-1.3%	$104.73	6.5%	1.8%	9.8%
2010	3	74.9%	4.5%	$159.98	5.1%	$119.82	9.8%	1.4%	5.9%
2010	4	63.7%	4.3%	$147.60	4.5%	$93.98	9.0%	0.6%	4.9%
2010	Annual	68.3%	5.2%	$150.10	0.2%	$102.58	5.4%	1.4%	6.7%
2011	1	67.0%	6.1%	$153.97	5.9%	$103.13	12.4%	0.2%	6.3%
2011	2	73.6%	2.6%	$155.48	6.4%	$114.37	9.2%	0.5%	3.2%
2011	3	78.4%	4.7%	$167.62	4.8%	$131.49	9.7%	0.6%	5.3%
2011F	4	65.8%	3.4%	$157.54	6.7%	$103.74	10.4%	0.7%	4.1%
2011F	Annual	71.2%	4.2%	$158.96	5.9%	$113.20	10.3%	0.5%	4.7%
2012F	1	70.2%	4.8%	$165.98	7.8%	$116.51	13.0%	0.7%	5.5%
2012F	2	75.4%	2.5%	$166.52	7.1%	$125.55	9.8%	0.3%	2.8%
2012F	3	79.4%	1.2%	$175.67	4.8%	$139.46	6.1%	0.4%	1.6%
2012F	4	67.4%	2.4%	$164.16	4.2%	$110.69	6.7%	0.5%	2.9%
2012F	Annual	73.1%	2.7%	$168.33	5.9%	$123.05	8.7%	0.5%	3.1%
2013F	Annual	75.1%	2.7%	$176.60	4.9%	$132.55	7.7%	0.3%	3.0%
2014F	Annual	75.6%	0.8%	$189.19	7.1%	$143.10	8.0%	2.1%	2.9%
2015F	Annual	75.9%	0.4%	$201.45	6.5%	$152.98	6.9%	4.8%	5.2%

Source: PKF Hospitality Research, Smith Travel Research

Anaheim Financial Benchmarks* - Limited-Service Hotels

Limited-Service Hotels - Percent of Total Revenue - 2010			
Financial Line Item	Mountain / Pacific Region	ADR Between $70 & $100†	Under 100 Rooms‡
Rooms Revenue	96.4%	97.0%	98.5%
Food and Beverage Revenue	0.0%	0.0%	0.0%
Total Departmental Expenses	27.5%	26.2%	29.6%
Total Departmental Income	72.5%	73.8%	70.4%
Total Undistributed Expenses	26.3%	28.9%	30.8%
Gross Operating Profit	46.2%	44.9%	39.6%
Management Fees, Property Taxes, and Insurance	8.8%	9.2%	10.0%
Net Operating Income**	37.4%	35.6%	29.6%

*Data from 2011 "Trends® in the Hotel Industry" report

**Before deductions for capital reserves, rent, interest, income taxes, depreciation, and amortization.

Source: PKF Hospitality Research

† Anaheim Upper-Price Average ADR: $150.10

‡ Anaheim Upper-Price Average Size: 251 Rooms

Anaheim Market Profile

Total Room Supply: 53,697

Anaheim Top Brands

Upper-Priced Brands	Properties	Rooms	% Market	Lower-Priced Brands	Properties	Rooms	% Market
Marriott	8	3,527	6.6%	Motel 6	11	1,553	2.9%
Hilton	5	2,869	5.3%	Best Western Plus	12	1,424	2.7%
Hyatt	4	2,109	3.9%	Holiday Inn	8	1,313	2.4%
Embassy Suites	5	1,418	2.6%	Ayres	8	1,111	2.1%
Doubletree	5	1,409	2.6%	Fairfield Inn	5	1,045	1.9%

Source: Smith Travel Research

Anaheim Supply Pipeline

	Upper-Priced			Lower-Priced			Unclassified / Independent		
Phase	Properties	Rooms	% Market	Properties	Rooms	% Market	Properties	Rooms	% Market
Pre-Planning	1	600	1.1%	0	0	0.0%	1	400	0.7%
Planning	4	682	1.3%	0	0	0.0%	4	949	1.8%
Final Planning	0	0	0.0%	0	0	0.0%	1	192	0.4%
In Construction	1	130	0.2%	1	19	0.0%	0	0	0.0%
Total	6	1,412	2.6%	1	19	0.0%	6	1,541	2.9%

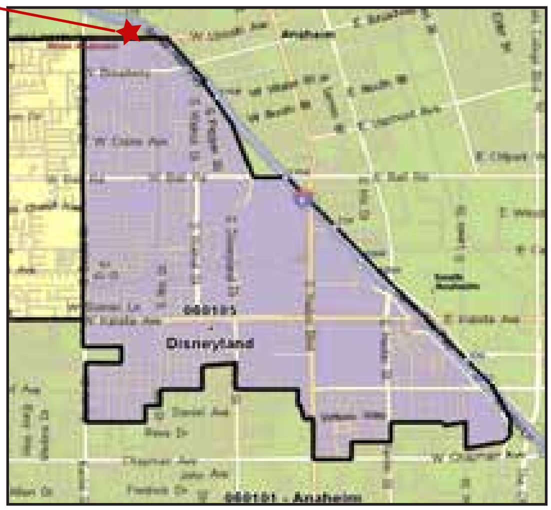
Source: Dodge / TWR / STR / PKF-HR

Pipeline Status Definitions

Phase	Definition
Pre-Planning	No architect has been selected
Planning	An architect or engineer has been selected for the project and plans are underway. Initial approvals have usually been granted.
Final Planning	The project will go out for bids, or construction will start within 4 months.
In Construction	Ground has been broken or the owner is finalizing bids on the prime (general) contract.

Source: Dodge / TWR / STR

Hotel Site



Source: Smith Travel Research

Submarket Profile - Disneyland

Total Rooms: 14,661

Hotels located in or near Disneyland (zip code 92802).

Submarket Rank*

4

Out of 5

*Based on RevPAR change over the last 4 quarters.

Submarket Penetration*

116%

*Submarket RevPAR penetration expressed as a percentage of the market RevPAR for the previous 4 quarters. Direction of arrow indicates if penetration is increasing or decreasing relative to one year ago's performance.

Disneyland Submarket Inventory

Upper-Priced	Properties	Rooms	% Submkt.	Lower-Priced	Properties	Rooms	% Submkt.
Inventory	14	7,168	48.9%	Inventory	57	7,493	51.1%
Upper-Priced Brands by Share	**Properties**	**Rooms**	**% Submkt.**	**Lower-Priced Brands By Share**	**Properties**	**Rooms**	**% Submkt.**
Hilton	1	1,572	10.7%	Best Western Plus	5	782	5.3%
Marriott	1	1,030	7.0%	Holiday Inn	2	519	3.5%
Sheraton Hotel	2	979	6.7%	Fairfield Inn	1	467	3.2%

Source: Smith Travel Research

Disneyland Construction Pipeline

	Upper-Priced			Lower-Priced			Unclassified / Independent		
Phase	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.	Properties	Rooms	% Submkt.
Pre-Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
Planning	1	142	1.0%	0	0	0.0%	1	252	1.7%
Final Planning	0	0	0.0%	0	0	0.0%	0	0	0.0%
In Construction	0	0	0.0%	0	0	0.0%	0	0	0.0%
Total	1	142	1.0%	0	0	0.0%	1	252	1.7%

Source: Dodge / TWR / STR / PKF-HR

Disneyland Performance - All Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2006	74.0%	-3.3%	$119.35	9.0%	$88.32	5.4%
2007	74.9%	1.2%	$129.98	8.9%	$97.34	10.2%
2008	71.8%	-4.1%	$133.45	2.7%	$95.82	-1.6%
2009	68.2%	-5.0%	$122.30	-8.4%	$83.46	-12.9%
2010	70.6%	3.5%	$122.60	0.2%	$86.61	3.8%
3Q10 YTD	71.0%	2.7%	$121.95	-0.8%	$86.62	1.9%
3Q11 YTD	73.1%	3.0%	$128.02	5.0%	$93.64	8.1%

All Hotels Penetration vs. Market Total

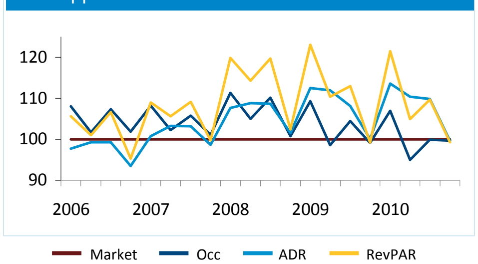
Year	Occ	ADR	RevPAR
2006	102.3%	105.1%	107.5%
2007	104.1%	105.9%	110.3%
2008	105.2%	108.3%	113.9%
2009	107.5%	112.0%	120.5%
2010	104.2%	113.2%	118.0%
3Q10 YTD	102.8%	111.8%	114.9%
3Q11 YTD	100.9%	112.1%	113.0%

Source: Smith Travel Research

Disneyland Performance - Upper-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2006	76.9%	-3.3%	$152.45	8.5%	$117.24	5.0%
2007	77.8%	1.2%	$165.99	8.9%	$129.19	10.2%
2008	74.3%	-4.5%	$174.81	5.3%	$129.91	0.6%
2009	69.0%	-7.2%	$161.12	-7.8%	$111.15	-14.4%
2010	69.9%	1.3%	$162.00	0.6%	$113.21	1.9%
3Q10 YTD	70.5%	1.0%	$160.16	-1.0%	$112.90	0.0%
3Q11 YTD	71.8%	1.9%	$169.16	5.6%	$121.52	7.6%

Upper-Priced Penetration vs. Market Total

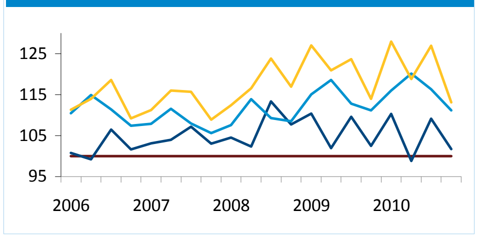


Disneyland Performance - Lower-Priced Hotels

Year	Occ	Δ Occ	ADR	Δ ADR	RevPAR	Δ RevPAR
2006	71.0%	-3.5%	$82.50	8.2%	$58.60	4.4%
2007	71.7%	1.0%	$88.09	6.8%	$63.19	7.8%
2008	69.1%	-3.7%	$85.86	-2.5%	$59.34	-6.1%
2009	67.4%	-2.4%	$79.46	-7.5%	$53.59	-9.7%
2010	71.5%	6.0%	$80.25	1.0%	$57.37	7.1%
3Q10 YTD	71.6%	4.6%	$80.62	0.2%	$57.74	4.9%
3Q11 YTD	74.6%	4.1%	$84.42	4.7%	$62.96	9.0%

Source: Smith Travel Research

Lower-Priced Penetration vs. Market Total



Source: Smith Travel Research

Market Segments - Representative Brands

UPPER PRICED			LOWER PRICED		
Fairmont	Embassy Suites	Courtyard by Marriott	Best Western Plus	Best Western	Days Inn
Four Seasons	Hilton	Crowne Plaza	Comfort Inn	Country Inn & Suites	Econo Lodge
Loews	Hyatt	Hyatt Place	Hampton Inn	La Quinta	Extended Stay America
Ritz Carlton	Marriott	Radisson	Holiday Inn	Mainstay Suites	Red Roof
W Hotels	Westin	Residence Inn	TownePlace Suites	Quality Inn	Value Place

Exhibit Definitions

Exhibit 1	Occupancy levels, ADR change and RevPAR change are plotted on a fixed "grade" scale. Measured as current value minus the mean, divided by the series' standard deviation. Grades: A: Very strong, greater than one standard deviation above long run average. B: Strong, within one standard deviation above long run average C: Somewhat weak, within one standard deviation below long run average. D: Weak, below one standard deviation of the long run average.
Exhibits 2 - 5	Year over year change in Income, Employment, RevPAR and Demand, displayed as annual (Exhibits 2 and 3) and quarterly (Exhibits 4 and 5).
Exhibit 6	Average annual Employment, Consumer Price Index, Gross Domestic Product, and Real Personal Income change for the MSA.
Exhibits 7 - 9	Index based change charts with base year 2006 = 100. These exhibits illustrate the magnitude of change.
Exhibits 10 - 12	Compound average annual RevPAR, Demand and Supply change for Upper Priced, Lower Priced, and combined (All) hotels within the MSA.
Exhibit 13	Real RevPAR change (inflation adjusted, CPI) of the current period minus the historical mean of Real RevPAR change, divided by the historical standard deviation of Real RevPAR change.

Financial Benchmarks

The financial benchmarks come from the 2011 edition (2010 data) of *Trends® in the Hotel Industry*. *Trends®* is PKF Hospitality Research's annual analysis of hotel financial statements received from thousands of properties located across the nation. These data serve as financial performance benchmarks for hotels within the designated market. The average room count, occupancy, and ADR of upper-priced hotels were used to analyze the performance of full-service hotels. The average room count, occupancy, and ADR of lower-priced hotels were used to analyze the performance of limited-service hotels. For a more in-depth report with a custom comparable set designed for your individual property, see our PKF-HR Benchmarker℠ service. (www.pkfc.com/benchmarker)

Forecasting Method

Wikipedia defines 'forecasting' as:

> *"the process of estimation in unknown situations. Prediction is a similar, but more general term, and usually refers to estimation of time series, cross-sectional or longitudinal data. In more recent years, forecasting has evolved into the practice of demand planning in every day business forecasting for manufacturing companies. The discipline of demand planning, also sometimes referred to as supply chain forecasting, embraces both statistical forecasting and consensus process...(emphasis added)"*

Consistent with this definition, PKF Hospitality Research prepares forecasts of the hotel markets in the U.S. based on generally accepted econometric procedures and sound judgment regarding fundamental relationships between the economic and behavioral market indicators and hotel financial performance, relationships that PKF has tracked for over 70 years.

The Econometric Component

Econometric forecasting represents one of the most sophisticated approaches to gaining insights about future economic activity. Unlike some forecasting methods used in business practice, the models that underlie econometric forecasts rely on historical relationships, similar to statistical correlations, between economic variables. The data for measuring these variables come from actual market transactions involving individuals and firms interacting in the economy. Moreover, these economic variables allowed to enter econometric models have conceptual linkages to economic theory.

Positive Features of an Econometric Model

1. The variables included in the models follow from economic theory.
2. The relationships between economic variables are estimated with advanced statistical methods.
3. The forecasts developed with econometric models are more objective than forecasts purely based on judgmental approaches

Gaining insight to the future of complicated economic environments requires the introduction of multidimensional forecasting models. Thus, several equations often need to be identified and estimated to model complex economic conditions, as in the national economy. Multi-equation models have considerable appeal for economic forecasting because they explicitly recognize the interdependence of relationships commonly encountered in business and economics. The best examples of this type of model are demand and supply models, in which prices of goods are set by the interaction of buyers and sellers in the market. Thus, price appears as a variable in both the demand and supply equations.

The Equations

The *Hotel Horizons®* econometric forecasting models, because they represent an entire sector of the national and MSA economies, fall into the category of multi-equation, demand and supply models. These models have a general structure as defined below, but vary in their form for particular market applications:

1. Demand (the number of rooms occupied - accommodated demand) is the dependent variable in this equation, and equals either Gross Domestic (Metropolitan) Product, Real Personal Income, or Total Employment, which serve as the main independent variable, along with the lagged changes in any of these variables and the lagged demand from the prior year (different numbers of lags are used for independent variables based upon statistical significance).

2. Supply Change (change in the number of rooms available) is the dependent variable, equals ADR and Occupancy, which serve as the main independent variables along with the change in supply from the prior period (different numbers of lags are used for independent variables based upon statistical significance).

3. ADR (Real) is the dependent variable, equals Occupancy, which is the main independent variable along with ADR from the prior period (different numbers of lags are used for independent variables based upon statistical significance). ADR is represented as nominal in the preceding report.

These equations are estimated with ordinary least squares in a non-simultaneous fashion using data from Smith Travel Research and Moody's Analytics dating back to the late 1980s. The parameters (coefficients on each variable) then are used to forecast demand, supply change, and ADR by multiplying the parameters with Moody's Analytics forecast of the economic variables and relevant previously estimated values (lagged variables). Two additional calculations are made with these results as follows:

1. The Supply Change is added to the previous period number of rooms available to produce a rooms available level in future periods.

2. Number of rooms sold is divided by number of rooms available to obtain occupancy percent in each future period.

The Judgmental Component

The econometric model predicts future room supply in small increments (e.g., 100 rooms per quarter). In reality, rooms enter the market in large blocks (e.g., 1000 rooms) as new hotels are placed in service. When it becomes apparent that a new hotel(s) will be placed in service within the next 18 months, the modeled supply change will be manually adjusted to account for the opening of the new hotel(s). The reverse also is true when it become apparent that a hotel (s) will be taken out of service (e.g., demolished or converted to an alternative use).

Finally, a committee of hotel experts from PKF Hospitality Research performs a thorough review of each model prediction. In the spirit of forecasting described above in the Wikipedia definition, this committee modifies predictions from the model when there is compelling evidence that factors have come into play in a market which the model could not possibly foresee. In the extreme case, a Katrina-style event causes the Committee's forecast to differ noticeably from the model's prediction. In most instances, however, the committee either defers to the model's prediction or makes modest adjustments.

Glossary of Terms

ADR	Average Daily Rate - rooms revenue divided by paid rooms occupied.
Occupancy	Paid rooms occupied divided by available rooms.
RevPAR	Revenue per Available Room - rooms revenue divided by available rooms.
Supply	Average daily room nights available per quarter, represented as a change over previous year, same quarter except where noted annually.
Demand	(Accommodated Demand) Average daily room nights occupied per quarter, represented as a change over previous year, same quarter except where noted annually.
LRA	Long Run Average - Annual average from 1988 to 2010
Penetration	Market area (or sub-market area) measurement as a percent of national (or market area) measurement.
Standard Deviation	The plotting of a normal data series and how far each individual data point lies from the mean: 68.2% of the series will fall within 1 standard deviation, 95.4% of all data points will fall within 2 standard deviations, and 99.7% falling within 3 standard deviations of the mean.

Section E
THE ARCHITECT

GENE FONG
ASSOCIATES

ARCHITECTURE ▪ PLANNING ▪ INTERIORS
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310 ▪ 209 ▪ 7520   310 ▪ 209 ▪ 7516 FAX

ARCHITECTURE

INTERNATIONAL WEST RESORT SITE C

GardenGroveCalifornia

The site will consist of a 15-story, 350 room full service hotel and dual 9-story limited service hotels, totaling 220 rooms. The dual hotels offer two separate check-in desks and lodging/dining areas. The shared areas include meeting rooms, business center, pool, and fitness center. In addition, there will be approximately 10,000 sf of restaurant/retail space and a 9-story, 750 stall parking structure.

ARCHITECTURE

MARRIOTT SPRINGHILL SUITES

AnaheimCalifornia

A 4-story, 120 guest room hotel designed using the latest Gen 4 SpringHill Suites prototype. Located within the Disneyland Resort district.

COURTYARD BY MARRIOTT

SantaAna California

Marriott's next generation hotel. This 4-story, 155 room Courtyard will have a 4,000 s.f. meeting facility and will be built on a 2.8 acre site.

ARCHITECTURE

FOUR SEASONS - BEVERLY HILLS

BeverlyHills California

Completed while associated with GWA

A 16-story, 286-room, 98-suite, five star hotel offering both the elegance of a great European manor house, and the ease of Southern California. Step-out balconies from all guestrooms and suites take full advantage of the chic surroundings.

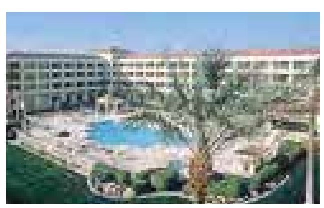
ARCHITECTURE

DOUBLETREE HOTEL

CityofOrangeCalifornia

A 20-story, 454-room, four star hotel offering six executive class floors with full amenities, 12,000 S.F. of ballroom and meeting rooms, a 24 hour business center, a fitness center and well-lit tennis courts, as well as a cafe and fine dining restaurants.

ARCHITECTURE



DESERT PRINCESS RESORT

PalmSprings California

Nestled amid the beautiful San Jacinto Mountains this is a 300 room, four star hotel with rental condominiums. It is also just minutes from Palm Springs Regional Airport.

Gene L. Fong, AIA
President

As a practicing architect in Southern California for over thirty five years, Gene Fong has had the opportunity to work on every kind of project – from highly personalized custom residences to grand scale international projects that include office towers, hotels and urban design. During these years of gathering and gaining a broad spectrum of experience, one principle has always guided his practice – maintain close contact with the client and keep a hands-on approach through all phases of a project. A respect for communication and the collaborative process has enabled Mr. Fong to build an architectural practice where colleagues and clients can create ideal environments under optimum conditions.

Mr. Fong has overseen the design of such impressive projects as the 25 story Pan Pacific Plaza office tower in Honolulu, as well as steadily expanding the firm's hotel and resort projects over the course of the last ten years. Mr. Fong has recently completed such high profile projects as the Sheraton Spring Resort and Spa, a 320 room hotel with a 24,000 square foot conference and business center in Cathedral City, California, and several Marriott projects including two Courtyard projects in San Jose (5-story 160 room) and Santa Ana, California (4 -story 156 room), the Marriott Residence Inn, a 4-story 126 room project in Palm Springs and the 4-story 122 room Hyatt Summer Field Suites in Rancho Cucamonga. Earlier work includes the 350-room Four Seasons Hotel in Beverly Hills, and the Newport Beach 440-room Fairmont Hotel. Currently, Mr. Fong is working on the Hilton Embassy Suites in Palmdale and Ontario. Of special interest in this genre, are conference centers, golf clubhouses and community centers.

Among many other Southern California projects, Mr. Fong has designed custom homes and estates, which have allowed him to express a more private and singular approach to providing spaces for living. As the practice has evolved, his interest in how architecture impacts a community and the environment, have become a top priority in his approach to design. Lakewood Park, located in one of Jakarta's prime national forests, consists of a Shopping Mall, a Theme Park, a new Scout Center and a Business Park. All areas face the magnificent lake and connect people and buildings to nature. Lakewood Park is the community of the future – the ideal template for other communities to follow. Not only does the project utilize eco-friendly building features – but perhaps more importantly, project architects are already grappling with extreme climate demands. There are plans to develop single family homes and other civic buildings and this development will solve some of the toughest environmental issues facing developers and builders today. buildings and this development will solve some of the toughest environmental issues facing developers and builders today.

Prior to founding Gene Fong Associates, Mr. Fong served as Executive Vice President and Director of Design for Gin Wong Associates and was responsible for establishing their international division, Gin Wong Associates International. During his 20 years with Gin Wong Associates, he oversaw the design of many landmark projects such as the 24-story Chase Plaza, in the heart of the bustling Jakarta business district and luxury condominiums in Singapore – the Ardmore Park Condominiums. Experience in these exotic locales set the stage for his later accomplishments and garnered many trusted business relationships with colleagues around the world.

Mr. Fong is a registered architect in the States of California, Nevada, Colorado, Arizona and Texas and is certified by the National Council of Architectural Registration Boards. He is an active member of the American Institute of Architects, the Asian American Architects/Engineers Association and the Urban Land Institute. He has played a role in the civic and professional life of the city, having served in numerous professional associations and committees.

Mr. Fong received a Bachelor of Architecture degree, graduating with high honors, from the School of Architecture and Environmental Design at California Polytechnic State University in San Luis Obispo, where he has served as guest lecturer for several years. He received the Architectural Excellence Award from the Southern California Exposition in 1968.

Randolph M. Itaya, AIA
Associate - Executive Architect

With over twenty years of experience as an architecture and planning professional, Randolph Itaya has a thorough understanding of project development and has been a key team member on many Gene Fong Associates projects. His experience with high and low rise office buildings, hotels, condominiums, custom residences and commercial interiors enables him to manage projects from inception through completion, efficiently and expertly. Coordinating the work of numerous GFA team members, as well as outside consultants, Mr. Itaya has developed a style of administration that consistently meets every project milestone with ease and precision.

As Executive Architect, Mr. Itaya is currently working on several of the many hotel projects which have become GFA's main focus for domestic work. The Courtyard Marriott in Santa Ana, California (4-story, 156 room) and the Hampton Inn & Suites, Murrieta, California (4-story, 106 room), as well as the Hyatt Summerfield Suites, in Rancho Cucamonga, California (4-story, 122 room) are among the high-profile projects recently completed. Other California projects include the Marriott Residence Inn, a 3-story, 140 room project in Goleta. In addition, Mr. Itaya is working on the Hammer Museum renovation, located near the GFA offices in Westwood. Since taking on executive architect responsibilities, Mr. Itaya's excellent team building skills have helped not only the hospitality, but all projects run smoothly.

Past projects with GFA include KKS Moffett, a 100,000 square foot office building, in Sunnyvale, California, a 200 room Embassy Suites Hotel in Carlsbad, California, Valley Tower, a 240,000 square foot office building and parking structure in Modesto, and the renovation and remodel of a three story office building for Burbank Water and Power. He was also responsible for the exterior facade renovation of the tower for St. John's Imaging Center in Santa Monica, lobby and common area remodels for several high-rise office buildings, several 8,000 to 9,000 square foot new custom residences in the Calabasas area, tenant improvements for Occidental Petroleum Corporation, and retail projects for the new Farmer's Market development in Los Angeles.

Prior to joining Gene Fong Associates, Mr. Itaya cultivated a diverse background in architecture. He has been a staff member of such nationally recognized architectural firms such as Gin Wong Associates, and Langdon Wilson Mumper Architects, as well as the local firms of Togawa & Smith Architects, and the Carlson/Marshall Partnership.

Mr. Itaya has been on the production teams of such notable projects as the Michael Graves Hyatt Hotel/office building and health club in La Jolla, California; and Ceasar Pelli's Citicorp Plaza high-rise office building in downtown Los Angeles. He also played a key role in the conceptual design of the Lake Sherwood Country Club Estates tract of luxury custom homes ranging in size from 7,000 to 10,000 square feet in Lake Sherwood, California. Other accomplishments include project management for the Union Center for the Arts, a historic renovation project in downtown Los Angeles; and Homestead Village, a national chain of extended stay business suites in numerous locations across the United States.

Mr. Itaya is a licensed Architect in the State of California and is an alumnus of the University of California at Berkeley with a Bachelor of Arts Degree in Architecture. He is an active member of the American Institute of Architects.

Ernie Abrigo
Associate - Project Manager

Mr. Abrigo has more than 30 years of experience in the architectural services field and has worked on a wide variety of projects such as high-rise office buildings, retail complexes, hospitality and medical and institutional projects. With his broad spectrum experience in all phases of a project from schematic design to construction administration, Mr. Abrigo is a valuable core team member. In addition, his extensive knowledge of city procedures, building codes and compliance issues and strong leadership skills make him a colleague the entire team can rely on for accurate and complete architectural drawings.

Currently, Mr. Abrigo is working on several high-profile GFA projects – the 7 story 150 room Embassy Suites Hotel in Palmdale, the 175 room 8 story Embassy Suites in Ontario and the 92 room Hilton Garden Inn at Big Bear Lake. He is also involved in the schematic design phase of an interesting mixed use project that combines a church and office park, a 10,000 sf custom home in Beverly Hills and two international projects – the Simatupang Office Park and Central Park Office Towers in Jakarta.

Prior to joining Gene Fong Associates, Mr. Abrigo worked with two notable firms – Gin Wong Associates and Skidmore, Owings and Merrill. Past projects include the Hyatt Regency 500 room, five star flagship hotel which was designed and built for Korean Air and is located in the center of Seoul's new international airport, the Shilla Hotel a five-star landmark hotel in downtown Seoul, interior design for the Geojedo Hotel, a 120 room five-star boutique hotel, The Stouffer Concourse – a 12 story 750 room airport hotel that featured restaurants, conference centers, ballrooms and meeting rooms.

In addition to hospitality projects, Mr. Abrigo has extensive experience with office building developments such as the Great Western Bank Headquarters – a 10 story 233,000 sf corporate tower, a 92,000 sf Employee Center, a child care center, four level parking structure and a 4 story 330,000 sf operations center and parking structure. Other projects include the Auto Club's administrative offices expansion program, a 4-story 253,000 sf building and entry pavilion which connected to other existing buildings on the campus, as well as interior upgrades and renovation totaling 250,000 sf.

Mr. Abrigo holds a Bachelor of Science in Architecture degree, from University of Santo Tomas.

Michael J. Labasan
Associate AIA - Director of Design

Twenty five years in the architectural industry has provided Mr. Labasan with a variety of experience in the United States, Japan and Southeast Asia. Encompassing the full scope of architectural and interior services – from initial planning stages through the design, technical and construction phases, on such projects types as office buildings, hotels, multi-family housing, retail and mixed use developments have kept Mr. Labasan's design skills finely honed.

Of particular noted projects, the City of Palmdale Convention Center, Embassy Suites in Ontario and Palmdale, and numerous Hilton and Marriott branded hotel that are located all along the west coast from San Diego, California and up to Portland, Oregon – keeping GFA Architects on the fore front of hospitality design. In another direction, international projects like Lakewood Park, located in one of Jakarta's prime national forests, boasts some of the latest developments in eco friendly design. This destination/entertainment and business park project not only tackles the demands of extreme climate conditions from efficient energy use to natural features that help mitigate heat and humidity, but it is also an attempt to immerse all users of this vast and differing complex in the experience of the magnificent lake and nature. Other projects internationally were The Riverwalk and Eastlake Residence in Warri, Nigeria, Century City in HCMC, Vietnam. The Jakarta residence, Peak Condominiums, Central Park Office Towers are also receiving the benefit of his dedication to building a modern Jakarta with respect for the past and regard for the environment.

Mr. Labasan's past projects include the 350 room Four Seasons Hotel in Beverly Hills, St. John's Imaging Center in Santa Monica, California, Valley Tower, a 240,000 square foot office building and parking structure in Modesto, California, the Pan Pacific Plaza in Hawaii, master planning for the 30 acre Hyundai Corporate America complex, Vision City project in Phnom Penh, Cambodia -- a 3.5 million square foot mixed use project, comprised of two 30 story condominium complexes, one 35 story and three 24 story and office towers and a 650,000 square foot shopping center.

In Japan, projects included the Valley Spring Hotel in Osaka, Nihon Fukushi Daigaku University Campus in Honda City and the San Pian Shopping Center in Kumamoto. Additionally, Mr. Labasan worked on many interiors projects – the Umeda City Sky Restaurant, the Minami Sports Store, Kintetsu Department Store and several high end residences. His Malaysia projects include a 2 million square foot commercial development at The Mines Resort City, the British Petroleum Solar Headquarters, a 35 acre Mini Back Lot Theme Park to support Malaysia's Entertainment Village and numerous public listed companies HQ throughout Malaysia. Other international work includes 35,000 square feet of commercial retail space for The Frankfurt Airport Link Center in Frankfurt, Germany and interior design for the Inha University Jungseok Library in Korea. Closer to home, was the designer for the nonprofit organization, Midnight Mission in downtown Los Angeles.

Prior to joining GFA, as a senior associate at Callison, he has work on multi mixed projects as Gardenwalk Anaheim, City Creek Center, Salt Lake City, all mixed use retail, residential and office development. In Sacramento, help reposition the Westfield downtown mall as a open lifestyle center, consisting of hotels, condominiums, offices, and new big box retail tenants. Other notable projects was San Diego Mixed-use with the Loews Hotel and in New York, the Kingsbridge Armory .

Mr. Labasan holds a Bachelor of Architecture degree from California Polytechnic University in Pomona, California, member of the American Institute of Architects, and has won numerous AIA and international design awards and has been published in numerous international publication for such projects as – Umeda Sky Restaurant, Kintetsu Department Store, Nihon Fukushi. Pan Pacific Plaza, to name a few.

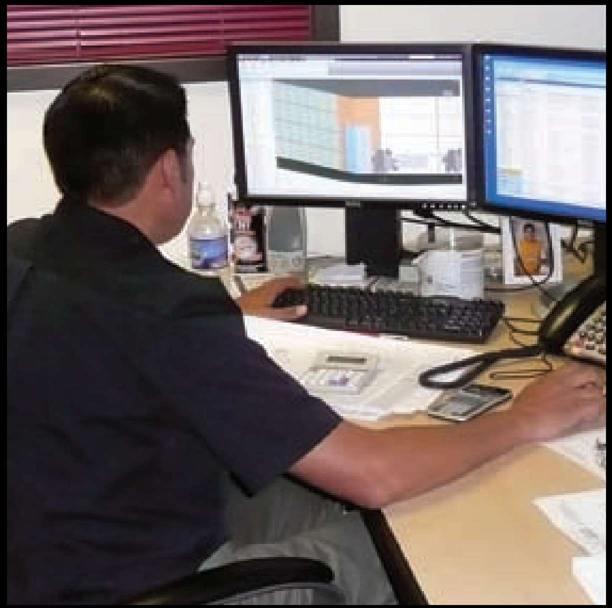
Section F

THE BUILDER

LUSARDI
CONSTRUCTION COMPANY

Lusardi Builds...

Success starts with the right team




We could start by talking about our senior executives. Combined, they have over 130 years of experience in construction.

We could talk about our history. It spans over 50 years of meeting challenges, finding solutions, and delivering great results.

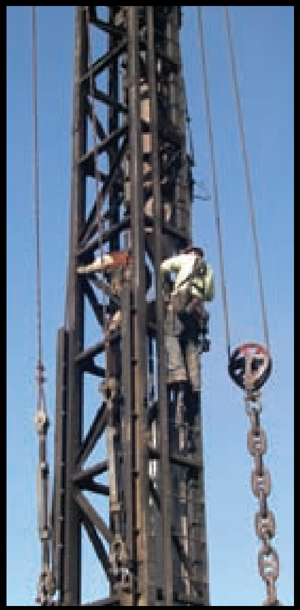
We could even talk about our financial stability. Lusardi has no bank debt and maintains a positive cash flow, so work stays on-schedule.

Instead we would rather start by talking about our team, meaning *all* our people. Because, ultimately, the success of your project depends on every person here. The Lusardi-trained executives, superintendents, project managers, skilled craftsmen, laborers digging the footings, and people scheduling the deliveries. Everyone is important, doing important work

Our Mission Statement:

"This company is comprised of hard-working individuals with a lot of God-given talent. It is our intent and responsibility to use it to be the best that we can be, and to provide our clients with the best services the industry has to offer."

Our hard-working, talented individuals are truly the ones who make Lusardi, and your project, a success.

"Lusardi approaches each project with a passion for not only completing it on schedule, but building it using the best possible methods. They truly act more as a partner than a contractor."
–Marc R. Perlman, President, Marker Company, Inc.

LUSARDI
CONSTRUCTION COMPANY

Our specialty is diversity

Although it's something of an industry standard to present work categorized by project type, that doesn't really tell you anything about our capabilities.

For instance, you might not be interested in the fact that we've built federal courthouses. However, you may be very interested in how the design and construction worked hand-in-hand to address the conflicting demands of accessibility and security.

You might not be building a hospital. But maybe you're dealing with similar challenges in building in redundant power systems, flexible corridors, or sterile work environments.

Our schools demonstrate our sensitivity to our children's needs and budget constraints – and how we develop innovative solutions that meet the requirements of both.

Smart thinking and solid craftsmanship transcend categorization by project type. We deliver them on every project, every day. After all, we're only as good as we are on *your* project.

MUNICIPAL / GOVERNMENT / CIVIC

U.S. Federal Courthouse

HIGH TECH / R&D / LABORATORIES

U.S. DEA Laboratory

HEALTH CARE / MEDICAL

Pomona Valley Health Center

SCHOOLS / EDUCATIONAL

Mission Hills High School

INDUSTRIAL / COMMERCIAL

Caterpillar/Hawthorne Machinery

INTERIORS / TENANT IMPROVEMENTS

Motorola

"The goal was always on 'what is good for the children' without sacrificing budget and aesthetics. When anyone with Lusardi gave his or her word, it always happened."
–Karen E. Jobe, Superintendent, Valley Center Pauma Unified Schools

We can build it

For more than 50 years, we've built just about every kind of building.

That's important, because it means that lessons learned on one type of project can be applied to others.

Our experience building resorts and hotels, for instance, has given us detailed knowledge of creating magnificent public and private spaces that integrate with strategic issues like branding and the guest experience.

Our retail experience demonstrates our ability to deliver an inviting, flexible and cost-effective environment for property owners and managers.

And, our experience in tenant improvements demonstrates our ability to work closely with end users to deliver exactly what's wanted, while mitigating effects on nearby tenants and operations.

We never stop learning. Maybe that's why, for over 50 years, we've never stopped growing.

COUNTRY CLUBS/HOTELS/RECREATION

The Madison Club

PLACES OF WORSHIP

Congregation Beth Israel

AUTOMOTIVE

Penske Auto Group–Chauncey Ranch

RETAIL CENTERS

SeaBridge Marketplace

OFFICE BUILDINGS

First American Financial

SPECIAL PROJECTS / RESIDENTIAL

The Reserve

"We have had the opportunity to host a number of corporate leaders from wide and far, and comments about the facility, its design and the quality of workmanship have been exceptional."
–George Brochick, Executive Vice President
Penske Automotive Group, Inc.

Lusardi builds success

These magnificent projects represent literally millions of hours of hard work – from owners, designers, subcontractors, and from us.

When we partner with you on a project, whether it be design-build or design-assist, we shoulder all the responsibility of a full-service general contractor. We provide you with a single point of contact – and accountability – from start to finish.

Because we have the capability to self-perform grading, site and structural concrete, soft demo, rough and finish carpentry, drywall framing and taping, door assembly installation and glass and glazing, we are in a unique position to dictate the tempo of the entire project. Our in-house teams have many years of experience working together, so you get faster, more-efficient implementation, improved site safety, and tighter quality control.

Spa Bella Vita at Toscana Country Club – Indian Wells, CA

Toscana C.C. – 18th Green

Stonebrae Elementary – Hayward, CA

24 Hr. Fitness HQ – Carlsbad, CA

Hyatt Regency Resort & Spa – Huntington Beach, CA

"Sunrise Company has had Lusardi Construction build several large, extremely high-quality clubhouses and other facilities... Our trust in their fairness and integrity is so high that we don't even request competing proposals from other contractors for new projects."
–William Bone, Chief Executive Officer, Sunrise Company

Embracing the challenge

In addition to managing all documentation and scheduling, we also have regular team meetings to anticipate, identify, and resolve issues before they grow. We provide continuous cost control and change order management.

At project closeout, we create our own punch list that we go through prior to the formal punch list. This extra step minimizes the length of the formal punch list, and ensures a smooth turnover.

The closeout might end the project, but it doesn't end our commitment. We're always here to answer questions, long after we've left the site.

Our projects stand apart, because we stand behind them.

Tri-City Wellness Center – Carlsbad, CA

America Center – San Jose, CA

LEED® GOLD PRE-CERTIFIED

The America Center project is a brownfield redevelopment, sitting atop a closed landfill. The buildings are equipped with a methane gas collection and detection system. The project is being certified LEED® Gold due in part to the highly-efficient HVAC system, solar-reflective roof, water-efficient landscaping, and stormwater management measures. America Center is one of the largest LEED® Gold projects in the entire Silicon Valley.

Epic Care – Dublin, CA

Hunter Industries – San Marcos, CA

LEED® GOLD CERTIFIED

World-renowned Hunter Industries achieved LEED® Gold status through the use of high-efficiency HVAC systems, rooftop photovoltaic panels, natural day-lighting, and use of natural materials. Hunter Industries was named "Sustainable Communities Champion" for its exemplary facility and was the first Gold building in San Marcos, CA.

The 'LEED® Certification Mark' is a registered trademark owned by the U.S. Green Building Council® and is used with permission.

U.S. GREEN BUILDING COUNCIL MEMBER®

A Leader in LEED®

Lusardi was recently ranked 60th in the nation for top green builders. Our projects have earned LEED® Silver and Gold certifications, as well as a litany of awards including the *SDG&E Energy Showcase Award* and *Sustainable Community Champion.*

"Lusardi Construction was an invaluable member of the America Center team. Their ability to overcome the most difficult construction challenges is unmatched."
–Cy Colburn, Sr. Vice President
Legacy Partners

LUSARDI CONSTRUCTION COMPANY

Successful projects begin with detailed planning

A good building starts with a good foundation, and a good foundation starts in the pre-construction phase. That's when our team approach pays big dividends, in time saved and costs trimmed.

Team Meetings

We work closely with owners and designers to make sure that all knowledge and information is pooled and coordinated, so the whole project runs smoothly and cost-effectively.

As part of your team, we proactively evaluate construction alternatives, simultaneously monitoring the effect of alternative implementations on budgets, schedules, labor requirements, and material availability.

Estimates

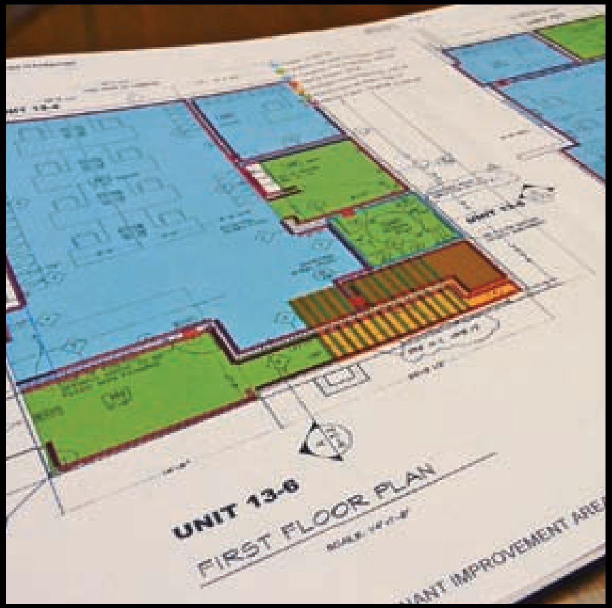
Our role includes preparing and updating construction estimates at several pre-construction phases, constantly comparing them with the control budget. Amounts in excess of the control budget are called out, so everyone can consider value-engineering options to keep costs in line.

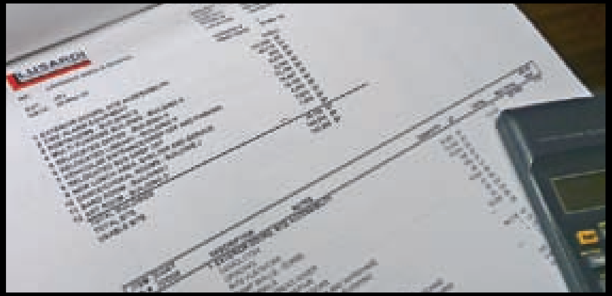
Value Engineering

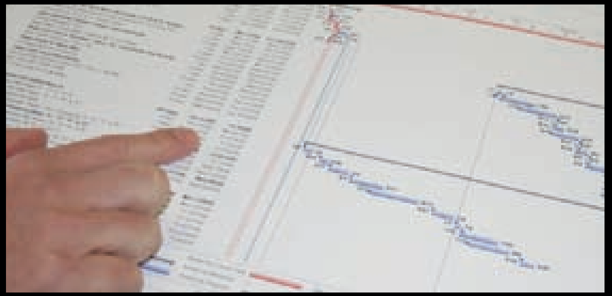
Every project goes through an extensive value-engineering program. This step uncovers potential cost savings, generates constructability reviews and lifecycle and payback analyses, and improves control over cost and scheduling.

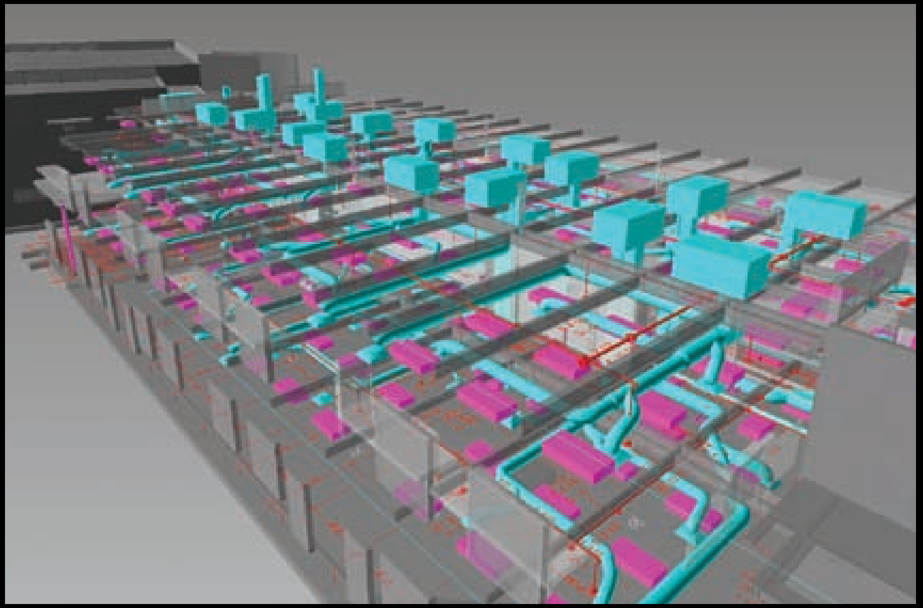
Scheduling

As design development moves forward, we relentlessly monitor and manage scheduling, from analyzing the permitting process to procuring materials. The result is a master schedule that makes sure construction stays on track from start to finish.









BIM

Building Information Modeling (BIM) is 3D modeling of buildings and their internal components. We utilize BIM on our more complex projects in order to improve visibility during the planning stages. By digital model analysis, we can improve building constructability, coordination, and minimize unforeseen conflicts. This leads to better cost control and more accurate scheduling.

Subcontractor Relations

Thanks to our financial stability and track record of prompt remittance, we can tap into the best subcontractor database in the world: ours. It contains more than 7,000 companies, each of which has been thoroughly evaluated for financial soundness, licensing and insurance requirements, hiring and business practices, resources, and performance.

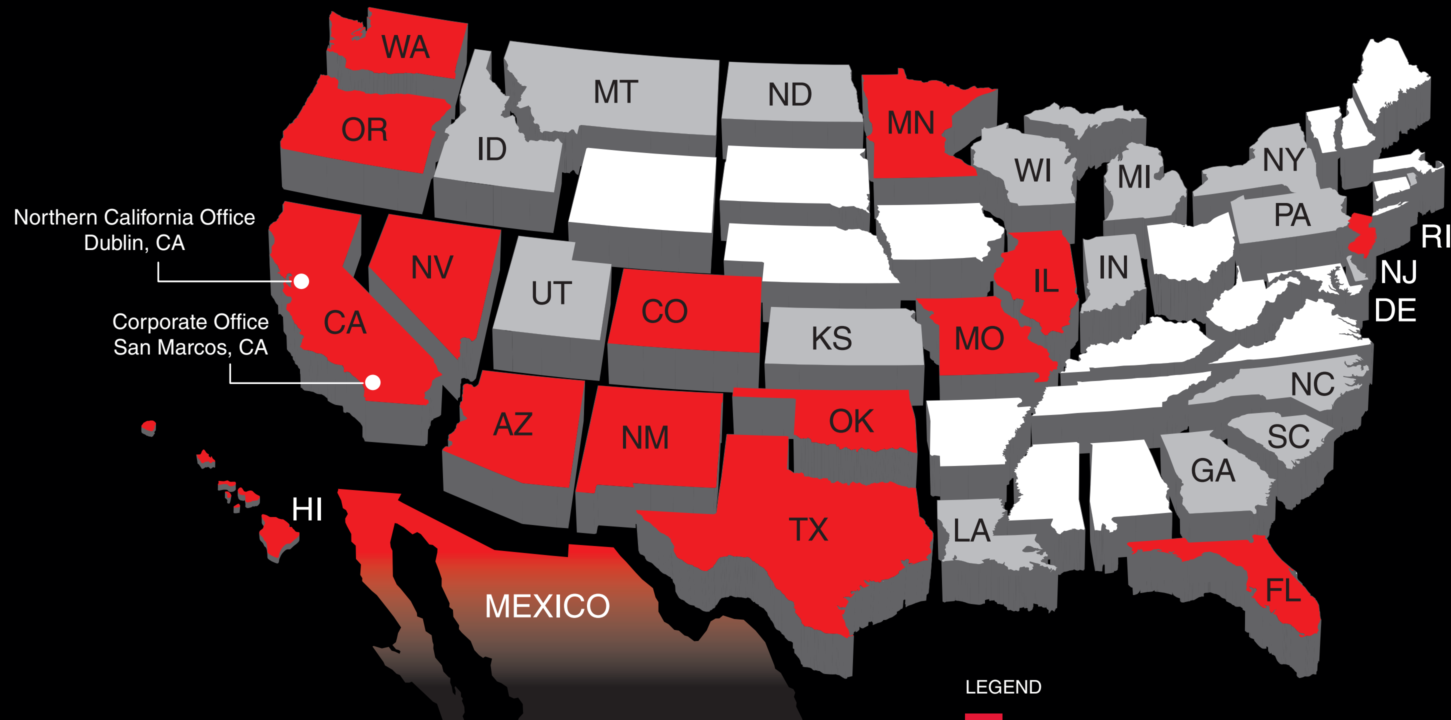
They're all people we're proud to have as part of our team.

Just as you'll be proud to have us on yours.

"I believe you will find Lusardi to be a company where superior achievement has become its standard."
–Brad Lichtman, Principal, Mission Hills High School

LUSARDI
CONSTRUCTION COMPANY

Your destination is ours



LEGEND

Lusardi Building Site States

Lusardi Licensed States

This map represents more than geographical coverage. It also represents an organizational flexibility that enables us to build effectively and efficiently in any location, despite vast differences in weather, regulations, and local conditions.

We've made contingency plans for everything from severe rainstorms to sandstorms, blizzards to tornadoes. And, in the end, we've delivered – on-time and on-budget.

We don't just build well. We also travel well. That's why, for more than 50 years, owners and designers alike have found that we partner well.

"Lusardi's staff members, from their senior leadership to their employees in the field, are a dedicated and focused team whose foremost concern is to get the job done right… the very first time. This is a company with vision and a goal of making a difference in the world in which we live. I heartily recommend Lusardi Construction as superb leaders in their field."

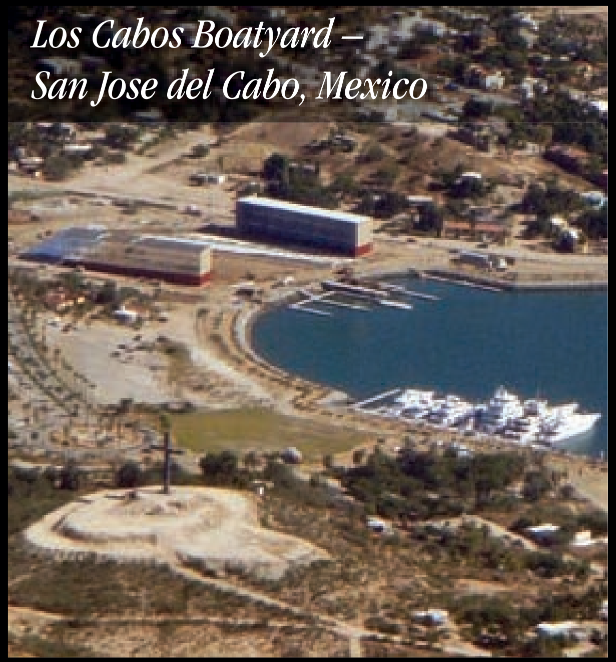
–Joseph Beauchamp, Vice President, Western Devcon, Inc.


Marriott – Irvine, CA

Prominent Pointe – Austin, TX

CarMax – Gilbert, AZ


Mesa Ridge High School – Fountain, CO


Los Cabos Boatyard – San Jose del Cabo, Mexico

FedEx DGO – Las Vegas, NV


L'Oreal Parbel – Miramar, FL

List Of States and Registration/License Numbers as General Contractor*

State	State Lic. Number
Arizona	084643
California	207287
Colorado	921102041
Delaware	089202310
Florida	CG 0057472
Georgia	GCCO002468
Hawaii	BC-17130
Idaho	30315
Illinois	5704-094-7
Indiana	Qualified
Kansas	3287
Louisiana	50171
Michigan	Qualified
Minnesota	Qualified
Missouri	F00394925
Montana	F23456-216198
Nevada	0030520
New Jersey	Qualified
New Mexico	053266
New York	CT-07F9405-19000195
North Carolina	Qualified
North Dakota	36623
Oklahoma	Qualified
Oregon	73037
Pennsylvania	2594115
Rhode Island	Qualified
South Carolina	BD5G115317
Texas	Charter #95198
Utah	93-263968-5501
Washington	LUSAR-CC109RE
Wisconsin	1991
Canada	952936
Mexico	09579

**All license numbers registered with respective Secretaries of State.*

LUSARDI
CONSTRUCTION COMPANY

Building Construction • Engineering Construction • Civil Engineering

Corporate Office
1570 Linda Vista Drive, San Marcos, CA 92078
(760) 744-3133

Northern California Office
6376 Clark Avenue, Dublin, CA 94568
(925) 829-1114

www.Lusardi.com

Recent Hospitality Projects

Springhill Suites, John Wayne Airport

Rooms: 132

Value: $9.2 million

Summary: The latest generation Springhill Suites property featuring 132 up-scale studio suites with separate areas for working, relaxing, and sleeping. This property features an indoor pool, spacious fitness room, and breakfast buffet area along with an outdoor putting green. Hotel opened nine months after start of construction (2010).

Residence Inn

Rooms: 112

Value: $10.2 million

Summary: The latest generation Residence Inn property featuring 112 extended stay guestroom suites with full kitchens, living rooms, dining areas, and sleeping spaces. This property also features an outdoor pool, BBQ area, fire pit, billiards room, and breakfast buffet area. Hotel opened ten months after start of construction (2010).

Courtyard

Rooms: 155

Value: $9.8 million

Summary: The latest generation Courtyard property featuring 155 guestrooms with separate areas for working, relaxing, and sleeping. This property features an outdoor pool, patio, spacious fitness area, and conference spaces. This hotel also features a full kitchen and bistro area along with Courtyard's signature "S-Bar". Hotel opened ten months after start of construction (2011).

LUSARDI
CONSTRUCTION COMPANY

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Regional Office
Northern California
(925) 829-1114

Regional Office
Arizona
(480) 731-3133

CELEBRATING OVER 52 YEARS OF DEDICATION TO OUR CLIENTS

www.Lusardi.com • Please call Boyd Suemnick,V.P. (760) 744-3133 ext. 1124 or Bill Leslie, P.M. ext. 1272

Section G

THE HOTEL OPERATOR

LIGHTHOUSE
LODGING GROUP

LIGHTHOUSE LODGING GROUP, INC.

17383 W. Sunset Boulevard, Suite B-160, Pacific Palisades, CA 90272
(310)775-8500 * (310) 775-8529 facsimile * www.LLGHotels.com

LIGHTHOUSE LODGING GROUP

COMPANY PROFILE

Lighthouse was formed in 2007 by several experienced hotel industry executives and is lead by its principal officers:

Michael D. Cryan	President and Chief Operating Officer
Brian Alonge	Executive Vice President and Chief Financial Officer
James Kerrigan	Senior Vice President, Director of Operations
Mark Goeman	Senior Vice President Sales and Marketing

Collectively they have over 100 years of experience in the hospitality industry and prior to the creation of Lighthouse this same group of executives held the same positions at Windsor Capital Group for the period from 2000 to 2007. Windsor is a California based hotel owner/operator and at the time of their departure from the company they were responsible for management of a 39 hotel portfolio. During his tenure as President, Mr. Cryan and the team forged strategic alliances with Real Estate Capital Partners and Greenwich Capital and redeveloped operating systems that allowed them to acquire and more effectively manage 23 hotels from 2003 through their departure.

When Windsor was listed for sale, without management, the principals took the opportunity to leverage their expansive contacts and experience in the acquisition, finance and operations of hotels and formed Lighthouse. Lighthouse offers a broad range of services to our partners to assist in identifying acquisition opportunities completing due diligence and offering value added asset management or property operations. The timing of the collapse of the hotel industry prevented the company from achieving its initial goals of growth through acquisition but it has also allowed the escape from legacy assets which would consume time, attention and resources.

Lighthouse has maintained alliances with a number of equity partners including Walton Street, Cornerstone, Sunstone, Watermark, Inland, Real Estate Capital Partners, JMI, Rockbridge and Southwest Value Partners. Lighthouse has also formed an alliance with Privet Investments with which we acquired the Marriott Napa Valley Hotel in 2009. Lighthouse will continue to pursue other acquisition and management opportunities through our equity relationships.

The principals have, in the last four years, executed the takeover of three portfolios of hotels consisting of five, six and three properties all of which had to be completed in thirty day periods and have transitioned the six and three hotel portfolios twice. First, they were converted to the Windsor operating platform and more recently to the Lighthouse operating systems.

LIGHTHOUSE LODGING GROUP

COMPANY PROFILE – Cont'd

At Lighthouse our goal is to maximize the financial returns for our partners on their investments by aligning our interests with theirs. We have established a track record of improving operating results for hotels when we assume management. This improvement is gained through a combination of aggressive revenue management and a focus on guest satisfaction to ensure that our guests expectations are met in a warm and friendly environment. This dual approach produces revenue growth as measured by consistent RevPar Index growth in the majority of our hotels. We have established staffing guidelines for full service and select service hotels which are rigorously enforced and have developed operating procedures to insure an efficient delivery that produces cost savings and improved margins without a negative impact on the guest experience.

The hotel management services offered by Lighthouse are guided by the background and focus of the principals as owner/ managers of hotel real estate. Our philosophy is based on achieving a balance between the needs of our guests, our employees and ownership. Our philosophy is expressed in our orientation to all new employees in the form of four goals. We want every guest to be 100% satisfied with every stay at a Lighthouse Hotel. We want to provide our owners with exceptional returns on their investments. We expect our employees to feel that they are appreciated and treated fairly. We want the experience for our guests and employees to be fun.

Lighthouse, through its officers, has extensive experience with most of the American brands including Marriott, Hilton, Starwood and InterContinental among others. Several of the Company's officers and employees have served on brand advisory councils and on committees charged with the responsibility to review new and revised brand standards. We are an approved manager for Marriott, Renaissance, Residence Inns and Courtyard by Marriott hotels. We are an approved manager for Embassy Suites and Hilton Garden Inns and are in process of extending that approval to Hilton and Doubletree Hotels with the support of the Embassy Brand managers. We are an approved manager for Sheraton and Westin Hotels and for Wyndham and Hawthorn Suites Hotels.

The Lighthouse team works with experienced financial partners that specialize in real estate investment with an allocation of significant funds to hotel projects. Lighthouse offers its services to strategic partners with whom it expects to develop a long-term relationship that will involve future acquisitions and property management.

Lighthouse provides a full range of services for these investors including identification of hotels for acquisition, evaluating future operating performance, establishing purchase price, conducting due diligence, negotiating franchise agreements, arranging financing, provides management and renovation supervision upon acquisition. Lighthouse does not solicit third party management contracts except from entities that it believes fit the description of long-term strategic partners.

COMPANY PROFILE – Cont'd

Lighthouse is able to identify appropriate target hotels for its partners due to the Company's close relationships with industry professionals including owners, developers and an extensive network of brokers who specialize in hotel real estate. These relationships have been established with the principal officers over many years based on their track record in closing deals including 17 hotels with a value in excess of $400 million in the last four years. Mr. Alonge has established relationships with several large lending institutions and our reputation for performance has allowed him to arrange more than $1.0 billion in financing proceeds over the last several years.

Mr. Cryan and Mr. Kerrigan have extensive experience working for companies that own and control the brands as well as for independent owners and operators. This experience working both sides of the franchise relationship has given them insight on the importance of maintaining the support of brand management and an understanding of the objectives and sensitivities of both franchisee and franchisor. Lighthouse makes use of all of the resources that the franchisors offer as part of the royalty fee and participates in other programs only where it is fiscally warranted. For example, Lighthouse employs an aggressive revenue management strategy that is designed to maximize revenues taking into consideration all external and competitive factors. Each brand provides different resources and tools in its approach to revenue management. Lighthouse evaluates each hotel to determine the most effective combination of property level, cluster or corporate revenue management supervision which is integrated with the resources available from the brand.

On a selective basis Lighthouse will partner in the development of a hotel either as a stand alone project or as part of a mixed use project. Lighthouse will provide consulting services to include the determination of the appropriate size of the project in terms of room type and count, number and layout of meeting rooms, number and size of food and beverage outlets and other amenities such as pool, health club and spa facilities.

The Company will work with the development team to choose an appropriate brand and will assist in negotiating the franchise agreement and will assure that the project is built in compliance with brand standards. Lighthouse will develop the Marketing and Sales Plan for the hotel and will execute all of the necessary pre-opening activities including hiring and training employees and initiating the sales and reservations functions.

LIGHTHOUSE
LODGING GROUP

COPANY PROFILE – Cont'd

The Company provides consulting on the design, timeline and budgets for renovation projects. This includes renovations which are required under a Property Improvement Plan (PIP) upon completion of an acquisition or in concert with a change of brands. We have extensive experience in negotiating the scope and in receiving the cooperation of the brand to achieve a result that is beneficial to both the owner and the brand position. We will review the capital needs of each hotel annually to insure that they remain in compliance with franchise and lender requirements and to ensure they remain competitive in their market. Lighthouse Lodging Group was recognized this year by Marriott Int'l as the "2011 Renovation of the Year" at the MINA (owner's) conference for the renovation at our Napa Valley Marriott Hotel and Spa.

Lighthouse has developed a compensation strategy that will provide a balance of fee for services provided with a promote structure to share in the long-term capital gains for hotels we help our investor to acquire. We do not charge an incentive fee and are willing to invest equity in projects to align our economic interest with our owners. Lighthouse does not allocate expenses from the corporate office except for services which are provided for the direct benefit of a hotel and are billed centrally.

There is traditionally a monthly fee for accounting and reporting services which varies for full service and select service hotels and a fee for revenue management which varies based on the nature of services offered and the size of the hotel. The particular compensation structure will vary depending on the size and complexity of the deal and the criteria of the partners in the deal.

Lighthouse's strategy is based on the recognition that long term success in the hotel business requires the satisfaction of three key constituencies: investors, guests and employees. Each has a different, and at times, a conflicting list of needs and wants but understanding and balancing those objectives is critical at every stage of our engagement. We have in the past and intend in the future to design a compensation program to recognize the contributions of our employees and to reward them for achieving the balanced results that we consider critical to our success. We maintain this balance in the tools we use to measure the performance of our hotels based on both customer and brand feedback as well as on financial results.

"We at Lighthouse strive to provide the best experience for our guests and our employees while delivering maximum returns to our owners."

Michael D Cryan

EXECUTIVE BIOGRAPHIES Cont'd

MICHAEL D. CRYAN – with a Master's degree in Business Administration and a Bachelor of Science degree and over **30** years of progressive managerial experience in the hospitality and service industries, Mr. Cryan brings extensive expertise to the LLG Management Team. He has hotel operations experience both domestically and internationally. Achieved goals through strategic visioning and tactical implementation of various Sales and Marketing, Finance and Operations Programs.

Prior to co-founding Lighthouse Lodging Group, Mr. Cryan served as the President and COO for Windsor Capital Group for eight years. He developed and implemented Corporate Sales Programs which provide direct sales for large multi-property customers, meeting planners and travel agents. He established centralized Revenue Management Programs to support the development of property level business plans; individual property level goals and policies, training and mentoring of the sales teams. During his tenure, the Company doubled in size in terms of rooms under management and total revenues.

Mr. Cryan was the Co-Chairman and Chief Operating Officer of Homestead Village. Some of his achievements while at Homestead Village include the creation of an operating infrastructure that grew the company from 27 properties in 5 states to 126 properties in 28 states. Increased revenue from $33 million in 1996 to $240 million in 1999. Centralized all highly technical hotel functions as well as the implementation of a centralized electronic reservations and sales system which resulted in more than $11 million in revenue booked in the first year.

During his 17 years associated with ITT Sheraton he served as the Executive Vice President, Chief Financial Officer and Corporate Board member, Vice President, Director of Asset Management and Acquisitions, and Vice President-Director of Operations-North America East. Conducted extensive analysis of the potential acquisition of hotels, resorts, casinos and joint ventures, completed 15 purchases with values in excess of $2 billion. Participated in development of the strategy for Sheraton's entry into the gaming industry which lead to the development of casinos in Tunica, MS; Halifax, Nova Scotia; Lima, Peru; and the acquisition of the Desert Inn in Las Vegas, NV. Preparation and presentation of the annual Operating and Capital Plans, Five Year Strategic Plans to the Sheraton Board of Directors. Developed Financial model to analyze the impact of complex acquisitions on Sheraton's cash flow and debt capacity.

EXECUTIVE BIOGRAPHIES – Cont'd

BRIAN ALONGE – has over **18** years experience in both the hospitality and property management industry where he focused mainly on finance, debt restructuring and tax and accounting issues and brings a strong financial component to the Executive Management team at Lighthouse Lodging Group.

During his 14 year tenure at Windsor Capital Group, Mr. Alonge oversaw an accounting staff of sixteen; was responsible for all accounting and tax matters for the company's thirty eight hotels, four commercial office buildings and shopping centers, numerous corporations, over seventy-five partnerships, together generating annual revenues in excess of $300 million. Mr. Alonge was an integral part of eight major portfolio refinancing and restructuring projects, exceeding $1 billion in gross proceeds.

He was able to reduce operating costs every year, while helping the company grow from $70 million in annual revenues to over $300 million. In addition, he served as Trustee of 401(K) plan for over 400 employees, signer on all bank accounts, as well as power of attorney for CEO's personal accounts and lines of credit, totaling in excess of $75 million.

Prior to joining Windsor in 1993, Mr. Alonge was the Assistant Controller for PMG Properties and in charge of all accounting matters for their 115 properties, fifty-five limited partnerships, three corporations, seventy-five bank accounts, and over forty certificates of deposit and financial instruments. Additional duties included, Quarterly preparation of cash flow statements, tax projections, budgets, variance analysis, cash reports, and numerous other financial statements.

Mr. Alonge has a Bachelor's of Science degree in Finance as well as a Master's degree in Business Administration from California State University at Northridge.

EXECUTIVE BIOGRAPHIES – Cont'd

JAMES KERRIGAN – Mr. Kerrigan is a **35** year veteran of the hospitality industry. His most recent assignment was with Windsor Capital Group where he worked for 15 years. He began his career with Windsor as the General Manager of the Doubletree Hotel in Walnut Creek which was converted by Windsor to a full service Marriott.

Mr. Kerrigan was promoted to Regional Vice President of Operations in 2001 where he had responsibility to supervise the operation of 10 hotels. In 2005 Mr. Kerrigan was promoted to Vice President and Director of Operations. In this position he had responsibility to supervise and to coordinate operations of all of Windsor hotels.

He assisted in the evaluation of operating results for potential acquisitions and was involved in developing the plans for an orderly transition to Windsor management.

Mr. Kerrigan started his career in freestanding restaurants working with his father in Wilmington , Delaware. He joined ITT Sheraton Corporation as a Management Trainee in the Food and Beverage Department in July 1973. During his tenure with ITT Sheraton Mr. Kerrigan was progressively promoted through various positions until he was named as the Director of Food and Beverage Operations at the Sheraton Dallas Hotel.

In January 1980 Mr. Kerrigan joined Ramada Inns Corporation and was named as the Director of Food and Beverage at the Tropicana Hotel in Las Vegas. Mr. Kerrigan implemented a comprehensive reorganization of food operations that resulted in the Food Department generating operating profits for the first time in the history of the hotel.

Mr. Kerrigan was given his first General Manager's responsibility and assigned to the opening of the Renaissance Hotel in Springfield, Illinois in 1984.

Mr. Kerrigan went on to work for Stanford Hotels from 1987 to 1993 where he continued to progress in his career serving as General Manager at the Crown Plaza San Francisco Airport and the Concord Hilton Hotel.

Mr. Kerrigan received an Associate of Art Philosophy degree from Saint Mary's Seminary and University and a Bachelor of Science in Business Administration from the University of Delaware.

EXECUTIVE BIOGRAPHIES – Cont'd

MARK GOEMAN – Mark has spent his entire professional career in the hospitality business focusing on operations and revenue generation. He attained his first General Manager position in 1988 at the Beverly Heritage Hotel in Milpitas and moved to the Embassy Suites Hotel in Bellevue, Washington in 1992.

In 2000 Mark made a change in career direction when he assumed the position of Vice President of Revenue Management / E-Commerce for Windsor Capital Group and he was named Vice President of Sales and Marketing in 2002. Mark directed all of the direct and electronic sales, public relations, advertising and promotions activities for this diverse group of 37 branded hotels.

Mark created a National Sales Team approach with emphasis on Travel Manager solicitations and relationships which resulted in a doubling in national contracts over a two year period and improved production from the segment.

Mark was responsible for the development of a comprehensive Sales and Marketing annual plan which focused on market segment strategies with an identified implementation plan. This allowed for a monthly review of action plans and results to insure that the strategies were on track and the flexibility to modify the approach for any segment that was not producing as expected. Standardized monthly reporting was created to quickly track trends in the market and an incentive program was created for Sales Managers which was adjusted quarterly to target need areas.

LIGHTHOUSE LODGING GROUP

LIGHTHOUSE OPERATING PROCEDURES OFFER A DIFFERENT APPROACH THAT IMPROVES RESULTS IN SEVERAL KEY AREAS

PAYROLL CONTROL AND STAFFING

Lighthouse Lodging Group has created a comprehensive program for improving productivity. The system integrates staffing guides, budgets and daily payroll tracking. Lighthouse evaluates the fixed staffing for both hourly and management positions for each hotel. The system identifies specific activity that generates a need for incremental variable staff for which the hotel develops a payroll budget based on budgeted revenues. The same variables are used by the department managers when developing weekly work schedules. The results are monitored against the staffing guide and budgets by downloading the payroll reports from the payroll system. Productivity for each hotel is measured against the budgeting based on the actual revenue on a daily, month to date, and year to date basis. Monthly comparisons are made for full service, select service and extended stay properties that highlight which properties have developed operating and/or forecasting efficiencies that can be applied to all Lighthouse managed hotels.

Lighthouse implemented this approach to payroll control and staffing at each hotel. Results showed significant savings, at all locations, in both fixed staff and improved productivity for variable staff.

Lighthouse has had success combining management functions for engineering, accounting and direct sales for hotels in close proximity where it has been possible. The use of a complex General Manager has enabled Lighthouse to realize a sizeable savings in our Oxnard hotels. The two hotels operate under the same brand, and one General Manager oversees the two locations. Since we assumed management and restructured the management teams at both hotels we were able to divide the market based on strengths of each hotel to insure they no longer compete against each other as was the case in the past.

REVENUE MANAGEMENT

Lighthouse has an aggressive revenue management approach that focuses on maximizing the REVPAR Index at each hotel. Lighthouse aligns with the brand strategies for revenue management since the systems operate best when in compliance with the brand strategy. The Lighthouse system utilizes the tools available at each brand, the hotel management and then provides corporate oversight to affect a strategy that best suits each hotel. Utilizing our revenue management systems we have improved the RevPar Index from an average of 111.7 to 116.6 for the trailing twelve months ended in November 2009 versus the same period in 2008. Similarly, the Index increased from 112.6 to 117.1 from 2007 to 2009 for hotels with a consistent competitive set.

CUSTOMER SERVICE FOCUS

Lighthouse Lodging Group believes that the quality of the guest experience has a direct impact on the ability of a hotel to retain repeat guests and enhances our ability to drive the rate as the economy improves. Lighthouse has emphasized the importance of customer service and the guest experience by making the hotel's service scores an element of the General Manager's Incentive Plan. The customer service scores are also included in the goals for each department manager and the performance metrics identified for each manager are evaluated monthly. We provide a program that helps diagnose the service challenges and focuses on remedial action to hotels that are not performing at the brand average for overall satisfaction and overall service. This approach has resulted in all of the hotels previously managed by Lighthouse making improvements to bring their scores at or above the brand average for customer service while we continue to control costs. Marriott recently acknowledged Lighthouse for achieving the highest customer service scores at the Napa Marriott in this hotel's history.

MANAGING CHANGE

Lighthouse has learned that the key to effecting change during management transitions is the ability of the General Manager to embrace the operating philosophy of Lighthouse Lodging Group. We quickly identify General Managers that do not have the profile of a successful Lighthouse General Manager through the use of a profile test that identifies and measures traits that are key to success. In many cases changing General Managers is the best way to improve the overall performance of the hotel and implement change with a minimal amount of anxiety for the staff. An outline of Lighthouse Lodging Group's Wage and Benefit plan approach and Staffing Guidelines for the portfolio acquisition are presented later.

SECTION H

THE STATE OF THE HOTEL INDUSTRY

ORANGE COUNTY, CA.

News Articles

THE ORANGE COUNTY REGISTER

‘Shocking’ rebound for hotels

Published: Feb. 24, 2012 Updated: Feb. 27, 2012 10:35 a.m.

By JONATHAN LANSNER
COLUMNIST
THE ORANGE COUNTY REGISTER

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If you want to remember what a serious economic recovery looks like, ponder Orange County's hotels.

Literally left for economically dead in 2010, a surprisingly robust rebound has ensued – growth that has saved many owners and properties from the financial scrap heap.

A wedding party enjoys the pool area at Waterfront Beach Resort in this photo from March 27, 2011. Orange County hotels owners got an average room rate of $144 per night for 2011 — that's a 5.7 percent increase in a year.

FILE PHOTO: JOSHUA SUDOCK, THE ORANGE COUNTY REGISTER

"All the forecasters were wrong," said Alan Reay, hotel consultant at Atlas Hospitality in Irvine, of the drastic turnabout. "All indications are that (improved hotel conditions are) continuing so far this year."

The lodging industry has quick gone from talk of bankruptcies and foreclosures to buzz about new properties opening – such as a new Marriott in San Juan Capistrano – to debate over public financing of a pair of new luxury hotels near Disneyland.

Plus, look at the year-end report from tourism trackers at Colliers PKF and you'll see that Orange County hotel owners enjoyed a healthy rebound in 2011 – especially at the high-end of the industry's product line.

This all translates to better financial performance: Look at a key hotel financial metric known as "RevPar" — or, how much an owner takes in per room. PKF estimates it grew 9.6 percent at local hotels in 2011.

And this was no local phenomenon, as rebound was found around Southern California ...

Orange County hotels owners got an average room rate of $144 per night for 2011 — that's a 5.7 percent increase in a year. Room rates had slipped 0.4 percent in 2010 after the disastrous 2009 that saw rates tumble 13 percent.

Rising room rates can be tied in large part to a jump in demand. Local hotels were 72.8 percent full last year, that's a healthy gain from 70.3 percent occupancy in 2010 and the ugly 67 percent occupancy of 2009.

•Los Angeles room rates were up 5.8 percent in 2011 to $154 a night. Occupancy rate for the year was 75.2 percent, up from 71.9 percent in 2010.

•San Diego room rates were up 2.9 percent to $153 as 73.6 percent of that area's rooms were filled. That's up from 71.2 percent in the previous year.

"As rapid as the decline was," Atlas' Reay says, "the snapback has shocked people."

When you dig in below the headline numbers, you see where much of the oomph is coming from – larger and pricier lodging. Yes, the luxury crowd.

It's a niche that was absolutely clobbered by the recession. Do you recall that the owners of the St. Regis resort in Dana Point lost their luxury hotel to lenders?

The culprit was a perfect storm. Slashing of corporate profits made business travel a rarity – and what rare trips were taken in the downturn were certainly not done with resort-quality spending. Resorts had to scramble – often with deep discounting – to fill their rooms.

Through 2011, a modest business climate recovery – plus some domestic tourists with thick wallets or foreigners spending their own appreciated currencies – turned this luxury niche the local industry's hot ticket:

•Occupancy at Orange County hotels with room rates running $200 or more ran 72 percent last year, PKF says — a 4 percentage-point improvement in the year and the best progress in filling rooms among the price slices tracked by PKF. As a comparison, occupancy at the most affordable hotels -- where room rates run less than $60 -- improved only 1.2 percentage points. We'll assume the lower tier lost some more-confident customers who chose to stay at pricier brands in 2011.

• Hotels with 300 or more rooms – the largest category tracked by PKF -- averaged room-rate gains last year of 6.8 percent vs. 2010. That's the fattest gains among hotel room sizes tracked by PKF. Rates at the smallest hotels – facilities with less than 100 rooms – rose only 2.3 percent vs. 2010.

•Occupancy last year at these big hotels ran 72.3 percent— up 2.6 percentage points in a year. Only hotels one notch smaller -- 200 to 299 rooms – had a better occupancy improvement (up 3.3 percentage points in '11.)

Atlas' Reay says it was not just luxury hotels enjoying a renaissance in 2011. So did many high-end consumer brands. As for hotels, Reay says, even he's stunned that in certain markets, "We're back in to (room) rates and (hotel selling) prices higher than the 2008 peak."

And if size and price did indeed matter in 2011, that trend helps explain the PKF findings looking at Orange County's individual regions.

Newport Beach – Orange County's second-priciest hotel market by PKF math – had the biggest gain in RevPar cash flow last year: a heady 17 percent gain. The South County market – homes to the third most expensive hotels in the county – followed in terms of RevPar gain, with an 11 percent jump. And Huntington Beach hotels – the Orange County high end, by PKF math -- saw cash-flow gains of 10 percent.

Note that the smallest cash flow gain – a 5 percent bump -- was found near John Wayne Airport. Yet these hotels, for the second consecutive year, had the fewest empty rooms in the county. So, we'll guess this trend said less about sluggish airport plane passenger traffic and more that the Airport hotel market may have had less ground needed to recover.

Ponder at Newport Beach's rebound on a regional basis: It ranked as Southern California's hottest hotel market last year, based on PKF's growth in "RevPar" cash flow.

Newport Beach's 17 percent gain topped what PKF calls "Other West L.A. markets" where cash-flow growth was 15 percent last year — SoCal's No. 2 performance. Average room rates in this Los Angeles market ran $242 -- up 9.6 percent vs. 2010. Occupancy ran at 76.4 percent last year vs. 72.7 percent in '10.

And No. 3 for cash-flow improvement? Beverly Hills, up 14.6 percent last year. In the town that defines expensive, Beverly Hills room rates averaged $401 a night last year — and that was up 8.8 percent vs. 2010. Apparently, price is no barrier for Beverly Hills hoteliers. Occupancy ran at 73.6 percent last year vs. 69.9 percent in '10.

Like we said, it was a good year to run a hotel – especially a luxury one!

THE ORANGE COUNTY REGISTER

LANSNER ON REAL ESTATE

By Jonathan Lansner and Jeff Collins

O.C. hotels 5% pricier as rooms sell fast

January 16th, 2012, 9:30 am · · posted by Jon Lansner

The lodging experts at Colliers PKF report that Orange County hotels in November saw average room rates at $142.55 per night — that is up 5.1% in a year (or $6.88 a night.) Meanwhile, 65.7% of Orange County hotel rooms were filled vs. 62.3% the year earlier. Also …

- Benchmarks: in 2010, 70% of Orange County rooms were filled vs. 67% in 2009. Room rates fell just 0.4% in 2010 to $135.77 vs. tumbling 13% in 2009.
- Speaking of pricing, latest month's rate of change for room rates of +5.1% compares to 6.0% for the year-to-date.
- Latest vacancy rate of 65.7% compares to 73.6% for year-to-date.
- Latest month's year-to-year rate of change in occupancy rate of +5.6% compares to 3.8% for the year-to-date.
- All told, countywide "Revpar" — a key hotel cash-flow measure tracking rates and occupancy — was up 10.9% for the latest month vs. a year ago. Revpar's rising 10.0% year to date.
- For this latest month, the priciest rooms were in Surf City while North O.C. offered on average the cheapest nights.
- Fewest vacancies in the county were in Airport area while Surf City had the emptiest hotels on average around the county.
- By Orange County geographic slice, 7 of the 7 slices of the county PKF tracks had year-over-year room rate gains; 6 of the 7 slices had occupancy gains; and 7 of the 7 has "RevPar" increases.

Around Southern California …

- Los Angeles room rates were up 2.8% in past year to $148.72 a night. Occupancy rate for the month was 69.3% — up 2.4% in the past year.
- San Diego rates were down 3.4% in 12 months to $141.31 as 66.1% of San Diego area rooms were filled — down 0.9% in the past year.

Note: Chart below shows the month's average room rate; year's change in rates; occupancy (occ.) and year's change; plus the year's change in "revpar" (Rev. ch.)

Region	Rate	Year's chg.	Year-to-date chg.	Occup.	Year's chg.	Year-to-date chg.	Year-to-year rev. chg.
Anaheim	$147.86	+6.1%	6.1%	67.8%	+7.2%	+3.4%	+13.7%
Costa Mesa	$112.34	+3.6%	4.4%	64.4%	-0.1%	+2.3%	+3.4%
Airport area	$106.04	+1.7%	3.9%	68.8%	+2.2%	+1.6%	+3.9%
North O.C.	$91.08	+3.1%	0.3%	65.6%	+4.8%	+6.4%	+8.0%
South O.C.	$185.78	+3.1%	6.6%	60.4%	+3.8%	+3.9%	+7.0%
Newport Beach	$176.46	+5.9%	9.0%	61.3%	+11.4%	+7.5%	+18.0%
Surf City	$194.42	+5.0%	3.5%	58.7%	+5.1%	+6.8%	+10.3%
All O.C.	**$142.55**	**+5.1%**	**6.0%**	**65.7%**	**+5.6%**	**+3.8%**	**+10.9%**
L.A.	**$148.72**	**+2.8%**	**6.0%**	**69.3%**	**+2.4%**	**+4.7%**	**+11.0%**
San Diego	**$141.31**	**-3.4%**	**2.4%**	**66.1%**	**-0.9%**	**+3.2%**	**+5.7%**

THE ORANGE COUNTY REGISTER

LANSNER ON REAL ESTATE

By Jonathan Lansner and Jeff Collins

O.C. hotels filling up, room rates rise 5%

December 5th, 2011, 7:26 am · · posted by Jon Lansner

The lodging experts at Colliers PKF report that Orange County hotels in October saw average room rates at $141.14 per night — that is up 5.2% in a year (or $6.95 a night.) Meanwhile, 73.8% of Orange County hotel rooms were filled vs. 71.6% the year earlier. Also …

- Benchmarks: in 2010, 70% of Orange County rooms were filled vs. 67% in 2009. Room rates fell just 0.4% in 2010 to $135.77 vs. tumbling 13% in 2009.
- Speaking of pricing, latest month's rate of change for room rates of +5.2% compares to 6.1% for the year-to-date.
- Latest vacancy rate of 73.8% compares to 74.3% for year-to-date.
- Latest month's year-to-year rate of change in occupancy rate of +3.1% compares to 3.6% for the year-to-date.
- All told, countywide "Revpar" — a key hotel cash-flow measure tracking rates and occupancy — was up 8.4% for the latest month vs. a year ago. Revpar's rising 9.9% year to date.
- For this latest month, the pricest rooms were in Surf City while North O.C. offered on average the cheapest nights.
- Fewest vacancies in the county were in Anaheim while South O.C. had the emptiest hotels on average around the county.
- By Orange County geographic slice, 6 of the 7 slices of the county PKF tracks had year-over-year room rate gains; 5 of the 7 slices had occupancy gains; and 6 of the 7 has "RevPar" increases.

Around Southern California …

- Los Angeles room rates were up 4.1% in past year to $152.15 a night. Occupancy rate for the month was 77.2% — up 2.6% in the past year.
- San Diego rates were up 0.5% in 12 months to $154.47 as 72.5% of San Diego area rooms were filled — down 0.6% in the past year.

The region isn't alone, as hotel fundamentals as improved across the nation. As a result, PFK thinks investors will increase their hotel buying activity. PKF writes: "Well-located properties affiliated with quality brands are still commanding a premium, as these assets are attractive to
(real estate trusts) REITs who have a lower cost of capital. On the other hand, there are still a significant number of distressed properties available, with many more likely to come to market in the near term. The availability of capital is greater compared to 2010 and should make the transaction market much more active … We anticipate further increases in asset values over the next few years."
Note: Chart below shows the month's average room rate; year's change in rates; occupancy (occ.) and year's change; plus the year's change in "revpar" (Rev. ch.)

Region	Rate	Year's chg.	Year-to-date chg.	Occup.	Year's chg.	Year-to-date chg.	Year-to-year rev. chg.
Anaheim	$139.57	+6.7%	6.1%	77.0%	+4.5%	+3.0%	+11.5%
Costa Mesa	$112.88	+1.2%	4.4%	69.7%	-2.4%	+2.5%	-1.2%
Airport area	$107.21	+3.1%	4.0%	74.5%	+2.9%	+1.5%	+6.1%
North O.C.	$94.01	-0.9%	0.1%	76.2%	+5.3%	+6.6%	+4.4%
South O.C.	$193.94	+7.0%	6.9%	67.1%	-3.7%	+4.0%	+3.0%
Newport Beach	$182.90	+6.5%	9.2%	68.0%	+3.9%	+7.1%	+10.7%
Surf City	$200.58	+1.9%	3.4%	75.3%	+12.4%	+6.9%	+14.5%
All O.C.	**$141.14**	**+5.2%**	**6.1%**	**73.8%**	**+3.1%**	**+3.6%**	**+8.4%**
L.A.	**$152.15**	**+4.1%**	**6.3%**	**77.2%**	**+2.6%**	**+4.9%**	**+11.5%**
San Diego	**$154.47**	**+0.5%**	**2.9%**	**72.5%**	**-0.6%**	**+3.6%**	**+6.6% "**