Kinseth Hospitality Companies

To: **Mayor Jim Ardis and Council Members**

From: **Bruce Kinseth**

Re: **Redevelopment Proposal – Current Holiday Inn Peoria, Peoria Hotel Associates, LC**

Peoria Hotel Associates LLC is seeking partnership with the city of Peoria in a redevelopment plan for the revitalization and upgrade of the Holiday Inn City Centre. The following memorandum summarizes a redevelopment proposal for the current Holiday Inn, Peoria, IL.

The goal of the following redevelopment plan is to revitalize the hotel by bringing the facility up to 21st century standards, dramatically increasing the hotel's aesthetic appeal and repositioning the hotel as a Crowne Plaza Hotel.

It would also be our goal to work with and support the City of Peoria's overall initiatives for downtown Peoria and to stimulate downtown corporate business travel, leisure travel and convention/civic center bookings. To finance this very extensive capital plan we would propose a Bond program similar to what was done for the Marriott in the amount of $8 million. In addition, we will get $2 million in net cash coming from a New Market Tax Credit program. At this point Peoria Hotel Associates has maximized all our financing options. We have recently completed approximately $3 mil in improvements at the hotel as a start of our redevelopment. Kinseth Hospitality, through Peoria Hotel Associates, has invested approximately $6 mil in equity in this project since our purchase of the facility. Attached with this memorandum is a Market Study that clearly outlines our plan, evaluating revenues under two different scenarios (one as a Crowne Plaza and the other as a lower scale/lesser Brand hotel), including tax revenues. We believe that downtown Peoria truly needs high quality hotel alternatives in downtown and our plan will enhance the City as a destination.

Redevelopment Summary

In order to be competitive over the long term the current Holiday Inn City Centre needs to be brought into the 21st century through a complete and comprehensive rehabilitation and renovation plan that would give it a long term competitive position in the marketplace. Peoria Hotel Associates has maximized financing available through conventional bank lenders with a current loan in place of $11,750,000. We believe for this property to be competitive over the long haul, it must be upgraded and be correctly positioned in the marketplace. While the ownership has initiated a multi phase furniture and fixture renovation, we have basically just scratched the surface on what is needed for the long term. We believe we can support initiatives to help attract larger conventions and provide an affordable compliment to the higher end Marriott product currently being developed.

It would be Peoria Hotel Associates intention to upgrade the Holiday Inn to a new brand as either a Crowne Plaza or Doubletree Hotel. These brands would bring the hotel to the next level in terms of supporting group business and attracting people to Peoria. We also believe that repositioning this hotel now is very important to the City of Peoria given its prominent street address and its location relative to major demand generators such as the convention center and the rapidly expanding hospitals.

Capital investment plans for this redevelopment would provide the city of Peoria a key asset in its effort to revitalize downtown and enhance its ability to impress meeting planners and guests. This planned project revolves around Peoria Hotel Associates embarking on an extensive development that would give the hotel a number of new looks, designs and amenities to allow the hotel to greatly expand revenues generated. We believe that a complete rehabilitation would lift the current occupancy of 47% well into the mid to upper 60's. Redevelopment would increase average rate substantially and add significant food and beverage revenues. The current property consists of 324 hotel rooms, approximately 20,000 square feet of meeting space, Bennigan's restaurant, indoor pool, fitness facilities and a number of commercial spaces available for lease.

Aspects of the Redevelopment

Exterior Upgrade – The current Holiday Inn has one of the most prominent corners in Peoria, and one of the only green corners in downtown Peoria. The redevelopment plan will call for a complete rehab of the exterior of the facility to give it a new prominent look. Consumers in the marketplace continually cite curb appeal as one of the key decision factors in making a decision to stay at a particular property. A new roof line with all new exterior surfaces and up lighting to enhance the building would be the start of an extensive exterior upgrade that would also include a new porte-cochere, new entranceways and extensive new landscaping including water features on our green corner.

New Lobby/Commercial Facilities – it is our intention to completely redevelop our commercial spaces with an extension rehabilitation of the lobby, lobby bar, soft seating areas and commercial areas which will give a complete new look. It is our intention to redevelop the space with the removal of very large walls and add an extensive amount of glass which will open up the spaces in and around the commercial facilities. It would be our goal to create a garden like feature beneath a glass dome which will also include water features and fountains and have a much more open air space, new coffee/lobby bar environment.

All Suites Tower – Our intention is to redevelop our 6 story tower to an all suites wing. Currently there are 66 rooms in this tower, a number of which are too small and continually result in customer complaints. Our goal would be to redevelop these 66 rooms into approximately 35-40 executive level suites, a number of which will have balconies looking out towards the city of Peoria. These rooms would be designed for business travelers, group meeting planners and extended stay guests who are visiting the hospital or for business.

Rooms Upgrade – The hotel has undergone renovations in the guestrooms in the last year and a half and the results have provided a glimpse of what a comprehensive redevelopment would do for the hotel. There are still many renovations that need to be completed that will dramatically increase our operating results. We will complete the redevelopment of all the guestrooms so that they all feature modern in room technology, flat screen TV's, and the best internet connectivity.

Infrastructure/Parking Garage –To bring the Holiday Inn into the current 21st century, it is our intention to initiate many renovations that will improve the building utilization, and our management by adding many customer focused enhancements including state of the art security and HVAC systems. Also, as part of this renovation we would work with our landlord on the parking garage to bring it in to the 21st century.

Conference facilities – Our current conference facilities have received fairly significant upgrades over the last year, however there is still much to do. This rehabilitation will continue along with this renovation and complete the remainder of the conference facilities, focused towards new systems that will make these facilities state of the art.

New Upscale Branded Restaurant– while currently in the planning stages, we intend to initiate extensive structural and aesthetic renovations for restaurant space, with the re-concepting from our current Bennigan's operation to a new "to be determined" restaurant concept that will attract incremental guests to downtown.

This redevelopment proposal is given with the intent to participate in a city bond program similar to the redevelopment package that the current Pere Marquette Hotel is utilizing. We are requesting $8 million of financing similar to the Pere Marquette financing program with the goal of signing a redevelopment agreement very similar to the Pere Marquette/Marriott hotel redevelopment agreement. This will be coupled with a $10 mil New Market Tax Credit (netting $2 mil in cash). Listed below is a capital budget for our redevelopment process. We believe that the bonds will be paid through substantial sources of additional tax revenues that the city will achieve, including TIF, BDD taxes, BDD sales taxes, as well as substantial new taxes on the increases in revenues that we expect to achieve.

Cost Summary:

Exterior Upgrade	$2,500,000
Lobby/Commercial Facilities	$3,500,000
Restaurant & Bar re-concepting	$1,000,000
Suites Conversion	$1,000,000
Infrastructure / Systems	$1,000,000
Meeting Rooms Upgrade	$500,000
Brand Conversion	$500,000
Total	$10,000,000

We would like to set up a face to face meeting at your earliest convenience to discuss more fully the potential which can or will be unlocked through this redevelopment.

Kinseth Hospitality Companies
2 Quail Creek Circle
North Liberty, IA 52317
(319) 626-5600
(319) 626-8350 *fax*

Holiday Inn City Centre Reinvention Summary

The following are the key highlights of the reinvention:

- Conversion to Crowne Plaza – "The Place to Meet"
- Dramatic Exterior Upgrade – Improving Peoria's sky line and a key visual on the I-74
- Dramatic Redesign and upgrade of lobby
- Creation of All Suites Tower – Redevelop 66 rooms into 35-40 executive level suites
- Complete Redesign of F&B Space- Upscale Restaurant, Martini bar/night club, and Café
- Conference facilities – Redesign of commercial lease space into additional breakout rooms for meetings

The Reinvention of the Holiday Inn City Centre will have a direct positive impact on the City of Peoria:

- Increase ability to sell Peoria to meeting/convention planners
- Increase tax revenues
- Turn hotel into a thriving asset
- Enhance the appeal of downtown
- Enhance Skyline and Interstate view

Competitive Position Study

for the existing

Holiday Inn City Centre Hotel Peoria, Illinois

Kinseth Hospitality Companies

May 2009

Hospitality Real Estate Counselors[SM]
Memphis, Tennessee

April 27, 2009

HREC®
Hospitality Real Estate Counselors SM
Memphis, Tennessee

Mr. Bruce Kinseth
Executive Vice President
Kinseth Hospitality Companies
2 Quail Creek Circle
North Liberty, Iowa 52317
Telephone: 319.626.5600
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Dear Mr. Kinseth:

Enclosed is the competitive position study for the existing Holiday Inn City Centre Hotel (the "Hotel") proposed for redevelopment as a Crowne Plaza Hotel in downtown Peoria, Illinois. The study was conducted in conformance with our agreement dated January 11, 2009, and executed April 7, 2009.

The objective of this study is to project operating performance for the subject Holiday Inn City Centre Hotel under the following two scenarios: *without renovation* and *with upgrade and conversion*. The research and these projections are based on certain assumptions and the interpretation of evolving events, which is inherently subject to uncertainty. Some assumptions and estimates will inevitably be inaccurate and unanticipated events may occur. Therefore, the actual results achieved during the forecast period may vary from these projections and the variations could be material.

There were no attempts to ascertain legal, ADA, regulatory, zoning, permit, license, signage or other development and related approvals. Existing and pending legislative or ecological matters were not considered. The author and HospInvest, LLC, d/b/a HREC – Hospitality Real Estate Counselors will not be liable for errors in judgment, negligence or other fault in connection with this study except for acts of gross negligence, willful malfeasance and fraud. Key assumptions to these projections include the presence of a high level of expertise in the development and ongoing management of the proposed Hotel.

This report is intended for your use in support of franchise, development and funding considerations. Neither the report nor its contents may be included or quoted in any other document or be used in a bond, public or other offering/prospectus without prior written consent. Also, certain data and information collected for this study and presented in this report is confidential and not intended for public dissemination or disclosure to unrelated parties.

Sincerely,

HREC – Hospitality Real Estate Counselors

6075 Poplar Avenue, Suite 903 · Memphis, Tennessee 38119
901.791.2564 Telephone · 901.791.2574 Facsimile
pculligan@hrec.com · www.hrec.com

Summary Findings

The 319-room Holiday Inn City Centre Hotel is proposed for renovation and repositioning in downtown Peoria, Illinois. The property initially opened over 33 years ago and is presently in need of renovation. The renovation is required to both retain its current Holiday Inn affiliation and to remain sufficiently competitive to satisfy the requirements and expectations of quality-sensitive guests. If not renovated, the subject Holiday Inn City Centre is projected to lose its current affiliation and continue beyond 2010 as an independent Hotel or as an affiliate of a national brand that requires fewer capital improvements.

An approximate $10 million, or $34,000-per-room, renovation and conversion to either a Crowne Plaza or Doubletree Hotel affiliation is proposed. This is a complete renovation and repositioning that will cure current product deficiencies; create new food and beverage outlets; add suites; entirely renovate and upgrade the guest rooms, lobby, public areas, and meeting space; and, otherwise enhance all aspects of the guest experience. It will cure current operational deficiencies such as the lack of sufficient air conditioning in summer and hot water during peak occupancy periods. Rebranding would also move the property up-market from a substandard mid-market position with a secondary brand affiliation or as an independent property to an upscale Crowne Plaza or Doubletree Hotel. Both of these brands are projected to offer significant competitive enhancements and increased penetration in the corporate, group, meeting, and convention demand segments as well as among quality-sensitive leisure travelers. The historic occupancy and average rate for the subject Hotel appears in the following table..

HISTORIC PERFORMANCE

Year	Occupancy	ADR
2003	52%	$67
2004	55%	$66
2005	54%	$72
2006	54%	$78
2007	47%	$82
2008	45%	$83
2009 Outlook	40%	$83

Sources: Subject Management;
HREC – Hospitality Real Estate Counselors

Without Renovation

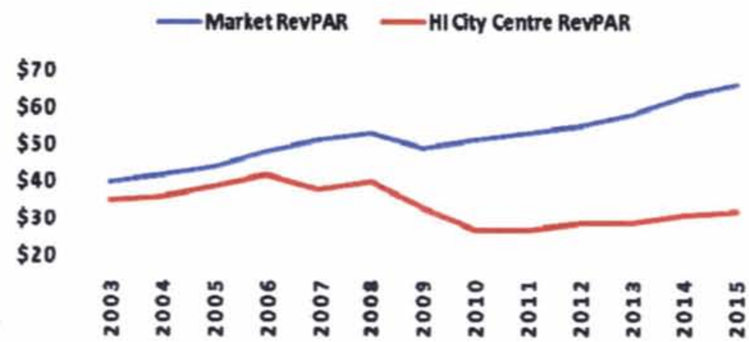
Without substantial renovation, the subject Holiday Inn City Centre is projected to undergo continued deterioration physically, which is projected to result in the ultimate loss of its current affiliation. The combined factors of continued physical decline and the loss of the Holidex reservation system, including the Priority Club® frequent traveler rewards program, are projected to result in this Hotel falling further below the level of a quality, commercial-grade lodging alternative. For example, the property is no longer a preferred lodging option with Caterpillar; this company is the largest demand generator in the market and is located within a reasonable walking distance or short shuttle ride to the subject Hotel. The projected occupancy and average rate of the subject Hotel *Without Renovation* appears in the following table; and, the historic and projected RevPAR of the subject property relative to the Greater Peoria market under the *Without Renovation* scenario appears in the following chart.

PROJECTED OCCUPANCY AND AVERAGE RATE
WITHOUT RENOVATION

Year	Occupancy	ADR
2010	37%	$72
2011	38%	$71
2012	39%	$73
2013	40%	$75
2014	40%	$77
2015	40%	$79

Sources: Subject Management;
HREC – Hospitality Real Estate Counselors

Holiday Inn City Centre Hotel - *Without Renovation*
Historic & Projected RevPAR
Relative to the Expanded Peoria Market



Sources: Subject Management; STR; HREC

At its peak relative performance in 2007, the Holiday Inn City Centre achieved about an 89 percent RevPAR yield and was only $5 below the estimated $45 RevPAR of the broader Peoria market. The competitive performance of the Holiday Inn has since fallen $13 behind the market to a 75 percent RevPAR yield in 2008; and, is projected to fall further behind to about a 67 percent yield in 2009. The eventual loss of the Holidex and the impact of the additional new supply in the market are projected to further erode the competitive position of the subject Hotel. This eventual stabilization at a 50 percent to 60 percent RevPAR yield is projected to be supported by a new price-sensitive customer base willing to sacrifice basic quality considerations for a cheaper room. Additionally, the considerable 319-unit guest room count of the Hotel lends itself to either closing guest room floors or renting these units out on a long-term basis at further reduced rates. Product deficiencies and maintenance issues such as insufficient air conditioning in summer and limited supply of hot water during peak periods are already recognized concerns. These conditions effectively remove the Hotel from participating in even modestly-sized group events at the nearby Peoria Convention Center. This, in turn, is projected to negatively impact the competitiveness of the Peoria Convention Center against other venues throughout the state of Illinois due to a decrease in quality accommodations located within walking distance of the venue.

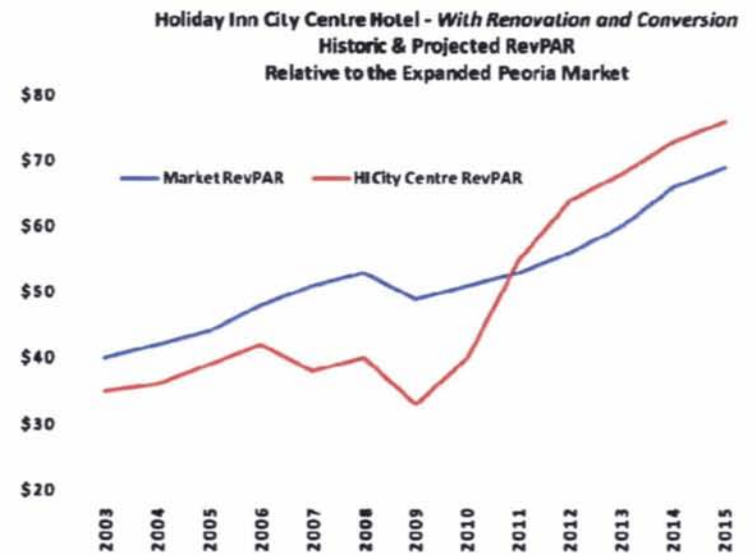
With Renovation and Conversion

The upgraded and converted Hotel is projected to establish a significantly different customer base, competitive position, value proposition, and further enhance the ability of the Peoria Civic Center to attract, accommodate and satisfy conventions and group business of greater size. The renovation and upscale branding is projected to both increase the competitive position of the Hotel and enable the downtown market to attract and accommodate demand it would not otherwise secure. The projected occupancy and average rate of the subject Hotel *With Renovation and Conversion* appears in the following table; and, the historic and projected RevPAR of the subject property under this scenario is presented in the following chart.

PROJECTED OCCUPANCY AND AVERAGE RATE
WITH RENOVATION AND CONVERSION

Year	Occupancy	ADR
2010	45%	$ 88
2011	55%	$101
2012	58%	$111
2013	58%	$117
2014	61%	$120
2015	62%	$123

Sources: Subject Management;
HREC – Hospitality Real Estate Counselors



Sources: Subject Management; STR; HREC

The renovated and converted property is projected to maintain much of its current demand base and attract substantial levels of new group demand as well as better penetrate brand-loyal, quality-sensitive corporate transient demand located throughout the Greater Peoria market area. Over time, the renovated and more upscale product is projected to facilitate the capture of incremental group business. Under this scenario, the Peoria Civic Center will have an additional block of 293 upscale guest rooms within walking distance. The property is also projected to significantly increase its penetration and group business presently accommodated among other hotels located outside of the immediate downtown Peoria market sector.

The newly renovated Hotel is also projected to recover its recent losses in ADR as well as increase its average rate in real terms due to the renovation, the creation of modest yield management opportunities, the upscale affiliation, and penetration of an increased number of less price-sensitive frequent traveler program participants.

The renovation, upscale brand affiliation and increase in civic center demand that the renovated Hotel is now projected to attract and penetrate, are collectively projected to increase the RevPAR yield of the subject Hotel from a previous peak of 89 percent in 2005 to 110 to 115 percent upon stabilization.

Food & Beverage Considerations

The projected food and beverage revenues are considerably different under these two scenarios. Without renovation, the meeting space will further deteriorate and the restaurant will likely become an independent as the existing Bennigan's brand has recently filed for bankruptcy.

With renovation, the existing restaurant and lounge facilities will be expanded, enhanced, and re-branded to a more contemporary theme which is projected to offer increased appeal among both in-house guests and the local customer base. The newly expanded restaurant would also incorporate additional outside seating and a new entrance. The meeting space would be completely renovated and offer substantially greater appeal to both corporate and leisure groups, meetings, seminars, and banquets. These improvements are also projected to generate other food and beverage departmental revenues as well. A comparison of total food and beverage departmental revenues in both an absolute and per-occupied room basis is presented in the following table.

HISTORIC AND PROJECTED FOOD & BEVERAGE DEPARTMENTAL REVENUES

Period	Total Revenues	Occupied Rooms	Revenues Per Occupied Room
2001	$2,925,110	62,026	$47
2008	$1,840,049	53,017	$37
2013 - *Without Renovation*	$1,346,113	46,574	$29
2013 - *With Renovation*	$3,362,000	67,532	$50

Sources: Subject Management; HREC – Hospitality Real Estate Counselors

Also included in this table were the total food and beverage departmental revenues from 2001 and 2008 for the subject Hotel. Departmental revenues have substantially eroded both on a POR and an absolute dollar amount. This is considered a reflection of the natural cycle of decline in food and beverage concepts in general and perhaps accelerated here by the recent bankruptcy filing of Bennigan's. It does serve as a previous benchmark for the subject Hotel. In present-value dollars, the projected $3.4 million, or $50 POR, in departmental revenues is still substantially less than that achieved in 2001.

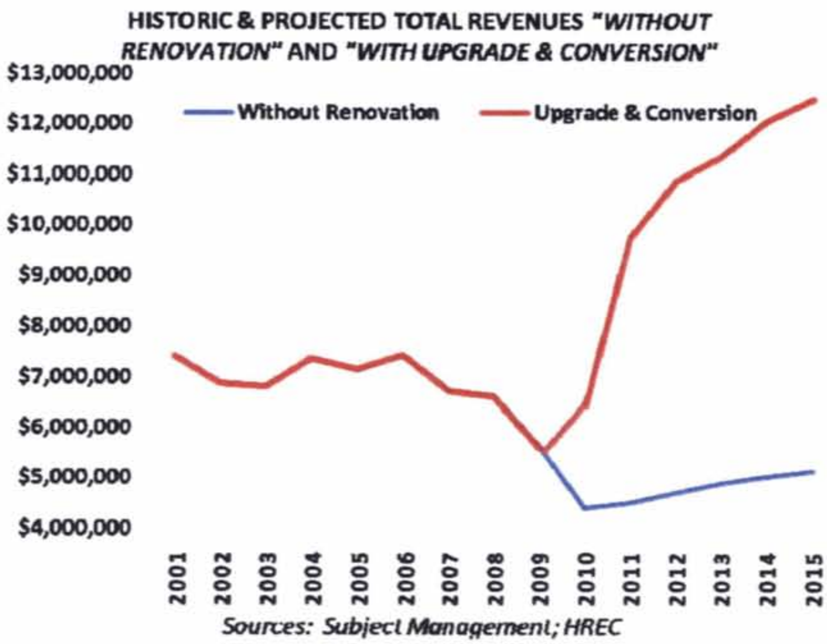
Projected Total Revenues

The projected Total Revenues under both scenarios include Other Income, which increases modestly upon renovation and conversion. A summary of Total Revenues historically and under both scenarios moving forward appears in the following table and chart.

HISTORIC & PROJECTED TOTAL REVENUES*
***WITHOUT RENOVATION* AND**
WITH RENOVATION & CONVERSION

Year	Without Renovation	Upgrade & Conversion
2001	$7,42,2719	-
2002	$6,883,817	-
2003	$6,812,656	-
2004	$7,363,726	-
2005	$7,146,150	-
2006	$7,426,831	-
2007	$6,728,055	-
2008	$6,614,613	-
2009	$5,597,642	-
2010	$4,393,058	$ 6,420,685
2011	$4,494,134	$ 9,758,999
2012	$4,690,630	$10,870,683
2013	$4,893,958	$11,363,279
2014	$5,015,170	$12,064,120
2015	$5,139,086	$12,506,481

Sources: Subject Management;
HREC – Hospitality Real Estate Counselors



*Please note: Included as an addendum to this report are the historic and projected tax implications.

Over the last few years, total revenues have eroded about 11 percent and are projected to drop another 10 to 15 percent in 2009 alone. The renovated and converted property is projected to recover this lost revenue and generate a considerably greater revenue stream long-term due to the increased occupancy, average room rate, food, beverage, and other revenue production.

Conclusion

The proposed renovation and conversion of the Holiday Inn City Centre Hotel to an upscale brand is projected to significantly impact the competitive position, occupancy, average rate, and total revenues of the Hotel as compared to the projected outcome without substantial levels of renovation and the pending loss of its current affiliation. A summary of the primary differences between the "Without Renovation" and "With Renovation and Conversion" scenarios follow.

- *Affiliation:* Under the *Without Renovation* scenario, the property is projected to lose its current IHG affiliation and Holidex-loyal customers, particularly with the development of a new full-service Holiday Inn in the market. The *With Renovation and Conversion* scenario is projected to significantly enhance the affiliation of the Hotel. It moves the property up-market and the Hotel is projected to become far more appealing to frequent traveler program participants. This enhances the penetration rates of group and corporate transient business, as well as favorably influences leisure travel and leisure group business.

- *Product Quality:* The marginal product quality of the Hotel will continue to deteriorate over time and create increasing levels of deferred maintenance and product obsolescence. This is a stark contrast to the complete redesign and redevelopment of a $10 million renovation that encompasses the entire Hotel. The newly renovated and up-branded product is projected to completely reposition the Hotel over the next product life cycle.

- *Guest Suites:* The planned *With Renovation and Conversion* scenario includes the conversion of approximately 66 guest rooms to 35 to 40 suites for a net reduction of 26 guest room units. The lower guest room count supports a higher occupancy, while the addition of spacious guest suites is projected to enhance market penetration and average rate achievement.

- *Food & Beverage Outlets:* The dated design of the existing facilities and the bankruptcy of Bennigan's' parent company are projected to result in the restaurant becoming non-branded and further undergoing the decline of revenue production. The low occupancy of the Hotel and the decreased competitive position is anticipated to result in a decrease in the banquet and meeting room revenues. The property is also projected to be less favorably considered for city-wide conventions and in-house group, meeting, and convention business. This is a stark contrast to the completely redesigned and expanded restaurant and lounge, as well as the fully renovated banquet and meeting space with an upgraded guest room package and public areas to facilitate the sale of entire meetings venue for both in-house and city-wide demand.

- *In-house Meeting Demand:* The renovated and converted upscale property is projected to attract latent group meeting and convention business by virtue of its size, complement of meeting space, brand affiliation, and renewed quality. Under the *With Renovation and Conversion* scenario, the Hotel is projected to regain consideration for in-house meetings it otherwise could not. It is reasonably anticipated to more effectively compete with properties such as the Embassy Suites in East Peoria.

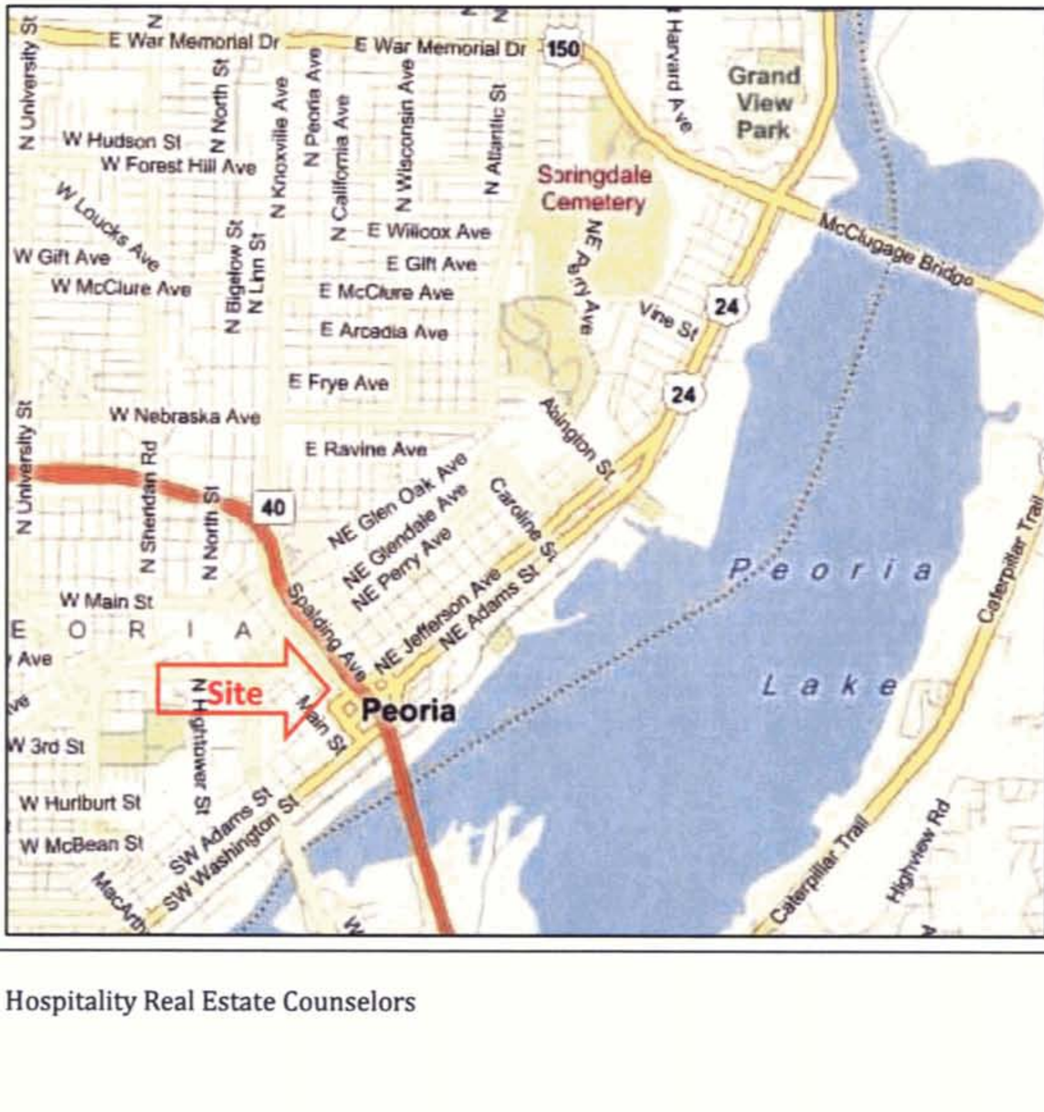
- *City-Wide Meeting Demand:* The renovated and converted Hotel is within easy walking distance to the Peoria Civic Center. Without renovation, it will become increasingly unacceptable to higher-profile and more quality-oriented meeting and convention attendees who use the Peoria Civic Center as a venue. The general marketability of the Peoria Civic Center erodes as the block of commercial-grade, high-quality lodging accommodations within easy walking distance decreases. The presence of another upscale lodging brand and another significant block of high quality guest rooms within easy walking distance of the Peoria Civic Center increases the appeal and marketability of the Center.

The contrast of operating outcomes between these two scenarios is projected to impact every aspect of operations, competitive position, financial performance, value, and ultimately influence the appeal and marketability of downtown Peoria as a meeting and convention destination. The continued slow deterioration and decline in performance, competitive position and community appeal of the subject Hotel as it has aged is readily apparent. The complete renovation, redevelopment and up-branding of this well-located Hotel are projected to significantly improve its appeal within the community as a competitor and in revenue production.

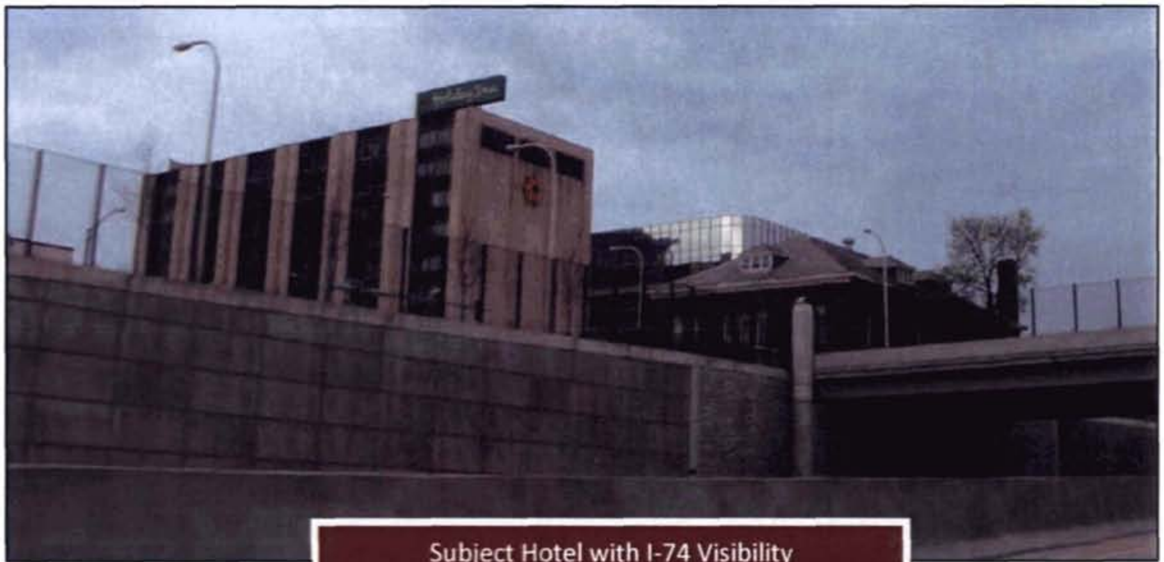
Site and Facility

Location

The Holiday Inn City Center is located in downtown Peoria, Illinois in the northeast corridor of Hamilton Boulevard and Madison Avenue.



The physical structure of the Hotel is one of the tallest in downtown Peoria and is highly visible within the surrounding area for several city blocks in most directions. The Hotel is also visible along northbound Interstate 74; however, when traveling southbound the Hotel is not visible. The Hotel is located in close proximity to the interstate; and, with the below ground-level highway construction, designed to minimize elevation changes to the overpasses and city streets near downtown.

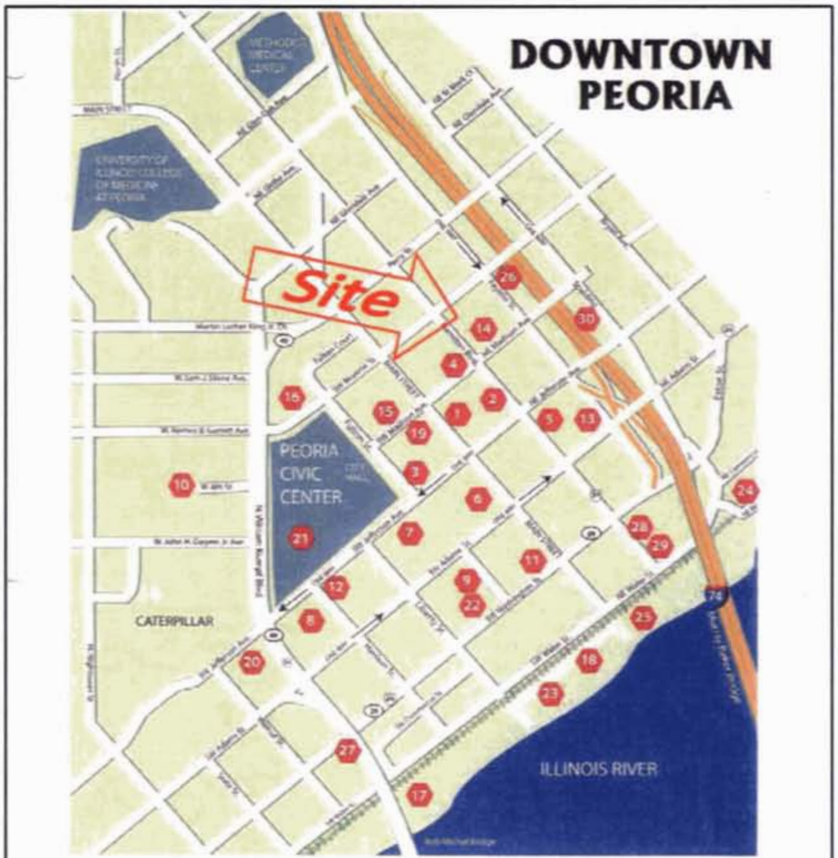


Subject Hotel with I-74 Visibility

Access to the Hotel is convenient and obvious with guest check-in and shuttle service available directly off the north side of Madison Avenue. Entering the parking garage is from Monroe Street and exiting the garage is onto the one way only Fayette Street which travels southeast.

The more immediate surrounding land uses of the Hotel include a federal building and 5th Amendment Bar and Grill across Hamilton Boulevard to the west, a church across Monroe Street to the north and the Associated Bank across Madison Avenue to the southwest. Within a few blocks of the Hotel are several office buildings, parking garages, federal buildings, competing hotels, the Riverfront development, CAT headquarters, and the Civic Center.

The subject Hotel is within walking distance to several area demand generators and support facilities. It is one of the few properties located within convenient walking distance to the Peoria Civic Center Complex. The St. Francis Hospital and the Methodist Medical Center and College of Nursing are located within close proximity to the site with easy access to the highway. Guests of the Hotel are five blocks from the Riverfront development, which will include an IMAX in addition to the existing restaurants such as Old Chicago and Joes Crab Shack. The Hotel also provides a shuttle to these facilities and to the airport free of charge.



DOWNTOWN PEORIA PARKING LOCATIONS

PARKING	SPACES	PARKING	SPACES	PARKING	SPACES
1 Commerce Bank deck	480	11 Chase deck	306	21 Civic Center marquee lot	231
2 Associated Bank deck	600	12 National City Bank deck	375	22 Washington deck	436
3 Twin Towers garage	531	~~13 Mark Twain Hotel~~	130	23 River Station lot	58
4 Madison Street lot #2*	150	14 Holiday Inn City Centre	480	24 RiverPlex lot	405
5 Hamilton Square deck	475	15 Hotel Pere Marquette	285	25 Gateway Bldg lot	25
6 Niagara deck	305	16 Civic Center auxiliary lot	514	26 Fayette/Monroe lot*	40
7 Jefferson Avenue deck	665	17 Liberty/Edgewater/Michel	373	27 Michel-West lot	80
8 Franklin Street lot	100	18 Riverfront Village	162	28 CAT lot*	308
9 One Technology Plaza	1,150	19 Becker Bldg office deck	200	29 Hamilton/Water St. lot	20
10 City Center Plaza deck	155	20 Caterpillar/city lot*	160	30 Spalding/Madison St. lot*	120

Existing Facilities

Brand: The Hotel is a full-service Holiday Inn, one of the seven primary brands of the InterContinental Hotels Group. Other InterContinental Hotels Group brands include InterContinental Hotels and Resorts, Crowne Plaza Hotels and Resorts, Holiday Inn Express Hotels and Suites, Staybridge Suites, Candlewood Suites, and Hotel Indigo. InterContinental Hotels has more than 3,800 hotels with over 571,000 guest rooms in approximately one hundred different countries. In October of 2007, InterContinental Hotels Group revealed news regarding the update of their Holiday Inn brand family. Holiday Inn and Holiday Inn Express are updating the logos and signage, leaning towards more contemporary styles, shapes and colors. Changes will also be evident with updated guest rooms and registration desks designed and kept to look "simple and clean, open and airy." A final investment price of updating the brand image is estimated to cost the company and franchisees approximately $1 billion over the next several years. New-build hotels will be using all of the new updates. InterContinental

Hotels is anticipating the brand-wide changes will be complete in 2010. Renovation of the subject Hotel is needed in order to remain affiliated with the Holiday Inn brand.

The Holiday Inn brand is supported by the InterContinental Hotels infrastructure and distribution system, which includes the Holidex reservation system and Priority Club® Rewards program. Priority Club® has approximately 37 million members and is consistently ranked among the best in the industry. Participants are able to redeem free room nights, airline miles, brand name merchandise, gift certificates, and vacation packages at other InterContinental Hotels Group properties worldwide, including other Holiday Inn Hotels. Guests benefit from new member-preferred features such as points transfer, points purchase and the fastest way to Elite status with competitive features including no blackout dates and no point expiration. Priority Club® Rewards was voted the top hotel loyalty program at the travel industry Freddie Awards in 2006 and 2007. *Global Traveler* magazine also selected Priority Club® Rewards as the Best Hotel Rewards Program for the same two years.

The Holiday Inn brand affiliation for the subject property is very important and valuable. Approximately 40 percent of all accommodated guest room demand is generated by the Holidex reservation system. Additionally, approximately 55 percent of all guests are members of the Priority Club® frequent traveler rewards program. Importantly, the average rate for Holidex in 2008 was nearly $107 as compared to $88 for the overall Holiday Inn brand.

Guest Rooms: The subject Hotel includes the following mix of guest rooms by room type and other in-room features and amenities:

- 319 guest rooms including 26 suites, 93 single-bed rooms and 206 double-bed rooms.
- 247 guest rooms are non-smoking;
- Complimentary high-speed Internet access;
- King-size beds in most rooms;
- Spacious guest rooms and suites with work space and separate seating areas;
- A large work desk with no-glare lighting, outlets and an ergonomic chair;
- Phones with data port and voice mail;
- Complimentary cable TV with HBO;
- In-room movies;
- Complimentary in-room coffee;
- Complimentary *USA Today*;
- Iron and ironing board; and,
- Hair dryer.

Restaurant: The restaurant adjacent to the Holiday Inn is the Bennigan's Grill and Tavern operated as a franchise and under the same ownership as the subject Hotel. In late July 2008, all 150± company-owned Bennigan's restaurants were closed when the owner, S&A Restaurant Group, filed for Chapter 7, Title 11, United States Code (liquidation) bankruptcy. The remaining chain-affiliated restaurants are franchises and remain open. After the closure of the S&A Group, all remaining assets of the company were purchased by a private equity group with the intent of reopening the chain as a fully franchised operation. The restaurant at the subject Hotel will likely go independent after being redeveloped as part of the subject renovation.

Banquet & Meeting Space: The composition of the banquet and meeting space in the Hotel follows.

- 12 meeting rooms with 22,188 total square feet of meeting space;
- Largest Room Capacity: 1,800 theatre style;
- Smallest Room Capacity: 10 hollow square style; and,
- 12,300 square feet of exhibit space.

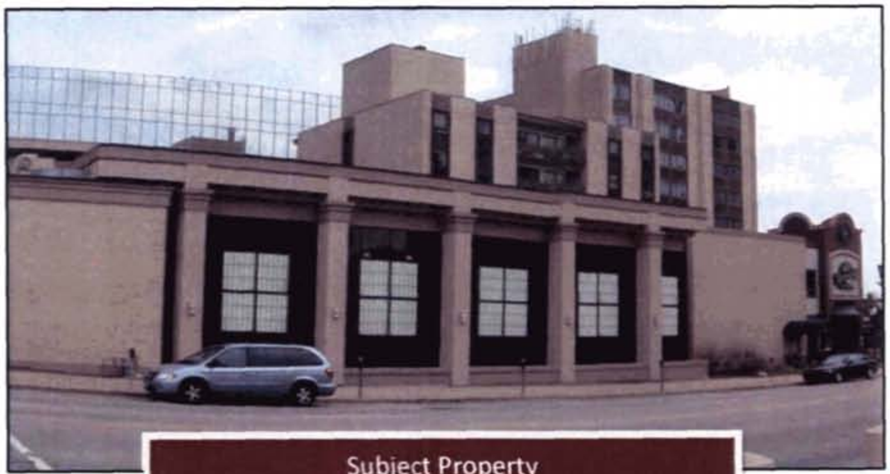
Amenities: The subject Hotel offers the following guest amenities and services.

- Business Center;
- Independent beauty salon, convenience store and jewelry store located on the main floor;
- Complimentary shuttle service to the airport (8 miles) and the RiverPlex, which houses Peoria's state-of-the-art fitness facility;
- 24-hour fitness center; and,
- Indoor swimming pool, whirlpool and sauna.

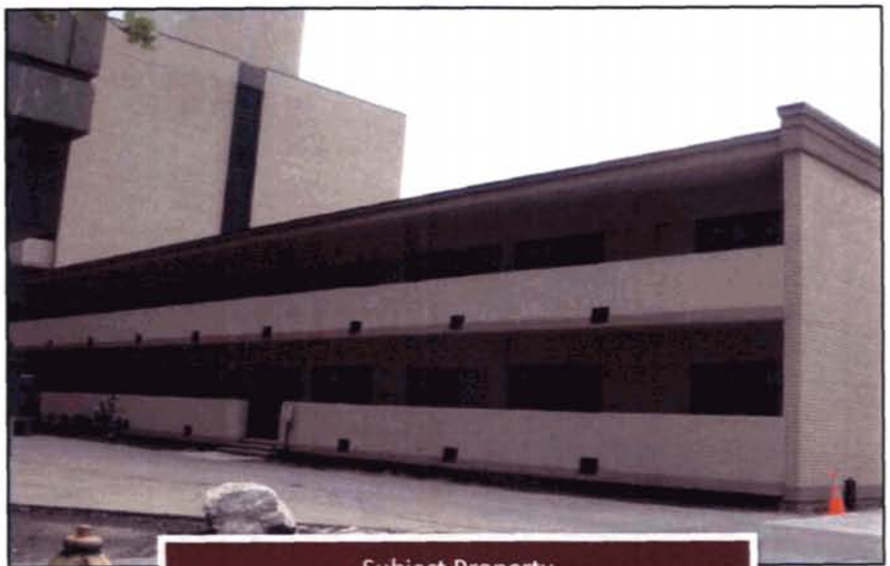
Parking: A city owned 365-space parking garage is located on the same block as the subject Hotel. The garage offers guests fully covered ingress and egress from their car to the Hotel. The Hotel provides free parking in the adjacent garage with parking vouchers provided to registered guests.

Front Entrance to the Subject Hotel

Rear Entrance near Adjacent Garage



Subject Property



Subject Property

Proposed Improvements

Brand: The subject Hotel is planned for conversion to either a Crowne Plaza Hotel or to a DoubleTree Hotel.

The IHG family of brands includes the more upscale Crowne Plaza brand. The Crowne Plaza Hotel brand uses the same Holidex booking system as well as Priority Club® loyalty program detailed previously in the report which would continue to contribute significantly to the occupancy of the subject Hotel. The Crowne Plaza brand achieves significant revenue increases over the current Holiday Inn brand with 187 system wide hotels having achieved 61.9 percent occupancy at $113.32 average daily rate, and with a RevPar of $70.20 as of December 2008.

The potential conversion to the DoubleTree Hotel brand is also under consideration. This brand is a member of the Hilton Hotels Corporation. There were 194 Doubletree hotels with 49,357 rooms open as of year-end 2008. The Doubletree brand achieved a 68.3 percent occupancy with an average rate of $130.50 and an annual brand average RevPAR of $89.17 for that year.

Improvements: The cost of the renovation and conversion is summarized below:

Component	Cost
Exterior Upgrade	$ 2,500,000
Lobby/Commercial Facilities	$ 3,500,000
Restaurant & Bar Re-Concepting	$ 1,000,000
Suites Conversion	$ 1,000,000
Infrastructure/Systems	$ 1,000,000
Meeting Rooms Upgrade	$ 500,000
Brand Conversion	$ 500,000
Total	$10,000,000

The following are the key highlights of the planned renovation and conversion to an upscale Crowne Plaza or Doubletree brand:

- Dramatic exterior upgrade – Improving Peoria's sky line and a key visual along I-74;
- Dramatic redesign and upgrade of lobby;
- Creation of all-suites tower – redevelop 66 rooms into 35-40 executive level suites;
- Complete redesign of food and beverage space – upscale restaurant, martini bar/night club and Café; and,
- Conference facilities – redesign of commercial lease space into additional breakout rooms for meetings.

Exterior Upgrade: The redevelopment plan will call for a complete rehab of the facility exterior to provide it a new and prominent look. Consumers in the marketplace continually site curb appeal as one of the key factors in deciding to stay at a particular property. A new roof line with all new exterior surfaces and up-lighting to enhance the building would be the start of an extensive exterior upgrade that would also include new entranceways and extensive new landscaping including water features in the green space.

New Lobby/Commercial Facilities: A redevelopment of the lobby, lobby bar, soft seating areas, and commercial areas is planned. A more expansive floor plan with the removal of several walls and the extensive amount of glass is also planned.

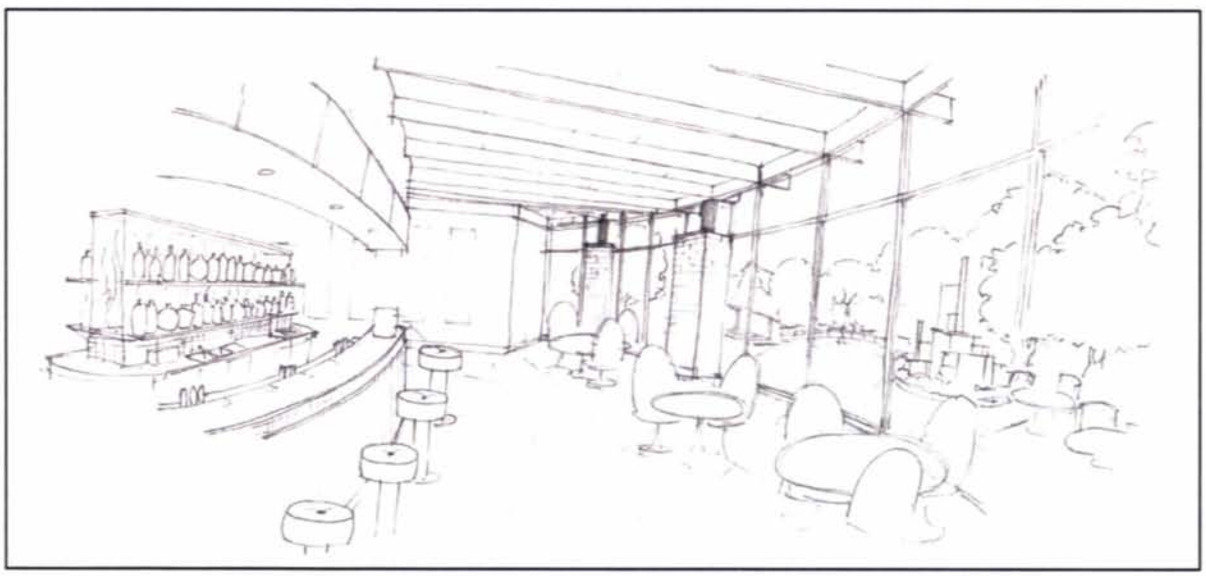
All-Suites Tower: Currently there are 66 rooms in an existing tower, a number of which are small and consistently result in customer complaints. The redevelopment of these 66 rooms into approximately 35 to 40 executive level suites, a number of which are anticipated to include balconies overlooking downtown Peoria, is planned. These rooms would be designed for business travelers, group meeting planners and extended-stay guests visiting the hospital or other local corporate businesses.

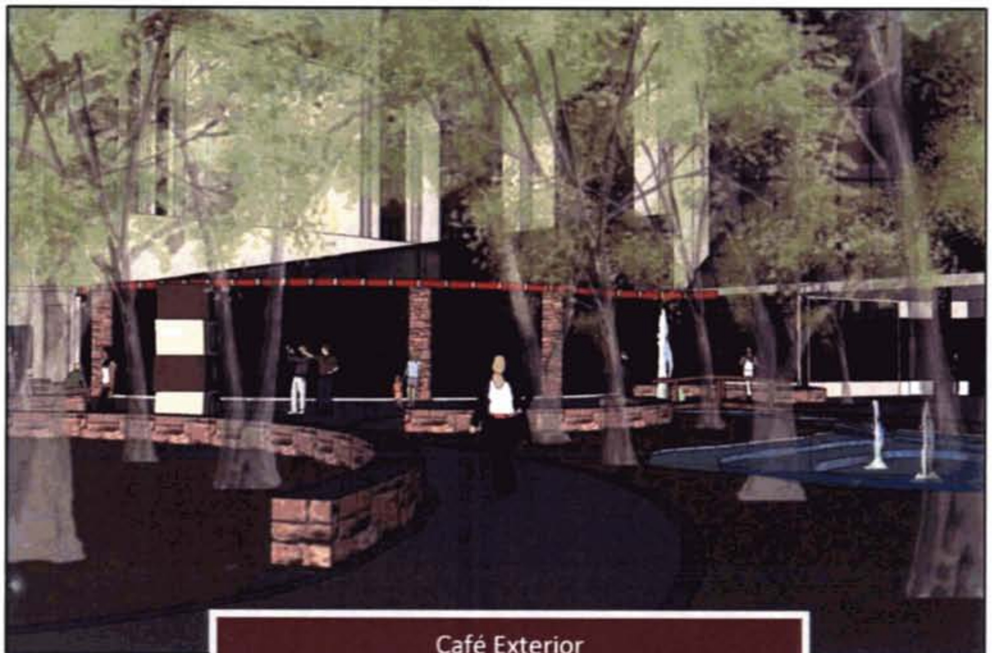
Rooms Upgrade: The Hotel has undergone modest renovations in the guest rooms over the last 18 months; however, many renovations remain to be completed that are anticipated to positively affect operations and guest satisfaction. A complete redevelopment of the rooms focusing on modern design, including high-definition flat-screen TVs, and all new beds, carpet, wall coverings, and bathroom refurbishments are anticipated.

Infrastructure/Parking Garage: The redevelopment will initiate renovations that will improve building utilization and management by adding customer focused enhancements including state-of-the-art security and HVAC systems. Current deficiencies, including the lack of hot water during peak occupancy periods, will also be addressed.

Conference Facilities: The conference facilities received significant updates within the last year; however, more thorough renovation with a focus on technology is planned for the conversion.

New Upscale Branded Restaurant: While currently in the planning stages, extensive structural and aesthetic renovations for restaurant space are planned with the re-concepting from the current Bennigan's operation to a new restaurant concept that will attract incremental guests to downtown.



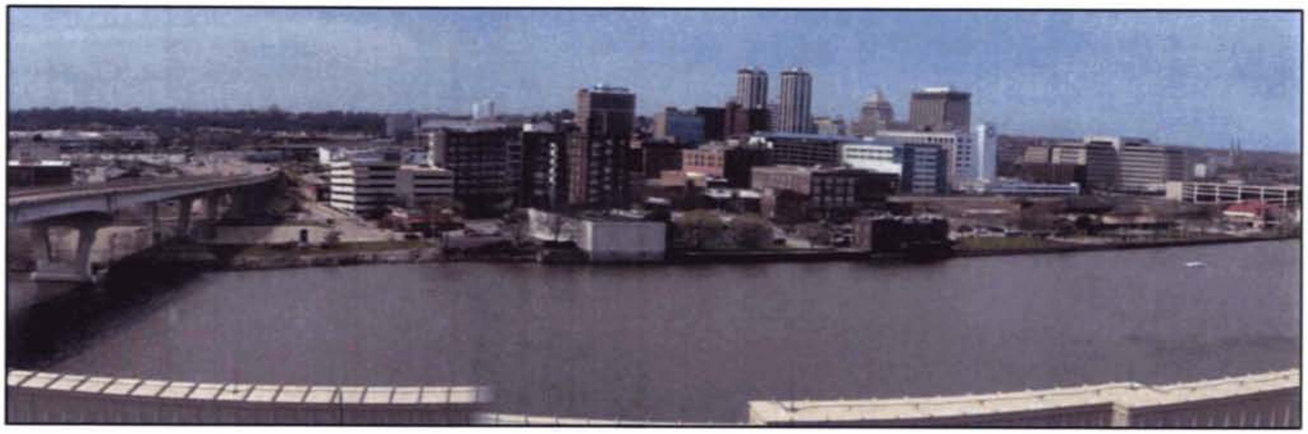


Café Exterior

Café Option

Conclusion

The existing facility, originally constructed approximately 33 years ago, is currently positioned in inferior competitive condition and is in obvious need of improvement to remain competitive, both near- and long-term. Proposed improvements to guest rooms, common areas, enhanced banquet and meeting space and food and beverage operations are anticipated to significantly improve the overall competitive condition of the subject Hotel. The site of the facility is highly competitive within the competitive set and is considered favorable to that of more recently developed hotels in East Peoria and various locations a considerable distance north of the downtown area. The redevelopment of the Hotel to a Crowne Plaza or Doubletree brand is expected to not only increase the overall competitive position of the Hotel, but support the revitalization efforts of city initiatives as well.



Area Review

Downtown Peoria is part of the Peoria-Perkin Metropolitan Statistical Area which is located in central Illinois. Highlights of some of the more relevant recent economic developments and trends for the area follow.

Population: Presented in the following table are population trends for Peoria, Peoria County, the MSA, state, and nation.

POPULATION					
Year	Peoria	Peoria County	MSA	Illinois	Nation
1990	113,504	182,827	345,706	11,430,602	248,709,873
2000	112,936	183,433	353,719	12,419,293	281,421,906
2007*	113,546	183,655	359,817	12,901,563	301,621,157

**Estimates*

Source: U.S. Census Bureau

The population growth of the MSA between 1990 and 2007 was approximately 4.1 percent. The majority of this growth occurred outside of Peoria. The non-Peoria County MSA growth over this same period was just over 14,000 residents, or an increase of roughly 6 percent. This compares to a national increase of approximately 21 percent over this same 17-year period.

Employment: Presented in the following table are employment trends for Peoria, Peoria County, the MSA, state, and nation.

EMPLOYMENT					
		Peoria			
Year	Peoria	County	MSA	Illinois	Nation*
2003	48,318	82333	170,025	5,916,830	129,999
2004	49,070	83575	173,246	5,968,561	131,435
2005	51,393	87487	182,030	6,061,314	133,703
2006	53,508	90808	189,305	6,255,169	136,086
2007	54,827	92932	193,744	6,348,650	137,623
2008	54,760	92819	193,508	6,263,651	137,055
2008 ytd	54,136	91761	191,302	6,262,902	137,543
2009 ytd	52,523	89027	185,602	5,961,806	132,295

**In Thousands*
Source: Bureau of Labor Statistics
Note: All figures for 2008 are preliminary estimates

Total employment in Peoria and Peoria County increased approximately 13 percent between 2003 and 2008. This is significantly greater than that of the state or nation over the same period. The economic conditions in late 2008 through the current environment have resulted in a decline of total employment on all geographic measures. Year-to-date through 2009, as compared to the same period in 2008, the county has lost about 2,700 jobs and the city has seen a decline of approximately 1,600. The total job loss for the MSA is estimated at approximately 5,700 jobs over this same three-month period. Perhaps more striking are the comparative statistics for just the month of March. The MSA has lost an estimated 7,768 jobs between the total employment of 192,938 in March of 2008 to 185,170 in March of 2009. This is an approximate four percent decrease in total employment. Presented in the following table are the unemployment rates for the area, state and nation.

UNEMPLOYMENT RATES					
		Peoria			
Year	Peoria	County	MSA	Illinois	Nation
2003	6.6%	6.5%	6.1%	6.7%	6.0%
2004	6.1%	5.9%	5.6%	6.2%	5.5%
2005	5.3%	5.1%	4.9%	5.8%	5.1%
2006	4.6%	4.4%	4.2%	4.6%	4.6%
2007	5.0%	4.9%	4.6%	5.1%	4.6%
2008	6.2%	6.0%	5.7%	6.5%	5.8%
Mar 2009	9.7%	9.4%	8.9%	9.4%	8.5%

Source: Bureau of Labor Statistics
Note: With the exception of the national unemployment rate, all figures for 2008 are preliminary estimates.

The current unemployment levels in Peoria are roughly comparable to that of state, but above the national average. The Peoria unemployment levels have edged up relative to the nation since 2006.

The major employer in the area is Caterpillar, Inc. This company is estimated to employ approximately 15,000 in the Peoria area; however, that number has been decreasing. The company is headquartered in downtown Peoria and has manufacturing and numerous other facilities in the area. The company is by far the largest employer and is about ten times bigger than the next largest manufacturing company in the area. A list of the major employers in the Peoria market follows.

MAJOR EMPLOYERS · PEORIA, ILLINOIS

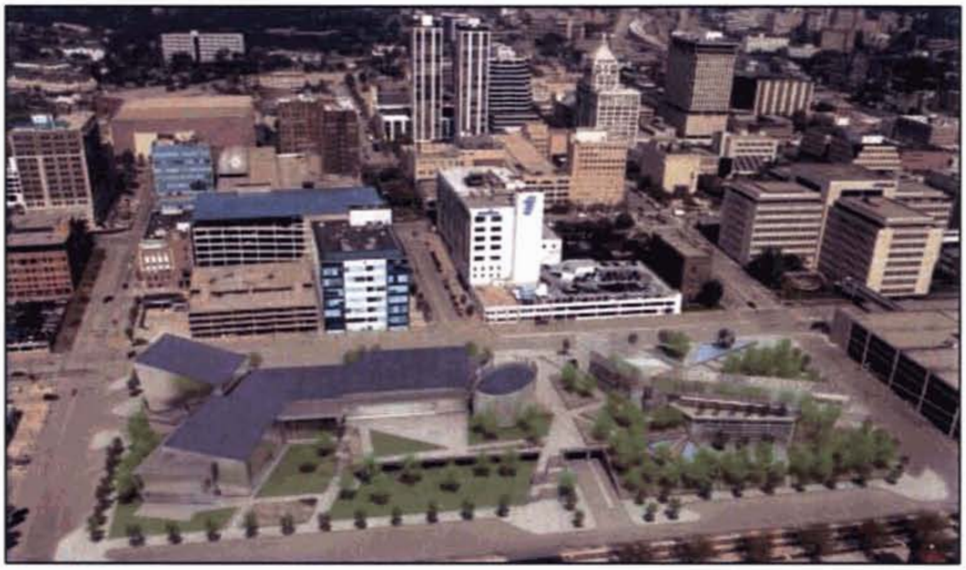
Company	Employees	Product/Services
Caterpillar	15,000+	Tractors & Equipment
Methodist Medical Center	1,500+	Healthcare
Saint Francis Medical Center	1,500+	Healthcare
Peoria School district	1,500+	Education
Keystone Steel and Wire Company	1000<2000	Manufacturing
Morton Metal Craft Company	1000<2000	Manufacturing
XPAC	1000<2000	Manufacturing

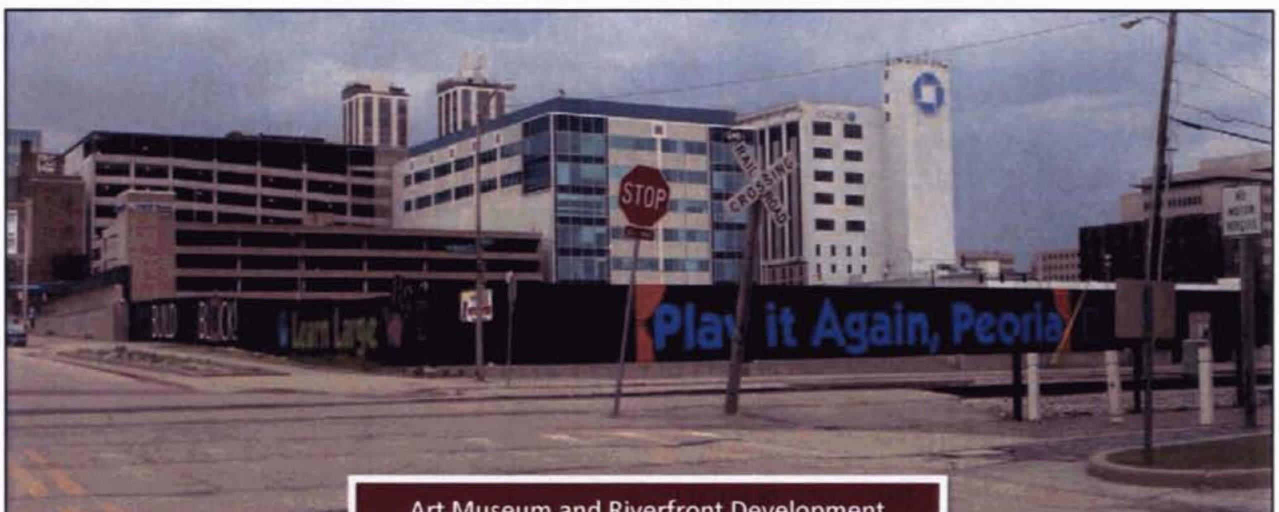
Source: www.edc.centralillinois.org

Caterpillar, Inc. is currently experiencing a contraction in demand for its products worldwide as a result of the national and international economic conditions that have been particularly difficult for industries related to new development and construction. The numerous years of consistent growth, development and expansion are presently undergoing a material decline and contraction; however, demand is expected to pick up as new construction around the world increases. Caterpillar has historically brought in its potential customers for product demonstrations. This has been a favorable economic impact to the community which has historically been the home to its sole test facility. There are now several of these test facilities worldwide.

St. Francis Hospital is a major employer and economic force in the Peoria market. It is located proximate to downtown Peoria. The hospital is the ninth largest Catholic hospital in the nation and is currently under development with an approximate $250 million expansion. The expansion will provide a separate larger entrance to the Children's Hospital as well additional rooms to house additional adult and children facilities.

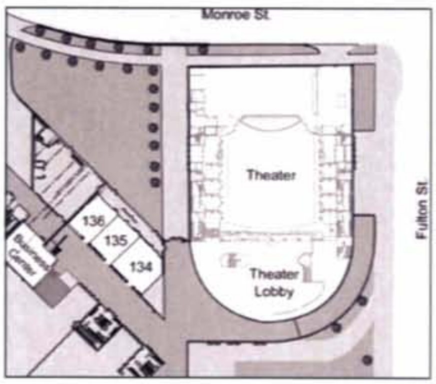
Museum Square: A $100+ million Museum Square is planned for development on an approximate 6.8-acre tract located in downtown Peoria proximate to the Illinois River. This facility is planned to include the Central Illinois Regional Museum and Caterpillar Visitor Center. The 110,000-square-foot museum will feature interactive displays, a planetarium, imaginarium, regional exhibits, and galleries. Caterpillar, Inc. is the sponsor of the Caterpillar Visitor Center and will create an approximate 50,000-square-foot attraction. The new Caterpillar Museum is projected to create a signature Caterpillar attraction that will bring dealers and customers to Peoria to see the factory, museum and extensive history of the company within the community. Caterpillar is reported to estimate that approximately 20,000 Caterpillar dealer sponsored guests are expected to tour the facility and that this may increase to as much as 35,000 in time.

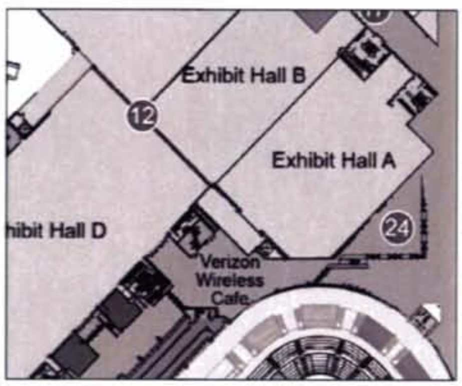




Art Museum and Riverfront Development

Peoria Civic Center: The Peoria Civic Center recently completed a $55 million revitalization expansion to its current facilities. The three structures are connected via an enclosed glass panel arcade and now include a 41,300-square-foot exhibit hall, a 15,000-square-foot kitchen and banquet space, as well as an additional 10,000 square feet of meeting space. An estimated $15 million to $20 million was also spent on arena and theatre improvements. The Civic Center complex was originally developed in 1982 and is comprised of the convention center, the Carbor Arena and theatre. These combined facilities are estimated to accommodate roughly 900,000 attendees during 300 events a year.





Interstate I-74: Interstate I-74 runs through Peoria and serves the downtown market as well as East Peoria. The interstate was under construction through the downtown Peoria sector during much of 2006 and 2007. This project is now complete and the interstate entrances and exits are all open.

Marriott Hotel: A substantial lodging project was initiated subsequent to the completion of the Peoria Civic Center revitalization and expansion. The existing Pere Marquette Hotel is planned for renovation, expansion and subsequent conversion to a Marriott Hotel. The entire project is reported to cost over $100 million, of which approximately $40 million will be provided by public funding. The project calls for a new civic center headquarter hotel that will be physically connected via a skywalk to the convention center. The net result of an approximate 500-room high-quality Marriott-branded headquarter convention center hotel is projected to significantly increase the marketability of the recently expanded and improved Peoria Civic Center complex.

Downtown Revitalization: There are numerous projects, both small and large, that are planned or under development in the downtown sector. Within the MSA there is nearly a billion dollars worth of development that has already occurred and another $1.1 billion either planned or underway. A summary of some of these projects follows.

UNDER CONSTRUCTION/$411 MILLION
University of Illinois Medical School Expansion
Peoria Zoo Expansion Project
Peoria Cancer Center
OSF Hospital Milestone Project
Bradley University Expansion
Catholic Diocese of Peoria Spalding Campus Project

PLANNED/$700 MILLION
Long-Term Acute Care Hospital
Methodist Medical Center Expansion
New Airport Terminal Update
District #150 Schools Renovation
Museum Square Project
Bellwood Nursing Home Renovation
Extension of Pioneer Parkway
Northmoor Road Upgrade

Source: Peoria.blogspot.com

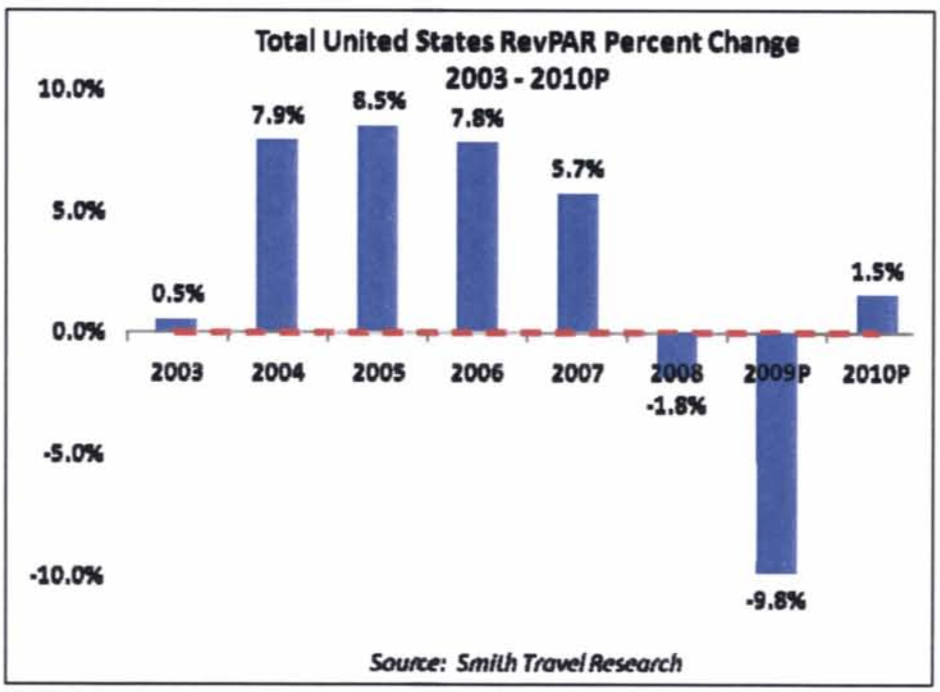
Conclusion

The Peoria market has historically been a very stable community. It has an employment base dominated by Caterpillar, Inc., but is significantly influenced by the presence of a strong medical sector, higher education and other private sector manufacturing companies and industries. Peoria, like the state and nation, has undergone a contraction in total employment recently. The diversification of the community is projected to buffer some of this short-term decline as the market and general economic conditions return to equilibrium. The long-term outlook for the city, county and MSA is favorable with continued stable to slow-growth environment long-term.

Macro Lodging Overview

The Historic Perspective

The performance of the U.S. lodging industry tends to follow cycles that begin or end due to a single major event or several factors coming together within a very short period of time. The most recent era of the U.S. lodging industry is defined by the period between the events of September 11, 2001, and the economic crisis that started in October of 2008. Total RevPAR growth between 2002 and 2007 was an impressive 36 percent over those five years. RevPAR declined approximately 9.5 percent between 2000 and 2002; and, it is projected to drop about 11.6 percent between 2007 and 2009.



The onset of this most recent cycle is clearly identified by pre- and post-2001 performance. The year 2000 was a banner year for the industry. Then, 2001 started with a growing economic contraction in the first quarter. This, in addition to the terrorist attacks of September 11, 2001, resulted in the almost four full percentage points drop in occupancy for 2001 as compared to 2000. It was one of the largest one-year drops in occupancy in the history of the modern U.S. lodging industry. Perhaps not surprisingly, the average rate dropped a full two percent for the year as well.

U.S. LODGING INDUSTRY TRENDS

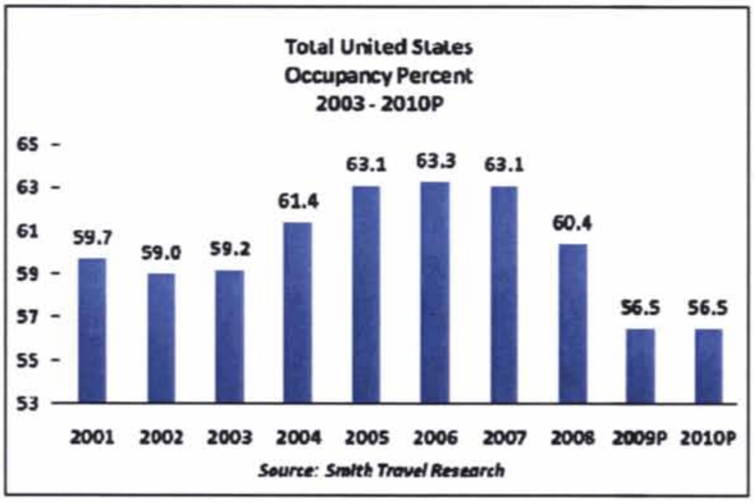
Year	Occupancy	ADR	RevPAR
2000	63.3%	$ 85.22	$53.94
2001	59.7%	$ 83.99	$50.14
2002	59.0%	$ 82.75	$48.82
2003	59.2%	$ 82.94	$49.10
2004	61.4%	$ 86.39	$53.04
2005	63.1%	$ 91.14	$57.51
2006	63.3%	$ 97.96	$62.01
2007	63.1%	$103.97	$65.61
2008	60.4%	$106.68	$64.43
2009 Outlook	56.5%	$102.89	$58.13
2010 Outlook	56.5%	$104.41	$58.99

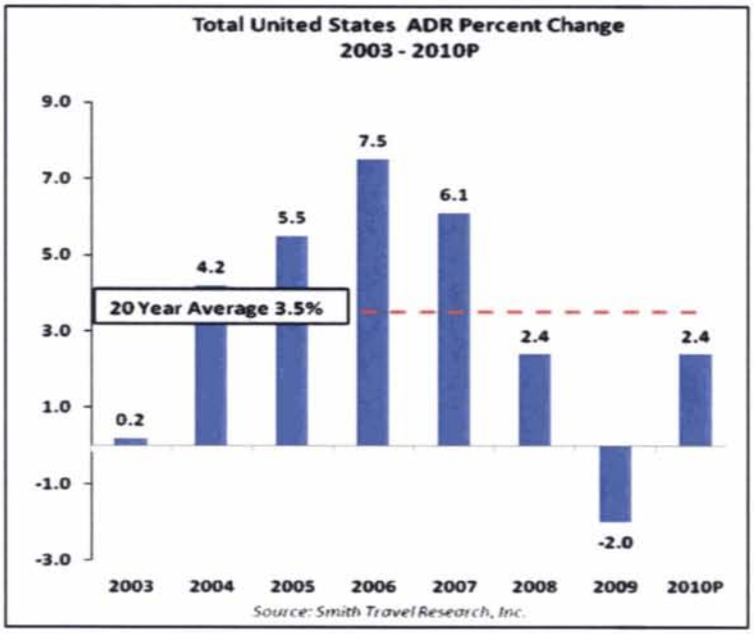
Sources: Smith Travel Research;
HREC– Hospitality Real Estate Counselors

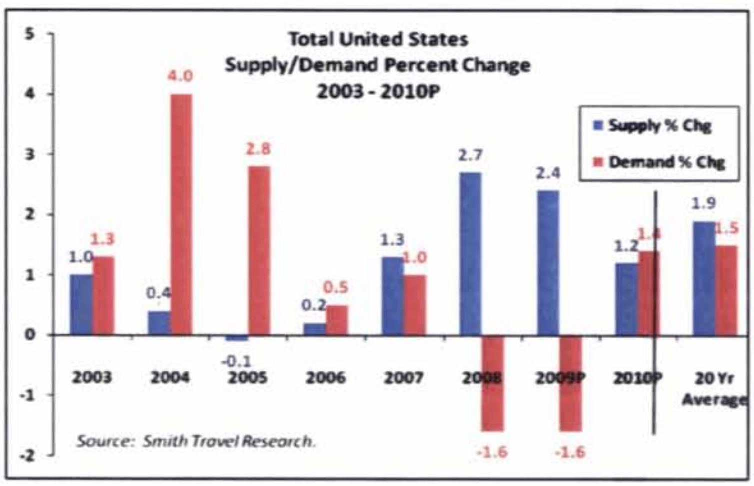
The decline of 2001 continued, but to a lesser degree in 2002. Room occupancy nationally was down one percent, or 0.7 percentage points in 2002; although, the trend in room demand had been improving since about mid-2002.

Lodging demand in 2002 grew, but was less than one percent higher than it was at the end of 2001. Revenue per available room ("RevPAR") dropped approximately 2.7 percent as the number of available rooms rose almost two percent. Declines seemed highest among independent, full-service properties in the major cities. Certain leisure destinations that had a significant fly-in and/or international component were also off considerably for the year. The economic recovery was slow and there was a general lack of consumer confidence due partly to ongoing international tensions.

For the full year of 2003, occupancy edged up a modest 0.2 percent and the average room rate was essentially flat with a 0.1 percent increase. The total number of occupied room nights in the United States increased 1.5 percent for the year. Total available guest rooms nationwide increased 1.2 percent, just slightly less than the rate of demand growth for the year.







In 2004, national economic conditions continued to improve, perhaps most notably with significant gains in employment. This translated into a clear onset of a recovery in the hospitality industry. Demand growth was 4.7 percent in 2004 as compared to an increase of 1.5 percent in 2003; a modest gain of 0.3 percent in 2002; and, a decline of 3.4 percent in 2001. Supply growth was only one percent in 2004 which resulted in a 2.2 percentage point increase in occupancy. The average room rate increased 3.7 percent in 2004 as well. This was well above the rate of inflation and reflective of the recovery and real rate appreciation.

The year-end 2005 statistics reflected continued recovery, ADR improvement and real rate growth. RevPAR increased approximately eight percent with an occupancy gain to a level comparable to that of pre-September 11, 2001. It is the third year of improving occupancy and average rate and the highest occupancy since 2000.

In 2006, industry RevPAR growth was somewhat lower than the all-time high of 2005. Since 2002, RevPAR had grown approximately 27 percent. Industry room supply increased 0.6 percent in 2006 while demand (room nights sold) gained 1.1 percent.

In 2007, industry occupancy declined (modestly by 0.2 percentage points) for the first time since 2002. Industry occupancy has essentially peaked at around a rounded 63 percent between 2005 and 2007. Average rate increased about 6.0 percent in 2007, which suggests an industry still operating well above equilibrium. Supply growth in 2007 was the highest in years at 1.3 percent, but well below the pipeline of a 2.7 percent increase set to open in 2008.

In 2008, significant supply growth coupled with national and international monetary turmoil and rapidly deteriorating global and U.S. economic fundamentals resulted in the first significant industry-wide decline since 2001. RevPAR declined approximately 1.8 percent for the year which consisted of about a 4.2 percentage point decline in occupancy and a 2.5 percent increase in average rate.

The Outlook

The outlook for 2009 has been revisited with consideration to the most recent economic contractions including rising unemployment and the reduction in available capital. Occupancy is anticipated to decline an additional 6.5 percent to 56.5, down from 60.4 in 2008 with the average rate also projected to decrease approximately 3.6 percent to $102.89, down from $106.68 in 2008. As a result, RevPAR is expected to decline 9.8 percent in 2009. The offset in 2010 is a likely significant reduction in competitive supply growth due to a lack of available debt and increased equity requirements for new hotel developments. A modest increase of 1.5 percent in RevPAR is expected as a result of a projected 1.5 percent increase in ADR and flat occupancy growth.

The first quarter of 2009 posted a continued decline in hotel performance. This quarter marked the fifth consecutive decline in demand, the sixth in occupancy, the second in ADR, the third in RevPAR and the third in room revenue. Smith Travel Research estimates that these declines will continue for at least the next two quarters and for up to the next three quarters.

Conclusion

The 2002/2003 period was a low-point in the industry and 2004 was the first year of a new, several-year period of growth and recovery. Improved fundamentals have resulted in a 34 percent increase in RevPAR between 2002 and 2007. The industry achieved its highest level of profitability ever in 2007. RevPAR receded slightly in 2008 due to the onset of financial turmoil that started towards the end of the year. The industry fundamentals are anticipated to remain solid long-term, particularly as new supply growth slows due to a tightening of the credit markets. RevPAR is projected to decline about 9.8 percent in 2009, but gain about 1.5 percent in 2010. RevPAR declined approximately 9.5 percent between 2000 and 2002; and, it is projected to drop about 11.6 percent between 2007 and 2009. The timing implications of the cycle suggest that entering the market during the onset of a several year period of recovery and growth could also create the most favorable economic benefit long-term.

Peoria Lodging Market

Supply Composition

The expanding Peoria lodging market includes properties located in downtown, East Peoria and throughout the suburban Peoria market area. A summary of the more competitive lodging properties located throughout the expanded Peoria market area appears in the following table.

EXPANDED PEORIA MARKET SUPPLY

Property	Rooms	Year Opened
Downtown Sector		
Holiday Inn City Centre	319	1976
Pere Marquette	289	1927
Mark Twain	110	1990
Staybridge Suites	106	2000
East Peoria		
Embassy Suites	226	2008
Stoney Creek Inn	164	2000
Holiday Inn Express	85	1999
Par A Dice Hotel	208	1997
Hampton Inn	154	1993
Super 8	64	1992
Motel 6	78	1972
Suburban		
Radisson	168	1970
Ramada	242	1978
Courtyard	78	1993
SpringHill Suites	124	2000
Wingate	65	2008
Country Inn & Suites	74	2008
Candlewood Suites	83	2007
ExtendedStay America	104	2001
AmericInn	85	2000
Sleep Inn	72	1999
Residence Inn	66	1993
Comfort Suites	66	1991
Super 8	70	1989
Baymont	130	1989
Jameson Inn & Suites	123	1988
Red Roof	108	1981

Sources: Smith Travel Research; HREC – Hospitality Real Estate Counselors

A total of 27 properties with 3,461 available guest rooms are presently open and operating within the expanded Peoria market area.

Historic Performance

These properties were collectively estimated to have achieved an approximate 61 percent occupancy and an $88 average rate in 2008. A summary of the historic occupancy and average rate for this expanded competitive set appears in the following table and as an exhibit to this report.

HISTORIC OCCUPANCY & AVERAGE RATE FOR THE EXPANDED PEORIA MARKET

Year	Occupancy	ADR
2003	62%	$64
2004	64%	$66
2005	63%	$70
2006	65%	$75
2007	64%	$79
2008	61%	$88

Sources: Smith Travel Research;
HREC-Hospitality Real Estate Counselors

The expanded Peoria lodging market has averaged an approximate 63 percent occupancy over the last six years. The average rate growth over the same time period has been an impressive 37 percent. This compares very favorably to the approximate 29 percent increase nationwide over that same period; however, Peoria has had the benefit of a major supply increase with a much higher average rate in 2008.

The year-to-date performance through the first three months of 2009 as compared to the same period in 2008 shows significant declines in occupancy. The overall occupancy has declined approximately 7.9 percent to 51.7 percent for the first quarter of 2009 as compared to 56.2 percent for the same period in 2008. The average room rate remains relatively unchanged over this same time period, which results in an approximate 7.4 percent decline in RevPAR for the first quarter of the year. This trend is expected to continue for the remainder of the year and result in a projected occupancy in the mid- to upper-fifties for the expanded market area with little change in average rate.

A national comparison with the Peoria market shows an occupancy that approximates the U. S. lodging industry at an average room rate that is substantially below the national average. The estimated $88 average rate for the Peoria market is about $19, or 18 percent, less than the $107 national average rate in 2008.

The Downtown Sector

There are four hotels located in the immediate downtown Peoria market area. These properties have a combined total of 824 guest rooms. These hotels are generally well-located to serve the expanded market area. The downtown sector is easily accessed via numerous exits along I-74. The downtown market also has the significant benefit of the Peoria Civic Center, the world headquarters of Caterpillar, the Riverfront redevelopment, and the planned improvements and continued expansion of the Civic Center and Riverfront Museum.

A summary of the historic performance of the downtown Peoria hotels relative to the overall market appears in the following table.

RELATIVE PERFORMANCE OF DOWNTOWN PEORIA HOTELS

	Expanded Peoria		Downtown Only		Relative Downtown Performance		
Year	*Occ*	*ADR*	*Occ*	*ADR*	*Occ Yield*	*ADR Yield*	*RevPAR Yield*
2003	62%	$64	59%	$75	95%	117%	111%
2004	64%	$66	56%	$75	88%	114%	100%
2005	63%	$70	58%	$88	92%	125%	116%
2006	65%	$75	58%	$91	89%	122%	108%
2007	64%	$79	56%	$95	87%	121%	105%
2008	61%	$88	53%	$98	88%	112%	98%
2009	56%	$88	45%	$94	81%	107%	86%

Sources: Smith Travel Research; HREC – Hospitality Real Estate Counselors

Hotels located in downtown Peoria achieved a higher average room rate and a lower occupancy than the expanded market area. Perhaps more importantly, the relative performance of downtown hotels continues to erode despite the inherent benefits of the downtown location, infrastructure and demand generators. The average rate yield relative to the overall market decreased from 117 percent in 2003 to 107 percent projected for 2009. The occupancy lag of the downtown hotels was over three percent in 2003, but has since grown to eight percentage points in 2009. The downtown hotels achieve an occupancy yield of only 81 percent of the overall market currently. The combination of occupancy and rate result in only 86 percent RevPAR yield projected for 2009 as compared to an approximate 111 percent RevPAR yield in 2003, and 116 percent in 2005.

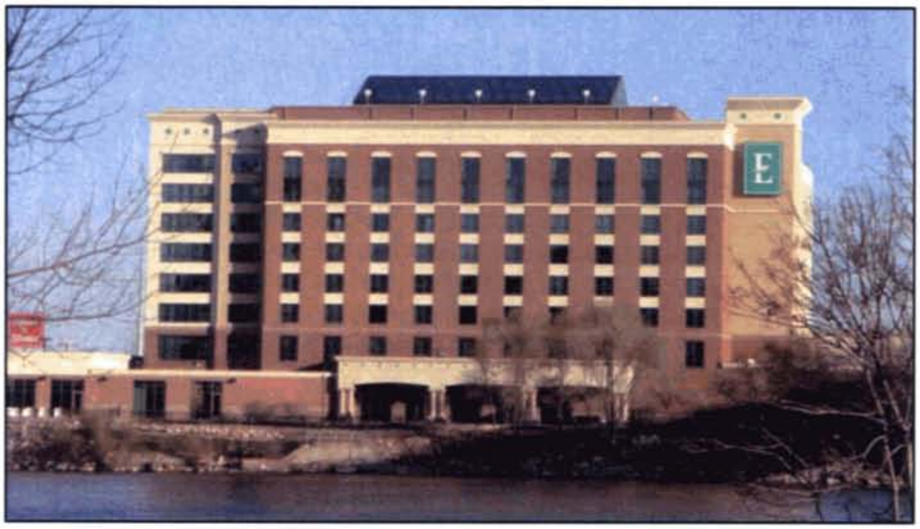
The cause and implications of these trends are significant. Since 1990, there has been only one hotel with 106 total available guest rooms constructed in downtown Peoria. By contrast, 16 hotels with 1,658 total available guest rooms have been constructed in East Peoria and suburban Peoria over this same time period. Six of the seven identified properties within the expanded competitive set located in East Peoria were constructed since 1990. Twelve of the 16 suburban properties included among the Peoria expanded competitive set were also constructed since 1990. Since 1990, only six percent of the growth in area lodging supply has occurred in downtown Peoria. The development of newer properties throughout the market has clearly impacted the performance of downtown hotels. Additionally, the downtown lodging stock has continued to age and face increasing competitive issues from new hotels developed elsewhere.

Supply Growth

There are several hotel projects that have recently opened or under construction or planned for development in the expanded Peoria market area. A summary discussion of these projects follows.

Candlewood Suites: An 83-unit Candlewood Suites opened in Grand Prairie. This property opened in late 2007.

Embassy Suites: The 236-unit, full-service Embassy Suites opened in East Peoria in early 2008. Facilities include 35,000 square feet of convention and meeting space.



Country Inn & Suites: A 74-unit Country Inn & Suites opened in mid-2008. This property is located in Orange Prairie.

Wingate by Wyndham: A 65-unit Wingate by Wyndham opened in mid-2008. This property is located in Orange Prairie.

Fairfield Inn & Suites: An 89-unit Fairfield Inn & Suites just recently opened in East Peoria.

Holiday Inn – Grand Prairie: A 115-unit full-service Holiday Inn is currently under construction and is scheduled to open in Grand Prairie in early 2010.

Residence Inn: A 120-unit Residence Inn is approved and planned for development in East Peoria. This property is being developed by EM Properties and is not expected to proceed near-term, but remains a potential addition for the market long-term.

Marriott Convention Center Hotel: An approximate 200-room addition and redevelopment of the Pere Marquette Hotel is planned and projected to result in an approximate 500-room Marriott Convention Center Hotel. This property will be attached to the Peoria Civic Center and is projected to lead the market in average rate and generate significant incremental convention, group, meeting, and corporate demand. →

Embassy Suites Expansion: An approximate 100-unit expansion of the existing Embassy Suites in East Peoria is planned. This project is not expected to proceed near-term, but remains a potential addition for the market long-term.

These and other potential additions to the market not currently identified which may be in the earliest of planning stages are projected to result in an approximate 22 percent increase among the expanded competitive supply of guest rooms in the expanded Peoria market area.

Supply Additions

The Outlook

The medium- to long-term outlook for the expanded Peoria market area is projected to be influenced by several factors:

- The national economic conditions;
- The local employment growth and recovery;
- The Caterpillar, Inc. recovery and related lodging demand-generating activity locally;
- Peoria Civic Center utilization;
- The medical sector employment, activity, growth and development;
- Area lodging supply growth and evolution; and,
- The Riverfront and local community and tourism developments.

The projected outlook for the expanded Peoria market area, assuming the subject Holiday Inn City Centre Hotel is renovated and rebranded as a Crowne Plaza or Doubletree Hotel, appears in the following table.

Projected Performance
The Expanded Peoria Market Area
***With Renovation & Conversion* Scenario**

	Supply	Demand	Occupancy	Average Rate
2009	3,536	1,980	56%	$88
2010	3,644	2,041	56%	$90
2011	3,673	2,094	57%	$92
2012	3,803	2,206	58%	$95
2013	4,093	2,333	57%	$102
2014	4,193	2,541	61%	$105
2015	4,193	2,600	62%	$107

Sources: Smith Travel Research; HREC – Hospitality Real Estate Counselors

Occupancy is projected to decline near-term from the very low sixties to the mid- to upper-fifties. Average rate has and is projected to remain flat near-term. The gradual recovery of the market, the onset of new growth, and the projected development of a convention center hotel is projected to result in significant levels of new demand accruing to the benefit of the area lodging supply. The opening of the convention center hotel is projected to create new latent demand opportunities and favorably impact the overall average room rate of the area, as well as general demand growth.

Projected Performance

Historic

The historic performance of the subject Holiday Inn City Centre Hotel is presented in the following table.

HISTORIC PERFORMANCE HOLIDAY INN CITY CENTRE HOTEL		
Year	Occupancy	ADR
2003	52%	$67
2004	55%	$66
2005	54%	$72
2006	54%	$78
2007	47%	$82
2008	45%	$88

**Inflated at 2.5 percent annually*
Source: HREC

The average occupancy for the Hotel over the last six years is approximately 51 percent. In the last two years, the Hotel has averaged only 46 percent; and, the property is projected to drop to about 40 percent for the full year of 2009. The average room rate growth for the Hotel has been fairly significant. The average rate has increased about 31 percent between 2003 and 2008. It is greater than the national increase and is consistent with some of the trends of the expanded market as well. Year-to-date 2009 trends indicate that the average rate is likely to drop about $5, or six percent, in 2009 as compared to 2008.

Without Renovation

The Holiday Inn City Centre is projected to lose its Holiday Inn franchise affiliation sometime within the next year given its current license agreement and declining product quality. This is projected to result in a significant loss of occupancy and the average rate. The importance of the Holidex reservation system and Priority Club® frequent traveler program are evidenced by the contribution it makes to the Hotel. Approximately 40 percent of all reservations at the subject Hotel are attributable to the Holidex reservation system. Additionally, of all accommodated guests at the Holiday Inn, approximately 55 percent are Priority Club® participants. These are two significant attributes that generate room nights of demand on a consistent basis for the subject Hotel. The loss of the Holiday Inn franchise is projected to result in material decline in the operating performance of the Hotel.

Upon losing the Holiday Inn franchise, the Hotel is projected to affiliate with a lesser-known, but still national lodging brand that would require a more modest level of capital improvements to join the system. The subject Hotel is projected to capture a new base of more price-sensitive, medical, and other demand such as government per diem. The local per diem rate is $70 for federal government and $70 for Illinois state employees. Medical demand is often price-sensitive and the subject property is conveniently located to both medical centers and the hospitals. The projected performance of the subject Hotel under this scenario follows and appears as an exhibit to this report.

PROJECTED PERFORMANCE
HOLIDAY INN CITY CENTRE
***Without Renovation & Conversion* Scenario**

Year	Occupancy	ADR
2010	37%	$72
2011	38%	$71
2012	39%	$73
2013	40%	$75
2014	40%	$77
2015	40%	$79

**Inflated at 2.5 percent annually*
Source: HREC – Hospitality Real Estate Counselors

With Renovation and Conversion

The subject property is planned for an approximate $10 million improvement. This is over $34,000 a key and is projected to influence every aspect of the guest experience in overall quality, look and feel of the Hotel. The property is projected to then affiliate with a more upscale brand such as a Crowne Plaza or a Doubletree Hotel. Crowne Plaza is the upscale brand of InterContinental Hotels Group and can be termed a sister property of the Holiday Inn affiliation. The Doubletree Hotel affiliation is part of the Hilton family of lodging brands. Both of these upscale brands offer what are considered to be the top-tier reservation systems and frequent traveler programs in the industry. They are both highly regarded and well-suited to attract and accommodate the widest variety of group, meeting and convention demand both in-house and as it relates to the Peoria Civic Center and multi-property and city-wide group meetings and conventions.

As an improved property, the subject Hotel is projected to recapture some of the average rate it has lost in the last year and grow an additional $18 dollars over the next several years in real terms. This is projected to result in a stabilized average rate of $106 (in 2008 dollars).

The overall occupancy penetration rate of the subject Hotel upon completion of its renovation and conversion is projected to increase from its high of 87 percent as a Holiday Inn and more recently projected 71 percent in 2009, to 95 to 100 percent on a stabilized basis upon renovation and conversion.

PROJECTED PERFORMANCE
HOLIDAY INN CITY CENTRE
***With Renovation & Conversion* Scenario**

	Occupancy	ADR
2010	45%	$88
2011	55%	$101
2012	58%	$111
2013	58%	$117
2014	61%	$120
2015	62%	$123

**Inflated at 2.5 percent annually*
Source: HREC – Hospitality Real Estate Counselors

Conclusion

The redevelopment of the subject Hotel is projected to significantly influence all aspects of market penetration, performance, operations, and guest composition and experience. It is also projected to materially impact the marketability and collective performance of the downtown Peoria Civic Center complex.

Holiday Inn - Without Renovation Scenario
Supply/Demand & Penetration Summary
Peoria, Illinois

		Supply		Demand		Expanded Peoria Market			Without Renovation Scenario			
	Year	Amount	Change	Amount	Change	Occ	ADR	Change	Occ	Pen Rate	ADR	Change
Historic:	2003	2,985	-	1,851	-	62%	$64	-	52%	84%	$67	-
	2004	2,937	-2%	1,865	1%	64%	$66	3%	55%	86%	$66	-2%
	2005	2,925	0%	1,828	-2%	63%	$70	6%	54%	87%	$72	9%
	2006	2,969	2%	1,930	6%	65%	$75	7%	54%	83%	$78	9%
	2007	2,996	1%	1,929	0%	64%	$79	5%	47%	72%	$82	5%
	2008	3,435	15%	2,085	8%	61%	$88	12%	45%	75%	$88	7%
Projected:	2009	3,536	3%	1,980	-5%	56%	$88	0%	40%	71%	$83	-6%
	2010	3,644	3%	2,041	3%	56%	$90	2%	37%	66%	$72	-14%
	2011	3,673	1%	2,094	3%	57%	$92	3%	38%	67%	$71	0%
	2012	3,803	4%	2,206	5%	58%	$95	3%	39%	67%	$73	3%
	2013	4,093	8%	2,333	6%	57%	$102	8%	40%	70%	$75	2%
	2014	4,193	2%	2,541	9%	61%	$105	3%	40%	66%	$77	2%
	2015	4,193	0%	2,600	2%	62%	$107	3%	40%	65%	$79	2%

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Base Supply	2,969	2,989	3,011	3,011	3,011	3,011	3,011	3,011	3,011
Candlewood Suites		7	83	83	83	83	83	83	83
Embassy Suites			236	236	236	236	236	236	236
Country Inn & Suites			56	74	74	74	74	74	74
Wingate by Wyndham			49	65	65	65	65	65	65
Fairfield Inn & Suites				67	89	89	89	89	89
Holiday Inn Grand Prairie					86	115	115	115	115
Residence Inn							80	120	120
Marriott Convention Center Hotel							50	200	200
Embassy Expansion								50	100
Other Supply								50	100
Total	2,969	2,996	3,435	3,536	3,644	3,673	3,803	4,093	4,193

Holiday Inn - With Renovation & Conversion Scenario
Supply/Demand & Penetration Summary
Peoria, Illinois

	Year	Supply Amount	Supply Change	Demand Amount	Demand Change	Expanded Peoria Market Occ	Expanded Peoria Market ADR	Expanded Peoria Market Change	With Upgrade & Conversion Scenario Occ	With Upgrade & Conversion Scenario Pen Rate	With Upgrade & Conversion Scenario ADR	With Upgrade & Conversion Scenario Change
Historic:	2003	2,985	-	1,851	-	62%	$64	-	*52%*	84%	*$67*	-
	2004	2,937	-2%	1,865	1%	64%	$66	3%	*55%*	86%	*$66*	-2%
	2005	2,925	0%	1,828	-2%	63%	$70	6%	*54%*	87%	*$72*	9%
	2006	2,969	2%	1,930	6%	65%	$75	7%	*54%*	83%	*$78*	9%
	2007	2,996	1%	1,929	0%	64%	$79	5%	*47%*	72%	*$82*	5%
	2008	3,435	15%	2,085	8%	61%	$88	12%	*45%*	75%	*$88*	7%
Projected:	2009	3,536	3%	1,980	-5%	56%	$88	0%	*40%*	71%	*$83*	-6%
	2010	3,644	3%	2,041	3%	56%	$90	2%	*45%*	80%	*$88*	6%
	2011	3,647	0%	2,104	3%	58%	$92	3%	*55%*	95%	*$101*	14%
	2012	3,777	4%	2,220	6%	59%	$95	3%	*58%*	99%	*$111*	10%
	2013	4,067	8%	2,351	6%	58%	$104	10%	*58%*	100%	*$117*	5%
	2014	4,167	2%	2,559	9%	61%	$107	2%	*61%*	99%	*$120*	2%
	2015	4,167	0%	2,618	2%	63%	$109	2%	*62%*	99%	*$123*	2%

	2006	2007	2008	2009	2010	2011	2012	2013	2014
Base Supply	2,650	2,670	2,692	2,692	2,692	2,692	2,692	2,692	2,692
Holiday Inn WR&Conversion	319	319	319	319	319	293	293	293	293
Candlewood Suites		7	83	83	83	83	83	83	83
Embassy Suites			236	236	236	236	236	236	236
Country Inn & Suites			56	74	74	74	74	74	74
Wingate by Wyndham			49	65	65	65	65	65	65
Fairfield Inn & Suites				67	89	89	89	89	89
Holiday Inn Grand Prairie					86	115	115	115	115
Residence Inn							80	120	120
Marriott Convention Center Hotel							50	200	200
Embassy Expansion								50	100
Other Supply								50	100
Total	2,969	2,996	3,435	3,536	3,644	3,647	3,777	4,067	4,167

Kinseth Hospitality Company
Proposed Renovation & Conversion
Net Tax Gain to the City of Peoria

	Year	Without Renovation	With Reno & Conv	Net Tax Gain To the City
Historic:	2001	$461,034	-	-
	2002	$448,928	-	-
	2003	$451,592	-	-
	2004	$459,448	-	-
	2005	$485,946	-	-
	2006	$504,961	-	-
	2007	$471,804	-	-
	2008	$456,332	-	-
Projected:	2009	$408,526	-	-
	2010	$358,952	$823,532	*$464,580*
	2011	$365,801	$972,786	*$606,986*
	2012	$380,263	$1,070,438	*$690,175*
	2013	$395,105	$1,132,349	*$737,245*
	2014	$405,308	$1,204,302	*$798,994*
	2015	$415,637	$1,244,448	*$828,811*
	2016	$426,028	$1,275,471	*$849,444*
	2017	$436,678	$1,307,271	*$870,592*
	2018	$447,595	$1,339,865	*$892,269*
	2019	$458,785	$1,373,274	*$914,489*
	2020	$470,255	$1,407,518	*$937,263*
	2021	$482,011	$1,442,619	*$960,608*
	2022	$494,061	$1,478,597	*$984,535*
	2023	$506,413	$1,515,474	*$1,009,061*
	2024	$519,073	$1,553,273	*$1,034,200*

Source: Kinseth Hospitality Company
Please Note: The comments and assumptions contained in this report and additional assumptions regarding future taxes are an integral part of this analysis.

Kinseth Hospitality Company - Peoria, Illinois - Without Renovation

	Holiday Inn / Leaves System							Tax Revenues			Real Estate	Total
	Year	Occupancy	ADR	Rooms	Room Revenues	F&B Revenues	Total Revenues	6% H tx	2% R tx	Ttl Tx Rev	Taxes	Taxes
Historic:	2001	52%	$69	327	$4,280,264	$2,925,110	$7,422,719	$227,896	$48,359	$276,255	$184,779	$461,034
	2002	51%	$68	324	$4,065,751	$2,647,578	$6,883,817	$217,729	$39,817	$257,546	$191,382	$448,928
	2003	52%	$67	324	$4,112,575	$2,546,093	$6,812,656	$218,447	$43,742	$262,189	$189,403	$451,592
	2004	55%	$66	325	$4,252,461	$2,443,686	$7,363,726	$221,127	$38,949	$260,076	$199,372	$459,448
	2005	54%	$72	324	$4,609,109	$2,417,623	$7,146,150	$242,660	$41,543	$284,203	$201,743	$485,946
	2006	54%	$78	323	$4,974,486	$2,332,156	$7,426,831	$266,135	$36,542	$302,677	$202,284	$504,961
	2007	47%	$82	319	$4,452,881	$2,177,585	$6,728,055	$242,654	$35,281	$277,935	$193,869	$471,804
	2008	45%	$88	320	$4,678,317	$1,840,049	$6,614,613	$262,319	$30,013	$292,332	$164,000	$456,332
Projected:	2009	40%	$83	319	$3,865,642	$1,650,000	$5,597,642	$216,476	$28,050	$244,526	$164,000	$408,526
Leaves HI System:	2010	37%	$72	319	$3,101,828	$1,260,000	$4,403,828	*$173,702*	*$21,250*	*$194,952*	*$164,000*	$358,952
	2011	38%	$71	319	$3,141,416	$1,281,250	$4,474,666	*$175,919*	*$21,781*	*$197,701*	*$168,100*	$365,801
	2012	39%	$73	319	$3,314,904	$1,313,281	$4,680,186	*$185,635*	*$22,326*	*$207,960*	*$172,303*	$380,263
	2013	40%	$75	319	$3,493,050	$1,346,113	$4,891,163	*$195,611*	*$22,884*	*$218,495*	*$176,610*	$395,105
	2014	40%	$77	319	$3,586,198	$1,379,766	$5,017,964	*$200,827*	*$23,456*	*$224,283*	*$181,025*	$405,308
	2015	40%	$79	319	$3,679,346	$1,414,260	$5,145,606	*$206,043*	*$24,042*	*$230,086*	*$185,551*	$415,637
	2016	40%	$81	319	$3,771,330	$1,449,617	$5,272,946	*$211,194*	*$24,643*	*$235,838*	*$190,190*	$426,028
	2017	40%	$83	319	$3,865,613	$1,485,857	$5,403,470	*$216,474*	*$25,260*	*$241,734*	*$194,944*	$436,678
	2018	40%	$85	319	$3,962,253	$1,523,004	$5,537,257	*$221,886*	*$25,891*	*$247,777*	*$199,818*	$447,595
	2019	40%	$87	319	$4,061,310	$1,561,079	$5,674,388	*$227,433*	*$26,538*	*$253,972*	*$204,814*	$458,785
	2020	40%	$89	319	$4,162,842	$1,600,106	$5,814,948	*$233,119*	*$27,202*	*$260,321*	*$209,934*	$470,255
	2021	40%	$92	319	$4,266,913	$1,640,108	$5,959,022	*$238,947*	*$27,882*	*$266,829*	*$215,182*	$482,011
	2022	40%	$94	319	$4,373,586	$1,681,111	$6,106,697	*$244,921*	*$28,579*	*$273,500*	*$220,562*	$494,061
	2023	40%	$96	319	$4,482,926	$1,723,139	$6,258,065	*$251,044*	*$29,293*	*$280,337*	*$226,076*	$506,413
	2024	40%	$99	319	$4,594,999	$1,766,217	$6,413,216	*$257,320*	*$30,026*	*$287,346*	*$231,728*	$519,073

Source: Kinseth Hospitality Company

Please Note: For discussion purposes only. The comments and assumptions contained in this report and additional assumptions regarding future taxes are an integral part of this analysis.

Kinseth Hospitality Company - Peoria, Illinois - With Renovation & Conversion

		Holiday Inn / Crowne Plaza						Tax Revenues						Real Estate	Total
	Year	Occ	ADR	Rooms	Room Revenues	F&B Revenues	Total Revenues	6% H tx	2% R tx	2.5% City tx	1% BDD H tx	1% BDD Sls tx	Ttl Tx Rev	Taxes	Taxes
Historic:	2001	52%	$69	327	$4,280,264	$2,925,110	$7,422,719	$227,896	$48,359	-	-	-	$276,255	$184,779	$461,034
	2002	51%	$68	324	$4,065,751	$2,647,578	$6,883,817	$217,729	$39,817	-	-	-	$257,546	$191,382	$448,928
	2003	52%	$67	324	$4,112,575	$2,546,093	$6,812,656	$218,447	$43,742	-	-	-	$262,189	$189,403	$451,592
	2004	55%	$66	325	$4,252,461	$2,443,686	$7,363,726	$221,127	$38,949	-	-	-	$260,076	$199,372	$459,448
	2005	54%	$72	324	$4,609,109	$2,417,623	$7,146,150	$242,660	$41,543	-	-	-	$284,203	$201,743	$485,946
	2006	54%	$78	323	$4,974,486	$2,332,156	$7,426,831	$266,135	$36,542	-	-	-	$302,677	$202,284	$504,961
	2007	47%	$82	319	$4,452,881	$2,177,585	$6,728,055	$242,654	$35,281	-	-	-	$277,935	$193,869	$471,804
	2008	45%	$88	320	$4,678,317	$1,840,049	$6,614,613	$262,319	$30,013	-	-	-	$292,332	$164,000	$456,332
Projected:	2009	40%	$83	319	$3,865,642	$1,650,000	$5,597,642	$216,476	$28,050	-	-	-	$244,526	$164,000	$408,526
Upgrade in Process	2010	45%	$83	319	$4,348,847	$1,750,000	$6,150,847	*$243,535*	*$29,750*	*$45,250*	*$43,488*	*$61,508*	*$423,532*	*$400,000*	$823,532
First Full Year	2011	55%	$88	293	$5,176,138	$3,200,000	$8,476,138	*$289,864*	*$54,400*	*$82,000*	*$51,761*	*$84,761*	*$562,786*	*$410,000*	$972,786
	2012	58%	$101	293	$6,264,838	$3,280,000	$9,644,838	*$350,831*	*$55,760*	*$84,500*	*$62,648*	*$96,448*	*$650,188*	*$420,250*	$1,070,438
	2013	58%	$111	293	$6,885,119	$3,362,000	$10,347,119	*$385,567*	*$57,154*	*$86,550*	*$68,851*	*$103,471*	*$701,593*	*$430,756*	$1,132,349
	2014	61%	$117	293	$7,632,665	$3,446,050	$11,178,715	*$427,429*	*$58,583*	*$88,651*	*$76,327*	*$111,787*	*$762,777*	*$441,525*	$1,204,302
	2015	62%	$120	293	$7,956,708	$3,532,201	$11,588,909	*$445,576*	*$60,047*	*$90,805*	*$79,567*	*$115,889*	*$791,884*	*$452,563*	$1,244,448
	2016	62%	$123	293	$8,155,626	$3,620,506	$11,876,132	*$456,715*	*$61,549*	*$93,013*	*$81,556*	*$118,761*	*$811,594*	*$463,877*	$1,275,471
	2017	62%	$126	293	$8,359,516	$3,711,019	$12,170,535	*$468,133*	*$63,087*	*$95,275*	*$83,595*	*$121,705*	*$831,796*	*$475,474*	$1,307,271
	2018	62%	$129	293	$8,568,504	$3,803,794	$12,472,299	*$479,836*	*$64,665*	*$97,595*	*$85,685*	*$124,723*	*$852,504*	*$487,361*	$1,339,865
	2019	62%	$132	293	$8,782,717	$3,898,889	$12,781,606	*$491,832*	*$66,281*	*$99,972*	*$87,827*	*$127,816*	*$873,729*	*$499,545*	$1,373,274
	2020	62%	$136	293	$9,002,285	$3,996,362	$13,098,646	*$504,128*	*$67,938*	*$102,409*	*$90,023*	*$130,986*	*$895,484*	*$512,034*	$1,407,518
	2021	62%	$139	293	$9,227,342	$4,096,271	$13,423,612	*$516,731*	*$69,637*	*$104,907*	*$92,273*	*$134,236*	*$917,784*	*$524,835*	$1,442,619
	2022	62%	$143	293	$9,458,025	$4,198,677	$13,756,703	*$529,649*	*$71,378*	*$107,467*	*$94,580*	*$137,567*	*$940,641*	*$537,956*	$1,478,597
	2023	62%	$146	293	$9,694,476	$4,303,644	$14,098,120	*$542,891*	*$73,162*	*$110,091*	*$96,945*	*$140,981*	*$964,070*	*$551,404*	$1,515,474
	2024	62%	$150	293	$9,936,838	$4,411,235	$14,448,073	*$556,463*	*$74,991*	*$112,781*	*$99,368*	*$144,481*	*$988,084*	*$565,190*	$1,553,273

Source: Kinseth Hospitality Company
Please Note: For discussion purposes only. The comments and assumptions contained in this report and additional assumptions regarding future taxes are an integral part of this analysis.