

Introduction and Overview

An Estimate of the Value of a Hotel Management Agreement in Involuntary Termination Settings

The spreadsheet is prepared for use in conjunction with the Cornell University School of Hotel Administration Center for Hospitality Research Report entitled "Calculating Damage Awards in Hotel Management Agreement Terminations" by Jan A. deRoos and Scott D. Berman. The spreadsheet is provided as an example of an estimate of the value of a HMA as an academic exercise. The individual pages are a methodical approach that follows the outline of the article:

- Estimate hotel revenues and expenses into the future (first three tabs give 10-year proforma)
- Estimate fees (next three tabs)
- Present Value the fees (PV Calcs)
- Summarize and add any additional losses (last tab)

The spreadsheet accommodates an HMA of up to 100 years duration and a termination date in any month.

The spreadsheet has no commercial value and should not be relied on for commercial use. Please attribute the work to:

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Expenses	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Rooms	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Transportation	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Food & Beverages	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Telecommunications	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Rentals and Other Income	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Other Operated Departments	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Cancellation Fees	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Misc. Oper. Dept. 2	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Administrative & General	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Human Resources	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Information Systems	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Security	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Marketing	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Franchise Fees	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Prop. Oper. & Maintenance	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Energy Costs	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Management Fee	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Property Tax	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Insurance	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Reserve for Replacement	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Misc. Expense 1	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Misc. Expense 2	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%

Occupancy and Average Rate Estimates

Note: Only cells E103 through G 103 are needed to complete the occupancy estimates, however, each year's occupancy can be configured individually as needed. Average rates can be configured as as needed. Average rates must be over ridden in row 104, not row 105.

	Base Yr	Base +1	Base +2	Base +3	Base +4	Base +5	Base +6	Base +7	Base +8	Base +9	Base +10	Base +11
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Analyst Estimate:												
Occupancy Rate	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%
Average Rate	\$157.47	\$162.19	\$167.06	\$172.07	\$177.23	\$182.55	\$188.03	\$193.67	\$199.48	\$205.46	\$211.63	\$217.98
Inflated Average Rate	\$157.47	\$162.19	\$167.06	\$172.07	\$177.23	\$182.55	\$188.03	\$193.67	\$199.48	\$205.46	\$211.63	\$217.98

Fixed Component:

Revenues													
Rooms	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Food (+ "Other F&B")	\$ 1,049	\$ 1,081	\$ 1,113	\$ 1,146	\$ 1,181	\$ 1,216	\$ 1,253	\$ 1,290	\$ 1,329	\$ 1,369	\$ 1,410	\$ 1,452	
Beverages	\$ 86	\$ 89	\$ 91	\$ 94	\$ 97	\$ 100	\$ 103	\$ 106	\$ 109	\$ 112	\$ 116	\$ 119	
Telecommunications	\$ 10	\$ 11	\$ 11	\$ 11	\$ 12	\$ 12	\$ 12	\$ 13	\$ 13	\$ 14	\$ 14	\$ 14	
Rentals and Other Income	\$ 125	\$ 129	\$ 133	\$ 137	\$ 141	\$ 145	\$ 150	\$ 154	\$ 159	\$ 163	\$ 168	\$ 173	
Other Operated Departments	\$ 325	\$ 335	\$ 345	\$ 355	\$ 366	\$ 377	\$ 388	\$ 400	\$ 412	\$ 424	\$ 437	\$ 450	
Cancellation Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Misc. Oper. Dept. 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Expenses													
Rooms	\$ 1,949	\$ 2,007	\$ 2,068	\$ 2,130	\$ 2,194	\$ 2,259	\$ 2,327	\$ 2,397	\$ 2,469	\$ 2,543	\$ 2,619	\$ 2,698	
Transportation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Food & Beverages	\$ 2,044	\$ 2,105	\$ 2,168	\$ 2,233	\$ 2,300	\$ 2,369	\$ 2,440	\$ 2,514	\$ 2,589	\$ 2,667	\$ 2,747	\$ 2,829	
Telecommunications	\$ 82	\$ 85	\$ 87	\$ 90	\$ 93	\$ 95	\$ 98	\$ 101	\$ 104	\$ 107	\$ 111	\$ 114	
Rentals and Other Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Other Operated Departments	\$ 209	\$ 215	\$ 221	\$ 228	\$ 235	\$ 242	\$ 249	\$ 257	\$ 264	\$ 272	\$ 280	\$ 289	
Cancellation Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Misc. Oper. Dept. 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Administrative & General	\$ 1,060	\$ 1,092	\$ 1,125	\$ 1,159	\$ 1,194	\$ 1,229	\$ 1,266	\$ 1,304	\$ 1,343	\$ 1,384	\$ 1,425	\$ 1,468	
Human Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Information Systems	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Security	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Marketing	\$ 882	\$ 909	\$ 936	\$ 964	\$ 993	\$ 1,023	\$ 1,054	\$ 1,085	\$ 1,118	\$ 1,151	\$ 1,186	\$ 1,222	
Franchise Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Prop. Oper. & Maintenance	\$ 586	\$ 604	\$ 622	\$ 641	\$ 660	\$ 680	\$ 700	\$ 721	\$ 743	\$ 765	\$ 788	\$ 812	
Energy Costs	\$ 620	\$ 639	\$ 658	\$ 678	\$ 698	\$ 719	\$ 741	\$ 763	\$ 786	\$ 810	\$ 834	\$ 859	
Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Property Tax	\$ 601	\$ 620	\$ 638	\$ 657	\$ 677	\$ 697	\$ 718	\$ 740	\$ 762	\$ 785	\$ 808	\$ 833	
Insurance	\$ 197	\$ 203	\$ 209	\$ 215	\$ 222	\$ 229	\$ 235	\$ 242	\$ 250	\$ 257	\$ 265	\$ 273	
Reserve for Replacement	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Misc. Expense 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Misc. Expense 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	

Occupancy Rate	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%	71.0%
Occupancy Adjuster	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Food Revenue Adjuster	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
F&B Revenue Adjuster	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Telephone Rev. Adjuster	99.5%	100.4%	100.1%	99.8%	100.3%	99.9%	100.2%	100.4%	99.7%	99.8%	99.7%	100.3%
Rentals & Other Adjuster	99.8%	100.0%	100.1%	100.1%	100.1%	99.9%	100.0%	100.0%	99.9%	100.1%	100.1%	100.1%
Other Oper. Dept. Adjuster	100.0%	100.0%	100.0%	100.1%	100.0%	100.0%	100.1%	100.0%	100.0%	100.1%	100.0%	100.0%
Misc Oper. Dept 1 Adjuster	98.8%	99.0%	99.1%	99.2%	99.1%	99.0%	98.8%	101.1%	100.6%	100.2%	99.6%	99.0%
Misc Oper. Dept 2 Adjuster	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Revenue Adjuster	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Variable Component:

Revenues	Base Year	Base +1	Base +2	Base +3	Base +4	Base +5	Base +6	Base +7	Base +8	Base +9	Base +10	Base +11
Rooms	\$ 12,079	\$ 12,442	\$ 12,815	\$ 13,199	\$ 13,595	\$ 14,003	\$ 14,423	\$ 14,856	\$ 15,302	\$ 15,761	\$ 16,233	\$ 16,720
Food (+ "Other F&B")	\$ 3,147	\$ 3,242	\$ 3,339	\$ 3,439	\$ 3,542	\$ 3,649	\$ 3,758	\$ 3,871	\$ 3,987	\$ 4,107	\$ 4,230	\$ 4,357
Beverages	\$ 776	\$ 799	\$ 823	\$ 848	\$ 873	\$ 899	\$ 926	\$ 954	\$ 983	\$ 1,012	\$ 1,043	\$ 1,074
Telecommunications	\$ 94	\$ 97	\$ 100	\$ 103	\$ 106	\$ 109	\$ 112	\$ 116	\$ 119	\$ 123	\$ 126	\$ 130
Rentals and Other Income	\$ 125	\$ 129	\$ 133	\$ 137	\$ 141	\$ 145	\$ 150	\$ 154	\$ 159	\$ 163	\$ 168	\$ 173
Other Operated Departments	\$ 325	\$ 335	\$ 345	\$ 355	\$ 366	\$ 377	\$ 388	\$ 400	\$ 412	\$ 424	\$ 437	\$ 450
Cancellation Fees	\$ 31	\$ 32	\$ 33	\$ 34	\$ 35	\$ 36	\$ 37	\$ 39	\$ 40	\$ 41	\$ 42	\$ 43
Misc. Oper. Dept. 2	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

Expenses													
Rooms	\$ 1,299	\$ 1,338	\$ 1,378	\$ 1,420	\$ 1,462	\$ 1,506	\$ 1,551	\$ 1,598	\$ 1,646	\$ 1,695	\$ 1,746	\$ 1,799	
Transportation	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Food & Beverages	\$ 1,672	\$ 1,722	\$ 1,774	\$ 1,827	\$ 1,882	\$ 1,939	\$ 1,997	\$ 2,057	\$ 2,118	\$ 2,182	\$ 2,247	\$ 2,315	
Telecommunications	\$ 54.6	\$ 56.7	\$ 58.2	\$ 59.8	\$ 61.9	\$ 63.5	\$ 65.6	\$ 67.7	\$ 69.3	\$ 71.4	\$ 73.5	\$ 76.1	
Rentals and Other Income	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
Other Operated Departments	\$ 208.6	\$ 215.0	\$ 221.4	\$ 228.2	\$ 234.9	\$ 242.0	\$ 249.3	\$ 256.7	\$ 264.4	\$ 272.4	\$ 280.5	\$ 288.8	
Cancellation Fees	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	
Misc. Oper. Dept. 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Administrative & General	\$ 454	\$ 468	\$ 482	\$ 497	\$ 512	\$ 527	\$ 543	\$ 559	\$ 576	\$ 593	\$ 611	\$ 629	
Human Resources	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Information Systems	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Security	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Marketing	\$ 378	\$ 390	\$ 401	\$ 413	\$ 426	\$ 438	\$ 452	\$ 465	\$ 479	\$ 493	\$ 508	\$ 524	
Franchise Fees	\$ 199	\$ 205	\$ 211	\$ 218	\$ 224	\$ 231	\$ 238	\$ 245	\$ 252	\$ 260	\$ 268	\$ 276	
Prop. Oper. & Maintenance	\$ 251	\$ 259	\$ 267	\$ 275	\$ 283	\$ 291	\$ 300	\$ 309	\$ 318	\$ 328	\$ 338	\$ 348	
Energy Costs	\$ 69	\$ 71	\$ 73	\$ 75	\$ 78	\$ 80	\$ 82	\$ 85	\$ 87	\$ 90	\$ 93	\$ 95	
Management Fee	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Insurance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Reserve for Replacement	\$ 353	\$ 363	\$ 374	\$ 385	\$ 397	\$ 409	\$ 421	\$ 434	\$ 447	\$ 460	\$ 474	\$ 488	
Misc. Expense 1	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Misc. Expense 2	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

Totals:

Revenues	Base Year	Base +1	Base +2	Base +3	Base +4	Base +5	Base +6	Base +7	Base +8	Base +9	Base +10	Base +11
Rooms	\$ 12,079	\$ 12,442	\$ 12,815	\$ 13,199	\$ 13,595	\$ 14,003	\$ 14,423	\$ 14,856	\$ 15,302	\$ 15,761	\$ 16,233	\$ 16,720
Food (+ "Other F&B")	\$ 4,196	\$ 4,322	\$ 4,452	\$ 4,586	\$ 4,723	\$ 4,865	\$ 5,011	\$ 5,161	\$ 5,316	\$ 5,475	\$ 5,640	\$ 5,809
Beverages	\$ 862	\$ 888	\$ 914	\$ 942	\$ 970	\$ 999	\$ 1,029	\$ 1,060	\$ 1,092	\$ 1,125	\$ 1,158	\$ 1,193
Telecommunications	\$ 104	\$ 108	\$ 111	\$ 114	\$ 118	\$ 121	\$ 125	\$ 129	\$ 132	\$ 136	\$ 140	\$ 145

Rentals and Other Income	\$ 250	\$ 258	\$ 266	\$ 274	\$ 282	\$ 290	\$ 299	\$ 308	\$ 317	\$ 327	\$ 337	\$ 347
Other Operated Departments	\$ 650	\$ 670	\$ 690	\$ 711	\$ 732	\$ 754	\$ 777	\$ 800	\$ 824	\$ 849	\$ 874	\$ 900
Cancellation Fees	\$ 31	\$ 32	\$ 33	\$ 34	\$ 35	\$ 36	\$ 37	\$ 39	\$ 40	\$ 41	\$ 42	\$ 43
Misc. Oper. Dept. 2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	\$ 18,172	\$ 18,720	\$ 19,281	\$ 19,860	\$ 20,455	\$ 21,068	\$ 21,701	\$ 22,353	\$ 23,023	\$ 23,714	\$ 24,424	\$ 25,157

Expenses												
Rooms	3,248	3,346	3,446	3,550	3,656	3,766	3,879	3,995	4,115	4,238	4,365	4,496
Transportation	-	-	-	-	-	-	-	-	-	-	-	-
Food & Beverages	3,716	3,827	3,942	4,061	4,182	4,308	4,437	4,570	4,707	4,849	4,994	5,144
Telecommunications	137	141	145	150	154	159	164	169	173	179	184	190
Rentals and Other Income	-	-	-	-	-	-	-	-	-	-	-	-
Other Operated Departments	417	430	443	456	470	484	499	513	529	545	561	578
Cancellation Fees	-	-	-	-	-	-	-	-	-	-	-	-
Misc. Oper. Dept. 2	-	-	-	-	-	-	-	-	-	-	-	-
Administrative & General	1,515	1,560	1,607	1,655	1,705	1,756	1,809	1,863	1,919	1,977	2,036	2,097
Human Resources	-	-	-	-	-	-	-	-	-	-	-	-
Information Systems	-	-	-	-	-	-	-	-	-	-	-	-
Security	-	-	-	-	-	-	-	-	-	-	-	-
Marketing	1,261	1,298	1,337	1,378	1,419	1,461	1,505	1,550	1,597	1,645	1,694	1,745
Franchise Fees	199	205	211	218	224	231	238	245	252	260	268	276
Prop. Oper. & Maintenance	838	863	889	915	943	971	1,000	1,030	1,061	1,093	1,126	1,160
Energy Costs	689	710	731	753	776	799	823	848	873	899	926	954
Management Fee	-	-	-	-	-	-	-	-	-	-	-	-
Property Tax	601	620	638	657	677	697	718	740	762	785	808	833
Insurance	197	203	209	215	222	229	235	242	250	257	265	273
Reserve for Replacement	353	363	374	385	397	409	421	434	447	460	474	488
Misc. Expense 1	-	-	-	-	-	-	-	-	-	-	-	-
Misc. Expense 2	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	13,171	13,566	13,972	14,393	14,825	15,270	15,728	16,199	16,685	17,187	17,701	18,234
NOI	\$ 5,001	\$ 5,154	\$ 5,309	\$ 5,467	\$ 5,630	\$ 5,798	\$ 5,973	\$ 6,154	\$ 6,338	\$ 6,527	\$ 6,723	\$ 6,923

"Average" Chain-Affiliated Full Service Property - Smith Travel Research - 2013 Report; 2012 Data
Hotel Management Fee Calculation and Valuation

Calculation of Basic Management Fees

Overall Assumptions - Hotel Information

Basic Fees are generally some percentage of a hotel's total revenues, including rooms, food & beverage, and other operated departments. For this calculation the total revenues are based on a 12-year pro-forma forecasting tool. Longer term projections are based on an inflation rate applied to the ending figures of the 12-year pro-forma forecast.

Number of Rooms in Hotel	296	
Hotel Type	Full Service	
Capitalization Rate for Hotel Type	8.02%	Source: PwC Real Estate Investor Survey - Q3-2013
Hotel NOI in Year 1	\$ 4,609	Adjusted for Basic Management Fees
Hotel Vaue Estimate (\$'000)	\$ 57,500,000	Rounded to nearest \$100,000
Hotel Vaue Estimate (per room)	\$ 194,300	Per Room, rounded to nearest \$100
Month & Year of Valuation	Jan-13	
Months in first valuation year	12	Used when the valuation estimate begins and ends with a partial years
Months in last valuation year	0	Used when the valuation estimate begins and ends with a partial years
Years Remaining in Contract	25	
Inflation Estimates	See schedule below-these adjustments start in year 13 (with years 1-12 from the pro-forma)	
Basic Fee Percent	See schedule below - calculated as a percent of Total Revenue	
Cost Savings - Reduces the Damages	See schedule below - calculated as a percent of the Basic Fee	

	Year	Average Daily Rate	Average Occupancy	Inflation Estimate	Room Rev (\$'000)	Other Rev (\$'000)	Total Rev (\$'000)	Basic Fee %	Basic Fee (\$'000)	Cost Savings (%)	Cost Savings (\$'000)
1	2013	\$157.47	71.0%		\$ 12,079	\$ 6,093	\$ 18,172	3.00%	\$ 545	20.0%	\$ (109)
2	2014	\$162.19	71.0%		\$ 12,442	\$ 6,278	\$ 18,720	3.00%	\$ 562	20.0%	\$ (112)
3	2015	\$167.06	71.0%		\$ 12,815	\$ 6,466	\$ 19,281	3.00%	\$ 578	20.0%	\$ (116)
4	2016	\$172.07	71.0%		\$ 13,199	\$ 6,661	\$ 19,860	3.00%	\$ 596	20.0%	\$ (119)
5	2017	\$177.23	71.0%		\$ 13,595	\$ 6,860	\$ 20,455	3.00%	\$ 614	20.0%	\$ (123)
6	2018	\$182.55	71.0%		\$ 14,003	\$ 7,065	\$ 21,068	3.00%	\$ 632	20.0%	\$ (126)
7	2019	\$188.03	71.0%		\$ 14,423	\$ 7,278	\$ 21,701	3.00%	\$ 651	20.0%	\$ (130)
8	2020	\$193.67	71.0%		\$ 14,856	\$ 7,497	\$ 22,353	3.00%	\$ 671	20.0%	\$ (134)
9	2021	\$199.48	71.0%		\$ 15,302	\$ 7,721	\$ 23,023	3.00%	\$ 691	20.0%	\$ (138)
10	2022	\$205.46	71.0%		\$ 15,761	\$ 7,953	\$ 23,714	3.00%	\$ 711	20.0%	\$ (142)
11	2023	\$211.63	71.0%		\$ 16,233	\$ 8,191	\$ 24,424	3.00%	\$ 733	20.0%	\$ (147)
12	2024	\$217.98	71.0%		\$ 16,720	\$ 8,437	\$ 25,157	3.00%	\$ 755	20.0%	\$ (151)
13	2025	\$224.51	71.0%	3.00%	\$ 17,222	\$ 8,690	\$ 25,912	3.00%	\$ 777	20.0%	\$ (155)
14	2026	\$231.25	71.0%	3.00%	\$ 17,738	\$ 8,951	\$ 26,689	3.00%	\$ 801	20.0%	\$ (160)
15	2027	\$238.19	71.0%	3.00%	\$ 18,270	\$ 9,219	\$ 27,490	3.00%	\$ 825	20.0%	\$ (165)
16	2028	\$245.33	71.0%	3.00%	\$ 18,819	\$ 9,496	\$ 28,314	3.00%	\$ 849	20.0%	\$ (170)
17	2029	\$252.69	71.0%	3.00%	\$ 19,383	\$ 9,781	\$ 29,164	3.00%	\$ 875	20.0%	\$ (175)
18	2030	\$260.27	71.0%	3.00%	\$ 19,965	\$ 10,074	\$ 30,039	3.00%	\$ 901	20.0%	\$ (180)
19	2031	\$268.08	71.0%	3.00%	\$ 20,563	\$ 10,376	\$ 30,940	3.00%	\$ 928	20.0%	\$ (186)
20	2032	\$276.12	71.0%	3.00%	\$ 21,180	\$ 10,688	\$ 31,868	3.00%	\$ 956	20.0%	\$ (191)
21	2033	\$284.41	71.0%	3.00%	\$ 21,816	\$ 11,008	\$ 32,824	3.00%	\$ 985	20.0%	\$ (197)
22	2034	\$292.94	71.0%	3.00%	\$ 22,470	\$ 11,339	\$ 33,809	3.00%	\$ 1,014	20.0%	\$ (203)
23	2035	\$301.73	71.0%	3.00%	\$ 23,144	\$ 11,679	\$ 34,823	3.00%	\$ 1,045	20.0%	\$ (209)
24	2036	\$310.78	71.0%	3.00%	\$ 23,839	\$ 12,029	\$ 35,868	3.00%	\$ 1,076	20.0%	\$ (215)
25	2037	\$320.10	71.0%	3.00%	\$ 24,554	\$ 12,390	\$ 36,944	3.00%	\$ 1,108	20.0%	\$ (222)
26	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
27	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
28	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
29	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
30	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
31	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
32	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
33	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
34	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
35	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
36	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
37	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
38	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
39	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
40	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
41	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
42	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
43	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
44	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
45	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
46	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
47	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
48	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
49	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
50	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
51	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
52	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
53	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
54	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
55	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
56	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -
57	0	\$0.00	71.0%	3.00%	\$ -	\$ -	\$ -	3.00%	\$ -	20.0%	\$ -

"Average" Chain-Affiliated Full Service Property - Smith Travel Research - 2013 Report; 2012 Data
Hotel Management Fee Calculation and Valuation

Calculation of Incentive Management Fees

Overall Assumptions - Hotel Information

Incentive Fees are generally some percentage of a hotel's profits, generally some percentage of the Gross Operating Profit (GOP based) or some percentage of cash flow from operations (or NOI based) after an owner's priority return. Longer term projections are based on an inflation rate applied to the ending figures of the 12-year pro-forma forecast.

Number of Rooms in Hotel	296	
Hotel Type	Full Service	
Capitalization Rate for Hotel Type	8.02%	Source: PwC Real Estate Investor Survey - Q3-2013
Hotel NOI in Year 1 (\$'000)	\$ 4,609	Adjusted for Basic Management Fees
Hotel Vaue Estimate (\$'000)	\$ 57,500,000	Rounded to nearest \$100,000
Hotel Vaue Estimate (per room)	\$ 194,300	Per Room, rounded to nearest \$100
Month & Year of Valuation	Jan-13	
Months in first valuation year	12	Used when the valuation estimate begins and ends with a partial years
Months in last valuation year	0	Used when the valuation estimate begins and ends with a partial years
Years Remaining in Contract	25	
Inflation Estimates	See schedule below-these adjustments start in the 13th year of the projection	
Incentive Fee Basis - IBFC or NOI based	IBFC	Enter either GOP or NOI in the cell to the left
Owner's Priority When Incentive Fee is NOI based (\$'000)	\$ 5,000	A good "Guesstimate" is 8% - 10% of the Hotel Value in Cell H17
Incentive Fee Percent	See schedule below	

Year	Average Daily Rate	Average Occupancy	Inflation Estimate	Total Rev (\$'000)	Departmental Exp (\$'000)	Gross Oper Income (\$'000)	Undist Oper Exp (\$'000)	IBFC (\$'000)	Fixed Exp (\$'000)	Net Oper Income (\$'000)	Incentive Fee Base (\$'000)	Incentive Fee %	Incentive Fee (\$'000)
1 2013	\$157.47	71.0%		\$ 18,172	\$ 7,518	\$ 10,654	\$ 4,502	\$ 5,607	\$ 1,151	\$ 4,456	\$ 5,607	8.0%	\$ 449
2 2014	\$162.19	71.0%		\$ 18,720	\$ 7,744	\$ 10,976	\$ 4,636	\$ 5,778	\$ 1,186	\$ 4,592	\$ 5,778	8.0%	\$ 462
3 2015	\$167.06	71.0%		\$ 19,281	\$ 7,976	\$ 11,305	\$ 4,775	\$ 5,952	\$ 1,221	\$ 4,731	\$ 5,952	8.0%	\$ 476
4 2016	\$172.07	71.0%		\$ 19,860	\$ 8,217	\$ 11,643	\$ 4,919	\$ 6,128	\$ 1,257	\$ 4,871	\$ 6,128	8.0%	\$ 490
5 2017	\$177.23	71.0%		\$ 20,455	\$ 8,462	\$ 11,993	\$ 5,067	\$ 6,312	\$ 1,296	\$ 5,016	\$ 6,312	8.0%	\$ 505
6 2018	\$182.55	71.0%		\$ 21,068	\$ 8,717	\$ 12,351	\$ 5,218	\$ 6,501	\$ 1,335	\$ 5,166	\$ 6,501	8.0%	\$ 520
7 2019	\$188.03	71.0%		\$ 21,701	\$ 8,979	\$ 12,722	\$ 5,375	\$ 6,696	\$ 1,374	\$ 5,322	\$ 6,696	8.0%	\$ 536
8 2020	\$193.67	71.0%		\$ 22,353	\$ 9,247	\$ 13,106	\$ 5,536	\$ 6,899	\$ 1,416	\$ 5,483	\$ 6,899	8.0%	\$ 552
9 2021	\$199.48	71.0%		\$ 23,023	\$ 9,524	\$ 13,499	\$ 5,702	\$ 7,106	\$ 1,459	\$ 5,647	\$ 7,106	8.0%	\$ 569
10 2022	\$205.46	71.0%		\$ 23,714	\$ 9,811	\$ 13,903	\$ 5,874	\$ 7,318	\$ 1,502	\$ 5,816	\$ 7,318	8.0%	\$ 585
11 2023	\$211.63	71.0%		\$ 24,424	\$ 10,104	\$ 14,320	\$ 6,050	\$ 7,537	\$ 1,547	\$ 5,990	\$ 7,537	8.0%	\$ 603
12 2024	\$217.98	71.0%		\$ 25,157	\$ 10,408	\$ 14,749	\$ 6,232	\$ 7,762	\$ 1,594	\$ 6,168	\$ 7,762	8.0%	\$ 621
13 2025	\$224.51	71.0%	3.0%	\$ 25,912	\$ 10,720	\$ 15,191	\$ 6,419	\$ 7,995	\$ 1,642	\$ 6,353	\$ 7,995	8.0%	\$ 640
14 2026	\$231.25	71.0%	3.0%	\$ 26,689	\$ 11,042	\$ 15,647	\$ 6,612	\$ 8,235	\$ 1,691	\$ 6,544	\$ 8,235	8.0%	\$ 659
15 2027	\$238.19	71.0%	3.0%	\$ 27,490	\$ 11,373	\$ 16,117	\$ 6,810	\$ 8,482	\$ 1,742	\$ 6,740	\$ 8,482	8.0%	\$ 679
16 2028	\$245.33	71.0%	3.0%	\$ 28,314	\$ 11,714	\$ 16,600	\$ 7,014	\$ 8,737	\$ 1,794	\$ 6,942	\$ 8,737	8.0%	\$ 699
17 2029	\$252.69	71.0%	3.0%	\$ 29,164	\$ 12,066	\$ 17,098	\$ 7,225	\$ 8,999	\$ 1,848	\$ 7,151	\$ 8,999	8.0%	\$ 720
18 2030	\$260.27	71.0%	3.0%	\$ 30,039	\$ 12,428	\$ 17,611	\$ 7,441	\$ 9,269	\$ 1,903	\$ 7,365	\$ 9,269	8.0%	\$ 741
19 2031	\$268.08	71.0%	3.0%	\$ 30,940	\$ 12,801	\$ 18,139	\$ 7,665	\$ 9,547	\$ 1,960	\$ 7,586	\$ 9,547	8.0%	\$ 764
20 2032	\$276.12	71.0%	3.0%	\$ 31,868	\$ 13,185	\$ 18,684	\$ 7,895	\$ 9,833	\$ 2,019	\$ 7,814	\$ 9,833	8.0%	\$ 787
21 2033	\$284.41	71.0%	3.0%	\$ 32,824	\$ 13,580	\$ 19,244	\$ 8,131	\$ 10,128	\$ 2,080	\$ 8,048	\$ 10,128	8.0%	\$ 810
22 2034	\$292.94	71.0%	3.0%	\$ 33,809	\$ 13,987	\$ 19,821	\$ 8,375	\$ 10,432	\$ 2,142	\$ 8,290	\$ 10,432	8.0%	\$ 835
23 2035	\$301.73	71.0%	3.0%	\$ 34,823	\$ 14,407	\$ 20,416	\$ 8,627	\$ 10,745	\$ 2,206	\$ 8,538	\$ 10,745	8.0%	\$ 860
24 2036	\$310.78	71.0%	3.0%	\$ 35,868	\$ 14,839	\$ 21,029	\$ 8,885	\$ 11,067	\$ 2,273	\$ 8,795	\$ 11,067	8.0%	\$ 885
25 2037	\$320.10	71.0%	3.0%	\$ 36,944	\$ 15,284	\$ 21,659	\$ 9,152	\$ 11,399	\$ 2,341	\$ 9,058	\$ 11,399	8.0%	\$ 912
26 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
27 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
28 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
29 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
30 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
31 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
32 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
33 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
34 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
35 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
36 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
37 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
38 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
39 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
40 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
41 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
42 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
43 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
44 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
45 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
46 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
47 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
48 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
49 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
50 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
51 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
52 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
53 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
54 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
55 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
56 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
57 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
58 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
59 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
60 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
61 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
62 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
63 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
64 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
65 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
66 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
67 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
68 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
69 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
70 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
71 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
72 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -
73 0	\$0.00	71.0%	3.0%	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	8.0%	\$ -

"Average" Chain-Affiliated Full Service Property - Smith Travel Research - 2013 Report; 2012 Data
Hotel Management Fee Calculation and Valuation

Calculation of Loss of Other Hotel Contributions

Overall Assumptions - Hotel Information

Other contributions from the property are in the form of "system reimbursable charges". When estimating damages, these are modeled as revenues with the corresponding offset expense being those marginal expenses that can be avoided as a result of the subject hotel not being part of the manager's system. Contributions include marketing fees, reservation fees, shared accounting services, shared marketing costs, shared regional management, training costs, and similar items. In the Uniform System of Accounts, these are shown as expenses to the hotel, which are recognized as contributions to the manager.

Number of Rooms in Hotel	296	
Hotel Type	Full Service	
Capitalization Rate for Hotel Type	8.02%	Source: PwC Real Estate Investor Survey - Q1-2013
Hotel NOI in Year 1 (\$'000)	\$ 4,609	Adjusted for Basic Management Fees
Hotel Vaue Estimate (\$'000)	\$ 57,500,000	Rounded to nearest \$100,000
Hotel Vaue Estimate (per room)	\$ 194,300	Per Room, rounded to nearest \$100
Month & Year of Valuation	Jan-13	
Months in first valuation year	12	Used when the valuation estimate begins and ends with a partial years
Months in last valuation year	0	Used when the valuation estimate begins and ends with a partial years
Years Remaining in Contract	25	
Inflation Estimates	See schedule below-these adjustments start in the 13th year of the projection	
Contributions as a Percent of Total Revenues	See schedule below	
Avoided Costs as a Percent of Contributions	See schedule below - 100% means that all of the contribution revenues can be offset by cost avoidance; 0% means that none of the contributions can be offset	

Year	Average Daily Rate	Average Occupancy	Inflation Estimate	Total Rev (\$'000)	Contribution Percent	Contribution Amount (\$'000)	Avoided Costs	Avoided Amount (\$'000)	Net Loss Amount (\$'000)
1	2013	\$157.47	71.0%	\$ 18,172	3.0%	\$ 545	100%	\$ 545	\$ -
2	2014	\$162.19	71.0%	\$ 18,720	3.0%	\$ 562	100%	\$ 562	\$ -
3	2015	\$167.06	71.0%	\$ 19,281	3.0%	\$ 578	100%	\$ 578	\$ -
4	2016	\$172.07	71.0%	\$ 19,860	3.0%	\$ 596	100%	\$ 596	\$ -
5	2017	\$177.23	71.0%	\$ 20,455	3.0%	\$ 614	100%	\$ 614	\$ -
6	2018	\$182.55	71.0%	\$ 21,068	3.0%	\$ 632	100%	\$ 632	\$ -
7	2019	\$188.03	71.0%	\$ 21,701	3.0%	\$ 651	100%	\$ 651	\$ -
8	2020	\$193.67	71.0%	\$ 22,353	3.0%	\$ 671	100%	\$ 671	\$ -
9	2021	\$199.48	71.0%	\$ 23,023	3.0%	\$ 691	100%	\$ 691	\$ -
10	2022	\$205.46	71.0%	\$ 23,714	3.0%	\$ 711	100%	\$ 711	\$ -
11	2023	\$211.63	71.0%	\$ 24,424	3.0%	\$ 733	100%	\$ 733	\$ -
12	2024	\$217.98	71.0%	\$ 25,157	3.0%	\$ 755	100%	\$ 755	\$ -
13	2025	\$224.51	71.0%	\$ 25,912	3.0%	\$ 777	100%	\$ 777	\$ -
14	2026	\$231.25	71.0%	\$ 26,689	3.0%	\$ 801	100%	\$ 801	\$ -
15	2027	\$238.19	71.0%	\$ 27,490	3.0%	\$ 825	100%	\$ 825	\$ -
16	2028	\$245.33	71.0%	\$ 28,314	3.0%	\$ 849	100%	\$ 849	\$ -
17	2029	\$252.69	71.0%	\$ 29,164	3.0%	\$ 875	100%	\$ 875	\$ -
18	2030	\$260.27	71.0%	\$ 30,039	3.0%	\$ 901	100%	\$ 901	\$ -
19	2031	\$268.08	71.0%	\$ 30,940	3.0%	\$ 928	100%	\$ 928	\$ -
20	2032	\$276.12	71.0%	\$ 31,868	3.0%	\$ 956	100%	\$ 956	\$ -
21	2033	\$284.41	71.0%	\$ 32,824	3.0%	\$ 985	100%	\$ 985	\$ -
22	2034	\$292.94	71.0%	\$ 33,809	3.0%	\$ 1,014	100%	\$ 1,014	\$ -
23	2035	\$301.73	71.0%	\$ 34,823	3.0%	\$ 1,045	100%	\$ 1,045	\$ -
24	2036	\$310.78	71.0%	\$ 35,868	3.0%	\$ 1,076	100%	\$ 1,076	\$ -
25	2037	\$320.10	71.0%	\$ 36,944	3.0%	\$ 1,108	100%	\$ 1,108	\$ -
26	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
27	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
28	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
29	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
30	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
31	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
32	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
33	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
34	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
35	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
36	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
37	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
38	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
39	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
40	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
41	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
42	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
43	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
44	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
45	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
46	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
47	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
48	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
49	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
50	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
51	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
52	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
53	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
54	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
55	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
56	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
57	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
58	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
59	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
60	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
61	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
62	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
63	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
64	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
65	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
66	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
67	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
68	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
69	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
70	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
71	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
72	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -
73	0	\$0.00	71.0%	\$ -	3.0%	\$ -	100%	\$ -	\$ -

74	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
75	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
76	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
77	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
78	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
79	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
80	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
81	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
82	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
83	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
84	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
85	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
86	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
87	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
88	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
89	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
90	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
91	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
92	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
93	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
94	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
95	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
96	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
97	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
98	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
99	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-
100	0	\$0.00	71.0%	3.0%	\$	-	3.0%	\$	-	100%	\$	-	\$	-

98	0	\$0.00	71.0%	98	\$ -	10.04%	\$ -	\$ -	10.04%	\$ -	\$ -	15.04%	\$ -	\$ -	10.04%	\$ -	\$ -
99	0	\$0.00	71.0%	99	\$ -	10.04%	\$ -	\$ -	10.04%	\$ -	\$ -	15.04%	\$ -	\$ -	10.04%	\$ -	\$ -
100	0	\$0.00	71.0%	100	\$ -	10.04%	\$ -	\$ -	10.04%	\$ -	\$ -	15.04%	\$ -	\$ -	10.04%	\$ -	\$ -
					\$ 19,878		\$ 6,262	\$ (3,976)		\$ (1,252)	\$ 16,357		\$ 3,492	\$ -		\$ -	\$ 8,501

"Average" Chain-Affiliated Full Service Property Hotel Management Fee Calculation and Valuation

Summary Sheet

This sheet summarizes the results of the basic fee, incentive fee, and other contribution claims and summarizes any remaining claim estimates.

Categories of Claimed Damages	Detail & Backup	Cash Total (\$'000)	Cash Value Per Key	Present Value (\$'000)	PV Per Key
Basic Fee	Proforma Sheets Basic Fee Sheet PV Calcs Sheet	\$ 19,878	\$ 67,157	\$ 6,262	\$ 21,154
Cost Savings	Basic Fee Sheet PV Calcs Sheet	\$ (3,976)	\$ (13,431)	\$ (1,252)	\$ (4,231)
Incentive Fee	Proforma Sheets Basic Fee Sheet PV Calcs Sheet	\$ 16,357	\$ 55,261	\$ 3,492	\$ 11,796
Other Contributions	Proforma Sheets Basic Fee Sheet PV Calcs Sheet	\$ -	\$ -	\$ -	\$ -
Other Damages					
Recovery of Key Money	If Applicable		\$ -	\$ -	\$ -
Recovery of Loan Advances	If Applicable		\$ -	\$ -	\$ -
Recovery of Working Capital	If Applicable		\$ -	\$ -	\$ -
Reconcile "Payables" and "Receivables"	If Applicable		\$ -	\$ -	\$ -
Provision for Future Claims					
Luggage	If Applicable		\$ -	\$ -	\$ -
Guest Accident	If Applicable		\$ -	\$ -	\$ -
Deposits	If Applicable		\$ -	\$ -	\$ -
System Wide Affects					
Reputation at Subject Hotel	If Applicable		\$ -	\$ -	\$ -
Reputation within Consumer Market	If Applicable		\$ -	\$ -	\$ -
Reputation within Owner/Franchisor Market	If Applicable		\$ -	\$ -	\$ -
Cost of Market Re-Entry	If Applicable	\$ 1,000	\$ 3,378	\$ 1,000	\$ 3,378
	Grand Total (\$'000)	\$ 33,260		\$ 9,501	

Include items here as appropriate, modify as needed.