



## Summary of Conclusions

# Proposed Dual Brand Hotel Livermore, California

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Proposed Dual Brand Hotel (Livermore, CA) Hotel Program Summary	
Assumed Opening:	January 2019
Total Room Count:	185 guestrooms
Upscale Hotel:	125 guestrooms
	Café style food and beverage outlet with bar, 2,400 square feet of meeting space, Fitness facilities, Business center
Extended-Stay Hotel:	60 guestrooms
	Apartment-style guestrooms suites with kichenettes, Complimentary breakfast, Fitness facilities, Business center
Lot Size:	4 to 5 acres
Building Height:	Developed together and total 4 to 5 stories
Chain Scale:	Upscale (Per Smith Travel Research Chain Scale Definitions)
Brand Examples:	AC and Residence Inn By Marriott Curio and Homewood Suites By Hilton Hyatt Centric and Hyatt House By Hyatt Hotel Indigo and Staybridge Suites By InterContinental Aloft and Element By Starwood
Proposed Livermore Event Center:	Assumes development of separate +/- 12,000 sq. ft. conference center adjacent to the Proposed Dual Brand Hotel in downtown Livermore both delivered simultaneously.

Source: PKF Consulting | CBRE Hotels

Proposed Dual Brand Hotel (Livermore, CA) Gross Square Footage				
Upscale Hotel			Extended-Stay Hotel	
Guestrooms	125		Guestrooms	60
SF / Guestroom	306		SF / Guestroom	475
<b>Total Guestroom SF</b>	<b>38,250</b>		<b>Total Guestroom SF</b>	<b>28,500</b>
Support/Circulation	9,625		Support/Circulation	6,060
Front of House	9,775		Front of House	1,860
Back of House	4,375		Back of House	1,800
Walls and Shafts	6,125		Walls and Shafts	480
<b>Total</b>	<b>29,900</b>		<b>Total</b>	<b>10,200</b>
Gross Building Area	<b>68,150</b>		Gross Building Area	<b>38,700</b>
SF Per Guestroom	<b>545</b>		SF Per Guestroom	<b>645</b>
Total Gross Building Area		106,850		
Less: Dual Brand Efficiencies (5%)		(5,343)		
Adjusted Total Gross Building Area (SF)		<b>101,508</b>		
Per Guestroom (SF)		<b>549</b>		

Source: PKF Consulting | CBRE Hotels

Livermore, CA - Competitive Market					
Hotel	City	Rooms	Year Built	Meeting Space	Food & Beverage
Hawthorne Suites Livermore	Livermore	62	2002	600 sq. ft.	Comp. Breakfast
Courtyard by Marriott Livermore	Livermore	121	1999	1,100 sq. ft.	The Bistro
Hilton Garden Inn Livermore	Livermore	97	2000	2,528 sq. ft.	Great American Grille
Residence Inn by Marriott Livermore	Livermore	96	1989	870 sq. ft.	Comp. Breakfast
La Quinta Inn & Suites Livermore	Livermore	58	2005	2,200 sq. ft.	Comp. Breakfast
Holiday Inn Express & Suites Livermore	Livermore	92	2005	625 sq. ft.	Comp. Breakfast
Doubletree Livermore (Temporarily Closed) <sup>[1]</sup>	Livermore	125	1970	4,200 sq. ft.	Grille Café Restaurant
Hampton Inn Livermore	Livermore	79	1997	624 sq. ft.	Comp. Breakfast
Best Western Plus Vineyard Inn	Livermore	66	2000	n/a	Comp. Breakfast
<b>Subtotal</b>		796	-	-	
Proposed Home2 Suites (Conversion)	Livermore	108	2017		
Proposed Dual Brand Hotel (Livermore, CA)	Livermore	185	2019	-	
<b>Total</b>		1,089	-	-	

<sup>[1]</sup> Hotel closed for renovation in May 2015 and is assumed to reopen in February 2016

Proposed Dual Brand Hotel (Livermore, CA) Historical Performance of the Competitive Market									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2009	290,540	-	148,851	-	51.2%	\$92.61	-	\$47.44	-
2010	290,540	0.0%	159,770	7.3%	55.0%	\$89.22	-3.7%	\$49.06	3.4%
2011	290,540	0.0%	197,863	23.8%	68.1%	\$90.32	1.2%	\$61.51	25.4%
2012	290,540	0.0%	199,568	0.9%	68.7%	\$99.97	10.7%	\$68.67	11.6%
2013	290,540	0.0%	205,998	3.2%	70.9%	\$107.04	7.1%	\$75.89	10.5%
2014	290,540	0.0%	207,480	0.7%	71.4%	\$120.15	12.3%	\$85.80	13.1%
<b>CAGR</b>	<b>0.0%</b>	<b>-</b>	<b>6.9%</b>	<b>-</b>	<b>-</b>	<b>5.3%</b>	<b>-</b>	<b>12.6%</b>	<b>-</b>
YTD Sep '14	217,905	-	160,134	-	73.5%	\$119.16	-	\$87.57	-
YTD Sep '15	197,921	-9.2%	148,251	-7.4%	74.9%	\$141.15	18.5%	\$105.73	20.7%

Source: PKF Consulting | CBRE Hotels

2014 Performance of Livermore Hotels			
	Occ	ADR	RevPAR
Hotel A	Mid 70's	\$100's	Mid \$70's
Hotel B	Mid 70's	Mid \$120's	Mid \$90's
Hotel C	High 60's	Low \$110's	High \$70's
Hotel D	Mid 60's	Mid \$120's	High \$70's
Hotel E	Low 80's	High \$80's	Low \$70's
Hotel F	Mid 70's	Low \$140's	Mid \$100's
Hotel G	High 60's	Mid \$130's	Mid \$90's
Hotel H	Mid 60's	High \$120's	Mid \$80's
Hotel I	Mid 70's	Low \$100's	Mid \$70's

2014 Livermore Competitive Supply Mix of Demand		
Market Segment	Room Nights	Ratio
Transient	189,341	91%
Group	18,140	9%
Total	207,480	100%

Competitive Market Seasonality (Monthly)				
Monthly Occupancy	2012	2013	2014	3-Year Avg.
January	58%	55%	57%	57%
February	63%	66%	65%	65%
March	63%	67%	66%	65%
April	67%	73%	73%	71%
May	70%	76%	75%	73%
June	78%	81%	82%	80%
July	75%	80%	82%	79%
August	80%	84%	85%	83%
September	75%	78%	76%	76%
October	79%	74%	79%	77%
November	65%	64%	62%	64%
December	52%	54%	54%	53%
	69%	71%	71%	70%

Competitive Market Seasonality (Weekly)				
Day of Week	TTM 9/13	TTM 9/14	TTM 9/15	3-Year Avg.
Sunday	50%	50%	51%	51%
Monday	79%	78%	78%	78%
Tuesday	88%	89%	89%	89%
Wednesday	87%	89%	89%	88%
Thursday	70%	68%	69%	69%
Friday	60%	58%	61%	59%
Saturday	67%	66%	69%	67%
<b>Year</b>	<b>72%</b>	<b>71%</b>	<b>72%</b>	<b>72%</b>

Proposed Dual Brand Hotel (Livermore, CA) Projected Performance of the Competitive Market									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2015	263,895	-9.2%	192,600	-7.2%	73%	\$141.00	17.0%	\$102.91	19.9%
2016	286,160	8.4%	211,700	9.9%	74%	\$152.00	8.0%	\$112.45	9.3%
2017	329,960	15.3%	232,200	9.7%	70%	\$161.00	6.0%	\$113.30	0.8%
2018	329,960	0.0%	239,200	3.0%	72%	\$167.00	4.0%	\$121.06	6.9%
2019	397,485	20.5%	276,400	15.6%	70%	\$172.00	3.0%	\$119.60	-1.2%
2020	397,485	0.0%	284,600	3.0%	72%	\$177.00	3.0%	\$126.73	6.0%
2021	397,485	0.0%	290,100	1.9%	73%	\$182.00	3.0%	\$132.83	4.8%
2022	397,485	0.0%	290,100	0.0%	73%	\$187.00	3.0%	\$136.48	2.7%
2023	397,485	0.0%	290,100	0.0%	73%	\$193.00	3.0%	\$140.86	3.2%
<b>CAGR</b>	<b>5.3%</b>	<b>-</b>	<b>5.3%</b>	<b>-</b>	<b>-</b>	<b>4.0%</b>		<b>4.0%</b>	

Source: PKF Consulting | CBRE Hotels

Tri-Valley - Competitive Market						
Hotel	City	Rooms	Year Built	Meeting Space (sq. ft.)	Meeting Space/Room (sq. ft.)	Food & Beverage
Holiday Inn Dublin Pleasanton	Dublin	222	1977	14,000	63	Ballyunion Bar & Grille
Hyatt Place Dublin Pleasanton	Dublin	127	1999	931	7	24/7 Gallery
Marriott San Ramon	San Ramon	368	1989	16,500	45	Bishop Grill
Four Points by Sheraton Pleasanton	Pleasanton	214	1985	7,500	35	Faz Restaurant
Marriott Pleasanton	Pleasanton	242	1986	4,175	17	Market Café & Lounge
Sheraton Pleasanton	Pleasanton	170	1985	3,718	22	The Connections Café
Doubletree Pleasanton	Pleasanton	292	1985	14,000	48	Players Restaurant
<b>Subtotal</b>		1,635	-	-	37	
Proposed Hotel Livermore	Livermore	185	2019	-	-	-
<b>Total</b>		1,820	-	-	-	-

Proposed Hotel Livermore Historical Performance of the Competitive Market									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	ADR	Percent Change	RevPAR	Percent Change
2009	596,775	-	304,702	-	51.1%	\$99.59	-	\$50.85	-
2010	596,775	0.0%	352,391	15.7%	59.0%	\$98.46	-1.1%	\$58.14	14.3%
2011	596,775	0.0%	398,079	13.0%	66.7%	\$103.38	5.0%	\$68.96	18.6%
2012	596,775	0.0%	435,230	9.3%	72.9%	\$109.54	6.0%	\$79.89	15.8%
2013	596,775	0.0%	446,169	2.5%	74.8%	\$118.13	7.8%	\$88.32	10.6%
2014	596,775	0.0%	447,169	0.2%	74.9%	\$130.45	10.4%	\$97.75	10.7%
<b>CAGR</b>	<b>0.0%</b>	<b>-</b>	<b>8.0%</b>	<b>-</b>	<b>-</b>	<b>5.5%</b>	<b>-</b>	<b>14.0%</b>	<b>-</b>
YTD Sep '14	447,581	-	339,267	-	75.8%	\$131.03	-	\$99.32	-
YTD Sep '15	447,581	0.0%	360,750	6.3%	80.6%	\$149.18	13.9%	\$120.24	21.1%

Source: PKF Consulting | CBRE Hotels

2014 Performance of Tri-Valley Full-Service Hotels			
	Occ	ADR	RevPAR
Hotel A	High 70's	Mid \$120's	High \$90's
Hotel B	High 70's	Mid \$120's	High \$90's
Hotel C	High 70's	High \$140's	Mid \$110's
Hotel D	Low 80's	Mid \$110's	Mid \$90's
Hotel E	Low 70's	Mid \$150's	Low \$110's
Hotel F	Low 70's	Mid \$120's	High \$80's
Hotel G	High 60's	Mid \$90's	Low \$60's

2014 Tri-Valley Competitive Supply Mix of Demand		
Market Segment	Room Nights	Ratio
Transient	360,089	81%
Group	87,080	19%
Total	447,169	100%

Competitive Market Seasonality (Monthly)				
Monthly Occupancy	2012	2013	2014	3-Year Avg.
January	62%	64%	64%	63%
February	69%	72%	76%	73%
March	68%	69%	71%	69%
April	67%	75%	76%	73%
May	75%	77%	76%	76%
June	82%	82%	79%	81%
July	77%	78%	81%	79%
August	84%	85%	82%	83%
September	79%	81%	77%	79%
October	81%	81%	80%	81%
November	69%	70%	70%	70%
December	62%	64%	66%	64%
	73%	75%	75%	74%

Competitive Market Seasonality (Weekly)				
Day of Week	TTM 8/13	TTM 8/14	TTM 8/15	3-Year Avg.
Sunday	56%	55%	58%	56%
Monday	80%	80%	82%	81%
Tuesday	88%	89%	90%	89%
Wednesday	88%	88%	90%	89%
Thursday	75%	74%	76%	75%
Friday	62%	64%	72%	66%
Saturday	73%	73%	81%	76%
<b>Year</b>	<b>75%</b>	<b>75%</b>	<b>78%</b>	<b>76%</b>



**Annual Lodging Demand Estimates**

Lawrence Livermore Labs		Market Segment of Demand
10,000	Rooms nights generated by visitors not attending conferences	Transient
10,000	Room nights generated by visitors attending offsite conferences	50% Transient / 50% Group
	30 Offsite conferences in 2014	
	20-450 Attendees per conference	
	1-10 Days per conference	
	1/3 Offsite conferences held outside of Livermore	
10,000 - 15,000	Room nights generated by visitors attending onsite conferences	50% Transient / 50% Group
	2.5 Average number of onsite meetings per business day	
	625 Approximate number of annual onsite meetings	
	75 Average number of attendees per meeting	
	46,875 Number of annual onsite meeting attendees	
	20-30% Of attendees require hotel accommodations (approx. 10-15K)	
	75% Of 625 annual onsite meetings could be moved offsite	
	469 Approximate number of onsite meetings that could be moved offsite	

Sandia National Laboratories		Market Segment of Demand
800	Room nights generated by visitors not attending conferences	Transient
4,000	Room nights generated by visitors to LVOC	50% Transient / 50% Group

Tri-Valley Wineries		Market Segment of Demand
25,000 - 30,000	Room nights generated by visitors attending events at Tri-Valley Wineries	50% Transient / 50% Group
	6 Wineries that host events 5 days a week averaging 150 people	
	10 Wineries that host events 2 days a week averaging 50 people	
	2,500 - 3,000 Number of annual events hosted by Wineries	
	500 Weddings annually	

**Quantifiable Demand Summary**

60,000 - 70,000	Total room nights generated by Lawrence Livermore Labs, Sandia National Laboratories, and Tri-Valley Wineries
60-70% or 35-50K	Transient Demand
30-40% or 20-30K	Group Demand
3,500 - 4,000	Annual events generated at Lawrence Livermore labs, Sandia National Laboratories, and Tri-Valley Wineries

**Other Sources of Existing and Projected New Demand Sources**

<b>Sandia National Laboratories</b>	
	Proposed Sandia National Laboratories Facility 86,000 sq. ft 200 employees and visitors (150 Sandia employees and 50 visiting scientists and engineers)
<b>Lawrence Livermore National Laboratories</b>	
	Proposed High Performance Computing Innovation Center 100,000 sq. ft. 300 to 400 employees and visitors (approximately 50/50 split)
<b>Beyer Ranch Event Center</b>	
	Proposed 14,000 sq. ft. event center adjacent to Beyer Ranch Winery Weddings held on Fridays, Saturdays, and Sundays year round (except for December). Weddings typically book 15 hotel rooms. Corporate events held on Fridays, Saturdays, and Sundays in December Corporate mid week events usually held 3 times a week Maximum capacity of 300 guests with an average of 125 guests. Events range from 50 to 300 guests.
<b>San Francisco Premium Outlets</b>	
	180 Stores, 696,000 sq. ft. of retail 7,000,000 annual visitors, projected to increase to more than 11,000,000 Approximately 65% of visitors are from outside of U.S.
<b>LVPAC / Bankhead Theater</b>	
	Approximately 100 performances annually Capacity of 507 seats
<b>Proposed Livermore Event Center</b>	
	Approximately 35 performances annually Capacity of 1,000 seats
<b>Corporations</b>	
	Comcast, Sandia National Laboratories, Wente Family Estates, Alameda County, Bishop Ranch/Sunset Development Company, Chevron, City of Livermore, Colliers International, Kaiser Permanente, Lam Research, Opterra, Ponderosa, Sensiba San Filippo, Shea Homes, Stanford Health Care ValleyCare, Topcon, Wells Fargo, Fremont Bank, Tech Credit Union, Blazent, Bridgelux, Hoge Fenton, Las Positas College, PMA Consulting, Tri Valley Capital, Venture Sotherby, Visit Tri-Valley, Uptempo, Blackbelt, Livermore Valley Chamber of Commerce, WSI

## Projected Occupancy and Average Daily Rate of Proposed Dual Brand Hotel

Proposed Dual Brand Hotel (Livermore, CA) Projected Performance of the Subject										
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Occupancy Percentage	Market Penetration	ADR	Percent Change	RevPAR	Percent Change
2015							\$165.00	17.0%		
2016							\$178.00	8.0%		
2017							\$189.00	6.0%		
2018							\$197.00	4.0%		
2019	67,525	-	47,300	-	70%	101%	\$203.00	3.0%	\$142.20	-
2020	67,525	0.0%	48,400	2.3%	72%	100%	\$209.00	3.0%	\$149.81	5.3%
2021	67,525	0.0%	49,800	2.9%	74%	101%	\$215.00	3.0%	\$158.56	5.8%
2022	67,525	0.0%	49,800	0.0%	74%	101%	\$221.00	3.0%	\$162.99	2.8%
2023	67,525	0.0%	49,800	0.0%	74%	101%	\$228.00	3.0%	\$168.15	3.2%
<b>CAGR</b>	<b>0.0%</b>	<b>-</b>	<b>1.3%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5.5%</b>	<b>-</b>	<b>4.3%</b>	<b>-</b>

\* Assumes development of separate +/- 12,000 sq. ft. conference center adjacent to the Proposed Dual Brand Hotel in downtown Livermore both delivered simultaneously.

Source: PKF Consulting | CBRE Hotels

Projected Stabilized Market Mix of Proposed Hotel		
Market Segment	Room Nights	Ratio
Transient	39,800	80%
Group	10,000	20%
<b>Total</b>	<b>49,800</b>	<b>100%</b>

<b>Proposed Dual Brand Hotel</b>									
Operating Results of Comparable Hotels									
	<b>Hotel A</b>			<b>Hotel B</b>			<b>Hotel C</b>		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
<b>Revenues</b>									
Rooms	90.4%	\$36,602	\$130.52	96.3%	\$43,726	\$134.82	93.7%	\$35,695	\$123.17
Food & Beverage	8.0%	3,246	11.58	3.6%	1,640	5.06	6.1%	2,307	7.96
Other Operated Departments	0.8%	324	1.16	0.1%	35	0.11	0.1%	26	0.09
Rentals and Other Income	0.7%	296	1.05	0.0%	19	0.06	0.2%	73	0.25
Total Revenues	100.0%	40,468	144.31	100.0%	45,421	140.04	100.0%	38,102	131.48
<b>Departmental Expenses</b>									
Rooms	18.6%	6,807	24.28	24.9%	10,876	33.53	23.1%	8,256	28.49
Food & Beverage	76.1%	2,470	8.81	67.1%	1,100	3.39	97.9%	2,259	7.79
Other Operated Departments	121.0%	392	1.40	444.6%	156	0.48	452.5%	118	0.41
Total Departmental Expenses	23.9%	9,669	34.48	26.7%	12,132	37.41	27.9%	10,632	36.69
<b>Departmental Profit</b>									
	76.1%	30,798	109.83	73.3%	33,289	102.64	72.1%	27,470	94.79
<b>Undistributed Expenses</b>									
Administrative & General	7.4%	2,997	10.69	6.5%	2,939	9.06	9.4%	3,595	12.40
Marketing (Including Franchise Fees)	11.6%	4,687	16.71	6.8%	3,096	9.55	7.4%	2,802	9.67
Property Operation and Maintenance	5.0%	2,020	7.20	4.1%	1,846	5.69	4.7%	1,800	6.21
Utility Costs	3.3%	1,352	4.82	3.8%	1,706	5.26	2.8%	1,069	3.69
Total Undistributed Operating Expenses	27.3%	11,057	39.43	21.1%	9,588	29.56	24.3%	9,267	31.98
<b>Gross Operating Profit</b>									
	48.8%	19,742	70.40	52.2%	23,701	73.08	47.8%	18,203	62.81
<b>Base Management Fee</b>									
	3.0%	1,212	4.32	7.0%	3,180	9.80	6.0%	2,286	7.89
<b>Fixed Expenses</b>									
Incentive Management Fee	1.0%	404	1.44	0.2%	111	0.34	0.0%	0	0.00
Property Taxes	0.0%	0	0.00	0.5%	224	0.69	3.7%	1,398	4.83
Insurance	0.0%	6	0.02	1.2%	529	1.63	1.2%	452	1.56
Total Fixed Expenses	1.0%	410	1.46	1.9%	864	2.67	4.9%	1,851	6.39
<b>Net Operating Income</b>									
	44.8%	18,119	64.61	43.3%	19,657	60.61	36.9%	14,066	48.54
<b>FF&amp;E Reserve/Capital Expenditures</b>									
	4.0%	1,619	5.77	4.0%	1,817	5.60	4.0%	1,524	5.26
<b>Net Operating Income After Reserve</b>									
	40.8%	\$16,501	\$58.84	39.3%	\$17,840	\$55.01	32.9%	\$12,542	\$43.28

Source: PKF Consulting USA | CBRE Hotels

<b>Proposed Dual Brand Hotel</b>						
Operating Results of Comparable Hotels						
	<b>Hotel D</b>			<b>Hotel E</b>		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
<b>Revenues</b>						
Rooms	92.2%	\$38,151	\$134.73	93.4%	\$44,995	\$144.37
Food & Beverage	7.8%	3,207	11.32	4.9%	2,364	7.59
Other Operated Departments	0.0%	15	0.05	0.6%	293	0.94
Rentals and Other Income	0.0%	6	0.02	1.1%	547	1.75
Total Revenues	100.0%	41,378	146.12	100.0%	48,199	154.65
<b>Departmental Expenses</b>						
Rooms	19.8%	7,551	26.67	25.5%	11,467	36.79
Food & Beverage	71.0%	2,278	8.05	121.4%	2,869	9.21
Other Operated Departments	662.1%	96	0.34	209.9%	616	1.98
Total Departmental Expenses	24.0%	9,926	35.05	31.0%	14,952	47.98
<b>Departmental Profit</b>						
	76.0%	31,452	111.07	69.0%	33,247	106.67
<b>Undistributed Expenses</b>						
Administrative & General	9.8%	4,065	14.36	9.7%	4,688	15.04
Marketing (Including Franchise Fees)	7.1%	2,919	10.31	13.8%	6,674	21.41
Property Operation and Maintenance	4.0%	1,672	5.90	5.8%	2,811	9.02
Utility Costs	2.4%	997	3.52	3.1%	1,495	4.80
Total Undistributed Operating Expenses	23.3%	9,653	34.09	32.5%	15,667	50.27
<b>Gross Operating Profit</b>						
	52.7%	21,799	76.98	36.5%	17,579	56.40
<b>Base Management Fee</b>						
	6.0%	2,483	8.77	3.0%	1,438	4.61
<b>Fixed Expenses</b>						
Incentive Management Fee	0.0%	0	0.00	2.0%	959	3.08
Property Taxes	3.0%	1,231	4.35	2.5%	1,196	3.84
Insurance	1.1%	471	1.66	0.8%	363	1.17
Total Fixed Expenses	4.1%	1,702	6.01	5.2%	2,518	8.08
<b>Net Operating Income</b>						
	42.6%	17,614	62.20	28.3%	13,623	43.71
<b>FF&amp;E Reserve/Capital Expenditures</b>						
	4.0%	1,655	5.84	4.0%	1,928	6.19
<b>Net Operating Income After Reserve</b>						
	38.6%	\$15,959	\$56.36	24.3%	\$11,695	\$37.52
<b>Source: PKF Consulting USA   CBRE Hotels</b>						

<b>Proposed Dual Brand Hotel</b>				<b>Hotel F</b>				<b>Hotel G</b>				<b>Hotel H</b>			
Operating Results of Comparable Hotels				Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
<b>Revenues</b>															
Rooms	98.4%	\$42,343	\$140.26	95.7%	\$47,150	\$151.64	98.9%	\$45,555	\$142.19						
Food & Beverage	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00						
Other Operated Departments	0.8%	333	1.10	3.8%	1,855	5.97	0.7%	327	1.02						
Rentals and Other Income	0.9%	368	1.22	0.5%	240	0.77	0.4%	170	0.53						
<b>Total Revenues</b>	<b>100.0%</b>	<b>43,044</b>	<b>142.58</b>	<b>100.0%</b>	<b>49,245</b>	<b>158.37</b>	<b>100.0%</b>	<b>46,053</b>	<b>143.74</b>						
<b>Departmental Expenses</b>															
Rooms	20.2%	8,559	28.35	20.9%	9,866	31.73	18.7%	8,538	26.65						
Food & Beverage	0.0%	0	0.00	0.0%	0	0.00	0.0%	0	0.00						
Other Operated Departments	129.7%	432	1.43	79.2%	1,469	4.72	134.2%	439	1.37						
<b>Total Departmental Expenses</b>	<b>20.9%</b>	<b>8,991</b>	<b>29.78</b>	<b>23.0%</b>	<b>11,335</b>	<b>36.45</b>	<b>19.5%</b>	<b>8,978</b>	<b>28.02</b>						
<b>Departmental Profit</b>	<b>79.1%</b>	<b>34,053</b>	<b>112.80</b>	<b>77.0%</b>	<b>37,910</b>	<b>121.92</b>	<b>80.5%</b>	<b>37,075</b>	<b>115.72</b>						
<b>Undistributed Expenses</b>															
Administrative & General	7.4%	3,184	10.55	8.4%	4,154	13.36	11.1%	5,119	15.98						
Marketing (Including Franchise Fees)	10.1%	4,349	14.40	12.6%	6,190	19.91	10.8%	4,972	15.52						
Property Operation and Maintenance	5.0%	2,145	7.11	5.2%	2,546	8.19	5.2%	2,403	7.50						
Utility Costs	3.5%	1,505	4.99	3.1%	1,523	4.90	4.5%	2,090	6.52						
<b>Total Undistributed Operating Expenses</b>	<b>26.0%</b>	<b>11,183</b>	<b>37.04</b>	<b>29.3%</b>	<b>14,413</b>	<b>46.35</b>	<b>31.7%</b>	<b>14,584</b>	<b>45.52</b>						
<b>Gross Operating Profit</b>	<b>53.1%</b>	<b>22,870</b>	<b>75.76</b>	<b>47.7%</b>	<b>23,497</b>	<b>75.57</b>	<b>48.8%</b>	<b>22,491</b>	<b>70.20</b>						
<b>Base Management Fee</b>	<b>3.0%</b>	<b>1,291</b>	<b>4.28</b>	<b>3.0%</b>	<b>1,477</b>	<b>4.75</b>	<b>2.6%</b>	<b>1,192</b>	<b>3.72</b>						
<b>Fixed Expenses</b>															
Incentive Management Fee	1.0%	430	1.43	0.0%	0	0.00	0.0%	0	0.00						
Property Taxes	0.0%	0	0.00	4.8%	2,376	7.64	2.9%	1,329	4.15						
Insurance	0.0%	6	0.02	0.9%	460	1.48	1.2%	575	1.80						
<b>Total Fixed Expenses</b>	<b>1.0%</b>	<b>437</b>	<b>1.45</b>	<b>5.8%</b>	<b>2,836</b>	<b>9.12</b>	<b>4.1%</b>	<b>1,904</b>	<b>5.94</b>						
<b>Net Operating Income</b>	<b>49.1%</b>	<b>21,142</b>	<b>70.03</b>	<b>39.0%</b>	<b>19,183</b>	<b>61.70</b>	<b>42.1%</b>	<b>19,396</b>	<b>60.54</b>						
<b>FF&amp;E Reserve/Capital Expenditures</b>	<b>4.0%</b>	<b>1,722</b>	<b>5.70</b>	<b>4.0%</b>	<b>1,970</b>	<b>6.33</b>	<b>4.0%</b>	<b>1,842</b>	<b>5.75</b>						
<b>Net Operating Income After Reserve</b>	<b>45.1%</b>	<b>\$19,420</b>	<b>\$64.33</b>	<b>35.0%</b>	<b>\$17,214</b>	<b>\$55.36</b>	<b>38.1%</b>	<b>\$17,553</b>	<b>\$54.79</b>						

Source: PKF Consulting USA | CBRE Hotels

<b>Proposed Dual Brand Hotel</b>						
Operating Results of Comparable Hotels						
	<b>Hotel I</b>			<b>Hotel J</b>		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
<b>Revenues</b>						
Rooms	97.6%	\$44,002	\$138.51	98.6%	\$45,043	\$146.93
Food & Beverage	1.3%	572	1.80	0.0%	0	0.00
Other Operated Departments	1.1%	498	1.57	0.5%	219	0.72
Rentals and Other Income	0.0%	0	0.00	1.0%	435	1.42
Total Revenues	100.0%	45,072	141.88	100.0%	45,697	149.06
<b>Departmental Expenses</b>						
Rooms	25.6%	11,265	35.46	25.4%	11,462	37.39
Food & Beverage	28.1%	160	0.51	0.0%	0	0.00
Other Operated Departments	120.3%	598	1.88	133.8%	293	0.96
Total Departmental Expenses	26.7%	12,024	37.85	25.7%	11,755	38.34
<b>Departmental Profit</b>						
	73.3%	33,048	104.03	74.3%	33,942	110.72
<b>Undistributed Expenses</b>						
Administrative & General	8.5%	3,852	12.12	8.3%	3,807	12.42
Marketing (Including Franchise Fees)	13.4%	6,052	19.05	11.8%	5,385	17.57
Property Operation and Maintenance	6.5%	2,940	9.25	4.2%	1,907	6.22
Utility Costs	3.8%	1,693	5.33	3.3%	1,506	4.91
Total Undistributed Operating Expenses	32.3%	14,536	45.76	27.6%	12,605	41.12
<b>Gross Operating Profit</b>						
	41.1%	18,512	58.27	46.7%	21,338	69.60
<b>Base Management Fee</b>						
	3.8%	1,701	5.36	2.5%	1,144	3.73
<b>Fixed Expenses</b>						
Incentive Management Fee	0.0%	0	0.00	0.0%	0	0.00
Property Taxes	2.1%	963	3.03	3.0%	1,384	4.52
Insurance	0.5%	236	0.74	2.3%	1,065	3.47
Total Fixed Expenses	2.7%	1,199	3.77	5.4%	2,449	7.99
<b>Net Operating Income</b>						
	34.6%	15,612	49.14	38.8%	17,745	57.88
<b>FF&amp;E Reserve/Capital Expenditures</b>						
	4.0%	1,803	5.68	4.0%	1,828	5.96
<b>Net Operating Income After Reserve</b>						
	30.6%	\$13,809	\$43.47	34.8%	\$15,917	\$51.92

Source: PKF Consulting USA | CBRE Hotels

## Ten-Year Statement of Estimated Annual Operating Results

<b>Proposed Dual Brand Hotel</b>											
Projected Operating Results											
Calendar Years											
		2019		2020		2021		2022		2023	
Number of Units:		185		185		185		185		185	
Number of Annual Rooms Available:		67,525		67,525		67,525		67,525		67,525	
Number of Rooms Occupied:		47,270		48,620		49,970		49,970		49,970	
Annual Occupancy:		70.0%		72.0%		74.0%		74.0%		74.0%	
Average Daily Rate:		\$203.00		\$209.00		\$215.00		\$221.00		\$228.00	
Revenue Per Available Room:		\$142.10		\$150.48		\$159.10		\$163.54		\$168.72	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Revenues</b>											
Rooms		\$9,596,000	89.1%	\$10,162,000	89.1%	\$10,744,000	89.1%	\$11,043,000	89.1%	\$11,393,000	89.1%
Food & Beverage		426,000	4.0%	451,000	4.0%	477,000	4.0%	492,000	4.0%	506,000	4.0%
Other Operated Departments		638,000	5.9%	676,000	5.9%	716,000	5.9%	737,000	5.9%	760,000	5.9%
Rentals and Other Income		106,000	1.0%	113,000	1.0%	119,000	1.0%	123,000	1.0%	127,000	1.0%
<b>Total Revenues</b>		<b>10,766,000</b>	<b>100.0%</b>	<b>11,402,000</b>	<b>100.0%</b>	<b>12,056,000</b>	<b>100.0%</b>	<b>12,395,000</b>	<b>100.0%</b>	<b>12,786,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>											
Rooms		1,915,000	20.0%	2,000,000	19.7%	2,088,000	19.4%	2,151,000	19.5%	2,215,000	19.4%
Food & Beverage		327,000	76.8%	342,000	75.8%	358,000	75.1%	369,000	75.0%	380,000	75.1%
Other Operated Departments		543,000	85.1%	575,000	85.1%	609,000	85.1%	627,000	85.1%	646,000	85.0%
<b>Total Departmental Expenses</b>		<b>2,785,000</b>	<b>25.9%</b>	<b>2,917,000</b>	<b>25.6%</b>	<b>3,055,000</b>	<b>25.3%</b>	<b>3,147,000</b>	<b>25.4%</b>	<b>3,241,000</b>	<b>25.3%</b>
<b>Departmental Profit</b>		<b>7,981,000</b>	<b>74.1%</b>	<b>8,485,000</b>	<b>74.4%</b>	<b>9,001,000</b>	<b>74.7%</b>	<b>9,248,000</b>	<b>74.6%</b>	<b>9,545,000</b>	<b>74.7%</b>
<b>Undistributed Expenses</b>											
Administrative & General		849,000	7.9%	883,000	7.7%	917,000	7.6%	944,000	7.6%	973,000	7.6%
Marketing (Including Franchise Fees)		1,259,000	11.7%	1,325,000	11.6%	1,392,000	11.5%	1,431,000	11.5%	1,476,000	11.5%
Property Operation and Maintenance		510,000	4.7%	525,000	4.6%	541,000	4.5%	557,000	4.5%	574,000	4.5%
Utility Costs		344,000	3.2%	354,000	3.1%	364,000	3.0%	375,000	3.0%	387,000	3.0%
<b>Total Undistributed Operating Expenses</b>		<b>2,962,000</b>	<b>27.5%</b>	<b>3,087,000</b>	<b>27.1%</b>	<b>3,214,000</b>	<b>26.7%</b>	<b>3,307,000</b>	<b>26.7%</b>	<b>3,410,000</b>	<b>26.7%</b>
<b>Gross Operating Profit</b>		<b>5,019,000</b>	<b>46.6%</b>	<b>5,398,000</b>	<b>47.3%</b>	<b>5,787,000</b>	<b>48.0%</b>	<b>5,941,000</b>	<b>47.9%</b>	<b>6,135,000</b>	<b>48.0%</b>
<b>Base Management Fee</b>		<b>323,000</b>	<b>3.0%</b>	<b>342,000</b>	<b>3.0%</b>	<b>362,000</b>	<b>3.0%</b>	<b>372,000</b>	<b>3.0%</b>	<b>384,000</b>	<b>3.0%</b>
<b>Fixed Expenses</b>											
Property Taxes		498,000	4.6%	508,000	4.5%	518,000	4.3%	528,000	4.3%	539,000	4.2%
Insurance		104,000	1.0%	107,000	0.9%	110,000	0.9%	114,000	0.9%	117,000	0.9%
<b>Total Fixed Expenses</b>		<b>602,000</b>	<b>5.6%</b>	<b>615,000</b>	<b>5.4%</b>	<b>628,000</b>	<b>5.2%</b>	<b>642,000</b>	<b>5.2%</b>	<b>656,000</b>	<b>5.1%</b>
<b>Net Operating Income</b>		<b>4,094,000</b>	<b>38.0%</b>	<b>4,441,000</b>	<b>38.9%</b>	<b>4,797,000</b>	<b>39.8%</b>	<b>4,927,000</b>	<b>39.7%</b>	<b>5,095,000</b>	<b>39.8%</b>
<b>FF&amp;E Reserve</b>		<b>215,000</b>	<b>2.0%</b>	<b>342,000</b>	<b>3.0%</b>	<b>482,000</b>	<b>4.0%</b>	<b>496,000</b>	<b>4.0%</b>	<b>511,000</b>	<b>4.0%</b>
<b>Net Operating Income After Reserve</b>		<b>\$3,879,000</b>	<b>36.0%</b>	<b>\$4,099,000</b>	<b>35.9%</b>	<b>\$4,315,000</b>	<b>35.8%</b>	<b>\$4,431,000</b>	<b>35.7%</b>	<b>\$4,584,000</b>	<b>35.9%</b>
<b>Source: PKF Consulting USA   CBRE Hotels</b>		<b>Full Year of Operation</b>									

## Ten-Year Statement of Estimated Annual Operating Results

<b>Proposed Dual Brand Hotel</b>											
<b>Projected Operating Results</b>											
<b>Calendar Years</b>											
		<b>2024</b>		<b>2025</b>		<b>2026</b>		<b>2027</b>		<b>2028</b>	
Number of Units:		185		185		185		185		185	
Number of Annual Rooms Available:		67,525		67,525		67,525		67,525		67,525	
Number of Rooms Occupied:		49,970		49,970		49,970		49,970		49,970	
Annual Occupancy:		74.0%		74.0%		74.0%		74.0%		74.0%	
Average Daily Rate:		\$235.00		\$242.00		\$249.00		\$256.00		\$264.00	
Revenue Per Available Room:		\$173.90		\$179.08		\$184.26		\$189.44		\$195.36	
		Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Revenues</b>											
Rooms		\$11,743,000	89.1%	\$12,093,000	89.1%	\$12,443,000	89.1%	\$12,792,000	89.1%	\$13,192,000	89.1%
Food & Beverage		522,000	4.0%	537,000	4.0%	553,000	4.0%	570,000	4.0%	587,000	4.0%
Other Operated Departments		782,000	5.9%	806,000	5.9%	830,000	5.9%	855,000	6.0%	881,000	5.9%
Rentals and Other Income		130,000	1.0%	134,000	1.0%	138,000	1.0%	142,000	1.0%	147,000	1.0%
<b>Total Revenues</b>		<b>13,177,000</b>	<b>100.0%</b>	<b>13,570,000</b>	<b>100.0%</b>	<b>13,964,000</b>	<b>100.0%</b>	<b>14,359,000</b>	<b>100.0%</b>	<b>14,807,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>											
Rooms		2,282,000	19.4%	2,350,000	19.4%	2,421,000	19.5%	2,494,000	19.5%	2,568,000	19.5%
Food & Beverage		391,000	74.9%	403,000	75.0%	415,000	75.0%	427,000	74.9%	440,000	75.0%
Other Operated Departments		665,000	85.0%	685,000	85.0%	706,000	85.1%	727,000	85.0%	749,000	85.0%
<b>Total Departmental Expenses</b>		<b>3,338,000</b>	<b>25.3%</b>	<b>3,438,000</b>	<b>25.3%</b>	<b>3,542,000</b>	<b>25.4%</b>	<b>3,648,000</b>	<b>25.4%</b>	<b>3,757,000</b>	<b>25.4%</b>
<b>Departmental Profit</b>		<b>9,839,000</b>	<b>74.7%</b>	<b>10,132,000</b>	<b>74.7%</b>	<b>10,422,000</b>	<b>74.6%</b>	<b>10,711,000</b>	<b>74.6%</b>	<b>11,050,000</b>	<b>74.6%</b>
<b>Undistributed Expenses</b>											
Administrative & General		1,002,000	7.6%	1,032,000	7.6%	1,063,000	7.6%	1,094,000	7.6%	1,127,000	7.6%
Marketing (Including Franchise Fees)		1,521,000	11.5%	1,567,000	11.5%	1,613,000	11.6%	1,658,000	11.5%	1,710,000	11.5%
Property Operation and Maintenance		591,000	4.5%	609,000	4.5%	627,000	4.5%	646,000	4.5%	666,000	4.5%
Utility Costs		398,000	3.0%	410,000	3.0%	423,000	3.0%	435,000	3.0%	448,000	3.0%
<b>Total Undistributed Operating Expenses</b>		<b>3,512,000</b>	<b>26.7%</b>	<b>3,618,000</b>	<b>26.7%</b>	<b>3,726,000</b>	<b>26.7%</b>	<b>3,833,000</b>	<b>26.7%</b>	<b>3,951,000</b>	<b>26.7%</b>
<b>Gross Operating Profit</b>		<b>6,327,000</b>	<b>48.0%</b>	<b>6,514,000</b>	<b>48.0%</b>	<b>6,696,000</b>	<b>48.0%</b>	<b>6,878,000</b>	<b>47.9%</b>	<b>7,099,000</b>	<b>47.9%</b>
<b>Base Management Fee</b>		<b>395,000</b>	<b>3.0%</b>	<b>407,000</b>	<b>3.0%</b>	<b>419,000</b>	<b>3.0%</b>	<b>431,000</b>	<b>3.0%</b>	<b>444,000</b>	<b>3.0%</b>
<b>Fixed Expenses</b>											
Property Taxes		550,000	4.2%	561,000	4.1%	572,000	4.1%	583,000	4.1%	595,000	4.0%
Insurance		121,000	0.9%	124,000	0.9%	128,000	0.9%	132,000	0.9%	136,000	0.9%
<b>Total Fixed Expenses</b>		<b>671,000</b>	<b>5.1%</b>	<b>685,000</b>	<b>5.0%</b>	<b>700,000</b>	<b>5.0%</b>	<b>715,000</b>	<b>5.0%</b>	<b>731,000</b>	<b>4.9%</b>
<b>Net Operating Income</b>		<b>5,261,000</b>	<b>39.9%</b>	<b>5,422,000</b>	<b>40.0%</b>	<b>5,577,000</b>	<b>39.9%</b>	<b>5,732,000</b>	<b>39.9%</b>	<b>5,924,000</b>	<b>40.0%</b>
<b>FF&amp;E Reserve</b>		<b>527,000</b>	<b>4.0%</b>	<b>543,000</b>	<b>4.0%</b>	<b>559,000</b>	<b>4.0%</b>	<b>574,000</b>	<b>4.0%</b>	<b>592,000</b>	<b>4.0%</b>
<b>Net Operating Income After Reserve</b>		<b>\$4,734,000</b>	<b>35.9%</b>	<b>\$4,879,000</b>	<b>36.0%</b>	<b>\$5,018,000</b>	<b>35.9%</b>	<b>\$5,158,000</b>	<b>35.9%</b>	<b>\$5,332,000</b>	<b>36.0%</b>
<b>Source: PKF Consulting USA   CBRE Hotels</b>											



<b>Discounted Cash Flow Analysis</b>			
<b>Year</b>	<b>Cash Flow From Operations</b>	<b>Present Value Factor</b>	<b>Present Value 10.5%</b>
2019	\$3,879,000	0.9050	\$3,510,400
2020	4,099,000	0.8190	3,357,000
2021	4,315,000	0.7412	3,198,100
2022	4,431,000	0.6707	2,972,000
2023	4,584,000	0.6070	2,782,500
2024	4,734,000	0.5493	2,600,500
2025	4,879,000	0.4971	2,425,500
2026	5,018,000	0.4499	2,257,500
2027	5,158,000	0.4071	2,100,000
2028	5,332,000	0.3684	1,964,600
Reversion	\$64,059,000	0.3684	\$23,602,400
Total Present Value			\$50,770,500
<b>Value (Rounded)</b>			<b>\$50,800,000</b>
Value Per Room			\$274,595
Calculation of Reversion			
Year 11 NOI			\$5,500,000
Terminal Capitalization Rate			8.50000%
Indicated Value at Reversion			\$64,706,000
Less: Selling Costs (1.0%)			(\$647,000)
Net Cash Flow upon Sale			\$64,059,000
Note: Present value figures may not foot due to rounding.			
Source: PKF Consulting USA   CBRE Hotels			

## Summary of Comparable Bay Area Hotel Sales

Comparable Hotel Sales									
Sale No.	Hotel Name	Location	Sale Date	Year Built	Rooms	Sale Price	Price per Room	RRM	OAR
1	Marriott	Oakland	5/15	1983	484	\$81,000,000	\$167,355	3.4	6.4%
2	Holiday Inn	San Jose	1/15	1974	354	\$53,450,000	\$150,989	N/A	N/A
3	Domain Hotel	Sunnyvale	12/14	1985	136	\$42,000,000	\$308,824	6.0	6.5%
4	Hotel De Anza	San Jose	9/14	1931	100	\$20,400,000	\$204,000	4.5	2.6%
5	Marriott	Fremont	7/14	1999	357	\$50,000,000	\$140,056	3.8	5.3%
6	DoubleTree	Brisbane	3/14	2000	210	\$38,000,000	\$180,952	2.3	N/A
7	DoubleTree	Berkeley	2/14	1972	378	\$44,800,000	\$118,519	N/A	N/A
8	Four Points	South SF	1/14	2001	101	\$21,250,000	\$210,396	5.0	9.8%
9	Residence Inn	Palo Alto	9/15	2001	156	\$70,000,000	\$448,718	N/A	8.1%
10	The Epiphany (leasehold)	Palo Alto	8/15	2014	86	\$71,600,000	\$832,558	N/A	N/A
11	Cypress Hotel	Cupertino	6/15	2002	224	\$112,000,000	\$500,000	8.2	6.2%
12	Marriott Pleasanton	Pleasanton	listing	1986	242	-	-	-	-
13	Sheraton Pleasanton	Sheraton	listing	1985	170	-	-	-	-
<b>Avg.</b>	-	-	-	-	<b>235</b>	-	<b>\$233,759</b>	<b>4.7</b>	<b>6.3%</b>

N/A - Not Available

RRM - Rooms Revenue Multiplier

OAR - Overall Capitalization Rate

**Source: PKF Consulting USA**

Proposed Dual Brand Hotel (Livermore, CA)				
Line Item	Notes	\$	\$/room <sup>[2]</sup>	\$/sq. ft. <sup>[1]</sup>
Land	Excluded	\$0	\$0	\$0
Parking	Excluded	\$0	\$0	\$0
Building and Improvements	101,508 GSF x \$300/sq. ft.	\$30,452,400	\$164,608	\$300
FF&E & OSE	\$20,000 per room	\$3,700,000	\$20,000	\$36
Pre-Opening Expenses	\$5,000 per room	\$925,000	\$5,000	\$9
Working Capital	\$5,000 per room	\$925,000	\$5,000	\$9
Legal, Taxes, Insurance & Fees	\$10,000 per room	\$1,850,000	\$10,000	\$18
Architect and Engineering Fees	5.0% of Hard Costs	\$1,523,000	\$8,232	\$15
Developer Fees	4.0% of Hard Costs	\$1,218,000	\$6,584	\$12
Financing Points <sup>[3]</sup>	1.5% bps on 60.0% LTV	\$457,000	\$2,470	\$5
Construction Period Interest <sup>[4]</sup>	5.5% Interest Rate	\$1,257,000	\$6,795	\$12
Contingency	5.0% of Costs	\$2,115,000	\$11,432	\$21
<b>Total (2015\$)</b>		<b>\$44,400,000</b>	<b>\$240,000</b>	<b>\$437</b>
<b>Total (Inflated to 2017\$)</b>	7.0% annually for 2 Yrs	<b>\$50,800,000</b>	<b>\$274,595</b>	<b>\$500</b>

Sources:				
Equity	-	\$20,320,000	\$109,838	\$200
Debt <sup>[5]</sup>	60% Loan to Cost	\$30,480,000	\$164,757	\$300
<b>Total</b>		<b>\$50,800,000</b>	<b>\$274,595</b>	<b>\$500</b>

[1] Based on total size of building and improvements (101,508 sq. ft.). Assumes 4 to 5 story wood frame construction over podium.  
 [2] 185-room hotel  
 [3] Assumes 60.0% or \$30,480,000 million loan  
 [4] Assumes 5.5% interest rate, 60.0% LTV, 18-month construction period, 50.0% utilization  
 [5] Based on proposed hotel cost of \$50,800,000 million

Prospective Value Vs. Development Cost		
Prospective Value - January 1, 2019	\$50,800,000	\$274,595
Total Hotel Cost (No land or parking)	\$50,800,000	\$274,595
Value Vs. Cost Differential	\$0	\$0
Source: PKF Consulting USA   CBRE Hotels		

## LEVERAGED IRR

**Estimated Construction Costs**

Total Construction Costs	\$50,800,000
Land Value	\$0
Total Construction Costs	\$50,800,000

**Assumed Financing Structure**

DCF Value	\$50,800,000
LTV	60.0%
Loan Amount	\$30,480,000
Interest Rate	5.5%
Term	25

**Equity Required**

Total Construction Costs	\$50,800,000
Less: Loan Amount	(\$30,480,000)
Equity Required	\$20,320,000

	2019	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Equity	(\$20,320,000)										
NOI - Operation		\$3,879,000	\$4,099,000	\$4,315,000	\$4,431,000	\$4,584,000	\$4,734,000	\$4,879,000	\$5,018,000	\$5,158,000	\$5,332,000
Annual Debt Service		(\$2,272,264)	(\$2,272,264)	(\$2,272,264)	(\$2,272,264)	(\$2,272,264)	(\$2,272,264)	(\$2,272,264)	(\$2,272,264)	(\$2,272,264)	(\$2,272,264)
Net Reversion											\$64,058,882
Less: Loan Principal											(\$22,808,037)
Net Cash Flow	(\$20,320,000)	\$1,606,736	\$1,826,736	\$2,042,736	\$2,158,736	\$2,311,736	\$2,461,736	\$2,606,736	\$2,745,736	\$2,885,736	\$44,310,581
Cash on Cash Return		7.9%	9.0%	10.1%	10.6%	11.4%	12.1%	12.8%	13.5%	14.2%	218.1%
Debt Service Coverage		1.71	1.80	1.90	1.95	2.02	2.08	2.15	2.21	2.27	2.35

IRR	15.7%
Average Cash on Cash	11.7%
Average Debt Service Coverage	2.04

<b>Proposed Dual Brand Hotel (Livermore, CA)</b>		
<b>Summary of Conclusions</b>		
Assumed Opening Date:	January 1, 2019	
Room Count:	185	
Gross Building Area (Square Feet):	101,508	
Average Daily Room Rate (\$2015):	\$165.00	
Year One Average Daily Room Rate (\$2019):	\$203.00	
Year One Occupancy:	70.0%	
Stabilized Occupancy:	74.0%	
Stabilized Gross Operating Profit Ratio:	48.0%	
Prospective Value of Hotel as of January 1, 2019	\$50,800,000	\$274,595
Total Cost of Hotel (No land or parking)	\$50,800,000	\$274,595
Value Vs. Cost Differential	\$0	\$0
Leveraged IRR	15.7%	
Source: PKF Consulting USA   CBRE Hotels		