



Core DISTINCTION GROUP

HOTEL MARKET FEASIBILITY STUDY PROFORMA

PREPARED FOR

INDEPENDENCE, MO

PREPARED BY

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Offices in Wisconsin

INCLUDES

Projected Land Costs
Projected Building Costs
Projected Fixture, Furnishings and Equipment Costs
Projected Soft Costs
Projected Investment
Projected Revenue
Projected Expenses
Projected Return on Investment

TAKING THE FIRST STEP TO DEVELOP A NEW HOTEL

Independence, MO

Number of Units: **86**

Total Project Costs:	(Land cost not included)	\$14,327,428	
<i>per room</i>		<i>\$166,598</i>	
Requested Loan Amount:		\$10,027,428	70.0%
Expected Cash Injection:		\$4,300,000	30.0%
 Sources of Funding			
Bank Loan	10,027,428	Debt Interest:	4.50%
Expected Cash Injection	4,300,000	Debt Terms:	25
Total:	\$14,327,428	Debt Service:	\$668,828

** Pricing noted above valid for 90 days from document date shown*



RAMP UP YEAR:													Rooms: 86
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Lodging Rooms Available	2,666	2,408	2,666	2,580	2,666	2,580	2,666	2,666	2,580	2,666	2,580	2,666	31,390
Lodging Occupancy %	42.2%	44.9%	52.3%	57.6%	64.1%	69.8%	69.2%	65.8%	64.5%	62.5%	50.6%	45.6%	57.5%
Total Occ. Rooms	1,125	1,080	1,395	1,485	1,710	1,800	1,845	1,755	1,665	1,665	1,305	1,215	18,045
Average Daily Rate	\$113.51	\$112.69	\$113.04	\$123.13	\$121.90	\$124.56	\$128.52	\$125.12	\$125.65	\$125.43	\$115.03	\$110.88	\$120.93
Revenue Per Available Room (REVPAR)	\$47.90	\$50.54	\$59.15	\$70.87	\$78.19	\$86.90	\$88.94	\$82.37	\$81.09	\$78.33	\$58.18	\$50.53	\$69.52
Revenue:													
Guest Room Revenue	127,703	121,709	157,690	182,852	208,452	224,202	237,118	219,587	209,201	208,838	150,111	134,725	2,182,189
Meeting Room Revenue	563	540	698	743	855	900	923	878	833	833	653	608	9,023
Vending Revenue	2,813	2,700	3,488	3,713	4,275	4,500	4,613	4,388	4,163	4,163	3,263	3,038	45,113
TOTAL HOTEL REVENUE	131,078	124,949	161,875	187,307	213,582	229,602	242,653	224,852	214,196	213,833	154,026	138,370	2,236,324
Hotel Payroll Expenses:													
Hotel Manager	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	90,000
AGM/Sales	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Housekeeping	8,438	8,100	10,463	11,138	12,825	13,500	13,838	13,163	12,488	12,488	9,788	9,113	135,338
Front Desk	7,662	7,303	9,461	10,971	12,507	13,452	14,227	13,175	12,552	12,530	9,007	8,084	130,931
Workers Comp Insurance	429	419	486	519	567	592	608	583	563	563	469	445	6,244
Payroll Tax	2,145	2,093	2,432	2,596	2,837	2,959	3,042	2,913	2,815	2,814	2,347	2,227	31,220
TOTAL HOTEL PAYROLL	31,174	30,414	35,342	37,723	41,237	43,003	44,215	42,333	40,918	40,894	34,111	32,369	453,733
Hotel Operating Expenses:													
Cleaning Supplies	619	594	767	817	941	990	1,015	965	916	916	718	668	9,225
Laundry Supplies	563	540	698	743	855	900	923	878	833	833	653	608	9,023
Linens	1,125	1,080	1,395	1,485	1,710	1,800	1,845	1,755	1,665	1,665	1,305	1,215	18,045
Guest Supplies	1,688	1,620	2,093	2,228	2,565	2,700	2,768	2,633	2,498	2,498	1,958	1,823	27,068
Operating Supplies	956	918	1,186	1,262	1,454	1,530	1,568	1,492	1,415	1,415	1,109	1,033	15,338
Uniforms Expense	113	108	140	149	171	180	185	176	167	167	131	122	1,805
Repairs & Maintenance	639	609	788	914	1,042	1,121	1,186	1,098	1,046	1,044	751	674	10,911
Swimming Pool	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Grounds/Landscaping	750	750	750	500	250	250	250	250	250	250	500	750	5,500
Franchise Fees	12,770	12,171	15,769	18,285	20,845	22,420	23,712	21,959	20,920	20,884	15,011	13,473	218,219
Training Expense	417	417	417	417	417	417	417	417	417	417	417	417	5,000
Complimentary Breakfast	5,625	5,400	6,975	7,425	8,550	9,000	9,225	8,775	8,325	8,325	6,525	6,075	90,225
Travel Agent Fees	8,939	8,520	11,038	12,800	14,592	15,694	16,598	15,371	14,644	14,619	10,508	9,431	152,753
Vending Expense	1,406	1,350	1,744	1,856	2,138	2,250	2,306	2,194	2,081	2,081	1,631	1,519	22,556
Marketing / Advertising	2,554	2,434	3,154	3,657	4,169	4,484	4,742	4,392	4,184	4,177	3,002	2,695	43,644
Utilities	5,243	4,998	6,475	7,492	8,543	9,184	9,706	8,994	8,568	8,553	6,161	5,535	89,453
Cable/Internet/Phone	2,666	2,408	2,666	2,580	2,666	2,580	2,666	2,666	2,580	2,666	2,580	2,666	31,390
Credit Card Expense	2,949	2,811	3,642	4,214	4,806	5,166	5,460	5,059	4,819	4,811	3,466	3,113	50,317
Management Fee	5,243	4,998	6,475	7,492	8,543	9,184	9,706	8,994	8,568	8,553	6,161	5,535	89,453
TOTAL OPERATING EXPENSES	55,097	52,558	67,004	75,149	85,089	90,683	95,110	88,899	84,728	84,706	63,418	58,182	900,624
Income Before Fixed Expenses	44,807	41,977	59,529	74,435	87,256	95,915	103,328	93,620	88,550	88,233	56,497	47,820	881,967
Gross Operating Profit (GOP)	34.18%	33.60%	36.77%	39.74%	40.85%	41.77%	42.58%	41.64%	41.34%	41.26%	36.68%	34.56%	39.44%
Reserves & Fixed Expenses:													
Debt Service	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	668,828
Real Estate Taxes (Estimates)	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Insurance	1,966	1,874	2,428	2,810	3,204	3,444	3,640	3,373	3,213	3,208	2,310	2,076	33,545
Reserves For Replacement	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL RESERVES & FIXED	66,035	65,943	66,497	66,879	67,273	67,513	67,709	67,442	67,282	67,277	66,379	66,145	802,373
NET OPERATING INCOME (NOI)	34,508	31,769	48,768	63,292	75,719	84,138	91,355	81,914	77,004	76,692	45,853	37,411	748,422
NET CASH FLOW	(21,228)	(23,967)	(6,968)	7,556	19,983	28,402	35,619	26,178	21,268	20,956	(9,882)	(18,325)	79,594

NOTE: The above information is a forward looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.



Numbers projected and compared to similar markets for a hotel with the following rooms:													Rooms: 86
	January	February	March	April	May	June	July	August	September	October	November	December	TOTAL
Lodging Rooms Available	2,666	2,408	2,666	2,580	2,666	2,580	2,666	2,666	2,580	2,666	2,580	2,666	31,390
Lodging Occupancy %	46.9%	49.8%	58.1%	64.0%	71.3%	77.5%	76.9%	73.1%	71.7%	69.4%	56.2%	50.6%	63.9%
Total Occ. Rooms	1,250	1,200	1,550	1,650	1,900	2,000	2,050	1,950	1,850	1,850	1,450	1,350	20,050
Average Daily Rate	\$119.49	\$118.62	\$118.99	\$129.61	\$128.32	\$131.11	\$135.28	\$131.71	\$132.26	\$132.03	\$121.08	\$116.72	\$127.30
Revenue Per Available Room (REVPAR)	\$56.02	\$59.12	\$69.18	\$82.89	\$91.45	\$101.64	\$104.03	\$96.33	\$94.84	\$91.62	\$68.05	\$59.10	\$81.31
Revenue:													
Guest Room Revenue	149,361	142,349	184,433	213,862	243,803	262,224	277,331	256,827	244,680	244,256	175,568	157,573	2,552,267
Meeting Room Revenue	625	600	775	825	950	1,000	1,025	975	925	925	725	675	10,025
Vending Revenue	3,125	3,000	3,875	4,125	4,750	5,000	5,125	4,875	4,625	4,625	3,625	3,375	50,125
TOTAL HOTEL REVENUE	153,111	145,949	189,083	218,812	249,503	268,224	283,481	262,677	250,230	249,806	179,918	161,623	2,612,417
Hotel Payroll Expenses:													
Hotel Manager	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	7,083	85,000
AGM/Sales	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	60,000
Maintenance	2,297	2,189	2,836	3,282	3,743	4,023	4,252	3,940	3,753	3,747	2,699	2,424	39,186
Housekeeping	9,375	9,000	11,625	12,375	14,250	15,000	15,375	14,625	13,875	13,875	10,875	10,125	150,375
Front Desk	7,468	7,117	9,222	10,693	10,971	11,800	12,480	11,557	11,011	10,991	8,778	7,879	119,968
Workers Comp Insurance	468	456	536	577	616	644	663	633	611	610	517	488	6,818
Payroll Tax	2,377	2,313	2,723	2,926	3,125	3,266	3,364	3,213	3,100	3,098	2,621	2,475	34,601
TOTAL HOTEL PAYROLL	34,068	33,159	39,025	41,936	44,787	46,817	48,217	46,052	44,433	44,405	37,573	35,474	495,948
Hotel Operating Expenses:													
Cleaning Supplies	688	660	853	908	1,045	1,100	1,128	1,073	1,018	1,018	798	743	11,028
Laundry Supplies	625	600	775	825	950	1,000	1,025	975	925	925	725	675	10,025
Linens	1,250	1,200	1,550	1,650	1,900	2,000	2,050	1,950	1,850	1,850	1,450	1,350	20,050
Guest Supplies	1,875	1,800	2,325	2,475	2,850	3,000	3,075	2,925	2,775	2,775	2,175	2,025	30,075
Operating Supplies	1,063	1,020	1,318	1,403	1,615	1,700	1,743	1,658	1,573	1,573	1,233	1,148	17,043
Repairs & Maintenance	747	712	922	1,069	1,219	1,311	1,387	1,284	1,223	1,221	878	788	12,761
Swimming Pool	833	833	833	833	833	833	833	833	833	833	833	833	10,000
Grounds/Landscaping	1,000	1,000	1,000	750	500	500	500	500	500	500	750	1,000	8,500
Franchise Fees	14,936	14,235	18,443	21,386	24,380	26,222	27,733	25,683	24,468	24,426	17,557	15,757	255,227
Complimentary Breakfast	5,000	4,800	6,200	6,600	7,600	8,000	8,200	7,800	7,400	7,400	5,800	5,400	80,200
Travel Agent Fees	10,455	9,964	12,910	14,970	17,066	18,356	19,413	17,978	17,128	17,098	12,290	11,030	178,659
Vending Expense	1,563	1,500	1,938	2,063	2,375	2,500	2,563	2,438	2,313	2,313	1,813	1,688	25,063
Marketing / Advertising	2,987	2,847	3,689	4,277	4,876	5,244	5,547	5,137	4,894	4,885	3,511	3,151	51,045
Utilities	6,124	5,838	7,563	8,752	9,980	10,729	11,339	10,507	10,009	9,992	7,197	6,465	104,497
Cable/Internet/Phone	2,666	2,408	2,666	2,580	2,666	2,580	2,666	2,666	2,580	2,666	2,580	2,666	31,390
Credit Card Expense	3,445	3,284	4,254	4,923	5,614	6,035	6,378	5,910	5,630	5,621	4,048	3,637	58,779
Management Fee	6,124	5,838	7,563	8,752	9,980	10,729	11,339	10,507	10,009	9,992	7,197	6,465	104,497
TOTAL OPERATING EXPENSES	61,381	58,539	74,802	84,217	95,450	101,840	106,918	99,822	95,127	95,087	70,833	64,820	1,008,837
Income Before Fixed Expenses	57,661	54,251	75,255	92,659	109,266	119,567	128,346	116,803	110,670	110,313	71,511	61,329	1,107,632
Gross Operating Profit (GOP)	37.66%	37.17%	39.80%	42.35%	43.79%	44.58%	45.27%	44.47%	44.23%	44.16%	39.75%	37.95%	42.40%
Reserves & Fixed Expenses:													
Debt Service	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	55,736	668,828
Real Estate Taxes (Estimates)	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	8,333	100,000
Insurance	2,297	2,189	2,836	3,282	3,743	4,023	4,252	3,940	3,753	3,747	2,699	2,424	39,186
Reserves For Replacement	3,062	2,919	3,782	4,376	4,990	5,364	5,670	5,254	5,005	4,996	3,598	3,232	52,248
TOTAL RESERVES & FIXED	69,428	69,177	70,687	71,727	72,802	73,457	73,991	73,263	72,827	72,812	70,366	69,726	860,263
NET OPERATING INCOME (NOI)	43,969	40,809	60,304	76,667	92,200	101,846	110,090	99,276	93,578	93,237	56,881	47,339	916,197
NET CASH FLOW	(11,766)	(14,926)	4,568	20,932	36,464	46,111	54,355	43,540	37,843	37,501	1,145	(8,396)	247,369

Five Year Numbers Projected Summary										
	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5					
	AMOUNT	AMOUNT	AMOUNT	AMOUNT	AMOUNT					
Lodging Rooms Available	31,390	31,390	31,390	31,390	31,390					
Lodging Occupancy %	63.9%	67.1%	69.1%	71.2%	71.2%					
Total Occ. Rooms	20,050	21,053	21,684	22,335	22,335					
Average Daily Rate	\$127.30	\$131.11	\$135.05	\$137.75	\$139.13					
REVENUE:										
Guest Room Revenue	2,552,267	97.7%	2,760,277	97.8%	2,928,378	97.8%	3,076,554	97.9%	3,107,320	97.9%
Meeting Room Revenue	10,025	0.4%	10,526	0.4%	10,842	0.4%	11,167	0.4%	11,167	0.4%
Vending / Bar Revenue	50,125	1.9%	52,631	1.9%	54,210	1.8%	55,836	1.8%	55,836	1.8%
=====										
TOTAL HOTEL REVENUE	2,612,417	100.0	2,823,435	100.0	2,993,430	100.0	3,143,558	100.0	3,174,323	100.0

NOTE: The above information is a forward looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.

5 Year Projection										
The following statistics are preliminary projections based on assumed costs of a prototypical hotel.										
									Rooms:	
									86	
	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Lodging Rooms Available	31,390		31,390		31,390		31,390		31,390	
Lodging Occupancy %	63.9%	63.9%	67.1%	67.1%	69.1%	69.1%	71.2%	71.2%	71.2%	71.2%
Total Occ. Rooms	20,050		21,053		21,684		22,335		22,335	
Average Daily Rate	\$127.30		\$131.11		\$135.05		\$137.75		\$139.13	
Revenue Per Available Room (REVPAR)	\$81.31		\$87.93		\$93.29		\$98.01		\$98.99	
Revenue:										
Guest Room Revenue	2,552,267	97.70%	2,760,277	97.76%	2,928,378	97.83%	3,076,554	97.87%	3,107,320	97.89%
Meeting Room Revenue	10,025	0.38%	10,526	0.37%	10,842	0.36%	11,167	0.36%	11,167	0.35%
Vending Revenue	50,125	1.92%	52,631	1.86%	54,210	1.81%	55,836	1.78%	55,836	1.76%
TOTAL HOTEL REVENUE	2,612,417	100%	2,823,435	100%	2,993,430	100%	3,143,558	100%	3,174,323	100%
Hotel Payroll Expenses:										
Hotel Manager	85,000	3.25%	86,275	3.06%	87,569	2.93%	88,883	2.83%	90,216	2.84%
AGM/Sales	60,000	2.30%	60,900	2.16%	61,814	2.06%	62,741	2.00%	63,682	2.01%
Maintenance	39,186	1.50%	41,404	1.47%	58,568	1.96%	61,531	1.96%	62,146	1.96%
Housekeeping	150,375	5.76%	157,894	5.59%	162,631	5.43%	167,509	5.33%	167,509	5.28%
Front Desk	119,968	4.59%	123,567	4.38%	127,274	4.25%	131,092	4.17%	135,025	4.25%
Workers Comp Insurance	6,818	0.26%	7,051	0.25%	7,468	0.25%	7,676	0.24%	7,779	0.25%
Payroll Tax	34,601	1.32%	35,782	1.27%	37,899	1.27%	38,957	1.24%	39,477	1.24%
TOTAL HOTEL PAYROLL	495,948	18.98%	512,872	18.16%	543,222	18.15%	558,390	17.76%	565,834	17.83%
Hotel Operating Expenses:										
Cleaning Supplies	11,028	0.42%	11,579	0.41%	11,926	0.40%	12,284	0.39%	12,284	0.39%
Laundry Supplies	10,025	0.38%	10,526	0.37%	10,842	0.36%	11,167	0.36%	11,167	0.35%
Linens	20,050	0.77%	21,053	0.75%	21,684	0.72%	22,335	0.71%	22,335	0.70%
Guest Supplies	30,075	1.15%	31,579	1.12%	32,526	1.09%	33,502	1.07%	33,502	1.06%
Operating Supplies	17,043	0.65%	17,895	0.63%	18,431	0.62%	18,984	0.60%	18,984	0.60%
Repairs & Maintenance	12,761	0.49%	17,942	0.64%	21,963	0.73%	26,151	0.83%	29,520	0.93%
Swimming Pool	10,000	0.38%	11,500	0.41%	13,225	0.44%	15,209	0.48%	17,490	0.55%
Grounds/Landscape	8,500	0.33%	8,755	0.31%	9,018	0.30%	9,288	0.30%	9,567	0.30%
Franchise Fees	255,227	9.77%	276,028	9.78%	292,838	9.78%	307,655	9.79%	310,732	9.79%
Complimentary Breakfast	80,200	3.07%	84,210	2.98%	86,736	2.90%	89,338	2.84%	89,338	2.81%
Travel Agent Fees	178,659	6.84%	193,219	6.84%	204,986	6.85%	215,359	6.85%	217,512	6.85%
Vending Expense	25,063	0.96%	26,316	0.93%	27,105	0.91%	27,918	0.89%	27,918	0.88%
Marketing / Advertising	51,045	1.95%	55,206	1.96%	58,568	1.96%	61,531	1.96%	62,146	1.96%
Utilities	104,497	4.00%	112,937	4.00%	119,737	4.00%	125,742	4.00%	126,973	4.00%
Cable/Internet/Phone	31,390	1.20%	32,332	1.15%	33,302	1.11%	34,301	1.09%	35,330	1.11%
Credit Card Expense	58,779	2.25%	63,527	2.25%	67,352	2.25%	70,730	2.25%	71,422	2.25%
Management Fee	104,497	4.00%	112,937	4.00%	119,737	4.00%	125,742	4.00%	126,973	4.00%
TOTAL OPERATING EXPENSES	1,008,837	38.62%	1,087,540	38.52%	1,149,977	38.42%	1,207,237	38.40%	1,223,194	38.53%
Income Before Fixed Expenses	1,107,632	42.40%	1,223,023	43.32%	1,300,232	43.44%	1,377,931	43.83%	1,385,296	43.64%
Gross Operating Profit (GOP)										
Reserves & Fixed Expenses:										
Real Estate Taxes (Estimates)	100,000	3.83%	100,000	3.54%	100,000	3.34%	100,000	3.18%	100,000	3.15%
Insurance	39,186	1.50%	42,352	1.50%	44,901	1.50%	47,153	1.50%	47,615	1.50%
Reserves For Replacement	52,248	2.00%	84,703	3.00%	89,803	3.00%	125,742	4.00%	126,973	4.00%
NET OPERATING INCOME (NOI)	916,197	35.07%	995,968	35.28%	1,065,528	35.60%	1,105,035	35.15%	1,110,708	34.99%
Loan (Interest Payment)	446,690	17.10%	436,485	15.46%	425,811	14.22%	414,647	13.19%	402,970	12.69%
Loan (Principal Reduction)	222,138	8.50%	232,343	8.23%	243,017	8.12%	254,181	8.09%	265,858	8.38%
NET CASH FLOW	\$247,369	9.47%	\$327,140	11.59%	\$396,699	13.25%	\$436,207	13.88%	\$441,880	13.92%
RETURN ON INVESTMENT (ROI) %	5.75%		7.61%		9.23%		10.14%		10.28%	
ROI % (Including Principal Reduction)	10.92%		13.01%		14.88%		16.06%		16.46%	

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.

5 Year Break Even										
The following statistics are preliminary projections based on assumed costs of a prototypical hotel.										
Rooms: 86										
	Year 1	%	Year 2	%	Year 3	%	Year 4	%	Year 5	%
Lodging Rooms Available	31,390		31,390		31,390		31,390		31,390	
Lodging Occupancy %	50.2%	50.2%	49.9%	49.9%	49.1%	49.1%	50.0%	50.0%	50.0%	50.0%
Total Occ. Rooms	15,746		15,649		15,418		15,691		15,682	
Average Daily Rate	\$127.30		\$131.11		\$135.05		\$137.75		\$139.13	
Revenue Per Available Room (REVPAR)	\$63.85		\$65.36		\$66.33		\$68.86		\$69.51	
Revenue:										
Guest Room Revenue	2,004,389	97.70%	2,051,803	97.76%	2,082,161	97.83%	2,161,409	97.87%	2,181,771	97.89%
Meeting Room Revenue	7,873	0.38%	7,825	0.37%	7,709	0.36%	7,846	0.36%	7,841	0.35%
Vending Revenue	39,365	1.92%	39,123	1.86%	38,545	1.81%	39,228	1.78%	39,205	1.76%
TOTAL HOTEL REVENUE	2,051,627	100%	2,098,750	100%	2,128,415	100%	2,208,482	100%	2,228,817	100%
Hotel Payroll Expenses:										
Hotel Manager	85,000	4.14%	87,550	4.17%	90,177	4.24%	92,882	4.21%	95,668	4.29%
AGM/Sales	60,000	2.92%	60,900	2.90%	61,814	2.90%	62,741	2.84%	63,682	2.86%
Maintenance	30,774	1.50%	30,777	1.47%	41,643	1.96%	54,035	2.45%	54,544	2.45%
Housekeeping	118,095	5.76%	117,368	5.59%	115,635	5.43%	117,683	5.33%	117,615	5.28%
Front Desk	80,000	3.90%	82,400	3.93%	84,872	3.99%	87,418	3.96%	90,041	4.04%
Workers Comp Insurance	5,608	0.27%	5,685	0.27%	5,912	0.28%	6,221	0.28%	6,323	0.28%
Payroll Tax	28,461	1.39%	28,851	1.37%	30,004	1.41%	31,573	1.43%	32,090	1.44%
TOTAL HOTEL PAYROLL	407,938	19.88%	413,530	19.70%	430,056	20.21%	452,553	20.49%	459,964	20.64%
Hotel Operating Expenses:										
Cleaning Supplies	8,660	0.42%	8,607	0.41%	8,480	0.40%	8,630	0.39%	8,625	0.39%
Laundry Supplies	7,873	0.38%	7,825	0.37%	7,709	0.36%	7,846	0.36%	7,841	0.35%
Linens	15,746	0.77%	15,649	0.75%	15,418	0.72%	15,691	0.71%	15,682	0.70%
Guest Supplies	23,619	1.15%	23,474	1.12%	23,127	1.09%	23,537	1.07%	23,523	1.06%
Operating Supplies	13,384	0.65%	13,302	0.63%	13,105	0.62%	13,337	0.60%	13,330	0.60%
Repairs & Maintenance	10,022	0.49%	13,337	0.64%	15,616	0.73%	18,372	0.83%	20,727	0.93%
Swimming Pool	10,000	0.49%	11,500	0.55%	13,225	0.62%	15,209	0.69%	17,490	0.78%
Grounds/Landscape	8,500	0.41%	8,755	0.42%	9,018	0.42%	9,288	0.42%	9,567	0.43%
Franchise Fees	200,439	9.77%	205,180	9.78%	208,216	9.78%	216,141	9.79%	218,177	9.79%
Complimentary Breakfast	62,984	3.07%	62,596	2.98%	61,672	2.90%	62,764	2.84%	62,728	2.81%
Travel Agent Fees	140,307	6.84%	143,626	6.84%	145,751	6.85%	151,299	6.85%	152,724	6.85%
Vending Expense	19,683	0.96%	19,561	0.93%	19,273	0.91%	19,614	0.89%	19,603	0.88%
Marketing / Advertising	40,088	1.95%	41,036	1.96%	41,643	1.96%	43,228	1.96%	43,635	1.96%
Utilities	82,065	4.00%	83,950	4.00%	85,137	4.00%	88,339	4.00%	89,153	4.00%
Cable/Internet/Phone	31,390	1.53%	32,332	1.54%	33,302	1.56%	34,301	1.55%	35,330	1.59%
Credit Card Expense	46,162	2.25%	47,222	2.25%	47,889	2.25%	49,691	2.25%	50,148	2.25%
Management Fee	82,065	4.00%	83,950	4.00%	85,137	4.00%	88,339	4.00%	89,153	4.00%
TOTAL OPERATING EXPENSES	802,987	39.14%	821,901	39.16%	833,717	39.17%	865,625	39.20%	877,435	39.37%
Income Before Fixed Expenses	840,702		863,319		864,641		890,304		891,419	
Gross Operating Profit (GOP)										
Reserves & Fixed Expenses:										
Real Estate Taxes (Estimates)	100,000	4.87%	100,000	4.76%	100,000	4.70%	100,000	4.53%	100,000	4.49%
Insurance	30,774	1.50%	31,481	1.50%	31,926	1.50%	33,127	1.50%	33,432	1.50%
Reserves For Replacement	41,033	2.00%	62,962	3.00%	63,852	3.00%	88,339	4.00%	89,153	4.00%
NET OPERATING INCOME (NOI)	668,895	32.60%	668,875	31.87%	668,863	31.43%	668,838	30.28%	668,834	30.01%
Loan (Interest Payment)	446,690	21.77%	436,485	20.80%	425,811	20.01%	414,647	18.78%	402,970	18.08%
Loan (Principal Reduction)	222,138	10.83%	232,343	11.07%	243,017	11.42%	254,181	11.51%	265,858	11.93%
NET CASH FLOW	\$67	0.00%	\$47	0.00%	\$34	0.00%	\$9	0.00%	\$5	0.00%

NOTE: The above information is a forwards looking projection of anticipated expenses and profits with regard to this project based on the professional experience of Core Distinction Group LLC (CDG) participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by Smith Travel Research (STR) in the market's proximity along with to date range shopping of local and surrounding hotels. This projection could change due to changes and in the economy, both locally and overall, the acceptance of the project by the local community and patrons and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward projections are not warranted by CDG and are subject to change and fluctuation.

This lodging demand analysis is based on general observations of the surrounding market area and the overall Independence, MO market area.

1st Quarter (Jan-Mar)	January	February	March	
Lodging Rooms Available	2,666	2,408	2,666	
Lodging Occupancy %	46.9%	49.8%	58.1%	
Total Occ. Rooms	1,250	1,200	1,550	
Average Daily Rate	119.49	118.62	118.99	
Total Revenue	\$149,361	\$142,349	\$184,433	
2nd Quarter (Apr-June)	April	May	June	
Lodging Rooms Available	2,580	2,666	2,580	
Lodging Occupancy %	64.0%	71.3%	77.5%	
Total Occ. Rooms	1,650	1,900	2,000	
Average Daily Rate	129.61	128.32	131.11	
Total Revenue	\$213,862	\$243,803	\$262,224	
3rd Quarter (July-Sept)	July	August	September	
Lodging Rooms Available	2,666	2,666	2,580	
Lodging Occupancy %	76.9%	73.1%	71.7%	
Total Occ. Rooms	2,050	1,950	1,850	
Average Daily Rate	135.28	131.71	132.26	
Total Revenue	\$277,331	\$256,827	\$244,680	
4th Quarter (Oct-Dec)	October	November	December	TOTAL
Lodging Rooms Available	2,666	2,580	2,666	31,390
Lodging Occupancy %	69.4%	56.2%	50.6%	63.9%
Total Occ. Rooms	1,850	1,450	1,350	20,050
Average Daily Rate	132.03	121.08	116.72	\$127.30
Total Revenue	\$244,256	\$175,568	\$157,573	2,552,267

** The above forecasts represent projections for occupancy, ADR, and revenue of a developed 86 unit lodging option. Financial Returns projected based on specific brand chosen for development. Development costs and FDD required by each brand for financial projection estimates.*

NOTE: The above information is a forward looking projection of anticipated occupancies, average daily rate and revenue based on the professional experience of Core Distinction Group LLC's participation in other projects, similar in nature. Occupancy and ADR projections derived from market data trends reported by CoStar/Smith Travel Research (STR) in the market's proximity along with to date rate shopping of local and surrounding hotels, and community feedback. This projection could change due to changes in the economy (both locally and overall), the acceptance of the project by the local community and patrons, and the fact that CDG has not been involved in a project in this area and in a municipality with these demographics in the past. Thereby, all investors understand and acknowledge that these forward looking projections are not warranted by CDG and are subject to change and fluctuation.

Source: Core Distinction Group LLC



First Year Ramp Up Projections of 86 Guestroom Lodging Options:

OCC%	ADR:	REVPAR	Room Revenue:
57.5%	\$120.93	\$69.52	\$2,182,189

1-5 Year Projections:

OCC%	ADR:	REVPAR	Room Revenue:	YEAR 1
63.9%	\$127.30	\$81.31	\$2,552,267	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 2
67.1%	\$131.11	\$87.93	\$2,760,277	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 3
69.1%	\$135.05	\$93.29	\$2,928,378	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 4
71.2%	\$137.75	\$98.01	\$3,076,554	
OCC%	ADR:	REVPAR	Room Revenue:	YEAR 5
71.2%	\$139.13	\$98.99	\$3,107,320	

It should be noted that the above projections are considered to be forecasted for the first full year open. Consideration for a ramp up period at a minimum of 90 to 180 days is typical for new hotel development. It should be noted that projections shown in any forward reaching Pro Forma will indicate a first partial year ramp up period for comparison and budget planning. The opening of this potential hotel development should be in timing up to 90 days prior to peak season to ensure highest potential profitability in year 1. A minimum of \$250k should be factored into the total project cost under working capital to offset this first year ramp up period loss potential. Hotels used in this seasonality analysis are from the market of Independence, MO. The market's demand patterns appear average (pre-Covid) with a strong 2021 recovery at the time of this report.

Source: Core Distinction Group LLC



Proposed Property

In this section of the report, Core Distinction Group has compiled a projection of income and expense for the proposed hotel development. This projection is based on the hotel's recommendations stated throughout this report, as well as the occupancy and average rate projected throughout this report. This section of the report also details construction/development costs gathered by Core Distinction Group.

Proposed Property Description

The quality of a lodging facility's physical improvements has a direct influence on marketability, attainable occupancy, and average room rate. The design and functionality of the structure can also affect operating efficiency and overall profitability. This section investigates the subject property's proposed physical improvements and personal property in an effort to determine how they are expected to contribute to attainable cash flows.

Projected Construction/Development Costs

Gathering the most accurate costs available may help ensure the hotel project projection estimates set in this report be as accurate as possible. Core Distinction Group requested construction/development costs directly from a reputable hotel construction company and/or the brand selected by the client. Core Distinction Group is not responsible for any discrepancies in costs in the future. The total estimated costs for this proposed hotel development project are listed in table below:

Hotel Construction/Development Costs in Independence, MO	
Total Estimated Costs	\$14,327,428

Hotel Construction/Development Costs in Independence, MO		
Total Estimated Costs	\$166,598	per room/key





Projected Hotel Development Revenue

In this section of this report, Core Distinction Group has compiled projections of revenue for the proposed hotel. This projection is based on the hotel's recommendations stated throughout this report, as well as the occupancy and average rate projected throughout this report. Room revenue is determined by two variables: occupancy and average rate. We projected occupancy and average rate in a previous section of this report. The proposed subject hotel is expected to stabilize by year three. Following the stabilized year, the proposed subject hotel's average rate is projected to increase along with the underlying rate of inflation. Due to the scale of the proposed hotel development, the revenue will also contain a small amount of food and beverage revenue, telephone revenue, meeting space revenue and miscellaneous revenue. Below you will find a five year projection of total revenue for the proposed hotel development:

Five Year Projected Hotel Development Revenue	
Year 1	
	\$2,612,417.48
Year 2	
	\$2,823,434.77
Year 3	
	\$2,993,430.39
Year 4	
	\$3,143,557.89
Year 5	
	\$3,174,323.43

Projected Hotel Development Payroll

The projected hotel development payroll expenses consist of all payroll associated with the revenue obtained by the proposed property. Core Distinction Group includes; the General Manager salary, all maintenance payroll, all housekeeping payroll, all front desk payroll, as well as workers compensation insurance and any payroll taxes in its evaluation. Below you will find the forecasted five year proposed property's total payroll:

Five Year Projected Hotel Development Total Payroll	
Year 1	
	\$495,947.99
Year 2	
	\$512,872.08
Year 3	
	\$543,221.55
Year 4	
	\$558,389.71
Year 5	
	\$565,833.82





Projected Hotel Development Operating Expenses

The projected hotel development operating expenses consist of all operating expenses associated with the revenue obtained by the proposed property. Core Distinction Group includes the following in its operating expenses:

Cleaning Supply Expenses - All expenses related to the cleaning of the proposed hotel project.

Laundry Supply Expenses - All expenses related to the laundering of the linens at the proposed hotel project.

Linen Expenses - All expenses related to the ongoing cost of replacing linens at the proposed hotel project.

Guest Supply Expenses - All expenses related to the restocking of supplies used by the guest at proposed hotel project.

Operating Supply Expenses - All expenses related to the operations of the proposed hotel project.

Repairs and Maintenance Expenses - All expenses related to the repair and maintenance of the proposed hotel project. It should be noted that as a new hotel, these amounts may be lower in the first year or two of operation. However, this also does include any contracts such as elevator maintenance, fire alarm monitoring, etc.

Swimming Pool Maintenance Expenses - All expenses related to the upkeep of the pool at the proposed hotel project. It should be noted that if the proposed hotel does not have a pool, this number will not be present in the proposed hotel project expenses.

Grounds and Landscaping Expenses - All expenses related to the ongoing maintenance of lawn, landscaping and snow removal (if applicable) of the proposed hotel project.

Franchise Fee Expenses - All expenses related to the ongoing fees charged by the franchise to the proposed hotel project.

Property Management System Expenses - All expenses related to the ongoing fees charged by the property management system of the proposed hotel project.

Breakfast Expenses - All expenses related to the breakfast provided by the proposed hotel project.

Travel Agent Fee Expenses - All expenses related to the ongoing fees charged by any travel agent booking revenue at the proposed hotel project. This also includes online travel agent websites.

Reservation Expenses - All expenses related to the ongoing fees charged by the central reservation system of proposed hotel project.





Projected Hotel Development Operating Expenses (continued)

Vending and Bar Expenses - All expenses related to the bar or vending area of the proposed hotel project.

Office Expenses - All expenses related to the office supplies need at the proposed hotel project.

Marketing and Advertising Expenses - All expenses related to the marketing and advertising done for the proposed hotel project.

Utility Expenses - All expenses related to the utilities utilized at the proposed hotel project.

Telephone Expenses - All expenses related to the phone system at the proposed hotel project.

Internet Expenses - All expenses related to the internet system at the proposed hotel project.

Cable Expenses - All expenses related to the cable system at the proposed hotel project.

Waste Removal Expenses - All expenses related to the removal of waste at the proposed hotel project.

Dues and Subscription Expenses - All expenses related to any dues or subscriptions utilized at proposed hotel project.

Licenses and Permitting Expenses - All expenses related to any ongoing licenses or permits for the proposed hotel project.

Credit Card Processing Expenses - All expenses related to the credit card processing system at the proposed hotel project.

Management Fee Expenses - All expenses related to the ongoing professional hotel management fees of the proposed hotel project.

Accounting Service Expenses - All expenses related to the ongoing, professional accounting or accountant fees of the proposed hotel project.

Other Expenses/Frequent Stay Program Expenses - All expenses related to the brand's frequent stay program at the proposed hotel project. This line also includes any miscellaneous expenses.



Projected Hotel Development Operating Expenses (continued)

Below you will find the forecasted five year, proposed property's total operating expenses:

Five Year Projected Hotel Development Total Operating Expenses	
Year 1	
	\$1,008,837.45
Year 2	
	\$1,087,539.87
Year 3	
	\$1,149,976.93
Year 4	
	\$1,207,237.16
Year 5	
	\$1,223,193.89

Projected Hotel Development Reserves and Fixed Expenses

The projected hotel development reserves and fixed expenses consist of all fixed monthly expenses as well as the reserve for replacement expenses associated with the revenue obtained by the proposed property. Core Distinction Group includes the following in its reserves and fixed expenses:

Real Estate Tax Expenses - This expense relates to the real estate taxes assessed for the proposed hotel project. In some cases this item could be an estimate and/or may be reduced due to incentives. Depending on the taxing policy of the municipality, property taxes can be based on the value of the real property or the value of the personal property and the real property. We have based our estimate of the proposed subject property's market value (for tax purposes) on an analysis of assessments of comparable hotel properties in the local municipality. The numbers below are based on what was available to Core Distinction Group representatives at the time of conducting the research in this report.

Insurance Expenses - This expense relates to the ongoing property insurance for the proposed hotel project. In some cases this item could be an estimate. The insurance expense consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, and so forth. General insurance costs also include premiums relating to liability, fidelity, and theft coverage. Insurance rates are based on many factors, including building design and construction, fire detection and extinguishing equipment, fire district, distance from the firehouse, and the area's fire experience. Insurance expenses do not vary with occupancy. The numbers to follow are based on what was available to Core Distinction Group representatives at the time of conducting the research in this report.

Reserve for Replacement Expenses - Furniture, fixtures, and equipment are essential to the operation of a lodging facility, and their quality often influences a property's revenue-producing abilities. This expense line includes all non-real estate items that are capitalized, rather than expensed. The furniture, fixtures, and equipment of a hotel are exposed to heavy use and must be replaced at regular intervals. The useful life of these items is determined by their quality, durability, and the amount of guest traffic and use. Periodic replacement of furniture, fixtures, and equipment is essential to maintain the quality, image, and revenue-producing potential of a lodging facility. Studies have indicated that on an ongoing basis a minimum of 4 percent is required to properly maintain hotels. Because the proposed hotel will be a new construction, we used a buildable approach whereas, in the first two years of operation, the reserve was estimated to be 3 percent and in subsequent years the reserve for replacement was estimated to be 4 percent of total sales and is estimated to provide sufficient funds for future capital improvements.

Projected Hotel Development Reserves and Fixed Expenses (continued)

Below you will find the forecasted five year, proposed property's total reserves and fixed expenses:

Five Year Projected Hotel Development Total Reserves and Fixed Expenses
Year 1
\$191,434.61
Year 2
\$227,054.56
Year 3
\$234,704.37
Year 4
\$272,895.68
Year 5
\$274,587.79

Projected Hotel Development Loan Expenses

The projected hotel development loan expenses consist of all monthly expenses incurred by the proposed property. Based on our analysis of the current lodging industry's mortgage market and adjustments for specific factors, such as the property's site, proposed facility, and conditions in the hotel market, it is our opinion that a 4.5% interest, 25-year amortization mortgage is appropriate for the proposed subject hotel. In the mortgage equity analysis, we have applied a loan-to-cost ratio of 70%, which is reasonable to expect based on this interest rate and current parameters. Below you will find the forecasted five year, proposed property's total loan expenses:

Five Year Projected Hotel Development Total Interest Payment	
Year 1	
	\$446,690
Year 2	
	\$436,485
Year 3	
	\$425,811
Year 4	
	\$414,647
Year 5	
	\$402,970

Five Year Projected Hotel Development Total Principal Reduction	
Year 1	
	\$222,138
Year 2	
	\$232,343
Year 3	
	\$243,017
Year 4	
	\$254,181
Year 5	
	\$265,858

Projected Hotel Development Income

The projected hotel development income is measured by two separate parameters for the proposed property:

Return On Investment (ROI) is a performance measure used to evaluate the efficiency of an investment or compare the efficiency of a number of different investments. ROI tries to directly measure the amount of return on a particular investment relative to the investment's cost.

Net Operating Income (NOI) is a calculation used to analyze the profitability of income-generating real estate investments. NOI equals all revenue from the property, minus all reasonably necessary operating expenses.

The projected hotel development Return On Investment (ROI) and Net Operating Income (NOI) for the proposed property are as follows:

Five Year Projected Hotel Development Total Return On Investment (ROI)	
Year 1	
	5.75%
Year 2	
	7.61%
Year 3	
	9.23%
Year 4	
	10.14%
Year 5	
	10.28%

Five Year Projected Hotel Development Total Net Operating Income (NOI)	
Year 1	
	10.92%
Year 2	
	13.01%
Year 3	
	14.88%
Year 4	
	16.06%
Year 5	
	16.46%