

The XYZ Hotel, 123 Main Street
Summary of Development Assumptions - 7/10/2012

LAND AND BUILDING CHARACTERISTICS					
Property	The XYZ Hotel, 123 Main Street			Hotel Type	Full Service
<u>Hotel Structure & Lot</u>		<u>Hotel Space Use</u>		<u>Parking Structure</u>	
Lot Square Footage	25,000 SF	Room Support	0 SF	Structured Parking	100 Spaces
Lot FAR	8.0 FAR	Retail	7,381 SF	GSF per Space	350 SF
Gross Square Footage	245,830 SF	Office/Retail	0 SF	Structured Parking GSF	35,000 SF
Gross Room Square Footage	238,449 SF	Food & Beverage	0 SF	Surface Parking	0 Spaces
Efficiency Factor	85%	Function	0 SF	Surface Parking GSF	0 SF
Residual Room GSF	202,682 SF	Spa	0 SF		
Total Rooms/Keys	278 Keys	Admin/Mechanical	0 SF	Area Without Parking	245,830 SF
Rentable Hotel Room SF	729 SF	<u>Public Area</u>	0 SF	Above-Grade GSF excl. Pkg.	245,830 SF
		Total Non-Room GSF	7,381 SF	Total Building Gross SF	280,830 SF

PROJECT TIMING VARIABLES					
Analysis Start Date	4/1/2012	Number of Months of Construction		22 Months	
Date of Land Contract Execution	3/1/2013	Construction Start Date	Month 22	1/1/2014	
Land Closing Date	3/1/2013	Construction End Date	Month 44	11/1/2015	Year 4
Months of Pre-Construction after Land Closing	21 Months	Total Development Period Duration		44 Months	

DEVELOPMENT USES OF FUNDS					
		<u>Per Key</u>	<u>Per GSF</u>	<u>% Total</u>	<u>Total</u>
Land Purchase Cost	0.00% Deposit	\$53,957	\$61	16.35%	\$15,000,000
Parking Space Acquisition Costs	\$30,000/Space				\$3,000,000
Hard Costs					\$58,413,240
Vertical Construction	\$200,000/Key				\$55,600,000
Retail Tenant Improvements	\$313,240				\$313,240
Structured Parking Cost	\$25,000/Space				\$2,500,000
Surface Parking Cost	\$25,000/Space				\$0
Other Construction (Non-GC)					\$0
Hard Costs with Contingency		\$220,626	\$249	66.86%	\$61,333,902
Hard Costs Contingency	5.00%				\$2,920,662
Soft Costs	10%	\$22,107	\$25	6.70%	\$6,145,750
Soft Costs Contingency	3.00%				\$184,373
Developer Fee	2.00%				\$1,168,265
Marketing and Project Contingency	1.00%				\$61,458
FF&E	\$5,000/Key		\$6	1.52%	\$1,390,000
Financing Costs Incl. Cash and Capitalized Int./Fees				3.76%	\$3,445,524
Total Development Cost (Uses of Funds)		\$329,961	\$373	95.19%	\$91,729,271
Operating Deficit					\$0
Total Development Cost Including Operating Deficit					\$91,729,271

DEVELOPMENT SOURCES OF FUNDS							
	<u>Per Key</u>	<u>% of Developer Equity</u>	<u>% of Total Equity</u>	<u>Initial Amount</u>	<u>Share of Any Deficits</u>	<u>% of Cost</u>	<u>Total Equity w/Deficits</u>
Developer/Sponsor Equity	\$7,194	33.33%	7.69%	\$2,000,000	\$165,821	2.36%	\$2,165,821
Partner Equity	\$14,388	66.67%	15.38%	\$4,000,000	\$331,643	4.72%	\$4,331,643
Third Party Investor Equity			76.92%	\$20,000,000	\$1,658,213	23.61%	\$21,658,213
Equity Total			100.00%	\$26,000,000	\$2,155,677	30.69%	\$28,155,677

Land Loan

Closing Date	3/1/2013	Loan Fees	0.75%	Total Loan Proceeds	\$0
Annual Interest Rate	6.00%	Broker Fee	0.00%	Loan-to-Cost Ratio	0%
Repayment Source: Senior Loan		Mortgage Recording Tax	0.00%		

Mezzanine Loan

Closing Date	8/1/2014	Loan Fees	0.75%	Total Loan Proceeds	\$8,000,000
Annual Interest Rate	12.00%	Broker Fee	1.00%	Loan-to-Cost Ratio	8.72%
Repayment Source:					

Senior Construction Loan

Closing Date	10/1/2014	Loan Fees - Front End	0.50%	Total Loan Proceeds	\$55,573,595
Annual Interest Rate	6.00%	Broker Fee	0.00%	Loan-to-Cost Ratio	60.58%
Loan Fees at Draw	1.00%	Mortgage Recording Tax	0.50%		
Repayment Source:					

Debt Total (excludes any Land Loan)	\$63,573,595
Property Cash Flow	\$0
Total Sources of Funds (excludes any Land Loan)	\$91,729,271

The XYZ Hotel, 123 Main Street
Summary of Operating and Sale Assumptions - 7/11/2012

INCOME AND OCCUPANCY VARIABLES					DISPOSITION AND RETURNS				
Income									
Average Daily Rate (ADR)	\$200.00		Parking Per Car	\$20.00	Post-Delivery Hold: 30 Months	Sell in Project Year #7	6/1/2018	\$256,800	Per Key
ADR Nominal Growth	2.00%		Parking Revenue Net Margin	80%	Sale Date	5/1/2018	Month 74		
Expense Inflation Rate	1.00%		Telecommunications POR	\$50.00	Terminal Cap Rate	10.00%	Sale Price	\$2,567,997	\$9,237
Other Income Inflation Rate	3.00%		Rentals & Other Income POR	\$20.00	Selling Costs	2.00%		(\$51,360)	
Food And Beverage Variables					Net Sale Proceeds			\$2,516,637	
					Less Outstanding Mortgage			(\$58,880,369)	
					Net Sales Proceeds After Debt Repayment			-\$56,363,732	(\$202,747)
					IRR (calculated off of monthly values)	50.42%	Net Present Value at 10%		\$71,739,323
					Net Cash Flow	\$139,988,406	Multiple on Equity **		2.78x
					Total Equity Invested *	\$78,699,085	** Ignores the time value of money.		
					* Includes funding of any equity operating, financing and funding shortfalls.				
Occupancy									
11/2/2015	11/2/2016	11/2/2017	11/2/2018	11/2/2019					
Year 1	Year 2	Year 3	Year 4	Year 5					
60%	62%	69%	70%	70%					
11/2/2020	11/2/2021	11/2/2022	11/2/2023	11/2/2024					
Year 6	Year 7	Year 8	Year 9	Year 10					
73%	73%	73%	73%	73%					
Fixed Expenses					Cost of Sales & Labor				
Insurance PAR			\$10.00		Rooms	\$15.00			
Property Taxes % Total Rev			3.00%		Food & Beverage % Cost	2.00%			
Capital Reserve % Total Rev	Year 1		2.00%		Telecommunications % Cost	2.00%			
	Year 2		2.00%		Parking % Cost	1.00%			
	Year 3+		2.00%		Rentals & Other % Cost	1.00%			
Variable Expenses - SG&A									
Administrative & General PAR	\$20.00				Royalty Fees % Rms Rev	1.00%			
Marketing PAR	\$5.00				Property Maintenance PAR	\$20.00			
Management Fee % Total Rev	2.50%				Energy PAR	\$10.00			
Interim Loan Test									
NOI Test									
Annual NOI at Point of Refinancing					Annual NOI at Point of Refinancing			\$16,196,598	
Capitalization Rate at Point of Refinancing					Capitalization Rate at Point of Refinancing			8.00%	
Gross Valuation at Point of Refinancing					Gross Valuation at Point of Refinancing			\$202,457,472	
Maximum LTV					Maximum LTV			70%	
Maximum Loan Proceeds					Maximum Loan Proceeds	\$141,720,230			
Debt Coverage Ration Test									
Annual NOI at Point of Refinancing					Annual NOI at Point of Refinancing			\$16,196,598	
Required Debt Service Coverage Ratio					Required Debt Service Coverage Ratio			1.20	
Maximum Allowable Debt Service					Maximum Allowable Debt Service			\$13,497,165	
Maximum Loan Proceeds					Maximum Loan Proceeds	\$170,430,177			
Permanent Loan Test									
NOI Test									
Annual NOI at Point of Refinancing					Annual NOI at Point of Refinancing			\$17,103,209	
Capitalization Rate at Point of Refinancing					Capitalization Rate at Point of Refinancing			8.00%	
Gross Valuation at Point of Refinancing					Gross Valuation at Point of Refinancing			\$213,790,112	
Maximum LTV					Maximum LTV			70%	
Maximum Loan Proceeds					Maximum Loan Proceeds	\$149,653,078			
Debt Coverage Ration Test									
Annual NOI at Point of Refinancing					Annual NOI at Point of Refinancing			\$17,103,209	
Required Debt Service Coverage Ratio					Required Debt Service Coverage Ratio			1.20	
Maximum Allowable Debt Service					Maximum Allowable Debt Service			\$14,252,674	
Maximum Loan Proceeds					Maximum Loan Proceeds	\$144,676,889			
* The Lesser of the Two Loan Proceeds Amounts									

Capital Structure
The XYZ Hotel, 123 Main Street

	% Equity	% TDC	Equity % TDC	Debt % TDC	Amount *	Total Equity *	Total Debt *	Share of <u>Developer</u> Equity	Deficits Funded by Equity	Equity Investment including Deficit Liabilities	% TDC - Actual %s
Developer Sponsor Equity +	7.69%	2.23%	29.03%		\$2,000,000	\$26,000,000		33.33%	\$2,155,677	\$2,165,821	Developer Sponsor Equity + 2.36%
Developer Partner Equity +	15.38%	4.47%			\$4,000,000			66.67%		\$4,331,643	Developer Partner Equity + 4.72%
Third Party Investor Equity +	76.92%	22.33%			\$20,000,000					<u>\$21,658,213</u>	Third Party Investor Equity + 23.61%
Mezzanine Loan		8.93%			\$8,000,000					\$28,155,677	Mezzanine Loan + 8.72%
Senior Loan **		<u>62.04%</u>			<u>\$55,573,595</u>						Senior Loan ** 60.58%
Total Sources of Funds (TDC)	100.00%	100.00%			\$91,729,271						Property Cash Flow as Source of Funds <u>0.00%</u> 100.00%
Sources of Funds From Above	\$91,729,271										
Property Cash Flow As Source of Funds	\$0										
Total Sources of Funds	\$91,729,271										

+ While the equity slices are shown stacked vertically, note that this is simply the graphic representation and does not imply that there is any Preferred equity in the transaction.

* The Senior Loan Amount on a residual basis after designating the dollar amounts of the other sources of funds.

** Principal Amount includes Funded Interest Reserve and Funded Loan Fees.

^ Equity amounts in this column do not include the pro-rata portion of the Operating and Financing Deficits to be funded by the Equity investors. See Column T for adjusted totals.

Joint Venture Partnership Structure

The XYZ Hotel, 123 Main Street

Total Required Equity (Purchase + Operation) \$28,155,677 (Includes Operating Deficit Funding)

Owner/Developer	7.69%	\$2,165,821	33.33%
Equity Partner	15.38%	\$4,331,643	66.67%
Sponsor	23.08%	\$6,497,464	100.00%
Third Party Investor	76.92%	\$21,658,213	
	100.00%	\$28,155,677	

Profit Sharing

Waterfall #1

Partnership Structure			Preferred Return				
			IRR Hurdle Rates				
			Tier 1: 8%	Tier 2: 15%	Tier 3: 17%	Tier 4: 22%	Tier 4: > 22%
Sponsor Equity	23.08%	Profit >>	23.08%	23.08%	23.08%	23.08%	23.08%
Investor	76.92%	Sharing >>	0.00%	10.00%	15.00%	20.00%	25.00%
Total	100.00%	Splits >>	76.92%	66.92%	61.92%	56.92%	51.92%
Note: By its nature, the Preferred Return (Tier 1) includes the Return of Capital.			100.00%	100.00%	100.00%	100.00%	100.00%

Waterfall #2

Sponsor Structure			Preferred Return				
			Tier 1: 6%	Tier 2: 12%	Tier 3: 16%	Tier 4: 20%	Tier 4: > 20%
Owner/Developer	33.33%	Profit >>	33.33%	33.33%	33.33%	33.33%	33.33%
Equity Partner	66.67%	Sharing >>	0.00%	10.00%	14.00%	19.00%	22.00%
Total	100.00%	Splits >>	66.67%	56.67%	52.67%	47.67%	44.67%
Note: By its nature, the Preferred Return (Tier 1) includes the Return of Capital.			100.00%	100.00%	100.00%	100.00%	100.00%

Annual Summary - Sources and Uses of Funds

The XYZ Hotel, 123 Main Street

		Data Series Profile	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
USES OF FUNDS		Total										
Land and Acquisition Costs	\$18,000,000	<div><div></div><div></div><div></div></div>	0	15,000,000	1,290,000	1,710,000	0	0	0	0	0	0
Total Hard Costs incl. Retail TTs	\$61,333,902	<div><div></div><div></div><div></div></div>	0	0	26,232,150	34,940,270	161,482	0	0	0	0	0
Total Soft Costs incl. Contingency	\$7,559,845	<div><div></div><div></div><div></div></div>	70,588	94,118	4,033,712	3,361,427	0	0	0	0	0	0
FF&E	\$1,390,000	<div><div></div><div></div><div></div></div>	0	0	758,182	631,818	0	0	0	0	0	0
Subtotal Development Costs		\$88,283,747	70,588	15,094,118	32,314,044	40,643,515	161,482	0	0	0	0	0
Land Loan Interest		\$0	0	0	0	0	0	0	0	0	0	0
Mezzanine Loan Interest	\$1,047,998	<div><div></div><div></div><div></div></div>	0	0	247,998	800,000	0	0	0	0	0	0
Senior Loan Interest	\$44,654	<div><div></div><div></div><div></div></div>	0	0	11,232	33,422	0	0	0	0	0	0
Total Financing Costs		\$3,445,524	0	0	735,199	2,710,326	0	0	0	0	0	0
Total Development Costs before Operating Deficit		\$91,729,271	70,588	15,094,118	33,049,242	43,353,841	161,482	0	0	0	0	0
Operating Deficit		\$0	0	0	0	0	0	0	0	0	0	0
Total Development Costs and Operating Deficit		\$91,729,271	70,588	15,094,118	33,049,242	43,353,841	161,482	0	0	0	0	0
SOURCES OF FUNDS												
Developer Sponsor Equity		Invests First										
Direct Project Costs Draw	\$2,000,000	<div><div></div><div></div><div></div></div>	70,588	1,929,412	0	0	0	0	0	0	0	0
Operating Deficit and Financing-related Deficits Draw	\$165,821	<div><div></div><div></div><div></div></div>	0	0	19,077	146,745	0	0	0	0	0	0
Total Funding	\$2,165,821	<div><div></div><div></div><div></div></div>	70,588	1,929,412	19,077	146,745	0	0	0	0	0	0
Developer Partner Equity		Invests after Sponsor invests fully										
Direct Project Costs Draw	\$4,000,000	<div><div></div><div></div><div></div></div>	0	4,000,000	0	0	0	0	0	0	0	0
Operating Deficit and Financing-related Deficits Draw	\$331,643	<div><div></div><div></div><div></div></div>	0	0	38,154	293,489	0	0	0	0	0	0
Total Funding	\$4,331,643	<div><div></div><div></div><div></div></div>	0	4,000,000	38,154	293,489	0	0	0	0	0	0
Third Party Investor Equity		Invests after Partner invests fully										
Direct Project Costs Draw	\$20,000,000	<div><div></div><div></div><div></div></div>	0	9,164,706	10,835,294	0	0	0	0	0	0	0
Operating Deficit and Financing-related Deficits Draw	\$1,658,213	<div><div></div><div></div><div></div></div>	0	0	190,768	1,467,445	0	0	0	0	0	0
Total Funding	\$21,658,213	<div><div></div><div></div><div></div></div>	0	9,164,706	11,026,061	1,467,445	0	0	0	0	0	0
Land Loan												
Draw	\$0	<div><div></div><div></div><div></div></div>	0	0	0	0	0	0	0	0	0	0
Cash Interest Payments	\$0	<div><div></div><div></div><div></div></div>	0	0	0	0	0	0	0	0	0	0
Loan Repayment	\$0	<div><div></div><div></div><div></div></div>	0	0	0	0	0	0	0	0	0	0
Mezzanine Loan												
Direct Project Costs Draw	\$8,000,000	<div><div></div><div></div><div></div></div>	0	0	8,000,000	0	0	0	0	0	0	0
Cash Interest Payments	\$1,047,998	<div><div></div><div></div><div></div></div>	0	0	247,998	800,000	0	0	0	0	0	0
Loan Repayment	(\$8,000,000)	<div><div></div><div></div><div></div></div>	0	0	0	(8,000,000)	0	0	0	0	0	0
Senior Loan												
Direct Project Costs Draw	\$53,584,632	<div><div></div><div></div><div></div></div>	0	0	13,478,750	40,105,882	0	0	0	0	0	0
Loan Fees - Front End	\$277,868	<div><div></div><div></div><div></div></div>	0	0	277,868	0	0	0	0	0	0	0
Loan Fees - At Loan Draws	\$44,654	<div><div></div><div></div><div></div></div>	0	0	11,232	33,422	0	0	0	0	0	0
Funded Interest Reserve	\$1,666,441	<div><div></div><div></div><div></div></div>	0	0	58,101	1,608,340	0	0	0	0	0	0
Cash Interest Payments	\$268,564	<div><div></div><div></div><div></div></div>	0	0	0	268,564	0	0	0	0	0	0
Repayment from Interim Loan	(\$55,573,595)	<div><div></div><div></div><div></div></div>	0	0	0	(55,573,595)	0	0	0	0	0	0
Repayment from Permanent Loan	\$0	<div><div></div><div></div><div></div></div>	0	0	0	0	0	0	0	0	0	0
Sources of Funds after Shortfalls		\$91,997,835	70,588	15,094,118	32,909,242	43,923,887	0	0	0	0	0	0

Annual Summary - Cash Flow

The XYZ Hotel, 123 Main Street

	Total	Data Series	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
		Profile													
Sales															
Rooms	\$50,613,812	▬▬▬▬	0	0	0	1,076,808	13,152,130	13,954,459	15,711,239	6,719,176	0	0	0	0	0
Food & Beverage	\$122,652	▬▬▬▬	0	0	0	2,609	31,473	33,716	38,256	16,600	0	0	0	0	0
Retail															
Retail Tenant #1	\$377,055	▬▬▬▬	0	0	0	8,750	105,175	107,279	109,424	46,428	0	0	0	0	0
Retail Tenant #2	\$190,314	▬▬▬▬	0	0	0	0	54,000	55,350	56,734	24,230	0	0	0	0	0
Retail Tenant #3	\$267,486	▬▬▬▬	0	0	0	0	67,025	81,771	83,406	35,285	0	0	0	0	0
Retail NOI	\$834,855	▬▬▬▬	0	0	0	8,750	226,200	244,399	249,564	105,943	0	0	0	0	0
Total Sales and Retail NOI	\$72,340,851	▬▬▬▬	\$0	\$0	\$0	\$1,529,705	\$18,736,508	\$19,938,489	\$22,482,833	\$9,653,316	\$0	\$0	\$0	\$0	\$0
Rooms	\$3,581,498	▬▬▬▬	0	0	0	76,103	918,126	983,830	1,118,344	485,096	0	0	0	0	0
Food & Beverage	\$2,453	▬▬▬▬	0	0	0	52	629	674	765	332	0	0	0	0	0
Telecommunications	\$238,767	▬▬▬▬	0	0	0	5,074	61,208	65,589	74,556	32,340	0	0	0	0	0
Parking	\$38,203	▬▬▬▬	0	0	0	812	9,793	10,494	11,929	5,174	0	0	0	0	0
Rentals & Other Income	\$47,753	▬▬▬▬	0	0	0	1,015	12,242	13,118	14,911	6,468	0	0	0	0	0
Total Cost of Sales	\$3,908,674	▬▬▬▬	\$0	\$0	\$0	\$83,055	\$1,001,999	\$1,073,705	\$1,220,506	\$529,410	\$0	\$0	\$0	\$0	\$0
Administative & General	\$20,223	▬▬▬▬	0	0	0	463	5,574	5,741	5,913	2,531	0	0	0	0	0
Sales & Marketing	\$5,056	▬▬▬▬	0	0	0	116	1,393	1,435	1,478	633	0	0	0	0	0
Management Fee (Market Rate)	\$1,808,521	▬▬▬▬	0	0	0	38,243	468,413	498,462	562,071	241,333	0	0	0	0	0
Royalty Fees	\$506,138	▬▬▬▬	0	0	0	10,768	131,521	139,545	157,112	67,192	0	0	0	0	0
Property Repairs & Maintenance	\$20,223	▬▬▬▬	0	0	0	463	5,574	5,741	5,913	2,531	0	0	0	0	0
Energy	\$10,112	▬▬▬▬	0	0	0	232	2,787	2,871	2,957	1,266	0	0	0	0	0
Total SG&A Expenses	\$2,370,273	▬▬▬▬	\$0	\$0	\$0	\$50,285	\$615,262	\$653,795	\$735,445	\$315,486	\$0	\$0	\$0	\$0	\$0
Total Fixed Expenses	\$3,627,154	▬▬▬▬	0	0	0	76,717	939,612	999,795	1,127,098	483,932	0	0	0	0	0
NET OPERATING INCOME	\$42,737,592	▬▬▬▬	\$0	\$0	\$0	\$1,319,649	\$16,179,635	\$17,211,194	\$8,027,114	\$0	\$0	\$0	\$0	\$0	\$0
Revenue after Financing Costs	\$27,349,289	▬▬▬▬	0	0	(247,998)	(1,007,588)	11,144,944	11,889,437	5,570,494	0	0	0	0	0	0
Disposition															
Property Sale Capitalized Value, Gross		▬▬▬▬	0	0	0	0	0	0	201,550,496	0	0	0	0	0	0
Less Selling Costs		▬▬▬▬	0	0	0	0	0	0	(4,031,010)	0	0	0	0	0	0
Net Sales Proceeds		▬▬▬▬	0	0	0	0	0	0	197,519,486	0	0	0	0	0	0
Financing Cash Flows															
Developer Sponsor Equity Draw	(\$2,000,000)	▬▬▬▬	(70,588)	(1,929,412)	0	0	0	0	0	0	0	0	0	0	0
Developer Partner Equity Draw	(\$4,000,000)	▬▬▬▬	0	(4,000,000)	0	0	0	0	0	0	0	0	0	0	0
Third Party Investor Equity Draw	(\$20,000,000)	▬▬▬▬	0	(9,164,706)	(10,835,294)	0	0	0	0	0	0	0	0	0	0
Developer Sponsor Equity Draw	(\$165,821)	▬▬▬▬	0	0	(19,077)	(146,745)	0	0	0	0	0	0	0	0	0
Developer Partner Equity Draw	(\$331,643)	▬▬▬▬	0	0	(38,154)	(293,489)	0	0	0	0	0	0	0	0	0
Third Party Investor Equity Draw	(\$1,658,213)	▬▬▬▬	0	0	(190,768)	(1,467,445)	0	0	0	0	0	0	0	0	0
Mezzanine Loan Repayment	(\$8,000,000)	▬▬▬▬	0	0	0	(8,000,000)	0	0	0	0	0	0	0	0	0
Senior Loan Repayment	(\$55,573,595)	▬▬▬▬	0	0	0	(55,573,595)	0	0	0	0	0	0	0	0	0
Loan Proceeds - Interim Loan	\$63,573,595	▬▬▬▬	0	0	0	63,573,595	0	0	0	0	0	0	0	0	0
Repayment of Interim Loan	(\$59,848,338)	▬▬▬▬	0	0	0	0	0	(59,848,338)	0	0	0	0	0	0	0
Loan Proceeds - Permanent Loan	\$59,848,338	▬▬▬▬	0	0	0	0	0	59,848,338	0	0	0	0	0	0	0
Repayment of Permanent Loan	(\$58,880,369)	▬▬▬▬	0	0	0	0	0	0	(58,880,369)	0	0	0	0	0	0
Levered Cash Flow	\$139,988,406	▬▬▬▬▬▬	(\$70,588)	(\$15,094,118)	(\$11,083,292)	(\$1,007,588)	\$11,144,944	\$11,889,437	\$144,209,611	\$0	\$0	\$0	\$0	\$0	\$0

Joint Venture Return Detail

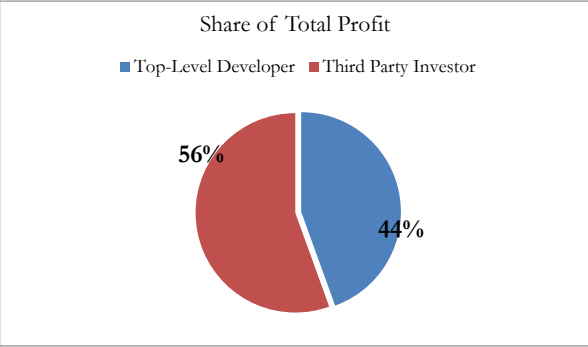
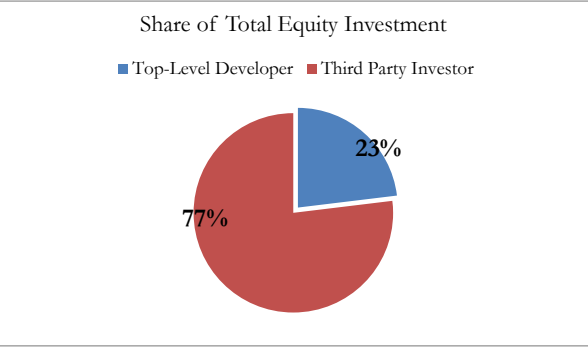
The XYZ Hotel, 123 Main Street

	Sponsor	Developer Partner	Third Party Investor	Total Project	Top-Level Developer (Sponsor and Partner)
Equity Investment	\$2,165,821	\$4,331,643	\$21,658,213	\$28,155,677	\$6,497,464
Share of Equity Investment	7.69%	15.38%	76.92%	100.00%	23.08%
Gross Return	\$35,647,388	\$33,126,022	\$99,370,674	\$168,144,083	\$68,773,409
Net Profit (Return on Equity)	\$33,481,566	\$28,794,379	\$77,712,461	\$139,988,406	\$62,275,945
Multiple on Equity	16.46x	7.65x	4.59x	5.97x	10.58x
Internal Rate of Return	75.68%	52.38%	44.17%	50.42%	61.93%
Time from Equity Investment to Final Return (months)	74	74	74	74	74

Waterfall #1 Summary - Top-Level Developer and Third Party Investor					
Tier	Developer (Sponsor and Partner) Cashflow	Developer Share	Third Party Investor Cashflow	Third Party Investor Share	Total Cashflow
Tier 1	\$8,491,541	23%	\$28,305,136	77%	\$36,796,676
Tier 2	\$3,903,801	33%	\$7,898,387	67%	\$11,802,188
Tier 3	\$1,640,783	38%	\$2,668,344	62%	\$4,309,127
Tier 4	\$5,726,496	43%	\$7,567,155	57%	\$13,293,651
Tier 5	\$49,010,789	48%	\$52,931,653	52%	\$101,942,442
Total	\$68,773,409	41%	\$99,370,674	59%	\$168,144,083
Less Equity Investment	(\$6,497,464)	23%	(\$21,658,213)	77%	(\$28,155,677)
Net Profit (Return on Equity)	\$62,275,945	44%	\$77,712,461	56%	\$139,988,406

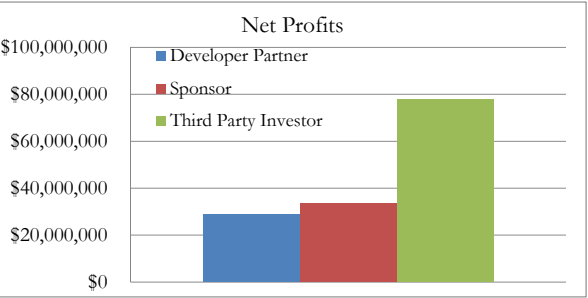
Waterfall #2 Summary - Sponsor and Developer Partner					
Tier	Sponsor Cashflow	Sponsor Share	Partner Cashflow	Partner Share	Total Cashflow
Tier 1	\$2,736,540	33%	\$5,473,080	67%	\$8,209,620
Tier 2	\$1,154,475	43%	\$1,509,698	57%	\$2,664,173
Tier 3	\$1,119,744	47%	\$1,245,912	53%	\$2,365,656
Tier 4	\$1,607,723	52%	\$1,464,359	48%	\$3,072,082
Tier 5	\$29,028,906	55%	\$23,432,972	45%	\$52,461,878
Total	\$35,647,388	52%	\$33,126,022	48%	\$68,773,409
Less Equity Investment	(\$2,165,821)	33%	(\$4,331,643)	67%	(\$6,497,464)
Net Profit (Return on Equity)	\$33,481,566	54%	\$28,794,379	46%	\$62,275,945

Waterfall #1 Check	\$0
Waterfall #2 Check	\$0



Waterfall #1 Structure - Top-Level Developer and Third Party Investor

IRR Hurdle Ranges				Developer Promote	Developer Equity Pro-Rata Share	Investor Profit Share	Total (must be 100%)
Preferred Return	From	0%	through	8%	0%	23%	77%
Tier 1	Above	8%	through	15%	10%	23%	67%
Tier 2	Above	15%	through	17%	15%	23%	62%
Tier 3	Above	17%	through	22%	20%	23%	57%
Tier 4			Above	22%	25%	23%	52%



Waterfall #2 Structure - Sponsor and Developer Partner

IRR Hurdle Ranges				Sponsor Promote	Equity Pro-Rata Share	Partner Profit Share	Total (must be 100%)
Preferred Return	From	0%	through	6%	0%	33%	67%
Tier 1	Above	6%	through	12%	10%	33%	57%
Tier 2	Above	12%	through	16%	14%	33%	53%
Tier 3	Above	16%	through	20%	19%	33%	48%
Tier 4			Above	20%	22%	33%	45%

