Project: Cambridge, OH Hotel

Overview

In this document

- Cambridge status quo and planned development
- Preliminary supply / demand analysis
- Additional information: existing property performance + options considered

Also included (in separate attachments)

- Cambridge contact list
- Hotel offering documents: Econolodge, Baymont, Super 8 (St. Clairsville)
- ALTA survey of proposed site
- Article on correlation between drilling activity and lodging demand

Trends in Bakken, Eagleford coming to Ohio...

Researchers: Housing Shortage Affects Eagle Ford Workers, Locals
published by *NGI's Shale Daily*: July 11, 2012

As the Bakken and Eagle Ford shale plays have shown, oil and gas wells go up long before there are enough homes for all the workers who flock to the energy patch for high-paying jobs. A study released Tuesday intends to lay out a strategy for Eagle Ford counties in South Texas to meet regional housing needs over the next 10-15 years.

The study -- commissioned by the the University of Texas at San Antonio Small Business Development Center's Rural Business Program -- considered three scenarios for Eagle Ford development: 3,000 wells per year between 2010 and 2020 (the high, short-term case); 1,700 wells per year between 2010 and 2025 (the low, long-term case and the "most likely"); and 3,000 wells per year between 2010 and 2030 (the high, long-term case).

The six counties studied are Dimmitt, Frio, La Salle, Maverick, Webb and Zavala. Research relied in part upon findings of an earlier university-supported study of Eagle Ford economic development (see *Shale Daily*, May 14; May 10).

Over the next 14 years under the most likely scenario, the region will see the creation of 7,913 transient and permanent rig-related jobs, the study said.

"For the past 10 years (2000-2010), the original population of the study area has grown by 65,958 people despite the drop in population in two counties (Dimmitt and Zavala)," the study said. "With the drilling activities, the population growth has increased to 71,840 people...The total population will continue to grow with the increase estimated to be 86,297 by 2025 [under the most likely scenario]."

Growth includes permanent and transient workers and their families. "Policymakers need to address sustainable housing solutions that can absorb this growth, including maintaining existing housing through rehabilitation programs," the study said. "Rig-related jobs are available, and will likely continue to be in great demand in the western Eagle Ford Shale region throughout its lifecycle. The population in this area is growing rapidly, and newcomers are younger than the region's current residents."

Researchers cited documented housing shortages in North Dakota "when the oil boom generated rapid economic growth and plenty of jobs" there (see *Shale Daily*, May 18). Motels and apartment complexes filled up and some workers slept in cars. The same is likely in the Eagle Ford, the researchers said.

"The shortage of housing has become more noticeable in the region throughout the past two years," the study said. "According to newspaper reports, hotels in the area have high to full occupancy rates; rents are also higher and small apartment complexes are full. It is also difficult to lease RV [recreational vehicle] slots. Due to this high demand, housing prices have also increased."

The research included multiple focus groups with stakeholders such as energy company employees, local government and housing officials. "The most prominent issue that emerged in these discussions is the need for affordable housing," the study said. "Local property owners that own apartments and other housing in the area are taking advantage of the demand for housing by raising rental rates. This has resulted in a number of local inhabitants becoming homeless."

Utica is in its infancy relative to the other big plays like Eagleford, Bakken, and Marcellus; while Utica has an estimated 20 rigs, Eagleford has ~270, Bakken ~200, and Marcellus ~128 as of summer 2012; it is expected that rig count in Utica will grow substancial as the play shifts from exploration to development


UTICA SHALE: OVERVIEW

The Utica: Game On

From grassroots leasing to commencement of infrastructure build in 18 months, this new, liquids-rich shale play is already being compared with the Eagle Ford — possibly, as superior to it.

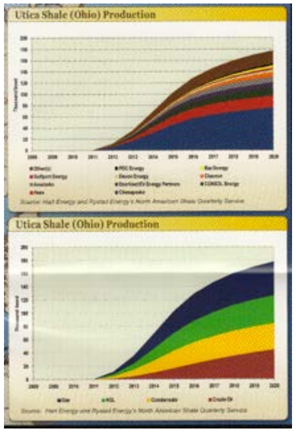
By Nissa Darbonne


Ohio Utica Well Forecast, 2011-15

	2011	2012	2013	2014	2015	5-Yr Total
Drilled	27	161	785	1,386	1,644	4,003
Completed	20	123	608	1,171	1,501	3,423

Source: Kleinhenz & Associates Ltd.

From just 27 initial wells drilled in Ohio's Utica Shale play in 2011, the state may host 4,000 by the end of 2015.



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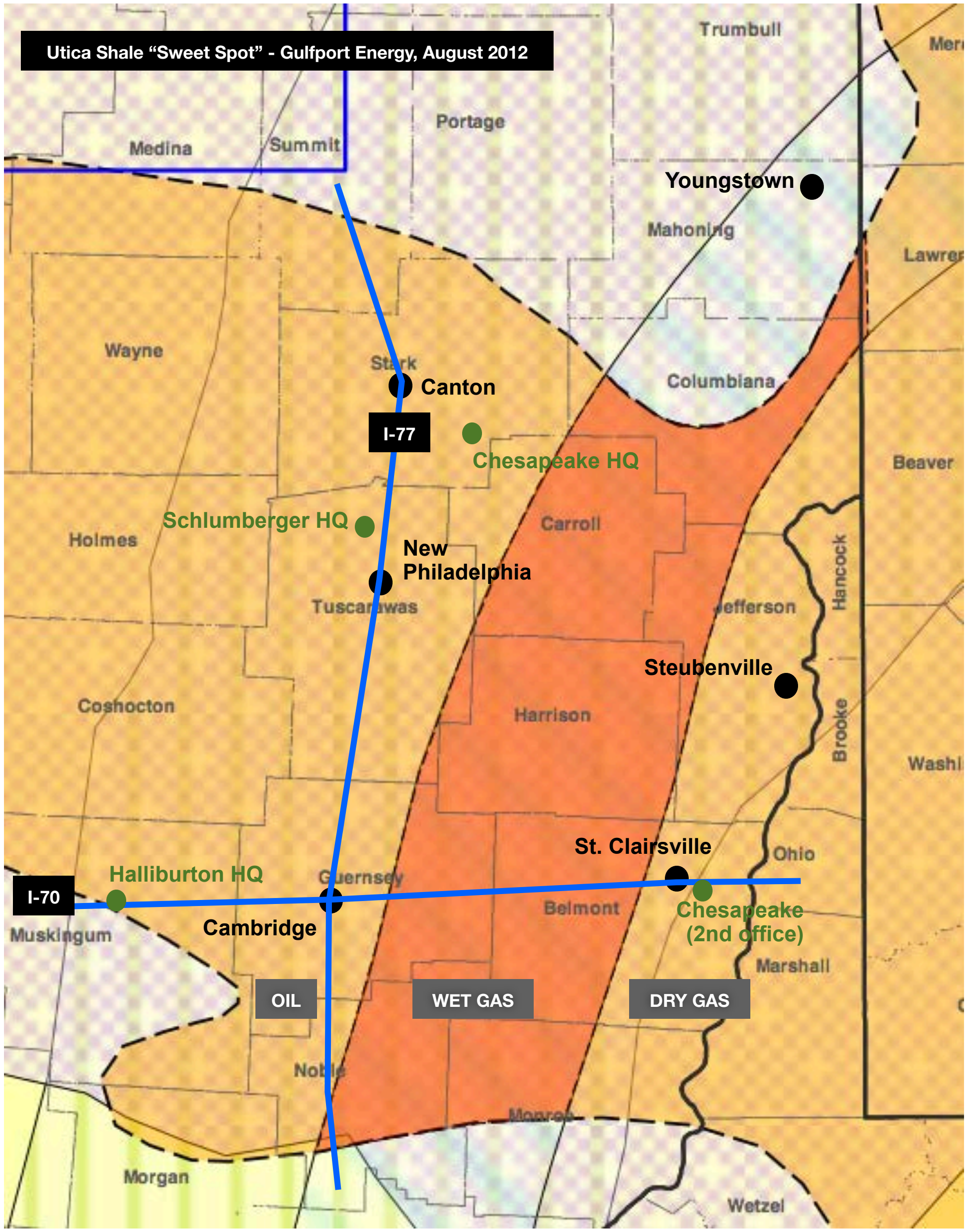
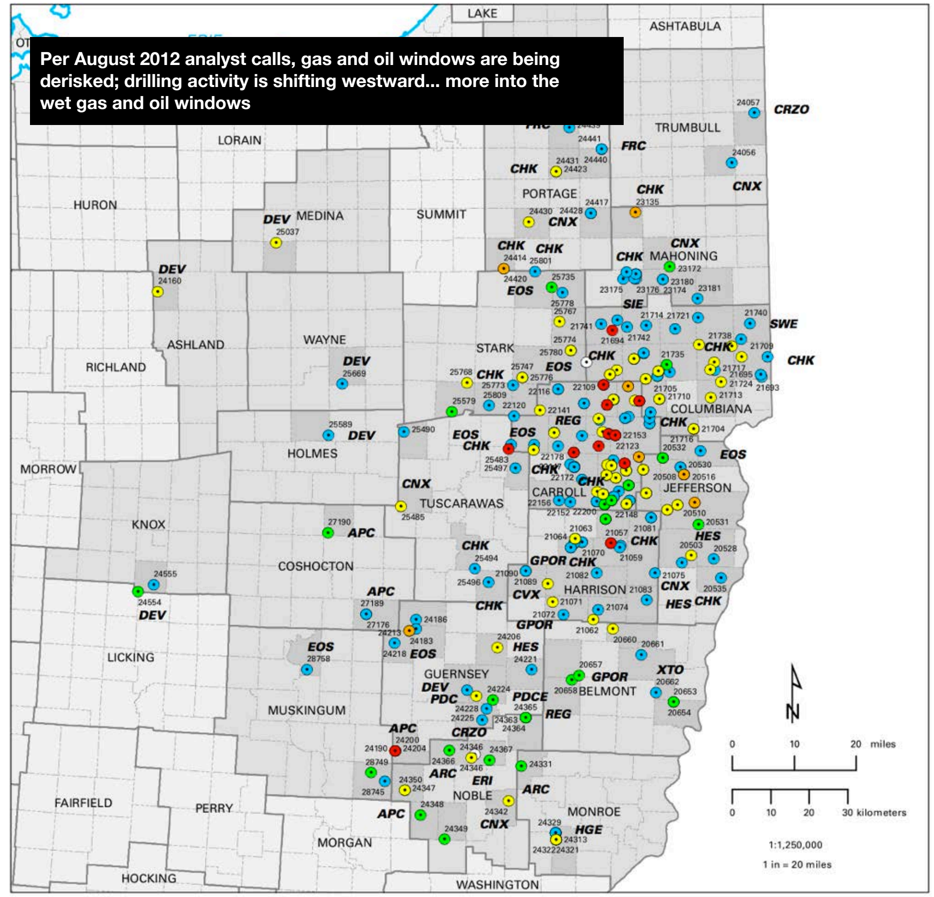
Some Utica 'hubs' will emerge; Cambridge is one of them



HORIZONTAL UTICA-POINT PLEASANT WELL ACTIVITY IN OHIO



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Cambridge traffic count (granular detail available)

The area's industry is built on a history of transportation. In the 1790's a road from Maryland to the Mississippi River was commissioned. Although never fully completed, the portion that was finished became the National Road which was replaced in the 1960's with Interstate 70, a vital artery that links the east and west coasts. Interstate 70 intersects near the county seat, Cambridge, with Interstate 77, a major north to south highway that stretches from Lake Erie to Florida. Much of the nation's goods travel through Guernsey County via the highway system. Historically, rail transportation serviced the once-thriving coal industry and still has a strong presence today. Air transport arriving at several local airports is important to local industries.

Bus: city lines (1) Intercity line - Southeast Area Transit

Rail Service: Ohio Central (freight only) Distance to main line switching: 28 miles

Truck Lines: 15

Courier Services: 3 (overnight)

Commercial Airports:
Columbus - 75 miles
Pittsburgh - 108
Akron//Canton - 90
Cleveland - 122

Air Services: Local charter air service, twin engine

Cambridge Municipal Airport: 2 miles south on S.R. 209; 4,300 foot strip with VASI lights, localizer approach system, flight service center, corporate jet capability

Zanesville Airport: 20 miles

Interstates: I-70 (east-west), I-77 (north-south)

U.S. Highways: U.S. 40, U.S. 22

State Highways: Excellent system, well maintained

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Cambridge hotel inventory

Name	# Units	Year Opened	Type	Rates **
Econolodge	89	1973	Economy	$68.00
Days Inn	101	1982	Economy	$102.00
Comfort Inn	71	1999	Mid Market	$102.00
Hampton Inn	87	2006	Mid Market	$120.00
Baymont Inn	71	1998	Economy	$86.00
Deer Creek Lodge	90	1977	Economy	$69.00
Southgate Hotel	102	1968	Economy	$65.00

As supplied by La Quinta

Limited Service Properties, no food or beverage
5 Miles from Centerpoint of *Cambridge OH*

All Properties Summary			
Total # of Properties	7		
Total # of Rooms	611		
Average # of Rooms per property	87		
Average Year Opened	1986	26	Years Old (Average)
Average Nightly Rate **	$87.43		
Mid Market (Competitive Set) Properties Summary			
Total # of Properties	2		
Total # of Rooms	158		
Average # of Rooms per property	79		
Average Year Opened	2003	10	Years Old (Average)
Average Nightly Rate **	$111.00		

*** Rates are from www.kayak.com for dates* *9/12/2012*

Customer feedback

- Conversation with Hampton Inn front desk summer 2012:

"Cambridge really doesn't have much to offer in terms of lodging. We are sold out and I think your next choice (Comfort Inn) will likely be as well. You could consider Baymont, but the conditions there are 50 / 50... you're taking your chances. As for the others... I've heard bad things about going up on the hill (Econolodge) and you'd be better to sleep in your car then go to Southgate.

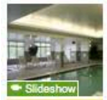
My recommendation is to keep driving down the interstate..."

Salt Fork Lodge and Conference Center
$99 and up*

Ranked #1 of 10 hotels in Cambridge
184 reviews
"Excellent place for a vacation!!" 08/23/2012
"Loved it" 08/09/2012
Traveler photos (70) | Map

- Not a direct competitor

Hampton Inn Cambridge
Special Offer Book now and save 15%



Slideshow
Show Prices

Ranked #2 of 10 hotels in Cambridge
59 reviews
"Great hotel!" 08/18/2012
"Very Nice Hotel" 08/16/2012
Professional photos | Traveler photos (9)

- Often sold out; was strong pre oil and gas arrival; while the clear winner for now, new build midscale offerings could trump (property is 6 years old)

Comfort Inn
$138 and up*

Show Prices

Ranked #3 of 10 hotels in Cambridge
39 reviews
"Good facilities, good service" 08/03/2012
"I will come back again." 07/31/2012
Professional photos | Traveler photos (6) | Map

- The clear #2 choice, property is showing its age (13yrs); has also performed very well pre oil and gas; has recently changed ownership. New midscale should easily beat.

Frisbee Motel

Ranked #4 of 10 hotels in Cambridge
1 review
"Don't Stay Here" 12/28/2007
Map

- Not sure if this still exists?

Baymont Inn Cambridge
$95 and up*

Show Prices

Ranked #5 of 10 hotels in Cambridge
46 reviews
"Nice Staff, Dirty Hotel" 08/17/2012
"Know that feeling when you leave a hot..." 08/08/2012
Professional photos | Traveler photos (11) | Map

- Wrong side of the road; has been for sale and in/out of contract several times in past six months; would not compete with midscale offerings

Deer Creek Motel
$45 and up*

Ranked #6 of 10 hotels in Cambridge
15 reviews
"Nasty blonde maid" 07/19/2012
"JOKE!" 07/18/2012
Map

- Fact property ranks this high speaks to the Cambridge lodging scene! (Shaleco looked at acquiring and decided to pass given condition)

Econo Lodge
$91 and up*

Show Prices

Ranked #7 of 10 hotels in Cambridge
36 reviews
"Don't stay here" 08/04/2012
"Dirty, smelly, hot" 07/16/2012
Professional photos | Traveler photos (17) | Map

- Outside corridor, hardest property to access; modular build and in need of significant investment to bring up to date (Shaleco looked at acquiring and decided to pass given condition)

Southgate Hotel
$46 and up*

Show Prices

Ranked #8 of 10 hotels in Cambridge
15 reviews
"Ok for 1 night" 07/16/2012
"Stay away." 07/25/2012
Professional photos | Map

- Lacks curb appeal; often in press for criminal taking place on site

Days Inn Cambridge
$92 and up*

Show Prices

Ranked #9 of 10 hotels in Cambridge
24 reviews
"Dingy and overpriced" 08/14/2012
"No privacy at the outdoor pool." 07/30/2012
Professional photos | Traveler photos (9) | Map

- Large property with great access; very dated though; would not compete with midscale

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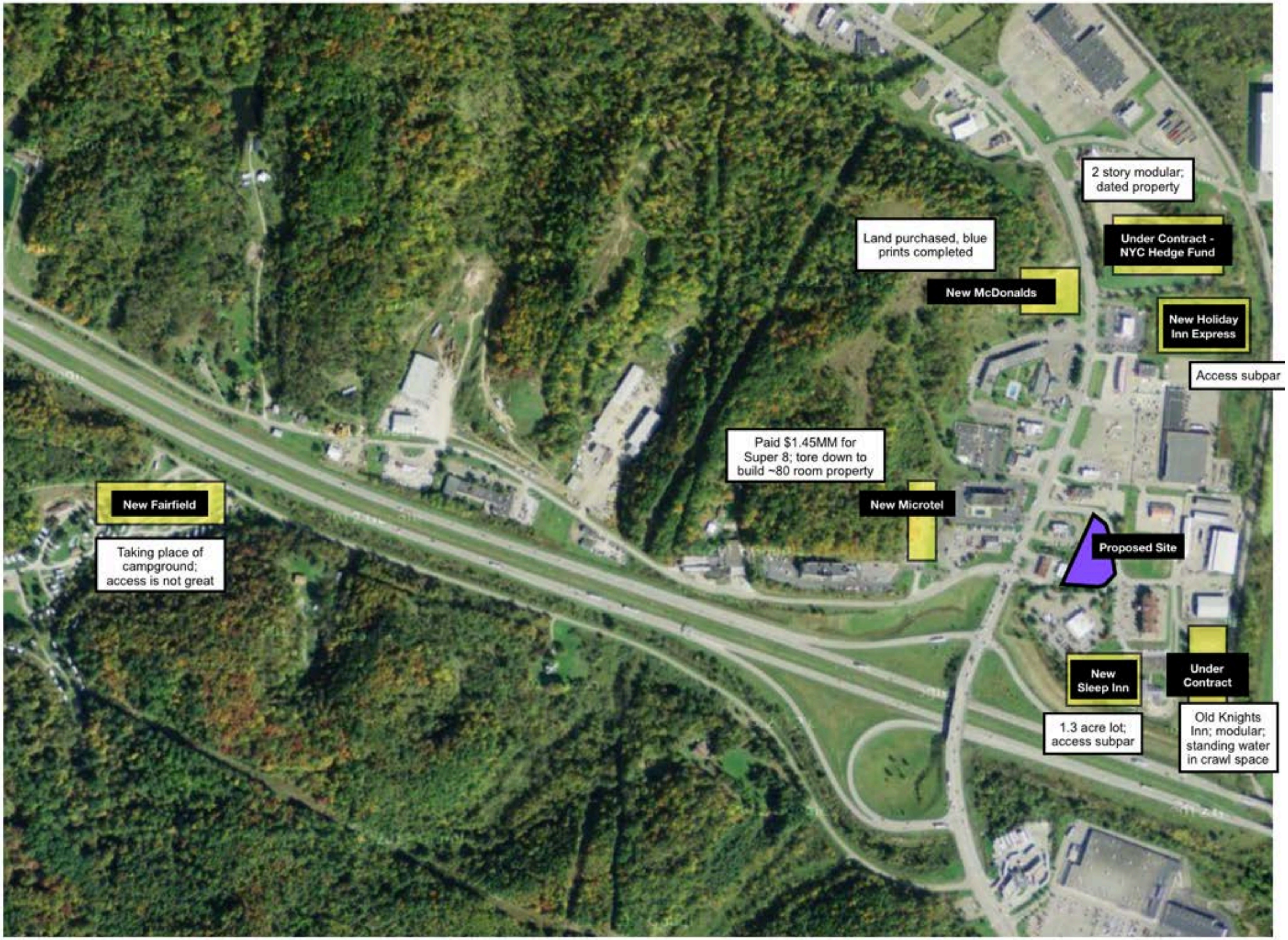
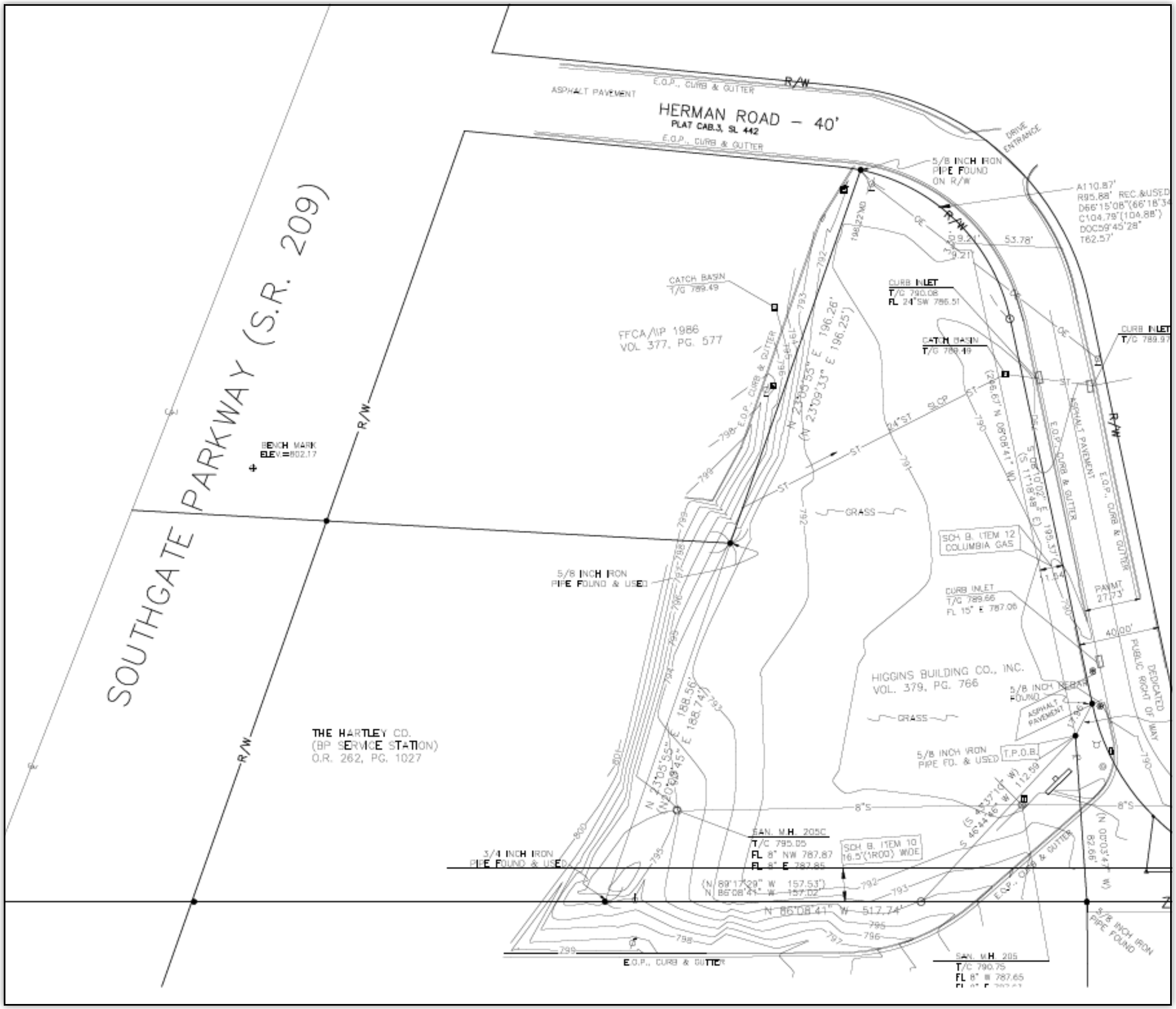
Development activity planned (to be confirmed)



Proposed ~1.3 acre site



- 1.293 acre commercial lot
- Purchase price of $380K, closed in July 2012
- An estimated $50K will need to be invested to reroute a storm lilne, sewer line (quote obtained)
- Taps already in place; ALTA survey recently completed;
- Lot is level; core sample test positive; not in flood plane (per City Engineer)
- Multiple chains have confirmed a hotel will fit: Motel 6, Studio 6, Super 8, La Quinta (more possible, tbd)
- Estimated property size of 65-70 rooms while achieving 1:1.1 room/parking space ratio

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STR data

Cambridge, OH Selected Properties
Job Number: 431736_SADIM Staff: KK Created: July 12, 2012

STR Code	Name of Establishment	City & State	Zip Code	Aff Date	Open Date	Rooms	Chg in Rms
38474	Comfort Inn Cambridge	Cambridge, OH	43725	Jun 1999	Jun 1999	71	
42503	Closed - Super 8 Cambridge	Cambridge, OH	43725	May 2012	Jun 1998	0	
54456	Hampton Inn Cambridge	Cambridge, OH	43725	Jul 2006	Jul 2006	87	
3285	Econo Lodge Cambridge	Cambridge, OH	43725	Dec 2011	Jun 1973	89	
4646	Days Inn Cambridge	Cambridge, OH	43725	Aug 1982	Aug 1982	101	
36247	Baymont Cambridge	Cambridge, OH	43725	Oct 2007	Feb 1998	71	
			Total Properties:		6	419	

	2010												2011												2012											
STR Code	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
38474	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●							
42503	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●								
54456	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●							
3285	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		○	●	●	●	●	●							
4646	●	●	●	●	●	●	○	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●							
36247	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●							

○ - Monthly data received by STR
● - Monthly and daily data received by STR
Blank - No data received by STR
Y - (Chg in Rms) Property has experienced a room addition or drop during the time period of the report

Cambridge, OH Selected Properties
Job Number: 431736_SADIM Staff: KK Created: July 12, 2012

Occupancy (%)

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	May YTD
2006	31.3	39.0	44.6	49.6	57.9	70.3	59.4	57.2	57.6	63.9	48.6	39.0	51.9	44.5
2007	33.7	39.1	43.4	46.3	53.8	67.9	67.3	65.1	54.3	64.0	55.3	38.5	52.5	43.3
2008	36.6	38.6	43.8	51.8	55.6	60.8	68.4	60.3	56.9	60.8	50.2	43.8	52.4	45.4
2009	34.6	34.6	42.6	52.3	55.4	69.4	76.8	67.9	63.0	60.6	47.9	38.1	53.7	44.0
2010	43.4	36.2	38.7	46.8	49.0	61.0	65.8	60.9	51.4	57.2	52.5	39.1	50.2	42.9
2011	35.4	32.9	39.3	44.6	57.3	69.1	70.5	69.0	62.6	69.5	66.4	50.5	55.7	42.1
2012	55.3	55.8	64.3	67.0	76.5									63.7
Avg	38.8	39.5	45.3	51.3	57.6	66.3	68.0	63.4	57.6	62.7	53.5	41.5	52.7	46.6

ADR ($)

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	May YTD
2006	46.46	46.06	49.79	50.25	51.63	55.84	65.08	65.53	61.03	59.59	57.87	55.72	56.87	49.30
2007	53.15	53.29	56.89	59.75	61.03	66.48	69.13	69.18	66.84	65.91	63.62	61.72	63.36	57.35
2008	62.42	64.26	63.66	65.30	68.35	68.05	74.02	75.15	68.32	68.70	64.57	63.31	67.83	65.10
2009	63.27	64.51	63.55	64.63	66.51	68.76	72.87	74.45	69.71	72.75	70.91	69.52	69.16	64.66
2010	63.65	71.61	69.95	70.86	72.57	72.90	78.37	80.36	74.63	73.24	68.57	67.91	72.63	69.71
2011	69.75	71.10	70.93	72.85	74.33	75.33	78.88	80.23	75.00	77.40	77.87	80.90	76.09	72.10
2012	82.06	82.59	81.27	82.00	83.13									82.21
Avg	65.11	66.18	66.46	67.64	69.11	68.17	73.24	74.31	69.27	69.63	67.74	67.12	67.90	67.11

RevPAR ($)

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	May YTD
2006	14.53	17.96	22.18	24.91	29.88	39.27	38.64	37.48	35.14	38.08	28.13	21.71	29.49	21.95
2007	17.90	20.86	24.67	27.69	32.82	45.16	46.49	45.06	36.29	42.17	35.21	23.76	33.24	24.85
2008	22.84	24.82	27.87	33.81	37.97	41.39	50.60	45.34	38.86	41.74	32.41	27.71	35.52	29.52
2009	21.87	22.29	27.08	33.83	36.84	47.70	55.97	50.58	43.89	44.09	33.96	26.50	37.14	28.47
2010	27.63	25.96	27.06	33.18	35.53	44.48	51.60	48.93	38.33	41.88	35.98	26.56	36.49	29.92
2011	24.68	23.38	27.89	32.51	42.59	52.04	55.59	55.38	46.98	53.78	51.73	40.88	42.40	30.33
2012	45.38	46.08	52.28	54.91	63.60									52.34
Avg	25.26	26.13	30.07	34.67	39.84	45.19	49.82	47.13	39.91	43.62	36.24	27.85	35.81	31.25

Supply

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	May YTD
2006	11,625	10,500	11,625	11,250	11,625	11,250	14,322	14,322	13,860	14,322	13,860	14,322	152,883	56,625
2007	14,322	12,936	14,322	13,860	14,322	13,860	14,322	14,322	13,860	14,322	13,860	14,322	168,630	69,762
2008	14,322	12,936	14,322	13,860	14,322	13,860	14,322	14,322	13,860	14,322	13,860	14,322	168,630	69,762
2009	14,322	12,936	14,322	13,860	14,322	13,860	14,322	14,322	13,860	14,322	13,860	14,322	168,630	69,762
2010	14,322	12,936	14,322	13,860	14,322	13,860	14,322	14,322	13,860	14,322	13,860	14,322	168,630	69,762
2011	14,322	12,936	14,322	13,860	14,322	13,860	14,322	14,322	13,860	14,322	13,860	14,322	168,630	69,762
2012	14,322	12,936	14,322	13,860	12,989									68,429
Avg	13,937	12,588	13,937	13,487	13,746	13,425	14,322	14,322	13,860	14,322	13,860	14,322	166,006	67,695

Demand

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	May YTD
2006	3,635	4,095	5,179	5,577	6,728	7,911	8,504	8,191	7,981	9,152	6,738	5,581	79,272	25,214
2007	4,823	5,064	6,211	6,423	7,701	9,416	9,632	9,328	7,525	9,164	7,671	5,513	88,471	30,222
2008	5,241	4,996	6,269	7,177	7,956	8,431	9,790	8,642	7,883	8,702	6,957	6,269	88,313	31,639
2009	4,951	4,470	6,104	7,254	7,932	9,615	11,000	9,730	8,726	8,681	6,637	5,459	90,559	30,711
2010	6,216	4,689	5,540	6,489	7,011	8,456	9,431	8,720	7,119	8,190	7,273	5,601	84,735	29,945
2011	5,068	4,254	5,632	6,185	8,206	9,575	10,093	9,887	8,682	9,951	9,206	7,238	93,977	29,345
2012	7,920	7,218	9,213	9,281	9,937									43,569
Avg	5,408	4,969	6,307	6,912	7,924	8,901	9,742	9,083	7,986	8,973	7,414	5,944	87,555	31,521

Revenue ($)

	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	May YTD
2006	168,867	188,614	257,840	280,265	347,342	441,749	553,447	536,782	487,048	545,339	389,905	310,958	4,508,156	1,242,928
2007	256,323	269,883	353,339	383,775	470,027	625,975	665,899	645,344	502,983	604,007	488,006	340,284	5,605,845	1,733,347
2008	327,142	321,038	399,099	468,657	543,759	573,723	724,661	649,421	538,571	597,790	449,194	396,916	5,989,971	2,059,695
2009	313,238	288,346	387,890	468,829	527,562	661,144	801,590	724,420	608,259	631,501	470,658	379,518	6,262,955	1,985,865
2010	395,655	335,776	387,529	459,811	508,823	616,453	739,082	700,715	531,265	599,810	498,689	380,369	6,153,977	2,087,594
2011	353,472	302,460	399,460	450,547	609,979	721,274	796,107	793,209	651,110	770,217	716,911	585,547	7,150,293	2,115,918
2012	649,889	596,119	748,776	761,002	826,096									3,581,882
Avg	352,084	328,891	419,133	467,555	547,655	606,720	713,464	674,982	553,206	624,777	502,227	398,932	5,945,200	2,115,318

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Preliminary supply / demand analysis

	Type	Property	Rooms	Age	ADR	OCC	RevPAR	
					Performance based on 2011 STR			
STR Pool	Midscale	Hampton Inn	87	6				
		Comfort Inn	71	13				
	Economy	Super 8	43	14	$62.00	33%	$20.46	Estimated using same numbers as for similar Econolodge property
		Econolodge	89	39	$62.00	33%	$20.46	RevPAR is accurate from pitch document (ADR / OCC are estimated)
		Days Inn	101	30	$65.00	45%	$29.25	Estimated based on other economy offerings, strong Days Inn brand
		Baymont	71	14	$68.50	45%	$30.62	Accurate, from pitch document
Not in STR Pool	Other	Deer Creek	91	35	$42.00	23%	$9.66	Accurate
		Southgate	102	44	$62.00	23%		Rough estimate

2007 - 2011
Average annual supply = 168,630 room nights
Average annual demand = 89,211 room nights
Average occupancy = 52.9%
Average annual revenue = $6,233,000
Average ADR = $69.86

2011 only
Economy annual demand = 44,072 room nights
Economy annual occupancy = 39.7%
Economy annual revenue = $2,858,000
Economy ADR = $64.85
Economy RevPAR = $25.75

Midscale annual demand = 49,905
Midscale annual occupancy = 86.5%
Midscale annual revenue = $4,292,000
Midscale ADR = $86.00
Midscale RevPAR = $74.39

New Supply	Microtel Inn	80
	Holiday Inn Ex	80
	Fairfield Inn	80
	Sleep Inn	65
	"Curtin" Inn	65
	Total Add	370 or 135K annual room nights

New State

Total Midscale supply then becomes 135K + existing 58K midscale (Comfort Inn + Hampton Inn) for a new total projected midscale supply of 193K annual room nights
From above, midscale demand in 2011 was 50K annual room nights
Going forward, a few factors can help create a baseline projection of what future demand will be:

2012 is stronger than 2011; via STR May YTD data, demand is up 48%; annualizing this number, we'd see an increase in midscale demand of 24K
With the new builds offering attractive lodging options, often good value (dependent on ADR), and given the poor state of the economy offerings, we could also expect midscale to gain share from the economy segment
The incremental midscale demand from this "upgrade" movement is estimated at 34K nights; this was calculated by taking the incremental economy segment list projected in 2012 (48%) and allocating it to midscale instead
Additionally, as the new Microtel involved a tear down of the existing Super 8 property, all of the Super 8 demand was shifted to midscale classification
Finally, it was assumed that the Southgate and Deer Creek Inn would see share stolen as well; the same rule was applied... the 2012 48% lift in demand was reclassified for the future as midscale
With these assumptions, the economy properties would operate at a projected 2011 level of demand; in practice, one may assume a few of these properties may cease to exist over time (survival of the fittest)
The new midscale demand would then be: 50K + 24K + 34K = 108K
Accordingly and with the projected supply of 193K, the projected annual occupancy for the midscale properties would be 56%

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Other considerations / summary...

Other Factors	1. Utica is real and using the projected 2012 demand is considered conservative
	2. While this may not have been true six months ago, considerable investment dollars have been committed to the area and the shale play has been significantly derisked
	3. Unlike some of the dry gas plays, the rich wet gas present in the Utica (and superior returns for O&G companies) increases the likelihood of fullscale development
	4. Many expect Utica (given its wet gas and emerging potential for oil) to become a play similar to Eagleford in TX; accordingly, the play is its infancy (Utica has 20 rigs vs. ~300 for Eagleford)
	5. Furthermore, such plays involve several years of development vs. a two year flash in the pan
	6. Cambridge is increasingly well positioned. While Chesapeake has focused on areas like Carroll County, other players like Gulfport, Antero, Hess, Anadarko, PDC, Markwest, etc. are focused more on the Harrison, Guersey, Noble areas
	7. The property developed on the proposed site should be a top performer within the midscale class: lower build cost allows value pricing (if needed); new build trumps Hampton Inn, Comfort Inn; access is superior vs. other most new builds
	8. Some brands considered (such as LaQuinta) also are very well know with the oil and gas community; for example, La Quinta is very strong in TX / OK / CO... this recoginition and rewards program may help too; reservations system impact is TBD
	9. While many proposed new builds are planned, it is unclear whether all projects will actually occur

Summary	While Cambridge has been a sleepy market, the midscale has performed very well over the years; dated inventory of lodging options make market ripe for new development... the catalyst of Utica shale is driving this step change
	The expected new development is very significant for a small market; that said, it's projected that if demand remains at 2012 levels as, at a minimum, it is expected, the new properties would survive
	Realistically, demand will not remain at 2012 levels. It will grow significant as a great deal of development and commerce lies ahead. Utica is infancy and appears to have a robust, productive life ahead.
	Therefore, a new build on the proposed site has potential and warrants further investigation (ie expert led feasbility study, etc)

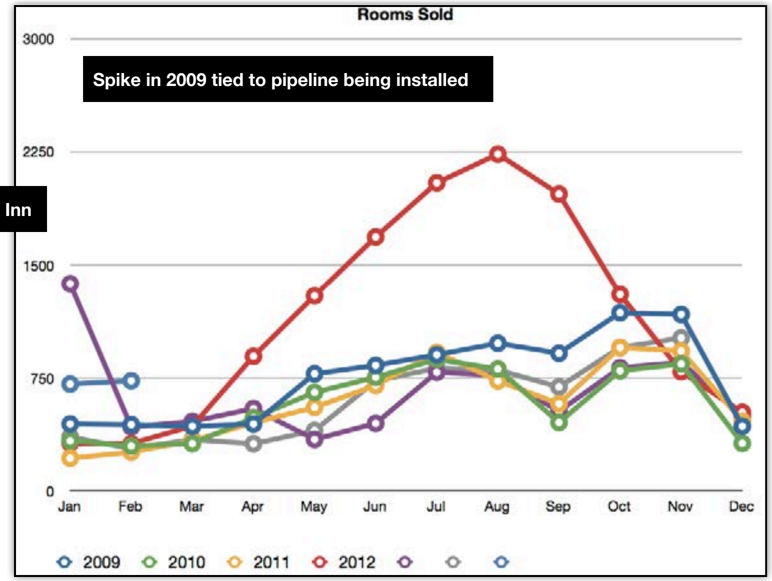
Additional information

Deer Creek & Econolodge performance

		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Full Year	Occupancy*
Rooms Sold	2006	446	442	431	446	778	834	904	980	914	1182	1171	431	8959	27%
(Recorded)	2007	334	300	316	487	655	755	874	810	456	798	843	318	6946	21%
	2008	220	260	335	454	556	701	920	731	580	952	929	465	7103	21%
	2009	318	315	432	894	1295	1686	2044	2234	1970	1304	792	523	13807	42%
	2010	1375	426	463	548	344	450	788	767	530	818	854	497	7860	24%
	2011	361	282	343	315	403	731	815	803	691	952	1015		7357	22%
	2012	710	732												
ADR	2006	37	38	36	36	38	43	47	45	33	45	37	37	39	
	2007	41	31	38	40	38	43	43	47	43	48	45	41	43	
	2008	39	39	40	44	42	46	53	52	46	46	49	34	46	
	2009	38	38	45	39	39	46	40	42	41	40	46	42	42	
	2010	40	37	38	44	47	47	46	49	45	40	42	39	43	
	2011	39	39	38	42	53	36	45	44	39	42	43	42	42	
	2012	40	40												
Revenue	2006	16071	16377	14840	15568	28984	35384	42068	43535	29578	52562	42883	15686	353536	
(Recorded)	2007	13484	9117	11494	19088	24350	31428	37172	37168	19040	38004	37562	12784	290691	
	2008	8465	9831	13170	19420	23296	31559	47909	37455	26226	43848	45412	15530	322121	
	2009	12071	11948	19037	34213	49921	77313	81555	93807	71226	52055	36206	20575	559927	
	2010	54121	15741	17524	23494	15770	20698	35697	36495	23425	33018	35474	18685	330142	
	2011	13993	10922	12779	12808	21044	25942	35788	34881	26220	39642	42448	26371	302838	
	2012	27768	28629												

*Assumes 91 rooms; note that building #4 was closed 2008, second half of 2010, and all of 2011 (reducing # of available rooms)
This reduction in available rooms is not factored in to occupancy rates above

Deer Creek Inn



Econolodge

1. There are 8 Queen, 17 King, and 64 double rooms for a total of 89 rooms.
2. Roof was replaced in 2002 and 2003.
3. Each room is equipped with individual AC units and with 6 additional units in the office building.
4. Revenues for 2011:
    1. 1/11 - $24,649
    2. 2/11 - $17,841
    3. 3/11 - $30003
    4. 4/11 - $34095
    5. 5/11 - $49840
    6. 6/11 - $78627
    7. 7/11 - $92730
    8. 8/11 - $94527
    9. 9/11 - $62,999
    10. 10/11 - $85,377
    11. 11/11 - $64,804
    12. 12/11 - $29545 - 2011 year total - $665,040

See additional documents for more details on Baymont, Econolodge, and Super 8 (St. Clairsville)

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Option A: La Quinta (or other midscale)

New 66 unit property serving Eagleford Shale in Pearsall, Texas

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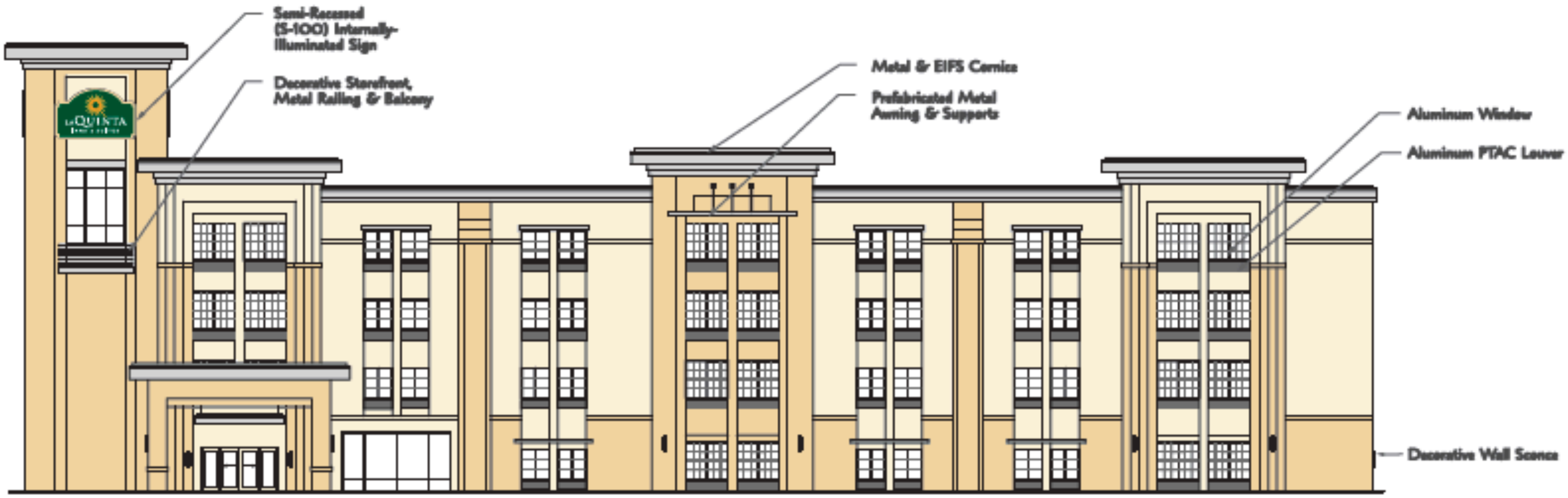
Option A: La Quinta (or other midscale)



Front Elevation

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Option B: Studio 6 (or other extended stay)

O&G workers seek out extended stay options (w/ kitchen)

A variation on Motel 6 has been developed call Studio 6; it's interesting as ADR is much higher, as is occupancy. Operating costs are very low, driving up IRR.

1.2 acre lot would support a 70-75 room property; assume $50K / key to build

Hotel mgmt co that would run, invest is now building a S6 for O&G eighty miles east in PA; experience optimizing model would be key for a Cambridge build

Feasibility studies (inclusive of five year projected financials) have already been paid for; group engaged has high degree of creditability with lenders

Key players in local community have been identified, met with; Cambridge is very hungry for commece and is development friendly.

Current plan is to wait for more O&G demand to develop a bit more; in parallel, prepare for development by engaging with potential builders, etc.

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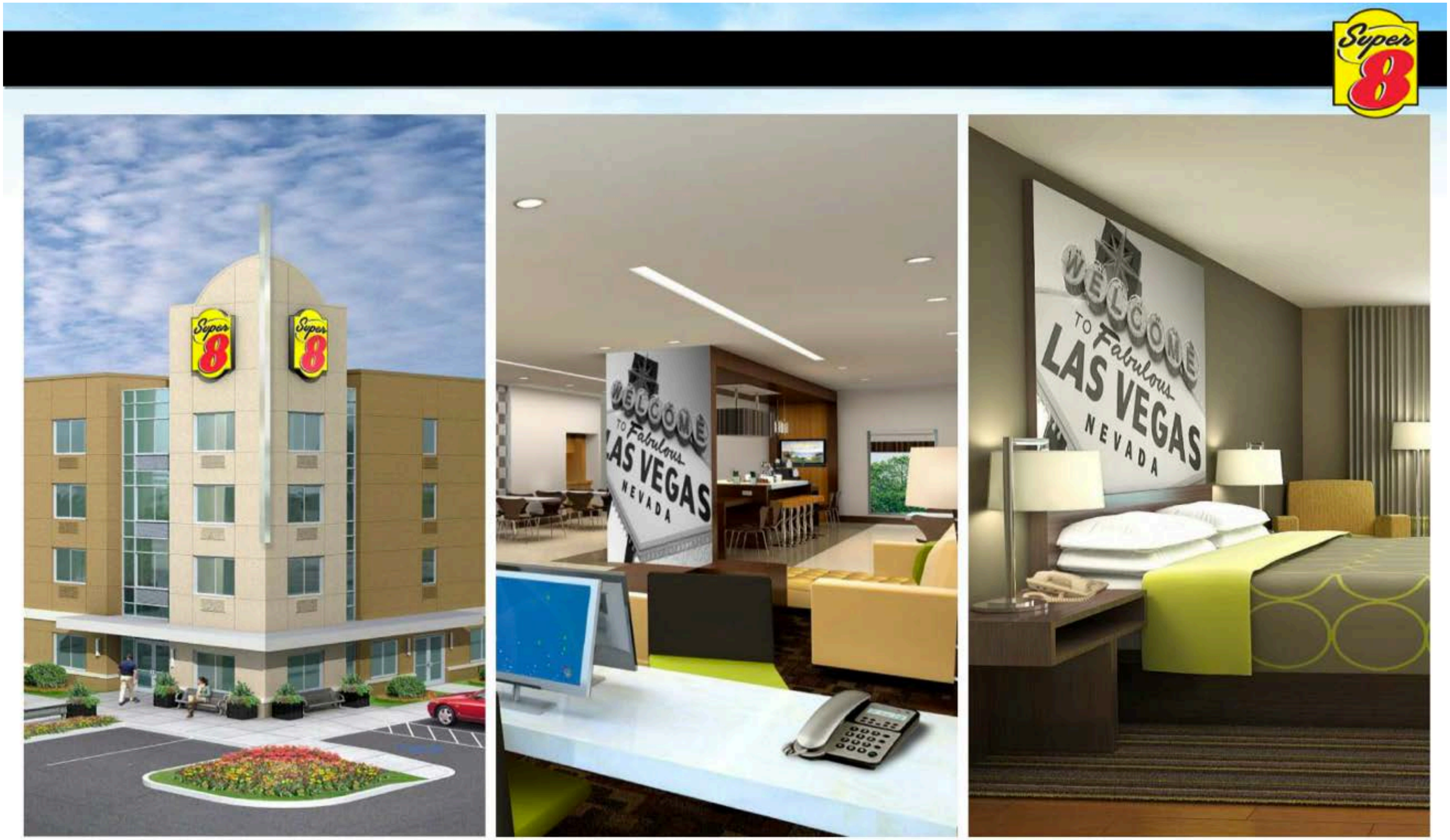
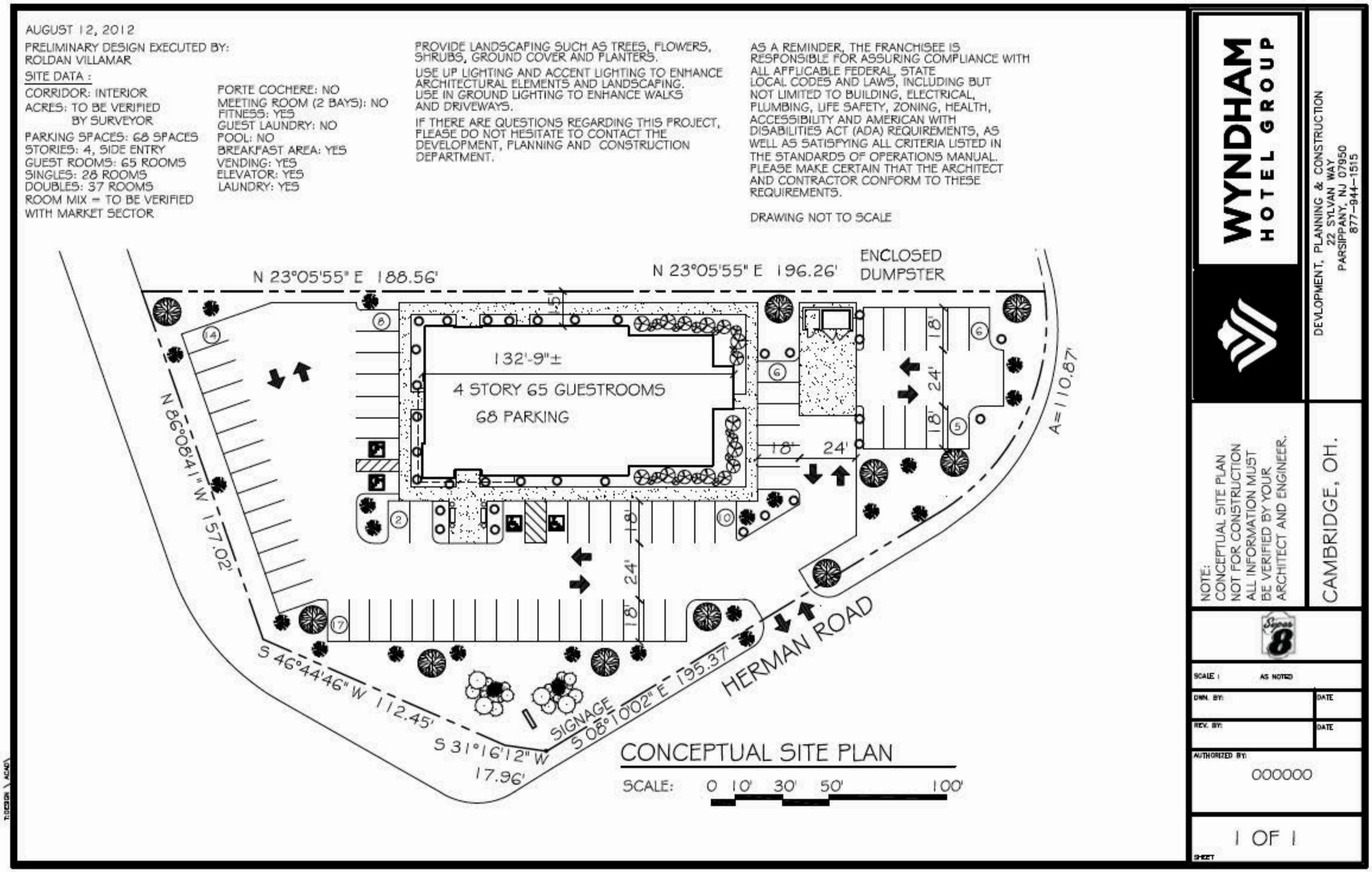
Option B: Studio 6 (or other extended stay)




Option C: Super 8 (or Red Roof / Motel 6)



Option C: Super 8 (or Red Roof / Motel 6)



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