

FINANCIAL PROFORMA

Projections of the annual operating results for the proposed Fairfield Inn & Suites were prepared for five years, 2021 through 2025 and presented in U.S. Dollars. The projections are based on the results of operations in comparable facilities and our calculations regarding the environment in which the proposed hotel would operate. The basis found on the following pages were prepared in constant dollars, July 2019, with slight inflation increases noted in the Proforma Schedules.

The PKF Hospitality Research *Trends in the Hotel Industry- USA Edition-2018* Report, is positioned as a benchmark for the Proforma of the proposed hotel.

The hotel is scheduled to open during 2020, thus the first full year will be 2021. The Proforma for 2021 was calculated by line-item classifications of all types of Revenues, Payroll and Other Expenses in each Department. These Schedules have been prepared according to the guidelines set forth in the “Uniform System of Accounts for the Lodging Industry, Eleventh Revision Edition.” Subsequent years of the Proforma were adjusted to inflation and normal usage factors of a mid-priced transient hotel.

The accompanying projections are based on estimates and assumptions developed in connection with the Feasibility Study. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur, therefore, actual results achieved during the projection period will vary from the projections and the variations may be material.

**Fairfield Inn & Suites
Umatilla, Florida
Proforma Year One**

75 Rooms

Schedule 1 of 9

	<i>Full Year</i>	<i>Ratio %</i>	<i>Full Year Dollars Per Available Room</i>
Available Suite Nights	27,375		
Occupancy	70.0%		
Occupied Suite Nights	19,163		
Average Daily Rate	105.00		
RevPar	73.50		
Revenues			
Rooms	2,012,060	92.8%	73.50
Retail Center	118,630	5.5%	4.33
Other Hotel	38,330	1.8%	1.40
Total Revenue	2,169,020	100.0%	79.23
Departmental Profit			
Rooms	1,420,820	70.6%	51.90
Telecommunications	(16,290)	0.0%	(0.60)
Retail Center	80,310	67.7%	2.93
Other	34,940	59.0%	1.28
Total Departmental (House) Profit	1,519,780	70.1%	55.52
Deductions From Income			
Administrative & General	156,940	7.2%	5.73
Sales & Marketing	113,300	5.2%	4.14
Complimentary Guest Services	112,550	5.2%	4.11
Marketing Fee Room Revenue x 2.5%	50,300	2.3%	1.84
Franchise Fee Room Revenue x 5.0%	100,600	4.6%	3.67
Utilities	106,600	4.9%	3.89
Repairs & Maintenance	<u>68,460</u>	<u>3.2%</u>	<u>2.50</u>
Total Deductions From Income	708,750	32.7%	25.89
Gross Operating Profit	811,030	37.4%	29.63
Fixed Costs			
Real Estate Taxes – Allowance	40,000	1.8%	1.46
Management Fee	65,071	3.0%	2.38
Insurance - Allowance	30,000	1.4%	1.10
Replacement Reserve	<u>10,845</u>	<u>0.5%</u>	<u>0.40</u>
Total Fixed Costs	145,920	6.7%	5.33
Net Operating Income Before Debt Service	665,110	30.7%	24.30
Debt Service			
Cash Flow			

Source: Interim Hospitality Consultants

**Fairfield Inn & Suites
Umatilla, Florida
Proforma Year One
Rooms Department**

Schedule 2 of 9

Rooms Revenue						2,012,060
Payroll	F	P	<i>Per Unit of</i>	<i>Factor</i>		
Front Office						
Front Office Manager			Annual Salary			
Front Desk Clerks/Reserv. Concierge	2	1	Hourly Rate	\$12.	62,400	
Bellman/Valet/Drivers			Daily x 8 hr x			
Night Auditor Staff	1	1	Daily x 8 hr x	\$15	46,800	
Subtotal Front Office Wages	3	2				109,200
Housekeeping						
Executive Housekeeper	1		Salary	\$40,000	40,000	
Inspectress Staff			Daily x 8 hr x			
Houseman Staff	1	1	Daily x 8 hr x	\$10	31,200	
Laundry Staff	1	1	Daily x 8 hr x	\$10	31,200	
Housekeepers	5	3	Occupied Suites/year	29,565		
			Suites Cleaned/Maid/day	16.0		
			Housekeeping Days/year	1,848		
			Housekeeping Hours/year	14,783		
			Wage/Hour	\$10		
			Housekeeper's Wages		147,830	
Subtotal Housekeeping Wages	8	5				250,230
Total Rooms Department Wage						359,430
Taxes and Benefits				15.0%		53,910
Total Room Department Payroll						413,340
As Percentage of Room Revenue						20.5%
Other Expenses						
Cable Television			Month	600.00	7,200	
Carpet Cleaning			Suite/6 mo.	20.00	3,000	
China/Glass/Silver			Month	100.00	1,200	
Cleaning Supplies			Occupied Suite	1.50	28,740	
Drapery			Month	50.00	600	
Marriott Rewards Program			Room Revenue	1.0%	20,120	
Guest Supplies			Occupied Suite	1.50	28,740	
Laundry Supplies			Occupied Suite	0.02	380	
Linen			Occupied Suite	3.00	57,490	
Miscellaneous			Month	500.00	6,000	
Printing			Occupied Suite	1.00	19,160	
Travel Agent Commission			Occupied Suite	0.15	2,870	
Uniforms			Month	200.00	2,400	
Total Other Expenses						177,900
As Percentage of Room Revenue						8.8%
Rooms Department Profit						1,420,820
As Percentage of Room Revenue						70.6%
Per Occupied Room						74.15

**Fairfield Inn & Suites
Umatilla, Florida
Proforma Year One
Minor Departments**

Schedule 3 of 9

<i>Departments</i>	<i>FT</i>	<i>PT</i>	<i>Rate</i>	<i>Revenue per Occupied Suite</i>		<i>Ratio</i>
Telecommunications						
Expense				(0.85)	(16,290)	
Profit				(0.85)	(16,290)	100.0%
Retail Center*						
Revenue				4.00	76,650	100.0%
Expense of Goods				(2.00)	(38,320)	(50.0%)
Wages						
Taxes and Benefits				15.0%		
Profit				2.00	38,330	50.0%
Other*						
Revenue				2.00	38,330	100.0%
Expense				(1.00)	(19,160)	(50.0%)
Profit				0.83	19,170	50.0%
*Revenue of Valet Cleaning, Meeting Room, FAX, ATM, Vending, etc.						

Schedule 4 of 9

Total Hotel Payroll							
	<i>Employees</i>			<i>Taxes and Benefits</i>	<i>Total Payroll</i>		
	<i>FT</i>	<i>PT</i>	<i>Wages</i>				
Rooms							
Front Office	3	2	109,200	16,380	125,580	5.8%	
Housekeeping	8	5	250,230	37,535	287,760	13.3%	
Subtotal Rooms Department	11	7	359,430	53,910	413,340	19.1%	
Retail Department							
Food & Beverage Department							
Administrative and General							
Administrative Wages	1	1	70,000	10,500	80,500	3.7%	
Security Payroll							
Subtotal A&G Department	1	1	70,000	10,500	80,500	3.7%	
Food and Beverage Comp Services		2	20,800	3,120	23,920	1.1%	
Sales & Marketing	1		40,000	6,000	46,000	2.1%	
Repair & Maintenance	1		40,000	6,000	46,000	2.1%	
Grand Total Hotel Payroll	14	10	530,2320	79,530	609,760	28.1%	

Note: Totals may not foot due to rounding

**Fairfield Inn & Suites
Umatilla, Florida
Proforma Year One
Administrative and General**

Schedule 5 of 9

			<i>Per Unit of</i>	<i>Factor</i>		
Payroll	F	P				
Manager	1		Annual Salary	\$50,000	50,000	
Assistant Manager						
Secretary/Accounting		$\frac{1}{1}$	Salary	\$40,000	20,000	
Subtotal Admin. Payroll	1	1				
			Taxes & Benefits	15.0%	10,500	
Subtotal Office Payroll					80,500	
Security Staff			Daily x 8 hr x			
			Taxes & Benefits			
Subtotal: Security Payroll						
Total Admin. & Gen. Payroll	1	1				80,500
Other Expenses						
Accounting Fees			Month	500.00	6,000	
Bank Charges			Month	100.00	1,200	
Computer Expense			Month	300.00	3,600	
Credit Card Commission			Room Revenue	1.5%	30,180	
Legal Fees			Unbudgeted			
Licenses			Annual		2,000	
Miscellaneous			Month	300.00	3,600	
Office Expenses			Occupied Suite	0.40	7,670	
Printing			Occupied Suite	0.25	4,790	
Internet Expenses			Month	1,000.00	12,000	
Trade Association Dues			Annual		3,000	
Travel Expenses			Month	200.00	2,400	
Total Other Expenses						76,440
Total Administrative and General						156,940
As Percentage of Total Revenue						7.2%
Per Occupied Room						8.19

**Fairfield Inn & Suites
Umatilla, Florida
Proforma Year One
Food & Beverage Complimentary Services**

Schedule 6 of 9

	F	P	Per Unit of	Factor		
Breakfast 6 am - 10 am, M-F 7 am - 11 am, S, S		1	Daily x 4 hr x 7 days Daily x 4 hr x 2 days	10.00 10.00		14,560
Social Hour 5 pm - 7 pm, M-Th Desk Clerk Total Wages		1	Daily x32 hr x 4 days Taxes & Benefits	10.00 15.0%		6,240 20,800 3,120
Total Payroll		2				23,920
Other Expenses Food - Breakfast Food - Social Hour Liquor/Beer/Wine Paper Products Newspapers Seasonal Items Total Other Expenses			Per Occupied Suite Occupied Suite Occupied Suite Occupied Suite Occupied Suite Month	2.25 0.85 1.00 0.15 0.25 200.00		43,120 16,290 19,160 2,870 4,790 2,400 88,630
Total Complimentary Service						112,550
Per Occupied Room						5.87

**Fairfield Inn & Suites
Umatilla, Florida
Proforma Year One
Sales and Marketing**

Schedule 7 of 9

		<i>Per Unit of</i>	<i>Factor</i>		
Payroll Director of Sales Sales Manager Secretary Staff	F	P			
	1		Salary	40,000	40,000
			Salary		
			Salary		
			Total Wages		40,000
		Tax and Benefits	15.0%	6,000	
Total Payroll					46,000
Advertising					
Billboards		Month	2,500.00	30,000	
Internet		Month	1,000.00	12,000	
Production		Annual	500.00	500	
Yellow Pages		Month			
Total Advertising					42,500
Public Relations					
Contributions		Month	500.00	6,000	
Travel		Month	350.00	4,200	
Trade Shows		Two (2) per year	2,500.00	5,000	
Guest Relations		Month	500.00	6,000	
Total Public Relations					21,200
Promotions					
Brochures		Pre-Opening Expense			
Direct Mail		Month			
Merchandise		Month	300.00	3,600	
Total Promotions					3,600
Total Sales and Marketing					113,300
As a percentage of Total Revenue					5.2%
Per Occupied Room					5.91

Fairfield Inn & Suites Hotels National Fees

Marketing Fee	2.5%	of Room Revenue Year 1	\$ 50,300
	2.5%	of Room Revenue Year 2	\$ 51,990
	2.5%	of Room Revenue Year 3	\$ 53,710
	2.5%	of Room Revenue Year 4	\$ 55,610
	2.5%	of Room Revenue Year 5	\$ 57,230
Franchise Fee	5.0%	of Room Revenue Year 1	\$100,600
	5.0%	of Room Revenue Year 2	\$103,980
	5.0%	of Room Revenue Year 3	\$107,420
	5.0%	of Room Revenue Year 4	\$111,210
	5.0%	of Room Revenue Year 5	\$114,460

**Fairfield Inn & Suites
Umatilla, Florida
Proforma Year One
Utilities**

Schedule 8 of 9

	<i>Per Unit of</i>	<i>Factor</i>		
Electric	Occupied Suite	2.00	38,325	
Gas	Occupied Suite	1.75	33,534	
Water/Sewer	Occupied Suite	1.50	28,744	
Refuse	Month	500.00	6,000	
Total Utilities				106,600
As a percentage of Total Revenue				4.9%
Per Occupied Room				5.56

Repairs and Maintenance

Schedule 9 of 9

Payroll	F	P				
Chief Engineer	1		Salary	40,000	40,000	
Part-Time Worker			Daily x 8 hr x			
Subtotal Wages	1	0				
Total Repair & Maint Payroll	1	0	Taxes & Benefits	15.0%	6,000	46,000
Other Expenses						
Electrical			Month	50.00	600	
Plumbing			Month	50.00	600	
HVAC			Month	50.00	600	
Building			Month	100.00	1,200	
Suites - Bedrooms			Month	100.00	1,200	
Suites – Micro-Fridge			Month	50.00	600	
Grounds			Month	400.00	4,800	
Parking Deck			Annual		500	
Pest Control			Month	80.00	960	
Light Bulbs			Month	50.00	600	
Television/VCP			Month	50.00	600	
Uniforms			Month	50.00	600	
Pool/Spa			Month	300.00	3,600	
Miscellaneous			Month	500.00	6,000	
Total Other Expenses						22,460
Total Repair & Maintenance Expenses						68,460
As a percentage to Total Revenues						3.2%
Per Occupied Room						3.57

**Five-Year Proforma
Fairfield Inn & Suites, Umatilla, Florida**

Total Number of Rooms: 75	2021		2022		2023		2024		2025	
Occupancy		70%		71%		72%		73%		74%
Average Daily Rate	105.00		107.00		109.00		111.00		113.00	
RevPAR	73.50		75.97		78.48		81.03		83.62	
Revenues										
Rooms	2,012,060	92.8%	2,079,680	92.7%	2,148,390	93.1%	2,224,270	92.6%	2,289,100	92.5%
Retail Center	118,630	3.0%	124,560	3.0%	120,790	2.8%	137,330	2.9%	144,200	2.8%
Other Hotel	38,330	1.8%	38,870	1.7%	39,420	1.7%	40,080	1.7%	40,520	1.6%
Total Revenue	2,169,020	100.0%	2,243,110	97.4%	2,308,600	97.6%	2,401,680	97.2%	2,473,820	97.0%
Departmental Profit										
Rooms	1,420,820	70.6%	1,497,370	72.0%	1,568,320	73.0%	1,645,960	74.0%	1,716,830	75.0%
Telecommunications	(16,290)	0	(16,520)	0.0%	(17,020)	0.0%	(17,530)	0.0%	(18,060)	0.0%
Retail Center	80,310	67.7%	84,330	67.0%	80,930	67.0%	92,010	67.0%	96,610	67.0%
Other Hotel	34,940	59.0%	34,900	89.8%	35,390	89.8%	36,330	90.6%	37,400	92.3%
Total Departmental (House)Profit	1,519,780	70.1%	1,600,080	71.3%	1,667,620	72.2%	1,756,770	73.1%	1,832,780	74.1%
Deductions From Income										
Administrative & General	156,940	7.2%	159,180	7.1%	161,420	7.0%	164,110	6.8%	165,910	6.7%
Sales & Marketing	113,300	5.2%	114,920	5.1%	116,540	5.0%	118,480	4.9%	119,770	4.8%
Complimentary Guests Services	112,550	5.2%	114,160	5.1%	115,770	5.0%	117,700	4.9%	118,980	4.8%
Marketing Fee -- 2.5%	50,300	2.3%	51,990	2.3%	53,710	2.3%	55,610	2.3%	57,230	2.3%
Royalty Fee -- 5.0%	100,600	4.6%	103,980	4.6%	107,420	4.7%	111,210	4.6%	114,460	4.6%
Utilities	106,600	4.9%	108,120	4.8%	109,650	4.7%	111,470	4.6%	112,690	4.6%
Repairs & Maintenance	68,460	3.2%	69,440	3.1%	70,420	3.1%	71,590	3.0%	72,370	2.9%
Total Deductions From Income	708,750	32.7%	721,790	32.2%	734,930	31.8%	750,170	31.2%	761,410	30.8%
Gross Operating Profit	811,030	37.4%	878,290	39.2%	932,690	40.4%	1,006,600	41.9%	1,071,370	43.3%
Fixed Costs										
Real Estate Taxes - Allowance	40,000	1.8%	40,500	1.8%	41,000	1.8%	41,500	1.7%	42,000	1.7%
Management Fee	65,071	3.0%	67,290	3.0%	69,260	3.0%	72,050	3.0%	74,210	3.0%
Insurance-Allowance	30,000	1.4%	30,500	1.4%	31,000	1.3%	31,500	1.3%	32,000	1.3%
Replacement Reserves	10,845	0.5%	11,220	0.5%	11,540	0.5%	12,010	0.5%	12,370	0.5%
Total Fixed Costs	145,920	6.7%	149,510	6.7%	152,800	6.6%	157,060	6.5%	160,580	6.5%
Net Operating Income Before Debt Service	665,110	30.7%	728,780	32.5%	779,890	33.8%	849,540	35.4%	910,790	36.8%
Debt Service	-	0.0%	-	0.0%		0.0%		0.0%		0.0%
Cash Flow	-	0.0%		0.0%		0.0%		0.0%		0.0%

Interim Hospitality Consultants – 850.443.5010 – July 12, 2019



SUPPORTING DOCUMENTS

Interim Hospitality Consultants has included the following Hospitality Industry publications that explain and support the Conclusions and Proforma of this Hotel Feasibility Study.

The information is provided as a background to illustrate the segment as it relates to a 75-room Fairfield Inn & Suites Hotel in Umatilla, Florida:

- Trends in the Hotel Industry, USA Edition - 2018
- Tax Incentives for Industry
- 2017 Hotel Cost Estimating Guide
- Project Cost Estimation Sheets
- Partnership Issues by Hotel Financial Strategies
- U.S. Hotel Development Cost Survey-2016/2017
- 2019 – Hotel Management Companies
- Interim Hospitality Consultants
- Letter of Agreement