

Phoenix Biltmore/Scottsdale, Arizona

Confidential Investment Offering

For Sale By Owner



Best Western InnSuites Hotel & Suites Phoenix Biltmore/Scottsdale



\$10,600,000 (TERMS)

\$9,800,000 (CASH)

InnSuites Hotels Inc. 1625 East Northern Avenue Suite 105 – Phoenix, Arizona 85020

T 602.944.1500 F 602.678.0281 www.rareearthdev.com

Contact: Marc Berg mberg@innsuites.com

Phoenix Biltmore/Scottsdale, Arizona

Phoenix Northern Resort LLC is offering for sale the 112-suite Best Western InnSuites Hotel & Suites Phoenix Biltmore/Scottsdale in Phoenix, AZ (subject property).

This property is a moderate service suite hotel located on Northern Avenue just ½ mile west of State Route 51 in the prestigious Biltmore resort area. The hotel occupies 3.27 acres of fee simple land. The Hotel holds a year-to-year Best Western national franchise in good standing and supplemental month-to-month InnSuites regional reservations source. The Hotel is offered fully unencumbered by franchise or management. The regional InnSuites Hotel & Suites Trademark license is available as a cost effective supplemental source of reservations at a reasonable rate on a month-to-month basis the first year and year-to-year basis thereafter at the sole option of the Buyer. The national Best Western franchise is current in good standing on a year-to-year basis.

The Best Western InnSuites Hotel & Suites Phoenix Biltmore/Scottsdale provides an exceptional investment opportunity to acquire an Arizona moderate service, upscale Suite Hotel serving the growing Phoenix/Southwestern United States region.

Confidential Offering Presented by:

Marc Berg

602.944.1500

mberg@innsuites.com

Additional information on this and other opportunities may be obtained from www.rareearthdev.com

1625 East Northern Avenue Suite 105 · Phoenix, Arizona 85020

T (602) 944.1500 · F (602) 678.0281 · www.rareearthdev.com



Best Western InnSuites Hotel & Suites Phoenix Biltmore/Scottsdale
Two-room Presidential Jacuzzi Suite

Principals of the seller are licensed Arizona real estate brokers. Rare Earth Realty is a division of Rare Earth Development Company with common ownership between the seller and the broker. Rare Earth is an agent which exclusively represents the seller. Rare Earth Realty is a licensed Arizona broker.

Phoenix Biltmore/Scottsdale, Arizona

5-Year ADR, Occupancy & Revpar Overview

	2005	2006	2007	2008	2009	2010 (PROJ)
Occupancy	73.1%	74.1%	74.9%	74.8%	66.6%	73.0%
Average Daily Rate	\$72.92	\$79.13	\$90.83	\$84.44	\$80.77	\$90.00
Revpar	\$53.27	\$58.61	\$67.98	\$63.20	\$53.76	\$65.70



State of the Art Flat screen TVS

Phoenix Biltmore/Scottsdale, Arizona

Guestsuits

The hotel features 112 guest studios and suites. Of all the suites, the Studio King, Studio Double Queen, and Boardroom are single studios. The remaining suites are 2-room suites in design. Therefore, 32 of the 112 units are 2-room suites. 8 units include an oversized therapeutic two-person Jacuzzi tub which benefits premium corporate and weekend leisure business.

Guest Studio and Suite Inventory	
Type	Number
Studio King with Queen Sofa Sleeper	38
Studio Double Queen	32
Studio King with Jacuzzi	2
Junior 2 Room Suites	12
Executive 2 Room Suites	4
Presidential Junior Jacuzzi Suites	2
Family 2 Room Suites with 2 Bathrooms	10
Grand Presidential Jacuzzi Suites	4
Boardroom	1
Offices	7
Total No. of Studios and Suites	112 Suites

Guest Studios and Suites feature the following amenities:

- Simmons Cloud 9 Pillowtop Beds
- Large TV's with Premier Cable Movie Channels
- Microwave/Refrigerator (Many with flat screen)
- Coffee Maker with Coffee & Tea
- Free Hi-Speed and Wi-Fi Internet Access with both Reliable Hard-wired and Convenient WiFi
- Two-line phones with Free Local Phone Calls and Voicemail
- Room Service
- Convertible Sofa beds in the Living Room and select Studios
- AM/FM Clock Radios
- Hairdryer
- Quiet Air Conditioning with Wall-mounted Thermostats
- Iron/Ironing board
- Electronic Locks
- Smoking/Non-Smoking
- Handicap Accessible



Family Suite with Living Room and 2 Bathrooms

Phoenix Biltmore/Scottsdale, Arizona

PROPERTY OPERATING STATEMENTS - UNAUDITED NOI

For the 12 Months Ended December 31, 2007, 2008, 2009 and Projected December 31, 2010

	31-Dec-07	31-Dec-08	31-Dec-09	Projected 31-Dec-10
Revenues				
Room	\$ 2,530,855	\$ 2,399,030	\$ 1,903,812	\$ 2,063,000
Food & beverage	21,889	21,739	11,041	15,500
Telecommunications	6,363	5,235	2,682	2,500
Miscellaneous	<u>69,659</u>	<u>48,242</u>	<u>37,023</u>	<u>27,500</u>
Total revenues	\$ 2,628,766	\$ 2,474,246	\$ 1,954,557	\$ 2,108,500
Expenses				
Rooms	\$ 568,885	\$ 597,781	\$ 503,885	\$ 515,000
Food & beverage	5,401	3,095	4,156	4,000
Telecommunications	10,373	13,142	5,048	5,000
Miscellaneous	2,404	2,331	2,378	2,500
G&A	259,421	211,341	202,206	191,161
Advertising & promotion	113,274	150,988	168,868	160,000
Utilities	150,069	164,204	144,395	145,000
Repairs & maintainance	219,621	215,704	199,430	177,500
Hospitality	108,430	132,574	111,219	117,500
Management fees to affiliates	58,548	58,641	47,675	51,575
Advertising Trust fees to affiliates	25,177	24,001	19,070	2,453
Corporate accounting fees	24,000	24,000	24,000	27,000
Best Western trademark license fees	55,957	64,909	65,127	66,500
Trademark license fees to affiliates	<u>31,434</u>	<u>30,002</u>	<u>23,837</u>	<u>9,811</u>
Total expenses	\$ 1,632,994	\$ 1,692,713	\$ 1,521,293	\$ 1,475,000
Gross Operating Profit	\$ 995,772	\$ 781,533	\$ 433,263	\$ 633,500
Add back:				
Corporate accounting fees	\$ 24,000	\$ 24,000	\$ 24,000	\$ 24,000
Management fees to affiliates	58,548	58,641	47,675	51,575
Advertising Trust fees to affiliates	25,177	24,001	19,070	2,453
Trademark license fees to affiliates	<u>31,434</u>	<u>30,002</u>	<u>23,837</u>	<u>9,811</u>
Subtotal add backs	<u>139,159</u>	<u>136,644</u>	<u>114,582</u>	<u>87,839</u>
Adjusted Gross Operating Profit	\$ 1,134,931	\$ 918,177	\$ 547,845	\$ 721,339
Real estate and personal property taxes	\$ 40,090	\$ 55,778	\$ 60,500	\$ 60,000

Depreciation, interest expense and professional/legal fees are not included in this statement.

Total suite count increased from 104 to 111 in October 2009.

Projected results for calendar year 2010 are based on management's expectatations and assumptions.

Management provides no assurance that actual operating results will meet or exceed these projections.

Phoenix Biltmore/Scottsdale, Arizona

For the Period Ended December 31, 2009

	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Year End
SUITES AVAILABLE													
2002	3255	2940	3255	3150	3255	3150	3255	3255	3150	3255	3150	3255	38325
2003	3255	2940	3255	3150	3255	3150	3255	3255	3150	3255	3150	3255	38325
2004	3255	3045	3224	3120	3224	3120	3224	3224	3120	3224	3120	3224	38124
2005	3255	2912	3224	3120	3224	3120	3224	3224	3120	3224	3120	3224	37991
2006	3224	2912	3224	3120	3224	3120	3224	3224	3120	3224	3120	3224	37960
2007	3224	2912	3224	3120	3224	3120	3224	3224	3120	3224	3120	3224	37960
2008	3224	3016	3224	3120	3224	3120	3224	3224	3120	3224	3120	3472	38312
2009	3224	2912	3224	3120	3224	3120	3224	3224	3120	3441	3330	3441	38604
2010	3441	3108	3441	3330	3441	3330	3441	3441	3330	3441	3330	3441	40515
REVENUE SUITES													
2002	1709	1885	2916	2158	1842	1261	1102	1381	1487	1937	1902	1868	21448
2003	2397	2431	2661	2456	2112	1923	1606	1418	1799	1938	2082	1944	24767
2004	2358	2280	2811	2094	1859	1572	1574	1621	2110	1954	2007	2107	24347
2005	2726	2595	2968	2715	2640	1848	1730	1592	1733	2395	2361	2450	27753
2006	2616	2561	3069	2644	2357	1944	1993	1831	2091	2407	2419	2183	28115
2007	2798	2550	2968	2658	2284	1842	1885	1990	2202	2288	2210	2068	27743
2008	2557	2440	2877	2751	2383	1785	2559	1702	2208	2547	2514	2087	28410
2009	2067	2569	3027	2486	2113	1675	1557	1287	1690	1954	2242	1879	24546
2010	2100	2675	3050	2600	2300	1775	1675	1450	1900	2125	2450	1800	25900
COMP SUITES													
2002	39	51	43	75	53	65	103	97	95	50	36	109	816
2003	34	42	33	50	54	37	77	83	44	56	74	100	684
2004	30	33	14	40	85	88	115	91	73	78	37	68	752
2005	25	0	5	10	46	55	89	65	40	53	5	13	406
2006	3	0	0	2	12	19	16	40	19	9	7	6	133
2007	15	16	13	51	69	48	51	43	45	28	24	38	441
2008	0	0	0	0	2	48	54	95	48	12	0	2	261
2009	1	0	4	1	0	0	30	45	0	0	0	6	87
2010	5	5	5	5	5	5	5	5	5	5	5	5	60
OCCUPANCY PERCENT % (Revenue Suites only/Suites Available)													
2002	52.5%	64.1%	89.6%	68.5%	56.6%	40.0%	33.9%	42.4%	47.2%	59.5%	60.4%	57.4%	56.0%
2003	73.6%	82.7%	81.8%	78.0%	64.9%	61.0%	49.3%	43.6%	57.1%	59.5%	66.1%	59.7%	64.6%
2004	72.4%	74.9%	87.2%	67.1%	57.7%	50.4%	48.8%	50.3%	67.6%	60.6%	64.3%	65.4%	63.9%
2005	83.7%	89.1%	92.1%	87.0%	81.9%	59.2%	53.7%	49.4%	55.5%	74.3%	75.7%	76.0%	73.1%
2006	81.1%	87.9%	95.2%	84.7%	73.1%	62.3%	61.8%	56.8%	67.0%	74.7%	77.5%	67.7%	74.1%
2007	86.8%	87.6%	92.1%	85.2%	70.8%	59.0%	58.5%	61.7%	70.6%	71.0%	70.8%	64.1%	73.1%
2008	79.3%	80.9%	89.2%	88.2%	73.9%	57.2%	79.4%	52.8%	70.8%	79.0%	80.6%	60.1%	74.2%
2009	64.1%	88.2%	93.9%	79.7%	65.5%	53.7%	48.3%	39.9%	54.2%	56.8%	67.3%	54.6%	63.6%
2010	61.0%	86.1%	88.6%	78.1%	66.8%	53.3%	48.7%	42.1%	57.1%	61.8%	73.6%	52.3%	63.9%
AVERAGE DAILY RATE (Room Revenue/Revenue Suites)													
2002	\$ 75.94	\$ 94.31	\$ 87.90	\$ 70.47	\$ 65.13	\$ 66.63	\$ 60.90	\$ 61.01	\$ 62.44	\$ 73.28	\$ 77.23	\$ 60.83	\$ 73.04
2003	\$ 67.54	\$ 85.81	\$ 87.71	\$ 63.53	\$ 61.21	\$ 56.85	\$ 53.85	\$ 53.15	\$ 55.62	\$ 70.83	\$ 70.83	\$ 62.85	\$ 67.32
2004	\$ 76.39	\$ 94.05	\$ 94.61	\$ 76.84	\$ 68.04	\$ 57.02	\$ 58.19	\$ 56.83	\$ 57.99	\$ 74.17	\$ 80.24	\$ 63.42	\$ 73.24
2005	\$ 75.64	\$ 86.05	\$ 95.39	\$ 76.15	\$ 62.63	\$ 60.81	\$ 57.67	\$ 58.90	\$ 62.44	\$ 74.25	\$ 78.44	\$ 66.06	\$ 72.92
2006	\$ 90.65	\$ 96.86	\$ 96.22	\$ 81.33	\$ 69.33	\$ 60.97	\$ 60.51	\$ 62.05	\$ 68.33	\$ 80.82	\$ 82.44	\$ 81.85	\$ 79.22
2007	\$ 105.15	\$ 115.80	\$ 106.92	\$ 93.64	\$ 85.08	\$ 70.69	\$ 65.93	\$ 69.21	\$ 78.30	\$ 93.34	\$ 94.82	\$ 93.36	\$ 91.22
2008	\$ 109.00	\$ 131.06	\$ 116.74	\$ 87.35	\$ 75.77	\$ 71.77	\$ 41.56	\$ 67.68	\$ 64.73	\$ 76.18	\$ 81.23	\$ 73.31	\$ 84.44
2009	\$ 86.14	\$ 92.35	\$ 92.45	\$ 79.62	\$ 71.25	\$ 68.64	\$ 65.15	\$ 66.76	\$ 62.65	\$ 74.14	\$ 77.97	\$ 70.40	\$ 77.56
2010	\$ 86.67	\$ 91.96	\$ 93.44	\$ 82.69	\$ 72.83	\$ 69.01	\$ 67.16	\$ 67.24	\$ 64.47	\$ 76.47	\$ 79.59	\$ 86.11	\$ 79.65
REVENUE PAR (Room Revenue/Suites Available)													
2002	\$ 39.87	\$ 60.47	\$ 78.74	\$ 48.28	\$ 36.86	\$ 26.67	\$ 20.62	\$ 25.88	\$ 29.47	\$ 43.61	\$ 46.63	\$ 34.91	\$ 40.88
2003	\$ 49.73	\$ 70.96	\$ 71.70	\$ 49.54	\$ 39.72	\$ 34.71	\$ 26.57	\$ 23.16	\$ 31.76	\$ 42.17	\$ 46.82	\$ 37.53	\$ 43.51
2004	\$ 55.34	\$ 70.42	\$ 82.49	\$ 51.57	\$ 39.23	\$ 28.73	\$ 28.41	\$ 28.57	\$ 39.22	\$ 44.95	\$ 51.62	\$ 41.45	\$ 46.77
2005	\$ 63.35	\$ 76.68	\$ 87.82	\$ 66.26	\$ 51.29	\$ 36.02	\$ 30.95	\$ 29.09	\$ 34.68	\$ 55.16	\$ 59.36	\$ 50.20	\$ 53.27
2006	\$ 73.55	\$ 85.19	\$ 91.60	\$ 68.92	\$ 50.69	\$ 37.99	\$ 37.41	\$ 35.24	\$ 45.79	\$ 60.34	\$ 63.92	\$ 55.42	\$ 58.67
2007	\$ 91.25	\$ 101.40	\$ 98.43	\$ 79.78	\$ 60.27	\$ 41.73	\$ 38.55	\$ 42.72	\$ 55.26	\$ 66.24	\$ 67.16	\$ 59.88	\$ 66.67
2008	\$ 86.45	\$ 106.03	\$ 104.18	\$ 77.02	\$ 56.00	\$ 41.06	\$ 32.99	\$ 35.73	\$ 45.81	\$ 60.19	\$ 65.45	\$ 44.07	\$ 62.62
2009	\$ 55.22	\$ 81.48	\$ 86.80	\$ 63.44	\$ 46.70	\$ 36.85	\$ 31.46	\$ 26.65	\$ 33.94	\$ 42.10	\$ 52.49	\$ 38.44	\$ 49.32
2010	\$ 52.89	\$ 79.15	\$ 82.82	\$ 64.56	\$ 48.68	\$ 36.79	\$ 32.69	\$ 28.33	\$ 36.79	\$ 47.22	\$ 58.56	\$ 45.05	\$ 50.92
ROOM REVENUE													
2002	\$ 129,785	\$ 177,776	\$ 256,310	\$ 152,085	\$ 119,973	\$ 84,018	\$ 67,112	\$ 84,255	\$ 92,843	\$ 141,946	\$ 146,896	\$ 113,630	\$ 1,566,629
2003	\$ 161,882	\$ 208,608	\$ 233,396	\$ 156,036	\$ 129,276	\$ 109,327	\$ 86,483	\$ 75,373	\$ 100,056	\$ 137,272	\$ 147,468	\$ 122,173	\$ 1,667,350
2004	\$ 180,130	\$ 214,430	\$ 265,957	\$ 160,911	\$ 126,490	\$ 89,633	\$ 91,592	\$ 92,116	\$ 122,351	\$ 144,922	\$ 161,044	\$ 133,630	\$ 1,783,207
2005	\$ 206,198	\$ 223,292	\$ 283,121	\$ 206,746	\$ 165,349	\$ 112,372	\$ 99,768	\$ 93,774	\$ 108,214	\$ 177,820	\$ 185,195	\$ 161,857	\$ 2,023,706
2006	\$ 237,137	\$ 248,069	\$ 295,314	\$ 215,036	\$ 163,420	\$ 118,534	\$ 120,602	\$ 113,611	\$ 142,878	\$ 194,538	\$ 199,419	\$ 178,675	\$ 2,227,233
2007	\$ 294,197	\$ 295,291	\$ 317,333	\$ 248,903	\$ 194,315	\$ 130,205	\$ 124,282	\$ 137,737	\$ 172,423	\$ 213,557	\$ 209,550	\$ 193,062	\$ 2,530,855
2008	\$ 278,717	\$ 319,777	\$ 335,862	\$ 240,305	\$ 180,558	\$ 128,109	\$ 106,347	\$ 115,191	\$ 142,914	\$ 194,038	\$ 204,205	\$ 153,006	\$ 2,399,030
2009	\$ 178,045	\$ 237,258	\$ 279,852	\$ 197,926	\$ 150,560	\$ 114,972	\$ 101,435	\$ 85,921	\$ 105,878	\$ 144,870	\$ 174,806	\$ 132,288	\$ 1,903,812
2010	\$ 182,000	\$ 246,000	\$ 285,000	\$ 215,000	\$ 167,500	\$ 122,500	\$ 112,500	\$ 97,500	\$ 122,500	\$ 162,500	\$ 195,000	\$ 155,000	\$ 2,063,000
GOP DOLLARS													
2002	\$ 17,266	\$ 92,330	\$ 133,696	\$ 42,279	\$ 10,994	\$ (12,525)	\$ (35,258)	\$ (19,025)	\$ (7,229)	\$ 31,191	\$ 39,523	\$ 19,654	\$ 312,896
2003	\$ 49,374	\$ 99,251	\$ 107,716	\$ 38,156	\$ 24,810	\$ 18,648	\$ (12,592)	\$ (10,351)	\$ 11,659	\$ 52,482	\$ 51,237	\$ 12,402	\$ 442,792
2004	\$ 64,785	\$ 100,791	\$ 150,177	\$ 41,319	\$ 25,046	\$ (26,274)	\$ (7,879)	\$ (7,918)	\$ 27,767	\$ 15,548	\$ 72,705	\$ 30,453	\$ 486,520
2005	\$ 73,871	\$ 102,666	\$ 153,846	\$ 69,914	\$ 54,118	\$ 7,819	\$ (16,703)	\$ (25,270)	\$ 547	\$ 43,608	\$ 41,121	\$ 56,110	\$ 561,647
2006	\$ 91,262	\$ 114,467	\$ 163,919	\$ 79,038	\$ 57,122	\$ 15,098	\$ (17,098)	\$ (5,736)	\$ 40,889	\$ 67,864	\$ 77,299	\$ (122,477)	\$ 561,647
2007	\$ 125,278	\$ 124,924	\$ 153,179	\$ 165,612	\$ 112,761	\$ 17,137	\$ 17,299	\$ 28,698	\$ 64,376	\$ 72,740	\$ 73,978	\$ 39,789	\$ 995,771
2008	\$ 152,275	\$ 178,717	\$ 164,936	\$ 71,700	\$ 36,862	\$ 13,634	\$ (13,203)	\$ 16,598	\$ 17,039	\$ 67,942	\$ 89,166	\$ (14,134)	\$ 781,533
2009	\$ 51,682	\$ 126,254	\$ 145,814	\$ 62,892	\$ 31,671	\$ 7,698	\$ (23,419)	\$ (12,466)	\$ (4,719)	\$ 8,091	\$ 50,115	\$ (10,350)	\$ 433,263
2010	\$ 57,500	\$ 137,500	\$ 153,000	\$ 82,50									