

Confidential Investment Offering

For Sale By Owner



Hotel Tempe/Phoenix Airport InnSuites Hotel & Suites Suites 160 STUDIOS & SUITES

\$9,900,000 (Cash Price)

\$11,200,000 (Terms Price)

Tempe/Phoenix Airport, Arizona

Tempe Phoenix Airport Resort LLC is offering for sale the 160-suite Hotel Tempe/Phoenix Airport InnSuites Hotel & Suites in Tempe, AZ .

This property is a moderate service suite hotel located on Baseline Road across the street from the State's largest malls, the Arizona Mills Mall just ¼ mile east of cross-country I-10 Freeway in the prestigious Ahwahtukee area of Phoenix just minutes from Phoenix Sky Harbor International Airport. The hotel occupies 3.33 acres of fee simple land. The Hotel holds a supplemental month-to-month InnSuites Boutique Collection regional reservations source. The Hotel is offered fully unencumbered by franchise or management. The regional InnSuites Boutique Collection Hotel & Suites Trademark license is available as a cost effective supplemental source of reservations at a reasonable rate on a month-to-month basis.

This hotel was first built by InnSuites in 1981 with a three story addition in 1983 and has been under the InnSuites umbrella owned, managed and refurbished during this time. It is only recent that this seasonal successful asset has been offered for sale.

Hotel Tempe/Phoenix Airport InnSuites Hotel & Suites 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:

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Additional information on this and other opportunities may be obtained from www.rareearthdev.com
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Hotel Tempe/Phoenix Airport InnSuites Boutique Collection Suite Hotel
Studio with 2 Queens, Wetbar InnSuites and Boardroom 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.

Tempe/Phoenix Airport, Arizona

3-Year ADR, Occupancy & Revpar Overview

	2005	2006	2007	2008	2009	Proj. 2010
Occupancy	64.6%	66.9%	68.8%	59.8%	54.6%	58.0%
ADR	\$ 68.65	\$73.49	\$79.72	\$81.60	\$67.43	\$68.03
Revpar	\$44.35	\$49.16	\$54.89	\$48.79	\$36.80	\$39.43



Tempe/Phoenix Airport, Arizona

Guestsuits

The hotel features 160 guest studios and suites, 71 of the 160 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 Convertible Sofa Sleeper	40
Studio Double Queen	28
Wetbar King Suite	20
Executive King Suite	33
Family 2 Room Suite with 2 Queen Beds	30
Presidential Jacuzzi Suite	6
Jacuzzi Suite	2
Boardroom Suite	1
Total No. of Studios and Suites	160 Suites

Guest Studios and Suites feature the following amenities:

- Simmons Cloud 9 Pillowtop Beds
- Large TV's with Premier Cable Movie Channels (Many with flat screen)
- Microwave/Refrigerator
- 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 (many iPod)
- Hairdryer
- Quiet Air Conditioning with Wall-mounted Thermostats
- Iron/Ironing board
- Electronic Locks
- Smoking/Non-Smoking
- Handicap Accessible



Studio King

Tempe/Phoenix Airport, Arizona

SELLER FINANCING AVAILABLE!

TERMS PRICE: \$11,200,000

35% DOWN: \$ 3,920,000

5% INTEREST ONLY 1ST YEAR

6% INTEREST ONLY 2ND YEAR

7% THEREAFTER ALL

DUE IN 5 YEARS \$ 7,280,000

\$11,200,000

ALTERNATIVELY, THE HOTEL CAN BE PURCHASED FOR CASH, \$9,900,000, WHICH IS ONLY \$61,875 / UNIT.

Tempe/Phoenix Airport, 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	\$ 3,205,503	\$ 2,857,011	\$ 2,148,947	\$ 2,292,500
Food & beverage	29,461	30,463	36,556	37,500
Telecommunications	-	3,523	4,528	4,500
Miscellaneous	<u>63,380</u>	<u>16,909</u>	<u>3,587</u>	<u>5,000</u>
Total revenues	<u>\$ 3,298,344</u>	<u>\$ 2,907,906</u>	<u>\$ 2,193,618</u>	<u>\$ 2,339,500</u>
Expenses				
Rooms	\$ 799,030	\$ 830,958	\$ 717,028	\$ 720,000
Food & beverage	52,728	49,415	60,202	45,000
Telecommunications	16,634	18,949	9,457	10,000
Miscellaneous	1,083	2,335	995	1,000
G&A	252,310	240,502	183,072	190,000
Advertising & promotion	186,877	135,906	122,373	140,000
Utilities	180,275	178,829	172,233	172,500
Repairs & maintainance	244,882	282,123	293,931	240,000
Hospitality	136,739	154,323	165,277	145,000
Management fees to affiliates	73,820	69,762	53,357	57,311
Advertising Trust fees to affiliates	31,711	28,525	21,343	2,688
Corporate accounting fees	24,000	24,000	24,000	27,000
Trademark license fees to affiliates	<u>39,639</u>	<u>35,656</u>	<u>26,678</u>	<u>10,751</u>
Total expenses	<u>\$ 2,039,728</u>	<u>\$ 2,051,283</u>	<u>\$ 1,849,946</u>	<u>\$ 1,761,250</u>
Gross Operating Profit	<u>\$ 1,258,616</u>	<u>\$ 856,623</u>	<u>\$ 343,672</u>	<u>\$ 578,250</u>
Add back:				
Corporate accounting fees	\$ 24,000	\$ 24,000	\$ 24,000	\$ 27,000
Management fees to affiliates	73,820	69,762	53,357	57,311
Advertising Trust fees to affiliates	31,711	28,525	21,343	2,688
Trademark license fees to affiliates	39,639	35,656	26,678	10,751
1/2 Repairs & maintainance	122,441	141,062	146,966	120,000
1/2 G&A expense	<u>126,155</u>	<u>120,251</u>	<u>91,536</u>	<u>95,000</u>
Subtotal add backs	<u>417,766</u>	<u>419,256</u>	<u>363,880</u>	<u>312,750</u>
Adjusted Gross Operating Profit	<u>\$ 1,676,382</u>	<u>\$ 1,275,879</u>	<u>\$ 707,552</u>	<u>\$ 891,000</u>
Deduct:				
Real estate and personal property taxes	\$ 38,557	\$ 42,005	\$ 46,597	\$ 46,500
New Management fee 2%	64,110	57,140	42,979	45,850
New Trademark license fees 1%	32,055	28,570	21,489	22,925
Replacement Reserves 3%	<u>96,165</u>	<u>85,710</u>	<u>64,468</u>	<u>68,775</u>
Subtotal deducts	<u>230,888</u>	<u>213,426</u>	<u>175,534</u>	<u>184,050</u>
Adjusted Net Operating Income	<u>\$ 1,445,495</u>	<u>\$ 1,062,453</u>	<u>\$ 532,018</u>	<u>\$ 706,950</u>

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

Projections are based on management assumptions. We provide no assurance that the property will meet or exceed the projected operating results.

