EXHIBIT C

NewCo
Financial Projections

Principal Assumptions

The Projections are based on, and assume the successful implementation of, the Debtors' business plan. Both the Debtors' business plan and the Projections reflect numerous assumptions, including general business and economic conditions, as well as lodging industry trends, and other matters that, though considered reasonable by the Debtors in light of current circumstances, may not materialize and are inherently subject to significant business, economic and competitive uncertainties and contingencies which are beyond the Debtors' control. Additionally, the Projections assume the management of NewCo will perform according to certain expectations, which may not occur. **Therefore, although the Projections are necessarily presented with numerical specificity, the actual results achieved during the Projection Period are likely to vary from the Projections. These variations may be material. Accordingly, no representation can be or is being made with respect to the accuracy of the Projections or the ability of NewCo to achieve the Projections and the Projections may not be relied upon as a guaranty or other assurance with respect to the actual results that will occur.** See Section IX of the Disclosure Statement for a discussion of certain factors that may affect the future financial performance of NewCo. The Projections also include assumptions as to the estimated value of NewCo, the fair value of its assets and its actual liabilities as of the Effective Date. NewCo will be required to make such estimates as of the Effective Date. Such determinations will be based upon the estimated fair values as of that date, which could be materially higher or lower than the values assumed in the estimates contained in the Projections. **In deciding whether to vote to accept or reject the Plan, holders of Claims entitled to vote must make their own determinations as to the reasonableness of the assumptions underlying, and the reliability of, the Projections.** See Section IX of the Disclosure Statement.

Independent auditors have neither compiled nor examined the Projections to determine the reasonableness thereof and, accordingly, no independent auditors have expressed any opinion or other form of assurance with respect to them. Moreover, the Projections have not been prepared with a view toward compliance with guidelines established with respect to projections by the SEC or the American Institute of Certified Public Accountants ("AICPA"). The principal assumptions used in preparing the Projections are as follows:

(a) Effective Date; Plan Terms: Even though the Plan currently requires that the Confirmation Date occur on or before June 3, 2010, for purposes of these Projections, Confirmation of the Plan is assumed to occur during the second quarter of fiscal 2010 and the Effective Date is assumed to occur on June 30, 2010. The Projections also assume that:

(i) the total amount of Allowed Claims in each Class is the actual or estimated aggregate amount thereof set forth in Section II of the Disclosure Statement;

(ii) there are no material cure payments for the assumption of Executory Contracts and Unexpired Leases; and

(iii) the estimated total amount of Priority Tax Claims, Administrative Claims, and other reorganization expenses is approximately $56 million and includes, among other items: legal, accounting, financial advisory and other professional fees associated with implementation of the Plan to be paid after the Effective Date.

See Section II of the Disclosure Statement for a brief summary of the principal provisions of the Plan.

(b) General Economic Conditions: The Projections were prepared based on assumptions that the overall economy will grow throughout the Projection Period and that there will be no significant change in the markets in which the Debtors operate.

(c) Principal Operating and Financial Assumptions

(i) Revenues: NewCo's forward earnings projections assume the implementation of a $480 million capital spend program and are based on key revenue drivers for NewCo's three discrete rebranded portfolios.

(A) Portfolios are based on planned post emergence brand consolidation and consist of Homestead Deluxe, Homestead Suites and Extended Stay America. These brands will focus on different core customers with different lengths of stay. Homestead Deluxe will focus on the upscale corporate transient customer, whereas Homestead will focus on corporate mid-scale extended stay customers and ESA will focus on the economy segment with longer stays.

(B) Revenue projections were developed for each portfolio based on anticipated relative performance to the broader lodging market and the associated return on investment from anticipated capital spends. The implied ROI versus non-capital plan is approximately 25%.

(C) Considering the amount of cumulative sector RevPAR decline combined with significant extended stay sector supply growth, the Projections anticipate NewCo's recovery to peak real RevPAR to be longer than in recent previous cycles.

(D) The Projections assume a ten year cycle to return to 2007 peak real RevPar. Real RevPAR is projected to have declined 29% from 2007 through 2009. The previous two cycles had declines of 10% and 15%, respectively and the 1999 cycle downturn was largely a result of short-term disruption and a modest economic decline. The key operating assumptions are[1]:

Key Operating Assumptions

	2007	2008	2009E	2010E	2011E	2012E	2013E	2014E
Occupancy	69.8%	64.5%	62.5%	62.8%	65.2%	67.0%	69.2%	71.3%
Change (bps)	151	(529)	(198)	24	239	189	219	206
% Change	*2.2%*	*(7.6%)*	*(3.1%)*	*0.4%*	*3.8%*	*2.9%*	*3.3%*	*3.0%*
ADR	$56.01	$56.60	$46.08	$44.34	$45.47	$47.70	$50.78	$54.08
% Change	*2.0%*	*1.0%*	*(18.6%)*	*(3.8%)*	*2.5%*	*4.9%*	*6.5%*	*6.5%*
Nominal RevPAR	$39.10	$36.51	$28.81	$27.83	$29.62	$31.98	$35.16	$38.56
% Change	*4.2%*	*(6.6%)*	*(21.1%)*	*(3.4%)*	*6.5%*	*7.9%*	*9.9%*	*9.7%*
Real RevPAR (a)	$36.85	$33.01	$26.18	$24.83	$26.00	$27.50	$29.68	$31.95
% Change	*1.4%*	*(10.4%)*	*(20.7%)*	*(5.2%)*	*4.7%*	*5.8%*	*7.9%*	*7.6%*

(a) Real RevPAR based on CPI inflation per Moody's Economy.com.

(E) Although supply growth in the broader lodging sector is expected to be modest, extended-stay segment supply growth is expected to be substantial and to moderate the pace of recovery to peak RevPAR. For the three years preceding the 1991 and 2001 negative RevPAR periods, hotel industry supply grew by approximately 4%. US lodging supply growth for the three years preceding the current downturn has been a more modest 1.3% but the extended stay segment has grown at a significantly greater rate of 6.2%. Supply growth in the extended stay segment is expected to continue to outpace the broader lodging sector materially over the next two years, with projected growth of 6.2% and 1.9%,

[1] Operating assumptions for the Debtors' Revised Business Plan 4 ("RBP4"). 2009 data is projected as of the time of the forecasting. 2009 actual Nominal RevPAR was down 19.5% over 2008 as a result of the long term lodging ("LTL") program. Forecasts are based upon RBP4 2009 data, as 2009 actual does not represent a normalized business mix.

respectively.[2] Projections assume elevated supply growth, although lower than projected above, given the uncertainty in the financing market.

(F) Despite the recent transition to a long term lodging ("LTL") strategy to bolster demand during the current downturn, NewCo's strategy going forward will remain focused on the core extended stay guests and revenue projections assume the same. As demand drivers for core extended stay lodging decreased, the Debtors transitioned to focus on guest stays greater than 30 days as an apartment alternative. As of December 2009, the LTL program comprised approximately 27% of available inventory. Additionally, percent of room nights attributable to guests staying more than 30 nights increased from approiximately 43% in January 2008 to approximately 61% in December 2009. As demand for core extended stay returns in 2010, NewCo will transition back to the historical customer model and may encounter some disruption in operating performance as part of the transition, which is projected to be completed by 3Q 2010.

(G) Other revenue, which includes telecom, guest laundry and vending and concessions, is shown net of applicable expenses and projected to grow at 2% per annum. Other revenue also includes forecasted net operating income for the Debtors' office property in Spartanburg, SC, which currently leases approximately 38,000 square feet to third-party tenants.

(ii) Expenses: Non-controllable property level expense growth is based on inflation, wheras controllable property level expenses are adjusted based on property level demand. Controllable property level expenses use a 70%/30% fixed/variable assumption.

(A) Property level fixed controllable and non-controllable expenses are assumed to grow at 2% per annum for 2010 and thereafter. The Business Plan reflects controllable costs per occupied room that are in-line with a long-term mix of lodging demand (more transient and less than 29 night stays) as compared to the current recessionary business model (LTL strategy). Controllable costs per occupied room declined 8.2% in 2009 to $18.06, primarily due to the decrease in staffing levels due to the Debtors' focus on LTL, which requires lower service levels. Assuming a normalized mix of business, these costs will be approximately $19.47 in 2010. Approximately 60% of controllable costs are labor related.

(B) After adjusting for special items, corporate overhead and other recurring corporate expenses are per the budget for 2009, and then grown at 2.5% per annum thereafter. Restructuring costs in 2009, which have been adjusted for 2010, were approximately $33 million. Budgeted incremental marketing/advertising expense of $3.7 million in 2009 will increase to $11 million per year thereafter, which represents a more normalized spend in line with industry standards.

(C) In addition to the FF&E reserve of 4% of all revenue for 666 hotels, capital spending programs of $480million are carried out from 2H2010 through 2013.

(iii) Balance Sheet Projections: In order to forecast change in net working capital and other non-current assets, certain balance sheet items are projected using assumptions consistent with historical Debtor trends. Accounts receivable are projected using a collection period assumption while all other working capital items are projected as a percent of forecasted room revenue or using an annual growth rate. Other non-current assets are projected as a

[2] Historical growth rates represent compounded annual growth rates per Smith Travel Research. Projected growth rates represent compounded annual growth rates per Lodging Econometrics.

percent of forecasted room revenue and other non-current liabilities are projected using an annual growth rate.

(iv) LTL Adjustment: NewCo intends to transition back to the historical customer model, as described in Section (c)(i)(F) of Exhibit C. Operating projections for RBP4 assume no incremental EBITDA from the LTL customer model. While RBP4 projections illustrate normalized operations, management expects to experience elevated EBITDA in 2010 before the LTL program is fully wound down. Accordingly, the 2H2010 Statement of Operations shows an adjustment for incremental EBITDA from the LTL program to reflect fully management's operating expectations for 2010. The cash balance at emergence reflects the incremental EBITDA above RBP4 projections from the LTL program for 1H2010. For additional explanation of the LTL adjustment methodology, see Section VIII.C.2(d).

(v) Depreciation: Depreciation expense is projected for four separate categories including existing PP&E, recurring capital expenditures, the $480 million capital plan and IT projects. Each category assumes a unique allocation of capital to land, buildings/improvements, site improvements and FF&E/office equipment. The allocation is based on historical trends and management's expectations for the make-up of future projects. The following classes use straight-line depreciation over fixed time horizons: land (not depreciated), buildings/improvements (30 years), site improvements (20 years) and FF&E/office equipment (7 years).

(vi) Post-Reorganization Debt and Interest Expense: The Plan contemplates two separate capital structures, one for the scenario where Class 2 accepts the Plan (the "Consensual Plan") and one for the scenario where Class 2 rejects the Plan (the "Cramdown Plan").

(A) The Consensual Plan Projections assume that, immediately after the Effective Date, NewCo's debt will consist of the $2.547 billion New Mortgage Loan and the $5.0 million New ESA UD Mortgage Facility, assuming that that no certificate holders elect to receive New Unsecured Notes in lieu of NewCo Common Interests. Interest payments on the New Mortgage Loan are based on a forward 1-month London Interbank Offered Rate ("LIBOR") curve and are paid monthly in arrears. The New Mortgage Loan carries a blended rate of 6.59% based on the 5-year LIBOR swap rate for the floating portion and all payments are made in cash when due. Payments on the New ESA UD Mortgage Facility are fixed at a rate of 5.0% per annum and are paid monthly in arrears.

(B) The Cramdown Plan Projections assume that, immediately after the Effective Date, NewCo's debt will consist of the $3.2 billion New Alternate Mortgage Loan and the $5.0 million New ESA UD Mortgage Facility. Interest payments on the New Mortgage Loan are assumed to be fixed at 5.34% are paid monthly in arrears. Payments on the New ESA UD Mortgage Facility are fixed at a rate of 5.0% per annum and are paid monthly in arrears.

(vii) Post-Reorganization Taxes: For illustrative purposes, the Projections assume NewCo is organized as an LLC. Accordingly, no corporate income taxes are included in the Projections.

(d) Fresh-Start Reporting: The foregoing assumptions and resulting computations were made solely for purposes of preparing the Projections. The AICPA has issued a Statement of Position on Financial Reporting by Entities in Reorganization Under the Bankruptcy Code (the "Reorganization SOP"). NewCo will be required to determine the amount by which its reorganization value as of the Effective Date exceeds, or is less than, the fair value of its assets as of the Effective Date. Such determination will be based upon the fair values as of that time, which could be materially higher or lower than the values assumed in the foregoing computations, and may be based on a different methodology with respect to the determination of NewCo's value. In all events, such valuation, as well as the determination of the fair value of NewCo's assets and the determination of its actual liabilities, will be made as of the Effective Date, and the differences between the amounts of any or all of the foregoing items as assumed in the Projections and the actual amounts thereof as of the Effective Date may be material.

The Projections have been prepared to reflect a simplified "fresh-start" presentation as of the Effective Date. The Projections reflect adjustments to property values using Reorganized Asset Value based on the Plan and the consolidation of certain intellectual property on NewCo's books and records. HVM is consolidated from a financial point of view in the Projections.

Projections

As indicated above, the projected consolidated financial statements of NewCo set forth below have been prepared based on the assumption that the Effective Date is June 30, 2010. Although the Debtors presently intend to seek to cause the Effective Date to occur as soon as practicable and the Investment Agreement requires the Effective Date to occur within fifteen days following entry of the Confirmation Order, there can be no assurance as to when the Effective Date actually will occur.

The projected consolidated financial statements set forth below, for both the Consensual Plan and Cramdown Plan, include:

(a) NewCo's projected pro forma balance sheet as of June 30, 2010, representing: (i) the projected consolidated financial position of NewCo as of June 30, 2010, but prior to the consummation of the transactions which the Plan contemplates will occur on the Effective Date; (ii) the projected adjustments to such projected consolidated financial position required to reflect Confirmation and the consummation of the transactions which the Plan contemplates will occur on the Effective Date (collectively, the "Emergence Adjustments"); and (iii) the projected consolidated financial position of NewCo as of June 30, 2010, after giving effect to the Emergence Adjustments. The Emergence Adjustments set forth in the columns captioned "Recapitalization" and "Fresh Start" reflect the assumed effects of the consummation of the transactions contemplated by the Plan. The various Emergence Adjustments are described in greater detail in the notes to NewCo's projected pro forma balance sheet.

(b) NewCo's projected pro forma consolidated balance sheets representing the projected consolidated financial position of NewCo as of June 30, 2010, after giving effect to the consummation of the transactions which the Plan contemplates will occur on the Effective Date, and as of each of December 31, 2010, 2011, 2012, 2013, and 2014.

(c) NewCo's projected pro forma consolidated statements of operations, representing the projected consolidated results of operations of NewCo for the six months ending December 31, 2010 and the fiscal years ending December 31, 2010, 2011, 2012, 2013, and 2014.

(d) NewCo's projected pro forma consolidated statements of cash flows representing the projected consolidated cash flows of NewCo for the six months ending December 31, 2010 and the fiscal years ending December 31, 2010, 2011, 2012, 2013, and 2014.

NEWCO – CONSENSUAL PLAN
PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEET
JUNE 30, 2010
(Unaudited)
(Dollars in Millions)

(Amounts may not add to totals due to rounding)

NewCo Projected Pro Forma Consolidated Balance Sheet				
	June 30, 2010	Emergence Adjustments		June 30, 2010
	Projected	Recapitalization	Fresh Start	Pro Forma
Assets				
Current Assets				
Cash and cash equivalents, unrestricted	$36.7	$346.9 [a]	-	$383.6
Restricted cash	1.9	15.6 [b]	-	17.5
Accounts receivable, net of allowance for doubtful accounts	17.3	-	-	17.3
Other current assets	26.8	-	-	26.8
Due from DL-DW Holdings LLC	20.2	(20.2) [c]	-	-
Due from TLG Hotel Acquisitions LLC	0.0	-	-	0.0
Total current assets	103.0	342.3	-	445.2
Property and equipment, net of accumulated depreciation	6,179.2	-	(2,896.2) [d]	3,283.0
Land available for sale	1.1	-	-	1.1
Deferred financing costs, net of accumulated amortization	12.3	(12.3) [e]	-	-
Trademarks	-	45.1 [f]	-	45.1
License of trademarks, net of accumulated amortization	8.2	(8.2) [f]	-	-
Under market trademark licenses, net of accumulated amortization	11.5	(11.5) [f]	-	-
Other intangible assets, net of accumulated amortization	16.4	(16.4) [g]	-	-
Other assets	6.2	-	-	6.2
Total assets	$6,337.9	$339.1	($2,896.2)	$3,780.7
Liabilities and Members' Equity				
Current liabilities				
Accounts payable and other accrued expenses	$51.3	-	-	$51.3
Accrued real estate taxes	27.5	-	-	27.5
Accrued interest payable	8.7	(8.7) [h]	-	-
Accrued professional fees	8.5	(8.5) [i]	-	-
Deferred revenue	11.0	-	-	11.0
Advance from insider	7.9	(7.9) [j]	-	-
Notes payable to Extended Stay, Inc.	13.7	(13.7) [j]	-	-
Due to BHAC Capital IV L.L.C.	1.3	(1.3) [j]	-	-
Total current liabilities	130.0	(40.2)	-	89.8
Mortgages payable	4,108.3	(4,108.3) [k]	-	-
New Mortgage Loan	-	2,547.3 [l]	-	2,547.3
New ESA UD Mortgage Facility	-	5.0 [m]	-	5.0
New Unsecured Notes	-	- [n]	-	-
Other liabilities	4.9	-	-	4.9
Deferred income tax liability - noncurrent	10.9	(10.9) [o]	-	-
Total liabilities	$4,254.1	($1,607.2)	-	$2,646.9
Members' equity/(deficit)				
Additional Paid in Capital	3,839.4	190.6	(2,896.2)	1,133.7
Retained earnings	(1,755.7)	1,755.7	-	-
Total members' equity/(deficit)	$2,083.7	$1,946.2	($2,896.2)	$1,133.7
Total liabilities and members' equity/(deficit)	$6,337.9	$339.1	($2,896.2)	$3,780.7

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION "PRINCIPAL OPERATING AND FINANCIAL ASSUMPTIONS."

NOTES TO NEWCO – CONSENSUAL PLAN
PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEET

Upon emergence from Chapter 11, the Debtors will be required to adopt Fresh Start Accounting in accordance with SOP 90-7, which requires the Debtors to revalue its assets and liabilities at their estimated fair value. Fresh start reporting reflects the value of the Debtors as defined in the Plan of Reorganization. Under fresh-start reporting, the Debtors' asset values are remeasured using fair value, and are allocated in conformity with Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141"). The excess of reorganization value over the fair value of net tangible and identifiable intangible assets and liabilities is recorded as goodwill in the accompanying statements. The foregoing estimates and assumptions are inherently subject to significant uncertainties and contingencies beyond the control of the Debtors. Accordingly, the Debtors cannot provide assurance that the estimates, assumptions, and values reflected in the valuations will be realized, and actual results could vary materially. In accordance with SFAS 141, the preliminary allocation of the reorganization value is subject to additional adjustment within one year after emergence from bankruptcy to provide the Debtors time to complete the valuation of its assets and liabilities. Most assets and liabilities have been shown at book value, which in management's opinion approximates fair value, except where noted. The New Debt Securities have been shown at face value.

(a) Cash adjustments include:

(i) the following estimated payments:

(A) the payment of $7.8 million under the Revised HVM Incentive Plan; and

(B) the payment of $32.7 million of legal, accounting, financial advisory and other professional fees associated with implementation of the Plan; and

(C) the payment of $30.0 million as consideration to HVM Manager Owner, in exchange for control of HVM; and

(D) the posting of $17.5 million as a cash deposit to Zurich American Insurance Company to secure certain insurance-related letters of credit, which is transferred to a restricted cash account; and

(E) the payment of $15.2 million, which represents the estimated unpaid adequate protection payments;

(ii) receipt of $225 million of proceeds under the New Investment component of the Plan (see Section VII.F of the Disclosure Statement); and

(iii) receipt of $225 million of proceeds under the Rights Offering component of the Plan (see section VII.F of the Disclosure Statement).

(b) Represents payments related to the Revised HVM Incentive Program, which were previously held in a segregated account, and the posting of the $17.5 million cash deposit noted above.

(c) Represents release of cash collateral held at DL-DW Holdings LLC as stipulated under the Plan.

(d) Represents impairment of Property and Equipment value based on estimated reorganized enterprise value.

(e) Represents cancellation of deferred financing costs related to pre-petition loan liability.

(f) Represents contribution of certain Intellectual Property assets to NewCo by BHAC and Homestead. Assumes NewCo enters into BHAC IP Transfer Agreement per Section 6.14(a) of the

Plan and the Bankruptcy Court grants the Homestead IP Abandonment Motion per Section 6.14(b) of the Plan.

(g) Represents write off of other intangible assets as result of ch. 11 filing.

(h) Represents cancellation of accrued interest.

(i) Represents payment of estimated accrued professional fees upon emergence.

(j) Represents cancellation of pre-petition liability.

(k) Represents cancellation of pre-petition liability in exchange for New Mortgage Loan, New ESA UD Mortgage Facility, New Unsecured Notes, NewCo Common Interests, Rights Offering Participation and New A Warrants.

(l) Represents New Mortgage Notes provided to the Mortgage Trust.

(m) Represents New ESA UD Mortgage Facility.

(n) Represents possible election of New Unsecured Notes by certain Certificate holders in lieu of receipt of NewCo Common Interests.

(o) Represents adjustment to liability upon reorganization into assumed illustrative LLC structure.

NEWCO – CONSENSUAL PLAN
PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in Millions)

(Amounts may not add to totals due to rounding)

NewCo Projected Pro Forma Consolidated Balance Sheet

	June 30, 2010	December 31,				
	Pro Forma	2010E	2011E	2012E	2013E	2014E
Assets						
Current Assets						
Cash and cash equivalents, unrestricted	$383.6	$357.4	$339.2	$320.5	$361.0	$616.2
Restricted cash	17.5	17.5	17.5	17.5	17.5	17.5
Accounts receivable, net of allowance for doubtful accounts	17.3	15.2	16.2	17.6	19.3	21.1
Other current assets	26.8	20.9	22.2	24.1	26.4	28.9
Due from TLG Hotel Acquisitions LLC	0.0	0.0	0.0	0.0	0.0	0.0
Total current assets	445.2	411.0	395.2	379.6	424.1	683.8
Property and equipment, net of accumulated depreciation	3,283.0	3,342.3	3,344.0	3,367.6	3,369.6	3,222.5
Land available for sale	1.1	1.1	1.1	1.1	1.1	1.1
Trademarks	45.1	45.1	45.1	45.1	45.1	45.1
Other assets	6.2	5.2	5.6	6.0	6.6	7.2
Total assets	$3,780.7	$3,804.8	$3,791.0	$3,799.5	$3,846.6	$3,959.8
Liabilities and Members' Equity						
Current liabilities						
Accounts payable and other accrued expenses	$51.3	$45.2	$48.1	$52.1	$57.1	$62.7
Accrued real estate taxes	27.5	26.3	27.1	27.9	28.8	29.7
Accrued interest payable	-	39.8	41.8	43.3	44.4	45.0
Deferred revenue	11.0	11.2	11.7	12.1	12.6	13.2
Total current liabilities	89.8	122.5	128.8	135.5	142.9	150.5
New Mortgage Loan	2,547.3	2,547.3	2,547.3	2,547.3	2,547.3	2,547.3
New ESA UD Mortgage Facility	5.0	5.0	5.0	5.0	5.0	5.0
Other liabilities	4.9	5.0	5.2	5.4	5.6	5.8
Total liabilities	$2,646.9	$2,679.8	$2,686.3	$2,693.2	$2,700.8	$2,708.6
Members' equity/(deficit)						
Additional Paid in Capital	1,133.7	1,133.7	1,133.7	1,133.7	1,133.7	1,133.7
Retained earnings	-	(8.8)	(29.0)	(27.4)	12.0	117.4
Total members' equity/(deficit)	$1,133.7	$1,125.0	$1,104.7	$1,106.3	$1,145.8	$1,251.1
Total liabilities and members' equity/(deficit)	$3,780.7	$3,804.8	$3,791.0	$3,799.5	$3,846.6	$3,959.8

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION "PRINCIPAL OPERATING AND FINANCIAL ASSUMPTIONS."

NEWCO – CONSENSUAL PLAN
PROJECTED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in Millions)

(Amounts may not add to totals due to rounding)

NewCo Projected Pro Forma Consolidated Statement of Operations					
		Fiscal Year Ended December 31,			
	2H 2010E	2011E	2012E	2013E	2014E
Revenues					
Rooms revenue	$383.6	$796.9	$862.5	$945.7	$1,037.2
Other (net of expenses)	0.2	0.5	0.4	0.4	0.4
Total Revenues	$383.7	$797.3	$863.0	$946.1	$1,037.6
Operating Expenses, excl. D&A					
Controllable property expenses	(172.9)	(339.4)	(350.3)	(361.6)	(373.3)
Non-controllable property expenses	(47.4)	(97.5)	(99.5)	(101.4)	(103.5)
Corporate overhead	(39.7)	(83.0)	(85.0)	(87.2)	(89.3)
Incremental marketing overhead	(5.5)	(11.0)	(11.0)	(11.0)	(11.0)
Total Operating Expenses, excl. D&A	($265.5)	($530.9)	($545.8)	($561.2)	($577.1)
EBITDA excluding LTL	$118.2	$266.4	$317.2	$384.9	$460.5
Incremental LTL EBITDA	3.5	-	-	-	-
EBITDA including LTL	$121.7	$266.4	$317.2	$384.9	$460.5
Depreciation	(58.8)	(135.9)	(156.8)	(181.9)	(194.9)
Amortization	-	-	-	-	-
Operating Income/(Loss)	$62.9	$130.5	$160.4	$203.0	$265.6
Interest expense	(79.5)	(164.7)	(172.0)	(176.5)	(179.7)
Interest income	7.8	13.9	13.2	12.9	19.5
Income tax expense	-	-	-	-	-
Net Income/(Loss)	($8.8)	($20.3)	$1.6	$39.5	$105.4

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION "PRINCIPAL OPERATING AND FINANCIAL ASSUMPTIONS."

NEWCO – CONSENSUAL PLAN
PROJECTED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Millions)

(Amounts may not add to totals due to rounding)

NewCo Projected Pro Forma Consolidated Statement of Cash Flows					
		Fiscal Year Ended December 31,			
	2H 2010E	2011E	2012E	2013E	2014E
Operating Activities					
Net Income/(Loss)	($8.8)	($20.3)	$1.6	$39.5	$105.4
Adjusments to reconcile net loss to operating cash					
Depreciation	58.8	135.9	156.8	181.9	194.9
Amortization	-	-	-	-	-
Change in net working capital	40.8	3.9	3.5	3.4	3.2
Net cash provided by (used in) operating activities	$90.8	$119.6	$161.9	$224.8	$303.4
Investing Activities					
Capital expenditures	(115.5)	(132.1)	(174.8)	(178.1)	(41.8)
IT projects	(2.7)	(5.5)	(5.6)	(5.8)	(6.0)
Change in net other non-current assets	1.1	(0.1)	(0.2)	(0.4)	(0.4)
Net cash provided by (used in) investing activities	($117.0)	($137.7)	($180.6)	($184.3)	($48.2)
Financing Activities					
Net cash used in financing activities	$0.0	$0.0	$0.0	$0.0	$0.0
Net increase/(decrease) in cash and cash equivalents	($26.2)	($18.2)	($18.7)	$40.5	$255.2
Beginning cash and cash equivalents	383.6	357.4	339.2	320.5	361.0
Ending cash and equivalents	$357.4	$339.2	$320.5	$361.0	$616.2

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION "PRINCIPAL OPERATING AND FINANCIAL ASSUMPTIONS."

NEWCO – CRAMDOWN PLAN
PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEET
JUNE 30, 2010
(Unaudited)
(Dollars in Millions)

(Amounts may not add to totals due to rounding)

NewCo Projected Pro Forma Consolidated Balance Sheet				
	June 30, 2010	Emergence Adjustments		June 30, 2010
	Projected	Recapitalization	Fresh Start	Pro Forma
Assets				
Current Assets				
Cash and cash equivalents, unrestricted	$36.7	$216.9 [a]	-	$253.6
Restricted cash	1.9	15.6 [b]	-	17.5
Accounts receivable, net of allowance for doubtful accounts	17.3	-	-	17.3
Other current assets	26.8	-	-	26.8
Due from DL-DW Holdings LLC	20.2	(20.2) [c]	-	-
Due from TLG Hotel Acquisitions LLC	0.0	-	-	0.0
Total current assets	103.0	212.3	-	315.2
Property and equipment, net of accumulated depreciation	6,179.2	-	(2,927.3) [d]	3,251.9
Land available for sale	1.1	-	-	1.1
Deferred financing costs, net of accumulated amortization	12.3	(12.3) [e]	-	-
Trademarks	-	45.1 [f]	-	45.1
License of trademarks, net of accumulated amortization	8.2	(8.2) [f]	-	-
Under market trademark licenses, net of accumulated amortization	11.5	(11.5) [f]	-	-
Other intangible assets, net of accumulated amortization	16.4	(16.4) [g]	-	-
Other assets	6.2	-	-	6.2
Total assets	$6,337.9	$209.1	($2,927.3)	$3,619.6
Liabilities and Members' Equity				
Current liabilities				
Accounts payable and other accrued expenses	$51.3	-	-	$51.3
Accrued real estate taxes	27.5	-	-	27.5
Accrued interest payable	8.7	(8.7) [h]	-	-
Accrued professional fees	8.5	(8.5) [i]	-	-
Deferred revenue	11.0	-	-	11.0
Advance from insider	7.9	(7.9) [j]	-	-
Notes payable to Extended Stay, Inc.	13.7	(13.7) [j]	-	-
Due to BHAC Capital IV L.L.C.	1.3	(1.3) [j]	-	-
Total current liabilities	130.0	(40.2)	-	89.8
Mortgages payable	4,108.3	(4,108.3) [k]	-	-
New Alternate Mortgage Loan	-	3,200.0 [l]	-	3,200.0
New ESA UD Mortgage Facility	-	5.0 [m]	-	5.0
Other liabilities	4.9	-	-	4.9
Deferred income tax liability - noncurrent	10.9	(10.9) [n]	-	-
Total liabilities	$4,254.1	($954.5)	-	$3,299.6
Members' equity/(deficit)				
Additional Paid in Capital	3,839.4	(592.1)	(2,927.3)	320.0
Retained earnings	(1,755.7)	1,755.7	-	-
Total members' equity/(deficit)	$2,083.7	$1,163.5	($2,927.3)	$320.0
Total liabilities and members' equity/(deficit)	$6,337.9	$209.1	($2,927.3)	$3,619.6

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION "PRINCIPAL OPERATING AND FINANCIAL ASSUMPTIONS."

NOTES TO NEWCO – CRAMDOWN PLAN
PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEET

Upon emergence from Chapter 11, the Debtors will be required to adopt Fresh Start Accounting in accordance with SOP 90-7, which requires the Debtors to revalue its assets and liabilities at their estimated fair value. Fresh start reporting reflects the value of the Debtors as defined in the Plan of Reorganization. Under fresh-start reporting, the Debtors' asset values are remeasured using fair value, and are allocated in conformity with Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141"). The excess of reorganization value over the fair value of net tangible and identifiable intangible assets and liabilities is recorded as goodwill in the accompanying statements. The foregoing estimates and assumptions are inherently subject to significant uncertainties and contingencies beyond the control of the Debtors. Accordingly, the Debtors cannot provide assurance that the estimates, assumptions, and values reflected in the valuations will be realized, and actual results could vary materially. In accordance with SFAS 141, the preliminary allocation of the reorganization value is subject to additional adjustment within one year after emergence from bankruptcy to provide the Debtors time to complete the valuation of its assets and liabilities. Most assets and liabilities have been shown at book value, which in management's opinion approximates fair value, except where noted. The New Debt Securities have been shown at face value, which the Debtors.

(a) Cash adjustments include:

(i) the following estimated payments:

(A) the payment of $7.8 million under the Revised HVM Incentive Plan; and

(B) the payment of $32.7 million of legal, accounting, financial advisory and other professional fees associated with implementation of the Plan; and

(C) the payment of $30.0 million as consideration to HVM Manager Owner, in exchange for control of HVM; and

(D) the posting of $17.5 million as a cash deposit to Zurich American Insurance Company to secure certain insurance-related letters of credit, which is transferred to a restricted cash account; and

(E) the payment of $15.2 million , which represents the estimated unpaid adequate protection payments;

(ii) receipt of $320 million of proceeds under the New Investment component of the Plan (see Section VII.F of the Disclosure Statement); and

(b) Represents payments related to the Revised HVM Incentive Program, which were previously held in a segregated account, and the posting of the $17.5 million cash deposit noted above.

(c) Represents release of cash collateral held at DL-DW Holdings LLC as stipulated under the Plan.

(d) Represents impairment of Property and Equipment value based on estimated reorganized enterprise value.

(e) Represents cancellation of deferred financing costs related to pre-petition loan liability.

(f) Represents contribution of certain Intellectual Property assets to NewCo by BHAC and Homestead. Assumes NewCo enters into BHAC IP Transfer Agreement per Section 6.14(a) of the Plan and the Bankruptcy Court grants the Homestead IP Abandonment Motion per Section 6.14(b) of the Plan.

(g) Represents write off of other intangible assets as result of ch. 11 filing.

(h) Represents cancellation of accrued interest.

(i) Represents payment of estimated accrued professional fees upon emergence.

(j) Represents cancellation of pre-petition liability.

(k) Represents cancellation of pre-petition liability in exchange for New Alternate Mortgage Loan.

(l) Represents New Alternate Mortgage Notes provided to the Mortgage Trust.

(m) Represents New ESA UD Mortgage Facility.

(n) Represents adjustment to liability upon reorganization into assumed illustrative LLC structure.

NEWCO – CRAMDOWN PLAN
PROJECTED PRO FORMA CONSOLIDATED BALANCE SHEETS
(Unaudited)
(Dollars in Millions)

(Amounts may not add to totals due to rounding)

NewCo Projected Pro Forma Consolidated Balance Sheet	June 30, 2010 Pro Forma	December 31, 2010E	2011E	2012E	2013E	2014E
Assets						
Current Assets						
Cash and cash equivalents, unrestricted	$253.6	$220.8	$185.9	$157.4	$193.1	$447.2
Restricted cash	17.5	17.5	17.5	17.5	17.5	17.5
Accounts receivable, net of allowance for doubtful accounts	17.3	15.2	16.2	17.6	19.3	21.1
Other current assets	26.8	20.9	22.2	24.1	26.4	28.9
Due from TLG Hotel Acquisitions LLC	0.0	0.0	0.0	0.0	0.0	0.0
Total current assets	315.2	274.4	241.9	216.5	256.3	514.7
Property and equipment, net of accumulated depreciation	3,251.9	3,311.8	3,314.5	3,339.2	3,342.3	3,196.3
Land available for sale	1.1	1.1	1.1	1.1	1.1	1.1
Trademarks	45.1	45.1	45.1	45.1	45.1	45.1
Other assets	6.2	5.2	5.6	6.0	6.6	7.2
Total assets	$3,619.6	$3,637.7	$3,608.2	$3,608.0	$3,651.5	$3,764.5
Liabilities and Members' Equity						
Current liabilities						
Accounts payable and other accrued expenses	$51.3	$45.2	$48.1	$52.1	$57.1	$62.7
Accrued real estate taxes	27.5	26.3	27.1	27.9	28.8	29.7
Accrued interest payable	-	43.3	43.3	43.3	43.3	43.3
Deferred revenue	11.0	11.2	11.7	12.1	12.6	13.2
Total current liabilities	89.8	126.0	130.2	135.5	141.8	148.7
New Alternate Mortgage Loan	3,200.0	3,200.0	3,200.0	3,200.0	3,200.0	3,200.0
New ESA UD Mortgage Facility	5.0	5.0	5.0	5.0	5.0	5.0
Other liabilities	4.9	5.0	5.2	5.4	5.6	5.8
Total liabilities	$3,299.6	$3,336.0	$3,340.4	$3,345.9	$3,352.4	$3,359.6
Members' equity/(deficit)						
Additional Paid in Capital	320.0	320.0	320.0	320.0	320.0	320.0
Retained earnings	-	(18.4)	(52.2)	(57.8)	(21.0)	84.9
Total members' equity/(deficit)	$320.0	$301.6	$267.8	$262.2	$299.0	$404.9
Total liabilities and members' equity/(deficit)	$3,619.6	$3,637.7	$3,608.2	$3,608.0	$3,651.5	$3,764.5

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION "PRINCIPAL OPERATING AND FINANCIAL ASSUMPTIONS.”

NEWCO – CRAMDOWN PLAN
PROJECTED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(Dollars in Millions)

(Amounts may not add to totals due to rounding)

NewCo Projected Pro Forma Consolidated Statement of Operations

		Fiscal Year Ended December 31,			
	2H 2010E	2011E	2012E	2013E	2014E
Revenues					
Rooms revenue	$383.6	$796.9	$862.5	$945.7	$1,037.2
Other (net of expenses)	0.2	0.5	0.4	0.4	0.4
Total Revenues	$383.7	$797.3	$863.0	$946.1	$1,037.6
Operating Expenses, excl. D&A					
Controllable property expenses	(172.9)	(339.4)	(350.3)	(361.6)	(373.3)
Non-controllable property expenses	(47.4)	(97.5)	(99.5)	(101.4)	(103.5)
Corporate overhead	(39.7)	(83.0)	(85.0)	(87.2)	(89.3)
Incremental marketing overhead	(5.5)	(11.0)	(11.0)	(11.0)	(11.0)
Total Operating Expenses, excl. D&A	($265.5)	($530.9)	($545.8)	($561.2)	($577.1)
EBITDA excluding LTL	$118.2	$266.4	$317.2	$384.9	$460.5
Incremental LTL EBITDA	3.5	-	-	-	-
EBITDA including LTL	$121.7	$266.4	$317.2	$384.9	$460.5
Depreciation	(58.3)	(134.8)	(155.7)	(180.8)	(193.8)
Amortization	-	-	-	-	-
Operating Income/(Loss)	$63.5	$131.6	$161.5	$204.1	$266.7
Interest expense	(87.0)	(173.5)	(174.0)	(173.5)	(173.5)
Interest income	5.2	8.1	6.8	6.3	12.7
Income tax expense	-	-	-	-	-
Net Income/(Loss)	($18.4)	($33.8)	($5.7)	$36.9	$105.9

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION "PRINCIPAL OPERATING AND FINANCIAL ASSUMPTIONS."

NEWCO – CRAMDOWN PLAN
PROJECTED PRO FORMA CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(Dollars in Millions)

(Amounts may not add to totals due to rounding)

NewCo Projected Pro Forma Consolidated Statement of Cash Flows					
		Fiscal Year Ended December 31,			
	2H 2010E	2011E	2012E	2013E	2014E
Operating Activities					
Net Income/(Loss)	($18.4)	($33.8)	($5.7)	$36.9	$105.9
Adjusments to reconcile net loss to operating cash					
Depreciation	58.3	134.8	155.7	180.8	193.8
Amortization	-	-	-	-	-
Change in net working capital	44.3	1.8	2.1	2.3	2.5
Net cash provided by (used in) operating activities	$84.2	$102.8	$152.1	$220.0	$302.2
Investing Activities					
Capital expenditures	(115.5)	(132.1)	(174.8)	(178.1)	(41.8)
IT projects	(2.7)	(5.5)	(5.6)	(5.8)	(6.0)
Change in net other non-current assets	1.1	(0.1)	(0.2)	(0.4)	(0.4)
Net cash provided by (used in) investing activities	($117.0)	($137.7)	($180.6)	($184.3)	($48.2)
Financing Activities					
Net cash used in financing activities	$0.0	$0.0	$0.0	$0.0	$0.0
Net increase/(decrease) in cash and cash equivalents	($32.9)	($34.9)	($28.5)	$35.7	$254.0
Beginning cash and cash equivalents	253.6	220.8	185.9	157.4	193.1
Ending cash and equivalents	$220.8	$185.9	$157.4	$193.1	$447.2

THE PROJECTIONS SHOULD BE READ IN CONJUNCTION WITH THE ASSUMPTIONS, QUALIFICATIONS AND EXPLANATIONS UNDER THE CAPTION "PRINCIPAL OPERATING AND FINANCIAL ASSUMPTIONS."