#### **TAB 1**

**ESA International, Inc.**Form 26 Entity Report
As of and for the period ended December 31, 2009

### Exhibit A **Valuation Estimate for ESA International, Inc.**

ESA International Inc. had no property, plant and equipment or other assets at December 31, 2009 and is dormant and without business activity.

### Exhibit B Financial Statements for ESA International, Inc.

The entity has no assets	, liabilities, income	e, expenses, or equit	y for the period	reported upon
herein.				

## Exhibit B-1 Balance Sheet for ESA International, Inc.

#### Exhibit B-2 Statement of Income (Loss) for ESA International, Inc.

### Exhibit B-3 Statement of Cash Flows for ESA International, Inc.

### **Exhibit B-4 Statement of Changes in Shareholders'/Partners' Equity for ESA International, Inc.**

### **Exhibit C Description of Operations for ESA International, Inc.**

ESA International Inc. is dormant and conducts no business activities.

#### **TAB 2**

**ESA West, Inc.**Form 26 Entity Report
As of and for the period ended December 31, 2009

### **Exhibit A Valuation Estimate for ESA West, Inc.**

ESA West, Inc. had no property, plant or equipment at December 31, 2009 and is dormant and without business activity other than certain annual tax and secretary of state filings and reports and related fees in those states in which it is registered.

### **Exhibit B Financial Statements for ESA West, Inc.**

### Exhibit B-1 Balance Sheet for ESA West, Inc.

As of December 31, 2009

#### ESA West, Inc. Balance Sheet December 31, 2009 (Unaudited)

	December 31, 2009	
Assets		
Current assets		
Cash and cash equivalents, unrestricted	\$	250
Total assets	\$	250
Liabilities and Shareholder's Deficit		
Liabilities		
Current liabilities		
Other accrued expenses	\$	1,066
Total liabilities		1,066
Shareholder's deficit		(816)
Total shareholder's deficit		(816)
Total liabilities and shareholder's deficit	\$	250

#### Exhibit B-2 Statement of Income (Loss) for ESA West, Inc. Period ending December 31, 2009

#### ESA West, Inc. **Statement of Operations** Six Months Ended December 31, 2009 (Unaudited)

	Six Months Ended December 31, 2009	
Revenues	\$	
Total revenues		-
Operating expenses		
Corporate operating expense adjustment to accrual		(539)
Total operating expenses		(539)
Operating income		539
Net income	\$	539

#### Exhibit B-3 Statement of Cash Flows for ESA West, Inc. For the period ending December 31, 2009

#### ESA West, Inc. **Statement of Cash Flows** Six Months Ended December 31, 2009 (Unaudited)

	Six Months Ended December 31, 2009	
Operating activities		
Net income	\$	539
Adjustments to reconcile net income to net cash used in		
operating activities:		
Change in assets and liabilities:		
Other accrued liabilities		(539)
Net cash used in operating activities		
Net change in cash and cash equivalents		_
Cash and cash equivalents at beginning of period		250
Cash and cash equivalents at end of period	\$	250

#### Exhibit B-4

#### Statement of Changes in Shareholders'/Partners' Equity (Deficit) for ESA West, Inc.

For the period ending December 31, 2009

#### ESA West, Inc.

#### Statement of Changes in Shareholder's Deficit For the Six Months Ended December 31, 2009 (Unaudited)

	Total		
	Sha	Shareholders'	
	Deficit		
Balance – June 30, 2009	\$	(1,355)	
Net income		539	
Balance – December 31, 2009	\$	(816)	

### Exhibit B – Notes to Exhibits B-1 through B-4 ESA West, Inc.

#### **Cash and Cash Equivalents**

The Company considers any cash on hand, demand deposits with financial institutions, and short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

### **Exhibit C Description of Operations for ESA West, Inc.**

ESA West, Inc. is dormant and conducts no business activities other than certain annual tax and secretary of state filings and related fees in those states in which it is registered.

#### **TAB 3**

**ESA Spartanburg, LLC**Form 26 Entity Report
As of and for the period ended December 31, 2009

### Exhibit A Valuation Estimate for ESA Spartanburg, LLC

ESA Spartanburg L.L.C. had no property, plant or equipment or other assets at December 31, 2009 and is dormant and without activity.

### Exhibit B Financial Statements for ESA Spartanburg, LLC

The entity has no assets, liabilities, income, expenses, or equity for the period reported upon herein.

## Exhibit B-1 Balance Sheet for ESA Spartanburg, LLC

#### Exhibit B-2 Statement of Income (Loss) for ESA Spartanburg, LLC

## Exhibit B-3 Statement of Cash Flows for ESA Spartanburg, LLC

### Exhibit B-4 <u>Statement of Changes in Shareholders'/Partners' Equity for ESA Spartanburg, LLC</u>

### Exhibit C Description of Operations for ESA Spartanburg, LLC

ESA Spartanburg L.L.C. is dormant and conducts no business activities.

#### **TAB 4**

**ESA 2005 Holdings L.L.C.**Form 26 Entity Report
As of and for the period ended December 31, 2009

#### **Exhibit A Valuation Estimate for ESA 2005 Holdings L.L.C.**

ESA 2005 Holdings L.L.C. had no property, plant and equipment or other assets at December 31, 2009 and is dormant and without business activity other than its holding a 100% partnership interest in ESA 2005-1031 L.L.C. ESA 2005-1031 L.L.C. also had no property, plant and equipment or other assets at December 31, 2009 and is dormant and without business activity.

### **Exhibit B Financial Statements for ESA 2005 Holdings L.L.C.**

The entity has no assets, liabilities, income, expenses, or equity for the period reported upon herein.

### Exhibit B-1 Balance Sheet for ESA 2005 Holdings L.L.C.

### Exhibit B-2 <u>Statement of Income (Loss) for ESA 2005 Holdings L.L.C.</u>

### Exhibit B-3 Statement of Cash Flows for ESA 2005 Holdings L.L.C.

### Exhibit B-4 <u>Statement of Changes in Shareholders'/Partners' Equity for ESA 2005 Holdings L.L.C.</u>

### Exhibit C Description of Operations for ESA 2005 Holdings L.L.C.

ESA 2005 Holdings L.L.C. is dormant and conducts no business activities.

#### **TAB 5**

ES-NAV LLC Form 26 Entity Report As of and for the period ended December 31, 2009

### Exhibit A Valuation Estimate for ES-NAV LLC

ES-NAV L.L.C. has limited leasehold improvements and no property, plant or equipment at December 31, 2009.

#### **Exhibit B Financial Statements for ES-NAV LLC**

#### Exhibit B-1 Balance Sheet for ES-NAV LLC As of December 31, 2009

#### **ES-NAV LLC Balance Sheet December 31, 2009** Unaudited (in thousands)

(in thousands)	December 31, 2009	
Assets		
Current assets	Ф	26
Cash and cash equivalents, unrestricted	\$	36
Accounts receivable, net of an allowance of \$3		14
Other current assets		8
Total current assets		58
Leasehold improvements, net		19
Sales tax deposits		2
Total assets	\$	79
Liabilities and Member's Deficit Liabilities Accrued occupancy and sales & use taxes payable	\$	10
Accrued utilities	Ψ	11
Other property accruals		5
Deferred revenue		10
PIK note accrued interest payable to HVI (2) LLC		1,755
PIK note payable to HVI (2) LLC		73,716
Due to affiliate - HVM L.L.C.		76
Total liabilities		75,583
Member's deficit	_	(75,504)
Total member's deficit		(75,504)
Total liabilities and member's deficit	\$	79

#### Exhibit B-2

#### **Statement of Income (Loss) for ES-NAV LLC**

Period ending December 31, 2009

#### **ES-NAV LLC**

# Statement of Operations Six Months Ended December 31, 2009 Unaudited (in thousands)

	Six Months Ended December 31, 2009	
Revenues		
Room revenue	\$	596
Other property revenue		10
Total revenues	,	606
Operating expenses		
Property operating expenses		361
Corporate operating expenses		10
Amortization of leasehold improvements		16
Management fees		41
Rent expense		210
Total operating expenses		637
Operating loss		(31)
Interest expense, PIK note payable		5,128
Net loss	\$	(5,160)

### Exhibit B-3 Statement of Cash Flows for ES-NAV LLC

Period ending December 31, 2009

#### ES-NAV, LLC

# Statement of Cash Flows Six Months Ended December 31, 2009 Unaudited (in thousands)

·-	Six Months Ended December 31, 2009		
Operating activities			
Net loss \$	(5,160)		
Adjustments to reconcile net loss to net cash provided by			
operating activities:			
Amortization of leasehold improvements	16		
Non cash interest on PIK note payable	5,010		
Change in assets and liabilities:			
Accounts receivable	(12)		
Change in other current assets	(4)		
Change in due to affiliate	176		
Accounts payable and other accrued expenses	(81)		
Accrued interest payable	119		
Net cash provided by operating activities	64		
Investing activities			
Purchase of leasehold improvements	(27)		
Other noncurrent assets	(2)		
Net cash used in investing activities	(29)		
Financing activities			
Net cash used in financing activities			
Net increase in cash and cash equivalents	35		
Cash and cash equivalents at beginning of period	1		
Cash and cash equivalents at end of period \$	36		

### Exhibit B-4 <u>Statement of Changes in Shareholders'/Partners' Equity for ES-NAV LLC</u> Period ending December 31, 2009

## ES-NAV, LLC Statement of Changes in Member's Deficit For the Six Months Ended December 31, 2009 Unaudited

	Member's Accumulated Capital Deficit			Total Member's Deficit	
	 (In Thousands)				
Balance – June 30, 2009	\$ 21	\$	(70,652) \$	(70,631)	
Adjustment to accumulated deficit	_		287	287	
Net loss	 _		(5,160)	(5,160)	
Balance – December 31, 2009	\$ 21	\$	(75,525) \$	(75,504)	

#### Exhibit B – Notes to Exhibits B-1 through B-4

#### ES-NAV LLC

#### **Cash and Cash Equivalents**

ES-NAV LLC considers all cash on hand, demand deposits with financial institutions, credit card receivables, and short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

#### **Revenue Recognition**

Room revenue and other income are recognized when earned as stays occur, using the accrual method of accounting. Amounts paid in advance are deferred until earned. Other revenue primarily consists of revenue derived from telephone, vending, guest laundry and other miscellaneous fees or services. Sales tax collected from customers is not included in revenues.

#### **Leasehold Improvements**

Leasehold improvements are being amortized over the remaining lease term, which expires on May 31, 2010.

#### **Note Payable**

ES-NAV LLC has a note payable to HVI (2) LLC that bears interest at 8% per annum. Principal and interest payments are due quarterly, and at the option of the borrowers, principal and interest installments may be paid by issuance of a payment-in-kind note (PIK Note) to bear interest at 14% per annum. As a result of electing for the issuance of PIK Notes, the note payable and the PIK Notes bear interest at the rate of 14% per annum.

#### **Due to Affiliate**

Due to affiliate represents amounts owed to HVM L.L.C. for operating expenses and management fees.

#### **Subsequent Event**

Subsequent to December 31, 2009, ES-NAV LLC defaulted on its lease payments to the owner of the hotel. While ES-NAV LLC is making partial lease payments, hotel operations are not generating sufficient cash flow to make the full lease payment. All other operating expenses are being paid in full within normal terms. Furthermore, ES-NAV is not expected to be able to pay the full amount of the property taxes pro-rated through the end of the lease term. As of the

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date of the filing of this report, the landlord has not taken any legal action against ES-NAV LLC as a result of the default on its lease payments other than issuance of default notices and assessment of late charges on unpaid rents. ES-NAV's only resources for payment of its obligations are from the operating cash flows of the hotel property; it does not anticipate any contribution from its parent company, Homestead Village LLC, as this entity along with other affiliates filed a voluntary petition for relief under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York on June 15, 2009.

### **Exhibit C Description of Operations for ES-NAV LLC**

ES-NAV LLC operates a single hotel under the "Homestead Suites" brand name in Atlanta, GA. The hotel and furniture, fixtures and equipment are leased from a third party owner for the period through May 31, 2010. ES-NAV LLC has a management agreement with HVM L.L.C. for management of the hotel.

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#### **TAB 6**

HVI (2) LLC Form 26 Entity Report As of and for the period ended December 31, 2009

### Exhibit A Valuation Estimate for HVI(2) LLC

HVI (2) LLC had no property, plant or equipment at December 31, 2009. HVI (2) LLC's assets at December 31, 2009 consist solely of a PIK (payment-in-kind) unsecured note receivable and related interest receivable from ES-NAV LLC. Given that ES-NAV LLC lacks the ability to meet its obligation under the PIK note from internally-generated cash flows, and given the voluntary petition for relief under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy Code filed by ES-NAV LLC's parent entity, Homestead Village, L.L.C., on June 15, 2009, an allowance for the full amount of the receivable has been recorded.

### **Exhibit B Financial Statements for HVI(2) LLC**

### Exhibit B-1 Balance Sheet for HVI(2) LLC

As of December 31, 2009

HVI(2) LLC Balance Sheet (in Thousands) Unaudited

	December 31, 20	)09
ASSETS		
PIK note accrued interest from ES-NAV LLC, net of		
allowance of \$1,755	\$	-
Total Current Assets		-
PIK note receivable from ES-NAV LLC, net of		
allowance of \$73,716		-
Total assets	\$	-
LIABILITIES AND MEMBER'S EQUITY		
Total liabilities	\$	-
Member's equity		_
Total liabilities and member's equity	\$	-

### Exhibit B-2 Statement of Income (Loss) for HVI(2) LLC

Period ending December 31, 2009

#### HVI (2) LLC Statement of Operations (in Thousands) Unaudited

	Six Months Ended December 31, 2009		
Revenues			
Room revenues	\$ 12,533		
Other property revenues	 189		
Total revenues	12,722		
Operating expenses			
Property operating expenses	6,227		
Corporate operating expenses	27		
Percent rent & FF&E payments expensed for GAAP	23		
Management fees	763		
Amortization of capital lease and intangibles	2,448		
Impairment of intangibles	598		
Loss on lease termination	2,169		
Allowance of PIK note and interest receivable	 75,471		
Total operating expenses	87,726		
Operating loss	(75,004)		
Interest income - PIK note	5,128		
Interest income - interest-bearing accounts	1		
Interest expense - capital lease obligation	 (7,744)		
Net loss	\$ (77,619)		

#### Exhibit B-3

### Statement of Cash Flows for HVI(2) LLC Period ending December 31, 2009

#### HVI(2) LLC **Statement of Cash Flows** (in thousands) Unaudited

	Six Months Ended		
Cash flows from operating activities:	<b>December 31, 2009</b>		
Net loss	\$	(77,619)	
Adjustments to reconcile net loss to net cash			
provided by operating activities:			
Amortization		2,448	
Impairment of intangibles		598	
Loss on lease termination		2,169	
Allowance for PIK note & related interest receivable		75,471	
Noncash interest income converted to notes receivable from affiliate		(5,128)	
Change in assets and liabilities:			
Accounts receivable, net of change in allowance		150	
Other current assets		(398)	
Accrued real estate taxes		(975)	
Accounts payable and other accrued expenses		133	
Accrued interest payable		2,193	
Due to non-debtor affiliate		(787)	
Net cash used in operating activities		(1,745)	
Cash flows from investing activities:			
Change in other noncurrent assets and liabilities		28	
Net cash provided by investing activities		28	
Cash flows from financing activities:			
Payments on capital lease		(72)	
Net cash used in financing activities	1	(72)	
Net decrease in cash and cash equivalents		(1,789)	
Cash and cash equivalents:			
Beginning of period		1,789	
End of period	\$	0	
NONCASH FINANCING ACTIVITIES			
Increase in notes receivable through issuance of PIK notes	\$	5,128	

#### Exhibit B-4

#### Statement of Changes in Shareholders'/Partners' Equity for HVI(2) LLC

Period ending December 31, 2009

#### HVI(2) LLC

Statement of Changes in Member's Equity For the Six Months Ended December 31, 2009 (in thousands) Unaudited

	Total Member's Equity		
BalanceJune 30, 2009	\$	78,406	
Adjustment to equity Net income		(787) (77,619)	
BalanceDecember 31, 2009	\$	-	

#### Exhibit B – Notes to Exhibits B-1 through B-4

#### HVI (2) LLC

#### **Cash and Cash Equivalents**

HVI (2) LLC considers all cash on hand, demand deposits with financial institutions, credit card receivables, and short-term, highly liquid investments with original maturities of three months or less to be cash equivalents.

#### **Revenue Recognition**

Room revenue and other income are recognized when earned as stays occur, using the accrual method of accounting. Amounts paid in advance are deferred until earned. Other revenue primarily consists of revenue derived from telephone, vending, guest laundry and other miscellaneous fees or services. Sales tax collected from customers is not included in revenues.

#### **Note Receivable**

HVI (2) LLC has a note receivable from ES-NAV LLC that bears interest at 8% per annum. Principal and interest payments are due quarterly, and at the option of the borrowers, principal and interest installments may be paid by issuance of a payment-in-kind note (PIK Note) to bear interest at 14% per annum. As a result of electing for the issuance of PIK Notes, the note receivable and the PIK Notes bear interest at the rate of 14% per annum. Given that ES-NAV LLC lacks the ability to meet its obligation under the PIK note from internally-generated cash flows, and given the voluntary petition for relief under the provisions of Chapter 11 of Title 11 of the United States Bankruptcy Code filed by ES-NAV LLC's parent entity, Homestead Village, L.L.C., on June 15, 2009, an allowance for the full amount of the receivable has been recorded.

#### **Leased Property Assets**

Property assets represented by capital leases were valued at acquisition cost based on their relative fair values. Leased property and equipment assets were amortized over the remaining lease term, December 31, 2030. Maintenance and repairs were charged to expense as incurred. Renewals and improvements were funded by monies paid monthly into an escrow account with any unexpended funds remaining with the lessor at the end of the lease. The leased property assets were written off on December 31, 2009 upon the termination of the lease due to default on lease payments (See Capital Lease Obligation section below).

#### **Capital Lease Obligation**

The lease required minimum rent of \$15.03 million per year and the greater of \$117,000 per month or 5% of revenues to be paid to the furniture, fixtures, and equipment reserve held by the

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lessor to be used for capital expenditures. Additionally, percentage rents were due, calculated as 10% of the difference between current revenues and base year revenues, as defined, for each hotel. Percentage rents for the 2009 Period aggregated \$25,000.

Required deposits to the furniture, fixtures, and equipment account totaled approximately \$118,000 for the 2009 Period. Expenditures made from the furniture, fixture, and equipment reserve were approximately \$501,000 for the 2009 Period.

HVI (2) LLC had a lease security deposit with HFI, the landlord of the 17 properties leased by HVI (2) LLC, of \$15.96 million.

Subsequent to the bankruptcy filings, due to economic conditions and the inability to seek financial support from its parent, HVI (2) found that the cash generated by the operations of the 17 hotels was not adequate to make lease payments and HVI (2) defaulted on its lease. HFI, the landlord, was also unable to refinance or extend its financing of the acquisition of the 17 hotels which came due in August 2009. On December 31, 2009, certain lenders to HFI acquired ownership of HFI through a deed in lieu of foreclosure. Under this new ownership, HFI terminated the lease with HVI (2) and took over operations of the hotels effective December 31, 2009.

As a result of the lease termination, HVI (2) has written off its recorded unamortized capital lease asset and remaining capital lease obligation, as well as other various lease-related assets and liabilities, including its \$15,960,000 security deposit asset. HVI (2) recorded a \$2,169,000 lease termination expense in its statement of operations for the period ended December 31, 2009.

The new ownership of HFI entered into a management agreement with HVM to continue to manage the 17 hotels for a management fee of 5.5% of gross revenues of the hotels and a reservations/travel agent commissions/marketing and advertising reimbursement of 2.5% of gross revenues of the hotels. HFI was temporarily assigned the existing trademark license agreement for use of the "Homestead" trademark until it executed a new trademark license agreement with Homestead after Court approval on March 23, 2010. The new trademark license agreement provides for continued use of the "Homestead" trademark in exchange for a license fee, payable monthly, of 1% of gross revenues of the 17 hotels. In addition, the claims of HFI against HVI(2) and, under the lease guaranty, against Homestead Village LLC have been released.

### **Exhibit C Description of Operations for HVI(2) LLC**

Prior to the lease termination on December 31, 2009, HVI (2) LLC operated 17 hotels under the "Homestead Suites" brand name in southern Florida (6 hotels), the Washington DC metropolitan area (7 hotels), Richmond, Virginia (one hotel), Raleigh-Durham, North Carolina (2 hotels), and Atlanta, GA (one hotel). The hotels and furniture, fixtures and equipment were leased from HFI Acquisitions Company LLC ("HFI"). The lease provided for fixed monthly rent of \$1.253 million, a \$117,000 monthly contribution to a furniture, fixtures and equipment replacement reserve fund, and percentage rents of 10% of any excess in revenues over a base period. The lease term was through December 31, 2030 and the lease was guaranteed by Homestead Village L.L.C. HVI (2) LLC had a management agreement with HVM L.L.C. for management of these hotels.

Subsequent to the lease termination, HVI (2) LLC is dormant and conducts no business activities.

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#### **TAB 7**

BHAC Capital IV LLC Form 26 Entity Report As of and for the period ended December 31, 2009

### Exhibit A Valuation Estimate for BHAC Capital IV LLC

BHAC Capital IV L.L.C. had no property, plant or equipment at December 31, 2009. BHAC Capital IV L.L.C.'s other assets consist of cash, trademark fees receivable, trademarks owned, an investment in 100% of the common stock of Extended Stay Inc., intercompany receivables from Homestead Village L.L.C. and ESA P Portfolio Operating Lessee Inc., and a \$6.5 million note receivable from ESA P Portfolio Operating Lessee Inc. As it is not expected that BHAC Capital IV L.L.C. will collect amounts due from debtor affiliates in the amount of \$1.3 million or its \$6.5 million note receivable and related accrued interest receivable from debtor affiliates in the amount of \$1.4 million, an allowance for the full amount of these items aggregating \$9.2 million has been recorded. Given the uncertainties due to the bankruptcy filings of one of its investors, Homestead Village L.L.C., and other affiliated entities, including Extended Stay Inc. and other subsidiaries, the value of the trademarks owned, the common stock of Extended Stay Inc., the intercompany receivables, and the note receivable cannot be determined.

#### Exhibit B **Financial Statements for BHAC Capital IV LLC**

### Exhibit B-1 Balance Sheet for BHAC Capital IV LLC As of December 31, 2009

#### BHAC Capital IV L.L.C. **Balance Sheet December 31, 2009** Unaudited (in thousands)

	Dec	ember 31, 2009
Assets		
Current assets		
Cash and cash equivalents, unrestricted	\$	1,589
Interest receivable from debtor affiliate, net of allowance of \$1,414		-
Trademark fee receivable from debtor affiliates		62
Due from debtor affiliates, net of allowance of \$1,333		
Total current assets		1,651
Trademarks		5,743
Investment in subsidiaries, at cost		483,893
Note receivable from debtor affiliate, net of allowance of \$6,500		
Total assets	\$	491,287
Liabilities and Members' Equity		
Liabilities		
Other accrued expenses	\$	78
Total liabilities		78
Members' equity		491,209
Total members' equity		491,209
Total liabilities and members' equity	\$	491,287

### Exhibit B-2 Statement of Income (Loss) for BHAC Capital IV LLC

Period ending December 31, 2009

#### BHAC Capital IV L.L.C. Statement of Operations Six Months Ended December 31, 2009 Unaudited (in thousands)

	Six Months Ended December 31, 2009		
Revenues			
Trademark fee revenue	\$	438	
Sublease rent revenue		592	
Total revenues	·	1,030	
Operating expenses			
Rent expense to debtor affiliate		558	
Corporate operating expenses		60	
Impairment of trademarks		751	
Allowance for receivables from debtor affiliates		9,247	
Total operating expenses	1	10,616	
Operating loss		(9,586)	
Interest income		30	
Net loss	\$	(9,556)	

### Exhibit B-3 Statement of Cash Flows for BHAC Capital IV LLC

Period ending December 31, 2009

# BHAC Capital IV L.L.C. Statement of Cash Flows Six Months Ended December 31, 2009 Unaudited (in thousands)

**Six Months Ended** 

	Decem	ber 31, 2009
Operating activities		
Net loss	\$	(9,556)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Impairment of trademarks		751
Allowance for receivables from debtor affiliates		9,247
Change in assets and liabilities:		
Other current assets		(6)
Accounts payable and other accrued expenses		18
Net cash provided by operating activities		454
Net increase in cash and cash equivalents		454
Cash and cash equivalents at beginning of period		1,135
Cash and cash equivalents at end of period	\$	1,589

#### Exhibit B-4

#### Statement of Changes in Shareholders'/Partners' Equity for BHAC Capital IV LLC

Period ending December 31, 2009

#### BHAC Capital IV L.L.C. Statements of Changes in Members' Equity For the Six Months Ended December 31, 2009 Unaudited

	1	Members' Capital	Accumulated Deficit and Distributions		Total Members' Equity
			(In Th	ousands)	
Balance – June 30, 2009		525,399		(24,634)	500,765
Net loss		_		(9,556)	(9,556)
Balance – December 31, 2009	\$	525,399	\$	(34,190) \$	491,209

#### Exhibit B – Notes to Exhibits B-1 through B-4

#### BHAC Capital IV L.L.C. ("BHAC")

#### **Cash and Cash Equivalents**

BHAC considers any cash on hand, demand deposits with financial institutions, and short-term, highly liquid investments with original maturities of three months or less to be cash equivalents. BHAC has deposits in excess of \$250,000 with a single financial institution which are not insured by the Federal Deposit Insurance Corporation.

#### **Due from Debtor Affiliates**

BHAC does not expect to receive repayment of intercompany receivables from the debtors, and thus has recorded an allowance of \$1.3 million for the full amount of such receivables.

#### **Note Receivable from Affiliate**

ESA P Portfolio Operating Lessee Inc. owes a note of \$6.5 million to BHAC. Interest expense is calculated at the greater of the federal funds daily rate plus 0.75% or the applicable federal monthly rate as issued by the Internal Revenue Service. As it is expected that BHAC will not collect its note from the debtor entity, an allowance for the full amount of principal and interest outstanding of \$7.9 million was recorded.

#### **ESA Trademarks**

BHAC is the owner of the trademarks "Extended Stay Deluxe," "Extended Stay America," "Studio Plus," and "Crossland." BHAC has licensed the use of the trademarks to certain subsidiaries of its investee, Extended Stay Inc.

### **Exhibit C Description of Operations for BHAC Capital IV LLC**

BHAC Capital IV L.L.C. ("BHAC") holds 100% of the common stock of Extended Stay Inc. BHAC also owns trademarks ("Extended Stay America" et al) which it licenses to certain hotel operating subsidiaries of Extended Stay Inc. for a fee based on a percentage of revenues of the hotels. BHAC has granted a security interest in the trademarks and trademark licenses to the lenders under the \$4.1 billion mortgage to certain borrower subsidiaries of Extended Stay Inc. and Homestead Village L.L.C. BHAC also leases a portion of an office building in Spartanburg, SC owned by a subsidiary of Extended Stay Inc. and in turn leases that space to HVM L.L.C. for its home office.