

James H.M. Sprayregen, P.C.
Paul M. Basta
Stephen E. Hessler
Brian S. Lennon
KIRKLAND & ELLIS LLP
601 Lexington Avenue
New York, New York 10022-4611
Telephone: (212) 446-4800
Facsimile: (212) 446-4900

and

Anup Sathy, P.C.
KIRKLAND & ELLIS LLP
300 North LaSalle
Chicago, Illinois 60654-3406
Telephone: (312) 862-2000
Facsimile: (312) 862-2200

Counsel to the Debtors and Debtors in Possession


**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

| | | |
|--|---|-------------------------|
| In re: |) | |
| |) | Chapter 11 |
| INNKEEPERS USA TRUST, <i>et al.</i> , ¹ |) | |
| |) | Case No. 10-13800 (SCC) |
| Debtors. |) | |
| |) | Jointly Administered |

**MONTHLY OPERATING REPORT FOR THE PERIOD FROM
JULY 1 – JULY 31, 2011**

The undersigned, having reviewed the attached report and being familiar with the Debtors' financial affairs, verifies under penalty of perjury that the information contained therein is complete, accurate, and truthful to the best of my knowledge.

Date: September 2, 2011

by: 

Nathan Cook
Chief Financial Officer

¹ The list of Debtors in these Chapter 11 Cases along with the last four digits of each Debtor's federal tax identification number can be found by visiting the Debtors' restructuring website at www.omningt.com/innkeepers or by contacting Omni Management Group, LLC at Innkeepers USA Trust c/o Omni Management Group, LLC, 16161 Ventura Boulevard, Suite C, PMB 606, Encino, California 91436. The location of the Debtors' corporate headquarters and the service address for their affiliates is: c/o Innkeepers USA, 340 Royal Poinciana Way, Suite 306, Palm Beach, Florida 33480.

**INNKEEPERS USA TRUST AND ITS AFFILIATED DEBTORS - INDEX TO
CONDENSED CONSOLIDATED FINANCIAL STATEMENTS & SCHEDULES**

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INNKEEPERS USA TRUST AND ITS AFFILIATED DEBTORS
COMBINED CONDENSED
STATEMENTS OF OPERATIONS
(UNAUDITED)*

| | | Month Ending |
|--|--|----------------------|
| | | July 31, 2011 |
| Revenue: | | |
| Hotel Operating revenue: | | |
| Rooms | | \$ 25,038,244 |
| Food and beverage | | 852,720 |
| Telephone | | 57,402 |
| Other operating department | | 715,679 |
| Total Revenue | | 26,664,045 |
| Operating Expenses: | | |
| Rooms | | 5,645,654 |
| Food and beverage | | 833,781 |
| Telephone | | 176,350 |
| Other | | 324,312 |
| General and administrative | | 2,447,475 |
| Franchise and marketing fees | | 1,878,147 |
| Amortization of deferred franchise conversion | | 150,006 |
| Advertising and promotions | | 908,778 |
| Utilities | | 1,130,906 |
| Repairs and maintenance | | 1,356,228 |
| Management fees | | 672,944 |
| Insurance | | 147,195 |
| Depreciation | | 4,219,013 |
| Amortization of franchise fees | | 422,242 |
| Ground rent | | 18,201 |
| Property taxes and insurance | | 1,518,898 |
| Corporate general and administrative | | 1,517,001 |
| Other charges | | - |
| Total operating expenses | | 23,367,131 |
| Operating income | | 3,296,914 |
| Other income | | 358,631 |
| Interest expenses | | (10,823,452) |
| Amortization of loan origination fees | | (1,511,032) |
| Net Income from continuing operations | | (8,678,939) |
| Gain (Loss) on Disposals | | (5,879) |
| Gain (Loss) on sale of assets from discontinued operations | | 34,894,002 |
| Reorganization items | | (9,624,250) |
| Net income | | \$ 16,584,934 |

* Includes all revenue and operating expenses attributable to the Remaining Debtor Properties (as defined herein) from July 1, 2011 through July 12, 2011, and 50% of the revenue and operating expenses attributable to the Remaining Debtor Properties from July 13, 2011.

The accompanying notes are an integral part of these combined condensed financial statements.

INNKEEPERS USA TRUST AND ITS AFFILIATED DEBTORS
COMBINED CONDENSED
BALANCE SHEET
(UNAUDITED)

| | As of July 31, 2011 |
|---|------------------------|
| ASSETS | |
| Investment in hotels: | |
| Land and improvements | 229,840,419 |
| Buildings and improvements | 885,227,892 |
| Furniture and equipment | 72,688,507 |
| Renovations in process | 26,924,931 |
| | 1,214,681,749 |
| Accumulated depreciation | (195,829,599) |
| Net investment in hotels | 1,018,852,149 |
| | |
| Cash and cash equivalents | 39,013,977 |
| Restricted cash and cash equivalents | 17,866,897 |
| Accounts receivable, net | 5,747,281 |
| Prepaid and other | 3,608,890 |
| Investment in unconsolidated entity | - |
| Deferred and other | 9,990,807 |
| Total Assets | 1,095,080,000 |
| | |
| LIABILITIES AND SHAREHOLDERS' EQUITY | |
| Debt | 54,364,628 |
| Accounts payable and accrued expenses | 29,987,804 |
| Payable to manager | 556,399 |
| Liabilities Subject to Compromise | 1,219,501,420 |
| Total Liabilities | 1,304,410,252 |
| | |
| Distributions payable | 52,751,792 |
| | |
| Shareholders' Equity: | |
| Series A Preferred shares | 75,000,000 |
| Series C Preferred shares | 145,000,000 |
| Series D Preferred shares | 1,441,389 |
| Common shares | 170,992 |
| Additional paid-in capital | 171,210,988 |
| Unearned compensation | (30,554) |
| Distributions in excess of earnings | (654,874,858) |
| Total Shareholders' Equity | (262,082,044) |
| Total Liabilities and Shareholders' Equity | 1,095,080,000 |

The accompanying notes are an integral part of these combined condensed financial statements.

INNKEEPERS USA TRUST AND ITS AFFILIATED DEBTORS
NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - GENERAL

Nature of the Business

Innkeepers USA Trust (“**Innkeepers**”) is a self-administered real estate investment trust organized under the laws of Maryland and the direct subsidiary of debtor Grand Prix Holdings LLC and the direct or indirect parent of each of the other debtors and debtors in possession (collectively, the “**Debtors**”). The Debtors currently own and operate an expansive portfolio of 64 upscale and mid-priced extended-stay and select-service hotels, consisting of approximately 8,300 rooms, located in 19 states across the United States. The Debtors operate their hotels under premium, well-recognized brands, such as Marriott, Hyatt, Hilton, and others.

On July 19, 2010 (the “**Petition Date**”), the Debtors each filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) (see note 2).

Basis of Presentation

The accompanying consolidated financial statements of the Debtors have been prepared solely for the purpose of complying with the monthly reporting requirements of the Bankruptcy Court.

The monthly information presented herein is unaudited and has been prepared from the books and records of the Debtors on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business.

Pursuant to accounting principles generally accepted in the United States of America (“**U.S. GAAP**”), certain prepetition liabilities of the Debtors have been reclassified as liabilities subject to compromise. Liabilities subject to compromise currently include the Debtors’ long-term indebtedness and amounts due to vendors for goods and services received before the Petition Date and, in the future, may include estimates for claims that arise in connection with the Debtors’ rejection of executory contracts and unexpired leases. The Debtors continue to analyze and reconcile these amounts; therefore, the amounts reflected herein are current estimates and subject to change as a result of additional analysis. Liabilities subject to compromise are distinguished from (i) prepetition liabilities that are estimated to be fully secured or subject to priority and (ii) postpetition liabilities of the Debtors.

These consolidated financial statements are based on the Debtors’ consolidated financial statements as of and for the month ended July 31, 2011. Any changes to prior period balances will be reflected in the current Monthly Operating Report. These statements do not contain all disclosures that would be required for presentation in accordance with U.S. GAAP.

NOTE 2 - CHAPTER 11 PROCEEDINGS

The Debtors’ chapter 11 cases (the “**Chapter 11 Cases**”) have been consolidated for procedural purposes only and are being jointly administered under the caption *In re Innkeepers USA Trust, et al.*, Case No. 10-13800 (Bankr. S.D.N.Y.). The Debtors continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

Since the commencement of the Chapter 11 Cases, the Bankruptcy Court has authorized the Debtors to borrow up to \$70,498,095 in debtor in possession financing pursuant to the terms of a \$53,000,000 debtor-in-possession credit agreement between certain of the Debtors, collectively as borrowers, and Five Mile Pooling International LLC, as lender, and a \$17,498,095 debtor-in-possession credit agreement between certain of the Debtors, collectively as borrowers, and Solar Finance Inc., as lender.

The Bankruptcy Court has also authorized the Debtors to make certain payments on account of prepetition claims pursuant to various “first day” orders, including the payment of, among other things, certain outstanding amounts owed in connection with the Debtors’ hotel management agreements and shared services agreements, sales, use, and occupancy taxes and fees owed to governmental units, outstanding employee wages, health benefits, and other employee obligations, as well as authority to continue to honor current customer programs. During the

Debtors' Chapter 11 Cases, transactions outside the ordinary course of business will require Bankruptcy Court approval.

As a consequence of the filing of the Chapter 11 Cases, pending litigation against the Debtors is generally subject to the automatic stay under section 362 of the Bankruptcy Code, and no party may take any action to collect prepetition claims except pursuant to an order of the Bankruptcy Court.

On February 13, 2011, pursuant to a Bankruptcy Court order entered on January 26, 2011 [Docket No. 865], the Debtors rejected (a) the ground lease of the Best Western West Palm Beach Airport Inn in West Palm Beach, Florida (the "**West Palm Beach Hotel**"), pursuant to which Debtor Grand Prix West Palm Beach LLC was the lessee, (b) the membership agreement with Best Western International, Inc. ("**Best Western**"), which governed, among other things, the use of Best Western's name, trademarks, service marks, and identification symbols in connection with the West Palm Beach Hotel, and (c) other executory contracts and unexpired leases related to the West Palm Beach Hotel. The Debtors also disposed, donated, or abandoned the property at the West Palm Beach Hotel.

On May 19, 2011, the Bankruptcy Court entered an order approving, among other things, the Debtors' disclosure statement and certain solicitation procedures [Docket No. 1441].

On June 29, 2011, the Bankruptcy Court entered an order confirming the Debtors' proposed plans of reorganization (the "**Plan**") [Docket No. 1804].

On July 7, 2011, the Debtors under the Ontario Joint Plan of Reorganization (the "**Ontario Plan**") emerged from their court-supervised restructuring, and the Ontario Plan became effective [Docket No. 1859].

On July 15, 2011, pursuant to the terms of the Remaining Debtor Joint Plan of Reorganization (the "**Remaining Debtor Plan**"), and subject to the Agreement of Purchase and Sale, dated as of May 3, 2011, between certain of the Debtors and Chatham Lodging, L.P. ("**Chatham**"), the Debtors finalized the sale to Chatham of the Residence Inn in Garden Grove, California, the Residence Inn in San Diego, California, the Doubletree in Washington, District of Columbia, the Residence Inn in Tyson's Corner, Virginia, and the Homewood Suites in San Antonio, Texas (collectively, the "**Remaining Debtor Properties**"). The Debtors and Chatham evenly split the revenue attributable to the Remaining Debtor Properties generated on July 13, 2011, and Chatham began receiving all revenue generated at the Remaining Debtor Properties on July 14, 2011. Consistent therewith, the Combined Condensed Statements of Operations (Unaudited) for the Month Ending July 31, 2011, set forth on page 3 herein, include all revenue and operating expenses attributable to the Remaining Debtor Properties through July 12, 2011, and 50% of the revenue and operating expenses attributable to the Remaining Debtor Properties from July 13, 2011.

Also on July 15, 2011, certain (but not all) of the Debtors under the Remaining Debtor Plan (the "**Effective Date Remaining Debtors**") emerged from their court-supervised restructuring, and the Remaining Debtor Plan with respect to the Effective Date Remaining Debtors became effective [Docket No. 1911].

On July 28, 2011, the Debtors under the Anaheim Joint Plan of Reorganization (the "**Anaheim Plan**") emerged from their court-supervised restructuring, and the Anaheim Plan became effective [Docket No. 1965]. The closing transaction entries for the Anaheim Plan are currently under review and will be reflected in next month's consolidated financial statement.

On August 19, 2011, Cerberus Series Four Holdings, LLC, INK Acquisition LLC, INK Acquisition II LLC, and Chatham Lodging Trust sent the Debtors a notice purporting to terminate their commitments with respect to the \$1.12 billion transaction that forms the basis of the Fixed/Floating Joint Plan of Reorganization (the "**Fixed/Floating Plan**").

The ultimate recovery by the Debtors' creditors and shareholders on account of prepetition claims and interests, if any, will not be determined until implementation of the Plan. Accordingly, the Debtors urge that appropriate caution be exercised with respect to existing and future investments in any of these securities.

For additional information regarding the Chapter 11 Cases, please refer to Innkeepers' website at www.innkeepersusa.com and to the website managed by Omni Management Group, the Debtors' noticing and claims agent, at <http://www.omnimgt.com/innkeepers>.

NOTE 3 - CERTAIN ASSETS AND LIABILITIES SUBJECT TO COMPROMISE

Net Investment in Hotels

Net Investment in Hotels is included in the accompanying balance sheets at its net book value, which was last determined during the Debtors' annual testing performed in December 2009. Book value is not necessarily reflective of current value as of the date of this report, as current value is undetermined.

Liabilities – Debt

The Debtors' Prepetition Debt (as defined herein), included in the Debtors' balance sheet under "Liabilities Subject to Compromise," consists of the following (in thousands):

| Debt Name | 7/31/2011 |
|---|-----------------------|
| \$13.7mm Anaheim CMBS Senior Mortgage Loan | \$13,173** |
| \$21.3mm Anaheim Lehman Mezzanine Loan | \$22,697** |
| \$121mm Floating Rate Lehman Mezzanine Loan | \$133,691 |
| \$238mm Floating Rate Lehman Senior Mortgage Loan | \$220,411 |
| \$825mm Fixed Rate CMBS Pool - LB-UBS 2007-C6 | \$418,165 |
| \$825mm Fixed Rate CMBS Pool - LB-UBS 2007-C7 | \$418,165 |
| TOTAL* | \$1,226,302*** |

* Subject to the terms of the Final Order Authorizing the Debtors to (i) Use the Adequate Protection Parties' Cash Collateral and (ii) Provide Adequate Protection to the Adequate Protection Parties Pursuant to 11 U.S.C. §§ 361, 362, and 363, entered by the Bankruptcy Court on September 2, 2010 [Docket No. 402].

** The closing transaction entries related to the Anaheim Plan are currently under review and will be reflected in next month's consolidated financial statement.

*** The Prepetition Debt securing the Remaining Debtor Properties is no longer included in the Debtors' balance sheet.

The filing of the Chapter 11 Cases constituted an event of default under, or otherwise triggered repayment obligations with respect to, a number of debt instruments and agreements relating to direct and indirect financial obligations of the Debtors (collectively, the "**Prepetition Debt**"). As a result, obligations under the Prepetition Debt became automatically and immediately due and payable. The Debtors believe that any efforts to enforce the payment obligations under the Prepetition Debt have been stayed as a result of the filing of the Chapter 11 Cases. While operating in chapter 11, the Debtors ceased recording interest on the Prepetition Debt subject to compromise.

NOTE 4 - REORGANIZATION ITEMS

Reorganization items included net charges of approximately \$9.6 million in July 2011, which consisted primarily of professional fees and closing costs of emerging properties associated with the Chapter 11 Cases.

SCHEDULE I

**SCHEDULE OF TOTAL DISBURSEMENTS BY DEBTOR FOR JULY 1 THROUGH
JULY 31, 2011**

| INNKEEPERS USA TRUST AND RELATED CASES: | | | |
|--|---|---|---|
| Case #: | Case Name | July 31, 2011 Disbursements: | Quarterly Fees Due to the United State Trustee's Office: |
| 081-10-13801 | GP AC SUBLESSEE LLC | \$0 | \$0 |
| 081-10-13803 | GRAND PRIX ADDISON (RI) LLC | \$0 | \$0 |
| 081-10-13804 | GRAND PRIX ADDISON (SS) LLC | \$0 | \$0 |
| 081-10-13805 | GRAND PRIX ALBANY LLC | \$0 | \$0 |
| 081-10-13806 | GRAND PRIX ALTAMONTE LLC | \$0 | \$0 |
| 081-10-13807 | GRAND PRIX ANAHEIM ORANGE LESSEE LLC | \$0 | \$0 |
| 081-10-13808 | GRAND PRIX ARLINGTON LLC | \$0 | \$0 |
| 081-10-13809 | GRAND PRIX ATLANTA (PEACHTREE CORNERS) LLC | \$0 | \$0 |
| 081-10-13810 | GRAND PRIX ATLANTA LLC | \$0 | \$0 |
| 081-10-13811 | GRAND PRIX ATLANTA CITY LLC | \$0 | \$0 |
| 081-10-13812 | GRAND PRIX BELLEVUE LLC | \$0 | \$0 |
| 081-10-13813 | GRAND PRIX BELMONT LLC | \$0 | \$0 |
| 081-10-13814 | GRAND PRIX BINGHAMTON LLC | \$0 | \$0 |
| 081-10-13815 | GRAND PRIX BOTHELL LLC | \$0 | \$0 |
| 081-10-13816 | GRAND PRIX BULFINCH LLC | \$0 | \$0 |
| 081-10-13817 | GRAND PRIX CAMPBELL/ SAN JOSE LLC | \$0 | \$0 |
| 081-10-13818 | GRAND PRIX CHERRY HILL LLC | \$0 | \$0 |
| 081-10-13819 | GRAND PRIX CHICAGO LLC | \$0 | \$0 |
| 081-10-13820 | GRAND PRIX COLUMBIA LLC | \$0 | \$0 |
| 081-10-13821 | GRAND PRIX DENVER LLC | \$0 | \$0 |
| 081-10-13822 | GRAND PRIX EAST LANSING LLC | \$0 | \$0 |
| 081-10-13823 | GRAND PRIX EL SEGUNDO LLC | \$0 | \$0 |
| 081-10-13824 | GRAND PRIX ENGLEWOOD / DENVER SOUTH LLC | \$0 | \$0 |
| 081-10-13825 | GRAND PRIX FIXED LESSEE LLC | \$0 | \$0 |
| 081-10-13826 | GRAND PRIX FLOATING LESSEE LLC | \$954,545 | \$0 |
| 081-10-13827 | GRAND PRIX FREMONT LLC | \$0 | \$0 |
| 081-10-13828 | GRAND PRIX FT. LAUDERDALE LLC | \$0 | \$0 |
| 081-10-13829 | GRAND PRIX FT. WAYNE LLC | \$0 | \$0 |
| 081-10-13830 | GRAND PRIX GAITHERSBURG LLC | \$0 | \$0 |
| 081-10-13831 | GRAND PRIX GENERAL LESSEE LLC | \$0 | \$0 |
| 081-10-13832 | GRAND PRIX GERMANTOWN LLC | \$0 | \$0 |
| 081-10-13833 | GRAND PRIX GRAND RAPIDS LLC | \$0 | \$0 |
| 081-10-13834 | GRAND PRIX HARRISBURG LLC | \$0 | \$0 |
| 081-10-13793 | GRAND PRIX HOLDINGS LLC | \$0 | \$0 |
| 081-10-13835 | GRAND PRIX HORSHAM LLC | \$0 | \$0 |
| 081-10-13837 | GRAND PRIX IHM, INC. | \$0 | \$0 |
| 081-10-13838 | GRAND PRIX INDIANAPOLIS LLC | \$0 | \$0 |
| 081-10-13839 | GRAND PRIX ISLANDIA LLC | \$0 | \$0 |

SCHEDULE I

**SCHEDULE OF TOTAL DISBURSEMENTS BY DEBTOR FOR JULY 1 THROUGH
JULY 31, 2011**

| INNKEEPERS USA TRUST AND RELATED CASES: | | | |
|--|---|---|---|
| Case #: | Case Name | July 31, 2011 Disbursements: | Quarterly Fees Due to the United State Trustee's Office: |
| 081-10-13840 | GRAND PRIX LAS COLINAS LLC | \$0 | \$0 |
| 081-10-13841 | GRAND PRIX LEXINGTON LLC | \$0 | \$0 |
| 081-10-13843 | GRAND PRIX LIVONIA LLC | \$0 | \$0 |
| 081-10-13844 | GRAND PRIX LOMBARD LLC | \$0 | \$0 |
| 081-10-13845 | GRAND PRIX LOUISVILLE (RI) LLC | \$0 | \$0 |
| 081-10-13846 | GRAND PRIX LYNNWOOD LLC | \$0 | \$0 |
| 081-10-13847 | GRAND PRIX MEZZ BORROWER FIXED, LLC | \$0 | \$0 |
| 081-10-13798 | GRAND PRIX MEZZ BORROWER FLOATING, LLC | \$0 | \$0 |
| 081-10-13796 | GRAND PRIX MEZZ BORROWER FLOATING 2, LLC | \$0 | \$0 |
| 081-10-13848 | GRAND PRIX MEZZ BORROWER TERM LLC | \$0 | \$0 |
| 081-10-13849 | GRAND PRIX MONTVALE LLC | \$0 | \$0 |
| 081-10-13850 | GRAND PRIX MORRISTOWN LLC | \$0 | \$0 |
| 081-10-13851 | GRAND PRIX MOUNTAIN VIEW LLC | \$0 | \$0 |
| 081-10-13852 | GRAND PRIX MT. LAUREL LLC | \$0 | \$0 |
| 081-10-13853 | GRAND PRIX NAPLES LLC | \$0 | \$0 |
| 081-10-13854 | GRAND PRIX ONTARIO LESSEE LLC | \$0 | \$0 |
| 081-10-13855 | GRAND PRIX ONTARIO LLC | \$0 | \$0 |
| 081-10-13856 | GRAND PRIX PORTLAND LLC | \$0 | \$0 |
| 081-10-13857 | GRAND PRIX RICHMOND (NORTHWEST) LLC | \$0 | \$0 |
| 081-10-13858 | GRAND PRIX RICHMOND LLC | \$0 | \$0 |
| 081-10-13860 | GRAND PRIX RIGG LESSEE LLC | \$0 | \$0 |
| 081-10-13861 | GRAND PRIX RIMV LESSEE LLC | \$0 | \$0 |
| 081-10-13862 | GRAND PRIX ROCKVILLE LLC | \$0 | \$0 |
| 081-10-13864 | GRAND PRIX SADDLE RIVER LLC | \$0 | \$0 |
| 081-10-13865 | GRAND PRIX SAN JOSE LLC | \$0 | \$0 |
| 081-10-13866 | GRAND PRIX SAN MATEO LLC | \$0 | \$0 |
| 081-10-13867 | GRAND PRIX SCHAUMBURG LLC | \$0 | \$0 |
| 081-10-13868 | GRAND PRIX SHELTON LLC | \$0 | \$0 |
| 081-10-13869 | GRAND PRIX SILI I LLC | \$0 | \$0 |
| 081-10-13870 | GRAND PRIX SILI II LLC | \$0 | \$0 |
| 081-10-13799 | GRAND PRIX TERM LESSEE LLC | \$0 | \$0 |
| 081-10-13871 | GRAND PRIX TROY (CENTRAL) LLC | \$0 | \$0 |
| 081-10-13872 | GRAND PRIX TROY (SE) LLC | \$0 | \$0 |
| 081-10-13874 | GRAND PRIX TUKWILA LLC | \$0 | \$0 |
| 081-10-13875 | GRAND PRIX WEST PALM BEACH LLC | \$0 | \$0 |
| 081-10-13876 | GRAND PRIX WESTCHESTER LLC | \$0 | \$0 |
| 081-10-13877 | GRAND PRIX WILLOW GROVE LLC | \$0 | \$0 |
| 081-10-13878 | GRAND PRIX WINDSOR LLC | \$0 | \$0 |

SCHEDULE I

**SCHEDULE OF TOTAL DISBURSEMENTS BY DEBTOR FOR JULY 1 THROUGH
JULY 31, 2011**

| INNKEEPERS USA TRUST AND RELATED CASES: | | | |
|--|------------------------------------|---|---|
| Case #: | Case Name | July 31, 2011 Disbursements: | Quarterly Fees Due to the United State Trustee's Office: |
| 081-10-13879 | GRAND PRIX WOBURN LLC | \$0 | \$0 |
| 081-10-13880 | INNKEEPERS FINANCIAL CORPORATION | \$0 | \$0 |
| 081-10-13794 | INNKEEPERS USA LIMITED PARTNERSHIP | \$15,908,851 | \$0 |
| 081-10-13800 | INNKEEPERS USA TRUST | \$0 | \$0 |
| 081-10-13881 | KPA HI ONTARIO LLC | \$0 | \$0 |
| 081-10-13882 | KPA HS ANAHEIM, LLC | \$0 | \$0 |
| 081-10-13883 | KPA LEASECO HOLDING INC. | \$17,403,898 | \$0 |
| 081-10-13884 | KPA LEASECO, INC. | \$0 | \$0 |
| 081-10-13885 | KPA RIGG, LLC | \$0 | \$0 |
| 081-10-13886 | KPA RIMV, LLC | \$0 | \$0 |
| 081-10-13887 | KPA SAN ANTONIO, LLC | \$0 | \$0 |
| 081-10-13888 | KPA TYSONS CORNER RI, LLC | \$0 | \$0 |
| 081-10-13889 | KPA WASHINGTON DC, LLC | \$0 | \$0 |
| 081-10-13890 | KPA/GP FT. WALTON LLC | \$0 | \$0 |
| 081-10-13892 | KPA/GP LOUISVILLE (HI) LLC | \$0 | \$0 |
| 081-10-13893 | KPA/GP VALENCIA LLC | \$0 | \$0 |
| | GRAND TOTALS: | \$34,267,294 | \$0 |

NOTES:

Cash is managed as described in the *Debtors' Motion for the Entry of an Order Authorizing the Continued Use of (I) Existing Cash Management System, as Modified Herein, (II) Existing Bank Accounts, (III) Existing Business Forms, and (IV) Certain Existing Investment Guidelines* [Docket No. 14] (the "**Cash Management Motion**") and subject to the order entered by the Bankruptcy Court granting the Cash Management Motion on a final basis on September 2, 2010 [Docket No. 401] and modified to increase the expense reserve from \$4.5 million to \$16.5 million on March 11, 2011 [Docket No. 1008].

The Debtors' financial affairs are complex, and they operate their business as a comprehensive enterprise. Before the Petition Date, the Debtors maintained a cash management and disbursement system in the ordinary course of their business (the "**Cash Management System**"). Pursuant to the Debtors' Cash Management System, cash disbursements are centralized and are made by four Debtor entities for the benefit of all operating affiliates.

All of the Debtors' hotels are managed by third-party property managers (the "**Property Managers**"),¹ which contract with service providers and purchase substantially all services, goods, and materials utilized in the operation of the Debtors' hotels. The Property Managers employ an aggregate of approximately 2,300 employees in connection with the operation of the hotels and the Debtors have approximately 30 employees. Thus, this Schedule I has been prepared, in large part, based upon the information and work product and/or representations made available to the Debtors and their advisors by representatives of the third-party Property Managers.

¹ Island Hospitality Management, Inc. is the Property Manager for 63 of the Debtors' 64 hotels. Dimension Development Company, Inc. is the Property Manager for the other hotel.

**SCHEDULE II
DEBTORS' QUESTIONNAIRE***

| | <u>Yes</u> | <u>No</u> |
|--|------------------|------------------|
| 1 Have any assets been sold or transferred outside the normal course of business this reporting period? | | X |
| 2 Have any funds been disbursed from any account other than a debtor in possession account this reporting period? | | X ⁽¹⁾ |
| 3 Is the Debtor delinquent in the timely filing of any post-petition tax returns? | | X |
| 4 Are workers compensation, general liability, or other necessary insurance coverages expired or cancelled, or has the Debtor received notice of expiration or cancellation of such policies?..... | | X |
| 5 Is the Debtor delinquent in paying any insurance premium payment? | | X |
| 6 Have any payments been made on prepetition liabilities this reporting period? | X ⁽²⁾ | |
| 7 Are any post petition receivables (accounts, notes, or loans) due from related parties? | | X |
| 8 Are any post petition payroll taxes past due? | | X |
| 9 Are any postpetition State or Federal income taxes past due? | | X |
| 10 Are any postpetition real estate taxes past due?..... | | X ⁽³⁾ |
| 11 Are any other post petition taxes past due?..... | | X |
| 12 Have any pre-petition taxes been paid during this reporting period? | X ⁽²⁾ | |
| 13 Are any amounts owed to post petition creditors delinquent? | | X ⁽⁴⁾ |
| 14 Are any wage payments past due? | | X |
| 15 Have any post petition loans been received by the Debtor from any party? | X ⁽⁵⁾ | |
| 16 Is the Debtor delinquent in paying any U.S. Trustee fees? | | X |
| 17 Is the Debtor delinquent with any court ordered payments to attorneys or other professionals? .. | | X |
| 18 Have the owners or shareholders received any compensation outside of the normal course of business? | | X |

* Unless otherwise indicated, answer is for the combined group of Debtors (see Note 1 herein).

- (1) Funds have been disbursed from existing operating accounts as authorized by the court order approving the Cash Management Motion.
- (2) An aggregate of approximately \$838,812 has been paid in the reporting period by or on behalf of the Debtors with respect to pre-petition liabilities, as approved by the Bankruptcy Court. Such disbursements have been for outstanding amounts owed in connection with the Debtors' hotel management agreements and shared services agreements, taxes and fees owed to governmental units, and outstanding employee wages, health benefits, and other employee obligations.
- (3) Where the Debtors are invoiced for real estate taxes incurred both prepetition and postpetition in a single invoice, the Debtors have remitted payment in certain instances for those taxes incurred in the postpetition period only. Certain real estate taxing authorities have returned the Debtors' timely payment, citing an unwillingness to accept partial payment of the amounts in the invoice. The Debtors will continue to work with these taxing authorities to resolve the issue and are otherwise current with respect to payment of postpetition real estate taxes.
- (4) Does not include amounts that may be past due and for which the Debtors are reviewing billing discrepancies and/or contract terms.
- (5) As described in Note 3 herein, which description is incorporated into this response by reference, the Debtors are party to debtor-in-possession credit agreements in the amount of up to \$70,498,095.