

INVESTMENT OFFERING

LOVELOCK INN

Lovelock, NV

\$969,900



55 Cornell Ave
Lovelock, NV 89419

Offered By:



SIERRA REALTY GROUP, INC.

Hospitality & Commercial Investment, Analysis & Sales

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INVESTMENT SUMMARY

Property	LOVELOCK INN
City	Lovelock
County	Pershing
Price	\$969,900
Property Type	Independent Motel
Address	55 Cornell Ave Lovelock, NV 89419
# of Hotel Rooms	37
Year Built	1949
Building Sq. Ft	16,000
Land Area Sq. Ft	5.28
Land Area Acres	229,997
2007 Gross Effective Income	\$166,480
Expenses	\$167,862
NOI	\$1,382
Cap Rate	NA
GRM	5.8
Price per Room	\$26,214

The information contained herein has been obtained from sources believed reliable. While we do not doubt its accuracy we have not verified it and make no guarantee, warranty or representation about it. It is your responsibility to independently confirm its accuracy and completeness. Any projections, opinions, assumptions, or estimates used are for example only and do not represent the current or future performance of the property. The value of the transaction to you depends on tax and other factors which should be evaluated by your tax, financial, and legal advisors. You and your advisors should conduct a careful, independent investigation of the property to determine to your satisfaction the suitability of the property for your needs.

OVERVIEW

Lovelock Inn

The property is very well located in the city of Lovelock, Nevada. Cornell is the primary business street for Lovelock. There are 37 motel rooms plus a large lobby with a wood burning fireplace and registration area and an Owner's quarters that is a separate modular home. The property also includes a parking area that is large enough for commercial tractor trailer trucks.

The 37 unit Inn was completed in the spring of 1949. The 16,000 sq. ft. ranch-style building is surrounded by a six-foot porch. The property was designed by Paul Williams, the "designer for the stars"; see more information on Paul Williams below. In 1948/1949 it was the ultimate design and model for a motel in the desert. It is constructed of native Nevada stone, pink in coloring, mined near Carson City. The special thick tile in the bathrooms looks as good today as it did the day it was installed over 60 years ago. The building cost \$260,000 to construct in 1949 and spared no expenses, even installing copper pipes though out. The knotty pine, rock maple and rustic wormwood used for the interior were transported by rail from Oregon. The bricks for the building were all fired on the property, while the rocks in the fireplace were from the Humboldt River.

How did it happen that Paul Williams designed the Lovelock Inn? The property was originally built by a member of the E. L. Cord family. The Cord Corporation founded by E. L. Cord (1894-1974) founded a company that produced the Cord Automobile along with the Auburn and Duesenberg Automobiles in Indiana. Other transportation entities owned by the Cord Corporation were Stinson Aircraft, Checker Cab and American Airways which later became American Airlines. Williams was hired by the Cord family to design many homes and buildings, of which the Lovelock Inn was one.



Paul R. Williams

Paul Revere Williams (1894-1980) was a celebrated architect and an African American -- a combination that few of his contemporaries imagined possible. By proving that it *was* possible, and doing so over a career spanning 50 years, Williams earned a special place in the history of Southern California architecture.

Commercial clients were attracted by his growing reputation. In 1939 Williams won an AIA Award of Merit for his design of the elegant MCA building in Beverly Hills (later the headquarters of Litton Industries). He also designed the interiors of the original Saks Fifth

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Avenue building in Beverly Hills, then the exteriors and interiors of two Saks additions. In time he would design or remodel over 300 houses and places of business in the Beverly Hills area.

Over time, his firm designed public schools, banks, auto dealerships, the Arrowhead Springs Hotel (in association with Gordon Kaufmann), the W.&J. Sloane department store, the Palm Springs Tennis Club and the Golden State Mutual Life Insurance building. His firm also re-designed the public rooms and bungalows of the Ambassador Hotel and the famed Polo Lounge of the Beverly Hills Hotel. Celebrity clients came to include Frank Sinatra, Desi Arnaz and Lucille Ball, Zsa Zsa Gabor, Julie London, and Anthony Quinn.



In the 1960s Williams was an associate architect in the design of new terminal facilities at Los Angeles International Airport, including the futuristic Theme Building with its flying saucer-shaped restaurant. He also volunteered his services to entertainer Danny Thomas for the initial design of St. Jude Hospital in Memphis.

Overall, Williams designed some 3,000 projects during his career, which ended with retirement in 1973. He died in Los Angeles on Jan. 23, 1980.

Pershing County

Pershing County is a county located in the U.S. state of Nevada. As of the 2000 census, the population was 6,693. Its county seat is Lovelock. The county is named for General John Pershing. It was created out of Humboldt County in 1919, and is the last county in the state of Nevada to be created.

The long standing rivalry with Humboldt County inspired Pershing County commissioners to build a monumental courthouse that would surpass any government symbol their northern neighbor could erect. In 1920, officials hired Frederick J. DeLongchamps, an esteemed architect responsible for several Nevada courthouse designs. Finished on June 20, 1921, the 16,000 square foot, single-story structure cost \$99,138.68. It occupies two acres of land at the end of Lovelock's central commercial district. The circle-hexagon contour of the building takes its inspiration from Thomas Jefferson's library at the University of Virginia, itself referring to the Roman Pantheon.



The local economy is supported by mining (diatomite, fluorspar, gold, gypsum, iron ore, lead, mercury, silver and tungsten), agriculture, services (motels, gas stations, and restaurants), retail trade and tourism.

The Town of Lovelock

Lovelock owes its formal beginning to the railroad, but was important to travelers many years before the first train arrived. The site was known to pioneers of the 1840s and 1850s as Big Meadows because it was an important place to rest and water animals before crossing the Forty-Mile Desert. James Blake is credited with establishing the first permanent settlement there in 1861, but he later sold his property and stage station to George Lovelock, who arrived in 1866. Lovelock donated eighty acres of his ranch to the Central Pacific Railroad to establish the town that now bears his name.

The Central Pacific Railroad arrived in Lovelock in 1868, stimulating the area's agricultural and livestock industries. The town also served as a distribution center for several mining districts including the Trinity and Rochester. A post office was established in 1875, and by 1900 Lovelock supported a population of 1,204 with a school, two churches, and an active business district.

In 1919, the legislature voted to form Pershing County out of a portion of Humboldt County. The decision was unpopular in Humboldt County's main city, Winnemucca, because its county stood to lose a significant amount of land. Just days after the new county was formed, Lovelock was named as its seat.

LOVELOCK HOSPITALITY MARKET

Market Definition

The Lovelock Inn is located in the Rural Nevada Transportation Corridor Market. This market consists of properties along Highway I-80, Hwy 50, Hwy 95 and Hwy 93. Each City along these highways becomes its own submarket. Therefore we will evaluate the Lovelock submarket.

Transportation (Traffic Counts)

The traffic counts (Annual Average Daily Traffic) for these areas is as follows as supplied by the Nevada Department of Transportation.

Tonopah Traffic Counts	2007 AADT
SR396, Cornell Av, 150' W of SR-398 (Main St).	2700
SR396, Cornell Av, 100' E of SR-398 (Main St).	3700
SR398, Central Av, 200' S of SR-396 (Cornell Av).	2000

Population

Population estimates as determined by U.S. Bureau of the Census for each of these areas are:

	Population		
	Actual 2000	Estimated 2007	% Change
Lovelock	2,003	1,889	(5.7)

Number of Rooms

Another way to evaluate a market is to look at the number of rooms per capita. This indicates how much competition there is for the travelers in the market.

	Population		Number		2007 Population
	2000	2007 Est.	Hotels	Rooms	PerRoom
Lovelock	2,000	1,889	9	228	8.29

Published Rates

Another way to evaluate a market is to look at the average published rates for hotels in each market area. This is another indication of the strength of the hospitality market in each area.

	Daily Rates			Weekly Rates			Monthly Rates		
	Low	High	Average	Low	High	Average	Low	High	Average
Lovelock	\$24.00	\$65.00	\$47.82	\$100.00	\$300.00	\$148.73	\$375.00	\$600.00	\$488.17

THE PERSHING COUNTY ECONOMY

A Short History

The early economy of Pershing County and Lovelock was based on agriculture and the railroad. Today agriculture is still important as Pershing County is an important producer of alfalfa. The railroad on the other hand is not nearly as important. The five largest employers in Pershing County are:

Employer	Industry	# of Employees
Department of Corrections	Correctional Institutions	200 – 299
Eagle-Picher Minerals	Diatomaceous earth & Perlite products	100 – 199
Florida Canyon Mining	Gold & Silver Mining Operations	100 – 199
Pershing General Hospital	General Medical & Surgical Hospital	100 – 199
Pershing County	Governmental Offices	100 – 199

Mining Activity

Mining activity is a very important economic stimulus all along the I-80 corridor of northern Nevada. If Nevada was a country it would be the fourth (4th) largest gold producing nation in the world. Therefore we will closely follow the mining activity within Pershing County.

We will report on all of the projects of each of these companies as well as any others we find.

Midway Gold

Midway Gold has a considerable presence in Nevada. Their projects located in Nevada have produced in excess of 2.5 million ounces (measured-indicated-inferred). This strong team makes Midway Gold consistently successful as one of Nevada's strongest exploration leaders.

The Midway projects located within Pershing County include:

Project	Status
Spring Valley Project	The project that is furthest along in Pershing County. Midway Gold has mentioned the following highlights for this project: <ul style="list-style-type: none"> • Large new discovery in Nevada • Still open & growing • Easily liberated coarse gold • 87 holes drilled in 2008, 75% hit gold
Burnt Canyon Project	Involved in exploratory drilling.

Golden Predator

Golden Predator Royalty and Development Corp. (GPRD) is focused on becoming a leading mid-tier gold-silver producer in Nevada by 2010. The project they have that is located in Pershing County is the Lantern Project. The Lantern Project is an exploratory project that is located 50 miles north of Lovelock.

Allied Nevada Gold

Allied Nevada is engaged in the evaluation, acquisition, exploration and advancement of gold exploration and development projects in Nevada. They work to identify opportunities to improve the value of our gold projects through exploration drilling and advancing these exploration projects towards operating mines. In September of 2007, the Company reactivated the wholly-owned Hycroft Mine which was placed in care and maintenance in late 1998 due to low metal prices. Gold production was expected to commence in the fourth quarter of 2008; approximately 647,000 ounces of gold will be produced over 7 years.

Allied Gold has two projects located in close proximity to Lovelock:

Project	Status
Hycroft Mine	The Hycroft Mine is located in the Sulfur Mining district 54 miles west of Winnemucca in Humboldt County, Nevada and is a producing mine. The project encompasses approximately 25,320 acres, including both patented and unpatented claims. While in production (1987-1998), Hycroft produced over one million ounces of gold using a surface heap leaching process.
Wildcat Project	The Wildcat advanced exploratory project is located 26 miles south of the Hycroft Mine in the Seven Troughs mining district, Pershing County, Nevada.

Harvest Gold

Harvest Gold is another mid-tier mining company that is exploring in Nevada. The exploratory project that they have that is located in close proximity to Lovelock is the Rosebud Project. Harvest Gold's Rosebud Mine Project covers the Rosebud Mine property and 54 claims covering approximately 1,067 acres including the Mine. The property package is in northwest Nevada approximately five miles to the south of the Hycroft Mine.

Florida Canyon Mining

We know that Florida Canyon has a producing mine in Pershing County because they are listed among the five largest employers for the county. However, we have not been able to find much detailed information on this mine.

PROPERTY SPECIFICATIONS




PROPERTY SPECIFICATIONS	
Building Square Feet	3,286
Number of Rooms	10
Land (Acres)	Irregular
Land (Square Feet)	Irregular
Stories	1
Year Built	
Parking Spaces	On-Site
Market Area	Rural Nevada
Sub Market	Transportation Corridor/Lovelock
Description	Economy Motel
AAA Rating	Not Rated
County	Pershing
Parcel Number	001-141-07

PROPERTY AMENITIES




PROPERTY AMENITIES	
Exterior Corridors	
Bath	Shower
Parking	On Site
Cable TV	
All Rooms In Room Coffee Service	
Some Refrigerators (22 Rooms)	
Some Microwaves (22 Rooms)	

COMPETITION

COMPETITIVE PROPERTIES

Photo	Property	Address	Bldg	Lot	Type	#	AAA
			SF	SF		Rms	Rating
	Super 10	1390 Cornell	3,286		Economy Motel	10	Not Rated
	Cadillac Inn	1395 Cornell	5,136	13,380	Economy Motel	13	Not Rated
	Covered Wagon	945 Dartmouth	5,787	21,130	Economy Motel	16	Not Rated
	Desert Haven	885 Dartmouth			Economy Motel	14	Not Rated
	Lovelock Inn	55 Cornell		4.2 Acres	Independent Mote	37	Not Rated
	Sunset Motel	1175 Cornell	5,000	19,602	Economy Motel	14	Not Rated

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Photo	Property		Bldg	Lot		#	AAA
		Address	SF	SF	Type	Rms	Rating
	Sturgeon's Casino & Motel	1420 Cornell	49,367	3.3 Acres	Casino, Small Scale Hotel	75	3
	The Royal Inn	1435 Cornell	16,500	43,560	Independent Motel	31	Not Rated
	Lovelock Nugget	515 Cornell	5,448	22,651	Economy Motel	19	Not Rated

DUE DILIGENCE ISSUES & DISCLOSURES

Sierra Realty Group encourages all Purchasers do their own due diligence with respect to Environmental issues such as asbestos, hazardous waste, petroleum leaks or spills. The owner and Broker specifically make no representation whatever about any environmental conditions of the property.

Prospective purchasers should consult an attorney and a qualified design professional for information regarding the Americans With Disabilities Act (ADA). Federal, state or local laws may require that changes be made for this property, only attorneys and design professionals may advise you on these matter.

CONFIDENTIALITY

All information contained in this Investment Offering except information which is a matter of public record, is confidential in nature and must be held in the strictest confidence. Duplication or reproduction of any of the contents of this document or any other information provided to you by Sierra Realty Group, Inc about this property, without the express written permission of Sierra Realty Group is prohibited. The recipient of this Investment Offering further agrees that they will not attempt to contact the Seller or employees of the property, nor visit the property without the expressed consent of both Sierra Realty Group and the owner of the property.

AGENCY

Sierra Realty Group, Inc. is the exclusive agent of the Seller, and shall be compensated according to its agreement with the Seller. Sierra Realty Group will cooperate with any other licensed California broker or will represent a Buyer in a Dual Agency capacity if the Buyer so elects.

RECIPIENT ACCEPTANCE

Acceptance of this Investment Offering by recipient signifies acceptance of the terms and conditions as stated herein.

SIERRA REALTY GROUP, INC.

Sierra Realty Group, Inc. is a real estate brokerage firm that specializes in hospitality property investment analysis and sales. We cover the following geographic areas:

MARKET AREA	COUNTY
Nevada	
Reno/Sparks	Washoe County, except Lake Tahoe properties
Carson Valley	Carson City & Douglas Counties, except Lake Tahoe properties, includes Virginia City
Rural Nevada	Churchill, Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Lyon, Mineral, Nye, Pershing, Storey & White Pine Counties (along Hwy 80, Hwy 93, Hwy 50 & Hwy 95)
NV Point of Entry	Laughlin, West Wendover & Wendover UT, Mesquite & Jackpot
Las Vegas	Las Vegas Proper
Las Vegas Vicinity	Outlying areas of Clark County (Boulder City, Cottonwood Cove, Echo Bay, Henderson, Indian Springs, Overton & Primm)
California	
Lake Tahoe	Lake Tahoe properties located in El Dorado, Placer, Washoe & Douglas Counties
Gold Country	El Dorado & Placer Counties, except for Lake Tahoe properties. Amador, Alpine, Calaveras, Nevada, & Tuolumne
Eastern Sierra	Inyo & Mono Counties
North East California	Sierra, Plumas & Lassen Counties
Sacramento	Sacramento Proper
Sacramento Vicinity	Galt, Rocklin, Roseville

We represent Sellers, only in the above noted areas. We represent Buyers in all areas of the United States including International locations. If we are asked to represent Buyers outside of the above noted area we require that the client sign an “Exclusive Right To Represent” with Sierra Realty Group, Inc.

Contact us if you would like to find out about the services we provide for Sellers or Buyers:

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