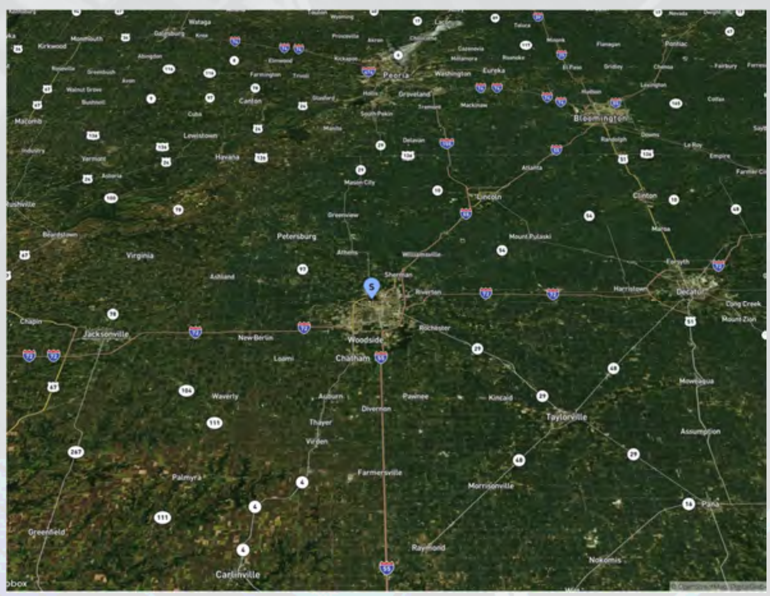
Howard Johnson Inn & Suites Springfield

1701 J David Jones Parkway
Springfield, Illinois 62702
NKF Job No.: 19-0004928
Client Ref.: 14-21.0-326-027

Appraisal Report Prepared For:

Homayra Flores
Workflow Coordinator - Real Estate Services
Wintrust Financial Corporation
1101 Lakeview Parkway
Vernon Hills, IL 60061



Prepared By:

Newmark Knight Frank
Hospitality, Gaming & Leisure Group
Valuation & Advisory
500 West Monroe Street, Suite 2900
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July 2, 2019

Homayra Flores
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RE: Appraisal of Howard Johnson Inn & Suites Springfield
1701 J David Jones Parkway, Springfield, Illinois

NKF Job No.: 19-0004928
Client Reference: 14-21.0-326-027

Newmark Knight Frank Valuation & Advisory, LLC has prepared an appraisal of the referenced property presented in the following appraisal report.

Summary of the Subject Property

The subject property, commonly known as Howard Johnson Inn & Suites Springfield, is a 2-story, 79-room, select-service lodging facility built in 1980. The property was in fair condition at the time of inspection. The hotel consists of two buildings. The first building contains the lobby, vending area, meeting space, restaurant, administrative offices, storage areas, and 40 guestrooms. The second building contains a vending area, guest laundry facilities, and the remaining guestrooms. There is an underground corridor to go from one building to the other, which also contains additional meeting space. The subject property features all basic services for a property of this type, and offers amenities including a breakfast room, restaurant, outdoor pool, meeting space, guest laundry facilities, airport shuttle, business center, and vending and ice machines. The subject is in the northwest quadrant of North Grand Avenue West and J David Jones Parkway, about 3.5 miles northwest of downtown Springfield. There subject also contains approximately 3.9 acres of excess land west of the hotel. The property is in the northwestern portion of Springfield and is the closest hotel to the Abraham Lincoln Capital Airport, which is less than two miles north. The subject is across the street from the Illinois Vietnam and World War II Veterans memorials. There is a wooded area to the north, residential to the south and the Illinois State Museum, Illinois Military Academy and Illinois National Guard to the southwest.

The Extraordinary Assumptions and/or Hypothetical Conditions that were made during the appraisal process to arrive our opinions of value are fully discussed below. We urge the client to consider these issues carefully given the intended use of this appraisal, as their use might have affected the assignment results.

Extraordinary Assumptions

We assume the subject will be required to complete a property improvement plan in order to maintain its brand affiliation after an assumed sale. As part of the PIP, we assume the subject will cure the deferred maintenance and be able to fully utilize the restaurant, meeting space, pool, and convert one of the storage areas into a fitness center. We assume the PIP will cost approximately $250,000 and be completed in one year. We were provided with very limited historical operating information on the subject property. We have relied heavily upon operating data of competitive and comparable hotels in determining anticipated economic benefits. We assume that our understanding of the subject's current economic disposition is representative of actual figures.

Hypothetical Conditions

This appraisal does not employ any hypothetical conditions.

Final Reconciled Values

The purpose of this appraisal is to develop certain opinions of value for the subject property in its Fee Simple interest. The following table conveys the final opinions of market value for the subject property as developed within this appraisal report:

FINAL RECONCILED VALUES	
Conclusions	**As Is June 17, 2019**
Market Value - Hotel	**$1,400,000**
Per Room	$17,722
Market Value - Excess Land	**$650,000**
Per Square Foot	$3.81
Market Value - Total	**$2,050,000**
Allocation of Property Components	**As Is**
Real Property - Hotel	$1,332,000
Furniture, Fixtures and Equipment	$68,000
Real Property - Excess Land	$650,000
Business	$0
Total	**$2,050,000**

Prior Services

The appraisers have not performed prior services of the subject property within the previous three-year period.

Compliance Remarks

The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to non-client, non-intended users does not extend reliance to any other party, and Newmark Knight Frank will not be responsible for unauthorized use of the report, its conclusions or its contents used partially or in their entirety.

The appraisal was developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the *Uniform Standards of Professional Appraisal Practice* (USPAP), the requirements of the *Code of Professional Ethics and Standards of*

Professional Appraisal Practice of the Appraisal Institute and Title XI of the *Financial Institution Reform, Recovery and Enforcement Act (FIRREA) of 1989*.

CERTIFICATION

We certify that, to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in in the property that is the subject of this report and no personal interest in with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
7. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
8. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*, as well as the requirements of the State of Illinois.
9. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the *Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.*
10. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
11. As of the date of this report, Bryan Younge, MAI, ASA, FRICS and John Mackris, MAI, MRICS, CCIM have completed the continuing education program for Designated Members of the Appraisal Institute.
12. John Burke made a personal inspection of the property that is the subject of this report. Bryan Younge, MAI, ASA, FRICS has not personally inspected the subject. John Mackris, MAI, MRICS, CCIM has not personally inspected the subject.
13. Bryan Younge, MAI, ASA, FRICS, John Mackris, MAI, MRICS, CCIM, and John Burke have completed more than four going concern appraisals of equivalent special use property as the property being appraised, within the last 36 months, as identified in the qualifications portion of the appraisal report.
14. No one provided significant real property appraisal assistance (general market research, editorial assistance, etc.) to the persons signing this certification.
15. Valuation & Advisory operates as an independent economic entity within NKF. Although employees of other NKF divisions may be contacted as a part of our routine market

research investigations, absolute client confidentiality and privacy were maintained at all times in regard to this assignment without conflict of interest.

16. Within this report, "Newmark Knight Frank", “NKF Valuation & Advisory”, “NKF, Inc.”, and similar forms of reference refer only to the appraiser(s) who have signed this certification and any persons noted above as having provided significant real property appraisal assistance to the persons signing this report.

17. We have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

John Burke
Vice President
IL Certificate # 553.002726
Expires September 30, 2019
Telephone: +1 312 224 3170
Email: john.burke@ngkf.com

Bryan Younge, MAI, ASA, FRICS
Executive Vice President | National Practice Leader
IL Certificate # 553.001437
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John Mackris, MAI, MRICS, CCIM
Senior Managing Director
IL Certificate # 553.001360
Expires September 30, 2019

Subject Property Photographs

AERIAL IMAGE

Exterior from Northeast


Exterior from South


Exterior - Northern Side


Exterior from Southeast


Exterior Main Building - from North


Exterior Second Building - from West

Outdoor Pool

Excess Land

Excess Land

Stairwell

Vending Area

Front Desk

Business Center & Lobby

Breakfast Area

Breakfast Area

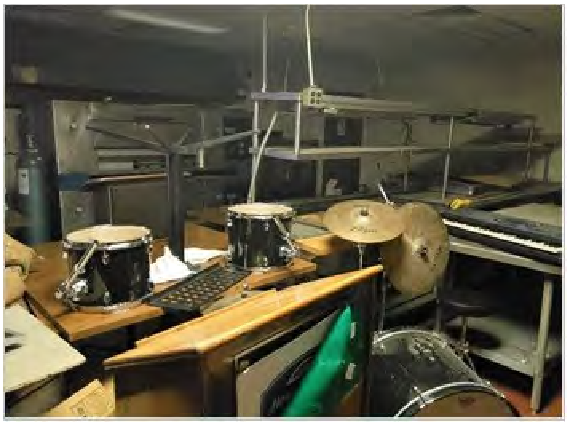
Breakfast Prep Area

Restaurant & Meeting Space

Meeting Room

Springfield Room

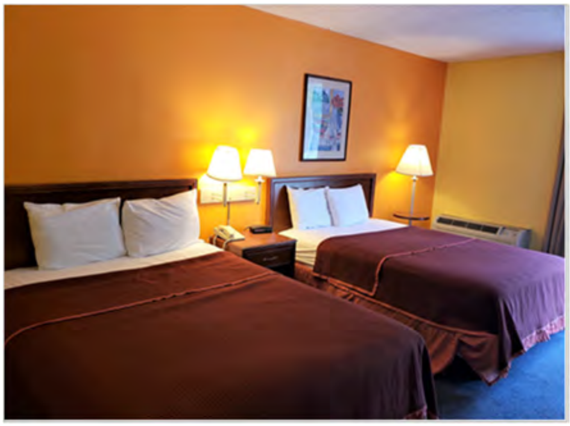
Bar



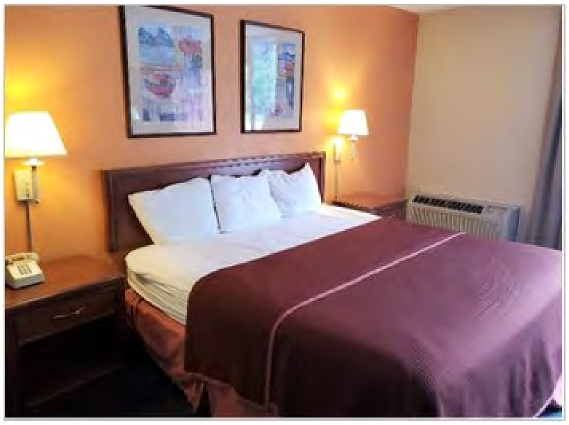
Kitchen

Laundry

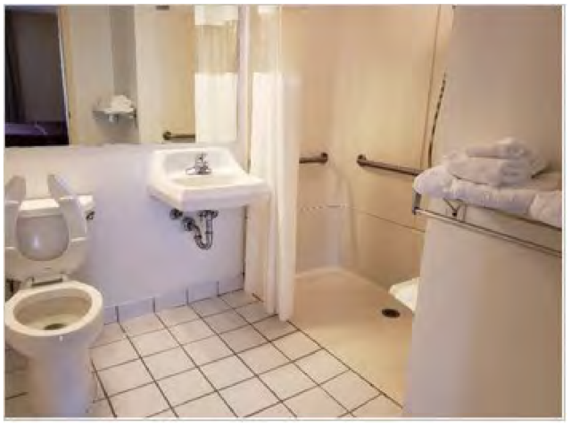
Guest Laundry



Double Queen Guestroom



King Guestroom



Guest Bathroom - Accessible

Guest Bathroom

Storage

Storage

Storage

Summary of Facts and Conclusions

EXECUTIVE SUMMARY

Property Overview	The subject property, commonly known as Howard Johnson Inn & Suites Springfield, is a 2-story, 79-room, select-service lodging facility built in 1980. The property was in fair condition at the time of inspection. The hotel consists of two buildings. The first building contains the lobby, vending area, meeting space, restaurant, administrative offices, storage areas, and 40 guestrooms. The second building contains a vending area, guest laundry facilities, and the remaining guestrooms. There is an underground corridor to go from one building to the other, which also contains additional meeting space. The subject property features all basic services for a property of this type, and offers amenities including a breakfast room, restaurant, outdoor pool, meeting space, guest laundry facilities, airport shuttle, business center, and vending and ice machines. The subject is in the northwest quadrant of North Grand Avenue West and J David Jones Parkway, about 3.5 miles northwest of downtown Springfield. There subject also contains approximately 3.9 acres of excess land west of the hotel. The property is in the northwestern portion of Springfield and is the closest hotel to the Abraham Lincoln Capital Airport, which is less than two miles north. The subject is across the street from the Illinois Vietnam and World War II Veterans memorials. There is a wooded area to the north, residential to the south and the Illinois State Museum, Illinois Military Academy and Illinois National Guard to the southwest.
Address	1701 J David Jones Parkway, Springfield, Sangamon County, Illinois
Assessor's Parcel #(s)	14-21.0-326-014, 14-21.0-326-027, 14-21.0-326-026, 14-21.0-326-029
Property Rights Appraised	The Fee Simple interest

SITE DESCRIPTION

Size	8.61 acres, or 374,921 square feet. The hotel is on 4.69 acres or 204,296 square feet. The excess land is 3.92 acres or 170,625 square feet.
Topography	Generally level at street grade
Access and Visibility	The subject site enjoys good access due to its position along a major roadway, proximity to downtown Springfield, frontage on J David Jones Parkway and its proximity to several commercial and leisure demand generators. Visibility is also considered to be good due to its its signage and position near IL 4 and IL 29.
Exposure	The subject enjoys good frontage along J David Jones Parkway.
Zoning	General Business Service District (B-2)
Flood Zone	X Flood Zone, described as areas determined to be outside of the 500 year floodplain (Flood panel number 17167C0235F, dated 8/2/2007.)

IMPROVEMENT DESCRIPTION

Year of Construction	1980
Number of Rooms	79
Quality	Varies, generally average
Condition	Varies, generally fair
Economic Life	45 Years
Effective Age	15 Years

Remaining Useful Life	30 Years

HIGHEST & BEST USE

As-Vacant	Determination would be to hold as vacant until demand substantiates the development of a commercial structure.
As-Improved	Determined as a lodging facility as it is currently improved and upgraded in line with brand standards.

KE ALLOCATION OF PROPERTY COMPONENTS	
Category	**As Is**
Initial Projection Year:	
Occupancy	38.0%
Average Daily Rate	$56.42
RevPAR	$21.44
Investment Parameters:	
Terminal Capitalization Rate	9.75%
Implied Capitalization Rate, Prior to CapX	3.11%
Implied Capitalization Rate, After CapX	3.58%
Capital Deduction (PV)	-$199,841
Other Valuation Considerations:	
Exposure Time	12 months or less
Marketing Time	12 months or less
Holding Period	10 Years
Inflation Rate	3.0%

OVERVIEW OF VALUE CONCLUSIONS	
Methodology for Market Value Conclusions - Excess Land	**As Is June 17, 2019**
Excess Land Value	
Sales Comparison Approach	$650,000
Excess Land Value Conclusion	**$650,000**
Methodology for Market Value Conclusions - Hotel	**As Is June 17, 2019**
Sales Comparison Approach	
Adjusted Low End of Range	$1,225,000
Adjusted High End of Range	$1,925,000
Concluded Value	**$1,425,000**
Income Approach	
Discounted Cash Flow	$1,400,000
Direct Capitalization Approach	$1,375,000
Room Revenue Multiplier	$1,400,000
Reconciled Value via Income Approach	**$1,400,000**
Reconciled Value Conclusion	**$1,400,000**
Per Room	**$17,722**
Allocation of Property Components	**As Is**
Real Property - Hotel	$1,332,000
Furniture, Fixtures and Equipment	$68,000
Real Property - Excess Land	$650,000
Business	$0
Total	**$2,050,000**

Table of Contents

General Information

SALE HISTORY

Current Owner

The current owner is Tri Murtigroup LLC.

Three-Year Sale History

To the best of our knowledge, the subject has not sold in the last three years.

Subject Sale Status

To the best of our knowledge, the subject is not currently listed nor under contract for sale.

OPERATIONAL ASSUMPTIONS

Property Management

For purposes of this appraisal, we assume that the subject could be sold free and clear of any and all management contracts, and that future management expenses are market-oriented. Specifically, management fees are projected to equate to 3.00% percent of total revenue throughout the holding period.

Franchise and Licensing

We assume that the subject could be sold free and clear of any and all franchise and licensing agreements that are currently in place, but that the hotel would continue to operate under its current (or similar) brand under the standard terms that are promulgated by the franchisor. Specifically, we project franchise fees (royalties) to be equal to 4.50% of rooms revenue annually throughout the holding period.

General Assumptions

For the purposes of this report, we assumed that the subject will be operated as a Chain-Affiliated hotel with a centralized national or regional reservation system that is fully-integrated with well-known third-party marketing platforms (i.e., online travel agencies, reservation systems, etc.). We further assumed that the subject will be operated by competent and experienced management familiar with the operation of Select-Service and economy hotels in the United States, and more specifically, in Springfield, Illinois. In the event that any of the above conditions are not consistent with the subject's actual status, it could have an impact on its overall marketability and underlying market value.

DESCRIPTION OF THE APPRAISAL

Client Identification

Wintrust Financial Corporation

Intended Use
Load underwriting, asset management or asset disposition

Intended Users
Wintrust Financial Corporation, Wintrust Bank, U.S. Small Business Administration (SBA), its affiliates and loan participants

Client Reliance Statement
Per the engagement contract, there is no reliance language specific to the client's intended use.

PURPOSE OF THE APPRAISAL

Dates of Value
The purpose of the appraisal is to develop an opinion of certain Market Value components of the Fee Simple interest in the subject property as of the effective date(s) of the appraisal. The following list summarizes pertinent interests appraised and dates relevant to this appraisal assignment:

Date of Inspection	June 17, 2019
Market Value As Is	June 17, 2019

Definition of Market Value
"The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;
- Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
- The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."

(Source: Code of Federal Regulations, Title 12, Chapter I, Part 34.42[g]; also, Interagency Appraisal and Evaluation Guidelines, Federal Register, 75 FR 77449, December 10, 2010, page 77472.)

Definition of Going-Concern Premise

Going-Concern Premise is defined as, “one of the premises under which the total assets of a business can be valued; the assumption that a company is expected to continue operating well into the future (usually indefinitely). Under the going-concern premise, the value of a business as a going concern is equal to the sum of the value of the tangible assets and the value of the intangible assets, which may include the value of excess profit, where asset values are derived consistently with the going-concern premise.”

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

We call your attention to the *Going Concern Analysis* section of this report.

Most Probable Buyer

Considering the size and characteristics of the subject property, as well as its service scale, franchise affiliation, location, and physical aspects, the most likely buyer type would be an institutional, national, or regional investor.

Exposure Time

Exposure time is the length of time the subject property would have been exposed for sale in the market had it sold on the effective valuation date at the concluded market value. Exposure time is always presumed to precede the effective date of the appraisal.

Recent sales transaction data for similar properties, supply and demand characteristics for the local market, and the opinions of local market participants were reviewed and analyzed. Based on this data and analysis, it is our opinion that the probable exposure time for the subject at the concluded market value is 12 months or less.

Marketing Time

Marketing time is an estimate of the amount of time it might take to sell a property at the concluded market value immediately following the effective date of value. As no significant changes in market conditions are foreseen in the near term, it is our opinion that a reasonable marketing period for the subject is likely to be the same as the exposure time. Accordingly, we estimate the subject’s marketing period is 12 months or less.

Interest Appraised

The property rights appraised reflect the Fee Simple interest of the subject property.

Fee Simple Estate **-** Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015)

SCOPE OF WORK

This appraisal is presented in the form of an appraisal report, which is intended to comply with the reporting requirements set forth under Standards Rule 2-2(a) of USPAP. This report incorporates practical explanation of the data, reasoning, and analysis that were used to develop the opinion(s) of value.

Extent to Which the Property is Identified

The property is identified through various sources such as:

- Postal address
- Assessor's records
- Legal description
- Owner-related documents
- Contemporaneous notes
- Physical inspection

Extent to Which the Property is Inspected

The subject was fully inspected by:

- John Burke

Type and Extent of the Data Researched

- Exposure and marking time;
- Neighborhood and land use trends;
- Demographic trends;
- Market trends relative to the subject property type;
- Flood zone status;
- Zoning requirements and compliance;
- Real estate tax data;
- Cost data via *Marshall Valuation Service*;
- Comparable listing and sales data; and
- Comparable income and expense data.

Type and Extent of Analysis Applied

We analyzed the property and market data gathered through appropriate, relevant, and accepted market-derived methods and procedures. Further, we employed the appropriate and relevant approaches to value, and correlated and reconciled the results into an estimate of market value, as demonstrated within the appraisal report.

Availability of Information

Overall, the appraisers received adequate information to produce credible results, as reflected in this appraisal report; however, we call your attention to all the extraordinary conditions, standard conditions, and assumptions that are discussed throughout this report.

APPRAISAL METHODOLOGY

Sales Comparison Approach

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value.

Cost Approach

The cost approach is based on the proposition that the informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use of the land, or when it is improved with relatively unique or specialized improvements for which there exist few sales or leases of comparable properties.

Income Capitalization Approach

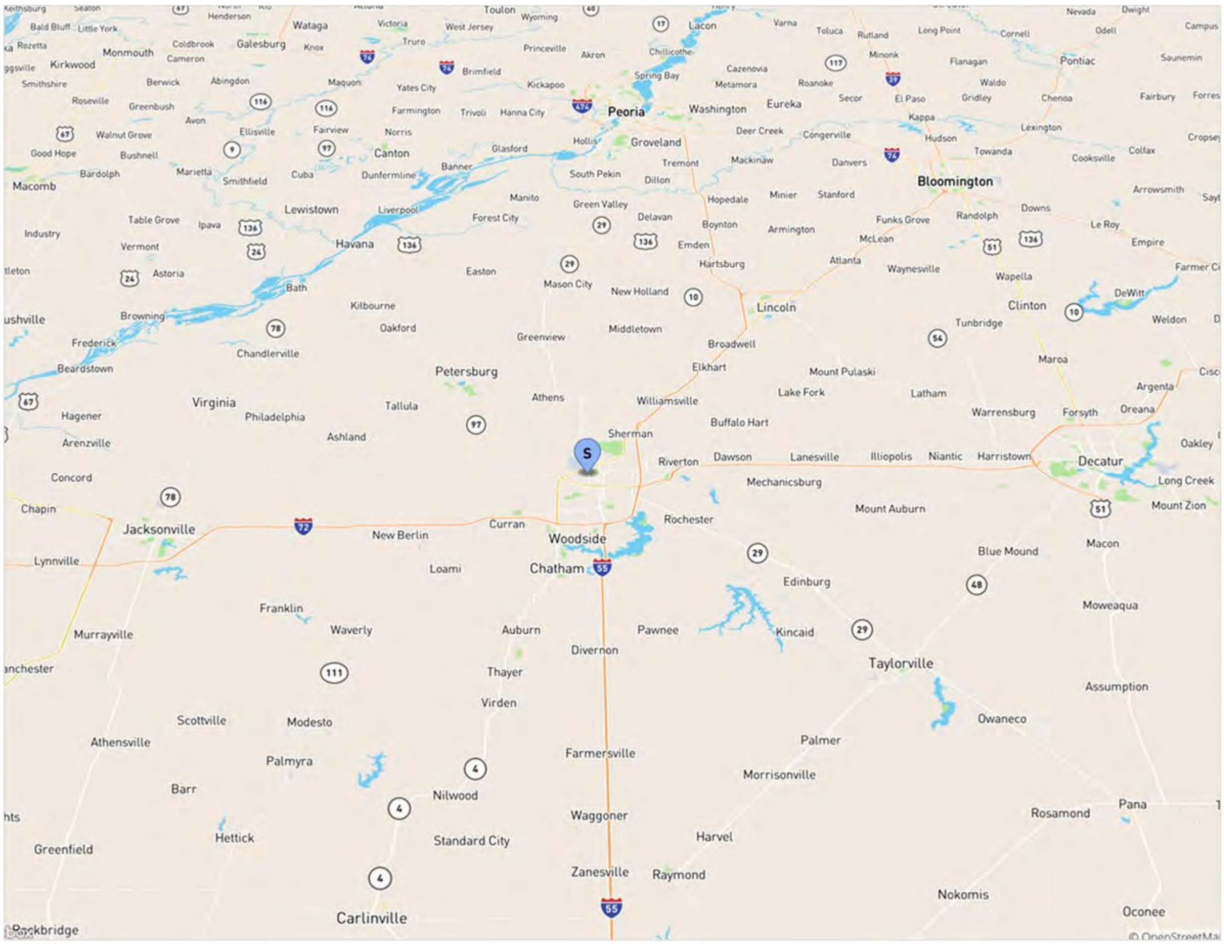
The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the premise that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a holding period. The three most common valuation techniques associated with the income capitalization approach are Discounted Cash Flow, Direct Capitalization, and Room Revenue Multiplier (RRM).

Because lodging facilities are income-producing properties that are normally bought and sold based on economic benefits and their anticipated stabilized earning power, the greatest weight is placed on the results indicated by the income capitalization approach. We find that most hotel buyers and sellers employ a similar procedure in formulating their purchase/disposition decisions, and thus, the income capitalization approach most closely reflects the rational of typical buyers. When appropriate the sales comparison and cost approaches are used to test the reasonableness of the results indicated by the income capitalization approach. The reasoning for including or excluding traditional approaches to value is developed within the Valuation Methodology section.

Economic Analysis

REGIONAL AREA ANALYSIS

Regional Area Map



Demographics Snapshot: Moody’s Analytics

The following regional profile of the MSA, which includes Springfield, was prepared by Moody's Analytics, which is a subsidiary of Moody's Corporation established to focus on non-rating activities, separate from Moody's Investors Service. It provides economic research regarding risk, performance and financial modeling, as well as consulting, training and software services. Concise and timely economic research by Moody’s Analytics supports firms and policymakers in strategic planning, product and sales forecasting, credit risk and sensitivity management, and investment research. The analysis tracks and forecast economic growth and covers specialized topics such as labor markets, housing, consumer spending and credit, output and income, mortgage activity, demographics, central bank behavior, and prices. As such, it is considered a reliable source for determining the health of the subject’s region.

Recent Performance

Springfield is starting to show some moxie after two years of economic downsizing. Given the still-sober outlook for state finances, it is too soon to dismiss the risk of recession in the state capital. However, total private employment, residential construction, and house prices have shown a sustained upward trend since the middle of last year. The increase in the labor force, which has regained its level prior to the outbreak of Illinois' most recent budgetary crisis in 2015, is also encouraging. However, scars from the fiscal crisis remain. Employment in state government, the source of one in seven jobs in SPR, has risen only meekly since 2017, when Illinois' budgetary crisis was resolved, and average hourly earnings in the private sector are still falling on a year-ago basis.

The following chart includes salient information about the region's key economic and demographic indicators.

Indicators	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Gross Metro Product, C$B	12.1	12.2	12.5	12.5	12.5	12.4	12.4	12.6	12.8	13.0	13.4	13.6	13.9
% Change	-0.4	0.2	2.4	0.7	-0.5	-0.9	0.5	1.5	1.5	1.8	2.5	1.9	1.8
Total Employment (000)	112.0	110.7	112.2	114.0	115.1	114.6	114.6	115.0	115.7	115.8	116.4	116.8	117.2
% Change	-0.3	-1.2	1.4	1.6	1.0	-0.4	0.0	0.3	0.7	0.0	0.5	0.4	0.3
Unemployment Rate	7.2	7.3	5.8	5.1	5.1	4.3	4.2	4.5	4.3	4.5	4.6	4.7	4.7
Personal Income Growth	0.1	2.9	3.1	1.7	1.4	1.9	4.2	3.6	4.0	3.6	4.7	4.1	3.8
Population (000)	212.1	211.7	211.7	211.2	210.4	209.2	207.6	207.7	207.6	207.5	207.6	207.7	207.7
Net Migration (000)	-0.1	-0.8	-0.4	-0.8	-1.2	-1.4	-1.5	0.0	-0.2	-0.2	-0.1	0.0	0.0
Single-Family Permits	248.0	276.0	300.0	289.0	274.0	210.0	218.4	336.0	427.9	576.9	664.6	678.1	654.6
Multifamily Permits	65.0	64.0	155.0	94.0	152.0	112.0	353.2	166.1	133.2	158.9	183.5	186.0	177.2
Mortgage Originations ($Mil)	1,559.2	841.4	583.4	768.5	839.0	632.0	569.0	637.2	593.7	606.7	584.5	604.4	643.8
Personal Bankruptcies	674	672	582	490	569	569	498	472	505	521	587	654	691

Structural Imbalance

The passage last year of Illinois' second consecutive budget calms the unease left by legislators' prior hiatus from fiscal planning, but structural imbalances will severely curb the role of the public sector in driving economic growth. State tax revenues ran more than $1 billion short of expenditures in the first half of fiscal 2019, constituting a funding gap of more than 6% of the operating budget. Despite mild improvement in revenue growth, wage hikes for public sector workers and lower than expected savings from the state's recent pension reform have pushed the public sector balance firmly into the red. While the former is likely a one-off expense, back payments to public services, the public school system, and state universities have swelled expenditures and constitute a structural funding gap that will keep state agencies from adding back staff. Most state government jobs lie in the middle of the pay scale, and restraint in public sector hiring will limit growth in consumer spending in the rest of the economy.

Healthcare

Healthcare providers will expand steadily over the next few years, but large employers' reliance on state funding and a shrinking population will limit the industry's ability to drive broad-based economic gains. Several of SPR's largest healthcare providers receive state funding, and frail state finances will mean less money for scholarships and research initiatives between the public and private sectors that could energize SPR's small collective of bioengineering firms. Scant state funding will also pose a risk to enrollment at the Southern Illinois University School of Medicine. Although enrollment has remained roughly stable throughout the state's budget crisis, less student funding for scholarships and laboratories could hurt chances to attract and retain new students. Finally, while SPR boasts one of the larger concentrations of specialized medical facilities in central Illinois and is a regional hub for both emergency care and advanced treatments, out-migration from SPR and surrounding areas will make for a smaller base of demand.

Where It Hurts

Fiscal troubles beyond the current budget will weigh on Illinois longer term, forcing state government agencies to operate on a skeleton crew and reducing demand for lobbyists, lawyers, and other white-collar professionals. Illinois' pension liability is among the largest of all states, and a shrinking tax base will make it all the more difficult to make payouts without taking on further short-term debt.

The following includes highlights of the regional economy's business cycle characteristics and future risks.

Business Cycle Status	At Risk
Avg. Emp. Growth 2yr	0.6%
Avg. Emp. Growth 5yr	0.4%
Risk Exposure	379 out of 402
Moody's Rating	A3

Strengths

- Relatively low business and living costs.
- Regional hub for healthcare, higher education and legal services.

Weaknesses

- High dependence on a deeply troubled public sector.
- Low incomes relative to state, nation.
- Weak and worsening migration trends.
- Population loss is eroding the tax base.
- Dynamic growth drivers are lacking.

Upsides

- University of Illinois-Springfield attracts more high-tech or biotech investment.
- State government enacts reforms to clean up finances, renewing hiring.

Downsides

- Insufficient solutions to state government issues hurt longer-term expansion.
- Public sector layoffs persist for longer, undermining job and income gains.

The following graphics contain additional salient information about the subject's region.

Current Employment Trends

% CHANGE YR AGO, 3-MO MA

	Jun 18	Oct 18	Feb 19
Total	-0.5	0.6	0.3
Construction	0.3	-6.6	-12.0
Manufacturing	5.1	4.1	2.2
Trade	-4.7	-8.5	-3.7
Trans/Utilities	0.2	0.1	1.8
Information	-26.2	1.7	4.4
Financial Activities	3.8	2.2	1.3
Prof & Business Svcs.	-4.8	3.0	0.2
Edu & Health Svcs.	2.1	2.8	2.2
Leisure & Hospitality	1.6	-2.5	-1.0
Other Services	2.1	4.7	3.2
Government	-1.0	-0.1	0.2

Sources: BLS, Moody's Analytics

Comparative Employment and Income

Sector	% of Total Employment			Average Annual Earnings		
	SPR	IL	U.S.	SPR	IL	U.S.
Mining	0.3	0.1	0.5	nd	$28,511	$71,597
Construction	3.1	3.7	4.9	$57,315	$71,551	$68,732
Manufacturing	3.0	9.6	8.5	$61,674	$90,462	$82,185
Durable	67.9	58.9	62.6	nd	$90,563	$85,275
Nondurable	32.1	41.1	37.4	nd	$90,320	$77,072
Transportation/Utilities	1.7	5.2	4.0	nd	$61,750	$65,683
Wholesale Trade	2.9	4.8	3.9	$82,061	$98,270	$88,464
Retail Trade	10.5	9.9	10.6	$28,523	$34,412	$35,669
Information	2.2	1.5	1.9	nd	$94,711	$124,316
Financial Activities	5.6	6.6	5.7	$47,910	$66,806	$58,339
Prof. and Bus. Services	10.9	15.6	14.1	$55,735	$79,913	$71,984
Educ. and Health Services	18.5	15.3	15.9	nd	$57,095	$56,851
Leisure and Hosp. Services	9.6	10.1	11.0	$19,921	$31,139	$29,369
Other Services	5.9	4.2	3.9	$41,827	$41,582	$38,566
Government	25.9	13.5	15.1	$83,934	$80,107	$78,512

Sources: % of total employment-BLS, Moody's Analytics, 2018; Avg. annual earnings-BEA, Moody's Analytics, 2017

Payroll Employment

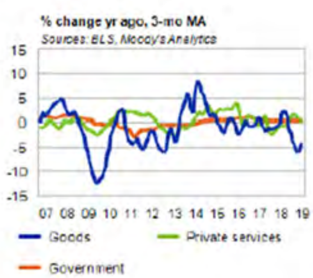
Economic Health Check

	Sep 18	Oct 18	Nov 18	Dec 18	Jan 19	Feb 19
Employment, change, ths	0.0	0.0	0.1	0.1	-0.1	-0.1
Unemployment rate, %	4.1	4.1	3.9	4.3	4.7	4.8
Labor force participation rate, %	66.7	66.4	66.8	66.8	67.4	67.4
Employment-to-population ratio, %	64.0	63.7	64.0	63.9	64.2	64.1
Average weekly hours, #	34.1	32.7	33.0	33.3	32.9	33.1
Industrial production, 2012=100	107.7	107.7	108.4	108.2	107.8	107.8
Residential permits, single-family, #	251	205	177	169	409	189
Residential permits, multifamily, #	496	34	207	31	154	183

Better than prior 3-mo MA | Unchanged from prior 3-mo MA | Worse than prior 3-mo MA

Sources: BLS, Census Bureau, Moody's Analytics

Sector Employment



Leading Industries by Wage Tier

NAICS	Industry	Location Quotient	Employees (ths)
GVS	State Government, (Ths. #, SA)	4.5	17.6
5511	Management of companies and enterprises, (Ths. #, SA)	0.4	0.7
2373	Highway, street, and bridge construction, (Ths. #, SA)	2.3	0.6
5231	Securities and commodity contracts intermediation and brokerage, (Ths. #, SA)	0.5	0.2
6211	Offices of physicians, (Ths. #, SA)	2.6	5.2
5241	Insurance carriers, (Ths. #, SA)	1.9	2.2
GVF	Federal Government, (Ths. #, SA)	0.9	1.8
8139	Business, professional, labor, political, and similar organizations, (Ths. #, SA)	4.1	1.5
GVL	Local Government, (Ths. #, SA)	0.9	10.3
6221	General medical and surgical hospitals, (Ths. #, SA)	2.2	7.9
5613	Employment services, (Ths. #, SA)	1.5	4.1
5221	Depository credit intermediation, (Ths. #, SA)	1.4	1.8

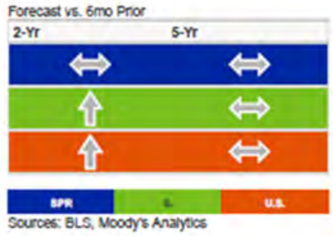
High | Mid | Low

Source: Moody's Analytics, 2017

Unemployment

Employment Diffusion Index

Employment Performance



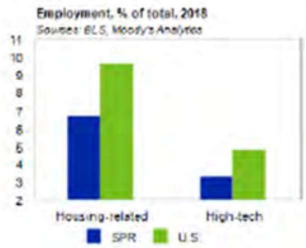
Industrial Production

Industry Performance

Productivity

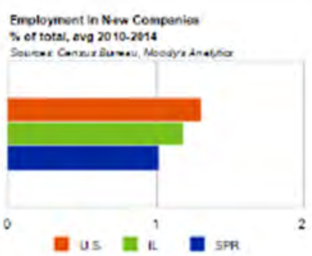
Business Cycle Indicator

Industry Concentrations

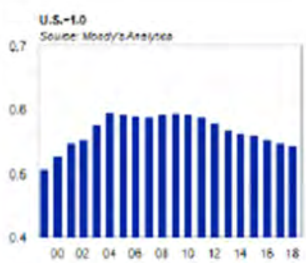


Commercial Real Estate

Entrepreneurship



Diversity



Historical Volatility

Commuter Flows

Top Five Outside Sources of Jobs

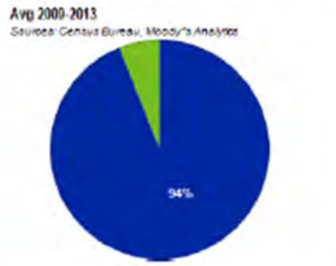
Springfield IL	Share
Decatur IL	1.1
St. Louis MO	0.5
Chicago IL	0.5
Bloomington IL	0.4
Peoria IL	0.2

Top Five Outside Sources of Workers

Springfield IL	Share
St. Louis MO	2.7
Decatur IL	1.0
Chicago IL	0.4
Peoria IL	0.3
Bloomington IL	0.3

Sources: Census Bureau, Moody's Analytics, avg 2009-2013

Residents Who Work in CBSA



Workers Who Live in CBSA

Rental and Housing Vacancy

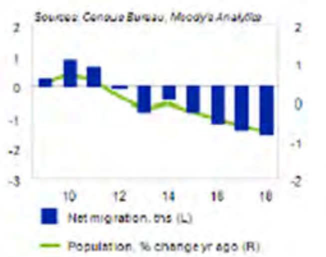
Natural Population

Migration Flows

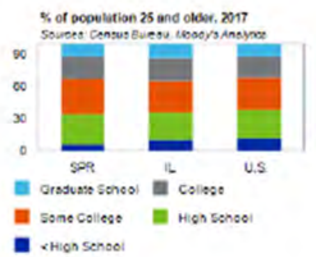
Into SPR	Number of Migrants
Chicago IL	841
Chicago IL	841
St. Louis MO	611
Decatur IL	220
Peoria IL	155
Bloomington IL	152
Champaign IL	113
Carbondale IL	69
Danville IL	45
Total In-Migration	6,116
From SPR	**Number of Migrants**
St. Louis MO	774
Chicago IL	584
Decatur IL	209
Champaign IL	169
Peoria IL	165
Bloomington IL	154
Phoenix AZ	119
Cape Coral FL	59
Nashville TN	41
Lake County IL	40
Total Out-Migration	7,194
Net Migration	-1,078

Source: IRS,2016

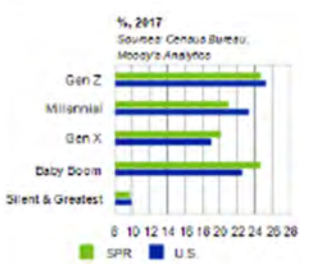
Population



Educational Attainment

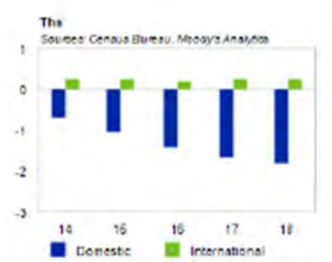


Population by Generation



Population by Age

Net Migration



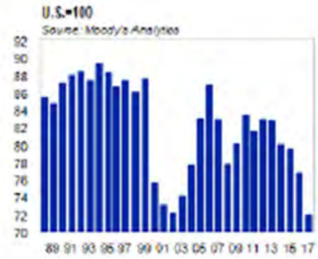
Top Employers

Memorial Health System	4,455
St. John's Hospital	4,217
Springfield Clinic LLP	2,631
University of Illinois Springfield	1,696
SIU School of Medicine	1,546
Blue Cross & Blue Shield Association	1,310
Horace Mann Insurance Co.	1,008
Lincoln Land Community College	831
AT&T	698
Wells Fargo Bank	622
Illinois Army National Guard	582
Bunn-O-Matic Corp.	500
Hope Institute for Children	445
H.D. Smith	440
AIG American General	360
First Transit Inc.	350
Levi, Ray & Shoup	325
Express Employment Professionals	310
Scheels	300
Viper Mine	298

Source: Combined List

Cost of Doing Business

Vitality

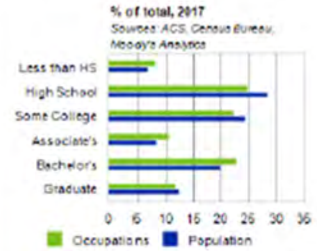


Economic Disenfranchisement

Index	Value	Rank*
Gini coefficient	0.45	235
Palma ratio	3.0	227
Poverty rate	16.2	105

*Most unequal=1, Most equal=401
ACS, Moody's Analytics, 2017

Skills Mismatch



Cost of Living

Households by Income

Per Capita Income

House Prices

House Affordability

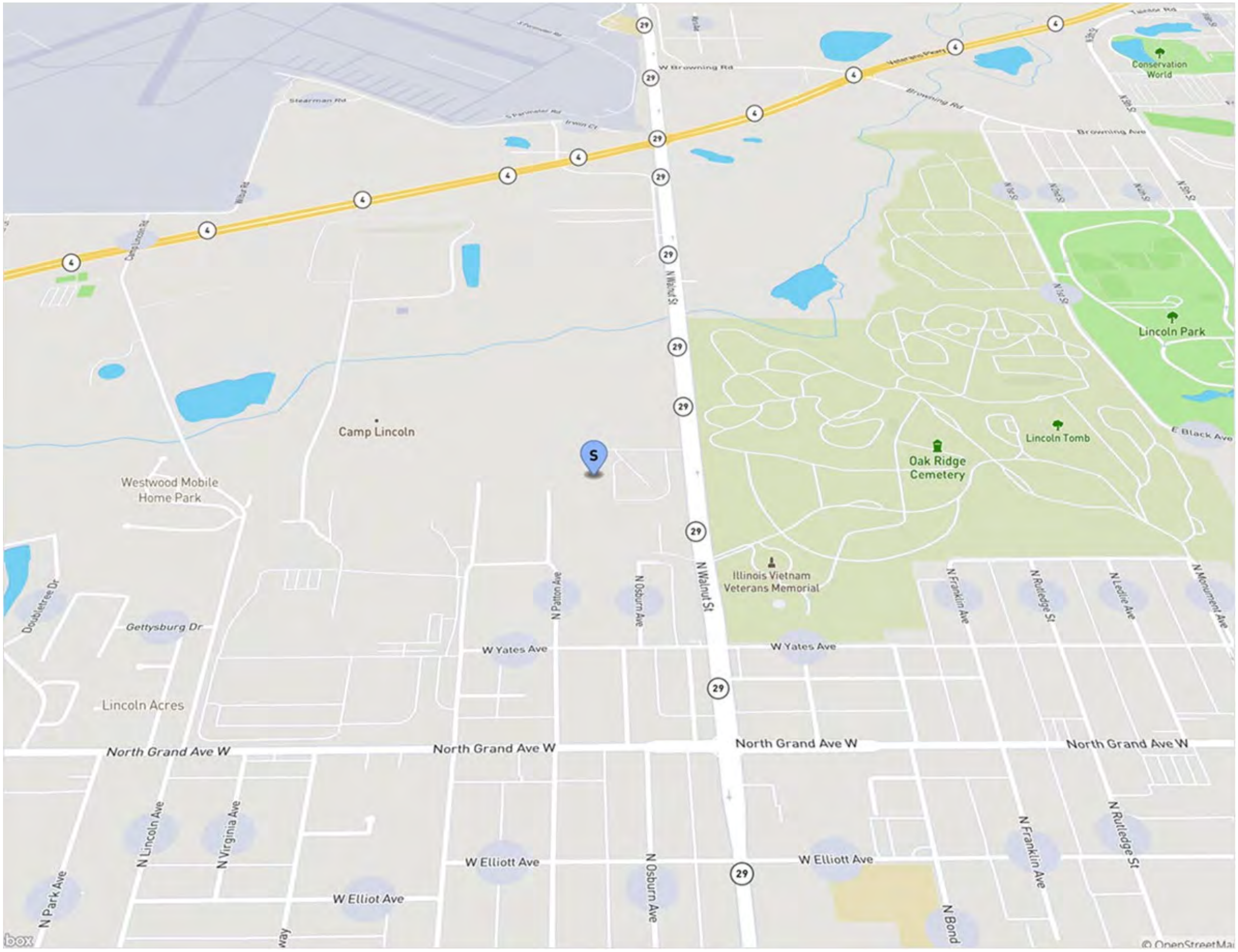
House Price Trends

Conclusion

Springfield will recover gradually this year, with growth in healthcare and clarity over the budgeting process reducing the risk of recession in the near term. However, persistent fiscal troubles at the state level and a lack of dynamic private sector drivers make SPR more sensitive to future economic downturns than similarly sized metro areas in Illinois.

LOCAL AREA ANALYSIS

Local Area Map



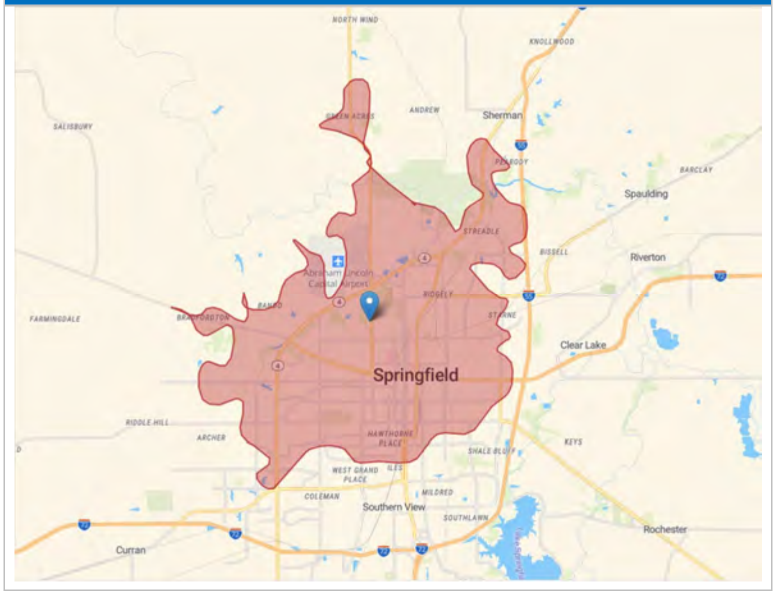
Location Description

The subject is in the northwest quadrant of North Grand Avenue West and J David Jones Parkway, about 3.5 miles northwest of downtown Springfield. The hotel is in the northwestern portion of Springfield and is the closest hotel to the Abraham Lincoln Capital Airport, which is less than two miles north. The subject is across the street from the Illinois Vietnam and World War II Veterans memorials. There is a wooded area to the north, residential to the south and the Illinois State Museum, Illinois Military Academy and Illinois National Guard to the southwest.

Drive Times from Subject Property

The following image illustrates the approximate distance from the subject property a motorist could reach at average traffic speeds over a 10-minute period.

10-Minute Drive Time from Subject



Immediate Area Profile

This section discusses uses and development trends in the immediate area that directly impact the performance and appeal of the subject property.

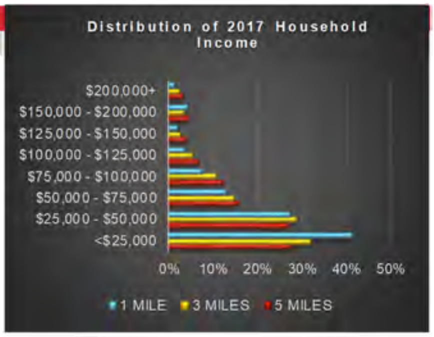
PROPERTY MIX

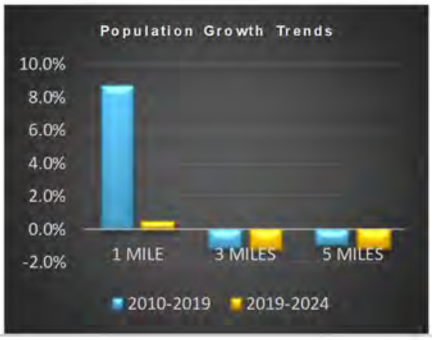
The local area is considered to be a commercial, retail and industrial support district. The local area has a mix of commercial uses nearby and the composition is shown in the preceding graph.

Demographic Profile

The following table details a demographic study of the area, sourced by CoStar, an online resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas.

DEMOGRAPHIC SNAPSHOT	1 MILE	3 MILES	5 MILES
Population:			
2024 Projection	**14,407**	**80,085**	**120,126**
2019 Estimate	**14,330**	**81,068**	**121,555**
2010 Census	13,184	81,986	122,693
Growth 2019-2024	0.54%	-1.21%	-1.18%
Growth 2010-2019	8.69%	-1.12%	-0.93%
Households:			
2024 Projection	7,305	35,971	53,132
2019 Estimate	7,227	36,419	53,773
2010 Census	6,437	36,818	54,249
Growth 2019 - 2024	1.08%	-1.23%	-1.19%
Growth 2010 - 2019	12.27%	-1.08%	-0.88%
Owner Occupied	2,133	20,131	32,805
Renter Occupied	5,094	16,288	20,968
2019 Avg Household Income	**$48,743**	**$57,203**	**$64,323**
2019 Med Household Income	**$32,896**	**$40,531**	**$45,920**
2019 Households by Household Inc:			
<$25,000	2,985	11,579	14,852
$25,000 - $50,000	1,970	10,467	14,353
$50,000 - $75,000	937	5,345	8,366
$75,000 - $100,000	536	3,885	6,470
$100,000 - $125,000	259	1,975	3,589
$125,000 - $150,000	138	947	2,054
$150,000 - $200,000	297	1,302	2,367
$200,000+	105	919	1,720





Source: CoStar

Multi-Family Development

The following table shows a summary of multifamily residential data by type in the immediate area, as published by CoStar.

SUMMARY OF MULTIFAMILY DEVELOPMENTS

CLASS	Number of Properties	NRA (SF)	Average Year Built	Reported Occupancy	Monthly Rent (Ask)
A	0	0	-	-	-
B	17	1,013,829	1973	95%	$731
C	31	1,335,001	1970	89%	$652
TOTAL	**48**	**2,348,830**	**1971**	91%	$680

Source: CoStar

The following table shows the largest tracked multifamily residential properties in the immediate area, as published by CoStar:

LARGEST MULTIFAMILY PROPERTIES

Name	Property Class	NRA (SF)	Year Built	Stories
Lincoln Tower Apartments	B	294,636	1968	17
Olde Towne	C	249,597		3
Near North Village	B	231,453	1981	9
Sangamon Towers	C	174,060	1977	15
Capitol Plaza Apartments	B	120,000	1960	2
West Woods	C	102,797		1
The Villas Downtown Springfield	B	95,000	2016	4
The Villas Downtown Springfield	B	95,000	2016	4
Lincoln Square Apartments	B	88,000		3
Smart Choice Park	C	79,616	1986	2

Source: CoStar

Retail Development

The following table shows a summary of retail data by type in the immediate area, as published by CoStar.

SUMMARY OF RETAIL DEVELOPMENTS					
Property Type	Number of Properties	NRA (SF)	Average Year Built	Reported Occupancy	Reported Rent (Ask)
Auto Dealership	3	91,394	-	100%	$11.00
Bank	3	14,323	-	100%	$12.65
Convenience Store	2	5,050	1962	100%	$11.13
Drug Store	3	38,395	1995	100%	$11.29
Restaurant	20	114,748	1950	100%	$11.16
Freestanding	35	280,340	1972	97%	$10.93
Storefront	49	983,178	1943	90%	$11.09
Supermarket	2	60,755	1990	50%	$11.05
General Retail	63	501,592	1963	96%	$11.10
TOTAL/AVERAGE	**180**	**2,089,775**	**1893**	**95%**	**$11.10**

Source: CoStar

The following table shows the subject property and the largest several retail properties in the immediate area, as published by CoStar.

LARGEST RETAIL DEVELOPMENTS					
Name	Type	NRA (SF)	Year Built	Reported Occupancy	Reported Rent (Ask)
Subway	General Retail	386,498		100%	$12.86
Illinois Building	General Retail	167,692		100%	$11.15
Fairhills Mall	General Retail	106,528	1971	59%	$9.50
Volvo	General Retail	51,240		100%	$10.66
Retail Property	General Retail	45,895	1984	100%	$10.33
Retail Property	General Retail	37,736		100%	$10.44
Retail Property	General Retail	36,000		100%	$12.49
Retail Property	General Retail	34,772		100%	$11.22
Retail Property	General Retail	33,600		100%	$10.24
The Mall At Vinegar Hill	General Retail	33,500	1982	100%	$10.81

Source: CoStar

Industrial Development

The following table shows a summary of industrial data by type in the immediate area, as published by CoStar.

SUMMARY OF INDUSTRIAL DEVELOPMENTS					
Type	Number of Properties	NRA (SF)	Average Year Built	Reported Occupancy	Reported Rent (Ask)
Industrial	36	1,474,983	1958	92%	$5.79
Flex	5	125,752	1950	100%	$7.69
TOTAL/AVERAGE	**41**	**1,600,735**	**1957**	**93%**	**$6.02**

Source: CoStar

The subject is in an area that has a relatively moderate density of industrial structures. The following table shows the largest tracked industrial properties in the immediate area, as published by CoStar.

LARGEST INDUSTRIAL PROPERTIES					
Name	Property Type	NRA (SF)	Year Built	Reported Occupancy	Reported Rent (Ask)
Former Pillsbury/Cargill Milling Factory	Industrial	774,000		100%	$5.84
Industrial Facility	Industrial	91,000	1912	0%	$5.50
Industrial Facility	Industrial	78,900		100%	$4.34
Industrial Facility	Flex	60,300		100%	$8.93
Industrial Facility	Industrial	58,645		100%	$5.90
Industrial Facility	Industrial	57,000		100%	$4.16
1535, 1555 & 1601 W Jefferson	Industrial	56,540	1970	100%	-
Industrial Facility	Flex	38,000		100%	$8.52
Industrial Portion	Industrial	37,750	1981	100%	$3.65
Industrial Facility	Industrial	37,604		100%	$5.74

Source: CoStar

OFFICE MARKET ANALYSIS

There is a strong correlation between commercial lodging demand and the performance of office real estate in an area. As such, we have analyzed the local office market in an effort to ascertain reasonable lodging demand growth rates for the subject and the competitive market.

The following is an analysis of operating data of office properties located within 2.0 miles of the subject using information provided by CoStar, a well-known supplier of market statistics. The table below presents historical data for key market indicators.

HISTORICAL STATISTICS - OFFICE PROPERTIES WITHIN 2 MILES OF SUBJECT

Period	Existing Office Supply	Buildings U/C	New Supply	Net Absorption	Vacancy	Office Base Rent ($/SF)
2010 Q1	5,039,297	0	0	-1,425	3.1%	$13.59
2011 Q1	5,039,297	0	0	-1,952	3.1%	$13.46
2012 Q1	5,039,297	0	0	-11,867	3.6%	$13.84
2013 Q1	5,039,297	0	0	-1,027	5.0%	$13.50
2014 Q1	5,039,297	0	0	-6,538	8.0%	$11.69
2015 Q1	5,039,297	0	0	25,223	9.1%	$11.53
2016 Q1	5,039,297	0	0	58,342	5.8%	$11.05
2017 Q1	5,039,297	0	0	-36,372	6.7%	$11.18
2018 Q1	5,047,731	1	74,800	5,764	6.6%	$10.85
2019 Q1	5,122,531	0	0	3,276	5.1%	$10.95
CAGR	**0.2%**				**5.7%**	**-2.4%**

Source: Costar

Over the last 10 years the office market has softened with the vacancy rate increasing 65% and office base rents decreasing 19.4%. The vacancy rate was its highest in 2015 at 9.1% but has been on a downward trend since 2017 while office base rents have increased in the last year.

The subject is located in an area that has a relatively moderate to high density of office structures. The following map shows the subject property and locations of various office properties in the immediate area, as tracked by CoStar.

OFFICE DEVELOPMENTS WITHIN 2.0 MILES OF THE SUBJECT

Office Market Summary & Commercial Demand Segment Conclusion

Overall, we believe that the market will continue to support the local hotel market with sufficient corporate-related demand. We have taken the office market trends in the area into consideration when concluding future commercial demand growth, which will be discussed in greater detail later in this report.

SPECIAL HAZARDS OR ADVERSE INFLUENCES

Generally, properties in the subject neighborhood appear to be functional for their intended use and they exhibit minimal deferred maintenance and sufficient occupancy. No special hazards or detrimental influences were identified that are expected to affect local value levels.

LOCAL AREA OUTLOOK

The subject's competitive market area is characterized as a commercial, retail and industrial support district; some new development (including ongoing road, infill, and infrastructure improvement, as well as a retail and multi-use development along major arterials) has benefited the local economy.

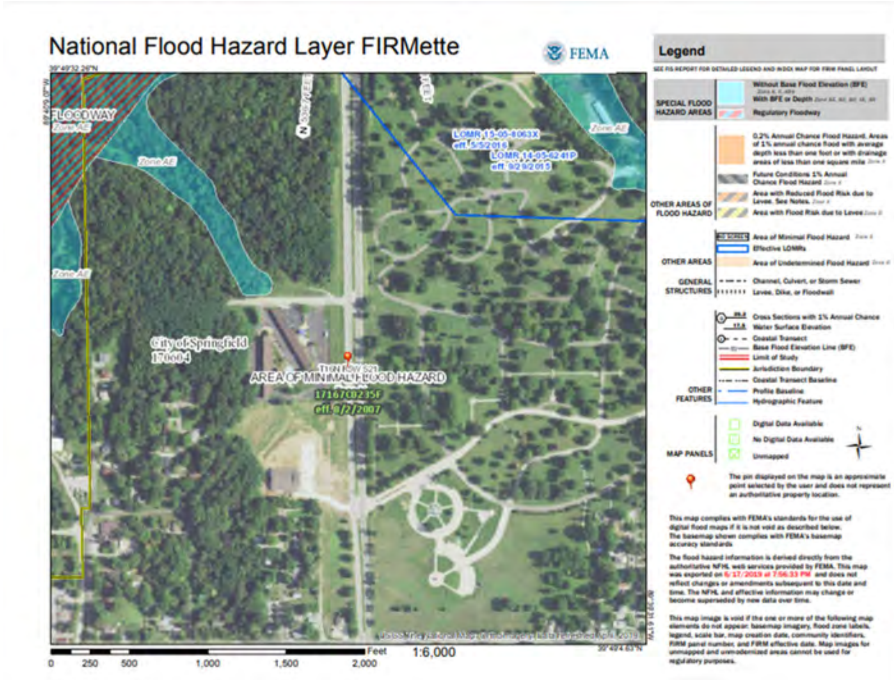
In recent quarters, the market has exhibited some signs of strengthening and various new projects are making way for some economic improvement. As will be further discussed, the subject 's location proximate to central Springfield and a variety of demand generators, as well as good access to major roadways and highways, should enable the subject to continue to be fully competitive in the market.

Land Description and Analysis

GENERAL DESCRIPTION

Location	The subject is in the northwest quadrant of North Grand Avenue West and J David Jones Parkway, about 3.5 miles northwest of downtown Springfield. The hotel is in the northwestern portion of Springfield and is the closest hotel to the Abraham Lincoln Capital Airport, which is less than two miles north. The subject is across the street from the Illinois Vietnam and World War II Veterans memorials. There is a wooded area to the north, residential to the south and the Illinois State Museum, Illinois Military Academy and Illinois National Guard to the southwest.
Land Area	The subject site contains 8.61 acres, or 374,921 square feet of land area. The hotel is on 4.69 acres or 204,296 square feet. The excess land is 3.92 acres or 170,625 square feet.
Frontage	The subject enjoys good frontage along J David Jones Parkway.
Shape and Utility	The site is rectangular or slightly irregularly shaped. Site utility is considered to be good.
Topography	The site is level at street grade. The topography does not appear to bear any particular development limitations.
Drainage	No drainage problems were observed at the time of field inspection and none were disclosed to the appraisers. Please note that this appraisal assumes that surface water collection, both on-site, off-site and in public streets adjacent to the subject, is adequate.
Flood Hazard	The subject property is located in FEMA flood zone X (panel number 17167C0235F, dated 8/2/2007) which is areas determined to be outside of the 500 year floodplain.

Flood Zone Map



Environmental Hazards

An environmental assessment report was not provided for review, and during our inspection, we did not observe any obvious signs of contamination on or near the subject. However, environmental issues are beyond our scope of expertise. It is assumed that the property is not adversely affected by environmental hazards.

Ground Stability

A soils report was not provided for our review. Based on our inspection of the subject and observation of development on nearby sites, there are no apparent ground stability problems. However, we are not experts in soils analysis. We assume that the subject's soil bearing capacity is sufficient to support the subject improvements.

Furthermore, it is our understanding that the subject site is not located in a seismic zone.

Utilities

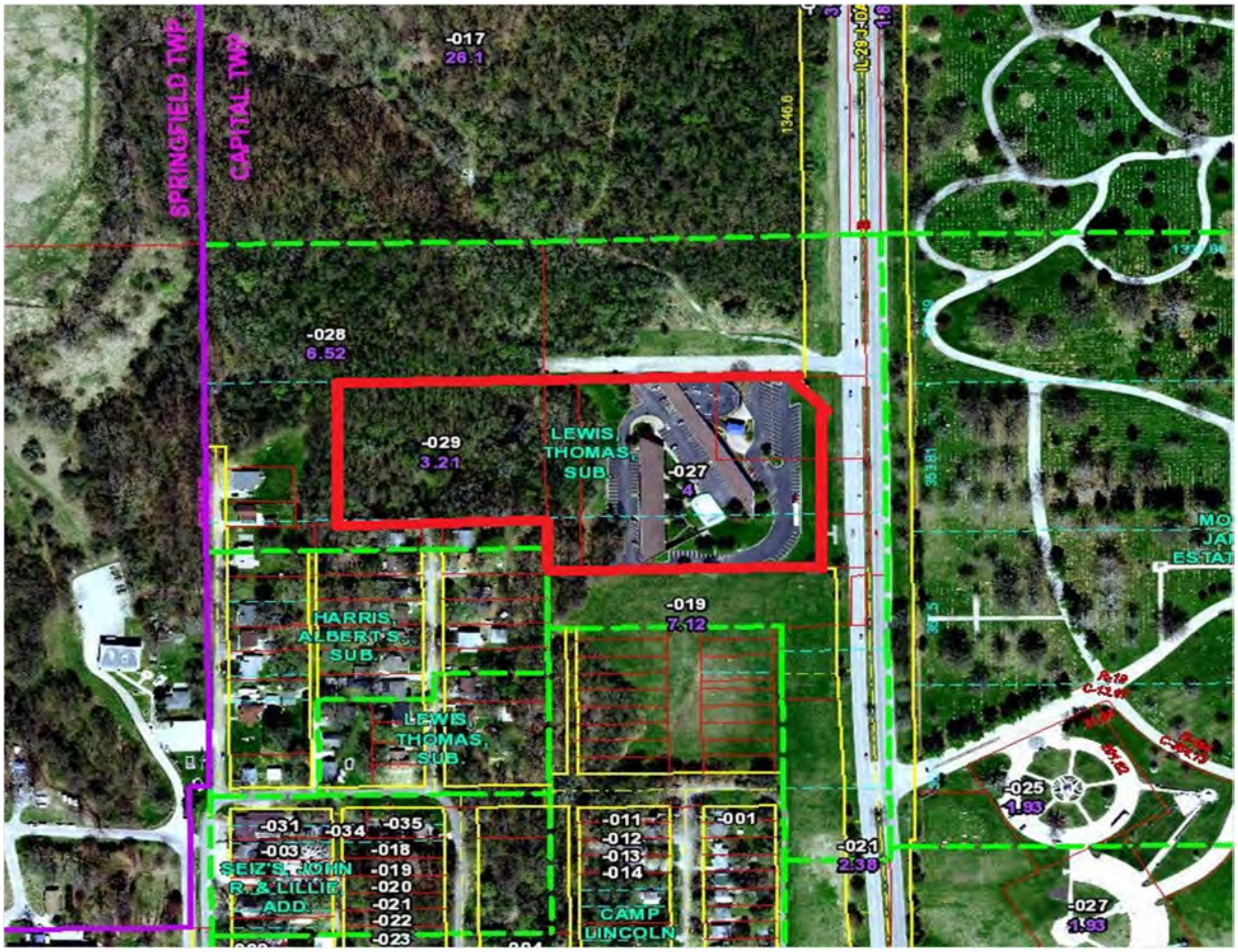
Utilities to the site are all available.

Parking

Surface parking; adequate spaces.

Other Land Use Regulations	We are not aware of any other land use regulations that would affect the property.
Easements, Encroachments and Restrictions	We were not provided a current title report to review. We are not aware of any easements, encroachments, or restrictions that would adversely affect value. Our valuation assumes no adverse impacts from easements, encroachments, or restrictions, and further assumes that the subject has clear and marketable title.
Conclusion of Site Analysis	The subject site enjoys good access due to its position along a major roadway, proximity to downtown Springfield, frontage on J David Jones Parkway and its proximity to several commercial and leisure demand generators. Visibility is also considered to be good due to its its signage and position near IL 4 and IL 29.

PARCEL MAP


SPRINGFIELD TWP
CAPITAL TWP
-017
26.1
-028
6.52
-029
3.21
LEWIS, THOMAS SUB.
-027
4
-019
7.12
HARRIS, ALBERT S. SUB.
LEWIS, THOMAS SUB.
-031
-034
-035
-003
-018
-019
-020
-021
-022
-023
SEIZ'S, JOHN R. & LILLIE ADD.
-011
-012
-013
-014
-001
CAMP LINCOLN
-021
2.38
-025
1.93
-027
1.93

Improvements Description

OVERVIEW

The description within this section is intended to provide an overview of the physical improvements. The sources of the information in this analysis are generally viewed as reliable (we call your attention to the extraordinary conditions, other conditions, and assumptions contained in this report).

Guestrooms

A limited sample of the subject's guestrooms were inspected for this appraisal report. The guestrooms generally appeared to be in fair condition. The guestrooms that were not inspected were reported to be in similar physical condition to the ones that were inspected. In the following table, the guestroom mix is summarized.

GUESTROOM MIX	
Room Type	**Number of Rooms**
King	6
Double Queen	49
King Suite	24
Total	**79**

The guestrooms feature furniture and fixtures that are typical of a hotel in this service scale and feature a flat-panel television, dresser, bedside tables, desk with chair, wall sconces, floor lamps, and a lounge chair or loveseat. Guestrooms also contain soft goods including window coverings, bed coverings, pillows, mattresses, and carpeting. The guest bathrooms are finished with tile flooring and tub/shower surrounds, vanity countertops, and wall-mounted lighting fixtures.

Food and Beverage

The food and beverage outlet at the subject hotel, along with the seating capacity, is summarized below:

FOOD AND BEVERAGE CAPACITY (APPROXIMATE)	
Facility	**Capacity**
Restaurant	200
Breakfast Area	-

At the time of our inspection, this outlet was in fair overall condition,

Meeting and Event Space	The subject property is programmed with approximately 4,010 square feet of meeting space. This space was in fair condition at the time of inspection. The following table details the characteristics of the meeting space.

MEETING SPACE	
Room Name	**Total SF**
Meeing Space	4,010
Total	**4,010**

As will be discussed, the proposed renovations to the meeting and event space (discussion to follow) will render the product as superior to the competitors upon completion.

Additional Amenities	The subject hotel offers amenities that are typical of a hotel in this service scale, as detailed in the following table.

OTHER PROPERTY FEATURES	
Breakfast room	Guest laundry
Outdoor swimming pool	Business Center
Pet friendly	Vending and ice machines
Airport Shuttle	

PHYSICAL CHARACTERISTICS

Building Size	The subject hotel is reported to contain 57,162 square feet of gross building area (calculates to approximately 724 square feet per room).
Foundation	Concrete block
Roof	Gabled
Roof Surface	Composite shingle
HVAC	Wall-mounted HVAC units in guestrooms, package HVAC units for public spaces
Plumbing	Assumed to be adequate for all operations and in compliance with local law and building codes. Assumed and understood to be typical of other properties in the area with a combination of PVC, steel, copper and cast iron piping throughout the building.

Insulation	Assumed to be adequate
Lighting	Florescent and incandescent
Doors	Glass and metal
Windows	Thermal windows in aluminum frames
Flooring	Varies, generally carpet and tile
Emergency Power	None

CAPITAL IMPROVEMENTS

Near-Term Capital Commitments

A summary of the proposed upgrades is presented in the following table:

NEAR-TERM CAPITAL COMMITMENTS	
Item	**Approx. Cost**
Property Improvement Plan	$250,000
Total	**$250,000**
Per Room	$3,165

The renovations are intended to focus on the public space including the meeting rooms, lounge/restaurant, outdoor pool, fitness center, breakfast area and exterior.

The property improvement plan (PIP) is anticipated to modernize and enhance the property to a level that is competitive in the market. We call your attention to the *Extraordinary Assumptions* of this report.

The timing of the above capital commitments is summarized in the following table. The timing of the disbursements governs the amount of total capital that will be deducted from the value conclusions within this report.

TIMING OF CAPITAL DISBURSEMENT	
Item	**Disbursement**
Year 1	$250,000
Total	**$250,000**
Per Room	$3,165

	The calculation for the capital deduction (net present value over and above reserves) is discussed later in this report.
Reserve for Replacements	In order to preserve the competitive position of the subject hotel throughout the holding period, a reserve for replacements equal to 4.0% of total revenue per year is deducted within the cash flows. This estimate of capital reserves is anticipated to be sufficient to account for all typical future capital expenditures throughout the holding period over and above the capital deduction indicated above.
Deferred Maintenance	The breakfast area needs new floor and ceiling coverings, meeting room carpets are stained and need to be replaced, select guestroom doors need to be repaired/replaced, carpeting in the restaurant area is stained, the pool needs to be drained and repaired, and there are cracks in the surface around the pool. We estimate the cost to cure to be approximately $60,000. This is included in the proposed renovation/property improvement plan.

OTHER PROPERTY CONSIDERATIONS

ADA Compliance	We have not made a compliance survey and analysis of this property to determine whether or not it is in conformity with the ADA, and a compliance assessment is beyond the scope of this assignment. Further study by an appropriately qualified professional would be recommended to assess ADA compliance. Any areas of potential non-compliance of the comprehensive requirements of the ADA were not considered in developing an opinion of value of the subject property.
Hazardous Substances	An environmental assessment report was not provided for review and environmental issues are beyond our scope of expertise. No hazardous substances were observed during our inspection of the improvements; however, we are not qualified to detect such substances. Unless otherwise stated, we assume no hazardous conditions exist on or near the subject.
Concealed Faults	We assume that there are no concealed faults nor structural defects for the subject. All structural elements are assumed to be functional and operational with the exception of those specifically noted. The

appraisers are not qualified structural or mechanical engineers; any concerns relating to the integrity of the improvements are beyond the scope of this assignment and may warrant a consultation with appropriate experts.

ZONING

The applicable zoning information for the subject is summarized as follows:

ZONING SUMMARY	
Zoning Municipality	City of Springfield
Zoning Name	General Business Service District (B-2)
Permitted Uses	Permitted uses within this district include retail and service establishments and public service establishments.
Current Use	Lodging Facility
Legally Permitted	Yes
Zoning Change	Not likely
Conforming Use	No

Real Estate Taxes

Real estate taxes and assessments for the current tax year are shown in the following table.

PROPERTY ASSESSMENT INFORMATION	
Assessor's Parcel Number(s):	14-21.0-326-014, 14-21.0-326-027, 14-21.0-326-026, 14-21.0-326-029
Street Address:	1701 J David Jones Parkway
Assessing Authority:	County of Sangamon
Current Tax Year:	2019
Assessment Ratio (% of market Value):	33.33%
Township Multiplier:	1.0131
Are taxes current?	Taxes are current
Is there a grievance underway?	Not to our knowledge

Historical Tax Trend - Subject	Assessment History	Burden	% Change
2016	$583,660	$312,263	-
2017	$590,722	$315,319	1.0%
2018	$599,464	$321,636	2.0%
2019 (Current)	$607,316	$308,262	-4.2%

Actual Assessment Information		Totals
Land Value:		$70,104
Building Value:		$537,212
Total Real Property Assessment:		$607,316
Personal Property:		$0
Total Effective Taxable Assm't:		$607,316
Tax Liability	**Rate**	**Totals**
Total Property Taxes	**8.44920%**	**$51,313**
Number of Units:		79
Property Taxes per Unit		$650
Building Area (SF)		57,162
Property Taxes per Square Foot		$0.90

The following table offers additional tax assessment and liability details pertaining to the subject's individual parcels.

DETAILED ASSESSMENT & PROPERTY TAXES

Real Property	Total Assessment	Exemption	Taxable Assessment	Tax Rate	Tax Liability
14-21.0-326-027	$597,003	$0	$597,003	8.4492%	$50,442
14-21.0-326-014	$10,313	$0	$10,313	8.4493%	$871
14-21.0-326-026	$10,612	$0	$10,612	8.4493%	$897
14-21.0-326-029	$47,939	$0	$47,939	8.4492%	$4,050
Total Real Property	**$665,867**	**$0**	**$665,867**	**8.4492%**	**$56,260**
Grand Total	**$665,867**		**$665,867**	**8.4492%**	**$56,260**

SANGAMON TAXATION METHODOLOGY

Real property in Sangamon County is assessed at 33.33% of market value. It is understood that a sale in this jurisdiction does not typically trigger a reassessment, and although there may be a discrepancy between the indicated government-appraised and market value, the subject’s per-unit assessment relative to comparable properties is generally supported. Therefore, it is not likely that a substantial reassessment would occur immediately following a sale. Based on this information, it is apparent that the subject’s assessments are at market levels.

It is our understanding that taxes are current; however, we recommend performing a title and tax lien search to properly ascertain the situation of delinquent taxes, if any. If taxes are in fact delinquent, the marketability of the subject could be negatively impacted.

TAX COMPARABLES

In order to determine if the assessment and taxes on the subject property are reasonable, we considered its historical information, as well as information from similar properties in the market. These are illustrated in the following table.

REAL ESTATE TAX ASSESSMENT COMPARABLES

Property (Year Built)	Rooms	Total Assm't	Assm't per Room
Red Roof Inn Springfield (1979)	101	$337,752	$3,344
Super 8 Springfield East (1985)	65	$460,810	$7,089
Motel 6 Springfield (1974)	105	$644,942	$6,142
Ramada Springfield North (1993)	97	$1,013,186	$10,445
Comfort Inn & Suites Springfield I 55 (1987)	72	$832,426	$11,561
Quality Inn & Suites Springfield (1992)	66	$629,956	$9,545
Sleep Inn Springfield (1994)	61	$405,810	$6,653
Survey Low	61	$337,752	$3,344
Survey High	105	$1,013,186	$11,561
Survey Average	81	$617,840	$7,826
Subject's Assessment (Actual):	**79**	**$607,316**	**$7,688**
Real Property Tax Assessments Are:			At market levels

REAL ESTATE TAX EXPENSE COMPARABLES

Property (Year Built)	Rooms	R.E. Taxes	Taxes per Room
Red Roof Inn Springfield (1979)	101	$28,537	$283
Super 8 Springfield East (1985)	65	$38,935	$599
Motel 6 Springfield (1974)	105	$49,119	$468
Ramada Springfield North (1993)	97	$85,606	$883
Comfort Inn & Suites Springfield I 55 (1987)	72	$70,333	$977
Quality Inn & Suites Springfield (1992)	66	$53,226	$806
Sleep Inn Springfield (1994)	61	$34,288	$562
Survey Low	61	$28,537	$283
Survey High	105	$85,606	$977
Survey Average	81	$51,435	$654
Subject's Tax Costs (Actual):	**79**	**$51,313**	**$650**
Real Property Tax Payments Are:			At market levels

TAX PROJECTION

As mentioned, the subject's overall tax expense during the most recent full tax year equals $51,313. It has been determined that historical taxes are at market levels.

To project the likely tax costs on a going-forward basis, we have considered a variety of factors including the amount of capital that is expected to be committed to the physical plant and the FF&E in the short term, the assessment levels at comparable properties in the area, the current condition of the property, and, most prominently, the expected operational performance of the property through the date of stabilization.

We observe that there is a fairly strong correlation between the trends of a hotel's certain operational metrics and those of its actual tax costs. This is because the value of the tangible components of a hotel are more elastic relative to other property types due to the seasonality and cyclical nature of its revenue sources, notwithstanding there is a higher propensity for intangible value to exist in a hotel which, in the subject's jurisdiction, is not taxed.

The most relevant line item of comparison, therefore, is house profit. It is at this level of the business activity where all (or at least a substantial amount) of a property's intangible value has already been accounted for and stripped from the ownership position. (We call your attention to the Reconciliation section of this document, which describes the rationale behind the absence of any business value associated with this appraisal.) Any swings in operating activities by way of, for example, a renovation would have a commensurate impact on the property's market value. Therefore, there is an intuitive relationship between a hotel's taxable value and its operating characteristics.

Since the house profit line item calculation is dependent on various individual revenue and expense components - each of which possesses certain fixed and variable characteristics that will be discussed later in this report - it is logical to conclude that a portion of any of its dependent variables (tax expense in this case) will be variable. However, given the level of expenses that have already been deducted prior to the calculation of house profit, the majority of the tax expense as it relates to house profit will be fixed.

CONCLUSION

The following table summarizes our tax projection as measured against house profit over the first five projection years. Please note that, because we have modeled there to be some degree of fixed behavior in the tax burden projection, the nominal percentage change in the tax projection (or, the growth rate’s disparity from the inflation rate of 3.0%) is tempered relative to the house profit line item.

TAX PROJECTION - FIRST FIVE YEARS				
Period	**House Profit**	**Pct. Change**	**Tax Projection***	**Pct. Change**
Base Year - 2018**	$66,135	-	$51,313	-
Year 1 - 2019/20	$153,007	131.4%	$56,617	10.3%
Year 2 - 2020/21	$239,720	56.7%	$60,693	7.2%
Year 3 - 2021/22	$290,687	21.3%	$63,469	4.6%
Year 4 - 2022/23	$299,402	3.0%	$65,373	3.0%
Year 5 - 2023/24	$308,428	3.0%	$67,335	3.0%

**We have modeled the fixed/variable components of the tax expense line item to be 80% and 20% respectively.*
***Base Year House Profit adjusted to account for market-oriented income and expenses.*

National Lodging Market Summary

Macroeconomic market conditions are key considerations that affect the market area of a subject and its property value. The supply and demand conditions are essential factors for consideration, as they affect the subject property and its competitive position in the market.

Lodging fundamentals and their surrounding trends are aspects that are specific to the market. Demand for hotels and motels in the subject's local market area are influenced by national market trends, which will be examined in this section. This analysis includes excerpts and information from IBISWorld Industry Report: *Hotels & Motels in the U.S.,* PricewaterhouseCoopers: *Hospitality Directions in the U.S*. and *Emerging Trends In Real Estate 2019*, and STR, Inc.

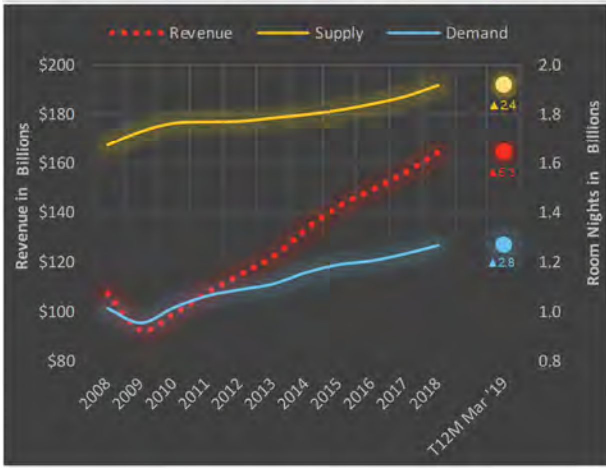
The following summary offers a high-level overview of trends in the lodging industry on a national level. A more thorough narrative is presented in the *Addenda* of this report.

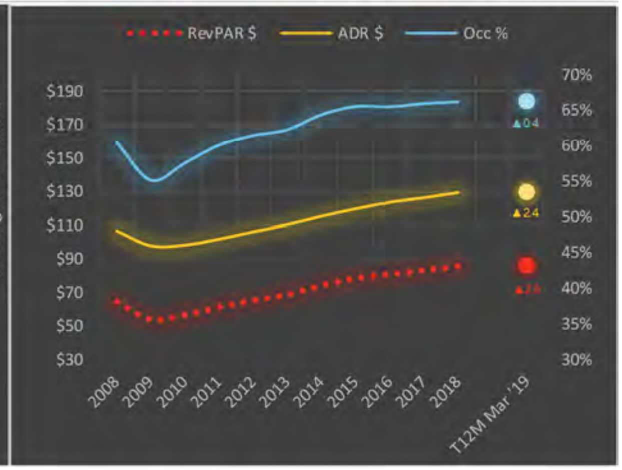
National Trends Snapshot

As an asset class, hotels appear to be holding their own with investors, both from a return-on-investment perspective as well as a development perspective. While development cost and acquisition pricing concerns remain top-of-mind for a majority of the investors surveyed, strong operating fundamentals continue to balance the overall view on the sector. Comparisons to prior cycles remain a focal point of many conversations, albeit with investors tending to coalesce around the sustained strength of the current cycle. Other trends, including the changing lodging sector landscape and changing physical programming, have also become subjects of investor interest.

The following charts illustrate historical performance trends through T12M Mar 2019, along with trailing three-month and six-month performance:

Historical Market Performance : United States												
Year	Supply	Δ%	Demand	Δ%	Revenue	Δ%	Occ %	Δ%	ADR $	Δ%	RevPAR $	Δ%
2008	1,673,991,040	-	1,011,561,443	-	$107,706,669,450		60.4%		$106.48	-	$64.34	-
2009	1,728,062,260	▲3.2%	952,266,656	▼5.9%	$92,819,617,581	▼13.8%	55.1%	▼8.8%	$97.47	▼8.5%	$53.71	▼16.5%
2010	1,762,020,903	▲2.0%	1,014,568,881	▲6.5%	$99,372,859,129	▲7.1%	57.6%	▲4.5%	$97.95	▲0.5%	$56.40	▲5.0%
2011	1,767,355,160	▲0.3%	1,062,135,606	▲4.7%	$107,877,712,567	▲8.6%	60.1%	▲4.4%	$101.57	▲3.7%	$61.04	▲8.2%
2012	1,769,610,554	▲0.1%	1,087,435,148	▲2.4%	$115,320,771,630	▲6.9%	61.5%	▲2.3%	$106.05	▲4.4%	$65.17	▲6.8%
2013	1,783,137,587	▲0.8%	1,110,527,243	▲2.1%	$122,499,628,183	▲6.2%	62.3%	▲13%	$110.31	▲4.0%	$68.70	▲5.4%
2014	1,796,907,059	▲0.8%	1,157,230,900	▲4.2%	$133,537,859,249	▲9.0%	64.4%	▲3.4%	$115.39	▲4.6%	$74.32	▲8.2%
2015	1,814,674,194	▲10%	1,189,614,896	▲2.8%	$142,717,142,071	▲6.9%	65.6%	▲18%	$119.97	▲4.0%	$78.65	▲5.8%
2016	1,839,582,345	▲14%	1,205,133,146	▲13%	$149,315,822,576	▲4.6%	65.5%	▼0.1%	$123.90	▲3.3%	$81.17	▲3.2%
2017	1,869,428,066	▲16%	1,233,203,792	▲2.3%	$156,234,286,952	▲4.6%	66.0%	▲0.7%	$126.69	▲2.3%	$83.57	▲3.0%
2018	1,914,729,390	▲2.4%	1,267,780,860	▲2.8%	$164,582,097,095	▲5.3%	66.2%	▲0.4%	$129.82	▲2.5%	$85.96	▲2.9%
CAGR 2008-18	**1.4%**		**2.3%**		**4.3%**		**0.9%**		**2.0%**		**2.9%**	
T3M Mar '18	473,210,516	-	267,704,562		$32,811,007,786	-	56.6%		$122.56		$69.34	-
T3M Mar '19	483,983,949	▲2.3%	274,602,071	▲2.6%	$34,284,772,941	▲4.5%	56.7%	▲0.3%	$124.85	▲19%	$70.84	▲2.2%
T6M Mar '18	948,700,175	-	600,348,087		$75,674,706,443		63.3%		$126.05	-	$79.77	-
T6M Mar '19	970,960,646	▲2.3%	616,056,893	▲2.6%	$79,389,144,828	▲4.9%	63.4%	▲0.3%	$128.87	▲2.2%	$81.76	▲2.5%
T12M Mar '18	1,873,245,611	-	1,235,682,955		$156,735,730,219	-	66.0%		$126.84	-	$83.67	-
T12M Mar '19	1,917,997,564	▲2.4%	1,270,160,447	▲2.8%	$164,965,145,983	▲5.3%	66.2%	▲0.4%	$129.88	▲2.4%	$86.01	▲2.8%



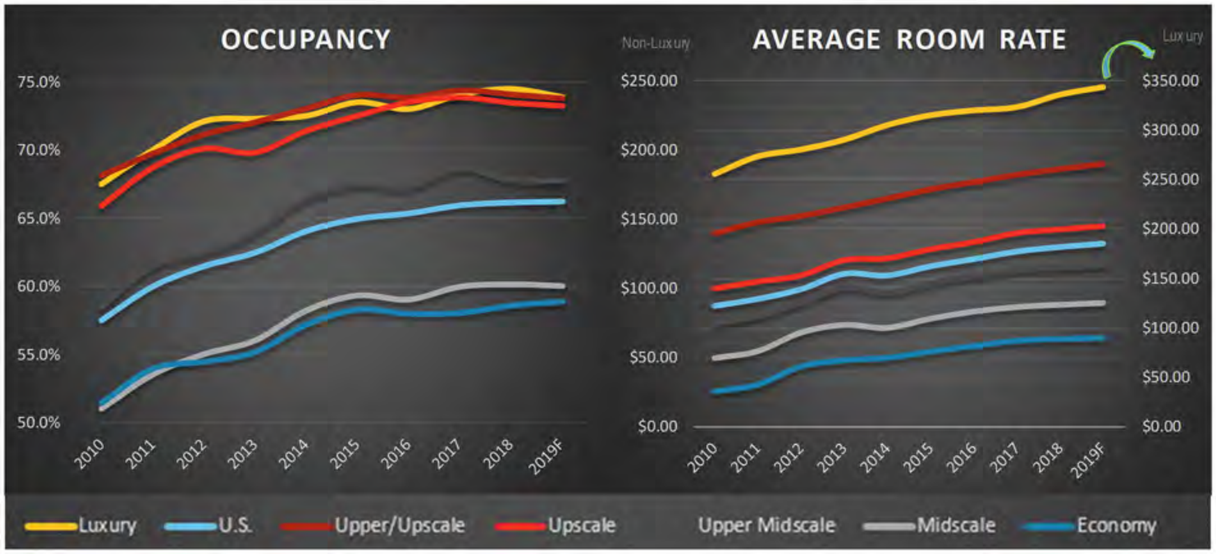


Operating Strength

Looking ahead to 2019, the U.S. lodging outlook remains stable, driven by steady economic fundamentals, including a continued increase in consumer spending; increasing, albeit decelerating business investment; and relatively strong consumer confidence. Lodging supply is expected to increase at a rate close to its long-term average; however, tightening financing conditions and further increasing costs for labor and construction may create a drag on supply growth. Overall, RevPAR in 2019 is expected to increase at a decelerating pace, driven exclusively by growth in ADR.

Counterbalances to this outlook that bear watching include continued trade tensions and effects from tariff-rate implementation, political uncertainty amid partisanship, and increasing interest rates.

The following graphic summarizes occupancy and ADR trends amongst the major lodging segments.



Changing Landscape

At present, the U.S. lodging sector is going through an accelerated pace of transition, characterized by ongoing consolidation, an evolving role of lodging brands, and the nascent use of a platform approach to customer acquisition and retention. Key trends to watch out for include the following:

- The role of lodging brands is expected to continue to evolve, as lodging companies seek to increasingly focus on franchising as the primary driver of their growth. Recent footprint growth points in that direction, with franchised rooms at three large U.S.-based hotel chains increasing by over 40 percent between the fourth quarter of 2014 and the first quarter of 2018, albeit with hotel management still expected to remain an integral part of the growth strategy for some lodging companies. Driven by the franchising focus, lodging brands may seek to further dissect lodging demand through brand introductions in select niche segments, with a particular focus on capitalizing on the experiential travel trend. Furthermore, the concept of loyalty and what that entails for guests and owners may evolve in the near term, with points-based loyalty programs evolving into more pervasive, experiential programs.

- Focused, independent hotels and their operators are expected to focus on expanding their customer base by following a platform approach to managing the customer journey through the use of a unified technology platform. Leveraging a unified technology platform that extracts data from various systems (CRM, PMS, CRS, revenue management) and creates a single view on guests is expected to be a powerful differentiator for many smaller-scale players. Select companies are already experimenting with the platform approach, albeit in initial stages and with isolated components.

Changing Physical Programming

The modification of a hotel's physical layout and programming to use space more efficiently is another emerging trend noted by hotel investors surveyed. Recently, more emphasis has been placed on ensuring that more space inside the "box" generates revenue, with an understanding that while an obvious need exists for non-revenue-generating support space, it should be value engineered. Two areas noted in particular include food and beverage (F&B) outlets and meeting space.

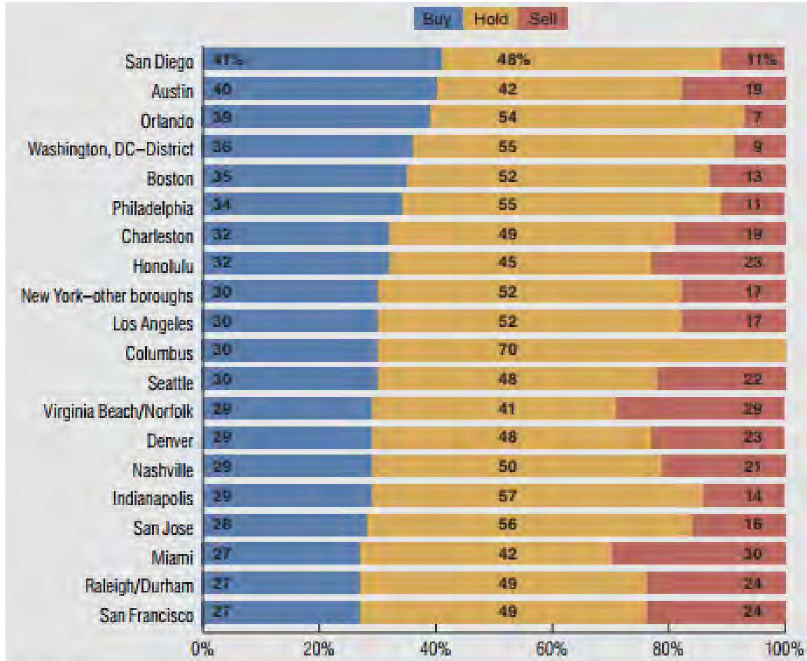
In regard to F&B, hotels are shifting from a separate restaurant and bar model to an integrated restaurant/bar model; standalone restaurants are being replaced with sophisticated lobby bars that offer an amplified bar menu and an open seating layout. This type of setup makes more efficient use of space and also entices people in the lobby to purchase a drink or food. It also helps save on labor costs since the bar staff also serves the food.

Over the past few years, the meeting industry has experienced a shift from larger general sessions to smaller, more informal networking and breakout sessions—a trend that is expected to continue. Large convention/headquarters hotels are responding to this changing event profile by modifying the building program in an effort to develop more flexible meeting space that can easily adapt to meeting organizer needs.

Hotel investors could look to their meeting venue counterparts for guidance on how they are planning to modify their building program and enhance the venues' features and capabilities.

- Large convention centers are planning to increase ballroom and meeting room space. They are also focusing on enriching the center's image (e.g., with grand entrances and natural lighting).
- Small- and medium-sized centers are planning to increase meeting room and pre-function space. They are also focusing on adding features that will enhance the attendee experience (e.g., charging stations, interactive videoboards, and social areas). At the opposite end of the spectrum, some hotels have decided to remove ballroom space altogether, deciding instead to replace it with additional hotel room inventory or other uses that generate higher revenue. This is more prevalent in markets like New York City and others that have consistently high occupancy rates.

U.S. Buy/Hold/Sell Recommendation



Source: *Emerging Trends in Real Estate 2019* survey.

Note: Cities listed are the top 20 rated for investment in the hotel sector; cities are ordered according to the percentage of "buy" recommendations.

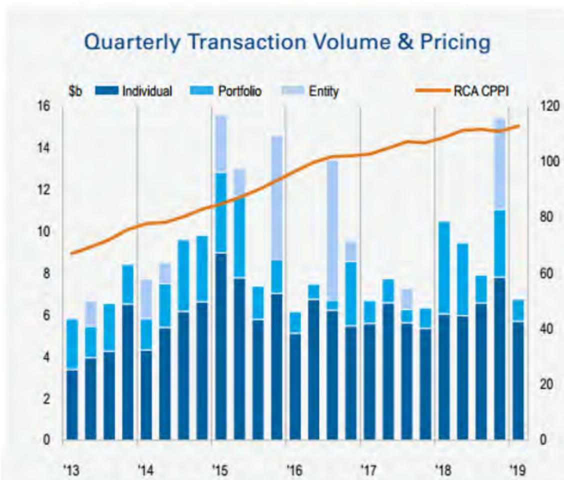
Investment Activity

The hotel market woke up to a harsh scene in January 2019, with double-digit declines in deal volume from a year earlier. The headline figures mask some positive trends in the limited-service segments and healthier signs for individual asset sales. Portfolio and entity-level sales can sometimes lift deal volumes to artificial highs. Such a boost happened in January 2018 which was the all-time high for portfolio sales in the hotel sector for a January. The pace set in January this year is more in line with usual January deal volume.

Looking at trends in the sale of individual assets eliminates the noise from portfolio and entity-level transactions and provides the clearest picture of investor appetite for hotels. These sales were down 7% YOY in January. Still, sales fell across all property sectors in January, so perceived hotel sector challenges were not the driver of declines. Furthermore, this 7% decline was the second strongest performance for individual asset sales across all property sectors.

The decline in commercial property sales in January is more likely a pause rather than a sign of a broader calamity underway. Investors are likely taking stock of the financial turmoil seen in Q4’18. That turmoil led to greater investor caution for a time with a growing spread between corporate bonds and the 10yr UST. That spread has eased so far in Q1’19 which may lead to improvements in deal volume.

The positive stories for the month come from the limited service segment of the hotel market which posted a 38% YOY increase in deal volume. This increase came from the strength of individual asset sales as well, indicating a broadbased increase in investor appetite for these assets. Further to this notion that the January sales figures were not as harsh as the headline figures suggest, hotel property prices continued to grow in the month. The RCA CPPI for hotel properties grew at a 3.0% annual pace.



Source: Real Capital Analytics

Future Outlook

Private capital sources represented the largest block of buyers of existing assets in the hotel market for 2018 but the sum total of acquisitions by REITs, institutional investors and cross-border investors was larger; private capital sources were also far more dominant with regards to new developments in the hotel market. Looking ahead to 2019, there is an expectation of continued operating performance strength by hotel owners as increases in room rates continue to become a bigger driver of RevPAR growth, providing a better flow-through to the bottom line.

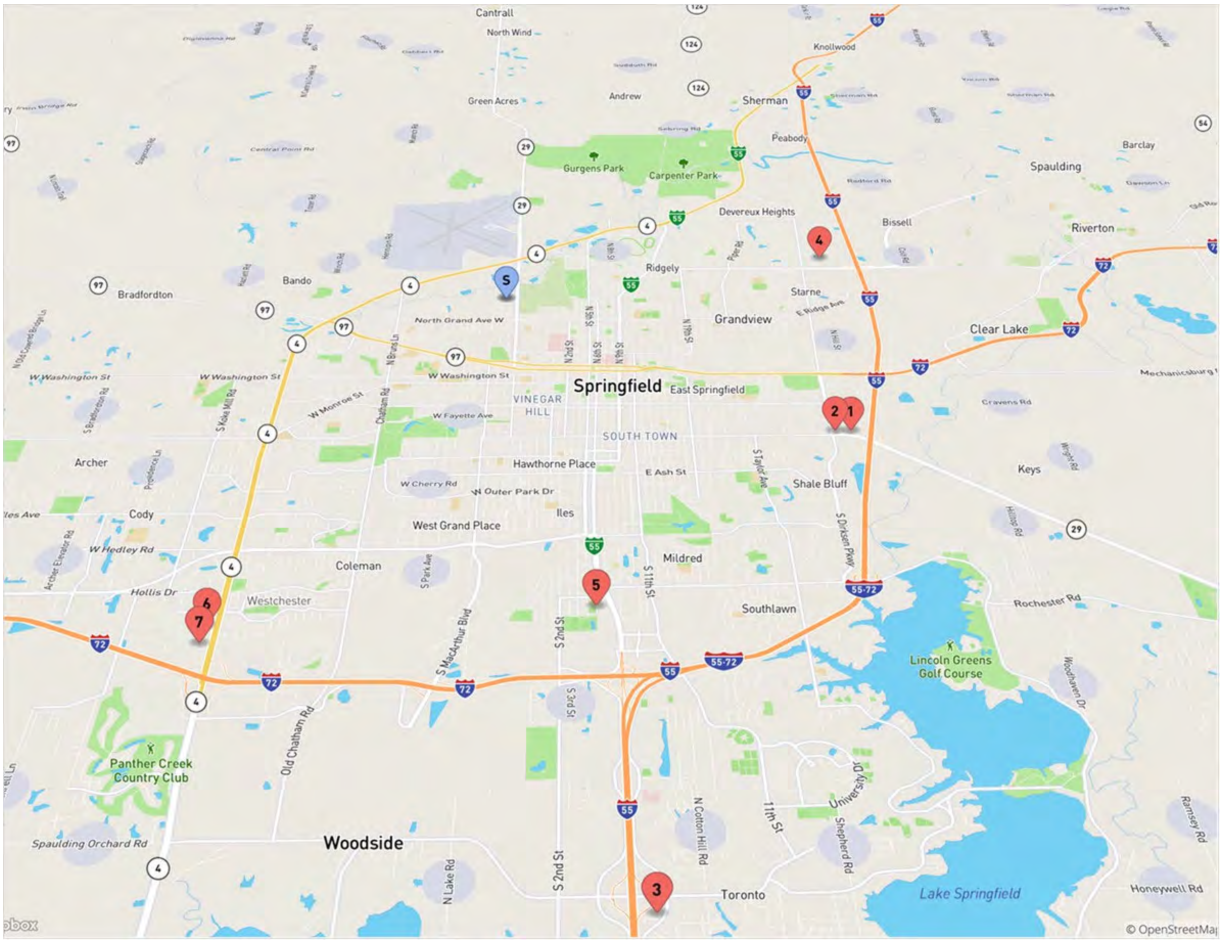
Supply and Demand Analysis

CURRENT COMPETITIVE SUPPLY

The following table summarizes the physical characteristics of the subject hotel and its competitors and is followed by a map of their locations. The tables after the map summarize pertinent operating data for the subject and competitors. The information is estimated based on data obtained from third-party sources, as well as our understanding of competitive forces at each brand and type. Due to the proprietary nature of this sort of information, it cannot be positively confirmed with source documentation.

COMPETITIVE PROPERTY FACILITIES OVERVIEW												
General Property Information							Amenities and Other Characteristics					
Property Name / Address	Number of Rooms	Year Opened	Competitor Type	Meeting Space (Total SF)	Meeting Space (per Room)	Meeting Segment Index (per 1,000 sf)	Restaurants	Bistro / Lounge / Breakfast Café	Swimming Pool	Business Center	Fitness Room	Other
Howard Johnson Inn & Suites Springfield 1701 J David Jones Parkway, Springfield, IL	79	1980	-	4,010	50.8	1.1	Focused	X	X	X		Shuttle
Red Roof Inn Springfield 3200 Singer Avenue, Springfield, IL	101	1979	Primary	0	0.0	0.0	None					
Super 8 Springfield East 1330 South Dirksen Parkway, Springfield, IL	65	1985	Primary	0	0.0	0.0	None	X				
Motel 6 Springfield 6011 South 6th Street, Springfield, IL	105	1974	Primary	0	0.0	0.0	None			X	X	Shuttle
Ramada Springfield North 3281 Northfield Drive, Springfield, IL	97	1993	Primary	2,300	23.7	2.9	Focused	X	X	X	X	Shuttle
Comfort Inn & Suites Springfield I 55 3675 South 6th Street, Springfield, IL	72	1987	Primary	864	12.0	1.4	None	X	X	X	X	
Quality Inn & Suites Springfield 3442 Freedom Drive, Springfield, IL	66	1992	Primary	0	0.0	0.0	None	X	X	X		
Sleep Inn Springfield 3470 Freedom Drive, Springfield, IL	61	1994	Primary	0	0.0	0.0	None	X		X	X	

MAP OF COMPETITIVE HOTELS



COMPETITION MAP KEY			
Property Name	**Location**	**Pin No.**	**Distance (mi)**
Howard Johnson Inn & Suites Springfield	Springfield, IL	S	-
Red Roof Inn Springfield	Springfield, IL	1	4.1
Super 8 Springfield East	Springfield, IL	2	4.0
Motel 6 Springfield	Springfield, IL	3	7.8
Ramada Springfield North	Springfield, IL	4	3.6
Comfort Inn & Suites Springfield I 55	Springfield, IL	5	4.8
Quality Inn & Suites Springfield	Springfield, IL	6	5.5
Sleep Inn Springfield	Springfield, IL	7	5.6

COMPETITIVE PROPERTIES - OPERATIONAL ANALYSIS

				Estimated Segmentation				Estimated 2016				Estimated 2017				Estimated 2018			
Property Name	Number of Rooms	Competitive Quotient	Primary/ Secondary	Commercial	Group	Leisure	Extended-Stay	Wtd. Room Count	Occ.	ADR	RevPAR	Wtd. Room Count	Occ.	ADR	RevPAR	Wtd. Room Count	Occ.	ADR	RevPAR
Howard Johnson Inn & Suites Springfield	79	100%	-	38%	18%	34%	10%	79	40%	$57.01	$22.92	79	35%	$54.79	$18.96	79	30%	$54.34	$16.52
Red Roof Inn Springfield	101	85%	Primary	37%	2%	56%	5%	86	50%	$54.00	$27.00	86	46%	$53.00	$24.38	86	47%	$53.00	$24.91
Super 8 Springfield East	65	80%	Primary	37%	2%	56%	5%	52	51%	$61.00	$31.11	52	47%	$60.00	$28.20	52	48%	$60.00	$28.80
Motel 6 Springfield	105	85%	Primary	37%	2%	56%	5%	89	40%	$54.00	$21.60	89	37%	$53.00	$19.61	89	38%	$53.00	$20.14
Ramada Springfield North	97	70%	Primary	40%	13%	42%	5%	68	55%	$83.00	$45.65	68	51%	$81.00	$41.31	68	52%	$82.00	$42.64
Comfort Inn & Suites Springfield I 55	72	75%	Primary	27%	3%	46%	24%	54	60%	$71.00	$42.60	54	56%	$70.00	$39.20	54	57%	$70.00	$39.90
Quality Inn & Suites Springfield	66	75%	Primary	37%	2%	51%	10%	50	52%	$75.00	$39.00	50	48%	$73.00	$35.04	50	49%	$73.00	$35.77
Sleep Inn Springfield	61	85%	Primary	37%	2%	56%	5%	52	64%	$59.00	$37.76	52	59%	$58.00	$34.22	52	60%	$58.00	$34.80
Total/Average Including Subject	**646**			**36%**	**5%**	**50%**	**8%**	**530**	**50%**	**$63.89**	**$32.06**	**530**	**46%**	**$62.59**	**$28.80**	**530**	**46%**	**$62.80**	**$29.04**
Total/Average Excluding Subject	**567**			**36%**	**4%**	**52%**	**8%**	**451**	**52%**	**$64.82**	**$33.66**	**451**	**48%**	**$63.57**	**$30.52**	**451**	**49%**	**$63.72**	**$31.23**

COMPETITIVE PROPERTIES - PENETRATION ANALYSIS

	Estimated Room Nights Sold			Penetration Indices - 2018				Penetration Indices 2016				Penetration Indices 2017				Penetration Indices 2018			
Property Name	2016	2017	2018	Commercial	Group	Leisure	Extended-Stay	Wtd. Room Count	Occ.	ADR	RevPAR	Wtd. Room Count	Occ.	ADR	RevPAR	Wtd. Room Count	Occ.	ADR	RevPAR
Howard Johnson Inn & Suites Springfield	11,592	9,977	8,766	68.9%	224.1%	44.6%	78.5%	79	80.1%	89.2%	71.5%	79	75.2%	87.5%	65.8%	79	65.7%	86.5%	56.9%
Red Roof Inn Springfield	15,695	14,439	14,753	103.7%	38.5%	113.7%	60.7%	86	99.6%	84.5%	84.2%	86	100.0%	84.7%	84.7%	86	101.7%	84.4%	85.8%
Super 8 Springfield East	9,680	8,921	9,110	105.9%	39.3%	116.1%	62.0%	52	101.6%	95.5%	97.0%	52	102.1%	95.9%	97.9%	52	103.8%	95.5%	99.2%
Motel 6 Springfield	12,994	12,019	12,344	83.8%	31.1%	91.9%	49.1%	89	79.7%	84.5%	67.4%	89	80.4%	84.7%	68.1%	89	82.2%	84.4%	69.4%
Ramada Springfield North	13,651	12,658	12,906	124.0%	276.9%	94.3%	67.1%	68	109.6%	129.9%	142.4%	68	110.8%	129.4%	143.4%	68	112.5%	130.6%	146.8%
Comfort Inn & Suites Springfield I 55	11,826	11,038	11,235	91.8%	70.0%	113.3%	353.2%	54	119.6%	111.1%	132.9%	54	121.7%	111.8%	136.1%	54	123.3%	111.5%	137.4%
Quality Inn & Suites Springfield	9,490	8,760	8,943	108.1%	40.1%	107.9%	126.5%	50	103.6%	117.4%	121.7%	50	104.3%	116.6%	121.7%	50	106.0%	116.2%	123.2%
Sleep Inn Springfield	12,147	11,198	11,388	132.4%	49.1%	145.1%	77.5%	52	127.5%	92.4%	117.8%	52	128.2%	92.7%	118.8%	52	129.8%	92.4%	119.8%
Total/Average Including Subject	**97,075**	**89,010**	**89,445**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**530**	**100.0%**	**100.0%**	**100.0%**	**530**	**100.0%**	**100.0%**	**100.0%**	**530**	**100.0%**	**100.0%**	**100.0%**

DISCUSSION OF COMPETITIVE PROPERTIES

Red Roof Inn Springfield

Red Roof Inn Springfield is a 101-room limited-service property located at 3200 Singer Avenue in Springfield, Illinois. We interviewed individuals who are familiar with the target markets of this hotel and researched the facilities and amenities that are offered at this property (namely with respect to the inventory of meeting facilities, suites, etc.) We also reviewed the actual segmentation results of hotels that have a similar brand and service orientation and estimated that the hotel's market mix is 37% Commercial, 2% Group and 56% Leisure. The remaining 5% of the property's overall demand is comprised of Extended-Stay patronage. Considering this property's overall market mix, location, service orientation, rate structure and overall condition, we believe this property has an overall competitive quotient of approximately 85%, which renders a weighted competitive unit count of 86 rooms. Overall, this property is considered to be a primary competitor. We note that this property's base year ADR of $53.00 was 2% lower than the subject's ADR during the base year. This property is recognized as a 2-star hotel by TripAdvisor. The overall occupancy and ADR penetration indices for Red Roof Inn Springfield during the base year was 102 and 84, respectively. With a segment index of 114%, this property competes most favorably within the Leisure segment.

Super 8 Springfield East

Super 8 Springfield East is a 65-room limited-service property located at 1330 South Dirksen Parkway in Springfield, Illinois. After interviewing individuals who are familiar with the target markets of this hotel and reviewing the facilities offered at this property (meeting facilities, suites, etc.), and after researching actual segmentation results of similarly-branded hotels, we have determined that this property's market mix is 37% Commercial, 2% Group and 56% Leisure. The remaining 5% of the property's overall demand is comprised of Extended-Stay patronage. We have researched this property's operational characteristics (market mix, service orientation, rate structure, etc.) and determined that it has an overall competitive quotient of approximately 80%, rendering a weighted competitive unit count of 52 rooms. This property had a base year ADR of $60.00, which was about 10% higher than the subject's ADR at that time. This property has been awarded 2 stars by TripAdvisor. The overall occupancy penetration index for Super 8 Springfield East during the base year was 104 and the ADR index was 96. This property achieved an occupancy penetration index of 116% in its most competitive segment, the Leisure segment.

Motel 6 Springfield

Motel 6 Springfield is a 105-room limited-service property located at 6011 South 6th Street in Springfield, Illinois. Based on discussions with property representatives and reviewing the facilities offered at this property (meeting facilities, suites, etc.), and after researching actual segmentation results of similarly-branded hotels, we have determined that this property's market mix is 37% Commercial, 2% Group and 56% Leisure. The remaining 5% of the property's overall demand is comprised of Extended-Stay patronage. Considering this property's operational and physical characteristics, namely with respect to its targeted market segments and rate structure, we believe this property has an overall competitive quotient of approximately 85%. The total number of competitive rooms is therefore estimated at 89 rooms. Overall, this property is considered to be a primary competitor. We note that this property's base year ADR of $53.00 was approximately 2% lower than the subject's ADR during that time. This property is recognized as a 2-star hotel by TripAdvisor. The overall occupancy and ADR penetration indices for Motel 6 Springfield during the base year was 82 and 84, respectively. With a segment index of 92%, this property competes most favorably within the Leisure segment.

Ramada Springfield North

Ramada Springfield North

Ramada Springfield North is a 97-room select-service property located at 3281 Northfield Drive in Springfield, Illinois. We interviewed individuals who are familiar with the target markets of this hotel and researched the facilities and amenities that are offered at this property (namely with respect to the inventory of meeting facilities, suites, etc.) We also reviewed the actual segmentation results of hotels that have a similar brand and service orientation and estimated that the hotel's market mix is 40% Commercial, 13% Group and 42% Leisure. The remaining 5% of the property's overall demand is comprised of Extended-Stay patronage. Considering this property's overall market mix, location, service orientation, rate structure and overall condition, we believe this property has an overall competitive quotient of approximately 70%, which renders a weighted competitive unit count of 68 rooms. Overall, this property is considered to be a primary competitor. We note that this property's base year ADR of $82.00 was 51% higher than the subject's ADR during the base year. This property has been awarded 3 stars by TripAdvisor. The overall occupancy penetration index for Ramada Springfield North during the base year was 112 and the ADR index was 131. This property achieved an occupancy penetration index of 277% in its most competitive segment, the Group segment.

Comfort Inn & Suites Springfield I 55

Comfort Inn & Suites Springfield I 55 is a 72-room limited-service property located at 3675 South 6th Street in Springfield, Illinois. After interviewing individuals who are familiar with the target markets of this hotel and reviewing the facilities offered at this property (meeting facilities, suites, etc.), and after researching actual segmentation results of similarly-branded hotels, we have determined that this property's market mix is 27% Commercial, 3% Group and 46% Leisure. The remaining 24% of the property's overall demand is comprised of Extended-Stay patronage. We have researched this property's operational characteristics (market mix, service orientation, rate structure, etc.) and determined that it has an overall competitive quotient of approximately 75%, rendering a weighted competitive unit count of 54 rooms. This property had a base year ADR of $70.00, which was about 29% higher than the subject's ADR at that time. This property is recognized as a 2-star hotel by TripAdvisor. The overall occupancy and ADR penetration indices for Comfort Inn & Suites Springfield I 55 during the base year was 123 and 111, respectively. With a segment index of 353%, this property competes most favorably within the Extended-Stay segment.

Quality Inn & Suites Springfield

Quality Inn & Suites Springfield

Quality Inn & Suites Springfield is a 66-room limited-service property located at 3442 Freedom Drive in Springfield, Illinois. Based on discussions with property representatives and reviewing the facilities offered at this property (meeting facilities, suites, etc.), and after researching actual segmentation results of similarly-branded hotels, we have determined that this property's market mix is 37% Commercial, 2% Group and 51% Leisure. The remaining 10% of the property's overall demand is comprised of Extended-Stay patronage. Considering this property's operational and physical characteristics, namely with respect to its targeted market segments and rate structure, we believe this property has an overall competitive quotient of approximately 75%. The total number of competitive rooms is therefore estimated at 50 rooms. Overall, this property is considered to be a primary competitor. We note that this property's base year ADR of $73.00 was approximately 34% higher than the subject's ADR during that time. This property has been awarded 2 stars by TripAdvisor. The overall occupancy penetration index for Quality Inn & Suites Springfield during the base year was 106 and the ADR index was 116. This property achieved an occupancy penetration index of 127% in its most competitive segment, the Extended-Stay segment.

Sleep Inn Springfield

Sleep Inn Springfield is a 61-room limited-service property located at 3470 Freedom Drive in Springfield, Illinois. We interviewed individuals who are familiar with the target markets of this hotel and researched the facilities and amenities that are offered at this property (namely with respect to the inventory of meeting facilities, suites, etc.) We also reviewed the actual segmentation results of hotels that have a similar brand and service orientation and estimated that the hotel's market mix is 37% Commercial, 2% Group and 56% Leisure. The remaining 5% of the property's overall demand is comprised of Extended-Stay patronage. Considering this property's overall market mix, location, service orientation, rate structure and overall condition, we believe this property has an overall competitive quotient of approximately 85%, which renders a weighted competitive unit count of 52 rooms. Overall, this property is considered to be a primary competitor. We note that this property's base year ADR of $58.00 was 7% higher than the subject's ADR during the base year. This property is recognized as a 2-star hotel by TripAdvisor. The overall occupancy and ADR penetration indices for Sleep Inn Springfield during the base year was 130 and 92, respectively. With a segment index of 145%, this property competes most favorably within the Leisure segment.

COMPETITIVENESS

To provide an indication of the overall competitiveness of each property relative to the subject hotel, the rate structure, physical attributes (such as meeting space and guest amenities), service scale, location, property condition, and operating characteristics were reviewed. Moreover, operating data of similarly-branded properties and/or similar assets were considered and reviewed. These data, as well as findings from fieldwork, were used to estimate an anticipated percentage of each demand segment that contributes to the market mix of each competitor. This determination is critical to the estimation of the competitiveness of each competitive hotel relative to the subject hotel. The following table illustrates the overall competitiveness and market mix of each competitor and the subject hotel.

COMPETITIVE PROPERTIES - OPERATIONAL ANALYSIS

				Estimated Segmentation			
Property Name	**Number of Rooms**	**Competitive Quotient**	**Primary/ Secondary**	**Commercial**	**Group**	**Leisure**	**Extended-Stay**
Howard Johnson Inn & Suites Springfield	79	100%	-	38%	18%	34%	10%
Red Roof Inn Springfield	101	85%	Primary	37%	2%	56%	5%
Super 8 Springfield East	65	80%	Primary	37%	2%	56%	5%
Motel 6 Springfield	105	85%	Primary	37%	2%	56%	5%
Ramada Springfield North	97	70%	Primary	40%	13%	42%	5%
Comfort Inn & Suites Springfield I 55	72	75%	Primary	27%	3%	46%	24%
Quality Inn & Suites Springfield	66	75%	Primary	37%	2%	51%	10%
Sleep Inn Springfield	61	85%	Primary	37%	2%	56%	5%
Total/Average Including Subject	**646**			**36%**	**5%**	**50%**	**8%**
Total/Average Excluding Subject	**567**			**36%**	**4%**	**52%**	**8%**

The estimated competitive overlap of each property within each segment compared to the subject's demand levels during the base year, as well as an aggregated overlap potential amount, is estimated and displayed in the following table. The table also displays the rate differential between the subject property and each of the competitors, followed by the overall competitiveness estimated for each property.

COMPETITIVE QUOTIENT OVERVIEW

				Segmentation Overlap						
Property Name	**Number of Rooms**	**Base Year ADR**	**Rate Differential**	Commercial	Group	Leisure	Extended-Stay	**TOTAL**	**Competitive Quotient Conclusion**	**Primary/ Secondary**
Howard Johnson Inn & Suites Springfield	**79**	**$54.34**	-	-	-	-	-	-	-	-
Red Roof Inn Springfield	101	$53.00	2.5%	99%	84%	78%	95%	**87%**	**85.0%**	**Primary**
Super 8 Springfield East	65	$60.00	10.4%	99%	84%	78%	95%	**87%**	**80.0%**	**Primary**
Motel 6 Springfield	105	$53.00	2.5%	99%	84%	78%	95%	**87%**	**85.0%**	**Primary**
Ramada Springfield North	97	$82.00	50.9%	98%	95%	92%	95%	**95%**	**70.0%**	**Primary**
Comfort Inn & Suites Springfield I 55	72	$70.00	28.8%	89%	85%	88%	86%	**88%**	**75.0%**	**Primary**
Quality Inn & Suites Springfield	66	$73.00	34.3%	99%	84%	83%	100%	**91%**	**75.0%**	**Primary**
Sleep Inn Springfield	61	$58.00	6.7%	99%	84%	78%	95%	**87%**	**85.0%**	**Primary**
Total/Average Including Subject	**646**								**82.0%**	

The table illustrates that in this competitive set, there is a total guestroom count of 646 guestrooms. Once the percentage of competitiveness is applied to each competitive hotel, a base number of 530 guestrooms is derived rendering this competitive set as 82.0% competitive overall with the subject hotel.

A more thorough discussion of the calculations and dynamic of the competitive quotient is presented in the ***Glossary*** section beginning on page 143 of this report.

STR

STR is an independent research company that is known within the lodging industry as a reliable aggregator and provider of hotel operating data. The competitors in the report are generally similar to what is reported by the management of the subject hotel; however, not all hotels that report to STR do so consistently and timely creating potential for some discrepancies within the data. Even so, the reports are relied on by market participants for assessing property performance, forecasts, and other purposes. As such, the STR report is utilized and relied on for this assignment.

The aggregated operating data for the competitive set is presented in the following table.

HISTORICAL COMPETITIVE MARKET TRENDS

Year	Rooms	Supply	% Change	Demand	% Change	Occ	% Change	ADR	% Change	RevPAR	% Change
2015	1,213	442,745	-	249,643	-	56.4%	-	$64.86	-	$36.57	-
2016	1,213	442,745	0.0%	230,670	-7.6%	52.1%	-7.6%	$64.92	0.1%	$33.82	-7.5%
2017	1,213	442,745	0.0%	214,289	-7.1%	48.4%	-7.1%	$63.56	-2.1%	$30.76	-9.0%
2018	1,213	442,745	0.0%	218,273	1.9%	49.3%	1.9%	$63.99	0.7%	$31.55	2.5%
CAGR:			**0.0%**		**-4.4%**		**-4.4%**		**-0.4%**		**-4.8%**
YTD Apr 2018	1,213	145,560	-	64,774	-	44.5%	-	$60.48	-	$26.91	-
YTD Apr 2019	1,213	145,560	0.0%	66,958	3.4%	46.0%	3.4%	$59.55	-1.5%	$27.39	1.8%

As illustrated in the table above, occupancy generally dropped over the trend history. In the most recent period (2018), occupancy improved by 1.9%. Year to date, the occupancy trend has grown by 3.4% to a level of 46%. During the same trend history, average rates generally remained flat. In 2018, ADR improved by 0.7% to $63.99. Year to date, room rates have retracted by -1.5% to $59.55. Overall, rooms revenue within the competitive set posted negative growth over the trend period achieving a RevPAR metric of $31.55 during 2018. Year-to-date, rooms revenue has grown with RevPAR changing by 1.8%.

Overall the market has experienced a 13.7% decline in RevPAR since 2015. While not members of the competitive set, the opening of the 65-room La Quinta Inns & Suites in December 2015 combined with renovations at the Ramada Springfield North, Wyndham Garden Inn (converted from a Hampton Inn) and State House Inn a Red Collection Hotel (converted from Choice's Ascend Collection) have hurt occupancy levels at the competitive set. State budgetary shortfalls have forced lawmakers to reduce spending, hurting job growth throughout the state and especially in the capitol due to the high number of government jobs. The budgetary crises has forced government spending in Illinois decreased by approximately $7.5 billion from FY 2015 to FY 2016. Enrollment at University of Illinois - Springfield is down 15% since 2015, which has also hurt the local economy. The absorption of new supply combined with an improvement in the local economy benefited the hotel market in 2018 and reversed the market's downward occupancy trends, which have continued to show improvement through year-to-date April 2019.

ADDITIONS TO SUPPLY

During the course of our research, we have not identified any proposed hotels or properties that are currently under development that would be directly competitive with the subject.

A summary table of other new supply additions in the market which are deemed to be non-competitive is shown in the following table.

SUMMARY OF POTENTIAL SUPPLY ADDITIONS

Property	Location	Number of Rooms	Construction Type	Completion Date	Orientation	Brand	Status	Summary and Remarks on Competitiveness
SpringHill Suites	3921 South MacArthur Boulevard, Springfield	80	New	8/2019	Mid-Range	SpringHill Suites	Construction	Plans call for the construction of a four-story, 80-room SpringHill Suites hotel. This hotel was not included as an addition to supply since it is in the upscale chain scale and will have much higher rates than the subject.
300 East Washington Street Hotel	300 East Washington Street, Springfield	95	New	9/2021	Not Yet Determined	Unknown - Not Yet Determined	Starts in 1-3 months	Plans call for the construction of a new 10-story, 95-room hotel, which will include a fitness center, business center, meeting space, and indoor swimming pool. The project will also include 17 luxury apartments, ground-floor and rooftop retail spaces, and a 200-space parking structure. This was not included as an addition to supply since it will likely have a much higher ADR than the subject since the development will include luxury apartments, and the project has yet to begin construction.

**Note: while the impact of this new supply is unknown, we have accounted for any such risk in our selection of a stabilized occupancy rate.*

It is noted that while the potential for new hotel inventory has been considered as a part of the market research and reasonable efforts were made to determine which new hotels might be added to the market, it is neither possible to ascertain every property that might be developed in the future, nor the potential impact on the competitors and/or subject property. New supply may have a negative impact on the estimated market value of the subject hotel. As such, the characteristics of the local market and the potential for unexpected inventory additions within the market are both considered in the selection of the stabilized occupancy rate and appropriate investment parameters.

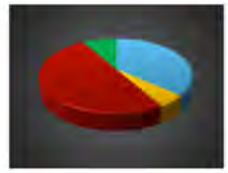
ANALYSIS OF DEMAND SEGMENTS

The total room demand within the competitive set is comprised of the total number of rooms occupied by all demand segments during a full year. Operators within this market recognize multiple main demand segments; the distribution of accommodated hotel room night demand for the competitive set in aggregate is delineated into the following market segments:

- Commercial
- Group
- Leisure
- Extended-Stay

Illustrated in the following table is the estimated market mix of the subject hotel and the composite of the competitive properties during the 2018 base year.

DISTRIBUTION OF DEMAND



Segment	Subject	Market
Commercial	38%	36%
Group	18%	5%
Leisure	34%	50%
Extended-Stay	10%	8%
Room Nights Accommodated	8,766	89,445

The subject hotel's estimated market mix generally mirrors that of the market except it has much more group business and less leisure. We have noted the following characteristics of the subject hotel:

- The subject hotel is anticipated to be affiliated with Howard Johnson throughout the holding period and is expected to command a relatively substantial percentage of commercial demand. Management of the subject hotel is expected to target this segment with significant marketing efforts; the commercial demand percentage is projected to be higher than the average of the market.
- The subject property has a high amount of meeting and event space as compared to its competitors, with approximately 4,010 square feet. The hotel is positioned to appeal to SMERFE (Social/Sport, Military, Educational, Religious, Fraternal, and Entertainment/Ethnic) and tour-and-travel guests over the long term. Management's expected focus on attracting group demand is anticipated to result in a demand mix percentage that is higher than the average of the competitive set.
- The leisure demand mix percentage is expected to be somewhat lower than the average of the competitive set based on management's reported focus.
- The subject hotel's higher percentage of suites is likely to render the extended-stay demand percentage to be higher than the average of the competitive set.

As will be further discussed, we believe the subject will improve its competitive position in all four market segments. As a result, the subject's market mix percentages will change somewhat, but still be generally similar to base year levels. The subject hotel is anticipated to be most competitive in the Group segment upon stabilization.

The primary segments are discussed in the following paragraphs along with our projections of future growth rates in each segment. Further discussion of the segments is presented in the ***Glossary*** section beginning on page 143 of this report.

Commercial Demand

The following includes a list of major commercial-oriented demand generators in the subject's market:

COMMERCIAL DEMAND GENERATORS	
AIG American General	Illinois Department of Transportation
Blue Cross and Blue Shield of Illinois	Illinois Farm Bureau
Cingular Wireless	Prairie Capital Convention Center
H.D. Smith Company	University of Illinois at Springfield
Google Distribution	Wells Fargo Advisors

Based on the latest growth trends in the local and national economies, as well as our observations formed during the due diligence process, commercial demand within the competitive set is projected to grow in accordance with the following table.

COMMERCIAL SEGMENT GROWTH RATES	2018	2019	2020	2021	2022	2023
Annual Growth	-	3.5%	4.0%	3.0%	0.5%	0.5%
Base Demand	*32,446*	33,582	34,925	35,973	36,153	36,334

Group Demand

Based on the recent performance of the local, regional, and national group-related markets, meeting and group hotel demand within the competitive set is forecast grow in accordance with the following table.

GROUP SEGMENT GROWTH RATES	2018	2019	2020	2021	2022	2023
Annual Growth	-	3.5%	4.0%	3.0%	0.5%	0.5%
Base Demand	*4,723*	4,889	5,085	5,238	5,264	5,290

Leisure Demand

In the Springfield area, travelers visiting area attractions and friends and relatives of local residents comprise much of the leisure demand. The following summarizes some of the major leisure demand generators in the market:

LEISURE DEMAND GENERATORS	
Abraham Lincoln Presidential Library & Museum	Lincoln Tomb
Illinois State Fairgrounds	Oak Ridge Cemetery
Illinois State Military Museum	University of Illinois at Springfield
Knight's Action Park & Caribbean Water Adventure	War Memorials State Historical Site
Lincoln Home National Historic Site	

Based on the Regional Analysis of tourism in the Springfield area, as well as economic fluctuations occurring locally and, in the nation, and the recent performance in the market, leisure demand is forecast to change in accordance of the following table.

LEISURE SEGMENT GROWTH RATES	2018	2019	2020	2021	2022	2023
Annual Growth	-	3.0%	4.0%	3.0%	0.5%	0.5%
Base Demand	*44,783*	46,127	47,972	49,411	49,658	49,906

Extended-Stay Demand

Based on the fluctuating trends in the local and national economies, we have forecast extended-stay demand in the market to grow in accordance with the rates illustrated in the following table.

EXTENDED-STAY SEGMENT GROWTH RATES	2018	2019	2020	2021	2022	2023
Annual Growth	-	3.0%	3.0%	1.5%	0.5%	0.5%
Base Demand	*7,492*	7,717	7,949	8,068	8,108	8,149

LATENT DEMAND

Demand captured by the subject and the competitive set considers only those room nights sold. Latent demand considers the potential guests that could not be accommodated by the existing competitive supply for a variety of reasons. Latent demand can be divided into induced demand and displaced demand.

A more thorough discussion of Latent Demand is presented in the ***Glossary*** section beginning on page 143 of this report.

Induced Demand

Although we believe that there may be new development and/or economic impact events which could induce some amount of demand into the market in the future, we have not identified any such events that are measureable today. Therefore, we have modeled there to be no induced demand in the subject's market.

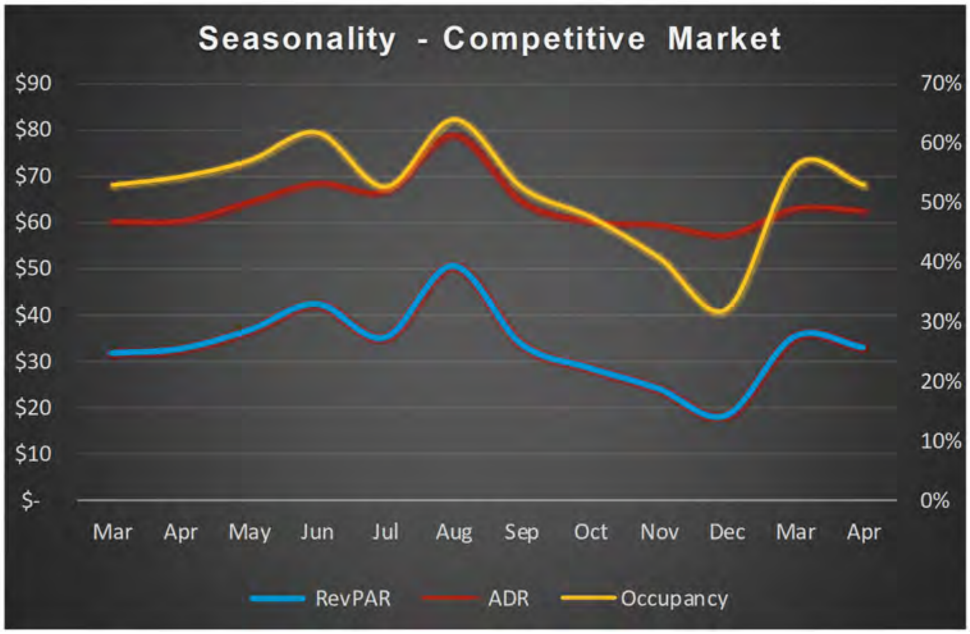
Displaced Demand

Although we believe that there may be some degree of displaced demand in some of the market segments during peak periods, we have accounted for this demand in our base demand growth rates. Therefore, we have modeled there to be no displaced demand in the subject's market.

Seasonality

Generally, the demand for lodging accommodations in the Springfield area is strongest from March through September. Demand during these months often spike and drive occupancy levels to near-capacity levels. Under these circumstances, which is known as "compression," area managers employ more aggressive yield management strategies and position average room rates at higher levels.

Seasonality is graphically illustrated below with data from competitive set during the most recent months tracked in the market.



MARKET OCCUPANCY PROJECTION

The characteristics of the local market are factored into the projection of occupancy for the competitive set with future growth rates that are specific to each individual market segment as detailed earlier in the report.

The projection of room night supply, demand, and subsequent occupancy rates for the subject hotel’s competitive market is shown in the following table. As illustrated, we anticipate there to be a negligible amount of new competitive supply entering the market in the foreseeable future.

PROJECTION OF BASE ROOM NIGHT DEMAND AND ANNUAL GROWTH						
Segment	**Base Year 2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Commercial						
Annual Growth	-	3.5%	4.0%	3.0%	0.5%	0.5%
Base Demand	*32,446*	33,582	34,925	35,973	36,153	36,334
Induced Demand	-	0	0	0	0	0
Displaced	-	0	0	0	0	0
Total Market Segment Demand	*32,446*	33,582	34,925	35,973	36,153	36,334
Group						
Annual Growth	-	3.5%	4.0%	3.0%	0.5%	0.5%
Base Demand	*4,723*	4,889	5,085	5,238	5,264	5,290
Induced Demand	-	0	0	0	0	0
Displaced	-	0	0	0	0	0
Total Market Segment Demand	*4,723*	4,889	5,085	5,238	5,264	5,290
Leisure						
Annual Growth	-	3.0%	4.0%	3.0%	0.5%	0.5%
Base Demand	*44,783*	46,127	47,972	49,411	49,658	49,906
Induced Demand	-	0	0	0	0	0
Displaced	-	0	0	0	0	0
Total Market Segment Demand	*44,783*	46,127	47,972	49,411	49,658	49,906
Extended-Stay						
Annual Growth	-	3.0%	3.0%	1.5%	0.5%	0.5%
Base Demand	*7,492*	7,717	7,949	8,068	8,108	8,149
Induced Demand	-	0	0	0	0	0
Displaced	-	0	0	0	0	0
Total Market Segment Demand	*7,492*	7,717	7,949	8,068	8,108	8,149
Total						
Annual Base Demand Growth	-	3.2%	3.9%	2.9%	0.5%	0.5%
Base Demand	*89,445*	92,315	95,931	98,690	99,183	99,679
Induced Demand	-	0	0	0	0	0
Displaced	-	0	0	0	0	0
Total Market Segment Demand	***89,445***	**92,315**	**95,931**	**98,690**	**99,183**	**99,679**
% Change	**-**	**3.2%**	**3.9%**	**2.9%**	**0.5%**	**0.5%**
Market Statistics						
Total Rooms Supply	*530*	530	530	530	530	530
Total Available Room Nights	*193,450*	193,450	193,450	193,450	193,450	193,450
% Change	-	0.0%	0.0%	0.0%	0.0%	0.0%
MARKETWIDE OCCUPANCY	***46.2%***	**47.7%**	**49.6%**	**51.0%**	**51.3%**	**51.5%**

SUBJECT HOTEL OCCUPANCY PROJECTION

To derive the occupancy projection of the subject hotel, a room night analysis is completed that quantifies and projects overall room night demand for the subject property. This analysis is based on the competitiveness of the subject hotel with the other hotels in the competitive set and its penetration into the various demand segments previously discussed. A more detailed discussion of the methodology associated with occupancy projection is presented in the ***Glossary*** section beginning on page 143 of this report.

The following table summarizes the subject's operating levels over the past several years.

SUBJECT'S HISTORICAL OPERATING PERFORMANCE						
Year	Occ %	% Change	ADR	% Change	RevPAR	% Change
2015	43.7%	-	$57.70	-	$25.21	-
2016	40.2%	-8.0%	$57.01	-1.2%	$22.92	-9.1%
2017	34.6%	-13.9%	$54.79	-3.9%	$18.96	-17.3%
2018	30.4%	-12.1%	$54.34	-0.8%	$16.52	-12.9%
YTD April 2018	27.8%	-	$50.84	-	$14.13	-
YTD April 2019	28.2%	1.4%	$51.08	0.5%	$14.40	1.9%

Occupancy Penetration Indexes

The segment penetration indexes for the subject property and each of the competitive properties during the 2018 base year are illustrated in the following tables.

COMMERCIAL								
Property	Type of Competitor	Estimated 2018 Occupancy	Market Segmentation	Weighted Room Count	Fair Share	Estimated 2018 Rooms Occupied	Market Share	Penetration Index
Howard Johnson Inn & Suites Springfield	-	30.4%	38.0%	79	14.9%	3,331	10.3%	68.9%
Red Roof Inn Springfield	Primary	47.0%	37.0%	86	16.2%	5,459	16.8%	103.7%
Super 8 Springfield East	Primary	48.0%	37.0%	52	9.8%	3,371	10.4%	105.9%
Motel 6 Springfield	Primary	38.0%	37.0%	89	16.8%	4,567	14.1%	83.8%
Ramada Springfield North	Primary	52.0%	40.0%	68	12.8%	5,163	15.9%	124.0%
Comfort Inn & Suites Springfield I 55	Primary	57.0%	27.0%	54	10.2%	3,033	9.3%	91.8%
Quality Inn & Suites Springfield	Primary	49.0%	37.0%	50	9.4%	3,309	10.2%	108.1%
Sleep Inn Springfield	Primary	60.0%	37.0%	52	9.8%	4,214	13.0%	132.4%
Totals		**46.2%**	**36.3%**	**530**	**100.0%**	**32,446**	**100.0%**	**100.0%**

GROUP								
Property	Type of Competitor	Estimated 2018 Occupancy	Market Segmentation	Weighted Room Count	Fair Share	Estimated 2018 Rooms Occupied	Market Share	Penetration Index
Howard Johnson Inn & Suites Springfield	-	30.4%	18.0%	79	14.9%	1,578	33.4%	224.1%
Red Roof Inn Springfield	Primary	47.0%	2.0%	86	16.2%	295	6.2%	38.5%
Super 8 Springfield East	Primary	48.0%	2.0%	52	9.8%	182	3.9%	39.3%
Motel 6 Springfield	Primary	38.0%	2.0%	89	16.8%	247	5.2%	31.1%
Ramada Springfield North	Primary	52.0%	13.0%	68	12.8%	1,678	35.5%	276.9%
Comfort Inn & Suites Springfield I 55	Primary	57.0%	3.0%	54	10.2%	337	7.1%	70.0%
Quality Inn & Suites Springfield	Primary	49.0%	2.0%	50	9.4%	179	3.8%	40.1%
Sleep Inn Springfield	Primary	60.0%	2.0%	52	9.8%	228	4.8%	49.1%
Totals		**46.2%**	**5.3%**	**530**	**100.0%**	**4,723**	**100.0%**	**100.0%**

LEISURE								
Property	Type of Competitor	Estimated 2018 Occupancy	Market Segmentation	Weighted Room Count	Fair Share	Estimated 2018 Rooms Occupied	Market Share	Penetration Index
Howard Johnson Inn & Suites Springfield	-	30.4%	34.0%	79	14.9%	2,980	6.7%	44.6%
Red Roof Inn Springfield	Primary	47.0%	56.0%	86	16.2%	8,262	18.4%	113.7%
Super 8 Springfield East	Primary	48.0%	56.0%	52	9.8%	5,102	11.4%	116.1%
Motel 6 Springfield	Primary	38.0%	56.0%	89	16.8%	6,913	15.4%	91.9%
Ramada Springfield North	Primary	52.0%	42.0%	68	12.8%	5,421	12.1%	94.3%
Comfort Inn & Suites Springfield I 55	Primary	57.0%	46.0%	54	10.2%	5,168	11.5%	113.3%
Quality Inn & Suites Springfield	Primary	49.0%	51.0%	50	9.4%	4,561	10.2%	107.9%
Sleep Inn Springfield	Primary	60.0%	56.0%	52	9.8%	6,377	14.2%	145.1%
Totals		**46.2%**	**50.1%**	**530**	**100.0%**	**44,783**	**100.0%**	**100.0%**

EXTENDED-STAY Property	Type of Competitor	Estimated 2018 Occupancy	Market Segmentation	Weighted Room Count	Fair Share	Estimated 2018 Rooms Occupied	Market Share	Penetration Index
Howard Johnson Inn & Suites Springfield	-	30.4%	10.0%	79	14.9%	877	11.7%	78.5%
Red Roof Inn Springfield	Primary	47.0%	5.0%	86	16.2%	738	9.8%	60.7%
Super 8 Springfield East	Primary	48.0%	5.0%	52	9.8%	456	6.1%	62.0%
Motel 6 Springfield	Primary	38.0%	5.0%	89	16.8%	617	8.2%	49.1%
Ramada Springfield North	Primary	52.0%	5.0%	68	12.8%	645	8.6%	67.1%
Comfort Inn & Suites Springfield I 55	Primary	57.0%	24.0%	54	10.2%	2,696	36.0%	353.2%
Quality Inn & Suites Springfield	Primary	49.0%	10.0%	50	9.4%	894	11.9%	126.5%
Sleep Inn Springfield	Primary	60.0%	5.0%	52	9.8%	569	7.6%	77.5%
Totals		**46.2%**	**8.4%**	**530**	**100.0%**	**7,492**	**100.0%**	**100.0%**

TOTAL Property	Type of Competitor	Estimated 2018 Occupancy	Market Segmentation	Weighted Room Count	Fair Share	Estimated 2018 Rooms Occupied	Market Share	Penetration Index
Howard Johnson Inn & Suites Springfield	-	30.4%	100.0%	79	14.9%	8,766	9.8%	65.7%
Red Roof Inn Springfield	Primary	47.0%	100.0%	86	16.2%	14,753	16.5%	101.7%
Super 8 Springfield East	Primary	48.0%	100.0%	52	9.8%	9,110	10.2%	103.8%
Motel 6 Springfield	Primary	38.0%	100.0%	89	16.8%	12,344	13.8%	82.2%
Ramada Springfield North	Primary	52.0%	100.0%	68	12.8%	12,906	14.4%	112.5%
Comfort Inn & Suites Springfield I 55	Primary	57.0%	100.0%	54	10.2%	11,235	12.6%	123.3%
Quality Inn & Suites Springfield	Primary	49.0%	100.0%	50	9.4%	8,943	10.0%	106.0%
Sleep Inn Springfield	Primary	60.0%	100.0%	52	9.8%	11,388	12.7%	129.8%
Totals		**46.2%**	**100.0%**	**530**	**100.0%**	**89,445**	**100.0%**	**100.0%**

PENETRATION INDEX ANALYSIS

In the following paragraphs, the rationale supporting the penetration index projections is discussed for each demand segment.

Commercial Demand Penetration

The subject hotel is anticipated to be affiliated with Howard Johnson (or similar) throughout the holding period and it is expected to be recognized by business travelers throughout the region for good quality lodging accommodations following completion of the upgrades. The hotel is located proximate to various commercial demand generators, and it is assumed that more aggressive marketing efforts in developing new business will be underway following assumed change in ownership and in the coming years.

We believe that operational improvement will be primarily achieved through a combination of occupancy and room rate growth due to the installation of new management, upgrades, and the forthcoming aggressive marketing efforts. The renovations are expected to cause penetration levels to improve immediately. Overall, penetration rates will remain higher than historical levels since occupancy is well below the market average. We believe prudent management would optimize profits by implementing relatively aggressive rate positioning in the wake of these upgrades.

The subject's competitive advantages include its pending upgrades, good access, good array of amenities, proximity to a variety of major demand generators, affiliation with Howard Johnson, and good business services.

Overall, we have forecast the Commercial penetration index to increase to 96.0% into the stabilized year, relative to the base year estimate. Based on our estimated penetration levels, the stabilized commercial market mix will equate to roughly 38.2%.

Group Demand Penetration

A high amount of meeting event space totaling 4,010 square feet is available at the subject property, which is well positioned to attract SMERFE demand, and tour-and-travel patronage over the long-term. The group penetration index is projected to stabilize at 18.1% of the subject's business mix.

Leisure Demand Penetration

The leisure traveler segment is somewhat rate sensitive relative to the other segments and the subject hotel's anticipated rate structure is noted to be below average in the marketplace during the base year. Overall, leisure penetration is expected to increase to a stabilized level of 62.0% relative to the base year estimate, resulting in market segmentation of approximately 33.9% of occupied room nights.

Extended-Stay Demand Penetration

The extended-stay travel segment is noted to be a generally stable segment; however, fluctuations and growth rates are also anticipated to be correlated with the commercial segment, albeit to a less volatile degree. The extended-stay segment is projected to increase to a stabilized level of 109.0%, resulting in extended-stay segmentation of approximately 9.7% of total demand.

The subject’s estimated penetration rates for each market segment over the projection period are displayed in the following tables. The penetration rates, combined with the base demand growth rates and all latent demand, result in an occupancy forecast for the subject property.

SUBJECT'S PROJECTED PENETRATION, MARKET SHARE AND TOTAL CAPTURE

	Base Year 2018	2019	2020	2021	2022	2023
Subject Property Fair Share						
Market Room Supply	*530*	530	530	530	530	530
Subject Property Room Count	*79*	79	79	79	79	79
Fair Share	***14.9%***	**14.9%**	**14.9%**	**14.9%**	**14.9%**	**14.9%**
Room Nights Captured by Subject						
Commercial						
Fair Share	*14.9%*	14.9%	14.9%	14.9%	14.9%	14.9%
Penetration Index	*68.9%*	76.0%	87.0%	96.0%	96.0%	96.0%
Market Share	*10.3%*	11.3%	13.0%	14.3%	14.3%	14.3%
Market Segment Demand	*32,446*	33,582	34,925	35,973	36,153	36,334
Market Share	*10.3%*	11.3%	13.0%	14.3%	14.3%	14.3%
Segment Room Nights Accommodated	*3,331*	3,804	4,529	5,148	5,173	5,199
Group						
Fair Share	*14.9%*	14.9%	14.9%	14.9%	14.9%	14.9%
Penetration Index	*224.1%*	247.0%	284.0%	312.0%	312.0%	312.0%
Market Share	*33.4%*	36.8%	42.3%	46.5%	46.5%	46.5%
Market Segment Demand	*4,723*	4,889	5,085	5,238	5,264	5,290
Market Share	*33.4%*	36.8%	42.3%	46.5%	46.5%	46.5%
Segment Room Nights Accommodated	*1,578*	1,800	2,153	2,436	2,448	2,460
Leisure						
Fair Share	*14.9%*	14.9%	14.9%	14.9%	14.9%	14.9%
Penetration Index	*44.6%*	49.0%	56.0%	62.0%	62.0%	62.0%
Market Share	*6.7%*	7.3%	8.3%	9.2%	9.2%	9.2%
Market Segment Demand	*44,783*	46,127	47,972	49,411	49,658	49,906
Market Share	*6.7%*	7.3%	8.3%	9.2%	9.2%	9.2%
Segment Room Nights Accommodated	*2,980*	3,369	4,004	4,566	4,589	4,612
Extended-Stay						
Fair Share	*14.9%*	14.9%	14.9%	14.9%	14.9%	14.9%
Penetration Index	*78.5%*	86.0%	99.0%	109.0%	109.0%	109.0%
Market Share	*11.7%*	12.8%	14.8%	16.2%	16.2%	16.2%
Market Segment Demand	*7,492*	7,717	7,949	8,068	8,108	8,149
Market Share	*11.7%*	12.8%	14.8%	16.2%	16.2%	16.2%
Segment Room Nights Accommodated	*877*	989	1,173	1,311	1,317	1,324
Total Capture	**8,766**	**9,962**	**11,859**	**13,461**	**13,528**	**13,595**
Overall Penetration Index	**65.7%**	**72.4%**	**82.9%**	**91.5%**	**91.5%**	**91.5%**

SUBJECT PROPERTY PROJECTED OCCUPANCY

Calendar Years	Base Year 2018	2019	2020	2021	2022	2023
Room Nights Accommodated	*8,766*	9,962	11,859	13,461	13,528	13,595
Available Room Nights	*28,835*	28,835	28,835	28,835	28,835	28,835
Occupancy	*30.4%*	34.6%	41.1%	46.7%	46.9%	47.1%

Fiscal Year Adjustment	2019/20	2020/21	2021/22 (Stabilized)	2022/23	2023/24
First Calendar Year %	54.25%	54.25%	54.25%	54.25%	54.25%
Second Calendar Year %	45.75%	45.75%	45.75%	45.75%	45.75%
Fiscalized Room Nights Accommodated	10,830	12,592	13,491	13,491	13,491
Fiscalized Room Nights Available	28,835	28,835	28,835	28,835	28,835
Occupancy	37.6%	43.7%	46.8%	46.8%	46.8%
Rounded Occupancy	**38%**	**44%**	**47%**	**47%**	**47%**
Overall Market Share	11.5%	13.0%	13.6%	13.6%	13.6%
Overall Penetration Index	77.3%	86.9%	91.5%	91.5%	91.5%

The overall captured room nights metric is anticipated to increase beyond the stabilized date as illustrated in the previous table; however, the stabilized occupancy figure is intended to reflect the projected occupancy level over the remaining economic life. An occupancy rate of 47.0% is selected as of the stabilized date of June 17, 2021. As of the stabilized date, penetration level of the subject hotel is estimated at 91.5%, whereas the penetration level during the 2018 base year was 65.7%. This is reasonable due to the completion of the proposed upgrades, more aggressive marketing efforts following the installation of new management and additional capital invested into the subject with the higher reserve for replacement.

AVERAGE DAILY RATE PROJECTION

After the subject's occupancy level has been forecast, the next step is to estimate the average daily rate (ADR) of the subject hotel to determine the Rooms department revenue. A detailed discussion of the subject's ADR projection is presented in the ***Glossary*** section beginning on page 143 of this report.

The following table summarizes the rate history at each of the competitors.

HISTORICAL COMPETITIVE AVERAGE DAILY ROOM RATES (ESTIMATED)			
Property	**2016**	**2017**	**2018**
How ard Johnson Inn & Suites Springfield	$57.01	$54.79	$54.34
Red Roof Inn Springfield	$54.00	$53.00	$53.00
Super 8 Springfield East	$61.00	$60.00	$60.00
Motel 6 Springfield	$54.00	$53.00	$53.00
Ramada Springfield North	$83.00	$81.00	$82.00
Comfort Inn & Suites Springfield I 55	$71.00	$70.00	$70.00
Quality Inn & Suites Springfield	$75.00	$73.00	$73.00
Sleep Inn Springfield	$59.00	$58.00	$58.00
Average Including Subject	**$63.89**	**$62.59**	**$62.80**
Average Excluding Subject	**$64.82**	**$63.57**	**$63.72**
Smith Travel Research Trend Report	**$64.92**	**$63.56**	**$63.99**
Subject's Positioned ADR:			**$54.34**

The preceding table illustrates the subject's positioned base year ADR of $54.34, which is below the average calculated from the competitive properties. The positioned ADR is considered appropriate because the subject has exterior corridors, which is a significant disadvantage.

The actual ADR trends of the subject property are shown in the following table.

SUBJECT'S HISTORICAL ADR GROWTH		
Year	**ADR**	**% Change**
2015	$57.70	-
2016	$57.01	-1.2%
2017	$54.79	-3.9%
2018	$54.34	-0.8%
YTD April 2018	$50.84	-
YTD April 2019	$51.08	0.5%

Subject Property Vs. Competitive Set

Historical trends both within the competitive set and at the subject property were observed and discussed previously in the report. These trends of the metrics (Occupancy, ADR, and RevPAR) are compared in the following table.

COMPARATIVE ANALYSIS - SUBJECT PROPERTY VS. COMPETITIVE MARKET						
Year	Market (STR)	Percent Change	Subject Property	Percent Change	Penetration Index	Point Change
Occupancy Penetration						
2015	56.4%	-	43.7%	-	77.5%	-
2016	52.1%	-7.6%	40.2%	-8.0%	77.2%	-0.3%
2017	48.4%	-7.1%	34.6%	-13.9%	71.5%	-5.7%
2018	49.3%	1.9%	30.4%	-12.1%	61.7%	-9.8%
YTD 2018	44.5%	-	27.8%	-	62.5%	-
YTD 2019*	46.0%	3.4%	28.2%	1.4%	61.3%	-1.2%
ADR Penetration						
2015	$64.86	-	$57.70	-	89.0%	-
2016	$64.92	0.1%	$57.01	-1.2%	87.8%	-1.2%
2017	$63.56	-2.1%	$54.79	-3.9%	86.2%	-1.6%
2018	$63.99	0.7%	$54.34	-0.8%	84.9%	-1.3%
YTD 2018	$60.48	-	$50.84	-	84.1%	-
YTD 2019*	$59.55	-1.5%	$51.08	0.5%	85.8%	1.7%
RevPAR Penetration						
2015	$36.57	-	$25.21	-	68.9%	-
2016	$33.82	-7.5%	$22.92	-9.1%	67.8%	-1.2%
2017	$30.76	-9.0%	$18.96	-17.3%	61.6%	-6.1%
2018	$31.55	2.5%	$16.52	-12.9%	52.4%	-9.3%
YTD 2018	$26.91	-	$14.13	-	52.5%	-
YTD 2019*	$27.39	1.8%	$14.40	1.9%	52.6%	0.1%

* Market is YTD through April, Subject is YTD through April

Our observations of recent market trends are as follows:

- We have analyzed the STR data within the subject's competitive market, as previously discussed. Overall the market has experienced a 13.7% decline in RevPAR since 2015. While not members of the competitive set, the opening of the 65-room La Quinta Inns & Suites in December 2015 combined with renovations at the Ramada Springfield North, Wyndham Garden Inn (converted from a Hampton Inn) and State House Inn a Red Collection Hotel (converted from Choice's Ascend Collection) have hurt occupancy levels at the competitive set. State budgetary shortfalls have forced lawmakers to reduce spending, hurting job growth throughout the state and especially in the capitol due to the high number of government jobs. The budgetary crises has forced government spending in Illinois decreased by approximately $7.5 billion from FY 2015 to FY 2016. Enrollment at University of Illinois - Springfield is down 15% since 2015, which has also hurt the local economy. The absorption of new supply combined with an improvement in the local economy benefited the hotel market in 2018 and reversed the market's downward occupancy trends, which have continued to show improvement through year-to-date April 2019.

The subject's occupancy, ADR, and RevPAR penetration levels have been on a downward trend since 2016. There have been over 550 rooms affiliated with Wyndham (the subject is affiliated with Wyndham) added to the market since 2015, which has provided Wyndham Rewards members with more potential hotel options and hurt the subject. Renovations of other hotels in the market combined with the subject deferring maintenance caused the subject's penetration indices to fall and RevPAR to decline. As of year-to-date April 2019, the subject has managed to maintain their RevPAR penetration level by increasing their ADR slightly while the competitive set's experienced a decline.

- In 2017, market occupancy changed by -7.1% while the subject's occupancy changed by -13.9%. As a result of this relationship, the subject's occupancy penetration index shifted by -5.7 points. During the same period, market room rates changed by -2.1% while the subject's ADR changed by -3.9%, accounting for an adjustment in the subject's penetration index of -1.6 points. Market RevPAR in this year changed by -9% while the subject's RevPAR shifted by -17.3% rendering a RevPAR penetration index adjustment of -6.1 points by the subject.

- During 2018, market occupancy changed by 1.9% while the subject's occupancy adjusted by -12.1%. The subject's occupancy penetration index as a result of these trends changed by -9.8 points. In the same timeframe, market room rates shifted by 0.7% while the subject's ADR changed by -0.8%; the subject's penetration index changed -1.3 points. Market RevPAR in this year changed by 2.5% while the subject's RevPAR shifted by -12.9% rendering a RevPAR penetration index adjustment of -9.3 points by the subject.

- Market occupancy changed by 3.4% in YTD 2019 while the subject's occupancy shifted by 1.4%. As a result of this relationship, the subject's occupancy penetration index changed by -1.2 points. During the same period, market room rates shifted by -1.5% while the subject's ADR changed by 0.5%, accounting for an adjustment in the subject's penetration index of 1.7 points. Market RevPAR in this year shifted by 1.8% while the subject's RevPAR changed by 1.9% rendering a RevPAR penetration index adjustment by the subject of 0.1 points.

- Looking forward, we believe the subject property will continue to benefit from its brand affiliation and location. Additional competitive advantages will be enjoyed following the completion of a renovation that will cure the deferred maintenance and allow the subject to utilize all of its potential amenities such as the restaurant. We note that many of the competitive properties have also completed upgrades in the past few years; however, the subject's PIP items are deemed to be fairly high-impact (replacement of stained carpet, adding floor and ceiling coverings to the breakfast area, fixing the pool, repairing/replacement of guestroom doors, etc.), which should make way for improved operating conditions following completion of the PIP.

ADR Growth Projections

Rate growth trends in the competitive set, as well as the local and national economic trends, influence the forecasted ADR growth as illustrated in the following table.

Projections are first shown on a calendar-year basis, then on a fiscal-year basis which reflects a projection period commencing on June 17, 2019.

SUBJECT'S PROJECTED ADR

Analysis Year	Calendar Year	Assumed Growth Rate	ADR	Projection Year	Fiscally Adjusted ADR Projection	Resulting Growth Rate
Base Year Actual	2018	-	$54.34	-	$54.71	-
1	2019	1.5%	$55.16	2019/20	**$56.42**	3.1%
2	2020	5.0%	$57.91	2020/21	**$59.11**	4.8%
3	2021	4.5%	$60.52	2021/22 *(Stabilized)*	**$61.35**	3.8%
4	2022	3.0%	$62.33	2022/23	**$63.19**	3.0%

Inflation Test

The subject's operating performance forecast is based on the market-derived projections of annual guestroom occupancy and average daily room rate discussed previously. The projections are cross-checked with historical levels to determine the risk characteristics of the anticipated economic benefits to the subject hotel. Historical ADR levels are compared to projected levels, both on an actual basis, as well as an inflation-adjusted basis, as shown in the following table.

SUBJECT'S INFLATION-ADJUSTED ADR				CPI ASSUMPTIONS	
Year	**Actual ADR**	**CPI-Adjusted ADR**		**As of Dec Year-End**	**Annual % Change**
Historical:				**Historical:**	
2015	$57.70	$61.29		236.525	0.73%
2016	$57.01	$59.32		241.432	2.07%
2017	$54.79	$55.84		246.524	2.11%
2018	$54.34	$54.34		251.233	1.91%
Projected:				**Projected:**	
2019/20	$56.42	$54.04		262.31	3.00%
2020/21	$59.11	$54.96		270.18	3.00%
2021/22	$61.35	$55.39 (Stabilized)		278.29	3.00%
2022/23	$63.19	$55.39		286.64	3.00%
2023/24	$65.09	$55.39		295.24	3.00%
Difference between Stabilized and Peak ADR	**$61.35**	**6.3%**			
(Inflation Adjusted)	**$55.39**	**-9.6%**			

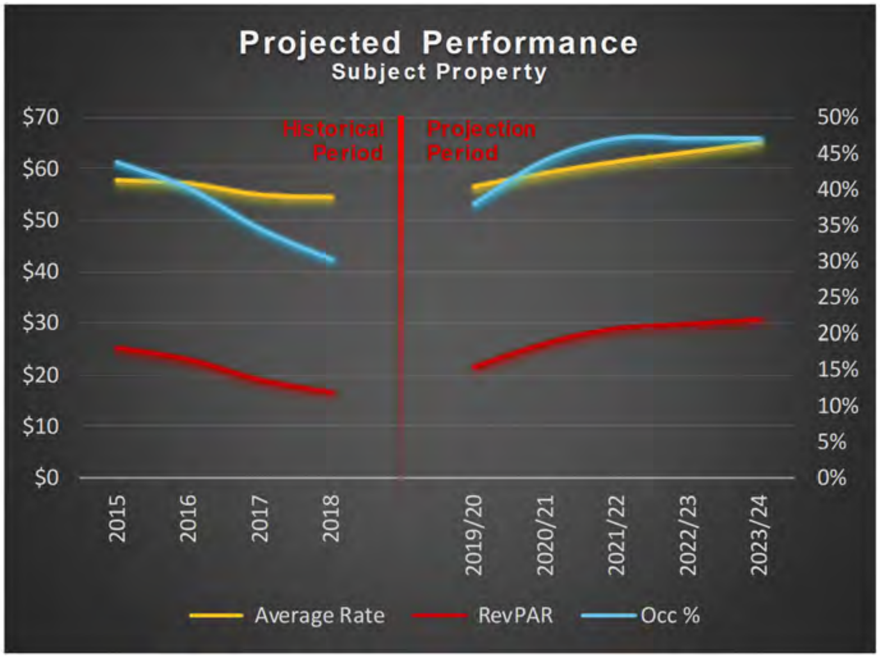
The inflation-adjusted average room rate has ranged between $54.34 and $61.29 over the historical analysis period shown, with the base year representing current dollars. The projections indicate that the deflated stabilized average room rate represents a figure that is approximately 9.6% below the peak ADR level on an inflation-adjusted basis. This difference is reasonable considering the trends in the local and national market, risk of new supply, planned capital commitment, and the expected performance of the subject hotel over the next several years following a hypothetical transaction on June 17, 2019.

For illustrative purposes, it is noted that inflation for all years (both historical and projected) is estimated at 3.0%. Although inflation for general goods and services has been lower than 3.0% in recent years, the inflation figure of 3.0% is intended to represent local inflation for lodging rates only and to reflect the common practices of typical buyers and sellers.

Conclusion

The concluded room revenue is derived from the occupancy and ADR as forecast earlier in this section and is shown in the following table.

PROJECTED ROOMS DEPARTMENT REVENUE						
Projection Year	Base Year 2018	Year 1 2019/20	Year 2 2020/21	(Stabilized) 2021/22	Year 4 2022/23	Year 5 2023/24
Number of Days	*365*	365	365	365	365	365
Number of Rooms	*79*	79	79	79	79	79
Rounded Occupancy	*30%*	38%	44%	47%	47%	47%
Occupied Rooms (Rounded)	*8,766*	10,957	12,687	13,552	13,552	13,552
Average Rate	*$54.34*	$56.42	$59.11	$61.35	$63.19	$65.09
RevPAR	*$16.52*	$21.44	$26.01	$28.83	$29.70	$30.59
Rooms Department Revenue	**$476,344**	**$618,194**	**$749,929**	**$831,415**	**$856,351**	**$882,100**



Test of Reasonableness - Projected Penetration Indexes

The historical occupancy, average room rate, and corresponding RevPAR for the subject property have been considered and compared with those results of the competitive set. The preceding table illustrates the subject's projections based on previously discussed factors. To test the reasonableness of these projections, we have compared the metrics of the subject against the market and calculated penetration rates for each. The following table summarizes the subject's anticipated penetration rates during the first several years of our projections.

PROJECTED PENETRATION ANALYSIS - SUBJECT PROPERTY VS. MARKET

Projection Year	Base Year 2018	Year 1 2019/20	Year 2 2020/21	(Stabilized) 2021/22	Year 4 2022/23	Year 5 2023/24
Market						
Occupancy	*46%*	49%	50%	51%	51%	52%
Assumed Growth	-	*5.1%*	*3.4%*	*1.8%*	*0.5%*	*0.5%*
ADR	$62.80	$62.17	$64.04	$65.96	$67.94	$69.98
Assumed Growth	-	*-1.0%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*
RevPAR	$29.04	$30.20	$32.17	$33.73	$34.91	$36.14
Assumed Growth	-	*4.0%*	*6.5%*	*4.8%*	*3.5%*	*3.5%*

Projection Year	Base Year 2018	Year 1 2019/20	Year 2 2020/21	(Stabilized) 2021/22	Year 4 2022/23	Year 5 2023/24
Subject						
Occupancy	30%	38%	44%	47%	47%	47%
Resulting Penetration Index	***66%***	***78%***	***88%***	***92%***	***91%***	***91%***
ADR	$54.34	$56.42	$59.11	$61.35	$63.19	$65.09
Resulting Penetration Index	***87%***	***91%***	***92%***	***93%***	***93%***	***93%***
RevPAR	$16.52	$21.44	$26.01	$28.83	$29.70	$30.59
Resulting Penetration Index	***57%***	***71%***	***81%***	***85%***	***85%***	***85%***

The subject's RevPAR penetration rates are expected to improve by a modest amount while the planned upgrades are expected to vastly improve the overall marketability; however, the competitive properties are likely to improve their physical plants in the near future as well via PIP mandates or by other means, thereby mitigating the subject's position in the marketplace to some degree. Nevertheless, the entire market is projected to see RevPAR improvement of more than 20% over the next five years. The subject is projected to be significantly ahead of this curve due to its current underperformance.

As such, the projections for the subject property in terms of occupancy, ADR, and RevPAR are reasonable and supported.

Highest and Best Use

PROCESS

Before a property can be valued, an opinion of highest and best use must be developed for the subject site, both as if vacant, and as improved or proposed. By definition, the highest and best use must be:

- Physically possible
- Legally permissible under the zoning regulations and other restrictions that apply to the site
- Financially feasible
- Maximally productive (i.e., capable of producing the highest value from among the permissible, possible, and financially feasible uses)

HIGHEST AND BEST USE AS IF VACANT

The subject site is level at street grade with good accessibility. The subject enjoys good frontage along J David Jones Parkway. The subject is in the northwest quadrant of North Grand Avenue West and J David Jones Parkway, about 3.5 miles northwest of downtown Springfield. The hotel is in the northwestern portion of Springfield and is the closest hotel to the Abraham Lincoln Capital Airport, which is less than two miles north. The subject is across the street from the Illinois Vietnam and World War II Veterans memorials. There is a wooded area to the north, residential to the south and the Illinois State Museum, Illinois Military Academy and Illinois National Guard to the southwest. The physical characteristics of the site do not appear to impose any unusual restrictions on development. Overall, the physical characteristics of the site and the availability of utilities result in functional utility suitable for a variety of uses.

The site is zoned General Business Service District (B-2). Permitted uses within this district include retail and service establishments and public service establishments. Prohibited uses within this district include heavy industrial and residential uses.

To our knowledge, there are no legal restrictions (such as easements or deed restrictions) that would effectively limit the use of the subject property.

Financial feasibility, maximal productivity, marketability, legal, and physical factors have been considered and the highest and best use of the subject site as if vacant is to hold as vacant until demand substantiates the development of a commercial structure.

HIGHEST AND BEST USE AS IMPROVED

Government regulations (such as zoning and buildings codes) are the main legal factors that influence the highest and best use of the subject property. The subject improvements were built in 1980 and the site is zoned General Business Service District (B-2).

To the best of our knowledge, the subject is considered a nonconforming use based on zoning requirements. The physical and locational characteristics of the property have been previously discussed in this report. We have determined the property is of average quality construction and in fair condition, with adequate service amenities for a property of this type and assume it will remain this way throughout the holding period.

Legal, physical, locational, and marketability factors support the subject's current use as the highest and best use of the subject site. Therefore, the property as improved, meets the physical and locational criteria as the highest and best use of the property.

In addition to legal, physical, and locational considerations, analysis of the subject property as if improved requires the treatment of alternative uses for the property. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and continued use "as-is." Among the five alternative uses, the Highest and Best Use of the subject property as improved is a lodging facility as it is currently improved and upgraded in line with brand standards.

Valuation

VALUATION METHODOLOGY

Appraisers usually consider three approaches to estimating the market value of real property. These are the cost approach, sales comparison approach, and the income capitalization approach.

The **sales comparison approach** assumes that an informed purchaser would pay no more for a property than the cost of acquiring another existing property with the same utility. This approach is especially appropriate when an active market provides sufficient reliable data. The sales comparison approach is less reliable in an inactive market or when estimating the value of properties for which no directly comparable sales data is available. The sales comparison approach is often relied upon for owner-user properties. We have relied upon the sales comparison approach as a cross-check to our primary approach—the Income Capitalization Approach.

The **cost approach** assumes that an informed purchaser would pay no more than the cost of producing a substitute property with the same utility. This approach is particularly applicable when the improvements being appraised are relatively new and represent the highest and best use of the land, or when the property has unique or specialized improvements for which there is little or no sales data from comparable properties. The cost approach has limited applicability in the valuation of existing hotels. Along with the difficulty in accurately quantifying physical depreciation due to ongoing capital improvements and replacement of FF&E (which can make this approach less reliable), it is our experience that prudent purchasers of hotel properties are more concerned with the economics of the investment. Therefore, prudent hotel investors typically do not rely on the cost approach, and we have not employed the cost approach in this analysis.

The **income capitalization approach** reflects the market's perception of a relationship between a property's potential income and its market value. This approach converts the anticipated net income from ownership of a property into a value indication through capitalization. The primary methods are direct capitalization, room revenue multiplier, and discounted cash flow analysis (DCF). The DCF approach is the most widely used method in appraising income-producing properties, such as the subject. We have therefore placed primary emphasis on this approach.

Reconciliation of the various value indications into a value conclusion is based on an evaluation of the quantity, quality, and reliability of available data in each approach and the applicability of each approach to the property type.

Excess Land Valuation

SALES COMPARISON APPROACH

To develop an opinion of the subject's excess land's value, we utilize the sales comparison approach. This approach develops an indication of value by researching, verifying, and analyzing sales of similar properties. Our sales research focused on transactions within the following parameters:

- Location
- Size
- Use
- Transaction Date

For this analysis, the price per square foot of land area is the appropriate unit of comparison because market participants typically compare sale prices and property values on this basis. The most relevant sales are summarized in the following table:

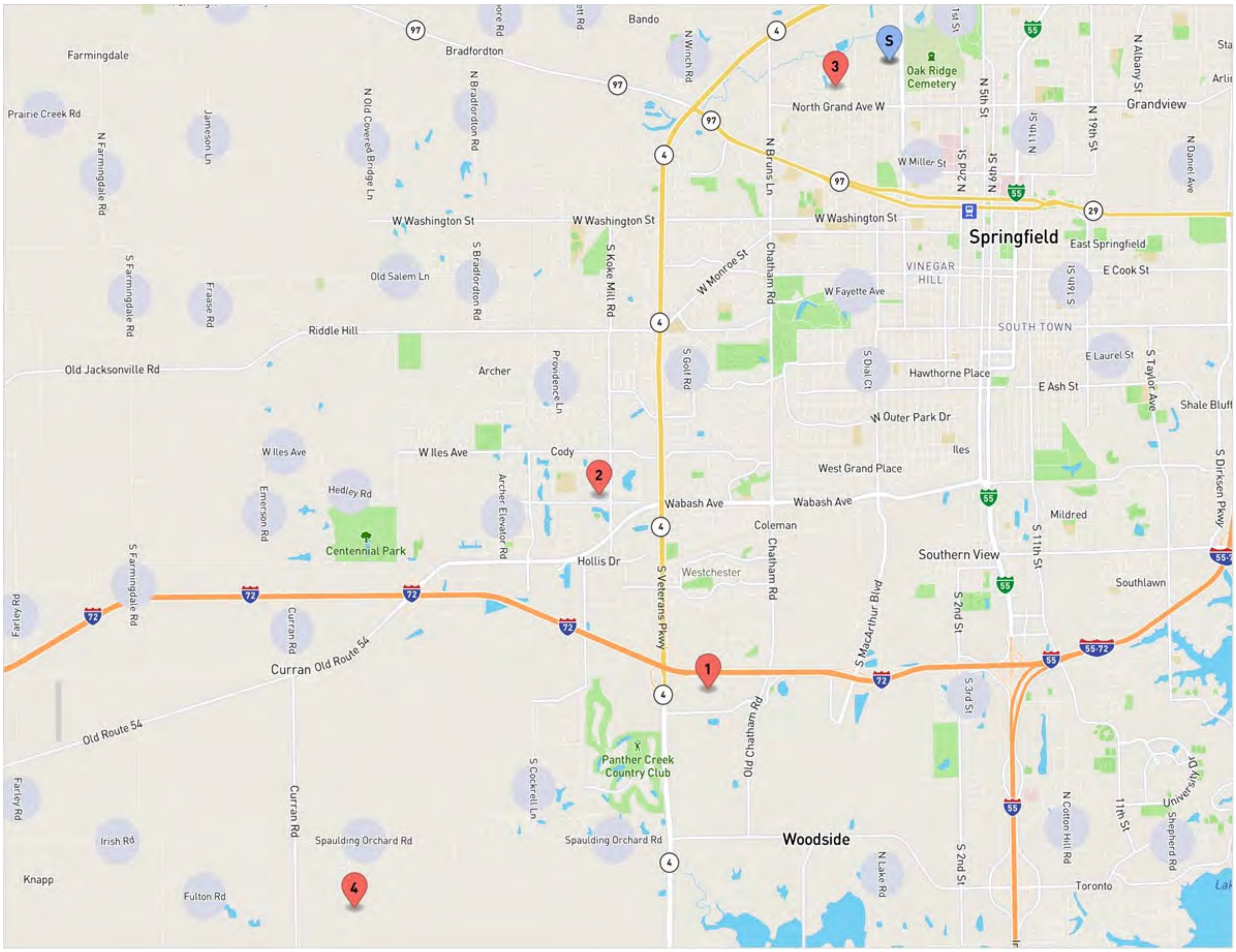
LAND SALES COMPARABLE SUMMATION TABLE

PROPERTY INFORMATION							Transactional Information				
No.	Property Description Address, City, State	Site Utilities	Structure?	Zoning	Site Size	Acres	Grantor	Grantee	Sale Date	Sale Price	$/SF Land
S	**SUBJECT PROPERTY - 1701 J David Jones Parkway Springfield, IL**	**all available**		**General Business Service District (B-2)**	**374,921**	**8.61**	-	-	-	-	-
1	Vacant Land - 2350 Chuckwagon Drive Springfield, IL	All available	No	B-1	275,299	6.32	Camping World Holdings, Inc.	National Retail Props Inc	Dec-18	$2,000,000	$7.26
2	Vacant Land - 3237 Hedley Road Springfield, IL	All available	No	R-5B	496,584	11.40	Memorial Health System	Phillips Investments Llc	Apr-18	$1,040,000	$2.09
3	Vacant Land - 61 Gettysburg Drive Springfield, IL	All available	No	R-3B	304,920	7.00	Paula Beechler	Saratoga Mhp Fund Ii Llc	Nov-18	$778,389	$2.55
4	Vacant Land - 5901 South 6th Street Springfield, IL	All available	No	B-1	43,560	1.00	DGOGSpringfieldIL11012017 LLC	DG Springfield LLC	Oct-18	$260,000	$5.97

Transactional Summary - Land Sales

Range Level	Sale Date	Sale Price	$/SF Land
Low	Apr-18	$260,000	$2.09
Average	Sep-18	$1,019,597	$4.47
High	Dec-18	$2,000,000	$7.26

COMPARABLE LAND SALES MAP



LAND SALES MAP KEY			
Property Name	City, ST	Pin No.	Distance (mi)
Howard Johnson Inn & Suites Springfield	Springfield, IL	S	-
2350 Chuckwagon Drive, Springfield, IL	Springfield, IL	1	5.9
3237 Hedley Road, Springfield, IL	Springfield, IL	2	4.8
61 Gettysburg Drive, Springfield, IL	Springfield, IL	3	0.6
5901 South 6th Street, Springfield, IL	Springfield, IL	4	9.2

Adjustment Factors

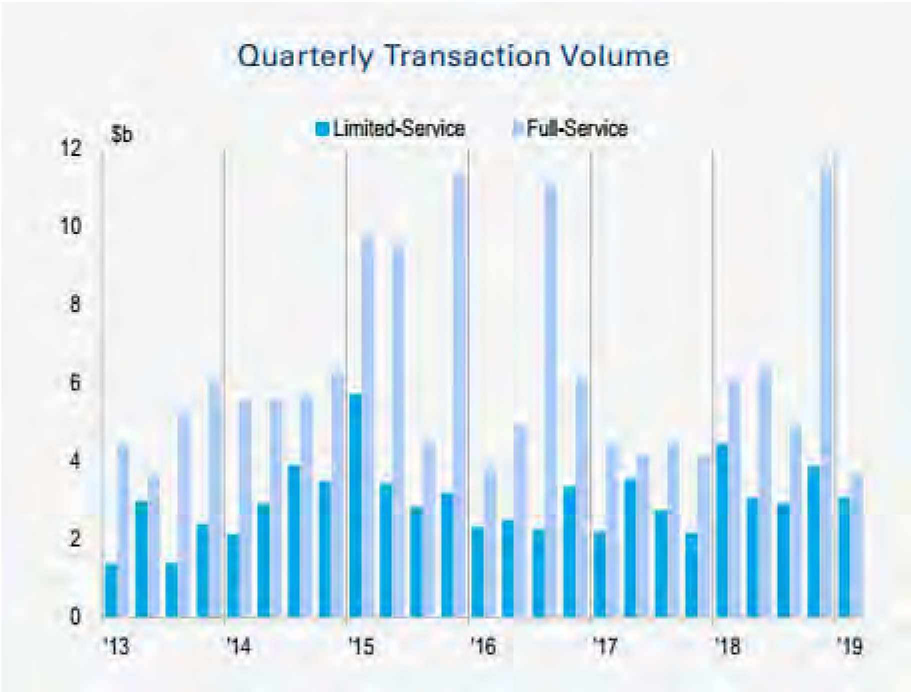
The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Real Property Rights	Fee simple, leased fee, leasehold, partial interest, etc.
Conditions of Sale	Extraordinary motivation of buyer or seller, assemblage, forced sale, related-parties transaction
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate

Issues requiring elaboration are addressed in the following paragraphs.

Market Conditions

We have considered the RCA Commercial Property Price Index (CPPI) for hotels in an effort to ascertain market conditions adjustments to the comparable land sales:



As indicated, the market has generally been increasing on a national scale for hotel property, which has an influence on the underlying land value. In addition, we note that market conditions have also changed as evidenced by the selected comparable land sales. Accordingly, an annual adjustment factor of 3.0% was applied to all sales.

The following table summarizes the previously-discussed transactional adjustments applied in this portion of the analysis:

TRANSACTIONAL ADJUSTMENTS (QUANTITATIVE)						
No.	Unit Price	Property Rights Conveyed	Conditions of Sale	Financing Terms	Market Conditions*	Subtotal
1	**$7.26**	Fee Simple	Arms-Length	Market	Inferior	**$7.38**
	Dec-18	0.0%	0.0%	0.0%	1.6%	1.6%
2	**$2.09**	Fee Simple	Arms-Length	Market	Inferior	**$2.17**
	Apr-18	0.0%	0.0%	0.0%	3.5%	3.6%
3	**$2.55**	Fee Simple	Arms-Length	Market	Inferior	**$2.60**
	Nov-18	0.0%	0.0%	0.0%	1.8%	1.9%
4	**$5.97**	Fee Simple	Arms-Length	Market	Inferior	**$6.09**
	Oct-18	0.0%	0.0%	0.0%	2.1%	2.0%

*Market Conditions Adjustment Factor (annual): 3.0%
Date of Value for Sales Adjustment Purposes: June 17, 2019

Property Adjustments

Quantitative adjustments are also made for location and physical characteristics, such as size, utility (shape, topography, position, access to infrastructure, etc.), exposure to major thoroughfares or highways, as well as any other applicable physical elements of comparison. It should be stressed that the adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject site, as if vacant.

We have discussed the factors and rationale for the property adjustments earlier in this section. For graphical purposes, the following table summarizes the previously-discussed property adjustments applied in this portion of the analysis:

PROPERTY ADJUSTMENTS (QUANTITATIVE)						
No.	Location	Size	Utility	Exposure	Site Utilities & Other	Adjusted Unit Price
1	**Superior**	**Similar**	**Inferior**	**Superior**	**Similar**	**$4.06**
	-15.0%	0.0%	5.0%	-35.0%	0.0%	-45.0%
2	**Superior**	**Larger**	**Inferior**	**Similar**	**Similar**	**$3.15**
	-5.0%	15.0%	35.0%	0.0%	0.0%	45.0%
3	**Similar**	**Similar**	**Inferior**	**Inferior**	**Inferior**	**$3.90**
	0.0%	0.0%	35.0%	10.0%	5.0%	50.0%
4	**Similar**	**Smaller**	**Inferior**	**Superior**	**Similar**	**$3.65**
	0.0%	-30.0%	5.0%	-15.0%	0.0%	-40.0%

LAND SALE TRANSACTION DISCUSSION

Land Sale 1

This site was acquired by National Retail Props Inc in December 2018 from Camping World Holdings, Inc. for a total consideration of $2,000,000. This amounts to an acquisition price of $7.26 per square foot of land area. This sale, which is located at 2350 Chuckwagon Drive in Springfield, is a tract that is comprised of a total of 275,299 square feet. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor, increased by a total of about 1.6%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject (demographic characteristics, market size, etc.) and that its utility (access, visibility, site shape, access to infrastructure and utilities, etc.) is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. It is our understanding that all utilities are available to this site, similar to the subject site. As such, no adjustment is warranted. There were not any structures of significance on the site at the time of transaction; therefore, no adjustments were required to render the property as vacant. This property is similar in size relative to the subject, thereby requiring no adjustment. Exposure for this sale (frontage along major streetways and highways) is understood to be superior, warranting a downward adjustment. Other adjustments, if applicable, were also applied. After making all quantitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Land Sale 2

This site was purchased by Phillips Investments Llc in April 2018 from Memorial Health System for $1,040,000, amounting to an acquisition price of $2.09 per square foot of land area. This sale is a tract that is comprised of a total of 496,584 square feet. It is located at 3237 Hedley Road in Springfield. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor, increased by a total of about 3.5%. It is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its utility is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. Reportedly, all utilities are available to this site requiring no adjustment. No structures were present on the site at the time of transaction; therefore, no adjustments were required to render the property as vacant. This property is larger in size relative to the subject, thereby requiring an upward adjustment. Exposure for this sale is understood to be similar, warranting no adjustment. Other adjustments, if applicable, were also applied. Our opinion of this property, after applying all quantitative adjustments, reflects a site that generally has inferior marketability characteristics relative to the subject.

Land Sale 3

Saratoga Mhp Fund Ii Llc purchased this site in November 2018 from Paula Beechler for a total consideration of $778,389. This amounts to an acquisition price of $2.55 per square foot of land area. This sale, which is located at 61 Gettysburg Drive in Springfield, is a tract that is comprised of a total of 304,920 square feet. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor, increased by a total of about 1.8%. Regarding property adjustments, it is our opinion that this site was similar relative to that of the subject where locational characteristics are concerned, and that its utility is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. It is our understanding that all utilities are available to this site, similar to the subject site. As such, no adjustment is warranted. There were not any structures of significance on the site at the time of transaction; therefore, no adjustments were required to render the property as vacant. This property is similar in size relative to the subject, thereby requiring no adjustment. Exposure for this sale is understood to be inferior, warranting an upward adjustment. Other adjustments, if applicable, were also applied. After making all quantitative adjustments, it is our opinion that this sale was generally inferior relative to the subject.

Land Sale 4

This site was acquired by DG Springfield LLC in October 2018 from DGOGSpringfieldIL11012017 LLC for a total consideration of $260,000. This amounts to an acquisition price of $5.97 per square foot of land area. This sale is a tract that is comprised of a total of 43,560 square feet. It is located at 5901 South 6th Street in Springfield. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor, increased by a total of about 2.1%. It is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject and that its utility is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. Reportedly, all utilities are available to this site requiring no adjustment. No structures were present on the site at the time of transaction; therefore, no adjustments were required to render the property as vacant. This property is smaller in size relative to the subject, thereby requiring a downward adjustment. Exposure for this sale (frontage along major streetways and highways) is understood to be superior, warranting a downward adjustment. Other adjustments, if applicable, were also applied. Our opinion of this property, after applying all quantitative adjustments, reflects a site that generally has superior marketability characteristics relative to the subject.

CONCLUSION

After making certain quantitative adjustments, we have considered the range of adjusted prices set by the comparable land sales. We have placed primary reliance on Sales 3 and 4 as Sale 3 was the closest to the subject and Sale 4 had the lowest overall net adjustments.

The following table illustrates a summary of our adjusted value ranges and our value conclusion of land value via the sales comparison approach.

PERCENT ADJUSTMENT METHOD SUMMARY			
Unadjusted PSF Range (Land)	$2.09	to	$7.26
Adjusted PSF Range	$3.15	to	$4.06
Adjusted Unit Range Rounded	**$3.25**	**to**	**$4.00**
Market Value As Is			**Value**
Indicated Value per Unit			**$3.85**
Excess Land Size (SF)			170,625
Indicated Value			$656,906
Rounded to Nearest $25,000			**$650,000**
PSF Land Area			**$3.81**

RECONCILIATION OF LAND VALUATION

We have placed primary emphasis on the Sales Comparison Approach to Land Value because this method mirrors the methodology used by investors of this type of property. The following summarizes the final value conclusions and approaches considered in this analysis:

RECONCILIATION: LAND VALUE	
Approach	**As Is**
Sales Comparison Approach	$650,000
Excess Land Value Conclusion	**$650,000**

Sales Comparison Approach

The sales comparison approach develops an indication of value by comparing the subject to sales of similar properties. This approach is based on the principle of substitution, which asserts that a buyer would not pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying certain adjustments to bracket the subject property within an appropriate unit value comparison.

For this analysis, the most relevant unit of comparison is the price per room as this unit of measure best reflects the perspective utilized by market participants in the hospitality industry.

The following pages summarize the relevant improved comparable sales. Following these items, adjustments are made to each sale for the applicable elements of comparison resulting in an estimate of the subject's value via the sales comparison approach.

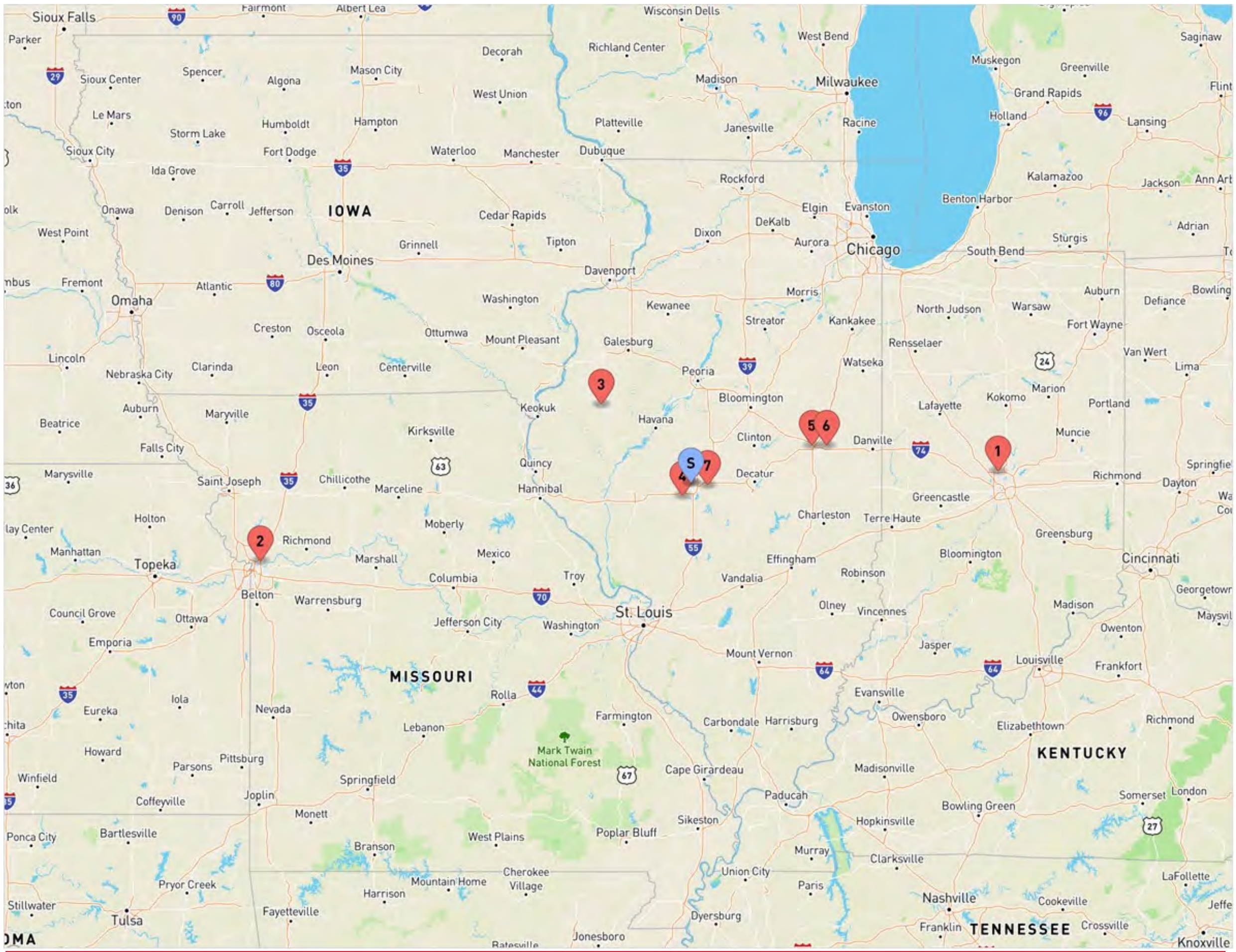
SALES COMPARABLE SUMMATION TABLE

PROPERTY INFORMATION					TRANSACTION INFORMATION					
No.	Property Name Address, City, State	Umbrella Co.	Number of Units	Year Built	Grantor	Grantee	Sale Date	Sale Price	$/Unit	OAR
S	**SUBJECT PROPERTY - 1701 J David Jones Parkway Springfield, IL**	**Howard Johnson**	**79**	**1980**	-	-	-	-	-	-
1	Super 8 - 9251 Wesleyan Road Indianapolis, IN	Super 8	120	1987	Shivram Of Indy Llc	Precision Hopitality Llc	Mar-19	$2,825,000	$23,542	8.85%
2	Motel 6 - 3636 Randolph Road Kansas City, MO	Motel 6	100	1980	Sunny Hotels, LLC	AKSHARPITH LLC	May-18	$2,400,000	$24,000	10.00%
3	Quality Inn - 1646 North Lafayette Street Macomb, IL	Quality Inn	58	1985	Buggsi Inc	Kabir Pramukh Macomb Hospitality, LLC	May-16	$1,221,000	$21,052	7.96%
4	Motel 6 - 6011 South 6th Street Springfield, IL	Motel 6	105	1999	Private Investor	G6 Hospitality	Jun-18	$1,750,000	$16,667	12.03%
5	Baymont Inn & Suites - 302 West Anthony Drive Champaign, IL	Baymont Inn & Suites	95	1989	Robert L Plummer Trust	Shri Hari Krupa CP Inc	Mar-16	$2,500,000	$26,316	-
6	Red Roof Inn Champaign - 212 West Anthony Drive Champaign, IL	Red Roof Inn	112	1987	Shri Ashtavinayak Llc	Ri & Ki Hospitality Llc	Jul-18	$2,950,000	$26,339	-
7	State House Inn - 101 East Adams Street Springfield, IL	Microtel	125	1961	Statehouse Inn LLC	VCHP Springfield LLC	Nov-17	$5,100,000	$40,800	6.62%

Transactional Summary - Comparable Improved Sales

Range Level	Sale Date	Sale Price	$/Unit	OAR
Low	Mar-16	$1,221,000	$16,667	6.62%
Average	Nov-17	$2,678,000	$25,531	9.09%
High	Mar-19	$5,100,000	$40,800	12.03%

COMPARABLE IMPROVED SALES MAP



IMPROVED SALES MAP KEY			
Property Name	**City, ST**	**Pin No.**	**Distance (mi)**
Howard Johnson Inn & Suites Springfield	Springfield, IL	S	-
Super 8	Indianapolis, IN	1	182.6
Motel 6	Kansas City, MO	2	261.4
Quality Inn	Macomb, IL	3	70.0
Motel 6	Springfield, IL	4	7.8
Baymont Inn & Suites	Champaign, IL	5	78.1
Red Roof Inn Champaign	Champaign, IL	6	78.2
State House Inn	Springfield, IL	7	1.6

ADJUSTMENT FACTORS

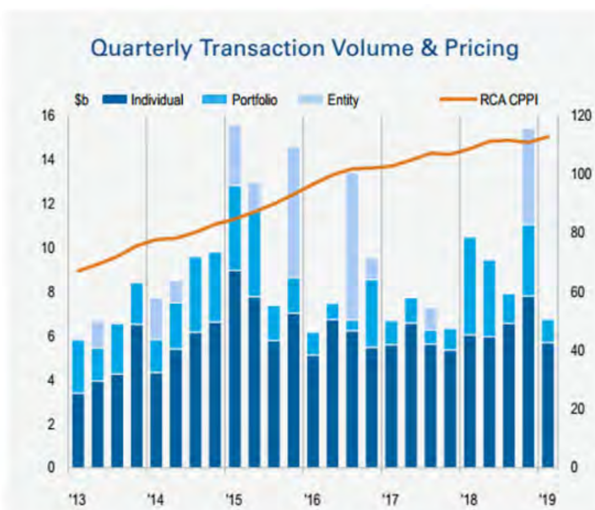
The sales are compared to the subject and adjusted to account for material differences that affect value. Adjustments are considered for the following factors, in the sequence shown below.

Real Property Rights	Leased fee, fee simple, leasehold, partial interest, etc.
Conditions of Sale	Extraordinary motivation of buyer or seller, such as 1031 exchange transaction, assemblage, or forced sale
Financing Terms	Seller financing, or assumption of existing financing, at non-market terms
Market Conditions	Changes in the economic environment over time that affect the appreciation and depreciation of real estate

Issues requiring elaboration are addressed in the following paragraphs.

Market Conditions

We have considered RCA Commercial Property Price Index (CPPI) for hotels in an effort to ascertain market conditions adjustments to the comparable sales:



Source: Real Capital Analytics

As indicated, the market has generally been increasing on a national scale for hotel property, which has an influence on the underlying value. In addition, we note that market conditions have also changed as evidenced by trends in hotel investment rates (to be discussed). Accordingly, an annual adjustment factor of 3.0% per year was applied to all the sales.

The following table summarizes the previously-discussed transactional adjustments applied in this portion of the analysis:

TRANSACTIONAL ADJUSTMENTS (QUANTITATIVE)						
No.	Unit Price	Property Rights Conveyed	Conditions of Sale	Financing Terms	Market Conditions*	Subtotal
1	**$23,542**	Fee Simple	Arms-Length	Market	Inferior	**$23,696**
	Mar-19	0.0%	0.0%	0.0%	0.7%	0.7%
2	**$24,000**	Fee Simple	Arms-Length	Market	Inferior	**$24,773**
	May-18	0.0%	0.0%	0.0%	3.2%	3.2%
3	**$21,052**	Fee Simple	Arms-Length	Market	Inferior	**$23,016**
	May-16	0.0%	0.0%	0.0%	9.3%	9.3%
4	**$16,667**	Fee Simple	Arms-Length	Market	Inferior	**$17,151**
	Jun-18	0.0%	0.0%	0.0%	2.9%	2.9%
5	**$26,316**	Fee Simple	Arms-Length	Market	Inferior	**$28,916**
	Mar-16	0.0%	0.0%	0.0%	9.9%	9.9%
6	**$26,339**	Fee Simple	Arms-Length	Market	Inferior	**$27,034**
	Jul-18	0.0%	0.0%	0.0%	2.6%	2.6%
7	**$40,800**	Fee Simple	Arms-Length	Market	Inferior	**$42,764**
	Nov-17	0.0%	0.0%	0.0%	4.8%	4.8%

*Market Conditions Adjustment Factor (annual): 3.0%
Date of Value for Sales Adjustment Purposes: June 17, 2019

Property Adjustments

Quantitative adjustments are also made for location and physical characteristics, such as size, age, quality, condition, and utility (site ratios, parking ratios, access, exposure, etc.), as well as any other applicable physical elements of comparison. It should be stressed that the physical adjustments are subjective in nature and are meant to illustrate our logic in deriving a value opinion for the subject property.

The factors and rationale for the property adjustments were discussed earlier in this section. For graphical purposes, the following table summarizes the property adjustments applied in this portion of the analysis:

PROPERTY ADJUSTMENTS (QUANTITATIVE)						
No.	Subtotal Value /Room	Location	Age, Quality & Condition	Amenities	Economic	Adjusted Unit Price
1	**$23,696**	**Superior**	**Superior**	**Similar**	**Similar**	**$18,957**
	Mar-19	-10.0%	-10.0%	0.0%	0.0%	-20.0%
2	**$24,773**	**Superior**	**Superior**	**Inferior**	**Similar**	**$21,057**
	May-18	-15.0%	-5.0%	5.0%	0.0%	-15.0%
3	**$23,016**	**Inferior**	**Superior**	**Similar**	**Superior**	**$18,413**
	May-16	5.0%	-10.0%	0.0%	-15.0%	-20.0%
4	**$17,151**	**Similar**	**Superior**	**Similar**	**Similar**	**$15,436**
	Jun-18	0.0%	-10.0%	0.0%	0.0%	-10.0%
5	**$28,916**	**Similar**	**Superior**	**Similar**	**Superior**	**$21,687**
	Mar-16	0.0%	-10.0%	0.0%	-15.0%	-25.0%
6	**$27,034**	**Similar**	**Superior**	**Similar**	**Similar**	**$24,331**
	Jul-18	0.0%	-10.0%	0.0%	0.0%	-10.0%
7	**$42,764**	**Superior**	**Superior**	**Similar**	**Superior**	**$19,244**
	Nov-17	-15.0%	-10.0%	0.0%	-30.0%	-55.0%

It should be noted that, in addition to these factors, some of the differences between the comparable sales and the subject property can also include chain affiliation, market orientation, management, room rate structure, the highest and best use of the land, and the anticipated profitability of the operation. Circumstances surrounding a sale, including financing terms, tax considerations, income guarantees, sales of partial interests, duress on the part of the buyer or seller, or a particular deal structure, result in disparities between the actual sales price and pure market value. Additionally, it is usually very difficult to obtain the marketing period and an accurate capitalization rate for the comparable sales. In practice, it is virtually impossible to quantify the appropriate adjustment factors accurately due to their number and complexity, as well as the difficulty in obtaining specific, detailed information.

IMPROVED SALE TRANSACTION DISCUSSION

Sale No. 1

The Super 8 was acquired by Precision Hopitality Llc in March 2019 from Shivram Of Indy Llc for $2,825,000 ($23,542 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 8.85%. This sale, which is located at 9251 Wesleyan Road in Indianapolis, involved a limited-service hotel with 120 guest units. This property opened in 1987. The hotel was affiliated with the Super 8 brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 0.7%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject (demographic characteristics, market size, etc.), and that its age, quality, and condition are collectively superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be similar relative to the subject, requiring no adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 2

The Motel 6 was acquired by AKSHARPITH LLC in May 2018 from Sunny Hotels, LLC for $2,400,000 ($24,000 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 10.00%. This sale, which is located at 3636 Randolph Road in Kansas City, involved a limited-service hotel with 100 guest units. This property opened in 1980. This sale involved a hotel that was affiliated with the Motel 6 brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 3.2%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be inferior, thereby warranting an upward adjustment. This property's economic characteristics are understood to be similar relative to the subject, requiring no adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 3

The Quality Inn was acquired by Kabir Pramukh Macomb Hospitality, LLC in May 2016 from Buggsi Inc for $1,221,000 ($21,052 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 7.96%. This sale, which is located at 1646 North Lafayette Street in Macomb, involved a limited-service hotel with 58 guest units. This property opened in 1985. The hotel was affiliated with the Quality Inn brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 9.3%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are inferior relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be superior relative to the subject, requiring a downward adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 4

The Motel 6 was acquired by G6 Hospitality in June 2018 from Private Investor for $1,750,000 ($16,667 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 12.03%. This sale, which is located at 6011 South 6th Street in Springfield, involved a limited-service hotel with 105 guest units. This property opened in 1999. This sale involved a hotel that was affiliated with the Motel 6 brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 2.9%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be similar relative to the subject, requiring no adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 5

The Baymont Inn & Suites was acquired by Shri Hari Krupa CP Inc in March 2016 from Robert L Plummer Trust for $2,500,000 ($26,316 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was not available at the time of verification. This sale, which is located at 302 West Anthony Drive in Champaign, involved a limited-service hotel with 95 guest units. This property opened in 1989. The hotel was affiliated with the Baymont Inn & Suites brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 9.9%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be superior relative to the subject, requiring a downward adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 6

The Red Roof Inn Champaign was acquired by Ri & Ki Hospitality Llc in July 2018 from Shri Ashtavinayak Llc for $2,950,000 ($26,339 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was not available at the time of verification. This sale, which is located at 212 West Anthony Drive in Champaign, involved a limited-service hotel with 112 guest units. This property opened in 1987. This sale involved a hotel that was affiliated with the Red Roof Inn brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 2.6%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be similar relative to the subject, requiring no adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 7

The State House Inn was acquired by VCHP Springfield LLC in November 2017 from Statehouse Inn LLC for $5,100,000 ($40,800 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 6.62%. This sale, which is located at 101 East Adams Street in Springfield, involved a limited-service hotel with 125 guest units. This property opened in 1961. The hotel was affiliated with the Microtel brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 4.8%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be superior relative to the subject, requiring a downward adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the the subject.

CONCLUSION

After making certain n/a adjustments, we have considered the range set by the comparable sales after applying these adjustments. We have placed primary reliance on Sales 1, 2 and 4 as these were more recent sales and also commanded net adjustments that were relatively low compared to the other comparable sales. Sales 1 and 2 had exterior corridors like the subject, and Sale 4 was an economy hotel in Springfield.

The following table illustrates a summary of our adjusted value ranges, and Market Value As Is as applied in the sales comparison approach to value:

PERCENT ADJUSTMENT METHOD SUMMARY			
Unadjusted Unit Range	$16,667	to	$40,800
Adjusted Unit Range	$15,436	to	$24,331
Rounded Unit Range	**$15,000**	**to**	**$24,000**
Market Value As Is	**$1,175,000**	**to**	**$1,900,000**
Indicated Value per Unit			**$18,000**
Number of Units			79
Indicated Value			$1,422,000
Rounded: $25,000			**$1,425,000**
Per unit			**$18,038**

Income Capitalization Approach

In this analysis, the following methods are utilized based on the physical and economic characteristics of the subject hotel, as well as the highest and best use and valuation methods that would be considered by a typical investor of a property of this type.

- Discounted Cash Flow
- Direct Capitalization Approach
- Room Revenue Multiplier

(A discussion of the relevant approaches to value is presented in the ***Glossary*** section beginning on page 143 of this report.)

In completing the relevant methods shown above, the actual operating data of the subject hotel was analyzed along with the performances of comparable lodging properties and industry metrics. These data are utilized to project all other revenue and expense line items throughout the projection period. The projection period begins on June 17, 2019.

PRESENTATION OF OPERATING DATA

A typical buyer of an asset such as the subject property will consider actual operating data as a part of the acquisition decision. The operating data of the subject hotel was requested in accordance with performing this appraisal assignment. The following statements were provided by the client and/or the management of the subject property and were not audited by NKF. We call your attention to the *Assumptions and Limiting Conditions* of this report.

The statements provided to NKF relate to the following historical periods:

- Calendar Years: 2017 and 2018

The organization of the revenue and expenses are in accordance with the *Uniform System of Accounts for the Lodging History* that is published by the Education Institute of the American Hotel and Motel Association.

CALENDAR YEARS

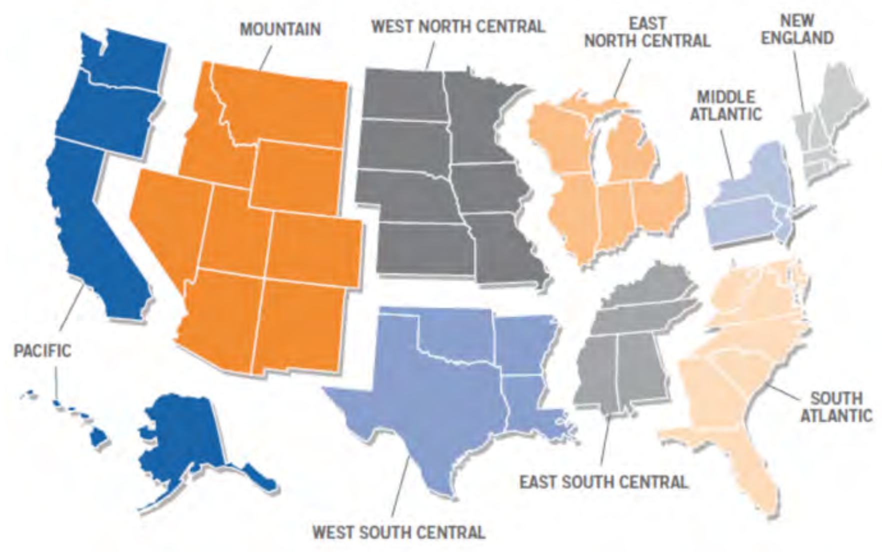
Statement of Historical Operations Howard Johnson Inn & Suites Springfield								
Calendar Year	2017				2018			
Through Month	December				December			
Days Open	365				365			
Number of Rooms	79				79			
Occupied Rooms	9,977				8,766			
Occupancy Rate	34.6%				30.4%			
Average Daily Room Rate (ADR)	$54.79				$54.34			
Revenue Per Avail. Room (RevPAR)	$18.96				$16.52			
DEPARTMENTAL REVENUES	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR
Rooms	$546,635	93.0%	$6,919	$54.79	$476,336	100.1%	$6,030	$54.34
Other Operated Dept. Revenue	$41,199	7.0%	$522	$4.13	-$623	-0.1%	-$8	-$0.07
Total Operating Revenue	**$587,834**	**100.0%**	**$7,441**	**$58.92**	**$475,713**	**100.0%**	**$6,022**	**$54.27**
DEPARTMENTAL EXPENSES								
Rooms	$151,455	27.7%	$1,917	$15.18	$193,260	40.6%	$2,446	$22.05
Other Operated Dept. Expense	$10,906	26.5%	$138	$1.09	$0	0.0%	$0	$0.00
Total Departmental Expenses	**$162,361**	**27.6%**	**$2,055**	**$16.27**	**$193,260**	**40.6%**	**$2,446**	**$22.05**
TOTAL DEPARTMENTAL INCOME	**$425,473**	**72.4%**	**$5,386**	**$42.65**	**$282,453**	**59.4%**	**$3,575**	**$32.22**
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$39,617	6.7%	$501	$3.97	$51,273	10.8%	$649	$5.85
Marketing	$46,747	8.0%	$592	$4.69	$36,753	7.7%	$465	$4.19
Royalty/Franchise Fees	$24,599	4.2%	$311	$2.47	$21,435	4.5%	$271	$2.45
Property Operations & Maintenance	$21,999	3.7%	$278	$2.20	$40,527	8.5%	$513	$4.62
Utilities	$103,422	17.6%	$1,309	$10.37	$51,054	10.7%	$646	$5.82
Information & Telecomm Systems	$7,714	1.3%	$98	$0.77	$0	0.0%	$0	$0.00
Total Undistributed Operating Expens	**$244,098**	**41.5%**	**$3,090**	**$24.47**	**$201,042**	**42.3%**	**$2,545**	**$22.93**
MANAGEMENT FEES								
Base Management Fee	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
HOUSE PROFIT (IBNOIE)	**$181,375**	**30.9%**	**$2,296**	**$18.18**	**$81,411**	**17.1%**	**$1,031**	**$9.29**
NON-OPERATING INCOME & EXPENSES								
Property Taxes	$54,418	9.3%	$689	$5.45	$65,358	13.7%	$827	$7.46
Insurance	$17,334	2.9%	$219	$1.74	$18,823	4.0%	$238	$2.15
Reserve for Replacement	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Total Non-Operating Charges	**$71,752**	**12.2%**	**$908**	**$7.19**	**$84,181**	**17.7%**	**$1,066**	**$9.60**
NET OPERATING INCOME (EBITDA-LR)	**$109,623**	**18.6%**	**$1,388**	**$10.99**	**-$2,770**	**-0.6%**	**-$35**	**-$0.32**
OPERATING RATIOS								
Other Operated Dept. Revenue to Rooms	7.5%				-0.1%			
Royalty/Franchise Fees to Rooms	4.5%				4.5%			

Comparable Operating Data

To further support our forecasts for the subject property, we have analyzed the operating performance of the subject against hotel industry averages and the actual operations of various comparable hotels. We have carefully analyzed all the relevant ratios, and have considered the data presented and, in our files, to prepare a well-supported forecast of revenue and expenses for each line item.

The following page details averages for five selected property descriptive categories from the most recent *HOST Report*, published by STR, Inc. A map depicting the regions as defined by STR that were analyzed is below. Those comparative categories include:

CATEGORIES - STR, Inc.	
Orientation	Limited Service Properties
Affiliation	Chain-Affiliated
Geographic Region	East North Central
Market Type	Urban
Price Category	Midscale/Economy Class



The second following page summarizes the operating results of various competitive assets that are known to have similar physical and/or economic characteristics.

HOST REPORT - STR, Inc. **2019 HOST Report, Based on 2018 Da**

Limited Service Properties

Category:	Limited Service Properties (All)			Chain-Affiliated			East North Central			Urban			Midscale/Economy Class		
Days Open:	365			365			365			365			365		
Number of Rooms:	125			125			121			167			116		
Occupied Rooms:	34,634			34,492			31,472			49,263			30,236		
Occupancy Rate:	75.6%			75.6%			71.2%			81.0%			71.7%		
Average Daily Room Rate (ADR):	$128.20			$125.20			$108.21			$182.33			$78.50		
Revenue Per Available Room (RevPAR):	$96.94			$94.66			$77.09			$147.61			$56.28		
DEPARTMENTAL REVENUES	% Total	$ PAR	$ POR	% Total	$ PAR	$ POR	% Total	$ PAR	$ POR	% Total	$ PAR	$ POR	% Total	$ PAR	$ POR
Rooms	95.9%	$35,335	$128.03	96.4%	$34,503	$125.02	96.4%	$28,051	$107.88	93.8%	$53,791	$182.03	98.3%	$20,578	$78.63
Other Operated Dept. Revenue	2.3%	$863	$3.13	2.3%	$839	$3.04	2.5%	$738	$2.84	3.3%	$1,908	$6.46	1.4%	$287	$1.10
Miscellaneous Income	1.7%	$638	$2.31	1.2%	$434	$1.57	1.1%	$318	$1.22	2.9%	$1,643	$5.56	0.4%	$74	$0.28
Total Operating Revenue	**100.0%**	**$36,835**	**$133.46**	**100.0%**	**$35,776**	**$129.63**	**100.0%**	**$29,107**	**$111.94**	**100.0%**	**$57,342**	**$194.05**	**100.0%**	**$20,939**	**$80.01**
DEPARTMENTAL EXPENSES															
Rooms	25.0%	$8,824	$31.97	24.1%	$8,324	$30.16	25.1%	$7,039	$27.07	27.0%	$14,527	$49.16	21.4%	$4,400	$16.81
Other Operated Dept. Expense	63.6%	$549	$1.99	60.6%	$508	$1.84	58.5%	$432	$1.66	66.3%	$1,264	$4.28	37.4%	$107	$0.41
Total Departmental Expenses	**25.4%**	**$9,373**	**$33.96**	**24.7%**	**$8,832**	**$32.00**	**25.7%**	**$7,470**	**$28.73**	**27.5%**	**$15,792**	**$53.44**	**21.5%**	**$4,507**	**$17.22**
TOTAL DEPARTMENTAL INCOME	**74.6%**	**$27,462**	**$99.50**	**75.3%**	**$26,944**	**$97.63**	**74.3%**	**$21,636**	**$83.21**	**72.5%**	**$41,550**	**$140.61**	**78.5%**	**$16,432**	**$62.79**
UNDISTRIBUTED OPERATING EXPENSES															
Administrative & General	8.4%	$3,078	$11.15	8.3%	$2,977	$10.79	8.9%	$2,584	$9.94	7.9%	$4,506	$15.25	9.6%	$2,005	$7.66
Marketing	5.2%	$1,928	$6.99	5.3%	$1,887	$6.84	5.8%	$1,674	$6.44	5.3%	$3,054	$10.34	4.7%	$980	$3.75
Royalty/Franchise Fees	4.7%	$1,716	$6.22	5.0%	$1,796	$6.51	4.8%	$1,386	$5.33	4.3%	$2,460	$8.33	2.9%	$616	$2.35
Property Operations & Maintenance	4.6%	$1,682	$6.09	4.5%	$1,621	$5.88	5.0%	$1,450	$5.58	4.0%	$2,280	$7.72	5.8%	$1,216	$4.65
Utilities	3.6%	$1,333	$4.83	3.7%	$1,306	$4.73	4.0%	$1,168	$4.49	2.9%	$1,643	$5.56	4.8%	$1,005	$3.84
Information & Telecomm Systems	1.2%	$425	$1.54	1.1%	$404	$1.47	1.4%	$415	$1.59	1.0%	$598	$2.02	1.1%	$238	$0.91
Total Undistributed Operating Expense:	**27.6%**	**$10,162**	**$36.82**	**27.9%**	**$9,992**	**$36.21**	**29.8%**	**$8,677**	**$33.37**	**25.4%**	**$14,542**	**$49.21**	**28.9%**	**$6,060**	**$23.16**
MANAGEMENT FEES															
Base Management Fee	3.2%	$1,182	$4.28	3.2%	$1,143	$4.14	3.1%	$904	$3.48	3.1%	$1,799	$6.09	1.9%	$400	$1.53
HOUSE PROFIT (IBNOIE)	**43.8%**	**$16,117**	**$58.40**	**44.2%**	**$15,808**	**$57.28**	**41.4%**	**$12,056**	**$46.36**	**44.0%**	**$25,209**	**$85.31**	**47.6%**	**$9,971**	**$38.10**
NON-OPERATING INCOME & EXPENSES															
Property Taxes	5.2%	$1,927	$6.98	5.2%	$1,847	$6.69	6.4%	$1,868	$7.18	7.0%	$4,019	$13.60	5.2%	$1,083	$4.14
Insurance	1.0%	$368	$1.34	1.0%	$356	$1.29	0.9%	$269	$1.04	0.8%	$444	$1.50	1.5%	$306	$1.17
Reserve for Replacement	1.8%	$664	$2.41	1.8%	$649	$2.35	1.8%	$528	$2.03	2.1%	$1,183	$4.00	0.4%	$89	$0.34
Total Non-Operating Charges	**8.0%**	**$2,960**	**$10.72**	**8.0%**	**$2,852**	**$10.34**	**9.2%**	**$2,665**	**$10.25**	**9.8%**	**$5,647**	**$19.11**	**7.1%**	**$1,477**	**$5.65**
NET OPERATING INCOME (EBITDA-LR)	**35.7%**	**$13,158**	**$47.67**	**36.2%**	**$12,956**	**$46.95**	**32.3%**	**$9,391**	**$36.11**	**34.1%**	**$19,563**	**$66.20**	**40.6%**	**$8,494**	**$32.46**
OPERATING RATIOS	%			%			%			%			%		
Miscellaneous Expense to Rooms	1.8%			1.3%			1.1%			3.1%			0.4%		
Royalty/Franchise Fees to Rooms	4.9%			5.2%			4.9%			4.6%			3.0%		

**Note: moderate rounding and re-allocation to some line items have been applied.*

COMPARABLE OPERATING STATEMENTS

Comp #																		
Property Number:	1			2			3			4			5			6		
Property Type:	Limited-Service			Limited-Service			Limited-Service			Limited-Service			Limited-Service			Limited-Service		
Days Open:	365			365			365			365			365			365		
Number of Rooms:	60			100			104			77			122			101		
Occupied Rooms:	11,793			25,915			22,838			23,395			21,103			20,038		
Occupancy Rate:	53.8%			71.0%			60.2%			83.2%			47.4%			54.4%		
Average Daily Room Rate (ADR):	$67.25			$75.44			$78.16			$46.54			$78.09			$59.76		
Revenue Per Available Room (RevPAR):	$36.21			$53.56			$47.02			$38.74			$37.01			$32.48		
DEPARTMENTAL REVENUES	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**
Rooms	100.0%	$13,218	$67.25	95.6%	$19,549	$75.44	99.4%	$17,163	$78.16	85.5%	$14,139	$46.54	87.6%	$13,508	$78.09	99.5%	$11,856	$59.76
Other Operated Dept. Revenue	0.0%	$0	$0.00	2.6%	$540	$2.09	0.3%	$58	$0.26	14.5%	$2,405	$7.92	7.5%	$1,151	$6.65	0.5%	$65	$0.33
Miscellaneous Income	0.0%	$0	$0.00	1.8%	$367	$1.42	0.2%	$38	$0.18	0.0%	$0	$0.00	5.0%	$767	$4.44	0.0%	$0	$0.00
Total Operating Revenue	**100.0%**	**$13,218**	**$67.25**	**100.0%**	**$20,457**	**$78.94**	**100.0%**	**$17,260**	**$78.60**	**100.0%**	**$16,544**	**$54.45**	**100.0%**	**$15,426**	**$89.18**	**100.0%**	**$11,921**	**$60.09**
DEPARTMENTAL EXPENSES																		
Rooms	31.1%	$4,104	$20.88	26.2%	$5,126	$19.78	31.4%	$5,389	$24.54	26.2%	$3,707	$12.20	38.5%	$5,201	$30.07	18.2%	$2,157	$10.87
Other Operated Dept. Expense	#DIV/0!	$0	$0.00	160.4%	$867	$3.35	266.7%	$154	$0.70	60.4%	$1,452	$4.78	0.0%	$0	$0.00	0.0%	$0	$0.00
Total Departmental Expenses	**31.1%**	**$4,104**	**$20.88**	**29.3%**	**$5,993**	**$23.12**	**32.1%**	**$5,543**	**$25.24**	**31.2%**	**$5,158**	**$16.98**	**33.7%**	**$5,201**	**$30.07**	**18.1%**	**$2,157**	**$10.87**
TOTAL DEPARTMENTAL INCOME	**68.9%**	**$9,114**	**$46.37**	**70.7%**	**$14,464**	**$55.81**	**67.9%**	**$11,716**	**$53.35**	**68.8%**	**$11,386**	**$37.47**	**66.3%**	**$10,226**	**$59.12**	**81.9%**	**$9,765**	**$49.22**
UNDISTRIBUTED OPERATING EXPENSES																		
Administrative & General	6.4%	$841	$4.28	6.1%	$1,243	$4.80	13.7%	$2,372	$10.80	6.9%	$1,136	$3.74	10.2%	$1,576	$9.11	5.0%	$590	$2.97
Marketing	0.6%	$75	$0.38	4.9%	$997	$3.85	3.8%	$656	$2.99	0.4%	$61	$0.20	6.4%	$987	$5.71	12.2%	$1,451	$7.31
Royalty/Franchise Fees	13.1%	$1,736	$8.83	5.1%	$1,053	$4.06	4.0%	$690	$3.14	0.0%	$0	$0.00	5.3%	$818	$4.73	0.0%	$0	$0.00
Property Operations & Maintenance	4.6%	$607	$3.09	4.5%	$922	$3.56	7.0%	$1,208	$5.50	5.7%	$939	$3.09	7.4%	$1,142	$6.60	1.2%	$148	$0.75
Utilities	7.1%	$941	$4.79	3.9%	$800	$3.09	7.1%	$1,225	$5.58	4.2%	$697	$2.29	5.9%	$910	$5.26	7.9%	$938	$4.73
Information & Telecomm Systems	0.5%	$66	$0.33	0.0%	$0	$0.00	1.5%	$252	$1.15	0.0%	$0	$0.00	1.1%	$167	$0.97	0.0%	$0	$0.00
Total Undistributed Operating Expenses	**32.3%**	**$4,266**	**$21.70**	**24.5%**	**$5,015**	**$19.35**	**37.1%**	**$6,403**	**$29.16**	**17.1%**	**$2,834**	**$9.33**	**36.3%**	**$5,600**	**$32.37**	**26.2%**	**$3,127**	**$15.76**
MANAGEMENT FEES																		
Base Management Fee	3.0%	$397	$2.02	4.1%	$832	$3.21	1.0%	$173	$0.79	5.0%	$821	$2.70	4.4%	$679	$3.92	0.0%	$0	$0.00
HOUSE PROFIT (IBNOIE)	**36.7%**	**$4,848**	**$24.67**	**42.1%**	**$8,617**	**$33.25**	**29.8%**	**$5,141**	**$23.41**	**46.7%**	**$7,731**	**$25.45**	**25.6%**	**$3,947**	**$22.82**	**55.7%**	**$6,638**	**$33.46**
NON-OPERATING INCOME & EXPENSES																		
Property Taxes	4.2%	$555	$2.82	5.0%	$1,033	$3.99	6.9%	$1,191	$5.42	2.6%	$423	$1.39	7.1%	$1,095	$6.33	3.3%	$396	$2.00
Insurance	2.2%	$295	$1.50	1.1%	$226	$0.87	1.1%	$190	$0.86	0.9%	$154	$0.51	2.4%	$370	$2.14	1.9%	$228	$1.15
Reserve for Replacement	0.0%	$0	$0.00	4.1%	$832	$3.21	0.0%	$0	$0.00	2.6%	$424	$1.40	0.0%	$0	$0.00	0.0%	$0	$0.00
Total Non-Operating Charges	**6.4%**	**$850**	**$4.32**	**10.2%**	**$2,091**	**$8.07**	**8.0%**	**$1,381**	**$6.29**	**6.1%**	**$1,001**	**$3.30**	**9.5%**	**$1,465**	**$8.47**	**5.2%**	**$624**	**$3.15**
NET OPERATING INCOME (EBITDA-LR)	**30.2%**	**$3,998**	**$20.34**	**31.9%**	**$6,526**	**$25.18**	**21.8%**	**$3,760**	**$17.12**	**40.7%**	**$6,730**	**$22.15**	**16.1%**	**$2,482**	**$14.35**	**50.4%**	**$6,014**	**$30.31**
OPERATING RATIOS	%			%			%			%			%			%		
Other Operated Dept. Expense to Rooms	0.0%			2.8%			0.3%			17.0%			8.5%			0.6%		
Miscellaneous Expense to Rooms	0.0%			1.9%			0.2%			0.0%			5.7%			0.0%		
Royalty/Franchise Fees to Rooms	0.0%			0.0%			0.0%			0.0%			0.0%			0.0%		

**Note: moderate rounding and re-allocation to some line items have been applied.*

FINANCIAL PROJECTIONS

The projection of revenue and expenses reflects the expectations of a well-informed and prudent buyer pertaining to the subject property's operating results. Anticipated economic benefits may be adjusted upward or downward relative to actual operating results based on the local market dynamics, which has been incorporated into this analysis. The following table illustrates the relationships of each line item.

Please note that a more detailed discussion of inflation assumptions, fixed/variable components, etc. is presented in the ***Glossary*** section beginning on page 143 of this report.

SUMMARY OF FIXED AND VARIABLE COMPONENTS

DEPARTMENTAL REVENUES	% Fixed	% Variable	Dependent Variable
Rooms	0.0%	100.0%	Rooms
Other Operated Dept. Revenue	50.0%	50.0%	Rooms
Miscellaneous Income	50.0%	50.0%	Rooms
DEPARTMENTAL EXPENSES			
Rooms	60.0%	40.0%	Rooms
Other Operated Dept. Expense	75.0%	25.0%	Other Operated Dept. Revenue
UNDISTRIBUTED OPERATING EXPENSES			
Administrative & General	75.0%	25.0%	Total Revenue
Marketing	60.0%	40.0%	Total Revenue
Royalty/Franchise Fees	0.0%	100.0%	Rooms, F&B
Property Operations & Maintenance	75.0%	25.0%	Total Revenue
Utilities	75.0%	25.0%	Total Revenue
Information & Telecomm Systems	50.0%	50.0%	Total Revenue
MANAGEMENT FEES			
Base Management Fee	0.0%	100.0%	Total Revenue
NON-OPERATING INCOME & EXPENSES			
Property Taxes	80.0%	20.0%	House Profit
Insurance	100.0%	0.0%	Total Revenue
Reserve for Replacement	0.0%	100.0%	Total Revenue

DETAILED RATIO ANALYSIS

The following narrative involves a brief discussion of the subject's operating data and our accompanying assumptions for each line item. A more detailed discussion of the relevant line items is presented in the ***Glossary*** section beginning on page 143 of this report.

Departmental Revenue

Room Revenue

The revenue from the Rooms department was developed earlier in this report based on the room night analysis and market-oriented ADR projections. The summary of this revenue stream is reiterated in the following table. It is noted that occupied room nights are presented after the occupancy figure has been rounded to the nearest full percentage point.

PROJECTED ROOMS DEPARTMENT REVENUE

Projection Year	Base Year 2018	Year 1 2019/20	Year 2 2020/21	(Stabilized) 2021/22	Year 4 2022/23	Year 5 2023/24
Number of Days	*365*	365	365	365	365	365
Number of Rooms	*79*	79	79	79	79	79
Rounded Occupancy	*30%*	38%	44%	47%	47%	47%
Occupied Rooms (Rounded)	*8,766*	10,957	12,687	13,552	13,552	13,552
Average Rate	*$54.34*	$56.42	$59.11	$61.35	$63.19	$65.09
RevPAR	*$16.52*	$21.44	$26.01	$28.83	$29.70	$30.59
Rooms Department Revenue	**$476,344**	**$618,194**	**$749,929**	**$831,415**	**$856,351**	**$882,100**

Other Operating Departmental Revenue

In addition to rooms, the subject also accrues notable revenue from its restaurant/lounge and meeting room rentals. The following tables display the historical trends for these departments, as well as our future growth assumptions. In general, our projections were based on the actual operating performance of the subject, except as noted.

Our projection is within the range of the industry averages and comparables on a dollar per available room basis.

Other Operated Dept. Revenue			
Source	**RATIO**	**PAR**	**POR**
Operating Comparables			
Low	0.0%	$0	$0.00
High	14.5%	$2,405	$7.92
Average	4.3%	$703	$2.87
STR HOST Study			
All Limited Service Properties	2.3%	$863	$3.13
Chain-Affiliated	2.3%	$839	$3.04
East North Central	2.5%	$738	$2.84
Urban	3.3%	$1,908	$6.46
Midscale/Economy Class	1.4%	$287	$1.10
Subject Historicals			
2017	7.0%	$522	$4.13
2018	-0.1%	($8)	($0.07)
First Projection Year (2019/20)	**5.4%**	**$455**	**$3.28**
Stabilized Year (2021/22)	**4.8%**	**$545**	**$3.18**

Miscellaneous Income

The miscellaneous income line item revenue is derived from all sources other than the primary categories discussed above and below, and typically includes certain commissions, business interruption insurance payouts, foreign currency exchange fees, unused or forfeited gift certificates, certain interest income, and other miscellaneous revenue sources. Overall, we have observed that there is a moderate percentage of variable components in this department.

After considering the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's revenue from the Miscellaneous Income department will increase in the near term on a per-occupied-room basis, but then normalize with its variable components correlating to changes in the subject's future occupancy levels.

The following table summarizes our projections in this category.

Miscellaneous Income			
Source	RATIO	PAR	POR
Operating Comparables			
Low	0.0%	$0	$0.00
High	5.0%	$767	$4.44
Average	1.2%	$195	$1.00
STR HOST Study			
All Limited Service Properties	1.7%	$638	$2.31
Chain-Affiliated	1.2%	$434	$1.57
East North Central	1.1%	$318	$1.22
Urban	2.9%	$1,643	$5.56
Midscale/Economy Class	0.4%	$74	$0.28
First Projection Year (2019/20)	**1.9%**	**$162**	**$1.17**
Stabilized Year (2021/22)	**1.7%**	**$195**	**$1.14**

Departmental Expenses

Departmental expenses are based on expense line items that correlate to a specific revenue department. A more detailed discussion of the core expense line items is presented in the ***Glossary*** section beginning on page 143 of this report.

Rooms Expenses

This expense generally represents costs associated with the various guest services and operations of the guestrooms. Expenses within this department range from reservation/registration activities to the settlement of guest accounts upon checkout, as well as the wages of the rooms division manager, assistant managers, registration clerks, cashiers, mail and information clerk, and uniform service personnel.

Our projection is within the range of the industry averages and comparables as a percentage of departmental revenue.

Trends and assumptions associated with the projection of this line item are illustrated in the following table.

Rooms Expenses			
Source	RATIO	PAR	POR
Operating Comparables			
Low	18.2%	$2,157	$10.87
High	38.5%	$5,389	$30.07
Average	28.6%	$4,281	$19.72
STR HOST Study			
All Limited Service Properties	25.0%	$8,824	$31.97
Chain-Affiliated	24.1%	$8,324	$30.16
East North Central	25.1%	$7,039	$27.07
Urban	27.0%	$14,527	$49.16
Midscale/Economy Class	21.4%	$4,400	$16.81
Subject Historicals			
2017	27.7%	$1,917	$15.18
2018	40.6%	$2,446	$22.05
First Projection Year (2019/20)	**25.2%**	**$1,969**	**$14.19**
Stabilized Year (2021/22)	**21.9%**	**$2,305**	**$13.44**

Other Operated Departmental Expenses

These expenses are a result of their related revenue items, and these line items assume a relatively even balance of fixed and variable components. Trends and assumptions associated with the projection of this line item are illustrated in the following tables.

Our projections are within the range of the industry averages as a percentage of departmental revenue.

Other Operated Dept. Expense			
Source	RATIO	PAR	POR
Operating Comparables			
Low	0.0%	$0	$0.00
High	266.7%	$1,452	$4.78
Average	81.2%	$412	$1.47
STR HOST Study			
All Limited Service Properties	63.6%	$549	$1.99
Chain-Affiliated	60.6%	$508	$1.84
East North Central	58.5%	$432	$1.66
Urban	66.3%	$1,264	$4.28
Midscale/Economy Class	37.4%	$107	$0.41
Subject Historicals			
2017	26.5%	$138	$1.09
First Projection Year (2019/20)	**56.7%**	**$258**	**$1.86**
Stabilized Year (2021/22)	**53.4%**	**$291**	**$1.70**

Undistributed Operating Expenses

Undistributed or “non-direct” operating expenses are costs shouldered by the overall hotel operation and not attributable to any one specific department or profit center.

Administrative and General (A&G)

Based on the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's expenses from the Administrative & General department will increase in the near term on a per-available-room basis, but then normalize with its variable components correlating to changes in the subject's future total revenues.

Trends and assumptions associated with the projection of this line item are illustrated in the following table:

Administrative & General Expenses			
Source	RATIO	PAR	POR
Operating Comparables			
Low	5.0%	$590	$2.97
High	13.7%	$2,372	$10.80
Average	8.0%	$1,293	$5.95
STR HOST Study			
All Limited Service Properties	8.4%	$3,078	$11.15
Chain-Affiliated	8.3%	$2,977	$10.79
East North Central	8.9%	$2,584	$9.94
Urban	7.9%	$4,506	$15.25
Midscale/Economy Class	9.6%	$2,005	$7.66
Subject Historicals			
2017	6.7%	$501	$3.97
2018	10.8%	$649	$5.85
First Projection Year (2019/20)	**13.4%**	**$1,133**	**$8.17**
Stabilized Year (2021/22)	**11.3%**	**$1,277**	**$7.44**

Marketing Expenses

Our projection is within the range of the industry averages and comparables as a percentage of total revenue.

Trends and assumptions associated with the projection of this line item are illustrated in the following table:

Marketing Expenses			
Source	**RATIO**	**PAR**	**POR**
Operating Comparables			
Low	0.4%	$61	$0.20
High	12.2%	$1,451	$7.31
Average	4.7%	$705	$3.41
STR HOST Study			
All Limited Service Properties	5.2%	$1,928	$6.99
Chain-Affiliated	5.3%	$1,887	$6.84
East North Central	5.8%	$1,674	$6.44
Urban	5.3%	$3,054	$10.34
Midscale/Economy Class	4.7%	$980	$3.75
Subject Historicals			
2017	8.0%	$592	$4.69
2018	7.7%	$465	$4.19
First Projection Year (2019/20)	**6.1%**	**$514**	**$3.70**
Stabilized Year (2021/22)	**5.3%**	**$600**	**$3.50**

Franchise Fee (Royalties)

We assume that the subject could be sold free and clear of any and all franchise and licensing agreements that are currently in place, but that the hotel would continue to operate under its current (or similar) brand under the standard terms that are promulgated by the franchisor. Specifically, we project franchise fees (royalties) to be equal to 4.50% of rooms revenue annually throughout the holding period.

Please note only royalty fees are included in this line item; advertising/marketing contribution fees have been included in Marketing expenses and reservation fees have been included in Rooms expenses, respectively. Any other fees, depending on the nature of their use and application, have been included in the Rooms, Marketing, and/or A&G line items, as appropriate. *It should be noted, however, that the HOST report retains the marketing assessment costs in the Franchise Fee line item.*

We call your attention to the Assumptions and Limiting Conditions of this report. Additional details behind the development of Franchise Fees is presented in the ***Glossary*** section beginning on page 143 of this report.

Property Operations and Maintenance

Based on the subject's age, condition, and amenities, we project the subject's property operations and maintenance expense will increase. Our projection is within the range of the comparables on a dollar per available room basis.

Trends and assumptions associated with the projection of this line item are illustrated in the following table:

Property Operations & Maintenance Expenses			
Source	RATIO	PAR	POR
Operating Comparables			
Low	1.2%	$148	$0.75
High	7.4%	$1,208	$6.60
Average	5.1%	$828	$3.76
STR HOST Study			
All Limited Service Properties	4.6%	$1,682	$6.09
Chain-Affiliated	4.5%	$1,621	$5.88
East North Central	5.0%	$1,450	$5.58
Urban	4.0%	$2,280	$7.72
Midscale/Economy Class	5.8%	$1,216	$4.65
Subject Historicals			
2017	3.7%	$278	$2.20
2018	8.5%	$513	$4.62
First Projection Year (2019/20)	**11.1%**	**$939**	**$6.77**
Stabilized Year (2021/22)	**9.4%**	**$1,059**	**$6.17**

Utilities

Our projection is within the range of the subject's historical performance on a dollar per available room and a dollar per occupied room basises.

Trends and assumptions associated with the projection of this line item are illustrated in the following table:

Utilities Expenses			
Source	RATIO	PAR	POR
Operating Comparables			
Low	3.9%	$697	$2.29
High	7.9%	$1,225	$5.58
Average	6.0%	$918	$4.29
STR HOST Study			
All Limited Service Properties	3.6%	$1,333	$4.83
Chain-Affiliated	3.7%	$1,306	$4.73
East North Central	4.0%	$1,168	$4.49
Urban	2.9%	$1,643	$5.56
Midscale/Economy Class	4.8%	$1,005	$3.84
Subject Historicals			
2017	17.6%	$1,309	$10.37
2018	10.7%	$646	$5.82
First Projection Year (2019/20)	**10.5%**	**$884**	**$6.37**
Stabilized Year (2021/22)	**8.8%**	**$997**	**$5.81**

Information and Telecomm. Systems Expense

Our projection is within the range of the comparables on a dollar per available room basis and similar to the industry average for midscale/economy hotels.

Trends and assumptions associated with the projection of this line item are illustrated in the following table:

Information & Telecomm Systems Expenses			
Source	RATIO	PAR	POR
Operating Comparables			
Low	0.0%	$0	$0.00
High	1.5%	$252	$1.15
Average	0.5%	$81	$0.41
STR HOST Study			
All Limited Service Properties	1.2%	$425	$1.54
Chain-Affiliated	1.1%	$404	$1.47
East North Central	1.4%	$415	$1.59
Urban	1.0%	$598	$2.02
Midscale/Economy Class	1.1%	$238	$0.91
Subject Historicals			
2017	1.3%	$98	$0.77
First Projection Year (2019/20)	2.4%	$204	$1.47
Stabilized Year (2021/22)	2.2%	$244	$1.42

Management Fee

For purposes of this appraisal, we assume that the subject could be sold free and clear of any and all management contracts, and that future management expenses are market-oriented. Specifically, management fees are projected to equate to 3.00% percent of total revenue throughout the holding period.

It is important to note that the effectiveness of management is not being evaluated and we are not responsible for future marketing efforts and other management actions upon which actual results may depend.

Non-Operating (Fixed) Expenses

Fixed expenses include any expenses that relate to the ownership of the hotel, including property taxes, building and contents insurance, reserve for replacements, and any applicable land, building, or equipment rent.

Property Taxes

A discussion of the subject 's real estate tax burden was included in an earlier section of this report. Our forecast of the subject's property taxes per year is reiterated as follows.

Property Taxes Expenses			
Source	**RATIO**	**PAR**	**POR**
Tax Comparables (RE Only)			
Low	-	$283	-
High	-	$977	-
Average	-	$654	-
Operating Comparables			
Low	2.6%	$396	$1.39
High	7.1%	$1,191	$6.33
Average	4.9%	$782	$3.66
STR HOST Study			
All Limited Service Properties	5.2%	$1,927	$6.98
Chain-Affiliated	5.2%	$1,847	$6.69
East North Central	6.4%	$1,868	$7.18
Urban	7.0%	$4,019	$13.60
Midscale/Economy Class	5.2%	$1,083	$4.14
Subject Historicals			
2017	9.3%	$689	$5.45
2018	13.7%	$827	$7.46
First Projection Year (2019/20)	**8.5%**	**$717**	**$5.17**
Stabilized Year (2021/22)	**7.1%**	**$803**	**$4.68**

Insurance

Our projection is above the subject's historical expense and similar to the average of the comparables on a dollar per available room basis. The subject property’s insurance expenses are projected as follows.

Insurance Expenses			
Source	RATIO	PAR	POR
Operating Comparables			
Low	0.9%	$154	$0.51
High	2.4%	$370	$2.14
Average	1.6%	$244	$1.17
STR HOST Study			
All Limited Service Properties	1.0%	$368	$1.34
Chain-Affiliated	1.0%	$356	$1.29
East North Central	0.9%	$269	$1.04
Urban	0.8%	$444	$1.50
Midscale/Economy Class	1.5%	$306	$1.17
Subject Historicals			
2017	2.9%	$219	$1.74
2018	4.0%	$238	$2.15
First Projection Year (2019/20)	**2.9%**	**$249**	**$1.79**
Stabilized Year (2021/22)	**2.3%**	**$264**	**$1.54**

Capital Improvements and Reserves

Near-Term Capital Commitments

A summary of the proposed upgrades is presented in the following table:

NEAR-TERM CAPITAL COMMITMENTS	
Item	**Approx. Cost**
Property Improvement Plan	$250,000
Total	**$250,000**
Per Room	$3,165

The renovations are intended to focus on the public space including the meeting rooms, lounge/restaurant, outdoor pool, fitness center, breakfast area and exterior.

The property improvement plan (PIP) is anticipated to modernize and enhance the property to a level that is competitive in the market. We call your attention to the *Extraordinary Assumptions* of this report.

The timing of the above capital commitments is summarized in the following table. The timing of the disbursements governs the amount of total capital that will be deducted from the value conclusions within this report.

TIMING OF CAPITAL DISBURSEMENT	
Item	**Disbursement**
Year 1	$250,000
Total	**$250,000**
Per Room	$3,165

The calculation for the capital deduction (net present value over and above reserves) is discussed later in this report.

Reserve for Replacements

In order to preserve the competitive position of the subject hotel throughout the holding period, a reserve for replacements equal to 4.0% of total revenue per year is deducted within the cash flows. This estimate of capital reserves is anticipated to be sufficient to account for all typical future capital expenditures throughout the holding period over and above the capital deduction indicated above.

Net Operating Income

Net Operating Income is synonymous with Earnings Before Interest, Taxes, Depreciation and Amortization Less Reserves, or EBITDA-LR. The overall calculated conclusion of net operating income is illustrated in the following table.

NET OPERATING INCOME (EBITDA-LR)			
Source	**RATIO**	**PAR**	**POR**
Operating Comparables			
Low	16.1%	$2,482	$14.35
High	50.4%	$6,730	$30.31
Average	31.9%	$4,918	$21.58
STR HOST Study			
All Limited Service Properties	35.7%	$13,158	$47.67
Chain-Affiliated	36.2%	$12,956	$46.95
East North Central	32.3%	$9,391	$36.11
Urban	34.1%	$19,563	$66.20
Midscale/Economy Class	40.6%	$8,494	$32.46
Subject Historicals			
2017	18.6%	$1,388	$10.99
2018	-0.6%	($35)	($0.32)
First Projection Year (2019/20)	**7.5%**	**$634**	**$4.57**
Stabilized Year (2021/22)	**19.2%**	**$2,162**	**$12.60**

PROJECTION OF REVENUE AND EXPENSES

On the following pages, the forecast of revenue and expenses for the subject property is presented on a detailed basis for the first five years of operation, along with a summary presentation of the same line items over the entire 10-year holding period. The projection begins

June 17, 2019. As discussed, stabilization is anticipated to occur on or about June 17, 2021. The statements are expressed in future values for each projection year.

DETAILED FORECAST OF INCOME AND EXPENSE - FIRST FIVE PROJECTION YEARS

Howard Johnson Inn & Suites Springfield

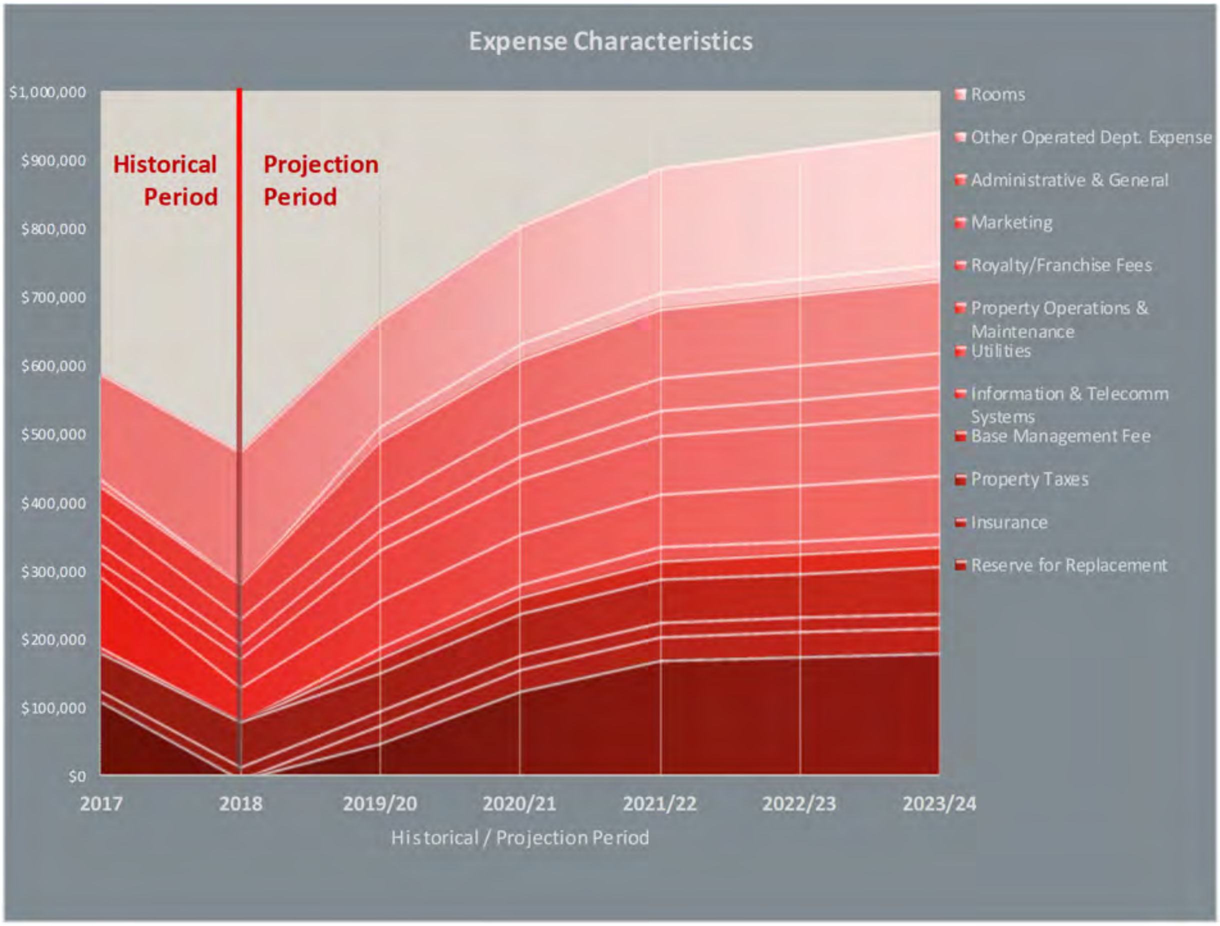
Period:	2019/20				2020/21				2021/22	(Stabilized)			2022/23				2023/24			
Projection Year:	1				2				3				4				5			
Days Open	365				365				365				365				365			
Number of Rooms	79				79				79				79				79			
Occupied Rooms	10,957				12,687				13,552				13,552				13,552			
Occupancy Rate	38.0%				44.0%				47.0%				47.0%				47.0%			
Average Daily Room Rate (ADR)	$56.42				$59.11				$61.35				$63.19				$65.09			
Revenue Per Avail. Room (RevPAR)	$21.44				$26.01				$28.83				$29.70				$30.59			
DEPARTMENTAL REVENUES	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR
Rooms	$618,194	92.7%	$7,825	$56.42	$749,929	93.2%	$9,493	$59.11	$831,415	93.4%	$10,524	$61.35	$856,351	93.4%	$10,840	$63.19	$882,100	93.4%	$11,166	$65.09
Other Operated Dept. Revenue	$35,925	5.4%	$455	$3.28	$40,292	5.0%	$510	$3.18	$43,086	4.8%	$545	$3.18	$44,378	4.8%	$562	$3.27	$45,711	4.8%	$579	$3.37
Miscellaneous Income	$12,831	1.9%	$162	$1.17	$14,390	1.8%	$182	$1.13	$15,388	1.7%	$195	$1.14	$15,849	1.7%	$201	$1.17	$16,325	1.7%	$207	$1.20
Total Operating Revenue	**$666,950**	**100.0%**	**$8,442**	**$60.87**	**$804,611**	**100.0%**	**$10,185**	**$63.42**	**$889,888**	**100.0%**	**$11,264**	**$65.66**	**$916,578**	**100.0%**	**$11,602**	**$67.63**	**$944,136**	**100.0%**	**$11,951**	**$69.67**
DEPARTMENTAL EXPENSES																				
Rooms	$155,520	25.2%	$1,969	$14.19	$171,575	22.9%	$2,172	$13.52	$182,121	21.9%	$2,305	$13.44	$187,584	21.9%	$2,374	$13.84	$193,217	21.9%	$2,446	$14.26
Other Operated Dept. Expense	$20,388	56.7%	$258	$1.86	$21,933	54.4%	$278	$1.73	$23,022	53.4%	$291	$1.70	$23,712	53.4%	$300	$1.75	$24,424	53.4%	$309	$1.80
Total Departmental Expenses	**$175,907**	**26.4%**	**$2,227**	**$16.05**	**$193,508**	**24.0%**	**$2,449**	**$15.25**	**$205,143**	**23.1%**	**$2,597**	**$15.14**	**$211,296**	**23.1%**	**$2,675**	**$15.59**	**$217,641**	**23.1%**	**$2,755**	**$16.06**
TOTAL DEPARTMENTAL INCOME	**$491,043**	**73.6%**	**$6,216**	**$44.82**	**$611,103**	**76.0%**	**$7,735**	**$48.17**	**$684,746**	**76.9%**	**$8,668**	**$50.53**	**$705,282**	**76.9%**	**$8,928**	**$52.04**	**$726,495**	**76.9%**	**$9,196**	**$53.61**
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	$89,476	13.4%	$1,133	$8.17	$96,106	11.9%	$1,217	$7.58	$100,879	11.3%	$1,277	$7.44	$103,905	11.3%	$1,315	$7.67	$107,024	11.3%	$1,355	$7.90
Marketing	$40,581	6.1%	$514	$3.70	$44,661	5.6%	$565	$3.52	$47,406	5.3%	$600	$3.50	$48,828	5.3%	$618	$3.60	$50,295	5.3%	$637	$3.71
Royalty/Franchise Fees	$27,819	4.2%	$352	$2.54	$33,747	4.2%	$427	$2.66	$37,414	4.2%	$474	$2.76	$38,536	4.2%	$488	$2.84	$39,694	4.2%	$502	$2.93
Property Operations & Maintenance	$74,199	11.1%	$939	$6.77	$79,698	9.9%	$1,009	$6.28	$83,656	9.4%	$1,059	$6.17	$86,165	9.4%	$1,091	$6.36	$88,752	9.4%	$1,123	$6.55
Utilities	$69,835	10.5%	$884	$6.37	$75,009	9.3%	$949	$5.91	$78,735	8.8%	$997	$5.81	$81,097	8.8%	$1,027	$5.98	$83,531	8.8%	$1,057	$6.16
Information & Telecomm Systems	$16,118	2.4%	$204	$1.47	$18,023	2.2%	$228	$1.42	$19,273	2.2%	$244	$1.42	$19,851	2.2%	$251	$1.46	$20,447	2.2%	$259	$1.51
Total Undistributed Operating Expenses	**$318,027**	**47.7%**	**$4,026**	**$29.02**	**$347,244**	**43.2%**	**$4,395**	**$27.37**	**$367,362**	**41.3%**	**$4,650**	**$27.11**	**$378,382**	**41.3%**	**$4,790**	**$27.92**	**$389,743**	**41.3%**	**$4,933**	**$28.76**
MANAGEMENT FEES																				
Base Management Fee	$20,008	3.0%	$253	$1.83	$24,138	3.0%	$306	$1.90	$26,697	3.0%	$338	$1.97	$27,497	3.0%	$348	$2.03	$28,324	3.0%	$359	$2.09
HOUSE PROFIT (IBNOIE)	**$153,007**	**22.9%**	**$1,937**	**$13.96**	**$239,720**	**29.8%**	**$3,034**	**$18.89**	**$290,687**	**32.7%**	**$3,680**	**$21.45**	**$299,402**	**32.7%**	**$3,790**	**$22.09**	**$308,428**	**32.7%**	**$3,904**	**$22.76**
NON-OPERATING INCOME & EXPENSES																				
Property Taxes	$56,617	8.5%	$717	$5.17	$60,693	7.5%	$768	$4.78	$63,469	7.1%	$803	$4.68	$65,373	7.1%	$828	$4.82	$67,335	7.1%	$852	$4.97
Insurance	$19,653	2.9%	$249	$1.79	$20,243	2.5%	$256	$1.60	$20,850	2.3%	$264	$1.54	$21,475	2.3%	$272	$1.58	$22,120	2.3%	$280	$1.63
Reserve for Replacement	$26,678	4.0%	$338	$2.43	$32,184	4.0%	$407	$2.54	$35,596	4.0%	$451	$2.63	$36,663	4.0%	$464	$2.71	$37,765	4.0%	$478	$2.79
Total Non-Operating Charges	**$102,948**	**15.4%**	**$1,303**	**$9.40**	**$113,120**	**14.1%**	**$1,432**	**$8.92**	**$119,914**	**13.5%**	**$1,518**	**$8.85**	**$123,511**	**13.5%**	**$1,563**	**$9.11**	**$127,220**	**13.5%**	**$1,610**	**$9.39**
NET OPERATING INCOME (EBITDA-LR)	**$50,059**	**7.5%**	**$634**	**$4.57**	**$126,600**	**15.7%**	**$1,603**	**$9.98**	**$170,773**	**19.2%**	**$2,162**	**$12.60**	**$175,891**	**19.2%**	**$2,226**	**$12.98**	**$181,208**	**19.2%**	**$2,294**	**$13.37**
OPERATING RATIOS																				
Other Operated Dept. Revenue to Rooms	5.8%				5.4%				5.2%				5.2%				5.2%			
Miscellaneous Income to Rooms	2.1%				1.9%				1.9%				1.9%				1.9%			
Royalty/Franchise Fees to Rooms	4.5%				4.5%				4.5%				4.5%				4.5%			

TEN-YEAR PROJECTION OF INCOME AND EXPENSE

Howard Johnson Inn & Suites Springfield

Period:	2019/20		2020/21		2021/22 (Stabilized)		2022/23		2023/24		2024/25		2025/26		2026/27		2027/28		2028/29	
Projection Year:	1		2		3		4		5		6		7		8		9		10	
Days Open	365		365		365		365		365		365		365		365		365		365	
Number of Rooms	79		79		79		79		79		79		79		79		79		79	
Occupied Rooms	10,957		12,687		13,552		13,552		13,552		13,552		13,552		13,552		13,552		13,552	
Occupancy Rate	38.0%		44.0%		47.0%		47.0%		47.0%		47.0%		47.0%		47.0%		47.0%		47.0%	
Average Daily Room Rate (ADR)	$56.42		$59.11		$61.35		$63.19		$65.09		$67.04		$69.05		$71.12		$73.25		$75.45	
Revenue Per Avail. Room (RevPAR)	$21.44		$26.01		$28.83		$29.70		$30.59		$31.51		$32.45		$33.43		$34.43		$35.46	
DEPARTMENTAL REVENUES	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total
Rooms	$618,194	92.7%	$749,929	93.2%	$831,415	93.4%	$856,351	93.4%	$882,100	93.4%	$908,526	93.4%	$935,766	93.4%	$963,818	93.4%	$992,684	93.4%	$1,022,498	93.4%
Other Operated Dept. Revenue	$35,925	5.4%	$40,292	5.0%	$43,086	4.8%	$44,378	4.8%	$45,711	4.8%	$47,081	4.8%	$48,493	4.8%	$49,947	4.8%	$51,445	4.8%	$52,989	4.8%
Miscellaneous Income	$12,831	1.9%	$14,390	1.8%	$15,388	1.7%	$15,849	1.7%	$16,325	1.7%	$16,815	1.7%	$17,319	1.7%	$17,838	1.7%	$18,373	1.7%	$18,925	1.7%
Total Operating Revenue	**$666,950**	**100.0%**	**$804,611**	**100.0%**	**$889,888**	**100.0%**	**$916,578**	**100.0%**	**$944,136**	**100.0%**	**$972,422**	**100.0%**	**$1,001,578**	**100.0%**	**$1,031,604**	**100.0%**	**$1,062,502**	**100.0%**	**$1,094,412**	**100.0%**
DEPARTMENTAL EXPENSES																				
Rooms	$155,520	25.2%	$171,575	22.9%	$182,121	21.9%	$187,584	21.9%	$193,217	21.9%	$199,010	21.9%	$204,979	21.9%	$211,126	21.9%	$217,456	21.9%	$223,982	21.9%
Other Operated Dept. Expense	$20,388	56.7%	$21,933	54.4%	$23,022	53.4%	$23,712	53.4%	$24,424	53.4%	$25,157	53.4%	$25,911	53.4%	$26,688	53.4%	$27,489	53.4%	$28,314	53.4%
Total Departmental Expenses	**$175,907**	**26.4%**	**$193,508**	**24.0%**	**$205,143**	**23.1%**	**$211,296**	**23.1%**	**$217,641**	**23.1%**	**$224,167**	**23.1%**	**$230,890**	**23.1%**	**$237,815**	**23.1%**	**$244,945**	**23.1%**	**$252,296**	**23.1%**
TOTAL DEPARTMENTAL INCOME	**$491,043**	**73.6%**	**$611,103**	**76.0%**	**$684,746**	**76.9%**	**$705,282**	**76.9%**	**$726,495**	**76.9%**	**$748,255**	**76.9%**	**$770,688**	**76.9%**	**$793,789**	**76.9%**	**$817,557**	**76.9%**	**$842,116**	**76.9%**
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	$89,476	13.4%	$96,106	11.9%	$100,879	11.3%	$103,905	11.3%	$107,024	11.3%	$110,234	11.3%	$113,540	11.3%	$116,946	11.3%	$120,453	11.3%	$124,067	11.3%
Marketing	$40,581	6.1%	$44,661	5.6%	$47,406	5.3%	$48,828	5.3%	$50,295	5.3%	$51,803	5.3%	$53,356	5.3%	$54,957	5.3%	$56,604	5.3%	$58,303	5.3%
Royalty/Franchise Fees	$27,819	4.2%	$33,747	4.2%	$37,414	4.2%	$38,536	4.2%	$39,694	4.2%	$40,884	4.2%	$42,109	4.2%	$43,372	4.2%	$44,671	4.2%	$46,012	4.2%
Property Operations & Maintenance	$74,199	11.1%	$79,698	9.9%	$83,656	9.4%	$86,165	9.4%	$88,752	9.4%	$91,413	9.4%	$94,155	9.4%	$96,979	9.4%	$99,888	9.4%	$102,885	9.4%
Utilities	$69,835	10.5%	$75,009	9.3%	$78,735	8.8%	$81,097	8.8%	$83,531	8.8%	$86,036	8.8%	$88,617	8.8%	$91,275	8.8%	$94,012	8.8%	$96,833	8.8%
Information & Telecomm Systems	$16,118	2.4%	$18,023	2.2%	$19,273	2.2%	$19,851	2.2%	$20,447	2.2%	$21,060	2.2%	$21,692	2.2%	$22,342	2.2%	$23,012	2.2%	$23,703	2.2%
Total Undistributed Operating Expenses	**$318,027**	**47.7%**	**$347,244**	**43.2%**	**$367,362**	**41.3%**	**$378,382**	**41.3%**	**$389,743**	**41.3%**	**$401,429**	**41.3%**	**$413,470**	**41.3%**	**$425,870**	**41.3%**	**$438,639**	**41.3%**	**$451,803**	**41.3%**
MANAGEMENT FEES																				
Base Management Fee	$20,008	3.0%	$24,138	3.0%	$26,697	3.0%	$27,497	3.0%	$28,324	3.0%	$29,173	3.0%	$30,047	3.0%	$30,948	3.0%	$31,875	3.0%	$32,832	3.0%
HOUSE PROFIT (IBNOIE)	**$153,007**	**22.9%**	**$239,720**	**29.8%**	**$290,687**	**32.7%**	**$299,402**	**32.7%**	**$308,428**	**32.7%**	**$317,653**	**32.7%**	**$327,171**	**32.7%**	**$336,971**	**32.7%**	**$347,043**	**32.7%**	**$357,480**	**32.7%**
NON-OPERATING INCOME & EXPENSES																				
Property Taxes	$56,617	8.5%	$60,693	7.5%	$63,469	7.1%	$65,373	7.1%	$67,335	7.1%	$69,354	7.1%	$71,435	7.1%	$73,577	7.1%	$75,784	7.1%	$78,058	7.1%
Insurance	$19,653	2.9%	$20,243	2.5%	$20,850	2.3%	$21,475	2.3%	$22,120	2.3%	$22,783	2.3%	$23,467	2.3%	$24,171	2.3%	$24,896	2.3%	$25,643	2.3%
Reserve for Replacement	$26,678	4.0%	$32,184	4.0%	$35,596	4.0%	$36,663	4.0%	$37,765	4.0%	$38,897	4.0%	$40,063	4.0%	$41,264	4.0%	$42,500	4.0%	$43,776	4.0%
Total Non-Operating Charges	**$102,948**	**15.4%**	**$113,120**	**14.1%**	**$119,914**	**13.5%**	**$123,511**	**13.5%**	**$127,220**	**13.5%**	**$131,034**	**13.5%**	**$134,964**	**13.5%**	**$139,012**	**13.5%**	**$143,180**	**13.5%**	**$147,477**	**13.5%**
NET OPERATING INCOME (EBITDA-LR)	**$50,059**	**7.5%**	**$126,600**	**15.7%**	**$170,773**	**19.2%**	**$175,891**	**19.2%**	**$181,208**	**19.2%**	**$186,619**	**19.2%**	**$192,206**	**19.2%**	**$197,958**	**19.2%**	**$203,863**	**19.2%**	**$210,003**	**19.2%**
Pct. Change	-		*152.9%*		*34.9%*		*3.0%*		*3.0%*		*3.0%*		*3.0%*		*3.0%*		*3.0%*		*3.0%*	
OPERATING RATIOS																				
Other Operated Dept. Revenue to Rooms	5.8%		5.4%		5.2%		5.2%		5.2%		5.2%		5.2%		5.2%		5.2%		5.2%	
Miscellaneous Income to Rooms	2.1%		1.9%		1.9%		1.9%		1.9%		1.9%		1.9%		1.9%		1.9%		1.9%	
Royalty/Franchise Fees to Rooms	4.5%		4.5%		4.5%		4.5%		4.5%		4.5%		4.5%		4.5%		4.5%		4.5%	

The following is a graphical analysis of the subject property's operating expense characteristics. The top of the graph represents total revenue, while the bottom represents net operating income.



The following sections discuss how this cash flow (net operating income) projection is converted into market value for the subject property.

YIELD CAPITALIZATION

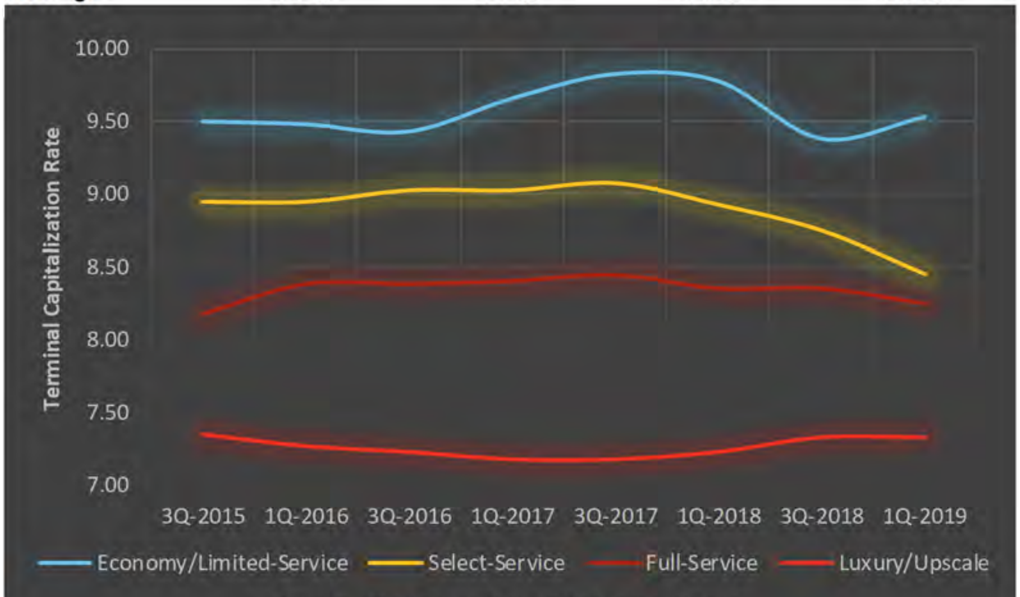
Yield capitalization is a method of converting future income from an investment into present value by discounting each year's income using an appropriate discount rate or by using one overall rate that reflects the investment. A more detailed discussion of the underlying process is presented in the ***Glossary*** section beginning on page 143 of this report.

Terminal Capitalization Rate

The following table provides a historical illustration of terminal capitalization rate statistics as surveyed by PricewaterhouseCoopers that we believe are relevant to the subject property.

Terminal Capitalization Rate Surveys – Hotel Properties

1Q-2019	Economy/Ltd Svc	Select-Service	Full-Service	Luxury/Upscale
Range	7.75%-12.00%	7.00%-10.00%	7.00%-10.00%	5.50%-9.50%
Average	9.53%	8.45%	8.25%	7.33%



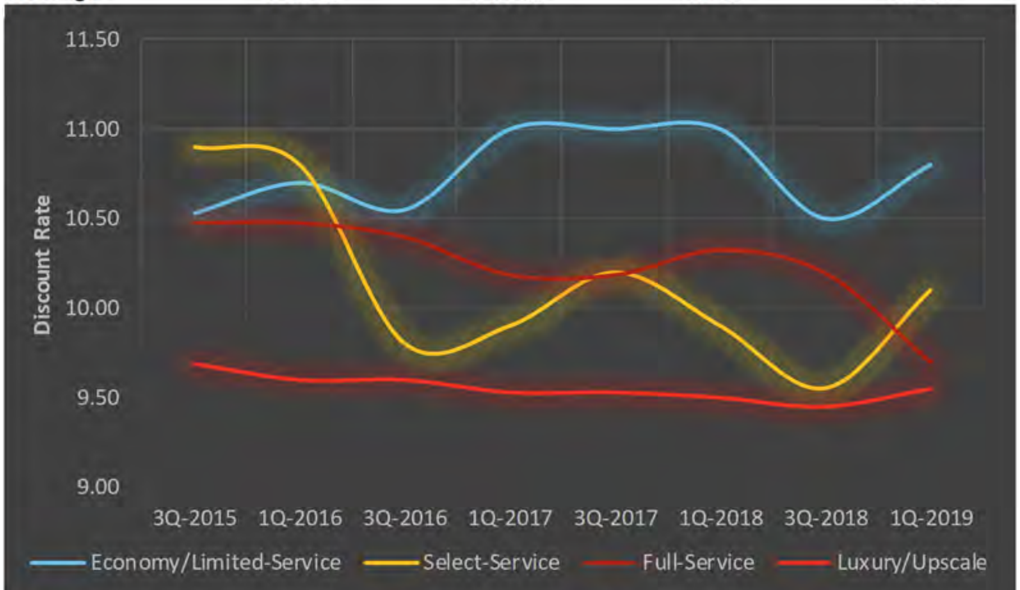
Source: Real Estate Investor Survey, 1Q-2019, published by PwC

Discount Rate

The following graph provides a historical illustration of discount rate statistics as surveyed by PricewaterhouseCoopers that we believe are relevant to the subject property.

Discount Rate Surveys – Hotel Properties

1Q-2019	Economy/Ltd Svc	Select-Service	Full-Service	Luxury/Upscale
Range	8.50%-14.00%	8.00%-12.00%	8.00%-11.00%	6.25%-13.00%
Average	10.80%	10.10%	9.70%	9.55%



Source: Real Estate Investor Survey, 1Q-2019, published by PwC

INVESTMENT MATTERS CONSIDERED

The following remarks summarize information that we believe is consistent with the observations held by the investor pool of commercial real estate assets, particularly with respect to the trends that influence demand for hotels and motels overall. Except where noted, the following section references *IBISWorld Industry Report: Hotels & Motels in the U.S.*

Salient Industry Observations

- According to STR, Inc., fourth quarter U.S. lodging fundamentals came in slightly below expectations. RevPAR growth of 2.4% in fourth quarter 2019 (year-over-year) was driven by an average daily rate increase of 2.0%, while occupancy increased marginally (0.4%). Growth in occupancy came at somewhat of a surprise, which was supported by strong demand increases in the contract segment, while transient and group demand declined modestly on a year-over-year basis. Despite concerns about the impact of the trade tensions with China and rising construction/labor costs, the U.S. lodging industry ended 2018 on solid footing with occupancy reaching levels not seen since 1981.

- Over the five years to 2023, IBISWorld projects that the industry will continue expanding, albeit at a more moderate pace, with particularly strong growth in the extended-stay hotels, boutique hotels, spa and health retreats and resorts segments. As demand picks up, the number of industry employees is anticipated to rise at an annualized rate of 1.5% to 1.8 million workers during the five-year period. Industry players are also expected to continue expanding abroad into emerging economies such as Asia, Eastern Europe and South America. These foreign markets will somewhat detract from domestic investment, as they offer higher growth prospects for industry operators. Consequently, industry revenue is forecast to increase at an annualized rate of 1.6% to $209.8 billion over the five years to 2023.

- According to Real Capital Analytics, deal activity for hotel properties fell in the first quarter 2019 from a year earlier, but the headline figures paint a bleaker picture than some of the underlying trends. The largest source of decline was a dearth of portfolio and entity-level transactions. Portfolio and entity-level transactions made up 39% of all hotel transaction activity in 2018. By contrast, these megadeals accounted for only 16% of all deal volume in Q1'19. Portfolio sales barely passed the $1b mark and were down 76% YOY.

- The decline in megadeal activity was likely a function of the turmoil seen in the financial markets from Q4'18 to Q1'19. The 10yr UST hit a high of 3.2% in November and the fear that it would go higher persisted for some time into Q1'19. Such turmoil tends to limit the appetite that buyers will have for risk. Portfolio deal activity was improving somewhat late into Q1'19 compared to earlier in the quarter. Sales totaled $538m in March versus an average of only $260m per month in January and February. The turmoil in the financial markets was more pronounced early in Q1'19 so the improvement in hotel portfolio sales into March is a hopeful sign.

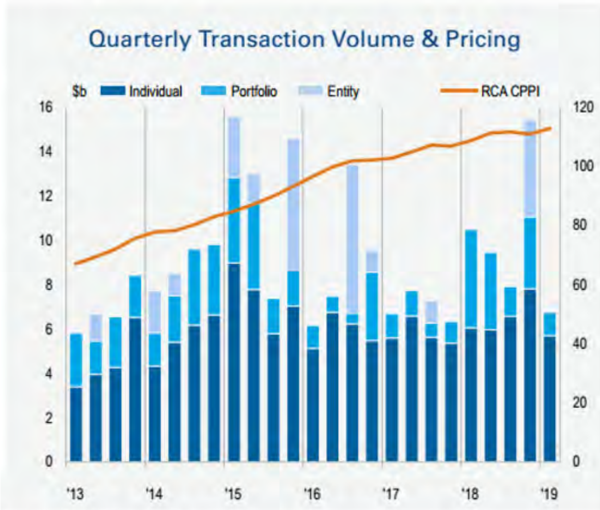
EXPECTED VALUE CHANGE*

Segment	Range	Average
Full Service	(4.0%) to 6.0%	+1.1%
Limited-Service Midscale and Economy	(5.0%) to 5.0%	+0.6%
Luxury / Upper Upscale	(3.0%) to 5.0%	+2.0%
Select-Service	(5.0%) to 4.0%	-0.90%

*Over Next 12 Months

Source: Real Estate Investor Survey, 1Q-2019, published by PwC

- The following graphic summarizes trends in transaction activity over the past several years, according to *NKF Research* and *Real Capital Analytics*:



Source: Real Capital Analytics

Subject Property Considerations

Observations about the subject property are considered and discussed below:

- The subject 's room rate structure is below average in the marketplace. We believe the subject will be able to post moderately aggressive increases in ADR prior to the date of stabilization, with gains approximately representative of inflation each year thereafter.
- The subject asset involves the Fee Simple interest with no known encumbering characteristics that would negatively impact its marketability.
- As previously discussed, the subject is expected to post improving operating performance in the coming years. While the projections are supported, they are still considered speculative and possess a certain degree of uncertainty. Such uncertainty plays a direct role in the return requirements a potential investor would command from the subject property. Over the assumed 10-year holding period, more volatile changes are noted early in the projection as the subject is expected to post above-average improvement prior to stabilization. Following the stabilized year, growth rates are expected to moderate and represent growth indicative of inflation. The following table illustrates growth rates for various departmental revenue and expense line items, measured in increments that are relevant to the stabilization period and the 10-year holding period.

GROWTH RATE ANALYSIS - COMPOUNDED ANNUAL GROWTH RATES				
DEPARTMENTAL REVENUES	Base Year to Year 1	Year 1 to Stabilized Year	Year 1 to Year 10	Stabilized Year to Year 10
Rooms	19.5%	16.0%	5.8%	3.0%
Other Operated Dept. Revenue	#NUM!	9.5%	4.4%	3.0%
Miscellaneous Income	-	9.5%	4.4%	3.0%
Total Operating Revenue	26.0%	15.5%	5.7%	3.0%
DEPARTMENTAL EXPENSES				
Rooms	-13.8%	8.2%	4.1%	3.0%
Other Operated Dept. Expense	-	6.3%	3.7%	3.0%
Total Departmental Expenses	-6.2%	8.0%	4.1%	3.0%
TOTAL DEPARTMENTAL INCOME	46.1%	18.1%	6.2%	3.0%
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	46.4%	6.2%	3.7%	3.0%
Marketing	7.0%	8.1%	4.1%	3.0%
Royalty/Franchise Fees	19.5%	16.0%	5.8%	3.0%
Property Operations & Maintenance	51.3%	6.2%	3.7%	3.0%
Utilities	23.9%	6.2%	3.7%	3.0%
Information & Telecomm Systems	-	9.3%	4.4%	3.0%
Total Undistributed Operating Expenses	36.9%	7.5%	4.0%	3.0%
MANAGEMENT FEES				
Base Management Fee	-	15.5%	5.7%	3.0%
HOUSE PROFIT (IBNOIE)	54.1%	37.8%	9.9%	3.0%

- Part of the reason hotel assets command higher returns relative to other asset classes is the fact that a sizable portion of the asset's overall value is comprised by furniture, fixtures, and equipment, which has a shorter economic life and needs to be replaced more often than the building components. Although hotel FF&E typically have a useful life of five to ten years, depreciation of these assets occurs at an accelerated depreciation rate, often faster than straight-line depreciation. These assets also depreciate immediately upon being placed into service. Such velocity in the depreciation of this component, along with the human labor required to maintain not only the FF&E but most public areas of the property, causes prudent investors to require higher rates of return. Based on the subject's actual age and its current replacement schedule, at the commencement of the projection period, the subject's FF&E is estimated to have an effective age of 6.0 years with an economic life of 7.0 years.
- A selection of hotel transactions in the region has been researched and based on information which was revealed during the verification process of these hotel sales, capitalization rates ranged from 6.6% to 12.0% with an average of 9.1%. The following table summarizes this transaction information:

Transactional Summary - Comparable Improved Sales				
Range Level	Sale Date	Sale Price	$/Unit	OAR
Low	Mar-16	$1,221,000	$16,667	6.62%
Average	Nov-17	$2,678,000	$25,531	9.09%
High	Mar-19	$5,100,000	$40,800	12.03%
Transactional Summary - Supplemental Investment Metrics				
Low	Feb-17	$1,050,000	$10,294	8.50%
Average	Nov-17	$2,383,333	$23,197	11.14%
High	Jun-18	$6,000,000	$40,816	15.00%

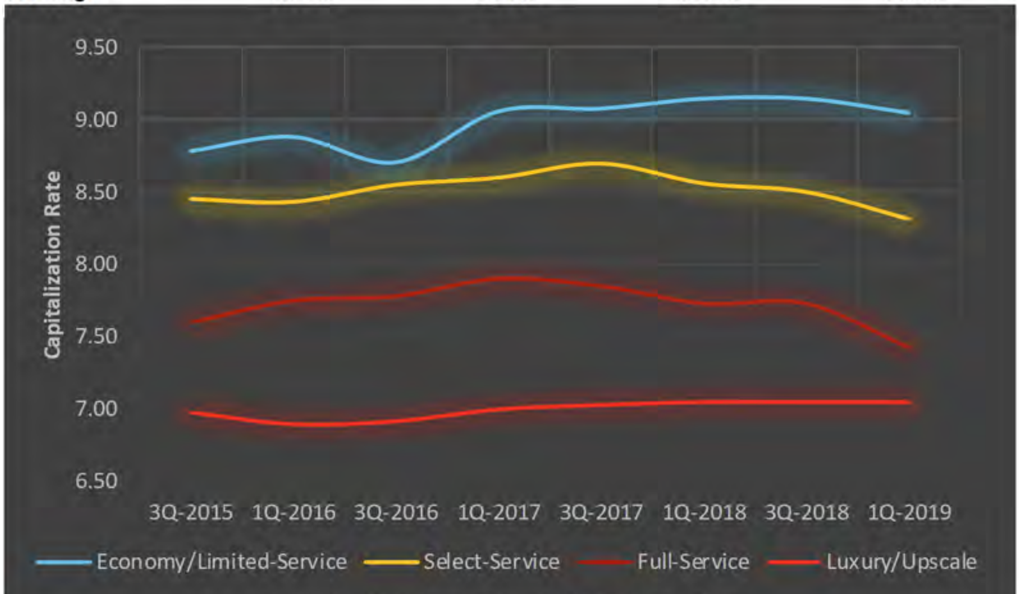
This property has an overall rating of fair when measured against other properties in this marketplace after considering all the physical characteristics of the subject and the risk profile associated with its anticipated economic benefits. In general, the subject investment would command a discount rate of 11.75% and a terminal capitalization rate of 9.75%.

Implied Direct Capitalization Metric

As will be illustrated in greater detail later in this section, the calculated implied overall capitalization rate of the subject (measured against the year-one net operating income after the application of all capital costs over and above reserves) is 3.60%. The implied rate has been cross-checked with the PwC surveys for full-service hotels and limited-service hotels. The results of the survey are as follows.

Capitalization Rate Surveys – Hotel Properties

1Q-2019	Economy/Ltd Svc	Select-Service	Full-Service	Luxury/Upscale
Range	7.50%-11.00%	7.00%-10.00%	6.00%-9.00%	4.00%-9.00%
Average	9.05%	8.31%	7.43%	7.05%



Source: Real Estate Investor Survey, 1Q-2019, published by PwC

Considering the subject's Fee Simple ownership interest, overall condition, quality, expected operational performance, and all the aforementioned risk characteristics of the subject and the local market, the implied overall capitalization rate and selected investment parameters are supported.

DISCOUNTED CASH FLOW

Discount Rate:	11.75% (annually)
Terminal Capitalization Rate:	9.75% (applied to the 11th year NOI)
Holding Period:	10 years
Closing Costs:	2.00% (deducted from the projected sale price)
Projection Commencement:	June 17, 2019
Date of Stabilization:	June 17, 2021 (Year 3)
Reversion Year:	2028/29 (Year 10, based on Year 11 projection)

DISCOUNTED CASH FLOW ANALYSIS

Calculation of Market Value, As Is
Howard Johnson Inn & Suites Springfield

Projection Period	Projection Year	Net Operating Income (NOI)		Discount Factor	Present Value of NOI	Cash on Cash Return	Composition of Value
				11.75%			
1	2019/20	$50,059	x	0.89485	$44,795	3.58%	3.17%
2	2020/21	$126,600	x	0.80076	$101,377	9.04%	7.18%
3	2021/22 *(Stabilized)*	$170,773	x	0.71657	$122,370	12.20%	8.67%
4	2022/23	$175,891	x	0.64122	$112,786	12.56%	7.99%
5	2023/24	$181,208	x	0.57380	$103,978	12.94%	7.37%
6	2024/25	$186,619	x	0.51347	$95,823	13.33%	6.79%
7	2025/26	$192,206	x	0.45948	$88,315	13.73%	6.26%
8	2026/27	$197,958	x	0.41117	$81,394	14.14%	5.77%
9	2027/28	$203,863	x	0.36794	$75,009	14.56%	5.32%
10	2028/29	$210,003	x	0.32925	$69,143	15.00%	4.90%
Total/Net Present Value of NOI:		**$1,695,181**			**$894,990**	**12.11%**	**63.43%**

Reversion Analysis

Proj. Period	Projection Year	NOI (EBITDA)		Concluded Terminal Rate	Reversion Value
11	2029/30	$216,303	÷	**9.75%**	$2,218,491
Less: Transactional Costs			x	**2.00%**	-$44,370
Net Reversion					$2,174,121
Discount Factor				0.32925	
Total Present Value of Reversion					$715,827
Composition of Value					50.73%
Value Prior to Capital Deductions					**$1,610,818**

Capital Deductions

Projection Period	Projection Year	Capital Expenditures	Reserves for Replacement	CapX Over Reserves	Discount Factor	PV of CapX Over Reserves
0	Immediate	$0	$0	$0	1.00000	$0
1	2019/20	$250,000	$26,678	$223,322	0.89485	$199,841
2	2020/21	$0	$32,184	$0	0.80076	$0
3	2021/22	$0	$35,596	$0	0.71657	$0
					Total PV Capital Deduction	**-$199,841**
					Composition of Value	-14.16%

Plus: Value Adjustment	-
Indicated Calculation of Market Value, As Is	$1,410,977
Rounded	**$1,400,000**
Per Room	**$17,722**

Valuation Analysis: Howard Johnson Inn & Suites Springfield

Indicated Calculation of Market Value, As Is	$1,410,977
Rounded	**$1,400,000**
Number of Rooms	79
Value Estimate Per Room	$17,722

Analysis Period:	Historical Calendar Year	First 2019/20	Stabilized 2021/22	Stabilized Deflated to
Projection Period:	-	**1**	**3**	**2019/20**
Analysis Period:	-	**1**	**3**	**2019/20**
Room Revenue Multiplier	2.94	2.26	1.68	1.79
Gross Revenue Multiplier	2.70	2.10	1.57	1.67
Net Operating Income*	-$24,984	$50,059	$170,773	$160,970
Implied Capitalization Rate, Prior to CapX	-1.55%	3.11%	10.60%	9.99%
Implied Capitalization Rate, After CapX	-1.78%	3.58%	12.20%	11.50%

** Historical year data expressed to reflect market-oriented franchise fees, management fees and reserves for replacement.*

Capital Expenses: Above the Line NPV Demonstration

Another way to illustrate the above calculation of market value is to apply the capital expenditures that occur beyond Year Zero directly to the cash flow. This is essentially the same net-present-value procedure as detailed above, except that the capital items are applied to the cash flow prior to the calculation of net operating income. The following table reiterates the timing of capital expenditures employed in this analysis:

TIMING OF CAPITAL DISBURSEMENT	
Item	**Disbursement**
Year 1	$250,000
Total	**$250,000**
Per Room	$3,165

The following table illustrates the projected net operating income over the holding period after making deductions for the capital items per the above disbursement schedule. As shown, this procedure yields the same results.

DISCOUNTED CASH FLOW ANALYSIS (CAPX ABOVE THE LINE)

Calculation of Market Value, As Is
Howard Johnson Inn & Suites Springfield

Projection Period	Projection Year	Net Operating Income (NOI)		Discount Factor	Present Value of NOI	Cash on Cash Return	Composition of Value
				11.75%			
1	2019/20	-$173,263	x	0.89485	-$155,045	-12.38%	-10.99%
2	2020/21	$126,600	x	0.80076	$101,377	9.04%	7.18%
3	2021/22 *(Stabilized)*	$170,773	x	0.71657	$122,370	12.20%	8.67%
4	2022/23	$175,891	x	0.64122	$112,786	12.56%	7.99%
5	2023/24	$181,208	x	0.57380	$103,978	12.94%	7.37%
6	2024/25	$186,619	x	0.51347	$95,823	13.33%	6.79%
7	2025/26	$192,206	x	0.45948	$88,315	13.73%	6.26%
8	2026/27	$197,958	x	0.41117	$81,394	14.14%	5.77%
9	2027/28	$203,863	x	0.36794	$75,009	14.56%	5.32%
10	2028/29	$210,003	x	0.32925	$69,143	15.00%	4.90%
Total/Net Present Value of NOI:		**$1,471,859**			**$695,150**	**10.51%**	**49.27%**

Reversion Analysis

Projection Period	Projection Year	NOI (EBITDA)		Concluded Terminal Rate	Reversion Value
11	2029/30	$216,303	÷	**9.75%**	$2,218,491
Less: Transactional Costs			x	**2.00%**	-$44,370
Net Reversion					$2,174,121
Discount Factor				0.32925	
Total Present Value of Reversion					$715,827
Composition of Value					0.507327482
Value Prior to Capital Deductions					**$1,410,977**
Less: Year 0 (Immediate) Capital Deduction					**$0**
Indicated Market Value					**$1,410,977**
Rounded					**$1,400,000**

DIRECT CAPITALIZATION METHOD

Direct capitalization is a method used to convert an opinion of a single year's income expectancy into an indication of value. The single year's income is typically designed to reflect a hotel's stabilized level of operation and revenue potential. The conversion into a value indication is accomplished in one direct step by dividing the income by an appropriate capitalization rate. The direct capitalization rate is also known as the going-in rate and the overall rate (OAR).

Development of the Capitalization Rate

The OAR can be determined using several sources and methods. In developing our opinion of OAR, the following techniques were used:

- Comparable Sales (Sales Comparison Approach)
- Investor Surveys

Comparable Sales

The following table presents a summary of the overall rates gleaned from the comparable sales used in the Sales Comparison Approach, detailed in the Addenda.

Transactional Summary - Comparable Improved Sales				
Range Level	Sale Date	Sale Price	$/Unit	OAR
Low	Mar-16	$1,221,000	$16,667	6.62%
Average	Nov-17	$2,678,000	$25,531	9.09%
High	Mar-19	$5,100,000	$40,800	12.03%
Transactional Summary - Supplemental Investment Metrics				
Low	Feb-17	$1,050,000	$10,294	8.50%
Average	Nov-17	$2,383,333	$23,197	11.14%
High	Jun-18	$6,000,000	$40,816	15.00%

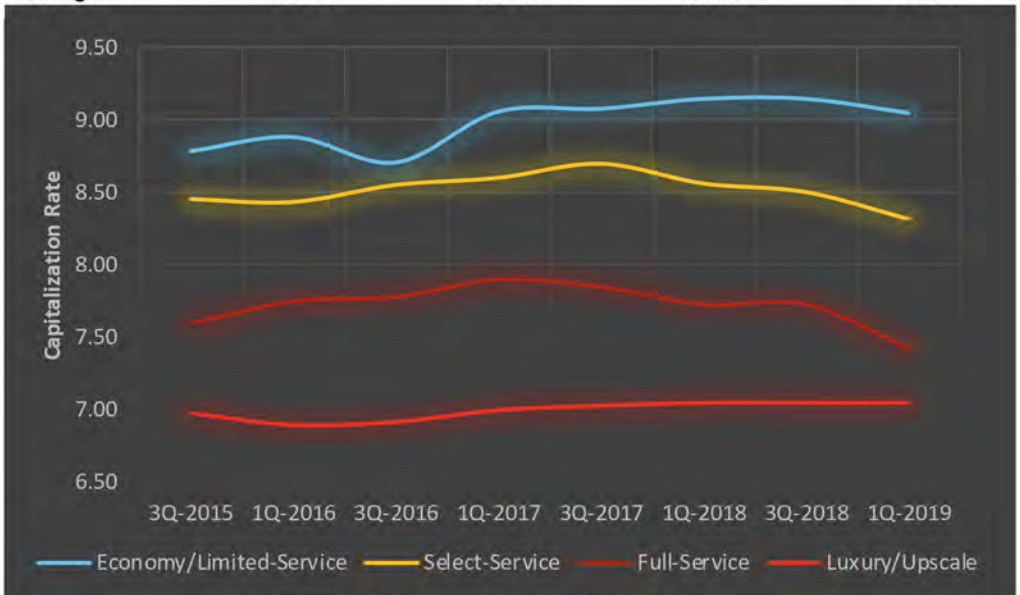
Investor Surveys

The potential investor pool for the subject asset includes national, regional, and local investors. While all these groups place emphasis on local capitalization rates, regional and national investors would also strongly consider national capitalization rate trends from investor surveys due to the potential to invest in other regions that are offering competitive rates of return.

Please refer to the following illustration of historical capitalization rate statistics as surveyed by PricewaterhouseCoopers, which is regarded by industry participants and investors as relevant to assets like the subject property.

Capitalization Rate Surveys – Hotel Properties

1Q-2019	Economy/Ltd Svc	Select-Service	Full-Service	Luxury/Upscale
Range	7.50%-11.00%	7.00%-10.00%	6.00%-9.00%	4.00%-9.00%
Average	9.05%	8.31%	7.43%	7.05%



Source: Real Estate Investor Survey, 1Q-2019, published by PwC

In addition, we routinely conduct participant interviews regarding capitalization rates and investment parameters for assets like the subject. Responses seem to be in-line with our conclusions, although we have not relied on these responses given the respondents’ lack of knowledge of the subject’s specific economics.

Supplemental Capitalization Rates

In addition to this information, we have considered the capitalization rates of other similar asset types throughout the U.S. that have occurred in the past few years. These rates are intended to reflect Year 1 projected data, unless otherwise specified. This information is presented as follows.

SUPPLEMENTAL INVESTMENT METRICS									
Property Information				Transaction Information					
No.	Property Name Address, City, State	Number of Units	Year Built	Grantor	Grantee	Sale Date	Sale Price	$/Unit	OAR
S	**SUBJECT PROPERTY - 1701 J David Jones Parkway Springfield, IL**	**79**	**1980**	-	-	-	-	-	-
1	Red Roof Inn - 3031 Belvidere Road Waukegan, IL	64	1988	Ravistar Corporation	Parthiv Patel	Jun-17	$2,000,000	$31,250	10.00%
2	Howard Johnson - 3909 11th Street Rockford, IL	102	1965	Luigi Bozzo	Sawan Management Llc	Jun-18	$1,050,000	$10,294	15.00%
3	Days Inn - 1051 US 127 South Frankfort, KY	122	1989	Vishal Bhandari	Nimesh Patel	Mar-18	$2,000,000	$16,393	11.70%
4	Days Inn - 3720 New Hartford Road Owensboro, KY	114	1975	Crestpoint Companies	Days Inn	Feb-17	$2,150,000	$18,860	12.13%
5	Days Inn - 7851 Normandale Boulevard Minneapolis, MN	147	1963	Percy & Dinaz Pooniwala	United Properties	Sep-17	$6,000,000	$40,816	8.50%
6	Super 8 Motel - 3315 South Center Street Marshalltown, IA	51	1981	Mike Panchal	Vipulbhai Chaudhari	Jun-18	$1,100,000	$21,569	9.50%

Transactional Summary - Supplemental Investment Metrics				
Range Level	Sale Date	Sale Price	$/Unit	OAR
Low	Feb-17	$1,050,000	$10,294	8.50%
Average	Nov-17	$2,383,333	$23,197	11.14%
High	Jun-18	$6,000,000	$40,816	15.00%

CAPITALIZATION RATE SELECTION

We have considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a “going-in” capitalization rate (Ro) of 9.25% represents reasonable investor criteria under market conditions that are expected to exist when estimating the Market Value Upon Stabilization. This selected rate is supported by both the PwC survey and the Mortgage-Equity analysis presented earlier in this section.

Direct Capitalization – Consideration of Cash Flow

In the Direct Capitalization Method, we developed an opinion of the Market Value Upon Stabilization by dividing the Year 3 net operating income by our selected overall capitalization rate. The following table illustrates the projected operating performance for the subject:

Statement of Operations: Market Value Upon Stabilization				
Howard Johnson Inn & Suites Springfield				
Period:	**2021/22**	(Stabilized)		
Analysis Year:	**3**			
Days Open	**365**			
Number of Rooms	**79**			
Occupied Rooms	**13,552**			
Occupancy Rate	**47.0%**			
Average Daily Room Rate (ADR)	**$61.35**			
Revenue Per Avail. Room (RevPAR)	**$28.83**			
DEPARTMENTAL REVENUES	**$**	**% Total**	**$ PAR**	**$ POR**
Rooms	$831,415	93.4%	$10,524	$61.35
Other Operated Dept. Revenue	$43,086	4.8%	$545	$3.18
Miscellaneous Income	$15,388	1.7%	$195	$1.14
Total Operating Revenue	**$889,888**	**100.0%**	**$11,264**	**$65.66**
DEPARTMENTAL EXPENSES				
Rooms	$182,121	21.9%	$2,305	$13.44
Other Operated Dept. Expense	$23,022	53.4%	$291	$1.70
Total Departmental Expenses	**$205,143**	**23.1%**	**$2,597**	**$15.14**
TOTAL DEPARTMENTAL INCOME	**$684,746**	**76.9%**	**$8,668**	**$50.53**
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	$100,879	11.3%	$1,277	$7.44
Marketing	$47,406	5.3%	$600	$3.50
Royalty/Franchise Fees	$37,414	4.2%	$474	$2.76
Property Operations & Maintenance	$83,656	9.4%	$1,059	$6.17
Utilities	$78,735	8.8%	$997	$5.81
Information & Telecomm Systems	$19,273	2.2%	$244	$1.42
Total Undistributed Operating Expenses	**$367,362**	**41.3%**	**$4,650**	**$27.11**
MANAGEMENT FEES				
Base Management Fee	$26,697	3.0%	$338	$1.97
HOUSE PROFIT (IBNOIE)	**$290,687**	**32.7%**	**$3,680**	**$21.45**
NON-OPERATING INCOME & EXPENSES				
Property Taxes	$63,469	7.1%	$803	$4.68
Insurance	$20,850	2.3%	$264	$1.54
Reserve for Replacement	$35,596	4.0%	$451	$2.63
Total Non-Operating Charges	**$119,914**	**13.5%**	**$1,518**	**$8.85**
NET OPERATING INCOME (EBITDA-LR)	**$170,773**	**19.2%**	**$2,162**	**$12.60**
OPERATING RATIOS				
Other Operated Dept. Revenue to Rooms	5.2%			
Miscellaneous Income to Rooms	1.9%			
Royalty/Franchise Fees to Rooms	4.5%			

To recap, we have considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a capitalization rate of 9.25% represents reasonable investor criteria under market conditions anticipated to exist at the time of capitalization.

Our conclusion of Market Value Upon Stabilization using the Direct Capitalization Method is as follows.

DIRECT CAPITALIZATION METHOD		Year 3
Calculation of Market Value Upon Stabilization		
Net Operating Income	**$170,773**	
Sensitivity Analysis (0.25% OAR Spread)	**Value**	**Per Room**
Based on Low Range of 8.75%	$1,951,687	$24,705
Based on Reduced Rate of 9.00%	$1,897,473	$24,019
Based on Most Probable Range of 9.25%	$1,846,190	$23,369
Based on Elevated Rate of 9.50%	$1,797,606	$22,755
Based on High Range of 9.75%	$1,751,514	$22,171
Indicated Market Value Upon Stabilization	**$1,846,190**	**$23,369**
Rounded Market Value Upon Stabilization	**$1,850,000**	**$23,418**

To account for the interim cash flows that occur between the present and the future date of property stabilization, we have made adjustments to the stabilized value estimate in order to arrive at the market value of the subject property as of the commencement of the holding period. It is important to note that the interim discount rate employed in this analysis is higher than the discount rate used in the 10-year DCF in the income capitalization approach. This is due to the notion that a higher degree of risk (as reflected in the revenue growth rates) is being assumed during this interim period. Lastly, deductions for capital expenditures are also applied, as appropriate.

PRESENT VALUE CALCULATION		
Prospective Stabilized Market Value	**Value**	**Per Room**
Conclusion	**$1,850,000**	**$23,418**
Stabilization Year	3	
Resulting Holding Period	2	
Spread over Primary Discount Rate	200 bps	
Interim Discount Rate	13.75%	
Calculation of As Is Market Value		
Year 1 Cash Flow	$50,059	
Year 2 Cash Flow	$126,600	
Present Value of Interim Cash Flows at 13.75% IRR	$141,851	$1,796
Present Value of Stabilized Market Value at 13.75% IRR	$1,429,779	$18,098
Subtotal	**$1,571,630**	**$19,894**
Less: Near-term capital commitment (NPV)	-$199,841	-$2,530
Indicated Market Value As Is	$1,371,789	$17,364
As Is Market Value (Rounded)	**$1,375,000**	**$17,405**

ROOM REVENUE MULTIPLIER ANALYSIS

The room revenue multiplier (RRM) is calculated in the sales transactions by dividing the sales price by the room revenue for each of the comparable sales. The comparable sales from which we extracted RRM metrics, ranged from 2.0 to 2.7 with an average of 2.4.

Given the subject's quality, historical operating performance, effective age, location, and risk characteristics as discussed earlier in this report, we believe our selected Year 3 room revenue multiplier is reasonable.

The following tables summarizes the Market Value Upon Stabilization of the subject property employing the RRM method.

RRM SUPPLEMENTAL INVESTMENT METRICS

Property Information				Transaction Information					
No.	Property Name Address, City, State	Number of Units	Year Built	Grantor	Grantee	Sale Date	Sale Price	$/Unit	RRM
S	**SUBJECT PROPERTY - 1701 J David Jones Parkway Springfield, IL**	**79**	**1980**	-	-	-	-	-	-
1	Super 8 - 5710 Challenger Parkway Fort Wayne, IN	100	1990	Amit Patel	Fort Wayne Hotel Real Estate, LLC	Mar-19	$1,700,000	$17,000	2.3
2	America's Best Value Inn - 5810 South Scatterfield Road Anderson, IN	125	1984	5810 Scatterfield Road Lp	Parasme Llc	Nov-17	$1,250,000	$10,000	2.0
3	Red Roof Inn Champaign - 212 West Anthony Drive Champaign, IL	112	1987	Shreeji Realty	Ri & Ki Hospitality Llc	Jul-18	$2,950,000	$26,339	2.5
4	Motel 6 - 2431 Old Country Inn Drive Caseyville, IL	121	1998	G6 Hospitality	Star Motel	Apr-18	$3,500,000	$28,926	2.7
5	Cobblestone Inn & Suites - 509 South Washington Street Bloomfield, IA	31	2011	Bloomfield Hotel Group Llc	Jai Maa Inc	Nov-17	$990,000	$31,935	2.5
6	Days Inn - 11410 US Highway 250 North Milan, OH	66	1990	P & A Hotels LLC	Days Inn Milan/Cedar Point South	May-18	$1,510,000	$22,879	2.4

Transactional Summary - Supplemental Investment Metrics

Range Level	Sale Date	Sale Price	$/Unit	RRM
Low	Nov-17	$990,000	$10,000	2.0
Average	May-18	$1,983,333	$22,847	2.4
High	Mar-19	$3,500,000	$31,935	2.7

ROOM REVENUE MULTIPLIER (RRM) ADJUSTMENT ANALYSIS						
Sale No.	Name and Location	Sales Price		Rooms Revenue		RRM
1	Red Roof Inn - 3031 Belvidere Road Waukegan, IL	$2,000,000	÷	$860,735	=	2.3
2	Howard Johnson - 3909 11th Street Rockford, IL	$1,050,000	÷	$534,150	=	2.0
3	Days Inn - 1051 US 127 South Frankfort, KY	$2,000,000	÷	$811,845	=	2.5
4	Days Inn - 3720 New Hartford Road Owensboro, KY	$2,150,000	÷	$804,792	=	2.7
5	Days Inn - 7851 Normandale Boulevard Minneapolis, MN	$6,000,000	÷	$2,371,542	=	2.5
6	Super 8 Motel - 3315 South Center Street Marshalltown, IA	$1,100,000	÷	$458,522	=	2.4

Range Analysis	RRM	Subject Stabilized Rooms Revenue	Indicated Value	Per Room
Low	2.0	$831,415	$1,625,000	$20,570
Average	2.4	$831,415	$2,000,000	$25,316
High	2.7	$831,415	$2,225,000	$28,165

Value Conclusion	Value	Per Room
Indicated Stabilized RRM	2.3	
Subject Stabilized Room Revenue	$831,415	
Indicated Stabilized Value	$1,870,684	
(Rounded)	**$1,875,000**	**$23,734**

To account for the interim cash flows that occur between the present and the future date of property stabilization, we have made adjustments to the stabilized value estimate in order to arrive at the market value of the subject property as of the commencement of the holding period. It is important to note that the interim discount rate employed in this analysis is higher than the discount rate used in the 10-year DCF in the income capitalization approach. This is due to the notion that a higher degree of risk (as reflected in the revenue growth rates) is being assumed during this interim period. Lastly, deductions for capital expenditures are also applied, as appropriate.

PRESENT VALUE CALCULATION		Year 3
Prospective Stabilized Market Value	**Value**	**Per Room**
Conclusion	**$1,870,684**	**$23,680**
Stabilization Year	3	
Resulting Holding Period	2	
Spread over Primary Discount Rate	200 bps	
Interim Discount Rate	13.75%	
Calculation of As Is Market Value		
Year 1 Cash Flow	$50,059	
Year 2 Cash Flow	$126,600	
Present Value of Interim Cash Flows at 13.75% IRR	$141,851	$1,796
Present Value of Stabilized Market Value at 13.75% IRR	$1,445,765	$18,301
Subtotal	**$1,587,616**	**$20,096**
Less: Near-term capital commitment (NPV)	-$199,841	-$2,530
Indicated Market Value As Is	$1,387,775	$17,567
As Is Market Value (Rounded)	**$1,400,000**	**$17,722**

A more detailed discussion of the underlying process with this approach is presented in the ***Glossary*** section beginning on page 143 of this report.

RECONCILIATION OF THE INCOME APPROACH

We have placed primary emphasis on the Discounted Cash Flow because this method mirrors the methodology used by investors of this type of property. The following summarizes the final value conclusions for all values and approaches considered in this analysis:

RECONCILIATION: INCOME APPROACH	
Income Approach	**As Is**
Discounted Cash Flow	$1,400,000
Direct Capitalization Approach	$1,375,000
Room Revenue Multiplier	$1,400,000
Reconciled Value via Income Approach	**$1,400,000**

Reconciliation

The Reconciliation of Value Conclusions is the final step in the appraisal process and involves the weighing of the individual valuation techniques in relationship to their substantiation by market data, and the reliability and applicability of each valuation technique to the subject property. Understanding the profiles of potential buyers and their typical reliance on each approach to value strongly influences the weighting process.

As addressed earlier in this report, the cost approach has limited reliability in the valuation of existing hotels. We find there is considerable difficulty in accurately quantifying physical deterioration, and it is our experience that experienced purchasers of complex hotel properties are more concerned with the economics of the investment. As such, if employed, the cost approach typically provides only a test a feasibility.

The sales comparison approach employed a price per room analysis. The subject is expected to sell at a price point where market participants typically put minimal emphasis on this approach. Recognizing shifting market conditions, investors would typically give limited weight to the sales comparison approach in determining value. Therefore, minimal weight is given to the sales comparison approach in this appraisal; rather, this approach was employed to estimate a reasonable range in value for the subject property and as a test of reasonableness for our conclusion via the income capitalization approach.

The income approach to value is generally considered to be the best and most accurate measure of the value for income-producing properties. In this analysis, the Discounted Cash Flow was developed and relied upon most heavily in arriving at our final determination of value. The value estimate by this approach best reflects the analysis that knowledgeable buyers and sellers carry out in their decision-making processes regarding this type of property. Sufficient market data was available to reliably estimate gross revenue, vacancy, expenses, and capitalization and discount rates for the subject property. We have also considered the inclusion of the Direct Capitalization and the Room Revenue Multiplier methods and, depending on the subject’s operating characteristics (number of years to stabilization, etc.), and these methods may have some degree of reliability. The Discounted Cash Flow is generally given primary emphasis within the income capitalization approach.

Our opinion of value reflects current conditions and the likely actions of market participants as of the date of value. It is based on the available information gathered and provided to us, as presented in this report, and does not predict future performance. Changing market or property conditions can and likely will have an effect on the subject 's value.

Reconciliation of Value Conclusions

We have placed primary emphasis on the income capitalization approach and, more specifically, the Discounted Cash Flow method as this mirrors the methodology of purchasers of this type of property. After considering all the factors relevant to the valuation of the subject property, our overview value conclusions and final reconciled values are presented in the following table:

OVERVIEW OF VALUE CONCLUSIONS	
Methodology for Market Value Conclusions - Excess Land	**As Is June 17, 2019**
Excess Land Value	
Sales Comparison Approach	$650,000
Excess Land Value Conclusion	**$650,000**
Methodology for Market Value Conclusions - Hotel	**As Is June 17, 2019**
Sales Comparison Approach	
Adjusted Low End of Range	$1,225,000
Adjusted High End of Range	$1,925,000
Concluded Value	**$1,425,000**
Income Approach	
Discounted Cash Flow	$1,400,000
Direct Capitalization Approach	$1,375,000
Room Revenue Multiplier	$1,400,000
Reconciled Value via Income Approach	**$1,400,000**
Reconciled Value Conclusion	**$1,400,000**
Per Room	**$17,722**

FINAL RECONCILED VALUES	
Conclusions	**As Is June 17, 2019**
Market Value - Hotel	**$1,400,000**
Per Room	$17,722
Market Value - Excess Land	**$650,000**
Per Square Foot	$3.81
Market Value - Total	**$2,050,000**
Allocation of Property Components	**As Is**
Real Property - Hotel	$1,332,000
Furniture, Fixtures and Equipment	$68,000
Real Property - Excess Land	$650,000
Business	$0
Total	**$2,050,000**

Contributory Value of the Furniture, Fixtures, and Equipment

Based on the subject's actual age and its current replacement schedule, at the commencement of the projection period, the subject's FF&E is estimated to have an effective age of 6.0 years with an economic life of 7.0 years.

The following table summarizes our value and depreciation estimates for the FF&E components that are employed in this appraisal. Additional details regarding our evaluation of the FF&E components is presented in the ***Glossary*** section beginning on page 143 of this report.

FF&E: VALUE BASIS AND DEPRECIATION	
Summary	**As Is**
Replacement Cost New	$474,000
Per Room	$6,000
Elapsed Time (years)	0.0
Effective Age (years)	6.0
Useful Life (years)	7.0
Percent Depreciated	85.7%
Estimated Value	$68,000

Please note that future FF&E contributory values consider immediate capital plans as well as the level of reserves being deducted from the cash flow. As such, the effective ages of the FF&E tend to fluctuate depending on the timing of the analysis.

Going Concern Analysis

CONTRIBUTORY VALUE OF BUSINESS AND OTHER INTANGIBLE COMPONENTS

A going concern is a business that functions without the threat of liquidation for the foreseeable future, usually regarded as at least within 12 months. It implies for the business the basic declaration of intention to keep running its activities at least for the next year, which is a basic assumption to prepare financial statements considering the conceptual framework of the IFRS. Hence, the declaration of going concern means that the entity has neither the intention nor the need to liquidate or curtail materially the scale of its operations.

Definition

The going concern assumption is universally understood and accepted by accounting professionals; however, it has never been formally incorporated into U.S. GAAP. In October 2008, FASB issued an Exposure Draft called, going concern. It discusses the following possible pronouncements for the going concern:

- Reconsideration of defining and incorporating the terms going concern and substantial doubt into U.S. GAAP;
- The time horizon over which management would evaluate the entity's ability to meet its obligations;
- The type of information that management should consider in evaluating the entity's ability to meet its obligations;
- The effect of subsequent events on management's evaluation of the entity's ability to meet its obligations;
- Whether to provide guidance on the liquidation basis of accounting

A current definition of the going concern assumption can be found in the AICPA Statement on Auditing Standards No.1 Codification of Auditing Standards and Procedures, Section 341, "The Auditor's Consideration of an Entity's Ability to Continue as a Going Concern" (AU Section 341) The 'going concern' concept assumes that the business will remain in existence long enough for all the assets of the business to be fully utilized. Utilized assets means obtaining the complete benefit from their earning potential. (i.e. if you recently purchased equipment costing $5,000 that had 5 years of productive/useful life, then under the going concern assumption, the accountant would only write off one year's value $1,000 (1/5th) this year, leaving $4,000 to be treated as a fixed asset with future economic value for the business)

Applicability to Hotels

The ownership of hotels involves the bundling of rights that can be a combination of tangible and intangible real estate. One must analyze the level of operational efficiencies and effectiveness, as an example, to assess the business over and above the real estate value. There are a number of publications and theories that have been promulgated in an effort to systematically isolate and quantify the intangible (business) component of a hotel.

Typical practice in underwriting and determining the value of a hotel is to consider, and account for, the cost of third-party managing agents to operate a property in return for a management fee. The management fee is paid to the operator as a normal operating expense. Below this line is identified net income available for debt service and a metric that can be used to calculate the equity ownership's position. With a competent hotel management company operating the property, the hotel owner does not need to be involved in the day-to-day operation of the asset.

The market value of a property's going concern is typically determined by capitalizing its anticipated cash flow while implementing certain in-place strategies. Although we attempt to adjust the profit-and-loss assumptions so the projections are market-oriented, we are relying on in-place controls which suggest that the market-oriented cash flow could render a capitalization result that includes certain value components that are not part of "market value" as defined by Interagency Appraisal and Evaluation Guidelines.

We note the following:

- The tangible real and personal property components of the subject property have been valued in this appraisal using the aforementioned techniques. These valuation methods account for—and extract—intangible value by the deduction of a market-oriented management fee and all applicable franchise and/or licensing costs.
- The subject property is located in a market with competitive pressure from other hotels. The feasibility in adding supply of hotel rooms to the market is somewhat limited; nevertheless, the barrier to entry is not significant. The subject is not considered an asset that currently has or is expected to have at any point in the holding period, a sustainable competitive advantage that would generate excess rent or revenue to any of its departments. Furthermore, the subject property does not enjoy a sustained competitive advantage that would insulate it from an equilibrium environment.
- The market value of the subject property is deemed to be well below its replacement cost, including consideration for entrepreneurial profit.
- The application of the discount rate used in this appraisal reflects a relatively risky commercial real estate investment. The resulting market value when applying this discount rate (and other investment parameters) is not considerably in excess of comparable sales of similar asset types in the area.
- The subject's projected stabilized net operating income ratio is well within the range of comparable properties and is generally reflective of industry performance.

By accounting for these factors, there is no business value included in our conclusion of market value. Furthermore, since it has been determined that there is no value to any component other than those to be recognized as part of “market value” in this appraisal, the going concern value in this document is concluded to be the same as market value.

Allocation of Property Components

After considering the contributory value of the subject’s FF&E, as well as any intangible components, we have concluded to the following allocation of property components under the various scenarios:

Allocation of Property Components	As Is
Real Property - Hotel	$1,332,000
Furniture, Fixtures and Equipment	$68,000
Real Property - Excess Land	$650,000
Business	$0
Total	**$2,050,000**

Assumptions & Limiting Conditions

The Appraisal contained in this Report (herein "Report") is subject to the following assumptions and limiting conditions:

1. Unless otherwise stated in this report, title to the property which is the subject of this report (herein "Property") is assumed to be good and marketable and free and clear of all liens and encumbrances and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. No responsibility is assumed for the legal description, zoning, condition of title or any matters which are legal in nature or otherwise require expertise other than that of a professional real estate appraiser. This report shall not constitute a survey of the Property.

2. Unless otherwise stated in this report, it is assumed: that the improvements on the Property are structurally sound, seismically safe and code conforming; that all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; that the roof and exterior are in good condition and free from intrusion by the elements; that the Property and improvements conform to all applicable local, state, and federal laws, codes, ordinances and regulations including environmental laws and regulations. No responsibility is assumed for soil or subsoil conditions or engineering or structural matters. The Property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimates contained in this report is based, unless otherwise stated. The physical condition of the Property reflected in this report is solely based on a visual inspection as typically conducted by a professional appraiser not someone with engineering expertise. Responsible ownership and competent property management are assumed.

3. Unless otherwise stated in this report, this report did not take into consideration the existence of asbestos, PCB transformers or other toxic, hazardous, or contaminated substances or underground storage tanks, or the cost of encapsulation, removal or remediation thereof. Real estate appraisers are not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials and substances may adversely affect the value of the Property. Unless otherwise stated in this report, the opinion of value is predicated on the assumption that there is no such material or substances at, on or in the Property.

4. All statements of fact contained in this report as a basis of the analyses, opinions, and conclusions herein are true and correct to the best of the appraiser's actual knowledge and belief. The appraiser is entitled to and relies upon the accuracy of information and material furnished by the owner of the Property or owner's representatives and on information and data provided by sources upon which members of the appraisal profession typically rely and that are deemed to be reliable by such members. Such information and data obtained from third party sources are assumed to be reliable and have not been independently verified. No warranty is made as to the accuracy of any of such information and data. Any material error in any of the said information or data could have a substantial impact on the conclusions of this Report. The appraiser reserves the right to amend conclusions reported if made aware of any such error.

5. The opinion of value stated in this report is only as of the date of value stated in this report. An appraisal is inherently subjective and the conclusions stated apply only as of said date of value, and no representation is made as to the effect of subsequent events. This report speaks only as of the date hereof.

6. Any projected cash flows included in the analysis are forecasts of estimated future operating characteristics and are predicated on the information and assumptions contained within this report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of market expectations of future income and expenses. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon other future occurrences that cannot be assured. Actual results may vary from the projections considered herein. There is no warranty or assurances that these forecasts will occur. Projections may be affected by circumstances beyond anyone's knowledge or control. Any income and expense estimates contained in this report are used only for the purpose of estimating value and do not constitute predictions of future operating results.

7. The analyses contained in this report may necessarily incorporate numerous estimates and assumptions regarding Property performance, general and local business and economic conditions, the absence of material changes in the competitive environment and other matters. Some estimates or assumptions,

however, inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the analysis will vary from estimates, and the variations may be material.

8. All prospective value opinions presented in this report are estimates and forecasts which are prospective in nature and are subject to considerable risk and uncertainty. In addition to the contingencies noted in the preceding paragraphs, several events may occur that could substantially alter the outcome of the estimates such as, but not limited to changes in the economy, interest rates, capitalization rates, behavior of consumers, investors and lenders, fire and other physical destruction, changes in title or conveyances of easements and deed restrictions, etc. In making prospective estimates and forecasts, it is assumed that conditions reasonably foreseeable at the present time are consistent or similar with the future.

9. The allocations of value for land and improvements must not be used in conjunction with any other appraisal and are invalid if so used. This report shall be considered only in its entirety. No part of this report shall be utilized separately or out of context.

10. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or any reference to the Appraisal Institute) shall be disseminated through advertising media, public relations media, news media or any other means of communication (including without limitation prospectuses, private offering memoranda and other offering material provided to prospective investors) without the prior written consent of the Firm. Possession of this report, or a copy hereof, does not carry with it the right of publication.

11. Client and any other Intended User identified herein (should consider this report and the opinion of value contained herein as only one factor together with its own independent considerations and underwriting guidelines in making any decision or investment or taking any action regarding the Property. Client agrees that Firm shall not be responsible in any way for any decision of Client or any Intended User related to the Property or for the advice or services provided by any other advisors or contractors. The use of this report and the appraisal contained herein by anyone other than an Intended User identified herein, or for a use other than the Intended Use identified herein, is strictly prohibited. No party other than an Intended User identified herein may rely on this report and the appraisal contained herein.

12. Unless otherwise stated in the agreement to prepare this report, the appraiser shall not be required to participate in or prepare for or attend any judicial, arbitration, or administrative proceedings.

13. The Americans with Disabilities Act (ADA) became effective January 26, 1992. No survey or analysis of the Property has been made in connection with this report to determine whether the physical aspects of the improvements meet the ADA accessibility guidelines. No expertise in ADA issues is claimed, and the report renders no opinion regarding the Property’s compliance with ADA regulations. Inasmuch as compliance matches each owner’s financial ability with the cost to cure the non-conforming physical characteristics of a property, a specific study of both the owner’s financial ability and the cost to cure any deficiencies would be needed for the Department of Justice to determine compliance.

14. Acceptance and/or use of this report constitutes full acceptance of these Assumptions and Limiting Conditions and any others contained in this report, including any Extraordinary Assumptions and Hypothetical Conditions, and is subject to the terms and conditions contained in the agreement to prepare this report and full acceptance of any limitation of liability or claims contained therein.

15. During the course of fieldwork, the professionals within the Hospitality, Gaming, and Leisure Group at Newmark Knight Frank have understood actual segmentation data obtained by operators at the most competitive properties is problematic as the data may not be accurate for a variety of reasons. Efforts were made to ascertain the demand mix at each of the competitive hotels; however, additional industry data is utilized to enhance research collected in the competitive set. There is a correlation between the various service scales of hotels and the demand mix indicated by market participants as well as industry data. With this information, the base segmentation for each service class is estimated and additional qualitative adjustments are made in accordance with the hotel’s size, suite inventory, total inventory of meeting space, etc.

Glossary

In this section, we provide additional analysis and discussion of the terms, definitions and methodologies employed in this appraisal. The sections are configured in the same sequence as this appraisal report.

SUPPLY AND DEMAND ANALYSIS

Competitiveness - *(From Page 54)*

To provide an indication of the overall competitiveness of each property relative to the subject hotel, the rate structure, physical attributes (such as meeting space and guest amenities), service scale, location, property condition, and operating characteristics were reviewed. Moreover, operating data of similarly-branded properties and/or similar assets were considered and reviewed. These data, as well as findings from fieldwork, were used to estimate an anticipated percentage of each demand segment that contributes to the market mix of each competitor. This determination is critical to the estimation of the competitiveness of each competitive hotel relative to the subject hotel. The competitive quotient illustrates the overall competitiveness and market mix of each competitor and the subject hotel.

The correlation in the market mix of the demand segments between each competitive hotel and the subject hotel is applied to estimate the likely competitive overlap. Any competitive hotel that possesses a very similar market mix to the subject hotel will innately show a substantially higher degree of competitiveness compared to a property that targets vastly different demand segments. The greater the degree of competitive overlap, the higher the potential competitive level.

Following the application of the quantitative measurements, the rate differential between each of the competitors and the subject hotel, as well as the general price sensitivity of the local lodging market, was also considered. This assessment is used to make additional qualitative adjustments to the competitiveness of each property. In markets where the price sensitivity is considered to be high, the competitiveness between properties decreases more rapidly as the rate differential between the two hotels increases. Alternatively, in markets where there is low price sensitivity, the competitiveness will be less impacted by the rate differential. Overall, the subject hotel's competitive market is viewed to have moderate price sensitivity, thereby commanding a fairly moderate adjustment to the potential competitiveness.

The estimated competitive overlap of each property within each segment compared to the subject's demand levels during the base year, as well as an aggregated overlap potential amount, is estimated as part of the competitive quotient analysis. It also displays the rate differential between the subject property and each of the competitors, followed by the overall competitiveness estimated for each property. In the case of the subject's competitive set, there is a total guestroom count of 646 guestrooms. Once the percentage of competitiveness is applied to each competitive hotel, a base number of 530 guestrooms is derived rendering this competitive set as 82.0% competitive overall with the subject hotel.

MARKET SEGMENTS

Commercial Demand - *(From Page 58)*

Travelers attracted to the local companies in an area comprise commercial demand. Most commercial demand patrons occupy hotel rooms from Sunday through Thursday nights, with fewer commercial travelers on Friday and Saturday nights. Duration of guest stays is typically one to three days and most often single occupancy per guestroom. These travelers are typically less rate sensitive than other travelers and provide a consistent source of demand at relatively strong room rates. This demand includes travelers visiting local companies or those passing through town. This type of traveler is usually influenced by quality of the product, brand loyalty, and location.

Rates that are pre-negotiated with local companies for their employees or those doing business with the firm create volume demand, which can result in discounted rates in return for higher occupancy. This type of business is referred to as Local Negotiated Rates, or LNRs.

In some cases, contract or “airline” demand is generated by a scheduled contract wherein an airline secures a fixed quantity of rooms for an extended period to guarantee room availability. The guarantee of room nights affords the airlines the ability to negotiate significant discounts on the room rates. The advantage for the hotel operator is the base level of occupancy the contract provides over a long period that include off-peak day and/or months; however, the boost to occupancy is countered by the discounted rates. Experienced hotel operators utilize this type of demand to fill in occupancy during off-peak periods and quickly displace this lower-rated demand during peak periods when higher-rated clientele provides a superior RevPAR mix.

Group **Demand** - (From Page 59)

For this report, group travelers are defined as any collection of guests that occupy five or more room nights. Most often, this demand is part the conference and trade show industry and includes demand from corporate groups, associations, SMERFE organizations, governments, non-profit entities, and professional networks. The two key elements of this demand are business-to-business (B2B) events and business-to-consumer (B2C) events, both of which are moderately rate sensitive.

Corporate marketing budgets directly impact B2B events as companies with larger budgets invest more into promotional events. Rising corporate profits in recent years have resulted in higher demand for trade show and event planning services for these events. Revenue from B2C events is driven by consumer attendance at events such as technology or car shows; these events can be correlated to employment figures, wage growth, and disposable income, which in recent years has bolstered attendance at many of these events.

This industry is facing constant challenges from technology-based applications and websites that allow for virtual meetings and networking, such as LinkedIn, Facebook, and others. However, trade show and conference planners have embraced new technologies, which have helped reduce wage costs and improve industry margins over the past five years. Consequently, average profit in this industry margin is currently near 8.0%, up significantly from 1.7% in 2010, according to IBISWorld.

We note that industry revenue is expected to increase at a comparatively healthy rate and remain at or above the $16 billion mark for each of the next two or three years, at a minimum. Demand will likely improve as companies continue to expand their marketing budgets and disposable income levels increase. Industry profit is projected to rise as new technologies, such as automated registration, enable operators to spend less on labor. However, technology may also pose a threat to the industry; the rising popularity of video conferencing and online events will serve as a substitute for live conferences for some patrons. Successful hotel meeting operators must leverage new technology as an asset, not as a replacement, for event attendance.

Some of the notable external drivers to the health of this industry correlate to the success of the group demand segment are as follows:

- **Corporate profit** – Declines in corporate profits cause event attendance to decrease as discretionary and unnecessary items are eliminated from budgets. Alternately, growth in corporate profits often provides an increase in event demand marketing efforts to sustain the increases in profits.
- **Disposable income** – Declines in disposable per capita income can impede event attendance as income is diverted to fixed expenses.
- **Domestic trips by U.S. residents** - The industry is sensitive to changes in domestic travel patterns from factors such as fuel prices and availability of airlift. In addition, geopolitical tensions and fears of contagious diseases can contribute to altered travel patterns.
- **Inbound trips by non- U.S. residents** – International travelers are attracted to domestic events for both business and pleasure. While international attendees comprise a small fraction of demand, an increase in inbound trips by non-U.S. residents aids event demand.

Leisure **Demand** - (From Page 59)

Leisure demand, also known as FIT (Free Independent Traveler) demand, consists of individual tourists and families visiting leisure attractions in an area or passing through to other locations. Friday and Saturday nights accommodate most leisure demand, with holiday periods and summer months also prominent periods. These peak periods are often inversely associated other with commercial and group demand segments. Weddings and other social activities often occur seasonally in the spring and summer months.

This demand segment is very dependent on trends in domestic leisure, international tourism, and vacation travel:

- Domestic leisure travel – Numerous factors impact travel, including changes in disposable income (influenced by changes in general employment growth), as well as adjustments to interest and tax rates. The number of trips a household takes, as well as daily travel expenditures, are impacted by changes in disposable income, which consequently impacts the tourism industry. The price of fuel may also impact household disposable income, as well as overall travel demand patterns and trends. In addition, the availability of leisure time and motivations for employees to use their holiday leave also influence domestic travel. Travel spending also competes with other leisure and recreational industries for a portion of disposable income.
- Another influence on travel patterns is the comparative cost of domestic travel relative to international trips. Exchange rate movements, discounted airfares and vacation packages, and the availability of airline seats influences travel decisions as do tourism promotions by federal and state governments and/or private

operators. It is noted that state tourism agencies typically work to influence domestic only within the specific state, rather than the entire industry.

- International tourism - International tourism is highly competitive globally and is affected by factors similar to domestic travel, as well as global economic conditions, particularly changes in economic growth. Moreover, countries that are major feeder markets to destinations in the U.S. are affected by exchange rates directly impacting the cost of travel.
- Heightened geopolitical tensions including wars, threats of war, and terrorism impact international travel plans. Governments and other organizations can improve the sentiment of a particular destination. Factors such as airlift are also of critical importance, as well as accommodations to and at their selected destination.
- Vacation travel –The majority of leisure travel is discretionary and, therefore, exposed to broad economic trends such as the onset of a recession or high fuel prices. According to the U.S. Travel Association, approximately half the revenue for the U.S. lodging industry is derived from domestic travelers. As such, leisure travel declines significantly during a recession when lower cost alternatives are often visited rather than higher cost destinations.

Extended-Stay **Demand** - (From Page 60)

Hotels that cater to guests requiring rooms for five nights or longer constitute extended-stay hotels; these properties offer features that are typically not unavailable at standard hotels with the intent to make longer stays more appealing with home-like amenities. There are approximately 27 franchises in North America with more than 2,000 properties that are categorized as extended-stay. These hotels differ with respect to the guestroom product offering, public spaces, and other amenities. Some of the budget-oriented properties appeal to patrons that utilize these hotels as semi-permanent housing.

Patrons in this segment generally prefer hotels with facilities designed for long-term stays. Many transient-style hotels also offer a limited selection of large guestrooms or suites with kitchenettes and capture some extended-stay demand. Many of these travelers require guest laundry facilities, as well as units with kitchens that feature a sink, a refrigerator (usually full size), a microwave oven, and a stovetop. Some hotel kitchens (and most upscale ones) also feature dishwashers and conventional ovens.

Travelers targeted by extended-stay hotels are on lengthy work-related assignments, relocating families in between permanent homes, and others in need of temporary housing. Booking rooms in an extended-stay hotel can differ from booking a room at other hotels as patrons may be more concerned with room location, noise factors, floor plans, and floor location, which requires a more personal approach from the staff. Another reason a reservation agent is required to assist a guest with long-term reservations is that potential guests may not know the checkout date. Such stays include guests who wait for availability of their permanent home to be built, renovated, or for a transaction to close. As such, offering the full inventory of rooms on common booking engines can be challenging for these hotels. Some focused booking companies are used to allow the extended-stay hotels to accept or decline requests (rather than accepting any confirmed booking) to allow communication with the guest regarding the specific needs prior to confirmation of the reservation. For this reason, hotels that are not designed specifically for extended-stay demand can capture a small amount of this demand.

Due to the typically longer duration of guest stays and less guest turnover, extended-stay hotels generally have higher operating margins, lower occupancy break-even thresholds, and higher returns on capital than traditional hotels. Furthermore, this service scale is a fast growing and under-served segment of the national lodging industry, with investor demand for extended-stay lodging significantly exceeding the current and anticipated inventory of dedicated extended-stay rooms.

LATENT DEMAND

Demand captured by the subject and the competitive set considers only those room nights sold. Latent demand considers the potential guests that could not be accommodated by the existing competitive supply for a variety of reasons. Latent demand can be divided into induced demand and displaced demand.

Induced Demand - *(From Page 60)*

Room nights that are created by the development of a new demand generator are deemed to be induced demand as the existence of this new demand generator encourages additional business and property development, which in turn strengthens demand for lodging into the area on a long-term basis, permanently, or temporarily.

Examples of events that may induce new lodging demand into a local hotel market are:

- Development or expansion of an event or convention center

- Development and opening of a new hotel, especially of a type or service sector not currently satisfied
- Expansion or development of a theme park or sports entertainment facility, etc.
- Development or expansion of an airport facility
- Development or expansion of a major retail center
- Completion of a public transportation facility
- Implementation of a destination marketing organization or an economic development group

One method to quantify these additional room nights of induced demand is using a build-up approach. Demand generators are evaluated to estimate the potential number of room nights that may be introduced into the competitive set. The induced demand is phased-in to mimic the gradual increase of the potential room nights. The build-up method typically coincides with the opening of new hotel facilities that were developed due to the new economic driver. When induced demand is recognized to be the direct outcome of new hotel supply, the phase-in of the demand should closely match the timing of the opening of the hotel.

Displaced Demand - *(From Page 60)*

Potential guests that were unable obtain the desired accommodations in the competitive set or were not successful for a variety of reasons are considered displaced demand. This displaced demand either settles for less desirable (non-competitive) lodging options, stays in a different market area, or defers the trip completely. Displaced demand is unable to be accurately tracked and is excluded from the accommodated room nights in historical periods.

Displaced demand is opportunistic, as the local market could potentially take advantage of this demand when new hotels are constructed or as cycles shift. In many markets, there are peak periods or events that push hotel occupancies close to 100%. During these periods, it is not possible to accommodate all the demand. Displaced demand can be substantial based on seasonality and/or weekly cycles. In most markets, displaced commercial-oriented demand occurs during spring and autumn months from Monday through Thursday (during the week).

Areas where hotels reach an annual occupancy level greater than 70% on average may experience displaced demand. Many operators try to track the quantity of guests turned away when the hotel is near full capacity. The higher the average occupancy of a hotel over the threshold in the market, the greater the number of room nights that are displaced.

Displaced demand is particularly important when new supply additions are known to be entering the area. It is a reasonable assumption that displaced demand can be absorbed into the competitive set under these circumstances. Displaced demand is typically estimated as a percentage of accommodated demand in the base year and can also be phased in according to the openings of additional hotel inventory.

SUBJECT HOTEL OCCUPANCY PROJECTION

Overview - *(From Page 62)*

To derive the occupancy projection of the subject hotel, a room night analysis is completed that quantifies and projects overall room night demand for the subject property. This analysis is based on the competitiveness of the subject hotel with the other hotels in the competitive set and its penetration into the various demand segments previously discussed. The first step in the process is to examine the occupancy, average daily rate, and corresponding RevPAR (occupancy multiplied by ADR) of the subject hotel.

Operating performance of an individual hotel may be above or below the metrics of its competitive set depending on a multitude of factors such as management, physical plant, location, visibility, access, etc., as well as future opportunities or threats. A method that is commonly employed by hotel valuation professionals is to analyze the penetration of the subject hotel against the competitive set via penetration indices. Relating to occupancy, this method demonstrates how well each property in a competitive set performs as compared to its competitors. The occupancy index of the subject hotel, as well as the indices in each demand segment, is therefore analyzed.

Occupancy Penetration Indexes - *(From Page 62)*

The ratio between the portion of total demand accommodated by an individual property and its fair share of the market (which is represented by the portion of total supply accounted for by the same property) is the penetration index. A penetration index of 100% indicates that a property captures its fair share in a given demand segment, whereas indices above or below 100% indicates the relative strengths or weaknesses relative to the competitive set.

Average Daily Rate (ADR) Projection - *(From Page 67)*

After the subject's occupancy level has been forecast, the next step is to estimate the average daily rate (ADR) of the subject hotel to determine the Rooms department revenue. The market-appropriate room rates are derived via a market analysis and examination of the rates of the competitive hotels.

Rate categories between hotels of different service scales and brand affiliations can vary widely. The ADR estimate represents a blended rate of each category across all demand segments, which factors in the various characteristics of the rented rooms such as size, floor location, view, amenities, etc. The primary rate categories are discussed as follows.

- *Rack Rate* – A room rate that is not discounted and normally extended to a guest who does not qualify for a specific rate. This is typically the rate offered to walk-in guests or to patrons that are seeking accommodations during high-occupancy periods.
- *Published Rate* – The rate listed on websites and in publications. Usually this rate is displayed as a range and represents a general rate that would be charged for a room without a specific contracted price; this rate can often increase as the arrival time nears. This rate on the same date of requested accommodation might be as high as the rack rate.
- *Corporate Rate* – These rates are discounted rate for certain travelers that are members or agents of a specific company. This rate is often referred to as the LNR (Local Negotiated Rate) and, depending on the market mix, may be similar to the ADR of the property.
- *Contract Rate* – A discounted room rate based on a contracted price over a defined time frame that is available to specific travelers. This rate is generally correlated with higher volume contracts and most often part of the Group market segment, and might include airlines, convention groups, or SMERFE-oriented travelers. This rate typically reflects a block of guaranteed sold rooms.

It is important to note that an estimate of ADR correlates with the occupancy projection, and vice versa, as each individual factor cannot be held constant. Travelers almost always have some degree of price sensitivity; thus, increases in room rates by management may impact the decision to patronize a particular hotel thereby causing a decrease in occupancy. Characteristics that impact a hotel's rate potential include supply and demand relationships, inflationary pressures, renovations at competitive properties, and demand compression, as well as other factors.

The metric resulting from occupancy and ADR is RevPAR (Revenue per Available Room), which reflects a property's propensity to generate rooms revenue. The rate structure and the approximate average room rates for the competitive properties are analyzed as a means to estimate the subject property's market-oriented average room rate.

INCOME CAPITALIZATION APPROACH

Overview - *(From Page 95)*

The income capitalization approach converts anticipated economic benefits of owning real property into a present value estimate. The anticipated cash flows are converted into a value opinion at a rate that attracts capital investment when compared to investments with similar characteristics, such as liquidity, holding period, and risk. The process considers the quantity and the durability of the income stream in determining the appropriate rates for a lodging property.

The three most common methods of converting income into a value estimate are the discounted cash flow (DCF) method, direct capitalization method, and the room revenue multiplier method. In discounted cash flow analysis, anticipated future net income streams and a future resale value are discounted to a present value at an appropriate yield rate. In direct capitalization, a single year's expected income is divided by an appropriate capitalization rate to arrive at a value indication. The room revenue multiplier (RRM) is derived by dividing the sales price of a hotel by the room revenue for that hotel at the time of the sale (most often a Trailing 12-month estimate). The room revenue multiplier displays the relationship between the sales price and the room revenue, and this method is most often used in budget or economy-oriented lodging properties with a single main source of revenue.

Financial Projections - *(From Page 100)*

In order for a hotel to compete in the market, a well-coordinated marketing plan and an appropriately-crafted yield management strategy is required. It is also assumed the hotel will be maintained with all facilities in good working order, sufficient to render the property fully competitive in the relevant marketplace throughout the holding period, unless otherwise noted.

Inflation Assumptions - *(From Page 100)*

General price inflation is accounted for within the projections and is based upon economic projections from various sources, including the Bureau of Labor Statistics and the U.S. Congressional Budget Office. Observations and various accounts derived from local and national perspectives are also implemented into the projections.

To reflect potential price level changes, the consumer price index (CPI) is assumed to adequately account for inflation levels predicated to the hospitality industry, and an inflationary assumption of 3.0% per year on average is applied throughout the 10-year projection period.

Fixed and Variable Expenses - *(From Page 100)*

Fixed cost line items are expenses or overheads that are not dependent on the level of goods or services produced by the business. They tend to be time-oriented, such as salaries or rents being paid. This is contrary to variable line items, which are expenses that change in relation to the good or service that a business produces. These expenses are considered to be normal costs and are sometimes called unit-level costs as they vary with the number of units produced. In the case of hospitality properties, the units produced are the quantity of room nights sold, and therefore, the line item expenses adjust with incremental changes based on occupancy and utilization levels.

A 10-year projection of revenue and expenses is developed following a thorough review of the subject property's actual operating data, hotel industry averages, and the performances of comparable hotels. The projection period begins on June 17, 2019 and, with market factors considered as previously discussed, the subject property is anticipated to reach stabilization on or about June 17, 2021.

The projection of revenue and expenses reflects the expectations of a well-informed and prudent buyer pertaining to the subject property's operating results. Anticipated economic benefits may be adjusted upward or downward relative to actual operating results based on the local market dynamics, which has been incorporated into this analysis.

DETAILED RATIO ANALYSIS – MAJOR DEPARTMENTS

Fixed cost line items are expenses or overheads that are not dependent on the level of goods or services produced by the business. They tend to be time-oriented, such as salaries or rents being paid. This is contrary to variable line items, which are expenses that change in relation to the good or service that a business produces. These expenses are considered to be normal costs and are sometimes called unit-level costs as they vary with the number of units produced. In the case of hospitality properties, the units produced are the quantity of room nights sold, and therefore, the line item expenses adjust with incremental changes based on occupancy and utilization levels.

Rooms Expense - *(From Page 103)*

This expense generally represents costs associated with the various guest services and operations of the guestrooms. Expenses within this department range from reservation/registration activities to the settlement of guest accounts upon checkout, as well as the wages of the rooms division manager, assistant managers, registration clerks, cashiers, mail and information clerk, and uniform service personnel. Expenses included in this department include the following:

- *Commissions expenses*: This account includes payments by the hotel to authorized agents that bring room business to the hotel. Usually on a periodic basis, hotel managers and owners meet with these agents to reconcile monthly sales figures and authorize commission payment. This is usually transacted in the form of a percentage of room revenue.
- *Reservation expenses*: This expense account represents any payment to various agents contracting to bring potential room rental business to the hotel. These agents might have the form of central reservation offices (whether affiliate or non-affiliate) or online procuring entities such as Expedia, Travelocity or Egencia.
- *Contract cleaning expenses*: This expense account represents payment to contracting outside cleaning agencies. Some hotels (especially small and middle size hotels) might opt for contract cleaning due to its more efficient scale. If this is the case, these managers might not be prompted to have a housekeeping department, or it might keep housekeeping staff to a minimum. Such expenses should be determined in light of the contract signed between both parties (i.e., the hotel from one side and the cleaning company from the other.)
- *Laundry and dry-cleaning expenses*: This cost applies to outside laundry and dry-cleaning costs for the Rooms department. In most cases, such contracts are signed to benefit more than one revenue generator. In this case, the Rooms department shall report the laundry and dry-cleaning expenses related only to the Rooms Division department.
- *Guest transportation expenses*: These expenses include the cost of transporting guests from and to the hotel via various means of transportation (e.g., mini-buses, buses, limousines or town cars). If the guest

transportation volume costs are high and do not offer enough scale, then a separate department might be established.

- *Linen expenses*: This specific expense account includes the allocation of a portion of linen expenditure for a specific period of time.
- *Other expenses*: This account includes the various guest supplies provided free of charge to guests in their rooms. Some sub-accounts of guest supplies expenses might include newspaper, guest stationery, shoe cloth, coffee service, writing supplies, toiletries, flowers, hangers, ice, complementary sundries, uniforms, cleaning supplies, and items pertaining to the operation and maintenance of the business center, if any.

Many of the expenses within this department—namely commissions—are dependent on occupancy alone, or occupancy and rate. A reservation expense associated with a franchise system or a third-party booking system is a similar expense; these systems typically bill hotel owners a percentage of rooms revenue. Many of the remaining items in the preceding list (such as operating supplies, uniforms or other operating expenses) are only slightly affected by changes in volume. Overall, there is a relatively high percentage of variability this department and the forecast reflects this accordingly.

Administrative and General - *(From Page 105)*

The A&G expense consists of payroll and related benefits for employees in operations management, finance, legal, human resources, and other support services, as well as general corporate and public company expenses. Most A&G expenses are relatively fixed; the exceptions are cash overages and shortages, commissions on credit card charges, provision for doubtful accounts (which are moderately affected by the number of transactions or total revenue), and salaries, wages, and benefits (which are very slightly influenced by volume).

Marketing Expenses - *(From Page 105)*

Marketing expenses reflect the costs necessary for advertising and promotional activities. Salaries and wages, employee benefits, dues and subscriptions, operating supplies, postage, telephone, trade shows, travel and entertainment, advertising and merchandising expenses, other marketing activities, and applicable fees and commissions are all within this expense category. This also includes franchise or brand associated marketing charges.

Franchise and Royalty Fees - *(From Page 106)*

A franchise affiliation can be critical in a property's ability to compete in a market, secure profits, gain recognition, achieve a certain market orientation, and benefit from repeat business. Considering the value of a hotel is most often based on the cash flow it generates (as previously discussed) and considering franchise fees can be significant relative to other expense categories, owners must maximize the benefits and services the franchise affiliation offers. Additional details behind the development of Franchise Fees is presented in the ***Glossary*** section of this report.

Fees charged by a hotel franchise company typically include the following:

- *Royalty Fee:* Usually based on a percentage of rooms revenue, the royalty fee represents compensation for the use of the brand's trade name, service marks and associated logos, goodwill, and other franchise services.
- *Advertising or Marketing Contribution Fee:* This fee covers the cost of brand-wide advertising and marketing placed in various types of media, the development and distribution of a brand directory, and marketing geared toward specific groups and segments.
- *Reservation Fee:* If the franchise brand utilizes reservation systems, the reservation fee supports the cost of operating and paying for the central office, telephone, computers, and reservation personnel.
- *Frequent Traveler Program:* Some franchisors maintain incentive programs that reward guests for frequent stays; these programs are designed to encourage loyalty to the brand. The cost of administrating the program is financed by a frequent traveler assessment.
- *Miscellaneous Fees:* Depending on the franchise agreement, the franchisor may assess a separate charge for additional services such as training programs, travel agent commissions, global distribution system fees, computer hardware and software, and IT maintenance.

Property Operations and Maintenance - *(From Page 106)*

Cost for property operations and maintenance are those expenses that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of the hotel's physical plant. These expenses normally include such items as janitorial and onsite utility upkeep; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of the grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; facility planning and management; and central receiving. The projections consider whether this cost level is adequate relative to the hotel's size, position in the market, and service orientation. An inadequate amount of expenditures in this department could indicate that there are items of deferred maintenance that need to be addressed.

Utilities - *(From Page 107)*

Energy consumption expenses for a hotel typically include the cost of electricity, fuel, steam, and water. A large portion of a hotel's utility usage is relatively fixed because public spaces receive constant lighting and climate control regardless of rooms occupancy or utilization of the property. The energy usage in the rooms themselves vary in relationship to occupancy; however, the variability can be mitigated provided that the hotel operator implements sound energy-saving measures or, more importantly, the property is equipped with modern technology that better controls power usage.

In addition, utility costs tend to be very property-specific expenses, reflecting any efficiencies or inefficiencies in a building's construction, design, or layout. As such, a hotel's actual historical utility expenses are the best indication of future costs (unless energy upgrades are planned).

Information and Telecommunications Systems - *(From Page 108)*

This line item includes the cost of administrative phone calls, complimentary guest phone calls, internet connectivity, and all other telecommunications expenses (labor, maintenance, operating supplies, etc.).

Management Fee - *(From Page 108)*

A general assumption of this assignment is that the subject property is operated by a competent, third-party management company. A prudent investor would install a competent management company or, at a minimum, structure a management team that could operate the property to its maximum, albeit, practical level of profitability upon a sale. Some companies provide management services alone, while others offer both management services and a brand name affiliation. When a management company has no brand identification, the property owner can often acquire a franchise that provides the appropriate recognition within the market. Hotel management fees typically equal roughly 2.0% to 5.0% of total revenue.

Property Taxes - *(From Page 109)*

Property tax, or ad valorem tax, is one of the primary revenue sources of municipalities. Based on the concept that the tax burden should be distributed in proportion to the value of all properties within a taxing jurisdiction, a system of assessments is established. Theoretically, the assessed value placed on each parcel bears a definite relationship to market value, so properties with equal market values will have similar assessments and properties with higher and lower values will have proportionately larger and smaller assessments.

We note that government appraised values for lodging facilities across the United States are typically quite different from actual estimated market value. This disparity is due to the mass-appraisal techniques used by a jurisdiction to appraise a vast array of property within a very short period of time. Due to the high number of hotel properties in any given county, the appraiser can typically not dedicate any significant amount of time to any individual asset. For this reason, the government-appraised value should usually not be relied upon as an indication of actual market value.

Insurance Expense - *(From Page 109)*

The cost of insuring the hotel and its contents against damage or destruction by fire, weather, flood, breakage, etc., is included in this line item. General liability insurance costs are also included in this category. Over the past several years, insurance costs for many hotels have fluctuated dramatically and can depend upon previous loss runs.

Reserve for Replacement - *(From Page 110)*

Funds set aside for the periodic replacement of building components that wear out more rapidly than the building itself and therefore must be replaced during the building's economic life are known as the Reserves for Replacements. The components include furniture, fixtures, and equipment (FF&E), the replacement of which is generally funded from a hotel's cash flow. In theory, deductions are made so a sufficient amount of money is available to replace FF&E at the end of its useful life. In the event the replacement fund is insufficient, a capital deduction at the point of a transaction (i.e., a property improvement plan, or PIP) might be assessed to address the shortfall.

The items a hotel's reserve account addresses are considered short-lived components, since the average economic life is less than that of the building itself. These components usually include the replacement of the roof; heating, ventilation, and air conditioning (HVAC) systems; parking lot resurfacing; hard goods and soft goods replacements; etc. Replacement reserves do not include minor repairs and maintenance, such as broken doorknobs or lightbulbs. These minor expenses are considered routine property operation and maintenance expenses, not irregular capital expenditures.

Industry data indicates that a reserve for replacements of 2.0% to 5.0% of total hotel revenue is adequate to provide for the timely completion of capital repairs and replacement of FF&E.

YIELD CAPITALIZATION

Yield capitalization is a method of converting future income from an investment into present value by discounting each year's income using an appropriate discount rate or by using one overall rate that reflects the investment. The anticipated economic benefit—which is typically the net operating income stream—is converted into a value opinion using investment rates that are applicable to investments with similar characteristics. The yield capitalization process takes into consideration the risk profile of the income stream in determining which rates are appropriate for arriving at a value conclusion for the subject hotel.

Terminal Capitalization Rate - *(From Page 115)*

A terminal capitalization rate is a rate used to estimate the resale value of a property at the end of the holding period. The expected annual net operating income (NOI) at the end of the holding period is divided by the terminal cap rate (expressed as a percentage) to get the terminal value. Terminal capitalization rates are based on forecasts and changes, remaining economic life, and risk associated with garnering future income streams as of the end of the holding period. This rate is also known as the reversionary capitalization rate.

Investor surveys, discussions with market participants, and the subject's investment characteristics were considered in developing our opinion of the terminal capitalization rate for the subject.

Discount Rate - *(From Page 116)*

The discount rate, or internal rate of return, is the rate of discount on an investment that equates the present value of the investment's cash outflows with the present value of the investment's cash inflows. The rate is expressed as the real return anticipated in the hotel investment and considers any change in value, as well as all associated risk premiums. It is the average annual rate of return necessary to attract capital based upon the overall investment characteristics.

Room Revenue Multiplier Analysis - *(From Page 131)*

The room revenue multiplier (RRM) is calculated in the sales transactions by dividing the sales price by the room revenue for each of the comparable sales. The RRM expresses the relationship between a sales price and the property's effective room revenue. The principal advantage of using economic units of comparison is that the reflection of value is direct, i.e., no adjustments are necessary. If the comparable properties have some advantage over the subject property in terms of the various elements of comparison, the difference in actual revenue and efficiencies of operations primarily reflect the extent of this advantage. However, there are other variables that affect the price/room revenue relationship, such as the condition of the property, the stability of the income stream, the likelihood of near-term change (up or down), and the ratio of operating expenses to effective room revenue.

For mid-scale and economy limited-service hotels, the room revenue multiplier is a secondary valuation tool used by buyers in the marketplace. These buyers are typically only concerned with revenue being generated by the hotel and consist of local and/or regional buyers. The general attitude is that they can operate the property more efficiently than the previous owner. Additionally, these buyers are often very hands-on and are more operationally efficient by keeping payroll low.

Contributory Value of the Furniture, Fixtures and Equipment - *(From Page 136)*

Fixtures, furniture, and equipment (FF&E) are considered integral components of a hotel that contribute to its value. This includes all the FF&E in the subject's guestrooms and common areas, and the related maintenance and mechanical equipment. FF&E is recognized as part of a hotel's operations because it is typically sold with the real estate.

Reference is given to various surveys and data retained in our files in estimating the value of FF&E. The following table shows the average and median range of cost new for FF&E for different types of motel/hotels:

FF&E COST NEW (BY PROPERTY TYPE)	
Property Type	**Estimated Cost**
Budget Economy	$5,000-$18,000
Midscale w/o F&B	$6,500-$30,000
Extended-Stay	$8,000-$25,000
Midscale with F&B	$10,000-$40,000
Full-Service	$23,000-$60,000
Luxury and Resort	$35,000-$150,000

Source: Newmark Knight Frank

Part of the reason hotel assets command higher returns relative to other asset classes is the fact that a sizable portion of the asset's overall value is comprised by furniture, fixtures, and equipment, which has a shorter economic life and needs to be replaced more often than the building components. Although hotel FF&E typically have a useful life of five to ten years, depreciation of these assets occurs at an accelerated depreciation rate, often faster than straight-line depreciation. These assets also depreciate immediately upon being placed into service. Such velocity in the depreciation of this component, along with the human labor required to maintain not only the FF&E but most public areas of the property, causes prudent investors to require higher rates of return.

Addenda

National Lodging Market Analysis

Improved Sale Data Sheets

Land Sale Data Sheets

Qualifications of Hospitality, Gaming & Leisure Specialty Practice

Assignment-Specific Addenda Items:

- **Engagement Letter**
- **Property Tax Assessments with Legal Descriptions**
- **Qualifications of the Appraisers**

National Lodging Market Analysis

This analysis includes excerpts and information from IBISWorld Industry Report: *Hotels & Motels in the U.S.,* PricewaterhouseCoopers: *Hospitality Directions in the U.S*., and STR, Inc.

NATIONAL LODGING HIGHLIGHTS

Compelling economic and industry fundamentals suggest continued momentum for 2019 as the nine-year growth cycle in the lodging industry continues.

EXPECTED VALUE CHANGE*		
Segment	**Range**	**Average**
Full Service	(4.0%) to 6.0%	+1.1%
Limited-Service Midscale and Economy	(5.0%) to 5.0%	+0.6%
Luxury / Upper Upscale	(3.0%) to 5.0%	+2.0%
Select-Service	(5.0%) to 4.0%	-0.90%

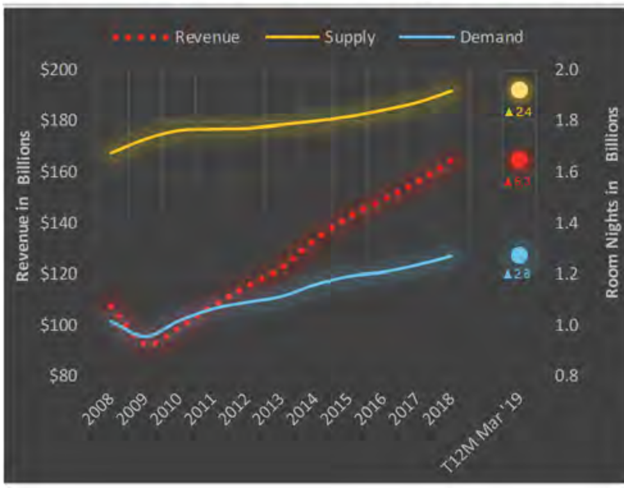
*Over Next 12 Months

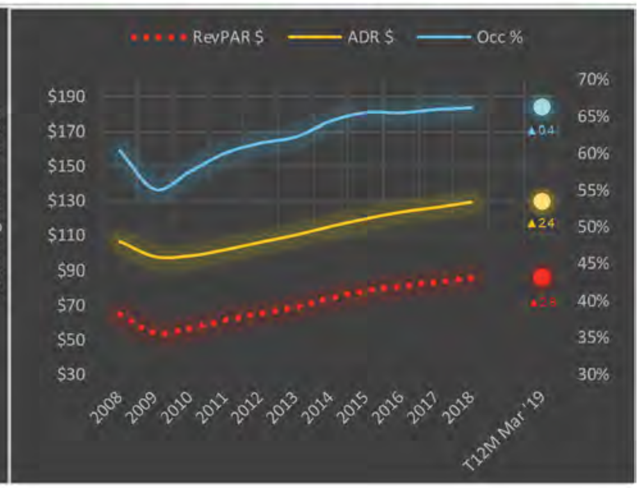
Source: Real Estate Investor Survey, 1Q-2019, published by PwC

As an asset class, hotels appear to be holding their own with investors, both from a return-on-investment perspective as well as a development perspective. While development cost and acquisition pricing concerns remain top-of-mind for a majority of the investors surveyed, strong operating fundamentals continue to balance the overall view on the sector. Comparisons to prior cycles remain a focal point of many conversations, albeit with investors tending to coalesce around the sustained strength of the current cycle. Other trends, including the changing lodging sector landscape and changing physical programming, have also become subjects of investor interest.

The following charts illustrate historical performance trends through T12M Mar 2019, along with trailing three-month and six-month performance:

Historical Market Performance: United States												
Year	Supply	Δ%	Demand	Δ%	Revenue	Δ%	Occ %	Δ%	ADR $	Δ%	RevPAR $	Δ%
2008	1,673,991,040		1,011,561,443		$107,706,669,450		60.4%		$106.48		$64.34	
2009	1,728,062,260	▲3.2%	952,266,656	▼5.9%	$92,819,617,581	▼13.8%	55.1%	▼8.8%	$97.47	▼8.5%	$53.71	▼16.5%
2010	1,762,020,903	▲2.0%	1,014,568,881	▲6.5%	$99,372,859,129	▲7.1%	57.6%	▲4.5%	$97.95	▲0.5%	$56.40	▲5.0%
2011	1,767,355,160	▲0.3%	1,062,135,606	▲4.7%	$107,877,712,567	▲8.6%	60.1%	▲4.4%	$101.57	▲3.7%	$61.04	▲8.2%
2012	1,769,610,554	▲0.1%	1,087,435,148	▲2.4%	$115,320,771,630	▲6.9%	61.5%	▲2.3%	$106.05	▲4.4%	$65.17	▲6.8%
2013	1,783,137,587	▲0.8%	1,110,527,243	▲2.1%	$122,499,628,183	▲6.2%	62.3%	▲1.3%	$110.31	▲4.0%	$68.70	▲5.4%
2014	1,796,907,059	▲0.8%	1,157,230,900	▲4.2%	$133,537,859,249	▲9.0%	64.4%	▲3.4%	$115.39	▲4.6%	$74.32	▲8.2%
2015	1,814,674,194	▲1.0%	1,189,614,896	▲2.8%	$142,717,142,071	▲6.9%	65.6%	▲1.8%	$119.97	▲4.0%	$78.65	▲5.8%
2016	1,839,582,345	▲1.4%	1,205,133,146	▲1.3%	$149,315,822,576	▲4.6%	65.5%	▼0.1%	$123.90	▲3.3%	$81.17	▲3.2%
2017	1,869,428,066	▲1.6%	1,233,203,792	▲2.3%	$156,234,286,952	▲4.6%	66.0%	▲0.7%	$126.69	▲2.3%	$83.57	▲3.0%
2018	1,914,729,390	▲2.4%	1,267,780,860	▲2.8%	$164,582,097,095	▲5.3%	66.2%	▲0.4%	$129.82	▲2.5%	$85.96	▲2.9%
CAGR 2008-18	**1.4%**		**2.3%**		**4.3%**		**0.9%**		**2.0%**		**2.9%**	
T3M Mar '18	473,210,516		267,704,562		$32,811,007,786		56.6%		$122.56		$69.34	
T3M Mar '19	483,983,949	▲2.3%	274,602,071	▲2.6%	$34,284,772,941	▲4.5%	56.7%	▲0.3%	$124.85	▲1.9%	$70.84	▲2.2%
T6M Mar '18	948,700,175		600,348,087		$75,674,706,443		63.3%		$126.05		$79.77	
T6M Mar '19	970,960,646	▲2.3%	616,056,893	▲2.6%	$79,389,144,828	▲4.9%	63.4%	▲0.3%	$128.87	▲2.2%	$81.76	▲2.5%
T12M Mar '18	1,873,245,611		1,235,682,955		$156,735,730,219		66.0%		$126.84		$83.67	
T12M Mar '19	1,917,997,564	▲2.4%	1,270,160,447	▲2.8%	$164,965,145,983	▲5.3%	66.2%	▲0.4%	$129.88	▲2.4%	$86.01	▲2.8%



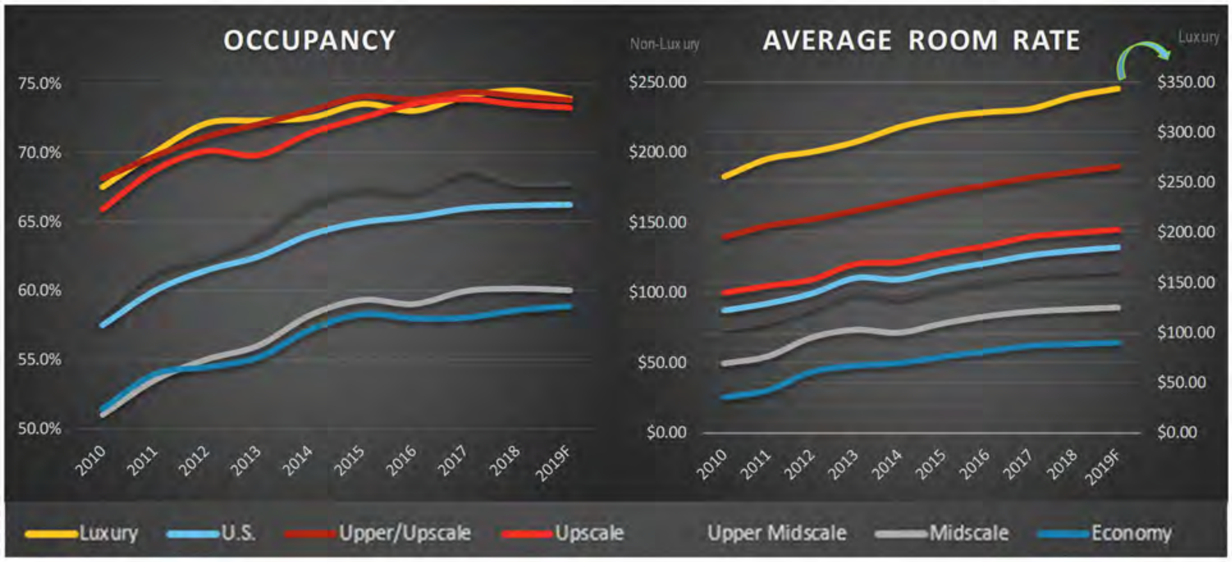


Operating Strength Continues to Balance Typical Cyclical Questions

The lodging sector continues to yield strong results for owners, and there is an expectation of continued confidence looking ahead to 2019. Hotel performance in 2018 generally yielded strong demand for hotels, outpacing increases in supply, with average daily rate (ADR) growth driving continued increases in revenue per available room (RevPAR).

Discussions with hotel investors on recent performance indicated that group demand had finally gained strength and was exceeding prior expectations. Commercial transient demand continued to increase as well, albeit at a slower pace than in the prior year.

The following graph summarizes historical performance in each of the scale segments:



Looking ahead to 2019 the U.S. lodging outlook remains stable, driven by steady economic fundamentals, including a continued increase in consumer spending; increasing, albeit decelerating business investment; and relatively strong consumer confidence. Lodging supply is expected to increase at a rate close to its long-term average; however, tightening financing conditions and further increasing costs for labor and construction may create a drag on supply growth. Overall, RevPAR in 2019 is expected to increase at a decelerating pace, driven exclusively by growth in ADR.

LODGING FORECAST

Segment		Occupancy	ADR	RevPAR
Luxury	Year-End 2019	73.9%	$343.76	$253.96
	% Chg. from 2018	-0.8%	2.3%	1.5%
Upper Upscale	Year-End 2019	73.7%	$189.68	$139.88
	% Chg. from 2018	-0.4%	2.0%	1.6%
Upscale	Year-End 2019	73.2%	$145.16	$106.30
	% Chg. from 2018	-0.3%	1.6%	1.3%
Upper Midscale	Year-End 2019	67.8%	$116.28	$78.87
	% Chg. from 2018	0.0%	1.4%	1.4%
Midscale	Year-End 2019	60.0%	$89.82	$53.89
	% Chg. from 2018	-0.2%	1.4%	1.2%
Economy	Year-End 2019	58.9%	$64.68	$38.09
	% Chg. from 2018	0.5%	1.4%	1.9%

Source: STR, Inc.

Counterbalances to this outlook that bear watching include continued trade tensions and effects from tariff-rate implementation, political uncertainty amid partisanship, and increasing interest rates.

Changing Lodging Sector Landscape

At present, the U.S. lodging sector is going through an accelerated pace of transition, characterized by ongoing consolidation, an evolving role of lodging brands, and the nascent use of a platform approach to customer acquisition and retention. Key trends to watch out for include the following:

- The role of lodging brands is expected to continue to evolve, as lodging companies seek to increasingly focus on franchising as the primary driver of their growth. Recent footprint growth points in that direction, with franchised rooms at three large U.S.-based hotel chains increasing by over 40 percent between the fourth quarter of 2014 and the first quarter of 2018, albeit with hotel management still expected to remain an integral part of the growth strategy for some lodging companies. Driven by the franchising focus, lodging brands may seek to further dissect lodging demand through brand introductions in select niche segments, with a particular focus on capitalizing on the experiential travel trend. Furthermore, the concept of loyalty and what that entails for guests and owners may evolve in the near term, with points-based loyalty programs evolving into more pervasive, experiential programs.

- Focused, independent hotels and their operators are expected to focus on expanding their customer base by following a platform approach to managing the customer journey through the use of a unified technology platform. Leveraging a unified technology platform that extracts data from various systems (CRM, PMS, CRS, revenue management) and creates a single view on guests is expected to be a powerful differentiator for many smaller-scale players. Select companies are already experimenting with the platform approach, albeit in initial stages and with isolated components.

Changing Physical Programming

The modification of a hotel's physical layout and programming to use space more efficiently is another emerging trend noted by hotel investors surveyed. Recently, more emphasis has been placed on ensuring that more space inside the "box" generates revenue, with an understanding that while an obvious need exists for non-revenue-generating support space, it should be value engineered. Two areas noted in particular include food and beverage (F&B) outlets and meeting space.

In regard to F&B, hotels are shifting from a separate restaurant and bar model to an integrated restaurant/bar model; standalone restaurants are being replaced with sophisticated lobby bars that offer an amplified bar menu and an open seating layout. This type of setup makes more efficient use of space and also entices people in the lobby to purchase a drink or food. It also helps save on labor costs since the bar staff also serves the food.

Over the past few years, the meeting industry has experienced a shift from larger general sessions to smaller, more informal networking and breakout sessions—a trend that is expected to continue. Large convention/headquarters hotels are responding to this changing event profile by modifying the building program in an effort to develop more flexible meeting space that can easily adapt to meeting organizer needs.

Hotel investors could look to their meeting venue counterparts for guidance on how they are planning to modify their building program and enhance the venues' features and capabilities.

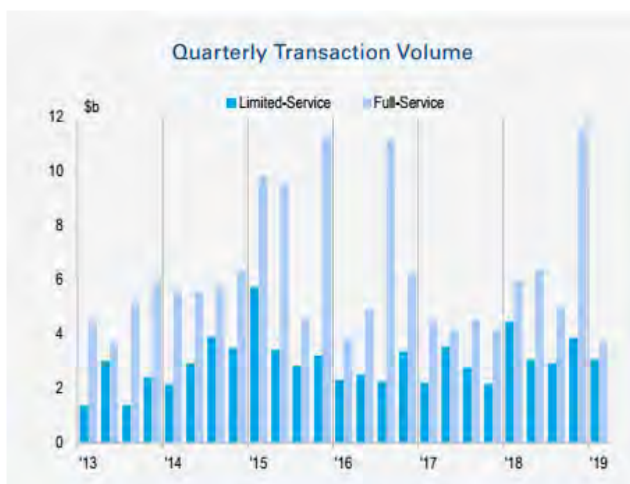
- Large convention centers are planning to increase ballroom and meeting room space. They are also focusing on enriching the center's image (e.g., with grand entrances and natural lighting).
- Small- and medium-sized centers are planning to increase meeting room and pre-function space. They are also focusing on adding features that will enhance the attendee experience (e.g., charging stations, interactive videoboards, and social areas).

At the opposite end of the spectrum, some hotels have decided to remove ballroom space altogether, deciding instead to replace it with additional hotel room inventory or other uses that generate higher revenue. This is more prevalent in markets like New York City and others that have consistently high occupancy rates.

INVESTMENT ACTIVITY

According to Real Capital Analytics, deal activity for hotel properties fell in the first quarter from a year earlier, but the headline figures paint a bleaker picture than some of the underlying trends. The largest source of decline was a dearth of portfolio and entity-level transactions. Portfolio and entity-level transactions made up 39% of all hotel transaction activity in 2018. By contrast, these megadeals accounted for only 16% of all deal volume in Q1'19. Portfolio sales barely passed the $1b mark and were down 76% YOY.

The decline in megadeal activity was likely a function of the turmoil seen in the financial markets from Q4'18 to Q1'19. The 10yr UST hit a high of 3.2% in November and the fear that it would go higher persisted for some time into Q1'19. Such turmoil tends to limit the appetite that buyers will have for risk.



Portfolio deal activity was improving somewhat late into Q1'19 compared to earlier in the quarter. Sales totaled $538m in March versus an average of only $260m per month in January and February. The turmoil in the financial markets was more pronounced early in Q1'19 so the improvement in hotel portfolio sales into March is a hopeful sign.

Again though, the weakness in the megadeals was not the only story behind the decline in deal activity for the quarter. The sale of individual assets was down 6% YOY in Q1’19 to $5.7b. While deal volume for single asset sales fell, the level of activity was elevated. Single asset deal volume had averaged $4.5b from 2005 to 2018 across each first quarter period.

Hotel property prices continued to grow in the quarter, though at a pace only 200 bps faster than the pace of inflation. The RCA CPPI for the hotel sector was up only 3.9% YOY. This growth underperformed the market overall, with the All-Property RCA CPPI – which does not include hotel prices – up 5.8% YOY.

INDUSTRY LIFE CYCLE

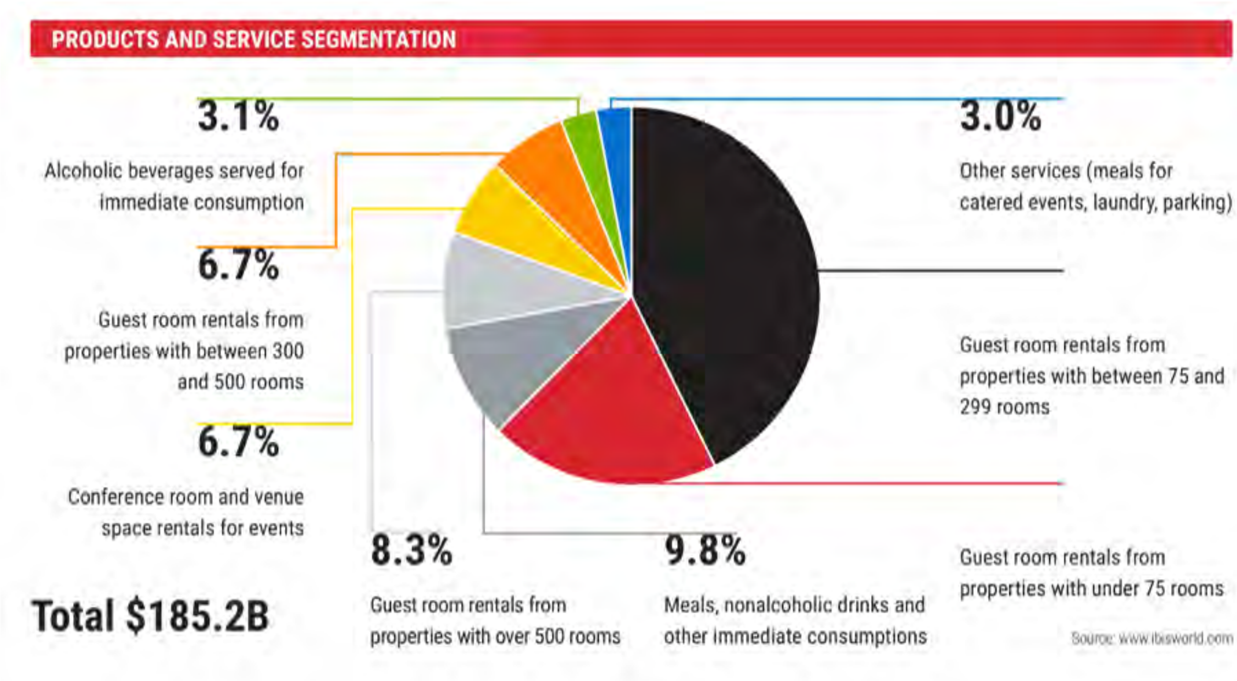
The hotels and motels industry has reached the maturity phase of its life cycle. As the sector is heavily dependent on tourism and aggregate consumption levels, overall increases in these demand drivers have contributed to steady revenue growth over the long term. Over the 10 years to 2023, industry value added (IVA), which measures an industry’s contribution to GDP, is forecast to grow at an annualized rate of 3.0%, above annualized GDP growth of 2.2% during the same period.

As domestic travel potentially continues its upward trajectory over the next five years (although at a slower rate than international tourism), businesses' travel needs and consumers' increased leisure time and income will contribute to the trend. New hotel investment is also expected to see a surge in the industry, which would follow a period of historically low development (a low was established in 2011 with only 346 new hotel openings, from a peak of 1,341 in 2008, according to Lodging Econometrics). However, several large operators are also seeking to extend their operations internationally into new growth markets, including countries and regions such as Latin America, Russia, Eastern Europe, China, India, and the Middle East. With global operators focusing on emerging economies, this may tie up capital and restrict domestic investment.

Technology plays an increasingly important role in the industry and has contributed to the industry's growth. Direct bookings on the websites of major operators have increased rapidly over the past five years, emerging as the number one channel through which traveler's book accommodations, representing 33.0% of all bookings, according to TravelClick. The other channels, through which guests can book are via calls to a hotel's 800-number, which make up 12.7% of hotel bookings, calls right to the hotel property and walk-in customers estimated at 12.2% of all bookings and online travel agents make up the remaining 21.6%. It is also increasingly common for hotel groups to release their excess rooms with short notice at deeply discounted prices to other web-based hotel accommodation sellers like Booking.com or Expedia. Web-based bookings in all forms are expected to continue to expand rapidly.

PRODUCTS & SERVICES

A hotel is an establishment that provides lodging and, often, meals and additional services for travelers and other paying guests. Alternatively, a *motel* provides lodging for motorists in rooms that typically have direct access to an open parking area. A hotel or motel can be classified by a number of characteristics, including whether it provides full or limited service, whether or not it is located in a metropolitan area, its state or regional location, its pricing structure, its number of rooms, and its classification as independent or as part of a chain operation.



Hotels and motels can also be segmented by room-price rates. Upscale or luxury establishments feature room rates in the highest 30th percentile and are located in local or metropolitan markets. The middle-30 percentile is identified as mid-priced, and the lowest 40th percentile is either economy or budget.

Overall, sales from hotels and motels accounted for approximately 77.4% of industry revenue in 2018. Properties with more than 75 rooms, in particular, accounted for about 57.7% of revenue and 74.6% of industry establishments, according to data provided by the American Hotel and Lodging Association (AHLA) as well as IBISWorld estimates.

IN-ROOM TECHNOLOGY

The modern hotel includes high-speed internet access via wired connection or Wi-Fi, both in-room and throughout the building. Internet access is a necessity for any business traveler and is also increasingly important for leisure travelers. The primary challenge for hoteliers is obtaining the ability to offer guests the same level of internet service in a hotel room as they have at home.

For this reason, some hotels offer tiered bandwidth service, with pricing depending on the level of service. A high-definition television with satellite pay-tv services is often the focal point of a hotel room, with other in-room technology encompassing phone docking stations, radio-frequency identification for keyless entry, personalized lighting and climate control, and abundant and convenient power sources. New hotel refurbishment projects often include the addition of integrated in-room technology that can be controlled by one single touch-screen. Other technology incorporated into the modern hotel includes executive lounges, high-tech boardrooms, and meeting rooms with ergonomic leather chairs, discreet projection facilities and wide-screen television sets, and other advanced technological features and equipment.

Some hotels are even pioneering technology that allows guests to check in and out of rooms without the involvement of human staff members and through the use of smartphone applications. While the adoption of this technology can be expensive, due to the necessity of outfitting room doors with new locks compatible with the systems, it illustrates a clear picture of how the industry is willing to adapt to make a guest's stay as convenient and seamless as possible.

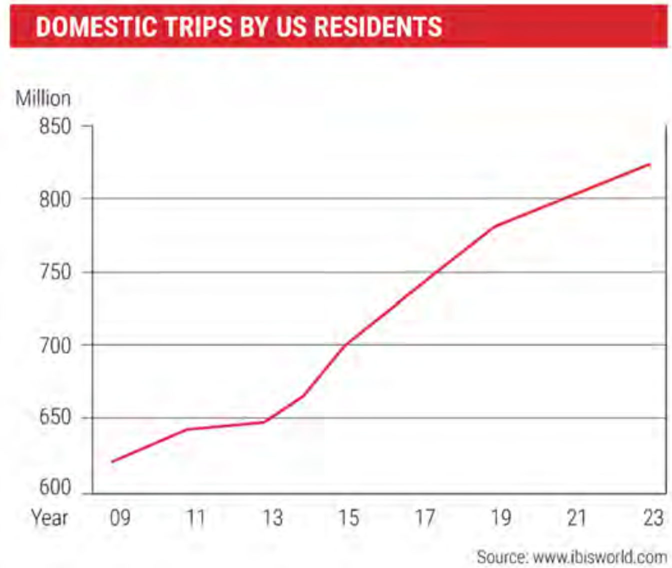
DEMAND DETERMINANTS

Hotel and motel demand is derived from both domestic and international visitor markets.

Domestic Leisure Travel

Demand for hotel and motel accommodations depends on a range of factors that may affect travel, such as alterations in disposable household income (influenced by changes in general employment growth), as well as movements in interest and tax rates. Changes in disposable income will typically affect trip quantity for a particular household, as well as its expenditures while traveling, which in turn affects the growth and economic impact of the tourism industry.

The price of fuel is another essential aspect to consider. Fuel prices affect household disposable income, as well as the general demand for travel, which has its own varying flows and patterns. As the availability of leisure time changes, and the reluctance of those in the labor market to use their holiday leave due to family and work commitments grows, the impact on the hotels and motels industry becomes more significant. Other leisure and recreational industries are also competing with the propensity of individuals and families to spend their hard-earned money on travel, and they compete intensely for a share of household disposable income.



A longer-term trend in travel patterns and spending is affected by the comparison of taking a domestic trip rather than an international one. The difference is influenced by exchange-rate movements, the availability of affordable airfares and holiday packages, and airline-seat supply.

Lastly, private operators and federal and state governments employ tourism promotions (typically via vehicles such as TV programs and special sporting events) that generally stimulate travel. However, individual state government promotions typically aim to favor only their state when attempting to influence domestic travel patterns, rather than the entire industry.

Domestic Business Travel

Business travel is an industry segment that is significantly influenced by economic changes, as well as the national levels of business confidence and corporate profit. Economic conditions directly affect the number of business trips taken, the length of a consumer's stay, and his or her budgeted travel spending. Technologies such as teleconferencing and video conferencing are increasingly taking the place of in-person meetings, reducing the amount of necessary business travel.

International Tourism

One of the most competitive industries across the globe is international tourism. This segment is similarly affected by factors that also influence domestic travel, as well as global economic conditions - especially changes in economic growth. Further, particularly in major visitor-origin countries/regions, international tourism is affected by changes in the U.S. dollar against other major currencies. This trend has an impact on the cost of travel, as well as the relative attractiveness of trips to competing destinations.

Additional factors, such as heightened geopolitical tensions encompassing wars and terrorism (whether feared or realized), affect international travel plans. Promotional expenditures and activities on behalf of governments and other organizations, such as major or special events, can raise awareness and interest in travel. Finally, supply factors are also of critical importance, including the availability of airline flights and seats at the times people want to travel, as well as accommodations to and at their selected destination.

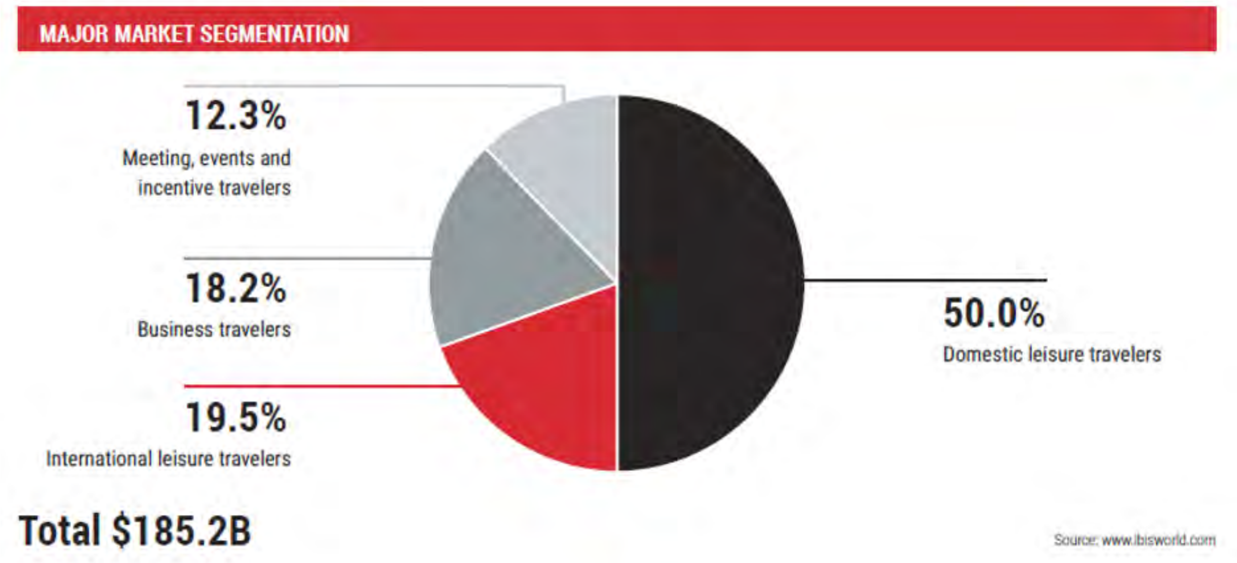
Investment Abroad

Over the next five years, investment in new hotel and motel rooms will gradually accelerate due to a sustained boost in demand for tourist accommodation. Investment will likely be heavier during the early part of the five-year period as operators compensate for the dramatic decline in investment that occurred at the beginning of the previous decade. Hotel development throughout the United States has consistently outpaced other top global regions; more specifically, research company Lodging Econometrics listed the United States as the top country in terms of the number of projects in development in 2018. IBISWorld expects the number of industry establishments to increase at an annualized rate of 1.4% to 98,454 locations over the five years to 2023. This new supply of rooms will temper industry revenue growth to some degree, as existing operators will be hesitant to increase room rates to stay price-competitive.

Overall, growth in international arrivals in emerging economies is expected to consistently surpass the arrivals in advanced economies over the coming years. According to the UNWTO, in 2030, 44.5% of international arrivals will be in emerging-economy destinations, compared with 41.9% in 2005, and 55.5% in advanced-economy destinations, compared with 57.1% in 2005. As a result, international hotel chains are anticipated to experience the majority of their revenue growth through emerging economies, meaning investment will shift away from the United States. This trend will also have ramifications for operators in the domestic tourism sector, as they will experience greater competition in an increasingly competitive global tourism market, putting pressure on industry revenue growth.

Major Markets

A number of factors (including age, income, purpose of travel, and locational origin) directly influence this industry's major markets.



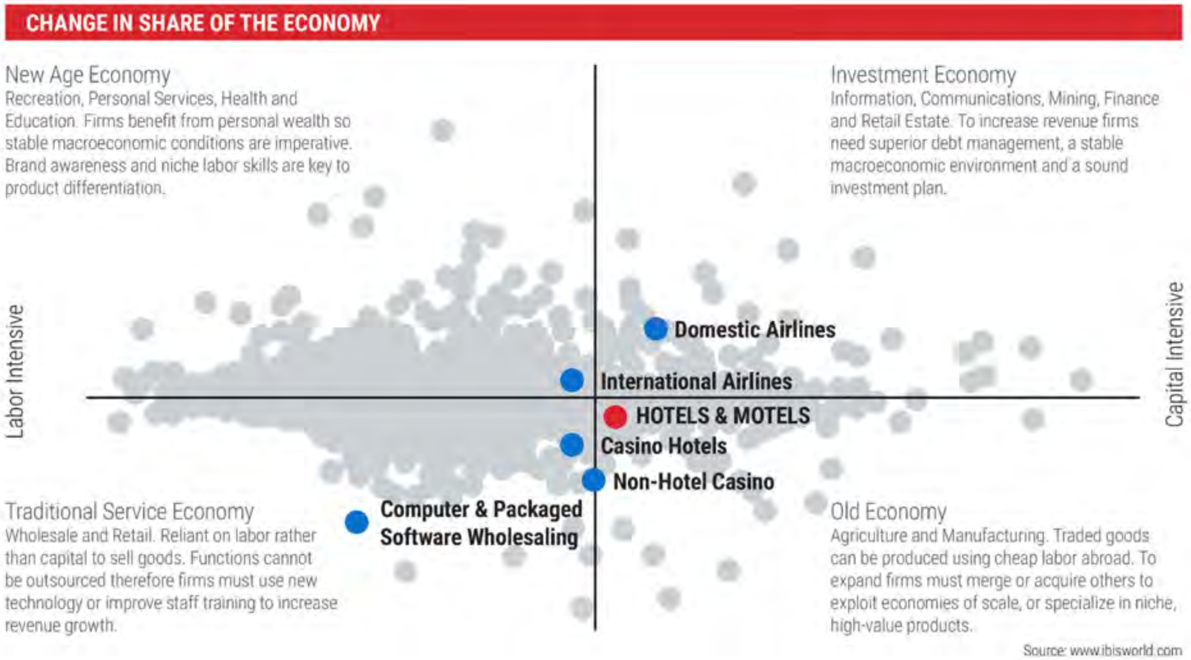
OPERATING CONDITIONS

Capital Intensity

The hotels and motels industry is subject to a moderate-to-high level of capital intensity. Based on data from 2018, each dollar the average hotel in the industry spends on wages, it will spend an estimated $0.36 on the use and replacement of capital. Both labor and capital play important roles in the industry.

The hotels and motels segment represents a service-based industry and, therefore, hotel and resort operators are highly dependent on direct labor input across all areas of operation encompassing a wide range of services including: front-desk service, reservations, room service and cleaning, food preparation, liquor and beverage service, and back-of-house operational management. Due to the nature of the industry, many of these labor-intensive functions cannot be substituted by technology or machinery. To meet customers' expectations and for operators to provide a truly hospitable stay, trained staff are absolutely essential. Labor costs are appropriately managed by bringing on a reasonable number of trained, part-time staff during peak guest periods. Because capital costs are also high, operators are exposed to a reciprocal level of depreciation. Investments in buildings, fixtures and fittings, restaurant equipment, and capital improvements contribute to higher capital costs. However, a greater percentage of hotel operators are choosing to rent rather than own the property they manage, preferring to outsource the property-risk to investors and thus lowering their capital costs.

The following table summarizes this industry's position relative to other industries, comparing their growth strategies.



Technology & Systems

The industry has experienced a moderate level of technological change over the past five years. Technology is now being utilized in entirely new ways for internal communication. For example, buying supplies online, guest management software, and providing visitors access to internet-based booking and reservation system are all methods that are becoming more and more common in the sector. The booking and reservation system typically incorporates room management, in addition to a linked accounting and management information system package for operators, as well as direct approval and payment from credit and debit card facilities.

GLOBAL TRAVEL COMMUNITIES

The lodging industry supports itself through a variety of marketing and booking channels, and while various online travel agencies (OTAs) have proliferated and expanded options to consumers, they have placed downward pressure on the profitability of hotels. OTAs keep up to twenty percent of a room rate, compelling hotel companies to further develop direct-booking options. However, in recent years, global travel communities—namely Airbnb—have sprouted and are giving travelers an easy alternative to hotels altogether. There are mixed positions by industry figureheads as to how these companies are impacting their businesses; however, Airbnb is already one of the world’s largest travel-related companies and is still growing at a rapid pace.

Though interest and use of sharing-economy accommodations have increased significantly since 2015, new research published in MMGY Global’s Portrait of American Travelers 2018 study showed 33% of respondents were interested in such accommodations compared to 41% in 2017 and 37% in 2016. Millennial travelers are the most interested in home-sharing accommodations (46%), followed by Generation X (31%), baby boomers (22%), and mature travelers (14%).

Airbnb

Perhaps the most disruptive force to the lodging industry includes global travel communities, the largest and most progressive of which is Airbnb. This is an American-based company which operates an online marketplace and hospitality service for people to lease or rent short-term lodging including hotel rooms, homes, holiday cottages, apartments, and hostel beds. The company does not own any real estate or conduct tours; it is a conduit which receives percentage service fees in conjunction with every booking. Like most hospitality services, Airbnb is an example of collaborative consumption and sharing.

The short-term rental and lower cost of staying in a private residence has triggered much opposition from the hotels; which allege they are losing tourists and other kinds of guests to Airbnb. It is also alleged that the hotels have been forced to bring down their prices to compete with the company. Hotel associations in response, have lobbied against the company, alleging unfair treatment of having to go through several safety standards and certifications as opposed to Airbnb and its lodging. This was followed by immense lobbying from the associations and unions to implement laws imposing restrictions on Airbnb and its hosts.

Nevertheless, the company has over 4 million lodging listings in 65,000 cities and 191 countries and has facilitated over 260 million check-ins as of year-end 2017. The company generates its revenue through service fees to hosts and guests and was valued at 31 billion U.S. dollars in mid-2017. Airbnb is ranked among the five most valuable startup companies in the world, and until Marriott merged with Starwood, was larger than any other hotel company in existence.

HomeAway

HomeAway, Inc. is a major competitor to Airbnb; similarly, it is a vacation rental marketplace with more than 2,000,000 vacation rentals in 190 countries. It operates through 50 websites in 23 languages. The company offers a comprehensive selection of rentals for families and groups to find accommodations such as cabins, condos, castles, villas, barns and farm houses.

Founded in February 2005 and headquartered in Austin, the company became a publicly traded company in 2011. Expedia, Inc.—one of the world's largest online travel agency—acquired HomeAway on December 15, 2015. Websites under the HomeAway umbrella include VRBO, VacationRentals.com, Homelidays, Toprural, Bookabach and stayz.

Direct Internet Bookings

Direct bookings on major operators' websites have increased rapidly over the past six years and represent the most used channel through which travelers book accommodations. According to the same data, bookings that are completed directly via hotel websites increased. Other channels through which guests can book reservations include calls to a hotel's 800-number, the Global Distribution System used by travel agents, direct calls to the hotel property, walk-in customers, and online travel agents. It is also increasingly common for hotel groups to release their excess rooms at deep-discount prices and at short notice to other web-based hotel accommodation sellers. Web-based bookings in all forms are expected to continue to expand rapidly.

Many booking-service websites are linked with Google Maps and other online-map providers that allow travelers to identify establishments by street location, by star rating, or by proximity to their business, convention, or holiday destination. There are also many user-generated online review and rating service websites that provide comments on travelers' experiences with individual hotel facilities and services.

EXTENDED-STAY MARKET

This overview contains excerpts from the 2019 U.S. Extended-Stay Lodging Report prepared by The Highland Group.

Despite record levels of new room construction adding more than 83,000 new rooms over the last three years, some of the strongest demand growth ever reported has kept extended-stay occupancy above its long-term average for eight consecutive years. Rising construction costs and a tight construction labor market has lengthened the development process and for the first time in seven years extended-stay rooms under construction at year end declined from the prior year. Despite the decline, the timing of the 47,000 extended-stay rooms under construction will be a major factor in the segment's performance in 2019.

The following list includes pertinent highlights if the most recent report:

Extended-Stay Highlights

- Room nights available up 5.9% compared to 2017
- Room night demand up 6.3% over the last year
- Rooms under construction down 5% compared to one year ago
- Room revenue grows $1.1 billion in 2018
- Occupancy remains above 76%

US Extended-Stay Lodging Supply and Distribution

Annualized extended-stay room nights available increased 5.9% in 2018 compared to 2017. The 24,005-net increase in rooms open was the slowest since 2015 and less than three quarters of the net change in rooms open in 2017 compared to 2016. The mid-price segment is adding supply at the fastest pace and the 14,569-net gain in rooms in 2018 was the greatest we have ever reported for mid-price extended-stay hotels.

The upscale segment added 8,942 rooms compared to one year ago. This was the segment's lowest net gain in rooms since 2015. The economy segment's net change in rooms was the slowest since 2014, partly due to acquisitions and rebranding. Construction in this segment is forecast to increase significantly in 2019 and beyond.

Occupancy								Year-End
Segment	2011	2012	2013	2014	2015	2016	2017	2018
Economy	78.0%	79.0%	77.6%	78.9%	78.0%	76.5%	76.8%	78.1%
% Chg	4.4%	1.3%	-1.8%	1.7%	-1.1%	-1.9%	0.4%	1.7%
Mid-Price	72.0%	70.7%	71.7%	73.3%	73.1%	72.9%	73.5%	73.6%
% Chg	2.1%	-1.8%	1.4%	2.2%	-0.3%	-0.3%	0.8%	0.1%
Upscale	75.1%	75.7%	76.3%	77.9%	78.6%	78.2%	78.7%	78.6%
% Chg	2.9%	0.8%	0.8%	2.1%	0.9%	-0.5%	0.6%	-0.1%
Average	*74.5%*	*74.4%*	*74.8%*	*76.3%*	*76.4%*	*75.8%*	*76.3%*	*76.5%*
% Chg	2.9%	-0.1%	0.5%	2.0%	0.1%	-0.8%	0.7%	0.3%

Room Nights Sold (Thousands)								Year-End
Segment	2011	2012	2013	2014	2015	2016	2017	2018
Economy	21,236	21,772	22,098	22,571	23,043	23,567	24,515	25,138
% Chg	5.9%	2.5%	1.5%	2.1%	2.1%	2.3%	4.0%	2.5%
Mid-Price	35,369	35,421	36,296	38,264	39,600	41,700	45,190	48,956
% Chg	4.1%	0.1%	2.5%	5.4%	3.5%	5.3%	8.4%	8.3%
Upscale	36,298	37,314	38,676	41,322	44,705	47,865	53,039	54,954
% Chg	4.9%	2.8%	3.7%	6.8%	8.2%	7.1%	10.8%	3.6%
Total	*92,903*	*94,507*	*97,070*	*102,157*	*107,348*	*113,132*	*122,744*	*129,048*
% Chg	4.8%	1.7%	2.7%	5.2%	5.1%	5.4%	8.5%	5.1%

ADR								Year-End
Segment	2011	2012	2013	2014	2015	2016	2017	2018
Economy	$30.53	$32.01	$33.82	$36.27	$39.08	$40.93	$43.78	$45.94
% Chg	2.6%	4.8%	5.7%	7.2%	7.7%	4.7%	7.0%	4.9%
Mid-Price	$57.88	$62.76	$66.87	$71.85	$77.61	$81.49	$85.06	$88.16
% Chg	6.6%	8.4%	6.5%	7.4%	8.0%	5.0%	4.4%	3.6%
Upscale	$112.37	$117.56	$121.64	$127.71	$134.39	$137.88	$140.49	$142.66
% Chg	2.6%	4.6%	3.5%	5.0%	5.2%	2.6%	1.9%	1.5%
Average	*$72.62*	*$77.00*	*$80.85*	*$86.27*	*$92.65*	*$96.52*	*$100.27*	*$103.14*
% Chg	3.3%	6.0%	5.0%	6.7%	7.4%	4.2%	3.9%	2.9%

RevPAR								Year-End
Segment	2011	2012	2013	2014	2015	2016	2017	2018
Economy	$23.83	$25.28	$26.25	$28.63	$3,049.00	$31.30	$33.64	$35.86
% Chg	7.2%	6.1%	3.8%	9.1%	10549.7%	-99.0%	7.5%	6.6%
Mid-Price	$41.66	$44.64	$47.94	$52.66	$56.72	$59.40	$62.50	$64.91
% Chg	8.9%	7.2%	7.4%	9.8%	7.7%	4.7%	5.2%	3.9%
Upscale	$84.39	$89.04	$92.75	$99.49	$105.68	$107.86	$110.55	$112.17
% Chg	5.5%	5.5%	4.2%	7.3%	6.2%	2.1%	2.5%	1.5%
Average	*$54.33*	*$57.55*	*$60.69*	*$66.09*	*$71.01*	*$73.44*	*$76.91*	*$78.95*
% Chg	6.8%	5.9%	5.5%	8.9%	7.4%	3.4%	4.7%	2.7%

Source: STR, The Highland Group

Construction and Supply Projections

Extended-stay rooms under construction declined about 5% over the last year to 46,819. Less than half of the rooms reported under construction at year end 2017 opened in 2018. Over the last five years, an average 70% of the rooms reported under construction at the end of the year opened at some time during the following year.

Estimating in which months all the rooms will open and their consequent impact on the annualized change in supply is challenging. Furthermore, the annualized rate of increase in supply should accelerate as the pipeline of rooms under development grows. Early indications are that the annualized increase in extended-stay room supply should be around 7% in 2019.

US Extended-Stay Rooms Under Construction								Year-End
Segment	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Economy	298	124	941	1,628	2,673	3,385	3,092	3,452
% Chg	-43.9%	-58.4%	658.9%	73.0%	64.2%	26.6%	-8.7%	11.6%
Mid-Price	2907	3805	6011	10,373	14,743	17,747	26,701	24,115
% Chg	5.0%	30.9%	58.0%	72.6%	42.1%	20.4%	50.5%	-9.7%
Upscale	2,795	7,719	9,957	14,697	17,281	19,138	19,757	19,252
% Chg	-11.5%	176.2%	29.0%	47.6%	17.6%	10.7%	3.2%	-2.6%
Total	**6,000**	**11,648**	**16,909**	**26,698**	**34,697**	**40,270**	**49,550**	**46,819**
% Chg	**-7.1%**	**94.1%**	**45.2%**	**57.9%**	**30.0%**	**16.1%**	**23.0%**	**-5.5%**

Source: STR, The Highland Group

Extended-Stay Industry Outlook

Extended-stay hotel RevPAR deceleration and closer alignment with the overall hotel industry's RevPAR growth is usual at this stage of the hotel business cycle. Extended-stay room supply growth should be in the 6% to 7% range in 2019. Assuming strong economic fundamentals result in demand growth similar to the 6% average over the last five years, there should be little change in occupancy in 2019. Even if demand fails to keep up with supply, occupancy was at an 18 year high in 2018 so it should remain above its long-term average. ADR and RevPAR growth are likely to be slower in 2019 compared to 2018 but the near-term outlook remains good for extended-stay hotels.

INDUSTRY CONCLUSION

Over the five years through 2023, IBISWorld projects that the industry will continue expanding, albeit at a more moderate pace, with particularly strong growth in the extended-stay hotels, boutique hotels, spa and health retreats and resorts segments. As demand picks up, the number of industry employees is anticipated to rise at an annualized rate of 1.5% to 1.8 million workers during the five-year period. Industry players are also expected to continue expanding abroad into emerging economies such as Asia, Eastern Europe and South America. These foreign markets will somewhat detract from domestic investment, as they offer higher growth prospects for industry operators. Consequently, industry revenue is forecast to increase at an annualized rate of 1.6% to $209.8 billion over the five years to 2023.

Still, as global markets experience volatility surrounding specific events, such as China's economic slowdown, we could see demand from international travel waning somewhat for industry operators within certain regions. Further, recent instability of commodity prices, alarming levels of Canadian household debt, and continuing issues in the eurozone have also contributed to this hesitation. These factors could hamper demand from visitors both domestic and international over the next five years, as consumer confidence leans toward the possibility of waning slightly during the outlook period.

Improved Sale Data Sheets

IMPROVED COMPARABLE 1

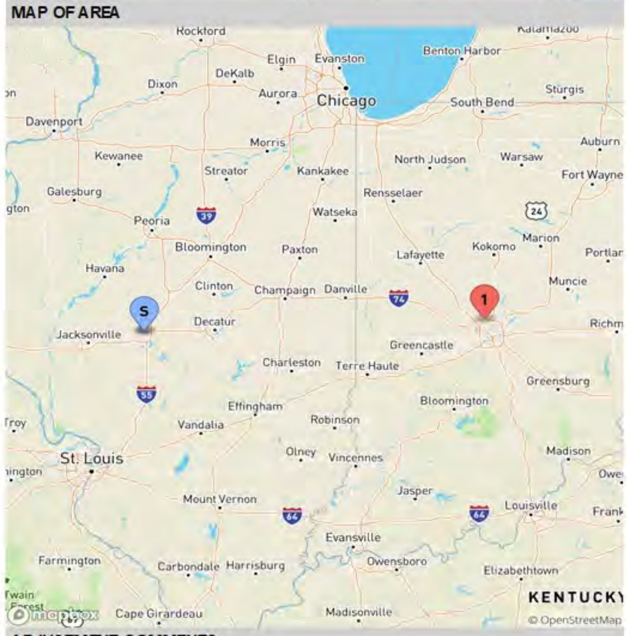
LOCATION INFORMATION	
Name	Super 8
Address	9251 Wesleyan Road
Address (cont.)	Indianapolis, IN
County	Marion
MSA	Indianapolis
APN	49-03-18-101-024.000-600

TRANSACTION INFORMATION	
Seller	Shivram Of Indy Llc
Buyer	Precision Hopitality Llc
Transaction Date	March 29, 2019
Verification Source	Representative of Shivram Of Indy LLC
Transaction Price	$2,825,000
Price per Room	$23,542
Recording Number	29758
Rights Transferred	Fee Simple

PHYSICAL INFORMATION	
Number of Rooms	120
Year Built	1987
Umbrella Company	Super 8
Service Orientation	Limited-Service
Estimated Market Mix	40% com'l, 3% group, 52% leisure, 5% E/S
No. of Floors	3
Site Size	102,736 SF (2.4 ac.)
Zoning	commercial
Distance from Subject (mi.)	182.6

TRANSACTION METRICS	
Net Operating Income	$250,013
Capitalization Rate	8.85%
Approx. occupied rooms	Not available for this property

MAP OF AREA



TRANSACTION REMARKS

The Super 8 was acquired by Precision Hopitality Llc in March 2019 from Shivram Of Indy Llc for $2,825,000 ($23,542 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 8.85%. This sale, which is located at 9251 Wesleyan Road in Indianapolis, involved a limited-service hotel with 120 guest units. This property opened in 1987. The hotel was affiliated with the Super 8 brand at the time of transaction.

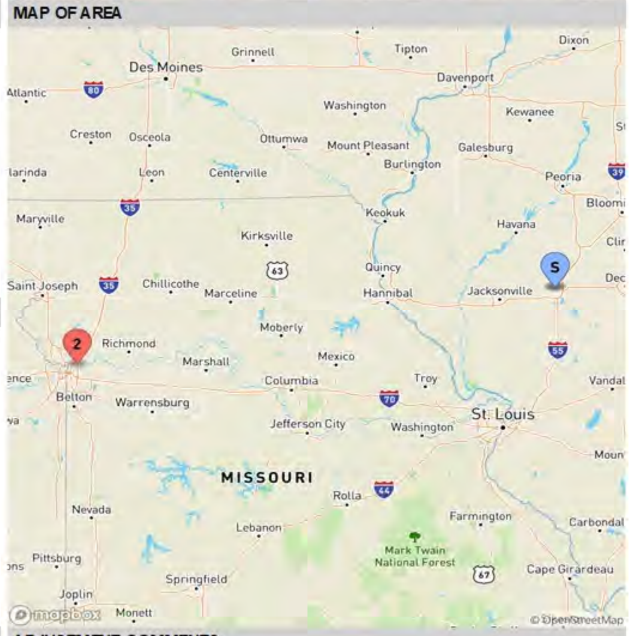
ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 0.7%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject (demographic characteristics, market size, etc.), and that its age, quality, and condition are collectively superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be similar relative to the subject, requiring no adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

IMPROVED COMPARABLE 2

LOCATION INFORMATION	
Name	Motel 6
Address	3636 Randolph Road
Address (cont.)	Kansas City, MO
County	Clay
MSA	Kansas City
APN	18-214-00-03-003.00
TRANSACTION INFORMATION	
Seller	Sunny Hotels, LLC
Buyer	AKSHARPITH LLC
Transaction Date	May 21, 2018
Verification Source	Representative of Sunny Hotels, LLC
Transaction Price	$2,400,000
Price per Room	$24,000
Recording Number	8201-125
Rights Transferred	Fee Simple
Marketing Time (Days)	616
PHYSICAL INFORMATION	
Number of Rooms	100
Year Built	1980
Umbrella Company	Motel 6
Service Orientation	Limited-Service
Estimated Market Mix	40% com'l, 3% group, 52% leisure, 5% E/S
No. of Floors	2
Site Size	121,288 SF (2.8 ac.)
Distance from Subject (mi.)	261.4
TRANSACTION METRICS	
Net Operating Income	$240,000
Capitalization Rate	10.00%
Approx. occupied rooms	Not available for this property

MAP OF AREA



TRANSACTION REMARKS

The Motel 6 was acquired by AKSHARPITH LLC in May 2018 from Sunny Hotels, LLC for $2,400,000 ($24,000 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 10.00%. This sale, which is located at 3636 Randolph Road in Kansas City, involved a limited-service hotel with 100 guest units. This property opened in 1980. This sale involved a hotel that was affiliated with the Motel 6 brand at the time of transaction.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 3.2%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be inferior, thereby warranting an upward adjustment. This property's economic characteristics are understood to be similar relative to the subject, requiring no adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

IMPROVED COMPARABLE 3

LOCATION INFORMATION

Name	Quality Inn
Address	1646 North Lafayette Street
Address (cont.)	Macomb, IL
County	Mcdonough
APN	11-101-590-00

TRANSACTION INFORMATION

Seller	Buggsi Inc
Buyer	Kabir Pramukh Macomb Hospitality, LLC
Transaction Date	May 7, 2016
Verification Source	Representative of Buggsi Hospitality Group LLC
Transaction Price	$1,221,000
Price per Room	$21,052
Rights Transferred	Fee Simple
Marketing Time (Days)	102

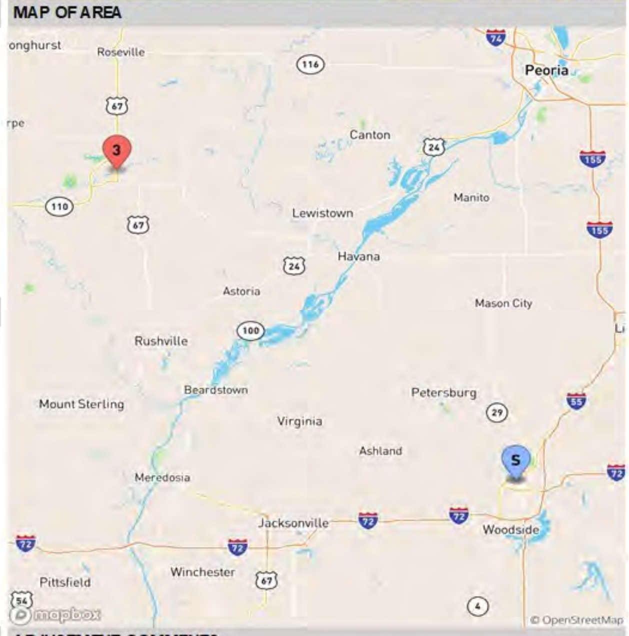
PHYSICAL INFORMATION

Number of Rooms	58
Year Built	1985
Umbrella Company	Quality Inn
Service Orientation	Limited-Service
Estimated Market Mix	40% com'l, 3% group, 52% leisure, 5% E/S
No. of Floors	2
Site Size	177,659 SF (4.1 ac.)
Distance from Subject (mi.)	70.0

TRANSACTION METRICS

Net Operating Income	$97,192
Capitalization Rate	7.96%
Approx. occupied rooms	Not available for this property

MAP OF AREA



TRANSACTION REMARKS

The Quality Inn was acquired by Kabir Pramukh Macomb Hospitality, LLC in May 2016 from Buggsi Inc for $1,221,000 ($21,052 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 7.96%. This sale, which is located at 1646 North Lafayette Street in Macomb, involved a limited-service hotel with 58 guest units. This property opened in 1985. The hotel was affiliated with the Quality Inn brand at the time of transaction.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 9.3%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are inferior relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be superior relative to the subject, requiring a downward adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

IMPROVED COMPARABLE 4

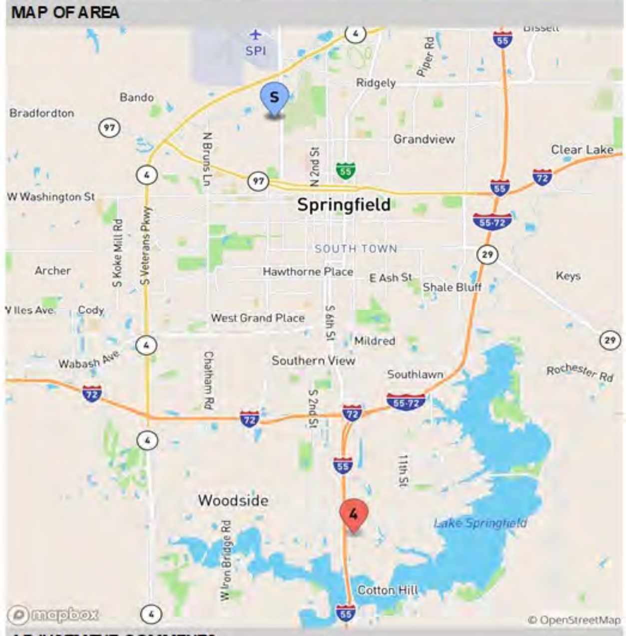
LOCATION INFORMATION	
Name	Motel 6
Address	6011 South 6th Street
Address (cont.)	Springfield, IL
County	Sangamon
APN	22-34.0-151-003

TRANSACTION INFORMATION	
Seller	Private Investor
Buyer	G6 Hospitality
Transaction Date	June 28, 2018
Verification Source	Seller
Transaction Price	$1,750,000
Price per Room	$16,667
Recording Number	14177
Rights Transferred	Fee Simple

PHYSICAL INFORMATION	
Number of Rooms	105
Year Built	1999
Umbrella Company	Motel 6
Service Orientation	Limited-Service
Estimated Market Mix	40% com'l, 3% group, 52% leisure, 5% E/S
No. of Floors	3
Distance from Subject (mi.)	7.8

TRANSACTION METRICS	
Net Operating Income	$210,588
Capitalization Rate	12.03%
Approx. occupied rooms	Not available for this property

MAP OF AREA



TRANSACTION REMARKS

The Motel 6 was acquired by G6 Hospitality in June 2018 from Private Investor for $1,750,000 ($16,667 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 12.03%. This sale, which is located at 6011 South 6th Street in Springfield, involved a limited-service hotel with 105 guest units. This property opened in 1999. This sale involved a hotel that was affiliated with the Motel 6 brand at the time of transaction.

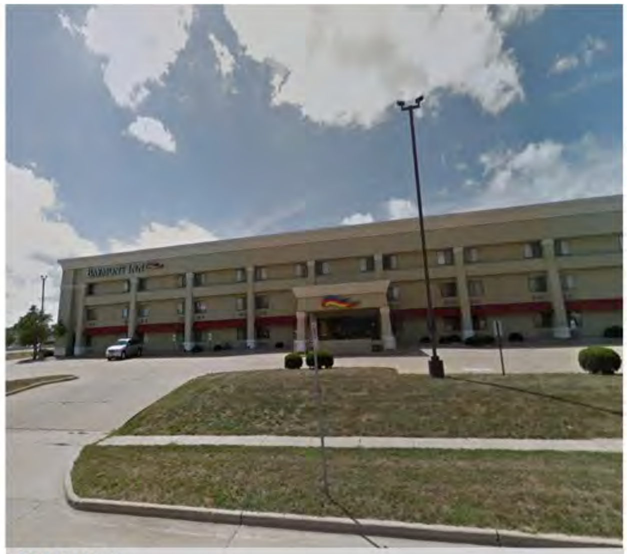
ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 2.9%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be similar relative to the subject, requiring no adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

IMPROVED COMPARABLE 5

LOCATION INFORMATION	
Name	Baymont Inn & Suites
Address	302 West Anthony Drive
Address (cont.)	Champaign, IL
County	Champaign
APN	41-20-01-200-034

TRANSACTION INFORMATION	
Seller	Robert L Plummer Trust
Buyer	Shri Hari Krupa CP Inc
Transaction Date	March 1, 2016
Verification Source	Seller
Transaction Price	$2,500,000
Price per Room	$26,316
Recording Number	3431
Rights Transferred	Fee Simple

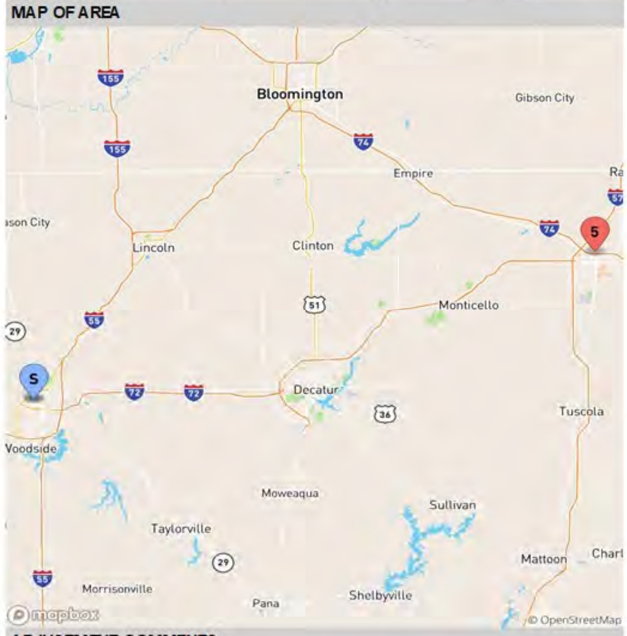


PHYSICAL INFORMATION	
Number of Rooms	95
Year Built	1989
Umbrella Company	Baymont Inn & Suites
Service Orientation	Limited-Service
Estimated Market Mix	40% com'l, 3% group, 52% leisure, 5% E/S
Site Size	112,349 SF (2.6 ac.)
Distance from Subject (mi.)	78.1

TRANSACTION METRICS

Financial and investment metrics are currently not available for this property

MAP OF AREA



TRANSACTION REMARKS

The Baymont Inn & Suites was acquired by Shri Hari Krupa CP Inc in March 2016 from Robert L Plummer Trust for $2,500,000 ($26,316 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was not available at the time of verification. This sale, which is located at 302 West Anthony Drive in Champaign, involved a limited-service hotel with 95 guest units. This property opened in 1989. The hotel was affiliated with the Baymont Inn & Suites brand at the time of transaction.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 9.9%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be superior relative to the subject, requiring a downward adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

IMPROVED COMPARABLE 6

LOCATION INFORMATION	
Name	Red Roof Inn Champaign
Address	212 West Anthony Drive
Address (cont.)	Champaign, IL
County	Champaign
APN	41-20-01-202-005

TRANSACTION INFORMATION	
Seller	Shri Ashtavinayak Llc
Buyer	Ri & Ki Hospitality Llc
Transaction Date	July 31, 2018
Verification Source	Representative of Shreeji Realty
Transaction Price	$2,950,000
Price per Room	$26,339
Recording Number	13307
Rights Transferred	Fee Simple

PHYSICAL INFORMATION	
Number of Rooms	112
Year Built	1987
Umbrella Company	Red Roof Inn
Service Orientation	Limited-Service
Estimated Market Mix	40% com'l, 3% group, 52% leisure, 5% E/S
No. of Floors	2
Site Size	87,120 SF (2.0 ac.)
Distance from Subject (mi.)	78.2

MAP OF AREA

TRANSACTION METRICS

Financial and investment metrics are currently not available for this property

TRANSACTION REMARKS

The Red Roof Inn Champaign was acquired by Ri & Ki Hospitality Llc in July 2018 from Shri Ashtavinayak Llc for $2,950,000 ($26,339 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was not available at the time of verification. This sale, which is located at 212 West Anthony Drive in Champaign, involved a limited-service hotel with 112 guest units. This property opened in 1987. This sale involved a hotel that was affiliated with the Red Roof Inn brand at the time of transaction.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 2.6%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be similar relative to the subject, requiring no adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

IMPROVED COMPARABLE 7

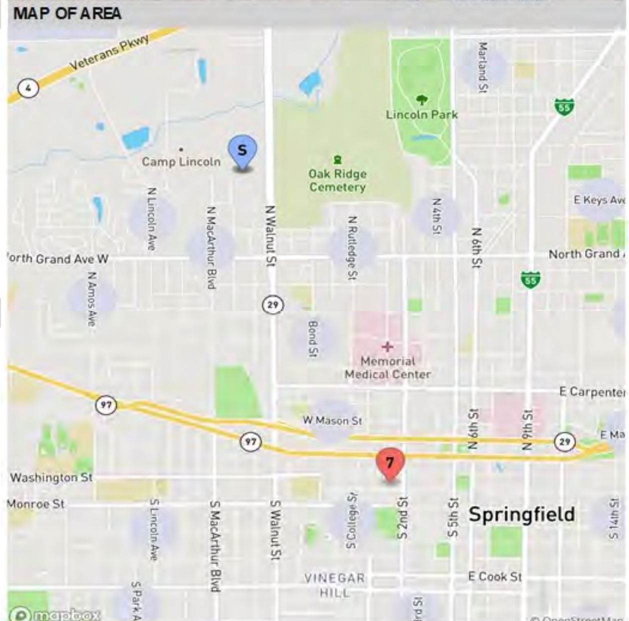
LOCATION INFORMATION	
Name	State House Inn
Address	101 East Adams Street
Address (cont.)	Springfield, IL
County	Sangamon
APN	14-33.0-228-011

TRANSACTION INFORMATION	
Seller	Statehouse Inn LLC
Buyer	VCHP Springfield LLC
Transaction Date	November 8, 2017
Verification Source	Representative of William Turpin
Transaction Price	$5,100,000
Price per Room	$40,800
Recording Number	29286
Rights Transferred	Fee Simple

PHYSICAL INFORMATION	
Number of Rooms	125
Year Built	1961
Umbrella Company	Microtel
Service Orientation	Limited-Service
Estimated Market Mix	40% com'l, 3% group, 52% leisure, 5% E/S
No. of Floors	7
Site Size	55,321 SF (1.3 ac.)
Distance from Subject (mi.)	1.6

TRANSACTION METRICS	
Net Operating Income	$337,620
Capitalization Rate	6.62%
Approx. occupied rooms	Not available for this property

MAP OF AREA



TRANSACTION REMARKS

The State House Inn was acquired by VCHP Springfield LLC in November 2017 from Statehouse Inn LLC for $5,100,000 ($40,800 per room). This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was 6.62%. This sale, which is located at 101 East Adams Street in Springfield, involved a limited-service hotel with 125 guest units. This property opened in 1961. The hotel was affiliated with the Microtel brand at the time of transaction.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented, and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by 4.8%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject, and that its age, quality, and condition collectively is superior. Qualitative adjustments were applied for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Amenities at this property are understood to be similar, thereby warranting no adjustment. This property's economic characteristics are understood to be superior relative to the subject, requiring a downward adjustment. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Land Sale Data Sheets

LAND COMPARABLE 1

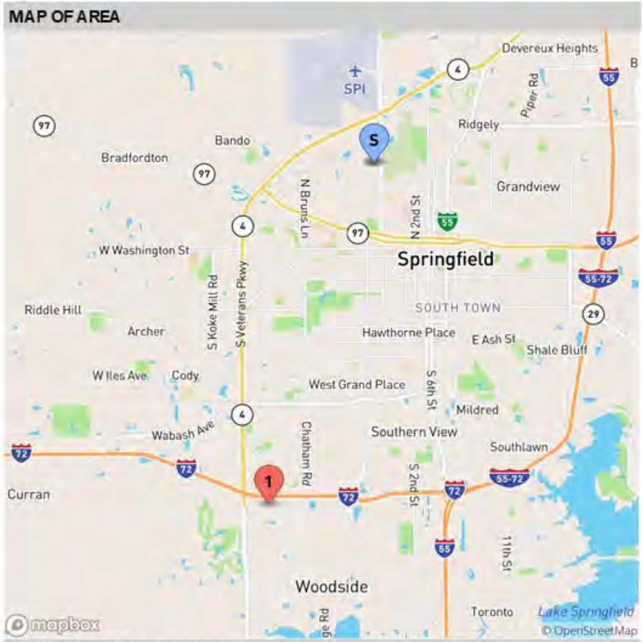
LOCATION INFORMATION	
Name	Vacant Land
Address	2350 Chuckwagon Drive
Address (cont.)	Springfield, IL 62711
County	Sangamon
APN	22-19.0-150-002

TRANSACTION INFORMATION	
Seller	Camping World Holdings, Inc.
Buyer	National Retail Props Inc
Transaction Date	December 10, 2018
Verification Source	All available
Transaction Price	$2,000,000
Price per SF	$7.26
Recording Number	25750
Rights Transferred	Fee Simple

Photo Not Available

PHYSICAL INFORMATION	
Site Size	275,299 SF (6.3 ac.)
Site Utilities	All available
Structure on Site?	No
Zoning	B-1
Assessed Value (Land Only)	$440,336
Distance from Subject (mi.)	5.9

MAP OF AREA



ADJUSTMENT ANALYSIS	
Property Rights Conveyed	⊘
Conditions of Sale	⊘
Financing Terms	⊘
Market Conditions	▲
Initial Adjustment	▲
Location	▼
Size	⊘
Utility	▲
Exposure	▼
Site Utilities & Other	⊘

TRANSACTION REMARKS

This site was acquired by National Retail Props Inc in December 2018 from Camping World Holdings, Inc. for a total consideration of $2,000,000. This amounts to an acquisition price of $7.26 per square foot of land area. This sale, which is located at 2350 Chuckwagon Drive in Springfield, is a tract that is comprised of a total of 275,299 square feet. It is our understanding that all utilities are available to this site, similar to the subject site. As such, no adjustment is warranted. There were not any structures of significance on the site at the time of transaction; therefore, no adjustments were required to render the property as vacant. This property is similar in size relative to the subject, thereby requiring no adjustment. Exposure for this sale (frontage along major streetways and highways) is understood to be superior, warranting a downward adjustment. Other adjustments, if applicable, were also applied.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor, increased by a total of about 1.6%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject (demographic characteristics, market size, etc.) and that its utility (access, visibility, site shape, access to infrastructure and utilities, etc.) is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. After making all quantitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

LAND COMPARABLE 2

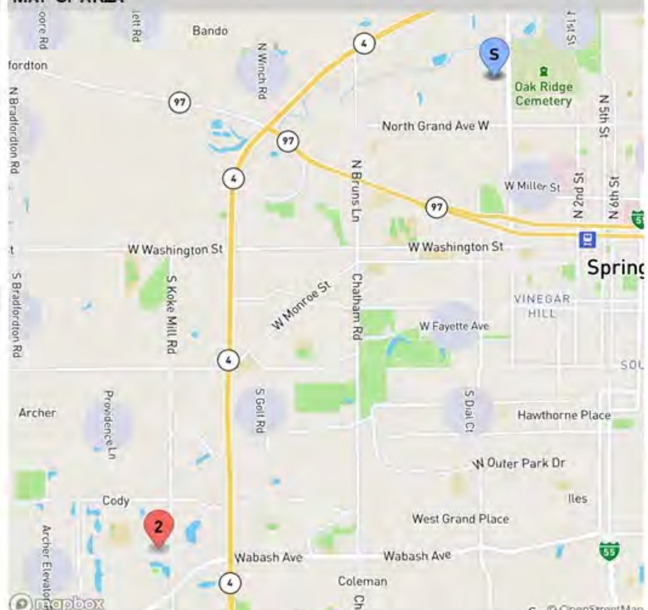
LOCATION INFORMATION	
Name	Vacant Land
Address	3237 Hedley Road
Address (cont.)	Springfield, IL 62711
County	Sangamon
APN	21-12.0-151-005

TRANSACTION INFORMATION	
Seller	Memorial Health System
Buyer	Phillips Investments Llc
Transaction Date	April 19, 2018
Verification Source	All available
Transaction Price	$1,040,000
Price per SF	$2.09
Recording Number	7699
Rights Transferred	Fee Simple

Photo Not Available

PHYSICAL INFORMATION	
Site Size	496,584 SF (11.4 ac.)
Site Utilities	All available
Structure on Site?	No
Zoning	R-5B
Assessed Value (Land Only)	$631,981
Distance from Subject (mi.)	4.8

MAP OF AREA



ADJUSTMENT ANALYSIS	
Property Rights Conveyed	⊘
Conditions of Sale	⊘
Financing Terms	⊘
Market Conditions	▲
Initial Adjustment	▲
Location	▼
Size	▲
Utility	▲
Exposure	⊘
Site Utilities & Other	⊘

TRANSACTION REMARKS

This site was purchased by Phillips Investments Llc in April 2018 from Memorial Health System for $1,040,000, amounting to an acquisition price of $2.09 per square foot of land area. This sale is a tract that is comprised of a total of 496,584 square feet. It is located at 3237 Hedley Road in Springfield. Reportedly, all utilities are available to this site requiring no adjustment. No structures were present on the site at the time of transaction; therefore, no adjustments were required to render the property as vacant. This property is larger in size relative to the subject, thereby requiring an upward adjustment. Exposure for this sale is understood to be similar, warranting no adjustment. Other adjustments, if applicable, were also applied.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor, increased by a total of about 3.5%. It is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its utility is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. Our opinion of this property, after applying all quantitative adjustments, reflects a site that generally has inferior marketability characteristics relative to the subject.

LAND COMPARABLE 3

LOCATION INFORMATION	
Name	Vacant Land
Address	61 Gettysburg Drive
Address (cont.)	Springfield, IL 62702
County	Sangamon

TRANSACTION INFORMATION	
Seller	Paula Beechler
Buyer	Saratoga Mhp Fund Ii Llc
Transaction Date	November 9, 2018
Verification Source	All available
Transaction Price	$778,389
Price per SF	$2.55
Rights Transferred	Fee Simple

Photo Not Available

PHYSICAL INFORMATION	
Site Size	304,920 SF (7.0 ac.)
Site Utilities	All available
Structure on Site?	No
	R-3B
Distance from Subject (mi.)	0.6

MAP OF AREA

ADJUSTMENT ANALYSIS	
Property Rights Conveyed	⊘
Conditions of Sale	⊘
Financing Terms	⊘
Market Conditions	▲
Initial Adjustment	▲
Location	⊘
Size	⊘
Utility	▲
Exposure	▲
Site Utilities & Other	▲

TRANSACTION REMARKS

Saratoga Mhp Fund Ii Llc purchased this site in November 2018 from Paula Beechler for a total consideration of $778,389. This amounts to an acquisition price of $2.55 per square foot of land area. This sale, which is located at 61 Gettysburg Drive in Springfield, is a tract that is comprised of a total of 304,920 square feet. It is our understanding that all utilities are available to this site, similar to the subject site. As such, no adjustment is warranted. There were not any structures of significance on the site at the time of transaction; therefore, no adjustments were required to render the property as vacant. This property is similar in size relative to the subject, thereby requiring no adjustment. Exposure for this sale is understood to be inferior, warranting an upward adjustment. Other adjustments, if applicable, were also applied.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor, increased by a total of about 1.8%. Regarding property adjustments, it is our opinion that this site was similar relative to that of the subject where locational characteristics are concerned, and that its utility is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. After making all quantitative adjustments, it is our opinion that this sale was generally inferior relative to the subject.

LAND COMPARABLE 4

LOCATION INFORMATION

Name	Vacant Land
Address	5901 South 6th Street
Address (cont.)	Springfield, IL 62703
County	Sangamon
APN	22-27.0-376-006

TRANSACTION INFORMATION

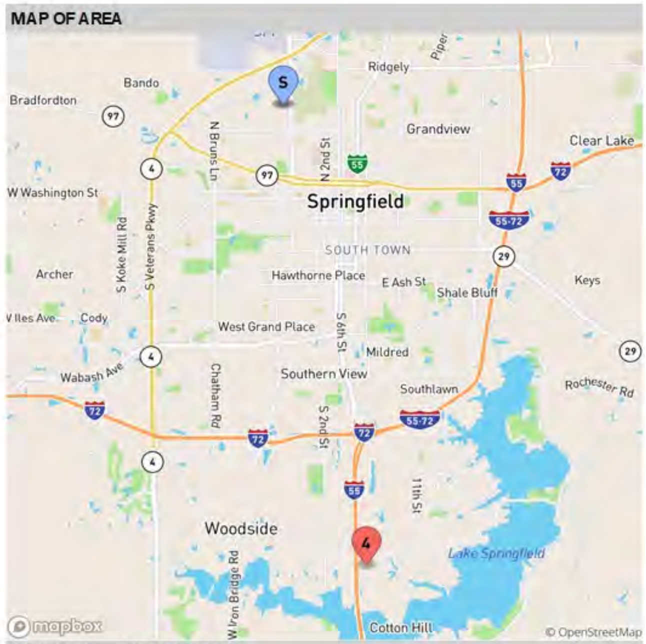
Seller	DGOGSpringfieldIL11012017 LLC
Buyer	DG Springfield LLC
Transaction Date	October 5, 2018
Verification Source	All available
Transaction Price	$260,000
Price per SF	$5.97
Rights Transferred	Fee Simple
Marketing Time (Days)	247

Photo Not Available

PHYSICAL INFORMATION

Site Size	43,560 SF (1.0 ac.)
Site Utilities	All available
Structure on Site?	No
	B-1
Distance from Subject (mi.)	9.2

MAP OF AREA



ADJUSTMENT ANALYSIS

Property Rights Conveyed	⊘
Conditions of Sale	⊘
Financing Terms	⊘
Market Conditions	▲
Initial Adjustment	▲
Location	⊘
Size	▼
Utility	▲
Exposure	▼
Site Utilities & Other	⊘

TRANSACTION REMARKS

This site was acquired by DG Springfield LLC in October 2018 from DGOGSpringfieldIL11012017 LLC for a total consideration of $260,000. This amounts to an acquisition price of $5.97 per square foot of land area. This sale is a tract that is comprised of a total of 43,560 square feet. It is located at 5901 South 6th Street in Springfield. Reportedly, all utilities are available to this site requiring no adjustment. No structures were present on the site at the time of transaction; therefore, no adjustments were required to render the property as vacant. This property is smaller in size relative to the subject, thereby requiring a downward adjustment. Exposure for this sale (frontage along major streetways and highways) is understood to be superior, warranting a downward adjustment. Other adjustments, if applicable, were also applied.

ADJUSTMENT COMMENTS

The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor, increased by a total of about 2.1%. It is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject and that its utility is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. Our opinion of this property, after applying all quantitative adjustments, reflects a site that generally has superior marketability characteristics relative to the subject.

Qualifications of the Hospitality, Gaming and Leisure Specialty Practice

MEET OUR **TEAM**

Newmark Knight Frank Valuation & Advisory's (V&A) Hospitality, Gaming & Leisure practice is focused exclusively on providing superior valuation and consulting services for a broad range of hotels, casinos and leisure properties.

Our team differentiates itself through a holistic, consulting-driven approach that goes far beyond the physical asset; by analyzing every aspect of a property's business and real estate operations, we identify all components of value for owners and investors.

Our mission is to be the foremost global resource, providing defensible expertise in hospitality, leisure, gaming, sports and entertainment real estate. We approach every challenge with dedicated focus, innovative methodologies and hands-on collaboration to consistently deliver reliable solutions for each client.

DEDICATED **EXPERTISE**

Newmark Knight Frank V&A's Hospitality, Gaming & Leisure group completes assignments nationwide for a vast range of complex assets—from bed-and-breakfasts to luxury hotels, off-track betting facilities to Las Vegas casinos, bowling alleys to mega sports complexes, and municipal aquatic centers to indoor waterpark resorts. Our senior appraisers, each of whom possesses more than 15 years of dedicated experience, are hands on throughout every phase of the process and actively involved with all reports and client deliverables.

As widely recognized experts in the Hospitality, Gaming & Leisure sector, our team are frequent contributors to national industry publications, and are regularly featured speakers at industry events. We are also called upon as a trusted resource for other hospitality, gaming and leisure industry professionals.

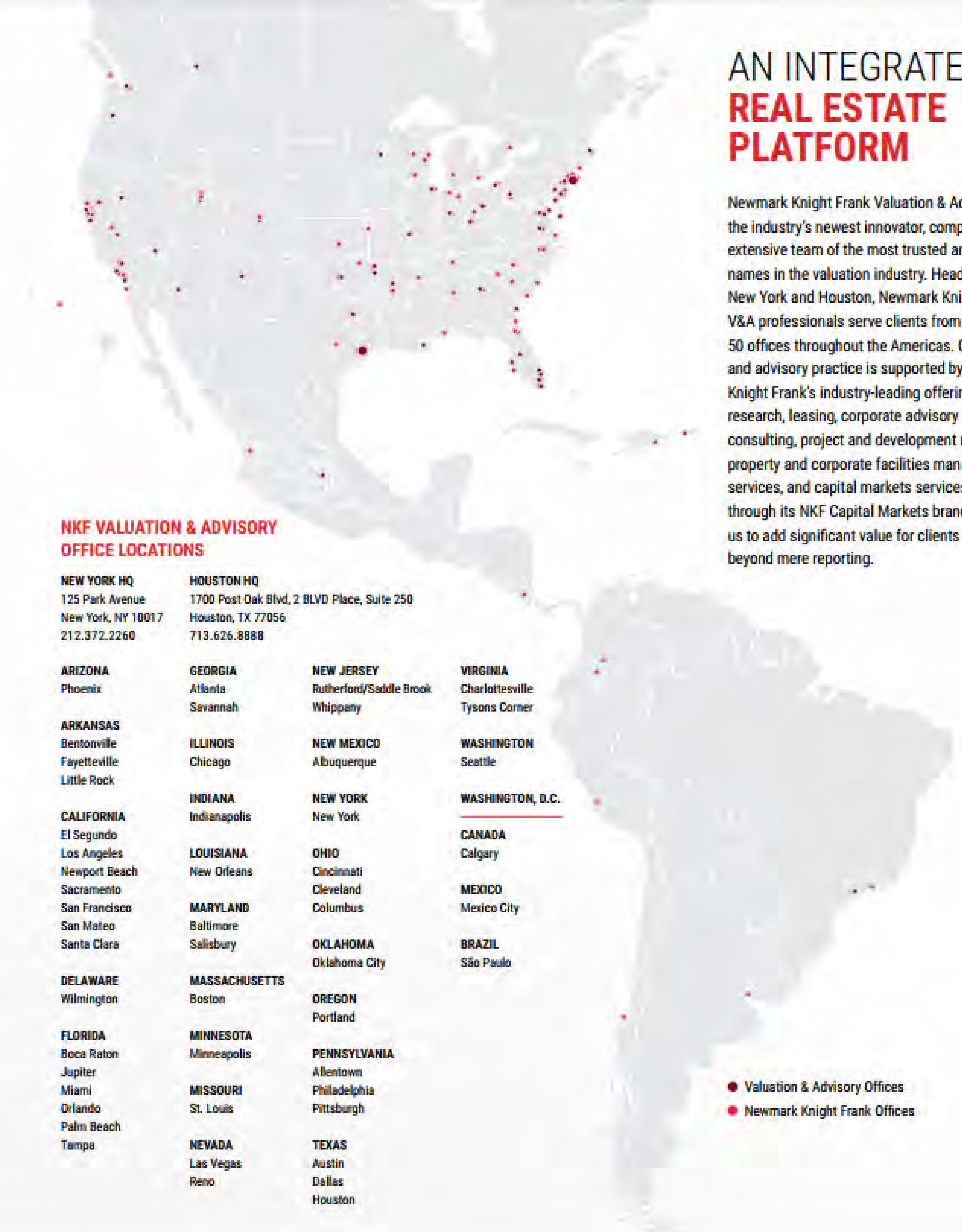
OUR CORE DISCIPLINES

The team's core disciplines substantially exceed traditional valuation services, and are all handled exclusively by our subject experts.

- **Economic Impact:** We guide owners and operators on how to maximize economic incentives, and advise government entities regarding the impact of incentives on a community or development.
- **Feasibility:** We take feasibility studies to the next level, combining market knowledge with expert economic impact analysis and acumen in cash-on-cash, ROI and other metrics.
- **Financial Reporting:** We fulfill clients' financial reporting requirements seamlessly, without seeking assistance from outside parties.
- **Litigation:** Our experts bring a strategic perspective to this role, which goes beyond the depth and scope of typical litigation services.
- **Portfolio Analytics:** We supplement traditional analytics by benchmarking against industry averages and trends, thereby ensuring comprehensive due diligence.
- **Property Tax:** Understanding every aspect of a property's operations enables us to deliver particularly effective tax strategies.

PROPERTY TYPES

- **Hotels and Resorts**
- **Gaming Facilities**
- **Arenas, Stadiums and Sports Facilities**
- **Conference, Expo and Convention Centers**
- **Golf Courses**
- **Marinas**
- **Ski and Village Resorts**
- **Waterparks, Amusement Parks and Attractions**



AN INTEGRATED **REAL ESTATE PLATFORM**

Newmark Knight Frank Valuation & Advisory is the industry's newest innovator, comprising an extensive team of the most trusted and recognized names in the valuation industry. Headquartered in New York and Houston, Newmark Knight Frank's V&A professionals serve clients from more than 50 offices throughout the Americas. Our valuation and advisory practice is supported by Newmark Knight Frank's industry-leading offerings including research, leasing, corporate advisory services, consulting, project and development management, property and corporate facilities management services, and capital markets services provided through its NKF Capital Markets brand—allowing us to add significant value for clients that goes beyond mere reporting.

NKF VALUATION & ADVISORY OFFICE LOCATIONS

NEW YORK HQ
125 Park Avenue
New York, NY 10017
212.372.2260

HOUSTON HQ
1700 Post Oak Blvd, 2 BLVD Place, Suite 250
Houston, TX 77056
713.626.8888

ARIZONA
Phoenix

ARKANSAS
Bentonville
Fayetteville
Little Rock

CALIFORNIA
El Segundo
Los Angeles
Newport Beach
Sacramento
San Francisco
San Mateo
Santa Clara

DELAWARE
Wilmington

FLORIDA
Boca Raton
Jupiter
Miami
Orlando
Palm Beach
Tampa

GEORGIA
Atlanta
Savannah

ILLINOIS
Chicago

INDIANA
Indianapolis

LOUISIANA
New Orleans

MARYLAND
Baltimore
Salisbury

MASSACHUSETTS
Boston

MINNESOTA
Minneapolis

MISSOURI
St. Louis

NEVADA
Las Vegas
Reno

NEW JERSEY
Rutherford/Saddle Brook
Whippany

NEW MEXICO
Albuquerque

NEW YORK
New York

OHIO
Cincinnati
Cleveland
Columbus

OKLAHOMA
Oklahoma City

OREGON
Portland

PENNSYLVANIA
Allentown
Philadelphia
Pittsburgh

TEXAS
Austin
Dallas
Houston

VIRGINIA
Charlottesville
Tysons Corner

WASHINGTON
Seattle

WASHINGTON, D.C.

CANADA
Calgary

MEXICO
Mexico City

BRAZIL
São Paulo

FOR MORE INFORMATION:
Bryan Younge, MAI, ASA, FRICS
Executive Vice President
National Practice Leader – Hospitality, Gaming & Leisure
312.224.3208
bryan.younge@ngkf.com

Assignment Specific Addenda Items

WINTRUST FINANCIAL CORPORATION™

June 4, 2019 Appraisal Engagement Letter

John Mackris
Newmark Knight Frank
500 West Monroe Street, Suite 2900
Chicago, IL 60661

Dear John:

This Engagement Letter ("Agreement") is the written agreement between Wintrust Financial Corporation and John Mackris ("Appraiser") of Newmark Knight Frank ("Appraisal Firm") for appraisal services. Upon execution of this Agreement, you are authorized to perform appraisal services for the transaction described, according to the terms and conditions specified.

FEE AND DELIVERY					
Appraisal Fee:	**$3,750**	Delivery Date:	**July 2, 2019**	Copies:	One (1) PDF Copy per assignment –hard copies only if requested by reviewer

CONTACT INFORMATION		
Borrowing Entity:	**Tri Murti Group**	Property Contact**: Hotel Manager: Raj Zaveri** **Phone 217 541 8762 - Email: hojozaveri@gmail.com** **Any other question, contact: Ketan Sheth** **VP of Operations & Business Development** **Cell : 847 334 3655 - ksheth@relianseglobal.com**

PROPERTY INFORMATION AND PROJECT DESCRIPTION	
Property Address:	1701 J David Jones Parkway, Springfield IL 62702
Property Description:	The subject is a Howard Johnson Hotel. Building Size: 49,720 sq ft - Year Built: 1981 - Lot Size: 384,052 sq ft
PIN (Tax ID)	14-21.0-326-014 & -026 & -027 & -029
Property Type	☐ Multi Family ☐ Mixed Use ☐ Office ☐ Industrial ☐ Retail ☐ Adaptive Re-use ☐ Vacant Land/Lot ☐ Hotel ☐ Senior Housing/Nursing Home ☒ Special Purpose ☐ Other

Scope of Work Considerations

Interests Appraised	Property Type	Valuation Date	Value Premise	Valuation(s)
☒ **Fee Simple**	☐ Vacant Land	☒ **Current**	☒ **'As-Is'**	☒ **Market Value**
☐ Leased Fee	☐ Land Development	☐ Future Date	☐ **'**Upon-Completion'	☐'Prospective Wholesale Bulk'
☐ Leasehold	☒ **Existing Structure(s)**	☐ Oher:_____	☐ 'As-Stabilized'	☐ Gross/Net Retail Sales
☐ Ground Lease	☐ Other: Minus Demo cost		☐ Other: Land Value	☐ Liquidation Value
☐ Going Concern				☐ Other:__________

Other Valuation Comments: Please prepare a fee simple appraisal issuing an as-is value using a minimum of two approaches.

Client and Intended User	**WINTRUST FINANCIAL CORPORATION and WINTRUST BANK** **And U.S. SMALL BUSINESS ADMINISTRATION (SBA)**
Intended Use of Appraisal	☒ Mortgage Loan Financing ☐ Construction Loan Financing ☐ Asset Management/Internal Planning Purposes
Additional Scope of Work Requirements:	*** For all owner-occupied/fee simple properties:** If during the highest and best use analysis, it is determined that the most likely purchaser of the subject property may be an investor who would in turn look to lease the property, the appraisal should include both the estimated market value as an income producing property (*with all applicable lease-up costs considered*), as well as the estimated market value based on the continued owner-occupied use of the subject (*even if it is concluded not to be the highest and best use*). *** For all multi-tenant CRE appraisal assignments** please include multiple approaches to value within the completed appraisal report. *If we are requesting an **ARGUS DCF analysis** we require that the **individual schedules be provided in a PDF format** and within the final copy of the appraisal report to assist in our review. The individual schedules should include: 1**) Input Assumptions 2) Detailed Rent Roll 3) All Supporting Schedules**

NOTE: All questions regarding the scope of this particular assignment or the bank's appraisal policies and appraisal standards should be directed to the individual signing this letter for the bank on behalf of Wintrust Financial Corporation.	
Property Inspection Requirements:	*** WTFC** requests that the appraiser/appraisal firm contact the borrower/property contact provided **within 3-business days of the official engagement letter** being received to coordinate property inspection and request any additional supporting items needed to complete the assignment. **If copies of leases and operating expenses are not made available at the time of engagement, WTFC's expectation is that the appraiser will request these items from the property contact. If leases and operating expenses are not made available within a reasonable timeframe, please contact WTFC for further guidance *prior to* completing the appraisal assignment.** *** WTFC requires all COMMERCIAL property inspections be completed by a Certified General Appraiser.** If a Licensed trainee or Certified Residential appraiser is conducting the property inspection they must be accompanied by a Certified General Appraiser or receive prior approval from WTFC – either assigned Reviewer or WRES Management.
Client Contacts	**Real Estate Services**
Name:	Homayra Flores
Address:	1101 Lakeview Parkway, Vernon Hills, IL 60061
Contact Information:	Appraisals@Wintrust.com or Efax: 877-481-0952

Standards

- ❑ Client, Users & Use: The report should state that "The client is Wintrust Financial Corporation" and that "the intended Users are "Wintrust Financial Corporation" and the specific bank named in the engagement, its affiliates, and loan participants"; and that the intended use is "for purposes of loan underwriting, asset management or asset disposition".
- ❑ Compliance: The report should comply with the standards of the 2018-2019 Edition of the Uniform Standards of Professional Appraisal Practice (USPAP) as well the standards of all governing entities overseeing Wintrust Financial Corporation chartered banks. This includes but not limited to the appraisal policies and procedures of Wintrust Financial Corporation, the Federal Reserve Bank and the regulations of the Office of the Comptroller of the Currency (OCC), and federal law, including but not limited to the Financial Institutions Reform, Recovery and Rehabilitation Act (FIRREA), as amended. References to federal banking regulation will be made to publication of the OCC.
- ❑ Minimum standard of an Appraisal Report: The report should contain that degree of narrative, supported by pertinent documentation, that reflects the complexity of the appraisal assignment and informs the reader of the logic, reasoning, judgment, and analysis applied by the Appraiser in reaching the value conclusions.
- ❑ Property Inspection: The property will be inspected by the Appraiser, or by qualified Licensed personnel from the Appraiser's Firm.
- ❑ For any Restricted Appraisal that is engaged the final reports are required to fully comply with the USPAP standards for such an appraisal as defined by the content outlined in the 2018-2019 Edition of the Uniform Standards of Professional Appraisal Practice.

Contents of Appraisal Reports

- ❑ **Scope of Work:** The report will contain a thorough narrative description of the type and extent of research and analyses deemed by the Appraiser to be necessary to complete the assignment. The Scope of Work will be discussed in sufficient detail with the Client prior to acceptance of this assignment. If during the course of the assignment the Appraiser determines that the appropriate Scope of Work varies from that discussed with the Client, that change must be discussed with and approved by the undersigned officer of Wintrust Financial Corporation and/or WRES Management or assigned WRES Reviewer.
- ❑ **Certification:** The report will contain the signed Certification of the Appraiser, certifying, among other things, that:
  - ❑ The Appraisal Report has been prepared in compliance with USPAP, FIRREA and other relevant laws and regulations, including those of the OCC, and the policies and procedures of Wintrust Financial Corporation.
  - ❑ The name of the individual(s) who inspected the subject property (see Property Inspection requirements above).
  - ❑ The Appraiser has personally performed, and/or has supervised and approved any material appraisal services performed by others;
  - ❑ The Appraiser accepts full professional responsibility and liability for the appraisal services and report;
  - ❑ If the Appraiser accepts an assignment with a lack of knowledge and/or experience the Appraiser is then required per USPAP to describe the lack of knowledge and/or experience and the steps taken to complete the assignment competently in the report.
  - ❑ The Appraiser is a Certified General Appraiser lawfully permitted to appraise property in the state where the property is located;
  - ❑ The Appraiser is an independent contractor and is not an employee, partner, principal or agent of Wintrust Financial Corporation;
  - ❑ The Appraiser performed the appraisal services independently, and has no interest, financial or otherwise, direct or indirect, in the subject property or contemplated transaction, beyond the delivery of these appraisal services in consideration of the Appraisal Fee;
- ❑ Table of Contents;
- ❑ As relevant to effectively describe the property and improvements, improvement sketches or plan reductions, with measurements and other detail sufficiently legible that calculations made by the Appraiser may be independently verified;
- ❑ Description of the rationale and adjustments made to sales and rental comparables **<u>including adjustment grids</u>** within the report;
- ❑ Legal description of the subject property, in addition to the property identification required by USPAP;
- ❑ Photographs of the subject property and if available, or possible, all improved sales;
- ❑ If applicable, the estimate of the effective age and remaining economic life of any appraised property improvements;
- ❑ Please include a fully executed copy of this Agreement in the addenda of the report; and
- ❑ The license or certification number and expiration date of the Appraiser(s);

Value Definitions: The Appraiser will rely on the definitions in USPAP and his or her professional judgment to develop the market valuations requested. To the extent these are not defined in USPAP and/or real estate industry participants may have different definitions, the Appraiser should consider Wintrust Financial Corporation's general definitions in developing the value(s):

- ❑ Gross Retail Price: Generally, the aggregate sales Price of units within a development, without adjustment or discount for profit, holding period costs, marketing expenses, leasing or sales commissions, tenant improvements or repairs, or other expenses.
- ❑ Net Retail Price: The Gross Retail Value, net of adjustments and discounts for profit, holding period costs, marketing expenses, leasing and sales commissions, tenant improvements or repairs, and other expenses, including adjustment for the time value of money.
- ❑ Prospective Wholesale 'Bulk' Market Value: is the value of the appraised property, as-if sold in an orderly market transaction to a single investor who would then complete the project. Bulk Value should reflect the adjustments and discounts that a market investor would consider in its analysis.
- ❑ Liquidation Value: is the value of the appraised property as if sold in a default situation to a market investor, net of the adjustments and discounts such an investor might make in its investment analysis.

Payment Wintrust, or the affiliated bank, will pay the Appraiser directly, upon receipt of a proper invoice and acceptance of the Appraisal Report.

Ownership Wintrust Financial Corporation will own the Appraisal Report, and its supporting documentation, analysis, data or other information used to support its facts, assumptions, conditions and conclusions. To the extent that Appraiser holds this information at its office, Appraiser agrees to timely deliver the information to Wintrust Financial Corporation upon its request. Wintrust Financial Corporation may share the Appraisal Report and/or supporting information with other parties of its choice without restriction and without further notice to, or approval of, Appraiser or his or her firm.

Failure to Deliver by the Delivery Date If the Appraisal Report will not be delivered by the Delivery Date, the Appraiser will notify the undersigned immediately. Wintrust Financial Corporation may, at its discretion, assess a penalty of up to 10% of the Appraisal Fee for each day the report is past due.

Termination Wintrust Financial Corporation, at its option, for any reason, with or without cause, may terminate this agreement by giving written notice to Appraiser. If terminated, payment for services will be limited to the lesser of i) the Appraisal Fee, net of any penalty assessed for a past due report, or ii) actual vendor time and out-of-pocket costs incurred in connection with the performance of this agreement, supported by documentation acceptable to Wintrust Financial Corporation, to the date of termination.

Review and Acceptance Wintrust Financial Corporation reserves the right to review the Appraisal Report, and may require modifications, corrections, additional work or additional information before accepting the same. You agree to work in good faith with Wintrust Financial Corporation to resolve any objections to the Appraisal Report, within the restrictions of USPAP, federal law and regulation, and standards of professional conduct. Wintrust Financial Corporation will not be responsible for any expenses incurred in the completion of this assignment, beyond the Appraisal Fee.

Confidentiality Wintrust Financial Corporation is subject to numerous laws and regulations regarding the privacy of information. Appraiser acknowledges that it is familiar with and will abide by these laws and regulations in every regard, and will hold in confidence all information furnished by any party in connection with this assignment, including but not limited to Wintrust Financial Corporation, the borrower, property owner, and attorneys, and will not discuss or disclose this information to any party outside of Wintrust Financial Corporation. If the Appraiser is served with a legal notice for discovery of any information, the Appraiser will notify Wintrust Financial Corporation immediately.

Professional Liability Appraiser and the Appraiser's Firm, if any, accepts full professional liability for the contents of the Appraisal Report. Any statement in the Appraisal Report that would limit or disclaim that liability will not be valid, even if the report is accepted by the Client. Appraiser certifies that professional liability insurance in an amount not less than $100,000 is currently maintained by the Appraiser, or is maintained by the Appraiser's Firm and extends to cover the Appraiser. A copy of the liability insurance declaration will be furnished to Wintrust Financial Corporation upon its request.

Entire Agreement This Engagement Letter constitutes the entire agreement between the Bank and the Appraiser. Any changes in this Engagement Letter must be authorized in writing by the undersigned, and both parties agree that they will not accept any oral modification of this agreement.

Thank you for accepting this appraisal assignment.

Sincerely,

Homayra Flores

Homayra Flores
Real Estate Services
Wintrust Financial Corporation

Signed and agreed:

Appraiser's Signature: John Mackris Date: 6/4/2019

Appraiser Certification #: IL - 553.001360 Expiration Date: 09/30/2019

BRYAN YOUNGE, MAI, ASA, FRICS

Executive Vice President

Newmark Knight Frank
500 W Monroe Street
Suite 2900
Chicago, IL 60661
bryan.younge@ngkf.com
T 312.224.3208
M 773.263.4544

Tenure/Experience

20+ Years

Areas of Specialization

- Advisory
- Economic Impact
- Feasibility
- Financial Reporting
- Litigation
- Portfolio Analytics
- Tax
- Valuation

Bryan Younge, MAI, ASA, FRICS, joined Newmark Knight Frank's Valuation & Advisory in 2017 as an executive managing director and the national practice leader of the Hospitality, Gaming and Leisure Group. Over the course of a ±20-year career, Mr. Younge has completed appraisal, financial reporting and consulting assignments locally, regionally and globally for a wide range of property types, including resorts, hotels, stadiums, golf courses, amusement parks, office buildings, industrial facilities, shopping centers, multifamily housing and land. Mr. Younge has also provided litigation support related to bankruptcy, special servicing, condemnation, estate planning, receivership and other court-administered issues.

Prior to NKF, Mr. Younge served in a similar capacity with Colliers International Valuation & Advisory, where he was managing director and national practice leader of the Hospitality and Leisure specialty group. He joined Colliers after nearly 13 years at Cushman & Wakefield, where he was the national practice leader of the Sports and Entertainment Group and a senior member of the Hospitality and Gaming Group.

Earlier in his career, Mr. Younge performed high-profile hospitality real estate and leisure valuation assignments as a senior consultant with the Valuation Services group of Arthur Andersen/Deloitte & Touche in Chicago and with the Hospitality and Leisure Consulting group of PricewaterhouseCoopers in Los Angeles.

Mr. Younge began his valuation career in 1998, performing appraisals of hotels and casinos in San Francisco and Boulder as a senior consultant with HVS International. He also served as an interim acquisition, development and investment analyst for Sage Hospitality Resources in Denver.

PROFESSIONAL AFFILIATIONS

- Member, Cornell Hotel Society
- Member, Cornell International Hotelier Association
- Member, National Ski Areas Association (NSAA)
- Associate member, Urban Land Institute (ULI)
- Member, American Society of Appraisers (ASA)
- Designated member, Appraisal Institute (MAI)
- Fellow, Royal Institution of Chartered Surveyors (FRICS)
- Certified general real estate appraiser, including (but likely not limited to) states of Alaska, Arizona, California (CA Appraiser License #AG028735), Colorado, Idaho, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Montana, Ohio, Oregon, Texas, Utah, Washington, Wisconsin and Wyoming.

SPEAKING ENGAGEMENTS, PUBLICATIONS AND MEDIA:

- "Valuing Hotels: The Competitive Quotient And The Art Component," ***Forbes***, January 2017

- "Hospitality Leader Shares His Outlook for the Transactions Market," ***Hotel Management Magazine***, June 2016
- "Select-Service Hotels Continue to Drive Transactions Market," ***Hotel Management Magazine***, May 2017
- "Sharing Economy Contributes to REITs' Lackluster Results," ***Hotel Management Magazine***, August 2016

- "Slowing Deliveries Won't Jump-Start Hotel Investment Activity In 2018," Bisnow, March 2018
- "Hotel Security In The Spotlight After Deadly Las Vegas Shooting," Bisnow, October 2017
- "Hoteliers are Getting Creative to Monetize Their Meeting Space," Bisnow, March 2017
- "Airbnb is Increasing Its Efforts to Up Tax Revenue Collection for Local Municipalities," ***Bisnow***, January 2017
- "Why Hotel Owners Should Welcome New Competition Even When it Hurts," ***Bisnow,*** January 2017
- "How Looming Regulatory Hurdles Could Affect Airbnb's Profits and $30B Valuation," ***Bisnow,*** August 2016
- "Here Are Four Challenges Facing The Hotel Industry This Year," ***Bisnow***, August 2016
- "Airbnb Collected $175M In Taxes From Hosts Last Year, Four Times What It Collected In 2015," ***Bisnow,*** January 2017.
- "Experts Note Sluggish Hotel Growth, Downtick in International Travel Following Brexit Vote," ***Bisnow,*** August 2016
- "Hoteliers to Raise Tech, Service Offerings to Remain Competitive This Year," ***Bisnow***, February 2016

- "Space Utility Index (SUI): How to Know if a Hotel is Making the Most of its Meeting Space," ***Mogul***, February 2017

- "German Investors Secure $315M Blockbuster Hotel Deal," ***Globe Street***, April 2016

- "Valuing Land In Dispute Resolution: Using Coefficient Of Variation To Determine Unit Of Measure," ***ASA Real Property E-Journal 8th Edition***, April 29, 2015

- "Chicago's Hotel Sales Lead U.S. in Hottest Market for Investors," ***Bloomberg***, February 2006
- "Sportsplexes, Hospitality and Critical Mass: Investors of sportsplexes count on hotels for successful real-estate venture-going formulae," ***Hotel News Resource***, January 28, 2014"Feature Cover Article: Renovating Historic Hotels," ***Hotel News Resource***, December 2000
- "Rebuilding Value: Hotel Investors and Operators are Shifting Attitudes from Value Preservation to Value Enhancement," ***Hotel-Online***, July 2010
- "Hotel Transactions: Investors are Feeling the Heat at the Prospect of a Lodging Economy Turnaround," ***Hotel-Online***, June 2009
- "The Role of Brands in the War of Survival," ***Hotel-Online***, May 2009
- "Hotel Investing: Deal Seekers See the Light at the End of a Long and Familiar Tunnel," ***Hotel-Online***, April 2003
- "Historic Redevelopment: Not Just Beneficial for its Creators," ***Lodging Magazine***, November 2000
- Panelist and Speaker of General Session, "What is Your Hotel Worth Today?" Lodging Magazine's Midwest Lodging Investment Summit; Chicago, Illinois; June 2009
- "Convention Centers: More than a Matter of Civic Pride," ***Hospitality Leader***, November 2000

PERSONAL AFFILIATIONS:

- Fundraiser, Sarcoma Foundation of America, 2016
- Fundraiser, Children's Cardiomyopathy Foundation, 2014
- Fundraiser, Wounded Warrior Project 2013
- Food stocker, Crystal Lake Food Pantry, 2011-Present

EDUCATION:

Mr. Younge earned a Master of Business Administration degree in finance and real estate law from Northwestern University's Kellogg School of Management and a Bachelor of Science degree in hotel real estate finance from Cornell University. As an undergraduate, he appeared on the National Dean's List and was a member of the National Honors Society. He also completed the Corporate Finance Summer Program at the University of California, Berkeley. More recently, Mr. Younge completed continuing education programs on commercial property valuation sponsored by the Appraisal Institute and other sanctioned learning institutions.

State of Illinois

Department of Financial and Professional Regulation

Division of Real Estate

LICENSE NO.
553.001437

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:
09/30/2019

CERTIFIED GENERAL REAL ESTATE APPRAISER

BRYAN E YOUNGE
COLLIERS INTERNATIONAL
227 W MONROE STREET STE 1000
CHICAGO, IL 60606

Bryan A. Schneider

BRYAN A. SCHNEIDER
SECRETARY

Kreg T. Allison

KREG T. ALLISON
DIRECTOR

The official status of this license can be verified at www.idfpr.com

11832985

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LICENSE NO.
553.001437

Department of Financial and Professional Regulation
Division of Real Estate

CERTIFIED GENERAL REAL ESTATE APPRAISER

BRYAN E YOUNGE

EXPIRES:
09/30/2019

Bryan A. Schneider

BRYAN A. SCHNEIDER
SECRETARY

Kreg T. Allison

KREG T. ALLISON
DIRECTOR

The official status of this license can be verified at www.idfpr.com

Cut on Dotted Line

JOHN MACKRIS, MAI, MRICS, CCIM

Senior Managing Director

Newmark Knight Frank
500 W Monroe Street
Suite 2900
Chicago, IL 60661
john.mackris@ngkf.com
T 312.224.3206

Years of Experience
21 Years

Areas of Specialization
- Valuation & Advisory
- Regional Malls
- Retail
- Office
- Mixed Use

John Mackris, MAI, MRICS, CCIM, joined Newmark Knight Frank's Valuation & Advisory in 2017 as a senior managing director and the market leader for Illinois, Missouri and Kansas. Mr. Mackris is also the National Practice leader for the Retail/Regional Mall group. Based in the firm's downtown Chicago office, Mr. Mackris leads a staff of professional appraisers who provide valuation services throughout the Midwest.

A highly experienced appraiser with 21 years in the business, Mr. Mackris has prepared and performed valuations and market analyses on a broad range of properties that include super-regional malls, lifestyle centers, neighborhood and community shopping centers, single-tenant retail, manufacturing, warehouse and flex industrial facilities, low-to-high rise office buildings, apartment complexes and large mixed-use developments as well as vacant land. Additionally, Mr. Mackris has performed specialized real estate valuation and market studies on auto dealerships, restaurants, bank branches, manufactured home communities, theaters, mini-storage facilities, convenience stores, data centers, medical offices and residential land subdivisions.

Mr. Mackris has completed valuations and market studies on proposed, partially completed, renovated and existing properties. He has carried out valuations for mortgage financing, tax appeals, investment counseling, potential sales and purchases, leasehold and rental analysis, and feasibility analysis. Clients have included commercial banks, developers, corporations, individual property owners, public agencies, insurance companies and legal firms.

Prior to Newmark Knight Frank, Mr. Mackris worked for more than 19 years in the Chicago office of Cushman & Wakefield, most recently as an executive director and co-leader of the Midwest retail specialty practice. Prior to C&W, Mr. Mackris worked as a senior appraiser for Terzo & Bologna, Inc. in Southeast Michigan.

Mr. Mackris is a certified general appraiser in the states of Illinois, Indiana, Iowa, Kentucky, Missouri, Michigan, Minnesota, Ohio, Texas and Wisconsin. He is also an MAI designated member of the Appraisal Institute, a member of the Royal Institution of Chartered Surveyors (MRICS), a Certified Commercial Investment Member (CCIM), and a member of the International Council of Shopping Centers (ICSC) and the Chicago Real Estate Council. In 2009, Mr. Mackris was a guest presenter for the Real Estate Lenders Association (RELA) regarding the state of the Chicago retail market.

Mr. Mackris earned a Bachelor of Arts degree in economics from the University of Michigan. He has also completed the requirements of the Appraisal Institute's continuing education program.

State of Illinois

Department of Financial and Professional Regulation

Division of Real Estate

LICENSE NO.
553.001360

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:
09/30/2019

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOHN MACKRIS
836 HUNTER ROAD
GLENVIEW, IL 60025

Bryan A. Schneider

BRYAN A. SCHNEIDER
SECRETARY

Kreg T. Allison

KREG T. ALLISON
DIRECTOR

The official status of this license can be verified at www.idfpr.com

11840196

John Burke

Vice President

Newmark Knight Frank
500 W Monroe Street
Suite 2900
Chicago, IL 60661
john.burke@ngkf.com
T 312.224.3170
M 843.813.3265

Years of Experience

10 Years

Areas of Specialization

- Valuation & Advisory
- Hospitality and Leisure Assets
- Impact Studies
- Performance Reviews
- Property Tax Appeals

Corporate Background

John M Burke joined Newmark Knight Frank Valuation & Advisory in 2019 and serves as a vice president of the Hospitality, Gaming & Leisure Group. Mr. Burke has substantial expertise in the valuation and advisory of hotels and resorts, amusements and theme parks, waterparks, family entertainment centers, RV parks, and other leisure-oriented assets.

Mr. Burke joined NKF after roughly four years at Hotel & Leisure Advisors, a Cleveland-based hospitality and leisure appraisal and consulting firm. At Hotel & Leisure Advisors, Mr. Burke was responsible for completing appraisals, feasibility studies, economic impact studies, brand-on-brand impact studies, and operational reviews for various hospitality-related assets throughout the United States. Some of the unique assets studied included indoor waterpark resorts, outdoor waterparks and golf entertainment complexes.

Prior to Hotel & Leisure Advisors, Mr. Burke was a senior revenue manager at Hilton Worldwide. During his tenure at Hilton, he led a team of revenue managers responsible for a portfolio of 150 focused-service and extended-stay hotels. He also participated in the pilot test and facilitated the rollout of the IDeaS G3 Revenue Management System (GRO) to all focused-service hotels in the United States and Canada.

Mr. Burke began his hospitality career at InterContinental Hotels Group, where he served as a global content services coordinator and revenue enhancement specialist.

Licenses and Designations

- Certified general real estate appraiser, state of Ohio

Publications

- "Data Reveals Risks, Prospects Facing US Hotels in 2018," *Hotel News Now*, January 2018
- "The Financial Impact of Hotel Renovations," *Hotel News Now*, December 2016
- "Golf Entertainment Complexes Offer a New Spin on an Old Game," *Hotel Online*, May 2016

Education

Mr. Burke earned a Bachelor of Science degree in business administration from the University of South Carolina.

State of Illinois

Department of Financial and Professional Regulation

Division of Real Estate

LICENSE NO.
553.002726

The person, firm, or corporation whose name appears on this certificate has complied with the provisions of the Illinois Statutes and/or rules and regulations and is hereby authorized to engage in the activity as indicated below:

EXPIRES:
09/30/2019

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOHN M BURKE
540 N STATE STREET APT 3310
CHICAGO, IL 60654

DEBORAH HAGAN
ACTING SECRETARY

MARIO TRETO, JR.
ACTING DIRECTOR

The official status of this license can be verified at www.idfpr.com

13662956

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LICENSE NO.
553.002726

Department of Financial and Professional Regulation
Division of Real Estate

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOHN M BURKE

EXPIRES:
09/30/2019

DEBORAH HAGAN
ACTING SECRETARY

MARIO TRETO, JR.
ACTING DIRECTOR

The official status of this license can be verified at www.idfpr.com

Cut on Dotted Line

Selected Parcel: 14-21.0-326-014
Location: 1701 J DAVID JONES PKY

Current Assessment 2019 Payable 2020

Name & Mailing Address
TRI MURTIGROUP LLC
% SHAILESH PAREKH
1701 J DAVID JONES PKWY
SPRINGFIELD, IL 62702-2558

Class 50 UNIMPROVED COMMERCIAL

Status Active

Tax Code 001

Property Address
1701 J DAVID JONES PKY
SPRINGFIELD, IL 62702

Legal Description
THOMAS LEWIS SUBDN
PT. LOT 8 200' X 300'
EX. PCE SOLD TO STATE

Non-Farm Acres 0.00 **Farm Acres** 0.00

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Exemptions
* None *

Assessment Values

	Prior Year Board of Review Equalized	Assessor Changes	Board of Review Changes	Board of Review Equalized

	Prior Year Board of Review Equalized	Assessor Changes	Board of Review Changes	Board of Review Equalized
		Not Finalized	Not Finalized	Not Finalized
Status	Active			
Class	UNIMPROVED COMMERCIAL			
Tax Code	001			
Reason				
Non-Farm Land	10,313			
Non-Farm Building	0			
Farm Land	0			
Farm Building	0			
1st Time Non-Farm Building	0			
1st Time Farm Building	0			
*** TOTAL ***	10,313			

Current Billing Details 2018 Payable 2019

Payment History, Year 2018 Payable 2019							
No	**Date**	**Amount**	**Penalty**	**Other Costs**	**Transaction Type**		
1	04/29/2019	871.38	0.00	0.00	Current	2018	Billed Amt

Assessment Information		Bill Information		Installment Detail	
Assessment Year	2018-2019	**Tax Year**	2018-2019	**1st Installment**	
Fair Market Value	30,939	**Value After Exemptions**	10,313	**Due Date**	06/07/2019
Assessed Value	10,180			**Tax Due**	$435.69
Township Multiplier	1.0131	**Tax Rate**	8.4492%	**Penalty**	$6.53
Value After Township Multiplier	10,313	**Tax Extended**	$871.38	**Total Due**	$442.22
		Adjustments	$0.00	Total due amount is good through 07/07/2019	
County Multiplier	1.0000	**Tax Billed**	$871.38		

Equalized Value	10,313	**Payments**	-$0.00	**2nd Installment**
Value After Exemptions	10,313			**Due Date** 09/06/2019
		Tax Due	$871.38	**Tax Due** $435.69
		1st Installment	$435.69	No payments are currently scheduled.
		2nd Installment	$435.69	

Most Recent Sale

Number	Class	Sale Year	Sale Date	Sale Amount	Sale Acres	Township	
1	50 UNIMPROVED COMMERCIAL	2009	03/09/2009	0	0.00	CAPITAL	Details

Selected Parcel: 14-21.0-326-027
Location: 1701 J DAVID JONES PKY

Current Assessment 2019 Payable 2020

Name & Mailing Address
TRI MURTIGROUP LLC
% SHAILESH PAREKH
1701 J DAVID JONES PKWY
SPRINGFIELD, IL 62702-2558

Class 60 IMPROVED COMMERCIAL

Status Active

Tax Code 001

Property Address
1701 J DAVID JONES PKY
SPRINGFIELD, IL 62702

Legal Description
THOMAS LEWIS SUB PT. LOT 8 &
9 EX. HIGHWAY 21-16-5

Non-Farm Acres 4.00 **Farm Acres** 0.00

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Exemptions
* None *

Assessment Values

	Prior Year Board of Review Equalized	Assessor Changes	Board of Review Changes	Board of Review Equalized

	Prior Year Board of Review Equalized	Assessor Changes	Board of Review Changes	Board of Review Equalized
		Not Finalized	Not Finalized	Not Finalized
Status	Active			
Class	IMPROVED COMMERCIAL			
Tax Code	001			
Reason				
Non-Farm Land	59,791			
Non-Farm Building	537,212			
Farm Land	0			
Farm Building	0			
1st Time Non-Farm Building	0			
1st Time Farm Building	0			
*** TOTAL ***	597,003			

Current Billing Details 2018 Payable 2019

Payment History, Year 2018 Payable 2019							
No	Date	Amount	Penalty	Other Costs	Transaction Type		
1	04/29/2019	50,441.98	0.00	0.00	Current	2018	Billed Amt

Assessment Information		Bill Information		Installment Detail	
Assessment Year	2018-2019	**Tax Year**	2018-2019	**1st Installment**	
Fair Market Value	1,791,009	**Value After Exemptions**	597,003	**Due Date**	06/07/2019
Assessed Value	589,284			**Tax Due**	$25,220.99
Township Multiplier	1.0131	**Tax Rate**	8.4492%	**Penalty**	$378.31
Value After Township Multiplier	597,003	**Tax Extended**	$50,441.98	**Total Due**	$25,599.30
		Adjustments	$0.00	Total due amount is good through 07/07/2019	
County Multiplier	1.0000	**Tax Billed**	$50,441.98		

Equalized Value	597,003	**Payments**	-$0.00	**2nd Installment**
Value After Exemptions	597,003			**Due Date** 09/06/2019
		Tax Due	$50,441.98	**Tax Due** $25,220.99
		1st Installment	$25,220.99	No payments are currently scheduled.
		2nd Installment	$25,220.99	

Most Recent Sale

Number	Class	Sale Year	Sale Date	Sale Amount	Sale Acres	Township	
1	60 IMPROVED COMMERCIAL	2009	03/09/2009	0	4.00	CAPITAL	Details

Selected Parcel: 14-21.0-326-026
Location: 1701 J DAVID JONES PKY

Current Assessment 2019 Payable 2020

Name & Mailing Address
TRI MURTIGROUP LLC
% SHAILESH PAREKH
1701 J DAVID JONES PKWY
SPRINGFIELD, IL 62702-2558

Class 50 UNIMPROVED COMMERCIAL

Status Active

Tax Code 001

Property Address
1701 J DAVID JONES PKY
SPRINGFIELD, IL 62702

Legal Description
THOMAS LEWIS SUB PTS. LOTS
8 & 9 21-16-5

Non-Farm Acres 0.71 **Farm Acres** 0.00

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Exemptions
* None *

Assessment Values

	Prior Year Board of Review Equalized	Assessor Changes	Board of Review Changes	Board of Review Equalized

	Prior Year Board of Review Equalized	Assessor Changes	Board of Review Changes	Board of Review Equalized
		Not Finalized	Not Finalized	Not Finalized
Status	Active			
Class	UNIMPROVED COMMERCIAL			
Tax Code	001			
Reason				
Non-Farm Land	10,612			
Non-Farm Building	0			
Farm Land	0			
Farm Building	0			
1st Time Non-Farm Building	0			
1st Time Farm Building	0			
*** TOTAL ***	10,612			

Selected Parcel: 14-21.0-326-029

Current Assessment 2019 Payable 2020

Name & Mailing Address
TRI MURTIGROUP LLC
% SHAILESH PAREKH
1701 J DAVID JONES PKWY
SPRINGFIELD, IL 62702-2558

Class 50 UNIMPROVED COMMERCIAL

Status Active

Tax Code 001

Property Address

SPRINGFIELD, IL

Legal Description
THOMAS LEWIS SUB E 404.76'
OF LOT 5 & E 404.76' OF
N 13.93' OF LOT 4

Non-Farm Acres 3.21 **Farm Acres** 0.00

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Exemptions
* None *

Assessment Values

	Prior Year Board of Review Equalized	Assessor Changes	Board of Review Changes	Board of Review Equalized

	Prior Year Board of Review Equalized	Assessor Changes	Board of Review Changes	Board of Review Equalized
		Not Finalized	Not Finalized	Not Finalized
Status	Active			
Class	UNIMPROVED COMMERCIAL			
Tax Code	001			
Reason				
Non-Farm Land	47,939			
Non-Farm Building	0			
Farm Land	0			
Farm Building	0			
1st Time Non-Farm Building	0			
1st Time Farm Building	0			
*** TOTAL ***	47,939			

Current Billing Details 2018 Payable 2019

Payment History, Year 2018 Payable 2019

No	Date	Amount	Penalty	Other Costs	Transaction Type		
1	04/29/2019	4,050.46	0.00	0.00	Current	2018	Billed Amt

Assessment Information		Bill Information		Installment Detail	
Assessment Year	2018-2019	**Tax Year**	2018-2019	**1st Installment**	
Fair Market Value	143,817	**Value After Exemptions**	47,939	**Due Date**	06/07/2019
Assessed Value	47,319			**Tax Due**	$2,025.23
Township Multiplier	1.0131	**Tax Rate**	8.4492%	**Penalty**	$30.37
Value After Township Multiplier	47,939	**Tax Extended**	$4,050.46	**Total Due**	$2,055.60
		Adjustments	$0.00	Total due amount is good through 07/07/2019	
County Multiplier	1.0000	**Tax Billed**	$4,050.46		

Equalized Value	47,939	**Payments**	-$0.00	**2nd Installment**
Value After Exemptions	47,939			**Due Date** 09/06/2019
		Tax Due	$4,050.46	**Tax Due** $2,025.23
		1st Installment	$2,025.23	No payments are currently scheduled.
		2nd Installment	$2,025.23	

Most Recent Sale

Number	Class	Sale Year	Sale Date	Sale Amount	Sale Acres	Township	
1	50 UNIMPROVED COMMERCIAL	2008	10/17/2008	2,250,000	3.21	CAPITAL	Details