APPRAISAL REPORT

FAIRFIELD INN & SUITES MELBOURNE PALM BAY VIERA
4355 West New Haven Avenue
Melbourne, Brevard County, Florida 32904
CBRE, Inc. File No. 14-397MI-1734-1

Mr. Martin Pinsker
AMERICAN HOTEL INCOME PROPERTIES REIT LP AND AMERICAN HOTEL INCOME PROPERTIES REIT INC
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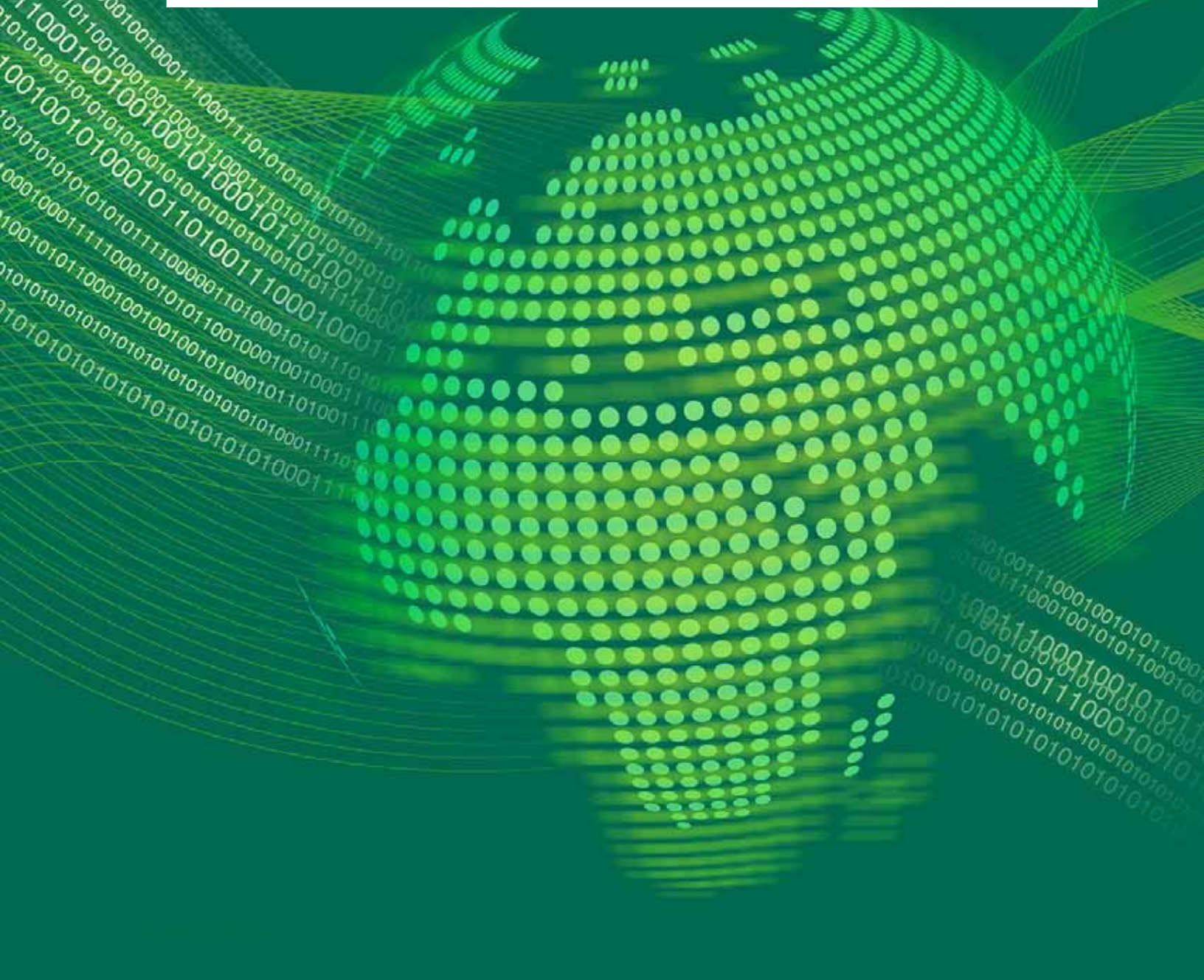

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October 1, 2014

Mr. Martin Pinsker
AMERICAN HOTEL INCOME PROPERTIES REIT LP AND AMERICAN HOTEL INCOME PROPERTIES REIT INC
1660 - 401 West Georgia Street
Vancouver, BC V6B 5A1

RE: Appraisal of Fairfield Inn & Suites Melbourne Palm Bay Viera
4355 West New Haven Avenue
Melbourne, Brevard County, Florida
CBRE File No 14-397MI-1734-1

Dear Mr. Pinsker:

At your request and authorization, CBRE, Inc. has prepared an appraisal of the market value of the referenced property. Our analysis is presented in the following Appraisal Report.

The subject is an 83-room limited service hotel property built in 2008 and situated on a 3.499-acre site in Melbourne, Brevard County, Florida. Currently the property is operated as a Marriott branded Fairfield Inn & Suites Hotel facility. The property is under contract with an estimated purchase price allocation

The subject is more fully described, legally and physically, within the enclosed report.

The property was originally required to complete a Marriott branded Fairfield Inn & Suites 6-year re-fresh Property Improvement Plan (PIP) in 2014; however, Marriott has extended the period for two years to February 28, 2016. See Addendum C for details.

RevPAR for the past twelve months (TTM August 2014) has increased 9.4%, 13.0% and 8.2% for the subject, the competitive set and region, respectively. Year to date, the RevPAR has increased 14.0%, 12.1% and 9.6%, for the subject, the competitive set and region, respectively.

Based on the analysis contained in the following report, the market value of the subject is concluded as follows:

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MARKET VALUE CONCLUSION				
Appraisal Premise	Interest Appraised	Date of Value	Exposure Time	Value Conclusion
As Is	Fee Simple	September 24, 2014	9 - 12 Months	
Compiled by CBRE				

The opinion(s) of market value include the contributory value of the furniture, fixtures, and equipment and are based on the assumption the hotel is open and will remain operational.

Compiled by CBRE	

Extraordinary assumptions:

- This report assumes that the subject will maintain a Marriott branded Fairfield Inn & Suites Hotel affiliation. If the subject does not maintain a similar affiliation, it could have an impact on our concluded opinion(s) of market value.
- We have replied on the hotel tax assessment comparables for our subject's pro forma tax assessment and that any risk of re-assessment has been considered in our capitalization rate.
- It is assumed that the site is free of environmental contamination.
- We reserve the right to alter our opinion of value if additional supporting information is provided which differs from what was provided herein.

There are no hypothetical conditions associated with this analysis.

Data, information, and calculations leading to the value conclusion are incorporated in the report following this letter. The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, our interpretation of 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

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Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010 and American Hotel Income Properties REIT LP and American Hotel Income Properties REIT Inc requirements.

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 CBRE will not be responsible for unauthorized use of the report, its conclusions or contents used partially or in its entirety.

It has been a pleasure to assist you in this assignment. If you have any questions concerning the analysis, or if CBRE can be of further service, please contact us.

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES





Don K. Johnson
Lodging Specialist
Trainee RI22161

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Certification of the Appraisal

We certify 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 the property that is the subject of this report and no personal interest with respect to the parties involved.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. 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.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal, as well as the requirements of the of the State of Florida.
8. 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.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Brian L. Finnell, MAI, CCIM has completed the continuing education program of the Appraisal Institute.
11. As of the date of this report, Don K. Johnson has completed the Standards and Ethics Education Requirements for Candidates/Practicing Affiliates of the Associate Members.
12. Don K. Johnson has and Brian L. Finnell, MAI, CCIM has not made a personal inspection of the property that is the subject of this report.
13. No one provided significant real property appraisal assistance to the persons signing this report.
14. Valuation & Advisory Services operates as an independent economic entity within CBRE. Although employees of other CBRE divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy are maintained at all times with regard to this assignment without conflict of interest.
15. Don K. Johnson and Brian L. Finnell, MAI, CCIM have not provided services, as an appraiser, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
16. I, Brian L. Finnell, MAI, CCIM, the supervisory appraiser of a registered appraiser trainee who contributed to the development or communication of this appraisal, hereby accepts full and complete responsibility for any work performed by the registered appraise trainee named in this report as if it were my own work.



Don K. Johnson
Trainee RI22161



Brian L. Finnell, MAI, CCIM
Cert Gen RZ914

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Subject Photographs





Lines shown are an approximation and are based on assessor's records.
They are included for the benefit of the reader only.

Aerial views of the subject's area and the subject's parcel

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Southwesterly view of the subject from West New Haven Avenue



Westerly view of the subject



Westerly view of the north side of the subject



Southerly view of the north & west south sides of the subject from West New Haven Ave



Westerly view of the south side of the subject



Southerly view of the green space from pool

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Southerly view of the Porte Cochere



Westerly view of the entrance doors



View of the lobby and reception



View of the business center in the lobby



View of the corner market in the lobby



View of the breakfast seating area

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View of the breakfast buffet stations



View of the pantry / kitchen



View of the boardroom on lobby level



View of the fitness room on lobby level



View of the outdoor pool area



View of self-guest laundry facilities – 2nd floor

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View of the two elevators – lobby level



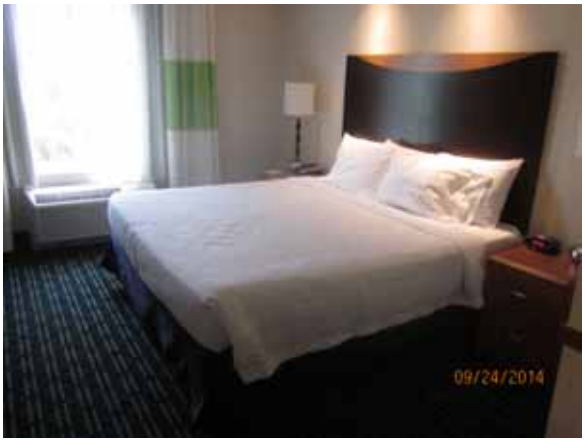
View of the two elevators – 3rd floor



View of guest room – corridor – 4th floor



View of guest room – queen beds (41 rooms)



View of guest room – king



View of guest room – king suite living area (11 rooms)

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View of guest room - amenities



View of guest room - bathroom



View of guest room – bathroom (11 rooms)



View of guest room – whirlpool (3 rooms)



View of the laundry room



Westerly view of West New Haven Avenue

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Executive Summary

Property Name	Fairfield Inn & Suites Melbourne Palm Bay Viera	
Location	4355 West New Haven Avenue, Melbourne, Florida	
Assessor's Parcel Number	28-36-02-00-00559.0-0000.00	
Highest and Best Use		
As Though Vacant	Hold for future development	
As Improved	Hotel	
Property Rights Appraised	Fee Simple	
Date of Report:	Monday, September 29, 2014	
Date of Inspection:	Wednesday, September 24, 2014	
Estimated Exposure Time:	9 to 12 Months	
Estimated Marketing Time:	9 to 12 Months	
Total Land Area	3.499 Acs.	152,400 Sq. Ft.
Improvements		
Number of Buildings	1	
Number of Stories	4	
Gross Building Area	45,644 SF	
Number of Rooms	83	
Restaurant/Lounge	Complimentary breakfast	
Total Meeting Space	384 SF	
Property Amenities	Outdoor pool, fitness room, business center, self-guest laundry facilities, The Corner Market, smoke-free property	
Year Built	2008	
Condition	Good	
Estimated Exposure Time	9 to 12 Months	
Financial Indicators		
Current/Trailing 12 Mos.Occupancy		

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STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)

Strengths and weaknesses are internal to the subject; opportunities & threats are external to the subject

Strengths / Opportunities

- The subject is a brand of Marriott and its rewards program;
- The subject has an outdoor pool;
- The subject has a daily complimentary breakfast;
- The subject has a fitness room;
- The subject has a business center;
- The subject has self-guest laundry facilities;
- The subject has a ±384 square foot meeting room;
- The subject is well located with good access from major local and regional roadways;
- The subject was completed in February 2008 and is well maintained;
- Affordable housing increases in-migration;
- Above average share of high-tech employment;
- Leisure/hospitality growth spills over to retail;

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Weaknesses / Threats

- The subject has no food & beverage outlets other than the lobby level breakfast area;
- Low rates at competitors;
- Less flights into Melbourne International Airport;
- Below average per capita income, as pay in most private services are low;
- Low industrial diversity and as a result, higher than average employment volatility;
- Quickly aging labor force.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as "an assumption directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis." 1

- This report assumes that the subject will maintain a Marriott branded Fairfield Inn & Suites Hotel affiliation. If the subject does not maintain a similar affiliation, it could have an impact on our concluded opinion(s) of market value.

- We have replied on the hotel tax assessment comparables for our subject's pro forma tax assessment and that any risk of re-assessment has been considered in our capitalization rate.

- It is assumed that the site is free of environmental contamination.

- We reserve the right to alter our opinion of value if additional supporting information is provided which differs from what was provided herein.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "that which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis." 2

- There are no hypothetical conditions associated with this analysis.

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1 The Appraisal Foundation, *USPAP, 2014-2015* ed., U-3.

2 Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 5th ed. (Chicago: Appraisal Institute, 2010), 97.

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ADDENDA

A Land and Improved Sale Data Sheets
B Competitive Hotel Data Sheets
C Operating Data and Marriott PIP Extension Letters
D Historical Trends Report – Smith Travel Research
E Legal Description and Boundary Survey
F Précis METRO Report - Economy.com, Inc.
G Required Client Information
H Qualifications

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Introduction

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of West Melbourne Hotel Associates LLC, who acquired title to the property in June 2006, as vacant land for $1,150,000 (equates to $13,855 per guest room), as recorded in Book/Page 5662-1146 of the Brevard County Deed Records.

The 4-story 83-room improvement was completed in February 2008 and has been operated as a Marriott branded Fairfield Inn & Suites since opening.

The property was originally required to complete a Marriott branded Fairfield Inn & Suites 6-year re-fresh Property Improvement Plan (PIP) in 2014; however, Marriott has extended the period for two years to February 28, 2016. See Addendum C for details.

RevPAR for the past twelve months (TTM August 2014) has increased 9.4%, 13.0% and 8.2% for the subject, the competitive set and region, respectively. Year to date, the RevPAR has increased 14.0%, 12.1% and 9.6%, for the subject, the competitive set and region, respectively.

To the best of our knowledge, there has been no other ownership transfer of the property during the previous three years.

INTENDED USE OF REPORT

The intended use of the appraisal report is to provide information to the client for internal decision making and public company/corporate compliance purposes.

INTENDED USER OF REPORT

This appraisal is to be used by American Hotel Income Properties REIT LP and American Hotel Income Properties REIT Inc, and no other user may rely on our report unless as specifically indicated in the report.

> Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved.

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> Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report. 3

PREMISE OF THE APPRAISAL/RELEVANT DATES

The following table illustrates the various dates associated with the valuation of the subject, the valuation premise(s) and the rights appraised for each premise/date:

PREMISE OF THE APPRAISAL/RELEVANT DATES	
Date of Report:	October 1, 2014
Date of Inspection:	September 24, 2014
Dates of Value	
As Is	September 24, 2014
Compiled by CBRE	

PURPOSE OF THE APPRAISAL

The purpose of this appraisal is to estimate the market value of the subject property.

DEFINITION OF VALUE

The current economic definition agreed upon by agencies that regulate federal financial institutions in the U.S. (and used herein) is as follows:

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:

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

[3] Appraisal Institute, *The Appraisal of Real Estate*, 14th ed. (Chicago: Appraisal Institute, 2013), 50.

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5. 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. 4

INTEREST APPRAISED

The value estimated represents Fee Simple Estate and defined as follows:

> *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. [5]

SCOPE OF WORK

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in which research is conducted, data is gathered and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description
- boundary survey

Extent to Which the Property is Inspected

The extent of the inspection included the following:

- subject room/suite no's. 110, 211, 219, 313, 415 and 417;
- subject public/common areas including - lobby, reception, breakfast area, housekeeping/laundry room, self-guest laundry facilities, outdoor pool, The Corner Market, pantry and guest room corridors;
- inspection of the boundary lines of the property;
- inspection of the exterior of the improvement.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status

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[4] Interagency Appraisal and Evaluation Guidelines; December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472.

[5] *Dictionary of Real Estate Appraisal*, 78.

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- demographics
- income and expense data
- comparable data

Type and Extent of Analysis Applied

CBRE, Inc. analyzed the data gathered through the use of appropriate and accepted appraisal methodology to arrive at a probable value indication via each applicable approach to value. The steps required to complete each approach are discussed in the methodology section.

Data Resources Utilized in the Analysis

RESOURCE VERIFICATION		
Site Data	Source/Verification:	Reconciled:
Size	Boundary Survey, Brevard County Property Appraiser's Office	Boundary Survey
Improved Data	Source/Verification:	Reconciled:
Gross Size/Rooms	Property Management, Brevard County Property Appraiser's Office	Brevard County Property Appraiser's Office
Net Size/Rooms	Property Management, Brevard County Property Appraiser's Office	Property Management
Area Breakdown/Use	Property Management, Brevard County Property Appraiser's Office	Property Management
No. Bldgs.	Property Management, Brevard County Property Appraiser's Office	Property Management
Seating Capacity	Property Management	Property Management
Parking Spaces	Property Management	Property Management
YOC	Brevard County Property Appraiser's Office	Brevard County Property Appraiser's Office
Economic Data	Source/Verification:	Reconciled:
Deferred Maintenance:	CBRE Files, Property Management	CBRE Files, Property Management
Income Data:	CBRE Files, Property Management	CBRE Files, Property Management
Expense Data:	CBRE Files, Property Management	CBRE Files, Property Management
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Area Analysis



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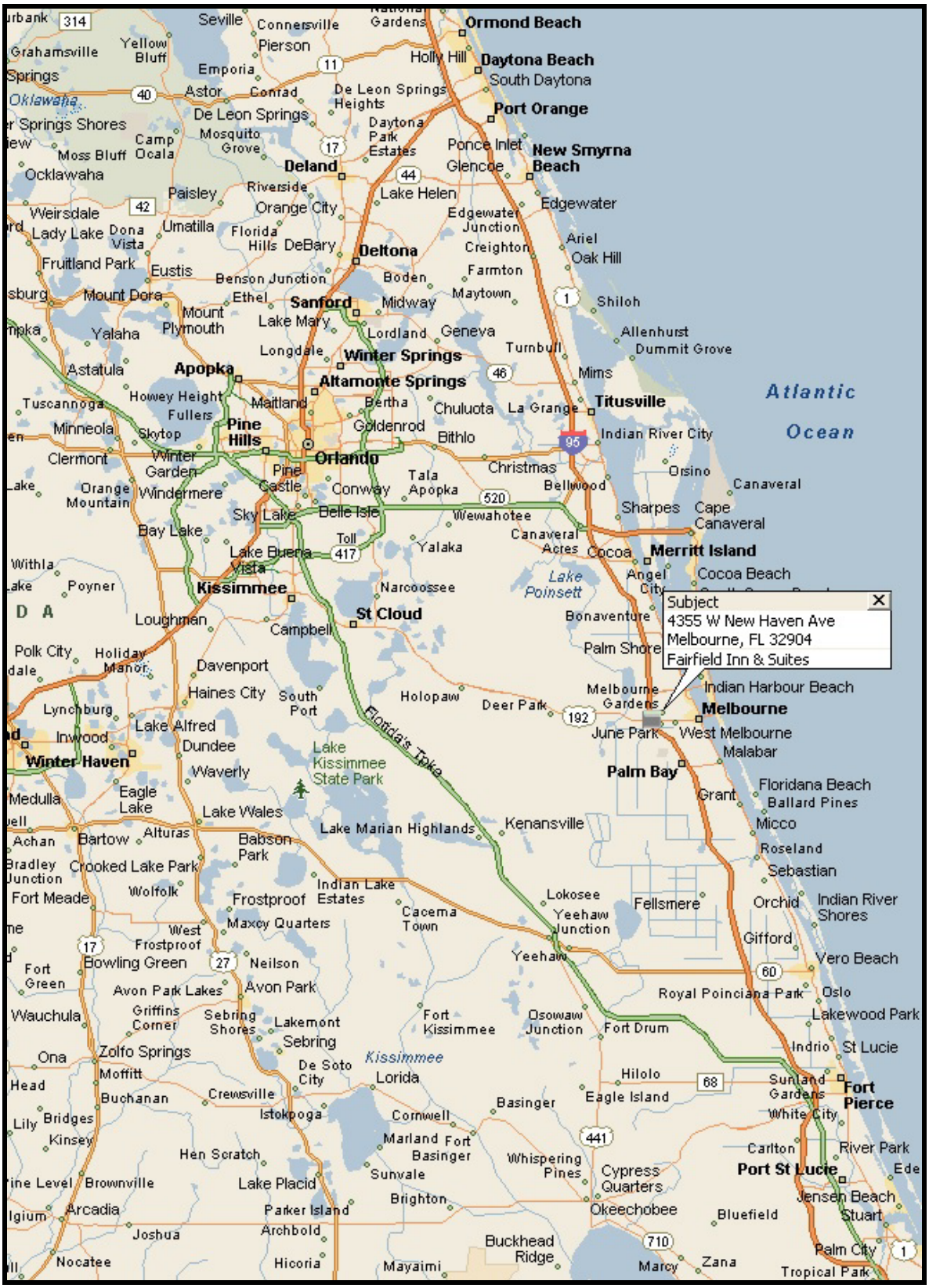

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Moody's Economy.com provides the following Palm Bay, FL metro area economic summary as of July 2014. The full Moody's Economy.com report is presented in the Addenda.

PALM BAY, FL - ECONOMIC ANALYSIS

Indicators	2008	2009	2010	2011	2012	2013	INDICAT	2015	2016	2017	2018	2019
18.18130525	19.5	18.5	18.5	17.8	18.0	18.0	Gross metro product (C$B)	18.8	19.5	20.0	20.5	20.9
1.24657438529454	*-2.5*	*-5.5*	*0.0*	*-3.3*	*1.0*	*-0.3*	*% change*	*3.4*	*3.5*	*3.0*	*2.5*	*1.9*
194.5151275	207.0	196.4	194.8	194.6	194.6	194.2	Total employment (ths)	199.4	205.9	210.2	212.1	213.2
0.170869458398792	*-3.0*	*-5.1*	*-0.8*	*-0.1*	*0.0*	*-0.2*	*% change*	*2.5*	*3.2*	*2.1*	*0.9*	*0.5*
6.9183396	6.5	10.3	11.1	10.8	9.3	7.9	Unemployment rate (%)	7.2	7.1	6.7	6.5	6.5
3.94746138948816	1.7	-2.9	1.6	4.3	2.5	1.5	Personal income growth (%)	7.4	7.8	6.8	5.3	4.8
46.60952725	49.4	46.2	45.7	45.9	45.9	46.1	Median household income ($ ths)	48.2	49.9	51.4	52.7	53.8
560.85028	542.4	542.1	544.0	544.2	547.2	550.8	Population (ths)	572.4	585.5	599.8	614.2	628.7
1.8204178111662	0.5	0.0	0.4	0.0	0.5	0.7	% change	2.1	2.3	2.4	2.4	2.4
11.180616	2.8	0.2	2.6	1.3	4.2	4.3	Net migration (000)	12.8	14.4	15.6	15.9	16.1
1312.472025	1,253.0	883.0	926.0	855.0	1,117.0	1,349.0	Single-family permits	2,757.0	4,153.9	4,423.9	4,142.4	4,043.6
959.238552775	372.0	112.0	218.0	27.0	11.0	24.0	Multifamily permits	1,545.5	1,622.3	1,490.1	1,422.8	1,398.8
138.32002	143.6	106.9	102.8	103.1	115.8	125.6	Existing-home price ($ ths)	143.4	149.3	154.2	160.1	165.5

Source: Moody's Economy.com

RECENT PERFORMANCE

The recovery in Palm Bay-Melbourne-Titusville is proceeding at a glacial pace. In contrast to a steady rebound statewide, total employment is flat in Palm Bay-Melbourne-Titusville, where jobs lost during the recession have not been regained. Employment in professional and business services is still slipping, and many other private service industries are struggling to sustain momentum. Construction is one of the few industries that is steadily expanding.

On the bright side, after contracting for several years, the labor force is showing signs of life as a fresh wave of business investment encourages job seekers. The unemployment rate had fallen steadily for several years, but this was the result of a contracting labor force rather than an improving employment situation. With workers returning to the labor force, the unemployment rate is hovering around 6.7%, rather than dropping for the wrong reasons.

NORTHROP GRUMMAN

After slumping in recent years, the critical aerospace industry will reassert itself as nationwide business conditions improve and investment picks up. Leading the way is Northrop Grumman, which is planning a $500 million expansion to its Melbourne facility that will bring up to 1,800 well-paying jobs to the Space Coast. The defense contractor will be developing the next-generation B-2 bomber, the impetus behind the expansion. This project offers further reassurance that PAL may be insulated from Defense Department spending cuts. This influx of new jobs will be a welcome relief in the wake of NASA's discontinued shuttle program. Given the highly specialized nature of Grumman's manufacturing, there is hope that this will help attract well-educated workers to the metro area, improving general workforce quality and demand for other goods and services.

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SHIPPING

Port Canaveral and the cruise industry will benefit from fresh investment, and new agreements will also give cargo shipping a boost. A project to widen and deepen the harbor will be completed in November, enabling larger ships to access the port. With that in mind, a 35-year pact with Gulftainer to operate a container and multipurpose cargo terminal was signed in June, and is expected to generate up to 2,000 direct and indirect jobs. As a part of the commitment, all of the full-time employees are expected to be hired from Brevard County and the Central Florida region. These developments will allow the port to better accommodate cargo shippers, providing a jolt to the labor market and contributing to local tax revenue.

HOUSING

House price appreciation is poised to pick up momentum. In keeping with national trends, house price growth slowed in mid-2013, but the weakness has already proved short-lived. New foreclosure filings have ebbed slightly; while inventory remains well above the national rate, fewer new filings and an improving labor market will bring the number down. This will promote stronger price growth in the coming quarters, encouraging homeowners to trade up, which will in turn spur new construction, further supporting a more robust employment recovery.

CONCLUSION

Palm Bay-Melbourne-Titusville's recovery will find momentum in the near term as old drivers, particularly aerospace, reassert themselves. An improving employment situation led by professional services and healthcare will catalyze a stronger housing recovery. Low living costs relative to other Florida metro areas will draw retirees, helping to position Palm Bay-Melbourne-Titusville as an above-average performer in terms of employment and population growth.

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Neighborhood Analysis



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LOCATION

The area is west of the Melbourne central business district. Melbourne is approximately 60 miles southeast of Orlando in Brevard County Florida. This region midway between Jacksonville and Miami and is referred to as the Space Coast due to its proximity to Kennedy Space Center.

BOUNDARIES

The neighborhood boundaries are detailed as follows:

North:	Pineda Causeway
South:	Malabar Road
East:	Atlantic Ocean
West:	Interstate 95

LAND USE

The subject neighborhood is a commercially oriented retail area anchored by the Melbourne International Airport and the Melbourne Square Mall on the eastern side of the neighborhood. Various technology firms occupy the many office buildings in the neighborhood, serving as employment base for the area's residents. The neighborhood enjoys close proximity to the beaches accessible by three causeways.

Melbourne International Airport (MLB) is situated on ±2,800 acres with three runways with the longest being a ±10,200 foot runway. The airport has 8 gates and 7 jetways, servicing 400,000 passengers/year with facilities designed for 2,000,000. Delta Airlines and US Airways (American Airlines won bankruptcy court approval on March 27, 2013 to combine with US Airways and form the world's biggest airline) offer nonstop jet service to Atlanta and Charlotte, respectively.

The Melbourne Square Mall is anchored by Macy's, Dillard's, JC Penney, Dicks Sporting Goods and 125 specialty stores and 10 restaurants in a food court. The mall was built in 1982 and contains about 740,000 square feet. Major retailers located in the US 192 corridor include many big box stores such as Sam's Club, Home Depot, Lowes, Barnes & Noble, Target, Best Buy, and Office Depot. Hotels are generally located closer to Interstate 95. Many furniture stores, auto dealerships and national chain restaurants are represented in this corridor.

The Holmes Regional Medical Center is a 514-bed, not for profit hospital operated by Health First. The hospital is located at 1350 South Hickory Street, about two miles east of the subject. The area surrounding the hospital has many medical office buildings.

Several major office buildings are located in the subject neighborhood including Melbourne Financial Center, Melbourne Corporate Center, Rialto Place, One Harbor Place, Bank of America building and Apollo Professional Tower. The corridor of Eau Gallie Causeway (State Road 518) is a commercial area characterized by professional and medical office space. Many defense

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contractors and technology companies are located in Melbourne such as DRS Technologies, General Electric Transportation Systems and Energy Automation, Harris Corporation, Northrop Grumman, and Rockwell Collins.

US Highway 1 was the original commercial corridor for the region and this district is almost completely developed with generally older mixed use commercial, office buildings and service establishments. The Melbourne Central Business district is located at the intersection of US Highway 1 and US 192. There are several governmental buildings, a few large office buildings and new residential units recently constructed.

The Wickham Road corridor has emerged as a secondary commercial district to US 192 with numerous neighborhood and community shopping centers built in the 1980's. More recently, a Wal-Mart Supercenter was completed at the intersection of Wickham and Sarno Roads. Shoppes at Pineda at the north end of the district, is anchored with Home Depot.

The beachside area has the majority of retail located along Eau Gallie Causeway, Highway A1A and US Highway 192. Indian Harbour Place is anchored by Beall's and Publix with 163,521 square feet at the intersection of South Patrick Drive and Eau Gallie Boulevard. US Highway 192, also known as 5th Avenue in Indialantic, is a downtown walk-able area with low-rise restaurants, shops, and offices.

Florida Institute of Technology is a private technical research university located south of the neighborhood boundary along Babcock Road with a student body of roughly 10,000 on campus and online students.

On September 16, 2014, NASA awarded $4.2 billion and $2.6 billion contracts to Boeing and SpaceX, respectively, to ferry astronauts to and from the International Space Station, signaling the agency's return to manned spaceflight after the end of the space shuttle program. The two contracts will help NASA make sure it stays on track to meet its 2017 goal of manned spaceflights.

Most single family homes in the area have a current price range of $100,000 to $300,000. Along the Indian River there are waterfront homes priced in the $400,000 and greater range. Many of the neighborhood apartments were converted to condos. Some good quality manufactured housing parks are present.

Overall, the subject neighborhood is about 85% developed primarily with single family and multifamily residential uses mostly built between 1970 and 1990. The commercial district along New Haven Avenue is also about 85% developed and slowly growing. The beachside areas are nearly 100% built out in terms of both residential and commercial uses. Most of the available

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land is toward the west near Interstate 95; the area surrounding the mall is fully developed. The US Highway 192 commercial district and US Highway A1A have the highest traffic counts.

DEMAND DRIVERS

Hotel demand for the neighborhood is primarily generated by the local beaches, Interstate 95, NASA related businesses, Kennedy Space Center, Patrick Air Force Base, Melbourne International Airport, Florida Institute of Technology, Florida Air Academy, Brevard Zoo, Andretti Thrill Park, Melbourne Greyhound Park, winter visitors, local residents hosting guests and local companies (Harris Corp, Boeing, Northrop Grumman, Lockheed Martin, General Electric, Nuance Communications, Embraer) and government.

ACCESS

Regional access to the subject neighborhood is via Interstate 95 with exits provided at US Highway 192, Pineda Causeway, Eau Galle Boulevard and Palm Bay Road.

The major east-west highways in the area are US Highway 192, Pineda Causeway and Eau Gallie Boulevard. US Highway 192 (New Haven Ave) is a 4-lane, median divided and limited access thoroughfare extending between Interstate 95 and Melbourne central business district, connecting to the beach via Melbourne Causeway bridge. Eau Gallie Causeway (State Road 518) is also a 4-lane, median divided highway extending from Interstate-95 west through Melbourne with a causeway bridge connecting to the beaches.

The major north-south thoroughfares in the neighborhood are US Highway 1, Wickham Road, and US Highway A1A. US Highway 1 is known as Harbor City Boulevard in this neighborhood and runs parallel to the Indian River, with the river visible from many stretches of the highway. US Highway 1 connects Maine to Key West and was a primary north-south route prior to construction of Interstate 95. Wickham Road (County Road 509) intersects with Interstate 95 and stretches south to Malabar Road. US Highway A1A is the main thoroughfare for the beaches running north to south along the Road.

Overall, the neighborhood has a good network of major arterials as well as secondary roads, which facilitate good local and regional linkages and access.

DEMOGRAPHICS

Selected neighborhood demographics in a one-, three-, and five-mile radius from the subject are shown in the following table:

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SELECTED NEIGHBORHOOD DEMOGRAPHICS			
4355 West New Haven Avenue Melbourne, FL	Radius 1 Mile	Radius 3 Mile	Radius 5 Mile
Population			
2019 Population	3,963	24,587	94,130
2014 Population	3,914	23,231	90,316
2010 Population	3,915	22,267	88,027
2000 Population	3,666	16,613	74,566
Growth 2014 - 2019	0.25%	1.14%	0.83%
Growth 2010 - 2014	-0.01%	1.07%	0.64%
Growth 2000 - 2010	0.66%	2.97%	1.67%
Households			
2019 Households	1,742	10,164	39,574
2014 Households	1,712	9,581	37,717
2010 Households	1,703	9,171	36,416
2000 Households	1,584	6,859	30,464
Growth 2014 - 2019	0.35%	1.19%	0.97%
Growth 2010 - 2014	0.13%	1.10%	0.88%
Growth 2000 - 2010	0.73%	2.95%	1.80%
Income			
2014 Median HH Inc	$43,245	$50,000	$43,653
2014 Estimated Average Household Income	$57,231	$64,698	$57,115
2014 Estimated Per Capita Income	$25,035	$26,682	$23,852
Age 25+ College Graduates - 2010	848	4,701	15,196
Age 25+ Percent College Graduates - 2014	23.1%	21.2%	18.1%

Source: Claritas

During the past four years, population has generally been flat or very slightly increasing within a one-, three- and five-mile radius as reflective of -0.01%, 1.07% and 0.64%, respectively, and is projected to continue to the similar patterns during the next five years, as reflective of 0.25%, 1.14% and 0.83% within a one-, three- and five-mile radius, respectively. The average household income levels within a one-, three- and five-mile radius for 2014 is estimated to be $57,231 , $64,698 and $57,115 , respectively.

CONCLUSION

The subject neighborhood is a desirable location for hotel use given its proximity to several high-tech and defense contracting firms located in the area employing much of the population base. Kennedy Space Center and Patrick Air Force Base are other nearby employment centers. As well, the subject neighborhood is also strongly influenced by NASA related activities. The area enjoys close proximity to the beaches and is less than a one hour drive to Orlando. The overall outlook for the region is moderate.

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Hotel Market Analysis

NATIONAL OVERVIEW

Optimism in the hospitality sector remains strong as positive RevPAR gains will sustain the industry's current cycle for the foreseeable future. The theme at the New York University Conference (ALIS) in June was "How Long Will the Good Times Last?", with RevPAR increases expected to continue for at least the next two years. Deal volume in the US continues to improve and the momentum is expected to carry through the remainder of 2014. Despite the upbeat mood, however, there are still some reasons for concern. While the unemployment rate continues to improve, the pace of the recovery remains slow. As of May 2014, the overall unemployment rate was 6.3 percent. This figure, however, does not reflect those who have stopped looking for work. The U-5 rate, or the total unemployed, discouraged workers, and other persons marginally attached to the labor force stands at 7.6 percent. Further, economic growth forecasts for 2014 have been lowered after the harsh winter in the 1st Quarter, which put new construction on hold and slowed shipments of goods. The new pipeline (hotels in construction, final planning, and planning stages) continues to increase across all major markets and will pose new supply challenges starting this year. Geo-political issues, such as those in North Korea, Ukraine and Iraq/Middle East are a constant concern. Despite these issues, a number of established and public hotel centric investment entities, flush with low cost capital, are eager to find trophy assets in global markets. Furthermore, hospitality lending is spreading and construction financing, though still difficult, is available.

As noted, the hotel investment activity for the early portion of 2014 has been strong. According to Real Capital Analytics (RCA), transaction volume has increased by 28 percent. A number of highlights for 2014, as published by RCA, are indicated below:

- Total sales volume was $8.8 billion, with sales of limited service properties outperforming full service hotels.
- There is a notable shift towards secondary markets, with sales volume down 5.0 percent in the six major metro markets. Transactions in non-major markets are up 21 percent.
- Overall capitalization rates have generally remained steady, though there have been more transactions of limited service properties which tend to have higher overall capitalization rates.
- Price appreciation for hotels leads all other property types.
- Price gains in the six major markets are nearly back to peak levels. In secondary markets, hotel property prices are roughly 77 percent of peak levels.

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Investment Rates

The latest Real Estate Investor Surveys published by PWC (formerly Korpacz) for luxury, full service, limited service and extended stay properties are illustrated in the following table:

HOTEL INVESTOR SURVEY

	Discount Rate		Overall Cap Rate		Terminal Cap Rate	
Type	Range	Average	Overall Cap Rate	Average	Range	Average
PwC Survey: 1st Qtr. 2014						
Luxury	9.00% - 12.00%	10.11%	4.00% - 9.50%	7.24%	6.00% - 10.00%	7.62%
Full Service	9.00% - 12.00%	10.71%	6.00% - 10.00%	7.73%	6.50% - 11.00%	8.17%
Limited Service	9.00% - 12.00%	10.42%	8.00% - 10.00%	9.00%	8.00% - 11.00%	9.25%
Select Service	9.00% - 13.00%	10.95%	5.00% - 10.00%	8.10%	5.00% - 10.00%	8.34%

Source: US Realty Consultants & PWC Real Estate Investment Survey

The PwC survey indicates that discount rates for three of the four segments have decreased compared to the survey six months ago. The full service, limited service and luxury segment decreased by 21 basis points, 14 basis points and 17 basis points respectively. The only increase was in the select service category, which witnessed an increase of five basis points.

Overall capitalization rates decreased for all four segments. The full service segment witnessed a decrease of 29 basis points, while the limited service segment saw a decrease of 60 basis points. The luxury and select service segments witnessed decreases of 59 and 25 basis points, respectively.

Historic Performance and Projections

Smith Travel Research (STR), widely regarded as the standard source for reliable information in the hospitality industry, continues to predict steady occupancy and ADR growth for 2014 and beyond. Below is a discussion and illustration of the latest historic and projected figures published by STR.

Occupancy, ADR and RevPAR

STR estimated 2013 occupancy finished at 62.3 percent, an increase of 1.5 percent over 2012. ADR finished at $110.35, an increase of 3.5 percent. RevPAR finished at $68.69, an increase of 5.4 percent. For 2014, occupancy is anticipated to increase by 1.2 percent while ADR will increase by 4.2 percent, resulting in an increase in RevPAR of 5.7 percent. For 2015, RevPAR growth is projected to increase by 4.9 percent.

Below is a chart illustrating projected figures for 2014 and 2015 as indicated by STR and Tourism Economics:

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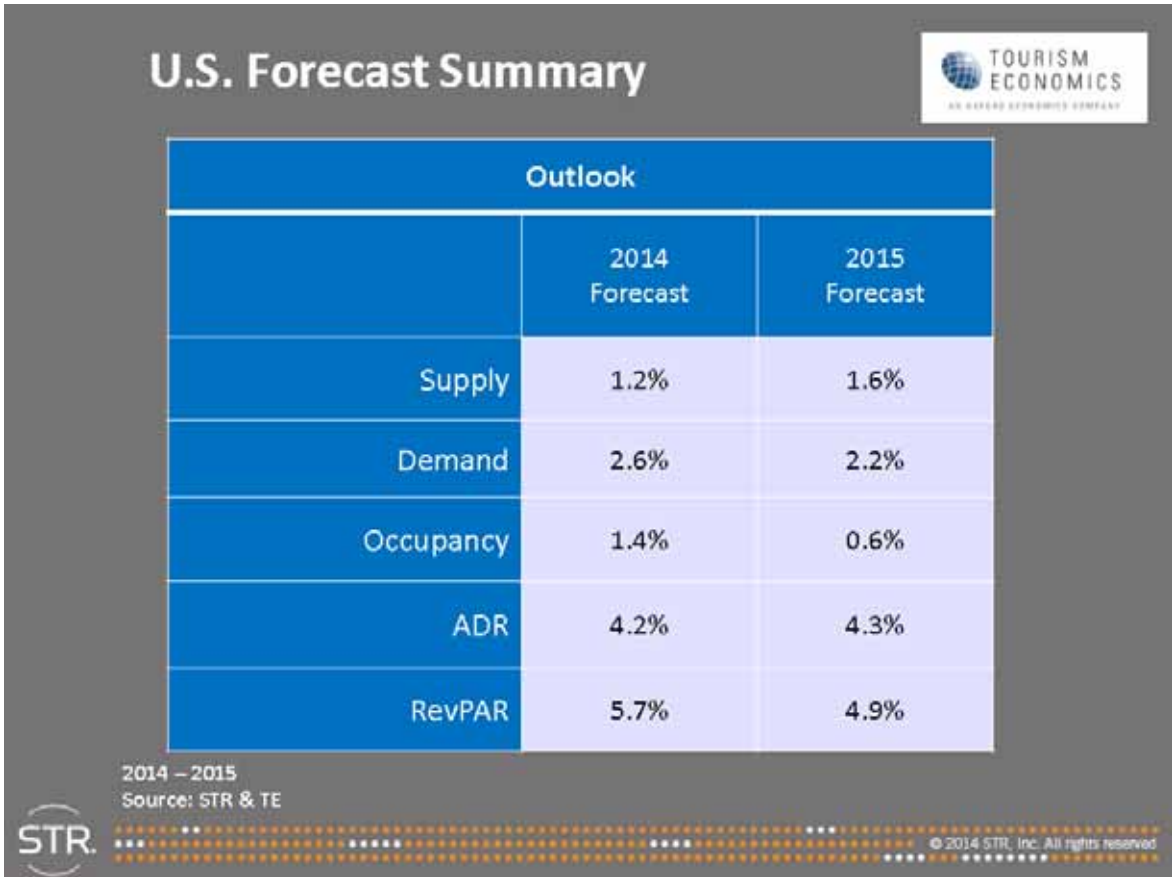

New Supply

The following is a table illustrating new supply growth for the U.S. as of April 2014 as published by STR.

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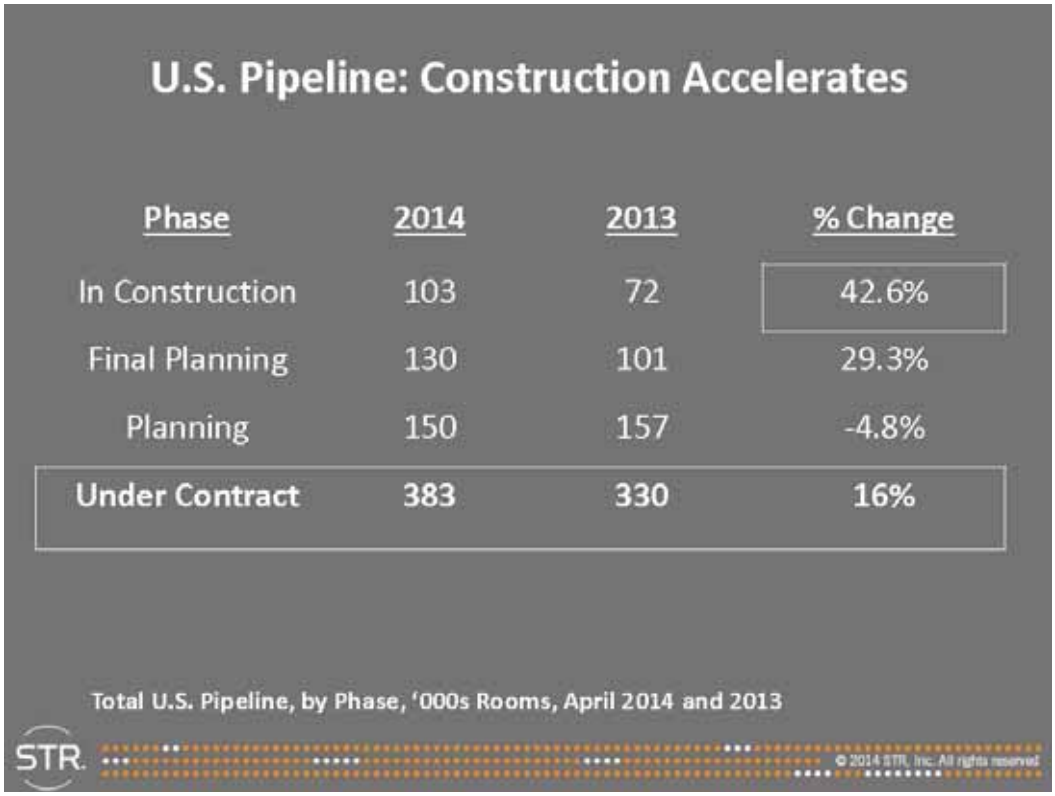

Smith Travel Research reports the total active U.S. hotel development pipeline comprises a total of 383,000 rooms as of April 2014. This represents an increase of 16 percent compared with April of 2013. New York, New York reported the largest number of rooms under construction with 13,230 rooms. Washington D.C., Los Angeles, and Miami all have over 2,000 rooms currently under construction.

Conclusion

The economic fundamentals of the U.S. hotel industry continue to remain strong. Smith Travel Research continues to forecast increases in RevPAR for 2014 and 2015 (albeit lower than in 2013). Stockpiled hotel investment capital has been deployed, predominantly focused on core urban, 24/7, high barrier entry markets, and along U.S. coastal locations. Overall transaction activity has remained strong through the first several months 2014, and the robust activity is expected to continue through the remainder of the year. There have been many high quality hotel assets in top performing U.S. cities that have transacted and attracted enormous interest from a myriad of national and overseas investors. The market, however, is not without its challenges. The pace of the economic recovery is slow and the unemployment rate (particularly the U-5 rate) remains stubbornly high. Geo-political issues such as those in the Middle East could have far-reaching consequences in the U.S. if the situations escalate. New hotel supply will also start to enter the marketplace and will present supply challenges. Despite these negative

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influences, however, the overall mood among hotel investors remains positive and the trend of increasing hotel revenues is anticipated to continue for the foreseeable future.

SUBJECT LODGING MARKET SUPPLY CHARACTERISTICS

The following table provides a summary of the subject's competitive hotel set. The comparables were based on management's choice of competitors to include in their monthly Smith Travel Report participation.

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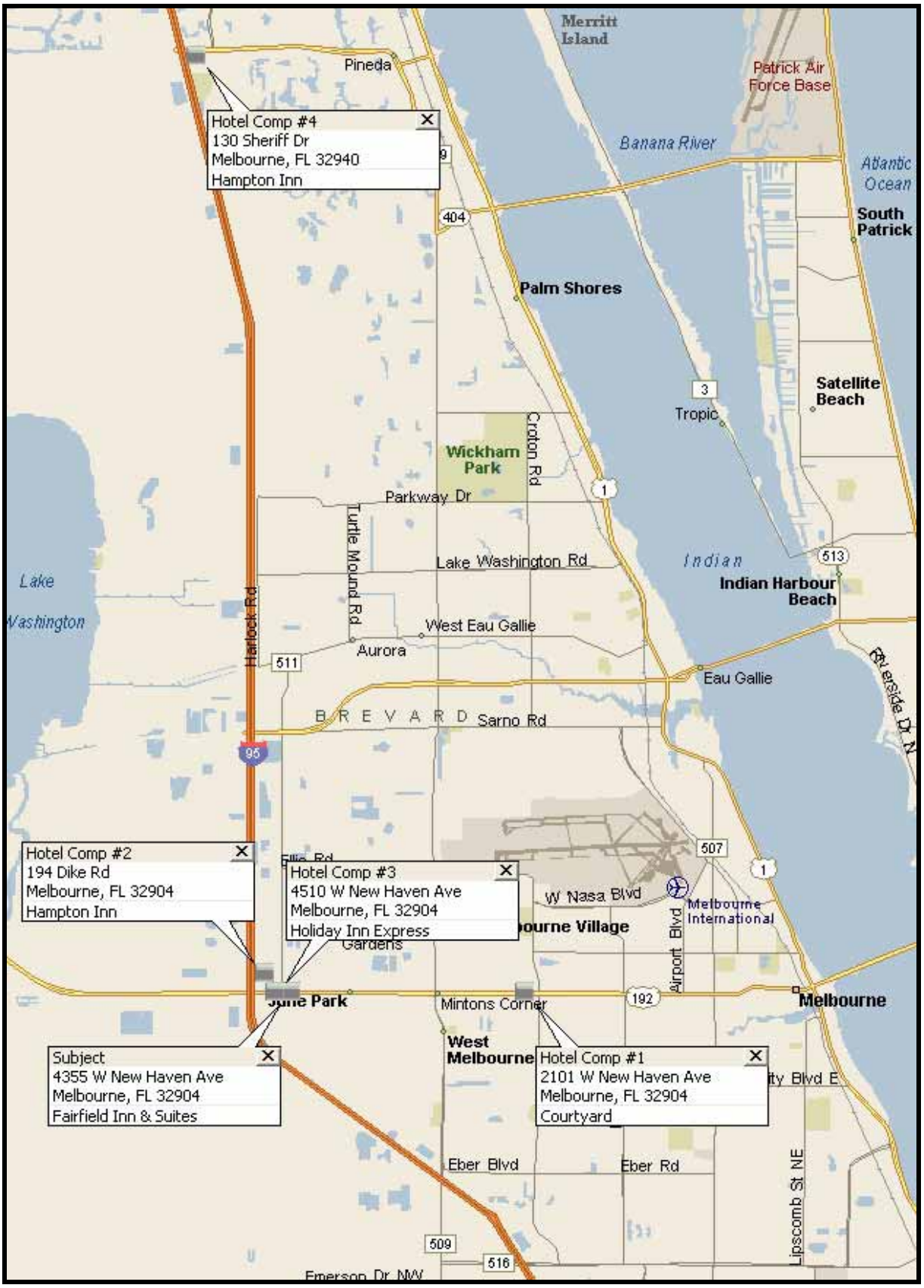

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PRIMARY COMPETITIVE HOTELS

Property	Number of Rooms	Date Opened	Competitive Rooms	12 Months Ending August 31, 2014 Occ.	Occupancy Penetration	ADR	ADR Penetration	RevPAR	RevPAR Penetration
Fairfield Inn & Suites Melbourne Palm Bay Viera	83	Feb-08	83	73%	103%	$89.23	97%	$64.81	100%
Courtyard Melbourne West	146	Mar-87	146	72%	102%	$99.00	108%	$71.28	110%
Hampton Inn Melbourne	66	Oct-97	66	63%	89%	$90.00	98%	$56.70	88%
Holiday Inn Express Melbourne	68	Sep-00	68	69%	98%	$80.00	87%	$55.20	85%
Hampton Inn Melbourne-Viera	88	Nov-07	88	73%	103%	$92.00	100%	$67.16	104%
Primary Totals/Averages	451		451	71%		$91.76		$64.73	

Compiled by CBRE

PRIMARY COMPETITION

Property	Meeting Space (SF)	Meeting Space (SF/RM)	Estimated 2014 Market Mix: Commercial	Meeting & Group	Leisure	Discount & Government	Restaurant	Lounge	Business Center	Pool	Spa	Exercise Facilities
Fairfield Inn & Suites Melbourne Palm Bay Viera	384	4.6	40%	10%	30%	20%	N	N	Y	Y	N	Y
Courtyard Melbourne West	1,274	8.7	50%	10%	20%	20%	Y	Y	Y	Y	N	Y
Hampton Inn Melbourne	540	8.2	40%	10%	30%	20%	N	N	Y	Y	N	Y
Holiday Inn Express Melbourne	0	0.0	40%	15%	25%	20%	N	N	Y	Y	N	Y
Hampton Inn Melbourne-Viera	576	6.5	40%	10%	30%	20%	N	N	Y	Y	N	Y
Primary Totals/Averages			43%	11%	26%	20%						

Compiled by CBRE

The primary competitive set, including the subject has a total of 451 rooms. The trailing twelve months (TTM) August 2014 occupancy and average daily rate (ADR) achieved by these properties was roughly 71% and $91.76, respectively.

Competitive Property One

Courtyard Melbourne West - this smoke-free 3-story 146-room limited service hotel is located on the south side of West New Haven Boulevard, west of Hollywood Boulevard, Melbourne, Florida. The improvement was completed in March 1987. The property amenities include an outdoor pool, indoor whirlpool, fitness room, self-guest laundry facilities, business center, The Market, Bistro serving breakfast and two meeting rooms with 1,274 square feet of meeting space. At the time of inspection, the property was considered to be in good condition. The estimated occupancy is 72% and the estimated average daily rate was $99.00 for the TTM August 2014.

Competitive Property Two

Hampton Inn Melbourne - this 3-story 66-room limited service hotel is located on the north side of West New Haven Boulevard on Dike Road, northeast quadrant of Interstate 95 Exit #180 and New Haven Avenue (US Highway 192), Melbourne, Florida. The improvement was completed in October 1997. The property amenities include an outdoor pool, fitness room, self-guest laundry facilities, business center, complimentary breakfast and one meeting room with 540 square feet of meeting space. At the time of inspection, the property was considered to be in average condition. The estimated occupancy is 63% and the estimated average daily rate was $90.00 for the TTM August 2014.

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Competitive Property Three

Holiday Inn Express Melbourne - this 5-story 68-room limited service hotel is located on the north side of West New Haven Boulevard, northeast quadrant of Interstate 95 Exit #180 and New Haven Avenue (US Highway 192), Melbourne, Florida. The improvement was completed in September 2000. The property amenities include an outdoor pool, fitness room, self-guest laundry facilities, business center and complimentary breakfast. At the time of inspection, the property was considered to be in average condition. The estimated occupancy is 69% and the estimated average daily rate was $80.00 for the TTM August 2014.

Competitive Property Four

Hampton Inn Melbourne Viera - this 5-story 88-room limited service hotel is located on the Sheriff Drive, southeast quadrant of Interstate 95 Exit #191 and Wickham Road (County Road 509), Melbourne, Florida, Melbourne, Florida. The improvement was completed in November 2007. The property amenities include an outdoor pool, fitness room, self-guest laundry facilities, business center, Suite Shop, complimentary breakfast and one meeting room with 576 square feet of meeting space. At the time of inspection, the property was considered to be in average to good condition. The estimated occupancy is 73% and the estimated average daily rate was $92.00 for the TTM August 2014.

Smith Travel Research

In order to more precisely identify hotel market trends, as they relate to the subject, CBRE has relied on a customized report prepared by Smith Travel Research, Inc., a national firm specializing in tracking hotel data. Smith Travel Research is generally considered the standard source of reliable data for most markets. While it is widely utilized, it is important to note some of its limitations. Specifically, hotels are occasionally dropped in and out of the sample, and not all hotels report data in a consistent and timely matter. As a result, the data set is sometimes skewed upwards or downwards depending on the particular market and the overall quality of the data is negatively impacted. For most markets, however, it is considered to provide an accurate overall picture of market performance, and therefore, has been used in this analysis. The hotels included in the Smith Travel Research (STR) report are based on interviews with representatives of the subject and subsequent field research.

The trends in room supply, occupancy, average daily rate, and room-night demand (defined as the number of occupied rooms) for the subject's competitive set are illustrated as follows:

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HISTORICAL MARKET PERFORMANCE
STR LOCAL COMPETITIVE PROPERTIES

Year	Room Night Supply	Market Occupancy	Room Night Demand	Percent Change	Average Daily Rate	Percent Change	RevPAR	Percent Change
Aug TTM 2012	134,320	64.4%	86,568	5.7%	$86.87	-2.7%	$55.99	2.9%
Aug TTM 2013	134,320	65.7%	88,309	2.0%	$87.24	0.4%	$57.36	2.4%
Aug TTM 2014	134,320	70.1%	94,199	6.7%	$92.38	5.9%	$64.79	13.0%
CAG *				4.3%		3.1%		7.6%
Aug YTD 2012	89,424	68.2%	61,014	5.8%	$89.02	-2.6%	$60.74	3.0%
Aug YTD 2013	89,424	70.9%	63,411	3.9%	$90.20	1.3%	$63.96	5.3%
Aug YTD 2014	89,424	74.4%	66,540	4.9%	$96.37	6.8%	$71.71	12.1%
CAG **				4.4%		4.0%		8.7%

** Compound Annual Growth
Source: Smith Travel Research

The trends in average daily rate, occupancy and Revenue Per Available Room (RevPAR) for the subject, the subject's competitive set and the regional market are illustrated as follows:

HISTORICAL AVERAGE DAILY ROOM RATES

The average daily rate for the past twelve months has increased 2.3%, 5.9% and 3.5%, for the subject, the competitive set and region, respectively. Year to date has increased 3.6%, 6.8% and 3.9%, for the subject, the competitive set and region, respectively.

HISTORICAL OCCUPANCY RATES

Year	Subject	Percent	STR Competitive	Percent	STR Regional	Percent

Source: Compiled by CBRE from Smith Travel Research data

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The occupancy for the past twelve months for the subject, has increased 6.9%, while the competitive set and region has increased 6.7% and 4.5%, respectively. Year to date, the subject has increased 10.0%, while increasing 4.9% and 5.5% for the competitive set and region, respectively.

HISTORICAL REVPAR

Year	Subject	Percent	STR Competitive	Percent	STR Regional	Percent

Source: Compiled by CBRE from Smith Travel Research data

RevPAR for the past twelve months has increased 9.4%, 13.0% and 8.2% for the subject, the competitive set and region, respectively. Year to date, the RevPAR has increased 14.0%, 12.1% and 9.6%, for the subject, the competitive set and region, respectively.

Proposed Hotels/Additions to Supply

There are no new hotel properties under construction within the subject's market area.

While CBRE has made several attempts to determine the level of new hotel supply entering the marketplace, it is impossible to determine every hotel that will be developed in the future, when they will be completed, or their potential impact to the subject. The inherent risk of any future new hotel supply has been implicitly considered in the selection of a stabilized occupancy level for the subject property.

HOTEL DEMAND GENERATORS

Hotel demand for the neighborhood is primarily generated by the local beaches, Interstate 95, NASA related businesses, Kennedy Space Center, Patrick Air Force Base, Melbourne International Airport, Florida Institute of Technology, Florida Air Academy, Brevard Zoo, Andretti Thrill Park, Melbourne Greyhound Park, winter visitors, local residents hosting guests and local companies (Harris Corp, Boeing, Northrop Grumman, Lockheed Martin, General Electric, Nuance Communications, Embraer) and government.

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Demand Segmentation

In most markets, overall demand varies based on the nature of travel. In most markets, the lodging demand is generated from three different segments: Corporate, Group/Meeting and Leisure/Transient travelers. In some markets, a fourth classification may be present, such as airline contract or government. A breakdown of the overall market segments, as well as the subject's mix of business is illustrated in the following table.

DEMAND SEGMENTATION - COMPETITIVE MARKET AND SUBJECT

	Competitive Set		Subject Property	
Segment	Demand	%	Demand	%
Commercial	50,286	43.3%	8,801	40.0%
Meeting & Group	12,469	10.7%	2,200	10.0%
Leisure	30,143	26.0%	6,601	30.0%
Discount & Government	23,224	20.0%	4,400	20.0%
Total	116,122	100.0%	22,002	100.0%

Compiled by CBRE

The following analysis schedule illustrates our projections of future demand growth for the local market by demand segment.

COMMERCIAL DEMAND SEGMENT

Commercial travelers are defined as business people attracted by businesses in the area. Most demand from the corporate segment is generated between Sunday and Thursday nights, declines Friday and Saturday nights, and increases somewhat on Sundays. The typical duration of occupancy is one to three days and is characterized by single occupancy. Historically, this demand segment has been somewhat less price sensitive than other segments. The commercial segment includes smaller sub-segments, including corporate transient demand and corporate volume discount. Commercial transient demand includes individuals visiting the companies in the immediate area or passing through town. Often, these types of travelers are influenced by quality of the hotel, brand loyalty, and location. Corporate volume demand is generated by local firms and includes employees of the company or others doing business with the firm. Rates are often pre-negotiated with the hotel and are sometimes discounted in return for a high number of occupied rooms.

MEETING AND GROUP DEMAND SEGMENT

Meeting and Group travelers are defined as any group occupying five or more rooms on a given night. This segment includes corporate groups, associations, SMERF (social, military, educational, religious, and fraternal) groups. This segment is typically attracted by a hotel's meeting facilities and recreational amenities in the area. Demand from corporate groups is typically generated between Sunday and Thursday nights, and can include corporate functions, holiday parties,

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incentive groups, etc. Often, corporate groups pay high rates, especially incentive groups, where companies “wine and dine” their top salesman and upscale/luxury hotels. Corporate groups tend to have a high level of single occupancy, while other groups tend to have more double occupancy. Associations and SMERF groups have a more varied occupancy pattern and often hold weekend meetings. This demand segment tends to be somewhat price sensitive. The typical stay for group demand is between three and five days. There is a perception (often true) that by occupying a block of rooms, a volume discount should be given. Group/meeting travelers have a tendency to stay at full-service hotels and utilize a hotel's food and beverage facilities. This segment is seasonal, and repeat business on an annual basis is not guaranteed. Overall, the group/meeting segment is desirable as it provides for a full utilization of hotel facilities.

LEISURE DEMAND SEGMENT

Leisure travelers generally include vacationers or travelers passing through the area. This category effectively includes all non-commercial related travelers too small to be defined as a group. This segment is typically attracted by a hotel's location relative to area attractions (including friends/relatives). Demand from leisure/transient travelers is typically generated throughout the week during peak periods, with more weekend demand in shoulder seasons. Leisure travelers tend to have a high level of double occupancy. Both components of this demand segment tend to be price sensitive. The typical stay for leisure travelers is between two and five days. Transient travelers typically occupy a room for one night only.

Future leisure demand is related to the overall health of the local and national economy. As discussed in the Regional analysis of this report, the local and regional economy is improving, and the overall outlook is positive. Major attractions in the subject’s market were discussed in the preceding market analysis.

DISCOUNT & GOVERNMENT DEMAND SEGMENT

The Discount & Government segment is generated by the local and state government departments and agencies, as well as the presence of major military installations. Government business often provides a stable flow of room night demand for local hotels. However, it is often subject to a per diem, which is typically low rated. The government per diem rate is $103.00 and on October 1, 2014 the rate will be increased to $105.00.

Segmented Demand Growth Conclusions

Based on historic trends for the various demand segments, the state of the local and national economies, and conversations with local hotel operators in the marketplace, the applicable demand segments are projected to exhibit the following growth trends.

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ANNUAL DEMAND GROWTH RATES				
Segment	2015	2016	2017	2018 and beyond
Commercial	3.0%	2.0%	2.0%	1.0%
Meeting & Group	3.0%	2.0%	2.0%	1.0%
Leisure	3.0%	2.0%	2.0%	1.0%
Discount & Government	3.0%	2.0%	2.0%	1.0%
Compiled by CBRE				

HISTORIC OPERATING PERFORMANCE

The subject's occupancy, ADR, and RevPAR history are illustrated as follows:

Source: CBRE/Property Management

FORECAST OF OCCUPANCY AND AVERAGE DAILY RATE

The average daily rate and the overall occupancy of a lodging facility are the foundation for the property's financial performance. While a property's other revenue components (food and beverage, telephone, spa, other income, etc…) are crucial to the operation of the hotel, they are dependent on the overall number of occupied rooms. Furthermore, the occupancy and average daily rate of a hotel are highly correlated. In reality, one cannot make a projection of one without a projection of the other. Therefore, while we have made specific projections of occupancy, but have considered the subject's positioned rate in our forecast.

Penetration

Penetration is the relationship between a market's fair share and its actual share of the overall demand. For example, a 100-room hotel would equate to 10% of a 1,000 room competitive set. If this hotel were to capture 10% of the overall lodging demand, it would penetrate the market by 100 percent. The current market penetration rates of the competitive hotels and the subject, broken down by demand segment, are illustrated as follows:

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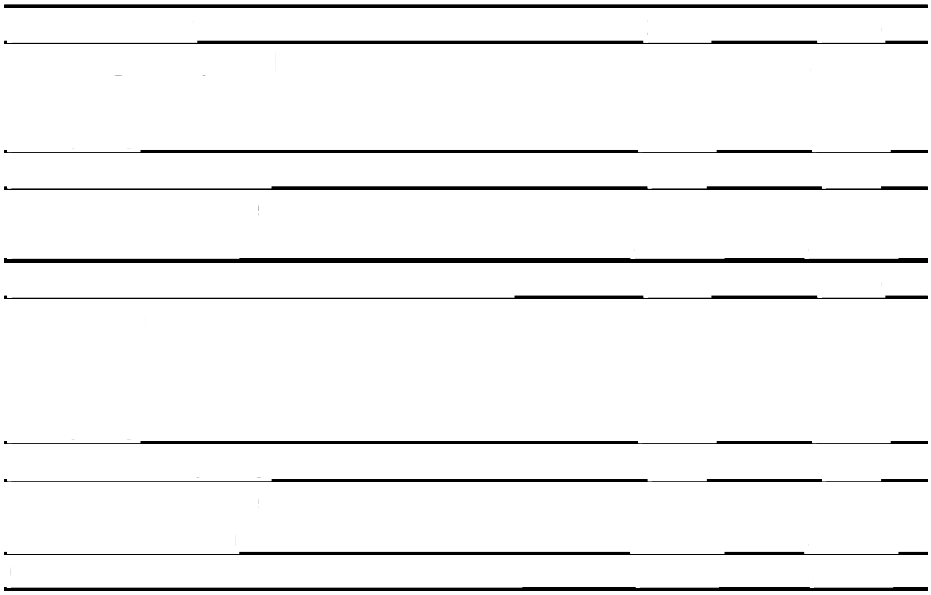
MARKET SHARE AND PENETRATION

Property	2014 Average Room Count	Estimated 2014 Occupancy	2014 Fair Share	Segmented Penetration				
				Commercial	Meeting & Group	Leisure	Discount & Government	Total
Fairfield Inn & Suites Melbourne Palm Bay Viera	83	72.6%	18.4%	95.1%	95.9%	119.0%	103.0%	103.0%
Courtyard Melbourne West	146	72.0%	32.4%	117.9%	95.1%	78.6%	102.1%	102.1%
Hampton Inn Melbourne	66	63.0%	14.6%	82.5%	83.2%	103.2%	89.3%	89.3%
Holiday Inn Express Melbourne	68	69.0%	15.1%	90.4%	136.6%	94.2%	97.8%	97.8%
Hampton Inn Melbourne-Viera	88	73.0%	19.5%	95.6%	96.4%	119.6%	103.5%	103.5%
Total/Avg	451	70.5%	100.0%					

Compiled by CBRE

The overall accommodated room night demand is multiplied by the subject's fair share and by the projected penetration ratio to derive the subject's accommodated room night demand. Although the subject's illustrated occupancy rates increase after the stabilized year, we have selected 75% as the stabilized occupancy figure. The stabilized occupancy figure is intended to be an average figure over the life of the hotel.

SUBJECT PROPERTY ESTIMATED OCCUPANCY



Average Daily Rate

As noted previously, one of the most important considerations in deriving an opinion of value of a hotel is its forecast of a supportable average daily rate (ADR). The ADR of a hotel can be calculated by dividing the total rooms revenue by the total number of occupied rooms achieved during a specified period of time.

Subject's Competitive Positioning

Although the forecast of average daily rate follows the discussion of future occupancy, these two figures are highly correlated, and one cannot make projections of occupancy without specific assumptions of ADR. This relationship is defined by RevPAR, or Revenue Per Available Room. RevPAR is the measure of a property's ability to maximize rooms revenue. Theoretically, for

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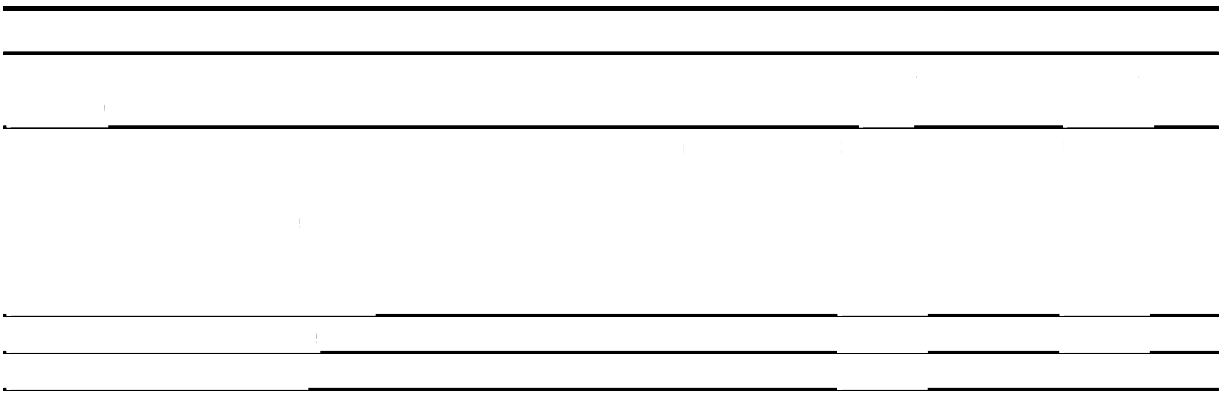
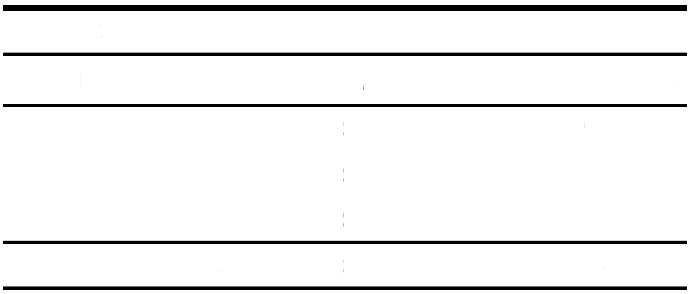
example, if a lodging property's ADR increases substantially (with no market influencing factors), its occupancy would decrease. Conversely, if a property's ADR decreases, an increase in occupancy would be anticipated. In each instance, RevPAR would remain unchanged. The historic ADR and RevPAR for the subject and the competitive set are illustrated as follows:



Source: CBRE

As illustrated in the preceding chart, the subject is generally in the mid-range relative to the competitive properties with respect to rate. This is a function of the subject's brand, location and physical condition.

The subject's historic ADR including the trailing twelve months (TTM) is illustrated as follows:



Source: CBRE/Property Management

Factors Affecting ADR

There are several factors affecting average daily rate increases that do not necessarily parallel changes in inflation. A lodging property's ability to raise room rates are influenced by several factors, and include:

SUPPLY AND DEMAND RELATIONSHIPS

The relationship between supply and demand is a strong determining factor for increases or decreases in a property's average daily rate. In markets where supply is limited and demand is

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strong, increases in rates above inflationary levels are common. Conversely, markets that have low barriers to entry or declining demand are often characterized by little or no growth in rate.

INFLATIONARY PRESSURES

Price increases caused by inflationary pressures tend to minimize profit margins, thereby forcing hotel operators to raise rates. However, this is only effective in markets where supply and demand exhibit a healthy relationship.

IMPROVING THE COMPETITIVE STANDARD

In some markets, a new property may enter the marketplace with a positioned ADR significantly higher than the other competitive hotels, and will raise the level the market will bear, thereby raising the competitive standard. This is often characterized by a new hotels in a market that has had little or no new supply for several years or even decades.

The projections for ADR growth and the resulting rates used in the analysis are illustrated as follows:

SUBJECT'S ESTIMATED ADR
12
through 9/23/14 (projection start date).

CONCLUSION

The subject's occupancy, ADR, RevPAR, and corresponding room revenue for the first year of our projection analysis is illustrated as follows:

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Source: CBRE

Based on the foregoing analysis, the indicated occupancy and ADR figures are achievable. The subject's projection of rooms revenue is illustrated again in the Income Capitalization Section of this report.

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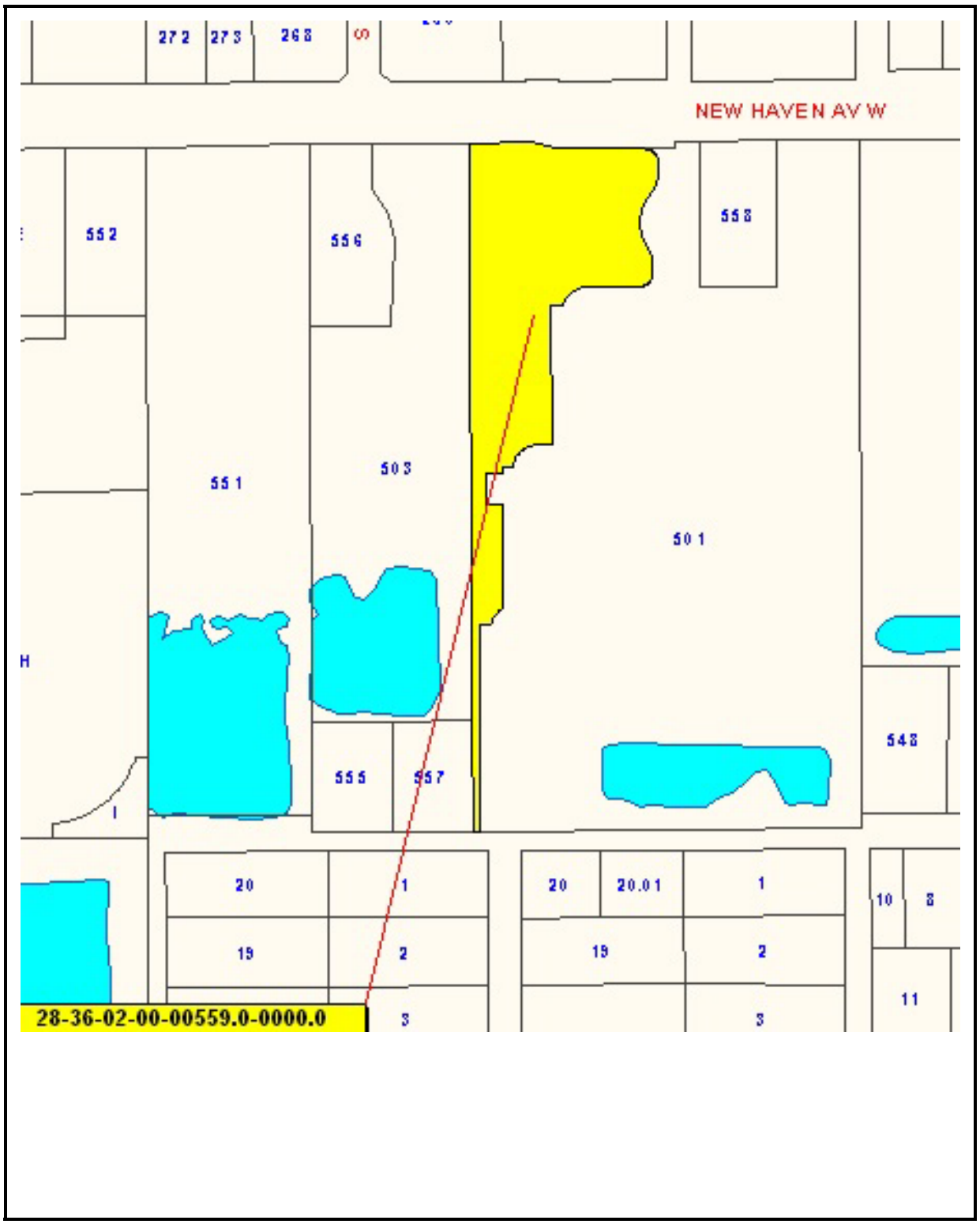
PLAT MAP



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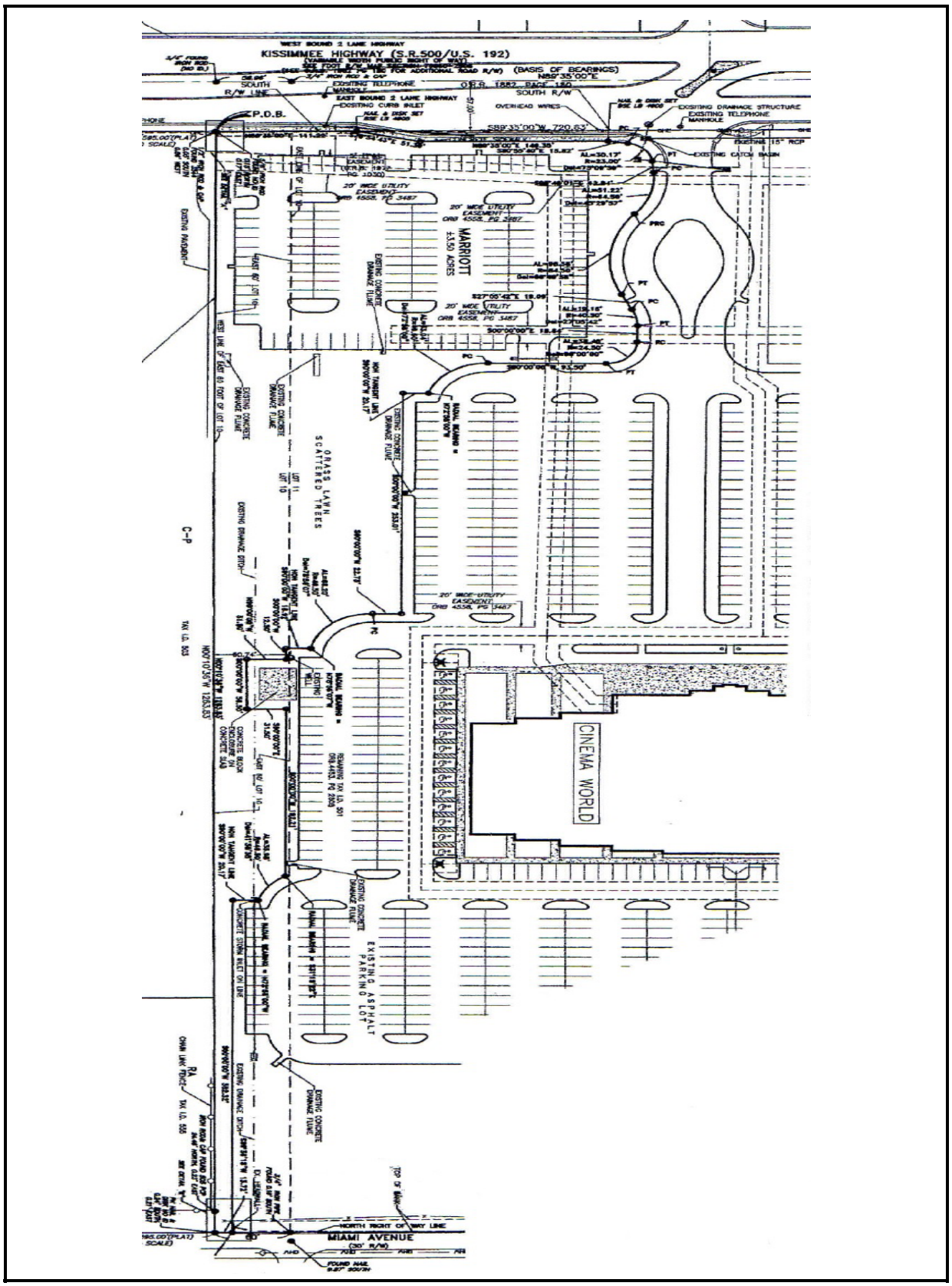
BOUNDARY SURVEY



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FLOOD PLAIN MAP

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Prepared for:
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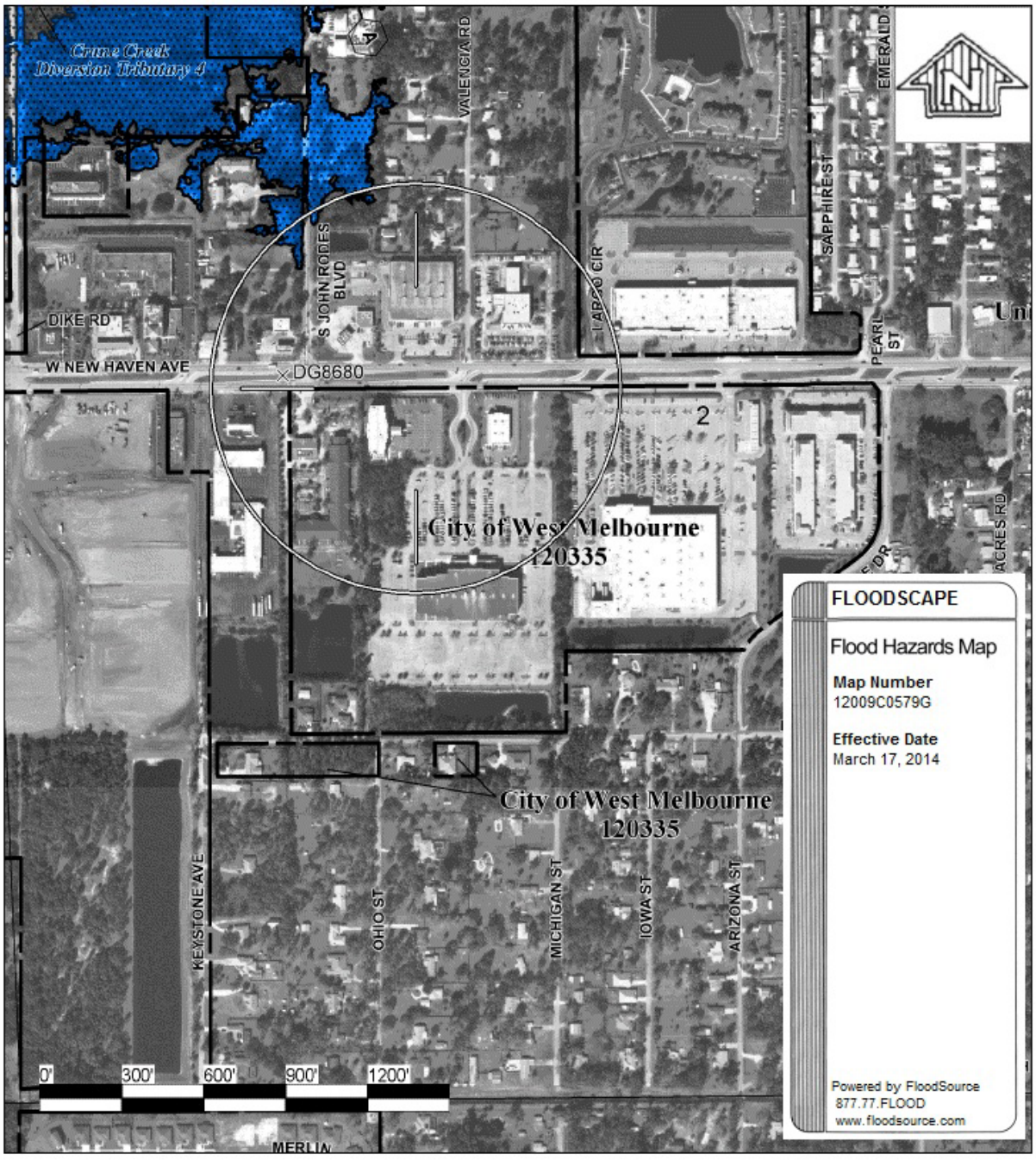
4355 W New Haven Ave
Melbourne, FL 32904-3319



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Site Analysis

The salient characteristics of the subject site are summarized as follows:

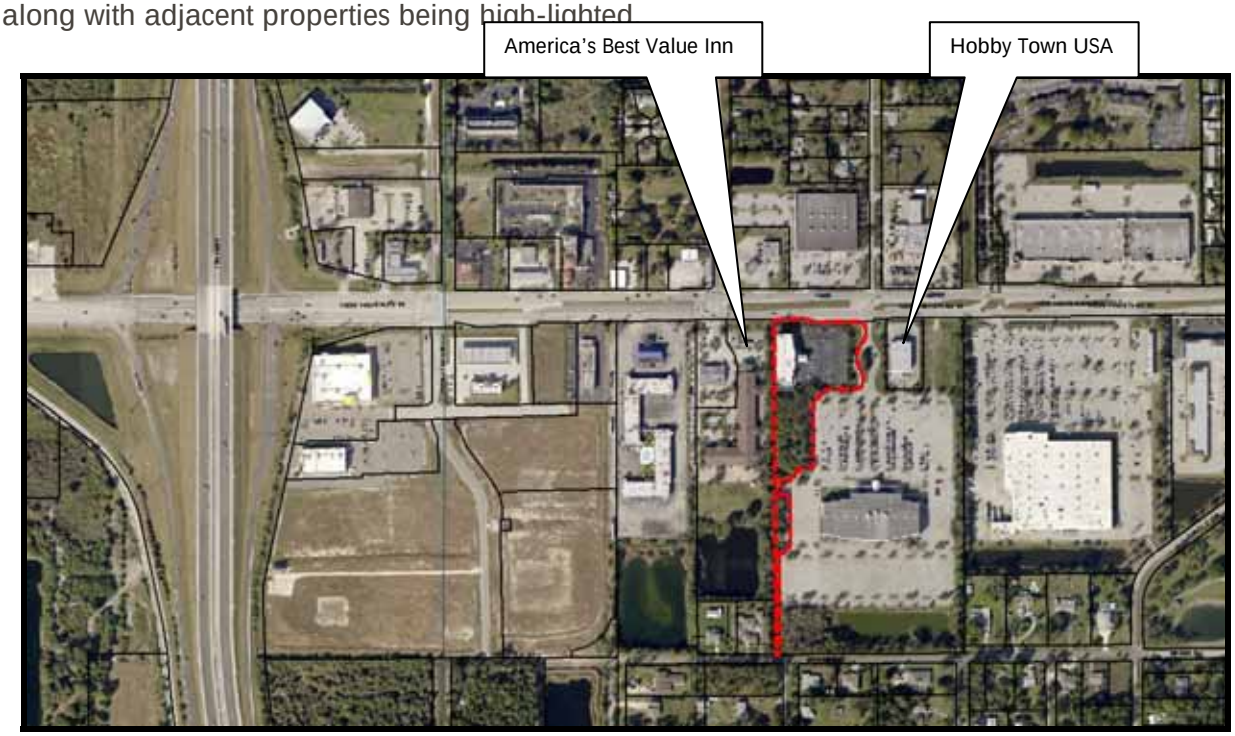
SITE SUMMARY AND ANALYSIS		
Physical Description		
Total Land Area	3.499 Acs.	152,400 Sq. Ft.
Primary Road Frontage	West New Haven Avenue	
Zoning District	C-P Commercial Parkway District with ICO Interchange Commercial Overlay (City of West Melbourne)	
Flood Map Panel No.	12009C0579G	
Flood Zone	X	
Adjacent Land Uses	Commercial	
Comparative Analysis	Rating	
Access	Average	
Visibility	Average	
Functional Utility	Average	
Traffic Volume	Average	
Adequacy of Utilities	Average	
Landscaping	Average	
Drainage	Assumed adequate	

Source: Various sources compiled by CBRE

INGRESS/EGRESS

Ingress and egress is available to the site via West New Haven Avenue, southeast quadrant of Interstate 95 Exit #180 and New Haven Avenue (US Highway 192).

Please refer to the aerial below for the layout of the streets that provide access to the subject along with adjacent properties being high-lighted.



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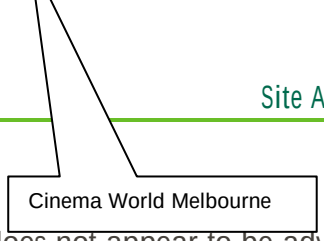

EASEMENTS AND ENCROACHMENTS

Based on an inspection and review of the site plan, the property does not appear to be adversely affected by any easements or encroachments. It is recommended that the client/reader obtain a current title policy outlining all easements and encroachments on the property, if any, prior to making a business decision.

COVENANTS, CONDITIONS AND RESTRICTIONS

There are no known covenants, conditions and restrictions impacting the site that are considered to affect the marketability or highest and best use.

FLOOD ZONE

According to flood hazard maps published by the Federal Emergency Management Agency (FEMA), the site is within Zone X, as indicated on the indicated Community Map Panel No. 12009C0579G.

Zones B, C, and X are the flood insurance rate zones that correspond to areas outside the 100-year floodplains, areas of 100-year sheet flow flooding where average depths are less than 1 foot, areas of 100-year stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 100-year flood by levees. No BFEs or depths are shown within this zone.

ENVIRONMENTAL ISSUES

CBRE has not observed and is not qualified to detect, the existence of potentially hazardous material or underground storage tanks which may be present on or near the site. The existence of hazardous materials or underground storage tanks may affect the value of the property. For this appraisal, CBRE has specifically assumed that the property is not affected by any hazardous materials that may be present on or near the property.

A Phase 1 Environmental Site Assessment (ESA) was not provided for this report.

ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

North:	West New Haven Avenue (US Highway 192) and then beyond Ashley Furniture and 7-11 Service Center
South:	Miami Avenue and then beyond residential
East:	Cinema World Melbourne and Hobby Town USA
West:	America's Best Value Inn

The adjacent properties are not considered adverse.

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CONCLUSION

The site is afforded average access and visibility from roadway frontage. The size of the site is typical for the area and use, and there are no known detrimental uses in the immediate vicinity. Overall, there are no known factors that are considered to prevent the site from development to its highest and best use, as if vacant, or adverse to the existing use of the site.

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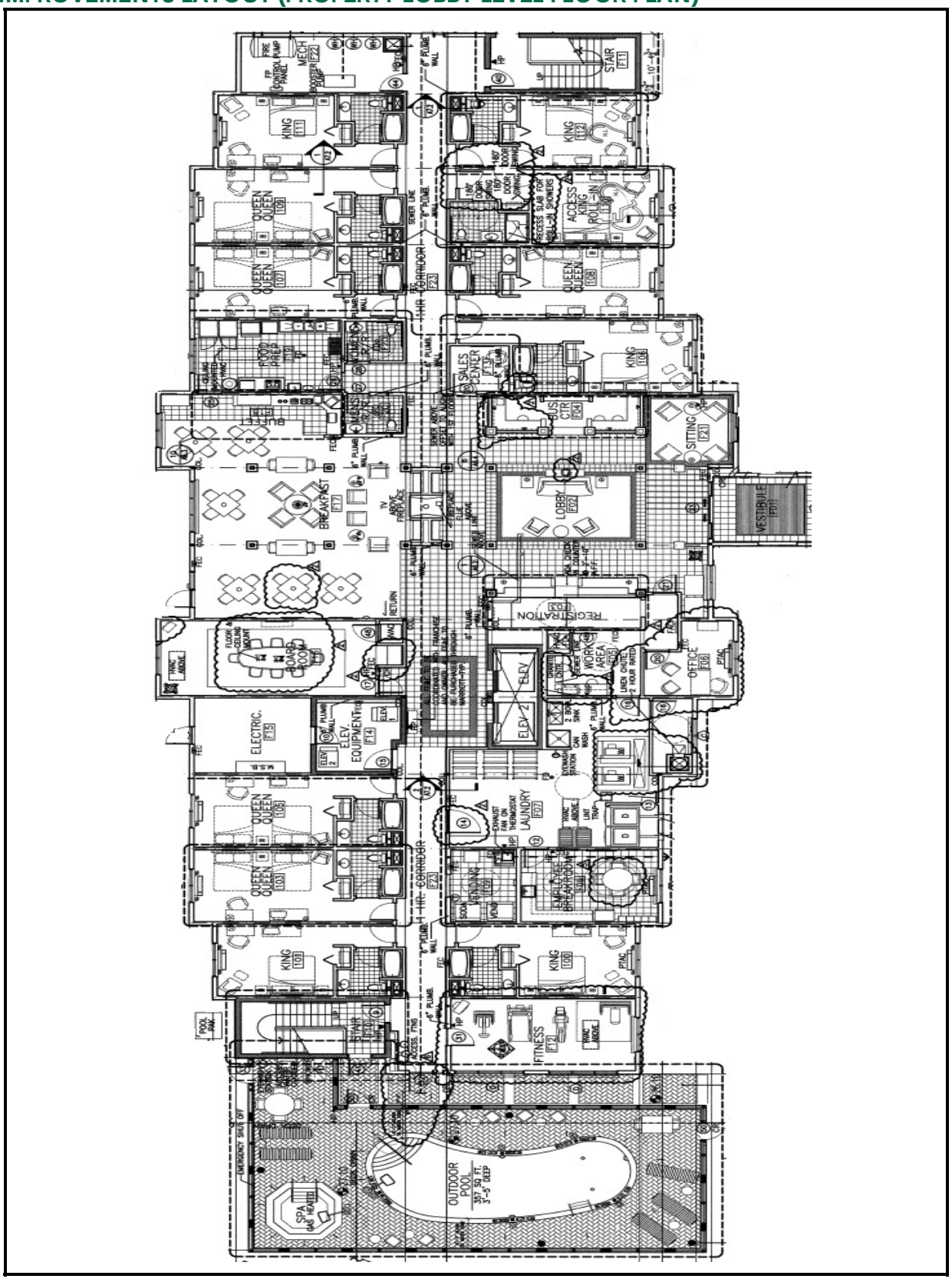
IMPROVEMENTS LAYOUT (PROPERTY LOBBY LEVEL FLOOR PLAN)



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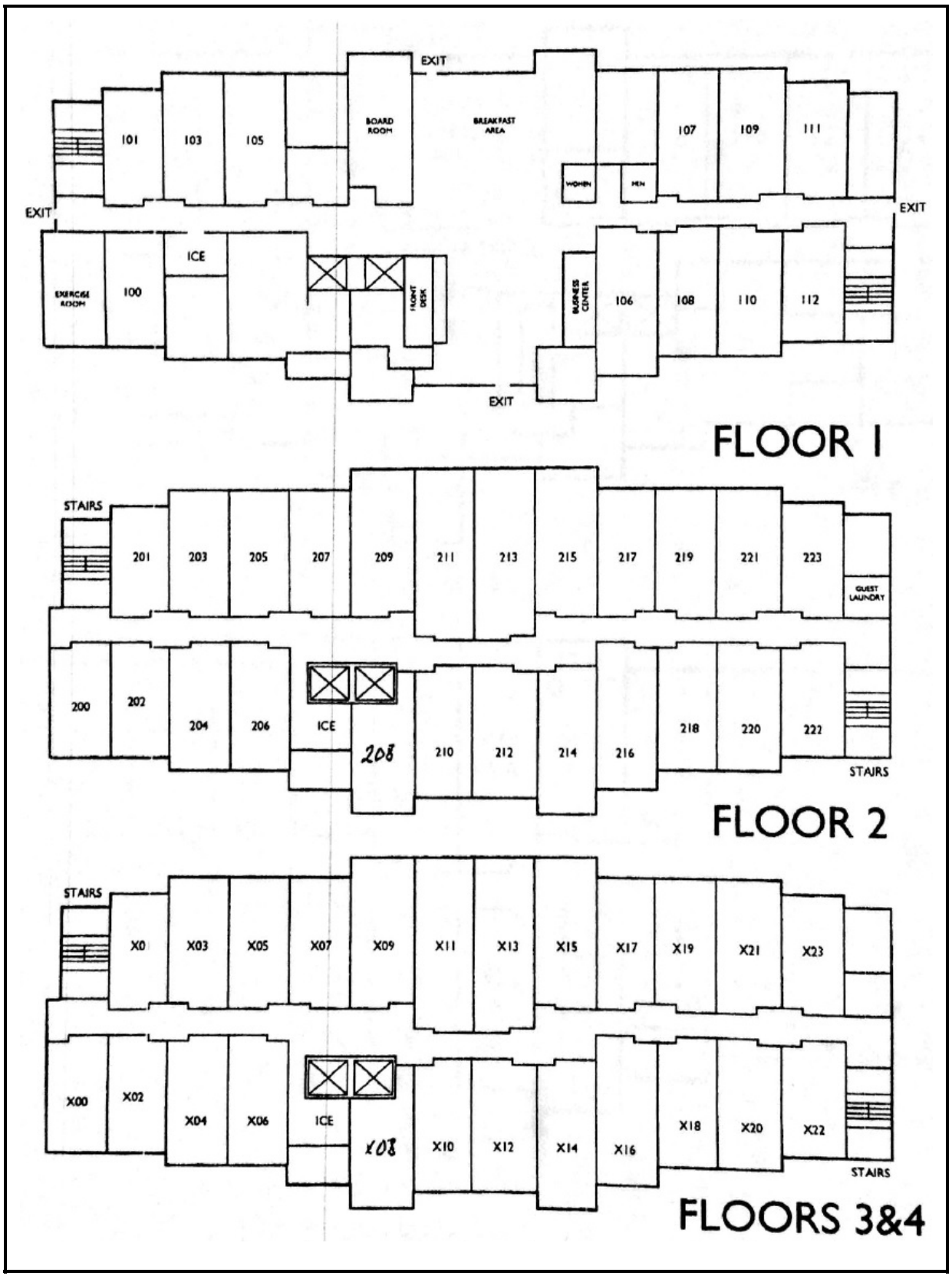
PROPERTY IMPROVEMENT FLOOR PLAN



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Improvements Analysis

The quality of a lodging facility's physical building and site improvements (as well as any other amenities) has a direct influence on its marketability and operating success. Design and functionality can also affect the operations and profitability. The subject's physical building, site improvements, and personal property (FF&E) are analyzed and presented below.

GENERAL DESCRIPTION

The various components of the subject improvements are summarized as follows:

IMPROVEMENT SUMMARY AND ANALYSIS	
Number of Buildings	1
Number of Stories	4
Gross Building Area	45,644 SF
Number of Guest Rooms	83
Restaurant/Lounge	Complimentary breakfast
Meeting/Banquet Rooms	Boardroom
Site Amenities	Outdoor pool, fitness room, business center, self-guest laundry facilities, The Corner Market, smoke-free property
Parking Type	Surface level parking
Number of Parking Spaces	87 spaces, per site plan. It is an assumption of this report that the subject complied with all applicable parking regulations at the time of construction.

Room Breakdown	No. of Rooms	% of Total
King	23	27.7%
King - Suite	11	13.3%
King - with whirlpool	3	3.6%
King - ADA	4	4.8%
Queen Queen	41	49.4%
Queen Queen - ADA	1	1.2%
Total/Average:	83	100.0%

Construction Feature	Description
Foundation	Reinforced concrete slab footing
Frame	Wood, concrete block
Exterior Walls	Wood, concrete, stucco
Interior Walls	Textured/painted drywall
Roof	Flat, thermoplastic polyolefin (TPO) single-ply roofing membrane
HVAC System	Trane PTAC units in guest rooms and public areas
Interior Lighting	Recessed fluorescent and decorative fixtures
Flooring	Ceramic tile and carpet
Plumbing	Assumed adequate
Elevators/Stairwells	Two stairwells and two 2,500lb Schindler passenger elevators
Fire Protection	Smoke detectors, fire extinguishers
Furnishings	Personal property included
Landscaping	Grass, gravel and tropical plantings and trees with irrigated planted beds

Source: Various sources compiled by CBRE

The following is a description of the subject improvements and basic construction features derived from CBRE's physical inspection.

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RESTAURANT/LOUNGE

The subject has a breakfast area off the lobby.

RESTAURANT/LOUNGE FACILITIES		
Name	Seating Capacity	Comments
Breakfast Area	42	Open: Mon-Fri 6:30am to 9:30am Open: Sat - Sun 7:00am to 10:00am
Compiled by CBRE		

MEETING/BANQUET ROOMS

The subject has one meeting room.

MEETING/BANQUET ROOMS		
Name	Size (SF)	Type/Comments
Boardroom	384	Lobby Level
Compiled by CBRE		

CAPITAL EXPENDITURES

Our inspection of the property as well as discussions with the subject's management did not indicate any significant items of deferred maintenance which would require immediate repair. We do not foresee any capital expenditures for the property other than the normal yearly expenditures.

The property improvement was completed in February 2008 and would require a Marriott branded Fairfield Inn & Suites 6-year re-fresh Property Improvement Plan (PIP) to be completed in 2014. However, Marriott has extended the period for two years to February 28, 2016. See Addendum C for the two letters from Marriott extending the PIP one year and then for another year, dated August 28, 2013 and March 7, 2014, respectively.

At the time of the site inspection, there was some water damage from a faulty sprinkler head on the second floor next to room #219. According to the subject's Managing Partner, the leak was detected before any major damage occurred. The estimated cost to repair will be under $500. See photo of the area under repair.

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ECONOMIC AGE AND LIFE

CBRE's estimate of the subject improvements effective age and remaining economic life is depicted in the following chart:

ECONOMIC AGE AND LIFE	
Actual Age	6 Years
Effective Age	3 Years
MVS Expected Life	45 Years
Remaining Economic Life	42 Years
Acrued Physical Incurable Depreciation	6.7%
Compiled by CBRE	

The overall life expectancy is based upon our on-site observations and a comparative analysis of typical life expectancies reported for buildings of similar construction as published by Marshall and Swift, LLC, in the Marshall Valuation Service cost guide. While CBRE did not observe anything to suggest a different economic life, a capital improvement program could extend the life expectancy.

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FURNITURE, FIXTURES & EQUIPMENT

No furniture, fixtures and equipment (FF&E) appraisal was contracted as part of this assignment. In order to estimate the value of the FF&E, we have relied upon information contained in the Marshall Valuation Service Cost Manual, comparable hotel properties and the Uniform Franchise Offering Circular (UFOC) for the subject. Based on our review of the subject, we consider its FF&E to be average to above average. Accordingly, we have estimated the total replacement cost new for the FF&E as follows.

Compiled by CBRE

The subject estimate is reasonable compared to industry standards for FF&E costs.

In order to estimate the depreciated value of the FF&E, we have again relied upon the Marshall Valuation Service depreciation schedule for fixtures and equipment. In this analysis, we have assumed a typical life expectancy and effective age estimate, based upon the weighted actual age of all FF&E. As the FF&E is replaced on an ongoing basis and is considered in average condition, this methodology is considered reasonable. The resultant depreciated cost of the FF&E can be calculated as follows:

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CONCLUSION

The improvements are considered to be in good condition and are considered to be typical for the age and location in regard to improvement design and layout, as well as interior and exterior amenities. Overall, there are no known factors that could be considered adverse in impact to the marketability of any of the subject units or the overall property.

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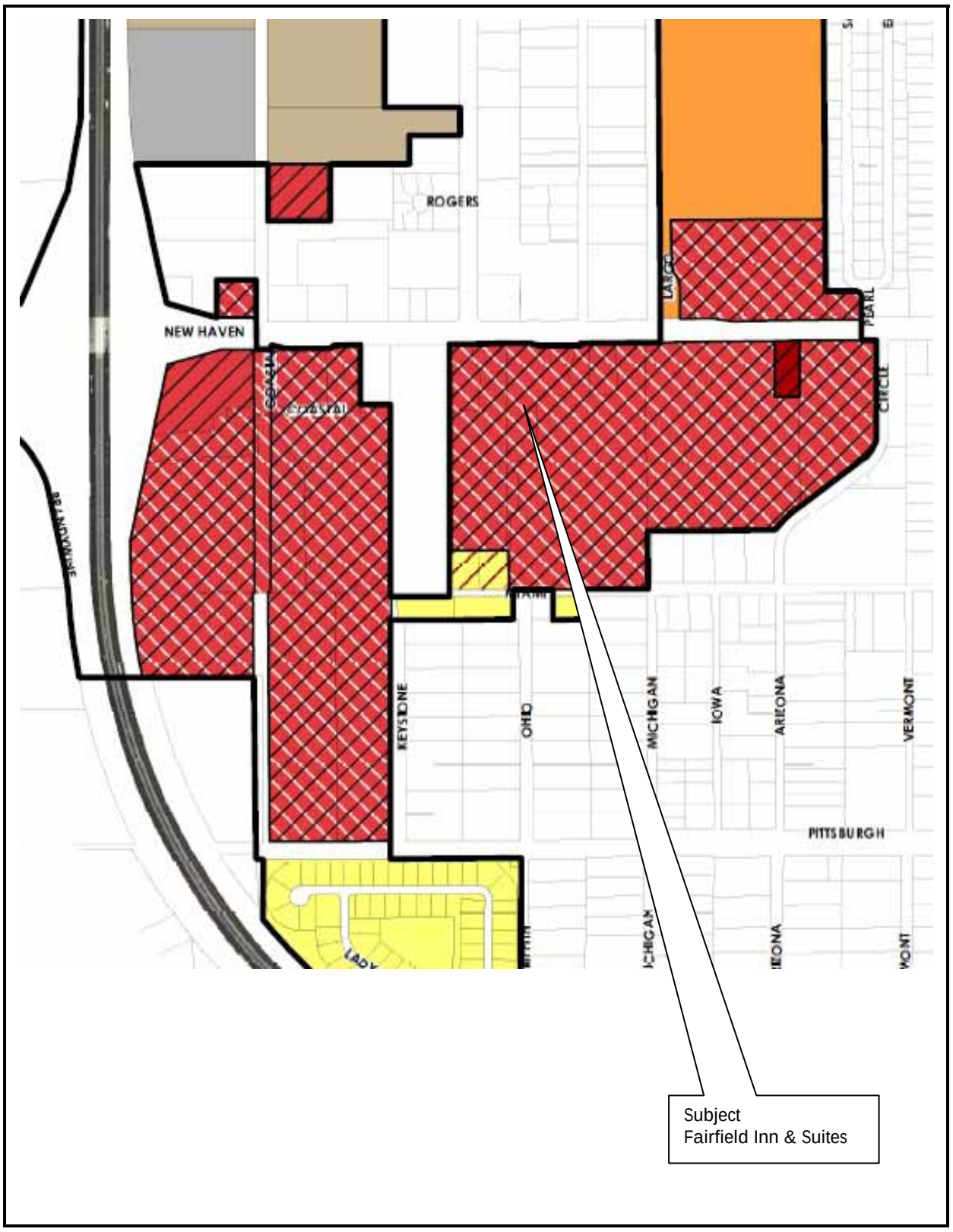
ZONING MAP



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Zoning

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY	
Current zoning	C-P Commercial Parkway District with ICO Interchange Commercial Overlay (City of West Melbourne)
Legally conforming	Legally conforming
Purpose & Uses permitted	Commercial Parkway District. The C-P commercial parkway district is intended to apply to areas located adjacent to a main highway approach to the city. The types of uses permitted and restrictions are intended to serve the needs of the motorist and provide an amenable impression of the city. Large lot sizes and other restrictions are intended to minimize frequent ingress and egress to the highway from abutting uses, thereby allowing the thoroughfare to serve its primary function of carrying an uninterrupted flow of traffic. Permitted Uses: hotel, retail, restaurant, office
Zoning change	Not Likely

Source: Planning & Zoning Dept.

ANALYSIS AND CONCLUSION

The improvements represent a legally-conforming use and, if damaged, may be restored without special permit application. We assume that all necessary permits have been secured, including an appropriate liquor license (if required), and that the subject is in conformance with all local building codes and other applicable regulations. If additional information is required, please contact the local planning and/or zoning office.

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Tax and Assessment Data

The following summarizes the subject's market value, assessed value, and taxes, and does include furniture, fixtures and equipment.

AD VALOREM TAX INFORMATION						
Assessor's Taxable Value		2011	2012	2013	2014*	Pro Forma
Real Property	28-36-02-00-00559.0-0000.00	$1,500,000	$1,600,000	$1,640,000	$1,690,000	
Personal Property (FF&E)	P100894000	298,410	267,290	227,820	180,000	
Subtotal		$1,798,410	$1,867,290	$1,867,820	$1,870,000	$2,500,000
Taxable Value @	100%	$1,798,410	$1,867,290	$1,867,820	$1,870,000	$2,500,000
Tax Rates	(per $1,000 A.V.)					
Basic Levy: Real Estate		18.22110	18.20510	17.57710	17.57710	17.57710
Basic Levy: Personal Property (FF&E)		18.22110	18.20510	17.57710	17.57710	17.57710
General Tax:		$32,769	$33,994	$32,831	$32,869	$43,943
Other Non Advalorum Tax		4,984	4,973	4,973	4,973	4,973
Total Taxes Before Discount		$37,753	$38,967	$37,804	$37,842	$48,916
Less: 4% Early-Payment Discount		($1,510)	($1,559)	($1,512)	($1,514)	($1,957)
Total Taxes		$36,243	$37,408	$36,291	$36,328	$46,959
Source: Assessor's Office					*2014 Proposed Values	

The County Property Appraiser's methodology for valuation is the income and sales comparison approaches. A sale of the property would not necessitate a re-assessment but is generally regarded as a "trigger" for the local assessor to review the current assessment

In the State of Florida the Property Appraise is mandated to assess property at 100% of the market value. However, in actual practice assessments are typically much lower due to the allowance for the business value component and in order to decrease the frequency of appeals. As well, the State of Florida offers a 4% early-payment discount for owners who pay their taxes prior to the actual due date. We have assumed prudent management would pay the real estate taxes early and realize the full discount.

DELINQUENCY

According to a representative of Brevard County Tax Collector there are no delinquent property taxes encumbering the subject.

TAX COMPARABLES

As a crosscheck to the subject's applicable real estate taxes, CBRE has reviewed the real estate tax information according to the Brevard County for comparable properties in the market area. The following table summarizes the comparables employed for this analysis:

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AD VALOREM TAX COMPARABLES						
	Courtyard Melbourne West	Hampton Inn Melbourne	Holiday Inn Express Melbourne	Hampton Inn Melbourne-Viera	Subject	Subject
Year Built	1987	1997	2000	2007	2008	2008
No. Rooms	146	66	68	88	83	83
Tax Year	2014*	2014*	2014*	2014*	2014*	Pro Forma
Real Estate	$2,825,000	$1,411,000	$2,290,000	$1,705,000		
Personal Property (FF&E)	$481,480	$96,570	$124,740	$330,700		
Total Assessed Value	$3,306,480	$1,507,570	$2,414,740	$2,035,700	$1,870,000	$2,500,000
Per Room	$22,647	$22,842	$35,511	$23,133	$22,530	$30,120
Source: Assessor's Office					*2014 Proposed Values	

CONCLUSION

Based on the foregoing information, the subject's current assessment is well supported by both its historical trend and by the comparable properties shown.

The Subject's 2014 estimated assessment is $1,870,000 or $22,530 per guest room, while the pro forma estimated assessment is $2,500,000 or $30,120 per guest room. The comparables ranged in the 2014 estimated assessment from $22,647 to $35,511 per room. Considering the age and performance of the subject, its assessment should be in the upper range indicated by the comparables. In estimating the market value, we typically assume a sale transaction. Typically a hotel would be assessed at no more than 60% to 70% of market value after a sale. The subject estimated pro forma assessment is at 30.5% of our stabilized value, which is lower than the 60% to 70% range in keeping with the comparables.

CONCLUSION

For purposes of this analysis we are assuming any outstanding property tax liability has been paid and CBRE assumes that all taxes are current. We have replied on the hotel tax assessment comparables for our subject's pro forma tax assessment and that any risk of re-assessment has been considered in our capitalization rate.

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Highest and Best Use

In appraisal practice, the concept of highest and best use represents the premise upon which value is based. The four criteria the highest and best use must meet are:

- legal permissibility;
- physical possibility;
- financial feasibility; and
- maximum profitability.

Highest and best use analysis involves assessing the subject both as if vacant and as improved.

AS VACANT

Legal Permissibility

The legally permissible uses were discussed in detail in the Site Analysis and Zoning Sections.

Physical Possibility

The subject is adequately served by utilities, has an adequate shape and size, sufficient access, etc…, to be a separately developable site. The subject site would reasonably accept a site layout for any of the legally probable uses. There are no known physical reasons why the subject site would not support any legally probable development. The existence of the present development on the site provides additional evidence for the physical possibility of development.

Financial Feasibility

The determination of financial feasibility is dependent primarily on the relationship of supply and demand for the legally probable land uses versus the cost to create the uses. As discussed in the market analysis, the subject hotel market is generally stabilized. Development of new hotel properties has not occurred in the past few years. Further, within the subject market, there are no proposed or under construction hotel projects in the competitive market. These factors indicate that it would be financially feasible to complete a new hotel project if the site acquisition cost was low enough to provide an adequate developer's profit.

Maximum Profitability

The final test of highest and best use of the site as though vacant is that the use be maximally productive, yielding the highest return to the land. In the case of the subject as if vacant, the analysis has indicated that a new hotel project would be at most marginally feasible.

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CONCLUSION: HIGHEST AND BEST USE AS VACANT

Based on the information presented above and upon information contained in the market and neighborhood analysis, we conclude that the highest and best use of the subject as if vacant, would be hold for future development. Our analysis of the subject and its respective market characteristics indicate the most likely buyer, as if vacant, would be an investor (land speculation) or a developer.

Based on the foregoing analysis, the highest and best use of the site, as vacant, would be to hold for future hotel development when economic conditions improve.

AS IMPROVED

Legal Permissibility

As discussed, the subject site's zoning and legal restrictions permit a variety of land uses. The site has been improved with a hotel development that is a legal, conforming use.

Physical Possibility

The physical characteristics of the subject improvements were discussed in detail in the improvements analysis. Both the layout and positioning of the improvements are considered functional for hotel use. While it would be physically possible for a wide variety of uses, based on the legal restrictions and the design of the improvements, the continued use of the property for hotel users would be the most functional use.

Financial Feasibility

The financial feasibility of a hotel property is based on the amount of income which can be generated, less operating expenses required to generate that income; if a residual amount exists, then the land is being put to a productive use. As will be indicated in the income capitalization approach, the subject is producing a positive net cash flow and continued utilization of the improvements for hotel purposes is considered financially feasible.

Maximum Profitability

The maximally profitable use of the subject as improved should conform to neighborhood trends and be consistent with existing land uses. Although several uses may generate sufficient revenue to satisfy the required rate of return on investment and provide a return on the land, the single use that produces the highest price or value is typically the highest and best use. As shown in the applicable valuation sections, buildings that are similar to the subject have been acquired or continue to be used by hotel owners/tenants. None of the comparable buildings have been acquired for conversion to an alternative use. These comparables would indicate that the maximally productive use of the property is consistent with the existing use as a hotel property.

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CONCLUSION: HIGHEST AND BEST USE AS IMPROVED

Based on the foregoing, the highest and best use of the property, as improved, is consistent with the existing use as a hotel development.

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Appraisal Methodology

In appraisal practice, an approach to value is included or omitted based on its applicability to the property type being valued and the quality and quantity of information available.

COST APPROACH

The cost approach is based upon 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 a relatively unique or specialized property type for which there exist few sales or leases of comparable properties.

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 room, price per suite, or economic units of comparison such as gross rent multiplier. 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. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons. Typically, the sales comparison approach is used to bracket the indication provided by the income capitalization approach.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption 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 period of time. The two common valuation techniques associated with the income capitalization approach are discounted cash flow (DCF) analysis and direct capitalization.

METHODOLOGY APPLICABLE TO THE SUBJECT

In valuing the subject, only the sales comparison and income capitalization approaches are applicable and have been used. The cost approach is not applicable in the estimation of market value due to as the subject's age, rendering estimates of depreciation highly speculative. Additionally, and more importantly, buyers of hotels such as the subject do not typically consider the cost approach in a potential acquisition.

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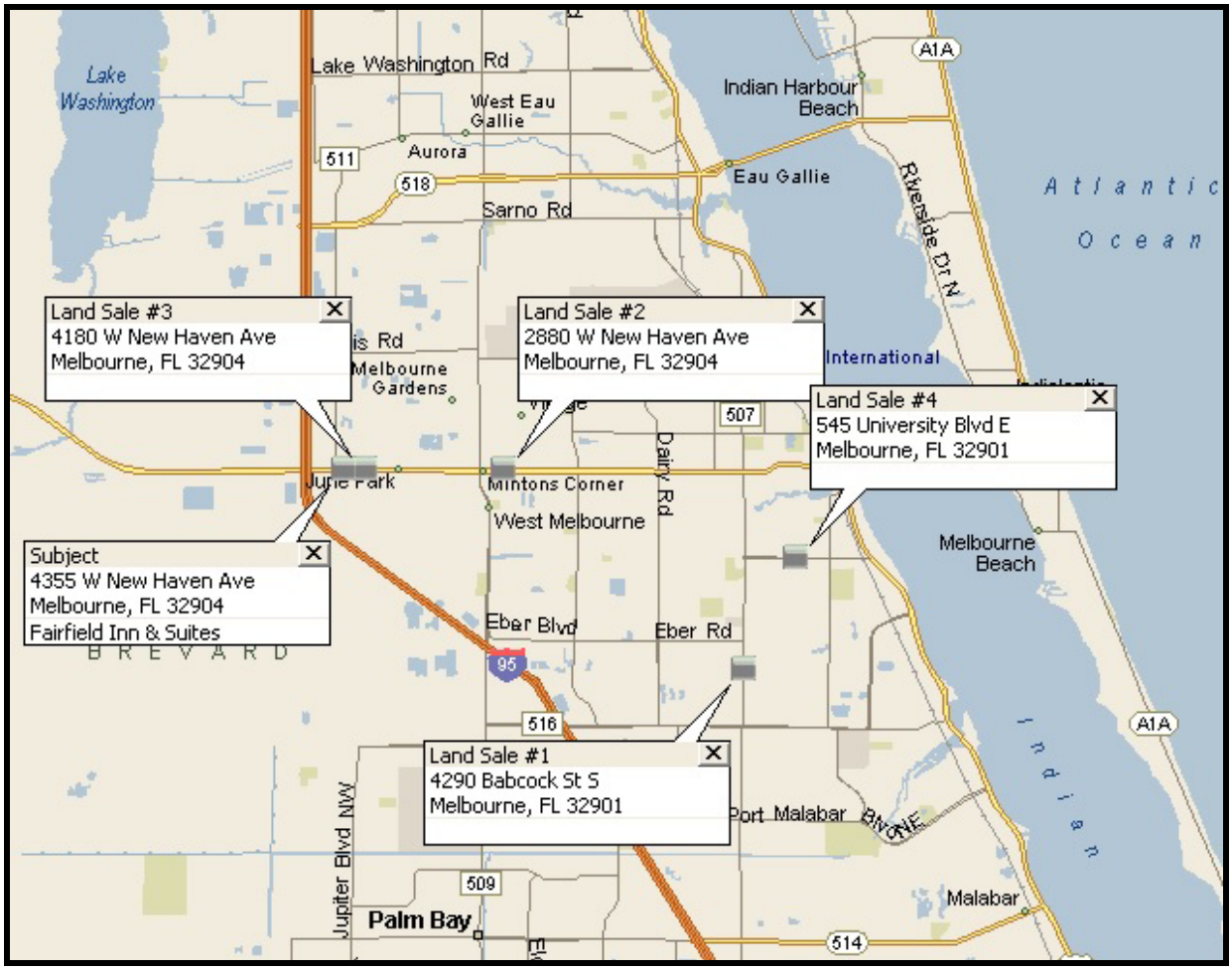
Land Value

The following map and table summarize the comparable data used in the valuation of the subject site. A detailed description of each transaction is included in the addenda.



SUMMARY OF COMPARABLE LAND SALES

No.	Property Location	Transaction Type	Transaction Date	Proposed Use	Actual Sale Price	Adjusted Sale Price [1]	Size (SF)	Price Per Acre	Price Per SF
1	4290 S. Babcock Street, Melbourne, FL	Sale	Dec-13	Retail	$450,200	$450,200	77,972	$251,508	$5.77
2	2880 W New Haven Ave, Melbourne, FL	Sale	Nov-13	Retail	$635,000	$635,000	69,260	$399,371	$9.17
3	4180 W New Haven Ave, Melbourne, FL	Sale	Aug-13	Retail	$260,000	$260,000	27,443	$412,698	$9.47
4	545 East University Boulevard, Melbourne, FL	Sale	Apr-13	Retail	$371,900	$371,900	65,340	$247,933	$5.69
Subject	4355 West New Haven Avenue, Melbourne, Florida	---	---	Hold for future development	---	---	152,400	---	---

[1] Transaction amount adjusted for cash equivalency and/or development costs (where applicable)
Compiled by CBRE

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The sales utilized represent the best data available for comparison with the subject and were selected from the greater Melbourne area.

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale One

This 1.79-acre retail/commercial tract's location is 4290 South Babcock Street in Melbourne, FL. The site's shape is rectangular with generally level topography. The site exhibits the following frontage: South Babcock Street. The transaction occurred in December, 2013 for $450,200, or $5.77 per square foot. At the time of the sale, the property was vacant. The proposed use for the tract was reported to be a retail development.

Land Sale Two

This 1.59-acre retail/commercial tract's location is 2880 West New Haven Avenue in Melbourne, FL. The site's shape is rectangular with generally level topography. The site exhibits the following frontage: West New Haven Avenue. The transaction occurred in November, 2013 for $635,000, or $9.17 per square foot. At the time of the sale, the property was vacant. The proposed use for the tract was reported to be a retail development.

Land Sale Three

This 0.63-acre retail/commercial tract's location is 4180 West New Haven Avenue in Melbourne, FL. The site's shape is irregular with generally level topography. The site exhibits the following frontage: West New Haven Avenue. The transaction occurred in August, 2013 for $260,000, or $9.47 per square foot. At the time of the sale, the property was vacant. The proposed use for the tract was reported to be a retail development.

Land Sale Four

This 1.50-acre retail/commercial tract's location is 545 East University Boulevard in Melbourne, FL. The site's shape is rectangular with generally level topography. The site exhibits the following frontage: East University Boulevard. The transaction occurred in April, 2013 for $371,900, or $5.69 per square foot. At the time of the sale, the property was vacant. The proposed use for the tract was reported to be a retail development.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

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LAND SALES ADJUSTMENT GRID					
Comparable Number	1	2	3	4	Subject
Transaction Type	Sale	Sale	Sale	Sale	---
Transaction Date	Dec-13	Nov-13	Aug-13	Apr-13	---
Proposed Use	Retail	Retail	Retail	Retail	Hold for future development
Actual Sale Price	$450,200	$635,000	$260,000	$371,900	---
Adjusted Sale Price [1]	$450,200	$635,000	$260,000	$371,900	---
Size (Acres)	1.79	1.59	0.63	1.50	3.50
Size (SF)	77,972	69,260	27,443	65,340	152,400
Price ($ PSF)	$5.77	$9.17	$9.47	$5.69	
Property Rights Conveyed	0%	0%	0%	0%	
Financing Terms [1]	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	
Market Conditions	0%	0%	0%	0%	
Subtotal	$5.77	$9.17	$9.47	$5.69	
Size	-5%	-5%	-10%	-5%	
Shape	0%	0%	0%	0%	
Corner	0%	0%	0%	0%	
Frontage	5%	0%	0%	5%	
Topography	0%	0%	0%	0%	
Location	5%	0%	0%	5%	
Zoning	0%	0%	0%	0%	
Total Other Adjustments	5%	-5%	-10%	5%	
Value Indication for Subject	$6.06	$8.71	$8.53	$5.98	

[1] Transaction amount adjusted for cash equivalency and/or development costs (where applicable)

Compiled by CBRE

CONCLUSION

Based on the preceding analysis, a price per square foot indication towards the upper mid-point of the adjusted price per square foot was most appropriate for the subject. The following table presents the valuation conclusion:

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Insurable Value

As part of the client's requested scope of work, an estimate of insurable value is provided herein. CBRE has followed traditional appraisal standards to develop a reasonable calculation based upon industry practices and industry accepted publications such as Marshall Valuation Service. The methodology employed is a derivation of the cost approach and is not reliable for insurable value estimates. Actual construction costs and related estimates can vary greatly from this estimate.

The insurable value estimate presented herein is intended to reflect the value of the destructible portions of the subject, based on the replacement of physical items that are subject to loss from hazards (excluding indestructible items such as basement excavation, foundation, site work, land value and indirect costs). In the case of the subject, this estimate is based upon the base building costs (direct costs) as obtained via the Marshall Valuation Service handbook, with appropriate deductions.

This analysis should not be relied upon to determine proper insurance coverage as only consultants considered experts in cost estimation and insurance underwriting are qualified to provide an insurable value. It is provided to aid the client/reader/user as part of their overall decision making process and no representations or warranties are made by CBRE regarding the accuracy of this estimate and it is strongly recommend that other sources be utilized to develop any estimate of insurable value.

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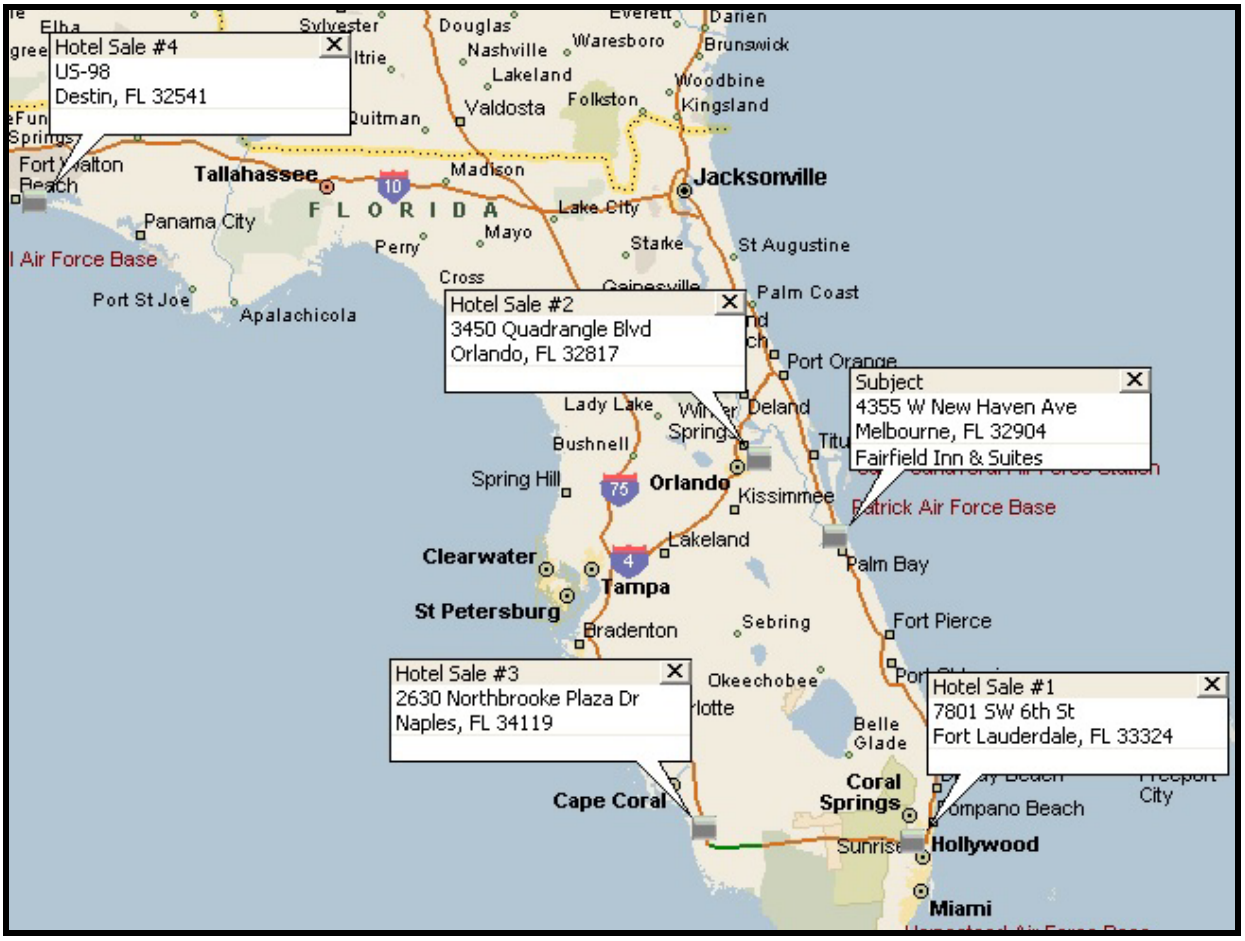
Sales Comparison Approach

The following map and table summarize the comparable data used in the valuation of the subject. A detailed description of each transaction is included in the addenda. A Gross Revenue Multiplier will also be completed.



SUMMARY OF COMPARABLE HOTEL SALES

No.	Name	Transaction Type	Transaction Date	Year Built	No. Rooms	Actual Sale Price	Adjusted Sale Price [1]	Price Per Room [1]	Occ.	Gross Revenue	Gross Rev. Multiplier	OER	OAR
1	Hampton Inn Fort Lauderdale Plantation, Plantation, FL	Sale	Sep-14	1999	128	$13,000,000	$15,000,000	$117,188	75%	$3,900,000	3.85	64.7%	9.17%
2	Hampton Inn & Suites Orlando East UCF Area, Orlando, FL	Sale	Aug-14	1998	110	$7,700,000	$11,900,000	$108,182	75%	$3,604,400	3.30	69.5%	9.24%
3	Hampton Inn Naples I-75, Naples, FL	Sale	Jan-14	2000	91	$6,772,500	$8,972,500	$98,599	74%	$2,752,500	3.26	68.9%	9.53%
4	Hampton Inn & Suites Destin Sandestin Area, Destin, FL	Sale	Oct-13	2005	74	$6,956,250	$7,256,250	$98,057	69%	$2,100,000	3.46	68.1%	9.23%
Subject	Fairfield Inn & Suites Melbourne Palm Bay Viera, Melbourne, Florida	---	---	2008	83	---	---	---	75%	$2,134,941	---	65.7%	---

[1] Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)
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The sales utilized represent the best data available for comparison with the subject. They were selected from our research of comparable improved sales within Florida. These sales were chosen based upon similar economic factors.

DISCUSSION/ANALYSIS OF IMPROVED SALES

Improved Sale One

This 128-room limited service hotel property is located at 7801 SW 6th Street, Plantation, FL. The improvements were constructed in 1999 and were in average condition at the time of sale. The property amenities include the following: outdoor pool, fitness room, business center, 1,380sf meeting space. The transaction occurred in September, 2014 for $15,000,000, or $117,188 per room. Pro forma net operating income at the time of sale was $10,746 per room, for an overall capitalization rate of 9.17%. Occupancy at the time of sale was 75%.

The sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms or condition of sale. A downward adjustment was warranted for its location and branding and an upward adjustment was warranted for its age/condition. Overall, this sale was superior in comparison to the subject and a downward adjustment was warranted to its price per unit indication.

Improved Sale Two

This 110-room limited service hotel property is located at 3450 Quadrangle Boulevard, Orlando, FL. The improvements were constructed in 1998 and were in average condition at the time of sale. The property amenities include the following: outdoor pool, whirlpool, fitness room, business center, self-guest laundry facilities, suite shop, screened-in lanai, smoke-free property, 425sf meeting room. The transaction occurred in August, 2014 for $11,900,000, or $108,182 per room. Pro forma net operating income at the time of sale was $9,996 per room, for an overall capitalization rate of 9.24%. Occupancy at the time of sale was 75%.

The sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms or condition of sale. A downward adjustment was warranted for its location and branding and an upward adjustment was warranted for its age/condition. Overall, this sale was superior in comparison to the subject and a downward adjustment was warranted to its price per unit indication.

Improved Sale Three

This 91-room limited service hotel property is located at 2630 Northbrooke Plaza Drive, Naples, FL. The improvements were constructed in 2000 and were in average condition at the time of sale. The property amenities include the following: outdoor pool, self-guest laundry facilities, high-speed internet, on the house hot complimentary breakfast, 432sf meeting space. The

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transaction occurred in January, 2014 for $8,972,500, or $98,599 per room. Pro forma net operating income at the time of sale was $9,396 per room, for an overall capitalization rate of 9.53%. Occupancy at the time of sale was 74%.

The sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms or condition of sale. An upward adjustment was warranted for its age/condition and branding. Overall, this sale was similar in comparison to the subject and no adjustment was warranted to its price per unit indication.

Improved Sale Four

This 74-room limited service hotel property is located at 10861 US Highway 98, Destin, FL. The improvements were constructed in 2005 and were in good condition at the time of sale. The property amenities include the following: outdoor pool, whirlpool, fitness room, business center. The transaction occurred in October, 2013 for $7,256,250, or $98,057 per room. Pro forma net operating income at the time of sale was $9,051 per room, for an overall capitalization rate of 9.23%. Occupancy at the time of sale was 69%.

The sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms or condition of sale. An upward adjustment was warranted for its location and a downward adjustment was warranted for branding. Overall, this sale was similar in comparison to the subject and no adjustment was warranted to its price per unit indication.

SUMMARY OF ADJUSTMENTS

Based on our comparative analysis, the following chart summarizes the adjustments warranted to each comparable.

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HOTEL SALES ADJUSTMENT GRID

Comparable Number	1	2	3	4	Subject
Transaction Type	Sale	Sale	Sale	Sale	---
Transaction Date	Sep-14	Aug-14	Jan-14	Oct-13	---
Year Built	1999	1998	2000	2005	2008
No. Rooms	128	110	91	74	83
Actual Sale Price	$13,000,000	$7,700,000	$6,772,500	$6,956,250	---
Adjusted Sale Price [1]	$15,000,000	$11,900,000	$8,972,500	$7,256,250	---
Price Per Room [1]	$117,188	$108,182	$98,599	$98,057	---
Occupancy	75%	75%	74%	69%	75%
NOI Per Room	$10,746	$9,996	$9,396	$9,051	$8,820
Gross Revenue	$3,900,000	$3,604,400	$2,752,500	$2,100,000	$2,134,941
Gross Rev. Multiplier	3.85	3.30	3.26	3.46	---
OER	64.7%	69.5%	68.9%	68.1%	65.7%
OAR	9.17%	9.24%	9.53%	9.23%	---
Adj. Price Per Room	$117,188	$108,182	$98,599	$98,057	
Property Rights Conveyed	0%	0%	0%	0%	
Financing Terms [1]	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	
Market Conditions (Time)	0%	0%	0%	0%	
Subtotal	$117,188	$108,182	$98,599	$98,057	
Location	-15%	-10%	0%	5%	
Age/Condition	10%	10%	5%	0%	
Quality of Construction	0%	0%	0%	0%	
Average Room Size	0%	0%	0%	0%	
Branding	-5%	-5%	-5%	-5%	
Economic Factors	0%	0%	0%	0%	
Total Other Adjustments	-10%	-5%	0%	0%	
Indicated Value Per Room	$105,469	$102,773	$98,599	$98,057	

[1] Transaction amount adjusted for cash equivalency and/or deferred maintenance (where applicable)

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SALE PRICE PER ROOM CONCLUSION

Overall, comparables that were the most similar after net adjustments which would indicate a potential value range from . We utilized a similar range, the following chart presents the valuation conclusion:

Total Rooms
83
83
Concluded Valu
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GROSS REVENUES MULTIPLIER (GRM)

The Gross Revenues Multiplier (GRM) reflects the relationship between gross revenues and sales price. It is most effective when valuing stabilized properties with similar operating ratios. With consideration to the preceding analysis and the income-producing capabilities of the subject, the subject's expense ratio falls in the lower-range provided by the comparable sales. Therefore, the subject was estimated to realize a GRM towards the upper-range of the sales. The value calculation using the GRM was as follows:

COMPARABLE SALES
GROSS REVENUE MULTIPLIERS

Sale No.	Sale Date	GRM
1	Sep-14	3.85
2	Aug-14	3.30
3	Jan-14	3.26
4	Oct-13	3.46

GROSS REVENUE MULTIPLIER VALUE INDICATION

Compiled by CBRE

SALES COMPARISON APPROACH CONCLUSION

Equal emphasis has been placed on both methods as each was considered equally reliable. The following table summarizes the stabilized value indications and the concluded value of the subject, via the Sales Comparison Approach.

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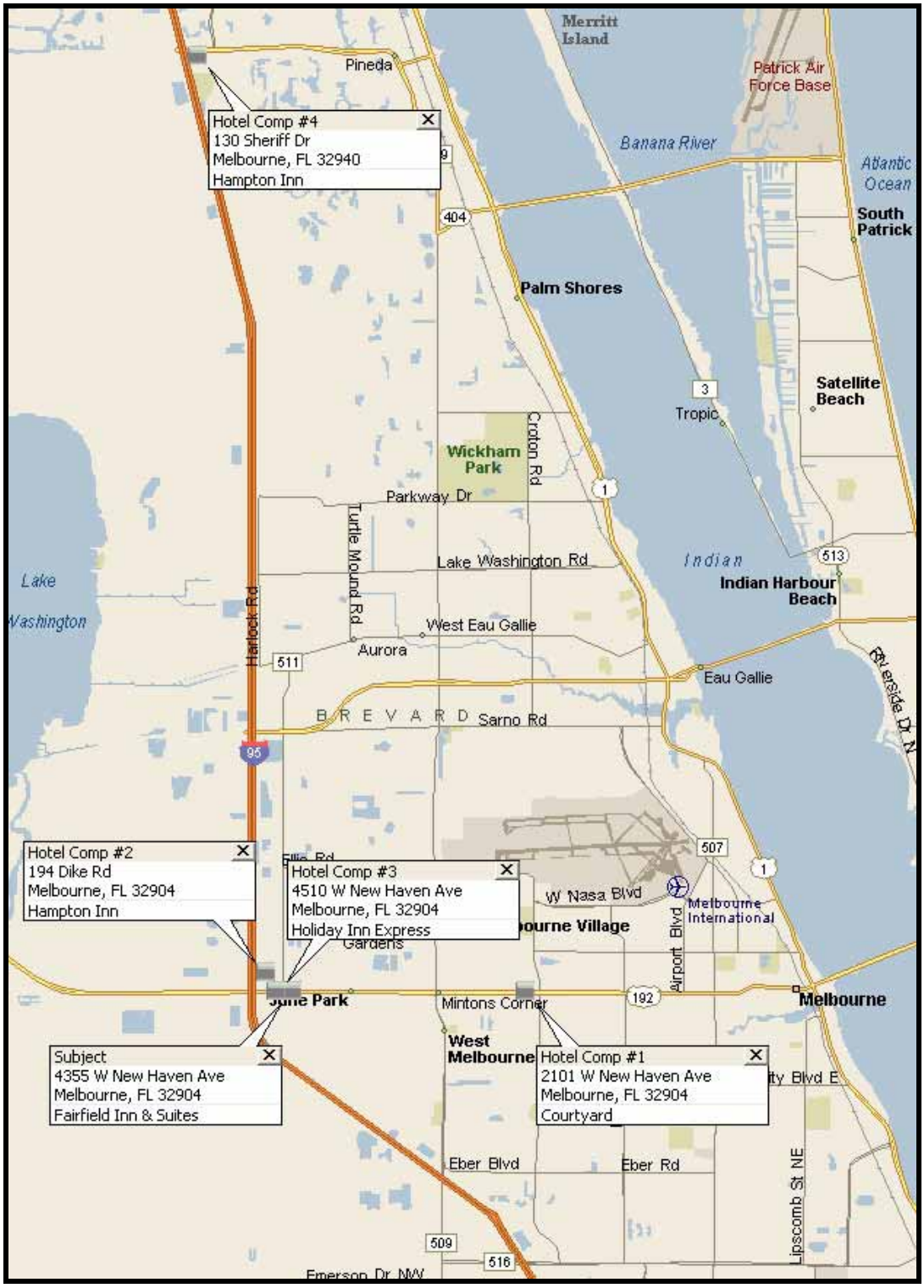
Income Capitalization Approach

The following map and tables summarize the comparable data used in the valuation of the subject. A detailed description of each property is included in the addenda.



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PRIMARY COMPETITIVE HOTELS

Property	Number of Rooms	Date Opened	Competitive Rooms	12 Months Ending August 31, 2014 Occ.	Occupancy Penetration	ADR	ADR Penetration	RevPAR	RevPAR Penetration
Fairfield Inn & Suites Melbourne Palm Bay Viera	83	Feb-08	83	73%	103%	$89.23	97%	$64.81	100%
Courtyard Melbourne West	146	Mar-87	146	72%	102%	$99.00	108%	$71.28	110%
Hampton Inn Melbourne	66	Oct-97	66	63%	89%	$90.00	98%	$56.70	88%
Holiday Inn Express Melbourne	68	Sep-00	68	69%	98%	$80.00	87%	$55.20	85%
Hampton Inn Melbourne-Viera	88	Nov-07	88	73%	103%	$92.00	100%	$67.16	104%
Primary Totals/Averages	451		451	71%		$91.76		$64.73	

Compiled by CBRE

PRIMARY COMPETITION

Property	Meeting Space (SF)	Meeting Space (SF/RM)	Estimated 2014 Market Mix Commercial	Meeting & Group	Leisure	Discount & Government	Restaurant	Lounge	Business Center	Pool	Spa	Exercise Facilities
Fairfield Inn & Suites Melbourne Palm Bay Viera	384	4.6	40%	10%	30%	20%	N	N	Y	Y	N	Y
Courtyard Melbourne West	1,274	8.7	50%	10%	20%	20%	Y	Y	Y	Y	N	Y
Hampton Inn Melbourne	540	8.2	40%	10%	30%	20%	N	N	Y	Y	N	Y
Holiday Inn Express Melbourne	0	0.0	40%	15%	25%	20%	N	N	Y	Y	N	Y
Hampton Inn Melbourne-Viera	576	6.5	40%	10%	30%	20%	N	N	Y	Y	N	Y
Primary Totals/Averages			43%	11%	26%	20%						

Compiled by CBRE

SUMMARY AND ANALYSIS OF COMPETITIVE PROPERTIES

The prior tables summarize the primary competitive set applicable to the subject property. These properties have been analyzed and were described in detail in the hotel market analysis section. The primary competitive set, including the subject has a total of 451 rooms. The Trailing Twelve Months (TTM) August 2014 occupancy and average daily rate (ADR) achieved by these properties was roughly 71% and $91.76, respectively.

OCCUPANCY, ADR, AND REVPAR CONCLUSIONS

The subject's occupancy, ADR, RevPAR, and corresponding room revenue for the first year of our projection analysis are illustrated as follows and were discussed and analyzed in the hotel market analysis:

Source: CBRE

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INCOME AND EXPENSE HISTORY

Historical income and expense data was made available and is summarized in the table that follows. For purposes of our analysis, we assume the information provided is accurate. Where applicable, we have reclassified the available information to conform to the Uniform System of Accounts for Hotels, an industry-standard accounting format.

This analysis incorporates revenue estimates based on our survey of comparable and competitive properties, and general market trend information. The revenue and expense comparisons include four limited service hotels all located with-in the state of Florida. We have also considered the operational performance of the subject.

Conclusions will be presented for the following year:

- Discounted Cash Flow Analysis - Year 1

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INCOME AND EXPENSE COMPARABLES

The following charts summarize income and expenses taken from regional revenue/expense comparables and the STR Host Report.

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COMPARABLE INCOME AND EXPENSE DATA

COMPARABLE INCOME AND EXPENSE DATA - SELECTED HOTELS

Property	Comparable 1			Comparable 2			Comparable 3			Comparable 4		
Avg. No. of Rooms	112			110			109			105		
Occupancy	67.0%			72.0%			71.0%			74.0%		
Average Daily Rate	$90.35			$97.83			$107.83			$116.36		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE												
Rooms	98.4%	$22,095	$90.35	98.7%	$25,711	$97.83	98.7%	$27,945	$107.83	98.5%	$31,429	$116.36
Telecommunications	0.1%	$31	$0.13	0.1%	$14	$0.05	0.0%	$6	$0.02	0.0%	$4	$0.01
Minor Operated Departments	1.5%	$334	$1.37	1.3%	$327	$1.24	1.2%	$349	$1.35	1.5%	$474	$1.75
Total Revenue	100.0%	$22,460	$91.84	100.0%	$26,052	$99.13	100.0%	$28,300	$109.20	100.0%	$31,906	$118.13
DEPARTMENTAL EXPENSES*												
Rooms	24.6%	$5,438	$22.24	24.0%	$6,174	$23.49	23.5%	$6,563	$25.32	23.2%	$7,292	$27.00
Telecommunications	696.2%	$214	$0.88	1240.7%	$178	$0.68	2486.9%	$148	$0.57	4763.2%	$170	$0.63
Minor Operated Departments	39.3%	$131	$0.54	42.8%	$140	$0.53	44.3%	$154	$0.60	27.7%	$131	$0.49
Total Departmental Expenses	25.8%	$5,784	$23.65	24.9%	$6,491	$24.70	24.3%	$6,865	$26.49	23.8%	$7,593	$28.11
DEPARTMENTAL INCOME (LOSS)	74.2%	$16,676	$68.19	75.1%	$19,560	$74.43	75.7%	$21,434	$82.71	76.2%	$24,312	$90.01
UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General	7.5%	$1,692	$6.92	7.2%	$1,868	$7.11	7.1%	$2,001	$7.72	7.0%	$2,241	$8.30
Marketing	5.4%	$1,208	$4.94	4.3%	$1,116	$4.25	4.5%	$1,286	$4.96	4.6%	$1,481	$5.48
Franchise Fees	4.5%	$994	$4.07	4.5%	$1,157	$4.40	5.0%	$1,397	$5.39	5.0%	$1,571	$5.82
Property Operations and Maintenance	4.6%	$1,035	$4.23	4.0%	$1,030	$3.92	4.3%	$1,221	$4.71	4.0%	$1,262	$4.67
Utility Costs	5.7%	$1,280	$5.24	5.0%	$1,298	$4.94	4.8%	$1,363	$5.26	4.1%	$1,313	$4.86
Total Undistributed Expenses	27.6%	$6,209	$25.39	24.8%	$6,469	$24.61	25.7%	$7,269	$28.05	24.7%	$7,868	$29.13
CASH FLOW AFTER UNDISTRIBUTED OP EXP	46.6%	$10,466	$42.80	50.3%	$13,092	$49.82	50.1%	$14,166	$54.66	51.5%	$16,445	$60.88
Management Fee	3.0%	$674	$2.76	3.0%	$782	$2.97	3.0%	$849	$3.28	3.0%	$957	$3.54
INCOME BEFORE FIXED CHARGES	43.6%	$9,793	$40.04	47.3%	$12,310	$46.84	47.1%	$13,317	$51.39	48.5%	$15,488	$57.34
FIXED CHARGES												
Property Taxes	3.2%	$709	$2.90	4.0%	$1,032	$3.93	3.9%	$1,107	$4.27	3.4%	$1,099	$4.07
Insurance	2.4%	$539	$2.21	1.5%	$378	$1.44	3.2%	$892	$3.44	2.9%	$923	$3.42
Reserve for Replacement	4.0%	$898	$3.67	4.0%	$1,042	$3.97	4.0%	$1,132	$4.37	4.0%	$1,276	$4.73
Total Fixed Charges	9.6%	$2,147	$8.78	9.4%	$2,453	$9.33	11.1%	$3,131	$12.08	10.3%	$3,297	$12.21
		$0	$0.00		$0	$0.00		$0	$0.00		$0	$0.00
NET OPERATING INCOME	34.0%	$7,645	$31.26	37.8%	$9,857	$37.51	36.0%	$10,185	$39.30	38.2%	$12,190	$45.13

* Departmental expense ratios are based on departmental revenues; Franchise/Royalty ratio is based on room revenues; all others are based on total revenues.

Source: Hotel Operating Statements

SMITH TRAVEL RESEARCH (STR) HOST

COMPARABLE INCOME AND EXPENSE DATA - SELECTED HOTELS

Property	Host Report - Weighted Average			Limited-service Interstate Location			Limited-service South Atlantic			Limited-service Small Metro/Town			Limited-service Upper Midscale			Limited-service Upscale		
Year	2013			2013			2013			2013			2013			2013		
Avg. No. of Rooms	107			92			118			90			105			131		
Occupancy	71.7%			68.7%			71.8%			67.3%			70.8%			77.3%		
Average Daily Rate	$103.93			$83.02			$89.40			$97.02			$110.22			$131.39		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE																		
Rooms	97.8%	$27,175	$103.92	98.7%	$20,702	$83.02	97.0%	$23,391	$89.40	98.7%	$23,600	$97.02	97.7%	$28,186	$110.22	97.3%	$36,776	$131.39
Telecommunications	0.1%	$27	$0.10	0.1%	$11	$0.04	0.1%	$29	$0.11	0.0%	$11	$0.04	0.1%	$23	$0.09	0.1%	$51	$0.18
Minor Operated Departments	1.4%	$399	$1.51	0.8%	$173	$0.69	1.9%	$465	$1.78	0.9%	$208	$0.86	1.3%	$384	$1.50	1.7%	$641	$2.29
Rental & Other Income	0.7%	$204	$0.77	0.4%	$92	$0.37	0.9%	$223	$0.85	0.4%	$95	$0.39	0.9%	$255	$1.00	0.8%	$302	$1.08
Total Revenue	100.0%	$27,813	$106.34	100.0%	$20,978	$84.13	100.0%	$24,125	$92.20	100.0%	$23,916	$98.32	100.0%	$28,853	$112.83	100.0%	$37,779	$134.97
DEPARTMENTAL EXPENSES																		
Rooms	24.5%	$6,674	$25.52	24.2%	$5,011	$20.10	23.7%	$5,549	$21.21	24.1%	$5,680	$23.35	25.7%	$7,257	$28.38	24.7%	$9,073	$32.41
Telecommunications	827.7%	$164	$0.63	1473.7%	$160	$0.64	453.4%	$133	$0.51	1345.6%	$144	$0.59	794.1%	$181	$0.71	382.4%	$194	$0.69
Minor Operated Departments	52.0%	$285	$1.09	68.4%	$181	$0.73	45.1%	$317	$1.21	65.7%	$201	$0.83	55.4%	$356	$1.39	34.7%	$330	$1.18
Total Departmental Expenses	25.6%	$7,124	$27.24	25.5%	$5,353	$21.47	24.9%	$5,999	$22.93	25.2%	$6,024	$24.77	27.0%	$7,795	$30.48	25.4%	$9,597	$34.29
DEPARTMENTAL INCOME (LOSS)	74.4%	$20,689	$79.09	74.5%	$15,625	$62.66	75.1%	$18,125	$69.27	74.8%	$17,892	$73.55	73.0%	$21,058	$82.34	74.6%	$28,182	$100.68
UNDISTRIBUTED OPERATING EXPENSES																		
Administrative and General	9.3%	$2,559	$9.81	10.5%	$2,202	$8.83	8.8%	$2,135	$8.16	9.7%	$2,310	$9.50	9.3%	$2,679	$10.48	8.6%	$3,266	$11.67
Marketing	6.7%	$1,851	$7.07	6.0%	$1,252	$5.02	7.5%	$1,816	$6.94	6.4%	$1,527	$6.28	6.5%	$1,888	$7.38	6.6%	$2,497	$8.92
Franchise Fees	3.2%	$885	$3.41	3.7%	$768	$3.08	2.2%	$525	$2.01	3.6%	$873	$3.59	4.2%	$1,212	$4.74	2.7%	$1,036	$3.70
Property Operations and Maintenance	5.1%	$1,387	$5.31	5.4%	$1,124	$4.51	5.5%	$1,326	$5.07	5.1%	$1,209	$4.97	4.8%	$1,391	$5.44	4.6%	$1,746	$6.24
Utility Costs	4.6%	$1,247	$4.79	4.9%	$1,029	$4.12	5.0%	$1,210	$4.62	4.8%	$1,159	$4.76	4.3%	$1,244	$4.87	4.0%	$1,495	$5.34
Total Undistributed Expenses	28.8%	$7,928	$30.39	30.4%	$6,375	$25.57	29.1%	$7,012	$26.80	29.6%	$7,077	$29.09	29.2%	$8,414	$32.90	26.6%	$10,040	$35.87
CASH FLOW AFTER UNDISTRIBUTED OPERATING EXPENSES	45.6%	$12,761	$48.71	44.1%	$9,250	$37.10	46.1%	$11,113	$42.47	45.2%	$10,815	$44.46	43.8%	$12,643	$49.44	48.0%	$18,142	$64.81
Management Fee	3.4%	$956	$3.64	3.1%	$645	$2.59	3.1%	$748	$2.86	3.4%	$806	$3.31	3.3%	$957	$3.74	3.9%	$1,462	$5.22
INCOME BEFORE FIXED CHARGES	42.3%	$11,805	$45.07	41.0%	$8,605	$34.51	43.0%	$10,366	$39.62	41.8%	$10,008	$41.14	40.5%	$11,686	$45.70	44.2%	$16,680	$59.59
FIXED CHARGES																		
Property Taxes	4.0%	$1,134	$4.32	3.9%	$819	$3.28	3.7%	$899	$3.44	3.5%	$841	$3.46	4.3%	$1,237	$4.84	4.5%	$1,684	$6.01
Insurance	1.3%	$344	$1.32	1.3%	$271	$1.09	1.7%	$399	$1.53	1.2%	$286	$1.18	1.1%	$320	$1.25	1.1%	$404	$1.44
Reserve for Replacement	1.4%	$406	$1.53	1.3%	$270	$1.08	1.2%	$292	$1.12	0.9%	$215	$0.88	1.4%	$394	$1.54	2.0%	$743	$2.65
Total Fixed Charges	6.7%	$1,883	$7.17	6.5%	$1,361	$5.46	6.6%	$1,591	$6.08	5.6%	$1,341	$5.51	6.8%	$1,952	$7.63	7.5%	$2,831	$10.11
NET OPERATING INCOME	35.6%	$9,922	$37.90	34.5%	$7,244	$29.05	36.4%	$8,775	$33.54	36.2%	$8,667	$35.63	33.7%	$9,734	$38.06	36.7%	$13,849	$49.48

Source: The 2014 Host Report, for the year 2013, Smith Travel Research

FIXED AND VARIABLE REVENUE AND EXPENSE ANALYSIS

Operating revenues and expenses for hotels have a component that is fixed and a component that is variable with respect to increases or decreases in occupancy. The fixed component increases at an inflationary level, while the variable component is adjusted in proportion to the use of the hotel facility.

The applicable fixed and variable ratios were derived through discussions with hotel experts and are consistent with industry norms. These ratios and the associated revenue component drivers are illustrated as follows:

FIXED AND VARIABLE AMOUNTS

COMPONENT	FIXED %	VARIABLE %	VAR. DRIVER
REVENUE			
Rooms	N/A	N/A	N/A
Telecommunications	10.0%	90.0%	Occ Rooms
Minor Operated Departments	30.0%	70.0%	Occ Rooms
Rental & Other Income	100.0%	0.0%	Occ Rooms
DEPARTMENTAL EXPENSES			
Rooms	60.0%	40.0%	Occ Rooms
Telecommunications	40.0%	60.0%	Phone Rev
Minor Operated Departments	50.0%	50.0%	MOR Rev
Rental & Other Income	50.0%	50.0%	Rental Rev
UNDISTRIBUTED OPERATING EXPENSES			
Administrative and General	90.0%	10.0%	Total Rev
Marketing	70.0%	30.0%	Total Rev
Property Operations and Maintenance	70.0%	30.0%	POR
Utility Costs	90.0%	10.0%	PAR
Management Fee	0.0%	100.0%	Total Rev
FIXED CHARGES			
Property Taxes	100.0%	0.0%	N/A
Insurance	100.0%	0.0%	N/A
Reserve for Replacement	0.0%	100.0%	N/A

Source: CBRE

ROOMS DEPARTMENT REVENUES

The subject's and the comparable data revenues for this department as a percentage of total revenues, as a percentage of Rooms department revenues, and on a per occupied room basis are summarized as follows:

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ROOMS REVENUE				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$1,902	97.5%	$22,920	$87.46
Subject 2012	$1,772	97.9%	$21,353	$86.98
Subject 2013	$1,786	97.9%	$21,514	$86.64
Subject TTM August 2014	$1,963	98.1%	$23,654	$89.23
Comparable 1	$2,475	98.4%	$22,095	$90.35
Comparable 2	$2,828	98.7%	$25,711	$97.83
Comparable 3	$3,046	98.7%	$27,945	$107.83
Comparable 4	$3,300	98.5%	$31,429	$116.36
Host Report - Weighted Average	N/A	97.8%	$27,175	$103.92
Host Report - Limited-service Interstate Location	N/A	98.7%	$20,702	$83.02
Host Report - Limited-service South Atlantic	N/A	97.0%	$23,391	$89.40
Host Report - Limited-service Small Metro/Town	N/A	98.7%	$23,600	$97.02
Host Report - Limited-service Upper Midscale	N/A	97.7%	$28,186	$110.22
Host Report - Limited-service Upscale	N/A	97.3%	$36,776	$131.39
CBRE Estimate	$2,094	98.1%	$25,223	$92.14

Compiled by CBRE

FOOD & BEVERAGE REVENUE

Food & Beverage revenue is generated by a hotel's restaurants, coffee shops, snack bars, banquet rooms, and room service. The subject's and the comparable data revenues for this department as a percentage of total revenues, on a per available room basis, and on a per occupied room basis are summarized as follows:

The subject does not generate food & beverage revenue. The property provides a daily complimentary breakfast.

Telecommunications Department Revenues

Telecommunications department revenues are those derived from guest-use of telephones in the hotel, including local and long distance calls, service charges and commissions received from pay phones. The subject's and the comparable data revenues for this department as a percentage of total revenues, on a per available room basis, and on a per occupied room basis are summarized as follows:

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TELECOMMUNICATIONS REVENUE				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$2	0.1%	$24	$0.09
Subject 2012	$1	0.0%	$10	$0.04
Subject 2013	$1	0.0%	$7	$0.03
Subject TTM August 2014	$1	0.0%	$8	$0.03
Comparable 1	$3	0.1%	$31	$0.13
Comparable 2	$2	0.1%	$14	$0.05
Comparable 3	$1	0.0%	$6	$0.02
Comparable 4	$0	0.0%	$4	$0.01
Host Report - Weighted Average	N/A	0.1%	$27	$0.10
Host Report - Limited-service Interstate Location	N/A	0.1%	$11	$0.04
Host Report - Limited-service South Atlantic	N/A	0.1%	$29	$0.11
Host Report - Limited-service Small Metro/Town	N/A	0.0%	$11	$0.04
Host Report - Limited-service Upper Midscale	N/A	0.1%	$23	$0.09
Host Report - Limited-service Upscale	N/A	0.1%	$51	$0.18
CBRE Estimate	$1	0.0%	$9	$0.03

Compiled by CBRE

Minor Operating Department Revenues

Minor Operating Department revenues are those derived from garage and parking, guest laundry, gift shop, retail, newsstand, spa et cetera, when operated by the hotel. Also included are revenues generated from sources not included elsewhere, such as on-demand movie rentals, vending machines, fax and business services. The subject's and the comparable data revenues for this department as a percentage of total revenues, on a per available room basis, and on a per occupied room basis are summarized as follows:

MINOR OPERATED DEPARTMENTS REVENUE				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$47	2.4%	$570	$2.18
Subject 2012	$38	2.1%	$456	$1.86
Subject 2013	$38	2.1%	$460	$1.85
Subject TTM August 2014	$38	1.9%	$460	$1.74
Comparable 1	$37	1.5%	$334	$1.37
Comparable 2	$36	1.3%	$327	$1.24
Comparable 3	$38	1.2%	$349	$1.35
Comparable 4	$50	1.5%	$474	$1.75
Host Report - Weighted Average	N/A	1.4%	$399	$1.51
Host Report - Limited-service Interstate Location	N/A	0.8%	$173	$0.69
Host Report - Limited-service South Atlantic	N/A	1.9%	$465	$1.78
Host Report - Limited-service Small Metro/Town	N/A	0.9%	$208	$0.86
Host Report - Limited-service Upper Midscale	N/A	1.3%	$384	$1.50
Host Report - Limited-service Upscale	N/A	1.7%	$641	$2.29
CBRE Estimate	$41	1.9%	$490	$1.79

Compiled by CBRE

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EXPENSE PROJECTIONS

In order to estimate expenses for the subject, the following data has been reviewed and analyzed:

- available historical data for the subject;
- published industry averages for similar hotel segments and geographic regions; and
- actual operating expense data for similar properties.

The individual expense categories applicable to the subject are discussed in the following sections.

Host report figures and information for the expense comparables are not shown for: Franchise Fee; Management Fee; Property Taxes; Reserves for Replacement; and Total Expenses as the data collection from this survey set is not consistent.

Departmental Expenses

Departmental expenses are typically occupancy sensitive and directly related to an associated revenue source. These expenses are therefore compared and estimated as a percentage of departmental revenues.

ROOMS EXPENSES

Rooms expenses include labor costs such as salaries and wages for front desk, housekeeping, reservations, bell staff and laundry, plus employee benefits. Also included herein are linens, cleaning supplies, guest supplies, uniforms, central or franchise reservation fees, equipment leases and travel agent commissions. Payroll costs are typically the largest component. A hotel is labor-intensive, although relatively low-paying. Overall, wages typically account for 50% to 60% of the total departmental expense. The comparable data and projections for the subject are summarized as follows:

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ROOMS EXPENSES				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$507	26.6%	$6,103	$23.29
Subject 2012	$485	27.4%	$5,846	$23.81
Subject 2013	$521	29.2%	$6,272	$25.26
Subject TTM August 2014	$560	28.5%	$6,747	$25.45
Comparable 1	$609	24.6%	$5,438	$22.24
Comparable 2	$679	24.0%	$6,174	$23.49
Comparable 3	$715	23.5%	$6,563	$25.32
Comparable 4	$766	23.2%	$7,292	$27.00
Host Report - Weighted Average	N/A	24.5%	$6,674	$25.52
Host Report - Limited-service Interstate Location	N/A	24.2%	$5,011	$20.10
Host Report - Limited-service South Atlantic	N/A	23.7%	$5,549	$21.21
Host Report - Limited-service Small Metro/Town	N/A	24.1%	$5,680	$23.35
Host Report - Limited-service Upper Midscale	N/A	25.7%	$7,257	$28.38
Host Report - Limited-service Upscale	N/A	24.7%	$9,073	$32.41
CBRE Estimate	$527	25.2%	$6,347	$23.19

Compiled by CBRE

FOOD AND BEVERAGE EXPENSES

Food and beverage expenses include the costs of goods sold (food and beverages), labor and related benefits, and other operating expenses. Labor costs include departmental management, cooks and kitchen personnel, service staff, banquet staff and bartenders. Other operating expenses include china, silverware, linens, restaurant and kitchen supplies, menus and printing, and special promotions. As with the rooms department, payroll costs are typically the largest component. The comparable data and projections for the subject are summarized as follows:

The subject does not generate food & beverage revenue, hence no expenses are incurred. The property does provide a complimentary breakfast with the expenses being posted to the rooms expense line.

TELECOMMUNICATIONS EXPENSES

Telecommunications expenses include the costs of calls, labor cost of operators and other related expenses. Specifically excluded are associated capital lease payments. The comparable data and projections for the subject are summarized as follows:

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TELECOMMUNICATIONS EXPENSES				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$13	0.0%	$162	$0.62
Subject 2012	$20	0.0%	$238	$0.97
Subject 2013	$16	0.0%	$189	$0.76
Subject TTM August 2014	$15	0.0%	$180	$0.68
Comparable 1	$24	696.2%	$214	$0.88
Comparable 2	$20	1240.7%	$178	$0.68
Comparable 3	$16	2486.9%	$148	$0.57
Comparable 4	$18	4763.2%	$170	$0.63
Host Report - Weighted Average	N/A	827.7%	$164	$0.63
Host Report - Limited-service Interstate Location	N/A	1473.7%	$160	$0.64
Host Report - Limited-service South Atlantic	N/A	453.4%	$133	$0.51
Host Report - Limited-service Small Metro/Town	N/A	1345.6%	$144	$0.59
Host Report - Limited-service Upper Midscale	N/A	794.1%	$181	$0.71
Host Report - Limited-service Upscale	N/A	382.4%	$194	$0.69
CBRE Estimate	$16	2115.3%	$190	$0.69

Compiled by CBRE

MINOR OPERATING DEPARTMENTAL EXPENSES

Minor Operating Departmental expenses are those expenses (labor and other) which offset the revenue generated by other operated departments, such as garage, guest laundry, athletic facilities and gift shop, as well as rental activity. The comparable data and projections for the subject are summarized as follows:

MINOR OPERATED DEPARTMENTS EXPENSES				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$16	34.5%	$197	$0.75
Subject 2012	$14	35.8%	$163	$0.67
Subject 2013	$9	23.4%	$107	$0.43
Subject TTM August 2014	$9	22.3%	$103	$0.39
Comparable 1	$15	39.3%	$131	$0.54
Comparable 2	$15	42.8%	$140	$0.53
Comparable 3	$17	44.3%	$154	$0.60
Comparable 4	$14	27.7%	$131	$0.49
Host Report - Weighted Average	N/A	52.0%	$285	$1.09
Host Report - Limited-service Interstate Location	N/A	68.4%	$181	$0.73
Host Report - Limited-service South Atlantic	N/A	45.1%	$317	$1.21
Host Report - Limited-service Small Metro/Town	N/A	65.7%	$201	$0.83
Host Report - Limited-service Upper Midscale	N/A	55.4%	$356	$1.39
Host Report - Limited-service Upscale	N/A	34.7%	$330	$1.18
CBRE Estimate	$12	30.7%	$150	$0.55

Compiled by CBRE

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Undistributed Operating Expenses

Undistributed operating expenses are typically not directly related to an associated revenue source, but can be compared on the basis of total revenues for similar types of hotels. These expenses are therefore compared and estimated as a percentage of total revenues.

ADMINISTRATIVE AND GENERAL EXPENSES

Administrative and general expenses include payroll and related expenses for the general manager, human resources and training, security, clerical staff, controller and accounting staff. Other expenses include office supplies, computer services, accounting and legal fees, cash overages and shortages, bad debt expenses, travel insurance, credit card commissions, transportation (non-guest) and travel and entertainment. These payroll costs are significant. The comparable data and projections for the subject are summarized as follows:

ADMINISTRATIVE AND GENERAL EXPENSES

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$150	7.7%	$1,802	$6.88
Subject 2012	$154	8.5%	$1,861	$7.58
Subject 2013	$145	7.9%	$1,746	$7.03
Subject TTM August 2014	$174	8.7%	$2,092	$7.89
Comparable 1	$190	7.5%	$1,692	$6.92
Comparable 2	$205	7.2%	$1,868	$7.11
Comparable 3	$218	7.1%	$2,001	$7.72
Comparable 4	$235	7.0%	$2,241	$8.30
Host Report - Weighted Average	N/A	9.3%	$2,559	$9.81
Host Report - Limited-service Interstate Location	N/A	10.5%	$2,202	$8.83
Host Report - Limited-service South Atlantic	N/A	8.8%	$2,135	$8.16
Host Report - Limited-service Small Metro/Town	N/A	9.7%	$2,310	$9.50
Host Report - Limited-service Upper Midscale	N/A	9.3%	$2,679	$10.48
Host Report - Limited-service Upscale	N/A	8.6%	$3,266	$11.67
CBRE Estimate	$164	7.7%	$1,974	$7.21

Compiled by CBRE

MARKETING EXPENSES

Marketing expenses include payroll and related expenses for the sales and marketing staff, direct sales expenses, advertising and promotion, travel expenses for the sales staff and civic and community projects. This category may also include a national advertising fee or assessment paid to the franchise company, plus the cost of frequent guest stay programs. The comparable data and projections for the subject are summarized as follows:

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MARKETING EXPENSES				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$142	7.3%	$1,715	$6.54
Subject 2012	$127	7.0%	$1,525	$6.21
Subject 2013	$139	7.6%	$1,670	$6.73
Subject TTM August 2014	$121	6.1%	$1,463	$5.52
Comparable 1	$135	5.4%	$1,208	$4.94
Comparable 2	$123	4.3%	$1,116	$4.25
Comparable 3	$140	4.5%	$1,286	$4.96
Comparable 4	$155	4.6%	$1,481	$5.48
Host Report - Weighted Average	N/A	6.7%	$1,851	$7.07
Host Report - Limited-service Interstate Location	N/A	6.0%	$1,252	$5.02
Host Report - Limited-service South Atlantic	N/A	7.5%	$1,816	$6.94
Host Report - Limited-service Small Metro/Town	N/A	6.4%	$1,527	$6.28
Host Report - Limited-service Upper Midscale	N/A	6.5%	$1,888	$7.38
Host Report - Limited-service Upscale	N/A	6.6%	$2,497	$8.92
CBRE Estimate	$129	6.1%	$1,560	$5.70
Compiled by CBRE				

FRANCHISE FEES (ROYALTY)

Franchise fees include only the royalty fees charged by the franchise company. According to the franchise agreement provided by the property contact, the standard royalty fee for the Fairfield Inn & Suites franchise affiliation will be 5.0% from the current 4.5% of gross rooms revenue. There is also a marketing assessment of 2.5% of gross rooms revenue, which is allocated to the marketing expense line.

This report assumes that the subject will maintain a Marriott branded Fairfield Inn & Suites Hotel affiliation. If the subject does not maintain a similar affiliation, it could have an impact on our concluded opinion(s) of market value.

Franchise fees are subject to change on an annual basis (within a reasonable range) based on actual costs incurred. The stabilized estimate is based on the standard franchise fee as reported by the franchisor. The franchise fees for the subject are summarized as follows:

FRANCHISE FEES				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$86	4.5%	$1,031	$3.94
Subject 2012	$80	4.5%	$961	$3.91
Subject 2013	$80	4.5%	$968	$3.90
Subject TTM August 2014	$88	4.5%	$1,064	$4.02
CBRE Estimate	$105	5.0%	$1,261	$4.61
Compiled by CBRE				

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PROPERTY OPERATIONS & MAINTENANCE

Property operations & maintenance expenses includes all payroll and related expenses for maintenance personnel, cost of maintenance supplies, cost of repairs and maintenance of the building, furniture and equipment, the grounds and the removal of waste matter. The comparable data and projections for the subject are summarized as follows:

PROPERTY OPERATIONS AND MAINTENANCE EXPENSES

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$105	5.4%	$1,262	$4.81
Subject 2012	$95	5.3%	$1,148	$4.67
Subject 2013	$93	5.1%	$1,121	$4.51
Subject TTM August 2014	$81	4.0%	$971	$3.66
Comparable 1	$116	4.6%	$1,035	$4.23
Comparable 2	$113	4.0%	$1,030	$3.92
Comparable 3	$133	4.3%	$1,221	$4.71
Comparable 4	$132	4.0%	$1,262	$4.67
Host Report - Weighted Average	N/A	5.1%	$1,387	$5.31
Host Report - Limited-service Interstate Location	N/A	5.4%	$1,124	$4.51
Host Report - Limited-service South Atlantic	N/A	5.5%	$1,326	$5.07
Host Report - Limited-service Small Metro/Town	N/A	5.1%	$1,209	$4.97
Host Report - Limited-service Upper Midscale	N/A	4.8%	$1,391	$5.44
Host Report - Limited-service Upscale	N/A	4.6%	$1,746	$6.24
CBRE Estimate	$102	4.8%	$1,230	$4.49

Compiled by CBRE

UTILITY COSTS

Utility expenses typically include electricity, fuel (oil, gas and coal), purchased steam and water. This category also includes any central plant and energy management systems. The comparable data and projections for the subject are summarized as follows:

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UTILITY COSTS				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$92	4.7%	$1,112	$4.24
Subject 2012	$85	4.7%	$1,028	$4.19
Subject 2013	$107	5.9%	$1,291	$5.20
Subject TTM August 2014	$116	5.8%	$1,393	$5.25
Comparable 1	$143	5.7%	$1,280	$5.24
Comparable 2	$143	5.0%	$1,298	$4.94
Comparable 3	$149	4.8%	$1,363	$5.26
Comparable 4	$138	4.1%	$1,313	$4.86
Host Report - Weighted Average	N/A	4.6%	$1,247	$4.79
Host Report - Limited-service Interstate Location	N/A	4.9%	$1,029	$4.12
Host Report - Limited-service South Atlantic	N/A	5.0%	$1,210	$4.62
Host Report - Limited-service Small Metro/Town	N/A	4.8%	$1,159	$4.76
Host Report - Limited-service Upper Midscale	N/A	4.3%	$1,244	$4.87
Host Report - Limited-service Upscale	N/A	4.0%	$1,495	$5.34
CBRE Estimate	$112	5.3%	$1,352	$4.94

Compiled by CBRE

MANAGEMENT FEES

The projection of income and expense assumes competent management by a professional management company. We assume that upon a sale, if the subject could be obtained free and clear of any prior management encumbrance, a prudent investor would retain competent management with fees structured at current rates. 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 necessary image and recognition. Management fees have typically equated to roughly 2 to 5 percent of total revenues. The comparable data and projections for the subject are summarized as follows:

MANAGEMENT FEE				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$83	4.2%	$995	$3.80
Subject 2012	$67	3.7%	$810	$3.30
Subject 2013	$73	4.0%	$878	$3.54
Subject TTM August 2014	$80	4.0%	$964	$3.64
CBRE Estimate	$64	3.0%	$772	$2.82

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Fixed Charges

Fixed charges are typically not directly related to an associated revenue source, and are typically not compared on the basis of total revenues for similar types of hotels. These expenses are therefore not typically compared and estimated as a percentage of total revenues.

PROPERTY TAXES

Property taxes were discussed in greater detail previously in this report. The projections for the subject are summarized as follows:

PROPERTY TAXES

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$39	2.0%	$465	$1.77
Subject 2012	$38	2.1%	$454	$1.85
Subject 2013	$39	2.1%	$470	$1.89
Subject TTM August 2014	$35	1.8%	$425	$1.60
CBRE Estimate	$35	1.7%	$425	$1.55

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INSURANCE

The insurance expense includes the cost of insuring the hotel building and contents against fire, weather, sprinkler leakage, boiler explosion, plate glass breakage, or other perils such as terrorism. This category includes all insurance costs except workers' compensation. The comparable data and projections for the subject are summarized as follows:

INSURANCE

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$32	1.6%	$383	$1.46
Subject 2012	$34	1.9%	$405	$1.65
Subject 2013	$36	2.0%	$438	$1.77
Subject TTM August 2014	$49	2.5%	$593	$2.24
Comparable 1	$60	2.4%	$539	$2.21
Comparable 2	$42	1.5%	$378	$1.44
Comparable 3	$97	3.2%	$892	$3.44
Comparable 4	$97	2.9%	$923	$3.42
Host Report - Weighted Average	N/A	1.3%	$344	$1.32
Host Report - Limited-service Interstate Location	N/A	1.3%	$271	$1.09
Host Report - Limited-service South Atlantic	N/A	1.7%	$399	$1.53
Host Report - Limited-service Small Metro/Town	N/A	1.2%	$286	$1.18
Host Report - Limited-service Upper Midscale	N/A	1.1%	$320	$1.25
Host Report - Limited-service Upscale	N/A	1.1%	$404	$1.44
CBRE Estimate	$51	2.4%	$612	$2.24

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RESERVES FOR REPLACEMENT

Structural reserves account for the replacement of short-lived items, including the roof, building systems, and parking lot. FF&E reserves for replacement are typically included in hotel expense projections to account for the periodic replacement of the furniture, fixtures and equipment (FF&E). It does not reflect the value of existing FF&E. It is solely an expense to reflect future replacements of short-lived items. This expense can be based on the actual replacement cost of the FF&E, its projected economic life and a reasonable reinvestment rate for the reserve funds (essentially a sinking fund account). An alternative and more widely utilized method is to estimate FF&E reserves based on a percentage of total revenues. Using this method, the typical ratio ranges from 3 to 5 percent of total revenues. The comparable data and projections for the subject are summarized as follows:

RESERVE FOR REPLACEMENT

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$78	4.0%	$941	$3.59
Subject 2012	$72	4.0%	$873	$3.56
Subject 2013	$73	4.0%	$879	$3.54
Subject TTM August 2014	$80	4.0%	$965	$3.64
CBRE Estimate	$85	4.0%	$1,029	$3.76

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TOTAL OPERATING EXPENSES

The subject's total expense estimates are detailed as follows:

TOTAL EXPENSES

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$1,342	68.8%	$16,167	$61.69
Subject 2012	$1,271	70.2%	$15,311	$62.37
Subject 2013	$1,331	72.9%	$16,031	$64.56
Subject TTM August 2014	$1,408	70.3%	$16,959	$63.98
Comparable 1	$1,659	66.0%	$14,814	$60.58
Comparable 2	$1,781	62.2%	$16,194	$61.62
Comparable 3	$1,974	64.0%	$18,114	$69.90
Comparable 4	$2,070	61.8%	$19,716	$72.99
Host Report - Weighted Average	N/A	64.4%	$17,891	$68.43
Host Report - Limited-service Interstate Location	N/A	65.5%	$13,734	$55.08
Host Report - Limited-service South Atlantic	N/A	63.6%	$15,350	$58.67
Host Report - Limited-service Small Metro/Town	N/A	63.8%	$15,249	$62.69
Host Report - Limited-service Upper Midscale	N/A	66.3%	$19,119	$74.76
Host Report - Limited-service Upscale	N/A	63.3%	$23,930	$85.49
CBRE Estimate	$1,403	65.7%	$16,902	$61.74

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NET OPERATING INCOME CONCLUSION

The subject's net operating income is detailed as follows:

NET OPERATING INCOME				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2011	$610	31.2%	$7,347	$28.03
Subject 2012	$540	29.8%	$6,508	$26.51
Subject 2013	$494	27.1%	$5,950	$23.96
Subject TTM August 2014	$595	29.7%	$7,164	$27.02
Comparable 1	$856	34.0%	$7,645	$31.26
Comparable 2	$1,084	37.8%	$9,857	$37.51
Comparable 3	$1,110	36.0%	$10,185	$39.30
Comparable 4	$1,280	38.2%	$12,190	$45.13
Host Report - Weighted Average	N/A	35.6%	$9,922	$37.90
Host Report - Limited-service Interstate Location	N/A	34.5%	$7,244	$29.05
Host Report - Limited-service South Atlantic	N/A	36.4%	$8,775	$33.54
Host Report - Limited-service Small Metro/Town	N/A	36.2%	$8,667	$35.63
Host Report - Limited-service Upper Midscale	N/A	33.7%	$9,734	$38.06
Host Report - Limited-service Upscale	N/A	36.7%	$13,849	$49.48
CBRE Estimate	$732	34.3%	$8,820	$32.22

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DISCOUNTED CASH FLOW ANALYSIS

The discounted cash flow analysis relies on a projection of net operating income over a fixed holding period and a future sale of the property at the end of the holding period. This is consistent with current investor trends for analyzing this property type. The discounted cash flow analysis takes into consideration the timing and degree of the projected changes in average daily rate, occupancy, and expenses for the subject.

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FINANCIAL ASSUMPTIONS

SUMMARY OF DISCOUNTED CASH FLOW ASSUMPTIONS	
General Assumptions	
Start Date	September 24, 2014
Terms of Analysis	10 Years
Basis	Fiscal
Software	Excel
Growth Rate Assumptions	
Income Growth	3.00%
Expense Growth	3.00%
Inflation (CPI)	3.00%
Revenue Assumptions	
Current/TTM Average Daily Rate	$89.23
Stabilized Average Daily Rate	$92.14
Occupancy Assumptions	
Current/TTM Occupancy	72.63%
Stabilized Occupancy	75.00%
Estimated Stabilization	Sep-14
Financial Assumptions	
Discount Rate	11.00%
Terminal Capitalization Rate	9.50%
Other Assumptions	
Cost of Sale	2.00%
Capital Expenses (Deferred Maintenance)	$0

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Cash Flow Assumptions

The discounted cash flow analysis relies on the income and expense projections presented earlier in this section. Specific assumptions integral to the analysis are summarized as follows:

GENERAL ASSUMPTIONS

The DCF analysis utilizes a 10-year projection period with fiscal year inflation and discounting. This is consistent with current investor assumptions. The analysis is done with Excel software.

GROWTH RATE ASSUMPTIONS

The inflation and growth rates for the DCF analysis have been estimated by analyzing the expectations typically used by buyers and sellers in the local marketplace. Published investor surveys, an analysis of the Consumer Price Index (CPI), as well as CBRE's survey of brokers and

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investors active in the local market form the foundation for the selection of the appropriate growth rates.

SUMMARY OF GROWTH RATES				
Growth Rate Indicator	ADR	Other Revenue	Expenses	General Inflation
U.S. Bureau of Labor Statistics (CPI-U)				
10-Year Snapshot Average as of Aug-14				2.30%
PwC Real Estate Investment Survey Hotels: 1st Qtr. 2014				
Luxury	4.07%		2.71%	
Full Service	3.88%		2.96%	
Limited Service	3.40%		2.75%	
Select Service	4.70%		2.95%	
Surveyed Market Participants	3.00%	3.00%	3.00%	3.00%
CBRE Estimates				
Year 1	3.00%	3.00%	3.00%	3.00%
Year 2	3.00%	3.00%	3.00%	3.00%
Year 3	3.00%	3.00%	3.00%	3.00%
Year 4	3.00%	3.00%	3.00%	3.00%
Year 5	3.00%	3.00%	3.00%	3.00%
Year 6	3.00%	3.00%	3.00%	3.00%
Stabilized	3.00%	3.00%	3.00%	3.00%

Source: PwC Real Estate Investment Survey & www.bls.gov

OCCUPANCY ASSUMPTIONS

The occupancy rate over the holding period is based on the subject's estimated stabilized occupancy rate and estimated lease-up period to achieve a stabilized occupancy position. The complete discussion and analysis of occupancy is located in the Hotel Market Analysis.

HOTEL INVESTOR RATES

Provided on the following pages is a discussion of the direct capitalization, discount, and terminal capitalization rates.

Direct Capitalization

Direct capitalization is a method used to convert a single year's estimated stabilized net operating income into a value indication. The following subsections represent different techniques for deriving an overall capitalization rate for direct capitalization. This figure will be used in a direct capitalization table presented following the discounted cash flow analysis. It also impacts the terminal capitalization rate selection.

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COMPARABLE SALES

The overall capitalization rates (OAR's) confirmed for the comparable sales analyzed in the sales comparison approach are as follows:

COMPARABLE CAPITALIZATION RATES

Sale	Sale Date	Sale Price $/Room	Occupancy	Income	OAR
1	Sep-14	$117,188	75%	Existing	9.17%
2	Aug-14	$108,182	75%	Pro Forma	9.24%
3	Jan-14	$98,599	74%	Pro Forma	9.53%
4	Oct-13	$98,057	69%	Existing	9.23%
OAR Range:					9.17% - 9.53%
Indicated OAR:					9.17% - 9.53%

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Based on the subject's projected stabilized occupancy level and its competitive position in the local market, an OAR toward the lower-mid-range indicated by the comparables is considered appropriate.

PUBLISHED INVESTOR SURVEYS

The results of the most recent PwC Real Estate Investor Survey are summarized in the following table.

OVERALL CAPITALIZATION RATES - HOTEL

Investment Type	Stabilized OAR Range	Average
PwC Hotels Real Estate Investment Survey 1st Qtr 2014		
Luxury	4.00% - 9.50%	7.24%
Full Service	6.00% - 10.00%	7.73%
Limited Service	8.00% - 10.00%	9.00%
Select Service	5.00% - 10.00%	8.10%
Indicated OAR:	9.00% - 9.50%	

Source: PwC Real Estate Investment Survey

The subject is considered to be a Class B limited-service property. Because of the subject's franchise affiliation and condition, an OAR near the mid-range indicated in the preceding table is considered appropriate.

MARKET PARTICIPANTS

The results of recent interviews with knowledgeable real estate professionals are summarized in the following table.

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OVERALL CAPITALIZATION RATES - HOTEL			
Respondent	Income	OAR	Date of Survey
Florida Broker - Other	Pro Forma	8.75% -9.25%	Aug-14
Florida Broker - Other	Pro Forma	9.00% - 9.50%	Aug-14
Florida Broker - CBRE	Pro Forma	9.00%	Aug-14
Indicated OAR:			8.75% - 9.50%
Compiled by: CBRE			

Based on the subject's projected stabilized occupancy level and its competitive position in the local market, an OAR toward the middle of the range indicated above is considered appropriate.

CAPITALIZATION RATE CONCLUSION

The following table summarizes the OAR conclusions.

OVERALL CAPITALIZATION RATE - CONCLUSION	
Source	Indicated OAR
Comparable Sales	9.17% - 9.53%
Hotel Investor Survey	9.00% - 9.50%
Market Participants	8.75% - 9.50%
CBRE, Inc. Estimate	9.25%
Compiled by: CBRE	

Discount Rate Analysis

The results of the most recent PwC Real Estate Investor Survey are summarized in the following table.

DISCOUNT RATES		
Investment Type	Rate Range	Average
PwC Hotels Real Estate Investment Survey 1st Qtr 2014		
Luxury	9.00% - 12.00%	10.11%
Full Service	9.00% - 12.00%	10.71%
Limited Service	9.00% - 12.00%	10.42%
Select Service	9.00% - 13.00%	10.95%
Market Participants		
Confidential	10.25% - 12.00%	11.00%
Confidential	10.50% - 12.00%	11.25%
CBRE Estimate		11.00%
Compiled by CBRE		

The subject is considered to be a Class B limited-service property. Overall, a rate in the middle of the range indicated on the preceding table is considered appropriate.

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Terminal Capitalization Rate

The reversionary value of the subject is based on an assumed sale at the end of the holding period based on capitalizing the Year 11 NOI at a terminal capitalization rate. Typically, for properties similar to the subject, terminal capitalization rates are 25 to 50 basis points higher than going-in capitalization rates (OAR's). This is a result of the uncertainty of future economic conditions and the natural aging of the property, but assuming adequate reserves have been utilized to keep the property in good operating condition.

TERMINAL CAPITALIZATION RATES

Investor Survey	Rate Range	Average
PwC Hotels Real Estate Investment Survey 1st Qtr 2014		
Luxury	6.00% - 10.00%	7.62%
Full Service	6.50% - 11.00%	8.17%
Limited Service	8.00% - 11.00%	9.25%
Select Service	5.00% - 10.00%	8.34%
Market Participants		
Confidential	9.25% - 10.00%	9.50%
Confidential	9.50% - 10.25%	9.75%
CBRE Estimate		9.50%

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DISCOUNTED CASH FLOW CONCLUSION

The following pages present the following illustrations:

- Detailed Forecast Schedules
- Discounted Cash Flow Schedule
- Discounted Cash Flow Value Conclusions

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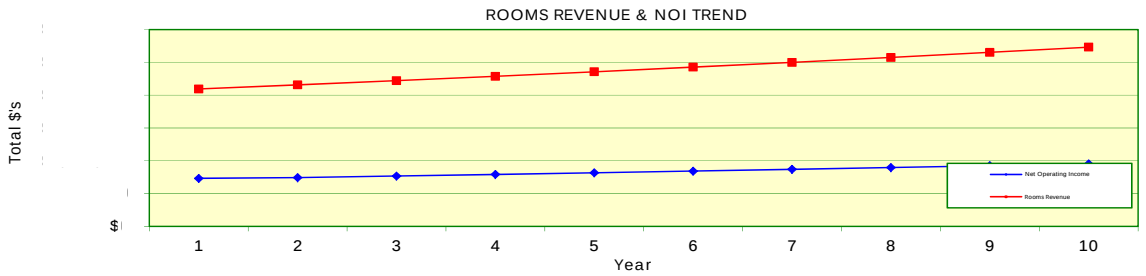
ROOMS REVENUE & NOI TREND
Total $'s
$
1
2
3
4
5
6
7
8
9
10
Year
Net Operating Income
Rooms Revenue

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CONCLUSION OF INCOME CAPITALIZATION APPROACH

Reconciliation of Value

	5

* Value indications expressed in current dollars.
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In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered highly comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to be supportive of the income approach.

The income capitalization approach is applicable to the subject since it is an income producing property leased in the open market. Market participants are primarily analyzing properties based on their income generating capability. Therefore, the income capitalization approach is considered a reasonable and substantiated value indicator and has been given primary emphasis in the final value estimate.

Based on the foregoing, the market value of the subject has been concluded as follows:

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The opinion(s) of market value includes the land, the improvements thereto, and the contributory value of the furniture, fixtures, and equipment. The appraisers assume that the hotel shall remain open and operational.

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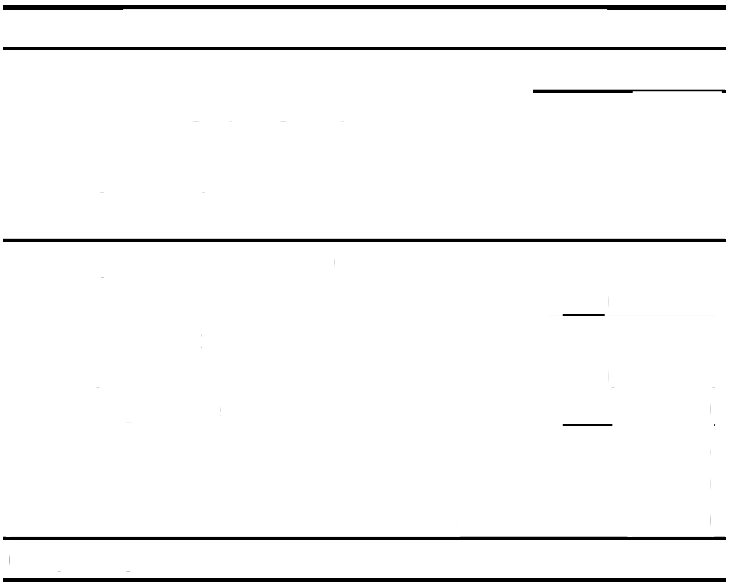
Real Property Value Allocation

PERSONAL PROPERTY

Lodging facilities personal property consists of furnishings, fixtures and equipment (FF&E). These assets are difficult to isolate from the value of an operating hotel/motel property. Personal property is an integral part of a lodging facility. Without furniture, fixtures, and equipment, a hotel could not operate its facilities and rent its guest rooms, and thus would not be able to generate any income attributable to real property. Personal property and real property are uniquely combined in a hotel or motel; unlike an office or other commercial building, a hotel would have to close its doors without furniture, fixtures and equipment. The physical separation of personal property from real property in a hotel is a theoretical rather than a practical matter. Lodging facilities are generally sold with their furniture, fixtures, and equipment in place. While a lender may be restricted from financing the purchase of personal property, without personal property, a hotel's real property would have little value.

Several methods are used to determine the market value of the furniture, fixtures, and equipment. A recommended approach is to use the depreciated replacement cost. As hotels are typically sold with the FF&E in place, a sale of just the FF&E usually takes place as a salvage or liquidation sale, which results in substantially less value than if in place and contributing to the hotel operation. The estimation of the market value of the tangible personal property is an allocation of the total value and is not likely to be a distinct component of a typical real estate transaction of an ongoing operation.

The subject's FF&E are not considered new. As a result, we have indicated the following depreciation.



BUSINESS VALUE

The estimate of value for the business interest component of the going concern value is considerably more subjective than the personal property value estimate. This is due to the intangible nature of the business interest.

Under the current theory, the primary method of valuing the business interest in a property is to capitalize the management and/or franchise fees in excess of what is required for the physical operation of the property. However, in the case of the subject, the management fees and franchise fees are analyzed as paid to an outside vendor. As such, the "business value" is in actuality earned by an entity not reflected in the subject of this appraisal. Therefore, our estimate of value reflects real and personal property only.

VALUE ALLOCATION CONCLUSION

Based on the foregoing, the value allocation of the subject has been concluded as follows:

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Assumptions and Limiting Conditions

1. Unless otherwise specifically noted in the body of the report, it is assumed that title to the property or properties appraised is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE is not aware of any title defects nor has it been advised of any unless such is specifically noted in the report. CBRE, however, has not examined title and makes no representations relative to the condition thereof. Documents dealing with liens, encumbrances, easements, deed restrictions, clouds and other conditions that may affect the quality of title have not been reviewed. Insurance against financial loss resulting in claims that may arise out of defects in the subject's title should be sought from a qualified title company that issues or insures title to real property.
2. Unless otherwise specifically noted in the body of this report, it is assumed: that the existing improvements on the property or properties being appraised 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 or properties have been engineered in such a manner that the improvements, as currently constituted, conform to all applicable local, state, and federal building codes and ordinances. CBRE professionals are not engineers and are not competent to judge matters of an engineering nature. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. Unless otherwise specifically noted in the body of the report: no problems were brought to the attention of CBRE by ownership or management; CBRE inspected less than 100% of the entire interior and exterior portions of the improvements; and CBRE was not furnished any engineering studies by the owners or by the party requesting this appraisal. If questions in these areas are critical to the decision process of the reader, the advice of competent engineering consultants should be obtained and relied upon. It is specifically assumed that any knowledgeable and prudent purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems. Structural problems and/or building system problems may not be visually detectable. If engineering consultants retained should report negative factors of a material nature, or if such are later discovered, relative to the condition of improvements, such information could have a substantial negative impact on the conclusions reported in this appraisal. Accordingly, if negative findings are reported by engineering consultants, CBRE reserves the right to amend the appraisal conclusions reported herein.
3. Unless otherwise stated in this report, the existence of hazardous material, which may or may not be present on the property was not observed by the appraisers. CBRE has no knowledge of the existence of such materials on or in the property. CBRE, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater or other potentially hazardous materials may affect the value of the property. The value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required to discover them. The client is urged to retain an expert in this field, if desired.

   We have inspected, as thoroughly as possible by observation, the land; however, it was impossible to personally inspect conditions beneath the soil. Therefore, no representation is made as to these matters unless specifically considered in the appraisal.
4. All furnishings, equipment and business operations, except as specifically stated and typically considered as part of real property, have been disregarded with only real property being considered in the report unless otherwise stated. Any existing or proposed improvements, on or off-site, as well as any alterations or repairs considered, are assumed to be completed in a workmanlike manner according to standard practices based upon the information submitted to CBRE This report may be subject to amendment upon re-inspection of the subject subsequent to repairs, modifications, alterations and completed new construction. Any estimate of Market Value is as of the date indicated; based upon the information, conditions and projected levels of operation.
5. It is assumed that all factual data furnished by the client, property owner, owner's representative, or persons designated by the client or owner to supply said data are accurate and correct unless otherwise specifically noted in the appraisal report. Unless otherwise specifically noted in the appraisal report, CBRE, Inc. has no reason to believe that any of the data furnished contain any material error. Information and data referred to in this paragraph include, without being limited to, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any material error in any of the above data could have a substantial impact on the conclusions reported. Thus, CBRE, Inc. reserves the right to amend conclusions reported if made aware of

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any such error. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE of any questions or errors. Accordingly, the client-addressee should carefully review all assumptions, data, relevant calculations, and conclusions within 30 days after the date of delivery of this report and should immediately notify CBRE, Inc. of any questions or errors.

6. The date of value to which any of the conclusions and opinions expressed in this report apply, is set forth in the Letter of Transmittal. Further, that the dollar amount of any value opinion herein rendered is based upon the purchasing power of the American Dollar on that date. This appraisal is based on market conditions existing as of the date of this appraisal. Under the terms of the engagement, we will have no obligation to revise this report to reflect events or conditions which occur subsequent to the date of the appraisal. However, CBRE, Inc. will be available to discuss the necessity for revision resulting from changes in economic or market factors affecting the subject.
7. CBRE assumes no private deed restrictions, limiting the use of the subject in any way.
8. Unless otherwise noted in the body of the report, it is assumed that there are no mineral deposit or subsurface rights of value involved in this appraisal, whether they be gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered unless otherwise stated in this appraisal report. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
9. CBRE is not aware of any contemplated public initiatives, governmental development controls, or rent controls that would significantly affect the value of the subject.
10. The estimate of Market Value, which may be defined within the body of this report, is subject to change with market fluctuations over time. Market value is highly related to exposure, time promotion effort, terms, motivation, and conclusions surrounding the offering. The value estimate(s) consider the productivity and relative attractiveness of the property, both physically and economically, on the open market.
11. Any cash flows included in the analysis are forecasts of estimated future operating characteristics are predicated on the information and assumptions contained within the report. Any projections of income, expenses and economic conditions utilized in this report are not predictions of the future. Rather, they are estimates of current market expectations of future income and expenses. The achievement of the 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. CBRE, Inc. does not warrant these forecasts will occur. Projections may be affected by circumstances beyond the current realm of knowledge or control of CBRE, Inc.
12. Unless specifically set forth in the body of the report, nothing contained herein shall be construed to represent any direct or indirect recommendation of CBRE, Inc. to buy, sell, or hold the properties at the value stated. Such decisions involve substantial investment strategy questions and must be specifically addressed in consultation form.
13. Also, unless otherwise noted in the body of this report, it is assumed that no changes in the present zoning ordinances or regulations governing use, density, or shape are being considered. The property is appraised assuming that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor 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.
14. This study may not be duplicated in whole or in part without the specific written consent of CBRE, Inc. nor may this report or copies hereof be transmitted to third parties without said consent, which consent CBRE, Inc. reserves the right to deny. Exempt from this restriction is duplication for the internal use of the client-addressee and/or transmission to attorneys, accountants, or advisors of the client-addressee. Also exempt from this restriction is transmission of the report to any court, governmental authority, or regulatory agency having jurisdiction over the party/parties for whom this appraisal was prepared, provided that this report and/or its contents shall not be published, in whole or in part, in any public document without the express written consent of CBRE, Inc. which consent CBRE reserves the right to deny. Finally, this report shall not be advertised to the public or otherwise used to induce a third party to purchase the property or to make a “sale” or “offer for sale” of any “security”, as such terms are defined and used in the Securities Act of 1933, as amended. Any third party, not covered by the exemptions herein, who may possess this report, is advised that they should rely on their own independently secured advice for any decision in connection with this property. CBRE, Inc. shall have no accountability or responsibility to any such third party.
15. Any value estimate provided in the report applies to the entire property, and any pro ration or division of the title into fractional interests will invalidate the value estimate, unless such pro ration or division of interests has been set forth in the report.

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16. The distribution of the total valuation in this report between land and improvements applies only under the existing program of utilization. Component values for land and/or buildings are not intended to be used in conjunction with any other property or appraisal and are invalid if so used.
17. The maps, plats, sketches, graphs, photographs and exhibits included in this report are for illustration purposes only and are to be utilized only to assist in visualizing matters discussed within this report. Except as specifically stated, data relative to size or area of the subject and comparable properties has been obtained from sources deemed accurate and reliable. None of the exhibits are to be removed, reproduced, or used apart from this report.
18. No opinion is intended to be expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Values and opinions expressed presume that environmental and other governmental restrictions/conditions by applicable agencies have been met, including but not limited to seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, licenses, etc. No survey, engineering study or architectural analysis has been made known to CBRE, Inc. unless otherwise stated within the body of this report. If the Consultant has not been supplied with a termite inspection, survey or occupancy permit, no responsibility or representation is assumed or made for any costs associated with obtaining same or for any deficiencies discovered before or after they are obtained. No representation or warranty is made concerning obtaining these items. CBRE, Inc. assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
19. Acceptance and/or use of this report constitutes full acceptance of the Contingent and Limiting Conditions and special assumptions set forth in this report. It is the responsibility of the Client, or client's designees, to read in full, comprehend and thus become aware of the aforementioned contingencies and limiting conditions. Neither the Appraiser nor CBRE, Inc. assumes responsibility for any situation arising out of the Client's failure to become familiar with and understand the same. The Client is advised to retain experts in areas that fall outside the scope of the real estate appraisal/consulting profession if so desired.
20. CBRE, Inc. assumes that the subject analyzed herein will be under prudent and competent management and ownership; neither inefficient or super-efficient.
21. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined and considered in the appraisal report.
22. No survey of the boundaries of the property was undertaken. All areas and dimensions furnished are presumed to be correct. It is further assumed that no encroachments to the realty exist.
23. The Americans with Disabilities Act (ADA) became effective January 26, 1992. Notwithstanding any discussion of possible readily achievable barrier removal construction items in this report, CBRE, Inc. has not made a specific compliance survey and analysis of this property to determine whether it is in conformance with the various detailed requirements of the ADA. It is possible that a compliance survey of the property together with a detailed analysis of the requirements of the ADA could reveal that the property is not in compliance with one or more of the requirements of the ADA. If so, this fact could have a negative effect on the value estimated herein. Since CBRE, Inc. has no specific information relating to this issue, nor is CBRE, Inc. qualified to make such an assessment, the effect of any possible non-compliance with the requirements of the ADA was not considered in estimating the value of the subject.
24. Client shall not indemnify Appraiser or hold Appraiser harmless unless and only to the extent that the Client misrepresents, distorts, or provides incomplete or inaccurate appraisal results to others, which acts of the Client approximately result in damage to Appraiser. Notwithstanding the foregoing, Appraiser shall have no obligation under this Section with respect to any loss that is caused solely by the active negligence or willful misconduct of a Client and is not contributed to by any act or omission (including any failure to perform any duty imposed by law) by Appraiser. Client shall indemnify and hold Appraiser harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the appraisal report to any third party. In the event of any litigation between the parties, the prevailing party to such litigation shall be entitled to recover, from the other, reasonable attorney fees and costs.

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ADDENDA

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Addendum A

LAND AND IMPROVED SALE DATA SHEETS

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LAND SALE No. 1

Dollar General Site

Location Data

Location:	**4290 S. Babcock Street**
	Melbourne, FL 32901
County:	**Brevard**
Parcel No:	**28-37-16-00-00774.0-0000.00**
Atlas Ref:	

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**1.790**	**1.790**
Square Feet:	**77,972**	**77,972**
Topography:	**Generally Level**	
Shape:	**Rectangular**	
Utilities:	**All**	
Zoning:	**C1/C1A**	
Allowable Bldg Area:		
Floor Area Ratio:		
No. of units:		
Max FAR:	**NA**	
Frontage:	**S. Babcock Street - 199;Cinamon Lake Circle - 325;**	

Analysis

Use At Sale:	**Vacant**
Proposed Use or Dev.	**Retail**
Price Per Acre:	**$251,508**
Price Per SF of Land:	**$5.77**
Price Per Unit:	
Price Per SF of Bldg:	



Financial Data

Transaction Type:	**Sale**
Date:	**12/2013**
Marketing Time:	**NA**
Grantor:	**Build to Suit, LLC & Babcock Place, LLC**
Grantee:	**Concept Development, LLC**
Document No.:	**7041/2622**
Sale Price:	**$450,200**
Financing:	**All Cash**
Cash Eq.Price:	**$450,200**
Onsite/Offsite Costs:	
Adj. Sale Price:	**$450,200**
Verification:	**Appraisal**

Comments

This parcel is the northwest corner of South Babcock Street and Cinnamon Lake Circle in Melbourne. The property sold in December 2013 to Concept Development for the future development of a Dollar General retail store to contain 9,014 square feet.

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LAND SALE No. 2

New Haven Retail Site

Location Data

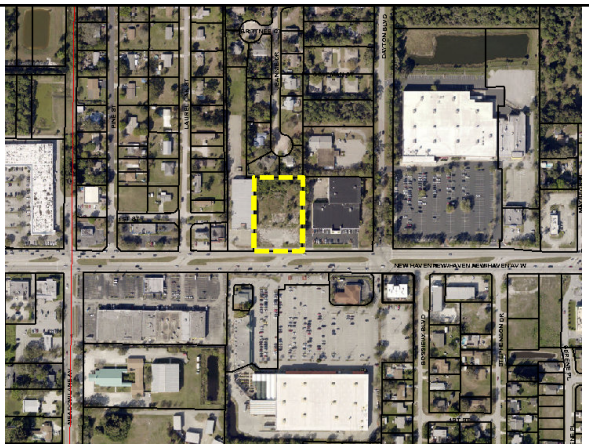
Location:	**2880 W New Haven Ave**
	Melbourne, FL 32904
County:	**Brevard**
Parcel No:	**28-37-06-27-0000D.0-0001.00**
Atlas Ref:	

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**1.590**	**1.590**
Square Feet:	**69,260**	**69,260**
Topography:	**Generally Level**	
Shape:	**Rectangular**	
Utilities:	**All**	
Zoning:	**Commercial**	
Allowable Bldg Area:		
Floor Area Ratio:		
No. of units:		
Max FAR:	**NA**	
Frontage:	**New Haven Ave - ;**	

Analysis

Use At Sale:	**Vacant**
Proposed Use or Dev.	**Retail**
Price Per Acre:	**$399,371**
Price Per SF of Land:	**$9.17**
Price Per Unit:	
Price Per SF of Bldg:	



Financial Data

Transaction Type:	**Sale**
Date:	**11/2013**
Marketing Time:	**NA**
Grantor:	**Elpidas M Management, LLC**
Grantee:	**Aanya Properties, LLC**
Document No.:	**7031/0441**
Sale Price:	**$635,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$635,000**
Onsite/Offsite Costs:	
Adj. Sale Price:	**$635,000**
Verification:	**Knowledgable Third Party Proker**

Comments

This comparable is located along the north side of New Haven Avenue, just east of Wickham Road in Melbourne, FL.

The property consists of 1.59 acres, zoned for commercial use. The property sold in November 2013 for $635,000 or $9.17 per square foot. Based upon information provided by a knowledgable third party broker familiar with the sale, the buyer is a Dunkin Donuts franchisee and the likely use of the site will be as a Dunkin Donuts store.

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LAND SALE No. 3

Retail Site

Location Data

Location:	**4180 W New Haven Ave** **Melbourne, FL 32904**
County:	**Brevard**
Parcel No:	**28-36-02-01-0000A.0-0046.00**
Atlas Ref:	

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**0.630**	**0.630**
Square Feet:	**27,443**	**27,443**
Topography:	**Generally Level**	
Shape:	**Irregular**	
Utilities:	**All**	
Zoning:	**CP**	
Allowable Bldg Area:		
Floor Area Ratio:		
No. of units:		
Max FAR:	**NA**	
Frontage:	**New Haven Ave - 166;Pearl Street - 152;**	

Analysis

Use At Sale:	**Vacant**
Proposed Use or Dev.	**Retail**
Price Per Acre:	**$412,698**
Price Per SF of Land:	**$9.47**
Price Per Unit:	
Price Per SF of Bldg:	



Financial Data

Transaction Type:	**Sale**
Date:	**8/2013**
Marketing Time:	**12 Months**
Grantor:	**Amelia G. Boyd FKA Amelia G. Baily**
Grantee:	**DCTN3 425 Melbourne FL LLC**
Document No.:	**6961/27**
Sale Price:	**$260,000**
Financing:	
Cash Eq.Price:	**$260,000**
Onsite/Offsite Costs:	
Adj. Sale Price:	**$260,000**
Verification:	**Jeff Robison, LBR (321) 722-0707 x 13**

Comments

This property is located at the northwest corner of US 192 and Pearl Street. The site was sold to be developed with a Safelight Autoglass facility. The marketing time was twelve months with an original list price of $300,000. During the marketing time, there were two contracts at $280,000 and $300,000 which both failed because the tenant turned them down due to site size.

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LAND SALE No. 4

Dollar General Site

Location Data

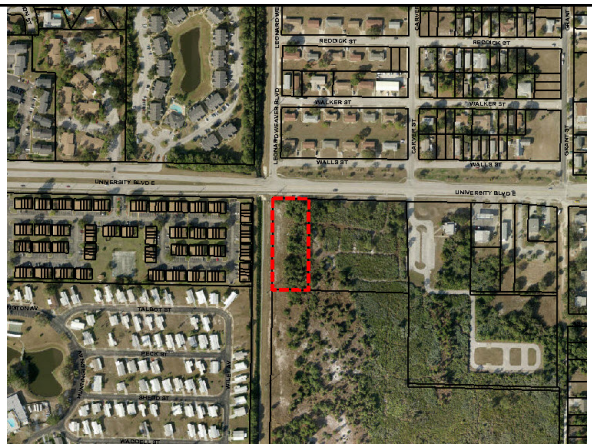
Location:	**545 East University Boulevard**
	Melbourne, FL 32901
County:	**Brevard**
Parcel No:	**28-37-10-00-00765.0-0000.00**
Atlas Ref:	

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**1.500**	**1.500**
Square Feet:	**65,340**	**65,340**
Topography:	**Generally Level**	
Shape:	**Rectangular**	
Utilities:	**All**	
Zoning:	**C-1**	
Allowable Bldg Area:		
Floor Area Ratio:		
No. of units:		
Max FAR:	**NA**	
Frontage:	**University Blvd E - 166;**	

Analysis

Use At Sale:	**Vacant**
Proposed Use or Dev.	**Retail**
Price Per Acre:	**$247,933**
Price Per SF of Land:	**$5.69**
Price Per Unit:	
Price Per SF of Bldg:	



Financial Data

Transaction Type:	**Sale**
Date:	**4/2013**
Marketing Time:	**NA**
Grantor:	**Melbourne Housing Authority**
Grantee:	**Concept Development LLC**
Document No.:	**6856/1022**
Sale Price:	**$371,900**
Financing:	
Cash Eq.Price:	**$371,900**
Onsite/Offsite Costs:	
Adj. Sale Price:	**$371,900**
Verification:	

Comments

This property is located on the south side of University Blvd east at Leonard Weaver Blvd in Melbourne, Florida. In June 2012, Concept Development, LLC, entered into a purchase and sale agreement with Melbourne Housing Authority to purchase the 1.5 acres at the northwest corner of a 5.65 acre parcel. The contract price was $371,802 and the sale closed in April 2013 for $371,900. In September 2012, Dollar General entered into a build to suit agreement with Concept Development LLC whereby Concept Development will deliver a prototypical Dollar General store on the site. In turn, Dollar General agreed to lease the store for 15 years at a base rent of $12.51 per square foot. The cost of improvements was $1,289,974 inclusive of land, according to the development budget.

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HOTEL SALE No. 1

Hampton Inn Fort Lauderdale Plantation



Location Data

Location:	**7801 SW 6th Street**
	Plantation, FL 33324
County:	**Broward**
Parcel No:	**5041-09-21-0031**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Land Area:	**2.510 Acres**
Gross Building Area:	**63,480 SF**
Number of Rooms:	**128**
Average Room Size:	**0 SF**
Year Built:	**1999, Opened in Jun 1999**
Exterior Walls:	**Concrete Block**
Condition:	**Average**
Auto Club Rating:	
Amenities:	**Outdoor pool, fitness room, business center, 1,380sf meeting space**

Sales Data

Transaction Type:	**Sale**
Date:	**9/2014**
Marketing Time:	**11 months**
Grantor:	**Prince-Bush Investments-Plantation LLP**
Grantee:	**Midas Plantation LLC**
Document No.:	**51082-462**
Sale Price:	**$13,000,000**
Financing:	**Market Terms**
Cash Eq. Price:	**$13,000,000**
Req. Capital Cost:	**$2,000,000**
Adj. Sale Price:	**$15,000,000**
Verification:	**Broker**

Financial Data

Source:	**Appraiser**
Avg Daily Rate (ADR):	**110.00**
Annual Occupancy:	**75%**
Based On:	**Existing Income**
Gross Revenue:	**$3,900,000**
Room Revenue:	**$3,854,400**
Net Operating Inc:	**$1,375,000**

Analysis

Underwriting Criteria:	
Overall Cap Rate (OAR):	**9.17%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**3.85**
Room Rev Mult (RRM):	**3.89**
RevPAR:	**$82.50**
NOI Ratio:	**35.26**
Sale Price Per Room:	**$117,188**

Comments

Hampton Inn Fort Lauderdale Plantation - this 5 story 128-room limited service hotel is located at the northwest corner of SW 6th Street and SW 78th Avenue, northwest quadrant of Interstate 95 and Port Everglades Expressway, Plantation, Florida. The property improvement was completed in June 1999. The property amenities feature an outdoor pool, fitness room, business center, self-guest laundry facilities, sundry store, complimentary breakfast and 1,380 square of meeting space. The property was purchased in September 2014 for $13,000,000 plus an estimated brand PIP of $2,000,000, which equates to $15,000,000 in total cost or $117,188 per guest room.

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HOTEL SALE No. 2

Hampton Inn & Suites Orlando East UCF Area



Location Data

Location:	**3450 Quadrangle Boulevard Orlando, FL 32817**
County:	**Orange**
Parcel No:	**04-22-31-7269-00-020**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Land Area:	**2.530 Acres**
Gross Building Area:	**75,882 SF**
Number of Rooms:	**110**
Average Room Size:	**0 SF**
Year Built:	**1998, Opened in Apr 1998**
Exterior Walls:	**Concrete Block**
Condition:	**Average**
Auto Club Rating:	
Amenities:	**Outdoor pool, whirlpool, fitness room, business center, self-guest laundry facilities, Suite Shop, screened-in lanai, smoke-free property, 425sf meeting room**

Sales Data

Transaction Type:	**Sale**
Date:	**8/2014**
Marketing Time:	**3 months**
Grantor:	**Alafaya Hotel Company Inc**
Grantee:	**SI Orlando LP**
Document No.:	**10794-4275**
Sale Price:	**$7,700,000**
Financing:	**Market Terms**
Cash Eq. Price:	**$7,700,000**
Req. Capital Cost:	**$4,200,000**
Adj. Sale Price:	**$11,900,000**
Verification:	**Contract**

Financial Data

Source:	**Buyer**
Avg Daily Rate (ADR):	**118.50**
Annual Occupancy:	**75%**
Based On:	**Pro Forma Income**
Gross Revenue:	**$3,604,400**
Room Revenue:	**$3,568,331**
Net Operating Inc:	**$1,100,000**

Analysis

Underwriting Criteria:	**DCF**
Overall Cap Rate (OAR):	**9.24%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**3.30**
Room Rev Mult (RRM):	**3.33**
RevPAR:	**$88.88**
NOI Ratio:	**30.52**
Sale Price Per Room:	**$108,182**

Comments

Hampton Inn & Suites Orlando East UCF Area - this smoke-free 3-story 110-room limited service hotel is located at the southwest corner of Quadrangle Boulevard and High Tech Drive, Orlando, Florida. The improvements were completed in April 1998. The property amenities feature an outdoor pool, whirlpool, fitness room, business center, self-guest laundry facilities, Suite Shop, screened-in lanai, complimentary breakfast and 425 square foot meeting room. The property was purchased for $7,700,000 which equates to $70,000 per guest room. The property will be under-going a $4,200,000 Hilton branded Hampton Inn Property Improvement Plan (PIP) over the next 12 months. The total investment equates to $11,900,000 or $108,182 per guest room.

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HOTEL SALE No. 3

Hampton Inn Naples I-75



Location Data

Location:	**2630 Northbrooke Plaza Drive Naples, FL 34119**
County:	**Collier**
Parcel No:	**63944000022**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Land Area:	**3.500 Acres**
Gross Building Area:	**44,163 SF**
Number of Rooms:	**91**
Average Room Size:	**0 SF**
Year Built:	**2000, Opened in Feb 2000**
Exterior Walls:	**Concrete Block**
Condition:	**Average**
Auto Club Rating:	
Amenities:	**Outdoor pool, self-guest laundry facilities, high-speed internet, On the House Hot complimentary breakfast , 432sf meeting space**

Sales Data

Transaction Type:	**Sale**
Date:	**1/2014**
Marketing Time:	**NA**
Grantor:	**GCCFC 2005 GG5 Northbrooke Plaza Drive LLC**
Grantee:	**Shree Mahalaxmi MAA LLC**
Document No.:	**5003-2608**
Sale Price:	**$6,772,500**
Financing:	**Market Terms**
Cash Eq. Price:	**$6,772,500**
Req. Capital Cost:	**$2,200,000**
Adj. Sale Price:	**$8,972,500**
Verification:	**LNR Partners**

Financial Data

Source:	**Appraiser**
Avg Daily Rate (ADR):	**110.00**
Annual Occupancy:	**74%**
Based On:	**Pro Forma Income**
Gross Revenue:	**$2,752,500**
Room Revenue:	**$2,706,900**
Net Operating Inc:	**$855,000**

Analysis

Underwriting Criteria:	**DCF**
Overall Cap Rate (OAR):	**9.53%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**3.26**
Room Rev Mult (RRM):	**3.31**
RevPAR:	**$81.40**
NOI Ratio:	**31.06**
Sale Price Per Room:	**$98,599**

Comments

Hampton Inn Naples I-75 - this 3-story 91-room limited service hotel is located on Northbrooke Plaza Drive, northwest quadrant of Interstate-75 and Immokalee Road (CR-846), Naples, Florida. The property improvement was completed in February 2000. The property amenities feature an outdoor pool, self-guest laundry facilities, high-speed internet, On the House Hot complimentary breakfast and one meeting room with 432 square feet of meeting space. This REO sale property was purchased for $6,772,500 plus an estimated brand PIP of $2,200,000 which results in a total investment of $8,972,500 or $98,599 per guest room.

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HOTEL SALE No. 4

Hampton Inn & Suites Destin Sandestin Area



Location Data

Location:	**10861 US Highway 98** **Destin, FL 32550**
County:	**Walton**
Parcel No:	**28-2S-21-42000-018-0091**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Land Area:	**1.410 Acres**
Gross Building Area:	**45,352 SF**
Number of Rooms:	**74**
Average Room Size:	**0 SF**
Year Built:	**2005, Opened in Jul 2005**
Exterior Walls:	**Concrete Block**
Condition:	**Good**
Auto Club Rating:	
Amenities:	**Outdoor pool, whirlpool, fitness room, business center**

Sales Data

Transaction Type:	**Sale**
Date:	**10/2013**
Marketing Time:	**4 months**
Grantor:	**MSCI 2006 HQ10 Highway 98 Lodging LLC (LNR Partners)**
Grantee:	**Destin Platinum LLC**
Document No.:	**2933-63**
Sale Price:	**$6,956,250**
Financing:	**Market Terms**
Cash Eq. Price:	**$6,956,250**
Req. Capital Cost:	**$300,000**
Adj. Sale Price:	**$7,256,250**
Verification:	**Contract**

Financial Data

Source:	**Appraiser**
Avg Daily Rate (ADR):	**112.00**
Annual Occupancy:	**69%**
Based On:	**Existing Income**
Gross Revenue:	**$2,100,000**
Room Revenue:	**$2,090,000**
Net Operating Inc:	**$670,000**

Analysis

Underwriting Criteria:	**DCF**
Overall Cap Rate (OAR):	**9.23%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**3.46**
Room Rev Mult (RRM):	**3.47**
RevPAR:	**$77.28**
NOI Ratio:	**31.90**
Sale Price Per Room:	**$98,057**

Comments

Hampton Inn & Suites Destin Sandestin Area - this smoke-free 4-story 74-room limited service hotel is located on the south side of US Highway 98 (Emerald Coast Parkway), Destin, Florida. The property improvement was completed in July 2005. The property amenities feature an outdoor pool, fitness room, business center, high-speed wireless internet access, self-guest laundry facilities and complimentary breakfast. At the time of inspection, the property was considered to be in average to good condition. The property was under contract via an auction on July 11, 2013. The winning bid was $6,625,000 plus a 5.0% buyer's premium of $331,250 which equates to $6,956,250. There is a Hampton Inn & Suites by Hilton brand PIP of $300,000 that will need to be completed within 12 months. The total cost including the brand PIP equates to $7,256,250 or $98,057 per guest room. The closing date was October 4, 2013, with October 8, 2013 as the recording date with Walton County.

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Addendum B

COMPETITIVE HOTEL DATA SHEETS

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HOTEL COMPARABLE No. 1

Courtyard Melbourne West



Location Data

Location:	**2101 West New Haven Avenue**
	Melbourne, FL 32904
County:	**Brevard**
Parcel No:	**28-37-06-00-00753.0-0000.00**
Atlas Ref:	

Physical Data

Type:	**Full Service Hotel**
Num. of Guest Rooms:	**146**
Average Room Size:	**0 SF**
Year Built:	**1987, Opened in Mar 1987**
Stories:	**3**
Building Amenities:	**outdoor pool, indoor whirlpool, fitness room, business center, 1,274sf meeting space**
Restaurant:	**Yes**
Lounge:	**Yes**
Parking Type:	**Surface**
Condition:	**Good**
Quality:	**Good**
Auto Club Rating:	

Financial Data

Published Rates:	**$129.00-$159.00**
Average Daily Rate:	**99.00**
Annual Occupancy:	**72%**
Date of Survey:	**9/14**
Year of Occupancy:	**2014**

Demand Segmentation

Commercial:	**50.00%**
Group:	**10.00%**
Leisure:	**20.00%**
Discount:	**20.00%**
Total:	**100.00%**

Comments

Courtyard Melbourne West - this smoke-free 3-story 146-room limited service hotel is located on the south side of West New Haven Boulevard, west of Hollywood Boulevard, Melbourne, Florida. The improvement was completed in March 1987. The property amenities include an outdoor pool, indoor whirlpool, fitness room, self-guest laundry facilities, business center, The Market, Bistro serving breakfast and two meeting rooms with 1,274 square feet of meeting space. At the time of inspection, the property was considered to be in good condition.

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HOTEL COMPARABLE No. 2

Hampton Inn Melbourne



Location Data

Location:	**194 Dike Road**
	Melbourne, FL 32904
County:	**Brevard**
Parcel No:	**28-36-02-00-00278.0-0000.00**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Num. of Guest Rooms:	**66**
Average Room Size:	**0 SF**
Year Built:	**1997, Opened Oct 1997**
Stories:	**3**
Building Amenities:	**outdoor pool, fitness room, business center, self-laundry, 540sf meeting space**
Restaurant:	**No**
Lounge:	**No**
Parking Type:	**Surface**
Condition:	**Average**
Quality:	**Average**
Auto Club Rating:	

Financial Data

Published Rates:	**$105.00-$149.00**
Average Daily Rate:	**90.00**
Annual Occupancy:	**63%**
Date of Survey:	**9/14**
Year of Occupancy:	**2014**

Demand Segmentation

Commercial:	**40.00%**
Group:	**10.00%**
Leisure:	**30.00%**
Discount:	**20.00%**
Total:	**100.00%**

Comments

Hampton Inn Melbourne - this 3-story 66-room limited service hotel is located on the north side of West New Haven Boulevard on Dike Road, northeast quadrant of Interstate 95 Exit #180 and New Haven Avenue (US Highway 192), Melbourne, Florida. The improvement was completed in October 1997. The property amenities include an outdoor pool, fitness room, self-guest laundry facilities, business center, complimentary breakfast and one meeting room with 540 square feet of meeting space. At the time of inspection, the property was considered to be in average condition.

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HOTEL COMPARABLE No. 3

Holiday Inn Express Melbourne



Location Data

Location:	**4510 West New Haven Avenue Melbourne, FL 32904**
County:	**Brevard**
Parcel No:	**28-36-02-00-00267.0-0000.00**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Num. of Guest Rooms:	**68**
Average Room Size:	**0 SF**
Year Built:	**2000, Opened in Sep 2000**
Stories:	**5**
Building Amenities:	**outdoor pool, fitness room, business center, self-guest laundry**
Restaurant:	**No**
Lounge:	**No**
Parking Type:	**Surface**
Condition:	**Average**
Quality:	**Average**
Auto Club Rating:	

Financial Data

Published Rates:	**$93.00-$111.00**
Average Daily Rate:	**80.00**
Annual Occupancy:	**69%**
Date of Survey:	**9/14**
Year of Occupancy:	**2014**

Demand Segmentation

Commercial:	**40.00%**
Group:	**15.00%**
Leisure:	**25.00%**
Discount:	**20.00%**
Total:	**100.00%**

Comments

Holiday Inn Express Melbourne - this 5-story 68-room limited service hotel is located on the north side of West New Haven Boulevard, northeast quadrant of Interstate 95 Exit #180 and New Haven Avenue (US Highway 192), Melbourne, Florida. The improvement was completed in September 2000. The property amenities include an outdoor pool, fitness room, self-guest laundry facilities, business center and complimentary breakfast. At the time of inspection, the property was considered to be in average condition.

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HOTEL COMPARABLE No. 4

Hampton Inn Melbourne-Viera



Location Data

Location:	**130 Sheriff Drive**
	Melbourne, FL 32940
County:	**Brevard**
Parcel No:	**26-36-15-26-0000A.0-0003.00**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Num. of Guest Rooms:	**88**
Average Room Size:	**0 SF**
Year Built:	**2007, Opened in Nov 2007**
Stories:	**5**
Building Amenities:	**outdoor pool, fitness room, business center, self-laundry, 576sf meeting space**
Restaurant:	**No**
Lounge:	**No**
Parking Type:	**Surface**
Condition:	**Good**
Quality:	**Average**
Auto Club Rating:	

Financial Data

Published Rates:	**$79.00-$149.00**
Average Daily Rate:	**92.00**
Annual Occupancy:	**73%**
Date of Survey:	**9/14**
Year of Occupancy:	**2014**

Demand Segmentation

Commercial:	**40.00%**
Group:	**10.00%**
Leisure:	**30.00%**
Discount:	**20.00%**
Total:	**100.00%**

Comments

Hampton Inn Melbourne Viera - this 5-story 88-room limited service hotel is located on the Sheriff Drive, southeast quadrant of Interstate 95 Exit #191 and Wickham Road (County Road 509), Melbourne, Florida, Melbourne, Florida. The improvement was completed in November 2007. The property amenities include an outdoor pool, fitness room, self-guest laundry facilities, business center, Suite Shop, complimentary breakfast and one meeting room with 576 square feet of meeting space. At the time of inspection, the property was considered to be in average to good condition.

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Addendum C

OPERATING DATA AND MARRIOTT PIP EXTENSION LETTERS

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Addendum D

HISTORICAL TRENDS REPORT – SMITH TRAVEL RESEARCH

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Fairfield Inn & Suites Melbourne Palm Bay Viera Monthly STAR Report

For the Month of: August 2014 | **STR #: 57051** | **Date Created: September 18, 2014**

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Tab 2 - Monthly Performance at a Glance - My Property vs. Competitive Set

Fairfield Inn & Suites Melbourne Palm Bay Viera 4355 W New Haven Ave Melbourne, FL 32904-3319 Phone: (321) 722-2220

STR # 57051 ChainID: 4332B MgtCo: Gateway Hospitality Owner: None

For the Month of: August 2014 Date Created: September 18, 2014 Monthly Competitive Set Data Excludes Subject Property

August 2014

	Occupancy (%)			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	73.5	70.5	104.3	89.80	88.15	101.9	66.03	62.13	106.3
Year To Date	77.8	74.4	104.5	92.49	96.37	96.0	71.94	71.71	100.3
Running 3 Month	69.9	70.8	98.7	90.17	88.92	101.4	63.00	62.95	100.1
Running 12 Month	72.8	70.1	103.7	89.07	92.38	96.4	64.81	64.79	100.0

August 2014 vs. 2013 Percent Change (%)

	Occupancy			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	1.4	7.2	-5.4	11.2	7.1	3.8	12.7	14.9	-1.8
Year To Date	9.9	4.9	4.8	3.6	6.8	-3.0	13.9	12.1	1.6
Running 3 Month	2.6	5.2	-2.5	7.6	5.8	1.7	10.4	11.3	-0.8
Running 12 Month	7.0	6.7	0.3	2.3	5.9	-3.4	9.4	12.9	-3.2

Tab 3 - STAR Summary - My Property vs. Comp Set and Industry Segments

Fairfield Inn & Suites Melbourne Palm Bay Viera 4355 W New Haven Ave Melbourne, FL 32904-3319 Phone: (321) 722-2220

STR # 57051 ChainID: 4332B MgtCo: Gateway Hospitality Owner: None

For the Month of: August 2014 Date Created: September 18, 2014 Monthly Competitive Set Data Excludes Subject Property

Occupancy (%)

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Fairfield Inn & Suites Melbourne Palm Bay Vi	73.5	1.4	77.8	9.9	69.9	2.6	72.8	7.0
Market: Melbourne/Titusville, FL	60.4	8.0	65.2	8.2	63.3	6.7	60.5	8.0
Market Class: Upper Midscale Class	59.7	5.3	68.9	5.5	64.1	3.1	64.0	4.5
Tract: Melbourne/Palm Bay, FL	67.4	12.6	70.8	11.7	68.3	11.3	66.2	11.8
Tract Scale: Midscale Chains	68.6	14.4	72.9	7.8	70.7	12.2	68.8	7.6
Competitive Set: Competitors	70.5	7.2	74.4	4.9	70.8	5.2	70.1	6.7

Supply

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Fairfield Inn & Suites Melbourne Palm Bay Vi	0.0	0.0	0.0	0.0
Market: Melbourne/Titusville, FL	-0.2	-0.2	-0.2	-0.1
Market Class: Upper Midscale Class	0.0	0.1	0.0	0.1
Tract: Melbourne/Palm Bay, FL	0.0	-0.1	0.0	-0.1
Tract Scale: Midscale Chains	0.0	0.1	0.0	2.2
Competitive Set: Competitors	0.0	0.0	0.0	0.0

Average Daily Rate

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Fairfield Inn & Suites Melbourne Palm Bay Vi	89.80	11.2	92.49	3.6	90.17	7.6	89.07	2.3
Market: Melbourne/Titusville, FL	87.03	6.3	90.47	4.7	88.99	5.5	87.11	3.3
Market Class: Upper Midscale Class	92.30	4.5	98.97	3.9	94.79	3.6	95.67	3.5
Tract: Melbourne/Palm Bay, FL	83.50	6.7	87.47	5.5	84.88	6.1	83.75	3.3
Tract Scale: Midscale Chains	79.67	6.2	86.10	5.0	80.10	4.0	82.43	3.3
Competitive Set: Competitors	88.15	7.1	96.37	6.8	88.92	5.8	92.38	5.9

Demand

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Fairfield Inn & Suites Melbourne Palm Bay Vi	1.4	9.9	2.6	7.0
Market: Melbourne/Titusville, FL	7.8	8.0	6.5	7.8
Market Class: Upper Midscale Class	5.3	5.6	3.1	4.6
Tract: Melbourne/Palm Bay, FL	12.6	11.6	11.3	11.6
Tract Scale: Midscale Chains	14.4	8.0	12.2	10.0
Competitive Set: Competitors	7.2	4.9	5.2	6.7

RevPAR

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Fairfield Inn & Suites Melbourne Palm Bay Vi	66.03	12.7	71.94	13.9	63.00	10.4	64.81	9.4
Market: Melbourne/Titusville, FL	52.58	14.8	59.02	13.3	56.35	12.5	52.69	11.5
Market Class: Upper Midscale Class	55.11	10.1	68.20	9.6	60.79	6.8	61.23	8.1
Tract: Melbourne/Palm Bay, FL	56.30	20.2	61.88	17.8	58.00	18.1	55.41	15.4
Tract Scale: Midscale Chains	54.65	21.4	62.80	13.2	56.64	16.6	56.74	11.1
Competitive Set: Competitors	62.13	14.9	71.71	12.1	62.95	11.3	64.79	12.9

Revenue

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Fairfield Inn & Suites Melbourne Palm Bay Vi	12.7	13.9	10.4	9.4
Market: Melbourne/Titusville, FL	14.6	13.1	12.3	11.4
Market Class: Upper Midscale Class	10.1	9.7	6.8	8.2
Tract: Melbourne/Palm Bay, FL	20.2	17.8	18.1	15.3
Tract Scale: Midscale Chains	21.4	13.4	16.6	13.6
Competitive Set: Competitors	14.9	12.1	11.3	12.9

Census/Sample - Properties & Rooms

	Census		Sample		Sample %
	Properties	Rooms	Properties	Rooms	Rooms
Market: Melbourne/Titusville, FL	82	8823	54	7243	82.1
Market Class: Upper Midscale Class	18	1625	16	1591	97.9
Tract: Melbourne/Palm Bay, FL	37	3655	23	2816	77.0
Tract Scale: Midscale Chains	10	857	10	857	100.0
Competitive Set: Competitors	4	368	4	368	100.0

Pipeline

Market: Melbourne/Titusville, FL

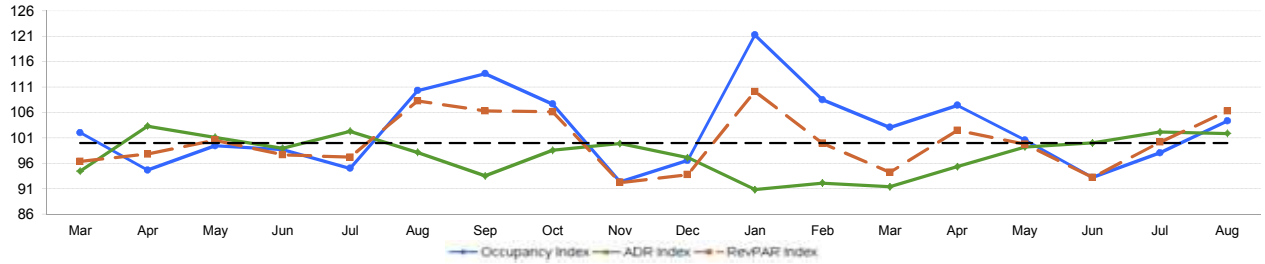
Under Construction		Planning	
Properties	Rooms	Properties	Rooms
0	0	2	153

See Help page for pipeline definitions.

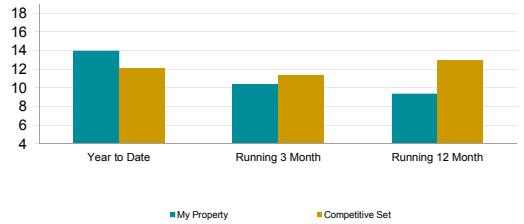
Tab 4 - Competitive Set Report

Fairfield Inn & Suites Melbourne Palm Bay Viera 4355 W New Haven Ave Melbourne, FL 32904-3319 Phone: (321) 722-2220
STR # 57051 ChainID: 4332B MgtCo: Gateway Hospitality Owner: None
For the Month of: August 2014 Date Created: September 18, 2014 Monthly Competitive Set Data Excludes Subject Property

Monthly Indexes



RevPAR Percent Change



Occupancy (%)	2013										2014								Year To Date			Running 3 Month			Running 12 Month		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	2012	2013	2014	2012	2013	2014	2012	2013	2014
My Property	90.1	62.4	67.5	65.0	66.8	72.5	61.3	66.2	63.4	60.2	80.6	92.3	92.1	79.8	68.9	61.7	74.1	73.5	69.3	70.7	77.8	56.9	68.1	69.9	69.5	68.0	72.8
Competitive Set	88.3	65.9	67.9	65.8	70.3	65.7	53.9	61.5	68.6	62.3	66.5	85.1	89.4	74.3	68.5	66.2	75.6	70.5	68.2	70.9	74.4	60.3	67.3	70.8	64.4	65.7	70.1
Index (MPI)	102.0	94.7	99.4	98.7	95.0	110.3	113.6	107.7	92.3	96.5	121.3	108.5	103.1	107.4	100.6	93.2	98.1	104.3	101.6	99.8	104.5	94.3	101.2	98.7	107.9	103.5	103.7
Rank	4 of 5	3 of 5	3 of 5	3 of 5	4 of 5	2 of 5	2 of 5	3 of 5	4 of 5	3 of 5	1 of 5	2 of 5	1 of 5	2 of 5	2 of 5	3 of 5	4 of 5	3 of 5	2 of 5	2 of 5	2 of 5	3 of 5	3 of 5	4 of 5	2 of 5	2 of 5	2 of 5
% Chg																											
My Property	-4.8	-15.8	14.5	13.0	24.0	22.4	18.9	1.6	-15.7	2.6	29.1	15.9	2.3	27.9	2.0	-5.1	11.0	1.4	-4.5	2.1	9.9	-21.2	19.8	2.6	2.9	-2.1	7.0
Competitive Set	1.1	-2.6	8.1	13.5	19.5	2.7	-2.9	9.5	20.3	17.2	2.4	7.9	1.3	12.8	0.9	0.5	7.5	7.2	5.8	3.9	4.9	5.5	11.6	5.2	5.7	2.0	6.7
Index (MPI)	-5.9	-13.5	5.9	-0.5	3.7	19.1	22.4	-7.2	-29.9	-12.5	26.0	7.5	1.0	13.4	1.1	-5.6	3.2	-5.4	-9.7	-1.8	4.8	-25.4	7.3	-2.5	-2.6	-4.1	0.3
Rank	5 of 5	4 of 5	3 of 5	3 of 5	2 of 5	1 of 5	1 of 5	4 of 5	5 of 5	4 of 5	1 of 5	2 of 5	2 of 5	1 of 5	3 of 5	3 of 5	3 of 5	4 of 5	5 of 5	4 of 5	1 of 5	5 of 5	2 of 5	4 of 5	3 of 5	4 of 5	3 of 5

ADR	2013										2014								Year To Date			Running 3 Month			Running 12 Month		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	2012	2013	2014	2012	2013	2014	2012	2013	2014
My Property	98.68	92.15	85.21	82.23	88.48	80.76	78.87	81.82	82.75	78.82	81.68	98.26	104.58	90.67	91.02	88.96	91.52	89.80	89.09	89.24	92.49	83.20	83.77	90.17	87.85	87.10	89.07
Competitive Set	104.47	89.20	84.28	83.10	86.49	82.28	84.33	83.01	82.83	81.16	89.94	106.67	114.41	95.06	91.73	88.96	89.60	88.15	89.02	90.20	96.37	81.17	84.03	88.92	86.87	87.24	92.38
Index (ARI)	94.5	103.3	101.1	99.0	102.3	98.1	93.5	98.6	99.9	97.1	90.8	92.1	91.4	95.4	99.2	100.0	102.1	101.9	100.1	98.9	96.0	102.5	99.7	101.4	101.1	99.8	96.4
Rank	2 of 5	1 of 5	2 of 5	3 of 5	2 of 5	4 of 5	4 of 5	3 of 5	3 of 5	4 of 5	5 of 5	5 of 5	5 of 5	3 of 5	4 of 5	3 of 5	2 of 5	2 of 5	2 of 5	2 of 5	4 of 5	2 of 5	2 of 5	2 of 5	2 of 5	2 of 5	4 of 5
% Chg																											
My Property	4.7	0.0	-6.2	-1.4	3.5	-0.2	-4.9	-0.9	0.0	-2.7	-7.2	3.3	6.0	-1.6	6.8	8.2	3.4	11.2	0.4	0.2	3.6	-4.0	0.7	7.6	2.4	-0.9	2.3
Competitive Set	5.1	-4.0	-3.5	-0.3	7.3	3.1	6.1	1.3	3.0	5.6	5.7	5.6	9.5	6.6	8.9	7.1	3.6	7.1	-2.6	1.3	6.8	-8.5	3.5	5.8	-2.7	0.4	5.9
Index (ARI)	-0.4	4.1	-2.8	-1.1	-3.6	-3.2	-10.3	-2.2	-2.9	-7.8	-12.3	-2.2	-3.2	-7.7	-1.9	1.1	-0.1	3.8	3.1	-1.1	-3.0	4.9	-2.7	1.7	5.3	-1.3	-3.4
Rank	3 of 5	1 of 5	5 of 5	3 of 5	4 of 5	4 of 5	5 of 5	4 of 5	4 of 5	5 of 5	5 of 5	4 of 5	5 of 5	5 of 5	4 of 5	2 of 5	3 of 5	1 of 5	2 of 5	5 of 5	5 of 5	1 of 5	4 of 5	1 of 5	1 of 5	5 of 5	5 of 5

RevPAR	2013										2014								Year To Date			Running 3 Month			Running 12 Month		
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	2012	2013	2014	2012	2013	2014	2012	2013	2014
My Property	88.90	57.51	57.52	53.43	59.08	58.57	48.34	54.19	52.44	47.42	65.87	90.73	96.37	72.39	62.68	54.88	67.83	66.03	61.74	63.13	71.94	47.32	57.07	63.00	61.08	59.26	64.81
Competitive Set	92.24	58.79	57.21	54.70	60.79	54.10	45.48	51.06	56.85	50.58	59.81	90.79	102.29	70.66	62.83	58.87	67.72	62.13	60.74	63.96	71.71	48.93	56.55	62.95	55.99	57.36	64.79
Index (RGI)	96.4	97.8	100.5	97.7	97.2	108.3	106.3	106.1	92.3	93.8	110.1	99.9	94.2	102.4	99.8	93.2	100.2	106.3	101.7	98.7	100.3	96.7	100.9	100.1	109.1	103.3	100.0
Rank	2 of 5	3 of 5	2 of 5	2 of 5	3 of 5	3 of 5	2 of 5	2 of 5	3 of 5	3 of 5	2 of 5	2 of 5	3 of 5	2 of 5	2 of 5	3 of 5	2 of 5	2 of 5	2 of 5	2 of 5	2 of 5	3 of 5	3 of 5	2 of 5	2 of 5	2 of 5	2 of 5
% Chg																											
My Property	-0.4	-15.8	7.4	11.4	28.3	22.1	13.1	0.7	-15.7	-0.2	19.8	19.7	8.4	25.9	9.0	2.7	14.8	12.7	-4.1	2.3	13.9	-24.4	20.6	10.4	5.4	-3.0	9.4
Competitive Set	6.2	-6.5	4.4	13.2	28.3	5.9	3.1	11.0	23.9	23.8	8.3	13.9	10.9	20.2	9.8	7.6	11.4	14.9	3.0	5.3	12.1	-3.4	15.6	11.3	2.9	2.5	12.9
Index (RGI)	-6.2	-9.9	2.9	-1.6	0.0	15.3	9.8	-9.2	-31.9	-19.3	10.6	5.1	-2.3	4.7	-0.8	-4.6	3.1	-1.8	-6.9	-2.9	1.6	-21.7	4.4	-0.8	2.5	-5.3	-3.2
Rank	4 of 5	4 of 5	3 of 5	4 of 5	3 of 5	1 of 5	2 of 5	4 of 5	5 of 5	5 of 5	2 of 5	1 of 5	3 of 5	2 of 5	2 of 5	3 of 5	2 of 5	4 of 5	5 of 5	4 of 5	1 of 5	5 of 5	1 of 5	4 of 5	2 of 5	5 of 5	3 of 5

Tab 5 - Response Report

Fairfield Inn & Suites Melbourne Palm Bay Viera 4355 W New Haven Ave Melbourne, FL 32904-3319 Phone: (321) 722-2220
STR # 57051 ChainID: 4332B MgtCo: Gateway Hospitality Owner: None
For the Month of: August 2014 Date Created: September 18, 2014

This Year

August 2014 (This Year)

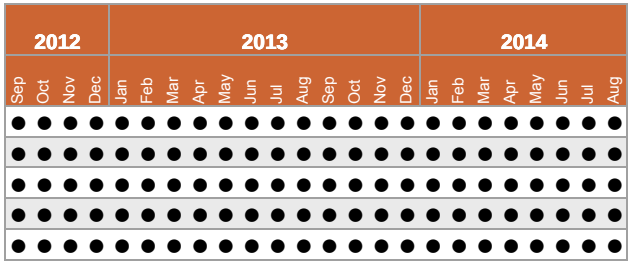
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

August 2013 (Last Year)

Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

Last Year

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
57051	Fairfield Inn & Suites Melbourne Palm Bay Viera	Melbourne, FL	32904-3319	(321) 722-2220	83	200802
25541	Courtyard Melbourne West	West Melbourne, FL	32904-3803	(321) 724-6400	146	198703
34436	Hampton Inn Melbourne	Melbourne, FL	32904-3306	(321) 956-6200	66	199710
40824	Holiday Inn Express Melbourne	Melbourne, FL	32904-3324	(321) 724-2050	68	200009
56949	Hampton Inn Melbourne Viera	Melbourne, FL	32940-8270	(321) 255-6868	88	200711
					451	



Data received:
○ = Monthly Only
● = Monthly & Daily

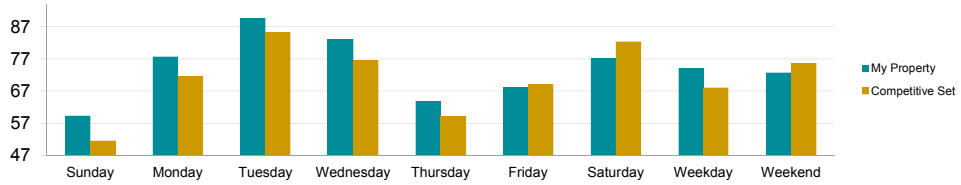
Tab 6 - Day of Week and Weekday/Weekend Report

Fairfield Inn & Suites Melbourne Palm Bay Viera 4355 W New Haven Ave Melbourne, FL 32904-3319 Phone: (321) 722-2220

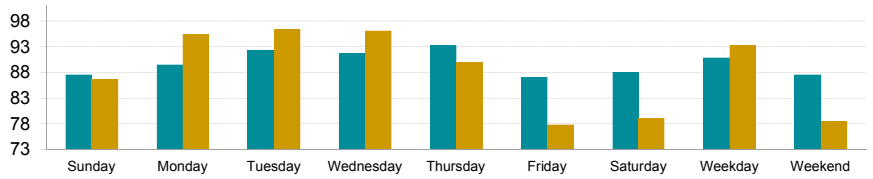
STR # 57051 ChainID: 4332B MgtCo: Gateway Hospitality Owner: None

For the Month of: August 2014 Date Created: September 18, 2014 Monthly Competitive Set Data Excludes Subject Property

Current Month Occupancy



Current Month ADR



		Occupancy (%)						Average Daily Rate						RevPAR					
		My Property		Competitive Set		Index (MPI)		My Property		Competitive Set		Index (ARI)		My Property		Competitive Set		Index (RGI)	
Day of Week	Time Period		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg
Sunday	Current Month	59.3	5.8	51.6	28.0	114.9	-17.4	87.51	15.8	86.59	8.4	101.1	6.8	51.87	22.5	44.66	38.8	116.2	-11.7
	Year To Date	56.2	17.4	49.0	7.6	114.6	9.1	86.89	3.6	90.99	4.8	95.5	-1.1	48.84	21.7	44.63	12.8	109.4	7.9
	Running 3 Month	50.9	4.9	47.2	17.2	107.8	-10.5	85.34	8.4	86.23	7.3	99.0	1.0	43.40	13.7	40.67	25.8	106.7	-9.6
	Running 12 Month	52.5	11.6	46.2	10.3	113.6	1.2	84.00	3.2	87.86	4.6	95.6	-1.3	44.09	15.2	40.61	15.3	108.6	-0.1
Monday	Current Month	77.7	3.2	71.5	5.7	108.6	-2.4	89.45	4.6	95.38	4.9	93.8	-0.2	69.51	8.0	68.23	10.9	101.9	-2.6
	Year To Date	76.2	10.3	72.0	2.9	105.9	7.1	93.26	1.8	100.41	5.5	92.9	-3.5	71.08	12.2	72.25	8.6	98.4	3.3
	Running 3 Month	70.6	2.8	67.9	0.0	104.0	2.8	92.64	5.9	95.17	5.5	97.3	0.4	65.43	8.9	64.61	5.5	101.3	3.2
	Running 12 Month	71.2	5.4	67.2	4.7	106.0	0.7	89.73	0.5	96.77	5.3	92.7	-4.6	63.89	5.9	64.98	10.2	98.3	-3.9
Tuesday	Current Month	89.5	2.8	85.3	6.6	104.8	-3.6	92.31	8.1	96.36	4.0	95.8	3.9	82.58	11.1	82.22	10.9	100.4	0.2
	Year To Date	85.8	5.7	84.6	6.8	101.4	-1.0	96.43	3.2	103.26	7.4	93.4	-4.0	82.73	9.1	87.36	14.7	94.7	-4.9
	Running 3 Month	78.1	-0.1	81.1	3.2	96.4	-3.3	94.52	7.9	96.61	5.8	97.8	2.0	73.85	7.7	78.31	9.2	94.3	-1.3
	Running 12 Month	79.6	0.1	79.1	5.2	100.7	-4.8	93.29	2.1	99.20	6.9	94.0	-4.5	74.27	2.2	78.45	12.5	94.7	-9.1
Wednesday	Current Month	83.1	-5.2	76.5	-4.6	108.7	-0.6	91.66	8.4	96.09	5.1	95.4	3.1	76.20	2.8	73.50	0.3	103.7	2.5
	Year To Date	84.1	5.8	81.7	1.2	103.0	4.6	95.66	2.6	102.77	6.7	93.1	-3.8	80.45	8.6	83.92	8.0	95.9	0.6
	Running 3 Month	78.1	3.6	77.1	-0.1	101.3	3.6	93.94	7.7	96.17	6.5	97.7	1.1	73.39	11.5	74.14	6.4	99.0	4.8
	Running 12 Month	78.5	2.1	77.7	2.8	101.0	-0.6	92.55	1.9	99.14	6.7	93.4	-4.4	72.65	4.1	77.08	9.6	94.3	-5.0
Thursday	Current Month	63.9	-6.0	59.2	-1.9	107.9	-4.2	93.27	13.7	89.95	8.1	103.7	5.2	59.56	6.9	53.23	6.1	111.9	0.7
	Year To Date	76.1	7.8	71.2	1.6	107.0	6.2	93.92	4.7	96.53	6.3	97.3	-1.5	71.51	12.9	68.72	7.9	104.1	4.6
	Running 3 Month	64.5	-1.3	65.5	-0.7	98.5	-0.6	92.97	9.9	89.73	6.6	103.6	3.1	59.97	8.5	58.74	5.8	102.1	2.5
	Running 12 Month	72.0	5.8	67.6	3.3	106.5	2.4	90.47	3.1	92.81	5.4	97.5	-2.2	65.15	9.1	62.75	8.9	103.8	0.2
Friday	Current Month	68.2	6.8	69.1	8.5	98.7	-1.6	87.05	16.2	77.82	11.9	111.9	3.8	59.36	24.1	53.76	21.4	110.4	2.2
	Year To Date	81.2	12.1	79.4	7.2	102.2	4.6	89.58	4.9	89.17	7.7	100.5	-2.6	72.72	17.7	70.84	15.5	102.7	1.9
	Running 3 Month	71.7	4.5	76.2	10.7	94.1	-5.7	84.67	7.3	79.65	5.9	106.3	1.3	60.74	12.1	60.70	17.2	100.1	-4.4
	Running 12 Month	75.9	11.8	75.3	10.0	100.8	1.6	85.55	3.0	84.49	5.4	101.3	-2.3	64.96	15.1	63.62	15.9	102.1	-0.7
Saturday	Current Month	77.1	5.6	82.3	19.1	93.6	-11.3	88.02	16.0	79.03	13.7	111.4	2.0	67.87	22.5	65.07	35.4	104.3	-9.5
	Year To Date	85.0	14.9	83.2	9.4	102.1	5.1	90.04	6.1	89.81	9.9	100.3	-3.4	76.52	21.9	74.74	20.2	102.4	1.5
	Running 3 Month	76.6	6.7	82.5	14.4	92.8	-6.7	85.88	7.5	79.03	6.0	108.7	1.4	65.74	14.6	65.20	21.2	100.8	-5.4
	Running 12 Month	80.0	15.4	78.3	12.7	102.2	2.4	86.32	3.7	84.93	7.5	101.6	-3.5	69.04	19.7	66.48	21.2	103.8	-1.2
Weekday/Weekend																			
Weekday	Current Month	74.0	-0.7	68.0	3.9	108.8	-4.4	90.84	9.3	93.28	5.5	97.4	3.7	67.18	8.6	63.43	9.6	105.9	-0.9
(Sun-Thu)	Year To Date	75.6	8.4	71.6	3.5	105.6	4.8	93.68	3.0	99.53	6.2	94.1	-3.1	70.85	11.6	71.28	9.9	99.4	1.6
	Running 3 Month	68.2	1.4	67.4	2.2	101.1	-0.8	92.27	7.7	93.37	6.0	98.8	1.6	62.91	9.3	62.95	8.4	99.9	0.8
	Running 12 Month	70.7	4.3	67.5	4.7	104.8	-0.4	90.44	1.9	95.85	5.9	94.4	-3.7	63.93	6.3	64.68	10.8	98.8	-4.1
Weekend	Current Month	72.7	6.2	75.7	14.0	96.0	-6.9	87.56	16.1	78.48	12.9	111.6	2.8	63.62	23.2	59.41	28.7	107.1	-4.3
(Fri-Sat)	Year To Date	83.1	13.5	81.3	8.3	102.2	4.8	89.82	5.5	89.50	8.8	100.4	-3.0	74.62	19.8	72.79	17.8	102.5	1.7
	Running 3 Month	74.1	5.5	79.4	12.5	93.4	-6.2	85.29	7.4	79.33	5.9	107.5	1.3	63.24	13.3	62.95	19.2	100.5	-5.0
	Running 12 Month	78.0	13.6	76.8	11.4	101.5	2.0	85.95	3.3	84.71	6.4	101.5	-2.9	67.00	17.4	65.05	18.5	103.0	-0.9
Total	Current Month	73.5	1.4	70.5	7.2	104.3	-5.4	89.80	11.2	88.15	7.1	101.9	3.8	66.03	12.7	62.13	14.9	106.3	-1.8
	Year To Date	77.8	9.9	74.4	4.9	104.5	4.8	92.49	3.6	96.37	6.8	96.0	-3.0	71.94	13.9	71.71	12.1	100.3	1.6
	Running 3 Month	69.9	2.6	70.8	5.2	98.7	-2.5	90.17	7.6	88.92	5.8	101.4	1.7	63.00	10.4	62.95	11.3	100.1	-0.8
	Running 12 Month	72.8	7.0	70.1	6.7	103.7	0.3	89.07	2.3	92.38	5.9	96.4	-3.4	64.81	9.4	64.79	12.9	100.0	-3.2

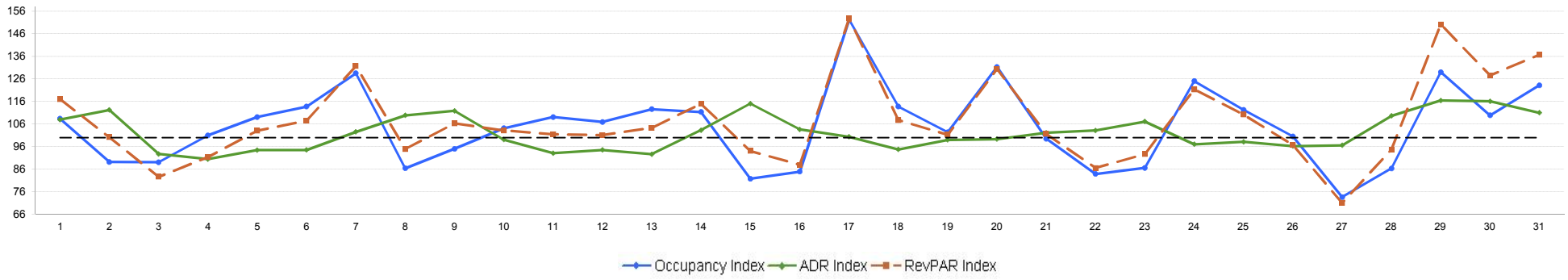
Tab 7 - Daily Data for the Month

Fairfield Inn & Suites Melbourne Palm Bay Viera 4355 W New Haven Ave Melbourne, FL 32904-3319 Phone: (321) 722-2220

STR # 57051 ChainID: 4332B MgtCo: Gateway Hospitality Owner: None

For the Month of: August 2014 Date Created: September 18, 2014 Daily Competitive Set Data Excludes Subject Property

Daily Indexes for the Month of August



	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su
Occupancy (%)	**August**																														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
My Property	92.8	81.9	53.0	77.1	94.0	94.0	85.5	63.9	75.9	65.1	94.0	98.8	96.4	69.9	56.6	59.0	54.2	71.1	83.1	92.8	55.4	42.2	68.7	39.8	68.7	81.9	49.4	44.6	85.5	100.0	84.3
Competitive Set	85.6	91.8	59.5	76.4	86.1	82.6	66.6	73.9	79.9	62.5	86.1	92.4	85.6	62.8	69.3	69.6	35.6	62.5	81.3	70.7	55.7	50.3	79.3	31.8	61.1	81.5	67.1	51.6	66.3	91.0	68.5
Index (MPI)	108.4	89.2	89.1	101.0	109.1	113.8	128.5	86.4	95.0	104.1	109.1	106.9	112.6	111.3	81.7	84.9	152.3	113.7	102.3	131.3	99.5	83.9	86.5	125.1	112.3	100.5	73.6	86.3	129.0	109.9	123.2
% Chg																															
My Property	57.1	17.2	-13.7	-19.0	-6.0	-6.0	-2.7	-17.2	-8.7	-12.9	-6.0	-1.2	2.6	0.0	-24.2	-26.9	4.7	25.5	1.5	11.6	-14.8	2.9	58.3	10.0	39.0	23.6	-32.8	-30.2	26.8	13.7	40.0
Competitive Set	20.2	28.0	62.2	19.1	18.7	-4.1	-2.8	-2.2	3.9	16.8	1.0	6.6	8.2	0.4	9.9	-2.7	0.8	0.9	6.4	-14.2	-3.8	5.7	68.8	-10.7	3.2	-3.5	-8.2	7.3	8.9	15.9	34.8
Index (MPI)	30.7	-8.4	-46.8	-32.0	-20.8	-2.0	0.0	-15.4	-12.1	-25.4	-6.9	-7.3	-5.3	-0.4	-31.0	-24.9	3.9	24.4	-4.6	30.1	-11.5	-2.6	-6.2	23.2	34.7	28.2	-26.8	-35.0	16.4	-1.9	3.9

ADR	**August**																														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
My Property	87.05	89.09	81.50	86.48	89.14	90.40	90.28	83.96	84.43	84.54	89.12	91.15	90.38	94.47	85.57	75.90	87.36	89.27	95.14	93.73	93.65	75.34	85.72	85.97	93.42	94.47	92.71	96.68	96.10	98.59	94.40
Competitive Set	80.65	79.38	87.92	95.60	94.38	95.68	88.09	76.42	75.49	85.32	95.77	96.44	97.58	91.47	74.37	73.26	87.08	94.24	96.13	94.36	91.70	73.04	80.04	88.59	95.23	98.17	96.02	88.19	82.55	84.93	85.05
Index (ARI)	107.9	112.2	92.7	90.5	94.4	94.5	102.5	109.9	111.8	99.1	93.0	94.5	92.6	103.3	115.1	103.6	100.3	94.7	99.0	99.3	102.1	103.2	107.1	97.0	98.1	96.2	96.6	109.6	116.4	116.1	111.0
% Chg																															
My Property	33.1	21.5	6.2	3.0	8.2	7.1	9.8	10.6	10.7	13.2	2.7	2.2	4.7	11.6	9.2	-1.9	13.5	3.6	11.4	12.7	20.0	9.0	24.7	17.4	9.8	12.2	10.0	15.7	17.4	23.7	18.1
Competitive Set	23.8	20.2	12.4	8.4	3.5	8.1	10.9	14.0	10.8	7.0	4.2	4.0	4.4	6.1	2.3	4.5	7.8	5.0	5.0	3.9	10.9	5.7	17.3	11.5	3.2	4.9	4.5	4.6	12.2	16.1	11.9
Index (ARI)	7.6	1.1	-5.5	-5.0	4.6	-0.9	-1.0	-3.0	-0.1	5.7	-1.4	-1.7	0.3	5.2	6.7	-6.1	5.3	-1.3	6.1	8.5	8.1	3.2	6.3	5.3	6.3	6.9	5.3	10.6	4.7	6.6	5.5

RevPAR	**August**																														
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
My Property	80.76	72.99	43.20	66.69	83.77	84.95	77.23	53.61	64.08	55.00	83.75	90.05	87.11	66.01	48.46	44.81	47.36	63.46	79.10	86.95	51.90	31.77	58.87	34.18	64.16	77.40	45.80	43.10	82.20	98.59	79.61
Competitive Set	69.03	72.91	52.32	73.00	81.30	79.04	58.64	56.48	60.31	53.33	82.50	89.10	83.53	57.42	51.53	50.96	31.00	58.90	78.10	66.67	51.08	36.72	63.51	28.17	58.23	80.03	64.45	45.53	54.73	77.32	58.24
Index (RGI)	117.0	100.1	82.6	91.4	103.0	107.5	131.7	94.9	106.3	103.1	101.5	101.1	104.3	115.0	94.0	87.9	152.8	107.7	101.3	130.4	101.6	86.5	92.7	121.4	110.2	96.7	71.1	94.7	150.2	127.5	136.7
% Chg																															
My Property	109.2	42.5	-8.4	-16.6	1.7	0.7	6.8	-8.4	1.0	-1.4	-3.5	1.0	7.4	11.6	-17.2	-28.3	18.8	30.1	13.0	25.8	2.2	12.2	97.5	29.1	52.6	38.7	-26.1	-19.3	48.9	40.7	65.3
Competitive Set	48.8	53.9	82.3	29.0	22.9	3.7	7.9	11.5	15.1	25.0	5.2	10.9	13.1	6.5	12.4	1.7	8.6	5.9	11.7	-10.9	6.8	11.7	98.0	-0.4	6.5	1.2	-4.1	12.3	22.2	34.6	50.8
Index (RGI)	40.6	-7.4	-49.8	-35.3	-17.2	-2.9	-1.0	-17.9	-12.2	-21.1	-8.3	-8.9	-5.0	4.7	-26.4	-29.5	9.4	22.8	1.2	41.1	-4.3	0.5	-0.3	29.7	43.2	37.0	-22.9	-28.1	21.8	4.5	9.6

Addendum E

LEGAL DESCRIPTION AND BOUNDARY SURVEY

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A parcel of land lying within Section 2, Township 28 South, Range 36 East, Brevard County, Florida, more particularly described as follows:

Begin at the intersection of the South right of way line of Kissimmee Highway (S.R. 500/U.S. 192 a variable width Public right of way) and the West line of the East 60 feet of Lot 10, FLORIDA INDIAN RIVER LAND COMPANY, according to the Plat recorded in Plat Book 2, Page 80, of the Public Records of Brevard County, Florida; thence North 89 degrees 35 minutes 00 seconds East, along said South right of way line, 111.22 feet; thence continue South 76 degrees 54 minutes 43 seconds East 51.39 feet; thence continue North 89 degrees 35 minutes 00 seconds East 149.35 feet; thence continue South 80 degrees 55 minutes 40 seconds East 15.82 feet to the point of a curve to the right, concave Southwesterly, having a radius of 23.00 feet; thence Southeasterly along the arc of said curve a distance of 30.17 feet through a central angle of 75 degrees 09 minutes 39 seconds to the curves end; thence South 05 degrees 46 minutes 01 seconds East 12.84 feet to the point of a curve to the right concave Northwesterly having a radius of 64.50 feet; thence Southerly along the arc of said curve, a distance of 51.22 feet through a central angle of 45 degrees 29 minutes 57 seconds to the point of a reverse curve to the left, concave Northwesterly having a radius of 84.50 feet; thence Southerly along the arc of said curve, a distance of 98.56 feet through a central angle of 66 degrees 49 minutes 38 seconds to the curves end; thence South 27 degrees 05 minutes 42 seconds East 19.09 feet to the point of a curve to the right, concave Westerly having a radius of 40.50 feet; thence Southerly along the arc of said curve, a distance of 19.15 feet through a central angle of 27 degrees 05 minutes 42 seconds to the curves end; thence South 00 degrees 00 minutes 00 seconds East 18.84 feet to the point of a curve to the right, concave Westerly having a radius of 24.50 feet; thence Southwesterly along the arc of said curve, a distance of 38.48 feet through a central angle of 90 degrees 00 minutes 00 seconds to the curves end; thence South 90 degrees 00 minutes 00 seconds West 93.50 feet to the point of a curve to the left, concave Southerly having a radius of 49.50 feet; thence Southwesterly along the arc of said curve, a distance of 63.04 feet through a central angle of 72 degrees 58 minutes 00 seconds to a point of intersection with a non-tangent line; thence South 90 degrees 00 minutes 00 seconds West 20.17 feet; thence South 00 degrees 00 minutes 00 seconds West 253.01 feet; thence South 90 degrees 00 minutes 00 seconds West 22.73 feet to the point of a curve to the left, concave Southerly, having a radius of 49.50 feet; thence Southwesterly along the arc of said curve, a distance of 68.20 feet through a central angle of 78 degrees 56 minutes 07 seconds to the intersection with a non-tangent line; thence South 90 degrees 00 minutes 00 seconds West 18.92 feet; thence South 00 degrees 00 minutes 00 seconds West 12.50 feet; thence North 90 degrees 00 minutes 00 seconds West 31.50 feet; thence South 00 degrees 00 minutes 00 seconds West 56.50 feet; thence South 90 degrees 00 minutes 00 seconds East 31.50 feet; thence South 00 degrees 00 minutes 00 seconds West 192.21 feet to the point of intersection with a non-tangent curve to the left, concave Southeasterly having a radius of 49.50 feet and a radial bearing of South 31 degrees 19 minutes 22 seconds East; thence Southerly along the arc of said curve, a distance of 35.98 feet through a central angle of 41 degrees 38 minutes 38 seconds to the intersection with a non-tangent line; thence South 90 degrees 00 minutes 00 seconds West 20.17 feet; thence South 00 degrees 00 minutes 00 seconds West 382.32 feet; thence South 89 degrees 36 minutes 18 seconds West 13.72 feet; thence North 00 degrees 10 minutes 36 seconds West 1263.83 feet to the POINT OF BEGINNING.

West Melbourne Hotel Associates, LLC

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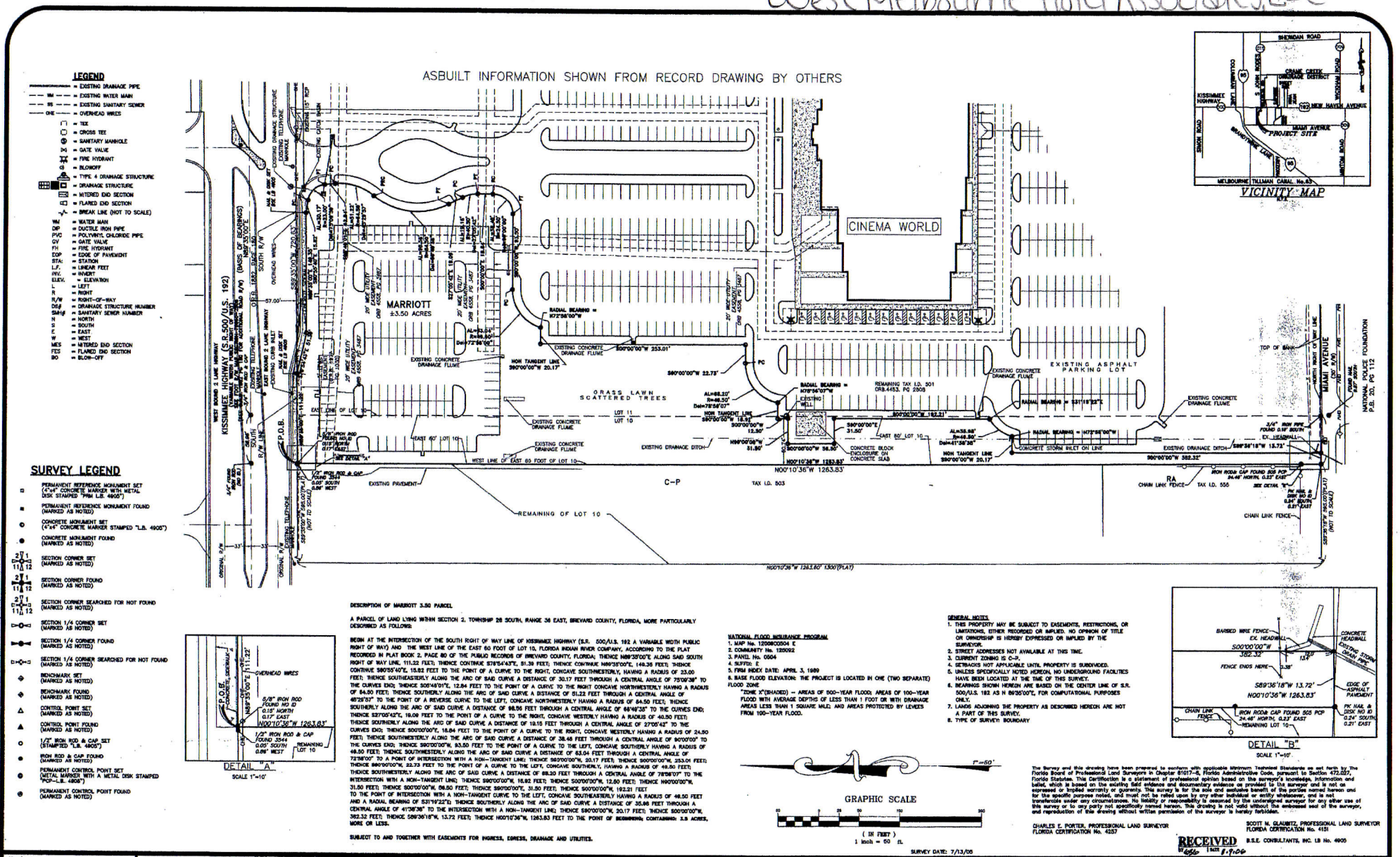

DESCRIPTION OF MARRIOTT 3.50 PARCEL

A PARCEL OF LAND LYING WITHIN SECTION 2, TOWNSHIP 28 SOUTH, RANGE 36 EAST, BREVARD COUNTY, FLORIDA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGIN AT THE INTERSECTION OF THE SOUTH RIGHT OF WAY LINE OF KISSIMMEE HIGHWAY (S.R. 500/U.S. 192 A VARIABLE WIDTH PUBLIC RIGHT OF WAY) AND THE WEST LINE OF THE EAST 60 FOOT OF LOT 10, FLORIDA INDIAN RIVER COMPANY, ACCORDING TO THE PLAT RECORDED IN PLAT BOOK 2, PAGE 80 OF THE PUBLIC RECORDS OF BREVARD COUNTY, FLORIDA; THENCE N89°35'00"E ALONG SAID SOUTH RIGHT OF WAY LINE, 111.22 FEET; THENCE CONTINUE S78°54'43"E, 51.39 FEET; THENCE CONTINUE N89°35'00"E, 149.26 FEET; THENCE CONTINUE S80°55'40"E, 15.82 FEET TO THE POINT OF A CURVE TO THE RIGHT, CONCAVE SOUTHWESTERLY, HAVING A RADIUS OF 23.00 FEET; THENCE SOUTHEASTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 30.17 FEET THROUGH A CENTRAL ANGLE OF 75°09'38" TO THE CURVES END; THENCE S05°46'01"E, 12.84 FEET TO THE POINT OF A CURVE TO THE RIGHT CONCAVE NORTHWESTERLY HAVING A RADIUS OF 84.50 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 51.23 FEET THROUGH A CENTRAL ANGLE OF 48°42'57" TO THE POINT OF A REVERSE CURVE TO THE LEFT, CONCAVE NORTHWESTERLY HAVING A RADIUS OF 84.50 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 98.86 FEET THROUGH A CENTRAL ANGLE OF 66°46'35" TO THE CURVES END; THENCE S27°00'42"E, 19.09 FEET TO THE POINT OF A CURVE TO THE RIGHT, CONCAVE WESTERLY HAVING A RADIUS OF 40.50 FEET; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 19.15 FEET THROUGH A CENTRAL ANGLE OF 27°05'42" TO THE CURVES END; THENCE S00°00'00"E, 18.84 FEET TO THE POINT OF A CURVE TO THE RIGHT, CONCAVE WESTERLY HAVING A RADIUS OF 24.50 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 38.48 FEET THROUGH A CENTRAL ANGLE OF 90°00'00" TO THE CURVES END; THENCE S90°00'00"W, 93.50 FEET TO THE POINT OF A CURVE TO THE LEFT, CONCAVE SOUTHERLY HAVING A RADIUS OF 48.50 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 63.04 FEET THROUGH A CENTRAL ANGLE OF 72°28'00" TO A POINT OF INTERSECTION WITH A NON-TANGENT LINE; THENCE S62°00'00"W, 20.17 FEET; THENCE N00°00'00"W, 253.01 FEET; THENCE S90°00'00"W, 22.73 FEET TO THE POINT OF A CURVE TO THE LEFT, CONCAVE SOUTHERLY, HAVING A RADIUS OF 48.50 FEET; THENCE SOUTHWESTERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 69.20 FEET THROUGH A CENTRAL ANGLE OF 72°58'07" TO THE INTERSECTION WITH A NON-TANGENT LINE; THENCE S90°00'00"W, 16.82 FEET; THENCE S00°00'00"W, 12.60 FEET; THENCE N90°00'00"W, 31.50 FEET; THENCE S00°00'00"W, 98.50 FEET; THENCE S90°00'00"E, 31.50 FEET; THENCE S00°00'00"W, 192.21 FEET TO THE POINT OF INTERSECTION WITH A NON-TANGENT CURVE TO THE LEFT, CONCAVE SOUTHEASTERLY HAVING A RADIUS OF 48.50 FEET AND A RADIAL BEARING OF S31°18'23"E; THENCE SOUTHERLY ALONG THE ARC OF SAID CURVE A DISTANCE OF 35.46 FEET THROUGH A CENTRAL ANGLE OF 41°38'38" TO THE INTERSECTION WITH A NON-TANGENT LINE; THENCE S90°00'00"W, 20.17 FEET; THENCE S00°00'00"W, 382.32 FEET; THENCE S89°36'18"W, 13.72 FEET; THENCE N00°10'36"W, 1263.83 FEET TO THE POINT OF BEGINNING; CONTAINING: 3.5 ACRES, MORE OR LESS.

SUBJECT TO AND TOGETHER WITH EASEMENTS FOR INGRESS, EGRESS, DRAINAGE AND UTILITIES.

NATIONAL FLOOD INSURANCE PROGRAM

1. MAP No. 12009C0304 E
2. COMMUNITY No. 120092
3. PANEL No. 0304
4. SUFFIX: E
5. FIRM INDEX DATE: APRIL 3, 1989
6. BASE FLOOD ELEVATION: THE PROJECT IS LOCATED IN ONE (TWO SEPARATE) FLOOD ZONE

"ZONE X"(SHADED) – AREAS OF 500-YEAR FLOOD; AREAS OF 100-YEAR FLOOD WITH AVERAGE DEPTHS OF LESS THAN 1 FOOT OR WITH DRAINAGE AREAS LESS THAN 1 SQUARE MILE; AND AREAS PROTECTED BY LEVEES FROM 100-YEAR FLOOD.

GENERAL NOTES

1. THIS PROPERTY MAY BE SUBJECT TO EASEMENTS, RESTRICTIONS, OR LIMITATIONS, EITHER RECORDED OR IMPLIED. NO OPINION OF TITLE OR OWNERSHIP IS HEREBY EXPRESSED OR IMPLIED BY THE SURVEYOR.
2. STREET ADDRESSES NOT AVAILABLE AT THIS TIME.
3. CURRENT ZONING IS C-P.
4. SETBACKS NOT APPLICABLE UNTIL PROPERTY IS SUBDIVIDED.
5. UNLESS SPECIFICALLY NOTED HEREON, NO UNDERGROUND FACILITIES HAVE BEEN LOCATED AT THE TIME OF THIS SURVEY.
6. BEARINGS SHOWN HEREON ARE BASED ON THE CENTER LINE OF S.R. 500/U.S. 192 AS N 89°35'00"E, FOR COMPUTATIONAL PURPOSES ONLY.
7. LANDS ADJOINING THE PROPERTY AS DESCRIBED HEREON ARE NOT A PART OF THIS SURVEY.
8. TYPE OF SURVEY: BOUNDARY

The Survey and this drawing have been prepared in conformity with applicable Minimum Technical Standards as set forth by the Florida Board of Professional Land Surveyors in Chapter 61G17-6, Florida Administrative Code, pursuant to Section 472.027, Florida Statutes. This Certification is a statement of professional opinion based on the surveyor's knowledge, information and belief, which is based on the existing field evidence and documentary evidence as provided to the surveyor and is not an expressed or implied warranty or guaranty. This survey is for the sole and exclusive benefit of the parties named hereon and for the specific purpose noted, and must not be relied upon by any other individual or entity whatsoever, and is not transferable under any circumstances. No liability or responsibility is assumed by the undersigned surveyor for any other use of this survey or to any party not specifically named hereon. This drawing is not valid without the embossed seal of the surveyor, and reproduction of this drawing without written permission of the surveyor is hereby forbidden.

CHARLES E. PORTER, PROFESSIONAL LAND SURVEYOR
FLORIDA CERTIFICATION No. 4557

SCOTT M. GLAUWITZ, PROFESSIONAL LAND SURVEYOR
FLORIDA CERTIFICATION No. 4151

B.S.E. CONSULTANTS, INC. LB No. 4905

RECEIVED 7/15/05

REVISIONS		
1		
2		
3		
4		
DESIGN	SMG	DATE 7-6-05
DRAWN	BAW	DATE 7-6-05
CHECKED		DATE

MARRIOTT @ CINEMA WORLD

B.S.E. CONSULTANTS, INC.
CONSULTING – ENGINEERING – LAND SURVEYING
312 SOUTH HARBOR CITY BOULEVARD, SUITE 4
MELBOURNE, FLORIDA 32901 PHONE: (321) 725-3674 FAX: (321) 723-1159
CERTIFICATE OF PROFESSIONAL ENGINEERS BUSINESS AUTHORIZATION: 4905
CERTIFICATE OF LAND SURVEYING BUSINESS AUTHORIZATION: LB0004905

BOUNDARY SURVEY

DRAWING NO. 1050750101
SHEET 1 of 1
PROJECT NO. 10507.50

Addendum F

PRÉCIS METRO REPORT - ECONOMY.COM, INC.

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Moody's Analytics

PALM COAST FL

Data Buffet® MSA code: MPLM

ECONOMIC DRIVERS

RETIREE MAGNET | TOURIST DESTINATION | HIGH TECH

EMPLOYMENT GROWTH RANK

2013-2015	2013-2018
3	1
1st quintile	1st quintile

Best=1, Worst=392

RELATIVE COSTS

LIVING	BUSINESS
95%	81%

U.S.=100%

VITALITY

RELATIVE	RANK
191%	1
U.S.=100%	Best=1, Worst=384

BUSINESS CYCLE STATUS

MAY 2014

- Expansion
- **» RECOVERY «**
- At Risk
- Moderating Recession
- In Recession

STRENGTHS & WEAKNESSES

STRENGTHS

» Proximity to the beach provides an advantage over inland metro areas in attracting retirees.
» Affordable housing increases in-migration.
» Leisure/hospitality growth spills over to retail.

WEAKNESSES

» Distressed properties take very long to clear the market because of state process.
» Highest unemployment rate in the state.
» Quickly aging labor force.

FORECAST RISKS

SHORT TERM	LONG TERM
↑	↑

RISK EXPOSURE 2014-2019 4 1st quintile *Highest=1 Lowest=384*

UPSIDE

» Faster rate of clearing foreclosures allows construction to ramp up hiring.
» Affordable housing encourages faster in-migration.

DOWNSIDE

» Prolonged above-average unemployment rate further undermines labor market tightening.
» In-migration, the metro area's most important driver, fails to reach prior levels and weighs on population growth.

MOODY'S RATING

CITY

ANALYSIS

Recent Performance. Palm Coast's recovery is getting closer to completion as growth in private services twice the national average helps to strengthen the labor market and the housing market recoups more of the losses it suffered during the Great Recession. Decent job creation in several industries—mainly leisure/hospitality, retail and construction—has helped bring the unemployment rate down to 8.8% in June, despite recent modest labor force growth, but the current rate is still well above the state and national averages. The large inventory of foreclosed properties remains a problem, but housing demand is getting stronger.

Consumer services. Advantages that come with a favorable location and climate will help make leisure/hospitality an even more important growth driver in the coming years as more baby boomers retire to PLM. Thanks to the amenities the metro area has to offer, leisure/hospitality payrolls have gained importance during the recovery, rising from 11% of total payrolls before the recession to 18%. Hotels and restaurants have come close to or achieved double-digit gains in their payrolls during the last 12 months on a year-over-year basis. In addition to steady increases in leisure/hospitality, the influx of vacationers will help the metro area's retail sector thrive. Payroll growth in retail sales has already been stronger in recent years than state and national averages, indicating that the industry is capitalizing on an increasing number of visitors as the national recovery strengthens.

Housing. The weakness that followed PLM's severe housing downturn will take more time to fade, but the metro area is experiencing significant gains. Excess foreclosures—triple the U.S. average—have weighed on the local housing market, but the demand is building faster than supply, according to the Moody's Analytics excess housing supply indicator. While foreclosures still present a problem, higher house prices have spurred more new-home construction and boosted construction payroll growth in recent months. House prices will rebound to pre-bubble levels by 2016. Key to the improving housing market will be the rebound in in-migration as a stronger national housing market recovery enables retirees to sell their homes and relocate to PLM. Net migration is expected to double this year and continue to accelerate through the end of the decade.

Labor force. The larger than average growth in the share of PLM's senior population will pose some limitations on labor force composition and workers' earnings potential in coming years. Given current trends, the share of working-age population will contract significantly in the future, presenting a challenge to the metro area's labor force vitality and reducing the appeal to investors wishing to locate to PLM. Meanwhile, the increasing demand for senior care will attract more low-wage healthcare and services workers, undermining average income. Moreover, the types of services that vacationers purchase also generate low-paying jobs in retail, restaurants and hotels.

Palm Coast's recovery will be complete next year and economic growth will outperform that of the U.S. over the next several years. Foreclosures will continue to exert downward pressure on the housing market this year, but they should ease somewhat by mid-2015 as the number of distressed properties gets smaller. Affordable housing and local amenities will help maintain a steady flow of in-migration and will support above-average gains in healthcare and other services.

Ilir Hysa *1-866-275-3266*
July 2014 *help@economy.com*

2008	2009	2010	2011	2012	2013	INDICATORS	2014	2015	2016	2017	2018	2019
1.9	1.8	1.8	1.8	1.8	1.8	Gross metro product (C09$ bil)	1.9	2.0	2.2	2.4	2.7	3.0
-3.4	*-5.8*	*0.0*	*-2.9*	*2.4*	*-0.6*	*% change*	*3.7*	*8.3*	*9.8*	*10.3*	*10.3*	*10.4*
19.0	18.4	18.8	19.3	19.9	20.2	Total employment (ths)	20.7	22.1	23.8	25.5	27.2	28.9
-1.6	*-3.2*	*2.6*	*2.6*	*3.0*	*1.7*	*% change*	*2.5*	*6.6*	*7.6*	*7.2*	*6.6*	*6.5*
9.6	14.5	15.1	13.6	12.0	10.2	Unemployment rate (%)	8.9	7.8	6.5	5.4	4.7	4.5
4.7	-2.5	6.1	6.8	4.7	3.0	Personal income growth (%)	7.0	9.2	10.3	9.8	8.6	8.6
47.8	46.1	46.8	47.2	48.2	49.3	Median household income ($ ths)	50.7	52.9	55.3	57.6	59.6	61.4
93.5	94.7	96.1	97.3	98.4	100.0	Population (ths)	102.7	106.1	110.4	115.4	121.2	127.5
3.3	*1.2*	*1.4*	*1.3*	*1.1*	*1.5*	*% change*	*2.8*	*3.3*	*4.0*	*4.5*	*5.0*	*5.3*
3.1	1.2	1.5	1.4	1.4	1.7	Net migration (ths)	3.0	3.7	4.6	5.4	6.1	6.8
255	168	172	152	243	439	Single-family permits (#)	904	1,733	2,446	2,684	2,649	2,683
393	0	106	0	0	114	Multifamily permits (#)	81	103	117	109	108	111
180.9	147.7	135.6	131.7	131.1	152.9	Existing-home price ($ ths)	163.2	170.2	177.9	183.8	189.4	197.3

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ECONOMIC HEALTH CHECK

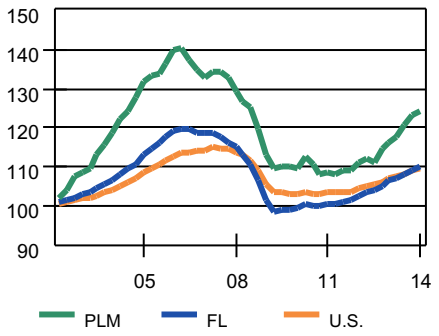
	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14
Employment, change, ths	-0.0	0.0	0.0	0.1	0.0	0.1
Unemployment rate, %	8.8	9.1	9.3	9.0	9.1	8.8
Labor force participation rate, %	41.9	42.2	42.4	42.2	42.3	42.4
Employment-to-population ratio, %	38.2	38.4	38.5	38.4	38.5	38.7
Average weekly hours, #	31.1	31.2	31.3	30.8	30.9	30.5
Industrial production, 2007=100	107.2	108.6	109.4	111.1	110.6	ND
Residential permits, single-family, #	487	295	600	509	391	472
Residential permits, multifamily, #	72	148	42	88	109	107

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

BUSINESS CYCLE INDEX

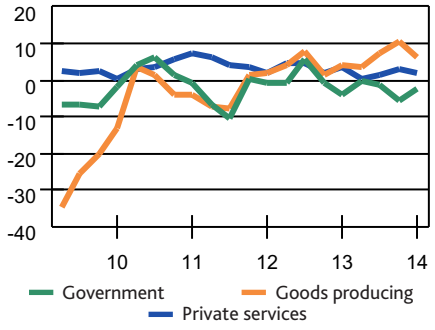
JAN 2002=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO



Sources: BLS, Moody's Analytics

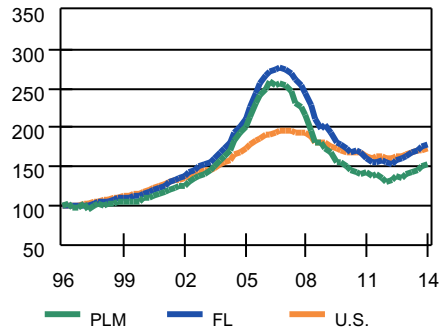
% CHANGE YR AGO, 3-MO MA

	Oct 13	Feb 14	Jun 14
Total	1.2	1.8	2.5
Construction	19.9	11.9	9.2
Manufacturing	-4.0	-1.3	4.7
Trade	3.9	3.4	3.1
Trans/Utilities	-13.5	-0.4	12.7
Information	-0.0	-1.2	0.2
Financial Activities	0.0	-1.4	0.2
Prof & Business Svcs.	-5.7	-4.1	-1.5
Edu & Health Svcs.	1.3	0.0	1.5
Leisure & Hospitality	6.4	9.0	9.0
Other Services	0.1	2.1	0.3
Government	-3.7	-1.9	-2.6

Sources: BLS, Moody's Analytics

HOUSE PRICE

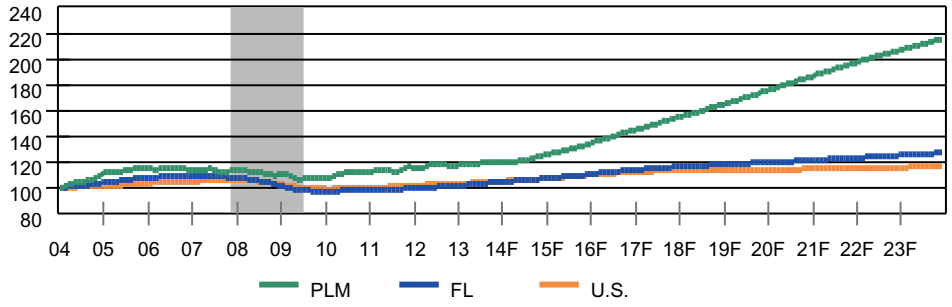
1996Q1=100, NSA



Sources: FHFA, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE

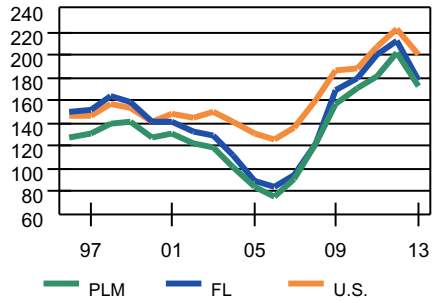
JAN 2004=100



Sources: BLS, Moody's Analytics

HOUSING AFFORDABILITY INDEX

GREATER THAN 100=MORE AFFORDABLE



Sources: NAR, Moody's Analytics

BUSINESS COSTS

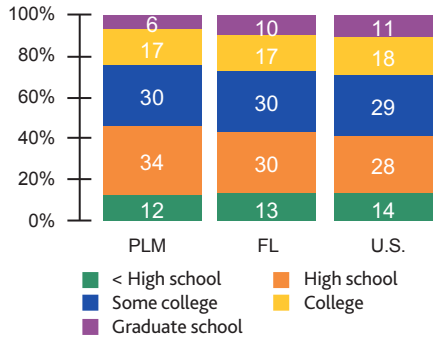
U.S.=100



Source: Moody's Analytics

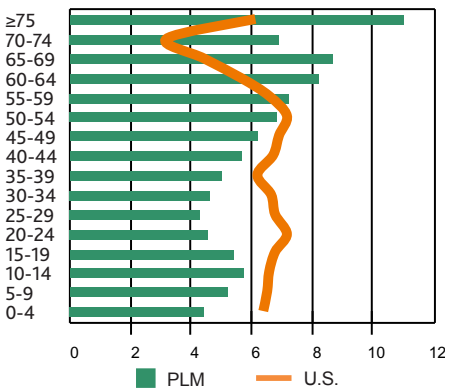
EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER, 2012



Sources: Census Bureau, Moody's Analytics

POPULATION BY AGE, %



Sources: Census Bureau, Moody's Analytics

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EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

Florida Hospital-Flagler	930
Palm Coast Data	850
Publix Supermarkets, Inc.	584
Ocean Hammock Resort	490
Wal-Mart Stores Inc.	425
Sea Ray Boats Inc.	410
Grand Oaks Health and Rehabilitation	178
Skinners Wholesale Nursery	167
SuperTarget	160
Flagler Pines Nursing Home	158
Red Lobster/Olive Garden	150
Winn-Dixie	149
Albertson's	125
The Home Depot U.S.A. Inc.	115
Federal Aviation Administration	115
Builders First Source	100
Kanthal Palm Coast	92
Golden Lion	90
Bealls	89
Kohl's	85

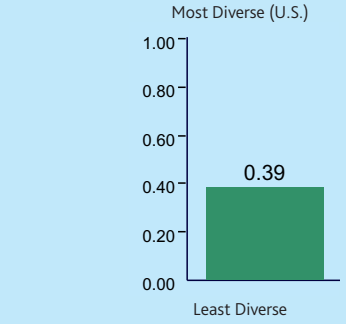
Sources: Enterprise Flagler, 2007, Flagler County Chamber of Commerce, 2012

PUBLIC

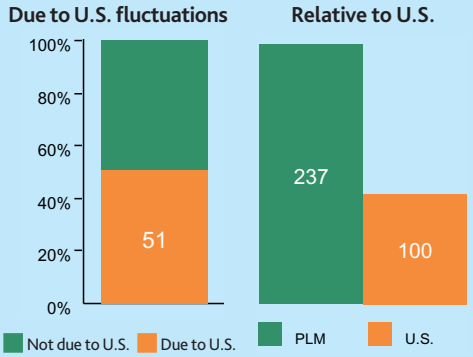
Federal	101
State	200
Local	3,261

2013

INDUSTRIAL DIVERSITY



EMPLOYMENT VOLATILITY

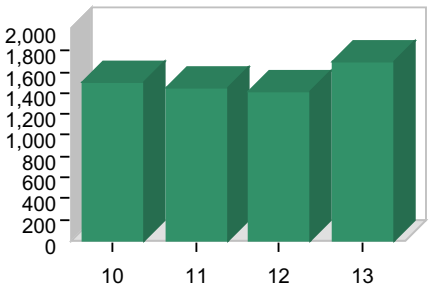


MIGRATION FLOWS

INTO PALM COAST, FL	NUMBER OF MIGRANTS
Deltona, FL	1,175
Jacksonville, FL	740
New York, NY	234
Orlando, FL	220
Nassau, NY	143
Tampa, FL	127
Fort Lauderdale, FL	100
West Palm Beach, FL	90
Edison, NJ	85
Atlanta, GA	71
Total in-migration	*6,390*

FROM PALM COAST, FL	
Deltona, FL	1,052
Jacksonville, FL	587
Orlando, FL	264
Tampa, FL	135
Miami, FL	119
Fort Lauderdale, FL	85
West Palm Beach, FL	83
Atlanta, GA	63
Gainesville, FL	49
Ocala, FL	42
Total out-migration	*4,946*
Net migration	**1,444**

NET MIGRATION,



	2010	2011	2012	2013
Domestic	1,280	1,237	1,206	1,477
Foreign	231	207	217	227
Total	1,511	1,444	1,423	1,704

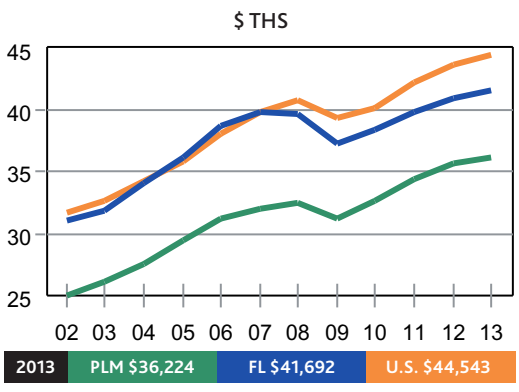
Sources: IRS (top), 2011, Census Bureau, Moody's Analytics

COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	PLM	FL	U.S.	PLM	FL	U.S.
Mining	0.0%	0.1%	0.6%	nd	$34,364	$126,685
Construction	5.5%	4.9%	4.3%	$27,730	$46,660	$58,586
Manufacturing	3.9%	4.2%	8.8%	$50,919	$65,954	$77,169
Durable	*86.3%*	*66.8%*	*62.8%*	*nd*	*$69,307*	*$78,430*
Nondurable	*13.7%*	*33.2%*	*37.2%*	*nd*	*$59,698*	*$75,058*
Transportation/Utilities	1.2%	3.3%	3.7%	nd	$53,187	$64,250
Wholesale Trade	1.0%	4.2%	4.2%	$31,831	$74,743	$79,805
Retail Trade	16.4%	13.3%	11.1%	$25,067	$32,029	$32,229
Information	4.5%	1.8%	2.0%	$49,895	$74,962	$96,294
Financial Activities	4.0%	6.8%	5.8%	$28,852	$33,145	$47,849
Prof. and Bus. Services	11.0%	14.7%	13.6%	$40,359	$49,558	$63,688
Educ. and Health Services	13.2%	14.9%	15.5%	$52,404	$50,073	$51,543
Leisure and Hosp. Services	16.8%	13.7%	10.4%	$23,020	$27,442	$24,522
Other Services	4.9%	4.0%	4.0%	$28,481	$28,785	$33,733
Government	17.6%	14.2%	16.0%	$55,268	$68,543	$71,281

Sources: Percent of total employment — BLS, Moody's Analytics, 2013, Average annual earnings — BEA, Moody's Analytics, 2012

PER CAPITA INCOME



Source: Moody's Analytics, BEA

HIGH-TECH EMPLOYMENT

	Ths	% of total
PLM	1.1	5.4
U.S.	6,431.1	4.7

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
PLM	2.9	14.3
U.S.	12,401.4	9.1

Source: Moody's Analytics, 2013

LEADING INDUSTRIES BY WAGE TIER

	NAICS	Industry	Location Quotient	Employees (ths)
HIGH	6211	Offices of physicians	0.9	0.3
	5416	Mgmnt., scientific & technical consult. srvcs.	0.6	0.1
	GVF	Federal Government	0.2	0.1
	5413	Architectural, engineering & rel. srvcs.	0.4	0.1
MID	GVL	Local Government	1.5	3.3
	8139	Business, profess., labor, political & similar	4.1	0.3
	4461	Health and personal care stores	1.5	0.2
	4411	Automobile dealers	1.2	0.2
LOW	5617	Services to buildings and dwellings	3.7	1.1
	4451	Grocery stores	2.3	0.9
	6221	General medical and surgical hospitals	1.3	0.8
	4529	Other general merchandise stores	2.6	0.7

Source: Moody's Analytics, 2014

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Addendum G

REQUIRED CLIENT INFORMATION

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VALUATION & ADVISORY SERVICES

CBRE, Inc.
2700 Post Oak Boulevard, Suite 250
Houston, TX 77056

Stephen D. DuPlantis, MAI
Sr. Managing Director

September 10, 2014

Martin Pinsker
Director of Investments
AMERICAN HOTEL INCOME PROPERTIES REIT INC.
1660 - 401 West Georgia Street
Vancouver, BC Canada V6B 5A1
Phone: 604.633.2853
Email: mpinsker@ahipreit.com

RE: Assignment Agreement
See List Below

Dear Mr. Pinsker:

We are pleased to submit this proposal and our Terms and Conditions for this assignment.

PROPOSAL SPECIFICATIONS

Purpose:	To estimate the Market Value of the referenced real estate
Premise:	As Is
Rights Appraised:	Fee Simple
Intended Use:	Internal Decision Making and Public Company/Corporate Compliance purposes
Intended User:	The intended users are AMERICAN HOTEL INCOME PROPERTIES REIT LP, AMERICAN HOTEL INCOME PROPERTIES REIT INC., and Underwriters (if applicable). Reliance on any reports produced by CBRE under this Agreement is extended solely to the Client signing below and to any other users as requested. Other parties or entities who obtain a copy of the report may not rely upon any opinions or conclusions contained in the report unless such party or entity has expressly been identified by CBRE as an Intended User.
Reliance Language:	None
Inspection:	CBRE will conduct a physical inspection of both the interior and exterior of the subject property, as well as its surrounding environs on the effective date of appraisal.
Valuation Approaches:	All applicable traditional approaches to value will be considered and utilized.
Report Type:	Appraisal Report
Appraisal Standards:	
Appraisal Fee:	
Expenses:	
Retainer:	A retainer of $20,200 is required
Delivery Instructions:	CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.

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	An Adobe PDF file via email will be delivered to mpinsker@ahipreit.com. The client has requested One (1) bound final copy. Charges may apply for additional copies (see Terms and Conditions).
Delivery Schedule:	
Preliminary Value:	Verbal prior to due date
Draft Report:	Any time prior to final report
Final Report:	Three Weeks
Start Date:	The appraisal process will start upon receipt of your signed agreement, the retainer and the property specific data.
Acceptance Date:	These specifications are subject to modification if this proposal is not accepted within three business days from the date of this letter.

TERMS AND CONDITIONS

The attached Terms and Conditions and Specific Property Data Request are deemed a part of this agreement as though set forth in full herein. Each person executing this agreement represents and warrants that it has the requisite power and authority to enter into and bind the respective parties hereto.

We appreciate this opportunity to be of service to you on this assignment. If you have additional questions, please contact us.

Sincerely,

CBRE, Inc.
Valuation & Advisory Services



Stephen D. DuPlantis, MAI
Senior Managing Director
As Agent for CBRE, Inc.
Texas Certification No. 1321138-G
T 713 840 6625
F 713 840 6649
steve.duplantis@cbre.com

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PROPERTY LIST

Property Name	Property Location
Courtyard Statesville Mooresville	~~Lake Norman~~, NC Statesville
Fairfield Inn & Suites Melbourne Palm Bay/Viera	Melbourne, FL
Fairfield Inn & Suites Titusville Kennedy Space Center	Titusville, FL
Hampton Inn	Statesville, NC
Assignment Total:	

AGREED AND ACCEPTED

FOR AMERICAN HOTEL INCOME PROPERTIES REIT INC.:

Signature

09/11/2014
Date

Martin Pinsker
Name

Dir. Investments
Title

604-633-2653
Phone Number

No faxes please.
Fax Number

MPinsker@ahipreit.com
E-Mail Address

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TERMS AND CONDITIONS

1. The Terms and Conditions herein are part of an agreement for appraisal services (the "Agreement") between CBRE, Inc. (the "Appraiser") and the client signing this Agreement, and for whom the appraisal services will be performed (the "Client"), and shall be deemed a part of such Agreement as though set forth in full therein. The Agreement shall be governed by the laws of the state where the appraisal office is located for the Appraiser executing this Agreement.
2. Client shall be responsible for the payment of all fees stipulated in the Agreement. Payment of the appraisal fee and preparation of an appraisal report (the "Appraisal Report, or the "report") are not contingent upon any predetermined value or on an action or event resulting from the analyses, opinions, conclusions, or use of the Appraisal Report. Final payment is due as provided in the Proposal Specifications Section of this Agreement. If a draft report is requested, the fee is considered earned upon delivery of the draft report. It is understood that the Client may cancel this assignment in writing at any time prior to delivery of the completed report. In such event, the Client is obligated only for the prorated share of the fee based upon the work completed and expenses incurred (including travel expenses to and from the job site), with a minimum charge of $500. Additional copies of the Appraisal Reports are available at a cost of $250 per original color copy and $100 per photocopy (black and white), plus shipping fees of $30 per report.
3. If Appraiser is subpoenaed to give testimony or otherwise required or requested by Client or a third party to participate in meetings, phone calls, conferences, litigation or other legal proceedings (including preparation for such proceedings) because of, connected with or in any way pertaining to this engagement, the Appraisal Report, the Appraiser's expertise, or the Property, Client shall pay Appraiser's additional costs and expenses based on Appraiser's then-prevailing hourly rates and related fees. Such charges include and pertain to time spent in preparing for and providing court room testimony, depositions, travel time, mileage and related travel expenses, waiting time, document review and preparation time (excluding preparation of the Appraisal Report), meeting participation, and Appraiser's other related commitment of time and expertise. Hourly charges and other fees for such participation will be provided upon request. In the event Client requests additional appraisal services beyond the scope and purpose stated in the Agreement, Client agrees to pay additional fees for such services and to reimburse related expenses, whether or not the completed report has been delivered to Client at the time of such request.
4. Appraiser shall have the right to terminate this Agreement at any time for cause effective immediately upon written notice to Client on the occurrence of fraud or the willful misconduct of Client, its employees or agents.
5. In the event Client fails to make payments when due then, from the date due until paid, the amount due and payable shall bear interest at the maximum rate permitted in the state where the office is located for the Appraiser executing the Agreement. In the event either party institutes legal action against the other to enforce its rights under this Agreement, the prevailing party shall be entitled to recover its reasonable attorney's fees and expenses. Each party waives the right to a trial by jury in any action arising under this Agreement.
6. Appraiser assumes there are no major or significant items or issues affecting the Property that would require the expertise of a professional building contractor, engineer, or environmental consultant for Appraiser to prepare a valid report. Client acknowledges that such additional expertise is not covered in the Appraisal fee and agrees that, if such additional expertise is required, it shall be provided by others at the discretion and direction of the Client, and solely at Client's additional cost and expense.
7. In the event of any dispute between Client and Appraiser relating to this Agreement, or Appraiser's or Client's performance hereunder, Appraiser and Client agree that such dispute shall be resolved by means of binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by an arbitrator may be entered in any court of competent jurisdiction. Depositions may be taken and other discovery obtained during such arbitration proceedings to the same extent as authorized in civil judicial proceedings in the state where the office of the Appraiser executing this Agreement is located. The arbitrator shall be limited to awarding compensatory damages and shall have no authority to award punitive, exemplary or similar damages. The prevailing party in the arbitration proceeding shall be entitled to recover its expenses from the losing party, including costs of the arbitration proceeding, and reasonable attorney's fees. Client acknowledges that Appraiser is being retained hereunder as an independent contractor to perform the services described herein and nothing in this Agreement shall be deemed to create any other relationship between Client and Appraiser. This engagement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal Report discussed herein.
8. All statements of fact in the report which are used as the basis of the Appraiser's analyses, opinions, and conclusions will be true and correct to the best of the Appraiser's knowledge and belief. Appraiser does not make any representation or

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warranty, express or implied, as to the accuracy or completeness of the information or the condition of the Property furnished to Appraiser by Client or others.

9. Appraiser shall have no responsibility for legal matters, including zoning, or questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The report will not constitute a survey of the Property analyzed.

10. Client shall provide Appraiser with such materials with respect to the assignment as are requested by Appraiser and in the possession or under the control of Client. Client shall provide Appraiser with sufficient access to the Property to be analyzed, and hereby grants permission for entry unless discussed in advance to the contrary.

11. The data gathered in the course of the assignment (except data furnished by Client) and the report prepared pursuant to the Agreement are, and will remain, the property of Appraiser. With respect to data provided by Client, Appraiser shall not violate the confidential nature of the Appraiser-Client relationship by improperly disclosing any proprietary information furnished to Appraiser. Notwithstanding the foregoing, Appraiser is authorized by Client to disclose all or any portion of the report and related data as may be required by statute, government regulation, legal process, or judicial decree, including to appropriate representatives of the Appraisal Institute if such disclosure is required to enable Appraiser to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.

12. Unless specifically noted, in preparing the Appraisal Report the Appraiser will not be considering the possible existence of asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (collectively, "Hazardous Material) on or affecting the Property, or the cost of encapsulation or removal thereof. Further, Client represents that there is no major or significant deferred maintenance of the Property that would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, at Client's discretion and direction, and are not covered as part of the Appraisal fee.

13. In the event Client intends to use the Appraisal Report in connection with a tax matter, Client acknowledges that Appraiser provides no warranty, representation or prediction as to the outcome of such tax matter. Client understands and acknowledges that any relevant taxing authority (whether the Internal Revenue Service or any other federal, state or local taxing authority) may disagree with or reject the Appraisal Report or otherwise disagree with Client's tax position, and further understands and acknowledges that the taxing authority may seek to collect additional taxes, interest, penalties or fees from Client beyond what may be suggested by the Appraisal Report. Client agrees that Appraiser shall have no responsibility or liability to Client or any other party for any such taxes, interest, penalties or fees and that Client will not seek damages or other compensation from Appraiser relating to any such taxes, interest, penalties or fees imposed on Client, or for any attorneys' fees, costs or other expenses relating to Client's tax matters.

14. Appraiser shall have no liability with respect to any loss, damage, claim or expense incurred by or asserted against Client arising out of, based upon or resulting from Client's failure to provide accurate or complete information or documentation pertaining to an assignment ordered under or in connection with this Agreement, including Client's failure, or the failure of any of Client's agents, to provide a complete copy of the Appraisal Report to any third party.

15. LIMITATION OF LIABILITY. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR SECTION 17 IF USED, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, INCIDENTAL OR INDIRECT DAMAGES. EXCEPT TO THE EXTENT ARISING FROM SECTION 16 BELOW, OR 17 IF APPLICABLE, IN NO EVENT SHALL EITHER PARTY'S TOTAL LIABILITY TO THE OTHER FOR DAMAGES UNDER THE AGREEMENT EXCEED, IN THE AGGREGATE, THE GREATER OF EITHER THE AMOUNT OF THE TOTAL FEES PAID TO APPRAISER UNDER THIS AGREEMENT, OR TEN THOUSAND DOLLARS ($10,000). BY SIGNING THIS AGREEMENT, CLIENT INDICATES ITS UNDERSTANDING OF THE LIABILITY LIMITATION HEREIN AND AGREES TO ABIDE BY SUCH LIMITATION. THIS LIABILITY LIMITATION SHALL NOT APPLY IN THE EVENT OF A FINAL FINDING BY AN ARBITRATOR OR A COURT OF COMPETENT JURISDICTION THAT SUCH LIABILITY IS THE RESULT OF A PARTY'S GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT.

16. In the event Client incorporates or references the Appraisal Report, in whole or in part, in any offering or other material intended for review by other parties, Client shall indemnify, defend and hold each of the Indemnified Parties harmless from and against any Damages in connection with (i) any transaction contemplated by this Agreement or in connection with the appraisal or the engagement of or performance of services by any Indemnified Party hereunder, (ii) any actual or alleged untrue statement of a material fact, or the actual or alleged failure to state a material fact necessary to make a statement not misleading in light of the circumstances under which it was made with respect to all information furnished to any Indemnified Party or made available to a prospective party to a transaction, or (iii) an actual or alleged violation of applicable law by Client (including, without limitation, securities laws) or the negligent or intentional acts or omissions of Client (including the failure to perform any duty imposed by law); and will reimburse each Indemnified

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Party for all reasonable fees and expenses (including fees and expenses of counsel) (collectively, "Expenses") as incurred in connection with investigating, preparing, pursuing or defending any threatened or pending claim, action, proceeding or investigation (collectively, "Proceedings") arising there from, and regardless of whether such Indemnified Party is a formal party to such Proceeding. Client agrees not to enter into any waiver, release or settlement of any Proceeding (whether or not any Indemnified Party is a formal party to such Proceeding) without the prior written consent of Appraiser (which consent will not be unreasonably withheld or delayed) unless such waiver, release or settlement includes an unconditional release of each Indemnified Party from all liability arising out of such Proceeding.

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Addendum H

QUALIFICATIONS

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QUALIFICATIONS OF

Don K. Johnson
Appraiser - Lodging Specialist
CBRE, Inc., Valuation and Advisory Services
200 South Orange Avenue, Suite 2100
Orlando, FL 32801
T (407) 839-3189
M (321) 720-3923
Don.Johnson@cbre.com

EDUCATIONAL

University of Guelph, Guelph, ON – Bachelor of Commerce

LICENSE(S)/CERTIFICATION(S)

Florida State Certified Registered Trainee Appraiser #RI22161

EMPLOYMENT EXPERIENCE

2007-Present	CBRE Valuation and Advisory Services - Lodging Specialist
2005-2012	Sunago CPA Group – Director
1998-2005	Nisbet Plantation, Nevis – General Manager
1988-1998	The Reefs, Bermuda – Operational/Financial Manager
1985-1988	Trusthouse Forte, Bermuda – Accountant/Duty Manager
1981-1985	Wharton Hotels, Toronto - Controller

PROFESSIONAL AFFILIATIONS

Appraisal Institute (Associate Member), AI
Hospitality Financial and Technology Professionals, HFTP

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AC# 679926

STATE OF FLORIDA

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

SEQ# L12112300069

DATE	BATCH NUMBER	LICENSE NBR
11/23/2012	128151150	RI22161

The REGISTERED TRAINEE APPRAISER
Named below HAS REGISTERED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2014

JOHNSON, DON K
189 SOUTH ORANGE AVE
SUITE #1650
ORLANDO FL 32801

RICK SCOTT
GOVERNOR

KEN LAWSON
SECRETARY

DISPLAY AS REQUIRED BY LAW

QUALIFICATIONS OF

BRIAN L. FINNELL, MAI, CCIM
Managing Director – Orlando/Jacksonville

CBRE, Inc. – Valuation and Advisory Services
200 S. Orange Avenue, Suite 2100
Orlando, Florida 32801
(407) 839-3117

EDUCATIONAL

BS - Real Estate, Florida State University - 1984

Additional education includes Standards of Professional Practice, Appraisal Principles, Basic Income Capitalization, Advanced Income Capitalization, Highest & Best Use and Market Analysis, Advanced Sales Comparison and Cost Approaches, Report Writing and Valuation Analysis, and all coursework required for the MAI and CCIM Designations.

LICENSE(S)/CERTIFICATION(S)

State-Certified General Real Estate Appraiser; State of Florida (RZ 914)

PROFESSIONAL

Appraisal Institute Designated Member (MAI) –Certification No. 9611
Commercial Investment Real Estate Institute - CCIM

EMPLOYMENT EXPERIENCE

1989 – 1997	Clayton, Roper & Marshall; Staff Appraiser	Orlando, Florida
1997 – 1999	Cushman & Wakefield of Florida; Senior Appraiser	Orlando, Florida
1999 – 2001	Broad Street Advisors; Partner – Investment Sales	Orlando, Florida
2001 – 2006	Cushman & Wakefield of Florida, Inc.; VAS, Director	Orlando, Florida
2006 – 2009	DTZ Rockwood; Senior Vice President – Investment Sales	Orlando, Florida
2009 – 2010	Hilco Real Estate Appraisal – Southeast Regional Manager	Orlando, Florida
2010 –	CBRE, Inc. – VAS, Managing Director – Orlando/Jacksonville	Orlando, Florida

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AC# 676083

STATE OF FLORIDA

DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION
FLORIDA REAL ESTATE APPRAISAL BD

SEQ# L12111901185

DATE	BATCH NUMBER	LICENSE NBR
11/19/2012	128149660	RZ914

The CERTIFIED GENERAL APPRAISER
Named below IS CERTIFIED
Under the provisions of Chapter 475 FS.
Expiration date: NOV 30, 2014

FINNELL, BRIAN LEE
189 S. ORANGE AVENUE
SUITE 1900
ORLANDO FL 32801

RICK SCOTT
GOVERNOR

KEN LAWSON
SECRETARY

DISPLAY AS REQUIRED BY LAW