APPRAISAL REPORT

COURTYARD BY MARRIOTT - STATESVILLE
1530 Cinema Drive
Statesville, Iredell County, North Carolina 28625
CBRE, Inc. File No. 14-341AT-3195-1

Martin Pinsker
Director of Investments
AMERICAN HOTEL INCOME PROPERTIES REIT, INC.
1660 - 401 West Georgia Street
Vancouver, BC Canada V6B 5A1

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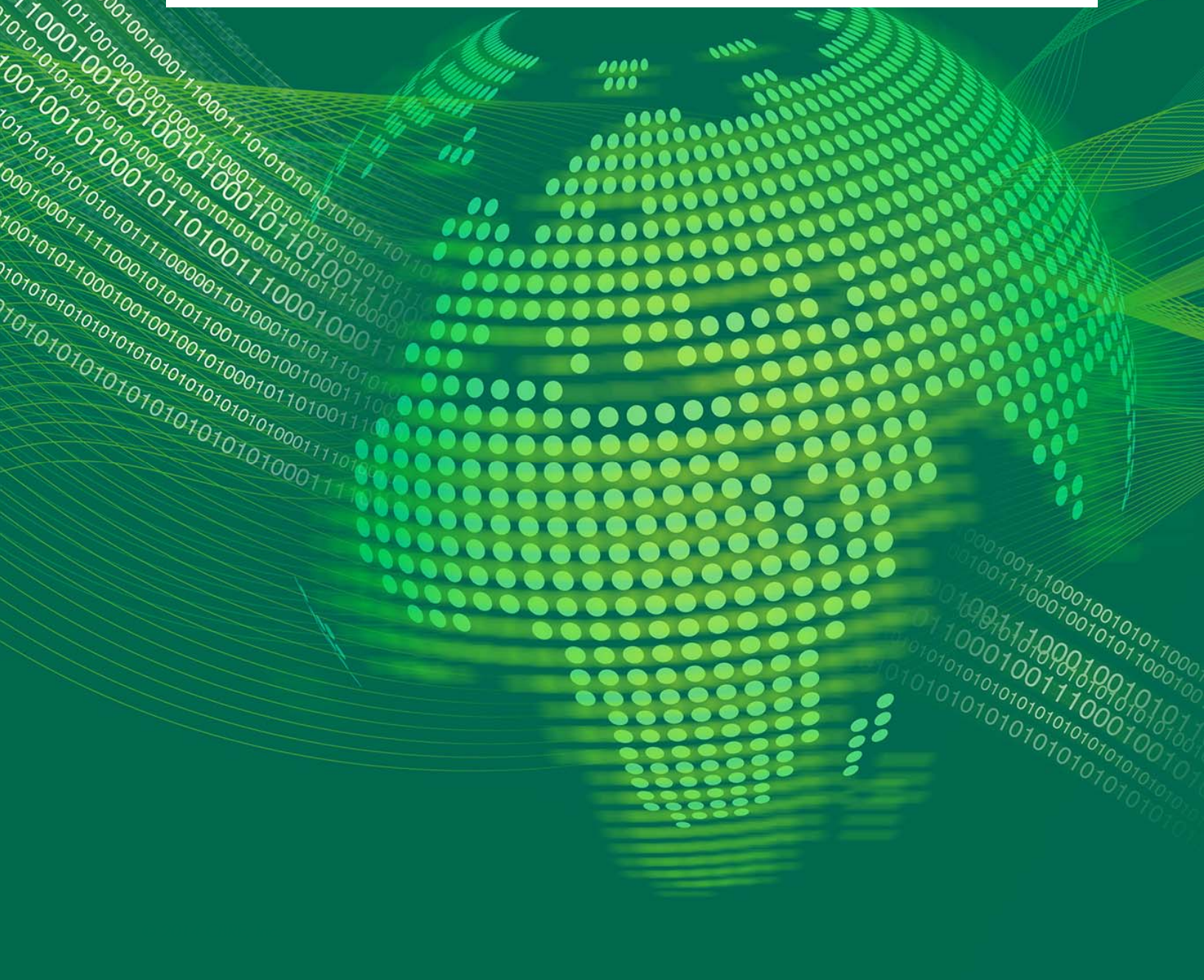

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September 30, 2014

Martin Pinsker
Director of Investments
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1660 - 401 West Georgia Street
Vancouver, BC Canada V6B 5A1

RE: Appraisal of the Courtyard by Marriott - Statesville
1530 Cinema Drive
Statesville, Iredell County, North Carolina
CBRE File No 14-341AT-3195-1

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 a 94-room full service hotel property built in 2009 and situated on a 2.032-acre site in Statesville, Iredell County, North Carolina. Currently the property is operated as a Courtyard by Marriott hotel facility. Additionally, the property includes a 1.13 acre parcel of land that is adjacent to the hotel site. This land could be separately sold at some point, and, therefore, has been included as excess land and valued separately herein. The subject is more fully described, legally and physically, within the enclosed report.

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

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.

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

There are no extraordinary assumptions associated with this analysis.

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 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.

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.

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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



Alan McNulty, MAI
Vice President
North Carolina Certified General A5991

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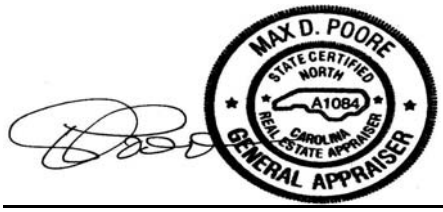

M. Donald Poore, MAI
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North Carolina Certified General A1084

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Certification

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 State of North Carolina.
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, Alan McNulty, MAI and M. Donald Poore, MAI have completed the continuing education program of the Appraisal Institute.
11. Alan McNulty, MAI has and M. Donald Poore, MAI has not made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. 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.
14. Alan McNulty, MAI and M. Donald Poore, MAI have not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Alan McNulty, MAI
North Carolina Certified General A5991



M. Donald Poore, MAI
North Carolina Certified General A1084

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Subject Photographs



Aerial View from Iredell County GIS

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Exterior View of the Subject Property



Exterior View of the Subject Property



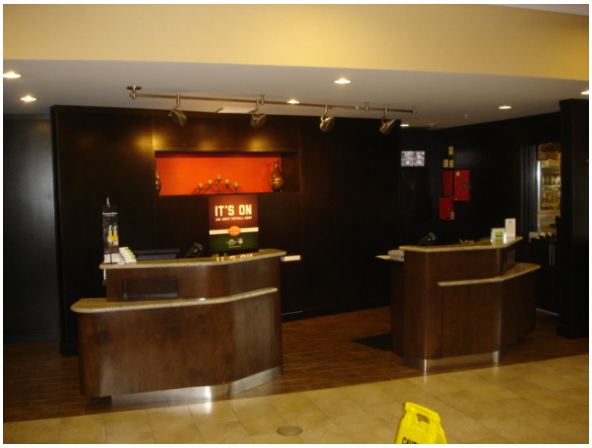
Exterior View of the Subject Property



Exterior View of the Subject Property



Lobby Area



Front Desk

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Outdoor Pool



Bistro Bar Area



Fitness Center



Outdoor Patio



Meeting Room



Kitchen Area

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Typical Room



Typical Room



Typical Case Goods



Typical Case Goods



Cinema Drive looking westerly



Cinema Drive looking easterly

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Executive Summary

Property Name	Courtyard by Marriott - Statesville	
Location	1530 Cinema Drive, Statesville, North Carolina	
Assessor's Parcel Number	4744-84-4612	
	4744-84-1696 (Excess Land)	
Highest and Best Use		
As Though Vacant	Hotel	
As Improved	Hotel	
Property Rights Appraised	Fee Simple	
Land Area (Improved)	2.03 AC	88,530 SF
Excess Land Area	1.13 AC	49,101 SF
Improvements		
Number of Buildings	1	
Number of Stories	4	
Gross Building Area	58,008 SF	
Number of Rooms	94	
Restaurant/Lounge	Bistro - Breakfast/Dinner	
Total Meeting Space	1,150 SF	
Total Meeting Space Per Room	12 SF	
Property Amenities	Bistro, Outdoor Pool and Fire Pit, Business Center, Fitness Center, Free Wifi	
Year Built	2009	
Condition	Good	
Estimated Exposure / MarketingTime	6 Months /	6 Months
Financial Indicators		
Current/Trailing 12 Mos.Occupancy	67.4%	
Projected Year 1 Occupancy	69.0%	
Stabilized Occupancy	69.0%	
Estimated Stabilization	Sep-14	
Current/Trailing 12 Mos. Average Daily Rate	$109.42	
Projected Year 1 Average Daily Rate	$114.33	
Stabilized Average Daily Rate	$114.33	
Projected Inflation Rates	ADR	Expenses
Year 1	3.0%	3.0%
Stabilized	3.0%	3.0%
Going-In Capitalization Rate	8.50%	
Terminal Capitalization Rate	9.00%	
Discount Rate	11.00%	

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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]

- There are no extraordinary assumptions associated with this analysis.

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.

[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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Table of Contents

Certification i
Subject Photographs ii
Executive Summary vi
Table of Contents viii
Introduction 1
Area Analysis 5
Neighborhood Analysis 10
Hotel Market Analysis 14
Site Analysis 33
Improvements Analysis 38
Zoning 46
Tax and Assessment Data 47
Highest and Best Use 49
Appraisal Methodology 52
Land Value 53
Excess Land Value 57
Cost Approach 59
Insurable Value 64
Sales Comparison Approach 66
Income Capitalization Approach 74
Reconciliation of Value 104
Real Property Value Allocation 106
Assumptions and Limiting Conditions 108

ADDENDA

A Land Sale Data Sheets
B Improved Sale Data Sheets
C Competitive Hotel Data Sheets
D Operating Data
E Historical Trends Report – Smith Travel Research
F Legal Description
G Tax Card
H Required Client Information
I Qualifications

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Introduction

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of Cinema Drive Hotel Associates, LLC, who acquired title to the property in May 2008. The grantor was South Side Partners, LLC. This was a related party transaction and no monies exchanged hands. This transaction is recorded in Book 1941, Page 1517 of the Iredell County Deed Records. This transaction represented the acquisition of the subject site, as vacant. The current owner subsequently constructed the subject property on the site and the hotel opened in June 2009. This most recent sale transaction of the subject appears to have been arm's length and reasonable based upon market conditions at that time.

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

This appraisal is to be used for internal decision making and public company/corporate compliance purposes, and no other use is permitted.

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INTENDED USER OF REPORT

The intended users of this appraisal report 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 the Agreement 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 conclusion contained in the report unless such party or entity has expressly been identified by CBRE as an intended user.

> 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. 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:	September 30, 2014
Date of Inspection:	September 18, 2014
Date of Value	
As Is	September 18, 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

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

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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
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 the Fee Simple Estate, which is 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 from the deed

Extent to Which the Property is Inspected

CBRE, Inc. inspected both the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal. This inspection sample was considered an adequate representation of the subject property and is the basis for our findings.

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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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Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- 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:
Size	Plat Map from Iredell County Tax Records
Improved Data	Source/Verification:
Gross Size/Rooms	Tax Records
Net Size/Rooms	Tax Records
Area Breakdown/Use	Room Mix Provided by the Current Owner
No. Bldgs.	Verified at the time of inspection
Parking Spaces	Provided by the Current Property Owner
YOC	Tax Records
Economic Data	Source/Verification:
Deferred Maintenance:	None
Building Costs:	Marshall Valuation
Income Data:	Operating Statements provided by the Owner
Expense Data:	Operating Statements provided by the Owner
Other	Source/Verification:
ADR, Occupancy and RevPAR	STAR Reports provided by the Owner
Compiled by CBRE	

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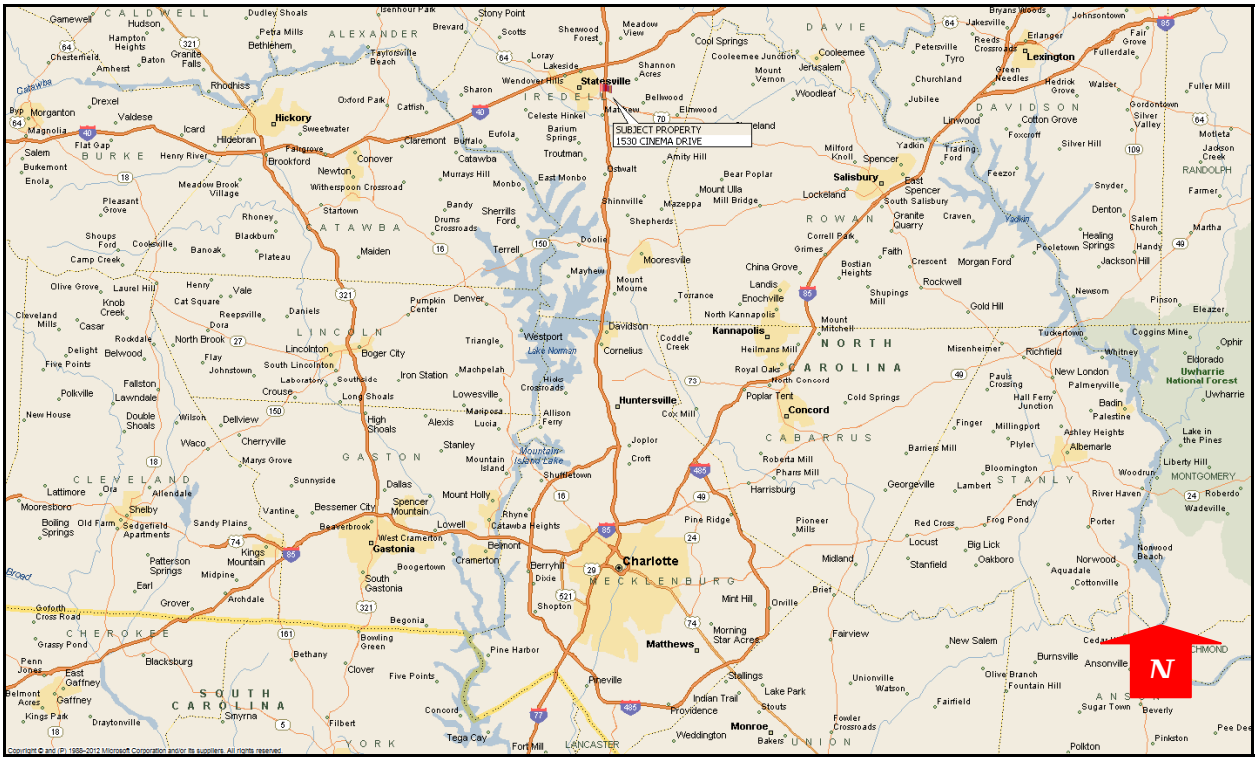
Area Analysis



The subject property is located within Iredell County. This area falls outside of a defined metropolitan statistical area (MSA), but is adjacent and north of the six-county Charlotte-Gastonia-Rock Hill, NC-SC MSA, as well as adjacent and east of the four-county area known as the Hickory-Morganton-Lenoir, NC MSA. Both of these regions influence the subject area. Within this region, the dominant metropolitan area is Charlotte, the largest city in the Carolinas. Moody's Economy.com provides the following Charlotte metro area economic summary as of summary as of July 2014.

CHARLOTTE, NC - ECONOMIC INDICATORS

Indicators	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Gross Metro Product (C$B)	88.6	85.9	87.6	88.8	92.6	96.2	99.4	102.8	106.1	109.1	111.8	114.3
% Change	*0.3*	*-3.1*	*2.0*	*1.4*	*4.2*	*3.9*	*3.4*	*3.4*	*3.2*	*2.9*	*2.5*	*2.2*
Total Employment (Ths)	861.6	810.6	808.2	828.6	852.5	874.4	896.9	924.3	955.0	979.9	996.2	1,009.7
% Change	*0.2*	*-5.9*	*-0.3*	*2.5*	*2.9*	*2.6*	*2.6*	*3.1*	*3.3*	*2.6*	*1.7*	*1.3*
Unemployment Rate (%)	6.4	11.2	11.7	10.7	9.3	8.1	6.3	6.4	6.2	5.7	5.5	5.4
Personal Income Growth (%)	4.3	-3.2	3.8	5.3	6.0	3.3	5.4	7.2	7.1	6.3	5.0	4.2
Median Household Income ($ Ths)	55.0	51.7	50.8	51.2	52.8	53.5	55.0	57.0	58.9	60.8	62.2	63.3
Population (Ths)	1,702.3	1,739.6	1,763.9	1,794.6	1,829.6	1,865.9	1,901.9	1,939.6	1,982.9	2,030.4	2,079.8	2,130.6
% Change	3.3	2.2	1.4	1.7	1.9	2.0	1.9	2.0	2.2	2.4	2.4	2.4
Net Migration (000)	38.2	22.1	10.3	18.0	22.6	23.1	24.0	25.8	31.4	35.7	37.7	39.3
Single-Family Permits	7,300.0	4,426.0	4,338.0	4,912.0	6,703.0	8,792.0	6,932.3	8,737.6	11,548.1	11,794.1	10,572.1	10,000.1
Multifamily Permits	4,936.0	2,665.0	950.0	1,534.0	5,544.0	5,217.0	3,801.9	3,919.5	4,242.7	3,762.2	3,532.1	3,489.3
Existing-Home Price ($ Ths)	151.0	144.2	144.8	148.8	155.8	173.1	182.6	189.2	195.2	198.8	204.0	210.3

Source: Moody's Economy.com

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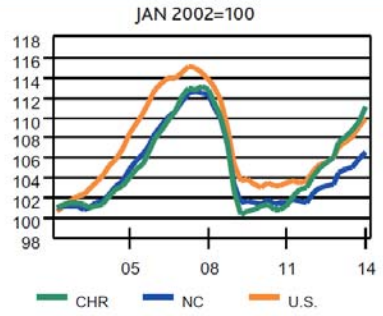
ECONOMIC HEALTH CHECK

	Jan 14	Feb 14	Mar 14	Apr 14	May 14	Jun 14
Employment, change, ths	0.9	0.2	0.8	0.2	3.3	0.9
Unemployment rate, %	6.8	6.4	6.3	6.2	6.3	6.3
Labor force participation rate, %	64.0	63.8	64.0	64.0	64.5	64.3
Employment-to-population ratio, %	59.7	59.7	60.0	60.0	60.4	60.2
Average weekly hours, #	35.3	34.5	36.4	35.8	35.8	36.0
Industrial production, 2007=100	98.0	98.8	99.9	99.9	100.3	ND
Residential permits, single-family, #	8,685	9,036	8,468	9,071	9,209	8,049
Residential permits, multifamily, #	1,768	3,818	9,581	4,547	1,110	2,914

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

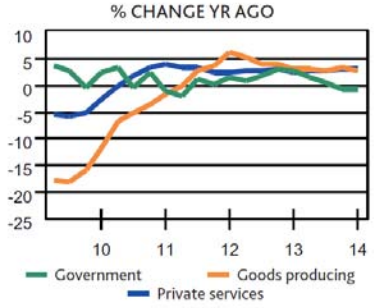
Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS



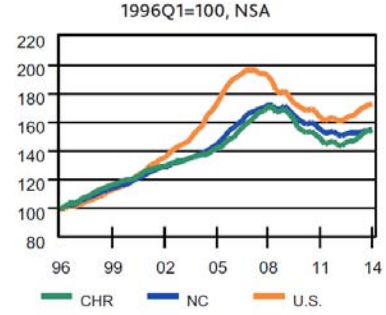
Sources: BLS, Moody's Analytics

% CHANGE YR AGO, 3-MO MA

	Oct 13	Feb 14	Jun 14
Total	2.6	2.4	2.4
Construction	7.7	7.9	6.5
Manufacturing	0.6	0.1	2.0
Trade	2.9	3.2	4.3
Trans/Utilities	3.8	4.2	4.0
Information	1.3	1.0	0.5
Financial Activities	3.4	2.5	-0.3
Prof & Business Svcs.	3.7	5.7	5.9
Edu & Health Svcs.	2.0	0.8	0.9
Leisure & Hospitality	2.9	1.3	1.6
Other Services	4.5	1.6	-2.5
Government	-0.6	-0.7	-0.7

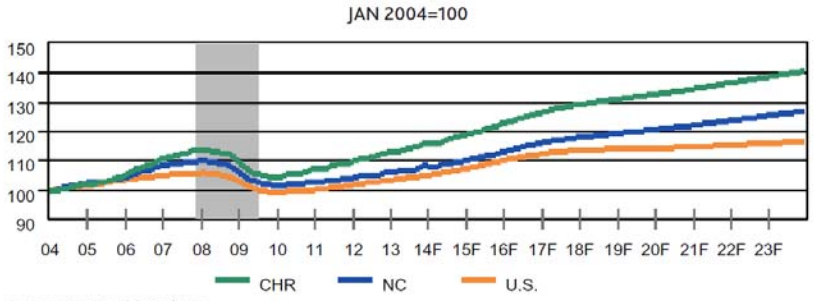
Sources: BLS, Moody's Analytics

HOUSE PRICE



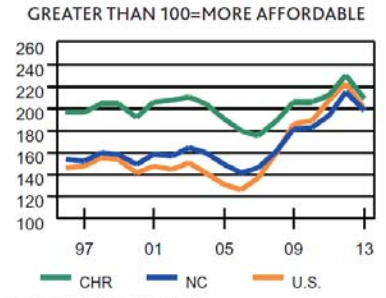
Sources: FHFA, Moody's Analytics

RELATIVE EMPLOYMENT PERFORMANCE



Sources: BLS, Moody's Analytics

HOUSING AFFORDABILITY INDEX



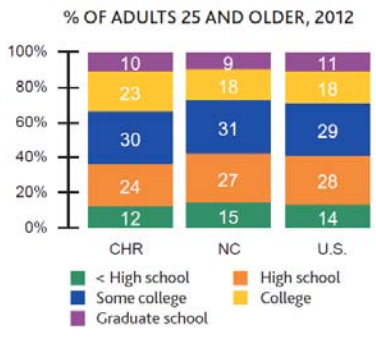
Sources: NAR, Moody's Analytics

BUSINESS COSTS



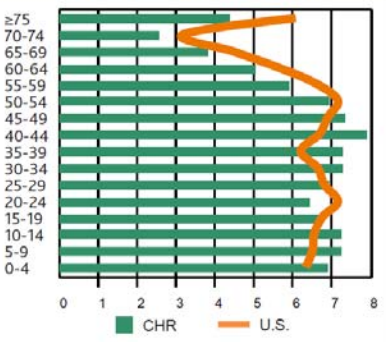
Source: Moody's Analytics

EDUCATIONAL ATTAINMENT



Sources: Census Bureau, Moody's Analytics

POPULATION BY AGE, %



Sources: Census Bureau, Moody's Analytics

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EMPLOYMENT & INDUSTRY

TOP EMPLOYERS

Carolinas HealthCare System	35,000
Wells Fargo	20,700
Wal-Mart Stores Inc.	16,100
Bank of America Corp.	15,000
Novant Health Inc.	11,000
Food Lion	8,700
Ruddick/Harris Teeter Inc.	8,239
Duke Energy	7,800
US Airways	7,100
Daimler Trucks North America	5,200
Adecco USA Inc.	5,000
Compass Group	4,860
Carolinas Medical Center - Northeast	4,200
Lowe's Cos. Inc.	4,000
CaroMont Health	3,900
AT&T	3,290
Time Warner Cable	3,200
Target Corp.	3,049
TIAA-CREF	3,000
Belk Inc.	2,975

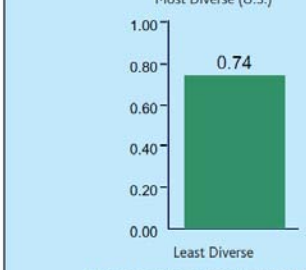
Sources: Charlotte Business Journal, Book of Lists, 2013, Charlotte Chamber of Commerce, 2010

PUBLIC

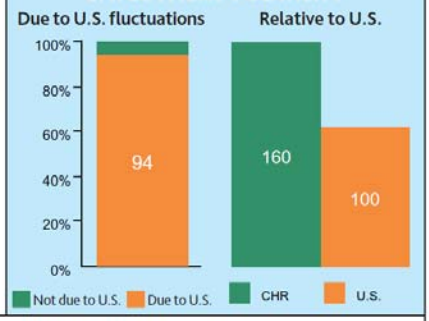
Federal	6,746
State	16,685
Local	97,229

2013

INDUSTRIAL DIVERSITY



EMPLOYMENT VOLATILITY



MIGRATION FLOWS

INTO CHARLOTTE, NC	NUMBER OF MIGRANTS
New York, NY	2,030
Atlanta, GA	1,718
Raleigh, NC	1,504
Columbia, SC	1,369
Greensboro, NC	1,101
Washington, DC	928
Hickory, NC	893
Winston, NC	867
Nassau, NY	763
Charleston, SC	718
Total in-migration	*65,236*

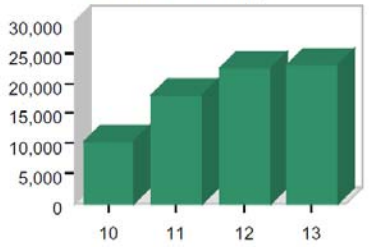
FROM CHARLOTTE, NC	
Atlanta, GA	1,676
Raleigh, NC	1,472
New York, NY	1,232
Columbia, SC	1,064
Greensboro, NC	987
Washington, DC	904
Charleston, SC	892
Winston, NC	690
Hickory, NC	650
Durham, NC	649
Total out-migration	*54,306*
Net migration	**10,930**

COMPARATIVE EMPLOYMENT AND INCOME

Sector	% of Total Employment			Average Annual Earnings		
	CHR	NC	U.S.	CHR	NC	U.S.
Mining	0.0%	0.1%	0.6%	nd	$33,148	$126,685
Construction	4.7%	4.3%	4.3%	$56,192	$46,250	$58,586
Manufacturing	8.4%	10.9%	8.8%	$71,176	$68,522	$77,169
Durable	*57.6%*	*53.3%*	*62.8%*	*nd*	*$71,180*	*$78,430*
Nondurable	*42.4%*	*46.7%*	*37.2%*	*nd*	*$65,463*	*$75,058*
Transportation/Utilities	4.3%	3.0%	3.7%	nd	$55,155	$64,250
Wholesale Trade	5.3%	4.3%	4.2%	$77,907	$72,185	$79,805
Retail Trade	11.1%	11.3%	11.1%	$34,433	$29,994	$32,229
Information	2.5%	1.7%	2.0%	$91,351	$74,367	$96,294
Financial Activities	8.5%	5.1%	5.8%	$66,723	$44,633	$47,849
Prof. and Bus. Services	16.5%	13.6%	13.6%	nd	$52,786	$63,688
Educ. and Health Services	10.2%	13.8%	15.5%	$48,103	$47,545	$51,543
Leisure and Hosp. Services	11.1%	10.6%	10.4%	$28,217	$21,784	$24,522
Other Services	3.6%	3.7%	4.0%	$30,053	$29,549	$33,733
Government	13.8%	17.6%	16.0%	$61,326	$62,197	$71,281

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

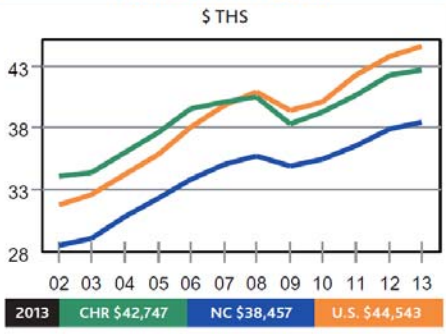
NET MIGRATION,



	2010	2011	2012	2013
Domestic	6,313	13,553	18,000	18,416
Foreign	4,018	4,486	4,573	4,721
Total	10,331	18,039	22,573	23,137

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

PER CAPITA INCOME



Source: Moody's Analytics, BEA

HIGH-TECH EMPLOYMENT

	Ths	% of total
CHR	34.1	3.9
U.S.	6,431.1	4.7

HOUSING-RELATED EMPLOYMENT

	Ths	% of total
CHR	103.5	11.8
U.S.	12,401.4	9.1

Source: Moody's Analytics, 2013

LEADING INDUSTRIES BY WAGE TIER

	NAICS	Industry	Location Quotient	Employees (ths)
HIGH	5511	Management of companies & enterprises	2.0	27.0
	5221	Depository credit intermediation	2.4	25.8
	6211	Offices of physicians	0.9	14.4
	5416	Mgmnt., scientific & technical consult. srvcs.	1.6	13.0
MID	GVL	Local Government	1.0	92.9
	5613	Employment services	1.4	31.5
	GVS	State Government	0.5	17.4
	2382	Building equipment contractors	1.1	13.0
LOW	4451	Grocery stores	0.9	14.9
	5617	Services to buildings and dwellings	1.2	14.4
	4529	Other general merchandise stores	1.1	12.2
	7139	Other amusement and recreation industries	1.5	11.6

Source: Moody's Analytics, 2014

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RECENT PERFORMANCE

Steady labor market expansion has kept the Charlotte-Gastonia-Rock Hill recovery well ahead of those of the state and the U.S. Private services, the early driver of the recovery, still account for the majority of new jobs and are receiving modest support from manufacturing and construction. The public sector has been a major drag since the beginning of the year. The unemployment rate has been stable around 6.3% even as large numbers of job seekers return to the labor force. The housing market recovery is decelerating, with house prices appreciating more slowly than last year. Credit conditions continue to improve, driving delinquency rates in most categories near historical lows.

HEADQUARTERS

Charlotte's above-average long-term outlook is based to a good extent on its appeal as a corporate location. A wide variety of firms are relocating their headquarters and regional offices to Charlotte, enhancing the metro area's talent pool. Sealed Air Corp., a manufacturer of packaging products and hygiene solutions, will move its global headquarters to Charlotte, bringing more than 1,000 jobs with an average salary of almost $120,000, double the average wage in Mecklenburg County. This will be the largest Fortune 500 corporate headquarters relocation in the Queen City's history. The high-paying positions will have positive effects on consumer-related industries as well as the housing market. Team Créatif Group, a French marketing and design firm, will also set up its U.S. headquarters in Charlotte. In addition, Red Ventures, which already employs about 2,000 at its Charlotte headquarters, will create nearly 600 jobs over the next five years and invest more than $2 million.

ADVANCED MANUFACTURING

Although automation and productivity growth will prevent manufacturing payrolls from returning to the prerecession level, hiring will continue in the medium term and the industry will retain a crucial role. Charlotte is well-positioned to develop advanced manufacturing that can compete against low-wage foreign products thanks to computerized equipment operated by highly skilled workers. This niche will not generate a vast number of jobs, but investment in technology and innovation will enhance the region's competitiveness. Moreover, the wealth generated in these high-value-added industries will stay in the region in the form of salaries and revenue and contribute to the tax base.

FINANCIAL

Despite industry consolidation, financial services remain the backbone of Charlotte's economy and a key generator of high-paying jobs. Insurance giant AIG plans to set up a technology center providing application development and management services. The firm will invest $5.5 million and create 230 jobs with the average annual salary topping $100,000. Also suggesting pockets

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of increasing strength within the industry, global financial-services firm BBVA plans to open a loan production office and hire a bevy of commercial bankers. These gains will partly offset the job losses from the relocation of healthcare consulting firm Lash Group and LPL Financial. Neighboring states are attracting firms with aggressive incentive packages, but Charlotte's depth of expertise remains a powerful draw.

CONCLUSION

The Charlotte-Gastonia-Rock Hill recovery will outpace that of the U.S. for the rest of the year thanks to its broad mix of drivers. Expansion will accelerate next year as the large financial services industry emerges from consolidation. Well above-average population growth bodes well for expansion in healthcare, consumer industries and housing. Charlotte will outperform the state and the U.S. over the forecast horizon.

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Neighborhood Analysis



Note: The shaded ring indicates a three-mile radius around the subject property.

LOCATION

The subject is in the City of Statesville and is considered a suburban location. The City of Statesville is situated in southwest Iredell County. The subject neighborhood is considered a developed section of Statesville that includes a mix of commercial and residential land uses.

BOUNDARIES

Due to the subject's interstate location, the neighborhood boundaries are best described as the area encompassing a three mile radius of the subject property.

LAND USE

The immediate area surrounding the subject is an area of existing development, consisting primarily of commercial uses along Cinema Drive, Salisbury Road (to the south) and East Garner Bagal Boulevard. Residential uses are situated off of the primary thoroughfares. East Garner Bagal Boulevard and East Broad Street are the primary east/west commercial thoroughfares in this area of Statesville. The immediate vicinity surrounding the subject is almost fully developed street, with only one notable land parcel (to the northwest of the subject) remaining undeveloped.

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The majority of the single-family residential development within a one mile radius of the subject may be described as tract homes in the $100,000-$200,000 price range. According to information obtained from Claritas, over 38% of the homes built within a three-mile radius of the subject were constructed between 1970 and 2000. However, the area has seen new development recently, as approximately 18% of the homes within a three-mile radius have been constructed since 2000. The median home value within a three-mile radius is about $135,025.

The subject is well located for a hotel property due to its visibility from Interstate 77. Abutting land uses include the following: the Eastside Center retail center, Village Inn Pizza and a movie theatre to the north, several car dealerships (Toyota, Ford, Lincoln and Honda) to the south, a newer Hampton Inn hotel to the west, and an Outback Steakhouse to the west. Other nearby land uses include the Iredell County Department of Social Services and the Cornerstone Assembly of God.

ACCESS

Interstate Highways 77 and 40 provide primary access to the subject neighborhood. Interstate 77 is a four-lane highway traversing the neighborhood in a north/south direction, while Interstate 40 has four lanes and runs in an east/west direction. Interstate 40 connects the subject neighborhood with the city of Hickory to the west and Winston Salem to the east. Interstate 77 provides access to Elkin to the north and Charlotte to the south. Cinema Drive (via Folger Drive to the west and Eastside Drive to the east) provides access to the subject on a neighborhood level.

Access to the subject from Interstate 77 is gained via an exit at Salisbury Road (Exit 49-B), less than one quarter of a mile south of the subject property.

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			
1530 Cinema Drive Statesville, North Carolina	1 Mile Radius Mile	3 Mile Radius Mile	5 Mile Radius Mile
Population			
2019 Population	3,723	25,882	41,170
2014 Population	3,688	25,449	40,557
2010 Population	3,690	25,298	40,387
2000 Population	3,622	23,909	37,355
Growth 2014 - 2019	0.19%	0.34%	0.30%
Growth 2010 - 2014	-0.01%	0.15%	0.11%
Growth 2000 - 2010	0.19%	0.57%	0.78%
Households			
2019 Households	1,636	10,751	16,510
2014 Households	1,601	10,483	16,162
2010 Households	1,577	10,302	15,956
2000 Households	1,469	9,638	14,628
Growth 2014 - 2019	0.43%	0.51%	0.43%
Growth 2010 - 2014	0.38%	0.44%	0.32%
Growth 2000 - 2010	0.71%	0.67%	0.87%
Income			
2014 Median HH Inc	$35,975	$37,719	$39,657
2014 Estimated Average Household Income	$51,283	$53,228	$53,650
2014 Estimated Per Capita Income	$22,264	$21,925	$21,379
Age 25+ College Graduates - 2010	576	3,675	5,479
Age 25+ Percent College Graduates - 2014	18.4%	17.2%	16.1%

Source: Claritas

CONCLUSION

As shown above, the population base within the subject neighborhood has exhibited moderate growth over the past several years. Additionally, the neighborhood currently has a middle-income demographic profile. The outlook for the neighborhood is for growth to continue at a more moderate pace over the next several years.

The subject improvements consist of a 94-room full service hotel that is affiliated with the Marriott brand. Barriers to entry for new development in the immediate area are high as there are few sites within close proximity to the interstate. While barriers are exceedingly lower outside of the neighborhood, the higher concentration of supporting office, retail and residential development in the area bodes well for the future operations of the subject. Linkage is considered favorable to downtown Statesville and Mooresville and to surrounding submarkets along I-40 and I-77. Property uses surrounding the subject such as other hotels and industrial/business parks complement the use of the subject as a lodging facility. The subject neighborhood is considered to be in a mature phase of the development cycle and should continue to experience modest,

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positive growth in the near future. Going forward the neighborhood is poised for additional moderate population/household growth, which will continue to foster demand for commercial and industrial services. Coupled with a location near major interstates, the subject property should continue to receive adequate market acceptance.

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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.

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:

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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: 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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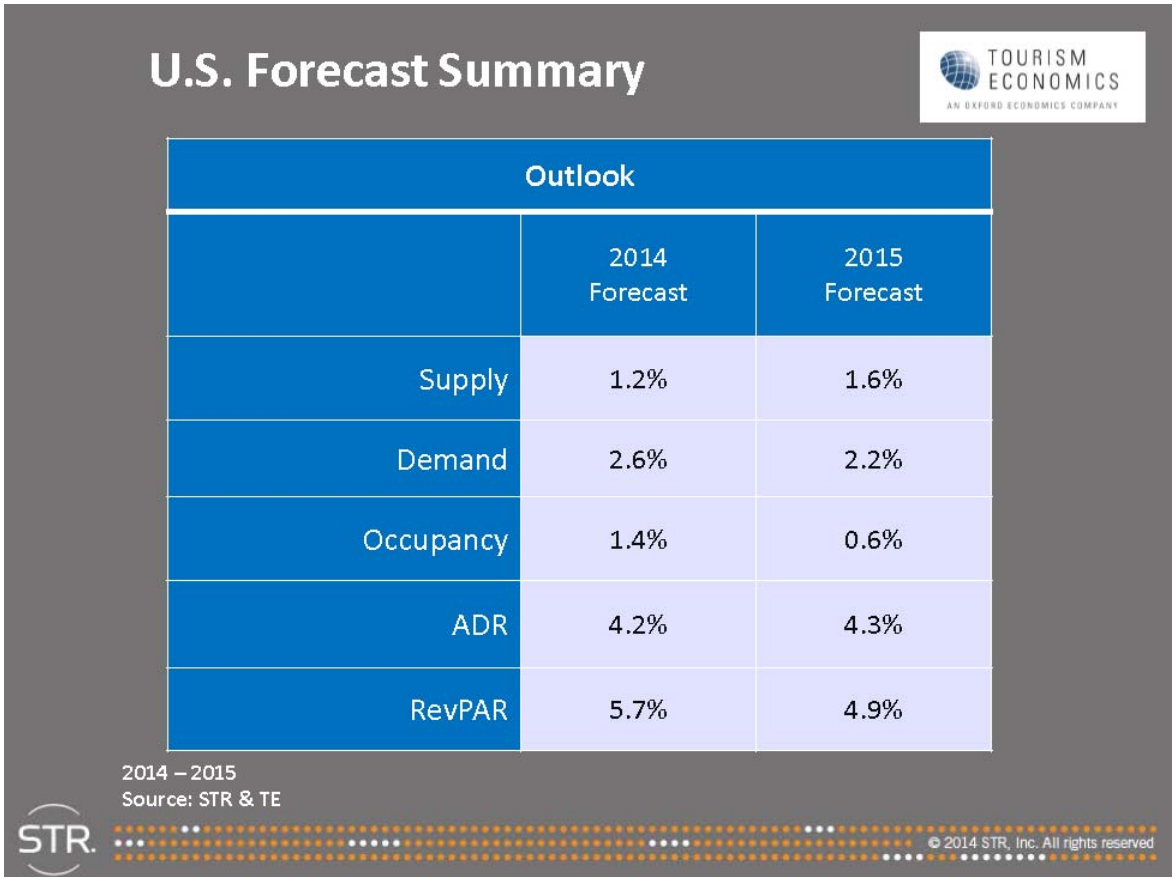

New Supply

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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U.S. Pipeline: Construction Accelerates

Phase	2014	2013	% Change
In Construction	103	72	42.6%
Final Planning	130	101	29.3%
Planning	150	157	-4.8%
Under Contract	**383**	**330**	**16%**

Total U.S. Pipeline, by Phase, '000s Rooms, April 2014 and 2013

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 influences, however, the overall mood among hotel investors remains positive and the trend of

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increasing hotel revenues is anticipated to continue for the foreseeable future.

CHARLOTTE AREA HOTEL MARKET ANALYSIS

The subject property is located in the North Carolina West market, which contains a total of approximately 27,539 hotel and motel rooms in 411 properties according to Smith Travel Research. The overall market has experienced an occupancy rate of 57.5% and an ADR of $96.88 for the 12 months ending in August 2014. By way of comparison, the North Carolina West Central Area tract reported an ADR of $81.56 and an occupancy rate of 53.4% over the same time frame. The Upscale Class reported an ADR of $116.33 and an occupancy rate of 65.5%.

The hotel outlook for all chain-affiliated properties in the Charlotte lodging market is shown below, and includes both the full- and limited-service segments. This information was taken from CBRE Econometric Advisors. As indicated below, the local market trends are improving. This is primarily due to increased business and leisure travel and markedly improved fundamentals following one of the worst recessionary periods in the lodging industry of the past 30+ years. It is noted that slight decreases in occupancy are forecasted for the next year, following a spike in demand during 2012 that was fueled in part by the Democratic National Convention.

CHARLOTTE AREA HOTEL OUTLOOK
- All Chain-Affiliated Properties -

			RevPAR	
Year	Occupancy	ADR	$ Amount	% Change
2009	51.9%	$83.97	$43.57	-19.3%
2010	57.8%	$83.96	$48.56	11.5%
2011	62.2%	$86.35	$53.69	10.6%
2012	64.3%	$92.98	$59.76	11.3%
2013	64.9%	$92.74	$60.14	0.6%
Forecast 2014	68.1%	$95.74	$65.18	8.4%
Forecast 2015	66.8%	$97.47	$65.09	-0.1%
Forecast 2016	65.6%	$98.90	$64.86	-0.4%
Forecast 2017	64.7%	$100.53	$65.07	0.3%
Forecast 2018	64.3%	$102.25	$65.77	1.1%
Forecast 2019	64.1%	$103.92	$66.58	1.2%

Source: CBRE Econometric Advisors Outlook - Q2 2014

According to the CBRE Econometric Advisors Q2 2014 Report, the hotel outlook for the full-service segment in the greater Charlotte lodging market is shown below.

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CHARLOTTE AREA HOTEL OUTLOOK
- All Full Service Properties -

Year	Occupancy	ADR	RevPAR $ Amount	RevPAR % Change
2009	52.9%	$111.91	$59.16	-18.6%
2010	59.2%	$113.34	$67.05	13.3%
2011	64.0%	$116.50	$74.61	11.3%
2012	64.7%	$123.55	$79.96	7.2%
2013	65.3%	$123.32	$80.55	0.7%
Forecast 2014	67.2%	$127.99	$86.05	6.8%
Forecast 2015	62.9%	$130.47	$82.04	-4.7%
Forecast 2016	60.8%	$130.54	$79.34	-3.3%
Forecast 2017	60.9%	$132.02	$80.34	1.3%
Forecast 2018	61.3%	$134.71	$82.54	2.7%
Forecast 2019	61.5%	$137.84	$84.79	2.7%

Source: CBRE Econometric Advisors Outlook - Q2 2014

SUBJECT LODGING MARKET SUPPLY CHARACTERISTICS

The subject is located in a smaller suburban area about 40 miles west of Winston Salem and 40 miles north of Charlotte, and is considered a typical full service interstate hotel. Hotel development in the area consists of a variety of full service, limited service and extended stay properties that are generally oriented to Interstates 40 and 77.

Summary of Competitive Properties

The following table provides a summary of the subject's competitive hotel set. These comparables were based on location, amenities, brand, chain scale segmentation and price point. Additionally, our competitive set matches the subject's STAR report.

PRIMARY COMPETITIVE HOTELS

Property	Number of Rooms	Percentage Competitive	Year Built	Date Opened	Competitive Rooms	12 Months Ending May 31, 2014 Occ.	Occupancy Penetration	ADR	ADR Penetration	RevPAR	RevPAR Penetration
Courtyard by Marriott - Statesville	94	100%	2009	Jun-09	94	67%	103%	$109.43	107%	$73.76	111%
Comfort Inn & Suites	111	100%	1986	Jan-87	111	51%	78%	$75.00	74%	$38.25	57%
SpringHill Suites Charlotte Lake Norman	107	100%	2006	Mar-06	107	69%	105%	$101.00	99%	$69.69	105%
Hilton Garden Inn	122	100%	2008	Jun-08	122	68%	104%	$120.00	118%	$81.60	122%
Holiday Inn Express & Suites	77	100%	2009	Jun-09	77	75%	115%	$95.00	93%	$71.25	107%
Primary Totals/Averages	511				511	65%		$101.87		$66.69	
Overall Totals/Averages	511				511	65%		$101.87		$66.69	

Compiled by CBRE

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PRIMARY COMPETITION										
		Estimated 2014 Market Mix								
Property	Location	Commercial	Meeting & Group	Leisure	Business Center	Pool	Fitness Center	Pool	Spa	Overall
Courtyard by Marriott - Statesville	Statesville, North Carolina	70%	10%	20%	Y	Y	Y	Y	Y	
Comfort Inn & Suites	Statesville, NC	50%	5%	45%	Y	Y	Y	Y	Y	Inferior
SpringHill Suites Charlotte Lake Norman	Mooresville, NC	70%	10%	20%	Y	Y	Y	Y	Y	Similar
Hilton Garden Inn	Mooresville, NC	70%	10%	20%	Y	Y	Y	Y	Y	Similar
Holiday Inn Express & Suites	Statesville, NC	45%	5%	50%	Y	Y	Y	Y	Y	Inferior
Primary Totals/Averages		62%	8%	29%						
Compiled by CBRE										

The primary competitive set, including the subject has a total of 511 rooms. The occupancy and ADR achieved by these properties for the trailing twelve months ending May 2014 was roughly 65% and $101.87, respectively.

Additionally, the seller provided an updated STAR report that indicates the ADR and occupancy for the subject property, for the trailing twelve months ending August 2014, was $111.00 and 67%, respectively. These numbers are slightly higher than that May 2014 report that was provided by the client.

Competitive Property One – Comfort Inn & Suites - Statesville, North Carolina

The Comfort Inn & Suites Statesville was renovated from its previous use as a Baymont Inn in late 2010. The hotel is an interior corridor property with an indoor pool, a business center, a fitness center, guest laundry and a lounge. The hotel is pet friendly as well. This is a good location along the I-77 corridor in Statesville.

As compared to the subject, this comparable is inferior with respect to location, brand quality and chain affiliation. It was also considered inferior with respect to age/condition. Overall, this comparable was considered significantly inferior to the subject and subject should be able to easily outperform this property.

Competitive Property Two – SpringHill Suites Charlotte Lake Norman

This comparable represents a limited service Marriott product located along Charlotte Highway, just east of Interstate 77 at exit 33. Nearby hotels include the Hilton Garden Inn and TownePlace Suites. The improvements were constructed in 2006 and include one, five-story interior corridor hotel. Project and guest room amenities include indoor pool, fitness center, business center, full American breakfast, microwaves, refrigerators, oversized rooms, six meeting rooms, and wireless internet. This property caters primarily to the commercial guest with leisure guest comprising most of the balance. The estimated ADR and occupancy are reflected in the table on the previous page.

As compared to the subject, this comparable is similar with respect to location, brand quality and chain affiliation. It was considered inferior with respect to age/condition. Overall, this comparable was considered slightly inferior to the subject.

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Competitive Property Three – Hilton Garden Inn, Mooresville, North Carolina

This comparable represents a limited service interior corridor hotel located in Mooresville, North Carolina. The hotel is located just right off Interstate 77 at Exit 33. The surrounding area includes SpringHill Suites and several retail shops and restaurants. Project amenities include coin laundry, bar area, lounge, snack shop, full service restaurant, meeting rooms, fitness room, swimming pool, on-site restaurant, and 24-hour Pantry. Guest rooms include a king or two queen beds, along with expanded cable, a work desk, microwave/refrigerator, coffee maker, and iron/ironing board. Suites are also available and they include a king size bed, in-room Jacuzzi, and 32" television. The estimated ADR and occupancy are reflected in the table above.

As compared to the subject, this comparable is similar with respect to location, brand quality and chain affiliation. It was considered similar with respect to age/condition. Overall, this comparable was considered similar to the subject.

Competitive Property Four – Holiday Inn Express – Statesville, North Carolina

This comparable represents a Holiday Inn Express in Statesville, North Carolina. The site is located along North Carolina Avenue, southwest of Interstate 77 and Interstate 40. Improvements to this site were completed in June of 2009. Facilities include a breakfast dining area, an indoor pool, exercise room, a guest laundry facility, business center, and approximately 350 square feet of meeting space.

As compared to the subject, this comparable is similar with respect to location, but inferior in terms of brand quality and chain affiliation. It was considered similar with respect to age/condition. Overall, this comparable was considered inferior to the subject.

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

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the number of occupied rooms) for the subject's competitive set are illustrated as follows:

HISTORICAL MARKET PERFORMANCE
STR COMPETITIVE PROPERTIES

Year	Room Night Supply	Market Occupancy	Room Night Demand	Percent Change	Average Daily Rate	Percent Change	RevPAR	Percent Change
2011	152,205	61.9%	94,215	25.7%	$101.74	8.4%	$63.01	36.3%
2012	152,205	60.4%	91,932	-2.4%	$101.74	0.0%	$61.50	-2.4%
2013	152,205	64.2%	97,716	6.2%	$98.30	-3.4%	$63.13	2.6%
TTM May 2012	152,205	63.7%	96,955	6.4%	$101.04	3.5%	$60.03	10.1%
TTM May 2013	152,205	64.4%	98,020	5.3%	$100.95	-0.1%	$63.16	5.2%
TTM May 2014	152,205	67.4%	102,586	4.0%	$100.11	-0.8%	$65.16	3.2%

Source: Smith Travel Research

Proposed Hotels/Additions to Supply

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.

We are aware of a planned Hilton Garden Inn to be located along Salisbury Road, off Interstate 77, in the Statesville market. This location is less than a mile from the subject. However, at the time this appraisal was written construction had not commenced and the hotel was considered to be in the planning stages. That being said, should this hotel come online in the next few years, the subject property would likely be impacted to some degree as some room nights and demand could shift to this hotel. The overall impact of this property has been taken into consideration in our selection of growth rates.

HOTEL DEMAND GENERATORS

Hotel demand for the neighborhood is primarily generated by a heavy concentration of surrounding office development and large employers in the submarket, such as Iredell Memorial Hospital, DANA Corporation, Statesville Auto Auction, Kewaunee Scientific, JC Penney Distribution, Elmers, Doosan, Mitchell Community College and the Statesville Sports Complex. Other notable demand sources in the area include the Richard Petty Motorsports Museum, Lake Norman State Park, Hiddenite Gems, the National Balloon Rally and Downtown Statesville. In addition, the strong connectivity to the subject neighborhood via major traffic arteries such as I-40 and I-77, have made it one of the most accessible areas in Statesville.

Demand Segmentation

In most markets, overall demand varies based on the nature of travel. In most markets, the

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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	76,064	62.3%	16,188	70.0%
Meeting & Group	10,122	8.3%	2,313	10.0%
Leisure	35,908	29.4%	4,625	20.0%
Total	122,095	100.0%	23,125	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.

Overall, the corporate segment is highly desirable as it provides a solid base of demand and tends to pay higher room rates than other segments.

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, incentive groups, etc. Often, corporate groups pay high rates, especially incentive groups, where

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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.

Meeting and Group demand in the subject's market area is generated by a number of sources, most notably, leisure and social groups. In addition, weddings and social functions contribute to group demand.

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.

Major attractions in the subject's market area include Statesville is home to two of North Carolina's most unique and exciting festivals, The CrossRoads PumpkinFest and The Carolina BalloonFest. These two festivals combined feature great entertainment, food, arts and crafts, hot air balloons and of course flying pumpkins. Beyond festivals Statesville is also home to numerous attractions and activities including Historic Downtown Statesville, Lake Norman, Fort Dobbs, golf, outlet shopping, unique local cuisine, arts and culture, museums and even gem mining.

Additional demand sources for the Statesville market include the Daveste Vineyards, Dashana Hall Plantation, Allison Woods, the North Carolina Fresco trail, Hiddenite, Love Valley and Linney's Mill, the NASCAR race shop, the Statesville Train Depot, and the Governor Zebulon Vance House and Museum.

Transient leisure demand also comprises a large part of the local lodging demand due the presence of the major traffic arteries. During the spring and summer months, weekend demand picks up with local sporting events, weekend festivals and social and religious functions.

Future leisure demand is related to the overall health of the local and national economy. As

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discussed in the Regional analysis of this report, the local and regional economy is improving, and the overall outlook is positive.

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.

ANNUAL DEMAND GROWTH RATES

Segment	2015	2016	2017	2018 and beyond
Commercial	2.0%	2.0%	2.0%	2.0%
Meeting & Group	2.0%	2.0%	2.0%	2.0%
Leisure	2.0%	2.0%	2.0%	2.0%

Compiled by CBRE

Latent Demand

Latent demand represents potential room nights in the marketplace that could not be accommodated by the existing hotels, and comes in two forms: Induced demand and displaced demand. Induced demand represents additional accommodated room nights by the introduction of a new demand generator, such as the construction of a conference center, a major company moving into the area, or the introduction of a new hotel that has distinct advantages over the existing competitors. For this analysis, induced demand has/has not been included, as the subject will/will not have a significant competitive advantage over the existing hotels in the area.

CBRE has also considered displaced demand for this analysis. Displaced demand occurs when individuals are unable to rent a room because all of the hotels in the marketplace are filled to capacity. As a result, individuals must defer their trips or make accommodations in other markets. Because this demand was not accommodated historically, it is not illustrated in the estimate of the historic accommodated room night demand. Displaced demand is illustrated further in markets where there are distinct high and low seasons, or several periods of high and low occupancy throughout the year.

Based on market factors presented throughout this section, the forecast of overall demand growth for the subject's market is illustrated as follows:

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PROJECTED BASE DEMAND, ANNUAL GROWTH, AND MARKET-WIDE OCCUPANCY											
Segment	Base Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Commercial											
Annual Growth		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Base Demand	208	213	217	221	226	230	235	239	244	249	254
Annual Room Nights	76,064	77,585	79,137	80,720	82,334	83,981	85,661	87,374	89,121	90,904	92,722
Displaced Demand	0.0%	-	-	-	-	-	-	-	-	-	-
Induced Demand		-	-	-	-	-	-	-	-	-	-
Total Segment Demand	76,064	77,585	79,137	80,720	82,334	83,981	85,661	87,374	89,121	90,904	92,722
Meeting & Group											
Annual Growth		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Base Demand	28	28	29	29	30	31	31	32	32	33	34
Annual Room Nights	10,122	10,325	10,531	10,742	10,957	11,176	11,399	11,627	11,860	12,097	12,339
Displaced Demand	0.0%	-	-	-	-	-	-	-	-	-	-
Induced Demand		-	-	-	-	-	-	-	-	-	-
Total Segment Demand	10,122	10,325	10,531	10,742	10,957	11,176	11,399	11,627	11,860	12,097	12,339
Leisure											
Annual Growth		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Base Demand	98	100	102	104	106	109	111	113	115	118	120
Annual Room Nights	35,908	36,627	37,359	38,106	38,868	39,646	40,439	41,248	42,072	42,914	43,772
Displaced Demand	0.0%	-	-	-	-	-	-	-	-	-	-
Induced Demand		-	-	-	-	-	-	-	-	-	-
Total Segment Demand	35,908	36,627	37,359	38,106	38,868	39,646	40,439	41,248	42,072	42,914	43,772
Totals											
Commercial	76,064	77,585	79,137	80,720	82,334	83,981	85,661	87,374	89,121	90,904	92,722
Meeting & Group	10,122	10,325	10,531	10,742	10,957	11,176	11,399	11,627	11,860	12,097	12,339
Leisure	35,908	36,627	37,359	38,106	38,868	39,646	40,439	41,248	42,072	42,914	43,772
Total Market Demand	122,094	124,537	127,027	129,568	132,159	134,803	137,499	140,249	143,053	145,915	148,833
% Change		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Market Statistics											
Existing Rooms Supply	511	511	511	511	511	511	511	511	511	511	511
Proposed Rooms Supply	-	-	-	-	-	-	-	-	-	-	-
Total Available Room Nights	186,515	186,515	186,515	186,515	186,515	186,515	186,515	186,515	186,515	186,515	186,515
Market-wide Occupancy	65.5%	66.8%	68.1%	69.5%	70.9%	72.3%	73.7%	75.2%	76.7%	78.2%	79.8%

Source: CBRE

HISTORIC OPERATING PERFORMANCE

The subject's occupancy, ADR, and RevPAR history, including trailing twelve month figures, is illustrated as follows:

It is noted that the seller provided an updated STAR report that indicates the ADR and occupancy for the subject property, for the trailing twelve months ending August 2014, was $111.00 and 67%, respectively.

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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:

Overall, the subject improvements represent a viable hotel. The projections of captured penetration rates for the subject by demand segment along with the resulting projections of occupied room-nights are illustrated as follows:

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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 69% as the stabilized occupancy figure. The stabilized occupancy figure is intended to be an average figure over the life of the hotel.

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

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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 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 is illustrated as follows:

As illustrated in the preceding chart, the subject is towards the higher end of the range with respect to rate when compared against the competitive set. This is a function of the subject's strong franchise affiliation and reservation system, location, on-site amenities, and good quality and condition.

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

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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 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.

Property Specific Improvements

Capital Improvements in a hotel that make it more attractive to guests typically have an upward impact on rate. Rooms renovations, expansions, additional amenities, and renovations to common areas may allow greater than inflationary increases.

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

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CONCLUSION

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

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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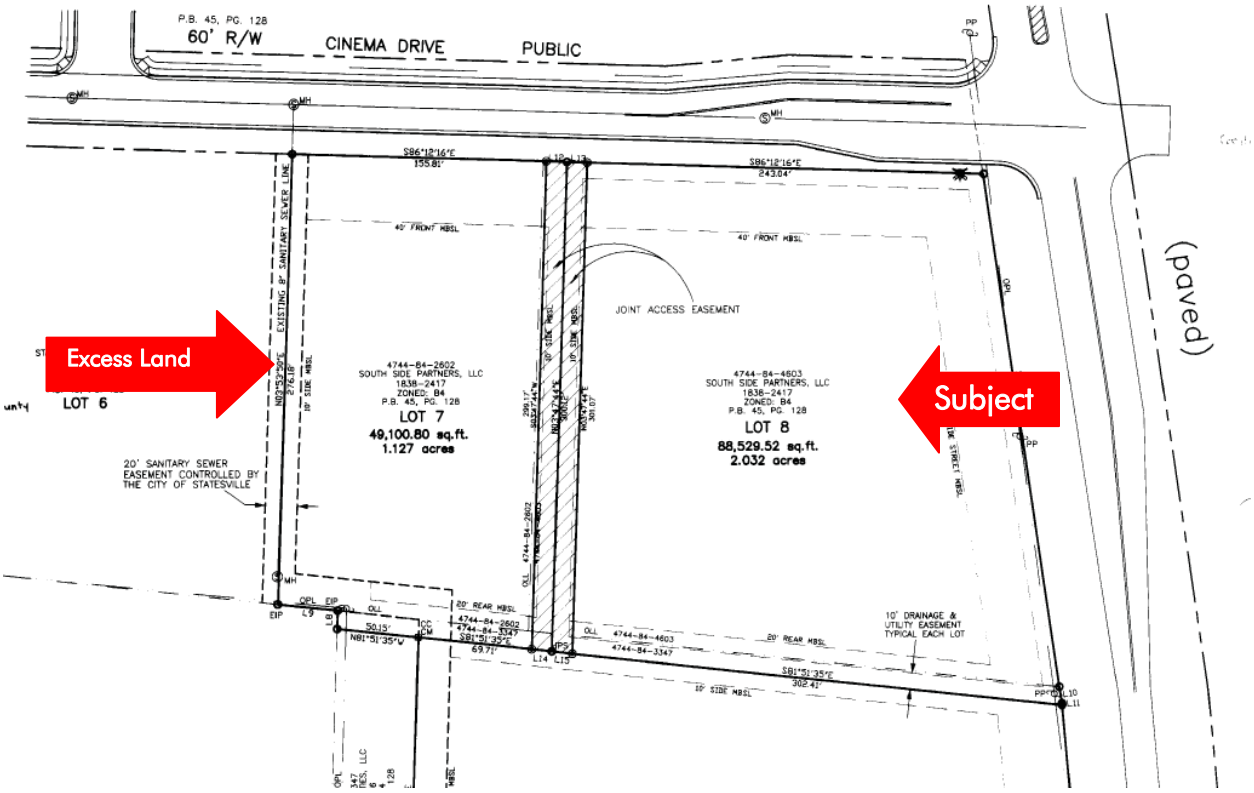
PLAT MAP



Note: The subject property is Lot 8 in the map above. The Excess Land parcel is Lot 7.

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Site Analysis

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

SITE SUMMARY			
Physical Description			
Gross Site Area	3.16 Acres		
Net Site Area (Hotel Site)	2.03 Acres		
Primary Road Frontage	Cinema Drive - 243 Feet		
Secondary Road Frontage	Eastside Drive - 318 Feet		
Average Depth	301 Feet		
Excess Land Area	1.13 Acres		
Shape	Irregular		
Topography	Level and at Street Grade		
Zoning District	B-4, Highway Business District		
Flood Map Panel No.	3710474400J, Dated 3/18/2008		
Flood Zone	X		
Adjacent Land Uses	Vacant Land, Retail and Hotel		
Comparative Analysis	**Rating**		
Access	Average		
Visibility	Average		
Functional Utility	Average		
Traffic Volume	Average		
Adequacy of Utilities	Average		
Landscaping	Average		
Drainage	Assumed adequate		
Utilities	**Provider**		**Adequacy**
Water	City of Statesville		Yes
Sewer	City of Statesville		Yes
Natural Gas	Piedmont Natural Gas		Yes
Electricity	Duke Energy		Yes
Telephone	Local Provider of Choice		Yes
Other	**Yes**	**No**	**Unknown**
Detrimental Easements			X
Encroachments			X
Deed Restrictions			X
Reciprocal Parking Rights		X	
Common Ingress/Egress		X	

Source: Various sources compiled by CBRE

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INGRESS/EGRESS

Ingress and egress is available to the site via a curb cut along the southern right-of-way of Cinema Drive. Access is not available from Eastside Drive.

Cinema Drive, at the subject, is an east/west street that is improved with one lane of traffic in each direction. Additional street improvements include concrete curbs, gutters and street lighting. Street parking is not permitted.

Please refer to the prior site/plat exhibit for the layout of the streets that provide access to the subject.

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. 3710474400J, Dated 3/18/2008.

FEMA Zone X: Areas determined to be outside the 500-year flood plain.

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.

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ADJACENT PROPERTIES

The adjacent land uses are summarized as follows:

North:	Eastside Center
South:	Vacant Land
East:	Eastside Drive and Cornerstone Assembly of God
West:	Excess Land and the Hampton Inn

The adjacent properties provide a cohesive mix of lodging, retail and office uses that generally support the existing use of the subject as a lodging facility.

CONCLUSION

The site is appropriately located and afforded average access and good 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. The subject provides good linkage to primary traffic arteries in the neighborhood such as Salisbury Road, Garner Bagal Boulevard, and East Broad Street, and is easily accessible to transient traffic along I-40 and I-77. The subject site is considered adequate and suitable for the existing improvements of the subject as a full service hotel. Overall, there are no known factors, which 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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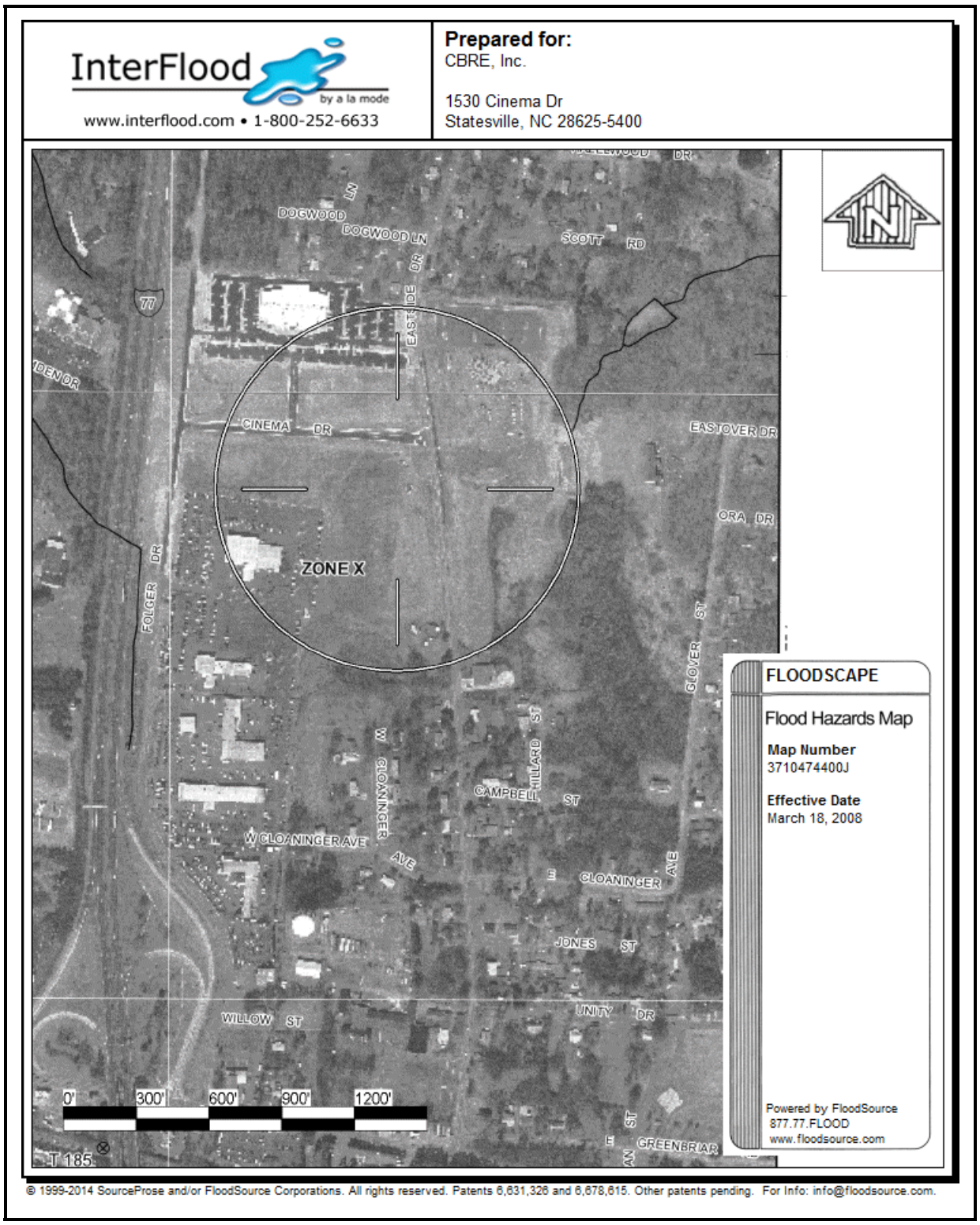
FLOOD PLAIN MAP



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IMPROVEMENTS LAYOUT



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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	
Number of Buildings	1
Number of Stories	4
Gross Building Area	58,008 SF
Number of Guest Rooms	94
Restaurant/Lounge	Bistro - Breakfast/Dinner
Meeting/Banquet Rooms	Yes - 1,150 SF
Project Amenities	Bistro, Outdoor Pool and Fire Pit, Business Center, Fitness Center, Free Wifi
Parking Type	Surface level parking
Number of Parking Spaces	98 spaces, per on-site representatives. 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
Double Queen	35	37.2%
Double Queen with Balcony	2	2.1%
Double Queen Suite	2	2.1%
Accessible Double Queen Suite	1	1.1%
Accessible Double Queen Roll-In	1	1.1%
King	28	29.8%
King with Balcony	17	18.1%
Accessible King	1	1.1%
Accessible King with Balcony	1	1.1%
King with Whirlpool	2	2.1%
Accessible King with Whirlpool	1	1.1%
2-Room King Suite	2	2.1%
Accessible 2-Room King Suite	1	1.1%
Total/Average:	94	100.0%

Source: Various sources compiled by CBRE

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As shown, the subject is a four-story, interior corridor, 94-room full service hotel.

Building plans and specifications were not provided for the preparation of this appraisal. The following is a description of the subject improvements and basic construction features derived from CBRE's physical inspection.

BUILDING AREA

Please refer to the Resource Verification table in the Scope of Work for the source of the building area size. The following is a description of the subject improvements and basic construction features derived from CBRE's inspection.

YEAR BUILT

The subject was completed in 2009 and was in good condition at the time of our inspection.

DESIGN AND LAYOUT

The front entrance to the hotel is accessed via a driveway with an attached porte cochere. The improvements consist of a four-story building with interior hallways that are double-loaded with guestrooms. The ground floor of the hotel houses the lobby, a registration desk and administrative areas, as well as the outdoor pool, the Bistro bar area, the meeting room, exercise room, business center and guest laundry. Additionally, all "back of the house" facilities are located on the main level including shipping, mechanical rooms, et cetera.

ROOMS

The subject's guestrooms are located on all four floors of the facility.

The interior room finishes are summarized as follows:

Floors:	Carpet in the suite and ceramic tiling in the bathroom
Walls:	Paint/decorative paper coverings and wall prints over sheetrock
Ceilings:	Painted sheetrock
Lighting:	Combination of fluorescent/incandescent/sconce/recessed
Bathrooms:	Bathrooms feature a combination steel tub and shower with ceramic tile wainscot. Additionally, each bathroom features a porcelain water closet, Granite counter top with

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	built-in porcelain sink, vanity mirror and ceramic tile flooring.
Furnishings:	King or two queen size bedding, dresser, flat panel television, armoire or dresser, desk and chair, side chair, end table, lamps, pictures and mirrors. Larger suites also include sofas, coffee tables and other related home furnishings.
Room Amenities/ Kitchenettes:	Guest suites feature a built-in hair dryer, iron and board, phones, a coffee maker, a mini-refrigerator, a microwave oven and Wifi.

RESTAURANT/LOUNGE

The hotel features a prototypical Bistro that is found in all Courtyard properties. This area includes multiple tables and chairs, as well as a small bar area. The flooring in this area is comprised of a combination of carpet and decorative tiles.

MEETING/BANQUET ROOMS

The subject's meeting space is centrally located on the first floor and consists of one room that is approximately 1,150 square feet.

The basic construction features are summarized as follows:

FOUNDATION

The foundation consists of poured reinforced concrete perimeter footings and column pads.

CONSTRUCTION COMPONENTS

The construction components include reinforced concrete.

FLOOR STRUCTURE

The floor structure is summarized as follows:

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Ground Floor:	Concrete slab on compacted fill
Other Floors:	Cast-in-place, reinforced concrete slabs

EXTERIOR WALLS

The exterior wall structure is a combination of stucco, decorative green metal panels and brick over a wood frame with brick accents and trim. The building has double pane aluminum frame windows.

ROOF COVER

We did not inspect the roof. However, it appears that the subject's roof is flat with built up composition cover.

ELEVATOR/STAIR SYSTEM

A set of interior stairwells is located at each end of the building. The hotel also includes two 2,500-pound capacity hydraulic passenger elevators.

HVAC

The hotel features through-the-wall individual package units in each guestroom with wall-mounted thermostat and central HVAC in all public areas. The HVAC systems are reported to be in good operating condition and adequate for the building.

LIGHTING SYSTEM

Interior public areas include primarily recessed fluorescent, spot and incandescent lighting.

FIRE PROTECTION

It is assumed the subject has adequate fire alarm systems, fire exits, fire extinguishers, fire escapes and or other fire protection measures adequate to meet local fire marshal requirements. The subject has a wet sprinkler system.

SECURITY

The subject has a security surveillance system. Additionally, public address safety graphics are posted throughout the guestrooms and common areas.

AMENITIES/ADDITIONAL SERVICES

The hotel also includes an outdoor pool, constructed on the main level near the southeast corner

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of the site, an outdoor patio with a fire pit, a fitness center, guest laundry and a business center.

PUBLIC LOBBY FACILITIES

The interior finish of the public lobby area includes a combination of carpet and decorative tile floors with painted textured or decorative papered walls. The ceilings are lay-in acoustic tiles.

PARKING

A surface parking lot is provided in front of the structure and includes handicapped spaces. This type of parking is generally similar to that found in the local comparables and is considered adequate.

LANDSCAPING

Landscaping around the perimeter of the building is an attractive combination of trees and shrubs with well-maintained planted beds. The overall appearance will be considered good, compared to competitors.

QUALITY AND STRUCTURAL CONDITION

The subject was in good condition at the time of our inspection. CBRE did not observe any evidence of structural fatigue, and the improvements appear structurally sound for occupancy. However, CBRE is not qualified to determine structural integrity, and it is recommended that the client/reader retain the services of a qualified, independent engineer or contractor to determine the structural integrity of the improvements prior to making a business decision.

FUNCTIONAL UTILITY

The current design characteristics of the subject appear to meet modern standards. All of the floor plans are considered to feature functional layouts and the overall layout of the property is considered functional in utility. The unit mix appears functional and no conversion is warranted.

ADA COMPLIANCE

The client/reader's attention is directed to the specific limiting conditions of the appraisal regarding ADA compliance.

ENVIRONMENTAL ISSUES

CBRE has not observed, yet is not qualified to detect, the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation or other potentially hazardous construction materials on or in the improvements. The existence of such substances

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may have an affect on the value of the property. For the purpose of this assignment, we have specifically assumed that the subject is not affected by any hazardous materials which would cause a loss in value.

CAPITAL EXPENDITURES

The proposed capital expenditures, per the buyer's best estimate, are illustrated in the following table. It is noted that the buyer estimated the Capex budget below based on an inspection by Marriott personnel on May 19, 2014. The buyer indicated that they would anticipate the total PIP costs to range from approximately $8,000 per key upwards to $10,000 per key.

Compiled by CBRE

The costs associated with the change of ownership PIP above are expected to be adequate to fund a change of ownership PIP since market value assumes a sale and the hypothetical buyer would be responsible for this expense.

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	5 Years
Effective Age	5 Years
MVS Expected Life	45 Years
Remaining Economic Life	40 Years
Acrued Physical Incurable Depreciation	11.1%

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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CONCLUSION

The improvements are considered to be in good overall 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	B-4, Highway Business District
Legally conforming	Yes
Uses permitted	The B-4 zoning district provides for convenience and shoppers goods and services located on or along major thoroughfares which provide easy access to local community and transient customers. Permitted uses in this zoning district include a wide array of commercial uses such as shopping centers, hotels, and office buildings.
Zoning change	Not Likely
Category	**Zoning Requirement**
Min. Lot Size	10,000 Square Feet
Min. Lot Width	75 Feet
Front setback	40 Feet
Rear setback	20 Feet
Side yard setbacks	10 Feet
Height limit	65 Feet
Parking	1 Space per room plus 1 Space per shift employee
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 not include any furniture, fixtures and equipment.

AD VALOREM TAX INFORMATION			
Assessor's Taxable Value		2013	2014
Real Property	4744-84-4612	$6,280,400	$6,280,400
	4744-84-1696 (Excess Land)	339,000	339,000
Personal Property (FF&E)	77473633	600,461	510,339
Subtotal		$7,219,861	$7,129,739
Taxable Value @	100%	$7,219,861	$7,129,739
General Tax Rate:		0.895000	0.895000
General Tax:		$64,618	$63,811
Special Assessments: Late Fees		-	-
Total Taxes		$64,618	$63,811
Source: Assessor's Office			

Real property tax in North Carolina is governed by Subchapter II of Chapter 105 of the General Statutes of North Carolina. (Also known as the Machinery Act).

The machinery act requires each county to revalue real property (land buildings and other improvements to land) at least every 8 years. The act also requires the counties to appraise real property uniformly at its true value in money. True value in money is the "price estimated in terms of money at which the property would change hands between a willing and financially able buyer and a willing seller", neither being under any compulsion to buy or sell and both having reasonable knowledge of all the uses to which the property is adapted and for which it is capable of being used (NCGS 105-283).

In North Carolina, real estate is assessed on a calendar year basis as of January 1st. Corresponding taxes are due in full by December of the year following the actual assessment. State law requires reassessment no less than every eight years, however, counties can adopt a more frequent assessment cycle, if desired. Further properties are assessed on the basis of 100% of market value. The subject county was last reassessed in 2011 and the next reassessment is scheduled to occur in 2015.

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DELINQUENCY

According to a representative of Iredell County, 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 Iredell County tax assessor comparable properties in the market area. The following table summarizes the comparables employed for this analysis:

AD VALOREM TAX COMPARABLES

	Comfort Inn & Suites	SpringHill Suites Charlotte Lake Norman	Hilton Garden Inn	Holiday Inn Express & Suites	Subject
Year Built	1986	2006	2008	2009	2009
No. Rooms	111	107	122	77	94
Tax Year	2014	2014	2014	2014	2014
Real Estate	$3,855,420	$8,863,280	$9,299,190	$4,653,350	
Personal Property (FF&E)	$0	$0	$0	$0	
Total Assessed Value	$3,855,420	$8,863,280	$9,299,190	$4,653,350	$6,280,400
Per Room	$34,734	$82,834	$76,223	$60,433	$66,813

Source: Assessor's Office

CONCLUSION

The tax comparables suggest a tax value range of $34,734 to $82,834 per room. Given the subject's size, age, quality, condition, location and amenities, the subject real estate tax value is expected to be at the upper end of the range based on the principle of equalization.

Based on the foregoing, the total taxes for the subject have been estimated at $63,811 for the base year of our analysis, based upon an assessed value (inclusive of FF&E) of $7,129,739. This is in line with the current and historical assessment and it is considered a realistic scenario since the county will not reassess the property unless there is a physical change in the building.

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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 occurred in the past few years. Further, within the subject market, there is at least one proposed hotel project 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 most appropriate.

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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 the development a hotel property. 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.

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. 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, all three approaches are applicable and have been utilized. In addition, the replacement cost has been utilized within the analysis of insurable value.

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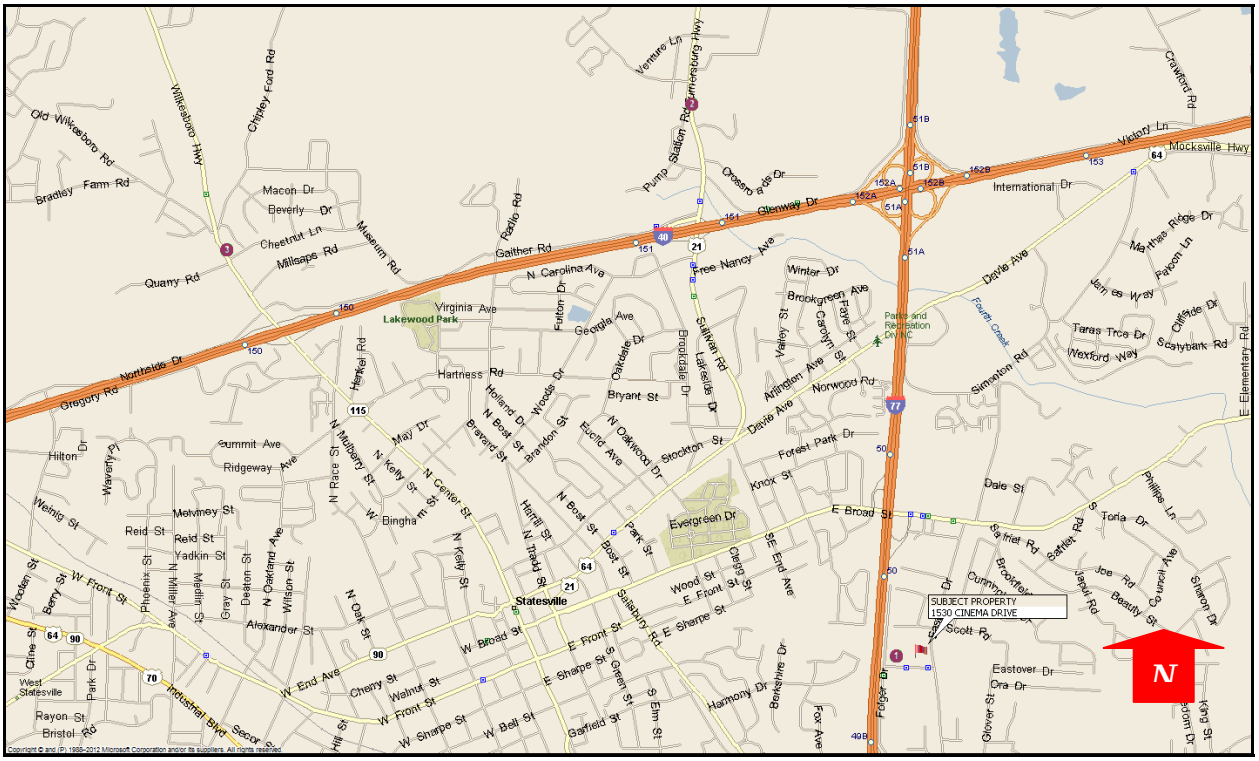
Land Value

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.


SUBJECT PROPERTY
1530 CINEMA DRIVE
N
Statesville
Lakewood Park
Evergreen Dr
Wilkesboro Hwy
Chipley Ford Rd
Old Wilkesboro Rd
Bradley Farm Rd
Macon Dr
Beverly Dr
Cheetnut Ln
Millsaps Rd
Quarry Rd
Museum Rd
Radio Rd
Gaither Rd
Venture Ln
Turnersburg Hwy
Pump Station Rd
Oaks and Dr
Glenway Dr
Free Nancy Ave
Winter Dr
Brookgreen Ave
Faye St
Carolyn St
Valley St
Arlington Ave
Norwood Rd
Davie Ave
Forest Park Dr
Knox St
Dale St
E Broad St
Scott Rd
Eastover Dr
Ora Dr
Glover St
Folger Dr
Harmony Dr
Berkshire Dr
Fox Ave
Garfield St
W Bell St
W Sharpe St
E Sharpe St
W Front St
E Front St
W End Ave
Cherry St
Walnut St
Green St
Elm St
Salisbury Rd
Wood St
Park St
Boost St
Tracy St
Harrill St
Center St
Kelly St
Oak St
Alexander St
Wilson St
Oakland Ave
Miller Ave
Phoenix St
Grey St
Deaton St
Meeting St
Reid St
Melvney St
Yadkin St
Summit Ave
Ridgeway Ave
Hilton Dr
Waverly Pl
Weinig St
Wooten St
Berry St
Cline St
West Statesville
Park Dr
Rayon St
Bristol Rd
Industrial Blvd
Secor St
Hill St
Mocksville Hwy
Victory Ln
Crawford Rd
International Dr
Matthias Ridge Dr
Parson Ln
James Way
Cliffside Dr
Scarybank Rd
Wexford Way
Taras Trce Dr
Simonton Rd
E Elementary Rd
Parks and Recreation Dr NC
Fourth Creek
Phillips Ln
Toria Dr
Earlier Rd
Sartfiet Rd
Joe Rd
Council Ave
Sharon Dr
Beauty St
Jagad Rd
Brookfield Dr
Cummings Dr
King St
Storm Dr
Hartness Rd
Holland Dr
Woods Dr
Oakdale Dr
Broadsdale Dr
Lakeside Dr
Sullivan Rd
Bryant St
Brandon St
Euclid Ave
N Oakwood Dr
Stockton St
N Mulberry St
N Race St
Hankel Rd
May Dr
W Bingham
SE End Ave
Clegg St
Fairfield Dr
Fairfield Ave
Dogwood Dr
Cedar Ln
Pine Ln
Hemlock Ln
Spruce Ln
Maple Ln
Oak Ln
Poplar Ln
Willow Ln
Ash Ln
Birch Ln
Elm Ln
Cypress Ln
Redwood Ln
Sycamore Ln
Magnolia Ln
Dogwood Ln

DISCUSSION/ANALYSIS OF LAND SALES

Land Sale One

This is the sale of a 2.171 acre site located at the northeast corner of Folger Drive and Cinema Drive, with visibility from Interstate 77, in Statesville, North Carolina. The property was purchased by a local restaurateur who has constructed a pizza restaurant on the site. This sale closed in December 2012 for a recorded purchase price of $550,000, or $5.82 per square foot.

This sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms, conditions of sale or market conditions. This sale is considered similar to the subject in terms of size, zoning, utilities, location and highest and best use. As such, no adjustments were necessary. Overall, this sale is considered similar to the subject and no adjustment is warranted to its price per foot indication.

Land Sale Two

This comparable represents the acquisition of a 6.53-acre tract located along the east side of Turnersburg Highway (U.S. 21) at Pump Station Road, in the northern part of Statesville. The property is about a half-mile north of Interstate 40 and three-quarters of a mile west of Interstate 77, in a recently developed commercial hub. The site is shadow-anchored by Home Depot and other retail outparcels. In the immediate vicinity are Lowe's Home Improvement and Crossroads shopping center, anchored by Wal-Mart Supercenter, Burke's Outlet, and Big Lots. The property was acquired by a regional developer for construction of a 67,546 square foot shopping center comprised of four big-box tenants (TJ Maxx, Staples, PetSmart, and Michaels) in two buildings.

This sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms, conditions of sale or market conditions. We applied an upward adjustment to reflect this sale's larger size. This sale is considered similar to the subject in terms of location, zoning, utilities and highest and best use. As such, no other adjustments were necessary. Overall, this sale is considered inferior in comparison to the subject and an upward net adjustment is warranted to its price per foot indication.

Land Sale Three

This comparable represents the acquisition of a 1.59 acre tract of land acquired for the development of a 13,225 square foot CVS/pharmacy that was completed in January 2012. The property is situated in the northeast corner of Wilkesboro Highway (SR 115) and Chestnut Drive, less than a half-mile north of Interstate 40, in the northern part of Statesville. The property has good access and visibility along road grade. At the time of sale, the property was zoned R-10 but subsequently changed to B-3, Shopping Center Business District.

This sale was considered an arm's-length transaction and required no adjustments for property

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rights conveyed, financing terms, conditions of sale or market conditions. We applied a downward adjustment to reflect this sale's superior location. This sale is considered similar to the subject in terms of size, zoning, utilities and highest and best use. As such, no other adjustments were necessary. Overall, this sale is considered superior in comparison to the subject and a downward net adjustment is warranted to its price per foot indication.

SUMMARY OF ADJUSTMENTS

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

LAND SALES ADJUSTMENT GRID

Comparable Number	1	2	3	Subject
Transaction Type	Sale	Sale	Sale	---
Transaction Date	Dec-12	Jan-12	Jun-11	---
Proposed Use	Restaurant	Retail	Retail	Hotel
Actual Sale Price	$550,000	$1,469,500	$876,398	---
Adjusted Sale Price [1]	$550,000	$1,469,500	$876,398	---
Size (Acres)	2.17	6.53	1.59	1.51
Size (SF)	94,525	284,417	69,119	65,927
Price ($ PSF)	$5.82	$5.17	$12.68	
Property Rights Conveyed	0%	0%	0%	
Financing Terms [1]	0%	0%	0%	
Conditions of Sale	0%	0%	0%	
Market Conditions	0%	0%	0%	
Subtotal	$5.82	$5.17	$12.68	
Size	0%	20%	0%	
Zoning	0%	0%	0%	
Utilities	0%	0%	0%	
Location	0%	0%	-45%	
Highest and Best Use	0%	0%	0%	
Total Other Adjustments	0%	20%	-45%	
Value Indication for Subject	$5.82	$6.20	$6.97	

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

CONCLUSION

As indicated in the table above, all of the comparables are located in the Statesville area. After adjustment, the comparables indicate an average of $6.33 per square foot. Most weight was placed on Sale 1 since it is located across the street from the subject. In conclusion, a price per

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square foot indication towards the lower end of the adjusted range was most appropriate for the subject. The following table presents the valuation conclusion:

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Excess Land Value

As mentioned previously, the subject property includes a 1.13 acre tract of excess land that is adjacent to the primary hotel site. Given the similar size and location of the excess land tract, we have utilized the same comparables to value this site as what was used to value the primary site. Additionally, the adjustment process was the same. The table below displays the adjustment grid for the excess land tract.

SUMMARY OF ADJUSTMENTS

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

EXCESS LAND SALES ADJUSTMENT GRID

Comparable Number	1	2	3	Subject
Transaction Type	Sale	Sale	Sale	---
Transaction Date	Dec-12	Jan-12	Jun-11	---
Proposed Use	Restaurant	Retail	Retail	Hold for Development
Actual Sale Price	$550,000	$1,469,500	$876,398	---
Adjusted Sale Price [1]	$550,000	$1,469,500	$876,398	---
Size (Acres)	2.17	6.53	1.59	1.13
Size (SF)	94,525	284,417	69,119	49,101
Price ($ PSF)	$5.82	$5.17	$12.68	
Property Rights Conveyed	0%	0%	0%	
Financing Terms [1]	0%	0%	0%	
Conditions of Sale	0%	0%	0%	
Market Conditions	0%	0%	0%	
Subtotal	$5.82	$5.17	$12.68	
Size	0%	20%	0%	
Zoning	0%	0%	0%	
Utilities	0%	0%	0%	
Location	0%	0%	-45%	
Highest and Best Use	0%	0%	0%	
Total Other Adjustments	0%	20%	-45%	
Value Indication for Subject	$5.82	$6.20	$6.97	

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

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CONCLUSION

As indicated in the table above, all of the comparables are located in the Statesville area. After adjustment, the comparables indicate an average of $6.33 per square foot. Most weight was placed on Sale 1 since it is located across the street from the subject. In conclusion, a price per square foot indication towards the lower end of the adjusted range was most appropriate for the subject. The following table presents the valuation conclusion:

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Cost Approach

In estimating the replacement cost new for the subject, the following methods/data sources have been utilized (where available):

- the comparative unit method has been employed, utilizing the Marshall Valuation Service (MVS) cost guide, published by Marshall and Swift, LLC;

MARSHALL VALUATION SERVICE

Direct Cost

Salient details regarding the direct costs are summarized in the Cost Approach Conclusion at the end of this section. The MVS cost estimates include the following:

1. average architect's and engineer's fees for plans, plan check, building permits and survey(s) to establish building line;
2. normal interest in building funds during the period of construction plus a processing fee or service charge;
3. materials, sales taxes on materials, and labor costs;
4. normal site preparation including finish grading and excavation for foundation and backfill;
5. utilities from structure to lot line figured for typical setback;
6. contractor's overhead and profit, including job supervision, workmen's compensation, fire and liability insurance, unemployment insurance, equipment, temporary facilities, security, etc.; and
7. site improvements (included as lump sum additions).

Base building costs (direct costs) are adjusted to reflect the physical characteristics of the subject. Making these adjustments, including the appropriate local and current cost multipliers, the direct building cost is indicated.

Additions

Items not included in the direct building cost estimate include parking and walks, signage, landscaping, and miscellaneous site improvements. The cost for these items is estimated separately using the segregated cost sections of the MVS cost guide.

Indirect Cost Items

Several indirect cost items are not included in the direct building cost figures derived through the MVS cost guide. These items include developer overhead (general and administrative costs), property taxes, legal and insurance costs, local development fees and contingencies, lease-up and marketing costs and miscellaneous costs. Research into these cost items indicates that an average property requires an allowance of about 5% to 15% of the total direct costs.

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MVS Conclusion

The concluded direct and indirect building cost estimate obtained via the MVS cost guide (Section 11, Page 25) for a Good Quality, Full Service Hotel (Class D Construction) is illustrated as follows:

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ENTREPRENEURIAL PROFIT

Entrepreneurial profit represents the return to the developer, and is separate from contractor's overhead and profit. This line item, which is a subjective figure, tends to range from 5% to 15% of total direct and indirect costs for this property type, based on discussions with developers active in this market.

ACCRUED DEPRECIATION

There are essentially three sources of accrued depreciation:

1. physical deterioration, both curable and incurable;
2. functional obsolescence, both curable and incurable; and
3. external obsolescence.

Physical Deterioration

The subject's physical condition was detailed in the improvements analysis. Curable deterioration affecting the improvements results from deferred maintenance and, if applicable, was previously discussed. With regard to incurable deterioration, the subject improvements are considered to have deteriorated due to normal wear and tear associated with natural aging. The following chart provides a summary of the remaining economic life.

ECONOMIC AGE AND LIFE	
Actual Age	5 Years
Effective Age	5 Years
MVS Expected Life	45 Years
Remaining Economic Life	40 Years
Acrued Physical Incurable Depreciation	11.1%
Compiled by CBRE	

Functional Obsolescence

Based on a review of the design and layout of the improvements, no forms of curable functional obsolescence were noted. Because replacement cost considers the construction of the subject improvements utilizing modern materials and current standards, design and layout, functional incurable obsolescence normally is not applicable.

External Obsolescence

Based on a review of the local market and neighborhood, no forms of external obsolescence affect the subject.

FURNITURE, FIXTURES & EQUIPMENT

No furniture, fixtures and equipment (FF&E) appraisal was contracted as part of this assignment.

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In order to estimate the value of the FF&E, we have relied upon information contained in the Marshall Valuation Service Cost Manual and comparable hotel properties. 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.

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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COST APPROACH CONCLUSION

The value estimate is calculated as follows.

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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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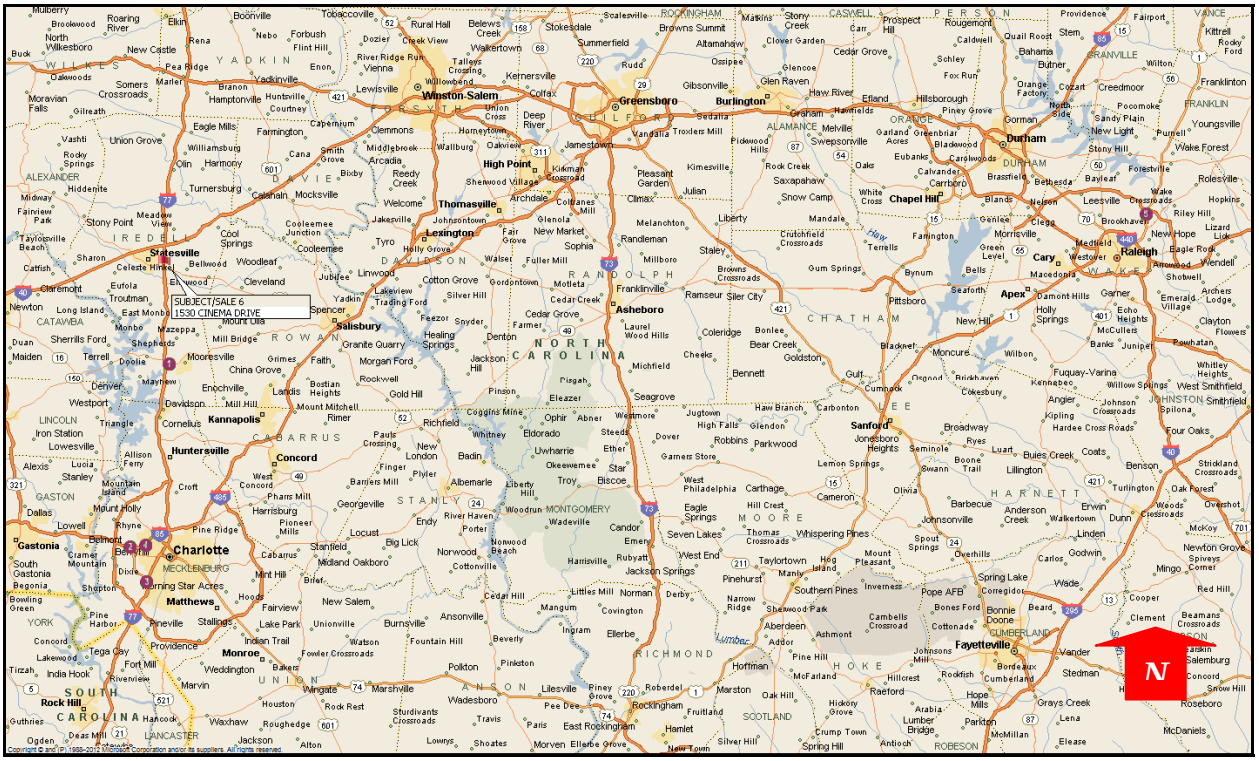
Sales Comparison Approach

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 Rooms 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.	Rooms Revenue	Rooms Rev. Multiplier	OER	OAR
1	Holiday Inn Express & Suites, Mooresville, NC	Sale	Jul-14	2003	74	$8,000,000	$8,000,000	$108,108	82%	$2,104,079	3.80	57.9%	11.45%
2	Courtyard Charlotte Airport, Charlotte, NC	Sale	Jan-14	1997	148	$24,500,000	$24,500,000	$165,541	66%	$4,339,540	5.65	58.1%	8.35%
3	Courtyard Charlotte Billy Graham Parkway, Charlotte, NC	Sale	Oct-13	1976	175	$22,400,000	$22,400,000	$128,000	60%	$4,128,359	5.43	64.2%	7.42%
4	Springhill Suites Charlotte Airport, Charlotte, NC	Sale	Oct-13	2002	95	$11,000,000	$11,000,000	$115,789	69%	$2,631,124	4.18	65.7%	8.42%
5	Courtyard Raleigh North/Triangle Town Center, Raleigh, NC	Sale	Sep-13	2010	109	$14,800,000	$14,800,000	$135,780	N/A	N/A	N/A	N/A	N/A
6	Courtyard by Marriott - Statesville, Statesville, NC	Contract	Sep-14	2009	94	$11,644,000	$12,396,000	$131,872	67%	$2,908,909	4.26	62.0%	8.92%
Subject	Courtyard by Marriott - Statesville, Statesville, North Carolina	---	---	2009	94	---	---	---	69%	$2,528,953	---	58.5%	---

[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 property. They were selected from our research of comparable improved sales within the Southeastern United States. These sales were chosen based upon their similar physical, economic and locational characteristics.

DISCUSSION/ANALYSIS OF IMPROVED SALES

Improved Sale One

This is a good quality, interior corridor hotel located in the Mooresville Consumer Square just off of West Plaza Drive. The hotel is located just in front of the Wal-Mart anchored shopping center. The property opened in 2003. The hotel has good exposure from Interstate 77 and West Plaza Road. Guest room amenities include simply smart bedding, 32 inch flat screen televisions, wireless internet, pillow top mattresses, microwaves/refrigerators, work desk, and coffee makers. Project amenities include outdoor pool, barbeque grills, guest laundry, ATM, and a 3,358 square foot meeting space.

The property sold in July 2014 for a recorded sale price of $8,000,000. The seller indicated that that property had an ADR of approximately $95 and an average occupancy of 82%. Total revenues were estimated at $2,175,000 and the NOI was estimated to be $916,337, based on the seller's comments that the NOI was "just over $1.0M, or approximately 46% NOI. We have included a 4% reserve allowance to bring the NOI down to $916,337. The seller indicated that the PIP was minimal because the property was in good shape. The buyer is a local owner. This was an off market deal. The buyer approached the seller with an unsolicited offer that they couldn't refuse.

This sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms, or conditions of sale. A market conditions adjustment was not required since this is a recent sale. An upward adjustment was applied to reflect this sale's inferior age/condition. An upward adjustment was applied to reflect this sale's inferior brand affiliation. This hotel was considered similar to the subject in terms of quality of construction, amenities and economic factors. Therefore, no other adjustments were necessary. Overall, Sale 1 was considered inferior in comparison to the subject and warranted a net positive adjustment to its price per room indication.

Improved Sale Two

This is the sale of a Courtyard located along the west side of Little Rock Road, just south of its interchange with I-85 at exit 32 in the airport submarket of Charlotte. This transaction was part of four-property pool of hotels in Charlotte that sold as part of a larger portfolio to The Blackstone Group. The purchase price is an allocation and the operating data represents T-12 figures ending June 2013. This sale closed in January 2014 for a recorded sale price of

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$24,500,000, or $165,541 and the indicated cap rate from this transaction was 8.35%.

The previous owners added 50 rooms to the property in 2011 bringing the total room count up to 148, at which point they underwent an extensive renovation to bring the property up to current Courtyard brand standards.

This sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms, or conditions of sale. A market conditions adjustment was not required since this is a recent sale. A downward adjustment was applied to reflect this sale's superior location. An age/condition was not warranted since this property recently underwent an extensive PIP. This hotel was considered similar to the subject in terms of quality of construction, franchise affiliation, amenities and economic factors. Therefore, no other adjustments were necessary. Overall, Sale 2 was considered slightly superior in comparison to the subject and warranted a net negative adjustment to its price per room indication.

Improved Sale Three

This is the sale of a Courtyard located along the southeast corner of Billy Graham Parkway and S Tryon Street and in the southwest quadrant of the I-77/Woodlawn Road interchange in Charlotte. The hotel was previously operated as a Holiday Inn, but it was purchased, and subsequently reflagged/extensively renovated in 2012.

This transaction was part of four-property pool of hotels in Charlotte that sold as part of a larger portfolio to The Blackstone Group. The purchase price is an allocation and the operating data represents T-12 figures ending June 2013. The portfolio was purchased at an average cap rate of about 8%. This property had recently undergone an extensive renovation and was still ramping up to stabilized operations during the trailing 12 month period. As such, it traded for a slightly lower cap rate.

This sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms, or conditions of sale. A market conditions adjustment was not required since this is a recent sale. A downward adjustment was applied to reflect this sale's superior location. An age/condition was not warranted since this property recently underwent an extensive PIP. An upward adjustment was applied to reflect the fact that this hotel was still not stabilized at the time of acquisition. This hotel was considered similar to the subject in terms of quality of construction, franchise affiliation, amenities. Therefore, no other adjustments were necessary. Overall, Sale 3 was considered similar in comparison to the subject and no net adjustment to its price per room indication.

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Improved Sale Four

This is the sale of the SpringHill Suites Charlotte Airport. The property sold in October 2013 for an allocated purchase price of $11,000,000. The operating data represents the T-12 figures ending June 2013. This hotel was purchased as part of a four-property portfolio acquired by The Blackstone Group.

This interior hallway hotel is located near the Billy Graham Parkway/Interstate 85 interchange in Charlotte. The property benefits from its proximity to the Charlotte airport. The hotel features all guest suites and provides a modern, prototypical Springhill design. Interstate visibility for this hotel is favorable, as is its affiliation with Marriott.

The hotel provides 95 guest rooms in a four-story, interior corridor structure, and represents one of the most recently developed lodging facilities in the Airport area. The hotel opened in June 2002 and has one meeting room comprising 750 square feet of space. Guestroom amenities include coffee maker/tea service, iron/ironing board, hair dryer, luxury bedding, down pillows, microwaves and pull-out sofas. Demand for this hotel is primarily driven by the commercial/business segment with much of the demand generated by the nearby office parks as well as the airport.

This sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms, or conditions of sale. A market conditions adjustment was not required since this is a recent sale. A downward adjustment was applied to reflect this sale's superior location. Upward adjustments were applied to reflect this sale's inferior age/condition and its inferior economic traits (i.e. lower occupancy and lower NOI per room). This hotel was considered similar to the subject in terms of quality of construction, franchise affiliation and amenities. Therefore, no other adjustments were necessary. Overall, Sale 4 was considered slightly inferior in comparison to the subject and warranted a net positive adjustment to its price per room indication.

Improved Sale Five

This comparable is a 109-room select-service Courtyard by Marriott located at 3401 Sumner Boulevard in Raleigh, North Carolina. The building was completed in 2010 and is situated on a 2.56 acre site. Hotel amenities include an indoor pool, restaurant (breakfast and dinner only), lounge, free wifi, a limited amount of meeting space, business center, and a fitness center. This sale closed in September 2013 for a recorded sale price of $14,800,000, or $135,780 per room. Financial details for this transaction could not be confirmed.

This sale was considered an arm's-length transaction and required no adjustments for property rights conveyed, financing terms, or conditions of sale. A market conditions adjustment was not required since this is a recent sale. A downward adjustment was applied to reflect this sale's

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superior location. This hotel was considered similar to the subject in terms of age/condition, quality of construction, franchise affiliation and amenities. Therefore, no other adjustments were necessary. Overall, Sale 5 was considered slightly superior in comparison to the subject and warranted a net negative adjustment to its price per room indication.

Improved Sale Six

This is the Courtyard by Marriott hotel in Statesville, North Carolina. This hotel is opened in June 2009. This is an interior corridor structure that features the most recent Courtyard design. This hotel's lobby features inviting, flexible spaces to work or relax, free Wi-Fi throughout and easy access to the latest news, weather and airport conditions via the Marriott trademarked GoBoard(TM). The hotel is conveniently located less than 20 minutes from the headquarters for Lowe's, many of the Nascar Race Teams, and Lake Norman. The property offers a fitness center, outdoor pool, and 1,150 square feet of meeting space. Additionally, the property features Marriott's "Bistro" concept, which provides guests with healthy food and beverage offerings in the morning and evening dinner service with cocktails. A 24-hour business center and boarding pass printing service is also available.

The property is currently under contract for an allocated purchase price of $11,644,000 or $123,872 per room. The PIP has been estimated at $8,000 per key, or $752,000. Therefore, the adjusted purchase price is $12,396,000. The indicated cap rate, based on the T-12 numbers ending May 2014, is 8.92%. The T-12 numbers include a 4% reserve allowance and a 4% management fee.

This is the subject property. Therefore, no adjustments were necessary

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	5	6	Subject
Transaction Type	Sale	Sale	Sale	Sale	Sale	Contract	---
Transaction Date	Jul-14	Jan-14	Oct-13	Oct-13	Sep-13	Sep-14	---
Year Built	2003	1997	1976	2002	2010	2009	2009
No. Rooms	74	148	175	95	109	94	94
Actual Sale Price	$8,000,000	$24,500,000	$22,400,000	$11,000,000	$14,800,000	$11,644,000	---
Adjusted Sale Price [1]	$8,000,000	$24,500,000	$22,400,000	$11,000,000	$14,800,000	$12,396,000	---
Price Per Room [1]	$108,108	$165,541	$128,000	$115,789	$135,780	$131,872	---
Occupancy	82%	66%	60%	69%	N/A	67%	69%
NOI Per Room	$12,378	$13,823	$9,498	$9,749	N/A	$11,763	$11,169
Rooms Revenue	$2,104,079	$4,339,540	$4,128,359	$2,631,124	N/A	$2,908,909	$2,528,953
Rooms Rev. Multiplier	3.80	5.65	5.43	4.18	N/A	4.26	---
OER	57.9%	58.1%	64.2%	65.7%	N/A	62.0%	58.5%
OAR	11.45%	8.35%	7.42%	8.42%	N/A	8.92%	---
Adj. Price Per Room	$108,108	$165,541	$128,000	$115,789	$135,780	$131,872	
Property Rights Conveyed	0%	0%	0%	0%	0%	0%	
Financing Terms [1]	0%	0%	0%	0%	0%	0%	
Conditions of Sale	0%	0%	0%	0%	0%	0%	
Market Conditions (Time)	0%	0%	0%	0%	0%	0%	
Subtotal	$108,108	$165,541	$128,000	$115,789	$135,780	$131,872	
Location	0%	-5%	-5%	-5%	-5%	0%	
Age/Condition	5%	0%	0%	5%	0%	0%	
Quality of Construction	0%	0%	0%	0%	0%	0%	
Franchise Affiliation	15%	0%	0%	0%	0%	0%	
Amenities	0%	0%	0%	0%	0%	0%	
Economic Factors	0%	0%	5%	5%	0%	0%	
Total Other Adjustments	20%	-5%	0%	5%	-5%	0%	
Indicated Value Per Room	**$129,730**	**$157,264**	**$128,000**	**$121,578**	**$128,991**	**$131,872**	

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

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SALE PRICE PER ROOM CONCLUSION

After adjustments, the comparables . Overall, Sale 6 warranted greatest consideration because it is the subject property. Similar weight was placed on the other five sales. The following chart presents the valuation conclusion:

ROOMS REVENUES MULTIPLIER (RRM)

The Rooms Revenues Multiplier (RRM) reflects the relationship between room 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

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subject's expense ratio is oriented toward the middle of the range indicated by the comparable sales, which would suggest a RRM at the middle of the range. It is noted that operating expenses for limited service hotels such as the subject and comparable sales can vary widely depending on age/condition, construction quality, occupancy level and, perhaps most importantly, the operator. We acknowledge that expense levels tend to be much lower for owner/operated properties than for similar assets with third party management, particularly among the owner/operated hotels with the owner or manager living on-site. However, buyers of this type of hotel asset typically employ the RRM method in forming an offer price, with little to no weight given to the variable expenses reported by the in place operator. Consequently, operating expenses typically do not influence RRM expectations unless unusual circumstances exist.

We also spoke to multiple hotel brokers in regards to the subject property. The general consensus is that while the subject represents a good quality hotel with a reputable franchise. It is well located along the I-77 corridor. However, the Statesville market is considered tertiary and the subject, while performing well, has moderate upside in terms of occupancy and ADR. Overall, the consensus was that a reasonable RRM would be in the 4x to 5.5x range.

Overall, given the subject's location and age/condition, it was estimated to realize a RRM towards the middle portion of the range of the sales. The RRM is applied to the room revenue for the trailing 12 months ending May 2014. The value calculation using the RRM was as follows:

COMPARABLE SALES
ROOMS REVENUE MULTIPLIERS

Sale No.	Sale Date	RRM
1	Jul-14	3.80
2	Jan-14	5.65
3	Oct-13	5.43
4	Oct-13	4.18
5	Sep-13	N/A
6	Sep-14	4.26

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SALES COMPARISON APPROACH CONCLUSION

Approximately 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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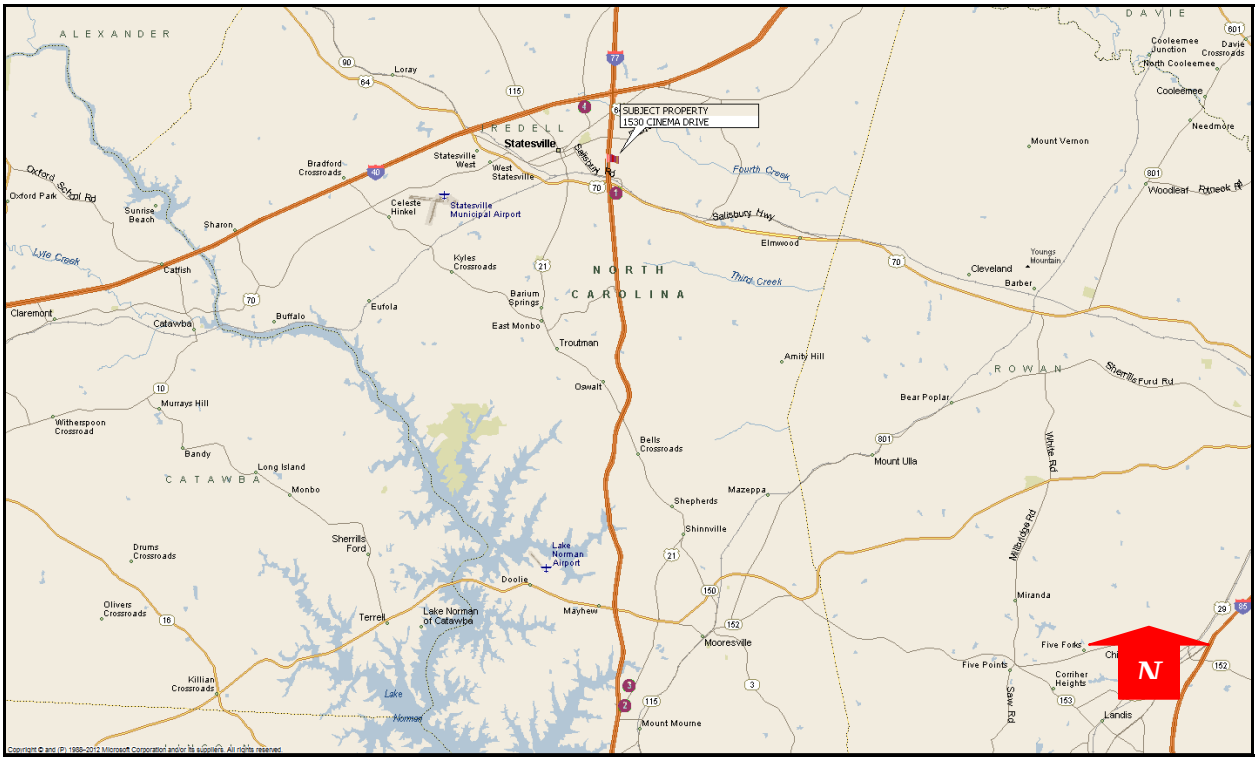
Income Capitalization Approach

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.



PRIMARY COMPETITIVE HOTELS

Property	Number of Rooms	Percentage Competitive	Year Built	Date Opened	Competitive Rooms	12 Months Ending May 31, 2014 Occ.	Occupancy Penetration	ADR	ADR Penetration	RevPAR	RevPAR Penetration
Courtyard by Marriott - Statesville	94	100%	2009	Jun-09	94	67%	103%	$109.43	107%	$73.76	111%
Comfort Inn & Suites	111	100%	1986	Jan-87	111	51%	78%	$75.00	74%	$38.25	57%
SpringHill Suites Charlotte Lake Norman	107	100%	2006	Mar-06	107	69%	105%	$101.00	99%	$69.69	105%
Hilton Garden Inn	122	100%	2008	Jun-08	122	68%	104%	$120.00	118%	$81.60	122%
Holiday Inn Express & Suites	77	100%	2009	Jun-09	77	75%	115%	$95.00	93%	$71.25	107%
Primary Totals/Averages	511				511	65%		$101.87		$66.69	
Overall Totals/Averages	511				511	65%		$101.87		$66.69	

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PRIMARY COMPETITION

Property	Location	Estimated 2014 Market Mix Commercial	Meeting & Group	Leisure	Business Center	Pool	Fitness Center	Pool	Spa	Overall
Courtyard by Marriott - Statesville	Statesville, North Carolina	70%	10%	20%	Y	Y	Y	Y	Y	
Comfort Inn & Suites	Statesville, NC	50%	5%	45%	Y	Y	Y	Y	Y	Inferior
SpringHill Suites Charlotte Lake Norman	Mooresville, NC	70%	10%	20%	Y	Y	Y	Y	Y	Similar
Hilton Garden Inn	Mooresville, NC	70%	10%	20%	Y	Y	Y	Y	Y	Similar
Holiday Inn Express & Suites	Statesville, NC	45%	5%	50%	Y	Y	Y	Y	Y	Inferior
Primary Totals/Averages		62%	8%	29%						

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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 511 rooms. The occupancy and ADR achieved by these properties for the trailing twelve months ending May 2014 was roughly 65% and $101.87, respectively.

Additionally, the seller provided an updated STAR report that indicates the ADR and occupancy for the subject property, for the trailing twelve months ending August 2014, was $111.00 and 67%, respectively. These numbers are slightly higher than that May 2014 report that was provided by the client

OCCUPANCY, ADR, AND REVPAR CONCLUSIONS

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

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 Courtyard hotels all located in region. We have also considered the operational performance of the subject.

Conclusions will be presented for the following years:

- 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 - SELECTED HOTELS

Property	Comparable 1			Comparable 2			Comparable 3			Comparable 4		
Location	Southeast			Southeast			Southeast			Southeast		
Year	2014			2014			2014			2014		
Days Open	365			365			365			365		
Avg. No. of Rooms	146			90			100			130		
Occupancy	69.9%			65.8%			72.9%			73.7%		
Average Daily Rate	$100.88			$89.64			$117.98			$118.00		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
REVENUE												
Rooms	90.7%	$25,733	$100.86	92.3%	$21,533	$89.66	89.8%	$31,390	$117.97	90.9%	$31,723	$117.93
Food and Beverage	8.0%	$2,281	$8.94	6.0%	$1,389	$5.78	7.8%	$2,710	$10.18	7.9%	$2,769	$10.29
Minor Operated Departments	1.3%	$363	$1.42	1.8%	$411	$1.71	2.4%	$850	$3.19	1.2%	$415	$1.54
Total Revenue	100.0%	$28,377	$111.22	100.0%	$23,333	$97.15	100.0%	$34,950	$131.35	100.0%	$34,908	$129.77
DEPARTMENTAL EXPENSES*												
Rooms	22.6%	$5,822	$22.82	27.3%	$5,889	$24.52	16.7%	$5,240	$19.69	18.5%	$5,854	$21.76
Food & Beverage	64.9%	$1,479	$5.80	102.4%	$1,422	$5.92	107.0%	$2,900	$10.90	71.4%	$1,977	$7.35
Minor Operated Departments	73.6%	$267	$1.05	102.7%	$422	$1.76	55.3%	$470	$1.77	63.0%	$262	$0.97
Total Departmental Expenses	26.7%	$7,568	$29.66	33.1%	$7,733	$32.20	24.6%	$8,610	$32.36	23.2%	$8,092	$30.08
DEPARTMENTAL INCOME (LOSS)	73.3%	$20,808	$81.56	66.9%	$15,600	$64.95	75.4%	$26,340	$98.99	76.8%	$26,815	$99.68
UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General	11.1%	$3,137	$12.30	9.0%	$2,089	$8.70	7.7%	$2,690	$10.11	9.6%	$3,338	$12.41
Marketing	9.6%	$2,733	$10.71	6.9%	$1,611	$6.71	6.3%	$2,190	$8.23	9.6%	$3,354	$12.47
Franchise Fees	0.0%	$0	$0.00	5.5%	$1,189	$4.95	5.5%	$1,730	$6.50	0.0%	$0	$0.00
Property Operations and Maintenance	4.6%	$1,301	$5.10	3.8%	$878	$3.65	4.1%	$1,420	$5.34	3.9%	$1,362	$5.06
Utility Costs	3.6%	$1,034	$4.05	6.4%	$1,500	$6.25	3.5%	$1,220	$4.59	3.3%	$1,162	$4.32
Total Undistributed Expenses	28.9%	$8,205	$32.16	31.1%	$7,267	$30.26	26.5%	$9,250	$34.76	26.4%	$9,215	$34.26
CASH FLOW AFTER UNDISTRIBUTED OPERATING EXPENSES	44.4%	$12,603	$49.40	35.7%	$8,333	$34.70	48.9%	$17,090	$64.23	50.4%	$17,600	$65.43
Management Fee	6.0%	$1,705	$6.68	3.0%	$700	$2.91	3.6%	$1,260	$4.74	6.0%	$2,092	$7.78
INCOME BEFORE FIXED CHARGES	38.4%	$10,897	$42.71	32.7%	$7,633	$31.78	45.3%	$15,830	$59.49	44.4%	$15,508	$57.65
FIXED CHARGES												
Property Taxes	2.3%	$658	$2.58	3.6%	$833	$3.47	2.0%	$700	$2.63	3.0%	$1,054	$3.92
Insurance	0.4%	$110	$0.43	1.2%	$278	$1.16	0.9%	$330	$1.24	0.4%	$131	$0.49
Reserve for Replacement	5.0%	$1,418	$5.56	0.0%	$0	$0.00	0.0%	$0	$0.00	5.0%	$1,746	$6.49
Total Fixed Charges	7.7%	$2,185	$8.56	4.8%	$1,111	$4.63	2.9%	$1,030	$3.87	8.4%	$2,931	$10.89
		$0	$0.00		$0	$0.00		$0	$0.00		$0	$0.00
NET OPERATING INCOME	**30.7%**	**$8,712**	**$34.15**	**28.0%**	**$6,522**	**$27.16**	**42.3%**	**$14,800**	**$55.62**	**36.0%**	**$12,577**	**$46.75**

* 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

COMPARABLE INCOME AND EXPENSE DATA - SELECTED HOTELS

Property	Host Report - Weighted Average			Full-service Chain-affiliated			Full-service South Atlantic			Full-service Upscale			Full-service Highway Location		
Year	2013			2013			2013			2013			2013		
Avg. No. of Rooms	232			306			298			184			138		
Occupancy	70.0%			72.5%			70.7%			71.0%			61.4%		
Average Daily Rate	$149.45			$170.76			$160.94			$124.60			$110.54		
	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	66.1%	$38,185	$149.45	64.2%	$45,027	$170.76	61.0%	$41,220	$160.94	79.2%	$32,228	$124.60	64.0%	$24,403	$110.54
Food and Beverage	22.9%	$13,949	$54.57	24.8%	$17,403	$66.00	26.4%	$17,840	$69.65	14.6%	$5,929	$22.92	22.5%	$8,581	$38.87
Beverage	4.8%	$2,919	$11.42	5.1%	$3,573	$13.55	5.6%	$3,804	$14.85	3.0%	$1,234	$4.77	4.7%	$1,803	$8.17
Food & Beverage	27.7%	$16,868	$66.00	29.9%	$20,975	$79.55	32.0%	$21,644	$84.51	17.6%	$7,163	$27.69	27.2%	$10,384	$47.04
Telecommunications	0.3%	$224	$0.86	0.5%	$337	$1.28	0.5%	$308	$1.20	0.1%	$57	$0.22	0.0%	$15	$0.07
Minor Operated Departments	4.8%	$2,831	$11.22	4.3%	$2,982	$11.31	5.5%	$3,727	$14.55	2.4%	$980	$3.79	7.9%	$3,026	$13.71
Rental & Other Income	0.8%	$512	$2.00	1.0%	$726	$2.75	0.8%	$569	$2.22	0.6%	$236	$0.91	0.7%	$285	$1.29
Other Dept. 1	0.1%	$78	$0.30	0.2%	$108	$0.41	0.2%	$105	$0.41	0.1%	$26	$0.10	0.1%	$23	$0.10
Total Revenue	100.0%	$58,698	$229.83	100.0%	$70,156	$266.06	100.0%	$67,574	$263.83	100.0%	$40,689	$157.32	100.0%	$38,136	$172.75
DEPARTMENTAL EXPENSES															
Rooms	26.0%	$9,953	$38.94	26.8%	$12,047	$45.69	25.8%	$10,620	$41.47	25.3%	$8,140	$31.47	25.8%	$6,289	$28.49
Food & Beverage	68.7%	$11,408	$44.68	68.1%	$14,279	$54.15	65.0%	$14,065	$54.91	72.5%	$5,197	$20.09	73.0%	$7,584	$34.36
Telecommunications	366.1%	$400	$1.56	157.6%	$531	$2.01	156.4%	$482	$1.88	367.9%	$209	$0.81	1278.9%	$190	$0.86
Minor Operated Departments	50.2%	$1,774	$7.07	48.5%	$1,850	$7.02	51.6%	$2,273	$8.88	37.0%	$459	$1.77	68.4%	$2,281	$10.33
Total Departmental Expenses	39.8%	$23,535	$92.25	40.9%	$28,706	$108.87	40.6%	$27,440	$107.14	34.4%	$14,004	$54.15	42.9%	$16,344	$74.04
DEPARTMENTAL INCOME (LOSS)	60.2%	$35,163	$137.58	59.1%	$41,449	$157.19	59.4%	$40,134	$156.70	65.6%	$26,685	$103.17	57.1%	$21,792	$98.71
UNDISTRIBUTED OPERATING EXPENSES															
Administrative and General	8.5%	$4,937	$19.37	8.1%	$5,672	$21.51	8.3%	$5,608	$21.90	9.0%	$3,666	$14.17	9.3%	$3,552	$16.09
Marketing	7.3%	$4,266	$16.72	7.0%	$4,932	$18.70	7.2%	$4,886	$19.08	7.8%	$3,190	$12.33	7.6%	$2,885	$13.07
Franchise Fees	1.2%	$654	$2.59	0.9%	$657	$2.49	0.8%	$556	$2.17	1.9%	$789	$3.05	1.8%	$678	$3.07
Property Operations and Maintenance	4.7%	$2,680	$10.54	4.3%	$3,038	$11.52	4.5%	$3,013	$11.76	4.7%	$1,903	$7.36	5.8%	$2,207	$10.00
Utility Costs	4.0%	$2,240	$8.84	3.5%	$2,452	$9.30	3.6%	$2,442	$9.53	4.1%	$1,678	$6.49	5.5%	$2,086	$9.45
Total Undistributed Expenses	25.7%	$14,778	$58.06	23.9%	$16,751	$63.53	24.4%	$16,505	$64.44	27.6%	$11,226	$43.40	29.9%	$11,409	$51.68
CASH FLOW AFTER UNDISTRIBUTED OPERATING EXPENSES	34.5%	$20,385	$79.53	35.2%	$24,698	$93.67	35.0%	$23,628	$92.25	38.0%	$15,459	$59.77	27.2%	$10,383	$47.03
Management Fee	2.7%	$1,539	$6.03	2.4%	$1,692	$6.42	2.6%	$1,732	$6.76	3.3%	$1,349	$5.21	2.7%	$1,036	$4.69
INCOME BEFORE FIXED CHARGES	31.8%	$18,846	$73.49	32.8%	$23,006	$87.25	32.4%	$21,896	$85.49	34.7%	$14,110	$54.55	24.5%	$9,347	$42.34
FIXED CHARGES															
Property Taxes	3.0%	$1,769	$6.91	3.1%	$2,181	$8.27	2.8%	$1,889	$7.38	3.6%	$1,484	$5.74	2.6%	$975	$4.42
Insurance	1.2%	$720	$2.82	1.1%	$788	$2.99	1.4%	$940	$3.67	1.2%	$474	$1.83	1.1%	$421	$1.91
Reserve for Replacement	1.8%	$1,106	$4.32	1.9%	$1,334	$5.06	2.1%	$1,397	$5.46	1.7%	$682	$2.64	1.4%	$539	$2.44
Total Fixed Charges	6.1%	$3,596	$14.04	6.1%	$4,304	$16.32	6.3%	$4,226	$16.50	6.5%	$2,641	$10.21	5.1%	$1,936	$8.77
NET OPERATING INCOME	**25.7%**	**$15,250**	**$59.45**	**26.7%**	**$18,703**	**$70.93**	**26.1%**	**$17,670**	**$68.99**	**28.2%**	**$11,469**	**$44.34**	**19.4%**	**$7,411**	**$33.57**

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
Food and Beverage	20.0%	80.0%	Occ Rooms
Minor Operated Departments	30.0%	70.0%	Occ Rooms
DEPARTMENTAL EXPENSES			
Rooms	60.0%	40.0%	Occ Rooms
Food & Beverage	40.0%	60.0%	Food & Bev Rev
Minor Operated Departments	50.0%	50.0%	MOR 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%	Total Rev
Utility Costs	90.0%	10.0%	Total Rev
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 2010	$1,882	88.1%	$20,026	$91.87
Subject 2011	$2,153	87.8%	$22,909	$102.80
Subject 2012	$2,331	87.8%	$24,803	$104.94
Subject 2013	$2,473	87.0%	$26,307	$108.27
Subject Operating History (TTM Ending May 31, 2014)	$2,529	86.9%	$26,904	$109.42
Comparable 1	$3,757	90.7%	$25,733	$100.86
Comparable 2	$1,938	92.3%	$21,533	$89.66
Comparable 3	$3,139	89.8%	$31,390	$117.97
Comparable 4	$4,124	90.9%	$31,723	$117.93
Host Report - Weighted Average	N/A	66.1%	$38,185	$149.45
Host Report - Full-service Chain-affiliated	N/A	64.2%	$45,027	$170.76
Host Report - Full-service South Atlantic	N/A	61.0%	$41,220	$160.94
Host Report - Full-service Upscale	N/A	79.2%	$32,228	$124.60
Host Report - Full-service Highway Location	N/A	64.0%	$24,403	$110.54
CBRE Estimate	**$2,707**	**87.0%**	**$28,794**	**$114.33**

Compiled by CBRE

Food & Beverage Department Revenues

Food and beverage revenue is generated by a hotel's restaurants, coffee shops, snack bars, banquet rooms, and room service. In the case of the subject, food revenue is generated by the Bistro, room service, and meeting rooms. 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:

FOOD AND BEVERAGE REVENUE				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$209	9.8%	$2,222	$10.19
Subject 2011	$220	9.0%	$2,342	$10.51
Subject 2012	$241	9.1%	$2,569	$10.87
Subject 2013	$276	9.7%	$2,931	$12.06
Subject Operating History (TTM Ending May 31, 2014)	$284	9.8%	$3,023	$12.29
Comparable 1	$333	8.0%	$2,281	$8.94
Comparable 2	$125	6.0%	$1,389	$5.78
Comparable 3	$271	7.8%	$2,710	$10.18
Comparable 4	$360	7.9%	$2,769	$10.29
Host Report - Weighted Average	N/A	22.9%	$13,949	$54.57
Host Report - Full-service Chain-affiliated	N/A	24.8%	$17,403	$66.00
Host Report - Full-service South Atlantic	N/A	26.4%	$17,840	$69.65
Host Report - Full-service Upscale	N/A	14.6%	$5,929	$22.92
Host Report - Full-service Highway Location	N/A	22.5%	$8,581	$38.87
CBRE Estimate	**$301**	**9.7%**	**$3,206**	**$12.73**

Compiled by CBRE

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Minor Operating Department Revenues

Minor Operating Department revenues are those derived from telephones, 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 2010	$45	2.1%	$482	$2.21
Subject 2011	$78	3.2%	$835	$3.75
Subject 2012	$84	3.2%	$892	$3.77
Subject 2013	$93	3.3%	$988	$4.07
Subject Operating History (TTM Ending May 31, 2014)	$96	3.3%	$1,019	$4.15
Comparable 1	$53	1.3%	$363	$1.42
Comparable 2	$37	1.8%	$411	$1.71
Comparable 3	$85	2.4%	$850	$3.19
Comparable 4	$54	1.2%	$415	$1.54
Host Report - Weighted Average	N/A	4.8%	$2,831	$11.22
Host Report - Full-service Chain-affiliated	N/A	4.3%	$2,982	$11.31
Host Report - Full-service South Atlantic	N/A	5.5%	$3,727	$14.55
Host Report - Full-service Upscale	N/A	2.4%	$980	$3.79
Host Report - Full-service Highway Location	N/A	7.9%	$3,026	$13.71
CBRE Estimate	**$101**	**3.3%**	**$1,078**	**$4.28**

Compiled by CBRE

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.

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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:

ROOMS EXPENSES

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$400	21.3%	$4,257	$19.53
Subject 2011	$430	20.0%	$4,570	$20.51
Subject 2012	$476	20.4%	$5,059	$21.40
Subject 2013	$466	18.9%	$4,959	$20.41
Subject Operating History (TTM Ending May 31, 2014)	$466	18.4%	$4,953	$20.14
Comparable 1	$850	22.6%	$5,822	$22.82
Comparable 2	$530	27.3%	$5,889	$24.52
Comparable 3	$524	16.7%	$5,240	$19.69
Comparable 4	$761	18.5%	$5,854	$21.76
Host Report - Weighted Average	N/A	26.0%	$9,953	$38.94
Host Report - Full-service Chain-affiliated	N/A	26.8%	$12,047	$45.69
Host Report - Full-service South Atlantic	N/A	25.8%	$10,620	$41.47
Host Report - Full-service Upscale	N/A	25.3%	$8,140	$31.47
Host Report - Full-service Highway Location	N/A	25.8%	$6,289	$28.49
CBRE Estimate	**$595**	**22.0%**	**$6,330**	**$25.14**

Compiled by CBRE

As shown, we have estimated rooms department expenses at 22% of departmental revenue for the first stabilized year of operations, which is higher than the range of the subject's actual historical amounts; however, it is more in line with industry averages and is considered reasonable on this basis. Our estimate is supported by market averages and is consistent with the underwriting practices of buyers.

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Food & Beverage Departmental 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:

FOOD & BEVERAGE EXPENSES

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$177	84.5%	$1,878	$8.61
Subject 2011	$208	94.4%	$2,210	$9.92
Subject 2012	$216	89.6%	$2,302	$9.74
Subject 2013	$241	87.5%	$2,566	$10.56
Subject Operating History (TTM Ending May 31, 2014)	$246	86.5%	$2,613	$10.63
Comparable 1	$216	64.9%	$1,479	$5.80
Comparable 2	$128	102.4%	$1,422	$5.92
Comparable 3	$290	107.0%	$2,900	$10.90
Comparable 4	$257	71.4%	$1,977	$7.35
Host Report - Weighted Average	N/A	68.7%	$11,408	$44.68
Host Report - Full-service Chain-affiliated	N/A	68.1%	$14,279	$54.15
Host Report - Full-service South Atlantic	N/A	65.0%	$14,065	$54.91
Host Report - Full-service Upscale	N/A	72.5%	$5,197	$20.09
Host Report - Full-service Highway Location	N/A	73.0%	$7,584	$34.36
CBRE Estimate	**$259**	**85.8%**	**$2,750**	**$10.92**

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:

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MINOR OPERATED DEPARTMENTS EXPENSES				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$36	80.5%	$388	$1.78
Subject 2011	$35	44.3%	$370	$1.66
Subject 2012	$41	48.4%	$431	$1.83
Subject 2013	$39	42.3%	$418	$1.72
Subject Operating History (TTM Ending May 31, 2014)	$35	36.3%	$370	$1.50
Comparable 1	$39	73.6%	$267	$1.05
Comparable 2	$38	102.7%	$422	$1.76
Comparable 3	$47	55.3%	$470	$1.77
Comparable 4	$34	63.0%	$262	$0.97
Host Report - Weighted Average	N/A	50.2%	$1,774	$7.07
Host Report - Full-service Chain-affiliated	N/A	48.5%	$1,850	$7.02
Host Report - Full-service South Atlantic	N/A	51.6%	$2,273	$8.88
Host Report - Full-service Upscale	N/A	37.0%	$459	$1.77
Host Report - Full-service Highway Location	N/A	68.4%	$2,281	$10.33
CBRE Estimate	**$36**	**36.0%**	**$388**	**$1.54**

Compiled by CBRE

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:

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ADMINISTRATIVE AND GENERAL EXPENSES				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$201	9.4%	$2,141	$9.82
Subject 2011	$202	8.2%	$2,145	$9.63
Subject 2012	$207	7.8%	$2,200	$9.31
Subject 2013	$210	7.4%	$2,235	$9.20
Subject Operating History (TTM Ending May 31, 2014)	$205	7.1%	$2,185	$8.89
Comparable 1	$458	11.1%	$3,137	$12.30
Comparable 2	$188	9.0%	$2,089	$8.70
Comparable 3	$269	7.7%	$2,690	$10.11
Comparable 4	$434	9.6%	$3,338	$12.41
Host Report - Weighted Average	N/A	8.5%	$4,937	$19.37
Host Report - Full-service Chain-affiliated	N/A	8.1%	$5,672	$21.51
Host Report - Full-service South Atlantic	N/A	8.3%	$5,608	$21.90
Host Report - Full-service Upscale	N/A	9.0%	$3,666	$14.17
Host Report - Full-service Highway Location	N/A	9.3%	$3,552	$16.09
CBRE Estimate	**$249**	**8.0%**	**$2,646**	**$10.51**

Compiled by CBRE

As shown, we have estimated A&G department expenses at 8.0% of total revenue, or $2,646 per available room, for the first year of operations, which is above the most recent actual amount, but is more in line with industry averages and is considered reasonable on this basis. Our estimate is supported by the actual performance of comparable properties and market averages, and is consistent with the underwriting practices of buyers.

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 2010	$151	7.1%	$1,606	$7.37
Subject 2011	$205	8.4%	$2,185	$9.81
Subject 2012	$164	6.2%	$1,740	$7.36
Subject 2013	$176	6.2%	$1,872	$7.71
Subject Operating History (TTM Ending May 31, 2014)	$161	5.5%	$1,711	$6.96
Comparable 1	$399	9.6%	$2,733	$10.71
Comparable 2	$145	6.9%	$1,611	$6.71
Comparable 3	$219	6.3%	$2,190	$8.23
Comparable 4	$436	9.6%	$3,354	$12.47
Host Report - Weighted Average	N/A	7.3%	$4,266	$16.72
Host Report - Full-service Chain-affiliated	N/A	7.0%	$4,932	$18.70
Host Report - Full-service South Atlantic	N/A	7.2%	$4,886	$19.08
Host Report - Full-service Upscale	N/A	7.8%	$3,190	$12.33
Host Report - Full-service Highway Location	N/A	7.6%	$2,885	$13.07
CBRE Estimate	**$201**	**6.5%**	**$2,140**	**$8.50**

Compiled by CBRE

As shown, we have estimated marketing expenses at 6.5% of total revenue, or $2,140 per available room, for the first year of operations, which is above the most recent actual amount, but is more in line with industry averages and is considered reasonable on this basis. Our estimate is supported by the actual performance of comparable properties and market averages, and is consistent with the underwriting practices of buyers.

Franchise Fees (Royalty)

Franchise fees include only the royalty fees charged by the franchise company. According to the Hotel Business Green Book (2014), the standard royalty fee for the Hampton Inn franchise affiliation is 5.5% of gross rooms revenue. There is also a marketing assessment of 2%. However, this has been allocated to the marketing expense line item.

This report assumes that the subject will maintain a Marriott 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:

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FRANCHISE FEES				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$104	5.5%	$1,104	$5.07
Subject 2011	$113	5.3%	$1,203	$5.40
Subject 2012	$130	5.6%	$1,380	$5.84
Subject 2013	$136	5.5%	$1,447	$5.96
Subject Operating History (TTM Ending May 31, 2014)	$139	5.5%	$1,480	$6.02
CBRE Estimate	**$149**	**5.5%**	**$1,584**	**$6.29**

Compiled by CBRE

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 2010	$58	2.7%	$613	$2.81
Subject 2011	$77	3.1%	$815	$3.66
Subject 2012	$80	3.0%	$848	$3.59
Subject 2013	$121	4.3%	$1,289	$5.30
Subject Operating History (TTM Ending May 31, 2014)	$115	3.9%	$1,219	$4.96
Comparable 1	$190	4.6%	$1,301	$5.10
Comparable 2	$79	3.8%	$878	$3.65
Comparable 3	$142	4.1%	$1,420	$5.34
Comparable 4	$177	3.9%	$1,362	$5.06
Host Report - Weighted Average	N/A	4.7%	$2,680	$10.54
Host Report - Full-service Chain-affiliated	N/A	4.3%	$3,038	$11.52
Host Report - Full-service South Atlantic	N/A	4.5%	$3,013	$11.76
Host Report - Full-service Upscale	N/A	4.7%	$1,903	$7.36
Host Report - Full-service Highway Location	N/A	5.8%	$2,207	$10.00
CBRE Estimate	**$140**	**4.5%**	**$1,491**	**$5.92**

Compiled by CBRE

As shown, we have estimated property operations and maintenance expenses at 4.5% of total revenue, or $1,491 per available room, for the first year of operations, which is above the most recent actual amount, but is more in line with industry averages and is considered reasonable on this basis. Our estimate is supported by the actual performance of comparable properties and market averages, and is consistent with the underwriting practices of buyers.

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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:

UTILITY COSTS

Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$98	4.6%	$1,046	$4.80
Subject 2011	$103	4.2%	$1,095	$4.91
Subject 2012	$107	4.0%	$1,141	$4.83
Subject 2013	$117	4.1%	$1,240	$5.10
Subject Operating History (TTM Ending May 31, 2014)	$125	4.3%	$1,331	$5.41
Comparable 1	$151	3.6%	$1,034	$4.05
Comparable 2	$135	6.4%	$1,500	$6.25
Comparable 3	$122	3.5%	$1,220	$4.59
Comparable 4	$151	3.3%	$1,162	$4.32
Host Report - Weighted Average	N/A	4.0%	$2,240	$8.84
Host Report - Full-service Chain-affiliated	N/A	3.5%	$2,452	$9.30
Host Report - Full-service South Atlantic	N/A	3.6%	$2,442	$9.53
Host Report - Full-service Upscale	N/A	4.1%	$1,678	$6.49
Host Report - Full-service Highway Location	N/A	5.5%	$2,086	$9.45
CBRE Estimate	**$130**	**4.2%**	**$1,388**	**$5.51**

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 3 to 5 percent of total revenues. The comparable data and projections for the subject are summarized as follows:

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MANAGEMENT FEE				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$86	4.0%	$914	$4.19
Subject 2011	$98	4.0%	$1,044	$4.69
Subject 2012	$107	4.0%	$1,133	$4.79
Subject 2013	$114	4.0%	$1,209	$4.98
Subject Operating History (TTM Ending May 31, 2014)	$116	4.0%	$1,239	$5.04
CBRE Estimate	**$93**	**3.0%**	**$992**	**$3.94**

Compiled by CBRE

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 2010	$58	2.7%	$618	$2.84
Subject 2011	$72	2.9%	$763	$3.42
Subject 2012	$65	2.5%	$696	$2.94
Subject 2013	$65	2.3%	$687	$2.83
Subject Operating History (TTM Ending May 31, 2014)	$64	2.2%	$682	$2.77
CBRE Estimate	**$66**	**2.1%**	**$706**	**$2.80**

Compiled by CBRE

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:

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INSURANCE				
Year	Total $ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject 2010	$12	0.6%	$131	$0.60
Subject 2011	$10	0.4%	$109	$0.49
Subject 2012	$11	0.4%	$121	$0.51
Subject 2013	$14	0.5%	$148	$0.61
Subject Operating History (TTM Ending May 31, 2014)	$15	0.5%	$163	$0.66
Comparable 1	$16	0.4%	$110	$0.43
Comparable 2	$25	1.2%	$278	$1.16
Comparable 3	$33	0.9%	$330	$1.24
Comparable 4	$17	0.4%	$131	$0.49
Host Report - Weighted Average	N/A	1.2%	$720	$2.82
Host Report - Full-service Chain-affiliated	N/A	1.1%	$788	$2.99
Host Report - Full-service South Atlantic	N/A	1.4%	$940	$3.67
Host Report - Full-service Upscale	N/A	1.2%	$474	$1.83
Host Report - Full-service Highway Location	N/A	1.1%	$421	$1.91
CBRE Estimate	**$16**	**0.5%**	**$169**	**$0.67**

Compiled by CBRE

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 2010	$85	4.0%	$909	$4.17
Subject 2011	$98	4.0%	$1,043	$4.68
Subject 2012	$106	4.0%	$1,131	$4.78
Subject 2013	$114	4.0%	$1,209	$4.98
Subject Operating History (TTM Ending May 31, 2014)	$116	4.0%	$1,238	$5.03
CBRE Estimate	**$124**	**4.0%**	**$1,323**	**$5.25**

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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 2010	$1,467	68.7%	$15,607	$71.60
Subject 2011	$1,650	67.3%	$17,553	$78.77
Subject 2012	$1,709	64.3%	$18,182	$76.92
Subject 2013	$1,812	63.8%	$19,278	$79.34
Subject Operating History (TTM Ending May 31, 2014)	$1,803	62.0%	$19,183	$78.02
Comparable 1	$2,871	69.3%	$19,664	$77.07
Comparable 2	$1,513	72.0%	$16,811	$70.00
Comparable 3	$2,015	57.7%	$20,150	$75.73
Comparable 4	$2,903	64.0%	$22,331	$83.01
Host Report - Weighted Average	N/A	74.3%	$43,448	$170.37
Host Report - Full-service Chain-affiliated	N/A	73.3%	$51,453	$195.13
Host Report - Full-service South Atlantic	N/A	73.9%	$49,904	$194.84
Host Report - Full-service Upscale	N/A	71.8%	$29,220	$112.97
Host Report - Full-service Highway Location	N/A	80.6%	$30,725	$139.18
CBRE Estimate	**$2,059**	**66.2%**	**$21,908**	**$86.99**

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The subject's historical total expenses have ranged from 62.0% to 68.7% of total revenue, from $71.60 to $79.34 per occupied room and from $15,607 to $19,278 per available room. By comparison, the expense comparables suggest an operating expense ratio range of 57.7% to 72%, as well as total expenses of $70.00 to $83.01 per occupied room and $16,811 to $22,331 per available room. Additionally, the *Host Report* statistics suggest an operating expense ratio range of 71.8% to 80.6%, as well as total expenses of $112.97 to $195.13 per occupied room and $29,220 to $51,453 per available room.

The subject's historical expenses are generally in line with the expense comparables, which are all Courtyard properties, and below the *Host Report* ranges as a percentage of revenue and the per available and per occupied room ranges. Our pro forma is in line the subject's historical indications and the expense comparables. Minimal weight was placed on the HOST data since it appears to be well above the subject's.

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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 2010	$670	31.3%	$7,124	$32.68
Subject 2011	$802	32.7%	$8,533	$38.29
Subject 2012	$948	35.7%	$10,082	$42.65
Subject 2013	$1,029	36.2%	$10,948	$45.06
Subject Operating History (TTM Ending May 31, 2014)	$1,106	38.0%	$11,763	$47.84
Comparable 1	$1,272	30.7%	$8,712	$34.15
Comparable 2	$587	28.0%	$6,522	$27.16
Comparable 3	$1,480	42.3%	$14,800	$55.62
Comparable 4	$1,635	36.0%	$12,577	$46.75
Host Report - Weighted Average	N/A	25.7%	$15,250	$59.45
Host Report - Full-service Chain-affiliated	N/A	26.7%	$18,703	$70.93
Host Report - Full-service South Atlantic	N/A	26.1%	$17,670	$68.99
Host Report - Full-service Upscale	N/A	28.2%	$11,469	$44.34
Host Report - Full-service Highway Location	N/A	19.4%	$7,411	$33.57
CBRE Estimate	**$1,050**	**33.8%**	**$11,169**	**$44.35**

Compiled by CBRE

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 18, 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%
Real Estate Tax Growth	3.00%
Revenue Assumptions	
Current/TTM Average Daily Rate	$109.42
Stabilized Average Daily Rate	$114.33
Occupancy Assumptions	
Current/TTM Occupancy	67.37%
Stabilized Occupancy	69.00%
Estimated Stabilization	Sep-14
Financial Assumptions	
Discount Rate	11.00%
Terminal Capitalization Rate	9.00%
Other Assumptions	
Cost of Sale	2.00%
Capital Expenses (Deferred Maintenance)	$752,000

Compiled by CBRE

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

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surveys, an analysis of the Consumer Price Index (CPI), as well as CBRE's survey of brokers and 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	Jul-14	$108,108	82%	Existing	11.45%
2	Jan-14	$165,541	66%	Existing	8.35%
3	Oct-13	$128,000	60%	Existing	7.42%
4	Oct-13	$115,789	69%	Existing	8.42%
5	Sep-13	$135,780	N/A	N/A	N/A
6	Sep-14	$131,872	67%	Existing	8.92%
OAR Range:					7.42% - 11.45%
Indicated OAR:					**8.00% - 8.50%**

Compiled by: CBRE

The comparables suggest a range of 7.42% to 11.45%. The lower end of this range is set by Sale Three at 7.42%. The subject contract is Sale 6. Overall, the comparables included in this analysis are considered to be similar to slightly superior to the subject with respect to location, amenities and franchise affiliation. Based on the subject's Courtyard Flag, its amenities and its location, an OAR within the range indicated above 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 Survey: 2nd 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:	**8.00% - 9.00%**	

Source: PwC Real Estate Investment Survey

The subject is considered to be a good quality full service hotel. Given the subject's age, good condition, and recent operating performance an OAR toward the middle portion of the Full Service range indicated in the preceding table would be considered appropriate. However, the subject's location in a tertiary market and the possible addition of new supply negatively impact

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the cap rate. Overall, a cap rate that is somewhat higher than the average is considered reasonable.

Market Participants

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

OVERALL CAPITALIZATION RATES - HOTEL			
Respondent	Income	OAR	Date of Survey
Confidential	T-12 Actual	9.00% - 9.25%	Sep-14
Confidential	T-12 Actual	8.50% - 9.00%	Sep-14
Indicated OAR:			**8.50% - 9.00%**
Compiled by: CBRE			

We surveyed two market participants in regards to the subject property. Both of them are very familiar with the subject property and the Statesville market.

One broker suggested that the biggest "negative" with the subject is its location in a tertiary market. If the property were located in a larger MSA he felt that the cap rate could fall below the higher range indicated above. He did indicate that a "positive" aspect of the hotel is its newer age.

The other broker, who suggested the lower range, echoed the fact that the Statesville market's smaller size causes upward pressure on the cap rate. However, he felt a reasonable range would be 8.5% to 9%.

Overall, an OAR within 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	8.00% - 8.50%
Hotel Investor Survey	8.00% - 9.00%
Market Participants	8.50% - 9.00%
CBRE, Inc. Estimate	8.50%
Compiled by: CBRE	

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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 Survey: 2nd 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%
CBRE Estimate		**11.00%**
Compiled by CBRE		

The subject is considered to be a good quality full service hotel. Given the subject's age, good condition, and recent operating performance a discount rate toward the middle portion of the Full Service range indicated in the preceding table would be considered appropriate. However, the subject's location in a tertiary market and the possible addition of new supply negatively impact the discount rate. Overall, a cap rate that is somewhat higher than the average is considered reasonable.

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 Survey: 2nd 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%
CBRE Estimate		**9.00%**
Compiled by CBRE		

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DISCOUNTED CASH FLOW CONCLUSION

The following pages present the following illustrations:

- Discounted Cash Flow Schedule

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DIRECT CAPITALIZATION SUMMARY

A summary of the direct capitalization of the subject is illustrated in the following table.

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CONCLUSION OF INCOME CAPITALIZATION APPROACH

The conclusions via the valuation methods employed for this approach are as follows:

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Reconciliation of Value

The value indications from the approaches to value are summarized as follows:

The cost approach typically gives a reliable value indication when there is strong support for the replacement cost estimate and when there is minimal depreciation. Considering the minimal amount of depreciation present in the property, the reliability of the cost approach is considered somewhat reasonable. However, buyers of hotels such as the subject do not typically consider the cost approach when making an investment decision. Therefore, the cost approach is considered less applicable to the subject and is used primarily as a test of reasonableness against the other valuation techniques. It received no weight on our final reconciliation.

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 somewhat 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 provide a reliable value indication, but has been given secondary emphasis in the final value reconciliation.

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 will be, and 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.

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 on our experience with similar hotels. For a similar property type as the subject, FF&E costs typically range from $15,000 to $25,000 per room. For our analysis, we have utilized $20,000 per room as the estimated total replacement cost new for the subject FF&E.

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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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 SALE DATA SHEETS

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LAND SALE No. 1

Cinema Drive Land Sale

Location Data

Location:	**1503 Cinema Drive**
	Statesville, NC 28625
County:	**Iredell**
Parcel No:	**4744-74-8947.000**
Atlas Ref:	

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**2.170**	**2.170**
Square Feet:	**94,525**	**94,525**
Topography:	**Generally Level**	
Shape:	**Irregular**	
Utilities:	**All Available**	
Zoning:	**HB, Highway Business**	
Allowable Bldg Area:		
Floor Area Ratio:		
No. of units:		
Max FAR:	**NA**	
Frontage:	**Cinema Drive - 362;Folger Drive - 251;**	

Analysis

Use At Sale:	**Vacant**
Proposed Use or Dev.	**Restaurant**
Price Per Acre:	**$253,456**
Price Per SF of Land:	**$5.82**
Price Per Unit:	
Price Per SF of Bldg:	



Financial Data

Transaction Type:	**Sale**
Date:	**12/2012**
Marketing Time:	**NA**
Grantor:	**Folger Drive Properties, LLC**
Grantee:	**Ray Lackey Enterprises**
Document No.:	**2211/41**
Sale Price:	**$550,000**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$550,000**
Onsite/Offsite Costs:	
Adj. Sale Price:	**$550,000**
Verification:	**Deed**

Comments

This is the sale of a 2.171 acre site located at the northeast corner of Folger Drive and Cinema Drive, with visibility from Interstate 77, in Statesville, North Carolina. The property was purchased by a local restaurateur who has constructed a pizza restaurant on the site. This sale closed in December 2012 for a recorded purchase price of $550,000, or $5.82 per square foot.

LAND SALE No. 2

Fourth Creek Landing Site

Location Data

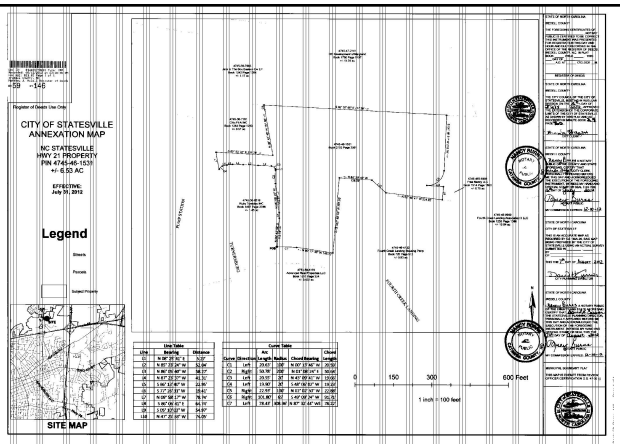
Location:	**214-224 Turnersburgh Highway Statesville, NC 28677**
County:	**Iredell**
Parcel No:	**4745-46-1531**
Atlas Ref:	

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**6.529**	**6.529**
Square Feet:	**284,417**	**284,417**
Topography:	**Generally Level**	
Shape:	**Irregular**	
Utilities:	**All Available to Site**	
Zoning:	**B-4, Highway Business District**	
Allowable Bldg Area:		
Floor Area Ratio:		
No. of units:		
Max FAR:	**NA**	
Frontage:	**ES of U.S. Highway 21 - 79;NS of Fourth Creek Landing Drive - 224;**	

Analysis

Use At Sale:	**Vacant**
Proposed Use or Dev.	**Retail**
Price Per Acre:	**$225,062**
Price Per SF of Land:	**$5.17**
Price Per Unit:	
Price Per SF of Bldg:	



Financial Data

Transaction Type:	**Sale**
Date:	**1/2012**
Marketing Time:	**NA**
Grantor:	**Free Nancy, LLC**
Grantee:	**NC Statesville Hwy 21, LLC**
Document No.:	**2153-2061**
Sale Price:	**$1,469,500**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$1,469,500**
Onsite/Offsite Costs:	
Adj. Sale Price:	**$1,469,500**
Verification:	**Deed Records; Subsequent Appraisal of the Improved Property**

Comments

This comparable represents the acquisition of a 6.53-acre tract located along the east side of Turnersburg Highway (U.S. 21) at Pump Station Road, in the northern part of Statesville. The property is about a half-mile north of Interstate 40 and three-quarters of a mile west of Interstate 77, in a recently developed commercial hub. The site is shadow-anchored by Home Depot and other retail outparcels. In the immediate vicinity are Lowe's Home Improvement and Crossroads shopping center, anchored by Wal-Mart Supercenter, Burke's Outlet, and Big Lots. The property was acquired by a regional developer for construction of a 67,546 square foot shopping center comprised of four big-box tenants (TJ Maxx, Staples, PetSmart, and Michaels) in two buildings.

LAND SALE No. 3

CVS/pharmacy Site

Location Data

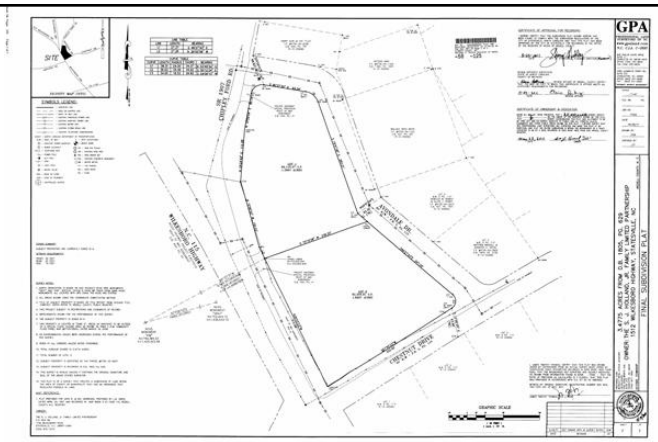
Location:	**1512 Wilkesboro Highway** **Statesville, NC 28625**
County:	**Iredell**
Parcel No:	**4735-33-9937.000 (Pt.)**
Atlas Ref:	

Physical Data

Type:	**Retail/Commercial**	
Land Area:	**Gross**	**Usable**
Acres:	**1.587**	**1.587**
Square Feet:	**69,119**	**69,119**
Topography:	**Level, At Street Grade**	
Shape:	**Irregular**	
Utilities:	**All Available to Site**	
Zoning:	**R-10, Urban Low Density Residential District**	
Allowable Bldg Area:	**0 SF**	
Floor Area Ratio:	**0.00**	
No. of units:	**0**	
Max FAR:	**0.00**	
Frontage:	**ES of Wilkesboro Highway - 177;ES of Chipley Ford Road - 213;WS of Avondale Drive - 437;**	

Analysis

Use At Sale:	**Vacant**
Proposed Use or Dev.	**Retail**
Price Per Acre:	**$552,305**
Price Per SF of Land:	**$12.68**
Price Per Unit:	
Price Per SF of Bldg:	



Financial Data

Transaction Type:	**Sale**
Date:	**6/2011**
Marketing Time:	**NA**
Grantor:	**The S.J. Holland, Jr., Family LP**
Grantee:	**CVS 3569 NC, LLC**
Document No.:	**2122 / 1196**
Sale Price:	**$876,398**
Financing:	**Cash to Seller**
Cash Eq.Price:	**$876,398**
Onsite/Offsite Costs:	**$0**
Adj. Sale Price:	**$876,398**
Verification:	**Deed, Tax Assessor's Records, Subsequent Appraisal of the Improved Property**

Comments

This comparable represents the acquisition of a 1.59 acre tract of land acquired for the development of a 13,225 square foot CVS/pharmacy that was completed in January 2012. The property is situated in the northeast corner of Wilkesboro Highway (SR 115) and Chestnut Drive, less than a half-mile north of Interstate 40, in the northern part of Statesville. The property has good access and visibility along road grade. At the time of sale, the property was zoned R-10 but subsequently changed to B-3, Shopping Center Business District.

Addendum B

IMPROVED SALE DATA SHEETS

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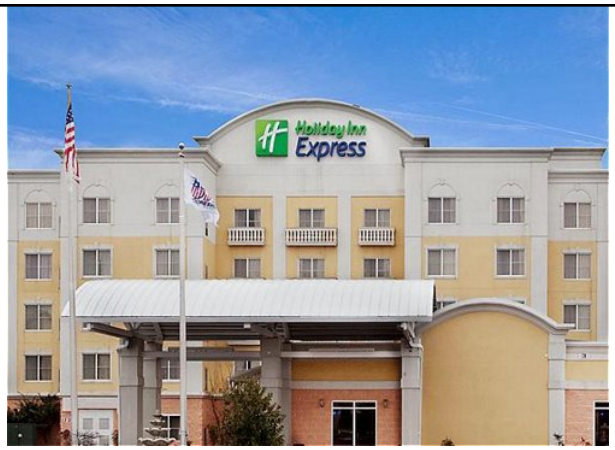
HOTEL SALE No. 1

Holiday Inn Express & Suites



Location Data

Location:	**130 Norman Station Boulevard** **Mooresville, NC 28115**
County:	**Iredell**
Parcel No:	**4647-75-9384**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Land Area:	**1.460 Acres**
Gross Building Area:	**40,513 SF**
Number of Rooms:	**74**
Average Room Size:	**0 SF**
Year Built:	**2003**
Exterior Walls:	**Stucco**
Condition:	**Average**
Auto Club Rating:	
Amenities:	**Business Center, Fitness Center, Outdoor Pool, Guest Laundry, High Speed Internet, ATM**

Sales Data

Transaction Type:	**Sale**
Date:	**7/2014**
Marketing Time:	**NA**
Grantor:	**Maya Mooresville, LLC**
Grantee:	**Opal Hotels Mooresville, LLC**
Document No.:	**2309/1388**
Sale Price:	**$8,000,000**
Financing:	**Cash to Seller**
Cash Eq. Price:	**$8,000,000**
Req. Capital Cost:	**$0**
Adj. Sale Price:	**$8,000,000**
Verification:	**Deed**

Financial Data

Source:	**Seller**
Avg Daily Rate (ADR):	**95.00**
Annual Occupancy:	**82%**
Based On:	**Existing Income**
Gross Revenue:	**$2,175,000**
Room Revenue:	**$2,104,079**
Net Operating Inc:	**$916,337**

Analysis

Underwriting Criteria:	**Direct Cap**
Overall Cap Rate (OAR):	**11.45%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**3.68**
Room Rev Mult (RRM):	**3.80**
RevPAR:	**$0.00**
NOI Ratio:	**42.13**
Sale Price Per Room:	**$108,108**

Comments

This is a good quality, interior corridor hotel located in the Mooresville Consumer Square just off of West Plaza Drive. The hotel is located just in front of the Wal-Mart anchored shopping center. The property opened in 2003. The hotel has good exposure from Interstate 77 and West Plaza Road. Guest room amenities include simply smart bedding, 32 inch flat screen televisions, wireless internet, pillow top mattresses, microwaves/refrigerators, work desk, and coffee makers. Project amenities include outdoor pool, barbeque grills, guest laundry, ATM, and a 3,358 square foot meeting space.

The property sold in July 2014 for a recorded sale price of $8,000,000. The seller indicated that that property had an ADR of approximately $95 and an average occupancy of 82%. Total revenues were estimated at $2,175,000 and the NOI was estimated to be $916,337, based on the seller's comments that the NOI was "just over $1.0M, or approximately 46% NOI. We have included a 4% reserve allowance to bring the NOI down to $916,337. The seller indicated that the PIP was minimal because the property was in good shape. The buyer is a local owner. This was an off market deal. The buyer approached the seller with an unsolicited offer that they couldn't refuse.

HOTEL SALE No. 2

Courtyard Charlotte Airport



Location Data

Location:	**2700 Little Rock Road**
	Charlotte, NC 28214
County:	**Mecklenburg**
Parcel No:	**05536942**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Land Area:	**4.700 Acres**
Gross Building Area:	**49,305 SF**
Number of Rooms:	**148**
Average Room Size:	
Year Built:	**1997**
Exterior Walls:	**Stucco**
Condition:	**Good**
Auto Club Rating:	
Amenities:	**Indoor pool, business center, fitness center, guest laundry**

Sales Data

Transaction Type:	**Sale**
Date:	**1/2014**
Marketing Time:	**NA**
Grantor:	**Charlotte-SAMP, LLC**
Grantee:	**BRE CHARAIR, LLC**
Document No.:	**28944/903**
Sale Price:	**$24,500,000**
Financing:	**Cash to Seller**
Cash Eq. Price:	**$24,500,000**
Req. Capital Cost:	**$0**
Adj. Sale Price:	**$24,500,000**
Verification:	**Broker**

Financial Data

Source:	**Broker**
Avg Daily Rate (ADR):	**121.90**
Annual Occupancy:	**66%**
Based On:	**Existing Income**
Gross Revenue:	**$4,878,000**
Room Revenue:	**$4,339,540**
Net Operating Inc:	**$2,046,000**

Analysis

Underwriting Criteria:	**Direct Cap**
Overall Cap Rate (OAR):	**8.35%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**5.02**
Room Rev Mult (RRM):	**5.65**
RevPAR:	**$0.00**
NOI Ratio:	**41.94**
Sale Price Per Room:	**$165,541**

Comments

This is the sale of a Courtyard located along the west side of Little Rock Road, just south of its interchange with I-85 at exit 32 in the airport submarket of Charlotte. This transaction was part of four-property pool of hotels in Charlotte that sold as part of a larger portfolio to The Blackstone Group. The purchase price is an allocation and the operating data represents T-12 figures ending June 2013. This sale closed in January 2014 for a recorded sale price of $24,500,000, or $165,541 and the indicated cap rate from this transaction was 8.35%.

The previous owners added 50 rooms to the property in 2011 bringing the total room count up to 148, at which point they underwent an extensive renovation to bring the property up to current Courtyard brand standards.

The broker reported that this property and the Hilton Executive Park involved loan assumptions, which due to defeasance costs and closing related issues resulted in the original portfolio price being reduced from ±$76M to ±$74M and delayed the closing date for these two - the other two closed in October 2013. The PIPs for all properties was minimal. The portfolio was purchased at an average cap rate of about 8%.

HOTEL SALE No. 3

Courtyard Charlotte Billy Graham Parkway



Location Data

Location:	**321 West Woodlawn Avenue**
	Charlotte, NC 28217
County:	**Mecklenburg**
Parcel No:	**169-03-301**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Land Area:	**3.630 Acres**
Gross Building Area:	**97,927 SF**
Number of Rooms:	**175**
Average Room Size:	**0 SF**
Year Built:	**1976, Ren. 2012**
Exterior Walls:	**Stucco**
Condition:	**Average**
Auto Club Rating:	
Amenities:	**3,000 SF of meeting space, Fitness Center, Business Center, Pool, Restaurant, Lounge, Wifi**

Sales Data

Transaction Type:	**Sale**
Date:	**10/2013**
Marketing Time:	**NA**
Grantor:	**SREE BG Hotel Partners, LLC**
Grantee:	**BRE CHARBILLY, LLC**
Document No.:	**28781/594**
Sale Price:	**$22,400,000**
Financing:	**Cash to Seller**
Cash Eq. Price:	**$22,400,000**
Req. Capital Cost:	**$0**
Adj. Sale Price:	**$22,400,000**
Verification:	**Broker**

Financial Data

Source:	**Broker**
Avg Daily Rate (ADR):	**108.08**
Annual Occupancy:	**60%**
Based On:	**Existing Income**
Gross Revenue:	**$4,643,000**
Room Revenue:	**$4,128,359**
Net Operating Inc:	**$1,662,000**

Analysis

Underwriting Criteria:	**Direct Cap**
Overall Cap Rate (OAR):	**7.42%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**4.82**
Room Rev Mult (RRM):	**5.43**
RevPAR:	**$0.00**
NOI Ratio:	**35.80**
Sale Price Per Room:	**$128,000**

Comments

This is the sale of a Courtyard located along the southeast corner of Billy Graham Parkway and S Tryon Street and in the southwest quadrant of the I-77/Woodlawn Road interchange in Charlotte. The hotel was previously operated as a Holiday Inn, but it was purchased, and subsequently reflagged/extensively renovated in 2012.

This transaction was part of four-property pool of hotels in Charlotte that sold as part of a larger portfolio to The Blackstone Group. The purchase price is an allocation and the operating data represents T-12 figures ending June 2013. The portfolio was purchased at an average cap rate of about 8%. This property had recently undergone an extensive renovation and was still ramping up to stabilized operations during the trailing 12 month period. As such, it traded for a slightly lower cap rate.

It is noted that public records indicate the sale price was $21,559,500; however, we confirmed the price above with the broker.

The Hilton Executive Park and the Courtyard Airport involved loan assumptions, which due to defeasance costs and closing related issues resulted in the original portfolio price being reduced from ±$76M to ±$74M. The PIPs for all properties was minimal.

HOTEL SALE No. 4

Springhill Suites Charlotte Airport



Location Data

Location:	**3055 Scott Futrell Drive**
	Charlotte, NC 28208
County:	**Mecklenburg**
Parcel No:	**06119104**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Land Area:	**1.920 Acres**
Gross Building Area:	**58,420 SF**
Number of Rooms:	**95**
Average Room Size:	
Year Built:	**2002**
Exterior Walls:	**Stucco**
Condition:	**Good**
Auto Club Rating:	
Amenities:	**Indoor pool, business center, fitness center, free breakfast**

Sales Data

Transaction Type:	**Sale**
Date:	**10/2013**
Marketing Time:	**NA**
Grantor:	**SREE-Billy Graham, LLC**
Grantee:	**BRE CHARSPRING, LLC**
Document No.:	**28781/686**
Sale Price:	**$11,000,000**
Financing:	**Cash to Seller**
Cash Eq. Price:	**$11,000,000**
Req. Capital Cost:	**$0**
Adj. Sale Price:	**$11,000,000**
Verification:	**Broker**

Financial Data

Source:	**Broker**
Avg Daily Rate (ADR):	**110.13**
Annual Occupancy:	**69%**
Based On:	**Existing Income**
Gross Revenue:	**$2,698,000**
Room Revenue:	**$2,631,124**
Net Operating Inc:	**$926,000**

Analysis

Underwriting Criteria:	**Direct Cap**
Overall Cap Rate (OAR):	**8.42%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**4.08**
Room Rev Mult (RRM):	**4.18**
RevPAR:	**$75.99**
NOI Ratio:	**34.32**
Sale Price Per Room:	**$115,789**

Comments

This is the sale of the SpringHill Suites Charlotte Airport. The property sold in October 2013 for an allocated purchase price of $11,000,000. The operating data represents the T-12 figures ending June 2013. This hotel was purchased as part of a four-property portfolio acquired by The Blackstone Group. It is noted that the deed reflects a slightly lower sale price. However, we confirmed the sale price above with the broker.

This interior hallway hotel is located near the Billy Graham Parkway/Interstate 85 interchange in Charlotte. The property benefits from its proximity to the Charlotte airport. The hotel features all guest suites and provides a modern, prototypical Springhill design. Interstate visibility for this hotel is favorable, as is its affiliation with Marriott.

The hotel provides 95 guest rooms in a four-story, interior corridor structure, and represents one of the most recently developed lodging facilities in the Airport area. The hotel opened in June 2002 and has one meeting room comprising 750 square feet of space. Guestroom amenities include coffee maker/tea service, iron/ironing board, hair dryer, luxury bedding, down pillows, microwaves and pull-out sofas. Demand for this hotel is primarily driven by the commercial/business segment with much of the demand generated by the nearby office parks as well as the airport.

HOTEL SALE No. 5

Courtyard Raleigh North/Triangle Town Center



Location Data

Location:	**3401 Sumner Boulevard**
	Raleigh, NC 27616
County:	**Wake**
Parcel No:	**0370410**
Atlas Ref:	

Physical Data

Type:	**Full Service Hotel**
Land Area:	**2.560 Acres**
Gross Building Area:	**63,544 SF**
Number of Rooms:	**109**
Average Room Size:	
Year Built:	**2010**
Exterior Walls:	**Stone Veneer**
Condition:	**Good**
Auto Club Rating:	
Amenities:	**Indoor pool, restaurant, lounge, free wifi, meeting space, business center, fitness center**

Sales Data

Transaction Type:	**Sale**
Date:	**9/2013**
Marketing Time:	**NA**
Grantor:	**Ambrosia Hospitality, LLC**
Grantee:	**Concord Aztec TTC CY, LLC**
Document No.:	**15453/2240**
Sale Price:	**$14,800,000**
Financing:	**Cash to Seller**
Cash Eq. Price:	**$14,800,000**
Req. Capital Cost:	
Adj. Sale Price:	**$14,800,000**
Verification:	**Deed**

Financial Data

Source:	
Avg Daily Rate (ADR):	
Annual Occupancy:	
Based On:	
Gross Revenue:	
Room Revenue:	
Net Operating Inc:	

Analysis

Underwriting Criteria:	
Overall Cap Rate (OAR):	
Projected IRR:	
Gross Rev Mult (GRM):	
Room Rev Mult (RRM):	
RevPAR:	
NOI Ratio:	
Sale Price Per Room:	**$135,780**

Comments

This comparable is a 109-room select-service Courtyard by Marriott located at 3401 Sumner Boulevard in Raleigh, North Carolina. The building was completed in 2010 and is situated on a 2.56 acre site. Hotel amenities include an indoor pool, restaurant (breakfast and dinner only), lounge, free wifi, a limited amount of meeting space, business center, and a fitness center. This sale closed in September 2013 for a recorded sale price of $14,800,000, or $135,780 per room. Financial details for this transaction could not be confirmed.

HOTEL SALE No. 6

Courtyard by Marriott - Statesville

Location Data

Location:	**1530 Cinema Drive**
	Statesville, NC 28625
County:	**Iredell**
Parcel No:	**4744-84-4612**
Atlas Ref:	

Physical Data

Type:	**Full Service Hotel**
Land Area:	**2.030 Acres**
Gross Building Area:	**58,008 SF**
Number of Rooms:	**94**
Average Room Size:	
Year Built:	**2009**
Exterior Walls:	**Stone Veneer**
Condition:	**Good**
Auto Club Rating:	
Amenities:	**Meeting space, outdoor pool, fitness center, business center**

Sales Data

Transaction Type:	**Contract**
Date:	**9/2014**
Marketing Time:	**NA**
Grantor:	**Cinema Drive Hotel Associates, LLC**
Grantee:	**American Hotel Incom Properties REIT**
Document No.:	
Sale Price:	**$11,644,000**
Financing:	**Cash to Seller**
Cash Eq. Price:	**$11,644,000**
Req. Capital Cost:	**$752,000**
Adj. Sale Price:	**$12,396,000**
Verification:	**Acquisition Appraisal**



Financial Data

Source:	**Seller**
Avg Daily Rate (ADR):	**109.42**
Annual Occupancy:	**67%**
Based On:	**Existing Income**
Gross Revenue:	**$2,908,909**
Room Revenue:	**$2,528,953**
Net Operating Inc:	**$1,105,711**

Analysis

Underwriting Criteria:	**Direct Cap**
Overall Cap Rate (OAR):	**8.92%**
Projected IRR:	**0.00%**
Gross Rev Mult (GRM):	**4.26**
Room Rev Mult (RRM):	**4.90**
RevPAR:	**$73.72**
NOI Ratio:	**38.01**
Sale Price Per Room:	**$131,872**

Comments

This is the Courtyard by Marriott hotel in Statesville, North Carolina. This hotel is opened in June 2009. This is an interior corridor structure that features the most recent Courtyard design. It is located next to a newer Hampton Inn and there is a restaurant outparcel between the two parcels.

This hotel's lobby features inviting, flexible spaces to work or relax, free Wi-Fi throughout and easy access to the latest news, weather and airport conditions via the Marriott trademarked GoBoard(TM). The hotel is conveniently located less than 20 minutes from the headquarters for Lowe's, many of the Nascar Race Teams, and Lake Norman. The property offers a fitness center, outdoor pool, and 1,000 square feet of meeting space, but the highlight of the property is The Bistro - Eat. Drink. Connect.(TM) which provides guests with healthy food and beverage offerings in the morning and evening dinner service with cocktails. A 24-hour business center and boarding pass printing service is also available.

The property is currently under contract for an allocated purchase price of $11,644,000 or $123,872 per room. The PIP has been estimated at $8,000 per key, or $752,000. The indicated cap rate, based on the T-12 numbers ending May 2014, is 8.92%. The T-12 numbers include a 4% reserve allowance and a 4% management fee.

Addendum C

COMPETITIVE HOTEL DATA SHEETS

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HOTEL COMPARABLE No. 1

Comfort Inn & Suites



Location Data

Location:	**1214 Greenland Drive**
	Statesville, NC 28677
County:	**Iredell**
Parcel No:	**4744-70-7114**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Num. of Guest Rooms:	**111**
Average Room Size:	
Year Built:	**1986, Renovated 2010**
Stories:	**3**
Building Amenities:	**Pet Friendly, Business Center, Wifi, Indoor Pool**
Restaurant:	**No**
Lounge:	**No**
Parking Type:	**Surface**
Condition:	**Average**
Quality:	**Average**
Auto Club Rating:	

Financial Data

Published Rates:	**$79 - $99**
Average Daily Rate:	**75.00**
Annual Occupancy:	**51%**
Date of Survey:	**9/14**
Year of Occupancy:	**2014**

Demand Segmentation

Commercial:	**50.00%**
Group:	**5.00%**
Leisure:	**45.00%**
Discount:	
Total:	**100.00%**

Comments

The Comfort Inn & Suites Statesville was renovated from its previous use as a Baymont Inn in late 2010. The hotel is an interior corridor property with an indoor pool, a business center, a fitness center, guest laundry and a lounge. The hotel is pet friendly as well. This is a good location along the I-77 corridor in Statesville.

HOTEL COMPARABLE No. 2

SpringHill Suites Charlotte Lake Norman



Location Data

Location:	**121 Gateway Boulevard**
	Mooresville, NC 28117
County:	**Iredell**
Parcel No:	**4646-72-9063**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Num. of Guest Rooms:	**107**
Average Room Size:	**0 SF**
Year Built:	**2006**
Stories:	**5**
Building Amenities:	**Meeting Space, Buffet Breakfast, Gift/Newsstand, Laundry On-Site, Coffee in Lobby,**
Restaurant:	**No**
Lounge:	**No**
Parking Type:	**Surface**
Condition:	**Good**
Quality:	**Good**
Auto Club Rating:	

Financial Data

Published Rates:	**$114 - $139**
Average Daily Rate:	**101.00**
Annual Occupancy:	**69%**
Date of Survey:	**9/14**
Year of Occupancy:	**2014**

Demand Segmentation

Commercial:	**70.00%**
Group:	**10.00%**
Leisure:	**20.00%**
Discount:	**0.00%**
Total:	**100.00%**

Comments

This comparable represents a limited service Marriott product located along Charlotte Highway, just east of Interstate 77 at exit 33. Nearby hotels include the Hilton Garden Inn and TownePlace Suites. The improvements were constructed in 2006 and include one, five-story interior corridor hotel. Project and guest room amenities include indoor pool, fitness center, business center, full American breakfast, microwaves, refrigerators, oversized rooms, six meeting rooms, and wireless internet. This property caters primarily to the commercial guest with leisure guest comprising most of the balance.

HOTEL COMPARABLE No. 3

Hilton Garden Inn



Location Data

Location:	**159 Gateway Boulevard**
	Mooresville, NC 28117
County:	**Iredell**
Parcel No:	**4646-72-6973**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Num. of Guest Rooms:	**122**
Average Room Size:	**0 SF**
Year Built:	**2008**
Stories:	**4**
Building Amenities:	**Bar Area, Lounge, Swimming Pool, Meeting Room, Business Center, ATM, Room Service, Wireless Internet**
Restaurant:	**Yes**
Lounge:	**Yes**
Parking Type:	**Surface**
Condition:	**Good**
Quality:	**Good**
Auto Club Rating:	

Financial Data

Published Rates:	**$109.00 - $160.00**
Average Daily Rate:	**120.00**
Annual Occupancy:	**68%**
Date of Survey:	**9/14**
Year of Occupancy:	**2014**

Demand Segmentation

Commercial:	**70.00%**
Group:	**10.00%**
Leisure:	**20.00%**
Discount:	**0.00%**
Total:	**100.00%**

Comments

This comparable represents a limited service interior corridor hotel located in Mooresville, North Carolina. The hotel is located just right off Interstate 77 at Exit 33. The surrounding area includes SpringHill Suites and several retail shops and restaurants. Project amenities include coin laundry, bar area, lounge, snack shop, full service restaurant, meeting rooms, fitness room, swimming pool, on-site restaurant, and 24-hour Pantry. Guest rooms include a king or two queen beds, along with expanded cable, a work desk, microwave/refrigerator, coffee maker, and iron/ironing board. Suites are also available and they include a king size bed, in-room Jacuzzi, and 32” television.

HOTEL COMPARABLE No. 4

Holiday Inn Express & Suites



Location Data

Location:	**939 North Carolina Avenue**
	Statesville, NC 28677
County:	**Iredell**
Parcel No:	**4745-33-4515**
Atlas Ref:	

Physical Data

Type:	**Limited Service Hotel**
Num. of Guest Rooms:	**77**
Average Room Size:	
Year Built:	**2009**
Stories:	**4**
Building Amenities:	**Business Center, Health/Fitness Center, Indoor Pool, Complimentary Breakfast, Meeting Rooms, Guest Laundry**
Restaurant:	**No**
Lounge:	**No**
Parking Type:	**Surface**
Condition:	**Average**
Quality:	**Average**
Auto Club Rating:	

Financial Data

Published Rates:	**$108 - $127**
Average Daily Rate:	**95.00**
Annual Occupancy:	**75%**
Date of Survey:	**9/14**
Year of Occupancy:	**2014**

Demand Segmentation

Commercial:	**45.00%**
Group:	**5.00%**
Leisure:	**50.00%**
Discount:	**0.00%**
Total:	**100.00%**

Comments

This comparable represents a Holiday Inn Express & Suites in Statesville, North Carolina. The site is located along North Carolina Avenue, southwest of Interstate 77 and Interstate 40. Improvements to this site were completed in June of 2009. Facilities include a breakfast dining area, an indoor pool, exercise room, a guest laundry facility, business center, and approximately 350 square feet of meeting space.

Addendum D

OPERATING DATA

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Addendum E

HISTORICAL TRENDS REPORT – SMITH TRAVEL RESEARCH

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Courtyard Statesville Mooresville Lake Norman Monthly STAR Report

For the Month of: May 2014 | **STR #: 58656** | **Date Created: June 17, 2014**

Table of Contents

	Tab
Monthly Performance at a Glance	1
STAR Summary	2
Competitive Set Report	3
Response Report	4
Day of Week & Weekday/Weekend	5
Daily Data for the Month	6
Help	7
	8

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

Courtyard Statesville Mooresville Lake Norman 1530 Cinema Dr Statesville, NC 28625-5400 Phone: (704) 768-2400

STR # 58656 ChainID: 6527T MgtCo: Gateway Hospitality Owner: None

For the Month of: May 2014 Date Created: June 17, 2014 Monthly Competitive Set Data Excludes Subject Property

May 2014

	Occupancy (%)			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	74.1	67.8	109.3	111.84	104.89	106.6	82.86	71.08	116.6
Year To Date	66.4	65.0	102.2	113.25	103.73	109.2	75.24	67.44	111.6
Running 3 Month	73.4	70.2	104.6	114.37	103.71	110.3	83.98	72.78	115.4
Running 12 Month	67.4	65.1	103.5	109.43	100.11	109.3	73.71	65.16	113.1

May 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	7.0	1.9	5.0	0.7	1.2	-0.5	7.7	3.1	4.4
Year To Date	3.0	3.3	-0.3	2.5	4.4	-1.8	5.5	7.8	-2.1
Running 3 Month	2.1	2.5	-0.4	1.3	3.1	-1.7	3.4	5.7	-2.1
Running 12 Month	4.5	4.0	0.5	1.7	-0.8	2.6	6.3	3.2	3.1

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

Courtyard Statesville Mooresville Lake Norman 1530 Cinema Dr Statesville, NC 28625-5400 Phone: (704) 768-2400

STR # 58656 ChainID: 6527T MgtCo: Gateway Hospitality Owner: None

For the Month of: May 2014 Date Created: June 17, 2014 Monthly Competitive Set Data Excludes Subject Property

Occupancy (%)

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Courtyard Statesville Mooresville Lake Norm	74.1	7.0	66.4	3.0	73.4	2.1	67.4	4.5
Market: North Carolina West	61.3	4.0	51.1	4.0	57.4	3.6	56.7	4.3
Market Class: Upscale Class	68.8	3.7	58.7	4.3	65.1	3.0	65.0	5.9
Tract: North Carolina West Central Area	55.5	2.3	50.9	3.9	55.3	3.2	52.6	1.3
Tract Scale: Upscale Chains	70.3	-1.1	67.1	2.2	69.6	-0.8	69.4	4.9
Competitive Set: Competitors	67.8	1.9	65.0	3.3	70.2	2.5	65.1	4.0

Supply

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Courtyard Statesville Mooresville Lake Norm	0.0	0.0	0.0	0.0
Market: North Carolina West	0.0	-0.3	-0.3	0.0
Market Class: Upscale Class	0.0	0.0	0.0	0.7
Tract: North Carolina West Central Area	0.0	0.0	0.0	0.4
Tract Scale: Upscale Chains	0.0	0.0	0.0	0.0
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
Courtyard Statesville Mooresville Lake Norm	111.84	0.7	113.25	2.5	114.37	1.3	109.43	1.7
Market: North Carolina West	97.86	5.4	89.92	4.7	92.61	4.6	95.76	4.5
Market Class: Upscale Class	117.97	6.7	109.36	5.5	112.42	5.9	114.29	5.9
Tract: North Carolina West Central Area	82.30	2.9	80.14	3.4	80.09	2.6	81.22	1.3
Tract Scale: Upscale Chains	118.32	4.6	116.00	6.1	116.04	5.1	113.51	2.7
Competitive Set: Competitors	104.89	1.2	103.73	4.4	103.71	3.1	100.11	-0.8

Demand

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Courtyard Statesville Mooresville Lake Norm	7.0	3.0	2.1	4.5
Market: North Carolina West	3.9	3.7	3.2	4.3
Market Class: Upscale Class	3.7	4.3	3.0	6.6
Tract: North Carolina West Central Area	2.3	3.9	3.2	1.7
Tract Scale: Upscale Chains	-1.1	2.2	-0.8	4.9
Competitive Set: Competitors	1.9	3.3	2.5	4.0

RevPAR

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Courtyard Statesville Mooresville Lake Norm	82.86	7.7	75.24	5.5	83.98	3.4	73.71	6.3
Market: North Carolina West	59.94	9.6	45.94	8.9	53.12	8.4	54.28	9.0
Market Class: Upscale Class	81.12	10.6	64.22	10.1	73.21	9.1	74.35	12.1
Tract: North Carolina West Central Area	45.67	5.3	40.82	7.4	44.30	5.9	42.70	2.6
Tract Scale: Upscale Chains	83.21	3.5	77.84	8.4	80.73	4.3	78.78	7.7
Competitive Set: Competitors	71.08	3.1	67.44	7.8	72.78	5.7	65.16	3.2

Revenue

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Courtyard Statesville Mooresville Lake Norm	7.7	5.5	3.4	6.3
Market: North Carolina West	9.5	8.6	8.0	9.0
Market Class: Upscale Class	10.6	10.1	9.1	12.8
Tract: North Carolina West Central Area	5.3	7.4	5.9	3.0
Tract Scale: Upscale Chains	3.5	8.4	4.3	7.7
Competitive Set: Competitors	3.1	7.8	5.7	3.2

Census/Sample - Properties & Rooms

	Census		Sample		Sample %
	Properties	Rooms	Properties	Rooms	Rooms
Market: North Carolina West	411	27526	185	16585	60.3
Market Class: Upscale Class	33	3836	15	1943	50.7
Tract: North Carolina West Central Area	119	7659	56	4751	62.0
Tract Scale: Upscale Chains	4	423	4	423	100.0
Competitive Set: Competitors	4	417	4	417	100.0

Pipeline

Market: North Carolina West

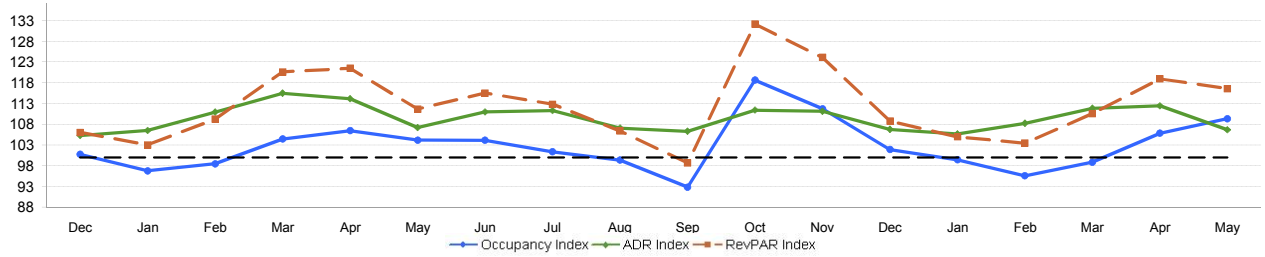
Under Construction		Planning	
Properties	Rooms	Properties	Rooms
4	387	12	1638

See Help page for pipeline definitions.

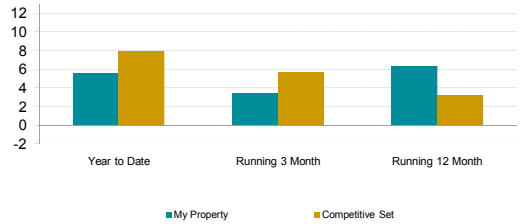
Tab 4 - Competitive Set Report

Courtyard Statesville Mooresville Lake Norman 1530 Cinema Dr Statesville, NC 28625-5400 Phone: (704) 768-2400
STR # 58656 ChainID: 6527T MgtCo: Gateway Hospitality Owner: None
For the Month of: May 2014 Date Created: June 17, 2014 Monthly Competitive Set Data Excludes Subject Property

Monthly Indexes



RevPAR Percent Change



Occupancy (%)	2012	2013												2014					Year To Date			Running 3 Month			Running 12 Month		
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2012	2013	2014	2012	2013	2014	2012	2013	2014
My Property	47.2	50.7	55.6	69.6	77.1	69.3	74.8	70.9	67.7	60.8	83.6	69.5	48.8	53.0	58.4	68.8	77.6	74.1	64.8	64.5	66.4	73.4	71.9	73.4	63.7	64.4	67.4
Competitive Set	46.9	52.3	56.5	66.6	72.4	66.5	71.9	69.9	68.1	65.5	70.5	62.3	47.9	53.3	61.1	69.6	73.3	67.8	57.8	62.9	65.0	64.6	68.5	70.2	59.4	62.6	65.1
Index (MPI)	100.7	96.8	98.5	104.4	106.4	104.2	104.1	101.4	99.4	92.8	118.6	111.7	101.9	99.4	95.6	98.9	105.8	109.3	112.1	102.5	102.2	113.6	105.0	104.6	107.2	103.0	103.5
Rank	3 of 5	4 of 5	3 of 5	1 of 5	3 of 5	4 of 5	3 of 5	3 of 5	4 of 5	4 of 5	2 of 5	2 of 5	3 of 5	4 of 5	4 of 5	4 of 5	3 of 5	3 of 5	4 of 5	4 of 5	3 of 5	2 of 5	4 of 5	3 of 5	4 of 5	4 of 5	3 of 5
% Chg																											
My Property	-2.1	8.1	-2.4	-11.0	8.2	-1.9	3.8	10.7	-4.2	-7.5	12.8	22.2	3.3	4.5	5.1	-1.2	0.6	7.0	10.9	-0.5	3.0	7.9	-2.0	2.1	6.9	1.2	4.5
Competitive Set	14.2	15.7	14.0	2.3	14.9	1.5	7.1	12.7	3.4	3.4	1.5	0.9	2.1	1.8	8.2	4.4	1.2	1.9	-9.5	8.9	3.3	-9.8	6.1	2.5	6.4	5.3	4.0
Index (MPI)	-14.3	-6.6	-14.3	-13.0	-5.9	-3.4	-3.1	-1.8	-7.4	-10.6	11.2	21.1	1.2	2.7	-2.9	-5.3	-0.6	5.0	22.6	-8.6	-0.3	19.5	-7.6	-0.4	0.5	-3.9	0.5
Rank	4 of 5	2 of 5	4 of 5	5 of 5	4 of 5	4 of 5	2 of 5	3 of 5	5 of 5	4 of 5	1 of 5	1 of 5	2 of 5	3 of 5	4 of 5	4 of 5	4 of 5	3 of 5	1 of 4	4 of 5	3 of 5	1 of 4	4 of 5	4 of 5	4 of 5	3 of 5	3 of 5

ADR	2012	2013												2014					Year To Date			Running 3 Month			Running 12 Month		
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2012	2013	2014	2012	2013	2014	2012	2013	2014
My Property	98.75	101.59	109.30	112.81	114.64	111.10	107.17	107.12	106.13	105.85	110.26	106.40	102.50	109.35	112.53	114.66	116.60	111.84	104.15	110.50	113.25	104.20	112.90	114.37	103.45	107.61	109.43
Competitive Set	93.81	95.43	98.55	97.71	100.45	103.67	96.60	96.27	99.13	99.59	98.99	95.78	96.03	103.53	103.99	102.53	103.74	104.89	101.24	99.38	103.73	101.19	100.61	103.71	101.04	100.95	100.11
Index (ARI)	105.3	106.5	110.9	115.5	114.1	107.2	110.9	111.3	107.1	106.3	111.4	111.1	106.7	105.6	108.2	111.8	112.4	106.6	102.9	111.2	109.2	103.0	112.2	110.3	102.4	106.6	109.3
Rank	3 of 5	3 of 5	2 of 5	1 of 5	1 of 5	2 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	3 of 5	2 of 5	2 of 5	2 of 5	3 of 5	2 of 5	2 of 5	3 of 5	1 of 5	2 of 5	3 of 5	3 of 5	3 of 5
% Chg																											
My Property	-0.5	0.4	2.6	8.4	9.0	7.4	4.0	3.6	1.9	-10.7	3.2	4.2	3.8	7.6	3.0	1.6	1.7	0.7	1.5	6.1	2.5	0.2	8.3	1.3	7.7	4.0	1.7
Competitive Set	-0.6	-6.0	-2.6	-3.9	3.2	-0.6	-4.0	-0.1	-2.5	-21.6	0.6	0.7	2.4	8.5	5.5	4.9	3.3	1.2	-1.8	-1.8	4.4	-1.9	-0.6	3.1	3.5	-0.1	-0.8
Index (ARI)	0.1	6.8	5.3	12.8	5.6	8.1	8.4	3.7	4.5	13.9	2.6	3.4	1.4	-0.8	-2.4	-3.1	-1.5	-0.5	3.3	8.1	-1.8	2.2	9.0	-1.7	4.0	4.1	2.6
Rank	4 of 5	2 of 5	2 of 5	1 of 5	2 of 5	1 of 5	1 of 5	2 of 5	2 of 5	1 of 5	2 of 5	2 of 5	3 of 5	3 of 5	3 of 5	2 of 5	2 of 5	3 of 5	3 of 4	1 of 5	2 of 5	3 of 4	1 of 5	2 of 5	2 of 5	2 of 5	3 of 5	2 of 5

RevPAR	2012	2013												2014					Year To Date			Running 3 Month			Running 12 Month		
	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	2012	2013	2014	2012	2013	2014	2012	2013	2014
My Property	46.63	51.46	60.76	78.51	88.34	76.94	80.18	75.95	71.86	64.34	92.13	73.99	50.02	57.90	65.71	78.85	90.42	82.86	67.51	71.29	75.24	76.44	81.19	83.98	65.89	69.34	73.71
Competitive Set	43.98	49.95	55.64	65.12	72.72	68.93	69.43	67.34	67.55	65.22	69.74	59.63	45.99	55.15	63.54	71.33	76.02	71.08	58.52	62.54	67.44	65.32	68.88	72.78	60.03	63.16	65.16
Index (RGI)	106.0	103.0	109.2	120.6	121.5	111.6	115.5	112.8	106.4	98.6	132.1	124.1	108.8	105.0	103.4	110.5	118.9	116.6	115.4	114.0	111.6	117.0	117.9	115.4	109.8	109.8	113.1
Rank	4 of 5	3 of 5	3 of 5	1 of 5	1 of 5	3 of 5	2 of 5	2 of 5	4 of 5	4 of 5	1 of 5	1 of 5	3 of 5	3 of 5	3 of 5	2 of 5	2 of 5	2 of 5	3 of 5	3 of 5	2 of 5	2 of 5	1 of 5	2 of 5	3 of 5	3 of 5	2 of 5
% Chg																											
My Property	-2.6	8.6	0.1	-3.5	17.9	5.4	8.0	14.7	-2.4	-17.4	16.4	27.3	7.3	12.5	8.2	0.4	2.4	7.7	12.6	5.6	5.5	8.1	6.2	3.4	15.1	5.2	6.3
Competitive Set	13.5	8.8	11.0	-1.6	18.5	0.9	2.8	12.7	0.8	-18.9	2.1	1.6	4.6	10.4	14.2	9.5	4.5	3.1	-11.1	6.9	7.8	-11.5	5.4	5.7	10.1	5.2	3.2
Index (RGI)	-14.2	-0.2	-9.8	-1.9	-0.5	4.4	5.0	1.8	-3.2	1.9	14.1	25.3	2.6	1.9	-5.3	-8.3	-2.1	4.4	26.7	-1.2	-2.1	22.2	0.7	-2.1	4.5	0.0	3.1
Rank	5 of 5	2 of 5	4 of 5	2 of 5	4 of 5	2 of 5	2 of 5	2 of 5	3 of 5	4 of 5	1 of 5	1 of 5	3 of 5	2 of 5	4 of 5	4 of 5	4 of 5	3 of 5	1 of 4	2 of 5	3 of 5	2 of 4	2 of 5	4 of 5	3 of 5	4 of 5	2 of 5

Tab 5 - Response Report

Courtyard Statesville Mooresville Lake Norman 1530 Cinema Dr Statesville, NC 28625-5400 Phone: (704) 768-2400
STR # 58656 ChainID: 6527T MgtCo: Gateway Hospitality Owner: None
For the Month of: May 2014 Date Created: June 17, 2014

This Year

May 11th - Mother's Day
May 26th - Memorial Day

Last Year

May 12th - Mother's Day
May 27th - Memorial Day

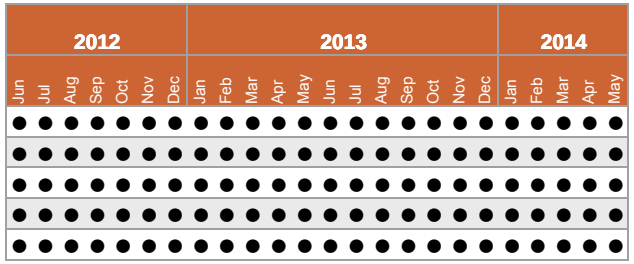
May 2014 (This Year)

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

May 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	

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
58656	Courtyard Statesville Mooresville Lake Norman	Statesville, NC	28625-5400	(704) 768-2400	94	200906
26071	Comfort Inn & Suites Statesville	Statesville, NC	28677-6945	(704) 873-2044	111	198701
53860	Springhill Suites Charlotte Lake Norman Mooresvil	Mooresville, NC	28115-5540	(704) 658-0053	107	200603
57188	Hilton Garden Inn Charlotte Mooresville	Mooresville, NC	28117-5540	(704) 663-6468	122	200806
59563	Holiday Inn Express & Suites Statesville	Statesville, NC	28677-3414	(704) 978-2800	77	200906
					511	



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

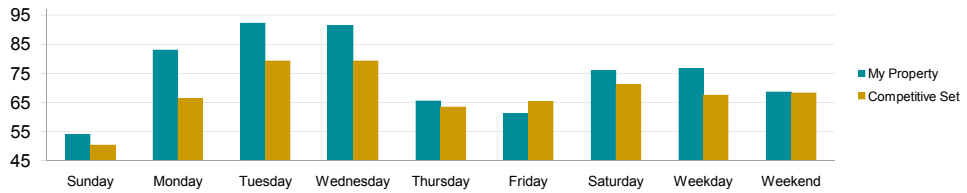
Tab 6 - Day of Week and Weekday/Weekend Report

Courtyard Statesville Mooresville Lake Norman 1530 Cinema Dr Statesville, NC 28625-5400 Phone: (704) 768-2400

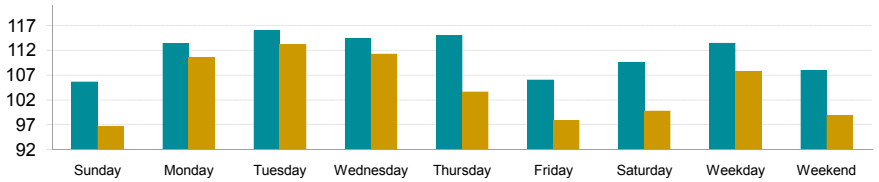
STR # 58656 ChainID: 6527T MgtCo: Gateway Hospitality Owner: None

For the Month of: May 2014 Date Created: June 17, 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	54.0	22.3	50.4	7.6	107.2	13.7	105.62	-6.0	96.62	-1.3	109.3	-4.8	57.02	14.9	48.66	6.2	117.2	8.2
	Year To Date	38.2	-1.8	41.5	9.1	92.2	-10.0	109.86	1.2	96.30	6.8	114.1	-5.3	42.02	-0.7	39.94	16.5	105.2	-14.8
	Running 3 Month	44.1	-0.2	45.2	7.8	97.6	-7.4	110.11	-3.5	95.27	3.8	115.6	-7.0	48.57	-3.6	43.04	11.9	112.8	-13.9
	Running 12 Month	42.8	8.8	40.9	7.9	104.8	0.9	106.31	1.4	93.19	-0.8	114.1	2.3	45.53	10.4	38.10	7.0	119.5	3.2
Monday	Current Month	83.0	6.8	66.4	-4.8	125.0	12.3	113.35	-0.9	110.53	3.9	102.6	-4.6	94.06	5.9	73.35	-1.1	128.2	7.0
	Year To Date	76.4	-2.9	74.6	2.2	102.4	-5.0	116.86	3.3	110.69	5.6	105.6	-2.2	89.34	0.3	82.60	8.0	108.2	-7.1
	Running 3 Month	80.6	-4.4	75.9	1.9	106.1	-6.2	118.81	4.0	109.84	5.1	108.2	-1.0	95.77	-0.5	83.42	7.1	114.8	-7.1
	Running 12 Month	77.6	-0.1	73.5	3.1	105.5	-3.1	112.94	1.6	106.64	-0.1	105.9	1.8	87.61	1.6	78.42	2.9	111.7	-1.3
Tuesday	Current Month	92.3	11.6	79.3	-0.3	116.4	11.9	115.94	1.0	113.19	7.0	102.4	-5.7	106.99	12.6	89.71	6.7	119.3	5.6
	Year To Date	83.2	7.9	81.4	2.6	102.2	5.2	116.61	2.0	111.91	6.2	104.2	-4.0	97.00	10.1	91.10	9.0	106.5	0.9
	Running 3 Month	88.6	7.1	83.3	0.4	106.3	6.7	117.38	0.5	111.63	5.5	105.2	-4.7	104.03	7.6	93.03	5.8	111.8	1.7
	Running 12 Month	79.8	3.7	79.0	2.5	101.0	1.1	114.12	1.5	107.65	-0.6	106.0	2.0	91.09	5.2	85.06	1.9	107.1	3.2
Wednesday	Current Month	91.5	7.5	79.3	0.0	115.4	7.5	114.37	1.2	111.26	3.7	102.8	-2.4	104.64	8.8	88.18	3.7	118.7	4.9
	Year To Date	85.5	8.9	77.6	-1.9	110.2	11.0	117.77	3.9	111.15	5.5	106.0	-1.5	100.69	13.1	86.26	3.5	116.7	9.3
	Running 3 Month	90.9	7.6	81.8	0.8	111.1	6.7	120.13	3.2	111.53	4.7	107.7	-1.4	109.22	11.0	91.24	5.6	119.7	5.2
	Running 12 Month	79.2	4.9	77.3	1.4	102.4	3.5	114.26	3.4	107.15	-0.1	106.6	3.5	90.47	8.4	82.87	1.3	109.2	7.0
Thursday	Current Month	65.5	10.8	63.5	4.7	103.3	5.9	115.01	8.3	103.65	-0.5	111.0	8.8	75.37	20.0	65.77	4.2	114.6	15.2
	Year To Date	64.2	5.6	63.7	6.9	100.7	-1.1	112.05	2.2	101.44	3.7	110.5	-1.4	71.95	8.0	64.67	10.8	111.3	-2.5
	Running 3 Month	65.3	-0.5	66.3	5.8	98.6	-6.0	113.88	1.9	102.38	1.8	111.2	0.1	74.37	1.4	67.84	7.8	109.6	-5.9
	Running 12 Month	61.4	7.3	61.6	3.8	99.5	3.4	108.96	1.9	99.06	-2.0	110.0	3.9	66.85	9.3	61.06	1.7	109.5	7.5
Friday	Current Month	61.3	0.0	65.4	9.0	93.7	-8.3	106.03	-2.0	97.91	-1.7	108.3	-0.3	64.97	-2.0	64.05	7.2	101.4	-8.6
	Year To Date	60.7	1.6	57.8	3.6	105.0	-1.9	105.87	0.6	92.05	1.2	115.0	-0.6	64.30	2.3	53.23	4.9	120.8	-2.5
	Running 3 Month	72.2	1.7	67.8	0.0	106.4	1.7	105.83	-2.3	93.67	-1.0	113.0	-1.3	76.39	-0.7	63.55	-1.0	120.2	0.3
	Running 12 Month	66.8	5.0	61.5	5.7	108.5	-0.7	101.58	0.1	89.54	-1.1	113.4	1.2	67.85	5.1	55.11	4.6	123.1	0.5
Saturday	Current Month	76.0	0.9	71.1	2.4	106.9	-1.4	109.57	1.6	99.79	-1.4	109.8	3.0	83.23	2.5	70.93	1.0	117.3	1.5
	Year To Date	56.7	-0.5	58.6	7.5	96.7	-7.4	108.49	2.9	93.61	2.6	115.9	0.3	61.48	2.4	54.83	10.2	112.1	-7.1
	Running 3 Month	72.3	1.7	70.8	3.8	102.2	-2.0	110.34	2.2	95.65	0.8	115.4	1.4	79.82	4.0	67.70	4.6	117.9	-0.6
	Running 12 Month	64.1	5.5	61.7	6.7	103.9	-1.2	104.30	2.0	90.19	-0.7	115.6	2.8	66.88	7.6	55.64	5.9	120.2	1.6
Weekday/Weekend																			
Weekday	Current Month	76.7	9.6	67.5	0.2	113.6	9.4	113.48	1.0	107.77	2.7	105.3	-1.6	87.03	10.8	72.78	2.8	119.6	7.7
(Sun-Thu)	Year To Date	69.6	4.0	67.8	2.7	102.6	1.2	115.37	2.7	107.57	5.3	107.2	-2.5	80.31	6.8	72.96	8.2	110.1	-1.3
	Running 3 Month	73.9	2.3	70.5	2.7	104.8	-0.4	116.88	1.8	107.38	4.2	108.8	-2.4	86.39	4.1	75.71	7.1	114.1	-2.8
	Running 12 Month	68.1	4.3	66.5	3.2	102.5	1.0	111.97	2.0	103.94	-0.7	107.7	2.7	76.30	6.3	69.10	2.5	110.4	3.7
Weekend	Current Month	68.6	1.7	68.2	6.3	100.5	-4.4	107.99	0.0	98.89	-1.5	109.2	1.5	74.10	1.6	67.49	4.8	109.8	-3.0
(Fri-Sat)	Year To Date	58.7	0.5	58.2	5.5	100.9	-4.7	107.13	1.7	92.83	1.9	115.4	-0.2	62.89	2.3	54.03	7.5	116.4	-4.9
	Running 3 Month	72.3	1.7	69.4	2.0	104.2	-0.2	108.17	0.0	94.71	0.0	114.2	0.1	78.17	1.7	65.70	1.9	119.0	-0.2
	Running 12 Month	65.4	5.2	61.6	6.2	106.2	-0.9	102.92	1.0	89.87	-0.9	114.5	2.0	67.36	6.3	55.38	5.2	121.6	1.0
Total	Current Month	74.1	7.0	67.8	1.9	109.3	5.0	111.84	0.7	104.89	1.2	106.6	-0.5	82.86	7.7	71.08	3.1	116.6	4.4
	Year To Date	66.4	3.0	65.0	3.3	102.2	-0.3	113.25	2.5	103.73	4.4	109.2	-1.8	75.24	5.5	67.44	7.8	111.6	-2.1
	Running 3 Month	73.4	2.1	70.2	2.5	104.6	-0.4	114.37	1.3	103.71	3.1	110.3	-1.7	83.98	3.4	72.78	5.7	115.4	-2.1
	Running 12 Month	67.4	4.5	65.1	4.0	103.5	0.5	109.43	1.7	100.11	-0.8	109.3	2.6	73.71	6.3	65.16	3.2	113.1	3.1

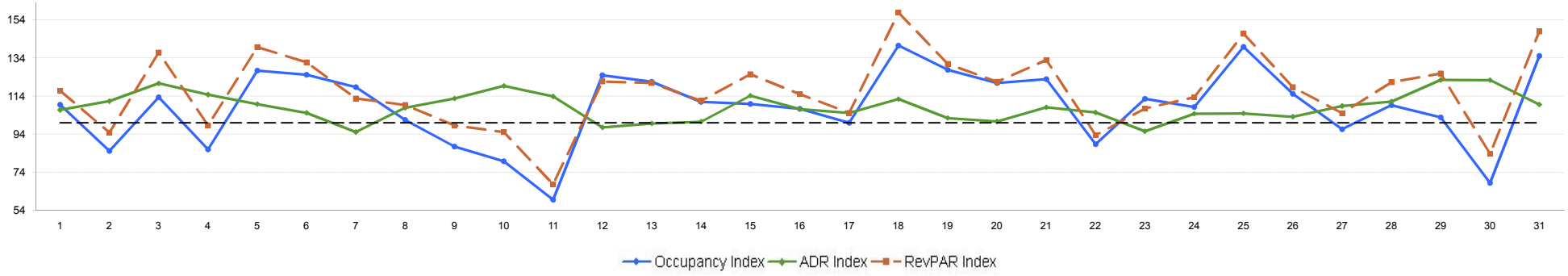
Tab 7 - Daily Data for the Month

Courtyard Statesville Mooresville Lake Norman 1530 Cinema Dr Statesville, NC 28625-5400 Phone: (704) 768-2400

STR # 58656 ChainID: 6527T MgtCo: Gateway Hospitality Owner: None

For the Month of: May 2014 Date Created: June 17, 2014 Daily Competitive Set Data Excludes Subject Property

Daily Indexes for the Month of May



	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	Mo	Tu	We	Th	Fr	Sa
Occupancy (%)	**May**																														
	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	79.8	55.3	95.7	45.7	96.8	100.0	93.6	51.1	43.6	39.4	27.7	92.6	97.9	92.6	85.1	94.7	94.7	68.1	98.9	100.0	97.9	51.1	71.3	86.2	74.5	43.6	71.3	81.9	60.6	41.5	63.8
Competitive Set	72.9	65.0	84.4	53.2	76.0	79.9	78.9	50.4	49.9	49.4	46.5	74.1	80.6	83.5	77.5	88.2	94.7	48.4	77.5	82.7	79.6	57.6	63.3	79.6	53.2	37.9	73.9	75.1	59.0	60.7	47.2
Index (MPI)	109.4	85.1	113.4	85.9	127.3	125.2	118.7	101.4	87.4	79.7	59.5	124.9	121.5	110.9	109.9	107.3	100.0	140.6	127.7	120.9	122.9	88.7	112.6	108.2	139.9	115.1	96.5	109.1	102.8	68.4	135.1
% Chg																															
My Property	31.6	6.1	83.7	-20.4	1.1	11.9	-1.1	-28.4	-21.2	-42.2	-27.8	-5.4	-1.1	-6.5	37.9	-4.3	-5.3	42.2	24.0	5.6	5.7	2.1	34.0	6.6	125.8	17.1	48.9	48.1	16.3	-11.4	30.4
Competitive Set	32.2	51.4	51.7	28.3	-3.4	-8.0	-2.7	-9.1	11.2	9.6	35.7	-12.0	-2.9	1.5	9.1	11.2	-5.0	-14.8	-4.7	2.4	-3.5	-1.6	-5.7	3.1	-2.6	9.0	9.6	2.0	-6.5	-7.7	-31.6
Index (MPI)	-0.5	-29.9	21.1	-37.9	4.6	21.7	1.6	-21.2	-29.1	-47.2	-46.8	7.4	1.9	-7.8	26.4	-13.9	-0.3	66.9	30.1	3.2	9.6	3.8	42.1	3.4	131.9	7.5	35.8	45.2	24.4	-4.0	90.7

ADR	**May**																														
	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	111.13	107.65	120.33	110.21	120.07	117.61	105.69	109.08	104.93	107.73	114.15	113.95	114.03	112.56	123.35	122.27	121.35	115.36	113.41	115.16	120.97	106.83	87.15	98.72	92.89	103.12	121.52	122.04	124.67	105.92	96.35
Competitive Set	104.15	96.73	99.71	96.06	109.43	111.85	111.26	101.18	93.07	90.26	100.31	116.94	114.59	111.96	107.98	114.13	115.48	102.67	110.72	114.52	111.92	101.42	91.35	94.27	88.56	100.01	111.75	109.89	101.77	86.55	87.99
Index (ARI)	106.7	111.3	120.7	114.7	109.7	105.1	95.0	107.8	112.7	119.4	113.8	97.4	99.5	100.5	114.2	107.1	105.1	112.4	102.4	100.6	108.1	105.3	95.4	104.7	104.9	103.1	108.7	111.1	122.5	122.4	109.5
% Chg																															
My Property	0.9	-3.9	24.5	4.8	-2.3	9.2	-10.9	13.5	-4.2	-1.0	-3.2	1.6	-2.9	2.6	13.5	14.7	16.2	-2.6	4.1	-7.7	4.8	-6.3	-21.0	-16.7	-15.5	-6.4	17.6	17.8	18.9	2.4	-5.1
Competitive Set	-1.1	2.0	7.1	-2.0	3.4	6.4	4.3	-1.0	-4.6	-9.4	1.2	11.7	9.8	5.8	3.3	4.5	5.3	-2.8	-0.8	4.6	1.4	-4.6	-8.1	-2.9	-0.4	0.5	7.5	2.1	-0.5	-6.7	-2.7
Index (ARI)	2.0	-5.8	16.2	6.9	-5.5	2.6	-14.6	14.6	0.4	9.2	-4.3	-9.1	-11.5	-3.1	9.9	9.8	10.3	0.2	5.0	-11.7	3.4	-1.8	-14.1	-14.2	-15.1	-6.9	9.3	15.4	19.5	9.7	-2.4

RevPAR	**May**																														
	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	88.67	59.55	115.21	50.41	116.23	117.61	98.95	55.70	45.77	42.40	31.57	105.47	111.61	104.18	104.98	115.77	114.89	78.54	112.20	115.16	118.39	54.55	62.12	85.06	69.17	44.98	86.62	99.97	75.60	43.95	61.50
Competitive Set	75.93	62.87	84.17	51.14	83.19	89.32	87.78	50.95	46.42	44.59	46.67	86.66	92.33	93.43	83.64	100.72	109.38	49.73	85.76	94.75	89.11	58.37	57.83	75.06	47.15	37.89	82.54	82.49	60.04	52.51	41.57
Index (RGI)	116.8	94.7	136.9	98.6	139.7	131.7	112.7	109.3	98.6	95.1	67.7	121.7	120.9	111.5	125.5	114.9	105.0	157.9	130.8	121.5	132.9	93.5	107.4	113.3	146.7	118.7	104.9	121.2	125.9	83.7	147.9
% Chg																															
My Property	32.7	2.0	128.7	-16.6	-1.2	22.2	-11.9	-18.7	-24.5	-42.8	-30.1	-3.9	-3.9	-4.1	56.6	9.8	10.0	38.5	29.1	-2.5	10.8	-4.3	5.9	-11.2	90.8	9.6	75.1	74.5	38.3	-9.3	23.8
Competitive Set	30.8	54.5	62.6	25.8	-0.1	-2.1	1.5	-10.0	6.2	-0.7	37.2	-1.7	6.6	7.4	12.7	16.2	0.0	-17.1	-5.5	7.1	-2.2	-6.2	-13.3	0.1	-3.0	9.5	17.9	4.1	-7.0	-13.8	-33.4
Index (RGI)	1.5	-34.0	40.7	-33.7	-1.1	24.8	-13.2	-9.7	-28.8	-42.4	-49.0	-2.3	-9.9	-10.7	38.9	-5.5	10.0	67.2	36.6	-8.9	13.3	2.0	22.1	-11.3	96.8	0.0	48.5	67.6	48.6	5.3	86.0

Tab 8 - Help

Definitions

ADR (Average Daily Rate) - Room revenue divided by rooms sold, displayed as the average rental rate for a single room.

Competitive (Comp) Set - A peer group of competitive hotels selected by hotel management to benchmark the subject property's performance.

Contract - Rooms sold/revenue from bookings sold at rates stipulated by contracts including airline crews and permanent guests.

Exchange Rate - The factor used to convert revenue from US Dollars to the local currency. Reports display the monthly exchange rates (the rate on the last day of the month) and the daily exchange rates on the Daily by Month pages. STR obtains exchange rate data from Oanda.com. Any aggregated number in the report (YTD, Running 3 month, Running 12 month) uses the exchange rate of each relative month when calculating the data.

Fiscal Year To Date (YTD) - Custom fiscal year as specified by individual hotel or hotel group, if a non-calendar Fiscal Year to Date calculation is more applicable (e.g. July – June) to coincide with hotel/hotel groups operations and financial reporting.

Food & Beverage Revenue (F&B) - Revenue derived from food and beverage sales.

Group - Rooms sold/revenue from bookings sold simultaneously in blocks of ten (10) or more.

Index (Occupancy, ADR, RevPar) - Property performance divided by competitive set performance multiplied by 100. Internationally, indexes are also referred to as MPI – Market Penetration Index (Occupancy Index), ARI – Average Rate Index (ADR Index), and RGI – Revenue/RevPAR Generation Index (RevPAR Index).

Market Class - Class is an industry categorization which includes chain-affiliated and independent hotels. The class for a chain-affiliated hotel is the same as its chain scale. An independent hotel is assigned a class based on its ADR, relative to that of the chain hotels in their geographic proximity. There are six (6) class groups: Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale and Economy.

Market Class Combined (or Collapsed) – If a single class segment is insufficient for reporting, classes are combined. There are three combined class segments: Luxury and Upper Upscale, Upscale and Upper Midscale, and Midscale and Economy.

Market Scale - Hotels located in the subject property's market and classified in the subject property's STR chain scale segment. There are seven (7) scale groups; Luxury, Upper Upscale, Upscale, Upper Midscale, Midscale, Economy and Independent.

Market Scale (Collapsed) – Hotels located in the subject property's market and classified in the subject property's STR chain scale segment. There are two (2) market scale (collapsed) groups; Upscale (includes Luxury, Upper Upscale, Upscale, Independent) and Midscale/Economy (includes Upper Midscale, Midscale and Economy).

MTD (Month to Date) - If a month ends during the current week, the MTD number would represent the month that ended.

Occupancy - Rooms sold divided by rooms available multiplied by 100. Occupancy is always displayed as a percentage of rooms occupied.

Other Revenue - All hotel revenue other than room and food and beverage revenue.

Percent Change (% Chg) - Amount of growth – up, down or flat – this period versus same period last year (day, week, running 28 days, running month-to-date). Calculated as ((TY-LY)/LY)*100.

Percent Change Rank (Occupancy, ADR, RevPar) - The percent change for the property is compared to the percent change of each hotel in the comp set.

Rank (Occupancy, ADR, RevPar) - Property performance ranked versus hotels in the competitive set (e.g. a "3 of 6" ADR ranking means the subject hotel's absolute ADR is third highest of the six competitors).

RevPAR (Revenue per Available Room) - Room revenue divided by rooms available

Room Revenue - Revenue derived from guestroom rental.

Segmented Data - Rooms sold and revenue data broken down by Transient, Group, and Contract.

Tract Scale – Hotels located in the subject property's tract and classified in the subject property's STR chain scale segment. There are four (4) tract scale groups; Upscale (includes Luxury, Upper Upscale, Upscale), Midscale (includes Upper Midscale and Midscale), Economy and Independent.

Transient - Rooms sold/revenue from guests with reservations at Rack, Corporate, Corporate Negotiated, Package, Government or foreign traveler rates.

Planning - The project will go out for bids, construction will start within 4 months, or an architect/engineer has been selected for the project and plans are underway.

Under Construction - Ground has been broken or the owner is finalizing bids on the prime (general) contract.

FAQ

How is my hotel performing versus competition?
The monthly STAR report provides timely occupancy, average room rate, revenue per available room benchmarking of your hotel's performance versus your own selected competitors and an STR defined industry segment.

Is my hotel's data included in the competitive numbers?
It depends on your preference. Check the summary page to see if your hotel's data is included or excluded in the competitive set numbers.

How does STR determine currency and exchange rates?
Currency is user-defined and is displayed at the top of the report. STR obtains exchange rate data from Oanda.com.

How are percentage changes computed?
Hotel and competitive performance changes are measured against same period prior year.

Why do my percentage change numbers have such a large range?
The data for this year vs. the same period last year may vary greatly. Consider if you sold 2294 rooms this year vs. 743 last year, the percent change would be 208.7% ((2294-743)/743)*100.

What is an index?
An index is an easy way to compare your hotel's performance versus competition. An index of 100 or higher means your hotel's absolute performance is the same or better than competition.

What does the "Rank" information mean?
Your hotel's performance is ranked against the other properties in your competitive set. If your hotel's RevPAR rank is "2 of 6", that means your hotel's RevPAR was second highest of the six hotels in your competitive set.

What does "running 28 days" mean?
The most recent 28 days historical performance. The running 28 day numbers are based on the most current 28-day period, ending with the last day included in the weekly report.

What does "run MTD" mean?
Running month-to-date. The MTD numbers are based on a calendar month and include all days of the same month, through the most recent calendar day included in the report. If the most recent week's reporting includes data in two calendar months, the MTD numbers only include data from the recently ended month.

What if there are blanks in my competitive set numbers?
Your competitive set did not include sufficient data for reporting. A minimum of three (3) hotels excluding the subject property must report data in order for STR to provide competitive set performance.

What if there are blanks in my competitive set percentage change?
Your competitive set did not include sufficient data for reporting prior year data.

What is "Pipeline" on the Summary Tab?
Pipeline data is generated based on the STR/McGraw-Hill Construction Dodge Supply Pipeline database and details hotels that are being planned but not yet open. Every month STR receives data feeds from its hotel clients and Dodge Construction to create the definitive database for hotels in planning, pre-planning or under construction. The data is widely used by investment banks, development groups and hotel owners to estimate future nationwide supply growth and track supply changes in the market.

Who can I contact if I have more questions?
Check out the glossary and FAQ at www.str.com or e-mail info@str.com

Addendum F

LEGAL DESCRIPTION

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COURTYARD STATESVILLE

The Land referred to in this policy is situated in Iredell County, North Carolina and more particularly described as follows:

LYING AND BEING in the City of Statesville, Iredell County, North Carolina and more particularly described as follows:

Being all of Lots 7 and 8 as shown on the "REVISION OF LOTS 7, 8, 9 & 10 for EASTSIDE CENTRE" recorded in Plat Book 53 at Page 22 in the Iredell County Public Registry in Statesville, Iredell County, North Carolina, and bearing tax parcel identification numbers 4744-84-1696 and 4744-84-4612, respectively.

Addendum G

TAX CARD

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IREDELL COUNTY **9/24/2014 2:56:02 PM**

CINEMA DRIVE HOTEL ASSOCIATES -LLC
1520 CINEMA DR
77461704

Return/Appeal Notes:

Parcel: 4744-84-1696 . 000
PLAT: 45/128 UNIQ ID 485914

COUNTY (100), STATESVILLE (100)
Reval Year: 2011 Tax Year: 2014 EASTSIDE CENTRE PB 45-128, 53-22
Appraised by 41 on 01/01/2011 01019 SALISBURY RD INDUSTRIAL

CARD NO. 1 of 1
1.130 AC
TW-01 CI-01 FR-66 EX- AT- LAST ACTION 20130312

SRC=

CONSTRUCTION DETAIL	MARKET VALUE								DEPRECIATION	CORRELATION OF VALUE	
TOTAL POINT VALUE											
BUILDING ADJUSTMENTS	USE	MOD	Eff. Area	QUAL	BASE RATE	RCN	EYB	AYB		CREDENCE TO	
TOTAL ADJUSTMENT	10	00							% GOOD	**DEPR. BUILDING VALUE - CARD**	0
FACTOR										**DEPR. OB/XF VALUE - CARD**	0
TOTAL QUALITY INDEX										**MARKET LAND VALUE - CARD**	339,000
										TOTAL MARKET VALUE - CARD	339,000
										TOTAL APPRAISED VALUE - CARD	339,000
										TOTAL APPRAISED VALUE - PARCEL	339,000
										TOTAL PRESENT USE VALUE - PARCEL	0
										TOTAL VALUE DEFERRED - PARCEL	0
										TOTAL TAXABLE VALUE - PARCEL	339,000

TYPE: COMMERCIAL

STYLE:

PRIOR

BUILDING VALUE	0
OBXF VALUE	0
LAND VALUE	339,000
PRESENT USE VALUE	0
DEFERRED VALUE	0
TOTAL VALUE	339,000

PERMIT

CODE	DATE	NOTE	NUMBER	AMOUNT

ROUT: WTRSHD:

SALES DATA

OFF. RECORD BOOK	PAGE	DATE MO	YR	DEED TYPE	Q/U	V/I	INDICATE SALES PRICE
01941	1517	5	2008	WD	C	V	0
01941	1505	5	2008	WD	A	V	1000000
01886	0257	9	2007	WD*	A	V	0
01838	2417	4	2007	WD	A	V	1000000
01587	1476	9	2004	WD*	A	V	2220000

HEATED AREA

NOTES

FR 4744-84-1595'05

SUBAREA TYPE	GS AREA	%	RPL CS	CODE	QUALITY	DESCRIPTION	COUNT	LTH	WTH	UNITS	UNIT PRICE	ORIG % COND	BLDG#	SIZE FACT	AYB	EYB	ANN DEP RATE	OVR	% COND	OB/XF DEPR. VALUE
				TOTAL OB/XF VALUE																0
FIREPLACE																				
SUBAREA TOTALS																				

BUILDING DIMENSIONS

LAND INFORMATION

HIGHEST AND BEST USE	USE CODE	LOCAL ZONING	FRONTAGE	DEPTH	DEPTH / SIZE	LND MOD	COND FACT	OTHER ADJUSTMENTS AND NOTES RF AC LC TO OT	ROAD TYPE	LAND UNIT PRICE	TOTAL LAND UNITS	UNT TYP	TOTAL ADJST	ADJUSTED UNIT PRICE	LAND VALUE	OVERRIDE VALUE	LAND NOTES
COMMERCIAL	0700	B4	0	0	1.0000	0	0.9400	UPWS		320,000.00	1.127	AC	0.940	300,800.00	339002	0	
TOTAL MARKET LAND DATA												1.127				339,000	
TOTAL PRESENT USE DATA																	

IREDELL COUNTY 9/24/2014 2:16:56 PM

CINEMA DRIVE HOTEL ASSOCIATES -LLC
1530 CINEMA DR
77461704

Return/Appeal Notes: **Parcel: 4744-84-4612 . 000**
PLAT: 53/22 UNIQ ID 714083

COUNTY (100), STATESVILLE (100)
L8 EASTSIDE CENTRE PB 53-22

CARD NO. 1 of 1
2.030 AC
TW-01 CI-01 FR-66 SRC= EX- AT- LAST ACTION 20120807

Reval Year: 2011 Tax Year: 2014
Appraised by 41 on 01/01/2011 01019 SALISBURY RD INDUSTRIAL

CONSTRUCTION DETAIL

Foundation - 4	
Spread Footing	5.00
Sub Floor System - 2	
Slab on Grade	5.00
Exterior Walls - 12	
Stucco	28.00
Roofing Structure - 10	
Steel Frame or Truss	14.00
Roofing Cover - 05	
Rubberized	6.00
Interior Wall Construction - 5	
Drywall/Sheetrock	22.00
Interior Floor Cover - 14	
Carpet	10.00
Interior Floor Cover - 15	
Hard Tile	0.00
Heating Fuel - 03	
Gas	1.00
Heating Type - 11	
Heat Pump Wall Unit	2.00
Air Conditioning Type - 02	
Wall Unit	2.00
Commercial Heat & Air - 2	
Packaged Unit	0.00
Structural Frame - 06	
Steel	5.00
Ceiling & Insulation - 07	
Not Suspended - Ceiling and Wall Insulated	4.00
Average Rooms Per Floor - 24	
Average Rooms Per Floor	0.00
Unit Count - 94	
Units	0.00
Half-Bathrooms	
BAS - 0 FUS - 0 LL - 0	
Plumbing Fixtures	
800.00	8.000
Office	
TOTAL POINT VALUE	112.000

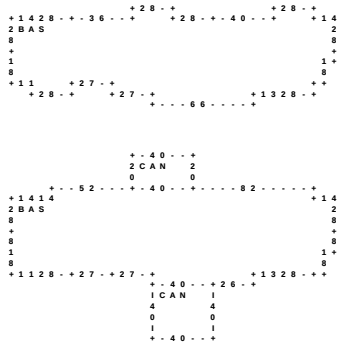
BUILDING ADJUSTMENTS

Market/Design	2	FACTOR 2	1.0000
Quality	4	ABOVE AVG	1.1000
Size	Size	Size	0.9700
TOTAL ADJUSTMENT FACTOR			1.070
TOTAL QUALITY INDEX			120

MARKET VALUE

USE	MOD	Eff. Area	QUAL	BASE RATE	RCN	EYB	AYB
37	05	56,328	120	97.80	5508878	2008	2008

TYPE: HOTEL/MOTEL HIGH RISE > 3
STYLE: 4 - 2.5 Stories or More



DEPRECIATION

Standard 0.03000
% GOOD 97.0
APARTMENTS

CORRELATION OF VALUE

CREDENCE TO MARKET

DEPR. BUILDING VALUE - CARD	5,343,610
DEPR. OB / XF VALUE - CARD	326,170
MARKET LAND VALUE - CARD	610,620
TOTAL MARKET VALUE - CARD	6,280,400
TOTAL APPRAISED VALUE - CARD	6,280,400
TOTAL APPRAISED VALUE - PARCEL	6,280,400
TOTAL PRESENT USE VALUE - PARCEL	0
TOTAL VALUE DEFERRED - PARCEL	0
TOTAL TAXABLE VALUE - PARCEL	6,280,400

PRIOR

BUILDING VALUE	5,343,610
OBXF VALUE	326,170
LAND VALUE	610,620
PRESENT USE VALUE	0
DEFERRED VALUE	0
TOTAL VALUE	6,280,400

PERMIT

CODE	DATE	NOTE	NUMBER	AMOUNT

ROUT: WTRSHD:

SALES DATA

OFF. RECORD BOOK	PAGE	DATE MO	YR	DEED TYPE	Q / U	V / I	INDICATE SALES PRICE
01941	1517	5	2008	WD	C	V	0
01941	1505	5	2008	WD	A	V	1000000
01838	2417	4	2007	WD	A	V	1000000

HEATED AREA 55,608

NOTES

PN144803 4/08,25%'09,DRAW
N SQUARE POOL'10//100% '1
0

SUBAREA

TYPE	GS AREA	%	RPL CS
BAS	55,608	100	5438462
CAN	2,400	030	70416
FIREPLACE			0
SUBAREA TOTALS	58,008		5,508,878

CODE	DESCRIPTION	COUNT	LTH	WTH	UNITS	UNIT PRICE	ORIG % COND	BLDG#	AYB	EYB	ANN DEP RATE	OVR	% COND	OB / XF DEPR. VALUE
46	PASS ELEV		1	4	4	20,000.00	100	1	2008	2008	S2		94	75200
42	SPRINKLER		0	0	55,608	1.50	100	1	2008	2008	S2		94	78410
99	ASP PAVING		0	0	50,000	2.50	100	_	2009	2009	S5		90	112500
44	YARD LTS		0	0	7	2,000.00	100	_	2009	2009	S3		94	13160
08	POOL/VINYL		32	18	576	68.00	100	_	2009	2009	S5		90	35250
C9	BARBEQUE		0	0	2	5,000.00	100	_	2009	2009	S5		90	9000
60	PL/GST HSE		7	14	98	30.00	100	_	2009	2009	S5		90	2650
TOTAL OB / XF VALUE														326,170

BUILDING DIMENSIONS

BAS=W14N7W82N6CAN=N20W40S20E40$W92S10W14S3W14S28E1S8E2S18E11S6E28N3E27S3E27S7CAN=S40E40N40W40$E66N9E13S2E28N6E10N18E2N8E1N28$PTR=N150FLR=2-4BAS=W14N7W28S7W40N3W28N4W28S7W36N3W28S3W14S28E1S8E2S18E11S6E28N3E27S3E27S7E66N9E13S2E28N6E10N18E2N8E1N28$S150$.

LAND INFORMATION

HIGHEST AND BEST USE	USE CODE	LOCAL ZONING	FRON TAGE	DEPTH	DEPTH / SIZE	LND MOD	COND FACT	OTHER ADJUSTMENTS AND NOTES RF AC LC TO OT	ROAD TYPE	LAND UNIT PRICE	TOTAL LAND UNITS	UNT TYP	TOTAL ADJST	ADJUSTED UNIT PRICE	LAND VALUE	OVERRIDE VALUE	LAND NOTES
COMMERCIAL	0700	B4	0	0	1.0000	0	0.9400	CL		320,000.00	2.030	AC	0.940	300,800.00	610624		
TOTAL MARKET LAND DATA												2.030				610,620	
TOTAL PRESENT USE DATA																	

Addendum H

REQUIRED CLIENT INFORMATION

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VALUATION & ADVISORY SERVICES

CBRE

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:	
Delivery Instructions:	CBRE encourages our clients to join in our environmental sustainability efforts by accepting an electronic copy of the report.

	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

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

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

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

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.

Addendum I

QUALIFICATIONS

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QUALIFICATIONS OF

Max Donald Poore, MAI
Managing Director

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Atlanta, Georgia 30305
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don.poore@cbre.com

EDUCATIONAL

B.A. Wake Forest University, Winston Salem, North Carolina
M.S. in Real Estate, Georgia State University, Atlanta, Georgia

CERTIFICATION

Certified Real Estate Appraiser: State of Georgia - Certificate Number CG001683
Certified Real Estate Appraiser: State of Tennessee - Certificate Number 00001348
Certified Real Estate Appraiser: State of South Carolina - Certificate Number 4993
Certified Real Estate Appraiser: State of North Carolina - Certificate Number A1084
Certified Real Estate Appraiser: State of Kentucky - Certificate Number 003429
Certified Real Estate Appraiser: State of Alabama - Certificate Number G00693
Real Estate Broker State of North Carolina - 59070
Real Estate Broker State of Georgia - 250193

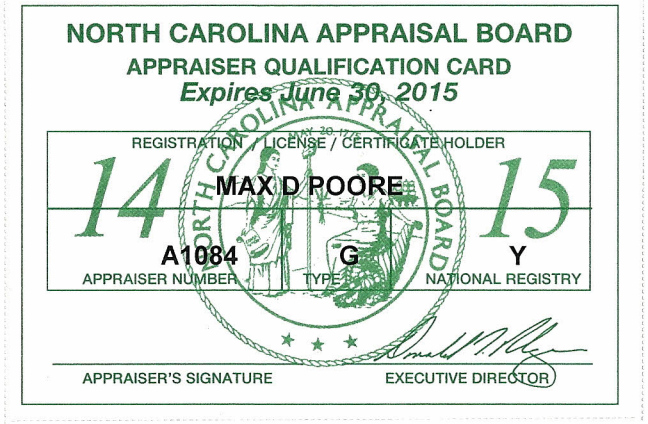
PROFESSIONAL

Appraisal Institute

Designated Member - Appraisal Institute (MAI), Certificate No. 7969

EMPLOYMENT EXPERIENCE

1984-1989	Shiplett - Wilkins & Associates Appraiser	Charlotte, North Carolina
1989-1999	Arthur Andersen, LLP. Senior Real Estate Manager	Atlanta, Georgia
1999-2004	Andrews Street Realty Real Estate Consultant	Atlanta, Georgia
2004-Present	CBRE, Inc. Managing Director	Atlanta, Georgia



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QUALIFICATIONS OF

JAMES ALAN MCNULTY, MAI
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CBRE, Inc. – Valuation & Advisory Services
201 South College Street, Suite 1900
Charlotte, North Carolina
(704) 331-1280
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EDUCATIONAL

B.S. Accounting 1998 - Florida State University

Appraisal Institute
Courses 310, 320, 410, 420, 510, 520, 530, 540, 550

LICENSE(S)/CERTIFICATION(S)

North Carolina Certified General Real Estate Appraiser – A5991
South Carolina Certified General Real Estate Appraiser – CG6071
Georgia Certified General Real Estate Appraiser – 343043
Alabama Certified General Real Property Appraiser – G01061
Florida Certified General Real Estate Appraiser – RZ2744

PROFESSIONAL

Appraisal Institute

Designated Member, (MAI), Certification No. 432825

EMPLOYMENT EXPERIENCE

08/2000 – 07/2001	Integra Tampa Bay, Associate Analyst	Tampa, Florida
07/2001 – 05/2002	Realty Services International, Associate Appraiser	Tampa, Florida
06/2002 – 04/2006	Herr Valuation Advisors, Senior Real Estate Appraiser	Tampa, Florida
04/2006 – Present	CBRE, Inc. – Valuation & Advisory Services	Charlotte, North Carolina



NORTH CAROLINA APPRAISAL BOARD

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REGISTRATION / LICENSE / CERTIFICATE HOLDER

ALAN MCNULTY

14 15

A5991	G	Y
APPRAISER NUMBER	TYPE	NATIONAL REGISTRY

APPRAISER'S SIGNATURE

EXECUTIVE DIRECTOR