FLAMINGO WATERPARK RESORT

2261 E Irlo Bronson Memorial Highway
Kissimmee, Osceola County, Florida 34744

APPRAISAL REPORT

Date of Report: September 19, 2022
Colliers File #: TPA220834

PREPARED FOR
Gioconda Gutierrez, Credit Administration Specialist II
BB Americas Bank
1221 Brickell Avenue, Suite 2200
Miami, FL 33131

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES
HOSPITALITY & LEISURE GROUP

LETTER OF TRANSMITTAL

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES
HOSPITALITY & LEISURE GROUP

4830 West Kennedy Boulevard, Suite 300
Tampa, Florida 33609
MAIN+1 813 871 8537
FAX +1 813 224 9403
WEB www.colliers.com/valuationadvisory

September 19, 2022

Gioconda Gutierrez
Credit Administration Specialist II
BB Americas Bank
1221 Brickell Avenue, Suite 2200
Miami, FL 33131

RE: Flamingo Waterpark Resort
2261 E Irlo Bronson Memorial Highway
Kissimmee, Florida 34744

Colliers File No.: TPA220834

Dear Ms. Gutierrez:

Pursuant with our engagement, the above captioned property was appraised utilizing best practice appraisal principles for this property type. This appraisal report satisfies the scope of work and requirements agreed upon by BB Americas Bank and Colliers International Valuation & Advisory Services.

At the request of the client, this appraisal is presented in an Appraisal Report format as defined by *USPAP* Standards Rule 2-2(a). Our appraisal format provides a fully described description of the appraisal process, subject and market data and valuation analyses.

The subject property, commonly known as Flamingo Waterpark Resort, is a 3-story, 241-room, full-service lodging facility built in 1966. The property was in average condition at the time of inspection. The subject property features all basic services for a property of this type, and offers amenities including an outdoor pool, tiki bar, business center, water park and lazy river, splash pad, arcade, kid zone activity center, playground, meeting rooms, sundries/market, restaurant with full commercial kitchen, vending and ice machines. The rooms are loaded off of exterior corridors. The subject is located along U.S. 192 -E Irlo Bronson Memorial Highway at a junction with Florida's Turnpike, and just east of downtown Kissimmee in Osceola County. The subject is approximately twelve-miles southeast of Interstate-4 and the Walt Disney World Resort area and less than 15-miles southeast of the Universal Resort area.

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

FINAL RECONCILED VALUES		
Conclusions	**As Is August 23, 2022**	**Upon Stabilization August 23, 2024**
Market Value	**$20,500,000**	**$22,600,000**
Per Room	$85,062	$93,776
ALLOCATION OF PROPERTY COMPONENTS		
Component	**As Is**	**Upon Stabilization**
Real Property	$17,057,000	$19,861,000
Furniture, Fixtures and Equipment	$3,443,000	$2,739,000
Business	$0	$0
Total	**$20,500,000**	**$22,600,000**

The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The report is intended to conform to the Financial Institutions Reform, Recovery and Enforcement Act (FIRREA) standards and the appraisal guidelines of BB Americas Bank.

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter. *USPAP* defines an Extraordinary Assumption as, “an assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser’s opinions or conclusions”. *USPAP* defines a Hypothetical Condition as, “that which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis”.

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

EXTRAORDINARY ASSUMPTIONS

The prospective market value estimates are based upon market participant attitudes and perceptions existing as of the effective date of our appraisal, and assumes the subject property achieves stabilization as of our prospective date. We assume no material change in the physical characteristics and condition of the subject property or in overall market conditions between the date of inspection and effective dates of value, except for those identified within the report.

Though requested, the property owner did not provide actual historical occupancy for the subject property. Therefore, for the 2019 operating year, we have estimated the subject occupancy at approximately 60%, which indicates an occupancy penetration of 110% to 115% for subject compared to the area comp set, reflecting the relatively average to good quality and appeal characteristic of the subject, as well as the expanded amenities. For the 2020 operating year we have applied an approximate demand reduction of 40%, consistent with the STR data, or approximately 36% occupancy for the subject. For the 2021 expense year we have estimated occupancy at the subject of approximately 50%, indicating demand growth of approximately 40%, which is relatively consistent with the STR indication for the comp set. We have assumed that the estimated occupancies and resulting ADR projections when applied to the historical financial statements are reasonably accurate; however, it is noted that regardless of the calculated occupancy, there is no change to the historical RevPAR and income and expense conclusions on a PAR basis.

HYPOTHETICAL CONDITIONS

This appraisal does not employ any hypothetical conditions.

RELIANCE LANGUAGE

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

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports if in connection with loan underwriting or securitization efforts. Colliers International Valuation & Advisory Services is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by Colliers International Valuation & Advisory Services or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that Colliers International Valuation & Advisory Services will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to Colliers International Valuation & Advisory Services, by a party satisfactory to Colliers International Valuation & Advisory Services. Colliers International Valuation & Advisory Services does consent to your submission of the reports to rating agencies, loan participants or your auditors in its entirety (but not component parts) without the need to provide Colliers International Valuation & Advisory Services with an Indemnification Agreement and/or Non-Reliance letter.

Colliers International Valuation & Advisory Services hereby expressly grants to Client the right to copy the Appraisal and distribute it to other parties in the transaction for which the Appraisal has been prepared, including employees of Client, other lenders in the transaction, and the borrower, if any.

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

The below-undersigned indicate our assurance to the client that the development process and extent of analysis for this assignment adhere to the scope requirements and intended use of the appraisal. If you have any specific questions or concerns regarding the attached appraisal report, or if Colliers International Valuation & Advisory Services can be of additional assistance, please contact the individuals listed below.

Sincerely,

COLLIERS INTERNATIONAL, VALUATION & ADVISORY SERVICES
COLLIERS HOTEL GROUP

Lucas Heater
Senior Valuation Specialist
Hospitality and Leisure Group
State-Certified General Real Estate Appraiser RZ3629
813 871 8537 direct
lucas.heater@colliers.com

P.J. Cusmano, MAI, MRICS
Exec. Vice President | Eastern U.S.
Valuation & Advisory Services
State-Certified General Real Estate Appraiser RZ2436
813 871 8537 direct
pj.cusmano@colliers.com

TABLE OF CONTENTS

GENERAL INFORMATION

Name	Currently known as Flamingo Waterpark Resort
Address	2261 E Irlo Bronson Memorial Highway Kissimmee, Osceola County, Florida 34744
Assessor's Parcel #(s)	30-25-30-4960-0001-0030
Property Rights Appraised	The Fee Simple interest

PROPERTY DESCRIPTION

Site Description

Size	8.96 acres, or 390,298 square feet
Topography	Level at street grade
Access and Visibility	The subject enjoys good access due to its position along a major roadway, visibility from a key access point to Florida's Turnpike and its proximity to several commercial and leisure demand generators, including the Walt Disney World Resort approximately 15 miles to the northwest. Visibility is also considered to be good due to its multi-level configuration, its signage and position along a major regional freeway.
Exposure	The subject site offers minimal, access only frontage along E Irlo Bronson Memorial Highway; however, the east side of the site includes approximately 850 feet of frontage to the off-ramp to the Florida Turnpike.
Zoning	CT, Commercial Tourist
Flood Zone	X, described as areas determined to be outside of the 500-year floodplain (Panel number 12097C0090G, dated 6/18/2013.)

Improvement Description

Year of Construction	1966 to 1972
Number of Rooms	241
Quality	Average
Condition	Average
Economic Life	50 Years
Effective Age	20 Years
Remaining Useful Life	30 Years

Highest & Best Use

As-Vacant	To hold as vacant until demand substantiates the development of a hotel or commercial structure.
As-Improved	A lodging facility as it is currently improved and upgraded in line with brand standards.

VALUATION SUMMARY

KEY VALUATION ASSUMPTIONS		
Category	**As Is**	**Upon Stabilization**
Initial Projection Year:		
Occupancy	66.0%	68.0%
Average Daily Rate	$87.06	$92.68
RevPAR	$57.46	$63.02
Investment Parameters:		
Discount Rate	10.50%	10.00%
Terminal Capitalization Rate	8.50%	8.50%
Implied Capitalization Rate	7.69%	7.78%
Capital Deduction (PV)	$0	$0
Other Valuation Considerations:		
Exposure Time	12 months or less	12 months or less
Marketing Time	9 to 12 months	9 to 12 months
Holding Period	10 Years	10 Years
Inflation Rate	3.0%	3.0%

ANALYSIS OF VALUE CONCLUSIONS		
Methodology for Market Value Conclusions	**As Is August 23, 2022**	**Upon Stabilization August 23, 2024**
Sales Comparison Approach		
Adjusted Low End of Range	$17,700,000	$19,400,000
Adjusted High End of Range	$25,500,000	$27,200,000
Concluded Value	**$21,200,000**	**$22,900,000**
Income Approach		
Discounted Cash Flow	$20,500,000	$22,600,000
Direct Capitalization Approach	$20,400,000	$21,900,000
Reconciled Value via Income Approach	**$20,500,000**	**$22,600,000**
Reconciled Value Conclusion	**$20,500,000**	**$22,600,000**
Per Room	**$85,062**	**$93,776**

ALLOCATION OF PROPERTY COMPONENTS		
Component	**As Is**	**Upon Stabilization**
Real Property	$17,057,000	$19,861,000
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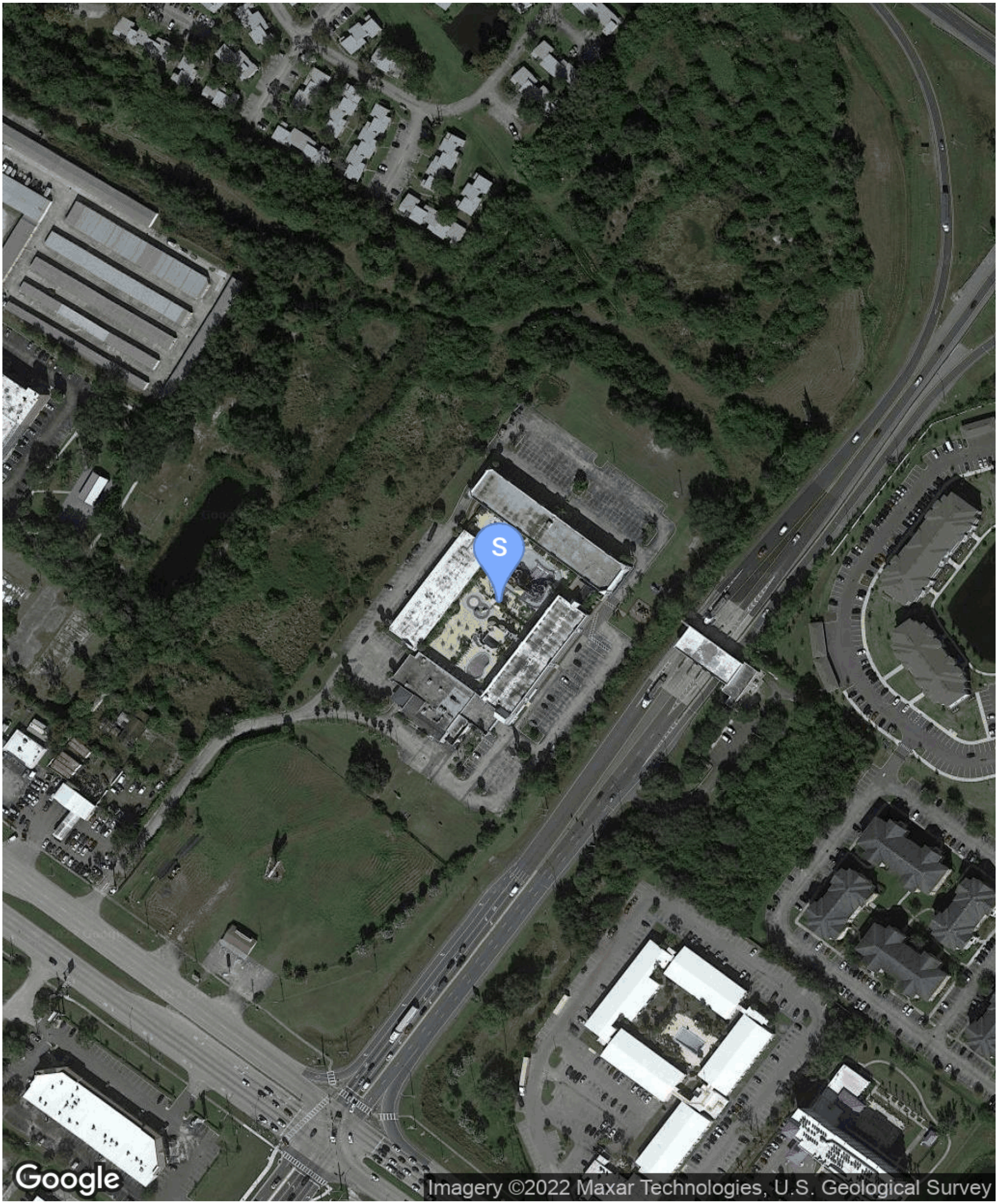
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TYPICAL EXTERIOR VIEW

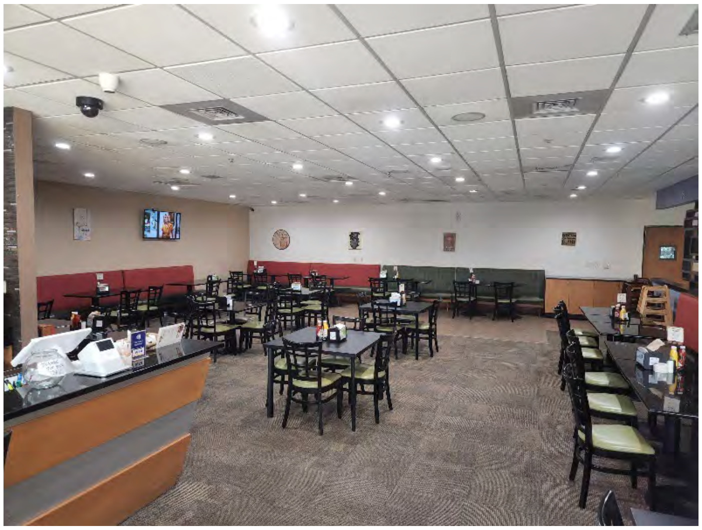
TYPICAL EXTERIOR VIEW

TYPICAL EXTERIOR VIEW

TYPICAL EXTERIOR VIEW

FRONT ENTRANCE

LOBBY



RESTAURANT

TYPICAL MEETING SPACE

KITCHEN

LAUNDRY

MAIN POOL – TIKI BAR - COURTYARD

WATER PARK AMENITY

ARCADE

TYPICAL GUESTROOM

TYPICAL GUESTROOM

TYPICAL SUITE

TYPICAL GUESTROOM

TYPICAL BATHROOM

TYPICAL BATHROOM

PLAYGROUND

TYPICAL ELEVATOR

ACCESS DRIVE OFF E IRLO BRONSON MEMORIAL HWY

TURNPIKE JUNCTION FRONTAGE

E IRLO BRONSON MEMORIAL HWY FRONTAGE

PROPERTY IDENTIFICATION

The subject property, commonly known as Flamingo Waterpark Resort, is a 3-story, 241-room, full-service lodging facility built in 1966. The property was in average condition at the time of inspection. The subject property features all basic services for a property of this type, and offers amenities including an outdoor pool, tiki bar, business center, water park and lazy river, splash pad, arcade, kid zone activity center, playground, meeting rooms, sundries/market, restaurant with full commercial kitchen, vending and ice machines. . The rooms are loaded off of exterior corridors. The subject is located along U.S. 192 -E Irlo Bronson Memorial Highway at a junction with Florida's Turnpike, and just east of downtown Kissimmee in Osceola County. The subject is approximately twelve-miles southeast of Interstate-4 and the Walt Disney World Resort area and less than 15-miles southeast of the Universal Resort area.

LEGAL DESCRIPTION

The legal description of the subject property as presented by the Osceola County Property Appraiser is as follows.

SHADY DEAL SUB PB 2 PGS 23-24 LOT 3 LESS R/W AND LESS COM AT SWLY COR LOT 4 SHADY DEAL SUB PB 2 PGS 23-24, S 53 DEG E 118.00 FT, N 82 DEG E 84.29 FT TO POB, N 82 DEG E 179.65 FT, N 37 DEG E 434.00 FT, N 51 DEG W 20.22 FT, N 37 DEG E 429.13 FT, S 52 DEG E 20.15 FT, N 37 DEG E 225.28 FT, S 47 DEG W 228.06 FT, S 37 DEG W 428.69 FT, S 44 DEG W 163.00 FT, S 55 DEG E 32.15 FT, S 37 DEG W 262.45 FT, S 82 DEG W 167.07 FT, S 08 DEG E 30.00 FT TO POB

We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.

CLIENT IDENTIFICATION

The client of this specific assignment is BB Americas Bank.

INTENDED USE

This report is to be used by Client in connection with financing purposes.

INTENDED USERS

BB Americas Bank is the only intended user of this report.

Use of this report by third parties and other unintended users is not permitted. This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by Colliers International Valuation & Advisory Services no portion of the report stands alone.

ASSIGNMENT DATES

Date of Inspection	August 23, 2022
Market Value As Is	August 23, 2022
Prospective Market Value Upon Stabilization	August 23, 2024

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the Fee Simple interest.

COMPONENTS OF VALUE

The opinions of value include the fee simple interest in 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 throughout the holding period.

PROPERTY AND SALE HISTORY

Current Owner
Flamingo Hotel & Resort LLC.

Three-Year Sales History
To the best of our knowledge, the subject has not sold in the last three years.

Subject Sale Status
The subject is under contract for purchase to Gatty Real Estate Corp. dated August 2, 2022 for a reported consideration of $20,500,000. Based upon an analysis of financial considerations and review of similar hotel sales in the region, the pending acquisition appears to be reasonably representative of market value.

OPERATIONAL ASSUMPTIONS

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

Franchise and Licensing
We assume that the hotel will remain independent of any major brand throughout the holding period.

General Assumptions
For the purposes of this report, we assumed that the subject hotel will be full-service and independent in nature, along with a centralized, national or regional reservation system that is fully-integrated with reputable third-party marketing engines (i.e. online travel agencies, reservation systems, etc.). We further assumed that the subject will be operated by competent and experienced management familiar with the operation of full-service hotels in the United States, and more specifically, in Kissimmee, Florida. In the event that any of the above conditions are not consistent with the subject's actual status, it could have an impact on the subject's overall marketability and underlying market value.

DEFINITION OF MARKET VALUE

Given the scope and intended use of this assignment, the following definition of market value is applicable in this assignment. A more comprehensive presentation of commonly-adopted definitions is presented in the *Addenda* of this report.

Market Value
The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, knowledgeably, and assuming that 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 United States 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.[1]

[1] Office of Comptroller of the Currency (OCC), Title 12 of the Code of Federal Regulation, Part 34, Subpart C - Appraisals, 34.42 (g); Office of Thrift Supervision (OTS), 12 CFR 564.2 (g); This is also compatible with the FDIC, FRS and NCUA definitions of market value.

INTRODUCTION

The appraisal development and reporting processes requires gathering and analyzing information about those assignment elements necessary to properly identify the appraisal problem to be solved. The scope of work decision must include the research and analyses that are necessary to develop credible assignment results given the intended use of the appraisal. Sufficient information includes disclosure of research and analyses performed and might also include disclosure of research and analyses not performed. The scope of work for this appraisal assignment is outlined below:

› The appraisers analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.

› The appraisers verified and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site, and construction materials and condition of the improvements (as appropriate). This process also included estimating the remaining economic life of the improvements, analysis of the subject's site coverage and parking ratios compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.

› The appraisers completed market analyses that included national, regional, local and competitive market overviews. The competitive set overviews analyzed supply/demand conditions using vacancy, supply change and ADR statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.

› The appraisers conducted a Highest and Best Use analysis, determining the highest and best use of the subject property As-Vacant and As-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."

› The appraisers analyzed financial features of the subject property including historical and budgeted income/expense data, as provided. This information, as well as trends established by market indicators, was used to forecast performance of the subject property.

› The appraisal considered the three standard approaches to value: Income Capitalization, Sales Comparison, and Cost. Because lodging facilities are income-producing properties that are normally bought and sold on the basis of capitalization of their anticipated stabilized earning power, the greatest weight is given to the value indicated by the income capitalization approach. We find that most hotel investors employ a similar procedure in formulating their purchase decisions, and thus the Income Capitalization Approach most closely reflects the rational of typical buyers. When appropriate the Sales Comparison and Cost Approaches are used to test the reasonableness of the results indicated by the income capitalization approach. The reasoning for including or excluding traditional approaches to value is developed within the Valuation Methodology section.

› Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are fully described within this document.

› We understand the Competency Rule of USPAP and, at a minimum, the primary author of this report meets the standards.

› No one provided significant real property appraisal assistance to the appraisers signing the certification.

SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION	
ITEM	**SOURCE**
Tax Information	Osceola County Property Appraiser
Zoning Information	Osceola County Zoning Code
Site Size Information	Osceola County Property Appraiser Data
Building Size Information	Osceola County Property Appraiser Data
Flood Map	FEMA Online Mapping
Demographics	Pitney Bow es/Gadberry Group - GroundView ®
Legal Description	Osceola County Property Appraiser
Historical Income/Expense	George D. Dennison II, Esq. - Buyer Representative
STR Report	Appraiser
Purchase Agreement	George D. Dennison II, Esq. - Buyer Representative

SUBJECT PROPERTY INSPECTION

The subject property was inspected by Lucas Heater**.**

EXPOSURE TIME & MARKETING PERIOD

Exposure time is defined as "The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market" (The Dictionary of Real Estate Appraisal, Appraisal Institute, 2015). Reasonable exposure time is impacted by the aggressiveness and effectiveness of a property's exposure to market participants, availability and cost of financing, and demand for similar investments. Exposure time is best established based the recent history of marketing periods for comparable sales, discussions with market participants and information from published surveys.

The following information was taken into consideration to develop estimates of exposure time and marketing period for the subject property:

EXPOSURE TIME & MARKETING PERIOD							
SOURCE	**QUARTER**	**RANGE**			**AVG**	**LAST Q**	**LAST YR**
PriceWaterhouse Coopers							
Full-Service	1Q 22	1.0	to	12.0	6.8	6.8	6.9
Limited-Service	1Q 22	2.0	to	12.0	6.8	6.8	6.6
Select-Service	1Q 22	1.0	to	12.0	4.8	4.8	5.2
AVERAGE		**1.3**	**to**	**12.0**	**6.1**	**6.1**	**6.2**

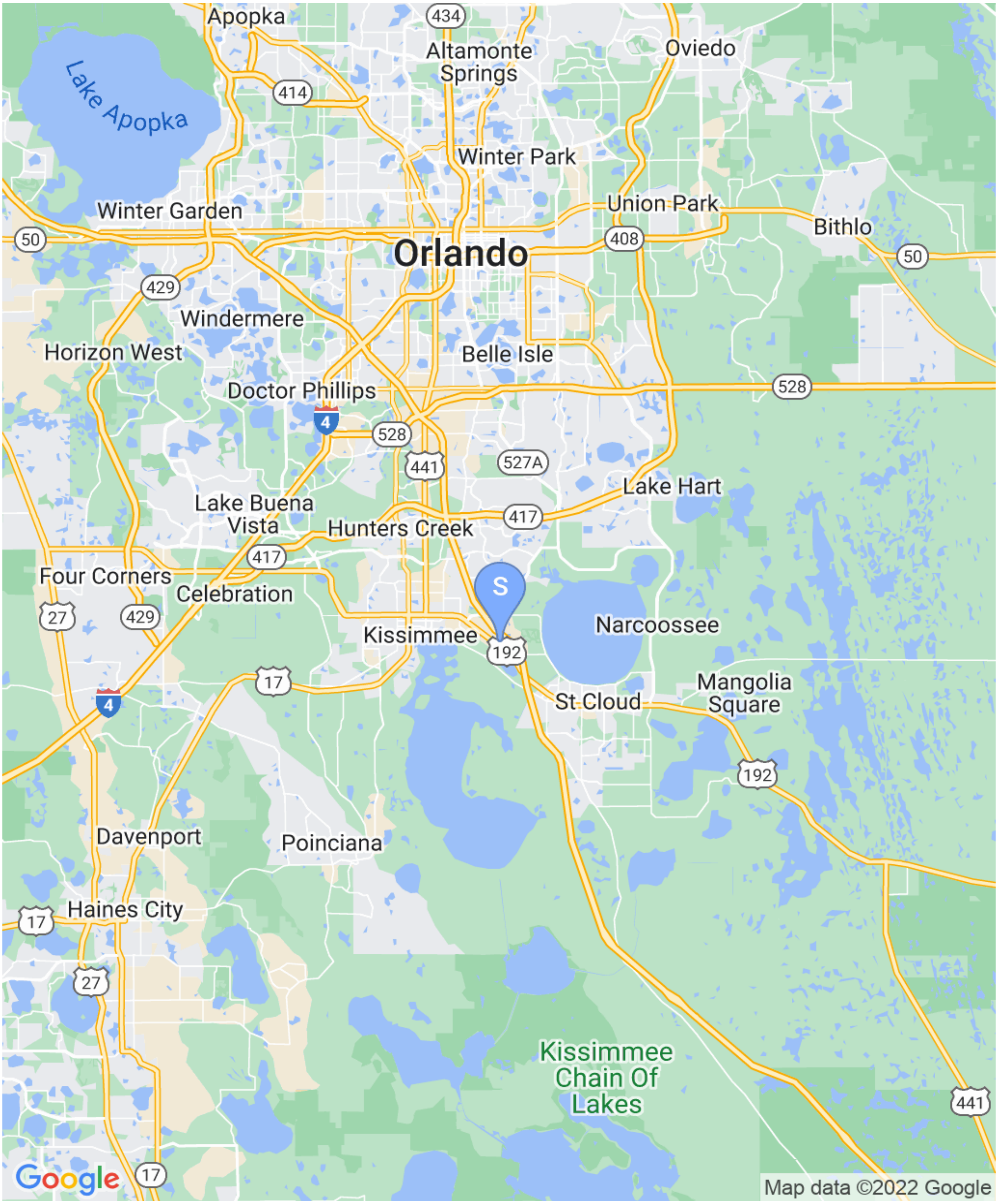
The availability of acquisition financing factors into exposure time. In recent quarters, financing has been available for well-positioned commercial real estate, particularly for stabilized assets within core MSAs and owner/user deals. For second tier or marginal properties, financing has been available but subject to more stringent requirements. Based on review of the local capital market, we conclude that adequate financing options would have been available to consummate a sale of the property on the date of value.

Exposure Time Conclusion

The preceding information generally supports an exposure time range from 1 to 12 months for limited-service hotel properties. The subject property reflects good quality and is in good overall condition. The subject's suburban location in a strong market area downward pressure on the subject's likely exposure time. Based on its overall physical and locational characteristics, the subject as proposed has above average overall appeal to investors. Considering these factors, a reasonable estimate of exposure time for the subject property is 12 months or less.

Marketing Period Conclusion

Marketing period is very similar to exposure time, but reflects a projected time period to sell the property, rather than a retrospective estimate. We have reviewed open listings and discussed the market with local participants, and given the nature of the subject property, we feel that a time period of 9 to 12 months is supported for the subject's marketing period.


Apopka
434
Altamonte
Springs
Oviedo
Lake Apopka
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Winter Park
Winter Garden
Union Park
Bithlo
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Orlando
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Horizon West
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INTRODUCTION

The Orlando Metropolitan Statistical Area (MSA) is located in the geographical center of Florida and includes Orange, Seminole, Lake and Osceola Counties. Orlando, Winter Park and Maitland represent the primary population base, while the growth of the Orlando MSA has expanded outward from this hub of activity. A regional map indicating the location of the subject is presented to the right.

Economic growth in Orlando has been impacted by numerous developments:

- The tourism Corridor in Orlando is home to seven of the top vacation resorts in the world. It started in 1971 with Walt Disney World's Magic Kingdom and the Orlando area subsequently entered a dynamic growth period. Several expansions and additions to the Magic Kingdom followed: EPCOT (1982), MGM Studios (1989). Walt Disney World Resort is constantly growing and each of Disney's four theme parks have new attractions or expansions in the works. Some recently completed and future Disney World expansions include: An expansion of Fantasyland, a $425M multiyear project that doubled the attraction in size. Disney Springs is a $360M expansion to Downtown Disney that is expected to create 4,000 permanent jobs. The World of Avatar opened in summer 2017. The largest overhaul ever is coming to Walt Disney World with a 14-acre Star Wars land and an 11 acre Toy Story attraction. Disney and its attractions is the nation's largest single-site employer with over 74,000 jobs. Universal Orlando opened in 1990 with Islands of Adventure and Universal Studio in 1999. In 2014 a $500M expansion was completed 'The Wizarding World of Harry Potter.' Skull Island, a King Kong themed ride at Islands of Adventures opened in 2016. On-site hotel additions include the $200M+ Cabana Bay Beach Resort and $300M Sapphire Falls (2016). In 2017 it opened Volcano Bay, the first on-property water park. Combined, the Universal Orlando parks employ over 20K people. Combined, Walt Disney World, Universal Studios and SeaWorld employ over 100K people.
- The Orange County Convention/Civic Center's first phase (325,000 SF) was completed in 1983, expanding the MSA's appeal to business and group events. It currently ranks as the second largest convention center in the US (behind Chicago) and offers more than 7M SF of total space, of which about 2M SF is exhibit space. The facility has more than a $2B economic impact and provides over 25K direct and indirect jobs.
- International Drive (I-Drive) was largely influenced by the development and ongoing expansion of the tourism corridor. It is an 11 mile stretch largely developed with hotel, tourism and retail uses. It runs through many expansive resorts and provides primary access to the SeaWorld, Hyatt Regency Orlando, Orange County Convention Center, Pointe Orlando, Wet 'n Wild and Orlando International Premium Outlets, a 180 store outlet mall. The development of I-Drive has had a significant impact on growth in the Southwest quadrant of the MSA.
- The Greater Orlando Aviation Authority was founded in 1975 to build and then manage the new Orlando International Airport on the former McCoy Air Force Base. Airside 3, which filled out the North Terminal, was completed in 2000, with the last additional gates added in 2006. The Orlando International Airport is the busiest airport in Florida. It has over 18K employees and has a $31B economic impact.
- Established in 1978, the University of Central Florida (UCF) is currently the largest undergraduate school in the state of Florida and second largest in the nation based on total enrollment. UCF recently expanded with

a new Medical Campus in Southeast Orlando, near the Lake Nona area and a new Downtown Orlando campus is planned as of 2015. Phase 1 of the new project is expected to have a $205M economic impact yielding 2,000 jobs. Initial enrollment was less than 2,000 students; by 2014 enrollment consisted of nearly 61K students from over 140 countries. Its 12 colleges and 12 satellite campuses offer 210 degree programs. According to Business & Economy, UCF is one of the largest employers in the region, directly impacting more than 25,000 jobs.

- The completion of the widening of Interstate 4 through downtown, new interchanges with the East-West Expressway, and limited access Tollways including the Beachline, East-West, and the Greenbelt (417), which with the recent extension of the Western Beltway nearly circumnavigates the City.
- Lake Nona / Medical City - Orlando is one of two communities in the world currently building a “medical city” (cluster of life science companies) that is located in Lake Nona. The area is a 650-acre master planned community that has already seen nearly $3B invested, and created over 5K permanent jobs, with 25K additional jobs expected by 2029. The project is estimated to have an economic impact of over $7.5B by 2024.
- Downtown Orlando (Orlando CBD) – Starting in 2011/2012 the CBD is undergoing a renaissance. It is home to 9M SF of office, 4,400 businesses and nearly 150K employees. It also offers 1.75M SF of retail and entertainment venues. This includes the new Dr. Phillips Center for the Performing Arts (2014), Orlando City Stadium (2016), Amway Center (2010), and the Orlando Citrus Bowl. Additionally, the UCF Downtown campus is expected to be developed on a 68 acre site formerly home to the Orlando Magic. Several new mid and high-rise apartment communities have been developed since 2014 or are in various stages of planning.

DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis.

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the Orlando-Kissimmee-Sanford metropolitan area had a 2021 total population of 2,693,146 and experienced an annual growth rate of 2.1%, which was higher than the Florida annual growth rate of 1.5%. The metropolitan area accounted for 12.2% of the total Florida population (22,040,201). Within the metropolitan area the population density was 671 people per square mile compared to the lower Florida population density of 388 people per square mile and the lower United States population density of 92 people per square mile.

POPULATION

YEAR	US	FL	CBSA
2010 Total Population	308,745,538	18,801,310	2,134,411
2021 Total Population	331,582,303	22,040,201	2,693,146
2026 Total Population	342,006,764	23,570,028	2,961,762
2010 - 2021 CAGR	0.7%	1.5%	2.1%
2021 - 2026 CAGR	0.6%	1.4%	1.9%

Source: Pitney Bowes/Gadberry Group - GroundView®

POPULATION DENSITY			
YEAR	US	FL	CBSA
2021 Per Square Mile	92	388	671
2026 Per Square Mile	95	415	737

Source: Pitney Bowes/Gadberry Group - GroundView®

The 2021 median age for the metropolitan area was 37.99, which was 1.65% younger than the United States median age of 38.61 for 2021. The median age in the metropolitan area is anticipated to grow by 0.39% annually, increasing the median age to 38.73 by 2026.

MEDIAN AGE			
YEAR	US	FL	CBSA
2021	38.61	42.71	37.99
2026	39.39	43.66	38.73
CAGR	0.40%	0.44%	0.39%

Source: Pitney Bowes/Gadberry Group - GroundView®

Household Trends

The 2021 number of households in the metropolitan area was 965,387. The number of households in the metropolitan area is projected to grow by 1.6% annually, increasing the number of households to 1,044,217 by 2026. The 2021 average household size for the metropolitan area was 2.74, which was 6.68% larger than the United States average household size of 2.57 for 2021. The average household size in the metropolitan area is anticipated to grow by 0.36% annually, raising the average household size to 2.79 by 2026.

NUMBER OF HOUSEHOLDS			
YEAR	US	FL	CBSA
2021	125,920,087	8,380,589	965,387
2026	130,248,641	8,813,025	1,044,217
CAGR	0.7%	1.0%	1.6%

Source: Pitney Bowes/Gadberry Group - GroundView®

AVERAGE HOUSEHOLD SIZE			
YEAR	US	FL	CBSA
2021	2.57	2.58	2.74
2026	2.56	2.63	2.79
CAGR	(0.04%)	0.36%	0.36%

Source: Pitney Bowes/Gadberry Group - GroundView®

The Orlando-Kissimmee-Sanford metropolitan area had 37.68% renter occupied units, compared to the lower 33.55% in Florida and the lower 35.17% in the United States.

HOUSING UNITS			
	US	FL	CBSA
Owner Occupied	64.83%	66.45%	62.32%
Renter Occupied	35.17%	33.55%	37.68%

Source: Pitney Bowes/Gadberry Group - GroundView®

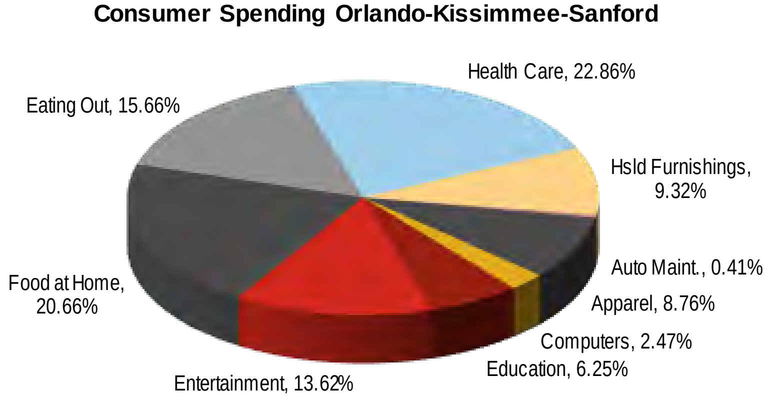
The 2021 median household income for the metropolitan area was $62,167, which was -6.3% lower than the United States median household income of $66,358. The median household income for the metropolitan area is projected to grow by 3.9% annually, increasing the median household income to $75,302 by 2026.

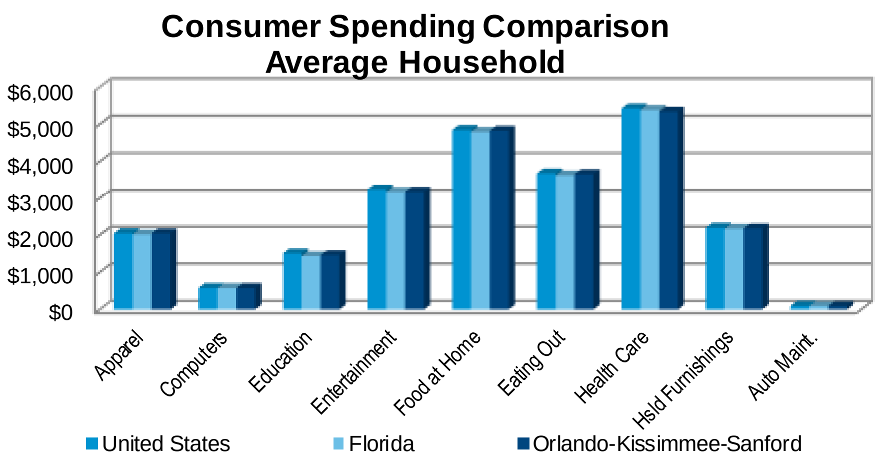
According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the subject's regional cost of living is 98.0 compared to the national average score of 100. The ACCRA Cost of

Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.

MEDIAN HOUSEHOLD INCOME			
YEAR	US	FL	CBSA
2021	$66,358	$59,095	$62,167
2026	$80,318	$72,082	$75,302
CAGR	3.9%	4.1%	3.9%

Source: Pitney Bowes/Gadberry Group - GroundView®





EMPLOYMENT

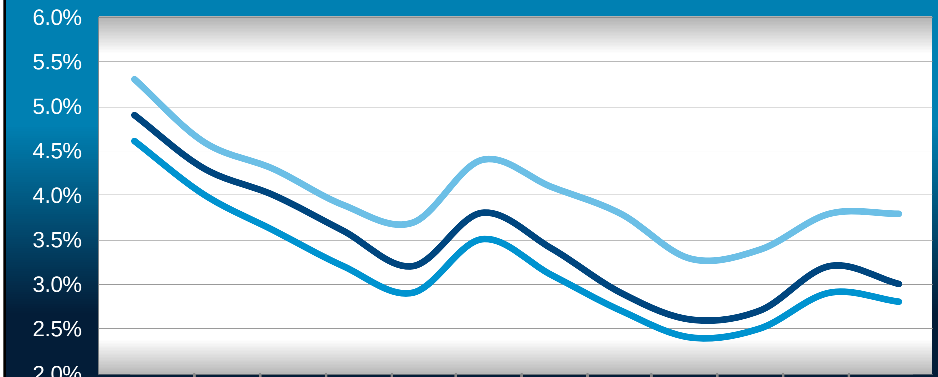
Total employment has increased annually over the past decade in the state of Florida by 1.6% and increased annually by 2.0% in the area. From 2020 to 2021 unemployment decreased in Florida by 3.6% and decreased by 5.9% in the area. In the state of Florida unemployment has decreased over the previous month by 0.1% and decreased by 0.2% in the area.

EMPLOYMENT & UNEMPLOYMENT STATISTICS 2011 - 2020

	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	Florida		Orlando-Kissimmee-Sanford, FL Metropolitan Statistical Area		United States*	Florida	Orlando-Kissimmee-Sanford, FL Metropolitan Statistical Area
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2011	8,334,119	2.2%	1,025,989	2.0%	8.9%	10.0%	10.0%
2012	8,529,063	2.3%	1,054,962	2.8%	8.1%	8.6%	8.7%
2013	8,706,060	2.1%	1,090,719	3.4%	7.4%	7.5%	7.3%
2014	8,931,440	2.6%	1,127,570	3.4%	6.2%	6.4%	6.2%
2015	9,106,772	2.0%	1,161,693	3.0%	5.3%	5.5%	5.2%
2016	9,360,237	2.8%	1,205,936	3.8%	4.9%	4.9%	4.5%
2017	9,606,451	2.6%	1,248,135	3.5%	4.4%	4.2%	3.9%
2018	9,798,469	2.0%	1,286,662	3.1%	3.9%	3.6%	3.4%
2019	9,991,437	2.0%	1,317,901	2.4%	3.7%	3.3%	3.2%
2020	9,332,838	(6.6%)	1,180,673	(10.4%)	8.1%	7.7%	10.2%
CAGR	**1.3%**	-	**1.6%**	-	-	-	-

Source: U.S. Bureau of Labor Statistics *Unadjusted Non-Seasonal Rate

UNEMPLOYMENT RATES



	Aug 2021	Sep 2021	Oct 2021	Nov 2021	Dec 2021	Jan 2022	Feb 2022	Mar 2022	Apr 2022	May 2022	Jun 2022	Jul 2022
USA	5.3%	4.6%	4.3%	3.9%	3.7%	4.4%	4.1%	3.8%	3.3%	3.4%	3.8%	3.8%
Florida	4.6%	4.0%	3.6%	3.2%	2.9%	3.5%	3.1%	2.7%	2.4%	2.5%	2.9%	2.8%
Area	4.9%	4.3%	4.0%	3.6%	3.2%	3.8%	3.4%	2.9%	2.6%	2.7%	3.2%	3.0%

The Orlando market had been hit harder than other markets and the nation as a whole during the pandemic due to its reliance on the tourism and service industry sectors. Unemployment peaked in May of 2020 and has been steadily declining since. As you can see from the chart above, the overall downward trend has stabilized in recent months, and as of July, the Orlando unemployment rate is 0.2% above Florida as a whole and 0.8% below the U.S.

Major Employers

ORLANDO'S LARGEST EMPLOYERS				
Company	City	County	Industry	Employment
Walt Disney World Resort	Lake Buena Vista	Orange	Leisure & Hospitality	74,000
Universal Orlando (Comcast)	Orlando	Orange	Leisure & Hospitality	21,000
Adventist Health System/ Florida Hospital	Various	Various	Healthcare	20,413
Publix	Various	Various	Grocery	19,783
Orlando International Airport	Orlando	Orange	Air Transportation	18,000
Orlando Health	Orlando	Orange	Healthcare	16,828
University of Central Florida	Orlando	Orange	Education	11,833
Lockheed Martin	Orlando	Orange	Aerospace/Defense	7,000
Darden Restaurants	Orlando	Orange	Restaurants	6,149
SeaWorld Parks & Entertainment	Orlando	Orange	Leisure & Hospitality	6,032
Rosen Hotels & Resorts	Orlando	Orange	Leisure & Hospitality	4,526
Siemens	Orlando	Orange	Advanced Manufacturing	4,448
Westgate Resorts	Orlando	Orange	Leisure & Hospitality	3,992
Wyndham Vacation Ow nership	Orlando	Orange	Leisure & Hospitality	3,509
Valencia College	Orlando	Orange	Education	3,449
Hilton Grand Vacations Club	Orlando	Orange	Leisure & Hospitality	3,078
AT&T Mobility	Various	Various	Telecommunications	3,063
JP Morgan Chase	Orlando	Orange	Finance & Insurance	3,053
Bright House Netw orks	Various	Various	Diversified Communication Services	3,000
Hospital Corporation of America	Winter Park	Orange	Healthcare	2,950
Mears Transportation	Orlando	Orange	Transportation	2,825
FedEx	Various	Various	Transportation & Business Services	2,821
Loew s Hotels	Orlando	Orange	Leisure & Hospitality	2,756
Central Florida Health Alliance	Leesburg	Lake	Healthcare	2,686
SunTrust Bank	Various	Various	Finance & Insurance	2,670
Marriott Vacations Worldw ide	Orlando	Orange	Leisure & Hospitality	2,593
Starw ood Hotels & Resorts Worldw ide	Orlando	Orange	Leisure & Hospitality	2,375
Optum	Orlando	Orange	Business Services	2,331
Orange Lake Resorts & Holiday Inn Vacation	Kissimmee	Osceola	Leisure & Hospitality	2,250
CenturyLink	Apopka	Orange	Telecommunications	2,213
Southw est Airlines	Orlando	Orange	Transportation	2,200
Full Sail University	Orlando	Orange	Education	2,100
Consulate Health Care LLC	Maitland	Seminole	Healthcare	2,000
Aon Hew itt	Orlando	Orange	Business Services	2,000

The employment figures shown above reflect pre COVID-19 conditions; the theme parks are operating at reduced capacity and have furloughed and laid off employees due to the pandemic.

Orlando's' tourism industry continues to be the area's primary demand driver, however, the professional/business services sector has also posted strong growth in recent years. According to Forbes, Orlando ranked as the second fastest growing metropolitan area in the country based on population, employment wages, economic output and home price growth and one of the top 25 metropolitan areas across the country experiencing the biggest economic surges.

TRANSPORTATION

Roadway

The Orlando MSA's network of highways and expressways are in a constant state of improvement and expansion, with Interstate 4 in the final stages of a widening through the City of Orlando. Interstate 4 extends through the metro Orlando area in a northeasterly/southwesterly direction and serves as the primary Interstate link in the tri-county area. Additionally, Interstate 4 connects Orlando with other population centers in central Florida including Tampa to the southwest and Interstate 95 and the Eastern Seaboard near Daytona Beach to the northeast. Interstate 4 is undergoing a complete redesign/rebuild project through the Orlando area known as the I-4 Ultimate Improvement Project. This $2.3B project, which is scheduled for completion near the end of 2021 is improving roads/bridge, and adding optional toll express lanes. .

The Central Florida Expressway System (SR 408, SR 417, SR 528, SR 429 and Florida Turnpike) is an expanding limited access toll way system that when completed will circumnavigate the Orlando MSA, as illustrated in the map below. The expressway has improved access to outlying areas, prompting urban expansion from the core and contributing to rapid urban sprawl. State Road 417 passes within about three miles of the subject and spurred development along Aloma Avenue, east of the subject. The completion date for the "Wekiva Parkway" portion from Apopka to Sanford/Interstate 4 is slated for completion in 2022. This is the final section to complete the entire route circumnavigating the Orlando MSA.

Air

The Orlando market is serviced by the Orlando International (MCO) and Sanford International Airports. The Orlando International Airport is the largest airport serving the region. The Orlando International Airport has four terminals with more than 5M SF of terminal space and is the busiest airport in Florida. It has over 18K employees and has a $31B economic impact. The 2020 enplanement data below reflects the impact of COVID-19 on the area.

ORLANDO INTERNATIONAL AIRPORT (MCO)		
YEAR	ENPLANED PASSENGERS	% CHG
2010	17,017,491	-
2011	17,250,415	1.4%
2012	17,159,427	(0.5%)
2013	16,884,524	(1.6%)
2014	17,278,608	2.3%
2015	18,759,938	8.6%
2016	20,283,541	8.1%
2017	21,565,448	6.3%
2018	23,202,480	7.6%
2019	24,562,271	5.9%
2020	10,467,728	(57.4%)
2021	19,618,838	87.4%

Source: U.S. Department of Transportation

The Sanford Airport largely caters to International flights from the UK and less known regional carriers. Sanford's annual airlift is over 1.3M enplanements per year.

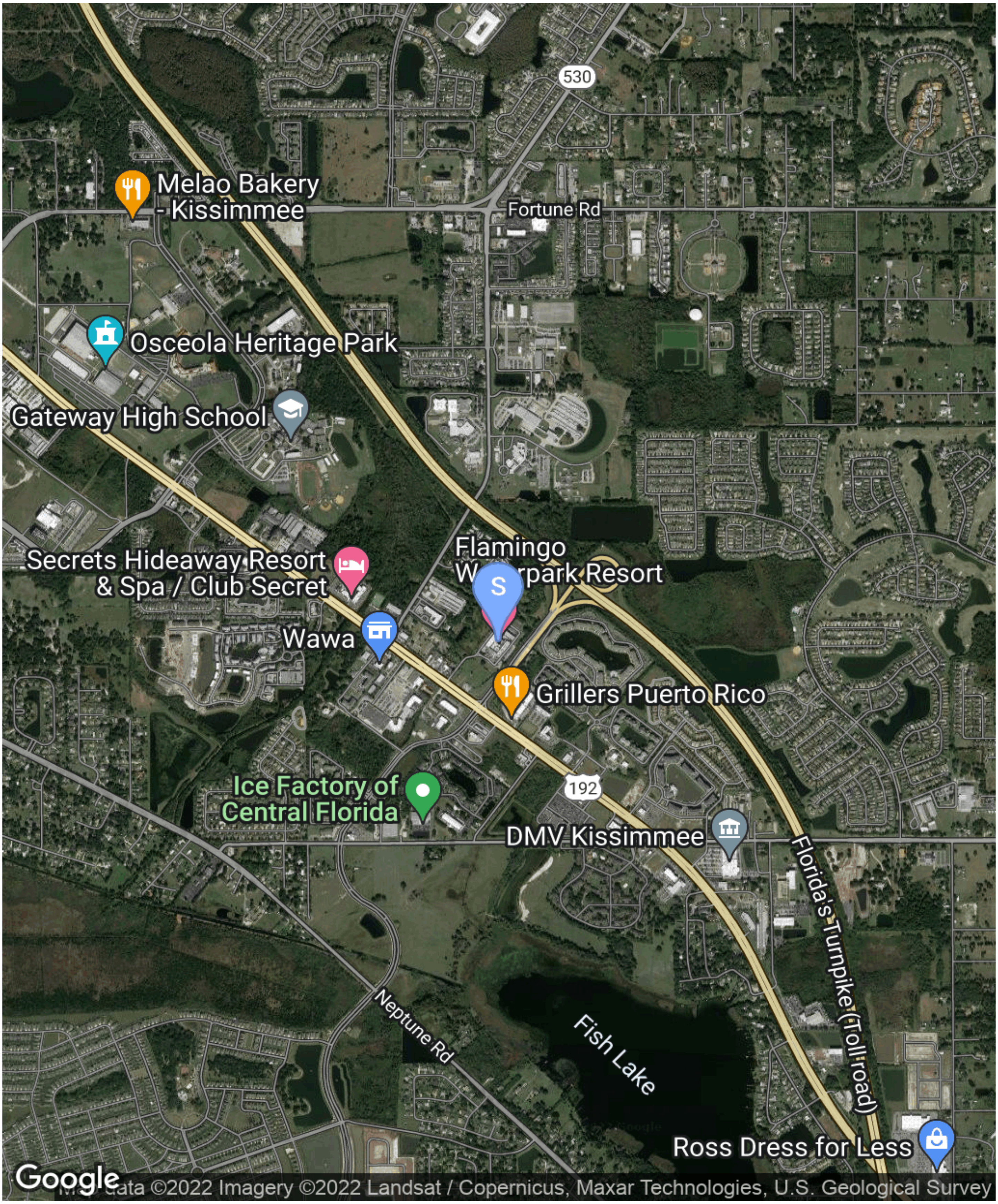
Rail

The Florida Department of Transportation (FDOT), in cooperation with the federal government and local officials in Orange, Seminole, Volusia and Osceola counties and the city of Orlando, is advancing SunRail, a commuter rail transit project that will run along a 61-mile stretch of existing rail freight tracks in the four-county area.

The 31-mile first phase of SunRail, which opened in May 2014, serves 12 stations within three counties, linking DeBary to Orlando. Phase II will serve four additional stations, connecting Volusia, Seminole and Orange Counties. When completed, the SunRail will run for 61 miles with 16 stations along the CSX Transportation "A" Line (former Atlantic Coast Line Railroad main line).

SUMMARY

The Orlando metro economy was flourishing prior to the outbreak of the COVID-19 pandemic. It was outperforming all other Florida metros in terms of job creation. While tourism was driving most of the growth, diversification into other sectors is proving beneficial for wage growth, specifically growth in the professional and business services sector. It ranks first among the nation's 30th largest regions in population growth. A business-friendly environment combined with ongoing transportation and infrastructure improvements, moderate costs of living and no state income taxes, the Orlando market is expected to continue to expand in the future. The COVID-19 pandemic has hurt the primary tourism industry of Orlando in the near term and it is yet to be seen how long it will take for the area to fully bounce back; however, with the parks recommencing more normal operations in 2021, recovery has made significant strides and most project 2022 and 2023 as a return to normal.



530
Melao Bakery
- Kissimmee
Fortune Rd
Osceola Heritage Park
Gateway High School
Secrets Hideaway Resort
& Spa / Club Secret
Flamingo
W rpark Resort
S
Wawa
Grillers Puerto Rico
192
Ice Factory of
Central Florida
DMV Kissimmee
Florida's Turnpike (Toll road)
Neptune Rd
Fish Lake
Ross Dress for Less
Google
ata ©2022 Imagery ©2022 Landsat / Copernicus, Maxar Technologies, U.S. Geological Survey

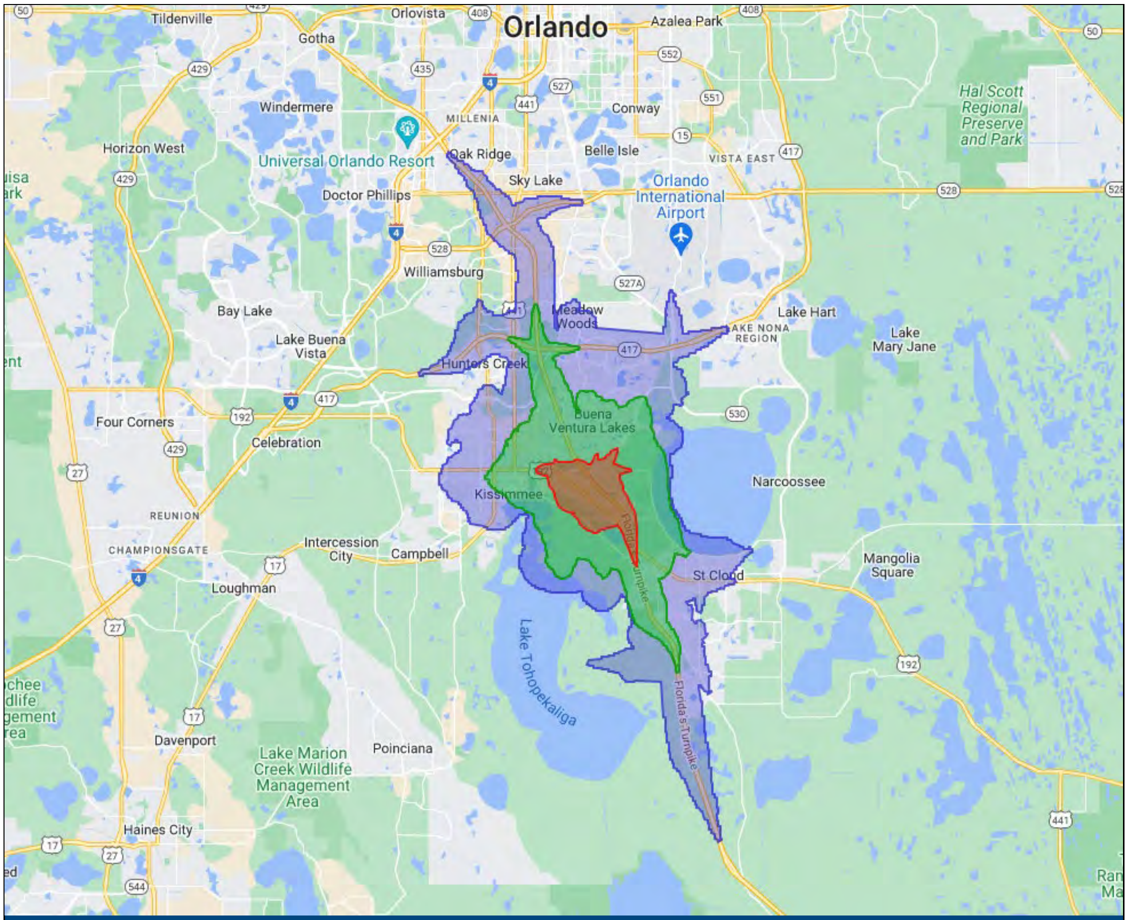
INTRODUCTION

In this section of the report, we provide details about the local area and describe the influences that bear on the real estate market as well as the subject property. A map of the local area is presented on the prior page. Below are insights into the local area based on fieldwork, interviews, demographic data and experience working in this market.

LOCATION DESCRIPTION

The subject is located along U.S. 192 -E Irlo Bronson Memorial Highway at a junction with Florida's Turnpike, and just east of downtown Kissimmee in Osceola County. The subject is approximately twelve-miles southeast of Interstate-4 and the Walt Disney World Resort area and less than 15-miles southeast of the Universal Resort area.

The following map summarizes driving times based on 5, 10 and 15-minute intervals from the subject's location:



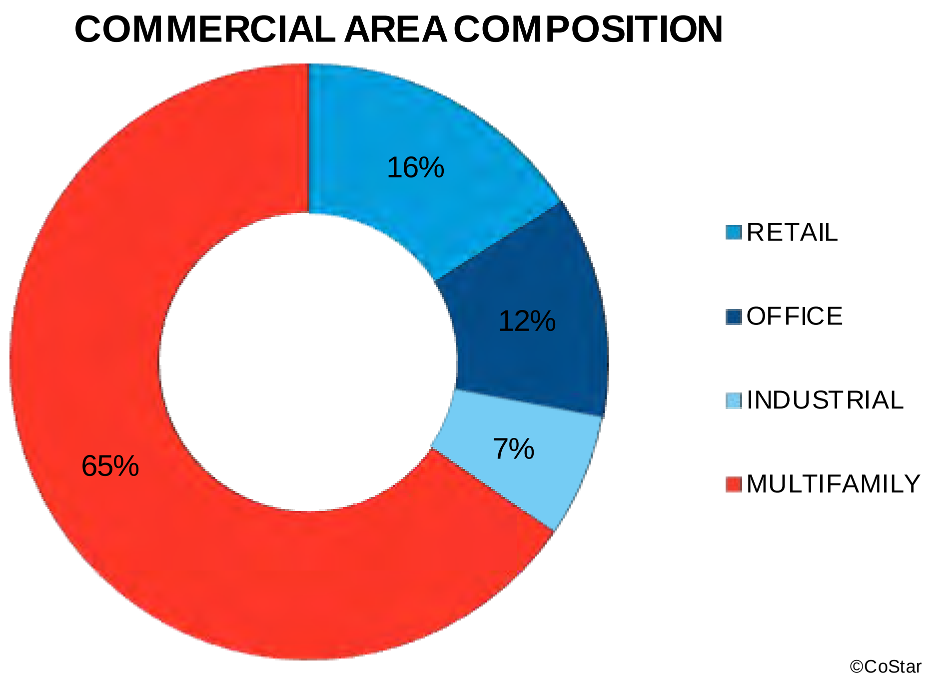
DRIVE TIMES FROM SUBJECT PROPERTY

IMMEDIATE AREA PROFILE

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

Predominant Land Uses

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



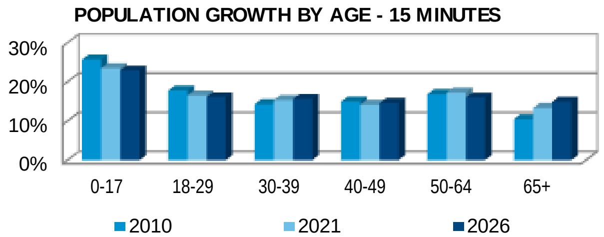
DEMOGRAPHIC PROFILE

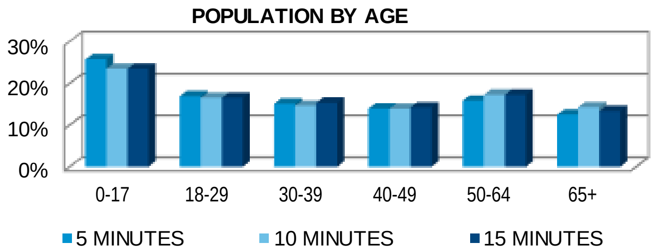
Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas.

LOCAL AREA DEMOGRAPHICS

DESCRIPTION	5 MINUTES	10 MINUTES	15 MINUTES	DESCRIPTION	5 MINUTES	10 MINUTES	15 MINUTES
POPULATION				**AVERAGE HOUSEHOLD INCOME**			
2000 Population	5,429	57,392	134,069	2021	$58,182	$65,485	$69,504
2010 Population	12,665	80,722	188,342	2026	$68,485	$79,970	$84,797
2021 Population	19,094	107,604	254,289	Change 2021-2026	17.71%	22.12%	22.00%
2026 Population	22,068	120,641	286,673	**MEDIAN HOUSEHOLD INCOME**			
Change 2000-2010	133.28%	40.65%	40.48%	2021	$45,909	$50,961	$53,797
Change 2010-2021	50.76%	33.30%	35.01%	2026	$55,034	$61,699	$64,690
Change 2021-2026	15.58%	12.12%	12.74%	Change 2021-2026	19.88%	21.07%	20.25%
POPULATION 65+				**PER CAPITA INCOME**			
2010 Population	1,067	9,428	19,698	2021	$18,614	$20,737	$22,333
2021 Population	2,381	15,348	33,854	2026	$21,465	$24,770	$26,668
2026 Population	3,091	19,232	42,737	Change 2021-2026	15.32%	19.45%	19.41%
Change 2010-2021	123.15%	62.79%	71.87%	**2021 HOUSEHOLDS BY INCOME**			
Change 2021-2026	29.82%	25.31%	26.24%	<$15,000	11.0%	10.0%	8.9%
NUMBER OF HOUSEHOLDS				$15,000-$24,999	11.0%	9.9%	10.0%
2000 Households	1,693	18,878	46,031	$25,000-$34,999	9.3%	11.4%	10.8%
2010 Households	3,995	26,316	63,267	$35,000-$49,999	23.1%	17.7%	16.8%
2021 Households	5,671	33,118	80,683	$50,000-$74,999	20.8%	20.4%	20.9%
2026 Households	6,454	36,415	89,168	$75,000-$99,999	9.8%	12.4%	12.8%
Change 2000-2010	135.97%	39.40%	37.44%	$100,000-$149,999	9.7%	12.2%	12.9%
Change 2010-2021	41.95%	25.85%	27.53%	$150,000-$199,999	4.9%	4.1%	4.4%
Change 2021-2026	13.81%	9.96%	10.52%	$200,000 or greater	0.3%	1.9%	2.6%
HOUSING UNITS (2021)				**MEDIAN HOME VALUE**	$225,061	$197,463	$205,349
Owner Occupied	2,601	20,932	47,718	**AVERAGE HOME VALUE**	$225,233	$212,861	$221,631
Renter Occupied	3,194	12,430	32,870	**HOUSING UNITS BY UNITS IN STRUCTURE**			
HOUSING UNITS BY YEAR BUILT				1, detached	2,928	22,938	51,127
Built 2010 or later	1,030	2,934	8,148	1, attached	355	2,492	6,326
Built 2000 to 2009	2,086	8,441	20,329	2	70	327	1,171
Built 1990 to 1999	1,448	8,962	22,532	3 or 4	478	1,580	3,368
Built 1980 to 1989	615	7,926	17,347	5 to 9	553	1,835	6,673
Built 1970 to 1979	329	3,000	6,175	10 to 19	999	1,940	5,477
Built 1960 to 1969	100	710	2,491	20 to 49	191	538	1,678
Built 1950 to 1959	62	599	1,733	50 or more	193	609	1,694
Built 1940 to 1949	1	131	471	Mobile home	28	1,082	3,033
Built 1939 or earlier	0	414	1,457	Boat, RV, van, etc.	0	22	43

Source: Pitney Bowes/Gadberry Group - GroundView®





Multi-Family Development

The following chart shows a summary of multi-family data by type in the immediate area from CoStar.

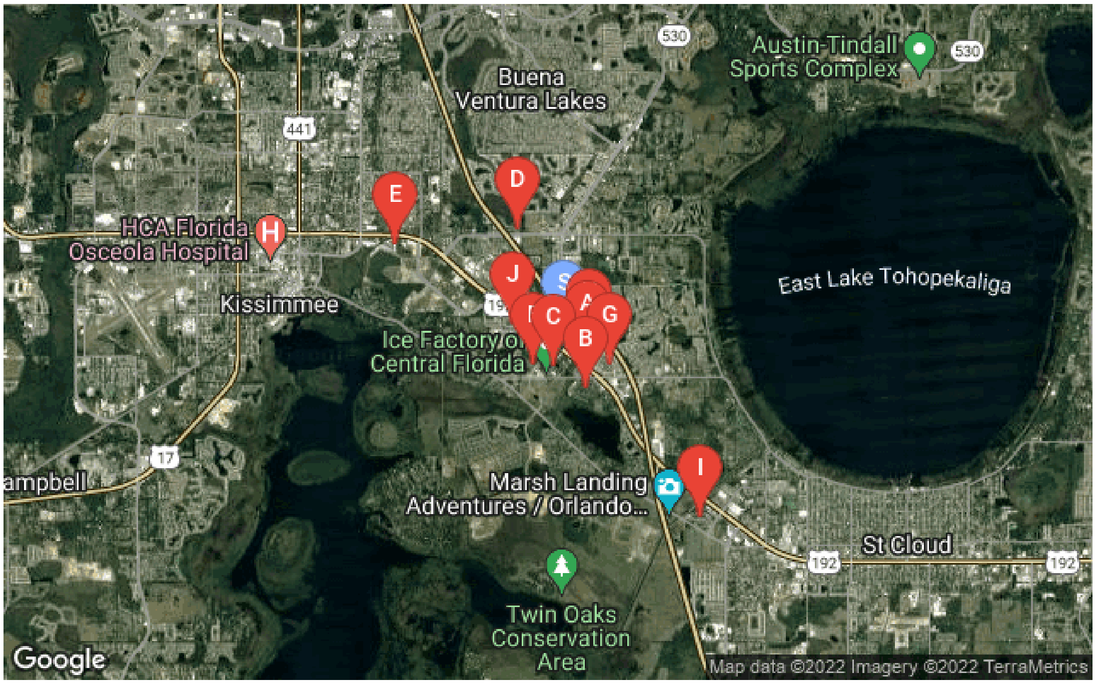
MULTIFAMILY SUMMARY			
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	2	786,445	2014
B	24	3,953,824	1998
C	38	1,236,723	1983
TOTAL	**64**	**5,976,992**	**1990**

Source: CoStar

The following chart and map shows the subject property and the largest tracked multi-family properties in the immediate area from CoStar:

LARGEST MULTIFAMILY PROPERTIES						
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	STORIES	YEAR BUILT
Academy Village	0.4 Miles	A	B	520,026	3	2003
Cobblestone of Kissimmee	0.7 Miles	B	B	512,590	2	2001
Verano Apartments	0.4 Miles	C	A	482,845	3	2008
Grande Court Boggy Creek	1.4 Miles	D	B	373,937	3	2003
14Fifty NeoCity	2.3 Miles	E	B	357,189	4	2021
Walden Park Apartment Community	0.6 Miles	F	B	341,889	3	2002
The Jamison	0.7 Miles	G	B	334,215	4	2020
Academy Park	0.3 Miles	H	A	303,600	3	2020
Soleil Blu Luxury Apartments	2.8 Miles	I	B	297,690	2	2001
Heritage Park Apartments	0.6 Miles	J	B	238,000	3	2015

Source: CoStar



Retail Development

The following chart shows a summary of retail data by type in the immediate area from CoStar.

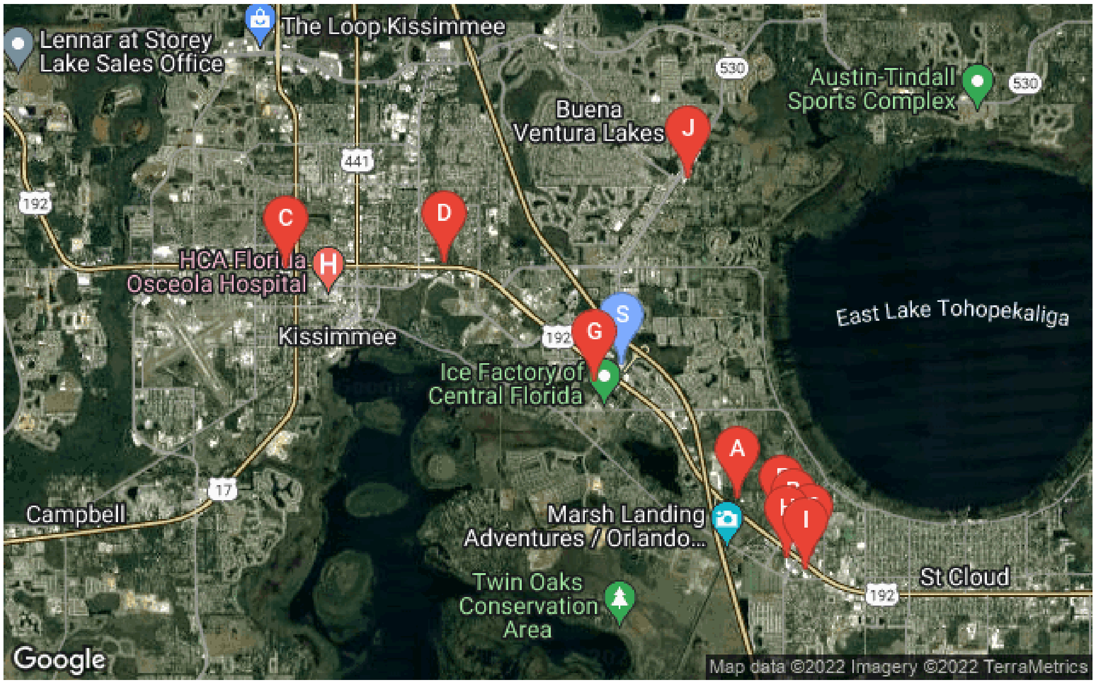
RETAIL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
General Retail	173	1,466,731	1982	99.9	$22.95
TOTAL	**173**	**1,466,731**	**1982**	**99.9**	**$22.95**

Source: CoStar

Most of the retail properties are along U.S. 192 – E Irlo Bronson Memorial Highway. Users here tend to be stand-alone retail users such as restaurants, gas stations grocery stores, as well as a variety of outlots to larger community strip retail centers. The following chart and map shows the subject property and the largest several retail properties in the immediate area from CoStar.

LARGEST SHOPPING CENTERS							
NAME	DISTANCE	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
St Cloud Commons	2.2 Miles	A	Community Center	190,953	97.4	2017	N/Av
Wal-Mart	3.0 Miles	B	General Retail	181,226	100.0	1996	N/Av
Mill Creek Mall	4.3 Miles	C	Community Center	113,000	100.0	1980	N/Av
Kissimmee Square	2.5 Miles	D	Neighborhood Center	106,157	100.0	1986	N/Av
Retail Building	2.8 Miles	E	General Retail	96,472	100.0	2004	N/Av
Oaks Shopping Center	3.3 Miles	F	Neighborhood Center	87,681	100.0	1990	N/Av
Center Of Osceola	0.4 Miles	G	Community Center	86,901	100.0	1986	N/Av
Publix Center Of St Cloud	3.1 Miles	H	Neighborhood Center	78,779	94.9	1981	N/Av
St. Cloud Square	3.4 Miles	I	Community Center	78,364	100.0	1990	N/Av
Boggy Creek Marketplace	2.4 Miles	J	Neighborhood Center	73,674	100.0	1997	N/Av

Source: CoStar



Office Development

The following chart shows a summary of office data by class in the immediate area from CoStar.

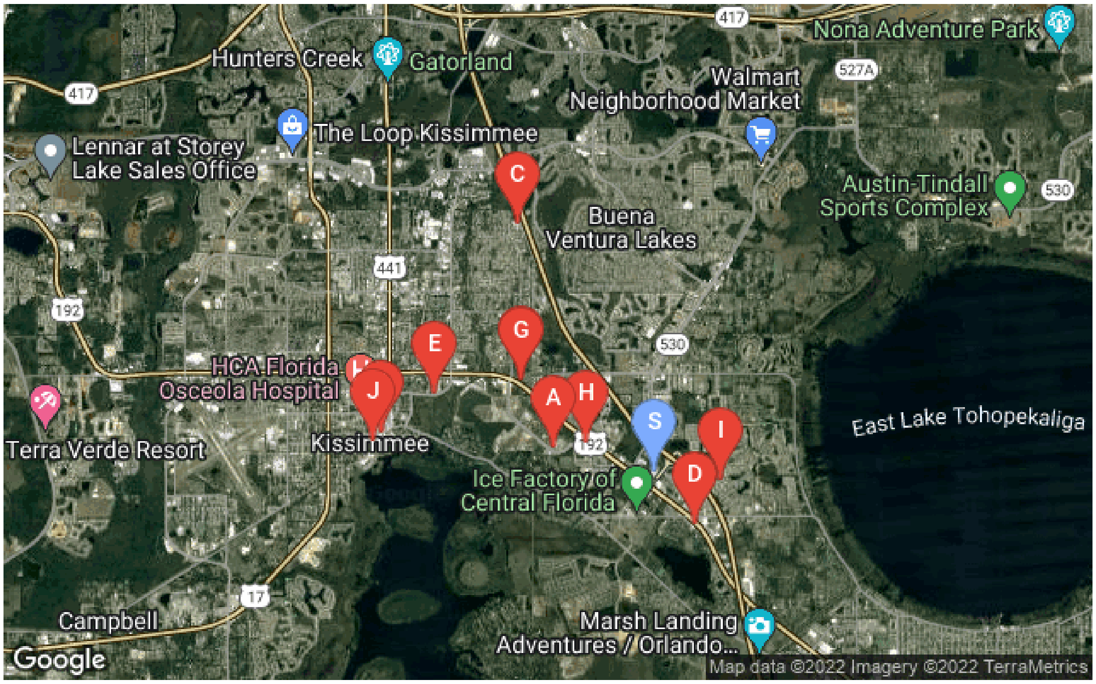
OFFICE SUMMARY					
CLASS	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
A	2	121,600	2013	100.0	$17.00
B	49	455,433	1989	98.1	$25.08
C	91	516,653	1973	98.6	$24.50
TOTAL	**142**	**1,093,686**	**1979**	**98.4**	**$24.60**

Source: CoStar

The subject is located in an area that has a relatively low density of office structures. The following chart and map shows the subject property and the largest tracked office properties in the immediate area from CoStar.

LARGEST OFFICE BUILDINGS							
NAME	DISTANCE	MAP PIN	CLASS	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Office Building	1.3 Miles	A	A	100,000	100.0	2019	N/Av
City Centre	3.4 Miles	B	B	41,222	100.0	2008	N/Av
Office Building	3.5 Miles	C	C	36,057	100.0	2000	N/Av
Advent Health ER	0.8 Miles	D	B	35,000	100.0	2020	N/Av
Kissimmee Professional Village	2.9 Miles	E	B	30,800	82.1	2021	$21.00
Executive Pointe	2.0 Miles	F	C	22,124	100.0	2000	N/Av
Executive Point	2.0 Miles	G	C	22,032	100.0	1985	N/Av
Watson Realty Corp Building Kissimmee	0.9 Miles	H	A	21,600	100.0	2006	$17.00
AVR Plaza	0.8 Miles	I	B	21,050	100.0	2009	N/Av
Office Building	3.5 Miles	J	C	19,847	100.0	1980	N/Av

Source: CoStar



LOCAL LODGING DEMAND GENERATORS

Lodging demand in the area is largely comprised of leisure-oriented demand generators. Commercial demand is also a significant component of the local lodging industry.

Commercial/corporate travelers generally are not rate sensitive and represent a very desirable and lucrative market that provides a consistent level of demand at relatively high room rates. Commercial/corporate demand in the subject's market area is generated by a fairly diverse base of corporate tenants in the surrounding area. Some of the largest generators of commercial room night demand in the area reportedly include the following:

Commercial Demand Generators	
Rollins College	Orlando International Airport
University of Central Flordia	Lee Vista Center Office Development
Downtown Orlando	Lockheed Martin
Darden Headquarters	Orlando Regional Medical Center

In the subject property’s area, most leisure demand is generated by people who are visiting friends and relatives, or those who are taking advantage of the numerous recreational opportunities and tourist attractions available in and surrounding the area. These people may be traveling alone, or with families or tour groups. Leisure attractions in the area include the following:

Leisure Demand Generators	
Silver Spurs Rodeo	Osceola Heritage Park
Amway Center	Orlando City Stadium
Aquatica	Islands of Adventure
Bob Car Performing Arts Centre	Kennedy Space Center
Citrus Bowl/Camping World Stadium	LEGOLAND Florida
Orange County Convention Center	Magic Kingdom®
City Center	Mall at Millenia
Cocoa Beach	Orange County Regional History Ctr
Daytona Beach	Orlando Museum of Art
Discovery Cove	Orlando Premium Outlets-International Drive
Disney Hollywood Studios™	Orlando Premium Outlets-Vineland
Disney's Animal Kingdom®	Orlando Science Center
Disney's Blizzard Beach	Pointe Orlando
Disney's Boardwalk	SeaWorld®
Disney's Typhoon Lagoon	Universal City Walk
Disney Springs	Universal Orlando®
Downtown Orlando	Universal Studios
Epcot®	Universal's Volcano Bay Water Theme Park
Gatorland	Walt Disney World®
ICON Park, Home of the Orlando Eye	WonderWorks

SPECIAL HAZARDS OR ADVERSE INFLUENCES

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

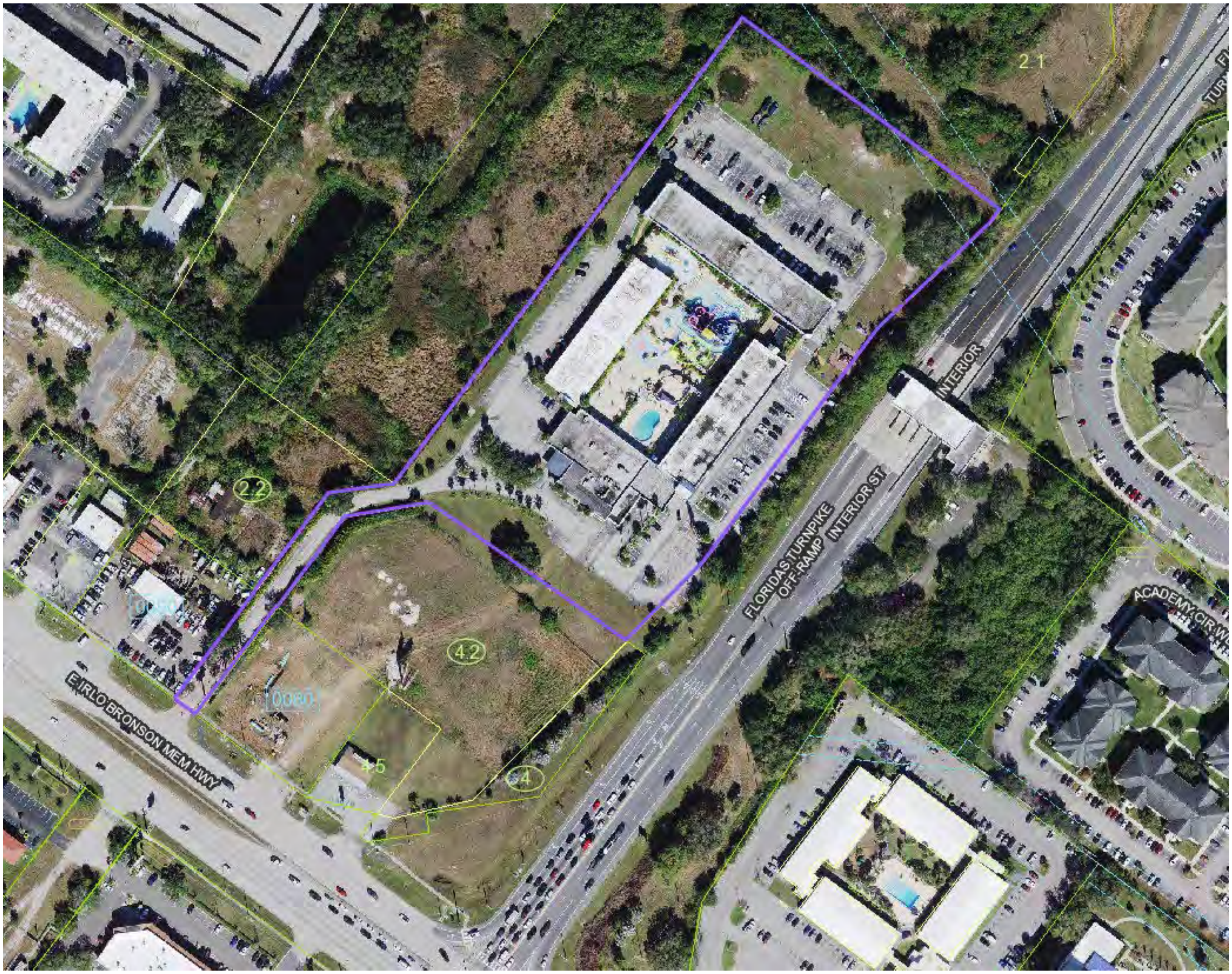
LOCAL AREA OUTLOOK

The subject property is located in an unincorporated area of Osceola County, though is just east of the downtown Kissimmee area, and is positioned less than 15-miles southeast of the Walt Disney World resort area. The immediate area is comprised mostly of residential and retail-related development and the subject property has a good location with respect to demand generators and primary transportation carriers considering the position along a region highway at the junction with Florida's Turnpike. This more immediate area has experienced strong growth since 2000 and further stable growth is projected in the near term. It offers proximity to major thoroughfares and provides convenient access to all points of Central Florida. Commercial developments are located along the major arterials and there are sufficient supporting uses for the area creating ongoing demand. Overall, the condition and appeal of the area is good. At present, the area is in the growth stage of its lifecycle. Property values are expected to appreciate in the local area as the larger area continues to emerge from the conditions caused by the pandemic.

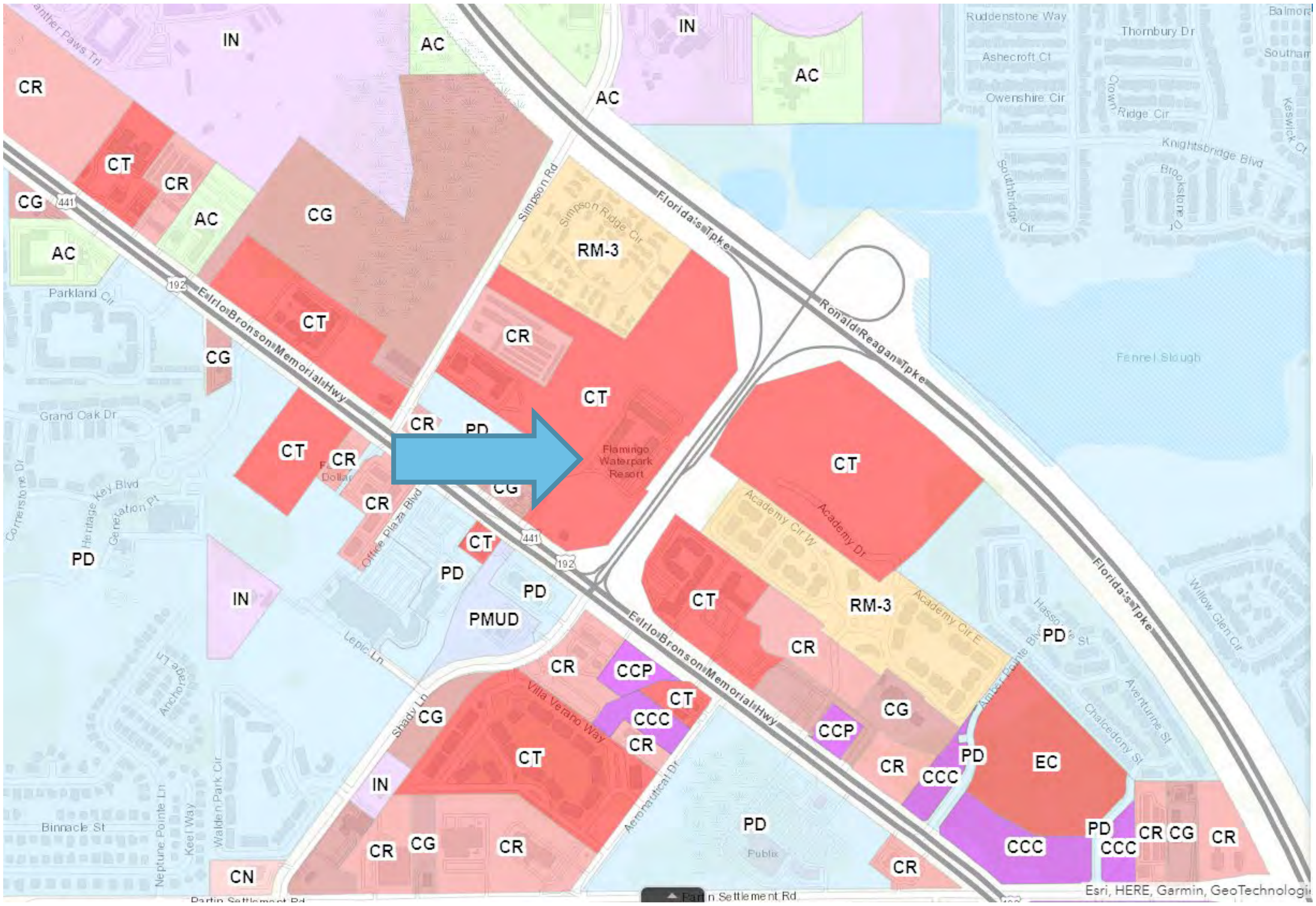
General Description	The subject is located along U.S. 192 -E Irlo Bronson Memorial Highway at a junction with Florida's Turnpike, and just east of downtown Kissimmee in Osceola County. The subject is approximately twelve-miles southeast of Interstate-4 and the Walt Disney World Resort area and less than 15-miles southeast of the Universal Resort area. The subject site measures ±8.96, or ±390,298 square feet.
Shape	Irregularly shaped
Topography	Level at street grade
Utilities	It is our understanding that all utilities are available to the site.
Site Improvements	Landscaping, curbing, signage, lighting and drainage.
Landscaping	Variety of trees, shrubbery and grass.
Exposure	The subject site offer minimal, access only frontage along E Irlo Bronson Memorial Highway; however, the east side of the site includes approximately 850 feet of frontage to the the off-ramp to the Florida Turnpike.
Seismic	The subject is in a low-risk seismic zone.
Flood Zone	X
Flood Zone Description	areas determined to be outside of the 500-year floodplain **A copy of a flood map is presented in the Addenda of this report.**
Easements	During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.
Soils	A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.
Hazardous Waste	We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.
Site Utility	Overall, it is our opinion that the subject site is adequate for the operation of the subject hotel.
Parking Capacity	The subject includes approximately 290 surface parking stalls.. To the best of our knowledge, the subject's parking configuration will be adequate to conform to existing zoning requirements (including variances, etc.) as well as market requirements.
Parking Type	Surface
Access Rating	Average
Visibility Rating	Good
Location Rating	Average

Overall Site Rating Overall, it is our opinion that the subject site is considered to be good when measured against competing properties in the marketplace.

TAX PARCEL MAP



ZONING MAP


IN
AC
CR
CT
CG
RM-3
PD
PMUD
CCP
CCC
EC
CN
Flamingo Waterpark Resort
Florida's Tpke
Ronald Reagan Tpke
Irlo Bronson Memorial Hwy
Simpson Rd
Academy Dr
Fennel Slough
Esri, HERE, Garmin, GeoTechnologi

INTRODUCTION

The information presented below is a basic description of the improvements. This information is used in the valuation of the property. Reliance has been placed upon information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, nor will there be in the future, and that all structural components are and will continue to be functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

Overview

The subject property, commonly known as Flamingo Waterpark Resort, is a 3-story, 241-room, full-service lodging facility built in 1966. The property was in average condition at the time of inspection. The subject property features all basic services for a property of this type, and offers amenities including an outdoor pool, tiki bar, business center, water park and lazy river, splash pad, arcade, kid zone activity center, playground, meeting rooms, sundries/market, restaurant with full commercial kitchen, vending and ice machines. The rooms are loaded off of exterior corridors. The subject is located along U.S. 192 -E Irlo Bronson Memorial Highway at a junction with Florida's Turnpike, and just east of downtown Kissimmee in Osceola County. The subject is approximately twelve-miles southeast of Interstate-4 and the Walt Disney World Resort area and less than 15-miles southeast of the Universal Resort area.

Size

147,398 square feet of gross building area (includes approx. 34,319 SF of exterior corridor balcony area)

Age/Life Analysis

Actual Age	56 years
Effective Age	20 years
Economic Life	50 years
Remaining Life	30 years

Quality

Generally average

Condition

Generally average to good for the vintage

Guestrooms Detail

A representative sample of guestrooms was inspected for this appraisal and appeared to be in average condition. We assume that the physical condition of all other remaining guestrooms at the subject property is also average and similar to the units inspected. The following table summarizes the guest unit mix at the subject.

GUESTROOM MIX

Room Type	Number of Rooms
Double Queens / King Standard	222
One BR suite w / full kitchens & bunks	19
Total	**241**

Guestrooms include either two queens or one king bed and are programmed with a remote control flatscreen television with premium channel selection, telephone, desk with chair, dresser, nightstands, lamps and lounge chairs, mini fridge, microwave and coffee maker. All suites are located on the third floor of buildings one, two, three and four and include a separate bedroom layout, full kitchens and bunk beds. Guestroom drapes, mattresses and bedspreads, carpeting and case goods are in average to good overall condition and comparable in terms of marketability relative to the competition. The property appears to have been well maintained in recent years and offers average to good quality and appeal considering the vintage.

Food and Beverage

The subject has one restaurant just off the lobby as well a tiki/snack bar located in the courtyard convenient to the pool and water park amenity. The restaurant is supported by a full commercial kitchen that is also located proximate to the subject's meeting and event space. The seating capacity of this space is presented in the following table:

FOOD AND BEVERAGE CAPACITY (APPROXIMATE)	
Facility	**Capacity**
Restaurant	Approx. 70
Tiki Bar	

At the time of our inspection, this space was in average overall condition, and generally comparable to superior relative to the competitive properties.

Meeting Space

The subject property features approximately 5500 square feet of meeting space. At the time of our inspection, the subject's meeting and banquet space was in average condition and generally comparable relative to the competition. The following graphic summarizes this space:

MEETING SPACE	
Room Name	**Total SF**
Flexible Meeting Space	4,000
Lounge/Bar/Theater	1,500
Total	**5,500**

Back-of-House

The subject property features typical back-of-house facilities including a management office directly behind the registration desk, as well as centrally located laundry, employee break area, and maintenance storage and mechanical areas. Overall, the subject's back-of-house areas are considered adequate for the subject operation.

Other

In addition to the above-mentioned characteristics, the subject offers the following features/amenities:

OTHER PROPERTY FEATURES	
Business center	Fitness room
Sundries shop	Meeting Space
Swimming pool	Bar/Theater Room
Playground	Arcade
Waterpark/ lazy river	Kids Activity Center
Splash Pad	Vending and ice machines

Capital Expenditures

The subject property's facilities have been well maintained in recent years and the property's overall condition is considered to be average to good considering the vintage of the property. The subject property is not expected to undergo capital improvements within the early portion of the projection period which are in

	excess of reserves for replacement. Specifically, our estimate of year one reserves is $228,398, or $948 per room. In order to ensure that the subject property is maintained in a competitive position throughout the holding period, we deducted a reserve for replacement equal to 4.00% of total revenues per year. We believe our estimate of capital reserves should be adequate to account for all typical future capital expenditures throughout the holding period.
Vertical Transportation	Buildings one, two, three and four (three-story) are served by a total of two elevators as well as multiple exterior stairwells. Buildings five and six (two-story) include stairwell access only to the upper floor. It is assumed and understood that this system is adequate for the subject's operations.
Foundation	Reinforced concrete slab
Exterior Walls	EIFS and masonry
Roof	Flat
Insulation	Assumed to be adequate
HVAC	Wall-mounted HVAC units in guestrooms, package HVAC units for public spaces
Plumbing	Assumed to be adequate for all operations and in compliance with local law and building codes. Assumed and understood to be typical of other properties in the area with a combination of PVC, steel, copper and cast iron piping throughout the building.
Lighting	Fluorescent, LED and Incandescent
Electrical	Master meter
Windows	Thermal windows in aluminum frames
Pedestrian Doors	Glass and metal
Floor Covering	Varies, generally carpet, laminate and tile
Fire Protection	Buildings one, two, three and four appear to be sprinklered; however, buildings five and six are not sprinklered.
Deferred Maintenance	Curable physical deterioration refers to those items that are economically feasible to cure as of the effective date of the appraisal. This element of depreciation is commonly referred to as deferred maintenance and is measured as the cost of repairing or restoring the item to new or reasonably new condition. Please refer to the *Capital Expenditures* section of this report.
Hazardous Materials	This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) asbestos. Please refer to the Assumptions and Limiting Conditions section regarding this issue.
ADA Comment	We have not made a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of the ADA; we did not consider possible non-compliance with the requirements of the ADA in developing an opinion of the value of the property.

INTRODUCTION

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

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

Assessment of real property is established by an assessor that is an appointed or elected official charged with determining the value of each property. The assessment is used to determine the necessary rate of taxation required to support the municipal budget. A property tax is a levy on the value of property that the owner is required to pay to the municipality in which it is situated. Multiple jurisdictions may tax the same property.

ASSESSMENT IN FLORIDA

Real property in the State of Florida is re-assessed every year. In Osceola County, real estate taxes are due March 31st of each year. However, if taxes are paid by November 30th, a property owner can realize a 4% discount in the total liability. The discount is reduced by 1% each month after November 30th until the full liability is due in March. Our analysis assumes a prudent investor would take advantage of this discount.

In general, County Assessor's offices have been more conservative in terms of increasing assessments despite improvements in the hotel sector. This is attributed to limited staff and cost of defending tax appeals and the change in 2009 from the Assessor having the Presumption of Correctness to the Preponderance of Evidence, requiring the assessor to have a much greater burden to support assessments if contested. Assessment levels are impacted by the following primary factors:

- Re-assessment without a transaction
- Re-assessment following a transaction

Re-Assessment Without Transaction

Although re-assessments occur annually, in the event that there is not a sale, all taxing authorities with the exception of schools have a 10% cap on assessment increases per year. This can result in a difference between the County estimated *Market Value* (also called *Just Value*) and the actual *Assessed Value* as it applies to the other taxing authorities. Additionally, assessments are typically done on a 3-year rotation and assessments are in arrears, reflecting assessments effective January 2022 and sales prior to that date. As a result, the subject and comparable assessments could reflect as far back as January 2020 meaning they potentially reflect values based on sales as far back as 2019. As a result, properties that have not been re-assessed following a sale in recent history tend to lag actual market value considerably.

Re-Assessment Following Transaction

The sale of a property can trigger re-assessment for the following year, but the property will not necessarily be re-assessed at the sale price. It is typical for assessment levels to lag actual market values. Generally, we see assessment levels range from 60% - 80% of market value. The level of increase depends on the County, asset class and type as well as the conditions of sale. Hotel properties are more likely to fall toward the lower end the assessment range due to personal property and business values typically included in the purchase prices. Now that there has been significant market improvement for several years, we are seeing that there may be a substantial increase in the year following acquisition, but a relatively flat re-assessment the year following the initial increase. However, this can vary from county-to-county.

Analysis

As a result of the dynamics involved, projecting future real estate tax assessment levels, and thus, liability can be subjective. The primary factors are:

- Variability in how counties are handling re-assessment following a sale
- Lag that occurs based on the timing of re-assessment following a sale
- In an up-market, assessments lagging in the years following a re-set either due to assessments being held flat, or further market improvement as a result of market trends overall, or property improvements completed by new ownership following acquisition.

When all of these factors are considered, a more reasonable range for projected tax assessments over the holding period is wider than the initial re-set would suggest. For this reason, it is our opinion the applicable range is really 60% - 80% of value or purchase price, depending on the particular asset or location.

As implicit in the definition of Market Value is the consummation of a sale, even in the event of a refinance, the potential real estate tax implication following a sale must be considered. It can be considered via a projected increase in assessment level, loaded capitalization rate, or a combination of both a more moderate increase in the assessment level and a relatively more moderately loaded cap rate.

The assessed value and property tax for the current year are summarized in the following table.

Property Assessment Information	
Assessor's Parcel Number(s):	30-25-30-4960-0001-0030
Street Address:	2261 E Irlo Bronson Memorial Highway
Assessing Authority:	County of Osceola
Current Tax Year:	2022
Are taxes current?	Taxes are current
Is there a grievance underway?	Not to our knowledge

Actual Assessment Information	
Assessed Value	**Totals**
Land/Building Value:	$7,479,200
Total Real Property Assessment:	$7,479,200
Personal Property:	$279,638
Total Effective Taxable Assm't:	$7,758,838

Tax Liability	
2022 Proposed Tax Rate	13.97690
Taxes due Real Estate (Including Non Ad Valorem)	$182,096
Taxes due Personal Property	$4,023
Total Property Taxes	**$186,118**
Number of Units:	241
Property Taxes per Unit	$772
Building Area (SF)	147,398
Property Taxes per Square Foot	$1.26

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

TAX COMPARABLES

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

Real Estate Tax Assessment Comparables

Property (Year Built)	Rooms	Total Assm't	Assm't per Room
Days Inn Kissimmee West (2005)	51	$2,415,730	$47,367
Red Lion Hotel Orlando Lake Buena Vista South (1982)	410	$13,624,600	$33,231
Econo Lodge Inn & Suites Maingate Central (1984)	98	$1,397,700	$14,262
Clarion Inn & Suites Kissimmee Lake Buena Vista South (1985)	137	$2,296,936	$16,766
Survey Low	51	$1,397,700	$14,262
Survey High	410	$13,624,600	$47,367
Survey Average	174	$4,933,742	$27,907
Subject's Assessment (Actual):	**241**	**$7,479,200**	**$31,034**
Real Property Tax Assessments Are:			At market levels

Real Estate Tax Expense Comparables

Property (Year Built)	Rooms	R.E. Taxes	Taxes per Room
Days Inn Kissimmee West (2005)	51	$42,552	$834
Red Lion Hotel Orlando Lake Buena Vista South (1982)	410	$314,741	$768
Econo Lodge Inn & Suites Maingate Central (1984)	98	$46,740	$477
Clarion Inn & Suites Kissimmee Lake Buena Vista South (1985)	137	$77,133	$563
Survey Low	51	$42,552	$477
Survey High	410	$314,741	$834
Survey Average	174	$120,291	$660
Subject's Assessment (Actual):	**241**	**$182,096**	**$756**
Real Property Tax Payments Are:			At market levels

Based upon the tax comparables, the subject’s assessment appears to be supported; however, the current assessment is less than 40% of the contract purchase price and there is material risk of reassessment following the transaction.

Typically, properties in Florida are assessed between 60% and 80% of the market value. Consequently, most market participants (buyers/sellers, brokers, lenders, and appraisers) take into consideration the risk of reassessment when considering existing taxes and whether an appropriate estimated increase in assessment/taxes are to be employed in their analysis or consideration in applying an appropriately higher capitalization rate relative to other comparable sales. Most investors/market participants are recognizing assessment potential as high as 60%-80% of market value. Additionally, most investors understand that increases can take a few years to be realized. Therefore, we based our pro forma for our Year 1 analysis on the pending 2022 assessment and Year 2 based upon approximately 60% of the contract price, with 3% increases in assessed value and taxes applied annually thereafter.

Pro-Forma Assessed Value and Taxes

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Assessed Value	$7,758,838	$12,300,000	$12,669,000	$13,049,070	$13,440,542	$13,843,758
Per Room	$32,194	$51,037	$52,568	$54,146	$55,770	$57,443
Property Taxes	$108,445	$171,916	$177,073	$182,386	$187,857	$193,493
Non Ad Valorem Assessment	$77,560	$79,886	$82,283	$84,751	$87,294	$89,913
Total	$186,004	$251,802	$259,356	$267,137	$275,151	$283,406
Incl. 4% Early Payment Discount	**$178,564**	**$241,730**	**$248,982**	**$256,451**	**$264,145**	**$272,069**

	Year 7	Year 8	Year 9	Year 10	Year 11
Assessed Value	$14,259,071	$14,686,843	$15,127,449	$15,581,272	$16,048,710
Per Room	$59,166	$60,941	$62,769	$64,653	$66,592
Property Taxes	$199,298	$205,277	$211,435	$217,778	$224,311
Non Ad Valorem Assessment	$92,610	$95,388	$98,250	$101,198	$104,234
Total	$291,908	$300,665	$309,685	$318,976	$328,545
Incl. 4% Early Payment Discount	**$280,231**	**$288,638**	**$297,298**	**$306,216**	**$315,403**

INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site. The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Zoning Municipality	City of Kissimmee
Zoning Name	CT, Commercial Tourist
Permitted Uses	Permitted uses within this district include multifamily, assisted living, single family, hospital, religious, parks, amusement, hotel/motel, general office, retail sales and service, restaurant, and various commercial uses
Current Use	Hotel
Legally Permitted	Yes
Zoning Change	Not likely
Proposed Use	Hotel
Legally Permitted and/or Conforming Use	Yes

NOTES REGARDING CONFORMANCE

An existing or proposed use that conforms to zoning regulations implies that there is no legal risk and that the existing improvements could be replaced “as-of-right.”

Pre-Existing, Non-Conforming Uses - In many areas, existing buildings pre-date the current zoning regulations. When this is the case, it is possible for an existing building that represents a non-conforming use to still be considered a legal use of the property. Whether or not the rights of continued use of the building exist depends on local laws. Local laws will also determine if the existing building may be replicated in the event of loss or damage.

Non-Conforming Uses - A proposed non-conforming use to an existing building might remain legal via variance or special use permit. When appraising a property that has such a non-conforming use, it is important to understand the local laws governing this use.

Other Restrictions - We know of no deed restrictions, private or public, that further limit the subject property's use. The research required to determine whether or not such restrictions exist is beyond the scope of this appraisal assignment. Deed restrictions are a legal matter and only a title examination by those qualified such as an attorney or title company can uncover such restrictive covenants. We recommend a title examination to determine if any such restrictions exist.

ZONING CONCLUSIONS

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our analysis correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence. Please note that this appraisal is not intended to be a detailed determination of compliance, as that determination is beyond the scope of this real estate appraisal assignment.

NATIONAL LODGING MARKET ANALYSIS

In this section, market conditions that influence the subject property will be considered. The major factors requiring consideration are the supply and demand conditions, which affect the competitive position of the subject property.

Although lodging facilities are market specific, this section of the report provides an overview of national market trends that influence demand for hotels and motels in the subject's market area. Our analysis includes excerpts and information from IBISWorld Industry Report: *Hotels & Motels in the U.S.*, PricewaterhouseCoopers: *Hospitality Directions in the U.S.* and STR, Inc.

NATIONAL LODGING HIGHLIGHTS

Historical Overview

Smith Travel Research (STR) trends in the US hospitality market since 2000 are shown below.

Total U.S.

Year	Occ	ADR	RevPAR
2000	63.3%	$85.24	$53.98
2001	59.8%	$84.02	$50.22
2002	59.0%	$82.77	$48.87
2003	59.2%	$82.95	$49.14
2004	61.4%	$86.40	$53.02
2005	63.1%	$91.16	$57.55
2006	63.3%	$97.99	$62.02
2007	63.1%	$104.07	$65.62
2008	60.4%	$106.75	$64.43
2009	55.1%	$97.51	$53.71
2010	57.6%	$98.08	$56.47
2011	59.9%	$101.85	$61.02
2012	61.3%	$106.25	$65.15
2013	62.2%	$110.30	$68.58
2014	64.4%	$114.92	$74.04
2015	65.4%	$120.30	$78.68
2016	65.4%	$124.13	$81.15
2017	65.9%	$126.72	$83.57
2018	66.1%	$129.97	$85.96
2019	66.0%	$131.23	$86.64
2020	44.0%	$103.25	$45.48
2021	57.7%	$124.68	$71.88
YTD Jun 2021	52.0%	$111.59	$58.06
YTD Jun 2022	61.0%	$145.15	$88.51

Source: STR

Total U.S. % Annual Change

Year	Occ	ADR	RevPAR
2000	0.7%	5.4%	6.1%
2001	(5.6%)	(1.4%)	(7.0%)
2002	(1.2%)	(1.5%)	(2.7%)
2003	0.3%	0.2%	0.6%
2004	3.6%	4.2%	7.9%
2005	2.9%	5.5%	8.5%
2006	0.3%	7.5%	7.8%
2007	(0.4%)	6.2%	5.8%
2008	(4.3%)	2.6%	(1.8%)
2009	(8.7%)	(8.7%)	(16.6%)
2010	4.5%	0.6%	5.1%
2011	4.0%	3.8%	8.1%
2012	2.3%	4.3%	6.8%
2013	1.5%	3.8%	5.3%
2014	3.5%	4.2%	8.0%
2015	1.6%	4.7%	6.3%
2016	(0.0%)	3.2%	3.1%
2017	0.9%	2.1%	3.0%
2018	0.3%	2.6%	2.9%
2019	(0.2%)	1.0%	0.8%
2020	(33.3%)	(21.3%)	(47.5%)
2021	30.9%	20.8%	58.0%
YTD Jun 2021			
YTD Jun 2022	17.2%	30.1%	52.4%

Source: STR

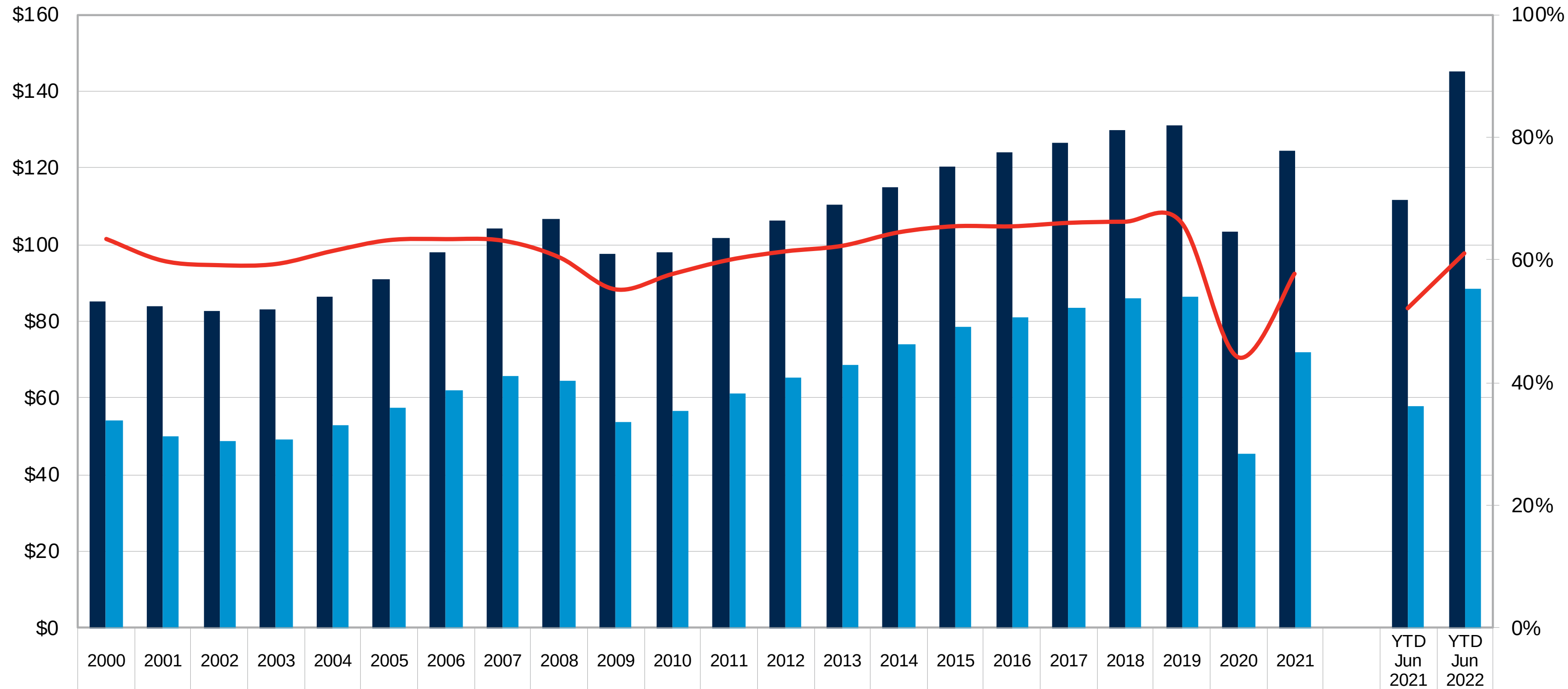
Total U.S. CAGR

Start	End	Occ	ADR	RevPAR
2000	2003	(2.2%)	(0.9%)	(3.1%)
2003	2007	1.6%	5.8%	7.5%
2007	2012	(0.6%)	0.4%	(0.1%)
2012	2020	(4.0%)	(0.4%)	(4.4%)

Source: STR

A graphic representation of ADR, occupancy, and RevPAR trends follows.

TOTAL U.S. LODGING MARKET PERFORMANCE 2000 - YTD JUN 2022



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		YTD Jun 2021	YTD Jun 2022
ADR	$85.24	$84.02	$82.77	$82.95	$86.40	$91.16	$97.99	$104.0	$106.7	$97.51	$98.08	$101.8	$106.2	$110.3	$114.9	$120.3	$124.1	$126.7	$129.9	$131.2	$103.2	$124.6		$111.5	$145.1
RevPAR	$53.98	$50.22	$48.87	$49.14	$53.02	$57.55	$62.02	$65.62	$64.43	$53.71	$56.47	$61.02	$65.15	$68.58	$74.04	$78.68	$81.15	$83.57	$85.96	$86.64	$45.48	$71.88		$58.06	$88.51
Occ	63.3%	59.8%	59.0%	59.2%	61.4%	63.1%	63.3%	63.1%	60.4%	55.1%	57.6%	59.9%	61.3%	62.2%	64.4%	65.4%	65.4%	65.9%	66.1%	66.0%	44.0%	57.7%		52.0%	61.0%

Source: STR

As shown in the tables above, the US lodging market prior to the recession (2004-2007) was a period marked by strong RevPAR growth, averaging 7.5% growth for the four-year period. The Great Recession of 2008-2009 hit the hospitality industry especially hard, with a RevPAR decline of 1.8% in 2008 and 16.5% in 2009. Since then, the recovery has been sustained for a period of time that is unprecedented in US history, with over 100 consecutive months of positive RevPAR growth. It is also noted that RevPAR had effectively reached pre-recession levels by 2012. Finally, the data clearly shows that while RevPAR growth had remained positive through 2019, the velocity of growth undeniably declined for the last four years as increases in supply finally caught up with demand growth.

Monthly Trends

The following tables and analysis provide a summary of current national conditions.

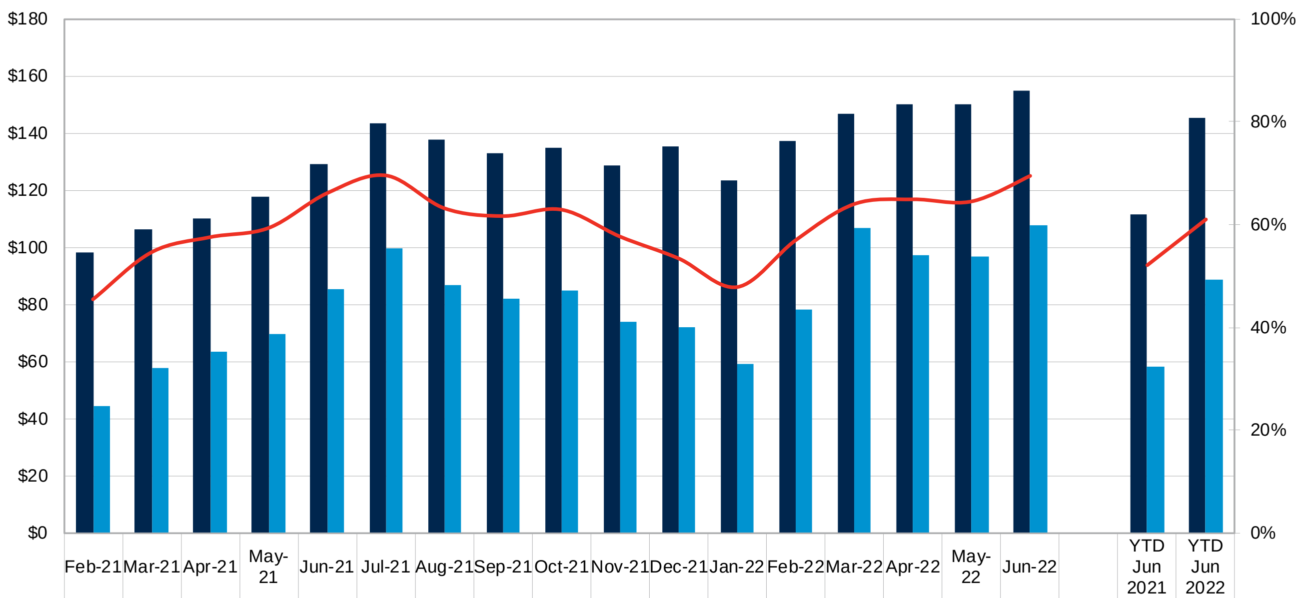
Total U.S.					
	Occ		ADR		RevPAR
Feb-21	45.3%	$	98.31	$	44.57
Mar-21	54.6%	$	106.08	$	57.87
Apr-21	57.5%	$	110.34	$	63.46
May-21	59.3%	$	117.69	$	69.81
Jun-21	66.1%	$	129.00	$	85.31
Jul-21	69.6%	$	143.30	$	99.71
Aug-21	63.2%	$	137.57	$	86.88
Sep-21	61.6%	$	133.11	$	82.04
Oct-21	62.9%	$	134.78	$	84.75
Nov-21	57.6%	$	128.50	$	74.03
Dec-21	53.3%	$	135.28	$	72.15
Jan-22	47.8%	$	123.51	$	58.98
Feb-22	56.9%	$	137.39	$	78.24
Mar-22	64.0%	$	146.61	$	106.65
Apr-22	64.9%	$	149.90	$	97.30
May-22	64.5%	$	149.91	$	96.68
Jun-22	69.5%	$	155.04	$	107.70
YTD Jun 2021	52.0%	$	111.59	$	58.06
YTD Jun 2022	61.0%	$	145.15	$	88.51

Source: STR

Total U.S. % Change			
	Occ	ADR	RevPAR
Feb-21	-	-	-
Mar-21	20.3%	7.9%	29.8%
Apr-21	5.4%	4.0%	9.6%
May-21	3.1%	6.7%	10.0%
Jun-21	11.5%	9.6%	22.2%
Jul-21	5.2%	11.1%	16.9%
Aug-21	(9.2%)	(4.0%)	(12.9%)
Sep-21	(2.4%)	(3.2%)	(5.6%)
Oct-21	2.0%	1.3%	3.3%
Nov-21	(8.4%)	(4.7%)	(12.7%)
Dec-21	(7.4%)	5.3%	(2.5%)
Jan-22	(10.5%)	(8.7%)	(18.3%)
Feb-22	19.3%	11.2%	32.7%
Mar-22	12.4%	6.7%	36.3%
Apr-22	1.4%	2.2%	(8.8%)
May-22	(0.6%)	0.0%	(0.6%)
Jun-22	7.8%	3.4%	11.4%
YTD Jun 2021			
YTD Jun 2022	17.2%	30.1%	52.4%

Source: STR

TOTAL U.S. LODGING MARKET PERFORMANCE



	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22		YTD Jun 2021	YTD Jun 2022
ADR	$98.3	$106.	$110.	$117.	$129.	$143.	$137.	$133.	$134.	$128.	$135.	$123.	$137.	$146.	$149.	$149.	$155.		$111.	$145.
RevPAR	$44.5	$57.8	$63.4	$69.8	$85.3	$99.7	$86.8	$82.0	$84.7	$74.0	$72.1	$58.9	$78.2	$106.	$97.3	$96.6	$107.		$58.0	$88.5
Occ	45.3%	54.6%	57.5%	59.3%	66.1%	69.6%	63.2%	61.6%	62.9%	57.6%	53.3%	47.8%	56.9%	64.0%	64.9%	64.5%	69.5%		52.0%	61.0%

Source: STR

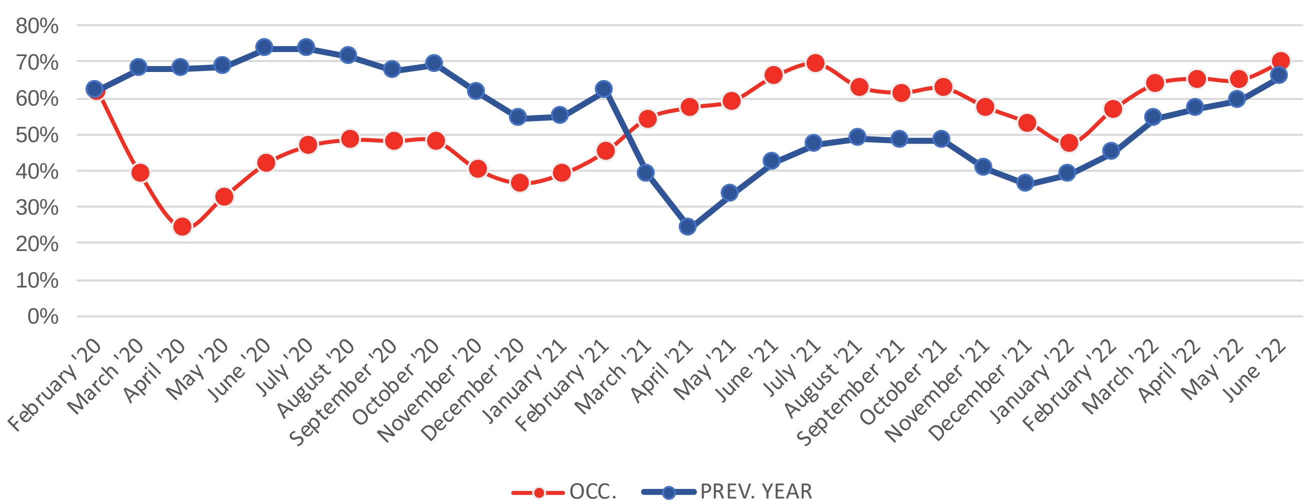
The following table and charts show a comparison of data on a monthly basis as compared to the same time frame in the previous year.

NATIONAL HOTEL TRENDS BY MONTH YoY

MONTH	OCC.	PREV. YEAR	ADR	PREV. YEAR	RevPAR	PREV. YEAR
February '20	62.2%	62.0%	$130.78	$128.95	$81.33	$80.01
March '20	39.4%	68.2%	$110.66	$132.57	$43.54	$90.46
April '20	24.5%	67.8%	$73.23	$131.73	$17.93	$89.36
May '20	33.1%	68.6%	$79.57	$132.38	$26.35	$90.83
June '20	42.2%	73.3%	$92.15	$134.58	$38.88	$98.69
July '20	47.0%	73.6%	$101.76	$135.27	$47.84	$99.58
August '20	48.6%	71.2%	$102.46	$132.75	$49.83	$94.57
September '20	48.3%	67.2%	$99.12	$132.05	$47.86	$88.77
October '20	48.3%	69.1%	$97.61	$133.36	$47.13	$92.13
November '20	40.3%	61.6%	$90.92	$125.70	$36.67	$77.40
December '20	36.7%	54.2%	$91.96	$126.99	$33.76	$68.87
January '21	39.3%	54.9%	$90.79	$125.74	$35.72	$68.99
February '21	45.3%	61.8%	$98.31	$130.70	$44.57	$80.78
March '21	54.6%	38.9%	$106.08	$110.63	$57.87	$43.06
April '21	57.5%	24.4%	$110.34	$73.03	$63.46	$17.79
May '21	59.3%	33.2%	$117.69	$79.32	$69.81	$26.34
June '21	66.1%	42.3%	$129.00	$92.37	$85.31	$39.05
July '21	69.6%	47.1%	$143.30	$102.23	$99.71	$48.17
August '21	63.2%	48.7%	$137.57	$103.05	$86.88	$50.17
September '21	61.6%	48.3%	$133.11	$99.38	$82.04	$48.01
October '21	62.9%	48.4%	$134.78	$97.72	$84.75	$47.33
November '21	57.6%	40.3%	$128.50	$91.13	$74.03	$36.74
December '21	53.3%	36.4%	$135.28	$92.09	$72.15	$33.53
January '22	47.8%	39.0%	$135.28	$90.85	$64.59	$35.44
February '22	56.9%	45.2%	$137.39	$99.04	$78.24	$44.77
March '22	64.0%	54.3%	$146.61	$106.65	$93.82	$57.87
April '22	65.5%	57.3%	$149.90	$110.95	$98.20	$63.57
May '22	65.1%	59.1%	$149.91	$118.26	$97.53	$69.88
June '22	70.1%	66.0%	$155.04	$129.92	$108.64	$85.68

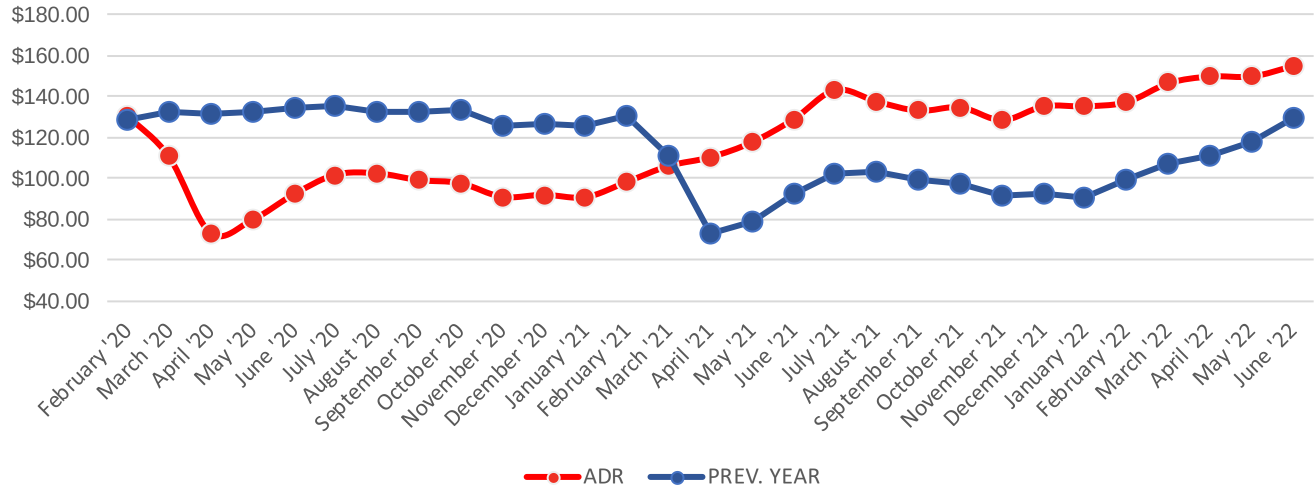
Source: Smith Travel Research

OCC. BY MONTH - SINCE FEBRUARY 2020



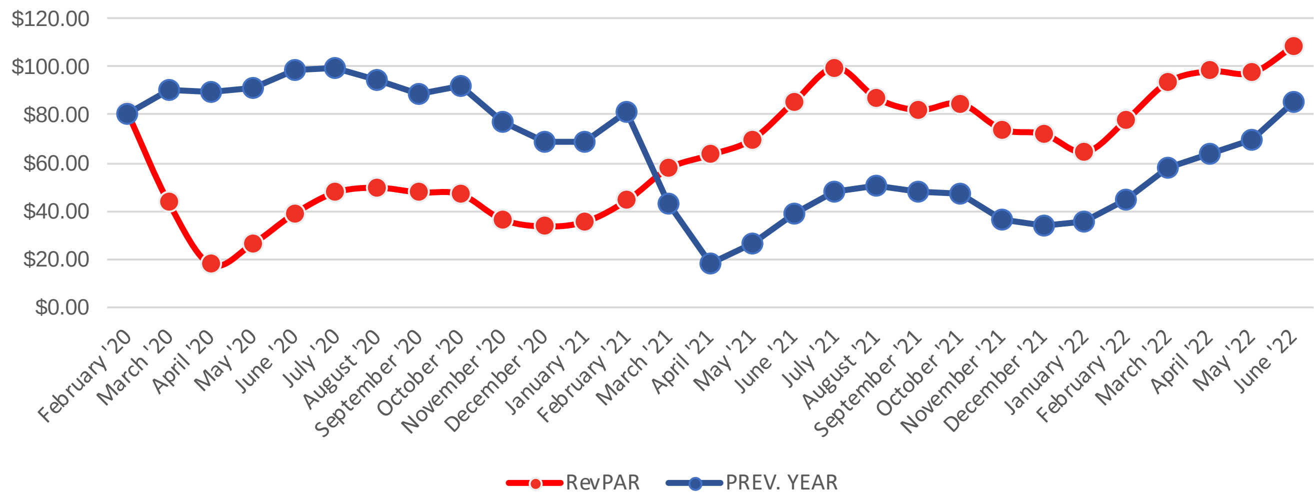
Source: Smith Travel Research

ADR BY MONTH - SINCE FEBRUARY 2020



Source: Smith Travel Research

RevPAR BY MONTH - SINCE FEBRUARY 2020



Source: Smith Travel Research

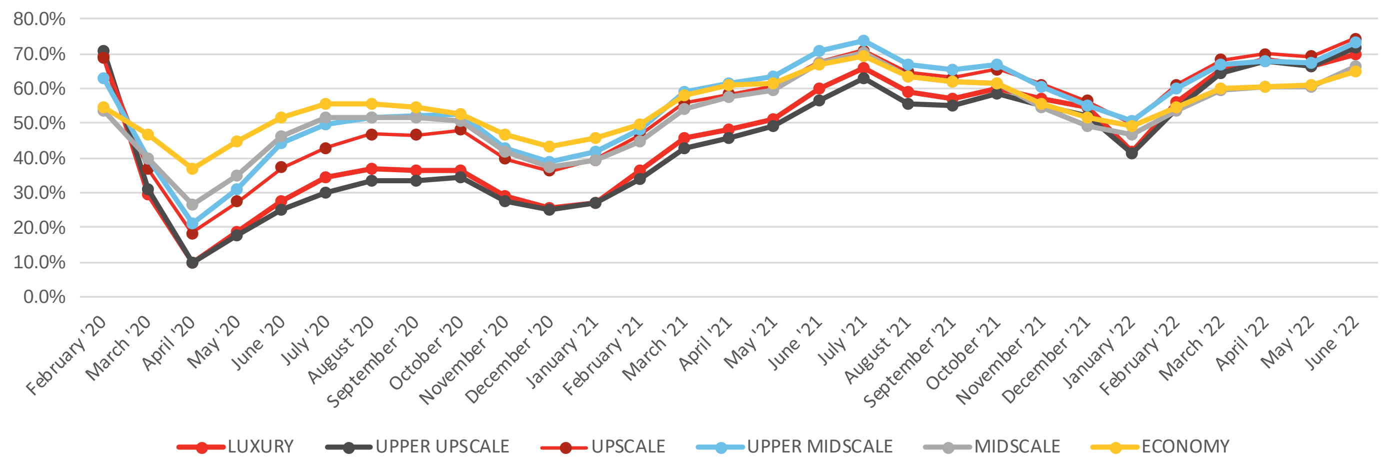
The next table and chart show monthly occupancy trends by hotel class.

NATIONAL TRENDS BY MONTH - HOTEL CLASS

YEAR	LUXURY	%CHG	UPPER UPSCALE	%CHG	UPSCALE	%CHG	UPPER MIDSCALE	%CHG	MIDSCALE	%CHG	ECONOMY	%CHG
February '20	69.4%	-	70.5%	-	68.9%	-	62.8%	-	53.8%	-	54.7%	-
March '20	29.4%	(57.6%)	31.1%	(56.0%)	37.0%	(46.2%)	39.8%	(36.5%)	39.9%	(25.8%)	46.6%	(14.8%)
April '20	10.0%	(66.0%)	10.0%	(67.8%)	18.4%	(50.4%)	21.1%	(47.1%)	26.5%	(33.6%)	36.9%	(20.9%)
May '20	18.8%	88.1%	17.5%	75.2%	27.5%	49.6%	31.1%	47.7%	35.0%	32.2%	44.6%	20.8%
June '20	27.7%	47.2%	24.9%	42.4%	37.2%	35.4%	44.1%	41.8%	46.3%	32.0%	51.5%	15.6%
July '20	34.2%	23.5%	30.0%	20.2%	42.9%	15.2%	49.5%	12.3%	51.5%	11.3%	55.4%	7.6%
August '20	37.0%	8.4%	33.2%	11.0%	46.7%	8.9%	51.5%	4.0%	51.7%	0.5%	55.3%	(0.2%)
September '20	36.3%	(2.0%)	33.2%	(0.1%)	46.6%	(0.1%)	51.8%	0.6%	51.3%	(0.7%)	54.3%	(1.8%)
October '20	36.5%	0.6%	34.1%	2.7%	48.1%	3.2%	52.5%	1.3%	50.7%	(1.2%)	52.7%	(2.9%)
November '20	28.7%	(21.3%)	27.5%	(19.4%)	39.6%	(17.6%)	42.9%	(18.4%)	41.7%	(17.9%)	46.5%	(11.8%)
December '20	25.5%	(11.1%)	25.1%	(8.9%)	36.2%	(8.6%)	38.6%	(10.0%)	37.4%	(10.3%)	43.0%	(7.6%)
January '21	27.0%	5.6%	26.9%	7.5%	39.5%	8.9%	41.5%	7.7%	39.3%	5.0%	45.6%	6.1%
February '21	36.1%	33.9%	33.7%	25.0%	46.6%	18.0%	48.3%	16.2%	44.8%	14.1%	49.5%	8.6%
March '21	45.7%	26.5%	42.5%	26.2%	55.8%	19.8%	58.9%	21.9%	53.9%	20.3%	57.8%	16.7%
April '21	48.3%	5.6%	45.9%	7.9%	58.3%	4.5%	61.5%	4.4%	57.5%	6.7%	61.0%	5.7%
May '21	51.3%	6.3%	48.9%	6.6%	60.7%	4.1%	63.4%	3.1%	59.7%	3.7%	61.5%	0.8%
June '21	60.1%	17.1%	56.5%	15.4%	67.4%	11.1%	70.7%	11.6%	67.3%	12.9%	67.0%	8.8%
July '21	65.8%	9.4%	62.8%	11.2%	70.9%	5.2%	73.5%	3.9%	70.2%	4.2%	69.3%	3.5%
August '21	58.7%	(10.7%)	55.6%	(11.4%)	64.8%	(8.7%)	66.8%	(9.2%)	63.6%	(9.3%)	63.6%	(8.3%)
September '21	57.2%	(2.6%)	55.0%	(1.1%)	63.1%	(2.6%)	65.3%	(2.2%)	61.9%	(2.7%)	61.7%	(2.9%)
October '21	60.1%	5.1%	58.6%	6.5%	65.5%	3.9%	66.6%	2.0%	61.4%	(0.8%)	61.3%	(0.8%)
November '21	56.8%	(5.5%)	54.9%	(6.3%)	61.0%	(7.0%)	60.5%	(9.2%)	54.4%	(11.4%)	55.7%	(9.0%)
December '21	54.6%	(3.9%)	52.0%	(5.4%)	56.4%	(7.4%)	55.0%	(8.9%)	49.3%	(9.3%)	51.8%	(7.0%)
January '22	41.6%	(23.9%)	41.3%	(20.5%)	50.0%	(11.5%)	50.5%	(8.2%)	46.5%	(5.8%)	49.3%	(4.8%)
February '22	56.0%	34.7%	54.2%	31.1%	61.0%	22.1%	59.8%	18.5%	53.6%	15.4%	54.5%	10.5%
March '22	65.6%	17.1%	64.1%	18.4%	68.1%	11.6%	66.7%	11.5%	59.4%	10.9%	59.9%	9.8%
April '22	68.1%	3.9%	67.8%	5.7%	70.0%	2.7%	67.7%	1.5%	60.3%	1.5%	60.4%	0.8%
May '22	66.2%	(2.9%)	66.6%	(1.8%)	69.2%	(1.1%)	67.3%	(0.7%)	60.5%	0.3%	60.7%	0.6%
June '22	69.8%	5.5%	71.7%	7.7%	74.3%	7.3%	73.1%	8.7%	66.5%	9.9%	64.6%	6.5%

Source: Smith Travel Research

NATIONAL HOTEL TRENDS BY CLASS



Source: Smith Travel Research

The data shows a linear relationship between class and occupancy. Initially, Economy hotels fared the pandemic best, with Luxury and Upper Upscale faring the worst; however, the performance gap has narrowed in recent months.

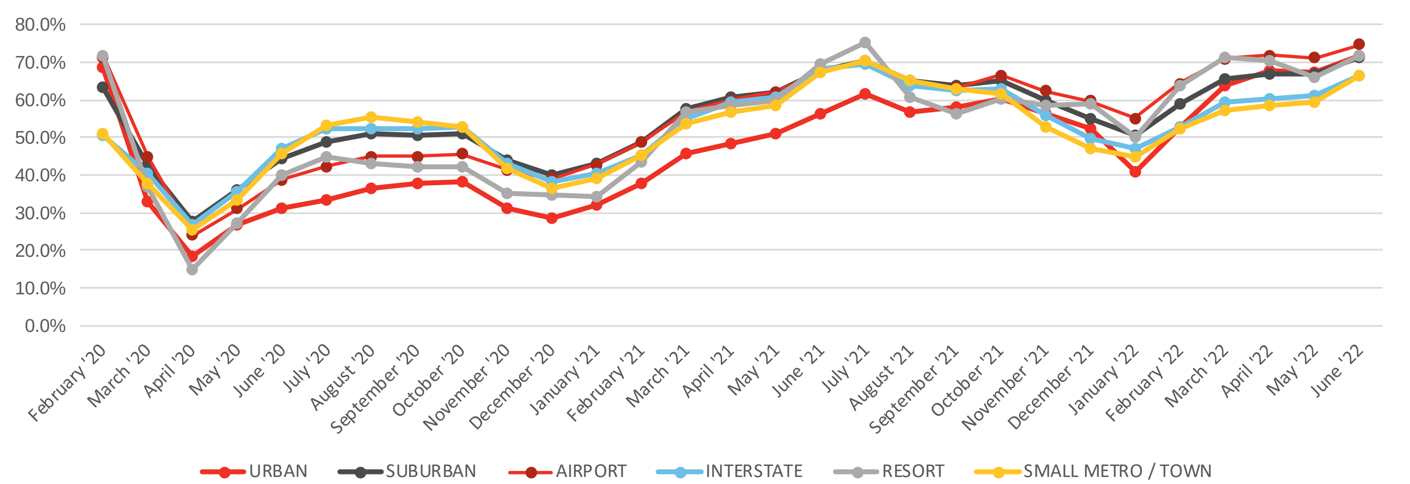
Finally, the last table and chart provide insight into which locations are performing best. Given the restrictions on travel and congregating in large groups it's little surprise that Urban locations were doing the worst, though have improved significantly.

NATIONAL TRENDS BY MONTH - LOCATION

YEAR	URBAN	%CHG	SUBURBAN	%CHG	AIRPORT	%CHG	INTERSTATE	%CHG	RESORT	%CHG	SMALL METRO / TOWN	%CHG
February '20	68.8%	-	63.4%	-	71.3%	-	50.6%	-	71.6%	-	51.1%	-
March '20	33.1%	(51.9%)	42.5%	(32.9%)	44.7%	(37.3%)	40.7%	(19.7%)	37.0%	(48.3%)	37.7%	(26.2%)
April '20	18.4%	(44.5%)	27.7%	(34.8%)	24.1%	(46.1%)	26.7%	(34.3%)	14.8%	(60.1%)	25.6%	(32.1%)
May '20	26.7%	45.6%	36.2%	30.5%	31.2%	29.5%	35.6%	33.3%	27.3%	85.2%	33.4%	30.5%
June '20	31.0%	16.1%	44.4%	22.7%	38.9%	24.7%	47.0%	31.8%	40.2%	47.1%	45.6%	36.4%
July '20	33.6%	8.3%	48.9%	10.0%	42.4%	8.9%	52.1%	11.0%	44.7%	11.3%	53.5%	17.1%
August '20	36.4%	8.4%	51.2%	4.7%	44.9%	6.0%	52.3%	0.2%	43.2%	(3.3%)	55.3%	3.5%
September '20	37.8%	3.8%	50.7%	(0.8%)	45.0%	0.2%	52.4%	0.3%	42.2%	(2.3%)	53.9%	(2.5%)
October '20	38.1%	0.8%	51.1%	0.7%	45.5%	1.2%	52.8%	0.8%	42.1%	(0.4%)	52.9%	(2.0%)
November '20	31.3%	(17.8%)	44.0%	(13.9%)	41.5%	(8.9%)	43.2%	(18.3%)	35.2%	(16.3%)	41.6%	(21.2%)
December '20	28.7%	(8.3%)	40.1%	(8.9%)	39.1%	(5.8%)	38.3%	(11.4%)	34.5%	(2.0%)	36.4%	(12.6%)
January '21	31.9%	11.0%	43.1%	7.4%	42.7%	9.3%	40.5%	5.8%	34.5%	(0.0%)	39.3%	8.1%
February '21	37.8%	18.4%	48.7%	13.2%	48.7%	14.1%	45.2%	11.7%	43.4%	25.7%	45.1%	14.6%
March '21	45.6%	20.7%	57.6%	18.2%	56.9%	16.8%	55.2%	22.1%	56.6%	30.3%	53.7%	19.1%
April '21	48.6%	6.6%	60.5%	5.1%	60.0%	5.4%	59.4%	7.6%	58.5%	3.4%	56.7%	5.6%
May '21	51.0%	5.0%	62.2%	2.7%	62.2%	3.7%	60.9%	2.7%	59.8%	2.3%	58.7%	3.6%
June '21	56.5%	10.8%	67.8%	9.0%	67.6%	8.7%	68.2%	11.9%	69.7%	16.5%	67.4%	14.8%
July '21	61.7%	9.3%	70.6%	4.2%	70.0%	3.6%	69.7%	2.3%	75.3%	8.0%	70.6%	4.8%
August '21	56.7%	(8.2%)	65.3%	(7.6%)	64.9%	(7.2%)	63.7%	(8.6%)	60.8%	(19.2%)	65.2%	(7.7%)
September '21	57.9%	2.2%	63.8%	(2.2%)	63.2%	(2.6%)	62.3%	(2.2%)	56.3%	(7.5%)	63.0%	(3.3%)
October '21	60.2%	3.8%	65.1%	2.0%	66.4%	5.1%	62.7%	0.6%	60.3%	7.2%	61.6%	(2.3%)
November '21	56.4%	(6.3%)	60.0%	(7.9%)	62.4%	(6.1%)	56.0%	(10.7%)	58.4%	(3.2%)	53.0%	(14.0%)
December '21	52.5%	(6.9%)	55.0%	(8.3%)	59.8%	(4.2%)	49.8%	(11.0%)	58.9%	0.9%	47.1%	(11.0%)
January '22	41.1%	(21.8%)	50.6%	(8.1%)	55.0%	(8.0%)	46.9%	(6.0%)	50.3%	(14.6%)	44.7%	(5.1%)
February '22	52.7%	28.3%	59.1%	16.7%	64.3%	16.9%	53.0%	13.1%	63.6%	26.4%	52.3%	17.0%
March '22	63.7%	20.8%	65.4%	10.8%	70.9%	10.2%	59.4%	12.1%	71.2%	12.0%	57.3%	9.5%
April '22	67.7%	6.4%	66.9%	2.3%	71.9%	1.4%	60.5%	1.8%	70.6%	(0.9%)	58.4%	1.9%
May '22	67.5%	(0.4%)	66.8%	(0.2%)	71.2%	(0.9%)	61.1%	1.0%	66.1%	(6.4%)	59.3%	1.6%
June '22	71.5%	6.0%	71.1%	6.5%	74.7%	4.9%	66.7%	9.2%	71.5%	8.2%	66.4%	11.9%

Source: Smith Travel Research

NATIONAL HOTEL TRENDS BY LOCATION



Source: Smith Travel Research

CONCLUSION

Looking ahead, the near-term U.S. lodging outlook remains strained as the COVID-19 pandemic and fallout will continue to cause economic turmoil in the US and across the globe. Prior to the pandemic, national unemployment was expected to reach an historic low by the end of this summer at around 3.5%. In the first few months following the onset of the pandemic, more than 30 million Americans filed for unemployment and the unemployment rate rose to the highest level since the Great Depression in the 1930s, though rates have been on a downward trend since that time. With distribution of the vaccine now widespread, it appears that the recovery is well underway, though may take up to two to three years to fully return to pre-pandemic levels, with commercial and group segments expected to take the longest to fully recover. The last “Great Recession” in 2007-2009 took three years to fully re-stabilize, and experts are mixed on whether this downturn will take less time (due to many people being furloughed instead of laid off) or longer because guests lack confidence in the safety of hotels in addition to traditional lack of consumer confidence. In this analysis, we agree with the majority of experts that the downturn may take up to a few more years to reach full recovery on a national scale; however, the local markets appear to have significantly, if not fully recovered.

LOCAL LODGING HIGHLIGHTS

Smith Travel Research Data

Smith Travel Research (STR) trends in the US hospitality market since 2000 are shown below.

Orlando, FL			
	Occ	ADR	RevPAR
2000	72.6%	$89.83	$65.22
2001	63.7%	$87.29	$55.57
2002	62.6%	$86.16	$53.98
2003	62.7%	$84.99	$53.32
2004	70.7%	$87.78	$62.06
2005	70.7%	$91.91	$64.99
2006	67.7%	$100.52	$68.02
2007	67.9%	$105.82	$71.85
2008	65.9%	$106.11	$69.88
2009	60.7%	$92.91	$56.36
2010	63.2%	$91.95	$58.15
2011	67.6%	$94.11	$63.62
2012	68.8%	$97.20	$66.84
2013	70.5%	$102.03	$71.92
2014	73.9%	$106.82	$78.97
2015	76.7%	$112.05	$85.98
2016	75.6%	$115.93	$87.66
2017	79.3%	$121.53	$96.40
2018	77.7%	$125.59	$97.64
2019	76.2%	$126.72	$96.62
2020	41.5%	$109.74	$45.59
2021	57.8%	$121.40	$70.20
YTD Jun 2021	47.2%	$110.30	$52.02
YTD Jun 2022	72.5%	$155.61	$112.85

Source: STR

Orlando, FL % Annual Change				
	Occ	ADR	RevPAR	Total U.S. RevPAR % Change
2000	1.3%	6.7%	8.0%	6.1%
2001	(12.3%)	(2.8%)	(14.8%)	(7.0%)
2002	(1.7%)	(1.3%)	(2.9%)	(2.7%)
2003	0.2%	(1.4%)	(1.2%)	0.6%
2004	12.8%	3.3%	16.4%	7.9%
2005	0.0%	4.7%	4.7%	8.5%
2006	(4.2%)	9.4%	4.7%	7.8%
2007	0.3%	5.3%	5.6%	5.8%
2008	(2.9%)	0.3%	(2.7%)	(1.8%)
2009	(7.9%)	(12.4%)	(19.3%)	(16.6%)
2010	4.1%	(1.0%)	3.2%	5.1%
2011	7.0%	2.3%	9.4%	8.1%
2012	1.8%	3.3%	5.1%	6.8%
2013	2.5%	5.0%	7.6%	5.3%
2014	4.8%	4.7%	9.8%	8.0%
2015	3.8%	4.9%	8.9%	6.3%
2016	(1.5%)	3.5%	2.0%	3.1%
2017	4.9%	4.8%	10.0%	3.0%
2018	(2.0%)	3.3%	1.3%	2.9%
2019	(1.9%)	0.9%	(1.0%)	0.8%
2020	(45.5%)	(13.4%)	(52.8%)	(47.5%)
2021	39.2%	10.6%	54.0%	0.0%
YTD Jun 2021				
YTD Jun 2022	53.8%	41.1%	117.0%	52.4%

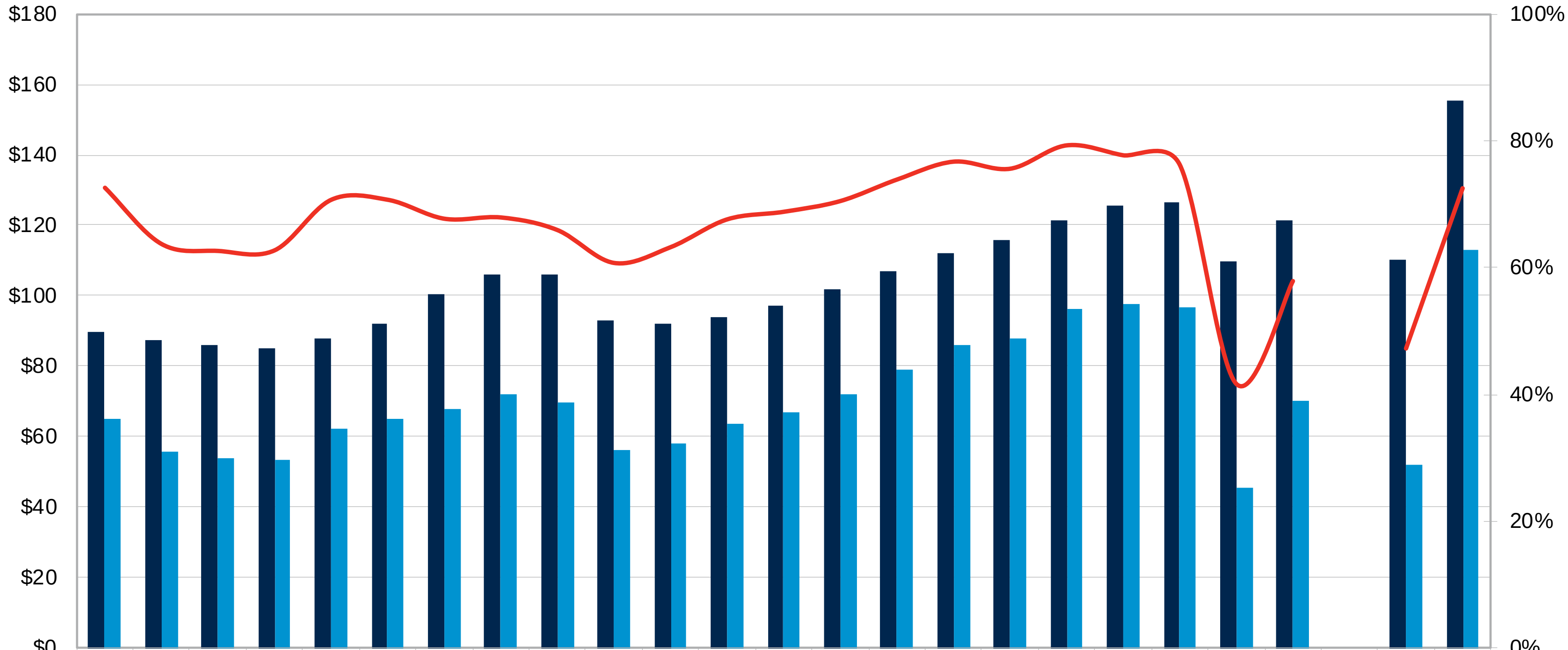
Source: STR

Orlando, FL CAGR				
Start	End	Occ	ADR	RevPAR
2000	2003	(4.8%)	(1.8%)	(6.5%)
2003	2007	2.0%	5.6%	7.7%
2007	2009	(5.5%)	(6.3%)	(11.4%)
2009	2019	2.3%	3.2%	5.5%

Source: STR

A graphic representation of ADR, occupancy, and RevPAR trends follows.

ORLANDO, FL LODGING MARKET PERFORMANCE 1991 - YTD JUN 2022



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		YTD Jun 2021	YTD Jun 2022
ADR	$89.8	$87.2	$86.1	$84.9	$87.7	$91.9	$100.	$105.	$106.	$92.9	$91.9	$94.1	$97.2	$102.	$106.	$112.	$115.	$121.	$125.	$126.	$109.	$121.		$110.	$155.
RevPAR	$65.2	$55.5	$53.9	$53.3	$62.0	$64.9	$68.0	$71.8	$69.8	$56.3	$58.1	$63.6	$66.8	$71.9	$78.9	$85.9	$87.6	$96.4	$97.6	$96.6	$45.5	$70.2		$52.0	$112.
Occ	72.6%	63.7%	62.6%	62.7%	70.7%	70.7%	67.7%	67.9%	65.9%	60.7%	63.2%	67.6%	68.8%	70.5%	73.9%	76.7%	75.6%	79.3%	77.7%	76.2%	41.5%	57.8%		47.2%	72.5%

Source: STR

As shown in the tables above, the Orlando lodging market prior to the recession (2003-2007) was a period marked by strong RevPAR growth, averaging over 8.0% growth for the four-year period. The effects of the Great Recession did not significantly hit the Orlando hospitality industry until 2009, with a RevPAR decline of 2.7% in 2008 and 19.3% in 2009. Since then, the Orlando market has been in a sustained period of growth, with 2019 being the first year that RevPAR declined modestly from the year prior. It is noted that RevPAR had effectively reached pre-recession levels by 2013. Similar with the national indication, the data mirrors that while RevPAR growth had remained positive through 2018, the velocity of growth has slowed considerably in recent years as increases in supply finally caught up with demand growth.

Monthly Trends

The following tables and analysis provide a summary of current market conditions.

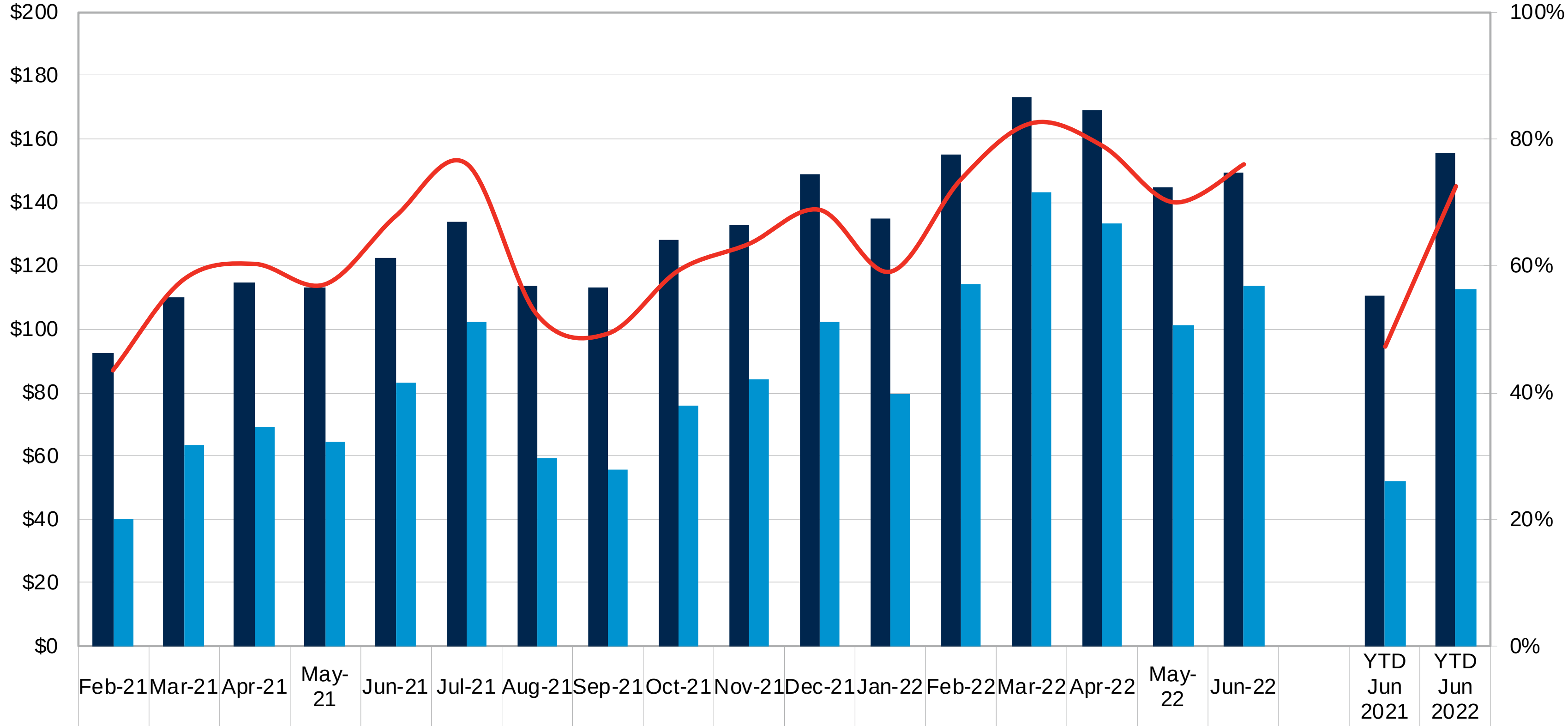
Orlando, FL			
	Occ	ADR	RevPAR
Feb-21	43.4%	$ 92.47	$ 40.13
Mar-21	57.8%	$ 109.99	$ 63.54
Apr-21	60.2%	$ 114.51	$ 68.99
May-21	57.0%	$ 113.37	$ 64.63
Jun-21	67.8%	$ 122.25	$ 82.89
Jul-21	76.1%	$ 134.07	$ 102.06
Aug-21	52.2%	$ 113.68	$ 59.36
Sep-21	49.2%	$ 112.89	$ 55.55
Oct-21	59.2%	$ 128.09	$ 75.81
Nov-21	63.4%	$ 132.55	$ 84.06
Dec-21	68.8%	$ 148.94	$ 102.46
Jan-22	59.0%	$ 135.01	$ 79.67
Feb-22	73.7%	$ 154.98	$ 114.16
Mar-22	82.5%	$ 173.32	$ 143.02
Apr-22	78.9%	$ 169.03	$ 133.39
May-22	70.0%	$ 144.73	$ 101.35
Jun-22	76.0%	$ 149.38	$ 113.55
YTD Jun 2021	47.2%	$ 110.30	$ 52.02
YTD Jun 2022	72.5%	$ 155.61	$ 112.85

Source: STR

Orlando, FL % Change			
	Occ	ADR	RevPAR
Feb-21	-	-	-
Mar-21	33.1%	19.0%	58.3%
Apr-21	4.3%	4.1%	8.6%
May-21	(5.4%)	(1.0%)	(6.3%)
Jun-21	18.9%	7.8%	28.2%
Jul-21	12.3%	9.7%	23.1%
Aug-21	(31.4%)	(15.2%)	(41.8%)
Sep-21	(5.8%)	(0.7%)	(6.4%)
Oct-21	20.3%	13.5%	36.5%
Nov-21	7.2%	3.5%	10.9%
Dec-21	8.5%	12.4%	21.9%
Jan-22	(14.2%)	(9.4%)	(22.2%)
Feb-22	24.8%	14.8%	43.3%
Mar-22	12.0%	11.8%	25.3%
Apr-22	(4.4%)	(2.5%)	(6.7%)
May-22	(11.3%)	(14.4%)	(24.0%)
Jun-22	8.6%	3.2%	12.0%
YTD Jun 2021			
YTD Jun 2022	53.8%	41.1%	117.0%

Source: STR

ORLANDO, FL LODGING MARKET PERFORMANCE SINCE FEBRUARY



	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22		YTD Jun 2021	YTD Jun 2022
ADR	$92.4	$109.	$114.	$113.	$122.	$134.	$113.	$112.	$128.	$132.	$148.	$135.	$154.	$173.	$169.	$144.	$149.		$110.	$155.
RevPAR	$40.1	$63.5	$68.9	$64.6	$82.8	$102.	$59.3	$55.5	$75.8	$84.0	$102.	$79.6	$114.	$143.	$133.	$101.	$113.		$52.0	$112.
Occ	43.4%	57.8%	60.2%	57.0%	67.8%	76.1%	52.2%	49.2%	59.2%	63.4%	68.8%	59.0%	73.7%	82.5%	78.9%	70.0%	76.0%		47.2%	72.5%

Source: STR

Similar to the national trend, occupancy declines most significantly commenced in the Orlando market in the early part of March and bottomed out in April around 12%, when area theme parks and much of the state was effectively closed. Occupancy rebound primarily commenced in May and was up to the mid 20% range by the end of May. Performance continued to improve through June; however, generally held steady in the 30% range into early 2021; however, heading into peak tourism season, occupancy jumped into the high 50% to low 60% range, and has been steadily improving since.

The average daily rate followed a similar trajectory as occupancy and bottomed out in the low $60 range in April 2020 and settled around the $80 to $90 mark from late June into early 2021. However, similar to the occupancy improvement, ADR jumped considerably with the onset of tourism season 2021. Since that time the area has been on a steadily improving trends, also considering trends in seasonality. As noted above, 2022 hotel performance in the larger market is well above those of 2021.

In this section, market conditions that influence the subject are considered. The major factors requiring consideration are the supply and demand conditions that influence the competitive position of the property.

SUPPLY ANALYSIS

Existing Competitive Supply

The subject property consists of a 241-room full-service hotel affiliated with Independent - Midscale Full-Service. The hotel is located in Kissimmee, Florida. The competitive supply tables on the following pages illustrate salient operating statistics for the subject property and its competitors. (Please note that this information was provided by third-party sources and could not be positively verified.)

The following tables illustrate the physical and operating characteristics for the competitive set, while the map depicts the location of the competitors in relation to the subject. Additional information on the competitors follows the map.

COMPETITIVE PROPERTY FACILITIES OVERVIEW

General Property Information							Amenities and Other Characteristics					
Property Name / Address	**Number of Rooms**	**Year Opened**	**Competitor Type**	Meeting Space (Total SF)	Meeting Space (per Room)	Space Utility Index (per 1,000 sf)	Restaurants	Complimentary Breakfast	Swimming Pool	Business Center	Fitness Room	Other
Flamingo Waterpark Resort 2261 E Irlo Bronson Memorial Highway, Kissimmee, FL	**241**	**1966**	**-**	**5,500**	**22.8**	5.1	Full		**X**	**X**		**X**
Days Inn Kissimmee West 4125 Vine Street, Kissimmee, FL	**51**	**2005**	**Primary**	**0**	**0.0**	0.0	None	**X**	**X**	**X**		
Quality Inn & Suites Heritage Park Kissimmee 2039 E Irlo Bronson Memorial Hwy, Kissimmee, FL	**112**	**1987**	**Primary**	**600**	**5.4**	3.9	None	**X**	**X**	**X**	**X**	
Red Lion Hotel Orlando Lake Buena Vista South 5150 W Irlo Bronson Memorial Hwy, Kissimmee, FL	**410**	**1982**	**Primary**	**1,120**	**2.7**	33.0	Full	**X**	**X**	**X**	**X**	**X**
Econo Lodge Inn & Suites Maingate Central 4669 W Irlo Bronson Memorial Hwy, Kissimmee, FL	**98**	**1984**	**Primary**	**0**	**0.0**	0.0	None		**X**	**X**		
Clarion Inn & Suites Kissimmee Lake Buena Vist 4985 W Irlo Bronson Memorial Hwy, Kissimmee, FL	**137**	**1985**	**Primary**	**375**	**2.7**	13.8	Focused	**X**	**X**	**X**	**X**	
Rodeway Inn Maingate Central 4624 W Irlo Bronson Memorial Hwy, Kissimmee, FL	**73**	**1990**	**Primary**	**0**	**0.0**	0.0	None		**X**			
Quality Inn Kissimmee 2934 Polynesian Isle Blvd, Kissimmee, FL	**94**	**1987**	**Primary**	**360**	**3.8**	3.9	None	**X**	**X**	**X**		

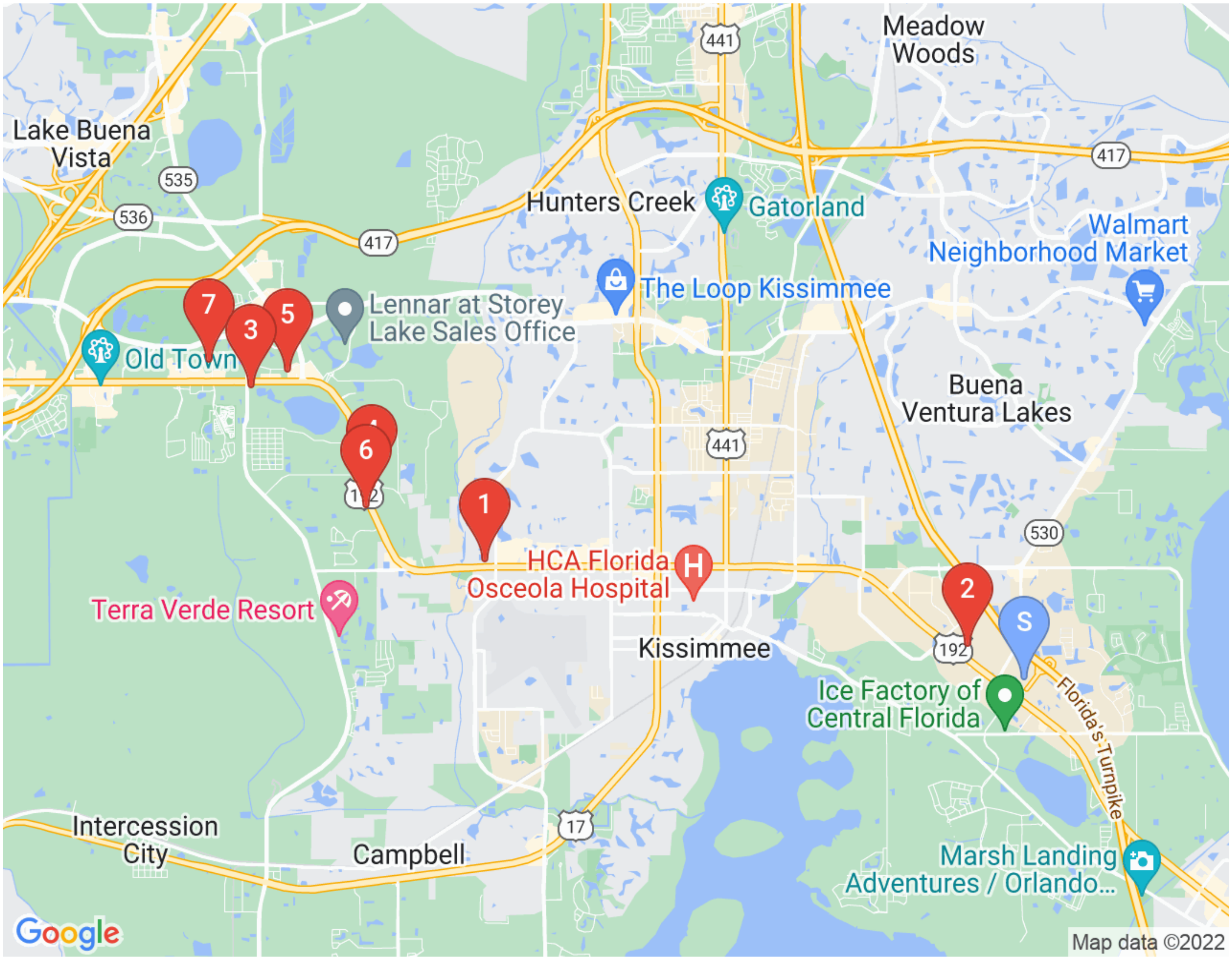
COMPETITIVE PROPERTIES - OPERATIONAL ANALYSIS

				Estimated Segmentation				Estimated 2019				Estimated 2020				Estimated 2021			
Property Name	Number of Rooms	Competitive Quotient	Primary/ Secondary	Commercial	Group	Leisure	Extended-Stay	Wtd. Room Count	Occ.	ADR	RevPAR	Wtd. Room Count	Occ.	ADR	RevPAR	Wtd. Room Count	Occ.	ADR	RevPAR
Flamingo Waterpark Resort	241	100%	-	35%	23%	37%	5%	241	60.0%	$78.21	$46.93	241	36.0%	$53.62	$19.30	241	50.4%	$75.79	$38.20
Days Inn Kissimmee West	51	90%	Primary	37%	3%	55%	5%	46	51%	$55.00	$28.05	46	47%	$45.00	$21.15	46	49%	$56.00	$27.44
Quality Inn & Suites Heritage Park Kissimmee	112	90%	Primary	36%	4%	50%	10%	101	55%	$80.00	$44.00	101	50%	$65.00	$32.50	101	52%	$81.00	$42.12
Red Lion Hotel Orlando Lake Buena Vista South	410	90%	Primary	37%	17%	40%	6%	369	56%	$75.00	$42.00	369	51%	$61.00	$31.11	369	53%	$76.00	$40.28
Econo Lodge Inn & Suites Maingate Central	98	90%	Primary	37%	3%	50%	10%	88	47%	$50.00	$23.50	88	43%	$41.00	$17.63	88	45%	$51.00	$22.95
Clarion Inn & Suites Kissimmee Lake Buena Vista S	137	90%	Primary	43%	7%	40%	10%	123	57%	$55.00	$31.35	123	52%	$45.00	$23.40	123	54%	$56.00	$30.24
Rodeway Inn Maingate Central	73	90%	Primary	37%	3%	55%	5%	66	48%	$45.00	$21.60	66	44%	$37.00	$16.28	66	46%	$46.00	$21.16
Quality Inn Kissimmee	94	90%	Primary	37%	3%	55%	5%	85	52%	$50.00	$26.00	85	48%	$41.00	$19.68	85	50%	$51.00	$25.50
Total/Average Including Subject	1,216			37%	13%	43%	7%	1,119	55.2%	$68.17	$37.62	1,119	46.4%	$53.14	$24.63	1,119	51.0%	$68.11	$34.75
Total/Average Excluding Subject	975			38%	10%	45%	7%	878	53.9%	$65.10	$35.07	878	49.2%	$53.04	$26.10	878	51.2%	$66.03	$33.81

COMPETITIVE PROPERTIES - PENETRATION ANALYSIS

	Estimated Room Nights Sold			Segment Penetration Indices - 2021 Base Year Occupancy				Penetration Indices 2019				Penetration Indices 2020				Penetration Indices 2021			
Property Name	2019	2020	2021	Commercial	Group	Leisure	Extended-Stay	Wtd. Room Count	Occ.	ADR	RevPAR	Wtd. Room Count	Occ.	ADR	RevPAR	Wtd. Room Count	Occ.	ADR	RevPAR
Flamingo Waterpark Resort	52,779	31,667	44,334	93.0%	180.2%	84.1%	73.4%	241	108.7%	114.7%	124.7%	241	77.7%	100.9%	78.4%	241	98.8%	111.3%	109.9%
Days Inn Kissimmee West	8,563	7,891	8,227	95.6%	22.9%	121.5%	71.3%	46	92.4%	80.7%	74.6%	46	101.4%	84.7%	85.9%	46	96.0%	82.2%	79.0%
Quality Inn & Suites Heritage Park Kissimmee	20,276	18,433	19,170	98.7%	32.3%	117.2%	151.4%	101	99.7%	117.4%	116.9%	101	107.9%	122.3%	131.9%	101	101.9%	118.9%	121.2%
Red Lion Hotel Orlando Lake Buena Vista South	75,424	68,689	71,383	103.4%	140.1%	95.6%	92.6%	369	101.5%	110.0%	111.6%	369	110.0%	114.8%	126.3%	369	103.9%	111.6%	115.9%
Econo Lodge Inn & Suites Maingate Central	15,096	13,812	14,454	87.8%	21.0%	101.4%	131.0%	88	85.2%	73.3%	62.5%	88	92.8%	77.2%	71.6%	88	88.2%	74.9%	66.0%
Clarion Inn & Suites Kissimmee Lake Buena Vista S	25,590	23,345	24,243	122.4%	58.8%	97.4%	157.2%	123	103.3%	80.7%	83.3%	123	112.2%	84.7%	95.0%	123	105.8%	82.2%	87.0%
Rodeway Inn Maingate Central	11,563	10,600	11,081	89.7%	21.5%	114.0%	67.0%	66	87.0%	66.0%	57.4%	66	94.9%	69.6%	66.1%	66	90.2%	67.5%	60.9%
Quality Inn Kissimmee	16,133	14,892	15,513	97.5%	23.3%	123.9%	72.8%	85	94.2%	73.3%	69.1%	85	103.5%	77.2%	79.9%	85	98.0%	74.9%	73.4%
Total/Average Including Subject	225,424	189,329	208,406	100.0%	100.0%	100.0%	100.0%	1,119	100.0%	100.0%	100.0%	1,119	100.0%	100.0%	100.0%	1,119	100.0%	100.0%	100.0%

COMPETITIVE HOTEL MAP



COMPETITION MAP KEY		
Property Name	**Location**	**Pin No.**
Flamingo Waterpark Resort	Kissimmee, FL	S
Days Inn Kissimmee West	Kissimmee, FL	1
Quality Inn & Suites Heritage Park Kissimmee	Kissimmee, FL	2
Red Lion Hotel Orlando Lake Buena Vista South	Kissimmee, FL	3
Econo Lodge Inn & Suites Maingate Central	Kissimmee, FL	4
Clarion Inn & Suites Kissimmee Lake Buena Vista South	Kissimmee, FL	5
Rodeway Inn Maingate Central	Kissimmee, FL	6
Quality Inn Kissimmee	Kissimmee, FL	7

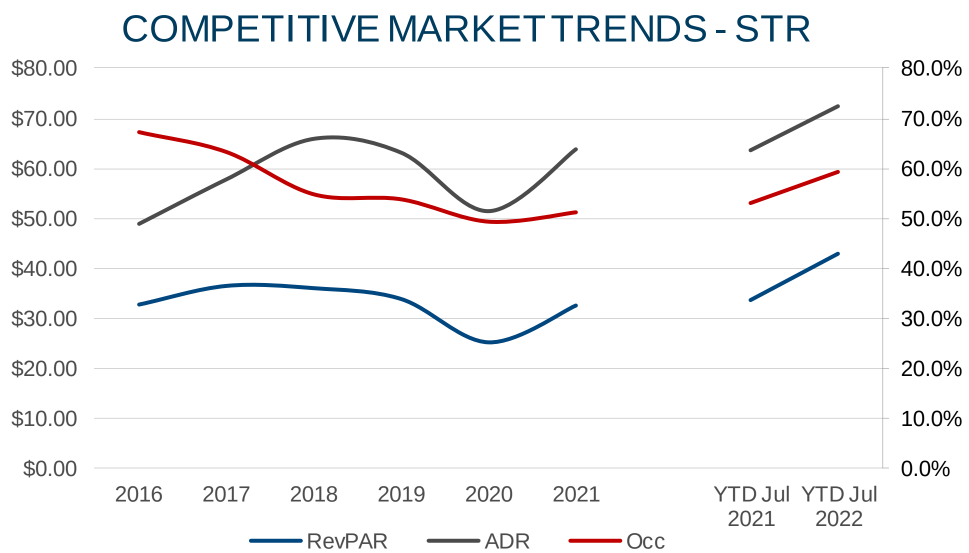
STR TREND REPORT

STR, Inc. is an independent research firm that is acknowledged by experts within the lodging industry as a primary and reliable source of hotel operating information. STR is an American company based in Hendersonville, Tennessee, that tracks supply and demand data for multiple market sectors, including the global hotel industry. STR provides market share analysis for major hotel chains and brands in North America, Europe, Asia Pacific, Middle East and Africa. The company maintains a presence in 10 countries around the world with a corporate North American headquarters in Hendersonville, Tennessee, and an international headquarters in London, England. STR currently tracks more than 50,000 hotels with over 6.8 million rooms.

We have considered an STR trend report that was prepared using the subject property's competitors. The competitive properties are generally in-line with those reported by subject management. It should be noted that some of the hotels that are tracked by STR do not report data in a consistent and timely manner and, as such, the general credence of this information may be compromised somewhat. These variables can also skew the data for a particular market. Nevertheless, we find that STR data is very often relied upon by hotel investors and operators for forecasting and other purposes. Accordingly, the trend report has been relied upon in this assignment.

The table shown below illustrates the combined operating statistics for the primary competitive set and excludes the subject.

Market Supply, Demand, Occupancy, ADR and RevPAR											
Year	Rooms	Supply	% Change	Demand	% Change	Occ	% Change	ADR	% Change	RevPAR	% Change
2016	582	212,430	-	142,934	-	67.3%	-	$48.82	-	$32.85	-
2017	582	212,430	0.0%	134,436	-5.9%	63.3%	-5.9%	$57.79	18.4%	$36.57	11.3%
2018	700	255,515	20.3%	139,938	4.1%	54.8%	-13.5%	$65.95	14.1%	$36.12	-1.2%
2019	973	355,207	39.0%	190,955	36.5%	53.8%	-1.8%	$63.16	-4.2%	$33.95	-6.0%
2020	666	243,125	-31.6%	119,769	-37.3%	49.3%	-8.4%	$51.38	-18.7%	$25.31	-25.5%
2021	940	343,165	41.1%	175,531	46.6%	51.2%	3.8%	$63.84	24.3%	$32.65	29.0%
CAGR:			10.1%		4.2%		-5.3%		5.5%		-0.1%
YTD Jul 2021	915	193,990	-	102,843	-	53.0%	-	$63.65	-	$33.74	-
YTD Jul 2022	975	206,700	6.6%	122,541	19.2%	59.3%	11.8%	$72.52	13.9%	$42.99	27.4%



As illustrated in the table above, occupancy generally dropped over the trend history. In the most recent period (2021), occupancy improved by 3.8%. Year to date, the occupancy trend has grown by 11.8% to a level of

59.3%. During the same trend history, average rates generally increased. In 2021, ADR improved by 24.3% to $63.84. Year to date, room rates have grown by 13.9% to $72.52. Overall, rooms revenue within the competitive set posted limited growth over the trend period achieving a RevPAR metric of $32.65 during 2021. Year-to-date, rooms revenue has grown with RevPAR changing by 27.4%.

ADDITIONS TO SUPPLY

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

It should be noted that, while we have considered the possibility of other new hotel development as part of our market research and that reasonable steps were taken to ascertain the potential of new supply within the market, it is neither possible to determine every property that will be developed in the future nor what their impact on the subject property or the existing competitors would be. It should be noted that the impact of new competitive supply could have a negative impact on the subject's market value.

We have considered the dynamics of the local area and the potential for additional unforeseen new supply to enter the market; these observations have been accounted for in our selection of a stabilized occupancy rate as well as the total property discount rate.

MARKETWIDE OCCUPANCY PROJECTION

All of the issues discussed in this section are integral in our projection of marketwide occupancy. Given the dynamics of the local market, we have estimated future growth rates that are specific to each individual market segment.

The following table summarizes our projection of room night demand, supply, and resulting occupancy rates for the subject property's competitive market.

Projection of Base Room Night Demand and Annual Growth

Segment	*Base Year 2021*	2022	2023	2024	2025
Commercial					
Annual Growth	-	12.0%	5.0%	1.0%	0.5%
Base Demand	*77,486*	86,785	91,124	92,035	92,495
Induced Demand	-	0	0	0	0
Bounced	-	0	0	0	0
Total Market Segment Demand	*77,486*	86,785	91,124	92,035	92,495
Group					
Annual Growth	-	12.0%	5.0%	1.0%	0.5%
Base Demand	*26,274*	29,427	30,898	31,207	31,363
Induced Demand	-	0	0	0	0
Bounced	-	0	0	0	0
Total Market Segment Demand	*26,274*	29,427	30,898	31,207	31,363
Leisure					
Annual Growth	-	12.0%	5.0%	1.0%	0.5%
Base Demand	*90,618*	101,492	106,567	107,633	108,171
Induced Demand	-	0	0	0	0
Bounced	-	0	0	0	0
Total Market Segment Demand	*90,618*	101,492	106,567	107,633	108,171
Extended-Stay					
Annual Growth	-	12.0%	5.0%	1.0%	0.5%
Base Demand	*14,027*	15,711	16,497	16,662	16,745
Induced Demand	-	0	0	0	0
Bounced	-	0	0	0	0
Total Market Segment Demand	*14,027*	15,711	16,497	16,662	16,745
Total					
Annual Growth	-	12.0%	5.0%	1.0%	0.5%
Base Demand	*208,406*	233,415	245,086	247,537	248,774
Induced Demand	-	0	0	0	0
Bounced	-	0	0	0	0
Total Market Segment Demand	***208,406***	**233,415**	**245,086**	**247,537**	**248,774**
% Change	***-***	**12.0%**	**5.0%**	**1.0%**	**0.5%**
Market Statistics					
Total Rooms Supply	*1,119*	1,119	1,119	1,119	1,119
Total Available Room Nights	*408,435*	408,435	408,435	408,435	408,435
% Change	-	-	-	-	-
Marketwide Occupancy	***51.0%***	**57.1%**	**60.0%**	**60.6%**	**60.9%**

PROJECTION OF OCCUPANCY

Revenue within the Rooms department—which is typically the primary source of income for an operating hotel property—is calculated using two basic operating statistics: annual occupancy and average daily room rate. In this analysis, a room night analysis has been performed to quantify and forecast room night demand for the subject property. The occupancy of a given hotel may be projected based on its relative competitiveness with other hotels and its penetration in the various market segments discussed earlier.

SUBJECT PROPERTY'S OPERATING PERFORMANCE

The following table summarizes the subject property's occupancy, average daily room rate and corresponding RevPAR (occupancy multiplied by average rate) over the past few years. As previously noted, we were not provided the subject's actual corresponding occupancy or ADR to go along with the income and expense data provided. Therefore, we have estimated occupancy based upon trends in the marketplace as supported by the STR data provided. It is noted that the estimate of occupancy and resulting ADR will not impact the historical RevPAR achieved at the subject, nor the income and expense indication on a PAR (Per Available Rental) basis.

Subject's Historical Operating Performance

Year	Occ %	% Change	ADR	% Change	RevPAR	% Change
2019	60.0%	-	$78.21	-	$46.93	-
2020	36.0%	-40.0%	$53.62	-31.4%	$19.30	-58.9%
2021	50.4%	40.0%	$75.79	41.3%	$38.20	97.9%
CAGR:		-8.3%		-1.6%		-9.8%

Individual lodging facilities may operate above or below the occupancy or average rate averages of a particular market. Operating performance therefore depends heavily on the various dynamics of the property, particularly with respect to its strengths and weaknesses that impact its current competitiveness, as well as various threats and opportunities which could govern its future performance.

A commonly-employed method used by hotel valuation experts and involves the analysis of a hotel's penetration indices. Pertaining to occupancy, penetration indices show how well each property in a market competes. In this analysis, we have analyzed not only the overall occupancy index of the subject property, but we have also analyzed the indices in each market segment.

A discussion of the trends that are shown in the table above, along with their relevance to market trends, are discussed later in this section.

OCCUPANCY PENETRATION INDEX

The penetration index is the ratio between a property's market share (that portion of total demand accommodated by a given property) and its fair share (that portion of total supply accounted for by the same property). If a property were to capture its fair share of the room night demand in a particular segment, it would penetrate the market by 100%. A penetration factor above or below 100% indicates a hotel's greater or lesser success in competing in the marketplace.

The following tables illustrate our estimated penetration rates for each of the market segments over the projection period. The culmination of these penetration rates with our base demand growth rates and all dormant demand results in an occupancy forecast for the subject property.

Subject's Projected Penetration, Market Share and Total Capture

	Base Year 2021	2022	2023	2024	2025
Subject Property Fair Share					
Market Room Supply	*1,119*	1,119	1,119	1,119	1,119
Subject Property Room Count	*241*	241	241	241	241
Fair Share	***21.5%***	**21.5%**	**21.5%**	**21.5%**	**21.5%**
Room Nights Captured by Subject					
Commercial					
Fair Share	*21.5%*	21.5%	21.5%	21.5%	21.5%
Penetration Index	*95.0%*	95.0%	95.0%	95.0%	95.0%
Market Share	*20.5%*	20.5%	20.5%	20.5%	20.5%
Market Segment Demand	*77,486*	86,785	91,124	92,035	92,495
Market Share	*20.5%*	20.5%	20.5%	20.5%	20.5%
Segment Room Nights Accommodated	*15,854*	17,756	18,644	18,831	18,925
Group					
Fair Share	*21.5%*	21.5%	21.5%	21.5%	21.5%
Penetration Index	*125.0%*	125.0%	125.0%	125.0%	125.0%
Market Share	*26.9%*	26.9%	26.9%	26.9%	26.9%
Market Segment Demand	*26,274*	29,427	30,898	31,207	31,363
Market Share	*26.9%*	26.9%	26.9%	26.9%	26.9%
Segment Room Nights Accommodated	*7,073*	7,922	8,318	8,401	8,443
Leisure					
Fair Share	*21.5%*	21.5%	21.5%	21.5%	21.5%
Penetration Index	*125.0%*	125.0%	125.0%	125.0%	125.0%
Market Share	*26.9%*	26.9%	26.9%	26.9%	26.9%
Market Segment Demand	*90,618*	101,492	106,567	107,633	108,171
Market Share	*26.9%*	26.9%	26.9%	26.9%	26.9%
Segment Room Nights Accommodated	*24,396*	27,323	28,689	28,976	29,121
Extended-Stay					
Fair Share	*21.5%*	21.5%	21.5%	21.5%	21.5%
Penetration Index	*100.0%*	100.0%	100.0%	100.0%	100.0%
Market Share	*21.5%*	21.5%	21.5%	21.5%	21.5%
Market Segment Demand	*14,027*	15,711	16,497	16,662	16,745
Market Share	*21.5%*	21.5%	21.5%	21.5%	21.5%
Segment Room Nights Accommodated	*3,021*	3,384	3,553	3,589	3,606
Total Capture	***50,344***	***56,385***	***59,205***	***59,797***	***60,096***
Overall Penetration Index	***112.2%***	***112.2%***	***112.2%***	***112.2%***	***112.2%***

Subject Property Projected Occupancy

Calendar Years	*Base Year 2021*	2022	2023	2024	2025
Room Nights Accommodated	*50,344*	56,385	59,205	59,797	60,096
Available Room Nights	*87,965*	87,965	87,965	87,965	87,965
Occupancy	*57.2%*	64.1%	67.3%	68.0%	68.3%

Fiscal Year Adjustment	2022/23	2023/24	2024/25	2025/26
			(Stabilized)	
First Calendar Year %	35.89%	35.89%	35.89%	35.89%
Second Calendar Year %	64.11%	64.11%	64.11%	64.11%
Fiscalized Room Nights Accommodated	58,193	59,584	59,988	59,988
Fiscalized Room Nights Available	87,965	87,965	87,965	87,965
Occupancy	66.15%	67.74%	68.20%	68.20%
Rounded Occupancy	**66%**	**68%**	**68%**	**68%**
Overall Market Share	24.2%	24.2%	24.2%	24.2%
Overall Penetration Index	112.2%	112.2%	112.2%	112.2%

Overall, penetration levels for the subject property are estimated at 112.2% as of the stabilized value date, August 23, 2024. This is considered reasonable based upon the relatively good quality and condition of the subject for the vintage as well as the strong amenities package offered, including water park feature.

PROJECTION OF AVERAGE DAILY RATE (ADR)

After the subject’s occupancy level has been forecast, it is necessary to estimate the average daily room rate in order to estimate a hotel’s Rooms department revenue. Similar to occupancy, the projected market-oriented ADR is determined through a market analysis.

Most hotels have numerous rate categories that could vary widely. Depending on the characteristics of the room that is being rented (size, floor, view, amenities, access to club level, etc.), the reported room rate average will be directly impacted. Our ADR estimates reflect the blended rate of all categories across all demand segments, taking these characteristics into account. Examples of primary rate categories include the following:

- *Rack Rate* – An undiscounted room rate that is normally extended to a guest who does not qualify for a specific rate. This is typically assessed to walk-in guests or to patrons that are seeking accommodations during high-occupancy periods.
- *Published Rate* – The rate listed in websites and publications. It is typically expressed as a range and represents a general rate that would be charged for a room without a specific contracted price, and oftentimes increases as the time to arrival decreases. The published rate on the same date of requested accommodation might be as high as the rack rate.
- *Corporate Rate* – A discounted rate available to certain travelers that are members or agents of a specific company. This rate is often referred to as the LNR (Local Negotiated Rate) and, depending on the market mix, will often approximate the property's average annual room rate.
- *Contract Rate* – A discounted room rate available to specific travelers that are generally high in volume. These are most often part of the Group market segment, and might include airlines, convention groups or SMERFE-oriented travelers.

It is important to note that an appraiser's estimate of ADR is highly dependent on the occupancy projection, and vice versa. In other words, one factor cannot be held constant. Travelers almost always have some degree of price sensitivity, so if room rates are increased by management, it is reasonable to assume that the property's penetration level (and ultimately occupancy rate) will decrease. Factors impacting the rate potential of a lodging facility typically include supply and demand relationships, inflationary pressures, renovations at competitive properties and demand compression, among other factors.

The product of occupancy and ADR is RevPAR (Revenue per Available Room), which reflects a property's propensity to generate rooms revenue. We have examined the rate structure and the approximate average room rates for the competitive properties in an effort to ascertain the subject property's market-oriented average room rate. These are summarized in the following table.

Historical Competitive Average Daily Room Rates (Estimated)

Property	2019	2020	2021
Flamingo Waterpark Resort	$78.21	$53.62	$75.79
Days Inn Kissimmee West	$56.00	$46.00	$57.00
Quality Inn & Suites Heritage Park Kissimmee	$60.00	$49.00	$61.00
Red Lion Hotel Orlando Lake Buena Vista South	$72.00	$59.00	$73.00
Econo Lodge Inn & Suites Maingate Central	$49.00	$40.00	$50.00
Clarion Inn & Suites Kissimmee Lake Buena Vista Sout	$61.00	$50.00	$62.00
Rodeway Inn Maingate Central	$49.00	$40.00	$50.00
Quality Inn Kissimmee	$60.00	$49.00	$61.00
Average Including Subject	**$66.97**	**$52.25**	**$66.89**
Average Excluding Subject	**$63.52**	**$51.98**	**$64.47**
Smith Travel Research Trend Report	**$63.16**	**$51.38**	**$63.84**
Subject's Positioned ADR:			**$75.79**

As shown, we have positioned the subject's base year ADR at $75.79. This is above the average of the competitive properties.

ADR GROWTH PROJECTIONS

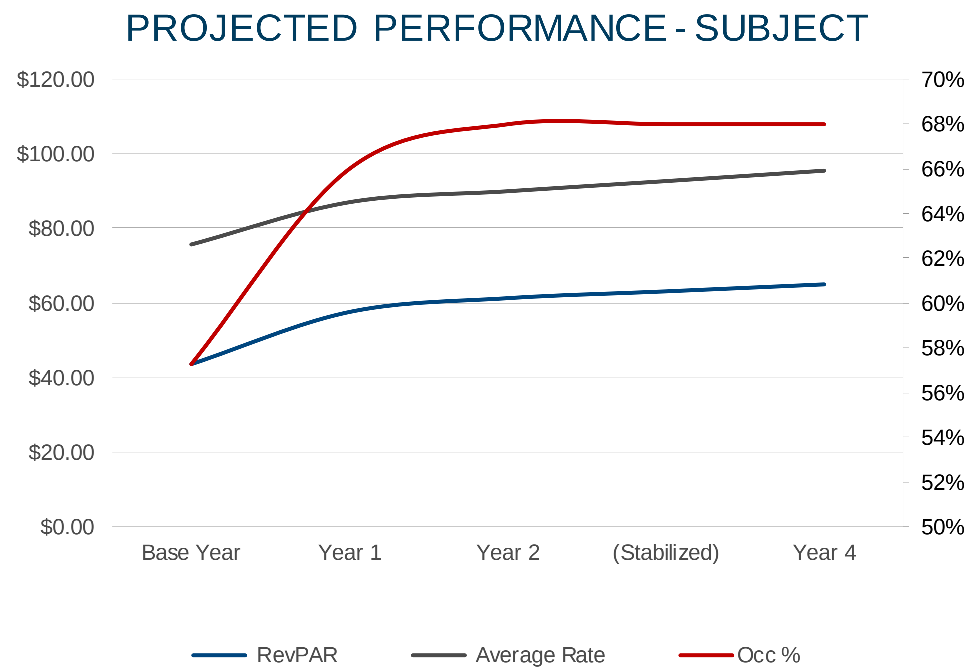
Based on recent performance figures reported within the market, we have posted room rates to grow as indicated in the table below. Please note that we have illustrated our projections first on a calendar year basis, then on a fiscal year basis which reflects a projection commencing on August 23, 2022:

Subject's Projected ADR						
Projection Year	Calendar Year	Assumed Growth Rate	ADR	Projection Year	Fiscally Adjusted ADR Projection	Resulting Growth Rate
Base Year Estimated	2021	-	$75.79	**-**	$81.62	**-**
1	2022	12.0%	$84.88	2022/23	**$87.06**	6.7%
2	2023	4.0%	$88.28	2023/24	**$89.98**	3.4%
3	2024	3.0%	$90.93	2024/25 (Stabilized)	**$92.68**	3.0%
4	2025	3.0%	$93.66	2025/26	**$95.46**	3.0%

CONCLUSION

Based on the previously concluded occupancy and average room rate, the subject’s room revenue is projected as illustrated below.

Projected Rooms Department Revenue					
Projection Year	***Base Year 2021***	**Year 1 2022/23**	**Year 2 2023/24**	**(Stabilized) 2024/25**	**Year 4 2025/26**
Number of Days	*365*	365	365	365	365
Number of Rooms	*241*	241	241	241	241
Rounded Occupancy	*57%*	66%	68%	68%	68%
Occupied Rooms (Rounded)	*50,344*	58,057	59,816	59,816	59,816
Average Rate	*$75.79*	$87.06	$89.98	$92.68	$95.46
RevPAR	*$43.38*	$57.46	$61.19	$63.02	$64.91
Rooms Department Revenue	*$3,815,545*	$5,054,442	$5,382,244	$5,543,747	$5,710,035



INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. The highest and best use concept is based upon traditional appraisal theory and reflects the attitudes of typical buyers and sellers who recognize that value is predicated on future benefits. This theory is based upon the wealth maximization of the owner, with consideration given to community goals. A use which does not meet the needs of the public will not meet the above highest and best use criteria.

In keeping with proper appraisal theory, the analysis will begin by analyzing the subject as though it is vacant without any consideration given to the existing improvements. Following this section, an analysis of the existing improvements will be considered.

AS-VACANT ANALYSIS

The legal factors influencing the highest and best use of the subject property are primarily government regulations such as zoning ordinances. The subject site is zoned CT, Commercial Tourist. Permitted uses within this district include multifamily, assisted living, single family, hospital, religious, parks, amusement, hotel/motel, general office, retail sales and service, restaurant, and various commercial uses. Prohibited uses within this district include heavy industrial, warehousing, self storage, vehicle sales and service, agricultural, mobile home park, outdoor storage, and various commercial uses.

The site is level at street grade with good access. The subject site offers minimal, access only frontage along E Irlo Bronson Memorial Highway; however, the east side of the site includes approximately 850 feet of frontage to the off-ramp to the Florida Turnpike. The subject is located along U.S. 192 -E Irlo Bronson Memorial Highway at a junction with Florida's Turnpike, and just east of downtown Kissimmee in Osceola County. The subject is approximately twelve-miles southeast of Interstate-4 and the Walt Disney World Resort area and less than 15-miles southeast of the Universal Resort area.

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

AS-IMPROVED ANALYSIS

The legal factors influencing the highest and best use of the subject property are primarily governmental regulations such as zoning and building codes. The subject’s improvements are of a 1966 construction date and the subject site is zoned CT, Commercial Tourist.

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

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

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

INTRODUCTION

The following presentation of the appraisal process deals directly with the valuation of the subject property. The following paragraphs describe the standard approaches to value that were considered for this analysis.

INCOME CAPITALIZATION APPROACH

The Income Capitalization Approach is based on the premise that properties are purchased for their income producing potential. It considers both the annual return on the invested principal and the return of the invested principal. This valuation technique entails careful consideration of contract rents currently in place, projected market rents, other income sources, vacancy allowances, and projected expenses associated with the efficient operation and management of the property. The relationship of these income estimates to property value, either as a single stream or a series of projected streams, is the essence of the income approach. The three fundamental methods of this valuation technique include Discounted Cash Flow, Direct Capitalization, and Room Revenue Multiplier (RRM).

› **Discounted Cash Flow (DCF)**
The DCF analysis models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.

› **Direct Capitalization**
This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.

› **Room Revenue Multiplier (RRM)**
The RRM method analyzes the relationship of the room revenue a property generates with its sale price to arrive at a room revenue multiplier. The multipliers are extracted from comparables and market participants and an appropriate multiplier is then applied to the subject's room revenue to arrive at the indicated value.

SALES COMPARISON APPROACH

The Sales Comparison Approach is based on the principle of substitution, which asserts that no one would pay more for a property than the value of similar properties in the market. This approach analyzes comparable sales by applying transactional and property adjustments in order to bracket the subject property on an appropriate unit value comparison. The sales comparison approach is applicable when sufficient data on recent market transactions is available. Alternatively, this approach may offer limited reliability because many properties have unique characteristics that cannot be accounted for in the adjustment process.

COST APPROACH

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a replacement for the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. For investment properties, this valuation technique is most often relied upon as a test of financial feasibility for proposed construction.

We find that knowledgeable hotel buyers base their purchase decisions on economic factors, such as projected net income and return on investment. Because the cost approach does not reflect these income-related considerations and requires a number of highly subjective depreciation estimates, this approach is given minimal weight in the hotel valuation process for existing properties that are subjected to depreciation, but is commonly used for newly-constructed assets as a cross-check to the primary approaches.

RECONCILIATION OF VALUE CONCLUSIONS

After each approach is considered in the valuation process, a reconciliation is performed and a final value conclusion is reached. Each approach is judged based on its applicability, reliability, and the quantity and quality of its data.

We continually interact with numerous hotel buyers and sellers and we note that these participants typically base their purchase decisions on economic factors, such as cash on cash return, projected net income and return on investment. The procedures used in developing an opinion of market value by the Income Capitalization Approach are comparable to those employed by the pool of investors who are present in the marketplace. Accordingly, the Income Capitalization Approach produces the most supportable value opinion, and it is given the greatest weight in the hotel valuation process.

It is our opinion that the Sales Comparison Approach might provide a useful value opinion in the case of simple forms of real estate such as vacant land and single-family homes where such investments can be easily compared to one another and the adjustments are relatively simple to apply. In the case of complex investments such as lodging facilities, operational characteristics are eccentric and labor intensive. Hotels are highly localized, in that operational characteristics are governed by their specific markets. As such, adjustments to comparable sales are numerous and more difficult to quantify, and as such, this approach loses a significant degree of reliability. We generally do not give the Sales Comparison Approach substantial consideration in the hotel valuation process beyond establishing a probable range of value.

Lastly, regarding the Cost Approach, it is our opinion that this approach does not reflect the aforementioned income-related considerations and requires a number of highly subjective estimates, such as depreciation, obsolescence and other factors. Even for newly-constructed hotel facilities, this approach is generally secondary, and as a determinant for market value, is given minimal or no weight. We do note, however, that this approach is a useful tool in determining the value of any intangible components in real property. We have addressed these components in the *Reconciliation* section of this report.

INTRODUCTION

Capitalization is defined as the process of converting a series of anticipated future periodic installments of net income into present value. The anticipated net income stream is converted into a value opinion by a rate that attracts capital to purchase investments with similar characteristics, such as risk, terms and liquidity. The capitalization process takes into consideration the quantity, quality and durability of the income stream in determining which rates are appropriate for valuing a hotel property.

The Income Capitalization Approach is based on the principle that the value of a property is indicated by the net return to the property, or what is also known as the present worth of future benefits. The future benefits of income-producing properties, such as hotels and motels, is net income before debt service and depreciation, derived by a projection of income and expense, along with any expected reversionary proceeds from a sale.

METHODOLOGY

The three most common methods of converting net income into value are the discounted cash flow, direct capitalization and room revenue multiplier. In direct capitalization, net operating income is divided by an overall rate extracted from the market to indicate a value. In the discounted cash flow method, anticipated future net income streams and a reversionary value are discounted to provide an opinion of net present value at a chosen yield rate (internal rate of return or discount rate). In room revenue multiplier, the multiplier is first calculated in the sales transactions by dividing the sales price by the room revenue for the hotel being analyzed. The room revenue multiplier expresses the relationship between a sales price and the property's effective room revenue.

Considering the physical and economic characteristics of the subject property, along with the likely highest and best use which would be considered by a potential investor, we have employed the following approaches:

- Discounted Cash Flow
- Direct Capitalization Approach

Based on the market for transient accommodations in the subject's area, we have forecast future Rooms departmental revenue for the subject. In this section of the report, we also provide an analysis of the actual operating performance, the performance of comparable properties and various industry averages in order to forecast all other revenues and expenses through a 10-year holding period. The projection begins on August 23, 2022.

REVIEW OF OPERATING STATEMENTS

The appraisers were provided with income and expense statements of the subject property, the results of which are presented on the following pages. These statements were provided by the management of the subject property, and are unaudited. (We call your attention to the Assumptions and Limiting Conditions of this report.)

The income and expense statements summarize the subject’s operating statistics for the following periods:

- Calendar Years: 2019 through 2021

The statements are organized in accordance with the *Uniform System of Accounts for the Lodging Industry*, published by the Educational Institute of the American Hotel and Motel Association.

Though requested, the property owner did not provide actual historical occupancy for the subject property. Therefore, for the 2019 operating year, we have estimated the subject occupancy at approximately 60%, which indicates an occupancy penetration of 110% to 115% for subject compared to the area comp set, reflecting the relatively average to good quality and appeal characteristic of the subject, as well as the expanded amenities.

For the 2020 operating year we have applied an approximate demand reduction of 40%, consistent with the STR data, or approximately 36% occupancy for the subject. For the 2021 expense year we have estimated occupancy at the subject of approximately 50%, indicating demand growth of approximately 40%, which is relatively consistent with the STR indication for the comp set. We have assumed that the estimated occupancies and resulting ADR projections when applied to the historical financial statements are reasonably accurate; however, it is noted that regardless of the calculated occupancy, there is no change to the historical RevPAR and income and expense conclusions on a PAR basis.

CALENDAR YEARS

Statement of Historical Operations: Flamingo Waterpark Resort

Calendar Year	**2019**			
Through Month:	**December**			
Days Open:	**365**			
Number of Rooms:	**241**			
Occupied Rooms:	**52,779**			
Occupancy Rate:	**60.0%**			
Average Daily Room Rate (ADR):	**$78.21**			
Revenue Per Avail. Room (RevPAR):	**$46.93**			
DEPARTMENTAL REVENUES	**$**	**% Total**	**$ PAR**	**$ POR**
Rooms	$4,127,796	86.8%	$17,128	$78.21
Food & Beverage	$382,869	8.0%	$1,589	$7.25
Other Income	$245,918	5.2%	$1,020	$4.66
Total Departmental Revenues	**$4,756,583**	**100.0%**	**$19,737**	**$90.12**
DEPARTMENTAL COSTS				
Rooms	$1,321,229	32.0%	$5,482	$25.03
Food & Beverage	$386,815	101.0%	$1,605	$7.33
Other Income	$158,368	64.4%	$657	$3.00
Total Departmental Costs	**$1,866,411**	**39.2%**	**$7,744**	**$35.36**
DEPARTMENTAL INCOME	**$2,890,172**	**60.8%**	**$11,992**	**$54.76**
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	$448,235	9.4%	$1,860	$8.49
Marketing	$140,168	2.9%	$582	$2.66
Property Operations & Maintenance	$566,106	11.9%	$2,349	$10.73
Utilities	$652,263	13.7%	$2,706	$12.36
Total Undist. Oper. Expenses	**$1,806,771**	**38.0%**	**$7,497**	**$34.23**
MANAGEMENT FEES				
Base Management Fee	$0	0.0%	$0	$0.00
HOUSE PROFIT	**$1,083,401**	**22.8%**	**$4,495**	**$20.53**
FIXED CHARGES				
Property Taxes	$186,770	3.9%	$775	$3.54
Insurance	$0	0.0%	$0	$0.00
Reserve for Replacement	$0	0.0%	$0	$0.00
Total Fixed Charges	**$186,770**	**3.9%**	**$775**	**$3.54**
NET OPERATING INCOME	**$896,631**	**18.9%**	**$3,720**	**$16.99**
OPERATING RATIOS				
Food & Beverage to Rooms	9.3%			
Other Income to Rooms	6.0%			

CALENDAR YEARS

Statement of Historical Operations: Flamingo Waterpark Resort

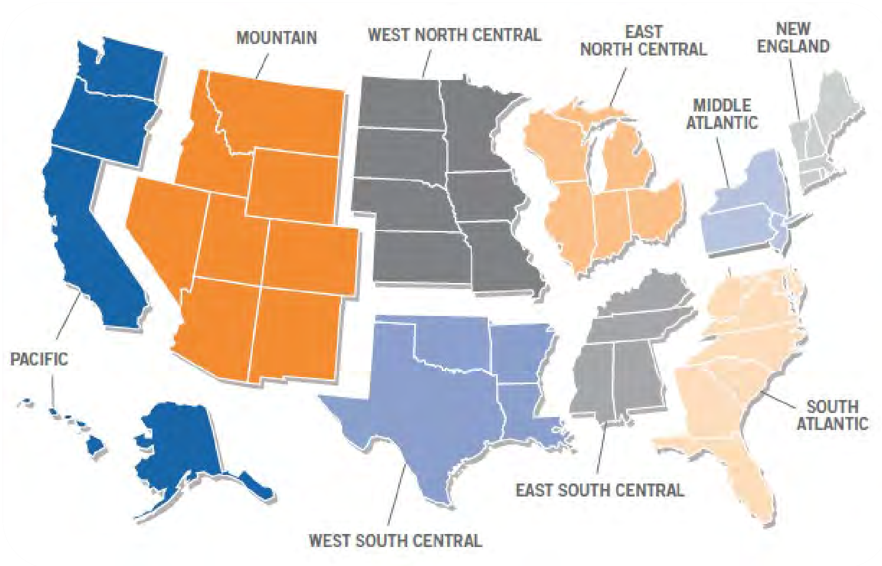
Calendar Year	2020				2021			
Through Month:	December				December			
Days Open:	365				365			
Number of Rooms:	241				241			
Occupied Rooms:	31,667				44,334			
Occupancy Rate:	36.0%				50.4%			
Average Daily Room Rate (ADR):	$53.62				$75.79			
Revenue Per Avail. Room (RevPAR):	$19.30				$38.20			
DEPARTMENTAL REVENUES	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR
Rooms	$1,698,033	89.7%	$7,046	$53.62	$3,360,078	92.2%	$13,942	$75.79
Food & Beverage	$104,694	5.5%	$434	$3.31	$66,164	1.8%	$275	$1.49
Other Income	$90,673	4.8%	$376	$2.86	$219,537	6.0%	$911	$4.95
Total Departmental Revenues	**$1,893,399**	**100.0%**	**$7,856**	**$59.79**	**$3,645,779**	**100.0%**	**$15,128**	**$82.23**
DEPARTMENTAL COSTS								
Rooms	$762,318	44.9%	$3,163	$24.07	$892,240	26.6%	$3,702	$20.13
Food & Beverage	$143,466	137.0%	$595	$4.53	$78,988	119.4%	$328	$1.78
Other Income	$72,263	79.7%	$300	$2.28	$125,328	57.1%	$520	$2.83
Total Departmental Costs	**$978,047**	**51.7%**	**$4,058**	**$30.88**	**$1,096,556**	**30.1%**	**$4,550**	**$24.73**
DEPARTMENTAL INCOME	**$915,352**	**48.3%**	**$3,798**	**$28.91**	**$2,549,223**	**69.9%**	**$10,578**	**$57.50**
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$216,691	11.4%	$899	$6.84	$299,768	8.2%	$1,244	$6.76
Marketing	$141,801	7.5%	$588	$4.48	$352,801	9.7%	$1,464	$7.96
Property Operations & Maintenance	$238,890	12.6%	$991	$7.54	$388,388	10.7%	$1,612	$8.76
Utilities	$456,170	24.1%	$1,893	$14.41	$381,032	10.5%	$1,581	$8.59
Total Undist. Oper. Expenses	**$1,053,552**	**55.6%**	**$4,372**	**$33.27**	**$1,421,989**	**39.0%**	**$5,900**	**$32.07**
MANAGEMENT FEES								
Base Management Fee	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
HOUSE PROFIT	**-$138,199**	**-7.3%**	**-$573**	**-$4.36**	**$1,127,234**	**30.9%**	**$4,677**	**$25.43**
FIXED CHARGES								
Property Taxes	$211,577	11.2%	$878	$6.68	$13,239	0.4%	$55	$0.30
Insurance	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Reserve for Replacement	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Total Fixed Charges	**$211,577**	**11.2%**	**$878**	**$6.68**	**$13,239**	**0.4%**	**$55**	**$0.30**
NET OPERATING INCOME	**-$349,777**	**-18.5%**	**-$1,451**	**-$11.05**	**$1,113,995**	**30.6%**	**$4,622**	**$25.13**
OPERATING RATIOS								
Food & Beverage to Rooms	6.2%				2.0%			
Other Income to Rooms	5.3%				6.5%			

COMPARABLE OPERATING DATA AND INDUSTRY AVERAGES

In an effort to further support our forecast for the subject property, we have analyzed the operating performance of the subject against versus hotel industry averages and six comparable hotels. We have carefully analyzed all of the relevant ratios, and considered the data presented and in our files in order to prepare a well-supported forecast of income and expense for each line item.

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

SMITH TRAVEL RESEARCH CATEGORIES	
Orientation	Full Service Properties
Affiliation	Independent
Geographic Region	South Atlantic
Market Type	Suburban
Price Category	Midscale/Economy Class



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

HOST REPORT - SMITH TRAVEL RESEARCH

Full Service Properties

Category:	Full Service Properties (All)			Independent			South Atlantic			Suburban			Midscale/Economy Class		
Days Open:	365			365			365			365			365		
Number of Rooms:	305			240			298			219			353		
Occupied Rooms:	82,791			63,471			80,693			56,642			100,375		
Occupancy Rate:	74.3%			72.3%			74.2%			70.8%			77.9%		
Average Daily Room Rate (ADR):	$204.24			$224.79			$190.51			$167.49			$65.94		
Revenue Per Available Room (RevPAR):	$151.76			$162.58			$141.32			$118.52			$51.36		
DEPARTMENTAL REVENUES	% Total	$ PAR	$ POR	% Total	$ PAR	$ POR	% Total	$ PAR	$ POR	% Total	$ PAR	$ POR	% Total	$ PAR	$ POR
Rooms	63.3%	$55,394	$204.24	57.4%	$59,343	$224.79	60.0%	$51,582	$190.51	66.0%	$43,260	$167.49	76.8%	$18,746	$65.94
Food & Beverage	28.6%	$25,021	$92.25	29.9%	$30,894	$117.02	31.1%	$26,736	$98.74	28.2%	$18,504	$71.64	16.5%	$4,024	$14.15
Other Income	8.1%	$7,089	$26.14	12.6%	$13,062	$49.48	8.8%	$7,580	$28.00	5.7%	$3,745	$14.50	6.7%	$1,624	$5.71
Total Departmental Revenues	**100.0%**	**$87,504**	**$322.63**	**100.0%**	**$103,299**	**$391.29**	**100.0%**	**$85,898**	**$317.25**	**100.0%**	**$65,508**	**$253.63**	**100.0%**	**$24,394**	**$85.81**
DEPARTMENTAL COSTS															
Rooms	26.5%	$14,700	$54.20	29.6%	$17,595	$66.65	24.3%	$12,535	$46.29	24.6%	$10,660	$41.27	34.7%	$6,506	$22.89
Food & Beverage	71.8%	$17,953	$66.19	75.2%	$23,245	$88.05	66.9%	$17,898	$66.10	68.3%	$12,647	$48.97	71.3%	$2,869	$10.09
Other Income	71.1%	$5,042	$18.59	60.9%	$7,961	$30.16	67.4%	$5,110	$18.87	66.9%	$2,504	$9.69	27.5%	$446	$1.57
Total Departmental Costs	**43.1%**	**$37,695**	**$138.98**	**47.2%**	**$48,801**	**$184.85**	**41.4%**	**$35,543**	**$131.27**	**39.4%**	**$25,811**	**$99.94**	**40.3%**	**$9,821**	**$34.55**
DEPARTMENTAL INCOME	**56.9%**	**$49,809**	**$183.65**	**52.8%**	**$54,498**	**$206.43**	**58.6%**	**$50,356**	**$185.98**	**60.6%**	**$39,697**	**$153.70**	**59.7%**	**$14,573**	**$51.26**
UNDISTRIBUTED OPERATING EXPENSES															
Administrative & General	8.0%	$7,005	$25.83	9.0%	$9,278	$35.15	8.1%	$6,977	$25.77	8.8%	$5,737	$22.21	15.1%	$3,686	$12.97
Marketing	7.0%	$6,144	$22.65	6.2%	$6,386	$24.19	7.3%	$6,247	$23.07	7.5%	$4,885	$18.91	4.1%	$1,005	$3.54
Royalty/Franchise Fees	1.3%	$1,129	$4.16	0.2%	$257	$0.97	1.2%	$1,029	$3.80	2.5%	$1,617	$6.26	1.1%	$269	$0.95
Property Operations & Maintenance	4.1%	$3,583	$13.21	4.3%	$4,474	$16.95	4.0%	$3,427	$12.66	4.4%	$2,880	$11.15	6.9%	$1,680	$5.91
Utilities	2.8%	$2,484	$9.16	2.8%	$2,895	$10.96	2.8%	$2,439	$9.01	3.2%	$2,075	$8.03	4.4%	$1,061	$3.73
Total Undist. Oper. Expenses	**23.3%**	**$20,345**	**$75.01**	**22.5%**	**$23,290**	**$88.22**	**23.4%**	**$20,119**	**$74.30**	**26.2%**	**$17,195**	**$66.57**	**31.6%**	**$7,701**	**$27.09**
MANAGEMENT FEES															
Base Management Fee	3.4%	$2,988	$11.02	2.4%	$2,474	$9.37	3.5%	$2,979	$11.00	3.1%	$2,010	$7.78	1.2%	$300	$1.06
HOUSE PROFIT	**30.3%**	**$26,476**	**$97.62**	**27.8%**	**$28,734**	**$108.84**	**31.7%**	**$27,258**	**$100.67**	**31.3%**	**$20,492**	**$79.34**	**26.9%**	**$6,572**	**$23.12**
FIXED CHARGES															
Property Taxes	3.5%	$3,087	$11.38	3.3%	$3,438	$13.02	3.1%	$2,629	$9.71	3.3%	$2,142	$8.29	3.7%	$898	$3.16
Insurance	0.9%	$802	$2.96	1.2%	$1,203	$4.56	1.2%	$989	$3.65	0.9%	$568	$2.20	1.3%	$310	$1.09
Reserve for Replacement	2.6%	$2,241	$8.26	1.6%	$1,682	$6.37	2.7%	$2,349	$8.68	2.4%	$1,569	$6.07	0.3%	$83	$0.29
Total Fixed Charges	**7.0%**	**$6,130**	**$22.60**	**6.1%**	**$6,323**	**$23.95**	**6.9%**	**$5,968**	**$22.04**	**6.5%**	**$4,279**	**$16.57**	**5.3%**	**$1,290**	**$4.54**
NET OPERATING INCOME	23.3%	$20,346	$75.01	21.7%	$22,410	$84.89	24.8%	$21,290	$78.63	24.7%	$16,213	$62.77	21.7%	$5,281	$18.58
OPERATING RATIOS	%			%			%			%			%		
Food & Beverage to Rooms	45.2%			52.1%			51.8%			42.8%			21.5%		
Other Income to Rooms	12.8%			22.0%			14.7%			8.7%			8.7%		
Royalty/Franchise Fees to Rooms	2.0%			0.4%			2.0%			3.7%			1.4%		

OPERATING COMPARABLES

Operating Comparables for Analysis of Flamingo Waterpark Resort

Property Number:	1			2			3			4			5			6		
Property Type:	Select Service			Full-Service			Full-Service			Select Service			Full Service			Full Service		
Days Open:	365			365			365			365			365			365		
Number of Rooms:	295			503			236			200			475			777		
Occupied Rooms:	79,696			132,188			54,842			65,773			97,745			203,521		
Occupancy Rate:	74.0%			72.0%			63.7%			90.1%			56.4%			71.8%		
Average Daily Room Rate (ADR):	$43.73			$89.10			$50.24			$57.62			$40.88			$109.35		
Revenue Per Available Room (RevPAR):	$32.37			$64.15			$31.99			$51.91			$23.05			$78.47		
DEPARTMENTAL REVENUES	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**	**% Total**	**PAR**	**POR**
Rooms	84.6%	$11,813	$43.73	81.8%	$23,416	$89.10	81.6%	$11,675	$50.24	85.7%	$18,948	$57.62	73.5%	$8,413	$40.88	56.5%	$28,642	$109.35
Food & Beverage	0.0%	$0	$0.00	2.4%	$677	$2.58	0.0%	$0	$0.00	0.0%	$0	$0.00	6.0%	$686	$3.34	15.1%	$7,630	$29.13
Other Income	15.4%	$2,145	$7.94	15.9%	$4,546	$17.30	18.4%	$2,635	$11.34	14.3%	$3,156	$9.60	20.5%	$2,347	$11.40	28.4%	$14,415	$55.03
Total Departmental Revenues	**100.0%**	**$13,958**	**$51.67**	**100.0%**	**$28,639**	**$108.98**	**100.0%**	**$14,311**	**$61.58**	**100.0%**	**$22,105**	**$67.22**	**100.0%**	**$11,446**	**$55.62**	**100.0%**	**$50,687**	**$193.51**
DEPARTMENTAL COSTS																		
Rooms	42.1%	$4,973	$18.41	30.3%	$7,102	$27.02	46.4%	$5,417	$23.31	28.0%	$5,310	$16.15	52.1%	$4,385	$21.31	44.3%	$12,698	$48.48
Food & Beverage	0.0%	$0	$0.00	67.2%	$455	$1.73	0.0%	$0	$0.00	0.0%	$0	$0.00	102.1%	$701	$3.40	95.6%	$7,295	$27.85
Other Income	0.0%	$0	$0.00	2.9%	$130	$0.50	38.7%	$1,020	$4.39	2.4%	$75	$0.23	9.6%	$226	$1.10	37.7%	$5,438	$20.76
Total Departmental Costs	**35.6%**	**$4,973**	**$18.41**	**26.8%**	**$7,687**	**$29.25**	**45.0%**	**$6,437**	**$27.70**	**24.4%**	**$5,385**	**$16.37**	**46.4%**	**$5,311**	**$25.81**	**50.2%**	**$25,430**	**$97.09**
DEPARTMENTAL INCOME	**64.4%**	**$8,985**	**$33.26**	**73.2%**	**$20,952**	**$79.73**	**55.0%**	**$7,874**	**$33.88**	**75.6%**	**$16,720**	**$50.84**	**53.6%**	**$6,134**	**$29.81**	**49.8%**	**$25,257**	**$96.42**
UNDISTRIBUTED OPERATING EXPENSES																		
Administrative & General	6.9%	$967	$3.58	10.1%	$2,882	$10.97	10.5%	$1,508	$6.49	13.0%	$2,878	$8.75	16.7%	$1,913	$9.29	9.6%	$4,853	$18.53
Marketing	7.2%	$1,000	$3.70	4.5%	$1,284	$4.88	8.7%	$1,243	$5.35	0.0%	$0	$0.00	6.8%	$779	$3.79	5.0%	$2,532	$9.67
Royalty/Franchise Fees	4.3%	$607	$2.25	7.3%	$2,093	$7.97	0.0%	$0	$0.00	13.1%	$2,896	$8.81	0.0%	$0	$0.00	3.6%	$1,848	$7.06
Property Operations & Maintenance	7.6%	$1,056	$3.91	5.6%	$1,593	$6.06	7.8%	$1,116	$4.80	7.4%	$1,638	$4.98	13.0%	$1,490	$7.24	5.6%	$2,842	$10.85
Utilities	9.4%	$1,313	$4.86	4.7%	$1,354	$5.15	9.2%	$1,313	$5.65	4.7%	$1,042	$3.17	10.6%	$1,214	$5.90	3.6%	$1,850	$7.06
Total Undist. Oper. Expenses	**35.4%**	**$4,944**	**$18.30**	**32.1%**	**$9,206**	**$35.03**	**36.2%**	**$5,179**	**$22.29**	**38.3%**	**$8,455**	**$25.71**	**47.1%**	**$5,396**	**$26.22**	**27.5%**	**$13,924**	**$53.16**
MANAGEMENT FEES																		
Base Management Fee	0.0%	$0	$0.00	4.0%	$1,146	$4.36	0.0%	$0	$0.00	0.0%	$0	$0.00	2.0%	$229	$1.11	2.2%	$1,102	$4.21
HOUSE PROFIT	**29.0%**	**$4,042**	**$14.96**	**37.0%**	**$10,601**	**$40.34**	**18.8%**	**$2,695**	**$11.60**	**37.4%**	**$8,265**	**$25.13**	**4.5%**	**$510**	**$2.48**	**20.2%**	**$10,231**	**$39.06**
FIXED CHARGES																		
Property Taxes	5.1%	$712	$2.64	4.2%	$1,213	$4.61	3.7%	$529	$2.28	1.4%	$305	$0.93	6.1%	$697	$3.39	3.4%	$1,735	$6.62
Insurance	2.1%	$293	$1.08	1.5%	$442	$1.68	1.9%	$271	$1.17	1.9%	$414	$1.26	2.6%	$295	$1.43	1.8%	$894	$3.41
Reserve for Replacement	0.0%	$0	$0.00	4.0%	$1,146	$4.36	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00	0.0%	$0	$0.00
Total Fixed Charges	**7.2%**	**$1,005**	**$3.72**	**9.8%**	**$2,800**	**$10.66**	**5.6%**	**$800**	**$3.44**	**3.3%**	**$719**	**$2.19**	**8.7%**	**$992**	**$4.82**	**5.2%**	**$2,629**	**$10.04**
NET OPERATING INCOME	**21.8%**	**$3,037**	**$11.24**	**27.2%**	**$7,800**	**$29.68**	**13.2%**	**$1,895**	**$8.15**	**34.1%**	**$7,546**	**$22.94**	**-4.2%**	**-$482**	**-$2.34**	**15.0%**	**$7,602**	**$29.02**
OPERATING RATIOS	**%**			**%**			**%**			**%**			**%**			**%**		
Food & Beverage to Rooms	0.0%			2.9%			0.0%			0.0%			8.2%			26.6%		
Other Income to Rooms	18.2%			19.4%			22.6%			16.7%			27.9%			50.3%		
Royalty/Franchise Fees to Rooms	5.1%			8.9%			0.0%			15.3%			0.0%			6.5%		

FINANCIAL PROJECTIONS

Details regarding the underlying support and rational behind our assumptions is presented in the following paragraphs. It is important to note that the operating results presented herein rely on the hotel being efficiently and effectively managed by a competent operator. A hotel to successfully compete in the market requires a well-coordinated marketing plan and an appropriately-crafted yield management strategy. It is also assumed that management of the hotel will maintain all facilities in good working order and sufficient enough to render the property fully competitive in the relevant marketplace throughout the holding period.

UNDERLYING GROWTH ASSUMPTIONS

Our projections account for the integration of general price inflation based upon economic projections from various sources, including the Bureau of Labor Statistics and the U.S. Congressional Budget Office. We have also implemented our observations and various accounts derived from perspectives both locally and nationally.

To appropriately reflect potential price level changes, we have assumed that the consumer price index (CPI) will adequately account for inflation levels predicated to the hospitality industry, and that the rate will increase by 3.0% per year on average throughout the 10-year projection period.

FIXED AND VARIABLE COST COMPONENTS

The income and expense line items for the subject property throughout the holding period are generated using sophisticated modeling software developed by Colliers International’s Hospitality and Leisure Group. The software takes into account the varying degrees of fixed and variable components that each individual line item possesses.

Specifically, *fixed cost components* are expenses or overheads that are not dependent on the level of goods or services produced by the business. They tend to be time-related, such as salaries or rents being paid. This is in contrast to *variable cost components*, which are costs that change in proportion to the good or service that a business produces. They can also be considered normal costs. Variable costs are sometimes called unit-level costs as they vary with the number of units produced. In this case, the units produced are room nights, and therefore the line item experiences future incremental changes based on occupancy and utilization levels.

After a thorough review of the subject property's actual operating data, hotel industry averages, and the performance of comparable hotels, we have developed a 10-year projection of income and expense. Our projection begins on August 23, 2022 and, considering the current state of the competitive hotel market, we believe that the subject property will achieve stabilization by August 23, 2024.

The projection of income and expense is, intuitively, a reflection of the expectations of a well-informed and prudent buyer pertaining to the subject property's operating results. Depending on the dynamics of the local market, anticipated economic benefits may be adjusted upward or downward relative to actual operating results. We have incorporated these factors into this analysis.

The following table summarizes our assumptions pertaining to the component behaviors for each line item:

Summary of Fixed and Variable Components

DEPARTMENTAL REVENUES	% Fixed	% Variable	Dependent Variable
Rooms	0.0%	100.0%	Rooms
Food & Beverage	25.0%	75.0%	Rooms
Other Income	50.0%	50.0%	Rooms
DEPARTMENTAL COSTS			
Rooms	60.0%	40.0%	Rooms
Food & Beverage	50.0%	50.0%	Food & Beverage
Other Income	75.0%	25.0%	Other Income
UNDISTRIBUTED OPERATING EXPENSES			
Administrative & General	75.0%	25.0%	Total Revenue
Marketing	60.0%	40.0%	Total Revenue
Property Operations & Maintenance	75.0%	25.0%	Total Revenue
Utilities	75.0%	25.0%	Total Revenue
MANAGEMENT FEES			
Base Management Fee	0.0%	100.0%	Total Revenue
FIXED CHARGES			
Property Taxes	80.0%	20.0%	House Profit
Insurance	100.0%	0.0%	Total Revenue
Reserve for Replacement	0.0%	100.0%	Total Revenue

PROJECTION OF INCOME AND EXPENSE

On the following pages we present our forecast of income and expense for the subject property on a detailed basis for the first few years of operation, along with a summary presentation of the same line items over the entire 10-year holding period. The projection begins August 23, 2022. As discussed, stabilization is anticipated to occur on or about August 23, 2024. The statements are expressed in future values for each projection year.

DETAILED FORECAST OF INCOME AND EXPENSE - FIRST FIVE PROJECTION YEARS

Flamingo Waterpark Resort

Period:	2022/23				2023/24				2024/25 (Stabilized)			
Projection Year:	1				2				3			
Days Open:	365				365				365			
Number of Rooms:	241				241				241			
Occupied Rooms:	58,057				59,816				59,816			
Occupancy Rate:	66.0%				68.0%				68.0%			
Average Daily Room Rate (ADR):	$87.06				$89.98				$92.68			
Revenue Per Avail. Room (RevPAR):	$57.46				$61.19				$63.02			
DEPARTMENTAL REVENUES	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR
Rooms	$5,054,442	88.5%	$20,973	$87.06	$5,382,244	88.6%	$22,333	$89.98	$5,543,747	88.6%	$23,003	$92.68
Food & Beverage	$400,738	7.0%	$1,663	$6.90	$423,236	7.0%	$1,756	$7.08	$435,935	7.0%	$1,809	$7.29
Other Income	$254,761	4.5%	$1,057	$4.39	$266,843	4.4%	$1,107	$4.46	$274,850	4.4%	$1,140	$4.59
Total Departmental Revenues	$5,709,941	100.0%	$23,693	$98.35	$6,072,323	100.0%	$25,196	$101.52	$6,254,532	100.0%	$25,952	$104.56
DEPARTMENTAL COSTS												
Rooms	$1,241,389	24.6%	$5,151	$21.38	$1,295,937	24.1%	$5,377	$21.67	$1,334,819	24.1%	$5,539	$22.32
Food & Beverage	$367,988	91.8%	$1,527	$6.34	$385,440	91.1%	$1,599	$6.44	$397,005	91.1%	$1,647	$6.64
Other Income	$150,857	59.2%	$626	$2.60	$156,697	58.7%	$650	$2.62	$161,398	58.7%	$670	$2.70
Total Departmental Costs	$1,760,233	30.8%	$7,304	$30.32	$1,838,075	30.3%	$7,627	$30.73	$1,893,222	30.3%	$7,856	$31.65
DEPARTMENTAL INCOME	$3,949,708	69.2%	$16,389	$68.03	$4,234,248	69.7%	$17,569	$70.79	$4,361,310	69.7%	$18,097	$72.91
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	$418,705	7.3%	$1,737	$7.21	$434,770	7.2%	$1,804	$7.27	$447,813	7.2%	$1,858	$7.49
Marketing	$294,837	5.2%	$1,223	$5.08	$307,629	5.1%	$1,276	$5.14	$316,858	5.1%	$1,315	$5.30
Property Operations & Maintenance	$418,705	7.3%	$1,737	$7.21	$434,770	7.2%	$1,804	$7.27	$447,813	7.2%	$1,858	$7.49
Utilities	$460,576	8.1%	$1,911	$7.93	$478,247	7.9%	$1,984	$8.00	$492,595	7.9%	$2,044	$8.24
Total Undist. Oper. Expenses	$1,592,824	27.9%	$6,609	$27.44	$1,655,414	27.3%	$6,869	$27.68	$1,705,080	27.3%	$7,075	$28.51
MANAGEMENT FEES												
Base Management Fee	$171,298	3.0%	$711	$2.95	$182,170	3.0%	$756	$3.05	$187,636	3.0%	$779	$3.14
HOUSE PROFIT	$2,185,586	38.3%	$9,069	$37.65	$2,396,664	39.5%	$9,945	$40.07	$2,468,594	39.5%	$10,243	$41.27
FIXED CHARGES												
Property Taxes	$178,564	3.1%	$741	$3.08	$241,730	4.0%	$1,003	$4.04	$248,982	4.0%	$1,033	$4.16
Insurance	$202,376	3.5%	$840	$3.49	$208,448	3.4%	$865	$3.48	$214,701	3.4%	$891	$3.59
Reserve for Replacement	$228,398	4.0%	$948	$3.93	$242,893	4.0%	$1,008	$4.06	$250,181	4.0%	$1,038	$4.18
Total Fixed Charges	$609,338	10.7%	$2,528	$10.50	$693,071	11.4%	$2,876	$11.59	$713,865	11.4%	$2,962	$11.93
NET OPERATING INCOME	$1,576,248	27.6%	$6,540	$27.15	$1,703,593	28.1%	$7,069	$28.48	$1,754,729	28.1%	$7,281	$29.34
OPERATING RATIOS												
Food & Beverage to Rooms	7.9%				7.9%				7.9%			
Other Income to Rooms	5.0%				5.0%				5.0%			

Period:	2025/26				2026/27			
Projection Year:	4				5			
Days Open:	365				365			
Number of Rooms:	241				241			
Occupied Rooms:	59,816				59,816			
Occupancy Rate:	68.0%				68.0%			
Average Daily Room Rate (ADR):	$95.46				$98.32			
Revenue Per Avail. Room (RevPAR):	$64.91				$66.86			
DEPARTMENTAL REVENUES	$	% Total	$ PAR	$ POR	$	% Total	$ PAR	$ POR
Rooms	$5,710,035	88.6%	$23,693	$95.46	$5,881,109	88.6%	$24,403	$98.32
Food & Beverage	$449,012	7.0%	$1,863	$7.51	$462,469	7.0%	$1,919	$7.73
Other Income	$283,094	4.4%	$1,175	$4.73	$291,582	4.4%	$1,210	$4.87
Total Departmental Revenues	$6,442,142	100.0%	$26,731	$107.70	$6,635,159	100.0%	$27,532	$110.93
DEPARTMENTAL COSTS								
Rooms	$1,374,861	24.1%	$5,705	$22.98	$1,416,085	24.1%	$5,876	$23.67
Food & Beverage	$408,914	91.1%	$1,697	$6.84	$421,174	91.1%	$1,748	$7.04
Other Income	$166,240	58.7%	$690	$2.78	$171,226	58.7%	$710	$2.86
Total Departmental Costs	$1,950,015	30.3%	$8,091	$32.60	$2,008,484	30.3%	$8,334	$33.58
DEPARTMENTAL INCOME	$4,492,126	69.7%	$18,640	$75.10	$4,626,675	69.7%	$19,198	$77.35
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$461,247	7.2%	$1,914	$7.71	$475,080	7.2%	$1,971	$7.94
Marketing	$326,363	5.1%	$1,354	$5.46	$336,149	5.1%	$1,395	$5.62
Property Operations & Maintenance	$461,247	7.2%	$1,914	$7.71	$475,080	7.2%	$1,971	$7.94
Utilities	$507,372	7.9%	$2,105	$8.48	$522,588	7.9%	$2,168	$8.74
Total Undist. Oper. Expenses	$1,756,230	27.3%	$7,287	$29.36	$1,808,898	27.3%	$7,506	$30.24
MANAGEMENT FEES								
Base Management Fee	$193,264	3.0%	$802	$3.23	$199,055	3.0%	$826	$3.33
HOUSE PROFIT	$2,542,632	39.5%	$10,550	$42.51	$2,618,723	39.5%	$10,866	$43.78
FIXED CHARGES								
Property Taxes	$256,451	4.0%	$1,064	$4.29	$264,145	4.0%	$1,096	$4.42
Insurance	$221,142	3.4%	$918	$3.70	$227,777	3.4%	$945	$3.81
Reserve for Replacement	$257,686	4.0%	$1,069	$4.31	$265,406	4.0%	$1,101	$4.44
Total Fixed Charges	$735,279	11.4%	$3,051	$12.29	$757,328	11.4%	$3,142	$12.66
NET OPERATING INCOME	$1,807,352	28.1%	$7,499	$30.22	$1,861,395	28.1%	$7,724	$31.12
OPERATING RATIOS								
Food & Beverage to Rooms	7.9%				7.9%			
Other Income to Rooms	5.0%				5.0%			

Ten-Year Projection of Income and Expense

Flamingo Waterpark Resort

	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total
Period:	2022/23		2023/24		2024/25 (Stabilized)		2025/26		2026/27	
Projection Year:	1		2		3		4		5	
Days Open:	365		365		365		365		365	
Number of Rooms:	241		241		241		241		241	
Occupied Rooms:	58,057		59,816		59,816		59,816		59,816	
Occupancy Rate:	66.0%		68.0%		68.0%		68.0%		68.0%	
Average Daily Room Rate (ADR):	$87.06		$89.98		$92.68		$95.46		$98.32	
Revenue Per Avail. Room (RevPAR):	$57.46		$61.19		$63.02		$64.91		$66.86	
DEPARTMENTAL REVENUES										
Rooms	$5,054,442	88.5%	$5,382,244	88.6%	$5,543,747	88.6%	$5,710,035	88.6%	$5,881,109	88.6%
Food & Beverage	$400,738	7.0%	$423,236	7.0%	$435,935	7.0%	$449,012	7.0%	$462,469	7.0%
Other Income	$254,761	4.5%	$266,843	4.4%	$274,850	4.4%	$283,094	4.4%	$291,582	4.4%
Total Departmental Revenues	**$5,709,941**	**100.0%**	**$6,072,323**	**100.0%**	**$6,254,532**	**100.0%**	**$6,442,142**	**100.0%**	**$6,635,159**	**100.0%**
DEPARTMENTAL COSTS										
Rooms	$1,241,389	24.6%	$1,295,937	24.1%	$1,334,819	24.1%	$1,374,861	24.1%	$1,416,085	24.1%
Food & Beverage	$367,988	91.8%	$385,440	91.1%	$397,005	91.1%	$408,914	91.1%	$421,174	91.1%
Other Income	$150,857	59.2%	$156,697	58.7%	$161,398	58.7%	$166,240	58.7%	$171,226	58.7%
Total Departmental Costs	**$1,760,233**	**30.8%**	**$1,838,075**	**30.3%**	**$1,893,222**	**30.3%**	**$1,950,015**	**30.3%**	**$2,008,484**	**30.3%**
DEPARTMENTAL INCOME	**$3,949,708**	**69.2%**	**$4,234,248**	**69.7%**	**$4,361,310**	**69.7%**	**$4,492,126**	**69.7%**	**$4,626,675**	**69.7%**
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	$418,705	7.3%	$434,770	7.2%	$447,813	7.2%	$461,247	7.2%	$475,080	7.2%
Marketing	$294,837	5.2%	$307,629	5.1%	$316,858	5.1%	$326,363	5.1%	$336,149	5.1%
Property Operations & Maintenance	$418,705	7.3%	$434,770	7.2%	$447,813	7.2%	$461,247	7.2%	$475,080	7.2%
Utilities	$460,576	8.1%	$478,247	7.9%	$492,595	7.9%	$507,372	7.9%	$522,588	7.9%
Total Undist. Oper. Expenses	**$1,592,824**	**27.9%**	**$1,655,414**	**27.3%**	**$1,705,080**	**27.3%**	**$1,756,230**	**27.3%**	**$1,808,898**	**27.3%**
MANAGEMENT FEES										
Base Management Fee	$171,298	3.0%	$182,170	3.0%	$187,636	3.0%	$193,264	3.0%	$199,055	3.0%
HOUSE PROFIT	**$2,185,586**	**38.3%**	**$2,396,664**	**39.5%**	**$2,468,594**	**39.5%**	**$2,542,632**	**39.5%**	**$2,618,723**	**39.5%**
FIXED CHARGES										
Property Taxes	$178,564	3.1%	$241,730	4.0%	$248,982	4.0%	$256,451	4.0%	$264,145	4.0%
Insurance	$202,376	3.5%	$208,448	3.4%	$214,701	3.4%	$221,142	3.4%	$227,777	3.4%
Reserve for Replacement	$228,398	4.0%	$242,893	4.0%	$250,181	4.0%	$257,686	4.0%	$265,406	4.0%
Total Fixed Charges	**$609,338**	**10.7%**	**$693,071**	**11.4%**	**$713,865**	**11.4%**	**$735,279**	**11.4%**	**$757,328**	**11.4%**
NET OPERATING INCOME	**$1,576,248**	**27.6%**	**$1,703,593**	**28.1%**	**$1,754,729**	**28.1%**	**$1,807,352**	**28.1%**	**$1,861,395**	**28.1%**

	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total
Period:	2027/28		2028/29		2029/30		2030/31		2031/32	
Projection Year:	6		7		8		9		10	
Days Open:	365		365		365		365		365	
Number of Rooms:	241		241		241		241		241	
Occupied Rooms:	59,816		59,816		59,816		59,816		59,816	
Occupancy Rate:	68.0%		68.0%		68.0%		68.0%		68.0%	
Average Daily Room Rate (ADR):	$101.27		$104.31		$107.44		$110.66		$113.98	
Revenue Per Avail. Room (RevPAR):	$68.86		$70.93		$73.06		$75.25		$77.51	
DEPARTMENTAL REVENUES										
Rooms	$6,057,566	88.6%	$6,239,407	88.6%	$6,426,631	88.6%	$6,619,239	88.6%	$6,817,828	88.6%
Food & Beverage	$476,344	7.0%	$490,641	7.0%	$505,363	7.0%	$520,512	7.0%	$536,129	7.0%
Other Income	$300,330	4.4%	$309,342	4.4%	$318,624	4.4%	$328,178	4.4%	$338,023	4.4%
Total Departmental Revenues	**$6,834,240**	**100.0%**	**$7,039,391**	**100.0%**	**$7,250,618**	**100.0%**	**$7,467,929**	**100.0%**	**$7,691,980**	**100.0%**
DEPARTMENTAL COSTS										
Rooms	$1,458,570	24.1%	$1,502,338	24.1%	$1,547,412	24.1%	$1,593,816	24.1%	$1,641,632	24.1%
Food & Beverage	$433,810	91.1%	$446,828	91.1%	$460,234	91.1%	$474,034	91.1%	$488,256	91.1%
Other Income	$176,362	58.7%	$181,654	58.7%	$187,104	58.7%	$192,716	58.7%	$198,497	58.7%
Total Departmental Costs	**$2,068,742**	**30.3%**	**$2,130,820**	**30.3%**	**$2,194,751**	**30.3%**	**$2,260,566**	**30.3%**	**$2,328,385**	**30.3%**
DEPARTMENTAL INCOME	**$4,765,498**	**69.7%**	**$4,908,570**	**69.7%**	**$5,055,867**	**69.7%**	**$5,207,362**	**69.7%**	**$5,363,595**	**69.7%**
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	$489,333	7.2%	$504,015	7.2%	$519,137	7.2%	$534,707	7.2%	$550,748	7.2%
Marketing	$346,234	5.1%	$356,624	5.1%	$367,323	5.1%	$378,339	5.1%	$389,689	5.1%
Property Operations & Maintenance	$489,333	7.2%	$504,015	7.2%	$519,137	7.2%	$534,707	7.2%	$550,748	7.2%
Utilities	$538,266	7.9%	$554,417	7.9%	$571,050	7.9%	$588,178	7.9%	$605,823	7.9%
Total Undist. Oper. Expenses	**$1,863,167**	**27.3%**	**$1,919,071**	**27.3%**	**$1,976,647**	**27.3%**	**$2,035,930**	**27.3%**	**$2,097,009**	**27.3%**
MANAGEMENT FEES										
Base Management Fee	$205,027	3.0%	$211,182	3.0%	$217,519	3.0%	$224,038	3.0%	$230,759	3.0%
HOUSE PROFIT	**$2,697,304**	**39.5%**	**$2,778,317**	**39.5%**	**$2,861,702**	**39.5%**	**$2,947,394**	**39.5%**	**$3,035,826**	**39.5%**
FIXED CHARGES										
Property Taxes	$272,069	4.0%	$280,231	4.0%	$288,638	4.0%	$297,298	4.0%	$306,216	4.0%
Insurance	$234,610	3.4%	$241,648	3.4%	$248,898	3.4%	$256,364	3.4%	$264,055	3.4%
Reserve for Replacement	$273,370	4.0%	$281,576	4.0%	$290,025	4.0%	$298,717	4.0%	$307,679	4.0%
Total Fixed Charges	**$780,049**	**11.4%**	**$803,455**	**11.4%**	**$827,561**	**11.4%**	**$852,379**	**11.4%**	**$877,951**	**11.4%**
NET OPERATING INCOME	**$1,917,256**	**28.1%**	**$1,974,862**	**28.1%**	**$2,034,141**	**28.1%**	**$2,095,015**	**28.1%**	**$2,157,875**	**28.1%**

YIELD CAPITALIZATION

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

Our analysis refers to an all-cash purchase. The following paragraphs detail our analysis and assumptions.

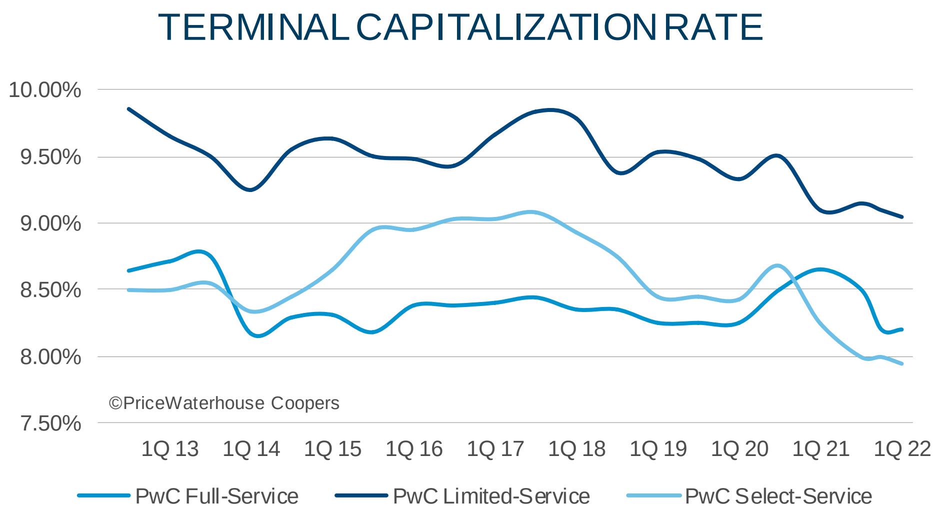
Terminal Capitalization Rate

A terminal capitalization rate is a rate used to estimate the resale value of a property at the end of the holding period. The expected net operating income (NOI) per year is divided by the terminal cap rate (expressed as a percentage) to get the terminal value. Terminal capitalization rates are based on forecasts and estimates and changes based on the person doing the calculation. This rate is also known as the reversionary capitalization rate.

Investor surveys, discussions with market participants and the subject's investment characteristics were considered in developing our opinion of the terminal capitalization rate for the subject. The following table provides a historical illustration of terminal rate statistics as surveyed by PricewaterhouseCoopers that we believe are relevant to the subject property.

TERMINAL CAPITALIZATION RATE CONCLUSION

SOURCE	QUARTER	RANGE			AVG	LAST Q	LAST YR
PriceWaterhouse Coopers							
Full-Service	1Q 22	5.50%	to	10.00%	8.20%	8.20%	8.65%
Going-In Vs Terminal Spread					*85 bps*	*85 bps*	*60 bps*
Limited-Service	1Q 22	8.00%	to	11.00%	9.05%	9.10%	9.10%
Going-In Vs Terminal Spread					*17 bps*	*12 bps*	*(8 bps)*
Select-Service	1Q 22	7.00%	to	9.00%	7.95%	8.00%	8.25%
Going-In Vs Terminal Spread					*5 bps*	*5 bps*	*(26 bps)*
AVERAGE		6.83%	to	10.00%	8.40%	8.43%	8.67%



Discount Rate

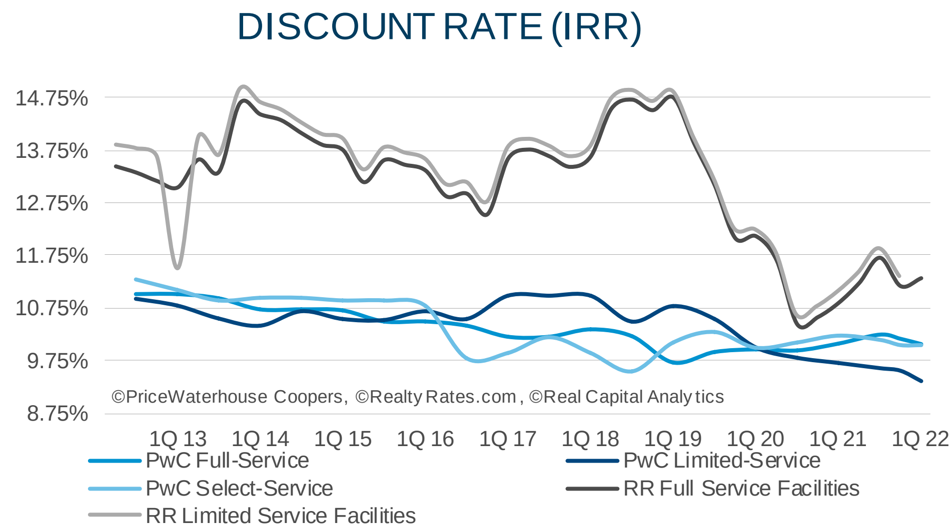
The discount rate, or internal rate of return, is the rate of discount on an investment that equates the present value of the investment's cash outflows with the present value of the investment's cash inflows. The rate is expressed as the real return anticipated in the hotel investment and considers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

We continually interact with investors and brokers of hotel properties throughout the world, and discuss the investment parameters and various rates with industry experts. Furthermore, we consider published rates, and those rates which are implied in actual transactions of lodging facilities.

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

DISCOUNT RATE (IRR) CONCLUSIONS

SOURCE	QUARTER	RANGE			AVG	LAST Q	LAST YR
PriceWaterhouse Coopers							
Full-Service	1Q 22	8.00%	to	11.25%	10.05%	10.15%	10.06%
Capitalization Vs Discount Spread					*270 bps*	*280 bps*	*201 bps*
Limited-Service	1Q 22	7.00%	to	11.00%	9.35%	9.55%	9.70%
Capitalization Vs Discount Spread					*47 bps*	*57 bps*	*52 bps*
Select-Service	1Q 22	8.00%	to	12.00%	10.05%	10.05%	10.23%
Capitalization Vs Discount Spread					*215 bps*	*210 bps*	*172 bps*
RealtyRates.com							
Full Service Facilities	1Q 22	5.85%	to	14.11%	11.31%	11.16%	10.84%
Capitalization Vs Discount Spread					*170 bps*	*146 bps*	*104 bps*
Limited Service Facilities	1Q 22	6.87%	to	16.81%	11.48%	11.37%	11.08%
Capitalization Vs Discount Spread					*154 bps*	*130 bps*	*88 bps*
AVERAGE		7.67%	to	11.42%	10.45%	10.46%	10.38%



CONSIDERATION OF INVESTMENT PARAMETERS

The potential investor pool for the subject asset includes national, regional and local investors. While all of these groups generally place emphasis on local capitalization rates, regional and national investors would also strongly consider national investment rate trends from investor surveys due to the potential to invest in other regions that are offering competitive rates of return. We have also considered the state of the hospitality industry overall within the U.S.

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

Salient Industry Observations

The industry will likely expand due to a rebounding global economy and increased tourism and business travel rates. IBISWorld expects industry revenue to rise an annualized 14.8% to $214.4 billion over the five years to 2025. This increase mainly stems from declining tourism and spending in 2020 due to the COVID-19 (coronavirus) pandemic. Many consumers canceled and postponed travel as the virus spread across the globe. Concerns about the pandemic are anticipated to subside early in the outlook period, enabling consumers to return to business and travel early. Additionally, many consumers that postponed travel will likely rebook, boosting demand. Furthermore, improvements in infrastructure and changes to domestic tax policy could benefit industry operators. Nonetheless, global markets may continue to experience significant volatility, affecting long-term demand from international travelers. Recent commodity price volatility and ongoing issues trade tensions have contributed to this uncertainty. These factors could potentially hamper demand from both international and domestic visitors over the next five years.

Over the past five years, demand for hotel rooms has outpaced supply, leading to higher room rates, which are commonly referred to as RevPAR. These inflated rates led to increasing industry revenue throughout the period. The resulting undersupply of hotel rooms has since enabled industry establishments to charge more and operate with lower vacancy rates. As a result, many operators have bought out smaller competitors to capitalize on this period of high profitability by expanding their market. Establishment growth overall has been slow during the five-year period, which is expected to keep RevPAR high, benefiting industry operators.

Over the next five years, the industry will likely benefit from improvements in the domestic and global economies as consumers recover from the economic effect of coronavirus and spend more freely on recreational activities, such as vacations and traveling. Consumer spending will likely increase an annualized 2.3% over the five years to 2025. Business spending is also forecast to increase in line with corporate profit, which will likely contribute to increased demand for hotels and motels from the corporate sector. Corporate profit will likely rise an annualized 0.2% over the five years to 2025. Corporations, which are a large market for the industry, will likely experience a slower recovery, as businesses find their new normal.

Investment in new hotel and motel rooms is expected to gradually return to growth due to a sustained boost in demand for tourist accommodation. Investment will likely be heavier early during the period as operators compensate for the dramatic decline in investment. Hotel development across the United States has consistently outpaced other top global regions. More specifically, research company Lodging Econometrics listed the United States as the top country in terms of the number of projects in development in 2021. Consequently, IBISWorld expects the number of industry establishments to increase an annualized 2.9% to 111,639 locations over the five years to 2025. This new supply of rooms will likely temper industry revenue growth, as existing operators seeking to remain price-competitive will likely be hesitant to increase room rates. Consequently, industry revenue is forecast to increase at an annualized rate of 1.6% to $209.8 billion over the five years to 2025.

Subject Property Considerations

Other observations about the subject property which had a bearing on our selection of investment parameters include the following:

› The subject's room rate structure is above average in the marketplace. We believe the subject will be able to post increases in ADR prior to the date of stabilization, with gains approximately representative of inflation each year thereafter.

› The subject property is currently owned on a Fee Simple basis with no known encumbering characteristics which would negatively impact its marketability.

› The subject includes a more dated, exterior-corridor design appeal in the market.

› The subject appears to have been well maintained and offers average to good quality and appeal considering the vintage, as well as a unique level of property amenities in the larger market area, which will be expected to drive occupancy of the subject above the typical levels of the area.

› As previously discussed, the subject is expected to post improving operating performance over the next few years. While we believe this improvement is supported, it is still considered to be speculative and possess a certain degree of uncertainty. Such uncertainty plays a direct role in the return requirements a potential investor would command from the subject property. Over the assumed 10-year holding period, more volatile changes are noted early in the projection as the subject is expected to post improvement. Following the stabilized year, growth rates are expected to moderate and represent growth indicative of inflation. The following table illustrates growth rates for various departmental income and expense line items, measured in increments that are relevant to the stabilization period and the 10-year holding period.

GROWTH RATE ANALYSIS				
DEPARTMENTAL REVENUES	**Base Year to Year 1**	**Year 1 to Stabilized Year**	**Year 1 to Year 10**	**Stabilized Year to Year 10**
Rooms	28.3%	4.7%	3.4%	3.0%
Food & Beverage	199.9%	4.3%	3.3%	3.0%
Other Income	9.5%	3.9%	3.2%	3.0%
Total Departmental Revenues	**31.5%**	**4.7%**	**3.4%**	**3.0%**
DEPARTMENTAL COSTS				
Rooms	22.3%	3.7%	3.2%	3.0%
Food & Beverage	155.6%	3.9%	3.2%	3.0%
Other Income	12.0%	3.4%	3.1%	3.0%
Total Departmental Costs	**33.5%**	**3.7%**	**3.2%**	**3.0%**
DEPARTMENTAL INCOME	**30.6%**	**5.1%**	**3.5%**	**3.0%**
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	22.6%	3.4%	3.1%	3.0%
Marketing	-10.4%	3.7%	3.1%	3.0%
Property Operations & Maintenance	4.7%	3.4%	3.1%	3.0%
Utilities	12.3%	3.4%	3.1%	3.0%
Total Undist. Oper. Expenses	**7.2%**	**3.5%**	**3.1%**	**3.0%**
MANAGEMENT FEES				
Base Management Fee	-	4.7%	3.4%	3.0%
HOUSE PROFIT	**49.7%**	**6.3%**	**3.7%**	**3.0%**

› Part of the reason hotel assets command higher returns relative to other asset classes is the fact that a sizable portion of the asset's overall value is comprised by furniture, fixtures and equipment. Based on our review of the subject, we have concluded that the value of the FF&E as new is approximately $25,000 per unit, or a total replacement cost of $6,025,000. Although hotel FF&E typically have a useful life of five to ten years, depreciation of these assets occurs at a much faster rate than straight-line and depreciate immediately upon being placed into service. As will be further discussed, the contributory value of the subject's FF&E at the commencement of the projection period bears an effective age of 3.0 years with an economic life of 7.0 years. Such velocity in the depreciation of this component, along with the human labor required to maintain not only the FF&E but most public areas of the property, causes prudent investors to require higher rates of return.

› As will be further discussed, we have researched various hotel transactions in the region. Based on information which was revealed during our verification process of these hotel sales, capitalization rates ranged from 8.00% to 8.65% with an average of 8.38%. The following table summarizes this transaction information:

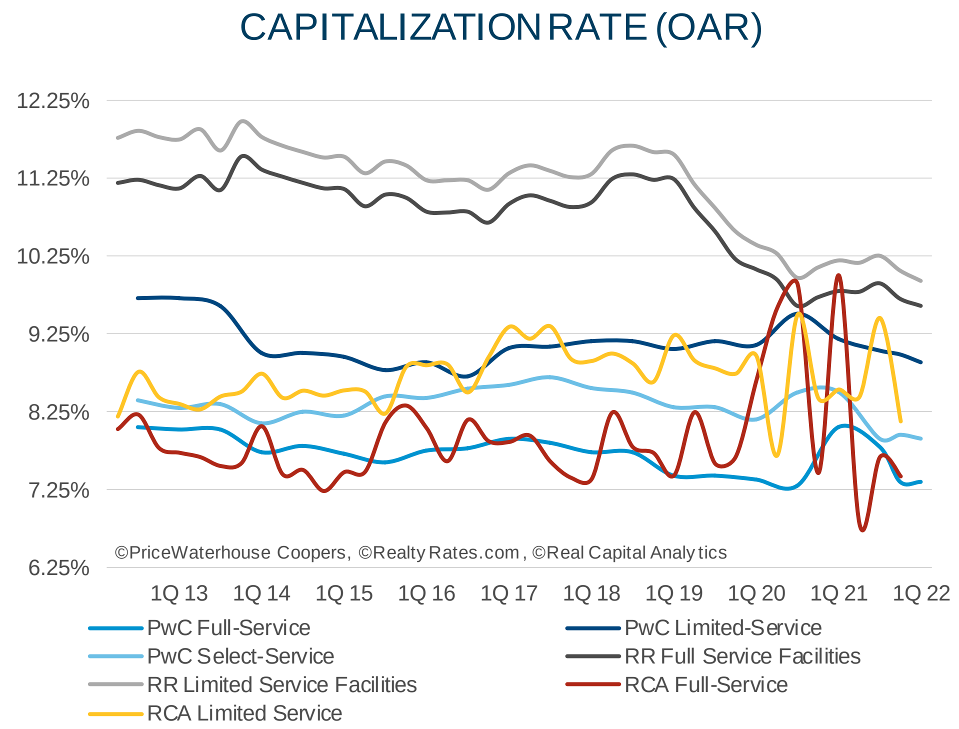
Transactional Summary - Comparable Improved Sales				
Range Level	**Sale Date**	**Sale Price**	**$/Unit**	**OAR**
Low	Nov-18	$10,500,000	$78,358	8.00%
Average	Dec-20	$30,300,000	$102,936	8.38%
High	Apr-22	$53,500,000	$137,500	8.65%

IMPLIED DIRECT CAPITALIZATION METRIC

After considering all of the physical characteristics of the subject and the risk profile associated with its anticipated economic benefits, we have concluded that this property has an overall rating that is good when measured against other properties in this marketplace. In general, we believe that the subject investment would command a discount rate of 10.50% and a terminal capitalization rate of 8.50%.

As will be illustrated in greater detail later in this section, the calculated implied overall capitalization rate of the subject (measured against the year-one net operating income after the application of all capital costs over and above reserves) is 7.7%. We have cross-checked this going-in rate with the PwC surveys for full-service hotels and limited-service hotels. The results of the survey are below.

CAPITALIZATION RATE SURVEYS (OAR)							
SOURCE	**QUARTER**	**RANGE**			**AVG**	**LAST Q**	**LAST YR**
PriceWaterhouse Coopers							
Full-Service	1Q 22	5.50%	to	9.00%	7.35%	7.35%	8.05%
Limited-Service	1Q 22	7.00%	to	10.50%	8.88%	8.98%	9.18%
Select-Service	1Q 22	6.50%	to	9.50%	7.90%	7.95%	8.51%
RealtyRates.com							
Full Service Facilities	1Q 22	4.60%	to	13.17%	9.61%	9.70%	9.80%
Limited Service Facilities	1Q 22	5.70%	to	15.74%	9.94%	10.07%	10.20%
Real Capital Analytics							
Full-Service	4Q 21	-		-	7.42%	7.67%	7.46%
Limited Service	4Q 21	-		-	8.13%	9.46%	8.43%
AVERAGE		**5.86%**	**to**	**11.58%**	**8.74%**	**8.74%**	**8.80%**



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

DISCOUNTED CASH FLOW CONCLUSION

The projection of net operating income and the resulting discounted cash flow are presented on the following tables. The following are key inputs to the valuation:

Discount Rate:	10.50% (annually)
Terminal Capitalization Rate:	8.50% (applied to the 11th year NOI)
Holding Period:	10 years
Closing Costs:	2.00% (deducted from the projected sale price)
Projection Commencement:	August 23, 2022
Date of Stabilization:	August 23, 2024 (Year 3)
Reversion Year:	2031/32 (Year 10)

Discounted Cash Flow Analysis

Calculation of Market Value, As Is
Flamingo Waterpark Resort

Projection Period	Projection Year	Net Operating Income (NOI)		Discount Factor	Present Value of NOI	Cash on Cash Return	Composition of Value
				10.50%			
1	2022/23	$1,576,248	x	0.90498	$1,426,469	7.69%	6.96%
2	2023/24	$1,703,593	x	0.81898	$1,395,216	8.31%	6.80%
3	2024/25 (Stabilized)	$1,754,729	x	0.74116	$1,300,539	8.56%	6.34%
4	2025/26	$1,807,352	x	0.67073	$1,212,254	8.82%	5.91%
5	2026/27	$1,861,395	x	0.60700	$1,129,867	9.08%	5.51%
6	2027/28	$1,917,256	x	0.54932	$1,053,189	9.35%	5.14%
7	2028/29	$1,974,862	x	0.49712	$981,750	9.63%	4.79%
8	2029/30	$2,034,141	x	0.44989	$915,130	9.92%	4.46%
9	2030/31	$2,095,015	x	0.40714	$852,956	10.22%	4.16%
10	2031/32	$2,157,875	x	0.36845	$795,067	10.53%	3.88%
Total/Net Present Value of NOI:		**$18,882,467**			**$11,062,436**	**9.21%**	**53.95%**

Reversion Analysis

Proj. Period	Projection Year	NOI (EBITDA)		Concluded Terminal Rate	Reversion Value
11	2032/33	$2,222,611	÷	**8.50%**	$26,148,369
Less: Transactional Costs			x	**2.00%**	-$522,967
Net Reversion					$25,625,401
Discount Factor				0.36845	
Total Present Value of Reversion					$9,441,650
Composition of Value					46.05%
Value Prior to Capital Deductions					**$20,504,086**

Capital Deductions

Projection Period	Projection Year	Capital Expenditures	Reserves for Replacement	CapX Over Reserves	Discount Factor	PV of CapX Over Reserves
0	Immediate	$0	$0	$0	1.00000	$0
1	2022/23	$0	$228,398	$0	0.90498	$0
2	2023/24	$0	$242,893	$0	0.81898	$0
3	2024/25	$0	$250,181	$0	0.74116	$0
					Total PV Capital Deduction	**$0**
					Composition of Value	0.00%

Plus: One-Time Adjustment	$0
Indicated Calculation of Market Value, As Is	$20,504,086
Rounded	**$20,500,000**
Per Room	**$85,062**

Valuation Analysis

Flamingo Waterpark Resort

Indicated Calculation of Market Value, As Is	$20,504,086
Rounded	**$20,500,000**
Number of Rooms	241
Value Estimate Per Room	$85,062

Analysis Period:	**Historical Calendar Year**	**First 2022/23**	**Stabilized 2024/25**	**Stabilized Deflated to**
Projection Period:	-	**1**	**3**	**2022/23**
Room Revenue Multiplier	6.10	4.06	3.70	3.92
Gross Revenue Multiplier	5.33	3.59	3.28	3.48
Net Operating Income*	$671,773	$1,576,248	$1,754,729	$1,654,001
Implied Capitalization Rate	3.28%	7.69%	8.56%	8.07%
Implied Capitalization Rate, After CapX	3.28%	7.69%	8.56%	8.07%

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

OPINION OF PROSPECTIVE MARKET VALUE UPON STABILIZATION

A prospective value opinion is defined as:

> The value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

In this analysis we have considered an opinion of the Prospective Market Value Upon Stabilization for the subject property. Based upon our projections as detailed in the Income Capitalization Approach, this event is assumed to occur on or about August 23, 2024.

Please note that the IRR selected for the stabilized holding period is lower than the IRR selection for the initial 10-year projection. The lower investment return is due to the notion that there is less ramp-up risk inherent in the cash flows for the latter projection period. Furthermore, beyond the stabilized year, it is likely that a prudent investor would recognize that the property will have achieved a fairly stable patron base with repeat accommodations.

On the following pages are the net operating income projections and the discounted cash flow analysis for the Prospective Market Value Upon Stabilization.

Ten-Year Projection of Income and Expense - Prospective Market Value Upon Stabilization

FLAMINGO WATERPARK RESORT

Period:	2024/25 (Stabilized)		2025/26		2026/27		2027/28		2028/29	
Projection Year:	3		4		5		6		7	
Days Open:	365		365		365		365		365	
Number of Rooms:	241		241		241		241		241	
Occupied Rooms:	59,816		59,816		59,816		59,816		59,816	
Occupancy Rate:	68.0%		68.0%		68.0%		68.0%		68.0%	
Average Daily Room Rate (ADR):	$92.68		$95.46		$98.32		$101.27		$104.31	
Revenue Per Avail. Room (RevPAR):	$63.02		$64.91		$66.86		$68.86		$70.93	
DEPARTMENTAL REVENUES	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total
Rooms	$5,543,747	88.6%	$5,710,035	88.6%	$5,881,109	88.6%	$6,057,566	88.6%	$6,239,407	88.6%
Food & Beverage	$435,935	7.0%	$449,012	7.0%	$462,469	7.0%	$476,344	7.0%	$490,641	7.0%
Other Income	$274,850	4.4%	$283,094	4.4%	$291,582	4.4%	$300,330	4.4%	$309,342	4.4%
Total Departmental Revenues	$6,254,532	100.0%	$6,442,142	100.0%	$6,635,159	100.0%	$6,834,240	100.0%	$7,039,391	100.0%
DEPARTMENTAL COSTS										
Rooms	$1,334,819	24.1%	$1,374,861	24.1%	$1,416,085	24.1%	$1,458,570	24.1%	$1,502,338	24.1%
Food & Beverage	$397,005	91.1%	$408,914	91.1%	$421,174	91.1%	$433,810	91.1%	$446,828	91.1%
Other Income	$161,398	58.7%	$166,240	58.7%	$171,226	58.7%	$176,362	58.7%	$181,654	58.7%
Total Departmental Costs	$1,893,222	30.3%	$1,950,015	30.3%	$2,008,484	30.3%	$2,068,742	30.3%	$2,130,820	30.3%
DEPARTMENTAL INCOME	$4,361,310	69.7%	$4,492,126	69.7%	$4,626,675	69.7%	$4,765,498	69.7%	$4,908,570	69.7%
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	$447,813	7.2%	$461,247	7.2%	$475,080	7.2%	$489,333	7.2%	$504,015	7.2%
Marketing	$316,858	5.1%	$326,363	5.1%	$336,149	5.1%	$346,234	5.1%	$356,624	5.1%
Property Operations & Maintenance	$447,813	7.2%	$461,247	7.2%	$475,080	7.2%	$489,333	7.2%	$504,015	7.2%
Utilities	$492,595	7.9%	$507,372	7.9%	$522,588	7.9%	$538,266	7.9%	$554,417	7.9%
Total Undist. Oper. Expenses	$1,705,080	27.3%	$1,756,230	27.3%	$1,808,898	27.3%	$1,863,167	27.3%	$1,919,071	27.3%
MANAGEMENT FEES										
Base Management Fee	$187,636	3.0%	$193,264	3.0%	$199,055	3.0%	$205,027	3.0%	$211,182	3.0%
HOUSE PROFIT	$2,468,594	39.5%	$2,542,632	39.5%	$2,618,723	39.5%	$2,697,304	39.5%	$2,778,317	39.5%
FIXED CHARGES										
Property Taxes	$248,982	4.0%	$256,451	4.0%	$264,145	4.0%	$272,069	4.0%	$280,231	4.0%
Insurance	$214,701	3.4%	$221,142	3.4%	$227,777	3.4%	$234,610	3.4%	$241,648	3.4%
Reserve for Replacement	$250,181	4.0%	$257,686	4.0%	$265,406	4.0%	$273,370	4.0%	$281,576	4.0%
Total Fixed Charges	$713,865	11.4%	$735,279	11.4%	$757,328	11.4%	$780,049	11.4%	$803,455	11.4%
NET OPERATING INCOME	$1,754,729	28.1%	$1,807,352	28.1%	$1,861,395	28.1%	$1,917,256	28.1%	$1,974,862	28.1%

Period:	2029/30		2030/31		2031/32		2032/33		2033/34	
Projection Year:	8		9		10		11		12	
Days Open:	365		365		365		365		365	
Number of Rooms:	241		241		241		241		241	
Occupied Rooms:	59,816		59,816		59,816		59,816		59,816	
Occupancy Rate:	68.0%		68.0%		68.0%		68.0%		68.0%	
Average Daily Room Rate (ADR):	$107.44		$110.66		$113.98		$117.40		$120.92	
Revenue Per Avail. Room (RevPAR):	$73.06		$75.25		$77.51		$79.83		$82.23	
DEPARTMENTAL REVENUES	$	% Total	$	% Total	$	% Total	$	% Total	$	% Total
Rooms	$6,426,631	88.6%	$6,619,239	88.6%	$6,817,828	88.6%	$7,022,363	88.6%	$7,233,033	88.6%
Food & Beverage	$505,363	7.0%	$520,512	7.0%	$536,129	7.0%	$552,212	7.0%	$568,779	7.0%
Other Income	$318,624	4.4%	$328,178	4.4%	$338,023	4.4%	$348,164	4.4%	$358,609	4.4%
Total Departmental Revenues	$7,250,618	100.0%	$7,467,929	100.0%	$7,691,980	100.0%	$7,922,739	100.0%	$8,160,421	100.0%
DEPARTMENTAL COSTS										
Rooms	$1,547,412	24.1%	$1,593,816	24.1%	$1,641,632	24.1%	$1,690,881	24.1%	$1,741,607	24.1%
Food & Beverage	$460,234	91.1%	$474,034	91.1%	$488,256	91.1%	$502,904	91.1%	$517,991	91.1%
Other Income	$187,104	58.7%	$192,716	58.7%	$198,497	58.7%	$204,452	58.7%	$210,586	58.7%
Total Departmental Costs	$2,194,751	30.3%	$2,260,566	30.3%	$2,328,385	30.3%	$2,398,237	30.3%	$2,470,184	30.3%
DEPARTMENTAL INCOME	$5,055,867	69.7%	$5,207,362	69.7%	$5,363,595	69.7%	$5,524,502	69.7%	$5,690,237	69.7%
UNDISTRIBUTED OPERATING EXPENSES										
Administrative & General	$519,137	7.2%	$534,707	7.2%	$550,748	7.2%	$567,271	7.2%	$584,289	7.2%
Marketing	$367,323	5.1%	$378,339	5.1%	$389,689	5.1%	$401,380	5.1%	$413,421	5.1%
Property Operations & Maintenance	$519,137	7.2%	$534,707	7.2%	$550,748	7.2%	$567,271	7.2%	$584,289	7.2%
Utilities	$571,050	7.9%	$588,178	7.9%	$605,823	7.9%	$623,998	7.9%	$642,718	7.9%
Total Undist. Oper. Expenses	$1,976,647	27.3%	$2,035,930	27.3%	$2,097,009	27.3%	$2,159,919	27.3%	$2,224,717	27.3%
MANAGEMENT FEES										
Base Management Fee	$217,519	3.0%	$224,038	3.0%	$230,759	3.0%	$237,682	3.0%	$244,813	3.0%
HOUSE PROFIT	$2,861,702	39.5%	$2,947,394	39.5%	$3,035,826	39.5%	$3,126,901	39.5%	$3,220,708	39.5%
FIXED CHARGES										
Property Taxes	$288,638	4.0%	$297,298	4.0%	$306,216	4.0%	$315,403	4.0%	$324,865	4.0%
Insurance	$248,898	3.4%	$256,364	3.4%	$264,055	3.4%	$271,977	3.4%	$280,136	3.4%
Reserve for Replacement	$290,025	4.0%	$298,717	4.0%	$307,679	4.0%	$316,910	4.0%	$326,417	4.0%
Total Fixed Charges	$827,561	11.4%	$852,379	11.4%	$877,951	11.4%	$904,290	11.4%	$931,418	11.4%
NET OPERATING INCOME	$2,034,141	28.1%	$2,095,015	28.1%	$2,157,875	28.1%	$2,222,611	28.1%	$2,289,290	28.1%

Discounted Cash Flow Analysis

Calculation of Prospective Market Value, Upon Stabilization
Flamingo Waterpark Resort

Projection Period	Projection Year	Net Operating Income (NOI)		Discount Factor	Present Value of NOI	Cash on Cash Return	Composition of Value
				10.00%	(in 2024/25 dollars)		
3	2024/25 (Stabilized)	$1,754,729	x	0.90909	$1,595,208	7.76%	7.07%
4	2025/26	$1,807,352	x	0.82645	$1,493,680	8.00%	6.62%
5	2026/27	$1,861,395	x	0.75131	$1,398,494	8.24%	6.20%
6	2027/28	$1,917,256	x	0.68301	$1,309,511	8.48%	5.80%
7	2028/29	$1,974,862	x	0.62092	$1,226,234	8.74%	5.44%
8	2029/30	$2,034,141	x	0.56447	$1,148,220	9.00%	5.09%
9	2030/31	$2,095,015	x	0.51316	$1,075,074	9.27%	4.77%
10	2031/32	$2,157,875	x	0.46651	$1,006,665	9.55%	4.46%
11	2032/33	$2,222,611	x	0.42410	$942,604	9.83%	4.18%
12	2033/34	$2,289,290	x	0.38554	$882,620	10.13%	3.91%
Total/Net Present Value of NOI:		**$20,114,527**			**$12,078,310**	**8.90%**	**53.54%**

Reversion Analysis

Proj. Period	Projection Year	NOI (EBITDA)		Concluded Terminal Rate	Reversion Value
13	2034/35	$2,357,968	÷	**8.50%**	$27,740,804
Less: Transactional Costs			x	**2.00%**	-$554,816
Net Reversion					$27,185,988
Discount Factor				0.38554	
Total Present Value of Reversion					$10,481,375
Composition of Value					46.46%
Value Prior to Capital Deductions					**$22,559,685**

Less Capital Deductions

Projection Period	Projection Year	Capital Expenditures	Reserves for Replacement	CapX Over Reserves	Discount Factor	PV of CapX Over Reserves
3	2024/25	$0	$250,181	$0	0.75131	$0
4	2025/26	$0	$257,686	$0	0.68301	$0
5	2026/27	$0	$265,406	$0	0.62092	$0
					Total Capital Deduction	**$0**
					Composition of Value	0.00%

Plus: One-Time Adjustment	$0
Indicated Prospective Market Value, Upon Stabilization	$22,559,685
Rounded	**$22,600,000**
Per Room	**$93,776**

Valuation Analysis and Conclusions

Flamingo Waterpark Resort

Indicated Prospective Market Value, Upon Stabilization	$22,559,685
Rounded	**$22,600,000**
Number of Rooms	241
Value Estimate Per Room	$93,776

Analysis Period:	**Historical Calendar Year**	**First 2022/23**	**Stabilized 2024/25**	**Trend Average**
Projection Period:	-	**1**	**3**	**-**
Room Revenue Multiplier	6.73	4.47	4.08	5.09
Gross Revenue Multiplier	5.87	3.96	3.61	4.48
Net Operating Income*	$671,773	$1,576,248	$1,754,729	$1,334,250
Implied Capitalization Rate	2.98%	6.99%	7.78%	5.91%
Capitalization Rate, After CapX	2.97%	6.97%	7.76%	5.90%

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

DIRECT CAPITALIZATION METHOD

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

Development of Capitalization Rate

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

› Comparable Sales (Sales Comparison Approach)
› Investor Surveys
› Mortgage Equity Technique

Comparable Sales

The following table presents a summary of the overall rates that were observed from the comparable sales used in the Sales Comparison Approach, which will be detailed later in this report:

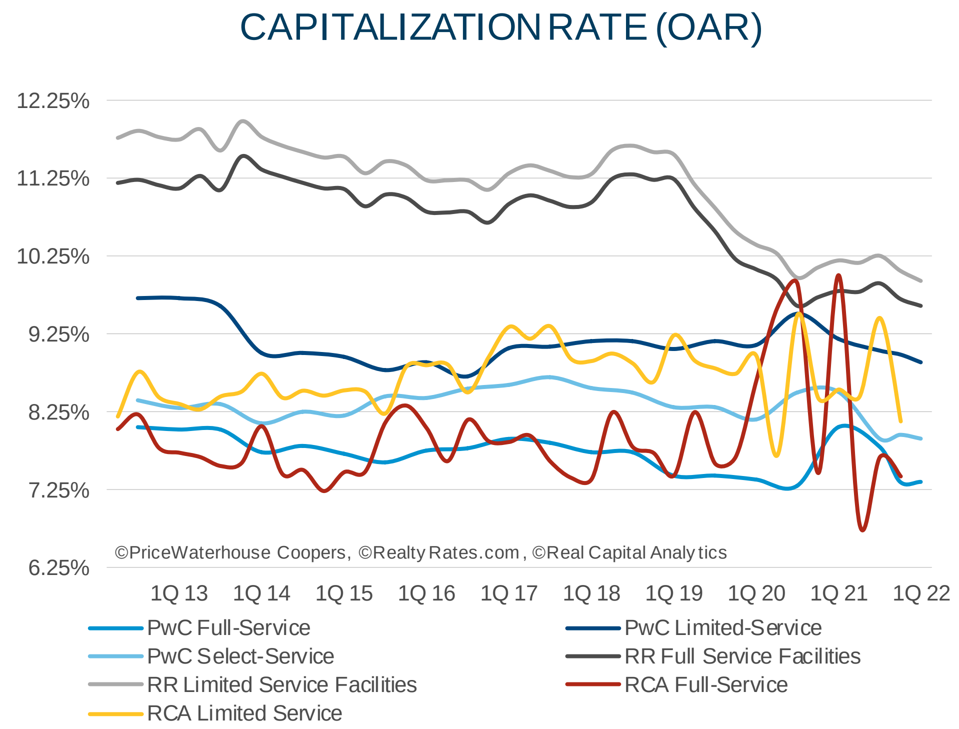
Transactional Summary - Comparable Improved Sales				
Range Level	Sale Date	Sale Price	$/Unit	OAR
Low	Nov-18	$10,500,000	$78,358	8.00%
Average	Dec-20	$30,300,000	$102,936	8.38%
High	Apr-22	$53,500,000	$137,500	8.65%

Investor Surveys

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

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

CAPITALIZATION RATE SURVEYS (OAR)							
SOURCE	QUARTER	RANGE			AVG	LAST Q	LAST YR
PriceWaterhouse Coopers							
Full-Service	1Q 22	5.50%	to	9.00%	7.35%	7.35%	8.05%
Limited-Service	1Q 22	7.00%	to	10.50%	8.88%	8.98%	9.18%
Select-Service	1Q 22	6.50%	to	9.50%	7.90%	7.95%	8.51%
RealtyRates.com							
Full Service Facilities	1Q 22	4.60%	to	13.17%	9.61%	9.70%	9.80%
Limited Service Facilities	1Q 22	5.70%	to	15.74%	9.94%	10.07%	10.20%
Real Capital Analytics							
Full-Service	4Q 21	-		-	7.42%	7.67%	7.46%
Limited Service	4Q 21	-		-	8.13%	9.46%	8.43%
AVERAGE		**5.86%**	**to**	**11.58%**	**8.74%**	**8.74%**	**8.80%**



Mortgage Equity Technique

Most properties are purchased with debt and equity capital; therefore, the overall capitalization rate must satisfy the market return requirements of both investment positions. The lender/mortgagee must anticipate a rate of return that is appropriate for the investment's perceived risk in order to make the loan; the loan principal is typically repaid through periodic amortization payments. The equity investor/mortgagor must also anticipate a rate of return that is commensurate with the investment's perceived risk or they opt for an alternative investment.

Mortgage-equity analysis is defined by The Dictionary of Real Estate Appraisal as:

> *Capitalization and investment analysis procedures that recognize how mortgage terms and equity requirements affect the value of income-producing property*.

This analysis is also known as the Ellwood Formula, which is defined as a "yield capitalization method that provides a formulaic solution for developing a capitalization rate for various combinations of equity yields and mortgage terms. The formula is applicable only to properties with stable or stabilized income streams and properties with income streams expected to change according to the J- or K-factor pattern." Thus, rates of return for debt and equity are analyzed as well as anticipated changes in both income and value.

The mortgage-equity procedure developed by Charles B. Akerson substitutes an arithmetic format for the algebraic equation in the Ellwood formula. This format is applicable to level income situations; when modified with the J or K factors, it can also be applied to changing income situations.

In the following sections, we discuss the various components used in the Akerson formula, which are then followed by a calculation of the overall capitalization rate.

Mortgage Rate

The following mortgage interest rate is based on periodic conversations with representatives of lending institutions providing local mortgage financing. Thus, given the physical and economic characteristics of the subject property, and on the basis of our research, the market terms for conventional loans made on properties similar to the subject are as follows:

MORTGAGE COMPONENT	
Market-Oriented Loan Terms	
Mortgage Rate	5.00%
Amortization Term (Years)	25
Number of Payments	300
Loan-to-Value Ratio	75.00%
Equity Ratio	25.00%
Mortgage Constant (RM)	0.07015

The preceding data are used in the development of an overall capitalization rate for the subject property.

The capitalization rate for debt (indicated in the preceding table) is known as the mortgage constant; it is the ratio of annual debt service to the principal amount of the mortgage loan. The Present Value Factor can be obtained from financial tables that show the six functions of a dollar.

Equity Yield Rate

The Appraisal Institute defines equity yield rate as a rate of return on equity capital over the investment period. It is the equity investor's internal rate of return. The equity yield rate that will be employed in this analysis is a reflection of current rates of return sought by equity investors.

The following table summarizes the equity yield rate that is employed in this analysis:

EQUITY COMPONENT	
Equity Ratio	25.00%
Equity Yield Rate	20.75%

Projection Assumptions

Projection assumptions are as follows:

PROJECTION ASSUMPTIONS	
Projection Period	10 Years
Annual Appreciation/Depreciation	4.00% per Year
Total Appreciation/Depreciation	48.02%

The projection period represents a typical holding period for commercial real estate; this projected holding period is also consistent with the typical discounted cash flow projections. The annual appreciation/depreciation is projected based on our view of current market conditions as well as future conditions anticipated during the holding period. Both assumptions are considered reasonable for the subject property. The Sinking Fund Factor that is employed in this analysis is calculated based on the estimated Equity Yield Rate and the Projection Period. The portion of the loan that is paid off during the projection period is calculated based on the mortgage rate, mortgage amortization term and the length of the projection period.

The sinking fund factor and the percentage of the loan paid off during the projection period, which are calculated based on the foregoing assumptions, are as follows:

SINKING FUND FACTOR PERCENTAGE PAID OFF	
Sinking Fund Factor	3.71%
Percentage of Loan Paid Off	26.08%

Calculation of Overall Capitalization Rate

The calculation of the overall capitalization rate (Ro) using the mortgage-equity technique is as follows:

MORTGAGE AND EQUITY ANALYSIS								
Loan-to-Value Ratio x Mortgage Constant	=			75.00%	x	7.02%	=	5.26%
Equity Ratio x Equity Yield Rate	=			25.00%	x	20.75%	=	5.19%
Weighted Average								10.45%
Less Credit for Equity Build-up								
Loan-to-Value Ratio x % of Loan Paid off x Sinking Fund Factor	=	75.00%	x	26.08%	x	3.71%	=	0.73%
Basic Rate								9.72%
Less Appreciation/Depreciation								
Appreciation/Depreciation x Sinking Fund Factor	=			48.02%	x	3.71%	=	1.78%
Indicated Overall Capitalization Rate								**7.94%**

As previously discussed, we have determined that a terminal capitalization rate of 8.50% is appropriate and supportable for the subject asset. In determining the overall, or “going in” rate, we have considered all of the risk characteristics of the subject property and its local market. Based on our analysis, we believe that a going-in capitalization rate that would be recognized by a prudent investor would have a spread of 50 bps from the terminal capitalization rate. A spread is normally accounted for and intended to reflect the difference in uncertainty in market conditions between the two time periods, as well as the overall expected condition of the subject property and its competitive position in the market.

As will be further discussed, we have researched various hotel transactions in the region. Based on information which was revealed during our verification process of these hotel sales, capitalization rates ranged from 8.00% to 8.65% with an average of 8.38%. In addition, we routinely conduct participant interviews regarding capitalization rates and investment parameters for assets such as the subject. Responses seem to be in-line with our conclusions, although we have not relied on these responses given the respondents’ lack of knowledge of the subject’s economics.

Supplemental Capitalization Rates

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

REGIONAL HOTEL TRANSACTIONS							
PROPERTY NAME	CITY	STATE	SALE DATE	ROOMS	SALE PRICE	$/ROOM	CAP RATE
Knights Inn	Plant City	FL	Contract	174	$8,400,000	$48,276	10.00%
Staybridge Suites Airport South	Orlando	FL	Offer	135	$22,300,000	$165,185	7.60%
Inn on Fifth	Naples	FL	May-22	119	$156,000,000	$1,310,924	5.00%
Quality Inn	Orlando	FL	Apr-22	200	$18,000,000	$90,000	8.50%
Best Western Apalach Inn	Apalachicola	FL	Mar-22	42	$4,300,000	$102,381	8.75%
MiCasa Hotel (Former Quality Inn)	Orlando	FL	Mar-22	214	$12,750,000	$59,579	8.56%
Days Inn Casselberry	Fern Park	FL	Mar-22	75	$3,600,000	$48,000	9.90%
Hampton Inn & Suites Historic Downtown	Bradenton	FL	Feb-22	119	$26,000,000	$218,487	7.80%
Hampton Inn & Suites Tampa-Busch Gardens	Tampa	FL	Feb-22	84	$14,400,000	$171,429	7.75%
Holiday Inn Express & Suites	Brandon	FL	Jan-22	119	$16,000,000	$134,454	8.10%
La Quinta Inn & Suites - USF	Tampa	FL	Jan-22	109	$6,800,000	$62,385	9.00%
Aloft Jacksonville Airport	Jacksonville	FL	Dec-21	136	$19,500,000	$143,382	7.10%
Red Roof Inn	Orlando	FL	Dec-21	134	$10,500,000	$78,358	8.60%
Autograph Collection The Ben	West Palm Beach	FL	Oct-21	208	$106,400,000	$511,538	-
The Neptune Resort	Fort Myers Beach	FL	Oct-21	71	$27,000,000	$380,282	-
Travelodge	North Fort Myers	FL	Sep-21	126	$4,425,000	$35,119	8.75%
Comfort Suites W Jacksonville	Jacksonville	FL	Sep-21	64	$6,100,000	$95,313	10.45%
Margaritaville Hollywood Beach Resort	Hollywood	FL	Sep-21	369	$270,000,000	$731,707	5.83%
Embassy Suites Atlanta Midtown	Atlanta	GA	Sep-21	181	$44,498,500	$245,848	-
Westin Tampa Waterside	Tampa	FL	Sep-21	309	$67,500,000	$218,447	-
Home2 Suites	Jacksonville	FL	Aug-21	106	$11,508,000	$108,566	-
Four Points by Sheraton Orlando I-Drive	Orlando	FL	Aug-21	301	$31,000,000	$102,990	-
Hampton Inn & Suites Atlanta Midtown	Atlanta	GA	Aug-21	186	$58,000,000	$311,828	8.25%
W Hotel Atlanta Midtown	Atlanta	GA	Jul-21	466	$160,000,000	$343,348	-
Dual Brand Hampton/Home2 Suites	Tampa	FL	Jul-21	213	$57,500,000	$269,953	-
Jekyll Island Club Resort	Jekyll Island	GA	Jul-21	198	$94,000,000	$474,747	7.02%
Tru by Hilton Atlanta Galleria Ballpark	Atlanta	GA	Jul-21	113	$14,771,000	$130,717	-
Creekside Inn Islamorada	Plantation Key	FL	Jul-21	38	$12,500,000	$328,947	8.00%
Four Seasons Hotel Miami	Miami	FL	Jul-21	221	$130,000,000	$588,235	-
Dolphin Inn	Fort Myers Beach	FL	Jul-21	22	$5,350,000	$243,182	9.00%
Hampton Inn	Melbourne	FL	Jul-21	88	$12,700,000	$144,318	-
Baker's Cay Resort - Curio Collection by Hilton	Key Largo	FL	Jul-21	200	$200,000,000	$1,000,000	6.20%
SpringHill Suites Lake Buena Vista/Marriott Village (Portfolio)	Orlando	FL	Jun-21	400	$47,261,834	$118,155	8.50%
Courtyard Lake Buena Vista/Marriott Village (Portfolio)	Orlando	FL	Jun-21	312	$36,864,075	$118,154	8.50%
Fairfield Inn Lake Buena Vista/Marriott Village (Portfolio)	Orlando	FL	Jun-21	388	$29,874,091	$76,995	8.50%
Bayfront Inn Hotel	Naples	FL	Jun-21	86	$17,000,000	$197,674	-
SpringHill Suites Navarre Beach	Navarre	FL	Jun-21	161	$42,700,000	$265,217	-
Marriott Hutchinson Island Beach Resort	Stuart	FL	May-21	274	$37,000,000	$135,036	-
Comfort Inn Ocala-Silver Springs	Ocala	FL	Mar-21	55	$5,200,000	$94,545	-
Hilton Garden Inn Ponte Vedra	Ponte Vedra Beach	FL	Mar-21	127	$18,000,000	$141,732	-
Comfort Inn & Suites	Deland	FL	Mar-21	68	$6,160,000	$90,588	-
La Quinta Inn & Suites	Lakeland	FL	Feb-21	103	$5,300,000	$51,456	-
Red Roof Inn - Tampa Fairgrounds	Tampa	FL	Feb-21	108	$5,700,000	$52,778	-
Sheraton Lake Buena Vista	Orlando	FL	Feb-21	486	$53,500,000	$110,082	-
Residence Inn Coconut Grove	Miami	FL	Feb-21	140	$31,000,000	$221,429	-
Islander Resort	Islamorada	FL	Jan-21	139	$57,000,000	$410,072	-
Hilton Carillon Park	St Petersburg	FL	Jan-21	227	$31,685,000	$139,581	-
Holiday Inn Express	Sebring	FL	Oct-20	66	$4,600,000	$69,697	-
La Quinta Inn & Suites	Deerfield Beach	FL	Sep-20	77	$5,700,000	$74,026	6.30%
Wingate By Wyndham	Tampa	FL	Aug-20	86	$7,500,000	$87,209	-
Candlewood Suites - Charleston	North Charleston	SC	Jul-20	125	$10,250,000	$82,000	9.00%
Candlewood Suites - Bluffton Hilton Head	Okatie	SC	Jul-20	124	$10,000,000	$80,645	9.00%
Fairfield Inn & Suites	Kissimmee	FL	Jun-20	150	$17,300,000	$115,333	-
Courtyard by Marriott	Boynton Beach	FL	Jun-20	170	$19,000,000	$111,765	9.54%
Hampton Inn Jacksonville-Baymeadows	Jacksonville	FL	May-20	102	$8,100,000	$79,412	8.00%
Fairfield Inn & Suites	Orange Beach	AL	Feb-20	116	$11,850,000	$102,155	7.64%
Hilton Garden Inn	Birmingham	AL	Feb-20	104	$8,000,000	$76,923	8.69%
Residence Inn by Marriott Amelia Island	Fernandina Beach	FL	Jan-20	133	$31,700,000	$238,346	7.50%
Hampton Inn Busch Gardens	Tampa	FL	Jan-20	84	$13,000,000	$154,762	8.35%
Residence Inn by Marriott	Weston	FL	Dec-19	100	$20,000,000	$200,000	8.00%
Sleep Inn Miami Airport	Miami Springs	FL	Dec-19	119	$10,300,000	$86,555	8.30%
Holiday Inn Express	Miami Springs	FL	Dec-19	110	$10,300,000	$93,636	8.10%
Courtyard by Marriott	Mobile	AL	Oct-19	78	$4,150,000	$53,205	8.80%
Comfort Inn	Atlanta	GA	Sep-19	80	$8,300,000	$103,750	8.00%
Hilton Garden Inn	Panama City	FL	Jul-19	111	$17,000,000	$153,153	-
Fairfield Inn	Destin	FL	Jun-19	100	$15,650,000	$156,500	-
Hampton Inn	Gainesville	FL	Jun-19	100	$10,200,000	$102,000	9.50%
Waldorf Astoria	Boca Raton	FL	Jun-19	1,047	$875,000,000	$835,721	6.40%
Hampton Inn & Suites	Panama City Beach	FL	May-19	182	$41,100,000	$225,824	-
Residence Inn	Cape Canaveral	FL	Mar-19	150	$37,300,000	$248,667	-
Home2 Suites	Orlando	FL	Mar-19	128	$20,700,000	$161,719	-
Renaissance Fort Lauderdale	Fort Lauderdale	FL	Mar-19	236	$63,200,000	$267,797	8.00%
Hampton Inn	Plantation	FL	Feb-19	128	$21,000,000	$164,063	8.00%
Home2 Suites	Pensacola	FL	Jan-19	106	$17,500,000	$165,094	8.30%
Towneplace Suites Westshore/Airport	Tampa	FL	Jan-19	121	$23,025,000	$190,289	8.40%
Springhill Suites	Fort Myers	FL	Jan-19	106	$13,300,000	$125,472	9.50%
Courtyard by Marriott	Fort Myers	FL	Jan-19	134	$31,000,000	$231,343	8.75%
			LOW	**56**	**$3,300,000**	**$36,184**	**5.00%**
			HIGH	**589**	**$875,000,000**	**$1,431,925**	**10.45%**
			AVERAGE	**150**	**$28,203,998**	**$158,115**	**8.23%**

Compiled by Colliers Hotel Group

Capitalization Rate Selection

We have considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a "going-in" capitalization rate (Ro) of **8.00%** represents reasonable investor criteria under market conditions which are expected to exist in the stabilized year. This selected rate is supported by both the PwC survey and the Mortgage-Equity analysis presented earlier in this section.

Direct Capitalization – Consideration of the Stabilized Year

In an effort to employ the Direct Capitalization Method, we first developed an opinion of prospective market value upon stabilization by dividing the stabilized year's net operating income by our selected overall capitalization rate. The following table illustrates the projected operating performance for the subject upon stabilization.

Stabilized Year Statement of Operations

Flamingo Waterpark Resort

Period:	**2024/25**	(Stabilized)		
Projection Year:	**3**			
Days Open:	**365**			
Number of Rooms:	**241**			
Occupied Rooms:	**59,816**			
Occupancy Rate:	**68.0%**			
Average Daily Room Rate (ADR):	**$92.68**			
Revenue Per Avail. Room (RevPAR):	**$63.02**			
DEPARTMENTAL REVENUES	**$**	**% Total**	**$ PAR**	**$ POR**
Rooms	$5,543,747	88.6%	$23,003	$92.68
Food & Beverage	$435,935	7.0%	$1,809	$7.29
Other Income	$274,850	4.4%	$1,140	$4.59
Total Departmental Revenues	**$6,254,532**	**100.0%**	**$25,952**	**$104.56**
DEPARTMENTAL COSTS				
Rooms	$1,334,819	24.1%	$5,539	$22.32
Food & Beverage	$397,005	91.1%	$1,647	$6.64
Other Income	$161,398	58.7%	$670	$2.70
Total Departmental Costs	**$1,893,222**	**30.3%**	**$7,856**	**$31.65**
DEPARTMENTAL INCOME	**$4,361,310**	**69.7%**	**$18,097**	**$72.91**
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	$447,813	7.2%	$1,858	$7.49
Marketing	$316,858	5.1%	$1,315	$5.30
Property Operations & Maintenance	$447,813	7.2%	$1,858	$7.49
Utilities	$492,595	7.9%	$2,044	$8.24
Total Undist. Oper. Expenses	**$1,705,080**	**27.3%**	**$7,075**	**$28.51**
MANAGEMENT FEES				
Base Management Fee	$187,636	3.0%	$779	$3.14
HOUSE PROFIT	**$2,468,594**	**39.5%**	**$10,243**	**$41.27**
FIXED CHARGES				
Property Taxes	$248,982	4.0%	$1,033	$4.16
Insurance	$214,701	3.4%	$891	$3.59
Reserve for Replacement	$250,181	4.0%	$1,038	$4.18
Total Fixed Charges	**$713,865**	**11.4%**	**$2,962**	**$11.93**
NET OPERATING INCOME	**$1,754,729**	**28.1%**	**$7,281**	**$29.34**
OPERATING RATIOS				
Food & Beverage to Rooms	7.9%			
Other Income to Rooms	5.0%			

To recap, we have considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a capitalization rate of 8.00% during this projection year represents reasonable investor criteria under market conditions anticipated to exist during the selected stabilized year of operations.

Our conclusion using the Direct Capitalization Method on a stabilized basis is as follows.

DIRECT CAPITALIZATION METHOD		
Calculation of Prospective Market Value, Upon Stabilization		
Net Operating Income	**$1,754,729**	
Sensitivity Analysis (0.25% OAR Spread)	**Value**	**Per Room**
Based on Low Range of 7.50%	$23,396,390	$97,080
Based on Reduced Rate of 7.75%	$22,641,668	$93,949
Based on Most Probable Range of 8.00%	$21,934,116	$91,013
Based on Elevated Rate of 8.25%	$21,269,446	$88,255
Based on High Range of 8.50%	$20,643,874	$85,659
Indicated Prospective Market Value	**$21,934,116**	**$91,013**
ROUNDED PROSPECTIVE MARKET VALUE	**$21,900,000**	**$90,871**

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

PRESENT VALUE CALCULATION		
Prospective Stabilized Market Value	**Value**	**Per Room**
Conclusion	**$21,900,000**	**$90,871**
Stabilization Year	3	
Resulting Holding Period	2	
Spread over Primary Discount Rate	100 bps	
Interim Discount Rate	11.50%	
Calculation of As Is Market Value		
Year 1 Cash Flow	$1,576,248	
Year 2 Cash Flow	$1,703,593	
Year 3 Cash Flow	$0	
Year 4 Cash Flow	$0	
Year 5 Cash Flow	$0	
Present Value of Interim Cash Flows at 11.5% IRR	$2,783,977	$11,552
Present Value of Stabilized Market Value at 11.5% IRR	$17,615,476	$73,093
Subtotal	**$20,399,453**	**$84,645**
Less: Near-term capital commitment (NPV)	$0	$0
Plus: One-Time Adjustment	$0	$0
Indicated Market Value As Is	$20,399,453	$84,645
As Is Market Value	**$20,400,000**	**$84,647**

Test of Reasonableness

Based on the selected discount rate or overall property yield, we have performed an analysis that assumes a leverage structure whereby, based on an assumed market yield rate for a mortgage position in the subject hotel, a yield to the equity position can be tested for reasonableness. The following table illustrates that, based upon the assumed debt structure of the subject hotel's market value as concluded by the discounted cash flow method, an equity investor would yield roughly 20.75% over a ten-year holding period. Based upon a review of the previously described hotel investor surveys, and our continuous discussions with active hotel equity and debt investors, the derived equity yield rate over a ten year holding period appears to be reasonable, and provides further support for our selected overall yield rate of 10.50%.

Internal Rate of Return Calculations					
Year	NOI	Debt Service	Cash Flow To Equity	Debt Coverage Ratio	Cash on Cash Return
Initial Investment (Prior to CapX)	($20,504,086)	($15,378,065)	(5,126,022)		
2022/23	$1,576,248	$1,078,784	$497,465	1.46	9.7%
2023/24	$1,703,593	$1,078,784	$624,810	1.58	12.2%
2024/25	$1,754,729	$1,078,784	$675,946	1.63	13.2%
2025/26	$1,807,352	$1,078,784	$728,569	1.68	14.2%
2026/27	$1,861,395	$1,078,784	$782,611	1.73	15.3%
2027/28	$1,917,256	$1,078,784	$838,472	1.78	16.4%
2028/29	$1,974,862	$1,078,784	$896,079	1.83	17.5%
2029/30	$2,034,141	$1,078,784	$955,357	1.89	18.6%
2030/31	$2,095,015	$1,078,784	$1,016,232	1.94	19.8%
2031/32	$27,848,013 [1]	$12,446,937 [2]	$15,401,075 [3]		
IRR	**10.52%**	**4.94%**	**20.72%**		
ROUNDED[4]	**10.50%**	**5.00%**	**20.75%**		

1 10th year's NOI plus net sale proceeds
2 10th year's debt service payment plus mortgage balance
3 10th year's NOI to equity plus net sale proceeds less mortgage balance
4 Rounded to the nearest 25 bps

RECONCILIATION WITHIN THE INCOME APPROACH

The following summarizes the final value conclusions for all values and approaches considered in this analysis:

RECONCILIATION: INCOME APPROACH		
Income Approach	**As Is**	**Upon Stabilization**
Discounted Cash Flow	$20,500,000	$22,600,000
Direct Capitalization Approach	$20,400,000	$21,900,000
Reconciled Value via Income Approach	**$20,500,000**	**$22,600,000**

We have placed primary emphasis on the Discounted Cash Flow because this mirrors the methodology used by investors of this type of property.

INTRODUCTION

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

UNIT OF COMPARISON

The most relevant unit of comparison is the price per room. This indicator best reflects the analysis used by buyers and sellers in this market for improved properties with similar design and utility.

COMPARABLE SELECTION

We performed a thorough search for similar improved sales in terms of property type, location, physical characteristics, and date of sale. In selecting comparables, emphasis was placed on confirming recent improved sales of properties that match the highest and best use, and buyer/seller profile of the subject property. Overall, the sales selected represent the best comparables available for this analysis.

PRESENTATION

The following table summarizes the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

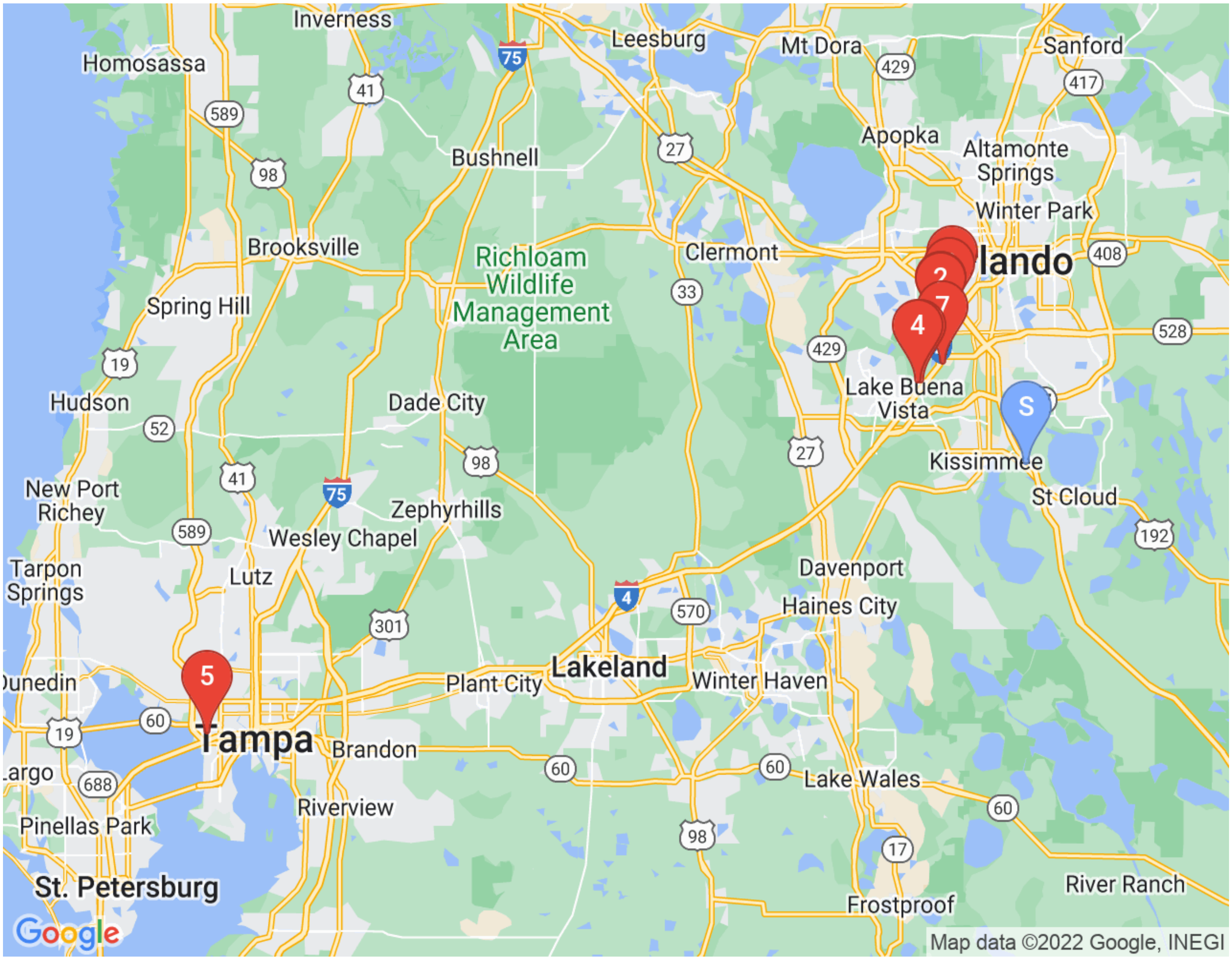
SALES COMPARABLE SUMMATION TABLE

Property Information						Transaction Information					
No.	**Property Name Address, City, State**	**Umbrella Co.**	**Orientation**	**Number of Units**	**Year Built**	**Grantor**	**Grantee**	**Sale Date**	**Sale Price**	**$/Unit**	**OAR**
S	**SUBJECT PROPERTY - 2261 E Irlo Bronson Memorial Highway Kissimmee, FL**	**Independent - Midscale Full-Service**	**Full-Service**	**241**	**1966**	**-**	**-**	**-**	**-**	**-**	**-**
1	Quality Inn At International Drive Orlando - 8300 Jamaican Ct Orlando, FL	Quality Inn	Limited-Service	200	1985	Sun Vista Hotels III LLC	HKB Investment Group	Apr-22	$18,000,000	$90,000	8.25%
2	Red Roof Inn - 8342 Jamaican Ct Orlando, FL	Red Roof Inn	Limited-Service	134	1989	QDI 1, LLC	HKB Hotel Group	Dec-21	$10,500,000	$78,358	8.60%
3	Four Points by Sheraton - 5905 International Drive Orlando, FL	Four Points	Select-Service	301	1974	Equity Management Partners, Inc.	Songy Highroads Llc	Aug-21	$31,000,000	$102,990	-
4	Sheraton Hotel Orlando Lake Buena Vista - 12205 South Apopka Vineland Road Orlando, FL	Sheraton	Full-Service	486	1986	Ares Real Estate Management Holdings LLC	L+R Hotels	Feb-21	$53,500,000	$110,082	-
5	Ramada by Wyndham Tampa Airport Westshore - 1200 North Westshore Boulevard	Ramada	Select-Service	237	1981	Equity Management Partners, Inc.	Cardinal Point Real Estate, LLC	Dec-21	$18,900,000	$79,747	-
6	Courtyard Lake Buena Vista - 8501 Palm Parkw ay Orlando, FL	Courtyard by Marriott	Select-Service	315	1989	Equity Management Partners, Inc.	CLBV Associates LLC	Aug-19	$33,500,000	$106,349	-
7	Hilton Garden Inn at Seaw orld - 6850 Westw ood Boulevard Orlando, FL	Hilton Garden Inn	Select-Service	224	2001	The Blackstone Group L.P.	MCR Orlando LLC	Nov-18	$30,800,000	$137,500	8.00%
8	Holiday Inn & Suites - 5905 South Kirkman Road Orlando, FL	Holiday Inn	Full-Service	390	1971	AVR Realty Company, LLC	InSite DC, LLC	Jan-20	$46,200,000	$118,462	8.65%

Transactional Summary - Comparable Improved Sales

Range Level	Sale Date	Sale Price	$/Unit	OAR
Low	Nov-18	$10,500,000	$78,358	8.00%
Average	Dec-20	$30,300,000	$102,936	8.38%
High	Apr-22	$53,500,000	$137,500	8.65%

SALES LOCATION MAP



IMPROVED SALES MAP KEY		
Property Name	City, ST	Pin No.
Flamingo Waterpark Resort	Kissimmee, FL	S
Quality Inn At International Drive Orlando	Orlando, FL	1
Red Roof Inn	Orlando, FL	2
Four Points by Sheraton	Orlando, FL	3
Sheraton Hotel Orlando Lake Buena Vista	Orlando, FL	4
Ramada by Wyndham Tampa Airport Westshore	Tampa, FL	5
Courtyard Lake Buena Vista	Orlando, FL	6
Hilton Garden Inn at Seaworld	Orlando, FL	7
Holiday Inn & Suites	Orlando, FL	8

OVERVIEW

Lodging investments are considered to be relatively eccentric when compared to other types of commercial real estate. Due to this implicit characteristic, any adjustments that are applied are highly subjective in nature and greatly diminish the reliability of the conclusions. As observers of hotel transactions, we note it is difficult to ascertain the actual motivation behind the buyer and/or seller. This is information that is crucial for determining the relevance of the transactions in an open-market environment.

Because an appraiser has no way of measuring these influences, it is impossible to determine with any degree of certainty whether the purchase price paid reflects an arm's-length transaction or, ultimately, market value. The level of comparability between the subject property and those in the selected set is usually so vague that any adjustments that are actually applied are heavily subjective in nature. Due to the potential for error in these adjustments, the reliability of this approach is limited. As such, it is our opinion that the use of the Sales Comparison Approach in valuing hotels is generally useful in establishing a range of value indicated by the Income Capitalization Approach.

Nevertheless, we have employed the Percentage Adjustment Method in an effort to ascertain a potential range in market value for the subject property. The following text summarizes our observations and assumptions.

IMPROVED SALE TRANSACTION NOTES

Sale No. 1

Quality Inn At International Drive Orlando was acquired by HKB Investment Group in April 2022 from Sun Vista Hotels III LLC for a total consideration of $18,000,000. This amounts to an acquisition price of $90,000 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale is reported to be approximately 8.25%. This sale, which is located at 8300 Jamaican Ct in Orlando, is a limited-service hotel that features 200 guest units. This property was constructed in 1985. The hotel was affiliated with the Quality Inn brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 7%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject (demographic characteristics, market size, etc.) and that its age, quality and condition collectively is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Utility for this sale (access, visibility, parking, site shape, etc.) is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally similar relative to the subject.

Sale No. 2

Red Roof Inn was acquired by HKB Hotel Group in December 2021 from QDI 1, LLC for a total consideration of $10,500,000. This amounts to an acquisition price of $78,358 per room. This sale involved a single-asset transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 8%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its age, quality and condition collectively is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. The overall capitalization rate at the time of sale is reported to be approximately 8.60%. This sale, which is located at 8342 Jamaican Ct in Orlando, is a limited-service hotel that features 134 guest units. This property was constructed in 1989. This sale involved a hotel that was affiliated with the Red Roof Inn brand at the time of transaction. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 3

Four Points by Sheraton was acquired by Songy Highroads Llc in August 2021 from Equity Management Partners, Inc. for a total consideration of $31,000,000. This amounts to an acquisition price of $102,990 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was not available. This sale, which is located at 5905 International Drive in Orlando, is a select-service hotel that features 301 guest units. This property was constructed in 1974. The hotel was affiliated with the Four Points brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 9%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its age, quality and condition collectively is superior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 4

Sheraton Hotel Orlando Lake Buena Vista was acquired by L+R Hotels in February 2021 from Ares Real Estate Management Holdings LLC for a total consideration of $53,500,000. This amounts to an acquisition price of $110,082 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was not available. This sale, which is located at 12205 South Apopka Vineland Road in Orlando, is a full-service hotel that features 486 guest units. This property was constructed in 1986. This sale involved a hotel that was affiliated with the Sheraton brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 10.7%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its age, quality and condition collectively is superior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it larger in size relative to the subject, thereby requiring an upward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 5

Ramada by Wyndham Tampa Airport Westshore was acquired by Cardinal Point Real Estate, LLC in December 2021 from Equity Management Partners, Inc. for a total consideration of $18,900,000. This amounts to an acquisition price of $79,747 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was not available. This sale, which is located at 1200 North Westshore Boulevard in Tampa, is a select-service hotel that features 237 guest units. This property was constructed in 1981. The hotel was affiliated with the Ramada brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 8.1%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its age, quality and condition collectively is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally similar relative to the subject.

Sale No. 6

Courtyard Lake Buena Vista was acquired by CLBV Associates LLC in August 2019 from Equity Management Partners, Inc. for a total consideration of $33,500,000. This amounts to an acquisition price of $106,349 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale was not available. This sale, which is located at 8501 Palm Parkway in Orlando, is a select-service hotel that features 315 guest units. This property was constructed in 1989. This sale involved a hotel that was affiliated with the Courtyard by Marriott brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 15%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its age, quality and condition collectively is superior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 7

Hilton Garden Inn at Seaworld was acquired by MCR Orlando LLC in November 2018 from The Blackstone Group L.P. for a total consideration of $30,800,000. This amounts to an acquisition price of $137,500 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale is reported to be approximately 8.00%. This sale, which is located at 6850 Westwood Boulevard in Orlando, is a select-service hotel that features 224 guest units. This property was constructed in 2001. The hotel was affiliated with the Hilton Garden Inn brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 17.4%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its age, quality and condition collectively is superior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it similar in size relative to the subject, thereby requiring no adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Sale No. 8

Holiday Inn & Suites was acquired by InSite DC, LLC in January 2020 from AVR Realty Company, LLC for a total consideration of $46,200,000. This amounts to an acquisition price of $118,462 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale is reported to be approximately 8.65%. This sale, which is located at 5905 South Kirkman Road in Orlando, is a full-service hotel that features 390 guest units. This property was constructed in 1971. This sale involved a hotel that was affiliated with the Holiday Inn brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 13.8%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its age, quality and condition collectively is superior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it larger in size relative to the subject, thereby requiring an upward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

ADJUSTMENT PROCESS

The sales we have used were the best available comparables to the subject property. The major points of comparison for this type of analysis include the property rights conveyed, the financial terms incorporated into the transaction, the conditions or motivations surrounding the sale, changes in market conditions since the sale, the location of the real estate, its physical traits and the economic characteristics of the property.

Transactional Adjustments

Our initial adjustment made to the market data takes into account differences between the subject property and the comparable sale with regard to the legal interest transferred. Beneficial financing terms or atypical conditions of sale are then adjusted to reflect a normal market transaction. Next, changes in market conditions are accounted for, creating a time adjusted price.

As discussed earlier, certain qualitative adjustments to the comparable sales were considered and made when warranted. The sequence for transactional adjustments is reviewed below:

Property Rights Transferred	The valuation of the subject property was completed on a Fee Simple basis. If warranted, leased fee, leasehold and/or partial interest sales were adjusted accordingly.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales. Adjustments are applied as appropriate.
Financing Terms	The subject property was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Market Conditions	The appraisers considered making an adjustment for market conditions (a time adjustment). The time adjustment is an average estimate between the date of transaction and the prospective date of value upon stabilization. The market has changed over the time period on a national scale for all commercial property, as well as for hotel properties. In addition, we note that market conditions have also changed as evidenced by the selected comparable sales. Accordingly, an annual adjustment factor of 3.0% was applied to all sales.

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

Transactional Adjustments

No.	Unit Price	Property Rights Conveyed	Conditions of Sale	Financing Terms	Market Conditions*	Subtotal
1	**$90,000** Apr-22	Fee Simple 0.0%	Arms-Length 0.0%	Market 0.0%	Inferior 7.0%	**$96,343** 7.0%
2	**$78,358** Dec-21	Fee Simple 0.0%	Arms-Length 0.0%	Market 0.0%	Inferior 8.0%	**$84,588** 8.0%
3	**$102,990** Aug-21	Fee Simple 0.0%	Arms-Length 0.0%	Market 0.0%	Inferior 9.0%	**$112,253** 9.0%
4	**$110,082** Feb-21	Fee Simple 0.0%	Arms-Length 0.0%	Market 0.0%	Inferior 10.7%	**$121,809** 10.7%
5	**$79,747** Dec-21	Fee Simple 0.0%	Arms-Length 0.0%	Market 0.0%	Inferior 8.1%	**$86,179** 8.1%
6	**$106,349** Aug-19	Fee Simple 0.0%	Arms-Length 0.0%	Market 0.0%	Inferior 15.0%	**$122,273** 15.0%
7	**$137,500** Nov-18	Fee Simple 0.0%	Arms-Length 0.0%	Market 0.0%	Inferior 17.4%	**$161,386** 17.4%
8	**$118,462** Jan-20	Fee Simple 0.0%	Arms-Length 0.0%	Market 0.0%	Inferior 13.8%	**$134,759** 13.8%

*Market Conditions Adjustment Factor (annual): 3.0%
Date of Value for Sales Adjustment Purposes: August 23, 2024

Property Adjustments

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

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

Property Adjustments

No.	Subtotal Value /Room	Location	Size	Age, Quality & Condition	Utility	Other	Adjusted Unit Price
1	**$96,343** Apr-22	**Superior** -10.0%	**Similar** 0.0%	**Inferior** 10.0%	**Similar** 0.0%	**Similar** 0.0%	**$96,343** 0.0%
2	**$84,588** Dec-21	**Superior** -10.0%	**Smaller** -5.0%	**Inferior** 10.0%	**Similar** 0.0%	**Similar** 0.0%	**$80,359** -5.0%
3	**$112,253** Aug-21	**Superior** -10.0%	**Similar** 0.0%	**Superior** -15.0%	**Similar** 0.0%	**Similar** 0.0%	**$84,190** -25.0%
4	**$121,809** Feb-21	**Superior** -10.0%	**Larger** 10.0%	**Superior** -20.0%	**Similar** 0.0%	**Similar** 0.0%	**$97,447** -20.0%
5	**$86,179** Dec-21	**Superior** -10.0%	**Similar** 0.0%	**Inferior** 10.0%	**Similar** 0.0%	**Similar** 0.0%	**$86,179** 0.0%
6	**$122,273** Aug-19	**Superior** -10.0%	**Similar** 0.0%	**Superior** -10.0%	**Similar** 0.0%	**Similar** 0.0%	**$97,818** -20.0%
7	**$161,386** Nov-18	**Superior** -10.0%	**Similar** 0.0%	**Superior** -20.0%	**Similar** 0.0%	**Similar** 0.0%	**$112,970** -30.0%
8	**$134,759** Jan-20	**Superior** -10.0%	**Larger** 5.0%	**Superior** -20.0%	**Similar** 0.0%	**Similar** 0.0%	**$101,069** -25.0%

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

Conclusion

The following table illustrates a summary of our adjusted value ranges, overall adjustments and prospective value conclusion upon stabilization applied in the Sales Comparison Approach:

Percent Adjustment Method Summary				
Unadjusted Unit Rage		$78,358	to	$137,500
Adjusted Unit Rage		$80,359	to	$112,970
Rounded Adjusted Unit Range		**$80,000**	**to**	**$113,000**
Market Value Upon Stabilization				
Indicated Value per Unit				**$95,000**
Number of Units				241
Indicated Prospective Value				$22,895,000
Rounded to nearest	**$100,000**			**$22,900,000**
Per unit				**$95,021**

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

PRESENT VALUE CALCULATION		
Prospective Stabilized Market Value	**Value**	**Per Room**
Conclusion	**$22,900,000**	**$95,021**
Stabilization Year	3	
Resulting Holding Period	2	
Spread over Primary Discount Rate	100 bps	
Interim Discount Rate	11.50%	
Calculation of As Is Market Value		
Year 1 Cash Flow	$1,576,248	
Year 2 Cash Flow	$1,703,593	
PV of Interim Cash Flows at 11.5% IRR	$2,783,977	$11,552
PV of Stabilized Market Value at 11.5% IRR	$18,419,836	$76,431
Indicated Market Value As Is	$21,203,813	$87,983
As Is Market Value	**$21,200,000**	**$87,967**

INTRODUCTION

The Cost Approach is a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a replacement for the existing structure including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.[2]

We find that well-informed buyers of lodging facilities base their purchase decisions on the anticipated economic benefits of the property. Because the cost approach does not capture income-related considerations and requires multiple highly-subjective depreciation estimates for a subject hotel, this approach is generally given minimal weight, if any.

Accordingly, we have not performed a Cost Approach to Valuation.

[2] The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015

INTRODUCTION

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

As addressed earlier in this report, the cost approach has limited reliability in the valuation of existing hotels. We find there is considerable difficulty in accurately quantifying physical deterioration, and it is our experience that experienced purchasers of complex hotel properties are more concerned with the economics of the investment. Hence, we have not developed the Cost Approach.

The price per room method has been presented in the Sales Comparison Approach. The subject would sell at a price point where market participants typically put minimal emphasis on this approach. Recognizing the shifting market conditions, investors would typically give limited weight to the Sales Comparison Approach in determining value. Therefore, minimal weight is given to the Sales Comparison Approach in this analysis but rather was employed in estimating a range in value for the subject property and as a test of reasonableness for our conclusion via the Income Capitalization Approach.

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

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

RECONCILIATION OF VALUE CONCLUSIONS

We have placed primary emphasis on the Income Capitalization Approach and, more specifically, the Discounted Cash Flow method as this mirrors the methodology of purchasers of this type of property. After considering all factors relevant to the valuation of the subject property, the subject’s value conclusions and final reconciliation are presented in the following table:

ANALYSIS OF VALUE CONCLUSIONS		
Methodology for Market Value Conclusions	**As Is August 23, 2022**	**Upon Stabilization August 23, 2024**
Sales Comparison Approach		
Adjusted Low End of Range	$17,700,000	$19,400,000
Adjusted High End of Range	$25,500,000	$27,200,000
Concluded Value	**$21,200,000**	**$22,900,000**
Income Approach		
Discounted Cash Flow	$20,500,000	$22,600,000
Direct Capitalization Approach	$20,400,000	$21,900,000
Reconciled Value via Income Approach	**$20,500,000**	**$22,600,000**
Reconciled Value Conclusion	**$20,500,000**	**$22,600,000**
Per Room	**$85,062**	**$93,776**

CONTRIBUTORY VALUE OF THE FURNITURE, FIXTURES AND EQUIPMENT

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

Reference is given to the HVS *Hotel Development Cost Survey* in estimating the value of FF&E. The following table shows the average and median range of cost new for FF&E for different types of motel/hotels:

FF&E Cost New by Property Type	
Property Type	**Estimated Cost**
Budget Economy	$5,400-$17,900
Midscale w/o F&B	$6,600-$28,200
Extended-Stay	$8,300-$25,800
Midscale with F&B	$10,900-$39,200
Full-Service	$23,200-$57,900
Luxury and Resort	$37,900-$129,300

Part of the reason hotel assets command higher returns relative to other asset classes is the fact that a sizable portion of the asset's overall value is comprised by furniture, fixtures and equipment. Based on our review of the subject, we have concluded that the value of the FF&E as new is approximately $25,000 per unit, or a total replacement cost of $6,025,000. Although hotel FF&E typically have a useful life of five to ten years, depreciation of these assets occurs at a much faster rate than straight-line and depreciate immediately upon being placed into service. As illustrated in the following table, we conclude that the contributory value of the subject's FF&E at the commencement of the holding period has an effective age of 3.0 years with an economic life of seven years. Such velocity in the future depreciation of this component, along with the human labor required to maintain not only the FF&E but most public areas of the property, causes prudent investors to require higher rates of return.

The following table summarizes our value and depreciation estimates for the FF&E components that are employed in this appraisal.

FF&E: VALUE AND DEPRECIATION		
Summary	**As Is**	**Upon Stabilization**
Replacement Cost New	$6,025,000	$6,392,000
Per Room	$25,000	$26,523
Elapsed Time (years)	0.0	2.0
Effective Age (years)	3.0	4.0
Useful Life (years)	7.0	7.0
Percent Depreciated	42.9%	57.1%
Estimated Value	$3,443,000	$2,739,000

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

CONTRIBUTORY VALUE OF BUSINESS AND OTHER INTANGIBLE COMPONENTS (GOING CONCERN)

Going Concern Overview

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

Definition

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

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

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

Accounting

This accounting principle assumes that, a company will continue to exist long enough to carry out its objectives and commitments and will not liquidate in the foreseeable future. If the company's financial situation is such that the accountant believes the company will not be able to continue on, the accountant is required to disclose this assessment.

The going concern principle allows the company to defer some of its prepaid expenses until future accounting periods. The going concern assumption is a fundamental principle in the preparation of financial statements.

Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. Accordingly, unless the going concern assumption is inappropriate in the circumstances of the entity, assets and liabilities are recorded on the basis that the entity will be able to realize its assets, discharge its liabilities, and obtain refinancing (if necessary) in the normal course of business.

An entity is assumed to be a going concern in the absence of significant information to the contrary. An example of such contrary information is an entity's inability to meet its obligations as they come due without substantial asset sales or debt restructurings. If such were not the case, an entity would essentially be acquiring assets with the intention of closing its operations and reselling the assets to another party.

If the accountant believes that an entity may no longer be a going concern, then this brings up the issue of whether its assets are impaired, which may call for the write-down of their carrying amount to their liquidation value. Thus, the value of an entity that is assumed to be a going concern is higher than its breakup value, since a going concern can potentially continue to earn profits.

The going concern concept is not clearly defined anywhere in generally accepted accounting principles, and so is subject to a considerable amount of interpretation regarding when an entity should report it. However, generally accepted auditing standards (GAAS) do instruct an auditor regarding the consideration of an entity's ability to continue as a going concern.

The auditor evaluates an entity's ability to continue as a going concern for a period not greater than one year following the date of the financial statements being audited. The auditor considers such items as negative trends in operating results, loan defaults, denial of trade credit from suppliers uneconomical long-term commitments, and legal proceedings in deciding if there is a substantial doubt about an entity's ability to continue as a going concern. If so, the auditor must qualify the audit report with a statement about the problem. This Guidance provides a framework to assist directors, audit committees and finance teams in determining whether it is appropriate to adopt the going concern basis for preparing financial statements and in making balanced, proportionate and clear disclosures. Separate standards and guidance have been issued by the Auditing Practices Board to address the work of auditors in relation to going concern.

Assumption

Under the going concern assumption, an entity is viewed as continuing in business for the foreseeable future. General purpose financial statements are prepared on a going concern basis, unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. Special purpose financial statements may or may not be prepared in accordance with a financial reporting framework for which the going concern basis is relevant (for example, the going concern basis is not relevant for some financial statements prepared on a tax basis in particular jurisdictions). When the use of the going concern assumption is appropriate, assets and liabilities are recorded on the basis that the entity will be able to realize its assets and discharge its liabilities in the normal course of business.

Auditing

Continuation of an entity as a going concern is assumed in financial reporting in the absence of significant information to the contrary. Ordinarily, information that significantly contradicts the going concern assumption relates to the entity's inability to continue to meet its obligations as they become due without substantial disposition of assets outside the ordinary course of business, restructuring of debt, externally forced revisions of its operations, or similar actions.

Responsibilities

The auditor has a responsibility to evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, not to exceed one year beyond the date of the financial statements being audited (hereinafter referred to as a reasonable period of time). The auditor's evaluation is based on his or her knowledge of relevant conditions and events that exist at or have occurred prior to the date of the auditor's report. Information about such conditions or events is obtained from the application of auditing procedures planned and performed to achieve audit objectives that are related to management's assertions embodied in the financial statements being audited, as described in Auditing Standard No. 15, Audit Evidence.

The auditor should evaluate whether there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time in the following manner:

The auditor considers whether the results of his procedures performed in planning, gathering evidential matter relative to the various audit objectives, and completing the audit identify conditions and events that, when considered in the aggregate, indicate there could be substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. It may be necessary to obtain additional information about such conditions and events, as well as the appropriate evidential matter to support information that mitigates the auditor's doubt.

If the auditor believes there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, he should obtain information about management's plans that are intended to mitigate the effect of such conditions or events, and assess the likelihood that such plans can be effectively implemented.

After the auditor has evaluated management's plans, he concludes whether he has substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. If the auditor concludes there is substantial doubt, he should consider the adequacy of disclosure about the entity's possible inability to continue as a going concern for a reasonable period of time, and include an explanatory paragraph (following the opinion paragraph) in his audit report to reflect his conclusion. If the auditor concludes that substantial doubt does not exist, he should consider the need for disclosure.

The auditor is not responsible for predicting future conditions or events. The fact that the entity may cease to exist as a going concern subsequent to receiving a report from the auditor that does not refer to substantial doubt, even within one year following the date of the financial statements, does not, in itself, indicate inadequate performance by the auditor. Accordingly, the absence of reference to substantial doubt in an auditor's report should not be viewed as providing assurance as to an entity's ability to continue as a going concern.

Procedures

It is not necessary to design audit procedures solely to identify conditions and events that, when considered in the aggregate, indicate there could be substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. The results of auditing procedures designed and performed to achieve other audit objectives should be sufficient for that purpose. The following are examples of procedures that may identify such conditions and events:

- Analytical procedures
- Review of subsequent events
- Review of compliance with the terms of debt and loan agreements
- Reading of minutes of meetings of stockholders, board of directors, and important committees of the board

- Inquiry of an entity's legal counsel about litigation, claims, and assessments
- Confirmation with related and third parties of the details of arrangements to provide or maintain financial support

Conditions and Events

In performing audit procedures such as those presented in paragraph .05, the auditor may identify information about certain conditions or events that, when considered in the aggregate, indicate there could be substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time. The significance of such conditions and events will depend on the circumstances, and some may have significance only when viewed in conjunction with others. The following are examples of such conditions and events:

Negative trends—for example, recurring operating losses, working capital deficiencies, negative cash flows from operating activities, adverse key financial ratios

Other indications of possible financial difficulties—for example, default on loan or similar agreements, arrearages in dividends, denial of usual trade credit from suppliers, restructuring of debt, noncompliance with statutory capital requirements, need to seek new sources or methods of financing or to dispose of substantial assets

Internal matters—for example, work stoppages or other labor difficulties, substantial dependence on the success of a particular project, uneconomic long-term commitments, need to significantly revise operations

External matters that have occurred—for example, legal proceedings, legislation, or similar matters that might jeopardize an entity's ability to operate; loss of a key franchise, license, or patent; loss of a principal customer or supplier; uninsured or underinsured catastrophe such as a drought, earthquake, or flood.

Management’s Plans

If, after considering the identified conditions and events in the aggregate, the auditor believes there is substantial doubt about the ability of the entity to continue as a going concern for a reasonable period of time, he should consider management's plans for dealing with the adverse effects of the conditions and events. The auditor should obtain information about the plans and consider whether it is likely the adverse effects will be mitigated for a reasonable period of time and that such plans can be effectively implemented. The auditor's considerations relating to management plans may include the following:

Plans to dispose of assets

- Restrictions on disposal of assets, such as covenants limiting such transactions in loan or similar agreements or encumbrances against assets
- Apparent marketability of assets that management plans to sell
- Possible direct or indirect effects of disposal of assets
- Plans to borrow money or restructure debt
- Availability of debt financing, including existing or committed credit arrangements, such as lines of credit or arrangements for factoring receivables or sale-leaseback of assets
- Existing or committed arrangements to restructure or subordinate debt or to guarantee loans to the entity
- Possible effects on management's borrowing plans of existing restrictions on additional borrowing or the sufficiency of available collateral
- Plans to reduce or delay expenditures
- Apparent feasibility of plans to reduce overhead or administrative expenditures, to postpone maintenance or research and development projects, or to lease rather than purchase assets
- Possible direct or indirect effects of reduced or delayed expenditures
- Plans to increase ownership equity

- Apparent feasibility of plans to increase ownership equity, including existing or committed arrangements to raise additional capital
- Existing or committed arrangements to reduce current dividend requirements or to accelerate cash distributions from affiliates or other investors

When evaluating management's plans, the auditor should identify those elements that are particularly significant to overcoming the adverse effects of the conditions and events and should plan and perform auditing procedures to obtain evidential matter about them. For example, the auditor should consider the adequacy of support regarding the ability to obtain additional financing or the planned disposal of assets.

When prospective financial information is particularly significant to management's plans, the auditor should request management to provide that information and should consider the adequacy of support for significant assumptions underlying that information. The auditor should give particular attention to assumptions that are—

- Material to the prospective financial information.
- Especially sensitive or susceptible to change.
- Inconsistent with historical trends.

The auditor's consideration should be based on knowledge of the entity, its business, and its management and should include (a) reading of the prospective financial information and the underlying assumptions and (b) comparing prospective financial information in prior periods with actual results and comparing prospective information for the current period with results achieved to date. If the auditor becomes aware of factors, the effects of which are not reflected in such prospective financial information, he should discuss those factors with management and, if necessary, request revision of the prospective financial information.

Financial Statement Effects

When, after considering management's plans, the auditor concludes there is substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time, the auditor should consider the possible effects on the financial statements and the adequacy of the related disclosure. Some of the information that might be disclosed include:

- Pertinent conditions and events giving rise to the assessment of substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.
- The possible effects of such conditions and events.
- Management's evaluation of the significance of those conditions and events and any mitigating factors.
- Possible discontinuance of operations.
- Management's plans (including relevant prospective financial information).
- Information about the recoverability or classification of recorded asset amounts or the amounts or classification of liabilities.

When, primarily because of the auditor's consideration of management's plans, he concludes that substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time is alleviated, he should consider the need for disclosure of the principal conditions and events that initially caused him to believe there was substantial doubt. The auditor's consideration of disclosure should include the possible effects of such conditions and events, and any mitigating factors, including management's plans.

Use in Risk Management

If a public company and a private company reports that its auditors have doubts about its ability to continue as a going concern, investors may take that as a sign of increased risk, although an emphasis of matter paragraph in an audit report does not necessarily indicate that a company is on the verge of insolvency.

Despite this, some fund managers may be required to sell the stock to maintain an appropriate level of risk in their portfolios. A negative judgment may also result in the breach of bank loan covenants or lead a debt rating firm to lower the rating on the company's debt, making the cost of existing debt increase and/or preventing the company from obtaining additional debt financing. Because of such responses to expressed concerns by auditors, in the 1970s, the American Institute of Certified Public Accountants' Cohen commission concluded that an auditor's expression of uncertainty about the entity's ability to continue as a going concern "tends to be a self-fulfilling prophecy. The auditor's expression of uncertainty about the company's ability to continue may contribute to making its failure a certainty." Businesses should also communicate with business advisors as well as their auditors in the time of trouble. Communication can let advisors and auditors help when needed. They can help business review their internal risk management along with other internal controls.

Applicability to Hotels

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

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

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

We note the following:

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

- The subject's projected stabilized net operating income ratio is well within the range of comparable properties and is generally reflective of industry performance.

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

ALLOCATION OF PROPERTY COMPONENTS

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

ALLOCATION OF PROPERTY COMPONENTS		
Component	**As Is**	**Upon Stabilization**
Real Property	$17,057,000	$19,861,000
Furniture, Fixtures and Equipment	$3,443,000	$2,739,000
Business	$0	$0
Total	**$20,500,000**	**$22,600,000**

INSURABLE REPLACEMENT COST

At the client's request, we have included an estimate of the insurable replacement cost estimate of the subject improvements, which represents the replacement cost new of the subject improvements and FF&E but exclusive of entrepreneurial profit, land value, and the costs associated with excavation, site work, foundations and architects' fees. Insurance coverage is usually specific to a given project. We have not been provided with the specific policy requirements, which limit the reliability of the conclusion. Insurable replacement cost is a matter of underwriting as opposed to valuation. Users of this report should not construe the conclusion of insurable value to be an indication of market value.

The insurable estimate is made using base costs and multiplier adjustments for market conditions and location from *Marshall Valuation Service,* which is assumed to accurately reflect replacement cost of the subject. We assume no liability as to the subject's insurable replacement cost and recommend that an estimate from a reputable insurance company be obtained if further assurance is required.

The following chart summarizes the insurable replacement cost estimate:

INSURABLE REPLACEMENT COST TABLE			
Component			Hotel
Class Description			C
Marshall Valuation Service Sec/Page/Class			11/25
Quality Rating			Average
Gross Building Area			147,398 SF
Base Cost (per SF)			**$144.00**
	Square Foot Refinements		
	Heating and Cooling		$0.00
	Fire Sprinklers		$2.25
	Elevators		$0.00
	Balcony/Exterior Corridor	Approx. 34,300 SF at $30/SF	$9.10
	Subtotal		**$155.35**
	Height and Size Refinements		
	Number of Stories Multiplier		1.000
	Height Per Story Multiplier		1.000
	Area/Perimeter Multiplier		0.940
	Subtotal		**$146.03**
	Cost Multipliers		
	Current Cost Multiplier		1.340
	Local Multiplier		0.980
Final Square Foot Cost			**$191.77**
Base Improvement Cost			**$28,265,789**
Insurable Value Exclusions		11.0% of Total Replacement Cost	**($3,109,237)**
Plus FF&E			**$6,025,000**
Insurable Value Conclusion			**$31,181,552**
	Rounded		**$31,200,000**
	Value per Room		$129,461
	Value per SF		$211.67

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

› The statements of fact contained in this report are true and correct.

› The reported analyses, opinions, and conclusions of the signer(s) are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.

› The signer(s) of this report 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.

› None of the undersigned have performed 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.

› The undersigned are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.

› The engagement in this assignment was not contingent upon developing or reporting predetermined results.

› The 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.

› The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal Practice* of the Appraisal Institute.

› Lucas Heater inspected the property that is the subject of this report. P. J. Cusmano, MAI, MRICS did not inspect the property that is the subject of this report.

› No one provided significant real property appraisal assistance to the appraisers signing the certification.

› As of the date of this report, P. J. Cusmano, MAI, MRICS has completed the continuing education requirements of the Appraisal Institute.

The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

Lucas Heater

Lucas Heater
Senior Valuation Specialist
Hospitality and Leisure Group
State-Certified General Real Estate Appraiser RZ3629
813 871 8537 direct
lucas.heater@colliers.com

P.J. Cusmano

P.J. Cusmano, MAI, MRICS
Exec. Vice President | Eastern U.S.
Valuation & Advisory Services
State-Certified General Real Estate Appraiser RZ2436
813 871 8537 direct
pj.cusmano@colliers.com

This appraisal is subject to the following assumptions and limiting conditions:

- The appraisers may or may not have been provided with a survey of the subject property. If further verification is required, a survey by a registered surveyor is advised.
- We assume no responsibility for matters legal in character, nor do we render any opinion as to title, which is assumed to be marketable. All existing liens, encumbrances, and assessments have been disregarded, unless otherwise noted, and the property is appraised as though free and clear, under responsible ownership, and competent management.
- The exhibits in this report are included to assist the reader in visualizing the property. We have made no survey of the property and assume no responsibility in connection with such matters.
- Unless otherwise noted herein, it is assumed that there are no encroachments, zoning, or restrictive violations existing in the subject property.
- The appraisers assume no responsibility for determining if the property requires environmental approval by the appropriate governing agencies, nor if it is in violation thereof, unless otherwise noted herein.
- Information presented in this report has been obtained from reliable sources, and it is assumed that the information is accurate.
- This report shall be used for its intended purpose only, and by the party to whom it is addressed. Possession of this report does not include the right of publication.
- The appraiser may not be required to give testimony or to appear in court by reason of this appraisal, with reference to the property in question, unless prior arrangements have been made therefore.
- The statements of value and all conclusions shall apply as of the dates shown herein.
- There is no present or contemplated future interest in the property by the appraiser which is not specifically disclosed in this report.
- Without the written consent or approval of the authors neither all, nor any part of, the contents of this report shall be conveyed to the public through advertising, public relations, news, sales, or other media. This applies particularly to value conclusions and to the identity of the appraiser and the firm with which the appraisers are connected.
- This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.
- The valuation stated herein assumes professional management and operation of the buildings throughout the lifetime of the improvements, with an adequate maintenance and repair program.
- The liability of Colliers International Valuation & Advisory Services, its principals, agents, and employees is limited to the client. Further, there is no accountability, obligation, or liability to any third party. If this report is placed in the hands of anyone other than the client, the client shall make such party aware of all limiting conditions and assumptions of the assignment and related discussions. The appraisers are in no way responsible for any costs incurred to discover or correct any deficiency in the property.
- The appraisers are not qualified to detect the presence of toxic or hazardous substances or materials which may influence or be associated with the property or any adjacent properties, has made no investigation or analysis as to the presence of such materials, and expressly disclaims any duty to note the degree of fault. Colliers International Valuation & Advisory Services and its principals, agents, employees, shall not be liable for any costs, expenses, assessments, or penalties, or diminution in value, property

damage, or personal injury (including death) resulting from or otherwise attributable to toxic or hazardous substances or materials, including without limitation hazardous waste, asbestos material, formaldehyde, or any smoke, vapors, soot, fumes, acids, alkalis, toxic chemicals, liquids, solids or gasses, waste materials or other irritants, contaminants or pollutants.

› The appraisers assume no responsibility for determining if the subject property complies with the *Americans with Disabilities Act* (*ADA*). Colliers International Valuation & Advisory Services, its principals, agents, and employees, shall not be liable for any costs, expenses, assessments, penalties or diminution in value resulting from non-compliance. This appraisal assumes that the subject meets an acceptable level of compliance with *ADA* standards; if the subject is not in compliance, the eventual renovation costs and/or penalties would negatively impact the present value of the subject. If the magnitude and time of the cost were known today, they would be reduced from the reported value conclusion.

› No evidence of asbestos materials on-site was noted or reported. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.

› A detailed soils study was not reviewed for this analysis. The subject's soils and sub-soil conditions are assumed to be suitable based upon a visual inspection, which did not indicate evidence of excessive settling or unstable soils. No certification is made regarding the stability or suitability of the soil or sub-soil conditions.

› The estimated operating results presented in this report are based on an evaluation of the overall economy, and neither take into account nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to at least offset these advances. We do not warrant that the estimates will be attained, but they have been prepared on the basis of information obtained during the course of this study and are intended to reflect the expectations of typical investors.

› Appraising hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.

› Any distribution of the total value between the land and improvements or between partial ownership interests applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.

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

› We assume that the hotel will remain independent of any major brand throughout the holding period.

› For the purposes of this report, we assumed that the subject hotel will be full-service and independent in nature, along with a centralized, national or regional reservation system that is fully-integrated with reputable third-party marketing engines (i.e. online travel agencies, reservation systems, etc.). We further assumed that the subject will be operated by competent and experienced management familiar with the operation of full-service hotels in the United States, and more specifically, in Kissimmee, Florida. In the event that any of the above conditions are not consistent with the subject's actual status, it could have an impact on the subject's overall marketability and underlying market value.

› It is assumed that the subject would secure all licenses to operate all departments of the property, including liquor licenses (if applicable).

› Our financial analyses are based on estimates and assumptions which were developed in connection with this appraisal engagement. It is, however, inevitable that some assumptions will not materialize and that unanticipated events may occur which will cause actual achieved operating results to differ from the financial analyses contained in this report, and these differences may be material. It should be further noted that we are not responsible for the effectiveness of future management and marketing efforts upon which the projected results contained in this report may depend.

› This analysis assumes that the financial information provided for this appraisal, including historical income and expense statements; accurately reflect the current and historical operations of the subject property.

SALE COMPARABLE EXHIBITS

QUALITY INN I-DRIVE – ORLANDO, FL

RED ROOF INN – ORLANDO, FL

FOUR POINTS – ORLANDO, FL

SHERATON LK BUENA VISTA – ORLANDO, FL

RAMADA TPA AIRPORT – TAMPA, FL

COURTYARD – ORLANDO, FL

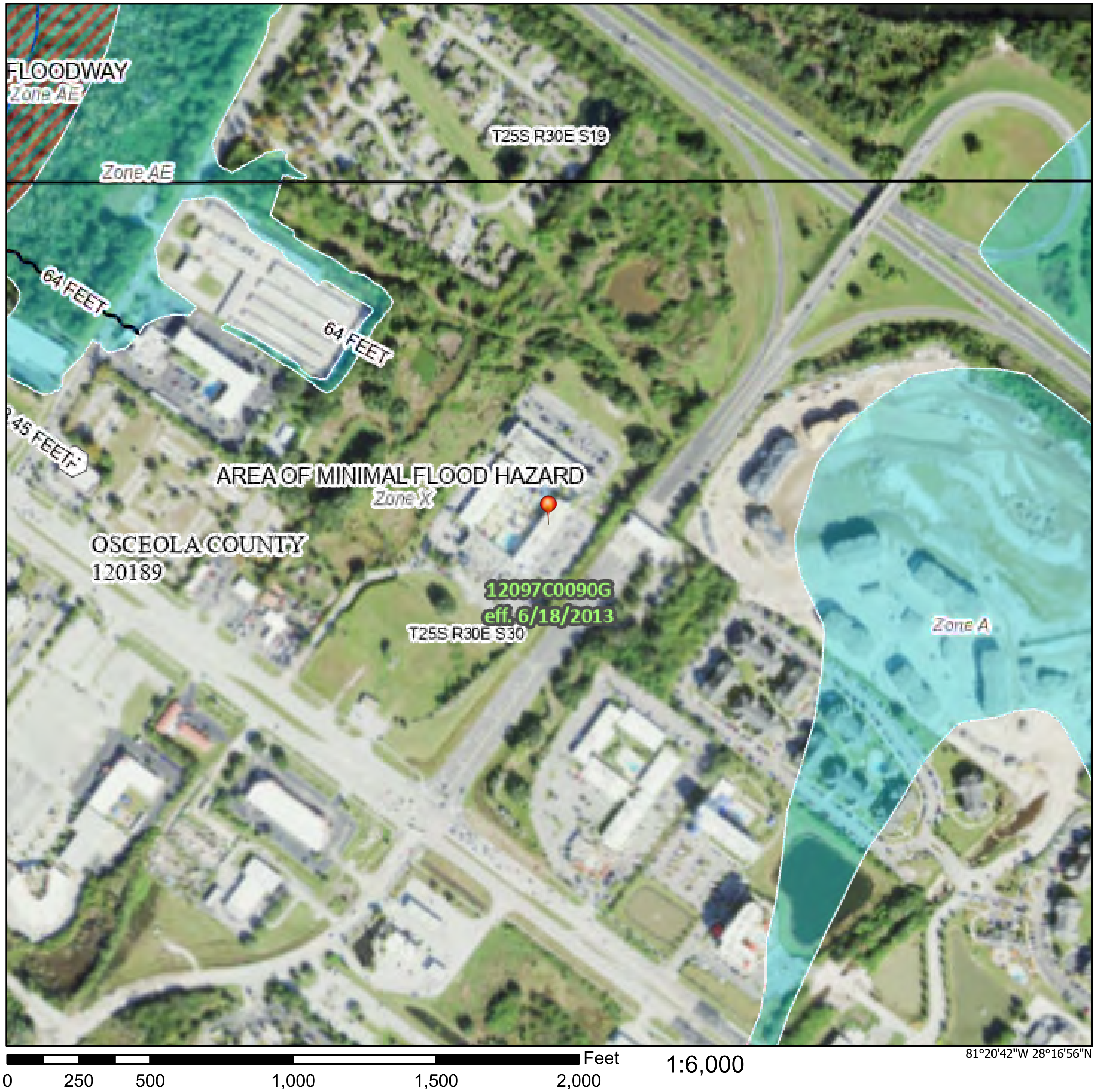
HILTON GARDEN SEAWORLD – ORLANDO, FL

HOLIDAY INN – ORLANDO, FL

National Flood Hazard Layer FIRMette

FEMA

81°21'19"W 28°17'28"N



1:6,000

81°20'42"W 28°16'56"N

Basemap: USGS National Map: Orthoimagery: Data refreshed October, 2020

Legend

SEE FIS REPORT FOR DETAILED LEGEND AND INDEX MAP FOR FIRM PANEL LAYOUT

SPECIAL FLOOD HAZARD AREAS
- Without Base Flood Elevation (BFE) *Zone A, V, A99*
- With BFE or Depth *Zone AE, AO, AH, VE, AR*
- Regulatory Floodway

OTHER AREAS OF FLOOD HAZARD
- 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile *Zone X*
- Future Conditions 1% Annual Chance Flood Hazard *Zone X*
- Area with Reduced Flood Risk due to Levee. See Notes. *Zone X*
- Area with Flood Risk due to Levee *Zone D*

OTHER AREAS
- NO SCREEN Area of Minimal Flood Hazard *Zone X*
- Effective LOMRs
- Area of Undetermined Flood Hazard *Zone D*

GENERAL STRUCTURES
- Channel, Culvert, or Storm Sewer
- Levee, Dike, or Floodwall

OTHER FEATURES
- B 20.2 / 17.5 Cross Sections with 1% Annual Chance Water Surface Elevation
- 8 Coastal Transect
- 513 Base Flood Elevation Line (BFE)
- Limit of Study
- Jurisdiction Boundary
- Coastal Transect Baseline
- Profile Baseline
- Hydrographic Feature

MAP PANELS
- Digital Data Available
- No Digital Data Available
- Unmapped

N

The pin displayed on the map is an approximate point selected by the user and does not represent an authoritative property location.

This map complies with FEMA's standards for the use of digital flood maps if it is not void as described below. The basemap shown complies with FEMA's basemap accuracy standards

The flood hazard information is derived directly from the authoritative NFHL web services provided by FEMA. This map was exported on 9/19/2022 at 2:34 PM and does not reflect changes or amendments subsequent to this date and time. The NFHL and effective information may change or become superseded by new data over time.

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Colliers International
P.J. Cusmano
4830 W. Kennedy Boulevard | Suite 300
Tampa, FL 33609
Phone: 1-813-229-1599 (Office)
Email: pj.cusmano@colliers.com

Please respond to this notification agreeing to acknowledge and confirm your employment to perform an appraisal report of property located at the address below:

X Commercial   Residential   Construction   Vacant Land   Other

Loan #: New

Borrower: ETBD

Property Address: 2261 E. Irlo Bronson Memorial Hwy, Kissimmee, FL 34744

You have agreed to complete this assignment for a total of **U$6,250.00** and it is expected to be completed and delivered to BB Americas Bank no later than **(8-26-2022)**

To arrange for an inspection of the subject property, please contact **Jorge Ortiz** at +**59-17-7027-7000** jorgeortiz@grupojorgeortiz.com or anyone of the undersigned. Your instructions are to appraise the entire subject property for its Market Value, in its actual state of development, as of the date of your inspection and upon completion.

Market Value is defined as the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and 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. 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.
6. Appraisal must contain value of properties under the **3 approaches**: (Approaches applicable to property).
   1) Income approach; 2) Market Data and Comparable Sales approach; and 3) Cost approach and a reconciliation of the 3 approaches.
7. Construction loan appraisals should reflect "discounted gross sell out" values. The reconciliation process should include a preponderance of weight on the discounted gross sellout calculations.
8. Gas Station Appraisals should reflect the actual real property value and improvements but excluding any intangible value for the business (sometimes called goodwill).
9 **Please provide us with the replacement cost for Insurance purposes.**
10. **Provide PDF copy in addition to hard copies.**
11. **Please provide a verbal valuation as soon as possible to assist with underwriting (if necessary).**

The appraisal report will be accepted using the **Summary Narrative Appraisal format** and must analyze and report a reasonable marketing period for the subject property. It should contain all of the data and analysis utilized in making the value estimate and will be made according to the latest, revised 2018 Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board (ASB) of the Appraisal Foundation and FIRREA.

Specifically, you are requested to define the rights appraised and detail any encumbrances such as prior liens, easements, title defects, deed restrictions, etc., which are cited in the title information and/or legal description provided. Your estimate of Value must reflect the impact, if any, of these encumbrances.

You are instructed to appraise the property in its actual state of development, in other words "as is", as of date of your inspection. In addition to the appraisal of the property “as is” and if applicable to this engagement, please provide an estimate of the Market Value of the 100% completed property, assuming that property existed as of the date of your Inspection. Within this 100% completion Market Value, please estimate the actual direct or hard construction costs associated with the completion or renovation of the development, to achieve your opinion of its Market Value. These costs must be cleared and separately identified within the text of your appraisal report.

Also, please estimate current market value (as previously defined) at stabilized net operating income. If leasing remains to be accomplished on the property or the likelihood of near term optimal cash flow is subject to variation, please include a Discounted Cash Flow (DCF) analysis in your Income Approach to Value. Your discounted cash flow should calculate the indicated value for each year of the projection. Finish-out costs and retrofit expense should be shown as separate items. Your Discounted Cash Flow analysis must also reflect a stabilized value for an appropriate holding period.

Appraisals of multi-tenant income producing properties with existing leases must contain a tenant-by-tenant lease summary and, when appropriate, a Discounted Cash Flow Analysis should be included in the Income Approach Value. The Appraisal must also contain a detailed analysis of highest and best use which essentially test the feasibility and acceptability of the proposed and/or existing improvements of an appropriate development for the site. You must value the property according to what you perceive the highest and best use of the subject to be. From your analysis the reader should be able to determine the relative status of supply and demand in the neighborhood as well as the likelihood of achieving the indicated rentals in the Income Approach to Value. If any excess land exists which may support the creation of more improvements on the property, the Highest and Best Use section must include a supply/demand analysis for this excess land.

In addition, you attest to the following:

- The independence of this appraisal will not be compromised in any form, including communicating and discussing with the borrower any matter that might affect or influence the market value of the property under appraisal.
- You have no direct or indirect, interest, financial or otherwise, in the property or transaction
- The appraisal report you provide to BB Americas Bank was not previously ordered by the borrower and has not been “re-addressed” to BB Americas Bank

This letter of instructions should appear in the addendum of the final Appraisal Report. Your Report is intended for the exclusive use of BB Americas Bank and BB Americas Bank will use it and its contents to determine the approval, denial or modification of a credit application currently under consideration. The content of the appraisal, purpose of the report or estimate of value should not be revealed to anyone other than BB Americas Bank, unless you receive, in writing, our approval.

This engagement letter anticipates that all of the appraisers or associates who sign the appraisal report will have inspected the subject property, the neighborhood and the comparable data used for analysis in the report.

If additional information or further clarifications is required, please contact us.

Thank you for attending to this matter,

Gioconda Gutierrez
Credit Administration Specialist II

BB Americas Bank
1221 Brickell Ave Suite 2200
Miami, FL 33131
Main: 305-350-1100
Direct: 305-679-3351

Click the logo to visit our website:

2019 5-Stars "Superior" rating - Bauer Financial Report
2019 Power Leader by the South Florida Business Journal
2016 and 2017 Top Community Bank - South Florida Business Journal
2014, 2015 and 2016 US Top 200 Healthiest Bank - depositaccounts.com
2014 PayBefore Award

Valuation & Advisory Services

Direct: +1 206 695 4200
Fax: +1 206 682 7938
colliers.com

601 Union Street
Suite 4800
Seattle, WA 98101
United States

Valuation Glossary 2022

Unless specified otherwise, these definitions were extracted from the following sources or publications:

The Dictionary of Real Estate Appraisal, Seventh Edition, Appraisal Institute, Chicago, Illinois, 2022 (Dictionary).

Uniform Standards of Professional Appraisal Practice, 2020-2022 Edition (USPAP).

The Appraisal of Real Estate, Fifteenth Edition, Appraisal Institute, Chicago, Illinois, 2020 (15th Edition).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. *(Dictionary)*

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(15th Edition)*

Arm's-length Transaction

A transaction between unrelated parties who are each acting in his or her own best interest. *(Dictionary)*

As-Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. *(Dictionary)*

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(Dictionary)*

Average Daily Room Rate (ADR)

In the lodging industry, the net rooms revenue derived from the sale of guest rooms divided by the number of paid occupied rooms. *(Dictionary)*

Band of Investment

A technique in which the capitalization rates attributable to components of an investment are weighted and combined to derive a weighted-average rate attributable to the total investment. *(Dictionary)*

Cash-Equivalent Price

The sale price of a property that is equivalent to what a cash buyer would pay. *(Dictionary)*

Common Area

The total area within a property that is not designed for sale or rental but is available for common use by all owners, tenants, or their invitees, e.g., parking and its appurtenances, malls, sidewalks, landscaped areas, recreation areas, public toilets, truck and service facilities. *(Dictionary)*

Contract Rent

The actual rental income specified in a lease. *(15th Edition)*

Cost Approach

A set of procedures through which a value indication is derived for the fee simple estate by estimating the cost new as of the effective date of the appraisal to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. The contributory value of any site improvements that have not already been considered in the total cost can be added on a depreciated-cost basis. Adjustments may then be made to the indicated value of the fee simple estate in the subject property to reflect the value of the property rights being appraised. *(Dictionary)*

Curable Functional Obsolescence

An element of depreciation; a curable defect caused by a flaw involving the structure, materials, or design, which can be practically and economically corrected. *(Dictionary)*

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service, which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR).* *(Dictionary)*

Deferred Maintenance

Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of a property. *(Dictionary)*

Depreciation

In appraisal, a loss in the value of improvements from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the value of the improvement on the same date. *(Dictionary)*

Direct Costs

Expenditures for the labor and materials used in the construction of improvements; also called *hard costs.* *(Dictionary)*

Discounted Cash Flow (DCF) Analysis

The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams and the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate. *(Dictionary)*

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value. *(Dictionary)*

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider their best interests.
7. An adequate marketing effort will be made during the exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(15th Edition)*

Economic Life

The period over which improvements to real estate contribute to property value. *(Dictionary)*

Effective Age

The age of property that is based on the amount of observed deterioration and obsolescence it has sustained, which may be different from its chronological age. *(Dictionary)*

Effective Date

The date on which the appraisal or review opinion applies (SVP) *(Dictionary)*

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. *(Dictionary)*

Effective Gross Income Multiplier (EGIM)

The ratio between the sale price (or value) of a property and its effective gross income. *(Dictionary)*

Effective Rent

The total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions - e.g. free rent, excessive tenant improvements, moving allowances, lease buyouts, cash allowances, and other lease incentives. *(15th Edition)*

Eminent Domain

The right of government to take private property for public use upon the payment of just compensation. The Fifth Amendment of the U.S. Constitution, also known as the *takings clause*, guarantees payment of just compensation upon appropriation of private property. *(Dictionary)*

Entrepreneurial Incentive

The amount an entrepreneur expects or wants to receive as compensation for providing coordination and expertise and assuming the risks associated with the development of a project. Entrepreneurial incentive is the expectation of future reward as opposed to the profit actually earned on the project. *(Dictionary)*

Entrepreneurial Profit

A market-derived figure that represents the amount an entrepreneur received for his or her contribution to a past project to compensate for his or her time, effort, knowledge, and risk; the difference between the total cost of a property (cost of development) and its market value (property value after completion), which represents the entrepreneur's compensation for the risk and expertise associated with development. An entrepreneur is motivated by the prospect of future value enhancement (i.e., the entrepreneurial incentive). An entrepreneur who successfully creates value through new development, expansion, renovation, or an innovative change of use is rewarded by entrepreneurial profit. Entrepreneurs may also fail and suffer losses. *(Dictionary)*

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. *(Dictionary)*

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the lessor and may reflect superior management, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(15th Edition)*

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying any operating expenses above a stated level or amount. *(Dictionary)*

Exposure Time

An opinion, based on supporting market data, of the length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. *(USPAP)*

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions. Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if:

- It is required to properly develop credible opinions and conclusions;
- The appraiser has a reasonable basis for the extraordinary assumption;
- Use of the extraordinary assumption results in a credible analysis; and
- The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions. *(USPAP)*

External Obsolescence

A type of depreciation; a diminution in value caused by negative external influences and generally incurable on the part of the owner, landlord, or tenant. The external influence may be either temporary or permanent. There are two forms of external obsolescence: economic and locational. *(Dictionary)*

Fair Market Value

In nontechnical usage, a term that is equivalent to the contemporary usage of *market value*.

As used in condemnation, litigation, income tax, and property tax situations, a term that is similar in concept to market value but may be defined explicitly by the relevant agency or interpreted differently by court precedent. *(Dictionary)*

Feasibility Analysis

A study of the cost-benefit relationship of an economic endeavor. *(USPAP)*

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. *(Dictionary)*

Floor Area Ratio (FAR)

The relationship between the above-ground floor area of a building, as described by the zoning or building code, and the area of the plot on which it stands; in planning and zoning, often expressed as a decimal, e.g., a ratio of 2.0 indicates that the permissible floor area of a building is twice the total land area. *(Dictionary)*

Functional Obsolescence

The impairment of functional capacity of improvements according to market tastes and standards. *(Dictionary)*

Functional Utility

The ability of a property or building to be useful and to perform the function for which it is intended according to current market tastes and standards; the efficiency of a building's use in terms of architectural style, design and layout, traffic patterns, and the size and type of rooms. *(Dictionary)*

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-concern

An established and operating business having an indefinite future life. *(Dictionary)*

Going-concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern or market value of the total assets of the business*. *(Dictionary)*

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved. *(Dictionary)*

Gross Leasable Area (GLA)

Total floor area designed for the occupancy and exclusive use of tenants, including basements and mezzanines; measured from the center of joint partitioning to the outside wall surfaces. *(Dictionary)*

Gross Living Area (GLA)

Total area of finished, above-grade residential space area; calculated by measuring the outside perimeter of the structure and includes only finished, habitable, above-grade living space. (Finished basements and attic areas are not generally included in total gross living area. Local practices, however, may differ.) *(Dictionary)*

Highest & Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity. The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid (IVS). *(Dictionary)*

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are 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. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. *(15th Edition)*

Incurable Functional Obsolescence

An element of depreciation; a defect caused by a deficiency or superadequacy involving the structure, materials, or design that cannot be practically or economically corrected as of the effective date of the appraisal. *(Dictionary)*

Indirect Costs

Expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs, professional fees, financing costs and the interest paid on construction loans, taxes and the builder's or developer's all-risk insurance during construction, and marketing, sales, and lease-up costs incurred to achieve occupancy or sale. Also called *soft costs*. *(Dictionary)*

Interim Use

The use contemplated by the market participants that the subject real estate can be put to while waiting for certain subsequent factors to occur. *(Dictionary)*

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. *(Dictionary)*

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversion right when the lease expires. *(Dictionary)*

Leasehold Estate

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. *(Dictionary)*

Legal Nonconforming Use

A use that was lawfully established and maintained, but no longer conforms to the use regulations of its current zoning; sometimes known as a legally nonconforming use. *(Dictionary)*

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

1. Consummation of a sale within a short time period.
2. The property is subjected to market conditions prevailing as of the date of valuation.
3. Both the buyer and seller are acting prudently and knowledgeably.
4. The seller is under extreme compulsion to sell.
5. The buyer is typically motivated.
6. Both parties are acting in what they consider to be their best interests.
7. A normal marketing effort is not possible due to the brief exposure time.
8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.
9. 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.

This definition can also be modified to provide for valuation with specified financing terms. *(Dictionary)*

Market Area

The geographic region from which a majority of demand comes and in which the majority of competition is located. Depending on the market, a market area may be further subdivided into components such as primary, secondary, and tertiary market areas, or the competitive market area may be distinguished from the general market area. *(Dictionary)*

Market Rent

The most probable rent that a property should bring in a competitive and open market under all conditions requisite to a fair lease transaction, the lessee and lessor each acting prudently and knowledgeably, and assuming the rent is not affected by undue stimulus. *(Dictionary)*

Market Study

An analysis of the market conditions of supply, demand, and pricing for a specific property type in a specific area. *(Dictionary)*

Market Value (Most Common Non-FRT)

The most probable price, as of a specific date, in cash, or in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale, with the buyer and seller each acting prudently, knowledgeably, and for self-interest, and assuming that neither is under undue distress. *(Dictionary)*

Market Value (Interagency Guidelines)

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

1. buyer and seller are typically motivated;
2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
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. (Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

The study of how a specific property is expected to perform in a specific market. A marketability analysis expands on a market analysis by addressing a specific property. *(Dictionary)*

Neighborhood Analysis

The objective analysis of observable or quantifiable data indicating discernible patterns of urban growth, structure, and change that may detract from or enhance property values; focuses on four sets of considerations that influence value: social, economic, governmental, and environmental factors. *(Dictionary)*

Net Net Net Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management. Also called *NNN lease, triple net lease*, or *fully net lease. (Dictionary)*

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(15th Edition)*

Obsolescence

One cause of depreciation; an impairment of desirability and usefulness caused by new inventions, changes in design, improved processes for production, or external factors that make a property less desirable and valuable for a continued use; may be either functional or external. *(Dictionary)*

Off-site Costs

Costs incurred in the development of a project excluding on-site costs such as grading and construction of the building and other improvements; also called *common costs* or *off-site improvement costs. (Dictionary)*

On-site Costs

Costs incurred for the actual construction of buildings and improvements on a particular site. *(Dictionary)*

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(15th Edition)*

Overall Capitalization Rate (OAR)

The relationship between a single year's net operating income expectancy and the total property price or value. *(Dictionary)*

Parking Ratio

The ratio of parking area or parking spaces to an economic or physical unit of comparison. Minimum required parking ratios for various land uses are often stated in zoning ordinances. *(Dictionary)*

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. *(Dictionary)*

Potential Gross Income Multiplier (PGIM)

The ratio between the sale price (or value) of a property and its annual potential gross income. *(Dictionary)*

Present Value (PV)

The value of a future payment or series of future payments discounted to the current date or to time period zero. *(Dictionary)*

Prospective Opinion of Value

A value opinion effective as of a specified future date. The term does not define a type of value. Instead, it identifies a value opinion as effective at some specific future date. An opinion of value as of a prospective date is frequently sought in connection with projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy. *(Dictionary)*

Qualitative Adjustment

An indication that one property is superior, inferior, or similar to another property. Note that the common usage of the term is a misnomer in that an adjustment to the sale price of a comparable property is not made. Rather, the indication of a property's superiority or inferiority to another is used in relative comparison analysis, bracketing, and other forms of qualitative analysis. *(Dictionary)*

Quantitative Adjustment

In the application of the sales comparison and income capitalization approaches, a numerical (dollar or percentage) adjustment to the sale price, rent, or expense amount of a comparable property to account for the effect on value of a difference between each comparable property and the subject property. *(Dictionary)*

Rentable Area

The amount of space on which the rent is based; calculated according to local practice. *(Dictionary)*

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. *(Dictionary)*

Replacement Cost for Insurance Purposes

The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design and layout for insurance coverage purposes guaranteeing that damaged property is replaced with a new property (i.e., depreciation is not deducted). *(Dictionary)*

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same or similar materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building. *(Dictionary)*

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." *(Dictionary)*

Sales Comparison Approach

The process of deriving a value indication for the subject property by comparing sales of similar properties to the property being appraised, identifying appropriate units of comparison, and making adjustments to the sale prices (or unit prices, as appropriate) of the comparable properties based on relevant, market-derived elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered vacant when an adequate supply of comparable sales is available. *(Dictionary)*

Scope of Work

The type and extent of research and analysis in an appraisal or appraisal review assignment. Scope of work includes, but is not limited to:

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

The type and extent of analysis applied to arrive at opinions or conclusions. *(USPAP)*

Shopping Center Types

Neighborhood Shopping Center: The smallest type of shopping center, generally with a gross leasable area of between 30,000 and 100,000 square feet. Typical anchors include supermarkets. Neighborhood shopping centers offer convenience goods and personal services and usually depend on a market population support of 3,000 to 40,000 people.

Community Shopping Center: A shopping center of 100,000 to 400,000 square feet that usually contains one junior department store, a variety store, discount or department store. A community shopping center generally has between 20 and 70 retail tenants and a market population support of 40,000 to 150,000 people.

Regional Shopping Center: A shopping center of 300,000 to 900,000 square feet that is built around one or two full-line department stores of approximately 200,000 square feet each plus small tenant spaces. This type of center is typically supported by a minimum population of 150,000 people.

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(15th Edition)*

Sum of the Retail Values

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. An appraisal has an effective date, but summing the sales prices of multiple units over an extended period of time will not be the value on that one day unless the prices are discounted to make the value equivalent to what another developer or investor would pay for the bulk purchase of the units. Also called the *aggregate of the retail values* or *aggregate retail selling price*. *(Dictionary)*

Superadequacy

An excess in the capacity or quality of a structure or structural component; determined by market standards. *(Dictionary)*

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. *(Dictionary)*

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.
2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Usable Area

The area that is actually used by the tenants measured from the inside of the exterior walls to the inside of walls separating the space from hallways and common areas. *(Dictionary)*

Useful Life

The period of time over which a structure or a component of a property may reasonably be expected to perform the function for which it was designed. *(Dictionary)*

Vacancy and Collection Loss

A deduction from potential gross income *(PGI)* made to reflect income deductions due to vacancies, tenant turnover, and nonpayment of rent; also called *vacancy and credit loss* or *vacancy and contingency loss. (Dictionary)*

Yield Capitalization

A method used to convert future benefits into present value by (1) discounting each future benefit at an appropriate yield rate, or (2) developing an overall rate that explicitly reflects the investment's income pattern, holding period, value change, and yield rate. *(Dictionary)*

Lucas Heater

Senior Valuation Specialist
Valuation & Advisory Services

lucas.heater@colliers.com
Direct: +1 813 871 8537
Fax: +1 813 224 9403
colliers.com

4830 West Kennedy Boulevard
Suite 300
Tampa, FL 33609
United States

Education or Qualifications

Bachelor of Arts in Political Science, University of Washington

State Certifications

Florida

Georgia

North Carolina

Area of Expertise

Lucas Heater holds a Bachelor of Arts degree in Political Science from the University of Washington. Mr. Heater joined Colliers international Valuation & Advisory Services in 2014 and has been involved in the practice of real estate valuation since 2005. Mr. Heater specializes in the appraisal of hotel properties and is a member of the Colliers Hotel Valuation Group with a primary practice area of the Southeast United States. However, during his time in the profession Mr. Heater has had broad appraisal experience in a multitude of other property types including various office and retail, multi-family and industrial properties, as well as automotive dealerships, gas stations, residential lots and subdivisions, and commercial land valuations.

Affiliations or Memberships

State-Certified General Real Estate Appraiser RZ3629 (Florida)

Georgia Certified General Real Property Appraiser #373039

Certified General Real Estate Appraiser State of North Carolina License #A8347

Professional Background

Colliers International Valuation & Advisory Services, Senior Valuation Specialist, March 2014 to Present

CBRE Valuation & Advisory Services, Senior Appraiser, April 2005 to February 2014

Appraisal Institute Courses

- General Appraiser Market Analysis and Highest and Best Use
- Real Estate Finance, Statistics and Modeling
- General Appraiser Sales Comparison Approach
- General Appraiser Site Valuation and Cost Approach
- General Appraiser Income Approach Parts 1 and 2
- General Appraiser Report Writing and Case Studies

Other Related Courses

- Basic Appraisal Principles
- Basic Appraisal Procedures
- 15 Hour National USPAP
- Residential Site Valuation and Cost Approach

Ron DeSantis, Governor

Halsey Beshears, Secretary

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

THE CERTIFIED GENERAL APPRAISER HEREIN IS CERTIFIED UNDER THE PROVISIONS OF CHAPTER 475, FLORIDA STATUTES

HEATER, LUCAS DANIEL

4830 W KENNEDY BLVD SUITE 300
TAMPA FL 33609

LICENSE NUMBER: RZ3629

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P.J. Cusmano, MAI, MRICS

Exec. Vice President | Eastern U.S. Valuation & Advisory Services

pj.cusmano@colliers.com
Direct: +1 813 229 1599
Mobile: +1 813 431 8958
colliers.com

4830 W. Kennedy Boulevard
Suite 300
Tampa, Florida 33609
United States

Education or Qualifications

BS – Real Estate & Marketing, Florida State University, 1995

State Certifications

Alabama
Arkansas
Florida
Georgia
Illinois
Louisiana
Michigan
Mississippi
New York
North Carolina
South Carolina
Tennessee
Texas
Virginia

Area of Expertise

P.J. Cusmano, MAI, MRICS, is currently the Executive Vice President of the Eastern US of Colliers International Valuation & Advisory Services. Mr. Cusmano has been actively engaged in real estate valuation and counseling since 1996. He has prepared appraisal reports for a wide variety of clients. His experience includes analysis and appraisal of all types of real estate, including residential, retail, office, agricultural, industrial, and special purpose properties, among others.

Mr. Cusmano has extensive specialized expertise in multifamily properties, specifically conventional apartment communities, affordable housing communities, condominium and townhouse projects, and student housing. Aside from conventional financing, he has experience with various specialized financing programs utilized for these projects including FNMA DUS, Freddie Mac, Low Income Housing Tax Credits (LIHTC), SAIL loans, HUD/MAP, FHA and USDA Section 538 programs.

Affiliations or Memberships

2007 – MAI, Designated Member, Appraisal Institute

Professional Background

1996 – Sheets, Hendrickson & Associates, Associate Appraiser

1996-2015 Integra Realty Resources – Tampa Bay, Managing Director/Principal

Oct 2015 – Dec 2017 Colliers International Valuation & Advisory Services, Managing Director | Central Florida

Jan 2018 – Jan 2022 Colliers International Valuation & Advisory Services, Executive Managing Director | Florida Region

Jan 2022-present Colliers International Valuation & Advisory Services, Executive Vice President | Eastern US Region

Representative Clients and Projects

- Bank of America
- BMO Harris
- Berkadia
- Citizens Bank
- City of Tampa
- Community Trust Bank
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- Grandbridge
- Jones Lang Lasalle
- KeyBank
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Ron DeSantis, Governor

Halsey Beshears, Secretary

STATE OF FLORIDA
DEPARTMENT OF BUSINESS AND PROFESSIONAL REGULATION

FLORIDA REAL ESTATE APPRAISAL BD

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CUSMANO, PHILIP JOSEPH

4830 W KENNEDY BOULEVARD SUITE 300
TAMPA FL 33609

LICENSE NUMBER: RZ2436

EXPIRATION DATE: NOVEMBER 30, 2022

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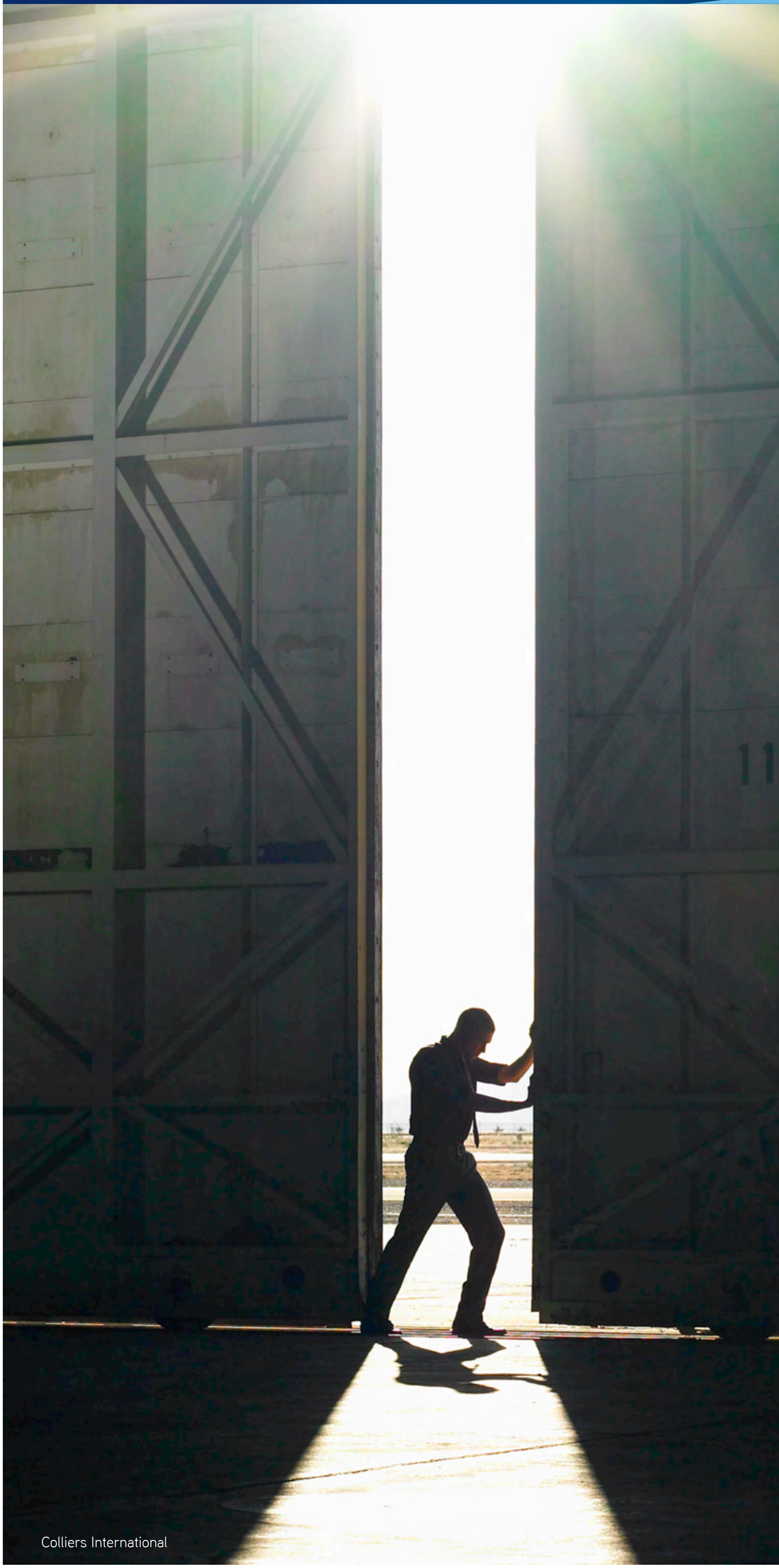

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Real estate valuations play a pivotal role in today's business climate. An accurate and well supported opinion of property value can mean the difference between reaching a critical goal—securing a loan, closing a sale, reporting to investors, choosing the best asset—or failing to achieve it altogether.

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Valuation & Advisory Services National Leadership

US Leadership
Jeremy Walling, MAI, MRICS
President | US
Jeremy.Walling@colliers.com
+1 312 371 4920

Quality Enhancement
Jim Murrett, MAI, SRA
Executive Managing Director
Jim.Murrett@colliers.com
+1 716 312 7790

Client Relations & Service
Jerry Gisclair MAI, MRICS
Executive Vice President
Jerry.Gisclair@colliers.com
+1 813 871 8531

Advisory Services
Bruce Nell, MAI, AI-GRS, MRICS
Executive Managing Director
Bruce.Nell@colliers.com
+1 614 437 4687

Eastern US
PJ Cusmano, MAI, MRICS
Executive Vice President
PJ.Cusmano@colliers.com
+1 813 229 1599

Western US
Jeff Shouse, MAI, CRE
Executive Vice President
Jeff.Shouse@colliers.com
+1 916 724 5531

Region & Market Leaders

Albuquerque
Conner Marshall, MAI
Sr. Valuation Services Director
Conner.Marshall@colliers.com
+1 505 880 7053

Austin
Jay Lefevers, MAI
Managing Director
Jay.Lefevers@colliers.com
+1 602 770 4530

Atlanta
Leamon Holliday, MAI
Managing Director
Leamon.Holliday@colliers.com
+1 404 892 3526

Baltimore
Zachary Smith, MAI
Associate Managing Director
Zachary.Smith@colliers.com
+1 443 602 8985

Birmingham
Tim Rau, MAI, ASA
Managing Director
Tim.Rau@colliers.com
+1 205 970 6160

Boise
John Campbell, MAI
Sr. Valuation Services Director
John.Campbell@colliers.com
+1 206 965 1129

Boston
Chris Stickney, MAI
Associate Managing Director
Chris.Stickney@colliers.com
+1 617 330 8171

Buffalo
James Murrett, MAI, SRA
Executive Managing Director
Jim.Murrett@colliers.com
+1 716 312 7790

Charleston (SC)
Curt McCall, Jr., CRE, MAI
Executive Managing Director
Curt.McCall@colliers.com
+1 843 442 1915

Charleston (WV)
Doug Butcher
Sr. Valuation Services Director
Doug.Butcher@colliers.com
+1 304 712 8289

Charlotte
Chris Johnson, MAI, SRA, AI-GRS
Managing Director
Christopher.Johnson@colliers.com
+1 704 409 2374

Chicago
Tony Guth, MAI
Managing Director
Tony.Guth@colliers.com
+1 312 602 6159

Cincinnati
Brian Graham, MAI, CCIM
Sr. Valuation Services Director
Brian.Graham@colliers.com
+1 513 200 9735

Cleveland
Jacob Roehl
Senior Valuation Specialist
Jacob.Roehl@colliers.com
+1 303 915 5165

Columbus
Christian Smith, MAI
Managing Director
Christian.Smith@colliers.com
+1 614 437 4684

Dallas
Kyle Knox, MAI
Managing Director
Kyle.Knox@colliers.com
+1 214 217 9335

Denver
Jonathan Fletcher, MAI
Managing Director
Jon.Fletcher@colliers.com
+1 303 779 5500

Destin
Kevin Branton
Senior Valuation Specialist
Kevin.Branton@colliers.com
+1 850 460 1202

Detroit
David Abraham, MAI, SRA
Managing Director
David.Abraham@colliers.com
+1 248 226 1872

Fayetteville
Curt Smith, MAI
Valuation Services Director
Curt.Smith@colliers.com
+1 479 202 5932

Fresno
John Larson, MAI
Sr. Valuation Services Director
John.Larson@colliers.com
+1 559 221 1271

Fort Lauderdale
Denise Morales, MAI
Valuation Services Director
Denise.Morales@colliers.com
+1 954 652 4627

Fort Myers
Jacob Hutchings, MAI
Valuation Services Director
Jacob.Hutchings@colliers.com
+1 239 985 8088

Grand Rapids
Will Fowler, MAI
Valuation Services Director
Will.Fowler@colliers.com
+1 616 988 5843

Hawaiian Islands
Bobby Hastings, MAI, MRICS
Managing Director
Bobby.Hastings@colliers.com
+1 808 200 5603

Houston
Jay Lefevers, MAI
Managing Director
Jay.Lefevers@colliers.com
+1 602 770 4530

Huntsville
Wesley Pinyan, MAI, CCIM
Valuation Services Director
Wesley.Pinyan@colliers.com
+1 256 603 7099

Indianapolis
Tony Guth, MAI
Managing Director
Tony.Guth@colliers.com
+1 312 602 6159

Irvine
John Park, MAI
Sr. Valuation Services Director
John.Park@colliers.com
+1 949 724 1152

Jacksonville
Patrick Phipps, MAI
Managing Director
Patrick.Phipps@colliers.com
+1 904 861 1114

Kansas City
Alex Hoenig, MAI
Associate Managing Director
Alex.Hoenig@colliers.com
+1 816 419 3561

Las Vegas
Evan Ranes, MAI, ASA, R/W-AC
Managing Director
Evan.Ranes@colliers.com
+1 702 836 3749

Lexington
Robert Lancaster, Ph.D.
Sr. Valuation Services Director
robert.lancaster@colliers.com
+1 859 221 7802

Little Rock
Joshua Smith, MAI, MRICS
Managing Director
Joshua.Smith@colliers.com
+1 501 219 8546

Los Angeles
Casey Merrill, MAI, ASA, FRICS
Executive Managing Director
Casey.Merrill@colliers.com
+1 213 417 3315

Miami
Ralph Peña, III, MAI
Managing Director
Ralph.Pena@colliers.com
+1 786 517 4855

Milwaukee
Tony Guth, MAI
Managing Director
Tony.Guth@colliers.com
+1 312 602 6159

Minneapolis
Jeff Shouse, MAI, CRE
Executive Vice President
Jeff.Shouse@colliers.com
+1 916 724 5531

Nashville
Patrick Gibson, MAI, CCIM
ExecutiveManaging Director
Patrick.Gibson@colliers.com
+1 615 610 4728

New Orleans
Jason Lindsey, MAI
Valuation Services Director
Jason.Lindsey@colliers.com
+1 504 717 1926

New York
Tony O'Sullivan, MAI, MRICS
Executive Managing Director
Tony.OSullivan@colliers.com
+1 212 207 8057

New York (upstate)
Anthony Palma, MAI, MRICS
Sr. Valuation Services Director
Anthony.Palma@colliers.com
+1 518 788 8108

Orlando
Chuck Buhler, MAI, CCIM
Managing Director
Chuck.Buhler@colliers.com
+1 407 362 6155

Philadelphia
Albert Crosby, MAI
Associate Managing Director
Albert.Crosby@colliers.com
+1 215 928 7526

Phoenix
Michael Brown
Associate Managing Director
Michael.Brown@colliers.com
+1 602 222 5166

Pittsburgh
Brendan Kelly
Valuation Services Director
Brendan.Kelly@colliers.com
+1 412 849 2148

Portland/Vancouver
Jeremy Snow, MAI
Managing Director
Jeremy.Snow@colliers.com
+1 503 542 5409

Raleigh
Chris Johnson, MAI, SRA, AI-GRS
Managing Director
Christopher.Johnson@colliers.com
+1 704 409 2374

Reno
Rebekah Dunn, MAI
Sr. Valuation Services Director
Rebekah.Dunn@colliers.com
+1 916 724 5508

Richmond
Curt McCall, Jr., CRE, MAI
Executive Managing Director
Curt.McCall@colliers.com
+1 843 442 1915

Sacramento
Scott Shouse, MAI
Managing Director
Scott.Shouse@colliers.com
+1 916 724 5532

Salt Lake City
Kelly Tate, MAI
Sr. Valuation Services Director
Kelly.Tate@colliers.com
+1 385 249 5444

San Diego
Rob Detling, MAI
Managing Director
Rob.Detling@colliers.com
+1 858 860 3852

San Francisco
Vathana Duong, MAI
Managing Director
Vathana.Duong@colliers.com
+1 415 288 7854

San Jose
Jeff Shouse, MAI, CRE
Executive Vice President
Jeff.Shouse@colliers.com
+1 916 724 5531

Sarasota
Justin Butler, MAI
Managing Director
Justin.Butler@colliers.com
+1 941 210 5004

Seattle
Reid Erickson, MAI
Executive Managing Director
Reid.Erickson@colliers.com
+1 206 965 1106

St. Louis
Kate Spencer, MAI
Managing Director
Kate.Spencer@colliers.com
+1 214 558 9953

Tampa
Ryan Tolle, MAI, MRICS
Managing Director
Ryan.Tolle@colliers.com
+1 813 871 8510

Washington DC
John Farrell, MAI, AI-GRS
Managing Director
John.Farrell@colliers.com
+1 212 242 5487

Practice Group Leaders

Agriculture
Ben Slaughter, ARA
Managing Director
Benjamin.Slaughter@colliers.com
+1 559 256 0156

Healthcare
Justin Butler, MAI
Managing Director
Justin.Butler@colliers.com
+1 941 210 5004

Self-Storage
Jeff Shouse, MAI, CRE
Executive Vice President
Jeff.Shouse@colliers.com
+1 916 724 5531

Kate Spencer, MAI
Managing Director
Kate.Spencer@colliers.com
+1 214 558 9953

Manufactured Housing
Bruce Nell, MAI, AI-GRS, MRICS
Executive Managing Director
Bruce.Nell@colliers.com
+1 614 437 4687