

INVESTIGATION OF ABATEMENT APPLICATION

ABATEMENT No: 4484/4485 (Parcel 02-4603-00020-000 - Microtel)

I. Recommended Action

The Tax Director recommends no adjustment to the 2017 & 2018 value.

II. Description

a. Background

- i. NDCC 57-23-04 allows property owners to appeal their assessment through the form of an abatement. Ethan Horn, tax consultant for Ryan, LLC is representing PDWG Properties I, LLC, owner of Microtel, for their store located at 705 23rd Ave E in West Fargo.
- ii. Abatement 4484 is requesting the 2017 value be reduced from \$5,208,100 to \$3,300,000.
- iii. Abatement 4485 is requesting the 2018 value be reduced from \$5,161,900 to \$3,300,000.
- iv. The property sold on June 1th, 2018 for \$5,700,000 with \$261,038, totaling \$5,961,038. Recent sale information is required when submitting an abatement application, therefore, Mr. Horn may have been unaware of the supporting sale when filing the abatement.
- v. Mr. Horn has provided an appraisal of Microtel. The appraisal includes a sales comparison approach, as well as an income approach, but does not include a cost approach to value. The appraisal is included with all information provided by Mr. Horn in **Addenda A**.
- vi. The city of West Fargo Assessment office has presented a write-up and review of the abatement shown in **Addenda B**. The information provided from their office includes a review of the cost, sales comparison, and income approaches to value. It also details construction costs and local sales.
- vii. I completed a walkthrough of the property on Thursday, March 7th, 2019. Our review matched up with the current assessment records showing no change that would affect valuation.
- viii. The West Fargo City Commission approved a motion to deny both abatements.

b. Conclusion

- i. The assessment deadline for determining 2017 values was Feb. 1st, 2016 while the assessment deadline for determining 2018 values was Feb. 1st 2017. The appraisal is determining a value as of March 16th, 2018 which is well past the assessment deadline for the 2017 & 2017 taxable years and is therefore invalid for this abatement. The appraisal is useable if the appellant chooses to appeal the 2019 valuation.
- ii. The recent sale of the subject property, along with the local comparable sales and cost approach submitted by West Fargo fully support the

valuation.

- iii. It is the Tax Director's opinion that Microtel is assessed appropriately within the commercial mass appraisal model developed by the City of West Fargo for valuation of all commercial property based on location, age, condition, and type of building. **See Addenda C – Property Record Card.**

III. Impact

- a. Any financial impact for the city, county, or other governing body should not be considered in the deliberation of the 2017 & 2018 assessment of Microtel, as the issue is whether the assessment is fair, equitable, and a reasonable estimate of the True and Full Value as defined in North Dakota Century Code (NDCC)
 - i. NDCC 57-02-01.15 *“True and full value” means the value determined by considering the earning or productive capacity, if any, the market value, if any, and all other matters that affect the actual value of the property to be assessed...*
 - ii. NDCC 57-02-11.1 *All real property subject to taxation must be listed and assessed every year with reference to its value, on February first of that year.*
- b. It is the Tax Director's position that granting the applicant's request would place the property at an assessment less than similar and larger competing hotel properties in West Fargo during 2017 & 2018 on a per room basis.

IV. List of Attachments

- a. Addenda A – Information provided by Microtel representative
- b. Addenda B – Information provided by City of West Fargo Assessment Office
- c. Addenda C – Property Record Card.

Dated Thursday, March 8, 2019



Paul Fracassi
Director of Tax Equalization

Addenda A
Microtel Documentation

Cass County

Valuation Protest Information Submission

Tax Year: 2017

For:

PDWG Properties - First Call Hospitality

West Fargo Microtel Inn & Suites

705 23rd Ave E

West Fargo

Schedule No.

02-4603-00020-000

Assessor's Actual Value:

\$5,208,100

Taxpayer's Opinion of Value:

\$3,300,000

Prepared by: Ethan Horn

Ryan, LLC

Phone Number: (303) 222-1853

Cass County

Valuation Protest Information Submission

Tax Year: 2018

For:

PDWG Properties - First Call Hospitality

West Fargo Microtel Inn & Suites

705 23rd Ave E

West Fargo

Schedule No.

02-4603-00020-000

Assessor's Actual Value:

\$5,161,900

Taxpayer's Opinion of Value:

\$3,300,000

Prepared by: Ethan Horn

Ryan, LLC

Phone Number: (303) 222-1853

APPRAISAL REPORT

MICROTEL
705 23rd Ave E
West Fargo, Cass County, North Dakota 58078
CBRE, Inc. File No. 18-178MN-0274-1
Client Reference No.

Phillip Love
President/CEO
PACTOLA COMMERCIAL & AGRICULTURAL
LENDING
2700 N. Plaza Drive
Rapid City, South Dakota 57702

www.cbre.com/valuation
www.cbrehotels.com

CBRE



CBRE HOTELS

The World's Leading Hotel Experts.

CBRE

1900 LaSalle Plaza, 800 LaSalle Avenue
Minneapolis, MN 55402

T 612-336-4315
F 952-831-8023

www.cbrehotels.com

VALUATION & ADVISORY SERVICES

March 20, 2018

Phillip Love
President/CEO
PACTOLA COMMERCIAL & AGRICULTURAL LENDING
2700 N. Plaza Drive
Rapid City, South Dakota 57702

RE: Appraisal of Microtel
705 23rd Ave E
West Fargo, Cass County, North Dakota 58078
CBRE, Inc. File No. 18-178MN-0274-1
Client Reference No.

Dear Mr. Love:

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

The subject is a 88-room limited service hotel property located at 705 23rd Ave E, West Fargo, ND. The improvements were constructed in 2015 and are situated on a 1.70 -acre site. The hotel is operated as a Microtel, an Wyndham Brand Hotel. Amenities present at the property include an indoor pool, fitness facility, breakfast area and meeting room.

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

| MARKET VALUE CONCLUSION | | | |
|--------------------------------|---------------------------|----------------------|-------------------------|
| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
| As Is | Fee Simple Estate | March 16, 2018 | \$4,000,000 |
| As Stabilized | Fee Simple Estate | March 16, 2020 | \$4,150,000 |

Compiled by CBRE

The value allocation of the subject has been concluded as follows:

| AS IS VALUE ALLOCATION | |
|--|-------------------------|
| Interest Appraised - Allocation | Value Conclusion |
| Fee Simple Estate | |
| As Is Value | \$4,000,000 |
| Personal Property | \$700,000 |
| Business Enterprise Value | \$0 |
| Real Property Value - As Is | \$3,300,000 |
| Compiled by CBRE | |

| AS STABILIZED VALUE ALLOCATION | |
|--|-------------------------|
| Interest Appraised - Allocation | Value Conclusion |
| Fee Simple Estate | |
| As Stabilized Value | \$4,150,000 |
| Personal Property | \$400,000 |
| Business Enterprise Value | \$0 |
| Real Property Value - As Stabilized | \$3,750,000 |
| Compiled by CBRE | |

The report, in its entirety, including all assumptions and limiting conditions, is an integral part of, and inseparable from, this letter.

The following appraisal sets forth the most pertinent data gathered, the techniques employed, and the reasoning leading to the opinion of value. The analyses, opinions and conclusions were developed based on, and this report has been prepared in conformance with, the guidelines and recommendations set forth in the Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute. It also conforms to Title XI Regulations and the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) updated in 1994 and further updated by the Interagency Appraisal and Evaluation Guidelines promulgated in 2010.


The intended use and user of our report are specifically identified in our report as agreed upon in our contract for services and/or reliance language found in the report. No other use or user of the report is permitted by any other party for any other purpose. Dissemination of this report by any party to any non-intended users does not extend reliance to any such party, and CBRE will not be responsible for any unauthorized use of or reliance upon the report, its conclusions or contents (or any portion thereof).

Phillip Love
March 20, 2018
Page 3

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

Respectfully submitted,

CBRE - VALUATION & ADVISORY SERVICES



Justin G. Reed, MAI

Director

Certified General Real Property Appraiser

State of North Dakota License #CG-2705

Phone: 612.336.4315

Fax: 612.336.4255

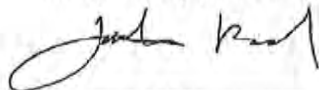
Email: justin.reed@cbre.com



Certification

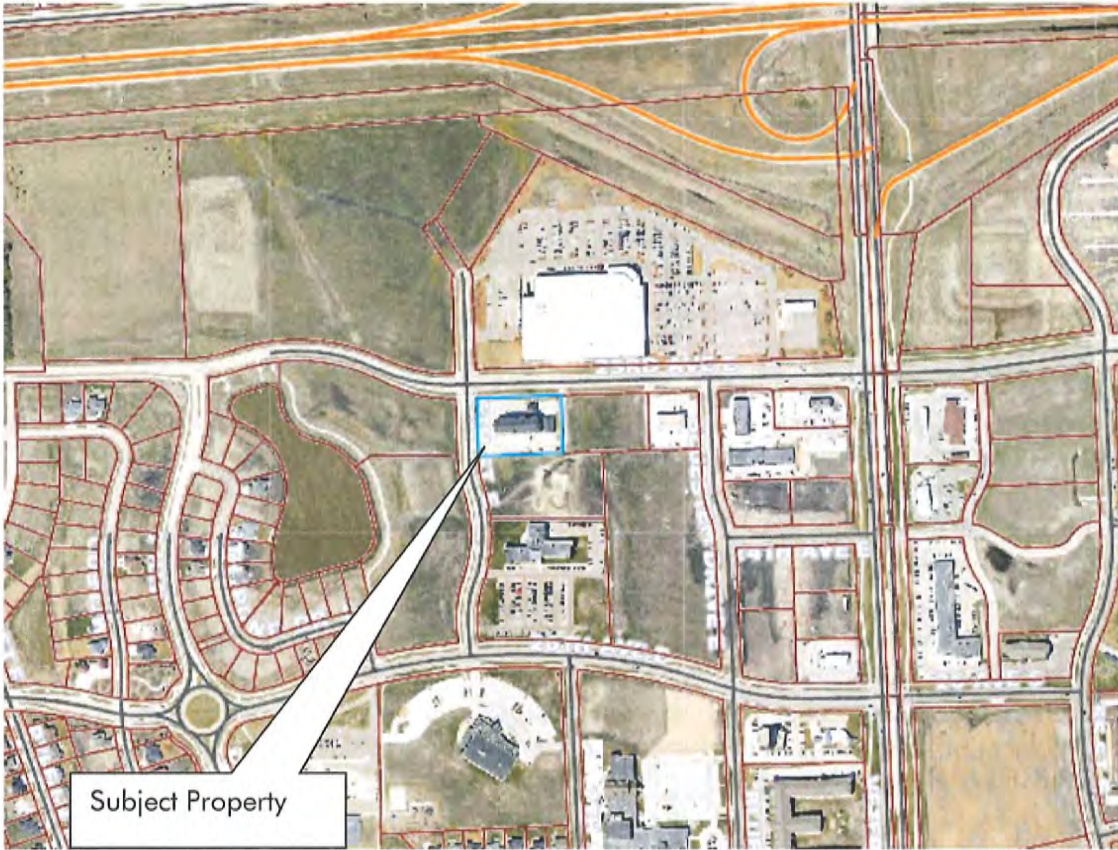
We certify to the best of our knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analyses, opinions, and conclusions.
3. We have no present or prospective interest in or bias with respect to the property that is the subject of this report and have no personal interest in or bias with respect to the parties involved with this assignment.
4. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
5. Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
6. This appraisal assignment was not based upon a requested minimum valuation, a specific valuation, or the approval of a loan.
7. Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice, as well as the requirements of the State of North Dakota.
8. The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
9. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
10. As of the date of this report, Justin Reed, MAI completed the continuing education program for Designated Members of the Appraisal Institute.
11. Justin Reed, MAI has made a personal inspection of the property that is the subject of this report.
12. No one provided significant real property appraisal assistance to the persons signing this report.
13. Valuation & Advisory Services operates as an independent economic entity within CBRE, Inc. Although employees of other CBRE, Inc. divisions may be contacted as a part of our routine market research investigations, absolute client confidentiality and privacy were maintained at all times with regard to this assignment without conflict of interest.
14. Justin Reed, MAI has not provided any services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.



Justin Reed, MAI
Director

Subject Photographs



Source: Cass County GIS (2017)

Note: Duluth Trading Company Retailer Subsequently Built To North

Aerial View



Photo 1-Streetview



Photo 2-Exterior View



Photo 3- Exterior View



Photo 4- Exterior View



Photo 5- Interior Lobby

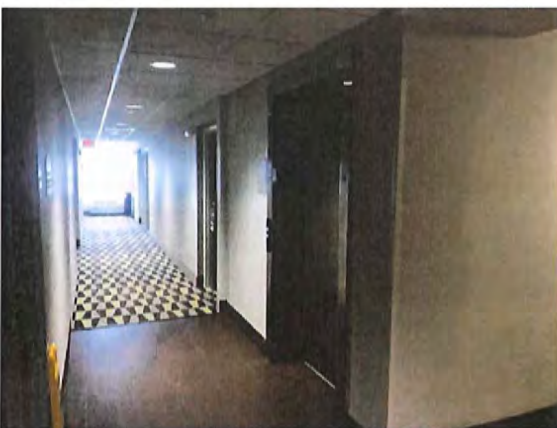


Photo 6-Interior Hallway/Elevator



Photo 7- Breakfast Lounge



Photo 8- Breakfast Bar



Photo 9-Laundry

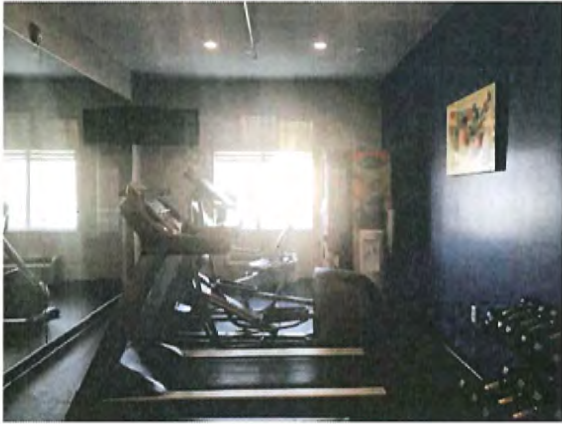


Photo 10-Fitness



Photo 11-Hallway



Photo 12-Interior View/Pool



Photo 13- Interior View/Guest Room



Photo 14- Interior View/Guest Room



Photo 15-Interior View/Guest Room



Photo 16-Interior View/Guest Room



Photo 17-Interior View/Guest Bathroom



Photo 18-Interior Stairwell

Executive Summary

| | | |
|----------------------------------|---|-----------|
| Property Name | Microtel | |
| Location | 705 23rd Ave E, West Fargo, Cass County, North Dakota 58078 | |
| Highest and Best Use | Hold Until Conditions Improve | |
| As If Vacant | Hotel | |
| As Improved | Fee Simple Estate | |
| Property Rights Appraised | March 20, 2018 | |
| Date of Report | March 16, 2018 | |
| Date of Inspection | 12 Months | |
| Estimated Exposure Time | 12 Months | |
| Estimated Marketing Time | 1.70 AC | 74,250 SF |
| Land Area | | |
| Improvements | Hotel | |
| Property Type | 1 | |
| Number of Buildings | 4 | |
| Number of Stories | 41,079 SF | |
| Gross Building Area | 88 | |
| Number of Rooms | 750 SF (total); 750 SF (largest space) | |
| Total/Largest Meeting Space | Pool, whirlpool, meeting space, fitness center, business center, continental breakfast, internet, sundry shop | |
| Property Amenities | 2015 | |
| Year Built | Good | |
| Condition | Investor-Regional | |
| Buyer Profile | | |

Financial Indicators

| | |
|---|---------|
| Current/Trailing 12 Mos. Occupancy | 60.6% |
| Projected Year 1 Occupancy | 60.0% |
| Stabilized Occupancy | 62.0% |
| Current/Trailing 12 Mos. Average Daily Rate | \$62.48 |
| Projected Year 1 Average Daily Rate | \$66.12 |
| Stabilized Average Daily Rate | \$66.12 |
| Projected Inflation Rates | |
| Year 1 | 3.0% |
| Stabilized | 3.0% |
| Going-In Capitalization Rate | 7.50% |
| Discount Rate | 11.00% |
| Terminal Capitalization Rate | 7.75% |

Year 1 Operating Data

| | ADR | Expenses |
|-------------------------------|--------------|-----------------|
| | 3.0% | 3.0% |
| | 3.0% | 3.0% |
| | 7.50% | |
| | 11.00% | |
| | 7.75% | |
| | Total | Per Room |
| Total Revenue | \$1,218,287 | \$13,844.17 |
| Operating Expenses | \$948,164 | \$10,774.59 |
| Expense Ratio | 77.83% | |
| Net Operating Income (EBITDA) | \$270,124 | \$3,069.59 |

VALUATION

| | | Total | Per Room |
|--------------------------------------|-----------------------|--------------|-----------------|
| Market Value As Is On | March 16, 2018 | | |
| Sales Comparison Approach | | \$4,400,000 | \$50,000.00 |
| Income Capitalization Approach | | \$4,000,000 | \$45,454.55 |
| Market Value As Stabilized On | March 16, 2020 | | |
| Sales Comparison Approach | | \$4,400,000 | \$50,000.00 |
| Income Capitalization Approach | | \$4,150,000 | \$47,159.09 |

CONCLUDED MARKET VALUE

| Appraisal Premise | Interest Appraised | Date of Value | Value |
|--------------------------|---------------------------|----------------------|--------------|
| As Is | Fee Simple Estate | March 16, 2018 | \$4,000,000 |
| As Stabilized | Fee Simple Estate | March 16, 2020 | \$4,150,000 |

Compiled by CBRE

STRENGTHS, WEAKNESSES, OPPORTUNITIES AND THREATS (SWOT)**Strengths/ Opportunities**

- The subject is affiliated with the Wyndham Brand, which is a nationally recognized hotel franchise;
- The subject was recently constructed and is in good condition;
- The subject is in close proximity to the recently constructed Sanford Health Hospital.

Weaknesses/ Threats

- The subject's performance has not been sufficient to generate a profit in recent years;
- According to STR, the comparable set as of December 2017 was 62.4% for the running 12 months.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined 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." ¹

- The appraiser assumes ongoing operation and compliance as a Wyndham Family Hotel.
- The use of extraordinary assumptions might have affected assignment results.

HYPOTHETICAL CONDITIONS

A hypothetical condition is defined as "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 purposes of analysis." ²

- None noted

¹ The Appraisal Foundation, *USPAP*, 2016-2017 ed., 3.

² The Appraisal Foundation, *USPAP*, 2016-2017 ed., 3.

Table of Contents

| | |
|---|-----|
| Certification | i |
| Subject Photographs..... | ii |
| Executive Summary | vi |
| Table of Contents | ix |
| Introduction | 1 |
| Area Analysis | 5 |
| Neighborhood Analysis | 8 |
| Site Analysis | 12 |
| Improvements Analysis | 16 |
| Zoning | 18 |
| Tax and Assessment Data | 20 |
| Market Analysis | 23 |
| Highest and Best Use | 48 |
| Appraisal Methodology | 49 |
| Sales Comparison Approach | 50 |
| Income Capitalization Approach..... | 68 |
| Reconciliation of Value | 96 |
| Real Property Value Allocation..... | 97 |
| Assumptions and Limiting Conditions | 100 |
| ADDENDA | |
| A PIP Document | |
| B Improved Sale Data Sheets | |
| C Hotel Comparable Data Sheets | |
| D Operating Data | |
| E Smith Travel Research Report | |
| F Tax Statement | |
| G Précis METRO Report - Moody's Analytics, Inc. | |
| H Client Contract Information | |
| I Qualifications | |

Introduction

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of St. GALAWAY PROPERTY GROUP LLC ETAL according to Cass County.

To the best of our knowledge, there has been no ownership transfer of the property during the previous three years. The owner provided no information on any recent marketing of the property, and we assume that the property has not been marketed for sale.

INTENDED USE OF REPORT

The intended use of this appraisal is for loan underwriting and-or credit decisions.

INTENDED USER OF REPORT

The intended users of this report is Pactola Commercial & Agricultural Lending, no other user may rely upon this report unless specifically authorized.

Intended Users - the intended user is the person (or entity) who the appraiser intends will use the results of the appraisal. The client may provide the appraiser with information about other potential users of the appraisal, but the appraiser ultimately determines who the appropriate users are given the appraisal problem to be solved. Identifying the intended users is necessary so that the appraiser can report the opinions and conclusions developed in the appraisal in a manner that is clear and understandable to the intended users. Parties who receive or might receive a copy of the appraisal are not necessarily intended users. The appraiser's responsibility is to the intended users identified in the report, not to all readers of the appraisal report.³

PURPOSE OF THE APPRAISAL

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

DEFINITION OF VALUE

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

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

1. buyer and seller are typically motivated;

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

2. both parties are well informed or well advised, and acting in what they consider their own best interests;
3. a reasonable time is allowed for exposure in the open market;
4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and
5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.⁴

EXPOSURE/MARKETING TIME

The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone. In consideration of these factors, we have analyzed the following:

| EXPOSURE/MARKETING TIME DATA | | | |
|---|-------------------------|--------|---------|
| Investment Type | Exposure/Mktg. (Months) | | Average |
| | Range | | |
| Comparable Sales Data | 0.0 | - 5.0 | 3.3 |
| <i>PwC Limited Service Hotels</i> | | | |
| National Data | 2.0 | - 12.0 | 6.8 |
| Local Market Professionals | 6.0 | - 12.0 | 9.0 |
| CBRE Exposure Time Estimate | 12 Months | | |
| CBRE Marketing Period Estimate | 12 Months | | |
| PwC Real Estate Investor Survey & Situs RERC Real Estate Report | | | |

INTEREST APPRAISED

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

Fee Simple Estate - Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat.⁵

Leased Fee Interest - A freehold (ownership interest) where the possessory interest has been granted to another party by creation of a contractual landlord-tenant relationship (i.e., a lease).⁶

Leasehold Interest - The tenant's possessory interest created by a lease.⁷

SCOPE OF WORK

This Appraisal Report is intended to comply with the reporting requirements set forth under Standards Rule 2 of USPAP. The scope of the assignment relates to the extent and manner in

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

⁵ *Dictionary of Real Estate Appraisal*, 78.

⁶ *Dictionary of Real Estate Appraisal*, 113.

⁷ *Dictionary of Real Estate Appraisal*, 113.

which research is conducted, data is gathered and analysis is applied. CBRE, Inc. completed the following steps for this assignment:

Extent to Which the Property is Identified

The property is identified through the following sources:

- postal address
- assessor's records
- legal description

Extent to Which the Property is Inspected

CBRE, Inc. inspected both the interior and exterior of the subject, as well as its surrounding environs on the effective date of appraisal. We did not inspect the roof nor did we make a detailed inspection of the mechanical systems. We are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is required.

The extent of the inspection included a tour with the on-site general manager. This included the following:

- subject guest rooms
- subject public/common areas including the breakfast room, fitness center, pool and hallways

This inspection sample was considered an adequate representation of the subject property and is the basis for our findings.

Type and Extent of the Data Researched

CBRE reviewed the following:

- applicable tax data
- zoning requirements
- flood zone status
- demographics
- income and expense data
- comparable data

Type and Extent of Analysis Applied

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

Data Resources Utilized in the Analysis

DATA SOURCES

| <i>Item:</i> | <i>Source(s):</i> |
|-----------------------|-----------------------------------|
| Site Data | |
| Size | City of West Fargo/Cass County |
| Improved Data | |
| Building Area | City of West Fargo/Cass County |
| No. Bldgs. | Inspection |
| Parking Spaces | Aerial Information |
| Year Built/Developed | City of West Fargo/Cass County |
| Economic Data | |
| Deferred Maintenance: | N/A |
| Building Costs: | N/A |
| Income Data: | Market Derived, Property P&Ls,STR |
| Expense Data: | Market Derived, Property P&Ls |

Compiled by CBRE

Area Analysis



Moody's Economy.com provides the following Fargo, ND-MN metro area economic summary as of Oct-17. The full Moody's Economy.com report is presented in the Addenda.

| FARGO, ND-MN - ECONOMIC INDICATORS | | | | | | | | | | | | |
|------------------------------------|-------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Indicators | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
| Gross Metro Product (C09\$ Bil) | 11.3 | 12.4 | 12.6 | 13.4 | 13.7 | 13.4 | 13.5 | 14.1 | 14.5 | 14.7 | 15.1 | 15.5 |
| % Change | 6.8 | 9.6 | 1.5 | 6.3 | 2.2 | -2.1 | 1.3 | 3.8 | 2.9 | 1.3 | 3.0 | 2.9 |
| Total Employment (Ths) | 123.7 | 129.0 | 132.4 | 136.6 | 138.7 | 140.6 | 143.3 | 146.1 | 147.5 | 147.7 | 148.6 | 149.9 |
| % Change | 2.9 | 4.3 | 2.6 | 3.2 | 1.5 | 1.4 | 1.9 | 2.0 | 0.9 | 0.1 | 0.6 | 0.9 |
| Unemployment Rate (%) | 3.9 | 3.5 | 3.1 | 2.7 | 2.5 | 2.6 | 2.4 | 2.3 | 2.4 | 2.8 | 2.9 | 2.9 |
| Personal Income Growth (%) | 8.8 | 11.0 | 5.0 | 5.8 | 4.2 | 4.1 | 3.7 | 3.5 | 3.9 | 3.0 | 3.0 | 3.3 |
| Median Household Income (\$ Ths) | 51.3 | 52.0 | 52.5 | 54.0 | 56.0 | 55.8 | 56.8 | 57.8 | 59.0 | 59.9 | 60.6 | 61.5 |
| Population (Ths) | 212.9 | 217.3 | 223.8 | 228.4 | 233.6 | 238.1 | 239.5 | 241.6 | 244.0 | 246.3 | 248.6 | 251.0 |
| % Change | 1.7 | 2.1 | 3.0 | 2.0 | 2.3 | 1.9 | 0.6 | 0.9 | 1.0 | 0.9 | 0.9 | 1.0 |
| Net Migration (Ths) | 1.7 | 2.5 | 4.7 | 2.6 | 3.2 | 2.5 | -0.6 | 0.2 | 0.4 | 0.4 | 0.4 | 0.6 |
| Single-Family Permits (#) | 609.0 | 1,037.0 | 1,395.0 | 1,242.0 | 1,359.0 | 1,192.0 | 1,473.8 | 2,283.5 | 1,913.5 | 1,530.6 | 1,338.1 | 1,278.5 |
| Multifamily Permits (#) | 927.0 | 1,174.0 | 1,698.0 | 2,524.0 | 1,360.0 | 1,287.0 | 1,377.7 | 1,138.9 | 726.8 | 568.9 | 670.9 | 798.2 |
| Fhfa House Price (1995Q1=100) | 177.9 | 181.2 | 191.0 | 205.7 | 219.8 | 234.4 | 242.5 | 248.2 | 250.7 | 252.6 | 256.4 | 262.4 |

Source: Moody's Economy.com

RECENT PERFORMANCE

The pace of growth in Fargo has picked up in recent months, outperforming the national average for most of 2017. FAR is the only part of North Dakota that is outperforming thanks to the area's more diverse industrial structure, which buffers it from some of the turbulence in energy and agriculture. This is most evident in the labor market; FAR enjoys the lowest unemployment rate of any metro area in North Dakota, which has the lowest unemployment rate nationally. Though a

2.2% jobless rate is an impressive feat, what really sets the area apart is that it has accomplished this even with healthy growth in its labor force. This marks a sharp turnaround for an economy that has long been hampered by an extremely tight labor market. Private services should get much of the credit, but even manufacturing and construction firms have been hiring more lately.

LABOR FORCE

The biggest differentiator between FAR and its regional neighbors will be the area's more dynamic labor force flows. As expected, some weakness over the first half of the year proved to be only a blip in the outlook, and since early summer, things have really turned around. Low costs, a more highly educated workforce, and greater industrial diversity than many of FAR's regional peers appear to finally be helping the area overcome one of its biggest challenges. Historically, the tight labor market has acted as a speed limit on growth. Economies with labor markets as tight as FAR's can add jobs only at the speed at which new workers can be added to the workforce. Conditions portend stronger than average labor force gains for the next several years, which will help the area outperform the U.S. and regional averages.

PRIVATE SERVICES

The main reason that FAR will be able to accomplish this in the face of sluggish labor force growth elsewhere in the state is the area's more dynamic private service sector. A core group of large employers, led by Microsoft, U.S. Bank, and a slew of healthcare companies, will continue to give FAR the leg up.

These advantages are most evident when comparing employment by wage tier. FAR has substantially outperformed historically with regard to midwage hiring, a trend that has only grown more pronounced over the past year. In a region hurting for more midwage jobs, FAR serves as an attractive landing spot for many displaced workers. What is more, graduate retention at North Dakota State University also plays a factor. These dynamics will be a key ingredient toward raising incomes and attracting more workers to the area throughout the forecast. Gains in other key target areas such as quality of life and transportation connections will need to be vital as well.

COMPETING WITH ENERGY

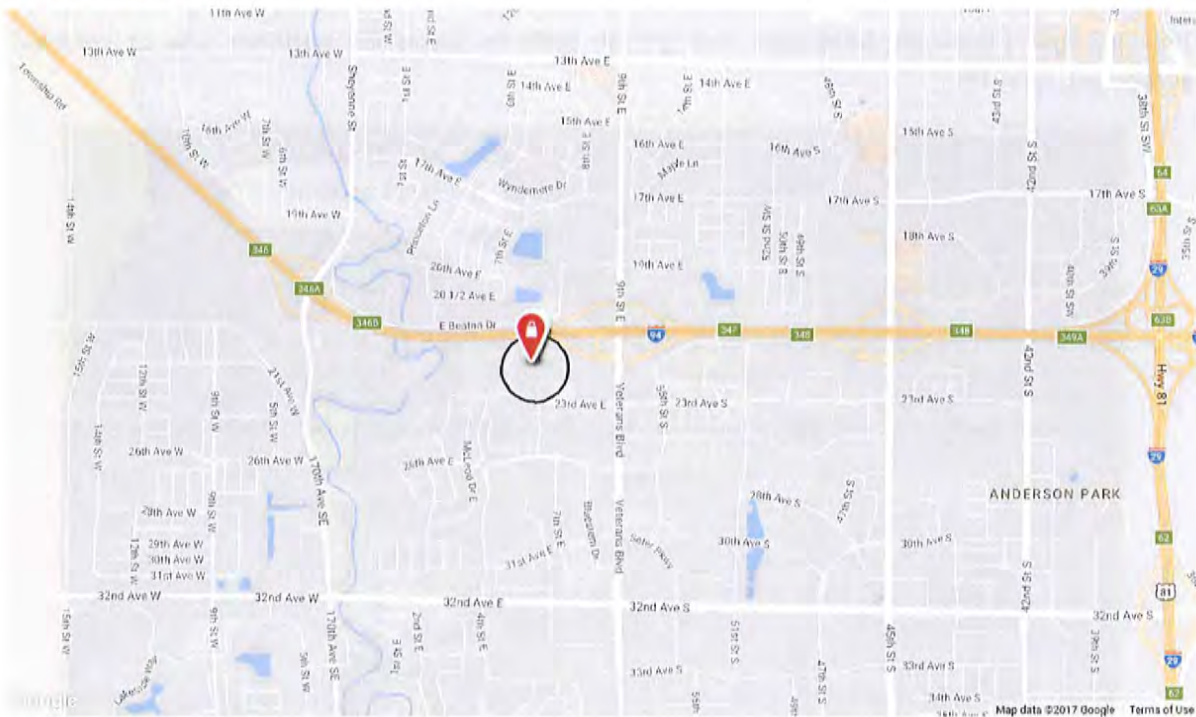
These comparisons to the rest of North Dakota will only grow starker as the state becomes more dependent on energy and agriculture. This will not always work to FAR's advantage, however. Gains in the metro area have been so strong over the past two years in large part because of the oil bust. As energy prices and North Dakota oil production creep back up, FAR will again find itself in a tug of war with western North Dakota for workers.

CONCLUSION

The outlook for Fargo remains cautiously optimistic. The only real speed limit in the forecast is the degree to which the metro area can attract new workers. Lesser risks are present with regard to

the agricultural commodity cycle and the strong dollar as well, though these are far less pronounced in FAR than the rest of the state. FAR is situated in a way that will enable it to outperform the rest of North Dakota no matter what happens in commodity markets. How it fares versus the rest of the U.S., however, will rest squarely on its ability to attract and retain talent.

Neighborhood Analysis



LOCATION

The neighborhood is located on the eastern side of West Fargo/being adjacent the City of Fargo. The area is best defined as a high-growth district composed mainly of commercial and medium density residential uses.

BOUNDARIES

The neighborhood boundaries are detailed as follows:

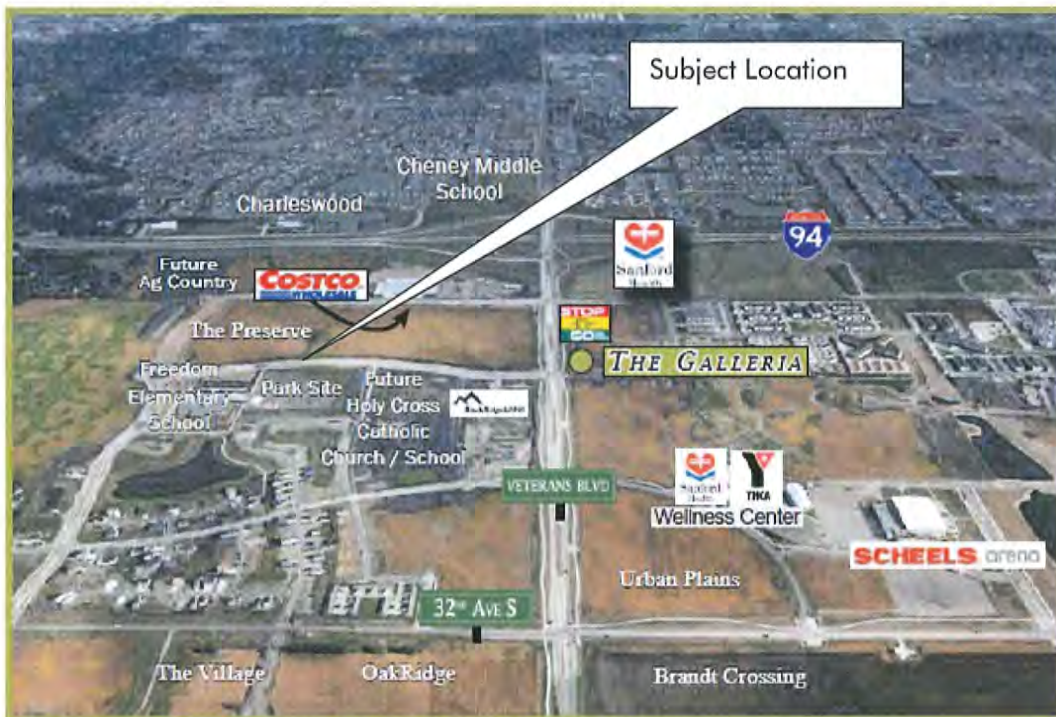
| | |
|---------------|--|
| North: | I-94 |
| South: | 32 nd Avenue East |
| East: | Veterans Boulevard |
| West: | Sheyenne River/170 th Avenue SE |

LAND USE

Land uses within the subject neighborhood consist of vacant land and commercial uses that transition to townhomes, apartments, single family homes to the west. The commercial uses scattered along Veteran's Boulevard as well as 45th Street.

GROWTH PATTERNS

Widespread growth has occurred along Veteran’s Boulevard. The following map is from 2014 but illustrates prominent land uses and growth patterns along the northern side of Veteran’s Boulevard, near I-94:



Note: Aerial Dated/Excludes Several Recent Developments

The subject’s area has benefited from this growth trend and the interchange has created new opportunities for expansion on both the retail and commercial fronts.

The southwest areas of Fargo and West Fargo have both experienced tremendous growth. This is partially the result of the Sheyenne River Diversion (West Fargo), as well as a number of growth constraints on all other sides of the city. The north side of Fargo contains the area’s landfill, wastewater treatment plant as well as industrial parks. Fargo is bound to the east by the state line, which follows the Red River. Local municipalities have been historically development friendly, which has caused “leapfrog” development within much of the area. In future years development is anticipated to continue in the same fashion (in the south and western directions) largely because of the abundance of available land as well as minimal growth constraints.

ACCESS

The area is organized in a grid-like pattern, with Interstate 29 and Interstate 94 intersecting to mark the central portion of Fargo/Moorhead. The subject neighborhood is directly accessible via Veteran’s Boulevard and 32nd Avenue East. Veteran’s Boulevard connects to Interstate 94 to the

north at an interchange. 32nd Avenue East connects to Interstate 29 to the east and also has interchange access.

The Fargo/Moorhead CBDs are located roughly five miles to the northeast of the subject property. Hector Airfield is located in North Fargo, which is roughly eight miles to the north.

DEMOGRAPHICS

Selected neighborhood demographics in 1-, 3-, and 5-mile radii from the subject are shown in the following table:

| SELECTED NEIGHBORHOOD DEMOGRAPHICS | | | |
|---|---------------|----------------|----------------|
| 705 23Rd Ave E West Fargo, ND | 1 Mile | 3 Miles | 5 Miles |
| Population | | | |
| 2022 Total Population | 9,185 | 81,426 | 144,995 |
| 2017 Total Population | 7,769 | 70,767 | 127,325 |
| 2010 Total Population | 4,641 | 56,207 | 103,177 |
| 2000 Total Population | 1,847 | 34,380 | 78,943 |
| Annual Growth 2017 - 2022 | 3.41% | 2.85% | 2.63% |
| Annual Growth 2010 - 2017 | 7.64% | 3.35% | 3.05% |
| Annual Growth 2000 - 2010 | 9.65% | 5.04% | 2.71% |
| Households | | | |
| 2022 Total Households | 3,660 | 35,480 | 63,263 |
| 2017 Total Households | 3,081 | 30,861 | 55,532 |
| 2010 Total Households | 1,815 | 24,536 | 45,039 |
| 2000 Total Households | 646 | 14,753 | 33,465 |
| Annual Growth 2017 - 2022 | 3.50% | 2.83% | 2.64% |
| Annual Growth 2010 - 2017 | 7.85% | 3.33% | 3.04% |
| Annual Growth 2000 - 2010 | 10.88% | 5.22% | 3.01% |
| Income | | | |
| 2017 Median Household Income | \$75,543 | \$58,277 | \$55,791 |
| 2017 Average Household Income | \$94,672 | \$78,775 | \$78,152 |
| 2017 Per Capita Income | \$38,171 | \$34,159 | \$34,136 |
| 2017 Pop 25+ College Graduates | 2,105 | 17,688 | 32,707 |
| Age 25+ Percent College Graduates - 2017 | 41.7% | 38.2% | 38.9% |
| Source: Nielsen/Claritas | | | |

CONCLUSION

The neighborhood is a mixed-use commercial area. The subject property conforms well to the surrounding neighborhood infrastructure and support services.

ENVIRONMENTAL ISSUES

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

CONCLUSION

The site is located within a growth-location of West Fargo that has benefited from recent commercial construction activity and retailers like Costco and Duluth Trading Company. The site has good access to I-94 and some visibility from Veterans Boulevard. The functional utility of the site is average to good for a hotel development in this area.

Improvements Analysis

The following chart shows a summary of the improvements.

| IMPROVEMENTS SUMMARY AND ANALYSIS | | | |
|--|---|------------------------|------------------|
| Property Type | Hotel | (Select Service Hotel) | |
| Number of Buildings | 1 | | |
| Number of Stories | 4 | | |
| Year Built | 2015 | | |
| Gross Building Area | 41,079 SF | | |
| Number of Guest Rooms | 88 | | |
| Restaurant/Lounge | Breakfast Bar | | |
| Meeting/Banquet Rooms | Yes | | |
| Property Amenities | business center, continental breakfast, internet, | | |
| Site Coverage | 13.8% | | |
| Land-to-Building Ratio | 1.81 : 1 | | |
| Parking Spaces: | 118 | | |
| Parking Ratio (per 1,000 SF GBA) | 2.87 | | |
| ROOM TYPE MIX | | | |
| Room Type | Comments | No. Rooms | Percent of Total |
| Standard King/QQ | Standard | 88 | 100.0% |
| Total: | | 88 | 100.0% |
| Source: Various sources compiled by CBRE | | | |

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

YEAR BUILT

The subject was built in 2015.

DESIGN AND LAYOUT

The ground level of the hotel houses the lobby, registration desk, and administrative areas. The lobby leads to the entrance to the breakfast bar. Additionally, all "back of the house" facilities are located on the main level including shipping, mechanical rooms, et cetera. The pool and fitness room are situated on the main level as well.

ROOMS

The subject's guestrooms are located on all floors of the facility. As noted previously, the subject's guest rooms include double queen rooms, king suites, and king rooms. The suite rooms have a living area which includes a sofa sleeper, television, table, work desk, and wet bar. Additional furniture and equipment in the guest rooms includes assorted tables, chairs, lamps, artwork, night stands, desks, mirrors, and ottomans.

MEETING ROOMS

The subject has an executive meeting room as well as a breakfast dining area.

ELEVATOR/STAIR SYSTEM

Two sets of interior stairwells and one passenger elevator.

HVAC

The subject has a hot water heating and chilled water cooling system with zone control for public areas, and there are individual, through-wall PTAC units in the guest rooms.

The HVAC system was reported to be in good operating condition and adequate for the building.

FUNCTIONAL UTILITY

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

ADA COMPLIANCE

All common areas of the property appear to have handicap accessibility. The client/reader's attention is directed to the specific limiting conditions regarding ADA compliance.

ENVIRONMENTAL ISSUES

CBRE, Inc. is not qualified to detect the existence of any potentially hazardous materials such as lead paint, asbestos, urea formaldehyde foam insulation, or other potentially hazardous construction materials on or in the improvements. The existence of such substances may affect the value of the property. For the purpose of this assignment, we have specifically assumed there are no hazardous materials that would cause a loss in value to the subject.

PROPERTY IMPROVEMENT PLAN COST

None noted.

CONCLUSION

The improvements are in good overall condition. Overall, there are no known factors that adversely impact the marketability of the improvements.

Zoning

The following chart summarizes the subject's zoning requirements.

| ZONING SUMMARY | |
|---------------------------------|-----------------------------|
| Current Zoning | C-Light Commercial District |
| Legally Conforming | Yes |
| Zoning Change | Not likely |
| Source: Planning & Zoning Dept. | |

ANALYSIS AND CONCLUSION

The improvements represent a legally-conforming use and, if damaged, may be restored without special permit application. Additional information may be obtained from the appropriate governmental authority. For purposes of this appraisal, CBRE has assumed the information obtained is correct.

Tax and Assessment Data

The following summarizes the local assessor's estimate of the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures or equipment. The CBRE estimated tax obligation is also shown.

| AD VALOREM TAX INFORMATION | | | | |
|-----------------------------------|--|-----------------|-----------------|-----------------|
| Assessor's Market Value | Parcel Description | Payable 2016 | Payable 2017 | Pro Forma |
| 02-4603-00020-000 | LOT 2 BLK 1 NORTH POND AT THE PRESERVE 4TH | \$4,265,500 | \$5,208,100 | |
| Total Assessor's Market Value | | \$4,265,500 | \$5,208,100 | \$4,687,290 |
| Assessed Value @ | | 5% | 5% | 5% |
| | | \$213,275 | \$260,405 | \$234,365 |
| General Tax Rate | (per \$100 A.V.) | 25.76 | 28.43 | 28.43 |
| General Tax: | | \$54,936 | \$74,041 | \$66,637 |
| Special Assessments: | | 20,714 | 23,535 | 23,535 |
| Subtotal | | \$75,651 | \$97,576 | \$90,172 |
| Less: 5% Early Payment Discount | | (\$2,747) | (\$3,702) | (\$3,332) |
| Total Taxes | | \$72,904 | \$93,874 | \$86,840 |
| Source: Assessor's Office | | | | |

The table above summarizes the subject's market value, assessed value, and taxes, and does not include any furniture, fixtures and equipment.

The local Assessor's methodology for valuation is based upon an assigned mill rate that is established on a yearly basis. The following equations illustrate how the county determines the yearly taxes:

$$\text{Market Value} \times \text{Taxable Ratio} = \text{Taxable Value}$$

$$\text{Taxable Value} \times \text{Total Mill Rate} = \text{Property Tax Bill}$$

The commercial taxable value is equivalent to 5.0% of the assessor's market value.

The 12% ND Tax Relief Credit has been factored in the mill rate for the historical year above. This tax relief was approved in 2015 and extended through 2017. The 12% ND Tax Relief Credit has NOT been applied within the mill rate to our tax estimate for the upcoming year.

TAX COMPARABLES

The following tax comparables were referenced to support the concluded pro forma amount:

AD VALOREM TAX COMPARABLES

| Comparable Hotel | Red Roof | Kelly Inn 13th Avenue | Wingate - Fargo | Subject |
|------------------------------------|-------------|--------------------------|--------------------|-------------|
| Year Built | 1993 | 1994 | 1999 | 2015 |
| No. Rooms | 61 | 59 | 83 | 88 |
| Tax Year | Pro Forma | 2017 | 2017 | Pro Forma |
| Assessor's Market Value | \$2,255,400 | \$2,417,100 | \$5,282,600 | \$4,687,290 |
| AV Per Room | \$36,974 | \$40,968 | \$63,646 | \$53,265 |
| Assessor's Assessed Value | \$112,770 | \$120,855 | \$264,130 | \$234,365 |
| Combined Tax Rate (per \$100 A.V.) | 26.06 | 26.06 | 26.06 | 28.43 |
| Total Taxes | \$29,391 | \$31,498 | \$68,840 | \$66,637 |
| Per Room | \$482 | \$534 | \$829 | \$757 |

Source: Assessor's Office

DELINQUENCY

None noted

SPECIAL ASSESSMENTS

The following unpaid special assessments are levied against the subject property:

Special Assessment Information

| Project Number | Description | Interest Rate | 2018 Projected Interest | 2018 Projected Principal | 2018 Projected Total | Current Principal | Accrued Interest | Payoff Total | Pending Specials Estimate |
|---------------------|---|---------------|-------------------------|--------------------------|----------------------|-------------------|------------------|-------------------|---------------------------|
| 01-1202 | 32ND AVE - SHEY TO 9TH ST | 5.00 | 30.65 | 36.06 | 66.71 | 613.00 | 6.38 | 619.38 | 0.00 |
| 01-1222 | MAPLE RIDGE 1ST | 4.29 | 187.89 | 230.51 | 418.40 | 4,379.67 | 39.12 | 4,418.79 | 0.00 |
| 01-1234 | NORTH POND @ THE PRESERVE | 3.90 | 2,982.13 | 4,024.47 | 7,006.60 | 76,464.85 | 620.94 | 77,085.79 | 0.00 |
| 01-1250 | NORTH POND 3RD | 4.69 | 1,397.80 | 1,490.19 | 2,887.99 | 29,803.83 | 291.05 | 30,094.88 | 0.00 |
| 01-1268 | RIVER'S BEND 2ND | 4.50 | 326.24 | 329.53 | 655.77 | 7,249.75 | 67.93 | 7,317.68 | 0.00 |
| 01-1271 | North Pond at Preserve 4th Addition | 4.50 | 3,717.64 | 3,620.91 | 7,338.55 | 83,280.99 | 780.33 | 84,061.32 | 0.00 |
| 02-2162 | COUNTY ROAD 17 | 5.00 | 7.07 | 28.27 | 35.34 | 141.36 | 1.17 | 142.53 | 0.00 |
| 02-2193 | 32ND AVE SHEY ST TO 9TH ST | 5.00 | 29.70 | 118.78 | 148.48 | 593.90 | 6.18 | 600.08 | 0.00 |
| 02-2195 | PHASE 1 9TH ST S OF I-94 | 4.00 | 212.90 | 313.09 | 525.99 | 5,322.61 | 44.33 | 5,366.94 | 0.00 |
| 02-2195deferred2012 | Phase 2 9th St paving | 4.00 | 231.76 | 304.95 | 536.71 | 5,794.02 | 48.26 | 5,842.28 | 0.00 |
| 02-2211 | KOPPANG, MAPLE RIDGE @ THE PRESERVE, SOUTH POND @ THE PRESERVE | 3.90 | 421.87 | 569.32 | 991.19 | 10,817.17 | 87.84 | 10,905.01 | 0.00 |
| 02-2220 | VET AVE STR LIGHTS 23&26 | 0.00 | 0.00 | 114.32 | 114.32 | 2,400.68 | 0.00 | 2,400.68 | 0.00 |
| 02-2233 | 32ND & 40TH AVE EAST OF SHEYENNE | 4.50 | 387.70 | 374.59 | 762.29 | 8,615.51 | 80.73 | 8,696.24 | 0.00 |
| 02-2239 | 32ND & 40TH AVE WEST OF SHEYENNE | 3.75 | 335.01 | 372.23 | 707.24 | 8,933.63 | 69.76 | 9,003.39 | 0.00 |
| 05-4047 | KOPPANG, MAPLE RIDGE @ THE PRESERVE, NORTH POND @ THE PRESERVE, SOUTH POND @ THE PRESERVE | 3.90 | 455.40 | 614.57 | 1,069.97 | 11,676.92 | 94.82 | 11,771.74 | 0.00 |
| | Total: | | 10,753.76 | 12,541.79 | 23,295.55 | 256,087.89 | 2,239.14 | 258,327.03 | 0.00 |

Special Assessment Installments

| Tax Year | Certified Principal | Certified Interest | Certified Total |
|----------|---------------------|--------------------|-----------------|
| 2017 | 12,541.81 | 10,993.25 | 23,535.06 |
| 2016 | 12,169.56 | 8,544.88 | 20,714.44 |
| 2015 | 8,174.06 | 6,982.66 | 15,156.72 |

CONCLUSION

The pro forma includes a 5% early payment discount given that a prudent owner would take advantage of the savings made available by paying before February 15th.

The total taxes for the subject have been estimated as \$86,840 for the base year of our analysis, based upon an assessed value of \$4,687,290 or \$53,265 per guest room. The special assessment installments have been included in the pro forma instead of deducting the balance as a lump sum. The assessment is -10% below the existing assessment given recent declines in the market as well as the concluded market value.

Market Analysis

Understanding the relationship between supply and demand is a critical component of any appraisal, particularly with respect to hotels. Unlike other property types, hotels essentially lease their rooms on a daily basis. While this characteristic allows for an immediate response to changes in market conditions, it also requires a high level of management intensity. There is an inverse relationship between occupancy and average daily rate (ADR), and raising or lowering rates typically has an immediate impact on room-nights sold. Effective management entails finding the proper balance that allows for the maximization of revenue.

In this section we first identify the Subject property's competitive set (e.g., those hotels that tend to compete for the same sources of demand). We then identify relevant demand sources, analyze historical growth patterns and assess the potential for growth (or lack thereof) in demand by segment. The result is a projection of future market performance. Lastly, we conclude with a projection of occupancy and ADR for the Subject property, taking into consideration its competitive strengths and weaknesses relative to the overall market.

Some hotels are more directly competitive than others based on their locations, facilities, branding, etc. This disparity in the level of competitiveness can be handled in a number of ways. Some appraisers assign a percentage to each property and include only a portion of their guest rooms in the competitive set. This technique, while theoretically sound, is highly subjective and the overall analysis can be extremely sensitive to the assumptions made. Alternatively, we have chosen to address this issue through our projected penetration rates. For example, the introduction of a new property that is only marginally competitive will have a limited impact on the Subject property's penetration level, whereas a directly competitive property will likely have a substantial effect. Regardless of the method employed, properly assessing the relationship between supply and demand and its impact on the Subject property and market occupancy requires a level of professional judgment.

NATIONAL OVERVIEW



MARKETVIEW SNAPSHOT

U.S. Hotel, Q1 2017

Stronger demand leads to record occupancy level in Q1

Demand
2.8%

Supply
1.9%

ADR
2.5%

RevPAR
3.4%

Arrows indicate change from previous year.

ECONOMIC TRENDS

ECONOMY KEEPS AN EVEN KEEL IN Q1

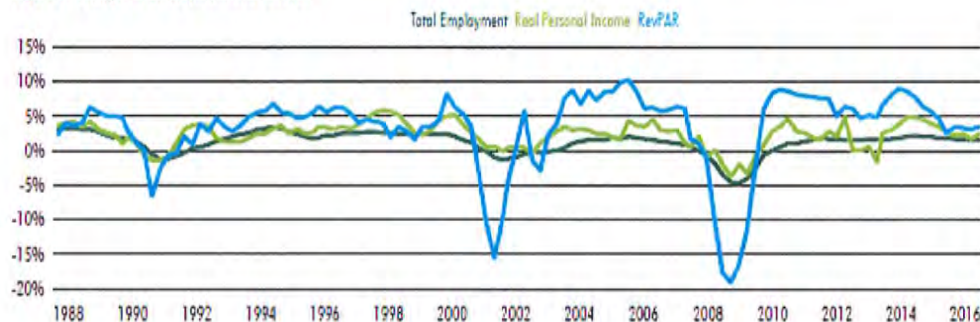
The national unemployment rate fell slightly to 4.5% in Q1, the lowest level since the Great Recession, according to the Bureau of Labor Statistics (BLS). The drop in unemployment was encouraging, particularly considering that the labor force participation rate increased three-tenths of a point to 63%. Reflecting labor market tightness, real seasonally-adjusted weekly earnings increased 1.1% year-over-year.

The Consumer Price Index (CPI) increased by 2.3% year-over-year in Q1—slightly higher than

the Federal Reserve target of 2% and more than the Q4 2016 rate of 1.8%. Core CPI, which excludes energy and food prices, increased 2.2% year-over-year, also slightly ahead of the Fed's target, according to BLS.

CBRE Econometric Advisors (CBRE EA) forecasts an approximate 2% increase in inflation this year, peaking at about 2.5% in 2018. Similar to its 1.6% growth in Q1, employment is forecast to grow by approximately 1.5% year-over-year for the rest of 2017. CBRE EA predicts GDP growth of slightly more than 2% in 2017, with significant upside potential.

Figure 1: Changes in Employment and RevPAR



Source: CBRE Econometric Advisors, STR, Q1 2017.



MARKETVIEW SNAPSHOT U.S. HOTEL

DEMAND TRENDS

DEMAND GROWS NATIONWIDE

Responding to strengthening economic conditions, lodging demand grew by 2.8% year-over-year in Q1 compared with 2.3% in Q4 2016. Accelerating demand pushed up occupancy to 61.1% in Q1, a 0.9% increase from Q1 2016, the highest level since STR began compiling data in 1987. Although the 0.9% growth rate is not historically high, occupancy advanced at the quickest quarterly pace since 2015.

Fifty-three of the 60 metropolitan markets followed most closely by CBRE Hotels' Americas Research had positive demand growth in Q1. Half had growth of 3% or greater on a year-over-year basis. Demand gains were spread across regions and markets.

The top-10 markets for demand growth illustrate the widely distributed gains seen across regions in Q1. In the Northeast, Albany took the top spot with 8.8% growth, while nearby New York had the eighth highest with 6.2%. In the South, Charleston with 6% and Savannah with 5.9% took spots nine and 10. On the West Coast, Seattle with 7% and Sacramento with 6.2% took spots five and seven. On the Gulf Coast, New Orleans with 7.9% had the nation's second highest demand growth. And in the Midwest, Detroit had the fourth highest at 7.4%.

Among the chain scales, upscale hotels handily outpaced all other categories, with demand growing 5.8% year-over-year in Q1. Upper-midscale hotels grew the second highest at 3.8%. Economy hotels grew the most slowly at 0.4% higher compared with Q1 2016.

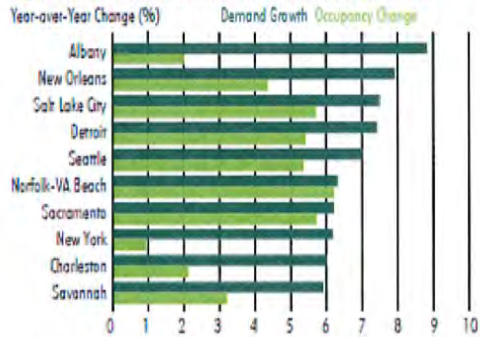
SUPPLY TRENDS

SUPPLY GROWTH UNDER 2% FOR NOW

The national average daily supply of rooms grew by 1.9% in Q1 to 5.05 million. Although under 2%, supply growth in Q1 was the largest year-over-year increase since Q2 2010. Rooms under construction increased by 2% in Q1 to 190,000—more than twice the number of rooms under construction in Q1 2016.

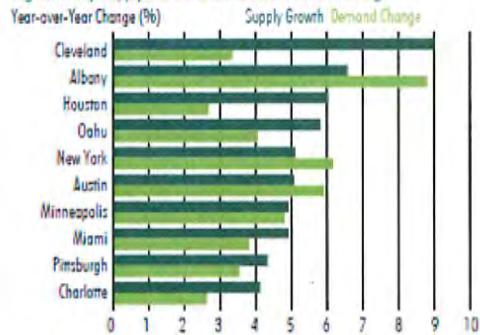
Cleveland had the highest year-over-year supply increase with 9% more rooms than a year ago. Like

Figure 2: Top 10 Demand Growth Markets with Occupancy Change



Source: CBRE Hotels' Americas Research, STR, Q1 2017.

Figure 3: Top Supply Growth Markets with Demand Change



Source: CBRE Hotels' Americas Research, STR, Q1 2017.

demand, increases in supply were geographically dispersed. Albany, with supply growth of 6.6%, took the number two spot; Houston came in third with 6.1% and Oahu fourth with 5.9%.

Despite an accelerating pace of supply, 35 out of 60 markets met or exceeded new supply with increased demand and occupancy. Kansas City, Albuquerque and Norfolk-VA Beach all had occupancy growth of more than 6%. St. Louis, on the other hand, had 2% supply growth and a 7.4% decline in demand that led to an occupancy decline of 9.2% year-over-year.

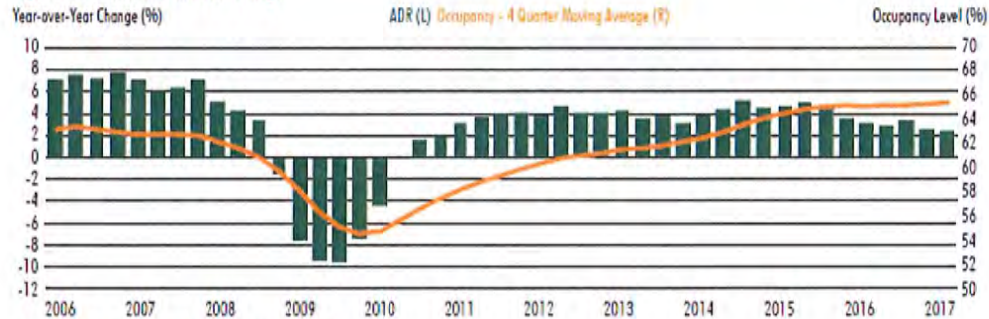
Six markets recorded year-over-year declines in supply, including San Francisco with a 0.5% decrease. Kansas City shed the most rooms, with 1.6% fewer than in Q1 2016.





MARKETVIEW SNAPSHOT U.S. HOTEL

Figure 4: U.S. Occupancy and ADR Change



Source: CBRE Hotels' Americas Research, STR, Q1 2017.

Upscale hotels had the largest supply increase of the chain scales at 6.1% year-over-year. Even with the highest demand growth of any chain scale, upscale hotels still had a 0.3% year-over-year decline in occupancy. Economy and midscale hotels had the lowest supply increases at 0.3% and 0.8%, respectively.

AVERAGE DAILY RATES AND REVPAR

ADR SHOWS SLOW, STEADY GAIN

Record occupancy produced only modest ADR gains, with rates increasing 2.5% year-over-year in Q1. With the highest occupancy levels, luxury and upper-upscale properties registered the greatest ADR gains in Q1. Economy hotels also enjoyed relatively strong ADR growth (2.4%), despite recording the lowest occupancy level. The upscale segment lagged the most in ADR growth.

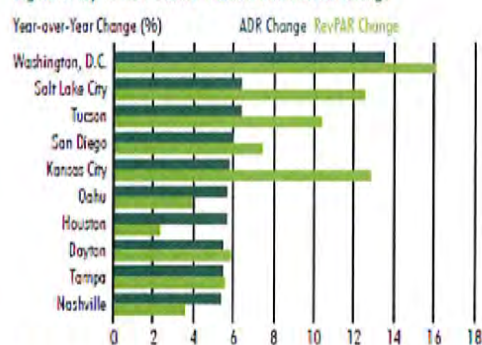
RevPAR growth among the scales had more variation, with midscale hotels increasing the most at 3.5% year-over-year. Upper-upscale hotels' RevPAR growth accelerated to 3% year-over-year in Q1 compared with 0.6% in Q4 2016. Overall, the industry registered year-over-year RevPAR growth of 3.4%.

Boosted by high demand during the inauguration weekend, Washington, D.C. had the highest ADR growth, with rates 13.6% higher than in Q1 2016. With occupancy growing by 2.2%, D.C.'s RevPAR growth of 16.1% was primarily rate driven. This

was not the case for other markets with top ADR growth. Second-highest Salt Lake City grew ADR by 6.5% and occupancy by 5.7%, producing a RevPAR gain of 12.6%. Third-highest Tucson had an ADR gain of 6.4% and occupancy gain of 3.8% year-over-year to produce RevPAR growth of 10.4%.

Eleven of the 60 markets tracked by CBRE had ADR decreases in Q1. Of those, five had losses of more than 1%. Miami had the biggest decrease in ADR, recording rates 7.5% lower than in Q1 2016 due to the combination of a strong dollar, lingering Zika fears and 4.9% supply growth. Pittsburgh had the second-largest decline in ADR (-2.7%) and New York the third-largest decline (-2.2%) despite higher occupancy.

Figure 5: Top 10 ADR Growth Markets with RevPAR Change



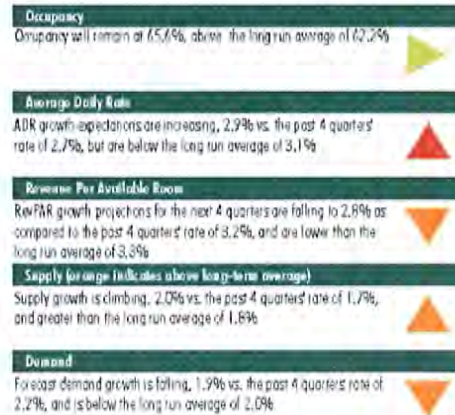
Source: CBRE Hotels' Americas Research, STR, Q1 2017.



Hotel Market Summary

Hotel Market Summary

The U.S. lodging industry will enjoy continued growth in all major metrics in 2018, albeit at a slower pace. Based on the recently released September 2017 editions of *Hotel Horizons*[®], CBRE Hotels' Americas Research is forecasting year-over-year increases in occupancy, average daily room rate (ADR), rooms revenue (RevPAR), total operating revenue, and gross operating profits (GOP) from 2017 to 2018.



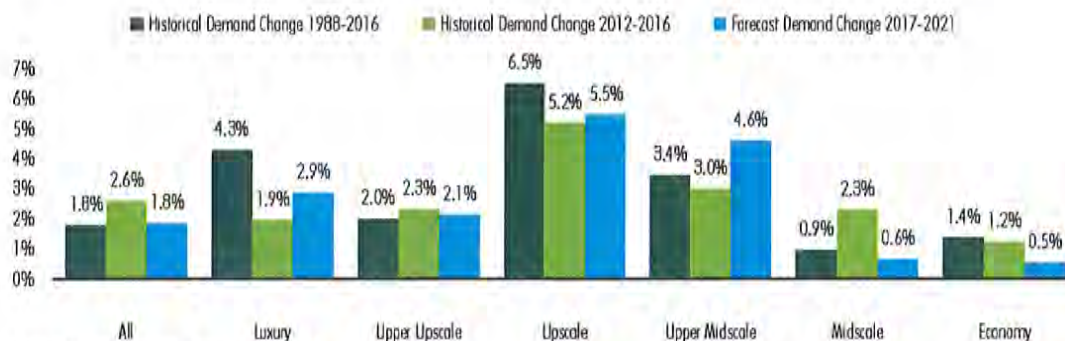
| YEAR | OCC | Δ OCC | ADR | Δ ADR | REVPAR | Δ REVPAR |
|-------|-------|-------|----------|-------|---------|----------|
| 2012 | 61.4% | 2.4% | \$106.02 | 4.2% | \$65.10 | 6.7% |
| 2013 | 62.2% | 1.4% | \$110.01 | 3.8% | \$68.48 | 5.2% |
| 2014 | 64.4% | 3.4% | \$115.13 | 4.7% | \$74.09 | 8.2% |
| 2015 | 65.4% | 1.6% | \$120.33 | 4.5% | \$78.66 | 6.2% |
| 2016 | 65.4% | 0.1% | \$124.07 | 3.1% | \$81.16 | 3.2% |
| 2017F | 65.6% | 0.3% | \$127.16 | 2.5% | \$83.44 | 2.8% |
| 2018F | 65.7% | 0.1% | \$130.11 | 2.3% | \$85.43 | 2.4% |
| 2019F | 65.2% | -0.7% | \$132.58 | 1.9% | \$86.46 | 1.2% |
| 2020F | 64.8% | -0.7% | \$134.97 | 1.8% | \$87.40 | 1.1% |
| 2021F | 65.4% | 1.0% | \$138.48 | 2.6% | \$90.59 | 3.6% |

Source: CBRE Hotels' Americas Research, STR, Q2 2017.

CBRE is forecasting a 0.1 percent occupancy increase along with a 2.3 percent rise in ADR for 2018. The net result is a projected 2.4 percent boost to RevPAR. "The limited growth rates may be disappointing or even troubling for some industry participants. However, 2018 will mark the ninth consecutive year of rising occupancy, something we have not seen since the 1990s. While the slow

growth in occupancy does indicate we are at the top of the business cycle, all factors indicate that we are in the midst of a record breaking, sustained period of prosperity for U.S. hotels," Woodworth said. "Like occupancy, CBRE also is projecting a ninth consecutive year of growth in RevPAR, total operating revenue, and GOP in 2018."

CBRE also has identified an uptick in new lodging supply. For 2018, CBRE is forecasting a 2.0 percent increase in the number of available rooms. This does exceed the 1.8 percent long-run average annual rate of supply growth as reported by STR. "Historically, we have seen rising supply precede industry downturns. Fortunately, as has been demonstrated for several years now, the economic factors that matter most for hotel demand growth exceeded the changes in supply," said John B. (Jack) Corgel, Ph.D., professor of real estate at the Cornell University School of Hotel Administration and senior advisor to CBRE Hotels' Americas Research. "Looking forward, employment levels and income gains are expected and remain attractive. These movements will result in growing levels of demand and occupancy to counter balance supply growth."



Source: CBRE Hotels' Americas Research, STR, Q2 2017

Investment Activity

According to Real Capital Analytics Q3 17 US Capital Trends – Hotel report, “The hotel sector is the laggard for the year-to-date, with the sharpest decline in deal volume across major property types.” A number of highlights as published are provided below:

- For year-to-date figures ending September, overall sales volume is down roughly 20 percent on sales of \$20b.
- The decline in hotel deal activity is largely a story about the pullback in the full-service segments. Deal volume was down 58 percent YOY in Q3' 17 due in part of the Anbang deal a year prior, but that one deal is not the only issue at play. For the year-to-date, full service hotel investment is down 33%. Single asset sales, not just megadeals, fell in the full-service segments.
- To the extent there was growth in Q3' 17 it was in the limited service segments. Deal volume was up 19% YOY in Q3' 17 and up 17% for the year-to-date. Megadeal volume was up 206% YOY with the largest deal involving the 138 million purchase of a portfolio of 14 hotels by Hospitality Properties Trust from Blackstone. The sale of individual assets was relatively unchanged from a year earlier.
- Hotel cap rates have been trending up over the past two years due in part to changes in the quality of what is transacting. The average hotel sold at the end of 2013 for instance had 158 rooms versus an average of only 137 rooms sold in Q3' 17.
- The perennial top market in these rankings is Manhattan but the market has slipped to the #3 position for deal activity over the year-to-date. The market is just a hair below Atlanta in the rankings, a market which normally holds a position closer to the low teens.
- Los Angeles has assumed the top position for the year-to-date but there is no one grand slam of a megadeal driving this activity. The \$1.5b in deal volume achieved was largely from single asset sales: The largest deal came in at \$256m. The largest deal in Manhattan was even smaller at \$200m.

Investment Rates

Investment rate data from the latest Real Estate Investor Surveys published by PWC (formerly Korpacz), RERC, and CBRE Hotels for luxury, full service, limited service and extended stay properties are illustrated in the following table:

| HOTEL INVESTOR SURVEY DATA | | | | | | | |
|--|----------------|---------|------------------|---------|-------------------|---------|--|
| Source/Type | Discount Rate | | Overall Cap Rate | | Terminal Cap Rate | | |
| | Range | Average | Range | Average | Range | Average | |
| <i>RERC (2nd Qtr. 2017)</i> | | | | | | | |
| Hotels | 9.00% - 10.00% | 9.60% | 7.50% - 8.00% | 7.80% | 8.00% - 9.00% | 8.50% | |
| <i>CBRE Hotels (1st Half 2017 - CBD)</i> | | | | | | | |
| Economy | | | | 9.19% | | | |
| Full Service | | | | 7.70% | | | |
| Luxury | | | | 6.98% | | | |
| Select Service | | | | 7.70% | | | |
| <i>PwC Survey: (3rd Qtr. 2017)</i> | | | | | | | |
| Luxury | 6.50% - 12.00% | 9.53% | 4.00% - 9.00% | 7.03% | 5.50% - 9.50% | 7.18% | |
| Full Service | 8.00% - 13.00% | 10.19% | 6.00% - 10.00% | 7.85% | 7.00% - 10.00% | 8.44% | |
| Limited Service | 8.50% - 13.00% | 11.00% | 7.75% - 11.00% | 9.08% | 7.75% - 11.00% | 9.83% | |
| Select Service | 8.00% - 12.00% | 10.20% | 6.50% - 10.00% | 8.70% | 7.00% - 10.75% | 9.08% | |

Compiled by: CBRE

The PwC survey stated that the “as uncertainty weighs on the economy, softening lodging demand industry growth is expected to continue.” This translated to slight upticks capitalization for three of segments compared to the 1st Qtr. The limited service, luxury, and select service segments were up 2, 3, and 10 basis points respectively. The full-service sector was the only one that witnessed a decrease, dropping by 5 basis points. RERC reports cap rates have increased 20 basis points since 1st Qtr of 2017 while discount rates have decreased 30 basis points.

CONCLUSION

Occupancy figures will remain above the long-term average for the foreseeable future. As new supply continues grow, however, RevPAR increases will be muted compared to the most recent quarters. The decelerating growth will present some challenges for some hoteliers. Overall transaction activity for the three quarters of 2017 was down roughly 20 percent while capitalization rates are trending upwards. Despite these challenges, skilled hotel operators and their ability to control costs will enable continued profit growth through the remainder of the year and into 2018. While the outlook beyond that is a little murkier, there are still plenty of national and international investors who are eager to place capital into well-established and emerging markets.

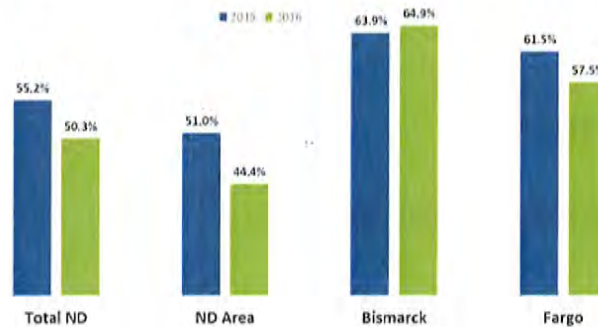
NORTH DAKOTA LODGING ANALYSIS



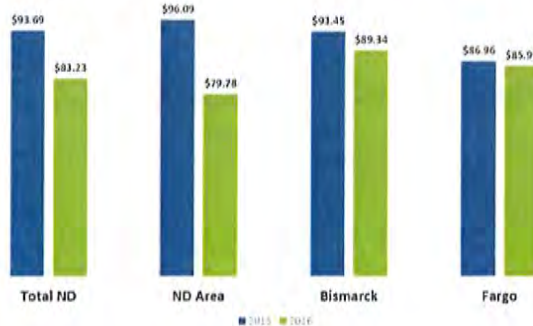
North Dakota Submarkets
Census Data February 2017

- **North Dakota Area**
 - Hotels: 222
 - Rooms: 15,902
- **Bismarck**
 - Hotels: 39
 - Rooms: 3,510
- **Fargo/Moorhead**
 - Hotels: 63
 - Rooms: 5,586

North Dakota Submarkets
Occupancy
Year End 2015 vs. 2016

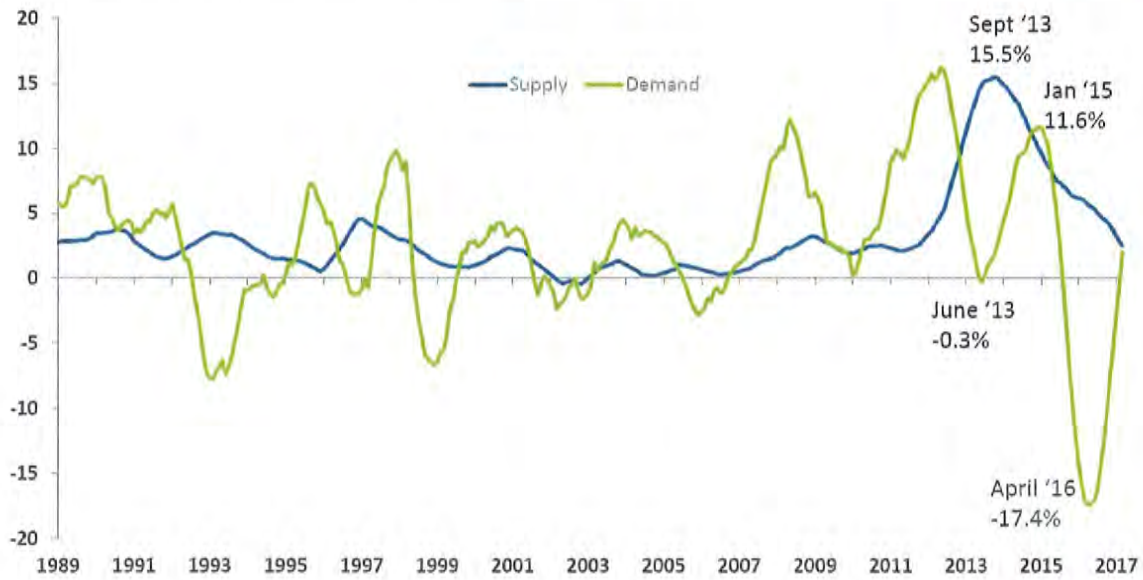


North Dakota Submarkets
Average Daily Rate
Year End 2015 vs. 2016



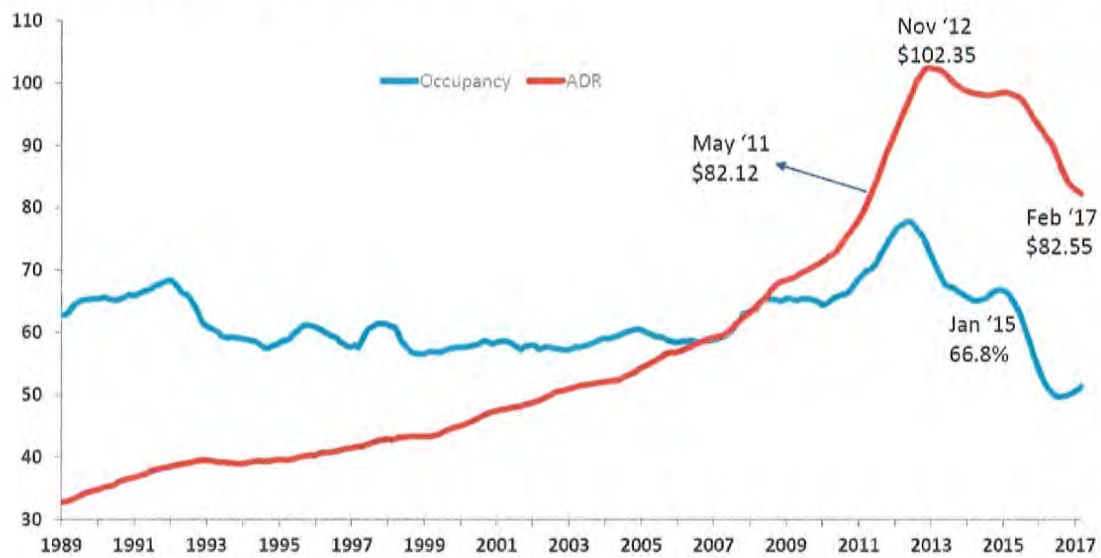
Total North Dakota

Supply/Demand Percent Change
12 Month Moving Average February 2017



Total North Dakota

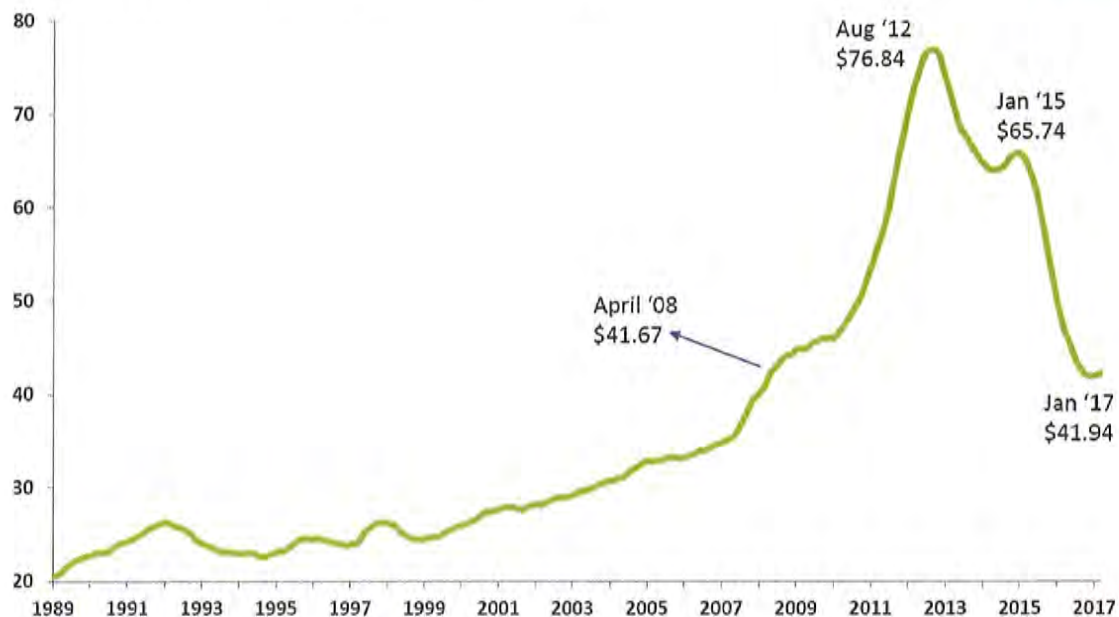
Occupancy and ADR
12 Month Moving Average February 2017



Total North Dakota

RevPAR

12 Month Moving Average February 2017



Total North Dakota - Key Statistics

YTD February 2017



| | | <u>% Change</u> |
|----------------|------------|-----------------|
| • Hotels | 318 | |
| • Room Supply | 1.4 mil | 0.9% |
| • Room Demand | 621,420 | 11.5% |
| • Occupancy | 42.9% | 10.6% |
| • ADR | \$82.25 | -6.3% |
| • RevPAR | \$35.25 | 3.7% |
| • Room Revenue | \$51.1 mil | 4.5% |

Previous Peak in Hotels was Aug 2016: 24,718



North Dakota Hotel Development Pipeline

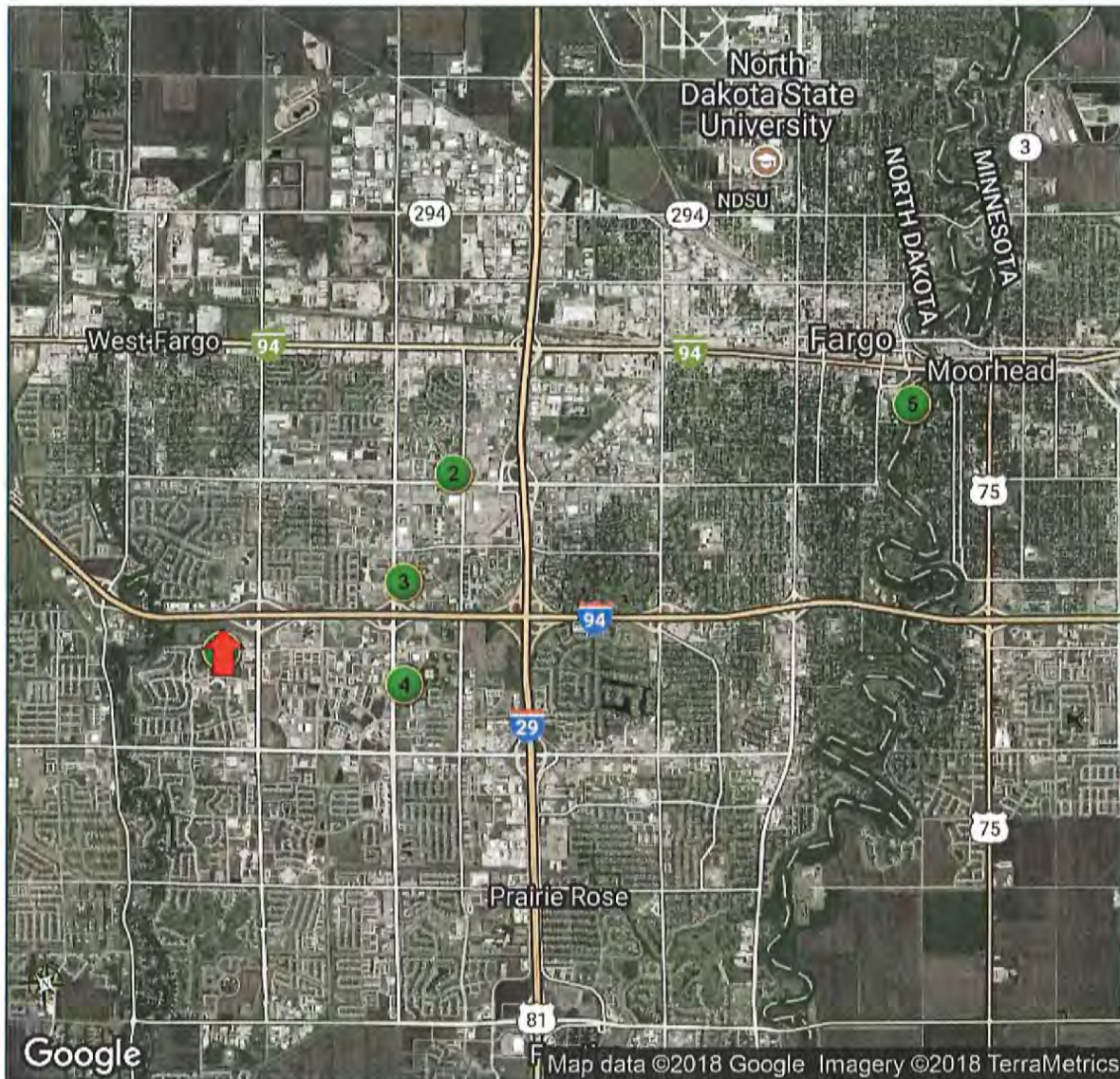
| Construction Phase | Properties | Rooms |
|--------------------|------------|------------|
| In Construction | 3 | 293 |
| Final Planning | 3 | 336 |
| Planning | 4 | 334 |
| Totals | 10 | 963 |

Pipeline by Phase, February 2017 – North Dakota

COMPETITIVE HOTEL MARKET ANALYSIS

Summary of Competitive Properties

The following table provides a summary of the subject's competitive hotel set. These comparables were based on their location relative to the subject.



PRIMARY COMPETITIVE HOTELS

| Property | Number of Rooms | Percentage Competitive | Year Built | Affiliation Date | Competitive Rooms | Distance From Subj. | 12 Months Ending December 1, 2017 | | | | | |
|--------------------------------|-----------------|------------------------|------------|------------------|-------------------|---------------------|-----------------------------------|-------------|----------------|-------------|--------------------|-------------|
| | | | | | | | Occupancy | ADR | RevPAR | Penetration | RevPAR Penetration | |
| Microtel | 88 | 100% | 2015 | Oct-09 | 88 | 0.0 Miles | 50% | 80% | \$70.06 | 88% | \$34.96 | 70% |
| Red Roof | 61 | 100% | 1993 | Aug-91 | 61 | 0.0 Miles | 55% - 60% | 85% - 95% | \$65 - \$70 | 75% - 85% | \$35 - \$40 | 65% - 75% |
| Kelly Inn 13th Avenue | 59 | 100% | 1994 | Mar-12 | 59 | 2 Miles | 45% - 50% | 65% - 75% | \$75 - \$80 | 90% - 100% | \$30 - \$35 | 65% - 75% |
| Wingate - Fargo | 83 | 100% | 1999 | May-12 | 83 | 1.4 Miles | 60% - 65% | 90% - 100% | \$70 - \$75 | 85% - 95% | \$40 - \$45 | 80% - 90% |
| La Quinta Inn & Suites | 157 | 100% | 2009 | Nov-12 | 157 | 1.4 Miles | 80% - 85% | 120% - 150% | \$90 - \$95 | 105% - 135% | \$70 - \$75 | 140% - 150% |
| Sleep Inn & Suites Fargo | 62 | 100% | 2012 | Nov-12 | 62 | 5 Miles | 65% - 70% | 90% - 120% | \$80 - \$85 | 90% - 120% | \$50 - \$55 | 100% - 110% |
| Primary Totals/Averages | 510 | | | | 510 | | | | \$79.33 | | | |
| Overall Totals/Averages | 510 | | | | 510 | | | | \$79.33 | | | |

Compiled by CBRE

The primary competitive set, including the subject, has a total of 510 rooms.

STAR Report

The STR STAR (Smith Travel Accommodations Report) program is used by the hotel industry for management and benchmarking. Hotel owners and managers submit data to Smith Travel Research who then aggregates this information and provides reporting. The report benchmarks a hotel's performance against its competitive aggregate and local market. The STAR program tracks and delivers monthly, weekly and daily data.

STR is generally considered the standard source of reliable data for most markets. While it is widely utilized, it is important to note some of its limitations. Specifically, hotels are occasionally dropped in and out of the sample, and not all hotels report data in a consistent and timely matter. As a result, the data set is sometimes skewed upwards or downwards depending on the particular market and the overall quality of the data is negatively impacted. For most markets, however, it is considered to provide an accurate overall picture of market performance, and therefore, has been used in this analysis.

The trends in room supply, occupancy, average daily rate, and room-night demand (defined as the number of occupied rooms) for the subject and its competitive set is illustrated as follows as obtained from the latest STAR report for the subject. The STAR reports separate the subject metric data from the competitive set.

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

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 282-2100

STR # 64575 ChainID: 47681 MgtCo: None Owner: None

For the Month of: December 2017 Date Created: January 18, 2018 Monthly Competitive Set Data Excludes Subject Property

| December 2017 | | | | | | | | | |
|------------------|---------------|----------|-------------|---------|----------|-------------|---------|----------|-------------|
| | Occupancy (%) | | | ADR | | | RevPAR | | |
| | My Prop | Comp Set | Index (MPI) | My Prop | Comp Set | Index (ARI) | My Prop | Comp Set | Index (RGI) |
| Current Month | 44.4 | 51.9 | 85.6 | 59.28 | 75.19 | 78.8 | 26.34 | 39.01 | 67.5 |
| Year To Date | 60.3 | 62.4 | 96.6 | 62.91 | 78.89 | 79.7 | 37.93 | 49.24 | 77.0 |
| Running 3 Month | 45.0 | 59.2 | 76.1 | 60.68 | 75.60 | 80.3 | 27.33 | 44.76 | 61.1 |
| Running 12 Month | 60.3 | 62.4 | 96.6 | 62.91 | 78.89 | 79.7 | 37.93 | 49.24 | 77.0 |

| December 2017 vs. 2016 Percent Change (%) | | | | | | | | | |
|---|-----------|----------|-------------|---------|----------|-------------|---------|----------|-------------|
| | Occupancy | | | ADR | | | RevPAR | | |
| | My Prop | Comp Set | Index (MPI) | My Prop | Comp Set | Index (ARI) | My Prop | Comp Set | Index (RGI) |
| Current Month | -24.3 | 0.7 | -24.8 | 1.3 | -2.7 | 4.1 | -23.3 | -2.0 | -21.7 |
| Year To Date | 9.3 | -1.8 | 11.4 | 0.6 | -4.1 | 4.9 | 10.0 | -5.8 | 16.8 |
| Running 3 Month | -30.4 | 0.1 | -30.5 | 2.5 | -4.6 | 7.4 | -28.7 | -4.4 | -25.4 |
| Running 12 Month | 9.3 | -1.8 | 11.4 | 0.6 | -4.1 | 4.9 | 10.0 | -5.8 | 16.8 |

The STR STAR Report is a publication of STR, Inc. and STR Global, Ltd., and is intended solely for use by paid subscribers. Reproduction or distribution of the STR STAR Report, in whole or part, without written permission is prohibited and subject to legal action. If you have received this report and are NOT a subscriber to the STR STAR Report, please contact us immediately. Source: 2018 STR, Inc. / STR Global, Ltd. trading as 'STR'

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

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 282-2100
 STR # 64575 ChainID: 47681 MgtCo: None Owner: None
 For the Month of: December 2017 Date Created: January 18, 2018 Monthly Competitive Set Data Excludes Subject Property

| | Occupancy (%) | | | | | | | | Supply | | | |
|---|---------------|-------|--------------|-------|-----------------|-------|------------------|-------|-------------|-----------|-----------------|------------------|
| | Current Month | % Chg | Year to Date | % Chg | Running 3 Month | % Chg | Running 12 Month | % Chg | Month % Chg | YTD % Chg | Run 3 Mon % Chg | Run 12 Mon % Chg |
| Microtel Inn & Suites by Wyndham West Fargo | 44.4 | -24.3 | 60.3 | 9.3 | 45.0 | -30.4 | 60.3 | 9.3 | 0.0 | -0.3 | 0.0 | -0.3 |
| Market: North Dakota | 36.2 | -7.7 | 50.0 | 0.0 | 44.1 | -9.6 | 50.0 | 0.0 | 0.0 | -0.2 | -0.2 | -0.2 |
| Market Class: Economy Class | 28.8 | -8.6 | 41.5 | -1.8 | 35.9 | -14.7 | 41.5 | -1.8 | -1.2 | -1.3 | -1.2 | -1.3 |
| Submarket: Fargo, ND | 44.8 | -3.4 | 56.5 | -1.5 | 50.7 | -3.4 | 56.5 | -1.5 | -0.9 | -0.4 | -1.6 | -0.4 |
| Submarket Scale: Economy Chains | 35.9 | 6.0 | 45.7 | 1.1 | 40.2 | -0.5 | 45.7 | 1.1 | -11.2 | -8.1 | -11.2 | -8.1 |
| Competitive Set: Competitors | 51.9 | 0.7 | 62.4 | -1.8 | 59.2 | 0.1 | 62.4 | -1.8 | 0.0 | 0.0 | 0.0 | 0.0 |

| | Average Daily Rate | | | | | | | | Demand | | | |
|---|--------------------|-------|--------------|-------|-----------------|-------|------------------|-------|-------------|-----------|-----------------|------------------|
| | Current Month | % Chg | Year to Date | % Chg | Running 3 Month | % Chg | Running 12 Month | % Chg | Month % Chg | YTD % Chg | Run 3 Mon % Chg | Run 12 Mon % Chg |
| Microtel Inn & Suites by Wyndham West Fargo | 59.28 | 1.3 | 62.91 | 0.6 | 60.68 | 2.5 | 62.91 | 0.6 | -24.3 | 9.0 | -30.4 | 9.0 |
| Market: North Dakota | 77.11 | -2.4 | 80.69 | -3.1 | 78.19 | -1.6 | 80.69 | -3.1 | -7.7 | -0.2 | -9.8 | -0.2 |
| Market Class: Economy Class | 57.51 | -3.0 | 60.43 | -4.1 | 58.72 | -1.2 | 60.43 | -4.1 | -9.8 | -3.1 | -10.7 | -3.1 |
| Submarket: Fargo, ND | 82.53 | 0.5 | 84.85 | -1.5 | 82.65 | -1.4 | 84.85 | -1.5 | -4.3 | -2.0 | -4.9 | -2.0 |
| Submarket Scale: Economy Chains | 54.01 | -5.1 | 57.72 | -3.7 | 54.77 | -5.2 | 57.72 | -3.7 | -5.8 | -7.1 | -11.7 | -7.1 |
| Competitive Set: Competitors | 75.19 | -2.7 | 78.89 | -4.1 | 75.60 | -4.5 | 78.89 | -4.1 | 0.7 | -1.8 | 0.1 | -1.8 |

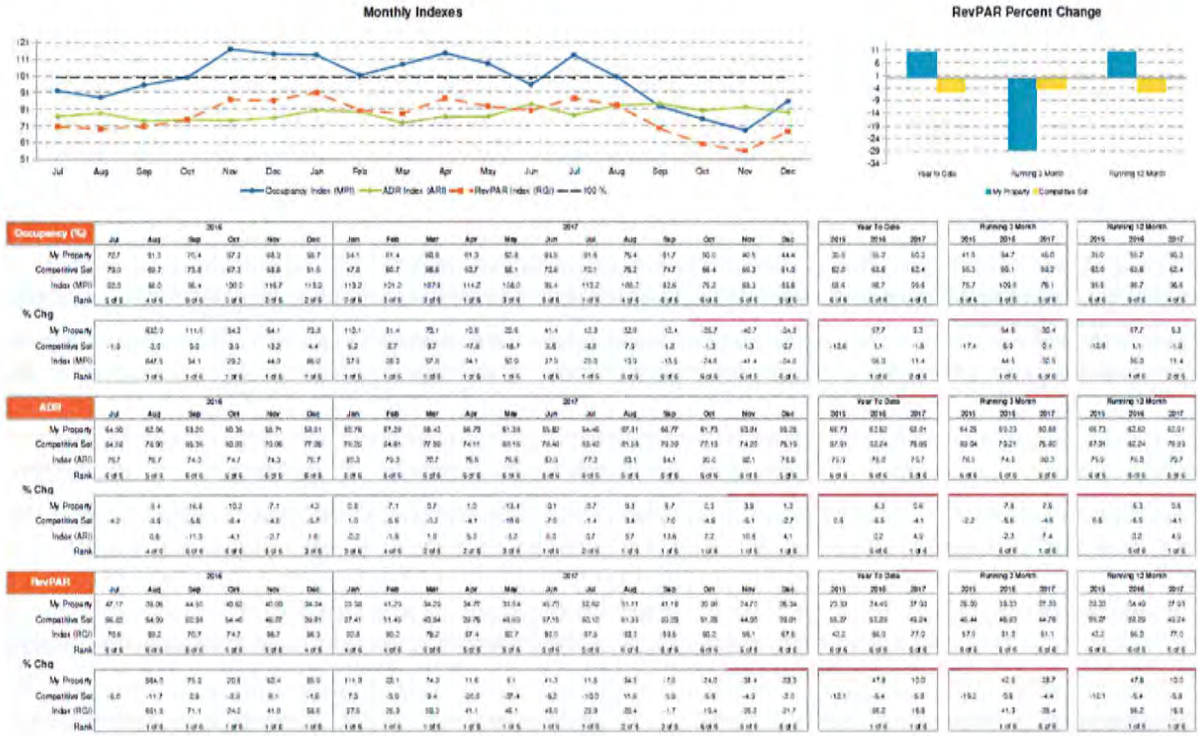
| | RevPAR | | | | | | | | Revenue | | | |
|---|---------------|-------|--------------|-------|-----------------|-------|------------------|-------|-------------|-----------|-----------------|------------------|
| | Current Month | % Chg | Year to Date | % Chg | Running 3 Month | % Chg | Running 12 Month | % Chg | Month % Chg | YTD % Chg | Run 3 Mon % Chg | Run 12 Mon % Chg |
| Microtel Inn & Suites by Wyndham West Fargo | 26.34 | -23.3 | 37.93 | 10.0 | 27.33 | -28.7 | 37.93 | 10.0 | -23.3 | 9.7 | -28.7 | 9.7 |
| Market: North Dakota | 27.91 | -9.9 | 40.36 | -3.2 | 34.51 | -11.0 | 40.36 | -3.2 | -9.9 | -3.3 | -11.2 | -3.3 |
| Market Class: Economy Class | 16.57 | -11.4 | 25.10 | -5.9 | 21.10 | -15.7 | 25.10 | -5.9 | -12.4 | -7.1 | -16.7 | -7.1 |
| Submarket: Fargo, ND | 35.97 | -2.9 | 47.95 | -3.0 | 41.93 | -4.8 | 47.95 | -3.0 | -3.7 | -3.4 | -6.3 | -3.4 |
| Submarket Scale: Economy Chains | 19.92 | 0.6 | 26.37 | -2.6 | 22.01 | -5.7 | 26.37 | -2.6 | -10.7 | -10.5 | -16.3 | -10.5 |
| Competitive Set: Competitors | 39.01 | -2.0 | 49.24 | -5.8 | 44.76 | -4.4 | 49.24 | -5.8 | -2.0 | -5.8 | -4.4 | -5.8 |

| | Census/Sample - Properties & Rooms | | | | | | Pipeline | | | |
|---------------------------------|------------------------------------|-------|------------|-------|------------|-------|----------------------|--|----------|--|
| | Census | | Sample | | Sample % | | Market: North Dakota | | | |
| | Properties | Rooms | Properties | Rooms | Properties | Rooms | Under Construction | | Planning | |
| Market: North Dakota | 329 | 25349 | 200 | 17600 | | 70.5 | | | | |
| Market Class: Economy Class | 154 | 9511 | 62 | 4715 | | 49.6 | | | | |
| Submarket: Fargo, ND | 64 | 5716 | 57 | 5200 | | 91.0 | | | | |
| Submarket Scale: Economy Chains | 19 | 1339 | 19 | 1339 | | 100.0 | | | | |
| Competitive Set: Competitors | 5 | 421 | 5 | 421 | | 100.0 | | | | |

The STAR STAR Report is a publication of STR, Inc. and STR Global, Ltd., and is intended solely for use by paid subscribers. Reproduction or distribution of the STAR STAR Report, in whole or part, without written permission is prohibited and subject to legal action. If you have received this report and are NOT a subscriber to the STAR STAR Report, please contact us immediately. Source: 2018 STR, Inc. / STR Global, Ltd. trading as "STR".

Tab 4 - Competitive Set Report

Microtel Inn & Suites by Wyndham West Fargo 756 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 282-2100
 STR # 64575 ChainID: 47581 MgtCo: None Owner: None
 For the Month of: December 2017 Data Created: January 18, 2018 Monthly Competitive Set Data Excludes Subject Property



Tab 5 - Response Report

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58076-7851 Phone: (701) 282-2100
 STR # 64575 ChainID: 47581 MgtCo: None Owner: None
 For the Month of: December 2017 Data Created: January 18, 2018

This Year

- Dec 13th - First Day of Hanukkah
- Dec 24th - Christmas Eve
- Dec 25th - Christmas
- Dec 26th - First Day of Kwanzaa
- Dec 31st - New Year's Eve

Last Year

- Dec 24th - Christmas Eve
- Dec 25th - Christmas
- Dec 25th - First Day of Hanukkah
- Dec 26th - First Day of Kwanzaa
- Dec 31st - New Year's Eve

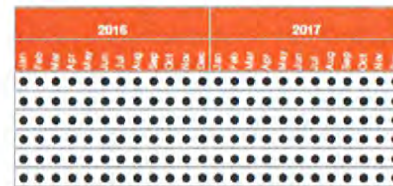
December 2017 (This Year)

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

December 2016 (Last Year)

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

| STR# | Name | City, State | Zip | Phone | Rooms | Open Date |
|-------|---|----------------|------------|----------------|-------|-----------|
| 64575 | Microtel Inn & Suites by Wyndham West Fargo | West Fargo, ND | 58078-7851 | (701) 282-2100 | 88 | 201508 |
| 16988 | Red Roof Inn Fargo | Fargo, ND | 58103-7145 | (701) 281-8240 | 61 | 199307 |
| 30066 | Kelly Inn 13th Avenue | Fargo, ND | 58103-3307 | (701) 277-8821 | 59 | 199406 |
| 39508 | Wingate By Wyndham Fargo | Fargo, ND | 58103-7198 | (701) 281-9133 | 83 | 199912 |
| 59500 | La Quinta Inns & Suites Fargo | Fargo, ND | 58104-8792 | (701) 499-2000 | 156 | 200907 |
| 62528 | Sleep Inn & Suites Medical Center Fargo | Fargo, ND | 58104-8751 | (701) 492-6245 | 62 | 201304 |
| | | | | | 509 | |



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

HOTEL DEMAND GENERATORS

Demand for hotel rooms is categorized in three ways:

- Demonstrated Demand: the demand already captured at competitive hotels;

- Induced Demand: the demand that does not presently seek accommodations in the competitive market, but could be persuaded to do so through marketing efforts, room rates, facilities, services and amenities.
- Unsatisfied Demand: the demand that seeks accommodations in the market but is not satisfied due to one of a number of factors: sell-outs during peak season; lack of a particular type of accommodation; lack of meeting space; or high room rates.

Hotel demand for the neighborhood is primarily generated by the I-494 Office Corridor, adjacent Mall of America as well as Minneapolis/St. Paul International Airport.

Demand Segmentation

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

| DEMAND SEGMENTATION - COMPETITIVE MARKET AND SUBJECT | | | | | |
|---|-----------------|-------------|------------------|-------------|-------------|
| Segment | Competitive Set | | Subject Property | | |
| | 2017 Demand | % | 2017 Demand | % | Penetration |
| Corp. Individual | 57,713 | 50% | 8,014 | 50% | 80% |
| Group | 21,119 | 18% | 6,411 | 40% | 176% |
| Leisure | 34,128 | 29% | 801 | 5% | 14% |
| Other 1 | 3,123 | 3% | 801 | 5% | 149% |
| Total | 116,083 | 100% | 16,027 | 100% | 80% |

Compiled by CBRE

Segmented Demand Growth Conclusions

The First Quarter 2017 Hotel Marketview Snapshot report produced by CBRE, Inc. Econometric Advisors (CBRE-EA) included the following guidance regarding demand:

Demand Grows Nationwide

Responding to strengthening economic conditions, lodging demand grew by 2.8% year-over-year in Q1 compared with 2.3% in Q4 2016. Accelerating demand pushed up occupancy to 61.1% in Q1, a 0.9% increase from Q1 2016, the highest level since STR began compiling data in 1987. Although the 0.9% growth rate is not historically high, occupancy advanced at the quickest quarterly pace since 2015.

Among the chain scales, upscale hotels handily outpaced all other categories, with demand growing 5.8% year-over-year in Q1. Upper midscale hotels grew the second highest at 3.8%. Economy hotels grew the most slowly at 0.4% higher compared with Q1 2016.

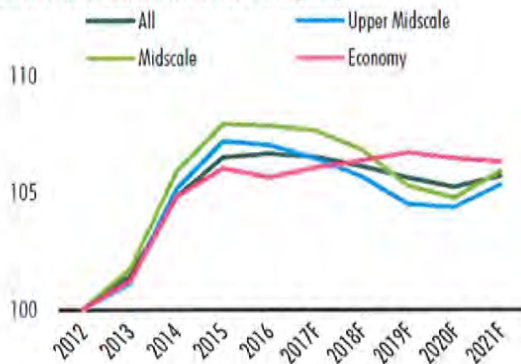


Source: CBRE Hotels' Americas Research, STR, Q1 2017.

U.S. hotels are forecast to operate at near-record occupancy levels in 2017; CBRE Hotels' Americas Research projects that the U.S. lodging industry will achieve an annual occupancy rate of 65.0% in 2017, just shy of the 65.3% occupancy level expected for 2016.

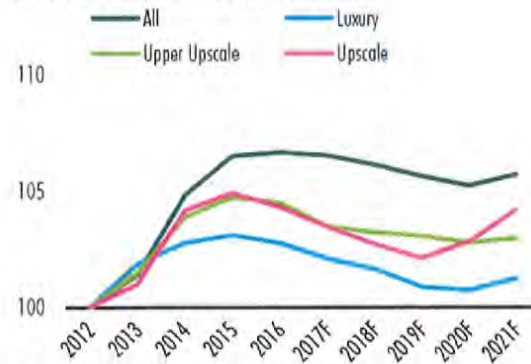
The March-May, 2017 edition of the Hotel Horizons publication of CBRE Hotels included the following graphs depicting historical and forecast growth of Occupancy by segment.

Exhibit 12*: Lower-Priced Hotel Occupancy



Source: CBRE Hotels' Americas Research, STR, Q4 2016

Exhibit 13*: Upper-Priced Hotel Occupancy



Source: CBRE Hotels' Americas Research, STR, Q4 2016

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

| ANNUAL DEMAND GROWTH RATES | | | | | | | | |
|----------------------------|------|------|------|------|------|------|------|-----------------|
| Segment | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 and beyond |
| Corp. Individual | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Group | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Leisure | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Other 1 | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

Compiled by CBRE

Latent Demand

Latent demand represents potential room nights in the marketplace that could not be accommodated by the existing hotels, and comes in two forms: Induced demand and displaced demand. Induced demand represents additional accommodated room nights by the introduction

of a new demand generator, such as the construction of a conference center, a major company moving into the area, or the introduction of a new hotel that has distinct advantages over the existing competitors.

Displaced Demand

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

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

| PROJECTED BASE DEMAND, ANNUAL GROWTH, AND MARKET-WIDE OCCUPANCY | | | | | | | | | | | |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Competitive Set Year Ending 12/31/ | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
| Corp. Individual | | | | | | | | | | | |
| Annual Growth | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Base Nightly Demand | 159 | 162 | 165 | 169 | 172 | 175 | 179 | 183 | 186 | 190 | 194 |
| Annual Room Nights | 58,018 | 59,178 | 60,362 | 61,738 | 62,800 | 64,056 | 65,337 | 66,827 | 67,977 | 69,337 | 70,723 |
| Displaced Demand Rate | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Displaced Demand | - | - | - | - | - | - | - | - | - | - | - |
| Induced Demand | - | - | - | - | - | - | - | - | - | - | - |
| Total Segment Demand | 58,018 | 59,178 | 60,362 | 61,738 | 62,800 | 64,056 | 65,337 | 66,827 | 67,977 | 69,337 | 70,723 |
| Group | | | | | | | | | | | |
| Annual Growth | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Base Nightly Demand | 58 | 59 | 61 | 62 | 63 | 64 | 66 | 67 | 68 | 70 | 71 |
| Annual Room Nights | 21,230 | 21,655 | 22,088 | 22,591 | 22,980 | 23,440 | 23,909 | 24,454 | 24,874 | 25,372 | 25,879 |
| Displaced Demand Rate | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Displaced Demand | - | - | - | - | - | - | - | - | - | - | - |
| Induced Demand | - | - | - | - | - | - | - | - | - | - | - |
| Total Segment Demand | 21,230 | 21,655 | 22,088 | 22,591 | 22,980 | 23,440 | 23,909 | 24,454 | 24,874 | 25,372 | 25,879 |
| Leisure | | | | | | | | | | | |
| Annual Growth | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Base Nightly Demand | 94 | 96 | 98 | 100 | 102 | 104 | 106 | 108 | 110 | 112 | 115 |
| Annual Room Nights | 34,308 | 34,994 | 35,694 | 36,508 | 37,136 | 37,879 | 38,636 | 39,517 | 40,197 | 41,001 | 41,821 |
| Displaced Demand Rate | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Displaced Demand | - | - | - | - | - | - | - | - | - | - | - |
| Induced Demand | - | - | - | - | - | - | - | - | - | - | - |
| Total Segment Demand | 34,308 | 34,994 | 35,694 | 36,508 | 37,136 | 37,879 | 38,636 | 39,517 | 40,197 | 41,001 | 41,821 |
| Other 1 | | | | | | | | | | | |
| Annual Growth | | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| Base Nightly Demand | 9 | 9 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 |
| Annual Room Nights | 3,139 | 3,202 | 3,266 | 3,341 | 3,398 | 3,466 | 3,535 | 3,616 | 3,678 | 3,752 | 3,827 |
| Displaced Demand Rate | | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Displaced Demand | - | - | - | - | - | - | - | - | - | - | - |
| Induced Demand | - | - | - | - | - | - | - | - | - | - | - |
| Total Segment Demand | 3,139 | 3,202 | 3,266 | 3,341 | 3,398 | 3,466 | 3,535 | 3,616 | 3,678 | 3,752 | 3,827 |
| Totals | | | | | | | | | | | |
| Corp. Individual | 58,018 | 59,178 | 60,362 | 61,738 | 62,800 | 64,056 | 65,337 | 66,827 | 67,977 | 69,337 | 70,723 |
| Group | 21,230 | 21,655 | 22,088 | 22,591 | 22,980 | 23,440 | 23,909 | 24,454 | 24,874 | 25,372 | 25,879 |
| Leisure | 34,308 | 34,994 | 35,694 | 36,508 | 37,136 | 37,879 | 38,636 | 39,517 | 40,197 | 41,001 | 41,821 |
| Other 1 | 3,139 | 3,202 | 3,266 | 3,341 | 3,398 | 3,466 | 3,535 | 3,616 | 3,678 | 3,752 | 3,827 |
| Total Market Demand | 116,695 | 119,029 | 121,410 | 124,178 | 126,314 | 128,841 | 131,417 | 134,414 | 136,726 | 139,462 | 142,250 |
| Growth over Prior Year | | 2.0% | 2.0% | 2.3% | 1.7% | 2.0% | 2.0% | 2.3% | 1.7% | 2.0% | 2.0% |
| Market Statistics | | | | | | | | | | | |
| Existing Rooms Supply | 510 | 510 | 510 | 510 | 510 | 510 | 510 | 510 | 510 | 510 | 510 |
| Proposed Rooms Supply | - | - | - | - | - | - | - | - | - | - | - |
| Total Available Room Nights | 186,150 | 186,150 | 186,150 | 186,660 | 186,150 | 186,150 | 186,150 | 186,660 | 186,150 | 186,150 | 186,150 |
| Growth over Prior Year | | 0.0% | 0.0% | 0.3% | -0.3% | 0.0% | 0.0% | 0.3% | -0.3% | 0.0% | 0.0% |
| Potential Market-wide Occupancy | 62.7% | 63.9% | 65.2% | 66.5% | 67.9% | 69.2% | 70.6% | 72.0% | 73.4% | 74.9% | 76.4% |
| Accommodated Market Occupancy | 62.7% | 63.9% | 65.2% | 66.5% | 67.9% | 69.2% | 70.6% | 72.0% | 73.4% | 74.9% | 76.4% |

Source: CBRE

Based upon the historical performance of the market and due to the cyclical seasonal patterns and weekday versus weekend trends in the market in addition to the projected new supply, it is unlikely that the market will exceed the 100.0% percent level over the long term.

HISTORIC OPERATING PERFORMANCE

The subject's occupancy, ADR, and RevPAR history, including year-to-date figures, is illustrated as follows:

| SUBJECT'S HISTORIC OPERATING PERFORMANCE | | | | | | |
|--|-----------|----------|---------|----------|---------|----------|
| Period | Occupancy | % Change | ADR | % Change | RevPAR | % Change |
| Year Ended: 12/31/2016 | 50% | -- | \$70.06 | -- | \$34.96 | -- |
| YTD 12/31/2017 | 61% | -- | \$62.48 | -- | \$37.85 | -- |
| TTM 12/31/2017 | 61% | -- | \$62.48 | -- | \$37.85 | -- |

Source: CBRE/Property Management

FORECAST OF OCCUPANCY AND AVERAGE DAILY RATE

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

In order to project the future occupancy levels of the subject, we have estimated the level of patronage by market segment that can be reasonably captured (penetration). The extent to which the subject can capture demand from each market segment was estimated by performing a fair share penetration analysis.

A hotel's fair share is defined as the number of available rooms divided by the total supply of available rooms in the competitive market, including the subject. Factors indicating the subject would possess competitive advantages suggest a market penetration in excess of 100 percent of fair share, while competitive weaknesses are reflected in penetration less than 100 percent.

Penetration

Penetration is the relationship between a market's fair share and its actual share of the overall demand. For example, a 100-room hotel would equate to 10% of a 1,000 room competitive set. If this hotel were to capture 10% of the overall lodging demand, it would penetrate the market by 100 percent.

Market penetration, or penetration rate, is the ratio of captured demand to fair share of demand. Factors indicating competitive advantages are typically reflected in penetration rates above 100

percent, while, conversely, competitive disadvantages are reflected in penetration rates below 100 percent. Actual penetration of each market segment by the Subject may deviate from fair market share for the reasons such as the following:

- The competitive advantages or disadvantages of the hotel versus the competition taking into consideration such factors as age, location, room rate structure, chain affiliation, quality of management, marketing efforts, and image;
- The characteristics, needs, and composition of each market segment;
- The restraint on demand captured due to capacity constraints during certain periods of the week or times of the year; and
- Management decisions concerning target markets.

The current market penetration rates of the competitive hotels and the subject, broken down by demand segment, are illustrated as follows:

| SEGMENTED PENETRATION | | | | | | | | |
|--------------------------|-------------------------------|--------------------------------|--------------------|-----------------------|-------------|-------------|-------------|-------------|
| Property | 2017 Average Room Count | Estimated 2017 Occupancy | 2017 Fair Share | Segmented Penetration | | | | |
| | | | | Corp. Individual | Group | Leisure | Other 1 | Total |
| Microtel | 88 | 49.9% | 17.3% | 80% | 176% | 14% | 149% | 80% |
| Red Roof | 61 | 55% - 60% | 12.0% | 50% - 60% | 105% - 135% | 70% - 80% | 475% - 525% | 85% - 95% |
| Kelly Inn 13th Avenue | 59 | 45% - 50% | 11.6% | 30% - 40% | 15% - 25% | 150% - 180% | 120% - 150% | 65% - 75% |
| Wingate - Fargo | 83 | 60% - 65% | 16.3% | 70% - 80% | 90% - 120% | 120% - 150% | 0% | 90% - 100% |
| La Quinta Inn & Suites | 157 | 80% - 85% | 30.8% | 135% - 165% | 65% - 75% | 120% - 150% | 0% | 120% - 150% |
| Sleep Inn & Suites Fargo | 62 | 65% - 70% | 12.2% | 105% - 135% | 105% - 135% | 65% - 75% | 0% | 90% - 120% |
| Total/Avg | 510 | 62.7% | 100.0% | 100% | 100% | 100% | 100% | 100% |

Compiled by CBRE

The projections of captured penetration rates for the subject by demand segment along with the resulting projections of occupied room-nights are illustrated as follows:

| PROJECTED SUBJECT PENETRATION SCHEDULE | | | | | | | | | |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Year Ending 12/1/ | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| SUBJECT PROPERTY FAIR SHARE | | | | | | | | | |
| Market Room Supply | 510 | 510 | 510 | 510 | 510 | 510 | 510 | 510 | 510 |
| Subject Avg. Room Count | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 |
| Fair Share | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| ROOM NIGHTS CAPTURED BY SUBJECT | | | | | | | | | |
| Corp. Individual | | | | | | | | | |
| Fair Share | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Penetration Factor | 80.5% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Market Share | 13.9% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Demand | 58,018 | 59,178 | 60,362 | 61,738 | 62,800 | 64,056 | 65,337 | 66,827 | 67,977 |
| Market Share | 13.9% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Capture | 8,056 | 10,211 | 10,415 | 10,653 | 10,836 | 11,053 | 11,274 | 11,531 | 11,729 |
| Group | | | | | | | | | |
| Fair Share | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Penetration Factor | 175.9% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Market Share | 30.4% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Demand | 21,230 | 21,655 | 22,088 | 22,591 | 22,980 | 23,440 | 23,909 | 24,454 | 24,874 |
| Market Share | 30.4% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Capture | 6,445 | 3,737 | 3,811 | 3,898 | 3,965 | 4,045 | 4,125 | 4,220 | 4,292 |
| Leisure | | | | | | | | | |
| Fair Share | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Penetration Factor | 13.6% | 75.0% | 75.0% | 75.0% | 75.0% | 75.0% | 75.0% | 75.0% | 75.0% |
| Market Share | 2.3% | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% |
| Demand | 34,308 | 34,994 | 35,694 | 36,508 | 37,136 | 37,879 | 38,636 | 39,517 | 40,197 |
| Market Share | 2.3% | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% | 12.9% |
| Capture | 806 | 4,529 | 4,619 | 4,725 | 4,806 | 4,902 | 5,000 | 5,114 | 5,202 |
| Other 1 | | | | | | | | | |
| Fair Share | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Penetration Factor | 148.7% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Market Share | 25.7% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Demand | 3,139 | 3,202 | 3,266 | 3,341 | 3,398 | 3,466 | 3,535 | 3,616 | 3,678 |
| Market Share | 25.7% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% | 17.3% |
| Capture | 806 | 553 | 564 | 576 | 586 | 598 | 610 | 624 | 635 |
| Total Capture | 16,112 | 19,029 | 19,409 | 19,852 | 20,193 | 20,597 | 21,009 | 21,488 | 21,858 |
| Potential Subject Occupancy | 50.2% | 59.2% | 60.4% | 61.6% | 62.9% | 64.1% | 65.4% | 66.7% | 68.1% |
| Overall Potential Subject Penetration | 80.0% | 92.7% | 92.7% | 92.7% | 92.7% | 92.7% | 92.7% | 92.7% | 92.7% |

Compiled by CBRE

The overall accommodated room night demand is multiplied by the subject's fair share and by the projected penetration ratio to derive the subject's accommodated room night demand. We have selected 62.0% as the stabilized occupancy figure. The stabilized occupancy figure is intended to be an average figure over the projected holding period. The following depicts the derivation of the occupancy projections for the subject.

| SUBJECT PROPERTY ESTIMATED OCCUPANCY ADJUSTED TO PROJECTION DATES | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| Competitive Set Year Ending 11/30/ | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
| Room Nights Captured | 16,112 | 19,029 | 19,409 | 19,852 | 20,193 | 20,597 | 21,009 | 21,488 | 21,858 |
| Available Room Nights | 32,120 | 32,120 | 32,120 | 32,208 | 32,120 | 32,120 | 32,120 | 32,208 | 32,120 |
| Potential Subject Occupancy | 50.2% | 59.2% | 60.4% | 61.6% | 62.9% | 64.1% | 65.4% | 66.7% | 68.1% |
| Overall Potential Subject Market Share | 13.8% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% | 16.0% |
| Overall Potential Subject Penetration | 80.0% | 92.7% | 92.7% | 92.7% | 92.7% | 92.7% | 92.7% | 92.7% | 92.7% |
| Adjustment to Projection Year Ending 3/15/ | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | |
| First Year % | 71.2% | 71.2% | 71.2% | 71.2% | 71.2% | 71.2% | 71.2% | 71.2% | 71.2% |
| Second Year % | 28.8% | 28.8% | 28.8% | 28.8% | 28.8% | 28.8% | 28.8% | 28.8% | 28.8% |
| Adjusted Room Nights Accommodated | 19,138 | 19,575 | 19,912 | 20,310 | 20,716 | 21,188 | 21,553 | 21,553 | |
| Projection Period Fiscal Year Occupancy | 59.6% | 60.8% | 62.0% | 63.2% | 64.5% | 65.8% | 67.1% | 67.1% | |
| Rounded Occupancy | 60% | 61% | 62% | 63% | 64% | 66% | 67% | 67% | |
| Overall Market Share | 16.1% | 16.0% | 16.0% | 15.9% | 15.9% | 16.0% | 16.0% | 14.5% | |
| Overall Penetration | 93.3% | 92.9% | 92.7% | 92.3% | 91.9% | 92.9% | 92.6% | 90.7% | |
| Captured Room Nights (Based on Rounded Occ.) | 19,272 | 19,647 | 19,914 | 20,236 | 20,557 | 21,257 | 21,520 | 21,520 | |
| Compiled by CBRE | | | | | | | | | |

Average Daily Rate

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

SUBJECT'S COMPETITIVE POSITIONING

Although the forecast of average daily rate follows the discussion of future occupancy, these two figures are highly correlated, and one cannot make projections of occupancy without specific assumptions of ADR. This relationship is defined by RevPAR, or Revenue Per Available Room. RevPAR is the measure of a property's ability to maximize rooms revenue. Theoretically, for example, if a lodging property's ADR increases substantially (with no market influencing factors), its occupancy would decrease. Conversely, if a property's ADR decreases, an increase in occupancy would be anticipated. In each instance, RevPAR would remain unchanged. The historic ADR and RevPAR for the subject and the competitive set is illustrated as follows:

| SUBJECT AND COMPETITIVE ADR AND REVPAR | | |
|---|-------------|-------------|
| | 2017 | 2017 |
| Property | ADR | RevPAR |
| Subject (Microtel) | \$70.06 | \$34.96 |
| Red Roof | \$65 - \$70 | \$35 - \$40 |
| Kelly Inn 13th Avenue | \$75 - \$80 | \$30 - \$35 |
| Wingate - Fargo | \$70 - \$75 | \$40 - \$45 |
| La Quinta Inn & Suites | \$90 - \$95 | \$70 - \$75 |
| Sleep Inn & Suites Fargo | \$80 - \$85 | \$50 - \$55 |
| Market Weighted Average | \$79.33 | \$49.73 |
| Subject's Positioned ADR as of 12/1/2017: | \$60.00 | |
| Source: CBRE | | |

As illustrated in the preceding chart, the subject is generally at the upper level of the range relative to the competitive properties with respect to rate. This is a function of the subject's quality as well as strong location.

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

| SUBJECT'S HISTORIC ADR TRENDS | | |
|-------------------------------|---------|----------|
| Period | ADR | % Change |
| Year Ended: 12/31/2016 | \$70.06 | -- |
| YTD 12/31/2017 | \$62.48 | #DIV/0! |
| TTM 12/31/2017 | \$62.48 | -- |

Source: CBRE/Property Management

FACTORS AFFECTING ADR

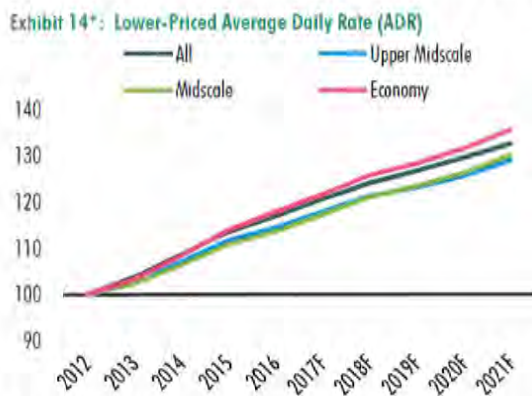
The First Quarter 2017 Hotel Marketview report produced by CBRE, Inc. Econometric Advisors (CBRE-EA) included the following guidance regarding ADR and RevPAR:

ADR Shows Slow, Steady Gain

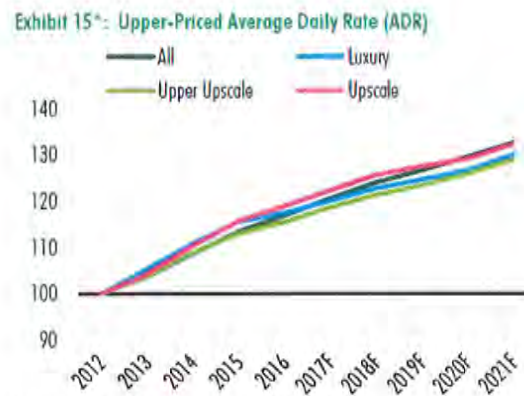
Record occupancy produced only modest ADR gains, with rates increasing 2.5% year-over-year in Q1. With the highest occupancy levels, luxury and upper-upscale properties registered the greatest ADR gains in Q1. Economy hotels also enjoyed relatively strong ADR growth (2.4%), despite recording the lowest occupancy level. The upscale segment lagged the most in ADR growth.

RevPAR growth among the scales had more variation, with midscale hotels increasing the most at 3.5% year-over-year. Upper-upscale hotels' RevPAR growth accelerated to 3% year-over-year in Q1 compared with 0.6% in Q4 2016. Overall the industry registered year-over-year RevPAR growth of 3.4%.

The March-May, 2017 Hotel Horizons publication of CBRE Hotels included the following graphs depicting historical and forecast growth of ADR by segment.



Source: CBRE Hotels' Americas Research, STR, Q4 2016



Source: CBRE Hotels' Americas Research, STR, Q4 2016

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

Supply and Demand Relationships

The relationship between supply and demand is a strong determining factor for increases or decreases in a property's average daily rate. In markets where supply is limited and demand is strong, increases in rates above inflationary levels are common. Conversely, markets that have low barriers to entry or declining demand are often characterized by little or no growth in rate.

Inflationary Pressures

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

Improving the Competitive Standard

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

Property Specific Improvements

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

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

| SUBJECT'S ESTIMATED ADR | | |
|--------------------------------|------------|---------------|
| 12 Months Ending | ADR Growth | Estimated ADR |
| 12/1/2017 | -- | \$60.00 |
| 3/15/2018 | 0.9% | \$60.51 |
| 3/15/2019 | 3.0% | \$62.33 |
| 3/15/2020 | 3.0% | \$64.20 |
| 3/15/2021 | 3.0% | \$66.12 |
| 3/15/2022 | 3.0% | \$68.11 |
| 3/15/2023 | 3.0% | \$70.15 |
| 3/15/2024 | 3.0% | \$72.26 |
| 3/15/2025 | 3.0% | \$74.42 |

* Inflationary adjustment of 0.9% from 12/01/17 through 3/15/18 (projection start date).

Source: CBRE

CONCLUSION

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

| OCCUPANCY, ADR, & ROOMS REVENUE CONCLUSIONS | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Fiscal Year Ending 3/15/ | 2019 | 2020 | 2021 | 2022 |
| Avg. Available Rooms | 88 | 88 | 88 | 88 |
| Annual Room Nights | 32,120 | 32,208 | 32,120 | 32,120 |
| Occupancy | 60% | 61% | 62% | 62% |
| Occupied Rooms | 19,272 | 19,647 | 19,914 | 19,914 |
| ADR | \$62.33 | \$64.20 | \$66.12 | \$68.11 |
| RevPAR | \$37.40 | \$39.16 | \$41.00 | \$42.23 |
| Total Rooms Revenue | \$1,201,190 | \$1,261,293 | \$1,316,821 | \$1,356,325 |

Source: CBRE

Based on the foregoing analysis, the indicated occupancy and ADR figures are achievable. Although it is possible that the subject will experience growth in occupancy and ADR above those estimated in this report, it is also possible that sudden economic downturns, unexpected additions to rooms supply, the end of the oil boom, or other external factors will force the property below the selected point of stability. Consequently, the estimated occupancy and ADR levels are representative of the most likely potential operations of the subject over the projected holding period based on our analysis of the market as of the date of this appraisal.

The subject's projection of rooms revenue is illustrated again in the Income Capitalization Section of this report.

Highest and Best Use

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

- legally permissible;
- physically possible;
- financially feasible; and
- maximally productive.

The highest and best use analysis of the subject is discussed below.

AS VACANT

The property is zoned for hotel use and is of sufficient size to accommodate various types of development. The immediate area includes various hotel land uses. Considering the surrounding land uses, location attributes, legal restrictions and other factors, it is our opinion that a hotel oriented use would be reasonable and appropriate. Given current market dynamics and property-level performance, however, a return on costs is not presently feasible. Therefore, it is our opinion that the highest and best use would be for hotel-related use, time and circumstances warranting.

AS IMPROVED

As improved, the subject involves a hotel-oriented facility. The current use is legally permissible and physically possible. The improvements continue to contribute value to the property even though an operating deficit has been occurring recently. As the market improves over the long-term, we have projected that feasibility is possible. Therefore, it is our opinion that the highest and best use of the subject, as improved, is for continued hotel related use.

Appraisal Methodology

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

COST APPROACH

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

SALES COMPARISON APPROACH

The sales comparison approach utilizes sales of comparable properties, adjusted for differences, to indicate a value for the subject. Valuation is typically accomplished using physical units of comparison such as price per square foot, price per unit, price per floor, etc., or economic units of comparison such as gross rent multiplier. Adjustments are applied to the physical units of comparison derived from the comparable sale. The unit of comparison chosen for the subject is then used to yield a total value. Economic units of comparison are not adjusted, but rather analyzed as to relevant differences, with the final estimate derived based on the general comparisons.

INCOME CAPITALIZATION APPROACH

The income capitalization approach reflects the subject's income-producing capabilities. This approach is based on the assumption that value is created by the expectation of benefits to be derived in the future. Specifically estimated is the amount an investor would be willing to pay to receive an income stream plus reversion value from a property over a period of time. The two common valuation techniques associated with the income capitalization approach are direct capitalization and the discounted cash flow (DCF) analysis.

METHODOLOGY APPLICABLE TO THE SUBJECT

In valuing the subject, only the sales comparison and income capitalization approaches are applicable and have been used. Prospective buyers of hotels generally do not base or place weight on the cost approach as a basis for determining market value, there is limited application of this approach. The elimination of the cost approach does not diminish the analysis or value conclusion. The sales and income provide the basis for establishing a credible value conclusion and is consistent with market participants' actions in determining market value for a property similar to the subject. The exclusion of the cost approach is not considered to compromise the credibility of the results rendered herein.

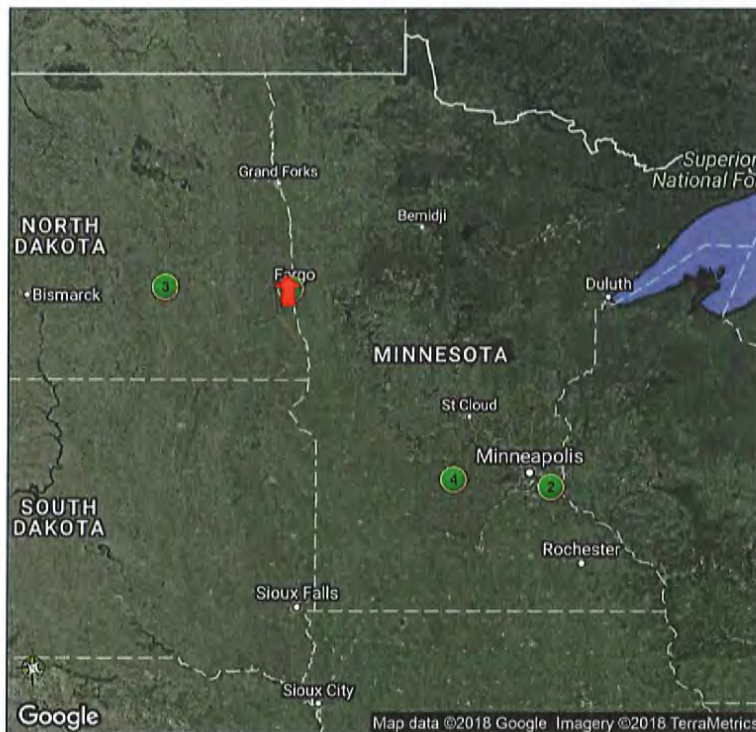
Sales Comparison Approach

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

Overall Map



Local Map



| SUMMARY OF COMPARABLE HOTEL SALES | | | | | | | | | | | | | | |
|-----------------------------------|--|------------------|--------|------------|--------------------|-----------|-------------------|----------------------------------|----------------|------|-------------------------|--------------|--------|--------|
| No. | Name | Transaction Type | Date | Year Built | Distance from Subj | No. Rooms | Actual Sale Price | Adjusted Sale Price ¹ | Price Per Room | Occ. | Gross Income Multiplier | NOI Per Room | OER | OAR |
| 1 | Days Inn & Suites Fargo, 3431 14th Avenue South, Fargo, ND | Sale | Oct-17 | 1993 | 3 Miles | 75 | \$2,716,000 | \$3,800,000 | \$90,667 | N/A | | \$3,238 | | 6.39% |
| 2 | Country Inn & Suites, 8350 E Point Douglas Rd S, Cottage Grove, MN | Sale | Aug-17 | 2001 | 236 Miles | 76 | \$3,800,000 | \$4,800,000 | \$63,158 | 74% | 2.27 | \$6,057 | 82.77% | 9.59% |
| 3 | Super 8 & Econo Lodge, 2623 Highway 261 S, Jamestown, ND | Sale | Aug-15 | 1979 | 86 Miles | 66 | \$3,000,132 | \$3,000,132 | \$45,457 | 76% | | \$3,727 | | 8.20% |
| 4 | Americinn Lodge & Suites, 869 Highway 7 E, Hutchinson, MN | Sale | Jun-15 | N/A | 180 Miles | 86 | \$4,250,000 | \$4,250,000 | \$49,419 | 58% | 2.55 | \$5,881 | 69.71% | 11.90% |
| 5 | Microtel Inn & Suites by Wyndham Zephyrhills, 7839 Gall Boulevard, | Sale | Dec-16 | 2004 | 1,509 Miles | 63 | \$3,350,000 | \$3,350,000 | \$53,175 | 64% | | N/A | | N/A |
| 6 | Microtel Inn & Suites, 1412 Old McDonough Highway, Conyers, GA | Sale | Feb-16 | 2007 | 1,133 Miles | 62 | \$3,125,000 | \$3,140,000 | \$50,645 | 59% | 2.69 | \$5,110 | 72.82% | 10.09% |
| | Subj. Microtel, Pro 705 23rd Ave E, Forma West Fargo, North Dakota | --- | --- | 2015 | --- | 88 | --- | --- | --- | 62% | --- | \$3,649 | 75.95% | --- |

¹ Adjusted sale price for cash equivalency, lease-up and/or deferred maintenance (where applicable)
Compiled by CBRE

The sales utilized represent the best data available for comparison with the subject. They were selected from our research of comparable improved sales within the greater Upper Midwest and nation given a lack of recent sale data within Fargo. These sales were otherwise chosen based upon their date of sale, location, quality and franchise affiliation. The two nationally-oriented sales were specifically selected given their date of sale and franchise/branding.

DISCUSSION/ANALYSIS OF IMPROVED SALES

Sale**Hotel - Limited Service Hotel****No. 1**

Property Name Days Inn & Suites Fargo
 Address 3431 14th Avenue South
 Fargo, ND 58103
 United States

Government Tax Agency Cass
 Govt./Tax ID 01-2580-00110-000

Improvements

Status Existing
 Land Area 2.141 ac
 Gross Building Area (GBA) 35,501 sf
 Floor Count 2
 Year Built 1993
 Year Renovated N/A
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 75 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

N/A

Sale Summary

| | | | |
|----------------------|---------------------------------------|----------------------|------------------------------|
| Recorded Buyer | Lodging Properties LLC | Marketing Time | 3 Month(s) |
| True Buyer | American Hotel Income Properties REIT | Buyer Type | REIT |
| Recorded Seller | S & S Hospitality Of Fargo LLC | Seller Type | Private Investor |
| True Seller | Paul & Amy Sjurseth | Primary Verification | Broker,CoStar,Press Releases |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Days Inn | Date | 10/16/2017 |
| Proposed Use | Wyndham Brand | Sale Price | \$2,716,000 |
| Listing Broker | Marcus & Millichap | Financing | Cash to Seller |
| Selling Broker | N/A | Cash Equivalent | \$2,716,000 |
| Doc # | 000001523025 | Capital Adjustment | \$1,084,000 |
| | | Adjusted Price | \$3,800,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|------------------------|--------------------------------|--------------|---------------------------------|
| 10/2017 | Sale | Lodging Properties LLC | S & S Hospitality Of Fargo LLC | \$2,716,000 | \$76.50 |
| 03/2013 | N/A | N/A | N/A | N/A | N/A |

Units of Comparison

| | | | |
|-----------------------------|--------------------------------|-----------------------|----------|
| Static Analysis Method | Trailing Actuals | Adjusted Price / sf | \$107.04 |
| Buyer's Primary Analysis | Static Capitalization Analysis | Adjusted Price / Room | \$50,667 |
| Net Initial Yield/Cap. Rate | 6.39% | | |
| Actual Occupancy at Sale | N/A | | |

Financial

| | |
|-----------------------------|---------------------|
| Revenue Type | Trailing Actuals |
| Period Ending | 12/31/2017 |
| Source | Other(See Comments) |
| Price | \$2,716,000 |
| Economic Occupancy | N/A |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | N/A |
| Gross Revenue | N/A |
| Expenses | N/A |
| Net Operating Income | \$173,552 |
| NOI / Room | \$2,314 |
| NOI Ratio | N/A |
| GRM (Gross Rev Mult) | N/A |
| RRM (Room Rev Mult) | N/A |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 6.39% |

Map & Comments



The asset was purchased by American Hotel Income Properties REIT out of Vancouver. Jon Ruzicka of Marcus & Millichap Inc represented the seller and also secured the buyer also with Helen Zaver of Marcus & Millichap Inc. The class C hotel totals 75 rooms and operates under the Days Inn brand. The property was originally constructed in 1993, originally has a Hampton Inn, and sits on 2.12 acres. The buyer intends to re-brand the property to a Wyndham Brand. The list price was \$3,270,000 and the sale price without PIP of \$2,716,000 implies \$36,213 per room. The buyer's press release indicates this deal was part of a two-property portfolio and the other location is in Whitefish, Montana. They expect to invest \$1.084M in PIP for a total acquisition price of roughly \$3.8M or \$50,700 per key. This hotel has a rail crew lodging agreement that currently guarantees 77% of the available rooms. The implied capitalization rate was extracted from public information. The property is located near the intersection of I-94 and I-29 and within walking distance to the West Acres Indoor Mall.

Sale**Hotel - Limited Service Hotel****No. 2**

Property Name Country Inn & Suites
 Address 8350 E Point Douglas Rd S
 Cottage Grove, MN 55016
 United States

Government Tax Agency Washington
 Govt./Tax ID N/A

Improvements

Status Existing
 Land Area 2,440 ac
 Gross Building Area (GBA) 54,861 sf
 Floor Count 3
 Year Built 2001
 Year Renovated N/A
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 76 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

N/A

Sale Summary

| | | | |
|----------------------|--|----------------------|-----------------------|
| Recorded Buyer | Basera Hospitality Inc | Marketing Time | N/A |
| True Buyer | RSBR INC | Buyer Type | Private Investor |
| Recorded Seller | Cottage Grove Lodging LLC | Seller Type | Private Investor |
| True Seller | Patrick M. Ruhr | Primary Verification | CoStar |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Hotel | Date | 8/1/2017 |
| Proposed Use | Hotel | Sale Price | \$3,800,000 |
| Listing Broker | Corey Stender of Timm & Associates Inc | Financing | Market Rate Financing |
| Selling Broker | N/A | Cash Equivalent | \$3,800,000 |
| Doc # | 4122556 | Capital Adjustment | \$1,000,000 |
| | | Adjusted Price | \$4,800,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|------------------------|---------------------------|--------------|---------------------------------|
| 08/2017 | Sale | Basera Hospitality Inc | Cottage Grove Lodging LLC | \$3,800,000 | \$69.27 |

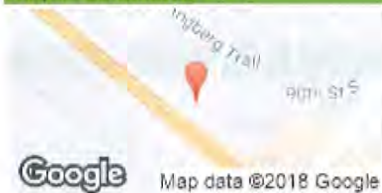
Units of Comparison

| | | | |
|-----------------------------|--------------------------------|-----------------------|----------|
| Static Analysis Method | Trailing Actuals | Adjusted Price / sf | \$87.49 |
| Buyer's Primary Analysis | Static Capitalization Analysis | Adjusted Price / Room | \$63,158 |
| Net Initial Yield/Cap. Rate | 9.59% | | |
| Actual Occupancy at Sale | 74% | | |

Financial

| | |
|-----------------------------|---------------------|
| Revenue Type | Trailing Actuals |
| Period Ending | 12/31/2016 |
| Source | Other(See Comments) |
| Price | \$3,800,000 |
| Economic Occupancy | 74% |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | N/A |
| Gross Revenue | \$2,114,343 |
| Expenses | \$1,750,000 |
| Net Operating Income | \$364,343 |
| NOI / Room | \$4,794 |
| NOI Ratio | 17.23 |
| GRM (Gross Rev Mult) | 1.80 |
| RRM (Room Rev Mult) | N/A |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 9.59% |

Map & Comments



The asset traded between two private parties with the seller being represented by Corey Stender of Timm & Associates Inc. According to contact for the buyer they will to \$750K to \$1 million in updating and renovations of the property which was the motivation of the seller to sell the property. The hotel was running at 74% occupancy and average daily rate of \$103/room at the time of sale. The hotel operates under the Country Inns & Suites brand by Carlson Hospitality and has a total of 76 rentable rooms. The building was originally constructed in 2001 and sits on 2.44 acres. Operating expenses were estimated by the appraiser and imply a 9.5% capitalization rate when including \$1M in capital expenditures.

Sale

Hotel - Limited Service Hotel

No. 3

Property Name Super 8 & Econo Lodge
 Address 2623 Highway 281 S
 Jamestown, ND 58401
 United States

Government Tax Agency N/A
 Govt./Tax ID 74-3874900

Improvements

Status Existing
 Land Area 1.430 ac
 Gross Building Area (GBA) 27,335 sf
 Floor Count 1
 Year Built 1979
 Year Renovated 2012
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 66 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A



Amenities

N/A

Sale Summary

| | | | |
|----------------------|---------------------|----------------------|-----------------------|
| Recorded Buyer | KCZ Properties LLC | Marketing Time | 5 Month(s) |
| True Buyer | N/A | Buyer Type | Private Investor |
| Recorded Seller | Kssg LLC | Seller Type | Private Investor |
| True Seller | N/A | Primary Verification | CoStar,NDRIN,Broker |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Hotel | Date | 8/31/2015 |
| Proposed Use | Hotel | Sale Price | \$3,000,132 |
| Listing Broker | N/A | Financing | Market Rate Financing |
| Selling Broker | N/A | Cash Equivalent | \$3,000,132 |
| Doc # | WD#214274 | Capital Adjustment | \$0 |
| | | Adjusted Price | \$3,000,132 |

Transaction Summary plus Five-Year CBRE View History

| Transaction Date | Transaction Type | Buyer | Seller | Price | Cash Equivalent Price/sf |
|------------------|------------------|--------------------|----------|-------------|--------------------------|
| 08/2015 | Sale | KCZ Properties LLC | Kssg LLC | \$3,000,132 | \$109.75 |

Units of Comparison

| | | | |
|-----------------------------|--------------------------------|-----------------------|----------|
| Static Analysis Method | Trailing Actuals | Adjusted Price / sf | \$109.75 |
| Buyer's Primary Analysis | Static Capitalization Analysis | Adjusted Price / Room | \$45,457 |
| Net Initial Yield/Cap. Rate | 8.20% | | |
| Actual Occupancy at Sale | 76% | | |

Financial

| | Trailing Actuals |
|-----------------------------|------------------|
| Revenue Type | |
| Period Ending | 12/31/2013 |
| Source | N/A |
| Price | \$3,000,132 |
| Economic Occupancy | N/A |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | N/A |
| Gross Revenue | N/A |
| Expenses | N/A |
| Net Operating Income | \$246,125 |
| NOI / Room | \$3,729 |
| NOI Ratio | N/A |
| GRM (Gross Rev Mult) | N/A |
| RRM (Room Rev Mult) | N/A |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 8.20% |

Map & Comments



This is a Super 8 Hotel that consists of 47 rooms and Econo Lodge that consists of 19 rooms, together totaling 66 rooms. Listing details indicated that the property had renovated guest rooms and the Econo Lodge was approved for a 20-room expansion.

The hotels were sold as a portfolio because they are adjacent to each other and shared management. Super 8 opened in 1979 and the Econo Lodge opened in 2012.

The transaction was for \$3,000,132 or \$45,457 per room. The property was on the market since 3/2015, with an initial asking price of \$3,800,002. The transaction was in escrow for approximately 30 days. The price, date of sale, days on escrow, name of buyer, and reason of sale and purchase were verified with the seller broker via CoStar.

As available from the offering memorandum:

Super 8's performance for 2014 was 73.4% occupancy/\$65.36 ADR/\$47.97 RevPar/\$904,999 total revenue. NOI for 2013 was \$137,657 but NOI for 2014 was not available.

Econolodge performance for 2014 was 82.39% occupancy/\$65.48 ADR/\$53.94 RevPar/\$373,683 total revenue. NOI for 2013 was \$108,468 but NOI for 2014 was not available.

Sale**Hotel - Limited Service Hotel****No. 4**

Property Name AmericInn Lodge & Suites
 Address 869 Highway 7 E
 Hutchinson, MN 55350
 United States

Government Tax Agency McLeod
 Govt./Tax ID 23-032-1000

Improvements

Status Existing
 Land Area 10.080 ac
 Gross Internal Area (GIA) 50,000 sf
 Floor Count 2
 Year Built 1995
 Year Renovated 2009
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class Economy
 # of Units 86 Room
 Standard Room Size N/A
 Affiliation AmericInn
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

24-hour Security, Complimentary Breakfast, Indoor Athletic Facility, Pool

Sale Summary

| | | | |
|----------------------|--------------------------|----------------------|-----------------------|
| Recorded Buyer | Om Aim LLC | Marketing Time | N/A |
| True Buyer | Daksha Patel | Buyer Type | Private Investor |
| Recorded Seller | Celtic Ventures LLC | Seller Type | Private Investor |
| True Seller | N/A | Primary Verification | Broker, PR |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Hotel - Economy | Date | 6/25/2015 |
| Proposed Use | N/A | Sale Price | \$4,250,000 |
| Listing Broker | Jon Ruzicka 952-852-9767 | Financing | Market Rate Financing |
| Selling Broker | Jon Ruzicka 952-852-9767 | Cash Equivalent | \$4,250,000 |
| Doc # | eCRV 368933 | Capital Adjustment | \$0 |
| | | Adjusted Price | \$4,250,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|--------------|---------------------|--------------|---------------------------------|
| 06/2015 | Sale | Om Aim LLC | Celtic Ventures LLC | \$4,250,000 | \$85.00 |

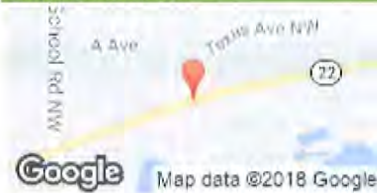
Units of Comparison

| | | | |
|-----------------------------|------------------|-----------------------|----------|
| Static Analysis Method | Trailing Actuals | Adjusted Price / sf | \$85.00 |
| Buyer's Primary Analysis | N/A | Adjusted Price / Room | \$49,419 |
| Net Initial Yield/Cap. Rate | 11.90% | | |
| Actual Occupancy at Sale | 58% | | |

Financial

| | Trailing Actuals |
|-----------------------------|------------------|
| Revenue Type | |
| Period Ending | N/A |
| Source | N/A |
| Price | \$4,250,000 |
| Economic Occupancy | N/A |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | \$1,599,544 |
| Gross Revenue | \$1,669,442 |
| Expenses | \$1,163,765 |
| Net Operating Income | \$505,677 |
| NOI / Room | \$5,880 |
| NOI Ratio | 30.29 |
| GRM (Gross Rev Mult) | 2.55 |
| RRM (Room Rev Mult) | 2.66 |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 11.90% |

Map & Comments



This comparable is the sale of the 86 room AmericInn Lodge & Suites in Hutchinson, MN. The subject sold for \$2,762,500 plus an additional \$1,487,500 in personal property for a total selling price of \$4,250,000 or \$49,419 per room. The selling broker indicated that the transaction was considered arm's length. Based upon trailing 2014 income at the time of sale, the capitalization rate was 11.90%. The property features 86-rooms shared between two separate buildings with a common access from Highway 7. Each building features a lobby, breakfast area, pool, spa and laundry. The buildings, defined as the East and West building, can be operated independently if desired. As presently configured operations are directed from the main lobby in the West building. Both buildings are two stories with either wood or vinyl exteriors and shared surface parking lot.

Sale**Hotel - Limited Service Hotel****No. 5**

Property Name Microtel Inn & Suites by Wyndham Zephyrhills
 Address 7839 Gall Boulevard
 Zephyrhills, FL 33541
 United States

Government Tax Agency Pasco
 Govt./Tax ID 34-25-21-0010-01700-0010

Improvements

Status Existing
 Land Area 1.205 ac
 Gross Building Area (GBA) 26,674 sf
 Floor Count 3
 Year Built 2004
 Year Renovated N/A
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class Economy
 # of Units 63 Room
 Standard Room Size N/A
 Affiliation Wyndham Worldwide
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

Complimentary Breakfast, Conference Facility, Laundry Facility, Pool

Sale Summary

| | | | |
|----------------------|----------------------|----------------------|-----------------------|
| Recorded Buyer | Nilkanth Hotel, LLC | Marketing Time | 2 Month(s) |
| True Buyer | N/A | Buyer Type | Developer |
| Recorded Seller | Jamm Hotels LLC | Seller Type | Developer |
| True Seller | Sky Hospitality, LLC | Primary Verification | Knowledgeable broker |
| Interest Transferred | N/A | Type | Sale |
| Current Use | Hotel | Date | 12/16/2016 |
| Proposed Use | Hotel | Sale Price | \$3,350,000 |
| Listing Broker | N/A | Financing | Market Rate Financing |
| Selling Broker | N/A | Cash Equivalent | \$3,350,000 |
| Doc # | 9474-3562 | Capital Adjustment | \$0 |
| | | Adjusted Price | \$3,350,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|---------------------|-----------------|--------------|---------------------------------|
| 12/2016 | Sale | Nilkanth Hotel, LLC | Jamm Hotels LLC | \$3,350,000 | \$125.59 |

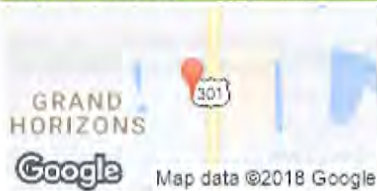
Units of Comparison

| | | | |
|-----------------------------|-----|-----------------------|----------|
| Static Analysis Method | N/A | Adjusted Price / sf | \$125.59 |
| Buyer's Primary Analysis | N/A | Adjusted Price / Room | \$53,175 |
| Net Initial Yield/Cap. Rate | N/A | | |
| Actual Occupancy at Sale | 64% | | |

Financial

| | Trailing Actuals |
|-----------------------------|---------------------|
| Revenue Type | |
| Period Ending | N/A |
| Source | N/A |
| Price | \$3,350,000 |
| Economic Occupancy | 64% |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | N/A |
| Gross Revenue | \$1,080,826 |
| Expenses | \$772,000 |
| Net Operating Income | \$308,826 |
| NOI / Room | \$4,902 |
| NOI Ratio | 28.57 |
| GRM (Gross Rev Mult) | 3.10 |
| RRM (Room Rev Mult) | N/A |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 9.22% |

Map & Comments



Microtel Inn & Suites by Wyndham Zephyrhills - this 3-story 63-room economy limited-service Wyndham Worldwide branded hotel is located on the east side of Gall Boulevard, southwest quadrant of US-Highway 301 and Kossik Road, Zephyrhills, Florida. The property improvement was completed in October 2004. The property amenities feature an outdoor pool, self-guest laundry facilities, high-speed internet access, all guest rooms have a mini-fridge & microwave and one 625 square foot meeting room. The property is considered to be in average condition. The property was purchased in December 2016 for \$3,350,000 or \$53,175 per guest room.

Property Name Microtel Inn & Suites
 Address 1412 Old McDonough Highway
 Conyers, GA 30094
 United States

Government Tax Agency Rockdale
 Govt./Tax ID 075-0-01-0018

Improvements

Status Existing
 Land Area 1.440 ac
 Net Rentable Area (NRA) 26,456 sf
 Floor Count 4
 Year Built 2007
 Year Renovated N/A
 Construction Type Good
 Parking Type Surface

Unique Physical Data

Class Midscale
 # of Units 62 Room
 Standard Room Size 0 sf
 Affiliation Wyndham
 Lounge Seats 0
 Restaurant Seats 0

**Amenities**

Complimentary Breakfast, Conference Facility, Indoor Athletic Facility, Laundry Facility, Pool, Public Business Center

Sale Summary

| | | | |
|----------------------|---------------------------|----------------------|------------------|
| Recorded Buyer | Sanam Conyers Lodging LLC | Marketing Time | N/A |
| True Buyer | Sunita Patel | Buyer Type | Private Investor |
| Recorded Seller | Sterling Finvest, Inc. | Seller Type | Private Investor |
| True Seller | N/A | Primary Verification | Contract |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Microtel Inn & Suites | Date | 2/18/2016 |
| Proposed Use | Microtel Inn & Suites | Sale Price | \$3,125,000 |
| Listing Broker | N/A | Financing | Cash to Seller |
| Selling Broker | N/A | Cash Equivalent | \$3,125,000 |
| Doc # | 5827-0119 | Capital Adjustment | \$15,000 |
| | | Adjusted Price | \$3,140,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|---------------------------|------------------------|--------------|---------------------------------|
| 02/2016 | Sale | Sanam Conyers Lodging LLC | Sterling Finvest, Inc. | \$3,125,000 | \$118.12 |

Units of Comparison

| | | | |
|-----------------------------|-----------------------------------|-----------------------|----------|
| Static Analysis Method | Pro Forma Year 1 | Adjusted Price / sf | \$118.69 |
| Buyer's Primary Analysis | Price and Capitalization Analyses | Adjusted Price / Room | \$50,645 |
| Net Initial Yield/Cap. Rate | 10.09% | | |
| Actual Occupancy at Sale | 59% | | |

Financial

| Revenue Type | Pro Forma Year 1 | Trailing Actuals | Other See Comments |
|-----------------------------|---------------------|---------------------|-----------------------|
| Period Ending | 12/31/2016 | 12/31/2015 | 12/31/2015 |
| Source | Buyer | Buyer | Buyer |
| Price | \$3,140,000 | \$3,125,000 | \$3,140,000 |
| Economic Occupancy | 73% | 59% | 59% |
| ADR (Avg Daily Rate) | \$68.00 | \$65.00 | \$65.00 |
| Room Revenue | \$1,121,895 | \$870,950 | \$870,950 |
| Gross Revenue | \$1,165,695 | \$903,729 | \$903,729 |
| Expenses | \$848,815 | \$643,158 | \$643,158 |
| Net Operating Income | \$316,880 | \$260,571 | \$260,571 |
| NOI / Room | \$5,111 | \$4,203 | \$4,203 |
| NOI Ratio | 27.18 | 28.83 | 28.83 |
| GRM (Gross Rev Mult) | 2.69 | 3.46 | 3.47 |
| RRM (Room Rev Mult) | 2.80 | 3.59 | 3.61 |
| RevPAR | \$49.30 | \$38.35 | \$38.35 |
| Net Initial Yield/Cap. Rate | 10.09% | 8.34% | 8.30% |

Map & Comments



This is the sale of a four-story 62-room interior hallway Microtel Inn & Suites hotel that is located within the southwest quadrant of Interstate 20 at Highway 138 in Conyers, GA. The building was constructed in 2007 and was in good condition at the time of sale. Amenities include an outdoor pool, exercise room, 480 square foot meeting room, business center and complimentary breakfast. The PIP was expected to be minimal and had been partially completed prior to the sale, with approximately \$15,000 remaining to be spent according to the buyer. Including expenditures after sale the property sold in February 2016 for \$3,140,000, or \$50,645 per room. Based upon the buyer's pro forma the property sold at a 10.09% capitalization rate and a RRM of 2.8. Based upon 2015 financials the property sold at an 8.3% capitalization rate and a RRM of 3.61.

ADJUSTMENTS

Real Property Rights Conveyed

In all cases, the sales consisted of the transfer of the leased fee estate. That is, all properties were leased at the time of sale. The property rights appraised in this case are also of the fee simple estate so no adjustment to the comparables is necessary.

Conditions of Sale

Sale One was part of a two property portfolio but no discounts/premiums were reported. None of the sales reflected atypical conditions of sale and no adjustment is therefore required.

Financing

In all cases, the sales resulted in cash to the sellers and no other atypical financing vehicles were noted. No adjustment for financing is therefore required.

Time/Market Conditions

No market conditions adjustment was applied to the sales.

Average Room Size

Most of the sales and the subject lie within a fairly similar range of size – all having acceptable room sizes for today's market standards.

Age

A 0.25% per year adjustment amount was applied to account for differences in development dates.

Quality of Construction

Sale Three and Four were adjusted upward to account for their inferior condition/quality.

Economic Factors

Sale One was adjusted downward by 10% given it has guaranteed income for 77% of available rooms to crew lodging.

Amenities

No adjustment required.

Parking

No adjustment required.

Location/Economic

The location adjustment in these kind of segment properties may be more reflected by differentials in income/demand. Basically, there are development cost differences among the areas. For example, the subject is located in an area that the underlying land value is more than any of the sales. The result is that the income/demand which would be applicable to the subject

is more than would be found in, for example, the surrounding suburban markets. We have accounted for these differences by adjusting the comparables by a factor of 1/3 the difference in NOI relative to the subject's stabilized NOI/Unit.

SUMMARY OF ADJUSTMENTS

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

| HOTEL SALES ADJUSTMENT GRID | | | | | | | Subj. Pro Forma |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-----------------------|
| Comparable Number | 1 | 2 | 3 | 4 | 5 | 6 | |
| Transaction Type | Sale | Sale | Sale | Sale | Sale | Sale | --- |
| Transaction Date | Oct-17 | Aug-17 | Aug-15 | Jun-15 | Dec-16 | Feb-16 | --- |
| Year Built | 1993 | 2001 | 1979 | N/A | 2004 | 2007 | 2015 |
| No. Rooms | 75 | 76 | 66 | 86 | 63 | 62 | 88 |
| Actual Sale Price | \$2,716,000 | \$3,800,000 | \$3,000,132 | \$4,250,000 | \$3,350,000 | \$3,125,000 | --- |
| Adjusted Sale Price ¹ | \$3,800,000 | \$4,800,000 | \$3,000,132 | \$4,250,000 | \$3,350,000 | \$3,140,000 | --- |
| Price Per Room | \$50,667 | \$63,158 | \$45,457 | \$49,419 | \$53,175 | \$50,645 | --- |
| Occupancy | N/A | 74% | 76% | 58% | 64% | 59% | 62% |
| Gross Room Rev. Multiplier | | 2.27 | | 2.55 | | 2.69 | --- |
| NOI Per Room | \$3,238 | \$6,057 | \$3,727 | \$5,881 | N/A | \$5,110 | \$3,649 |
| OER | | 82.77% | | 69.71% | | \$0.73 | 75.95% |
| OAR | 6.39% | 9.59% | 8.20% | 11.90% | N/A | 10.09% | --- |
| Adj. Price Per Room | \$50,667 | \$63,158 | \$45,457 | \$49,419 | \$53,175 | \$50,645 | |
| Property Rights Conveyed | 0% | 0% | 0% | 0% | 0% | 0% | |
| Financing Terms ¹ | 0% | 0% | 0% | 0% | 0% | 0% | |
| Conditions of Sale | 0% | 0% | 0% | 0% | 0% | 0% | |
| Market Conditions (Time) | 0% | 0% | 0% | 0% | 0% | 0% | |
| Subtotal - Price Per Room | \$50,667 | \$63,158 | \$45,457 | \$49,419 | \$53,175 | \$50,645 | |
| Average Room Size | 0% | 0% | 0% | 0% | 0% | 0% | |
| Age | 6% | 4% | 9% | 0% | 3% | 2% | |
| Quality of Construction | 0% | 0% | 10% | 10% | 0% | 0% | |
| Economic Factors | -10% | 0% | 0% | 0% | 0% | 0% | |
| Amenities | 0% | 0% | 0% | 0% | 0% | 0% | |
| Parking | 0% | 0% | 0% | 0% | 0% | 0% | |
| Location/Economic | 6% | -20% | -1% | -19% | 0% | -14% | |
| Total Other Adjustments | 2% | -16% | 18% | -9% | 3% | -12% | |
| Indicated Value Per Room | \$51,603 | \$52,813 | \$53,613 | \$44,982 | \$54,637 | \$44,416 | |
| Absolute Adjustment | 22% | 23% | 20% | 29% | 3% | 16% | |

¹ Adjusted for cash equivalency, lease-up and/or deferred maintenance (where applicable)
Compiled by CBRE

Prior to adjustments the comparable sales indicated a sale price range of \$45,457 to \$63,158 per room, with an average price of \$52,087 per guest room.

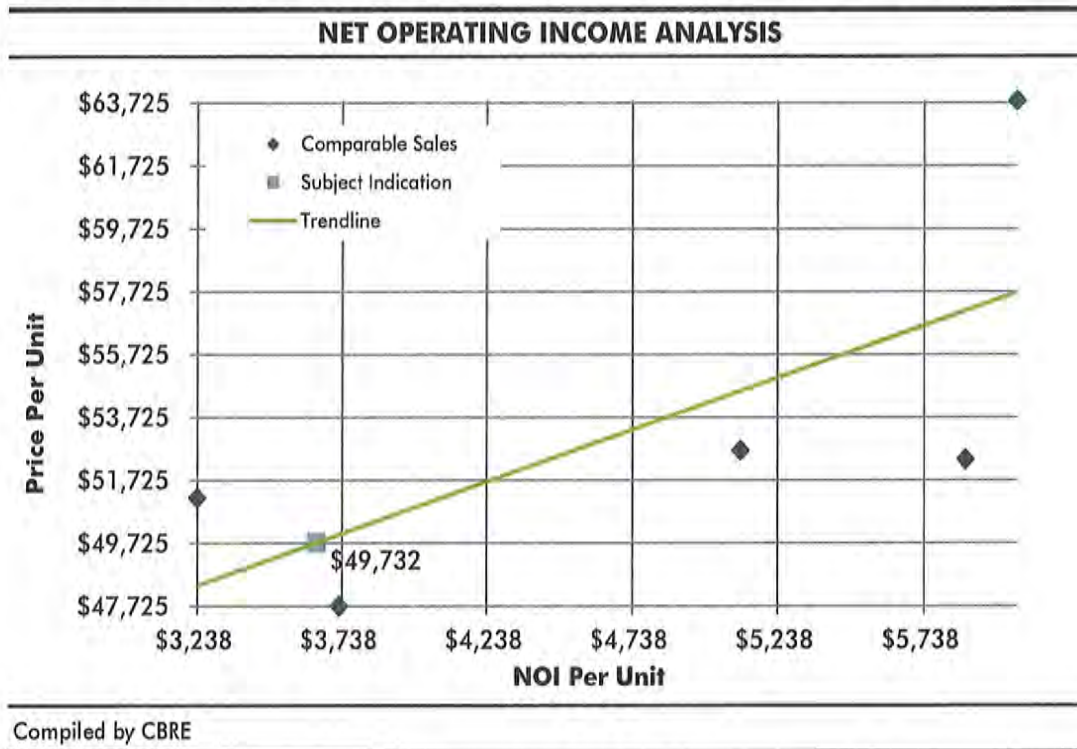
After applying the sale price adjustments the value range is \$44,416 to \$54,637 per room, with an average of \$50,344 per guest room.

REGRESSION ANALYSIS

As a cross check to the foregoing analysis, the net operating income (NOI) being generated by the comparable sales as compared to the subject's pro forma NOI estimated in the following income capitalization approach has been analyzed. In general, it is a fundamental assumption that the physical characteristics of a property (e.g., location, access, design/appeal, condition,

etc.) are reflected in the net operating income being generated, and the resultant price paid for a property has a direct relationship to the NOI being generated.

The following NOI analysis chart illustrates the sale prices (after adjustments for conditions of sale and market conditions) of the individual sales plotted in comparison to their NOIs. In addition, a trend line has been plotted based on a linear regression analysis of the comparables. The subject's indicated value has been plotted along this trend line at its pro forma stabilized NOI.



The concluded value of the subject property is \$50,000 per room. The regression analysis suggests a value for the subject of \$49,732 per room. This is reasonably similar to the final reconciled value of this appraisal and thus the regression analysis provides support.

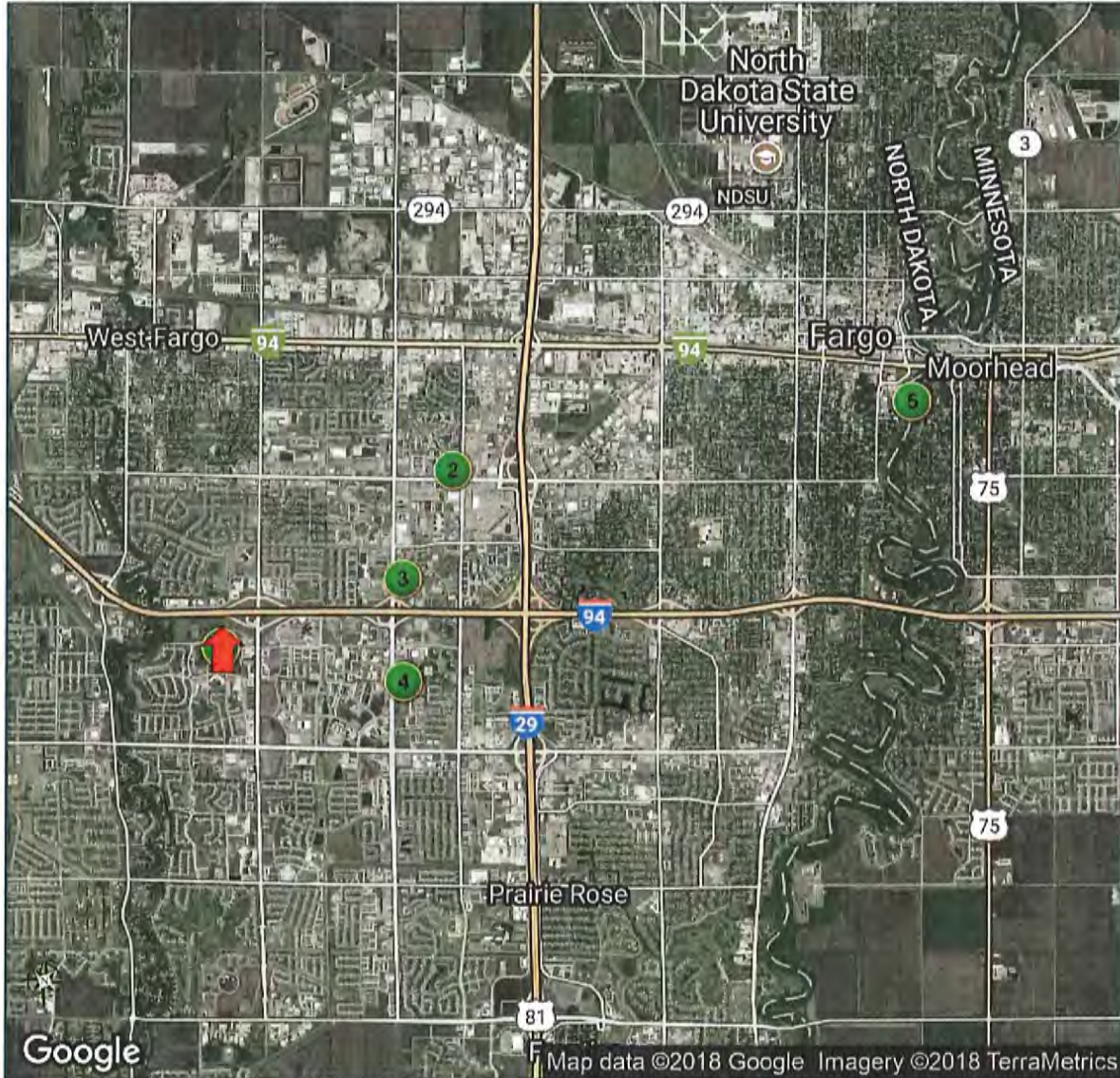
SALE COMPARISON APPROACH CONCLUSION

The following table summarizes the stabilized value indications and the concluded value of the subject, via the Sales Comparison Approach.

| SALES COMPARISON APPROACH | | | | |
|-----------------------------------|----------|-----------------------|----------|--------------------|
| Total Rooms | X | Value Per Room | = | Value |
| 88 | X | \$44,416 | = | \$3,908,608 |
| 88 | X | \$50,000 | = | \$4,400,000 |
| 88 | X | \$54,637 | = | \$4,808,056 |
| Gross Income | X | GIM | = | Value |
| \$1,335,347 | X | 1.5 | = | \$1,976,314 |
| \$1,335,347 | X | 2.6 | = | \$3,498,609 |
| VALUE CONCLUSION | | | | |
| Indicated Stabilized Value | | | | \$4,400,000 |
| Property Improvement Plan Cost | | | | \$0 |
| Stabilization Discount | | | | \$0 |
| Indicated As Is Value | | | | \$4,400,000 |
| Rounded | | | | \$4,400,000 |
| Value Per Room | | | | \$50,000 |
| Compiled by CBRE | | | | |

Income Capitalization Approach

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



PRIMARY COMPETITIVE HOTELS

| Property | Number of Rooms | Percentage Competitive | Year Built | Affiliation Date | Competitive Rooms | Distance From Subj. | 12 Months Ending December 1, 2017 | | | | |
|--------------------------------|-----------------|------------------------|------------|------------------|-------------------|---------------------|-----------------------------------|-----------------------|----------------|-------------|--------------------|
| | | | | | | | Occ. | Occupancy Penetration | ADR | RevPAR | RevPAR Penetration |
| Microtel | 88 | 100% | 2015 | Oct-09 | 88 | 0.0 Miles | 50% | 80% | \$70.06 | \$34.96 | 70% |
| Red Roof | 61 | 100% | 1993 | Aug-91 | 61 | 0.0 Miles | 55% - 60% | 85% - 95% | \$65 - \$70 | \$35 - \$40 | 65% - 75% |
| Kelly Inn 13th Avenue | 59 | 100% | 1994 | Mar-12 | 59 | 2 Miles | 45% - 50% | 65% - 75% | \$75 - \$80 | \$30 - \$35 | 65% - 75% |
| Wingate - Fargo | 83 | 100% | 1999 | May-12 | 83 | 1.4 Miles | 60% - 65% | 90% - 100% | \$70 - \$75 | \$40 - \$45 | 80% - 90% |
| La Quinta Inn & Suites | 157 | 100% | 2009 | Nov-12 | 157 | 1.4 Miles | 80% - 85% | 120% - 150% | \$90 - \$95 | \$70 - \$75 | 140% - 150% |
| Sleep Inn & Suites Fargo | 62 | 100% | 2012 | Nov-12 | 62 | 5 Miles | 65% - 70% | 90% - 120% | \$80 - \$85 | \$50 - \$55 | 100% - 110% |
| Primary Totals/Averages | 510 | | | | 510 | | 63% | | \$79.33 | | |
| Overall Totals/Averages | 510 | | | | 510 | | 63% | | \$79.33 | | |

Compiled by CBRE

SUMMARY OF COMPETITIVE PROPERTIES

The prior tables summarize the primary competitive set applicable to the subject property. These properties have been analyzed and were described in detail in the hotel market analysis section.

OCCUPANCY, ADR, AND REVPAR CONCLUSIONS

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

| OCCUPANCY, ADR, & ROOMS REVENUE CONCLUSIONS | | | | |
|--|--------------------|--------------------|--------------------|--------------------|
| Fiscal Year Ending 3/15/ | 2019 | 2020 | 2021 | 2022 |
| Avg. Available Rooms | 88 | 88 | 88 | 88 |
| Annual Room Nights | 32,120 | 32,208 | 32,120 | 32,120 |
| Occupancy | 60% | 61% | 62% | 62% |
| Occupied Rooms | 19,272 | 19,647 | 19,914 | 19,914 |
| ADR | \$62.33 | \$64.20 | \$66.12 | \$68.11 |
| RevPAR | \$37.40 | \$39.16 | \$41.00 | \$42.23 |
| Total Rooms Revenue | \$1,201,190 | \$1,261,293 | \$1,316,821 | \$1,356,325 |

Source: CBRE

INCOME AND EXPENSE HISTORY

Historical income and expense data was made available and is summarized in the table that follows. For purposes of our analysis, we assume the information provided is accurate. Where applicable, we have reclassified the available information to conform to the *Uniform System of Accounts for the Lodging Industry*, an industry-standard accounting format. The *Uniform System of Accounts for the Lodging Industry* was developed by the American Hotel & Motel Association and is in general use throughout the hospitality industry. In conformance with this system of account classifications, only direct operating expenses are charged to operating departments of the hotel. The general overhead items which are applicable to operations as a whole are classified as undistributed operating expenses and include administration and general expenses, marketing expenses, property operations and maintenance expenses, energy and utility costs, management fees, property taxes, insurance, and a reserve for replacement. The subject operating statements have been reconstructed to conform to the *Uniform System of Accounts for the Lodging Industry*.

The following are summaries of the available subject operating historical operating results.

| SUBJECT OPERATING HISTORY | | | | | | | | |
|--|-------------------------------|----------------|-----------------|----------------|----------------------------|----------------|-----------------|----------------|
| Period Reported: | Complete Calendar Year Ended: | | | | Trailing 12 Months Ending: | | | |
| | 12/31/2016 | | | | 12/31/2017 | | | |
| Days Open | 366 | | | | 365 | | | |
| No. of Rooms | 88 | | | | 88 | | | |
| Occupied Room Nights | 16,071 | | | | 19,459 | | | |
| Occupancy | 49.9% | | | | 60.6% | | | |
| Average Daily Rate | \$70.06 | | | | \$62.48 | | | |
| RevPAR | \$34.96 | | | | \$37.85 | | | |
| | Total | Ratio to Sales | PAR | POR | Total | Ratio to Sales | PAR | POR |
| REVENUE | | | | | | | | |
| Rooms | \$1,125,872 | 100.0% | \$12,794 | \$70.06 | \$1,215,712 | 98.4% | \$13,815 | \$62.48 |
| Food & Beverage | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Other Operated Departments | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Miscellaneous Income | - | 0.0% | \$0 | \$0.00 | 19,920 | 1.6% | \$226 | \$1.02 |
| Total Operating Revenue | \$1,125,872 | 100.0% | \$12,794 | \$70.06 | \$1,235,632 | 100.0% | \$14,041 | \$63.50 |
| DEPARTMENTAL EXPENSES | | | | | | | | |
| Rooms Expense | \$579,609 | 51.5% | \$6,586 | \$36.07 | \$562,515 | 46.3% | \$6,392 | \$28.91 |
| Food & Beverage Expense | - | | \$0 | \$0.00 | - | | \$0 | \$0.00 |
| Miscellaneous Income Expense | - | | \$0 | \$0.00 | 26,806 | 134.6% | \$305 | \$1.38 |
| Total Departmental Expenses | \$579,609 | 51.5% | \$6,586 | \$36.07 | \$589,322 | 47.7% | \$6,697 | \$30.29 |
| DEPARTMENTAL PROFIT | \$546,263 | 48.5% | \$6,208 | \$33.99 | \$646,310 | 52.3% | \$7,344 | \$33.21 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | |
| Administrative and General | \$80,470 | 7.1% | \$914 | \$5.01 | \$179,762 | 14.5% | \$2,043 | \$9.24 |
| Information and Telecommunications Systems | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Marketing | 73,863 | 6.6% | \$839 | \$4.60 | 118,897 | 9.6% | \$1,351 | \$6.11 |
| Franchise Fees | 90,667 | 8.1% | \$1,030 | \$5.64 | - | 0.0% | \$0 | \$0.00 |
| Property Operations and Maintenance | 21,301 | 1.9% | \$242 | \$1.33 | 61,161 | 4.9% | \$695 | \$3.14 |
| Utilities | 103,042 | 9.2% | \$1,171 | \$6.41 | 77,321 | 6.3% | \$879 | \$3.97 |
| Total Undistributed Expenses | \$369,343 | 32.8% | \$4,197 | \$22.98 | \$437,141 | 35.4% | \$4,968 | \$22.46 |
| GROSS OPERATING PROFIT | \$176,920 | 15.7% | \$2,010 | \$11.01 | \$209,170 | 16.9% | \$2,377 | \$10.75 |
| Management Fee | \$56,714 | 5.0% | \$644 | \$3.53 | \$44,506 | 3.6% | \$506 | \$2.29 |
| INCOME BEFORE NON-OPERATING INCOME AND EXPENSES | \$120,206 | 10.7% | \$1,366 | \$7.48 | \$164,664 | 13.3% | \$1,871 | \$8.46 |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | |
| Property Taxes | \$90,000 | 8.0% | \$1,023 | \$5.60 | \$93,874 | 7.6% | \$1,067 | \$4.82 |
| Insurance | 30,340 | 2.7% | \$345 | \$1.89 | 37,790 | 3.1% | \$429 | \$1.94 |
| Reserve for Replacement | 33,776 | 3.0% | \$384 | \$2.10 | 37,069 | 3.0% | \$421 | \$1.90 |
| Total Non-Operating Income and Expenses | \$154,116 | 13.7% | \$1,751 | \$9.59 | \$168,733 | 13.7% | \$1,917 | \$8.67 |
| NET INCOME (EBITDA) | (\$33,910) | -3.0% | -\$385 | -\$2.11 | (\$4,069) | -0.3% | -\$46 | -\$0.21 |

revenues.

Source: Hotel Operating Statements

INCOME AND EXPENSE COMPARABLES

This analysis incorporates revenue estimates based on our survey of comparable and competitive properties, and general market trend information. The revenue and expense comparisons include four resort extended stay/limited service hotels all located in the region. The comparable hotels' financial information is obtained primarily from confidential information submitted for the 2015 edition (2014 year-end data) of the PKF Consulting USA, LLC publication *Trends in the Hotel Industry*. For reasons of confidentiality, we have not disclosed the identity of the comparable hotels. The following charts summarize income and expenses taken from regional revenue/expense comparables as well as data from the STR Host Report and the PKF Trends report.

COMPARABLE INCOME AND EXPENSE DATA - SELECTED HOTELS

| Property Location Hotel Description / Name Year | Comparable 1 Twin Cities Extended Stay 2018 | | | Comparable 2 Twin Cities Limited Service 2017 | | | Comparable 3 Twin Cities Limited Service 2017 | | | Comparable 4 Rochester, MN Extended Stay 2015 | | |
|--|--|-----------------|-----------------|--|-----------------|-----------------|--|-----------------|-----------------|--|-----------------|-----------------|
| Days Open | 365 | | | 365 | | | 365 | | | 365 | | |
| Avg. No. of Rooms | 107 | | | 122 | | | 126 | | | 110 | | |
| Occupancy | 60.0% | | | 74.7% | | | 65.0% | | | 76.0% | | |
| Average Daily Rate | \$119.00 | | | \$116.61 | | | \$165.01 | | | \$110.00 | | |
| | Ratio to Sales | PAR | POR | Ratio to Sales | PAR | POR | Ratio to Sales | PAR | POR | Ratio to Sales | PAR | POR |
| REVENUE | | | | | | | | | | | | |
| Rooms | 98.4% | \$26,060 | \$119.00 | 98.9% | \$31,786 | \$116.58 | 82.9% | \$38,437 | \$162.01 | 99.1% | \$30,514 | \$110.00 |
| Other Operated Departments | 0.0% | \$0 | \$0.00 | 0.2% | \$53 | \$0.19 | 15.4% | \$7,119 | \$30.01 | 0.0% | \$0 | \$0.00 |
| Miscellaneous Income | 1.6% | \$417 | \$1.90 | 1.0% | \$313 | \$1.15 | 1.7% | \$786 | \$3.31 | 0.9% | \$280 | \$1.01 |
| Total Operating Revenue | 100.0% | \$26,477 | \$120.90 | 100.0% | \$32,152 | \$117.92 | 100.0% | \$46,341 | \$195.33 | 100.0% | \$30,794 | \$111.01 |
| DEPARTMENTAL EXPENSES* | | | | | | | | | | | | |
| Rooms Expense | 23.6% | \$6,145 | \$28.06 | 25.4% | \$8,067 | \$29.59 | 20.0% | \$7,690 | \$32.42 | 22.5% | \$6,866 | \$24.75 |
| Food & Beverage Expense | | \$0 | \$0.00 | | \$0 | \$0.00 | | \$6,048 | \$25.49 | | \$0 | \$0.00 |
| Miscellaneous Income Expense | 107.3% | \$447 | \$2.04 | 38.6% | \$121 | \$0.44 | 0.0% | \$0 | \$0.00 | 6.2% | \$17 | \$0.06 |
| Total Departmental Expenses | 24.9% | \$6,593 | \$30.10 | 25.5% | \$8,188 | \$30.03 | 29.6% | \$13,738 | \$57.91 | 22.4% | \$6,883 | \$24.81 |
| DEPARTMENTAL PROFIT | 75.1% | \$19,884 | \$90.80 | 74.5% | \$23,964 | \$87.89 | 70.4% | \$32,603 | \$137.42 | 77.6% | \$23,911 | \$86.20 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | | |
| Administrative and General | 8.1% | \$2,150 | \$9.82 | 8.7% | \$2,804 | \$10.29 | 5.7% | \$2,651 | \$11.17 | 6.8% | \$2,090 | \$7.54 |
| Information and Telecommunications Systems | 0.0% | \$0 | \$0.00 | 1.7% | \$551 | \$2.02 | 0.0% | \$0 | \$0.00 | 0.0% | \$0 | \$0.00 |
| Marketing | 3.1% | \$822 | \$3.75 | 7.5% | \$2,423 | \$8.89 | 9.0% | \$4,151 | \$17.50 | 3.8% | \$1,184 | \$4.27 |
| Franchise Fees | 12.8% | \$3,323 | \$15.17 | 8.0% | \$2,543 | \$9.33 | 5.5% | \$2,111 | \$8.90 | 6.0% | \$1,831 | \$6.60 |
| Property Operations and Maintenance | 4.4% | \$1,174 | \$5.36 | 5.0% | \$1,622 | \$5.95 | 3.2% | \$1,460 | \$6.16 | 3.5% | \$1,082 | \$3.90 |
| Utilities | 4.2% | \$1,112 | \$5.08 | 3.2% | \$1,029 | \$3.78 | 3.3% | \$1,516 | \$6.39 | 3.8% | \$1,155 | \$4.16 |
| Total Undistributed Expenses | 32.4% | \$8,581 | \$39.18 | 34.1% | \$10,972 | \$40.24 | 25.7% | \$11,889 | \$50.11 | 23.8% | \$7,342 | \$26.47 |
| GROSS OPERATING PROFIT | 42.7% | \$11,303 | \$51.61 | 40.4% | \$12,991 | \$47.65 | 44.7% | \$20,714 | \$87.31 | 53.8% | \$16,570 | \$59.73 |
| Management Fee | 4.0% | \$1,059 | \$4.84 | 5.0% | \$1,608 | \$5.90 | 4.0% | \$1,857 | \$7.83 | 3.5% | \$1,078 | \$3.89 |
| INCOME BEFORE NON-OPERATING INCOME AND EXPENSES | 38.7% | \$10,244 | \$46.78 | 35.4% | \$11,384 | \$41.75 | 40.7% | \$18,857 | \$79.48 | 50.3% | \$15,492 | \$55.85 |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | | | | | |
| Property Taxes | 4.8% | \$1,262 | \$5.76 | 4.5% | \$1,435 | \$5.26 | 3.9% | \$1,786 | \$7.53 | 11.6% | \$3,558 | \$12.83 |
| Insurance | 1.1% | \$280 | \$1.28 | 0.9% | \$283 | \$1.04 | 0.8% | \$349 | \$1.47 | 0.9% | \$262 | \$0.95 |
| Reserve for Replacement | 3.0% | \$794 | \$3.63 | 3.0% | \$965 | \$3.54 | 3.0% | \$1,390 | \$5.86 | 3.0% | \$924 | \$3.33 |
| Total Non-Operating Income and Expenses | 8.8% | \$2,336 | \$10.67 | 8.3% | \$2,682 | \$9.84 | 7.6% | \$3,525 | \$14.86 | 15.4% | \$4,744 | \$17.10 |
| NET INCOME (EBITDA) | 29.9% | \$7,907 | \$36.11 | 27.1% | \$8,701 | \$31.91 | 33.1% | \$15,332 | \$64.62 | 34.9% | \$10,748 | \$38.75 |

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

Source: Hotel Operating Statements

| COMPARABLE HOTEL OPERATING STATISTICS - SELECTED CATEGORIES - 2016 HOST REPORT | | | | | | | | | | | | | | | | | | |
|--|--------------------------------|-----------------|-----------------|----------------------------|-----------------|-----------------|----------------------------------|-----------------|-----------------|--------------------------|-----------------|-----------------|--------------------------------------|-----------------|-----------------|----------------------------------|-----------------|-----------------|
| Property Year | HOST Report - Weighted Average | | | Limited Service Total U.S. | | | Limited Service Chain-Affiliated | | | Limited Service Suburban | | | Limited Service Upper Midscale Class | | | Limited Service Small Metro/Town | | |
| | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | 2015 | | |
| Avg. No. of Rooms | 110 | 110 | 110 | 118 | 118 | 119 | 119 | 114 | 114 | 106 | 106 | 106 | 92 | 92 | 92 | 92 | | |
| Occupancy | 71.8% | 71.8% | 71.8% | 73.0% | 73.0% | 73.0% | 73.0% | 72.0% | 72.0% | 71.9% | 71.9% | 71.9% | 68.2% | 68.2% | 68.2% | 68.2% | | |
| Average Daily Rate | \$109.64 | \$109.64 | \$109.64 | \$113.71 | \$113.71 | \$112.09 | \$112.09 | \$98.86 | \$98.86 | \$122.02 | \$122.02 | \$122.02 | \$100.27 | \$100.27 | \$100.27 | \$100.27 | | |
| | Ratio to Sales | PAR | POK | Ratio to Sales | PAR | POK | Ratio to Sales | PAR | POK | Ratio to Sales | PAR | POK | Ratio to Sales | PAR | POK | Ratio to Sales | PAR | POK |
| REVENUE | | | | | | | | | | | | | | | | | | |
| Rooms | 97.5% | \$28,606 | \$109.64 | 96.9% | \$30,179 | \$113.71 | 97.1% | \$29,737 | \$112.09 | 97.8% | \$25,912 | \$98.86 | 97.6% | \$31,731 | \$122.02 | 98.4% | \$24,836 | \$100.27 |
| Food & Beverage | 0.5% | \$163 | \$0.62 | 0.7% | \$231 | \$0.87 | 0.7% | \$219 | \$0.83 | 0.8% | \$149 | \$0.57 | 0.3% | \$109 | \$0.42 | 0.3% | \$82 | \$0.33 |
| Other Operated Departments | 1.2% | \$347 | \$1.32 | 1.4% | \$422 | \$1.59 | 1.3% | \$406 | \$1.53 | 1.0% | \$268 | \$1.02 | 1.2% | \$402 | \$1.55 | 0.8% | \$266 | \$0.83 |
| Miscellaneous Income | 0.8% | \$232 | \$0.88 | 1.0% | \$310 | \$1.17 | 0.9% | \$274 | \$1.03 | 0.6% | \$159 | \$0.61 | 0.8% | \$269 | \$1.03 | 0.5% | \$123 | \$0.49 |
| Total Operating Revenue | 100.0% | \$29,347 | \$112.47 | 100.0% | \$31,142 | \$117.34 | 100.0% | \$30,636 | \$115.48 | 100.0% | \$26,488 | \$101.06 | 100.0% | \$32,511 | \$125.02 | 100.0% | \$25,245 | \$101.92 |
| DEPARTMENTAL EXPENSES | | | | | | | | | | | | | | | | | | |
| Rooms Expense | 22.8% | \$6,528 | \$25.03 | 22.8% | \$6,888 | \$25.95 | 22.4% | \$6,651 | \$25.07 | 21.4% | \$5,548 | \$21.17 | 24.1% | \$7,643 | \$29.39 | 23.5% | \$5,626 | \$23.52 |
| Food & Beverage Expense | 132.1% | \$192 | \$0.74 | 98.0% | \$226 | \$0.85 | 97.1% | \$213 | \$0.80 | 104.5% | \$156 | \$0.59 | 184.5% | \$200 | \$0.77 | 194.9% | \$159 | \$0.64 |
| Total Departmental Expenses | 23.7% | \$6,963 | \$26.70 | 23.7% | \$7,370 | \$27.77 | 23.2% | \$7,111 | \$26.80 | 22.2% | \$5,875 | \$22.41 | 25.2% | \$8,190 | \$31.49 | 24.5% | \$6,178 | \$24.94 |
| DEPARTMENTAL PROFIT | 76.3% | \$22,384 | \$85.77 | 76.3% | \$23,772 | \$89.57 | 76.8% | \$23,526 | \$88.68 | 77.8% | \$20,613 | \$78.64 | 74.8% | \$24,321 | \$93.52 | 75.5% | \$19,067 | \$76.98 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | | | | | | | | |
| Administrative and General | 8.7% | \$2,546 | \$9.76 | 8.5% | \$2,648 | \$9.98 | 8.4% | \$2,586 | \$9.75 | 8.5% | \$2,220 | \$8.62 | 8.9% | \$2,956 | \$11.18 | 9.1% | \$2,301 | \$9.29 |
| Information and Telecommunications Systems | 0.9% | \$273 | \$1.05 | 0.8% | \$264 | \$0.99 | 0.8% | \$257 | \$0.97 | 0.9% | \$229 | \$0.87 | 1.1% | \$345 | \$1.33 | 1.1% | \$275 | \$1.11 |
| Marketing | 5.2% | \$1,542 | \$5.90 | 5.5% | \$1,715 | \$6.46 | 5.5% | \$1,695 | \$6.39 | 5.7% | \$1,516 | \$5.79 | 4.8% | \$1,551 | \$5.96 | 4.5% | \$1,139 | \$4.60 |
| Franchise Fees | 5.2% | \$1,543 | \$5.93 | 4.5% | \$1,394 | \$5.25 | 4.7% | \$1,429 | \$5.39 | 4.5% | \$1,195 | \$4.56 | 6.7% | \$2,192 | \$8.43 | 6.2% | \$1,563 | \$6.31 |
| Property Operations and Maintenance | 4.8% | \$1,410 | \$5.41 | 4.7% | \$1,475 | \$5.56 | 4.7% | \$1,441 | \$5.43 | 5.1% | \$1,350 | \$5.15 | 4.5% | \$1,477 | \$5.68 | 5.1% | \$1,282 | \$5.18 |
| Utilities | 4.2% | \$1,241 | \$4.76 | 4.2% | \$1,300 | \$4.90 | 4.2% | \$1,276 | \$4.81 | 4.6% | \$1,209 | \$4.61 | 3.9% | \$1,260 | \$4.85 | 4.5% | \$1,135 | \$4.58 |
| Total Undistributed Expenses | 29.2% | \$1,543 | \$5.93 | 28.2% | \$1,394 | \$5.25 | 28.3% | \$1,429 | \$5.39 | 29.3% | \$1,195 | \$4.56 | 29.9% | \$2,192 | \$8.43 | 30.5% | \$1,563 | \$6.31 |
| GROSS OPERATING PROFIT | 41.9% | \$12,288 | \$47.04 | 43.6% | \$13,584 | \$51.18 | 43.8% | \$13,412 | \$50.55 | 44.0% | \$11,660 | \$44.48 | 38.1% | \$12,398 | \$47.68 | 38.9% | \$9,809 | \$39.60 |
| Management Fee | 3.0% | \$871 | \$3.34 | 2.8% | \$887 | \$3.34 | 2.9% | \$878 | \$3.31 | 2.7% | \$723 | \$2.75 | 3.3% | \$1,073 | \$4.13 | 3.1% | \$795 | \$3.12 |
| INCOME BEFORE NON-OPERATING INCOME AND EXPENSES | 44.2% | \$12,959 | \$49.63 | 45.2% | \$14,090 | \$53.02 | 45.6% | \$13,963 | \$52.63 | 45.8% | \$12,134 | \$46.29 | 41.6% | \$13,517 | \$51.98 | 41.9% | \$10,578 | \$42.70 |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | | | | | | | | | | | |
| Property Taxes | 4.1% | \$1,219 | \$4.66 | 4.5% | \$1,416 | \$5.34 | 4.5% | \$1,387 | \$5.23 | 4.2% | \$1,100 | \$4.20 | 3.9% | \$1,258 | \$4.84 | 3.4% | \$849 | \$3.43 |
| Insurance | 1.0% | \$292 | \$1.12 | 1.0% | \$308 | \$1.16 | 1.0% | \$299 | \$1.13 | 1.0% | \$267 | \$1.02 | 0.9% | \$309 | \$1.19 | 1.1% | \$276 | \$1.11 |
| Reserve for Replacement | 1.7% | \$502 | \$1.92 | 1.8% | \$565 | \$2.13 | 1.9% | \$569 | \$2.15 | 1.8% | \$479 | \$1.83 | 1.7% | \$567 | \$2.18 | 1.3% | \$290 | \$1.17 |
| Total Non-Operating Income and Expenses | 5.1% | \$1,511 | \$5.78 | 5.5% | \$1,725 | \$6.50 | 5.5% | \$1,685 | \$6.35 | 5.2% | \$1,367 | \$5.22 | 4.8% | \$1,566 | \$6.02 | 4.5% | \$1,125 | \$4.54 |
| NET INCOME (EBITDA) | 39.0% | \$11,448 | \$43.85 | 39.7% | \$12,365 | \$46.52 | 40.1% | \$12,278 | \$46.28 | 40.6% | \$10,766 | \$41.07 | 36.8% | \$11,951 | \$45.96 | 37.4% | \$9,453 | \$38.16 |

Source: The 2016 HOST Report, for the year 2015, Smith Travel Research

FIXED AND VARIABLE REVENUE AND EXPENSE ANALYSIS

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

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

| FIXED AND VARIABLE AMOUNTS | | | |
|--|----------------|-------------------|--------------------|
| COMPONENT | FIXED % | VARIABLE % | VAR. DRIVER |
| REVENUE | | | |
| Rooms | N/A | N/A | N/A |
| Food & Beverage | 20.0% | 80.0% | Occ Rooms |
| Other Operated Departments | 30.0% | 70.0% | Occ Rooms |
| Miscellaneous Income | 20.0% | 80.0% | Occ Rooms |
| DEPARTMENTAL EXPENSES | | | |
| Rooms Expense | 60.0% | 40.0% | Occ Rooms |
| Food & Beverage Expense | 40.0% | 60.0% | Food Rev |
| Miscellaneous Income Expense | 50.0% | 50.0% | Rental Rev |
| UNDISTRIBUTED OPERATING EXPENSES | | | |
| Administrative and General | 90.0% | 10.0% | Total Rev |
| Information and Telecommunications Systems | 85.0% | 15.0% | Total Rev |
| Marketing | 70.0% | 30.0% | Total Rev |
| Franchise Fees | N/A | N/A | See Detail |
| % of Room Revenue | | | |
| % of F&B Revenue | | | |
| % of Other Revenue | | | |
| % of Total Revenue | | | |
| Property Operations and Maintenance | 70.0% | 30.0% | Total Rev |
| Utilities | 90.0% | 10.0% | Total Rev |
| Management Fee | 0.0% | 100.0% | Total Rev |
| FIXED CHARGES | | | |
| Property Taxes | 100.0% | 0.0% | N/A |
| Insurance | 100.0% | 0.0% | N/A |
| Reserve for Replacement | 0.0% | 100.0% | N/A |
| Source: CBRE | | | |

DEPARTMENTAL PROJECTIONS

Rooms Department

ROOMS REVENUES

| ROOMS REVENUE | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$1,126 | 100.0% | \$12,794 | \$70.06 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$1,216 | 98.4% | \$13,815 | \$62.48 |
| Comparable 1 | \$2,788 | 98.4% | \$26,060 | \$119.00 |
| Comparable 2 | \$3,878 | 98.9% | \$31,786 | \$116.58 |
| Comparable 3 | \$4,843 | 82.9% | \$38,437 | \$162.01 |
| Comparable 4 | \$3,357 | 99.1% | \$30,514 | \$110.00 |
| HOST Report - Weighted Average | N/A | 97.5% | \$28,606 | \$109.64 |
| HOST Report - Limited Service Total U.S. | N/A | 96.9% | \$30,179 | \$113.71 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 97.1% | \$29,737 | \$112.09 |
| HOST Report - Limited Service Suburban | N/A | 97.8% | \$25,912 | \$98.86 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 97.6% | \$31,731 | \$122.02 |
| HOST Report - Limited Service Small Metro/Town | N/A | 98.4% | \$24,836 | \$100.27 |
| DCF Estimate - YR 1 | \$1,201 | 98.6% | \$13,650 | \$62.33 |

Compiled by CBRE

Analysis of Rooms Department Revenues were previously provided.

ROOMS EXPENSES

| ROOMS EXPENSE | | | | |
|--|------------------|-------------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Dept. Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$580 | 51.5% | \$6,586 | \$36.07 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$563 | 46.3% | \$6,392 | \$28.91 |
| Comparable 1 | \$658 | 23.6% | \$6,145 | \$28.06 |
| Comparable 2 | \$984 | 25.4% | \$8,067 | \$29.59 |
| Comparable 3 | \$969 | 20.0% | \$7,690 | \$32.42 |
| Comparable 4 | \$755 | 22.5% | \$6,866 | \$24.75 |
| HOST Report - Weighted Average | N/A | 22.8% | \$6,528 | \$25.03 |
| HOST Report - Limited Service Total U.S. | N/A | 22.8% | \$6,888 | \$25.95 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 22.4% | \$6,651 | \$25.07 |
| HOST Report - Limited Service Suburban | N/A | 21.4% | \$5,548 | \$21.17 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 24.1% | \$7,643 | \$29.39 |
| HOST Report - Limited Service Small Metro/Town | N/A | 23.5% | \$5,826 | \$23.52 |
| DCF Estimate - YR 1 | \$289 | 24.0% | \$3,283 | \$14.99 |

Compiled by CBRE

The pro forma conclusion is below the subject range given accounting differences. We have instead relied upon the comparable and HOST data on a % basis. Given the majority of data is lower than the subject in this category this decrease is appropriate.

Food & Beverage Department

FOOD & BEVERAGE REVENUE

| FOOD & BEVERAGE REVENUE | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$0 | 0.0% | \$0 | \$0.00 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 1 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 2 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 3 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 4 | \$0 | 0.0% | \$0 | \$0.00 |
| HOST Report - Weighted Average | N/A | 0.5% | \$163 | \$0.62 |
| HOST Report - Limited Service Total U.S. | N/A | 0.7% | \$231 | \$0.87 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 0.7% | \$219 | \$0.83 |
| HOST Report - Limited Service Suburban | N/A | 0.6% | \$149 | \$0.57 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 0.3% | \$109 | \$0.42 |
| HOST Report - Limited Service Small Metro/Town | N/A | 0.3% | \$82 | \$0.33 |
| DCF Estimate - YR 1 | \$0 | 0.0% | \$0 | \$0.00 |
| Compiled by CBRE | | | | |

FOOD & BEVERAGE EXPENSES

| FOOD & BEVERAGE EXPENSE | | | | |
|--|------------------|-------------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Dept. Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$0 | | \$0 | \$0.00 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$0 | | \$0 | \$0.00 |
| Comparable 1 | \$0 | | \$0 | \$0.00 |
| Comparable 2 | \$0 | | \$0 | \$0.00 |
| Comparable 3 | \$762 | | \$6,048 | \$25.49 |
| Comparable 4 | \$0 | | \$0 | \$0.00 |
| HOST Report - Weighted Average | N/A | 132.1% | \$192 | \$0.74 |
| HOST Report - Limited Service Total U.S. | N/A | 98.0% | \$226 | \$0.85 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 97.1% | \$213 | \$0.80 |
| HOST Report - Limited Service Suburban | N/A | 104.5% | \$156 | \$0.59 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 184.5% | \$200 | \$0.77 |
| HOST Report - Limited Service Small Metro/Town | N/A | 194.9% | \$159 | \$0.64 |
| DCF Estimate - YR 1 | \$0 | | \$0 | \$0.00 |
| Compiled by CBRE | | | | |

Miscellaneous Income

MISCELLANEOUS INCOME REVENUE

| MISCELLANEOUS INCOME REVENUE | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$0 | 0.0% | \$0 | \$0.00 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$20 | 1.6% | \$226 | \$1.02 |
| Comparable 1 | \$45 | 1.6% | \$417 | \$1.90 |
| Comparable 2 | \$38 | 1.0% | \$313 | \$1.15 |
| Comparable 3 | \$99 | 1.7% | \$786 | \$3.31 |
| Comparable 4 | \$31 | 0.9% | \$280 | \$1.01 |
| HOST Report - Weighted Average | N/A | 0.8% | \$232 | \$0.88 |
| HOST Report - Limited Service Total U.S. | N/A | 1.0% | \$310 | \$1.17 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 0.9% | \$274 | \$1.03 |
| HOST Report - Limited Service Suburban | N/A | 0.6% | \$159 | \$0.61 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 0.8% | \$269 | \$1.03 |
| HOST Report - Limited Service Small Metro/Town | N/A | 0.5% | \$123 | \$0.49 |
| DCF Estimate - YR 1 | \$17 | 1.4% | \$194 | \$0.89 |
| Compiled by CBRE | | | | |

The subject's revenue projection is consistent with the historical figures and supported by the HOST data on a % basis.

MISCELLANEOUS INCOME EXPENSES

| MISCELLANEOUS INCOME EXPENSE | | | | |
|--|------------------|-------------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Dept. Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$0 | | \$0 | \$0.00 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$27 | 134.6% | \$305 | \$1.38 |
| Comparable 1 | \$48 | 107.3% | \$447 | \$2.04 |
| Comparable 2 | \$15 | 38.6% | \$121 | \$0.44 |
| Comparable 3 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 4 | \$2 | 6.2% | \$17 | \$0.06 |
| HOST Report - Weighted Average | N/A | N/A | N/A | N/A |
| HOST Report - Limited Service Total U.S. | N/A | N/A | N/A | N/A |
| HOST Report - Limited Service Chain-Affiliated | N/A | N/A | N/A | N/A |
| HOST Report - Limited Service Suburban | N/A | N/A | N/A | N/A |
| HOST Report - Limited Service Upper Midscale Class | N/A | N/A | N/A | N/A |
| HOST Report - Limited Service Small Metro/Town | N/A | N/A | N/A | N/A |
| DCF Estimate - YR 1 | \$0 | 0.0% | \$0 | \$0.00 |
| Compiled by CBRE | | | | |

TOTAL OPERATING REVENUE

The subject's total operating revenue estimates are detailed as follows:

| TOTAL OPERATING REVENUE | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$1,126 | 100.0% | \$12,794 | \$70.06 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$1,236 | 100.0% | \$14,041 | \$63.50 |
| Comparable 1 | \$2,833 | 100.0% | \$26,477 | \$120.90 |
| Comparable 2 | \$3,922 | 100.0% | \$32,152 | \$117.92 |
| Comparable 3 | \$5,839 | 100.0% | \$46,341 | \$195.33 |
| Comparable 4 | \$3,387 | 100.0% | \$30,794 | \$111.01 |
| HOST Report - Weighted Average | N/A | 100.0% | \$29,347 | \$112.47 |
| HOST Report - Limited Service Total U.S. | N/A | 100.0% | \$31,142 | \$117.34 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 100.0% | \$30,636 | \$115.48 |
| HOST Report - Limited Service Suburban | N/A | 100.0% | \$26,488 | \$101.06 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 100.0% | \$32,511 | \$125.02 |
| HOST Report - Limited Service Small Metro/Town | N/A | 100.0% | \$25,245 | \$101.92 |
| DCF Estimate - YR 1 | \$1,218 | 100.0% | \$13,844 | \$63.22 |

Compiled by CBRE

The subject's revenue projection is consistent with the historical figures, being below the comparables as well as HOST data on a \$/available room basis given local market conditions.

TOTAL DEPARTMENTAL EXPENSES

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

| TOTAL DEPARTMENTAL EXPENSES | | | | |
|--|------------------|-------------------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Total Dept. Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$580 | 51.5% | \$6,586 | \$36.07 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$589 | 47.7% | \$6,697 | \$30.29 |
| Comparable 1 | \$705 | 24.9% | \$6,593 | \$30.10 |
| Comparable 2 | \$999 | 25.5% | \$8,188 | \$30.03 |
| Comparable 3 | \$1,731 | 29.6% | \$13,738 | \$57.91 |
| Comparable 4 | \$757 | 22.4% | \$6,883 | \$24.81 |
| HOST Report - Weighted Average | N/A | 23.7% | \$6,963 | \$26.70 |
| HOST Report - Limited Service Total U.S. | N/A | 23.7% | \$7,370 | \$27.77 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 23.2% | \$7,111 | \$26.80 |
| HOST Report - Limited Service Suburban | N/A | 22.2% | \$5,875 | \$22.41 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 25.2% | \$8,190 | \$31.49 |
| HOST Report - Limited Service Small Metro/Town | N/A | 24.5% | \$6,178 | \$24.94 |
| DCF Estimate - YR 1 | \$289 | 23.7% | \$3,283 | \$14.99 |

Compiled by CBRE

The subject's projection is supported by the comparable/HOST data on a \$/available room basis.

Departmental Profit

Total departmental profit is as follows.

| DEPARTMENTAL PROFIT | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$546 | 48.5% | \$6,208 | \$33.99 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$646 | 52.3% | \$7,344 | \$33.21 |
| Comparable 1 | \$2,128 | 75.1% | \$19,884 | \$90.80 |
| Comparable 2 | \$2,924 | 74.5% | \$23,964 | \$87.89 |
| Comparable 3 | \$4,108 | 70.4% | \$32,603 | \$137.42 |
| Comparable 4 | \$2,630 | 77.6% | \$23,911 | \$86.20 |
| HOST Report - Weighted Average | N/A | 76.3% | \$22,384 | \$85.77 |
| HOST Report - Limited Service Total U.S. | N/A | 76.3% | \$23,772 | \$89.57 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 76.8% | \$23,526 | \$88.68 |
| HOST Report - Limited Service Suburban | N/A | 77.8% | \$20,613 | \$78.64 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 74.8% | \$24,321 | \$93.52 |
| HOST Report - Limited Service Small Metro/Town | N/A | 75.5% | \$19,067 | \$76.98 |
| DCF Estimate - YR 1 | \$929 | 76.3% | \$10,561 | \$48.23 |
| Compiled by CBRE | | | | |

EXPENSE PROJECTIONS

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

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

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

Undistributed Operating Expenses

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

ADMINISTRATIVE AND GENERAL EXPENSES

| ADMINISTRATIVE AND GENERAL EXPENSES | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$80 | 7.1% | \$914 | \$5.01 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$180 | 14.5% | \$2,043 | \$9.24 |
| Comparable 1 | \$230 | 8.1% | \$2,150 | \$9.82 |
| Comparable 2 | \$342 | 8.7% | \$2,804 | \$10.29 |
| Comparable 3 | \$334 | 5.7% | \$2,651 | \$11.17 |
| Comparable 4 | \$230 | 6.8% | \$2,090 | \$7.54 |
| HOST Report - Weighted Average | N/A | 8.7% | \$2,546 | \$9.76 |
| HOST Report - Limited Service Total U.S. | N/A | 8.5% | \$2,648 | \$9.98 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 8.4% | \$2,586 | \$9.75 |
| HOST Report - Limited Service Suburban | N/A | 8.5% | \$2,260 | \$8.62 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 8.9% | \$2,906 | \$11.18 |
| HOST Report - Limited Service Small Metro/Town | N/A | 9.1% | \$2,301 | \$9.29 |
| DCF Estimate - YR 1 | \$127 | 10.4% | \$1,445 | \$6.60 |
| Compiled by CBRE | | | | |

The subject's projection is below the historical figures but bracketed by the historic/market data.

INFORMATION AND TELECOMMUNICATIONS SYSTEMS

| INFORMATION AND TELECOMMUNICATIONS SYSTEMS EXPENSES | | | | |
|---|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$0 | 0.0% | \$0 | \$0.00 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 1 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 2 | \$67 | 1.7% | \$551 | \$2.02 |
| Comparable 3 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 4 | \$0 | 0.0% | \$0 | \$0.00 |
| HOST Report - Weighted Average | N/A | 0.9% | \$273 | \$1.05 |
| HOST Report - Limited Service Total U.S. | N/A | 0.8% | \$264 | \$0.99 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 0.8% | \$257 | \$0.97 |
| HOST Report - Limited Service Suburban | N/A | 0.9% | \$229 | \$0.87 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 1.1% | \$345 | \$1.33 |
| HOST Report - Limited Service Small Metro/Town | N/A | 1.1% | \$275 | \$1.11 |
| DCF Estimate - YR 1 | \$0 | 0.0% | \$0 | \$0.00 |

Compiled by CBRE

MARKETING EXPENSES

| MARKETING EXPENSES | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$74 | 6.6% | \$839 | \$4.60 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$119 | 9.6% | \$1,351 | \$6.11 |
| Comparable 1 | \$88 | 3.1% | \$822 | \$3.75 |
| Comparable 2 | \$296 | 7.5% | \$2,423 | \$8.89 |
| Comparable 3 | \$523 | 9.0% | \$4,151 | \$17.50 |
| Comparable 4 | \$130 | 3.8% | \$1,184 | \$4.27 |
| HOST Report - Weighted Average | N/A | 5.2% | \$1,542 | \$5.90 |
| HOST Report - Limited Service Total U.S. | N/A | 5.5% | \$1,715 | \$6.46 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 5.5% | \$1,695 | \$6.39 |
| HOST Report - Limited Service Suburban | N/A | 5.7% | \$1,516 | \$5.79 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 4.8% | \$1,551 | \$5.96 |
| HOST Report - Limited Service Small Metro/Town | N/A | 4.5% | \$1,139 | \$4.60 |
| DCF Estimate - YR 1 | \$85 | 7.0% | \$971 | \$4.43 |

Compiled by CBRE

The subject's projection is below the historical figures but bracketed by the historic/market data.

FRANCHISE FEES (ROYALTY)

Franchise fees include only the royalty fees charged by the franchise company. The subject property is affiliated as a Wyndham brand hotel and that the projected PIP figure is reasonable.

The reservation fees and marketing assessment have been allocated to the marketing expense line item.

Franchise fees are subject to change on an annual basis (within a reasonable range) based on actual costs incurred. Note that HOST data is inconsistent – franchise fees appear in both. The franchise fees for the subject are summarized as follows:

| FRANCHISE FEES EXPENSES | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$91 | 8.1% | \$1,030 | \$5.64 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$0 | 0.0% | \$0 | \$0.00 |
| Comparable 1 | \$356 | 12.8% | \$3,323 | \$15.17 |
| Comparable 2 | \$310 | 8.0% | \$2,543 | \$9.33 |
| Comparable 3 | \$266 | 5.5% | \$2,111 | \$8.90 |
| Comparable 4 | \$201 | 6.0% | \$1,831 | \$6.60 |
| HOST Report - Weighted Average | N/A | 5.2% | \$1,543 | \$5.93 |
| HOST Report - Limited Service Total U.S. | N/A | 4.5% | \$1,394 | \$5.25 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 4.7% | \$1,429 | \$5.39 |
| HOST Report - Limited Service Suburban | N/A | 4.5% | \$1,195 | \$4.56 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 6.7% | \$2,192 | \$8.43 |
| HOST Report - Limited Service Small Metro/Town | N/A | 6.2% | \$1,563 | \$6.31 |
| DCF Estimate - YR 1 | \$97 | 8.1% | \$1,099 | \$5.02 |
| Compiled by CBRE | | | | |

We have assumed that the subject will continue to operate as a Wyndham brand hotel throughout the projection period. If the subject does not maintain a similar affiliation, it could have an impact on our concluded opinion(s) of market value.

PROPERTY OPERATIONS & MAINTENANCE

| PROPERTY OPERATIONS AND MAINTENANCE EXPENSES | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$21 | 1.9% | \$242 | \$1.33 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$61 | 4.9% | \$695 | \$3.14 |
| Comparable 1 | \$126 | 4.4% | \$1,174 | \$5.36 |
| Comparable 2 | \$198 | 5.0% | \$1,622 | \$5.95 |
| Comparable 3 | \$184 | 3.2% | \$1,460 | \$6.16 |
| Comparable 4 | \$119 | 3.5% | \$1,082 | \$3.90 |
| HOST Report - Weighted Average | N/A | 4.8% | \$1,410 | \$5.41 |
| HOST Report - Limited Service Total U.S. | N/A | 4.7% | \$1,475 | \$5.56 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 4.7% | \$1,441 | \$5.43 |
| HOST Report - Limited Service Suburban | N/A | 5.1% | \$1,350 | \$5.15 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 4.5% | \$1,477 | \$5.68 |
| HOST Report - Limited Service Small Metro/Town | N/A | 5.1% | \$1,282 | \$5.18 |
| DCF Estimate - YR 1 | \$81 | 6.7% | \$925 | \$4.22 |
| Compiled by CBRE | | | | |

In combination with the lower rooms expense projection we have increased this expense category to be more inline with the competitive market data.

UTILITY COSTS

| UTILITIES EXPENSES | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$103 | 9.2% | \$1,171 | \$6.41 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$77 | 6.3% | \$879 | \$3.97 |
| Comparable 1 | \$119 | 4.2% | \$1,112 | \$5.08 |
| Comparable 2 | \$126 | 3.2% | \$1,029 | \$3.78 |
| Comparable 3 | \$191 | 3.3% | \$1,516 | \$6.39 |
| Comparable 4 | \$127 | 3.8% | \$1,155 | \$4.16 |
| HOST Report - Weighted Average | N/A | 4.2% | \$1,241 | \$4.76 |
| HOST Report - Limited Service Total U.S. | N/A | 4.2% | \$1,300 | \$4.90 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 4.2% | \$1,276 | \$4.81 |
| HOST Report - Limited Service Suburban | N/A | 4.6% | \$1,209 | \$4.61 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 3.9% | \$1,260 | \$4.85 |
| HOST Report - Limited Service Small Metro/Town | N/A | 4.5% | \$1,135 | \$4.58 |
| DCF Estimate - YR 1 | \$71 | 5.8% | \$802 | \$3.66 |

Compiled by CBRE

The subject's projection is consistent with the historical figures as well as the comparable information.

TOTAL UNDISTRIBUTED OPERATING EXPENSES

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

| TOTAL UNDISTRIBUTED EXPENSES | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$369 | 32.8% | \$4,197 | \$22.98 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$437 | 35.4% | \$4,968 | \$22.46 |
| Comparable 1 | \$918 | 32.4% | \$8,581 | \$39.18 |
| Comparable 2 | \$1,339 | 34.1% | \$10,972 | \$40.24 |
| Comparable 3 | \$1,498 | 25.7% | \$11,889 | \$50.11 |
| Comparable 4 | \$808 | 23.8% | \$7,342 | \$26.47 |
| HOST Report - Weighted Average | N/A | 29.2% | \$1,543 | \$5.93 |
| HOST Report - Limited Service Total U.S. | N/A | 28.2% | \$1,394 | \$5.25 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 28.3% | \$1,429 | \$5.39 |
| HOST Report - Limited Service Suburban | N/A | 29.3% | \$1,195 | \$4.56 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 29.9% | \$2,192 | \$8.43 |
| HOST Report - Limited Service Small Metro/Town | N/A | 30.5% | \$1,563 | \$6.31 |
| DCF Estimate - YR 1 | \$461 | 37.9% | \$5,242 | \$23.93 |

Compiled by CBRE

The subject's projection is reasonably near the historical/expense comparables on a per occupied room basis.

Management Fees

The projection of income and expense assumes competent management by a professional management company. We assume that upon a sale, if the subject could be obtained free and clear of any prior management encumbrance, a prudent investor would retain competent management with fees structured at current rates. Some companies provide management services alone, while others offer both management services and a brand name affiliation. When

a management company has no brand identification, the property owner can often acquire a franchise that provides the necessary image and recognition. Management fees have typically equated to roughly 3 to 5 percent of total revenues. The comparable data and projections for the subject are summarized as follows:

| MANAGEMENT FEE | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$57 | 5.0% | \$644 | \$3.53 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$45 | 3.6% | \$506 | \$2.29 |
| Comparable 1 | \$113 | 4.0% | \$1,059 | \$4.84 |
| Comparable 2 | \$196 | 5.0% | \$1,608 | \$5.90 |
| Comparable 3 | \$234 | 4.0% | \$1,857 | \$7.83 |
| Comparable 4 | \$119 | 3.5% | \$1,078 | \$3.89 |
| HOST Report - Weighted Average | N/A | 3.0% | \$871 | \$3.34 |
| HOST Report - Limited Service Total U.S. | N/A | 2.8% | \$887 | \$3.34 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 2.9% | \$878 | \$3.31 |
| HOST Report - Limited Service Suburban | N/A | 2.7% | \$721 | \$2.75 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 3.3% | \$1,073 | \$4.13 |
| HOST Report - Limited Service Small Metro/Town | N/A | 3.1% | \$795 | \$3.21 |
| DCF Estimate - YR 1 | \$49 | 4.0% | \$554 | \$2.53 |
| Compiled by CBRE | | | | |

Income Before Non-Operating Income and Expenses

| INCOME BEFORE NON-OPERATING INCOME AND EXPENSES | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$120 | 10.7% | \$1,366 | \$7.48 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$165 | 13.3% | \$1,871 | \$8.46 |
| Comparable 1 | \$1,096 | 38.7% | \$10,244 | \$46.78 |
| Comparable 2 | \$1,389 | 35.4% | \$11,384 | \$41.75 |
| Comparable 3 | \$2,376 | 40.7% | \$18,857 | \$79.48 |
| Comparable 4 | \$1,704 | 50.3% | \$15,492 | \$55.85 |
| HOST Report - Weighted Average | N/A | 44.2% | \$12,959 | \$49.63 |
| HOST Report - Limited Service Total U.S. | N/A | 45.2% | \$14,090 | \$53.09 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 45.6% | \$13,963 | \$52.63 |
| HOST Report - Limited Service Suburban | N/A | 45.8% | \$12,134 | \$46.29 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 41.6% | \$13,517 | \$51.98 |
| HOST Report - Limited Service Small Metro/Town | N/A | 41.9% | \$10,578 | \$42.70 |
| DCF Estimate - YR 1 | \$419 | 34.4% | \$4,766 | \$21.76 |
| Compiled by CBRE | | | | |

Non-Operating Income and Expenses

These items are typically not directly related to an associated revenue source, and are typically not compared on the basis of total revenues for similar types of hotels. These expenses are therefore not typically compared and estimated as a percentage of total revenues. This general category also includes other income that is not directly related to operations (such as cell tower income and longer term rental of space).

PROPERTY TAXES

| PROPERTY TAXES | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$90 | 8.0% | \$1,023 | \$5.60 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$94 | 7.6% | \$1,067 | \$4.82 |
| Comparable 1 | \$135 | 4.8% | \$1,262 | \$5.76 |
| Comparable 2 | \$175 | 4.5% | \$1,435 | \$5.26 |
| Comparable 3 | \$225 | 3.9% | \$1,786 | \$7.53 |
| Comparable 4 | \$391 | 11.6% | \$3,558 | \$12.83 |
| HOST Report - Weighted Average | N/A | 4.1% | \$1,219 | \$4.66 |
| HOST Report - Limited Service Total U.S. | N/A | 4.5% | \$1,416 | \$5.34 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 4.5% | \$1,387 | \$5.23 |
| HOST Report - Limited Service Suburban | N/A | 4.2% | \$1,100 | \$4.20 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 3.9% | \$1,258 | \$4.84 |
| HOST Report - Limited Service Small Metro/Town | N/A | 3.4% | \$849 | \$3.43 |
| DCF Estimate - YR 1 | \$93 | 7.6% | \$1,052 | \$4.80 |

Compiled by CBRE

INSURANCE

| INSURANCE | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$30 | 2.7% | \$345 | \$1.89 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$38 | 3.1% | \$429 | \$1.94 |
| Comparable 1 | \$30 | 1.1% | \$280 | \$1.28 |
| Comparable 2 | \$35 | 0.9% | \$283 | \$1.04 |
| Comparable 3 | \$44 | 0.8% | \$349 | \$1.47 |
| Comparable 4 | \$29 | 0.9% | \$262 | \$0.95 |
| HOST Report - Weighted Average | N/A | 1.0% | \$292 | \$1.12 |
| HOST Report - Limited Service Total U.S. | N/A | 1.0% | \$308 | \$1.16 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 1.0% | \$299 | \$1.13 |
| HOST Report - Limited Service Suburban | N/A | 1.0% | \$267 | \$1.02 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 0.9% | \$309 | \$1.19 |
| HOST Report - Limited Service Small Metro/Town | N/A | 1.1% | \$276 | \$1.11 |
| DCF Estimate - YR 1 | \$20 | 1.7% | \$229 | \$1.05 |

Compiled by CBRE

Relative to historical data this category was tempered given the comparative range.

RESERVES FOR REPLACEMENT

Structural reserves account for the replacement of short-lived items, including the roof, building systems, and parking lot. FF&E reserves for replacement are typically included in hotel expense projections to account for the periodic replacement of the furniture, fixtures and equipment (FF&E). It does not reflect the value of existing FF&E. It is solely an expense to reflect future replacements of short-lived items. This expense can be based on the actual replacement cost of the FF&E, its projected economic life and a reasonable reinvestment rate for the reserve funds (essentially a sinking fund account). An alternative and more widely utilized method is to estimate FF&E reserves based on a percentage of total revenues. Using this method, the typical ratio ranges from 2 to 5 percent of total revenues depending on the quality level of the property and

the specific amenities and services present. The comparable data and projections for the subject are summarized as follows:

| RESERVE FOR REPLACEMENT | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | \$34 | 3.0% | \$384 | \$2.10 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | \$37 | 3.0% | \$421 | \$1.90 |
| Comparable 1 | \$85 | 3.0% | \$794 | \$3.63 |
| Comparable 2 | \$118 | 3.0% | \$965 | \$3.54 |
| Comparable 3 | \$175 | 3.0% | \$1,390 | \$5.86 |
| Comparable 4 | \$102 | 3.0% | \$924 | \$3.33 |
| HOST Report - Weighted Average | N/A | 1.7% | \$502 | \$1.92 |
| HOST Report - Limited Service Total U.S. | N/A | 1.8% | \$565 | \$2.13 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 1.9% | \$569 | \$2.15 |
| HOST Report - Limited Service Suburban | N/A | 1.8% | \$479 | \$1.83 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 1.7% | \$567 | \$2.18 |
| HOST Report - Limited Service Small Metro/Town | N/A | 1.1% | \$290 | \$1.17 |
| DCF Estimate - YR 1 | \$37 | 3.0% | \$415 | \$1.90 |

Compiled by CBRE

NET INCOME (EBITDA) CONCLUSION

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

| NET INCOME (EBITDA) | | | | |
|--|------------------|-------------------|--------------------|-------------------|
| Year | Total \$ (000's) | As a % of Revenue | Per Available Room | Per Occupied Room |
| Subject Complete Calendar Year Ended: Dec 31, 2016 | -\$34 | -3.0% | -\$385 | -\$2.11 |
| Subject Trailing 12 Months Ending: Dec 31, 2017 | -\$4 | -0.3% | -\$46 | -\$0.21 |
| Comparable 1 | \$846 | 29.9% | \$7,907 | \$36.11 |
| Comparable 2 | \$1,062 | 27.1% | \$8,701 | \$31.91 |
| Comparable 3 | \$1,932 | 33.1% | \$15,332 | \$64.62 |
| Comparable 4 | \$1,182 | 34.9% | \$10,748 | \$38.75 |
| HOST Report - Weighted Average | N/A | 39.0% | \$11,448 | \$43.85 |
| HOST Report - Limited Service Total U.S. | N/A | 39.7% | \$12,365 | \$46.59 |
| HOST Report - Limited Service Chain-Affiliated | N/A | 40.1% | \$12,278 | \$46.28 |
| HOST Report - Limited Service Suburban | N/A | 40.6% | \$10,766 | \$41.07 |
| HOST Report - Limited Service Upper Midscale Class | N/A | 36.8% | \$11,951 | \$45.96 |
| HOST Report - Limited Service Small Metro/Town | N/A | 37.4% | \$9,453 | \$38.16 |
| DCF Estimate - YR 1 | \$270 | 22.2% | \$3,070 | \$14.02 |

Compiled by CBRE

The projection for the subject is supported by comparable data, being higher than the historical range. In tandem with the higher NOI we have projected a gradual stabilization of the market and market-oriented expenses and used a lump sum line-item adjustment to account for the property performance.

DISCOUNTED CASH FLOW ANALYSIS

The discounted cash flow analysis relies on a projection of net operating income over a fixed holding period and a future sale of the property at the end of the holding period. This is consistent with current investor trends for analyzing this property type. The discounted cash flow

analysis takes into consideration the timing and degree of the projected changes in average daily rate, occupancy, and expenses for the subject.

Financial Assumptions

SUMMARY OF DISCOUNTED CASH FLOW INPUT

General

| | |
|-------------------|----------|
| Start Date | Mar-18 |
| Terms of Analysis | 10 Years |
| Software | Excel |

Growth Rates

| | |
|---------------------------|-------|
| Stabilized ADR Growth | 3.00% |
| Stabilized Income Growth | 3.00% |
| Stabilized Expense Growth | 3.00% |

Revenue Assumptions

| | |
|--------------------------------|---------|
| Current/TTM Average Daily Rate | \$62.48 |
| Stabilized Average Daily Rate | \$66.12 |

Occupancy Assumptions

| | |
|-------------------------|--------|
| Current/TTM Occupancy | 60.58% |
| Stabilized Occupancy | 62.00% |
| Estimated Stabilization | Mar-20 |

Financial

| | |
|------------------------------|--------|
| Discount Rate | 11.00% |
| Terminal Capitalization Rate | 7.75% |

Other

| | |
|---|-------|
| Cost of Sale | 2.00% |
| Capital Expenses (Property Improvement Plan Cost) | \$0 |

Compiled by CBRE

CASH FLOW ASSUMPTIONS

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

GENERAL ASSUMPTIONS

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

GROWTH RATE ASSUMPTIONS

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

| SUMMARY OF GROWTH RATES | | | |
|--|--------------|-----------------|------------------|
| Investment Type | Rent | Expenses | Inflation |
| U.S. Bureau of Labor Statistics (CPI-U) 10-Year Snapshot Average as of Jan-14 | | | 2.36% |
| <i>PwC Limited Service Hotels</i> | | | |
| National Data | 2.65% | 2.95% | n/a |
| CBRE Estimate | 3.00% | 3.00% | 3.00% |
| Compiled by: CBRE | | | |

OCCUPANCY ASSUMPTIONS

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

HOTEL INVESTOR RATES

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

Direct Capitalization

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

COMPARABLE SALES

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

| COMPARABLE CAPITALIZATION RATES | | | | | |
|---------------------------------|--|--------------|-----------------------|-----------|---------------------|
| Sale | Name Location | Sale Date | Sale Price \$/Unit | Occupancy | OAR |
| 1 | Days Inn & Suites Fargo, 3431 14th Avenue South, Fargo, ND | Oct-17 | \$50,667 | | 6.39% |
| 2 | Country Inn & Suites, 8350 E Point Douglas Rd S, Cottage Grove, MN | Aug-17 | \$63,158 | 74% | 9.59% |
| 3 | Super 8 & Econo Lodge, 2623 Highway 281 S, Jamestown, ND | Aug-15 | \$45,457 | 76% | 8.20% |
| 4 | AmericInn Lodge & Suites, 869 Highway 7 E, Hutchinson, MN | Jun-15 | \$49,419 | 58% | 11.90% |
| 6 | Microtel Inn & Suites, 1412 Old McDonough Highway, Conyers, GA | Feb-16 | \$50,645 | 59% | 10.09% |
| Indicated OAR: | | | | 62% | 6.39%-11.90% |
| Compiled by: CBRE | | | | | |

A conclusion in the lower to middle portion of the range was made given the subject's concluded (relatively low) stabilized occupancy.

PUBLISHED INVESTOR SURVEYS

The results of the most recent investor survey data are summarized in the following table.

| OVERALL CAPITALIZATION RATES | | |
|-----------------------------------|----------------|--------------------|
| Investment Type | OAR Range | Average |
| <i>CBRE Hotels Select Service</i> | | |
| National Data | | 7.69% |
| <i>RealtyRates.com</i> | | |
| Lodging | 4.73% - 16.80% | 10.80% |
| Full Service | 4.73% - 14.14% | 10.68% |
| Limited Service | 5.92% - 16.80% | 11.10% |
| Golf/Gaming/Resort | 5.85% - 15.75% | 10.18% |
| <i>PwC Limited Service Hotels</i> | | |
| National Data | 7.50% - 10.00% | 8.70% |
| Indicated OAR: | | 7.50%-9.00% |
| Compiled by: CBRE | | |

CAPITALIZATION RATE CONCLUSION

The following table summarizes the OAR conclusions.

| OVERALL CAPITALIZATION RATE - CONCLUSION | |
|--|---------------|
| Source | Indicated OAR |
| Comparable Sales | 6.39%-11.90% |
| Published Surveys | 7.50%-9.00% |
| Band of Investment | 7.50% |
| CBRE Estimate | 7.50% |
| Compiled by: CBRE | |

Discount Rate Analysis

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

| DISCOUNT RATES | | |
|-----------------------------------|-------------------|----------------|
| Investment Type | Rate Range | Average |
| <i>RealtyRates.com</i> | | |
| Lodging | 5.05% - 15.07% | 10.44% |
| Full Service | 5.05% - 12.71% | 10.52% |
| Limited Service | 5.99% - 15.07% | 10.74% |
| Golf/Gaming/Resort | 5.62% - 14.19% | 9.82% |
| <i>PwC Limited Service Hotels</i> | | |
| National Data | 8.50% - 12.00% | 10.55% |
| CBRE Estimate | | 11.00% |
| Compiled by: CBRE | | |

The subject is considered to be a Class B property. Overall, a rate in the middle portion of the range indicated on the preceding table is considered appropriate for the following reasons:

POSITIVE ATTRIBUTES

- The subject is affiliated with the Wyndham Brand, which is a nationally recognized hotel franchise;
- The subject was recently constructed and is in good condition;
- The subject is in close proximity to the recently constructed Sanford Health Hospital.

NEGATIVE ATTRIBUTES

- The subject's performance has not been sufficient to generate a profit in recent years;
- According to STR, the comparable set as of December 2017 was 62.4% for the running 12 months.

Terminal Capitalization Rate

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

| TERMINAL CAPITALIZATION RATES | | |
|--------------------------------------|-------------------|----------------|
| Investment Type | Rate Range | Average |
| <i>PwC Limited Service Hotels</i> | | |
| National Data - OAR | 7.50% - 10.00% | 8.70% |
| National Data - Residual OAR | 7.75% - 10.00% | 9.43% |
| Spread: Basis Points (BP) | 25 - 0 | 73 |
| Concluded BP Spread | | 25 |
| CBRE Estimate | | 7.75% |
| Compiled by: CBRE | | |

DISCOUNTED CASH FLOW CONCLUSION

The following pages present the following illustrations:

- Detailed Forecast Schedule
- Discounted Cash Flow Schedule(s)
- Discounted Cash Flow Value Conclusions

DETAILED FORECAST OF INCOME AND EXPENSES AND SUBJECT OPERATING HISTORY

| SUBJECT OPERATING HISTORY | | | | | DCF YEAR 1 | | | | STABILIZED DCF YEAR 1 | | | |
|--|-------------------------------|----------------|-----------------|----------------|--------------------|----------------|-----------------|----------------|-----------------------|----------------|-----------------|----------------|
| Period Reported: | Complete Calendar Year Ended: | | | | Fiscal Year Ended: | | | | Fiscal Year Ended: | | | |
| | 12/31/2016 | | | | 3/15/2019 | | | | 3/15/2021 | | | |
| Days Open | 366 | | | | 365 | | | | 365 | | | |
| No. of Rooms | 88 | | | | 88 | | | | 88 | | | |
| Occupied Room Nights | 16,071 | | | | 19,272 | | | | 19,914 | | | |
| Occupancy | 50.0% | | | | 60.0% | | | | 62.0% | | | |
| Average Daily Rate | \$70.06 | | | | \$62.33 | | | | \$66.12 | | | |
| RevPAR | \$34.96 | | | | \$37.40 | | | | \$41.00 | | | |
| | Total | Ratio to Sales | PAR | POR | Total | Ratio to Sales | PAR | POR | Total | Ratio to Sales | PAR | POR |
| REVENUE | | | | | | | | | | | | |
| Rooms | \$1,125,872 | 100.0% | \$12,794 | \$70.06 | \$1,201,190 | 98.6% | \$13,650 | \$62.33 | \$1,316,821 | 98.6% | \$14,964 | \$66.12 |
| Food & Beverage | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Other Operated Departments | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Miscellaneous Income | - | 0.0% | \$0 | \$0.00 | 17,012 | 1.4% | \$193 | \$0.88 | 18,526 | 1.4% | \$211 | \$0.93 |
| Total Operating Revenue | \$1,125,872 | 100.0% | \$12,794 | \$70.06 | \$1,218,202 | 100.0% | \$13,843 | \$63.21 | \$1,335,347 | 100.0% | \$15,174 | \$67.05 |
| DEPARTMENTAL EXPENSES | | | | | | | | | | | | |
| Rooms Expense | \$579,609 | 51.5% | \$6,586 | \$36.07 | \$287,446 | 23.9% | \$3,266 | \$14.92 | \$308,707 | 23.4% | \$3,508 | \$15.50 |
| Food & Beverage Expense | - | - | \$0 | \$0.00 | - | - | \$0 | \$0.00 | - | - | \$0 | \$0.00 |
| Miscellaneous Income Expense | - | - | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Total Departmental Expenses | \$579,609 | 51.5% | \$6,586 | \$36.07 | \$287,446 | 23.6% | \$3,266 | \$14.92 | \$308,707 | 23.1% | \$3,508 | \$15.50 |
| DEPARTMENTAL PROFIT | \$546,263 | 48.5% | \$6,208 | \$33.99 | \$930,756 | 76.4% | \$10,577 | \$48.30 | \$1,026,640 | 76.9% | \$11,666 | \$51.55 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | | |
| Administrative and General | \$80,470 | 7.1% | \$914 | \$5.01 | \$126,522 | 10.4% | \$1,438 | \$6.57 | \$134,625 | 10.1% | \$1,530 | \$6.76 |
| Information and Telecommunications Systems | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 | - | 0.0% | \$0 | \$0.00 |
| Marketing | 73,863 | 6.6% | \$839 | \$4.60 | 84,989 | 7.0% | \$966 | \$4.41 | 90,986 | 6.8% | \$1,034 | \$4.57 |
| Franchise Fees | 90,667 | 8.1% | \$1,030 | \$5.64 | 96,732 | 8.1% | \$1,099 | \$5.02 | 106,044 | 8.1% | \$1,205 | \$5.33 |
| Property Operations and Maintenance | 21,301 | 1.9% | \$242 | \$1.33 | 81,004 | 6.6% | \$920 | \$4.20 | 86,719 | 6.5% | \$985 | \$4.35 |
| Utilities | 103,042 | 9.2% | \$1,171 | \$6.41 | 70,205 | 5.8% | \$798 | \$3.64 | 74,701 | 5.6% | \$849 | \$3.75 |
| Total Undistributed Expenses | \$369,343 | 32.8% | \$4,197 | \$22.98 | \$459,452 | 37.7% | \$5,221 | \$23.84 | \$493,074 | 36.9% | \$5,603 | \$24.76 |
| GROSS OPERATING PROFIT | \$176,920 | 15.7% | \$2,010 | \$11.01 | \$471,305 | 38.7% | \$5,356 | \$24.46 | \$533,565 | 40.0% | \$6,063 | \$26.79 |
| Management Fee | \$56,714 | 5.0% | \$644 | \$3.53 | \$48,728 | 4.0% | \$554 | \$2.53 | \$53,414 | 4.0% | \$607 | \$2.68 |
| INCOME BEFORE NON-OPERATING INCOME AND EXPENSES | \$120,206 | 10.7% | \$1,366 | \$7.48 | \$422,577 | 34.7% | \$4,802 | \$21.93 | \$480,151 | 36.0% | \$5,456 | \$24.11 |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | | | | | |
| Property Taxes | \$90,000 | 8.0% | \$1,023 | \$5.60 | \$92,129 | 7.6% | \$1,047 | \$4.78 | \$97,739 | 7.3% | \$1,111 | \$4.91 |
| Insurance | 30,340 | 2.7% | \$345 | \$1.89 | 20,046 | 1.6% | \$228 | \$1.04 | 21,266 | 1.6% | \$242 | \$1.07 |
| Reserve for Replacement | 33,776 | 3.0% | \$384 | \$2.10 | 36,546 | 3.0% | \$415 | \$1.90 | 40,060 | 3.0% | \$455 | \$2.01 |
| Total Non-Operating Income and Expenses | \$154,116 | 13.7% | \$1,751 | \$9.59 | \$148,720 | 12.2% | \$1,690 | \$7.72 | \$159,066 | 11.9% | \$1,808 | \$7.99 |
| NET INCOME (EBITDA) | (\$33,910) | -3.0% | -\$385 | -\$2.11 | \$273,856 | 22.5% | \$3,112 | \$14.21 | \$321,085 | 24.0% | \$3,649 | \$16.12 |

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

| CBRE | | MICROTEL DISCOUNTED CASH FLOW ANALYSIS BEGINNING 03/18 | | | | | | | | | | CBRE HOTELS <i>(By Real Estate Group)</i> | |
|---|--------------------|--|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--|--|
| YEAR | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Reversion | | |
| Year Ended: | 3/15/19 | 3/15/20 | 3/15/21 | 3/15/22 | 3/15/23 | 3/15/24 | 3/15/25 | 3/15/26 | 3/15/27 | 3/15/28 | 3/15/29 | | |
| Number of Rooms | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | | |
| Annual Available Rooms | 32,120 | 32,208 | 32,120 | 32,120 | 32,120 | 32,208 | 32,120 | 32,120 | 32,120 | 32,208 | 32,120 | | |
| Occupied Rooms | 19,272 | 19,647 | 19,914 | 19,914 | 19,914 | 19,969 | 19,914 | 19,914 | 19,914 | 19,969 | 19,914 | | |
| Occupancy | 60.0% | 61.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | | |
| Average Rate | \$62.33 | \$64.20 | \$66.12 | \$68.11 | \$70.15 | \$72.26 | \$74.42 | \$76.66 | \$78.96 | \$81.32 | \$83.76 | | |
| REVENUE | | | | | | | | | | | | | |
| Rooms | \$1,201,190 | \$1,261,293 | \$1,316,821 | \$1,364,325 | \$1,397,015 | \$1,442,868 | \$1,482,093 | \$1,526,556 | \$1,572,353 | \$1,620,961 | \$1,668,109 | | |
| Other Operated Departments | - | - | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous Income | 17,097 | 17,882 | 18,619 | 19,172 | 19,753 | 20,390 | 20,956 | 21,584 | 22,232 | 22,949 | 23,586 | | |
| Total Operating Revenue | \$1,218,287 | \$1,279,175 | \$1,335,440 | \$1,379,503 | \$1,416,768 | \$1,463,258 | \$1,503,049 | \$1,548,141 | \$1,594,585 | \$1,646,910 | \$1,691,695 | | |
| DEPARTMENTAL EXPENSES | | | | | | | | | | | | | |
| Rooms Expense | \$288,883 | \$299,688 | \$310,251 | \$319,558 | \$329,145 | \$339,370 | \$349,190 | \$359,656 | \$370,456 | \$381,964 | \$393,016 | | |
| Food & Beverage Expense | - | - | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous Income Expense | - | - | - | - | - | - | - | - | - | - | - | | |
| Total Departmental Expenses | \$288,883 | \$299,688 | \$310,251 | \$319,558 | \$329,145 | \$339,370 | \$349,190 | \$359,656 | \$370,456 | \$381,964 | \$393,016 | | |
| DEPARTMENTAL PROFIT | \$929,404 | \$979,487 | \$1,025,189 | \$1,059,945 | \$1,087,623 | \$1,123,888 | \$1,153,859 | \$1,188,475 | \$1,224,129 | \$1,264,946 | \$1,298,679 | | |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | | | |
| Administrative and General Information and Telecommunications Systems | \$127,154 | \$131,195 | \$135,298 | \$139,357 | \$143,537 | \$147,880 | \$152,279 | \$156,847 | \$161,552 | \$166,441 | \$171,391 | | |
| Marketing | 85,414 | 88,444 | 91,441 | 94,184 | 97,009 | 99,994 | 102,917 | 106,005 | 109,185 | 112,547 | 116,024 | | |
| Franchise Fees | 96,732 | 101,572 | 106,044 | 109,226 | 112,502 | 116,195 | 119,354 | 122,934 | 126,622 | 130,778 | 134,324 | | |
| Property Operations and Maintenance | 81,409 | 84,296 | 87,133 | 89,767 | 92,480 | 95,307 | 98,091 | 101,034 | 104,065 | 107,269 | 110,492 | | |
| Utilities | 70,556 | 72,798 | 75,075 | 77,327 | 79,647 | 82,035 | 84,497 | 87,032 | 89,643 | 92,355 | 95,102 | | |
| Total Undistributed Expenses | \$461,265 | \$478,306 | \$495,010 | \$509,860 | \$525,156 | \$541,435 | \$557,138 | \$573,852 | \$591,067 | \$609,390 | \$627,083 | | |
| GROSS OPERATING PROFIT | \$468,139 | \$501,180 | \$530,179 | \$546,085 | \$552,467 | \$582,453 | \$596,721 | \$614,623 | \$633,062 | \$655,556 | \$671,615 | | |
| Management Fee | \$48,731 | \$51,167 | \$53,418 | \$55,020 | \$56,671 | \$58,530 | \$60,122 | \$61,926 | \$63,783 | \$65,876 | \$67,668 | | |
| INCOME BEFORE NON-OPERATING INCOME AND EXPENSES | \$419,407 | \$450,013 | \$476,762 | \$491,065 | \$505,796 | \$523,923 | \$536,599 | \$552,697 | \$569,278 | \$589,680 | \$603,947 | | |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | | | | | | |
| Property Taxes | \$92,589 | \$95,367 | \$98,228 | \$101,175 | \$104,210 | \$107,336 | \$110,556 | \$113,873 | \$117,289 | \$120,808 | \$124,432 | | |
| Insurance | 20,146 | 20,750 | 21,373 | 22,014 | 22,674 | 23,355 | 24,055 | 24,777 | 25,520 | 26,286 | 27,074 | | |
| Reserve for Replacement | 36,549 | 38,375 | 40,063 | 41,265 | 42,503 | 43,898 | 45,091 | 46,444 | 47,838 | 49,407 | 50,751 | | |
| Total Non-Operating Income and Expenses | \$149,284 | \$154,492 | \$159,664 | \$164,454 | \$169,387 | \$174,589 | \$179,703 | \$185,094 | \$190,647 | \$196,501 | \$202,258 | | |
| NET INCOME (EBITDA) | \$270,124 | \$295,521 | \$317,098 | \$326,611 | \$336,409 | \$349,334 | \$356,896 | \$367,603 | \$378,631 | \$393,179 | \$401,690 | | |

REVENUE AND NOI TREND

Rate / Yield Matrix

| IRR | Terminal Cap Rate | | |
|--------|-------------------|-----------|-----------|
| | 7.50% | 7.75% | 8.00% |
| 10.75% | 3,847,002 | 3,786,013 | 3,728,835 |
| 11.00% | 3,783,054 | 3,723,424 | 3,667,521 |
| 11.25% | 3,720,506 | 3,662,202 | 3,607,543 |

Reconciled Value Indication: **\$3,723,424**

Property Improvement Plan Cost: **\$0**

As-Is Value Indication (Rounded): **\$3,700,000**

\$42,045/Room

| CBRE | | MICROTEL DISCOUNTED CASH FLOW ANALYSIS BEGINNING 03/20 | | | | | | | | | | CBRE HOTELS <small>The World's Leading Hotel System</small> | |
|---|--------------------|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---|--|
| YEAR | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Reversion | | |
| Year Ended: | 3/15/21 | 3/15/22 | 3/15/23 | 3/15/24 | 3/15/25 | 3/15/26 | 3/15/27 | 3/15/28 | 3/15/29 | 3/15/30 | 3/15/31 | | |
| Number of Rooms | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | 88 | | |
| Annual Available Rooms | 32,120 | 32,120 | 32,120 | 32,208 | 32,120 | 32,120 | 32,120 | 32,208 | 32,120 | 32,120 | 32,120 | | |
| Occupied Rooms | 19,914 | 19,914 | 19,914 | 19,969 | 19,914 | 19,914 | 19,914 | 19,969 | 19,914 | 19,914 | 19,914 | | |
| Occupancy | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | 62.0% | | |
| Average Rate | \$66.12 | \$68.11 | \$70.15 | \$72.26 | \$74.42 | \$76.66 | \$78.96 | \$81.32 | \$83.76 | \$86.28 | \$88.87 | | |
| REVENUE | | | | | | | | | | | | | |
| Rooms | \$1,316,821 | \$1,356,325 | \$1,397,015 | \$1,442,868 | \$1,482,093 | \$1,526,556 | \$1,572,353 | \$1,623,961 | \$1,668,109 | \$1,718,153 | \$1,769,697 | | |
| Other Operated Departments | - | - | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous Income | 18,526 | 19,082 | 19,654 | 20,288 | 20,851 | 21,477 | 22,121 | 22,835 | 23,468 | 24,172 | 24,898 | | |
| Total Operating Revenue | \$1,335,347 | \$1,375,407 | \$1,416,670 | \$1,463,156 | \$1,502,945 | \$1,548,033 | \$1,594,474 | \$1,646,795 | \$1,691,578 | \$1,742,325 | \$1,794,595 | | |
| DEPARTMENTAL EXPENSES | | | | | | | | | | | | | |
| Rooms Expense | \$308,707 | \$317,968 | \$327,508 | \$337,681 | \$347,453 | \$357,876 | \$368,613 | \$380,063 | \$391,061 | \$402,793 | \$414,877 | | |
| Food & Beverage Expense | - | - | - | - | - | - | - | - | - | - | - | | |
| Miscellaneous Income Expense | - | - | - | - | - | - | - | - | - | - | - | | |
| Total Departmental Expenses | \$308,707 | \$317,968 | \$327,508 | \$337,681 | \$347,453 | \$357,876 | \$368,613 | \$380,063 | \$391,061 | \$402,793 | \$414,877 | | |
| DEPARTMENTAL PROFIT | \$1,026,640 | \$1,057,439 | \$1,089,162 | \$1,125,475 | \$1,155,492 | \$1,190,157 | \$1,225,862 | \$1,266,732 | \$1,300,517 | \$1,339,532 | \$1,379,718 | | |
| UNDISTRIBUTED OPERATING EXPENSES | | | | | | | | | | | | | |
| Administrative and General Information and Telecommunications Systems | \$134,625 | \$138,663 | \$142,823 | \$147,145 | \$151,521 | \$156,067 | \$160,749 | \$165,613 | \$170,538 | \$175,654 | \$180,924 | | |
| Marketing | 90,986 | 93,715 | 96,527 | 99,499 | 102,405 | 105,477 | 108,642 | 111,987 | 115,258 | 118,716 | 122,277 | | |
| Franchise Fees | 106,044 | 109,226 | 112,502 | 116,195 | 119,354 | 122,934 | 126,622 | 130,778 | 134,334 | 138,364 | 142,515 | | |
| Property Operations and Maintenance | 86,719 | 89,321 | 92,000 | 94,833 | 97,603 | 100,531 | 103,547 | 106,735 | 109,853 | 113,149 | 116,543 | | |
| Utilities | 74,701 | 76,942 | 79,250 | 81,648 | 84,077 | 86,599 | 89,197 | 91,896 | 94,629 | 97,468 | 100,392 | | |
| Total Undistributed Expenses | \$493,074 | \$507,867 | \$523,103 | \$539,319 | \$554,960 | \$571,608 | \$588,757 | \$607,009 | \$624,612 | \$643,350 | \$662,651 | | |
| GROSS OPERATING PROFIT | \$533,565 | \$549,572 | \$566,059 | \$586,156 | \$600,532 | \$618,548 | \$637,105 | \$659,723 | \$675,905 | \$696,182 | \$717,067 | | |
| Management Fee | \$53,414 | \$55,016 | \$56,667 | \$58,526 | \$60,118 | \$61,921 | \$63,779 | \$65,872 | \$67,663 | \$69,693 | \$71,784 | | |
| INCOME BEFORE NON-OPERATING INCOME AND EXPENSES | \$480,151 | \$494,556 | \$509,393 | \$527,629 | \$540,415 | \$556,627 | \$573,326 | \$593,852 | \$608,241 | \$626,489 | \$645,283 | | |
| NON-OPERATING INCOME AND EXPENSES | | | | | | | | | | | | | |
| Property Taxes | \$97,739 | \$100,671 | \$103,692 | \$106,802 | \$110,006 | \$113,307 | \$116,706 | \$120,207 | \$123,813 | \$127,528 | \$131,353 | | |
| Insurance | 21,266 | 21,904 | 22,562 | 23,238 | 23,936 | 24,654 | 25,393 | 26,155 | 26,940 | 27,748 | 28,580 | | |
| Reserve for Replacement | 40,060 | 41,262 | 42,500 | 43,895 | 45,088 | 46,441 | 47,834 | 49,404 | 50,747 | 52,270 | 53,838 | | |
| Total Non-Operating Income and Expenses | \$159,066 | \$163,838 | \$168,753 | \$173,935 | \$179,030 | \$184,401 | \$189,933 | \$195,766 | \$201,500 | \$207,545 | \$213,772 | | |
| NET INCOME (EBITDA) | \$321,085 | \$330,718 | \$340,639 | \$353,694 | \$361,384 | \$372,226 | \$383,393 | \$398,086 | \$406,741 | \$418,943 | \$431,512 | | |

REVENUE AND NOI TREND

Rate / Yield Matrix

| IRR | Terminal Cap Rate | | |
|--------|-------------------|------------------|-----------|
| | 7.50% | 7.75% | 8.00% |
| 10.75% | 4,171,735 | 4,106,218 | 4,044,795 |
| 11.00% | 4,102,936 | 4,038,879 | 3,978,826 |
| 11.25% | 4,035,640 | 3,973,008 | 3,914,291 |

Reconciled Value Indication: **\$4,038,879**

As-Stabilized Value Indication (Rounded): **\$4,000,000**

\$45,455/Room

DIRECT CAPITALIZATION SUMMARY

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

| DIRECT CAPITALIZATION SUMMARY | | | | |
|--|--------------------------------------|-----------------------|-----------------|--------------------|
| Analysis Premise | Stabilized Discounted Cash Flow YR 1 | | Period Ending: | |
| | | Income | | 3/15/2021 |
| Number of Rooms: | | | | 88 |
| Annual Rooms Available: | | | | 32,120 |
| Occupied Rooms: | | | | 19,914 |
| Occupancy: | | | | 62.0% |
| Average Rate: | | | | \$66.12 |
| RevPAR: | | | | \$41.00 |
| | Total | Ratio to Sales | PAR | POR |
| REVENUE | | | | |
| Rooms | \$1,316,821 | 98.6% | \$14,964 | \$66.12 |
| Other Operated Departments | \$0 | 0.0% | 0 | 0.00 |
| Miscellaneous Income | \$18,526 | 1.4% | 211 | 0.93 |
| Total Operating Revenue | \$1,335,347 | 100.0% | \$15,174 | \$67.05 |
| DEPARTMENTAL EXPENSES | | | | |
| Rooms Expense | \$308,707 | 23.4% | \$3,508 | \$15.50 |
| Food & Beverage Expense | \$0 | | 0 | 0.00 |
| Miscellaneous Income Expense | \$0 | 0.0% | 0 | 0.00 |
| Total Departmental Expenses | \$308,707 | 23.1% | \$3,508 | \$15.50 |
| DEPARTMENTAL PROFIT | \$1,026,640 | 76.9% | \$11,666 | \$51.55 |
| UNDISTRIBUTED OPERATING EXPENSES | | | | |
| Administrative and General | \$134,625 | 10.1% | \$1,530 | \$6.76 |
| Information and Telecommunications | | | | |
| Systems | \$0 | 0.0% | 0 | 0.00 |
| Marketing | \$90,986 | 6.8% | 1,034 | 4.57 |
| Franchise Fees | \$106,044 | 8.1% | 1,205 | 5.33 |
| Property Operations and Maintenance | \$86,719 | 6.5% | 985 | 4.35 |
| Utilities | \$74,701 | 5.6% | 849 | 3.75 |
| Total Undistributed Expenses | \$493,074 | 36.9% | \$5,603 | \$24.76 |
| GROSS OPERATING PROFIT | \$533,565 | 40.0% | \$6,063 | \$26.79 |
| Management Fee | \$53,414 | 4.0% | \$607 | \$2.68 |
| INCOME BEFORE NON-OPERATING INCOME AND EXPENSES | \$480,151 | 36.0% | \$5,456 | \$24.11 |
| NON-OPERATING INCOME AND EXPENSES | | | | |
| Property Taxes | \$97,739 | 7.3% | \$1,111 | \$4.91 |
| Insurance | \$21,266 | 1.6% | 242 | 1.07 |
| Reserve for Replacement | \$40,060 | 3.0% | 455 | 2.01 |
| Total Non-Operating Income and Expenses | \$159,066 | 11.9% | \$1,808 | \$7.99 |
| NET INCOME (EBITDA) | \$321,085 | 24.0% | \$3,649 | \$16.12 |
| Net Income (EBITDA) | | | | \$321,085 |
| OAR | | | | 7.50% |
| Indicated Stabilized Value | | | | \$4,281,137 |
| Rounded | | | | \$4,300,000 |
| Property Improvement Plan Cost | | | | - |
| Stabilization Discount | | | | - |
| Indicated As Is Value | | | | \$4,281,137 |
| Rounded | | | | \$4,300,000 |
| Value Per Room | | | | \$48,864 |
| * Departmental expense ratios are based on departmental revenues; Franchise/Royalty ratio is based on room revenues; all others are based on total revenues. | | | | |
| Compiled by CBRE | | | | |

CONCLUSION OF INCOME CAPITALIZATION APPROACH

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

| INCOME CAPITALIZATION APPROACH VALUES | | |
|--|----------------------------|---|
| | As Is on March 16, 2018 | Prospective As Stabilized on March 16, 2020 |
| Direct Capitalization Method | \$4,300,000 | \$4,300,000 |
| Discounted Cash Flow Analysis | \$3,700,000 | \$4,000,000 |
| Reconciled Value | \$4,000,000 | \$4,150,000 |
| Compiled by CBRE | | |

Both approaches are utilized by buyers and sellers within the market and each has been weighted equally.

Reconciliation of Value

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

| SUMMARY OF VALUE CONCLUSIONS | | |
|-------------------------------------|----------------------------|---|
| | As Is on March 16, 2018 | Prospective As Stabilized on March 16, 2020 |
| Sales Comparison Approach | \$4,400,000 | \$4,400,000 |
| Income Capitalization Approach | \$4,000,000 | \$4,150,000 |
| Reconciled Value | \$4,000,000 | \$4,150,000 |
| Compiled by CBRE | | |

In valuing the subject, the Income Capitalization Approach is considered most reliable and has been given primary emphasis, with secondary emphasis placed on the other approaches.

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

| MARKET VALUE CONCLUSION | | | |
|--------------------------------|--------------------|----------------|------------------|
| Appraisal Premise | Interest Appraised | Date of Value | Value Conclusion |
| As Is | Fee Simple Estate | March 16, 2018 | \$4,000,000 |
| As Stabilized | Fee Simple Estate | March 16, 2020 | \$4,150,000 |
| Compiled by CBRE | | | |

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

Real Property Value Allocation

PERSONAL PROPERTY

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

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

The following depicts a collection of available data and the concluded FF&E cost estimate.

| FF&E COST ESTIMATE | |
|---------------------------------|-----------------|
| Source | Per Guest Room |
| Comp Name 1 | \$23,000 |
| Comp Name 2 | \$16,275 |
| Comp Name 3 | \$11,393 |
| CBRE Estimate | \$11,500 |
| Indicated FF&E Replacement Cost | \$1,012,000 |
| Rounded | \$1,000,000 |
| Compiled by CBRE | |

For our analysis, we have indicated a figure of \$11,500 per unit, which corresponds to \$1,000,000 , rounded.

FF&E VALUE ESTIMATE

| | As Is on March 16, 2018 | As Is on March 16, 2020 |
|--------------------------------------|----------------------------|----------------------------|
| FF&E Effective Age (Weighted) | 3 Years | 5 Years |
| MYS Expected Life (Weighted) | 8 Years | 8 Years |
| FF&E Physical Depreciation | 38% | 63% |
| MYS Salvage Value of FF&E | 10% | 10% |
| FF&E Replacement Cost New | \$ 1,000,000 | \$ 1,000,000 |
| Less: Salvage Value | \$ (100,000) | \$ (100,000) |
| Depreciable Cost | \$ 900,000 | \$ 900,000 |
| Less Depreciation | \$ (337,500) | \$ (562,654) |
| Plus Salvage Value | \$ 100,000 | \$ 100,000 |
| Depreciated FF&E Cost | \$ 662,500 | \$ 437,346 |
| Rounded | \$ 700,000 | \$ 400,000 |
| Depreciated FF&E Cost Per Guest Room | \$7,955 | \$4,545 |
| Compiled by CBRE | | |

BUSINESS VALUE

Hotels are undisputedly a combination of business and real estate: the day-to-day operation of a hotel represents a business over and above the real estate value. The estimate of value for the business interest component of the going concern value is considerably more subjective than the personal property value estimate. This is due to the intangible nature of the business interest. Numerous theories have been developed over time in an attempt to isolate the business component of a hotel. When hotels were routinely leased to hotel operators, separating the income and value attributable to each component was a simple matter. However, during the 1970's, the hotel property leases were replaced with the hotel management contract.

It is widely accepted today that managing agents are hired by hotel owners to operate a property in return for a management fee. The fee is paid to the operator as an operating expense, and what remains is net income available to pay debt service and generate a return on the owner's equity. Purchasers of hotels as real estate investments are able to passively own the property by employing a managing agent, as is the case at the Subject.

The real and personal property components of the Subject have already been valued in this appraisal, in isolation of any business component, through the deduction of market rate management and franchise fees. By making these deductions, we believe that there is no business value included in our conclusion of market value given previously.

VALUE ALLOCATION CONCLUSION

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

AS IS VALUE ALLOCATION

| Interest Appraised - Allocation | Value Conclusion |
|--|-------------------------|
| Fee Simple Estate | |
| As Is Value | \$4,000,000 |
| Personal Property | \$700,000 |
| Business Enterprise Value | \$0 |
| Real Property Value - As Is | \$3,300,000 |
| Compiled by CBRE | |

AS STABILIZED VALUE ALLOCATION

| Interest Appraised - Allocation | Value Conclusion |
|--|-------------------------|
| Fee Simple Estate | |
| As Stabilized Value | \$4,150,000 |
| Personal Property | \$400,000 |
| Business Enterprise Value | \$0 |
| Real Property Value - As Stabilized | \$3,750,000 |
| Compiled by CBRE | |

Assumptions and Limiting Conditions

1. CBRE, Inc. through its appraiser (collectively, "CBRE") has inspected through reasonable observation the subject property. However, it is not possible or reasonably practicable to personally inspect conditions beneath the soil and the entire interior and exterior of the improvements on the subject property. Therefore, no representation is made as to such matters.
2. The report, including its conclusions and any portion of such report (the "Report"), is as of the date set forth in the letter of transmittal and based upon the information, market, economic, and property conditions and projected levels of operation existing as of such date. The dollar amount of any conclusion as to value in the Report is based upon the purchasing power of the U.S. Dollar on such date. The Report is subject to change as a result of fluctuations in any of the foregoing. CBRE has no obligation to revise the Report to reflect any such fluctuations or other events or conditions which occur subsequent to such date.
3. Unless otherwise expressly noted in the Report, CBRE has assumed that:
 - (i) Title to the subject property is clear and marketable and that there are no recorded or unrecorded matters or exceptions to title that would adversely affect marketability or value. CBRE has not examined title records (including without limitation liens, encumbrances, easements, deed restrictions, and other conditions that may affect the title or use of the subject property) and makes no representations regarding title or its limitations on the use of the subject property. Insurance against financial loss that may arise out of defects in title should be sought from a qualified title insurance company.
 - (ii) Existing improvements on the subject property conform to applicable local, state, and federal building codes and ordinances, are structurally sound and seismically safe, and have been built and repaired in a workmanlike manner according to standard practices; all building systems (mechanical/electrical, HVAC, elevator, plumbing, etc.) are in good working order with no major deferred maintenance or repair required; and the roof and exterior are in good condition and free from intrusion by the elements. CBRE has not retained independent structural, mechanical, electrical, or civil engineers in connection with this appraisal and, therefore, makes no representations relative to the condition of improvements. CBRE appraisers are not engineers and are not qualified to judge matters of an engineering nature, and furthermore structural problems or building system problems may not be visible. It is expressly assumed that any purchaser would, as a precondition to closing a sale, obtain a satisfactory engineering report relative to the structural integrity of the property and the integrity of building systems.
 - (iii) Any proposed improvements, on or off-site, as well as any alterations or repairs considered will be completed in a workmanlike manner according to standard practices.
 - (iv) Hazardous materials are not present on the subject property. CBRE is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation, contaminated groundwater, mold, or other potentially hazardous materials may affect the value of the property.
 - (v) No mineral deposit or subsurface rights of value exist with respect to the subject property, whether gas, liquid, or solid, and no air or development rights of value may be transferred. CBRE has not considered any rights associated with extraction or exploration of any resources, unless otherwise expressly noted in the Report.
 - (vi) There are no contemplated public initiatives, governmental development controls, rent controls, or changes in the present zoning ordinances or regulations governing use, density, or shape that would significantly affect the value of the subject property.
 - (vii) All required licenses, certificates of occupancy, consents, or other legislative or administrative authority from any local, state, nor national government or private entity or organization have been or can be readily obtained or renewed for any use on which the Report is based.
 - (viii) The subject property is managed and operated in a prudent and competent manner, neither inefficiently or super-efficiently.
 - (ix) The subject property and its use, management, and operation are in full compliance with all applicable federal, state, and local regulations, laws, and restrictions, including without limitation environmental laws, seismic hazards, flight patterns, decibel levels/noise envelopes, fire hazards, hillside ordinances, density, allowable uses, building codes, permits, and licenses.
 - (x) The subject property is in full compliance with the Americans with Disabilities Act (ADA). CBRE is not qualified to assess the subject property's compliance with the ADA, notwithstanding any discussion of possible readily achievable barrier removal construction items in the Report.

- (xi) All information regarding the areas and dimensions of the subject property furnished to CBRE are correct, and no encroachments exist. CBRE has neither undertaken any survey of the boundaries of the subject property nor reviewed or confirmed the accuracy of any legal description of the subject property.

Unless otherwise expressly noted in the Report, no issues regarding the foregoing were brought to CBRE's attention, and CBRE has no knowledge of any such facts affecting the subject property. If any information inconsistent with any of the foregoing assumptions is discovered, such information could have a substantial negative impact on the Report. Accordingly, if any such information is subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. CBRE assumes no responsibility for any conditions regarding the foregoing, or for any expertise or knowledge required to discover them. Any user of the Report is urged to retain an expert in the applicable field(s) for information regarding such conditions.

4. CBRE has assumed that all documents, data and information furnished by or behalf of the client, property owner, or owner's representative are accurate and correct, unless otherwise expressly noted in the Report. Such data and information include, without limitation, numerical street addresses, lot and block numbers, Assessor's Parcel Numbers, land dimensions, square footage area of the land, dimensions of the improvements, gross building areas, net rentable areas, usable areas, unit count, room count, rent schedules, income data, historical operating expenses, budgets, and related data. Any error in any of the above could have a substantial impact on the Report. Accordingly, if any such errors are subsequently made known to CBRE, CBRE reserves the right to amend the Report, which may include the conclusions of the Report. The client and intended user should carefully review all assumptions, data, relevant calculations, and conclusions of the Report and should immediately notify CBRE of any questions or errors within 30 days after the date of delivery of the Report.
5. CBRE assumes no responsibility (including any obligation to procure the same) for any documents, data or information not provided to CBRE, including without limitation any termite inspection, survey or occupancy permit.
6. All furnishings, equipment and business operations have been disregarded with only real property being considered in the Report, except as otherwise expressly stated and typically considered part of real property.
7. Any cash flows included in the analysis are forecasts of estimated future operating characteristics based upon the information and assumptions contained within the Report. Any projections of income, expenses and economic conditions utilized in the Report, including such cash flows, should be considered as only estimates of the expectations of future income and expenses as of the date of the Report and not predictions of the future. Actual results are affected by a number of factors outside the control of CBRE, including without limitation fluctuating economic, market, and property conditions. Actual results may ultimately differ from these projections, and CBRE does not warrant any such projections.
8. The Report contains professional opinions and is expressly not intended to serve as any warranty, assurance or guarantee of any particular value of the subject property. Other appraisers may reach different conclusions as to the value of the subject property. Furthermore, market value is highly related to exposure time, promotion effort, terms, motivation, and conclusions surrounding the offering of the subject property. The Report is for the sole purpose of providing the intended user with CBRE's independent professional opinion of the value of the subject property as of the date of the Report. Accordingly, CBRE shall not be liable for any losses that arise from any investment or lending decisions based upon the Report that the client, intended user, or any buyer, seller, investor, or lending institution may undertake related to the subject property, and CBRE has not been compensated to assume any of these risks. Nothing contained in the Report shall be construed as any direct or indirect recommendation of CBRE to buy, sell, hold, or finance the subject property.
9. No opinion is expressed on matters which may require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate appraisers. Any user of the Report is advised to retain experts in areas that fall outside the scope of the real estate appraisal profession for such matters.
10. CBRE assumes no responsibility for any costs or consequences arising due to the need, or the lack of need, for flood hazard insurance. An agent for the Federal Flood Insurance Program should be contacted to determine the actual need for Flood Hazard Insurance.
11. Acceptance or use of the Report constitutes full acceptance of these Assumptions and Limiting Conditions and any special assumptions set forth in the Report. It is the responsibility of the user of the Report to read in full, comprehend and thus become aware of all such assumptions and limiting conditions. CBRE assumes no responsibility for any situation arising out of the user's failure to become familiar with and understand the same.
12. The Report applies to the property as a whole only, and any pro ration or division of the title into fractional interests will invalidate such conclusions, unless the Report expressly assumes such pro ration or division of interests.

13. The allocations of the total value estimate in the Report between land and improvements apply only to the existing use of the subject property. The allocations of values for each of the land and improvements are not intended to be used with any other property or appraisal and are not valid for any such use.
14. The maps, plats, sketches, graphs, photographs, and exhibits included in this Report are for illustration purposes only and shall be utilized only to assist in visualizing matters discussed in the Report. No such items shall be removed, reproduced, or used apart from the Report.
15. The Report shall not be duplicated or provided to any unintended users in whole or in part without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Exempt from this restriction is duplication for the internal use of the intended user and its attorneys, accountants, or advisors for the sole benefit of the intended user. Also exempt from this restriction is transmission of the Report pursuant to any requirement of any court, governmental authority, or regulatory agency having jurisdiction over the intended user, provided that the Report and its contents shall not be published, in whole or in part, in any public document without the written consent of CBRE, which consent CBRE may withhold in its sole discretion. Finally, the Report shall not be made available to the public or otherwise used in any offering of the property or any security, as defined by applicable law. Any unintended user who may possess the Report is advised that it shall not rely upon the Report or its conclusions and that it should rely on its own appraisers, advisors and other consultants for any decision in connection with the subject property. CBRE shall have no liability or responsibility to any such unintended user.

ADDENDA

Addendum A

PIP DOCUMENT

Addendum B

IMPROVED SALE DATA SHEETS

Sale**Hotel - Limited Service Hotel****No. 1**

Property Name Days Inn & Suites Fargo
 Address 3431 14th Avenue South
 Fargo, ND 58103
 United States

Government Tax Agency Cass
 Govt./Tax ID 01-2580-00110-000

Improvements

Status Existing
 Land Area 2.141 ac
 Gross Building Area (GBA) 35,501 sf
 Floor Count 2
 Year Built 1993
 Year Renovated N/A
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 75 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

N/A

Sale Summary

| | | | |
|----------------------|---------------------------------------|----------------------|------------------------------|
| Recorded Buyer | Lodging Properties LLC | Marketing Time | 3 Month(s) |
| True Buyer | American Hotel Income Properties REIT | Buyer Type | REIT |
| Recorded Seller | S & S Hospitality Of Fargo LLC | Seller Type | Private Investor |
| True Seller | Paul & Amy Sjurseth | Primary Verification | Broker,CoStar,Press Releases |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Days Inn | Date | 10/16/2017 |
| Proposed Use | Wyndham Brand | Sale Price | \$2,716,000 |
| Listing Broker | Marcus & Millichap | Financing | Cash to Seller |
| Selling Broker | N/A | Cash Equivalent | \$2,716,000 |
| Doc # | 000001523025 | Capital Adjustment | \$1,084,000 |
| | | Adjusted Price | \$3,800,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent</u> | <u>Price/sf</u> |
|-------------------------|-------------------------|------------------------|--------------------------------|--------------|------------------------|-----------------|
| 10/2017 | Sale | Lodging Properties LLC | S & S Hospitality Of Fargo LLC | \$2,716,000 | | \$76.50 |
| 03/2013 | N/A | N/A | N/A | N/A | | N/A |

Units of Comparison

| | | | |
|-----------------------------|--------------------------------|-----------------------|----------|
| Static Analysis Method | Trailing Actuals | Adjusted Price / sf | \$107.04 |
| Buyer's Primary Analysis | Static Capitalization Analysis | Adjusted Price / Room | \$50,667 |
| Net Initial Yield/Cap. Rate | 6.39% | | |
| Actual Occupancy at Sale | N/A | | |

Financial

| | |
|-----------------------------|---------------------|
| Revenue Type | Trailing Actuals |
| Period Ending | 12/31/2017 |
| Source | Other(See Comments) |
| Price | \$2,716,000 |
| Economic Occupancy | N/A |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | N/A |
| Gross Revenue | N/A |
| Expenses | N/A |
| Net Operating Income | \$173,552 |
| NOI / Room | \$2,314 |
| NOI Ratio | N/A |
| GRM (Gross Rev Mult) | N/A |
| RRM (Room Rev Mult) | N/A |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 6.39% |

Map & Comments



The asset was purchased by American Hotel Income Properties REIT out of Vancouver. Jon Ruzicka of Marcus & Millichap Inc represented the seller and also secured the buyer also with Helen Zaver of Marcus & Millichap Inc. The class C hotel totals 75 rooms and operates under the Days Inn brand. The property was originally constructed in 1993, originally has a Hampton Inn, and sits on 2.12 acres. The buyer intends to re-brand the property to a Wyndham Brand. The list price was \$3,270,000 and the sale price without PIP of \$2,716,000 implies \$36,213 per room. The buyer's press release indicates this deal was part of a two-property portfolio and the other location is in Whitefish, Montana. They expect to invest \$1.084M in PIP for a total acquisition price of roughly \$3.8M or \$50,700 per key. This hotel has a rail crew lodging agreement that currently guarantees 77% of the available rooms. The implied capitalization rate was extracted from public information. The property is located near the intersection of I-94 and I-29 and within walking distance to the West Acres Indoor Mall.

Sale**Hotel - Limited Service Hotel****No. 2**

Property Name Country Inn & Suites
 Address 8350 E Point Douglas Rd S
 Cottage Grove, MN 55016
 United States

Government Tax Agency Washington
 Govt./Tax ID N/A

Improvements

Status Existing
 Land Area 2.440 ac
 Gross Building Area (GBA) 54,861 sf
 Floor Count 3
 Year Built 2001
 Year Renovated N/A
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 76 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

N/A

Sale Summary

| | | | |
|----------------------|--|----------------------|-----------------------|
| Recorded Buyer | Basera Hospitality Inc | Marketing Time | N/A |
| True Buyer | RSBR INC | Buyer Type | Private Investor |
| Recorded Seller | Cottage Grove Lodging LLC | Seller Type | Private Investor |
| True Seller | Patrick M. Ruhr | Primary Verification | CoStar |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Hotel | Date | 8/1/2017 |
| Proposed Use | Hotel | Sale Price | \$3,800,000 |
| Listing Broker | Corey Stender of Timm & Associates Inc | Financing | Market Rate Financing |
| Selling Broker | N/A | Cash Equivalent | \$3,800,000 |
| Doc # | 4122556 | Capital Adjustment | \$1,000,000 |
| | | Adjusted Price | \$4,800,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent</u> | <u>Price/sf</u> |
|-------------------------|-------------------------|------------------------|---------------------------|--------------|------------------------|-----------------|
| 08/2017 | Sale | Basera Hospitality Inc | Cottage Grove Lodging LLC | \$3,800,000 | | \$69.27 |

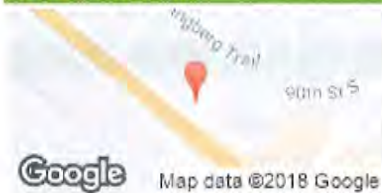
Units of Comparison

| | | | |
|-----------------------------|--------------------------------|-----------------------|----------|
| Static Analysis Method | Trailing Actuals | Adjusted Price / sf | \$87.49 |
| Buyer's Primary Analysis | Static Capitalization Analysis | Adjusted Price / Room | \$63,158 |
| Net Initial Yield/Cap. Rate | 9.59% | | |
| Actual Occupancy at Sale | 74% | | |

Financial

| | |
|-----------------------------|---------------------|
| Revenue Type | Trailing Actuals |
| Period Ending | 12/31/2016 |
| Source | Other(See Comments) |
| Price | \$3,800,000 |
| Economic Occupancy | 74% |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | N/A |
| Gross Revenue | \$2,114,343 |
| Expenses | \$1,750,000 |
| Net Operating Income | \$364,343 |
| NOI / Room | \$4,794 |
| NOI Ratio | 17.23 |
| GRM (Gross Rev Mult) | 1.80 |
| RRM (Room Rev Mult) | N/A |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 9.59% |

Map & Comments



The asset traded between two private parties with the seller being represented by Corey Stender of Timm & Associates Inc. According to contact for the buyer they will to \$750K to \$1 million in updating and renovations of the property which was the motivation of the seller to sell the property. The hotel was running at 74% occupancy and average daily rate of \$103/room at the time of sale. The hotel operates under the Country Inns & Suites brand by Carlson Hospitality and has a total of 76 rentable rooms. The building was originally constructed in 2001 and sits on 2.44 acres. Operating expenses were estimated by the appraiser and imply a 9.5% capitalization rate when including \$1M in capital expenditures.

Sale

Hotel - Limited Service Hotel

No. 3

Property Name Super 8 & Econo Lodge
 Address 2623 Highway 281 S
 Jamestown, ND 58401
 United States

Government Tax Agency N/A
 Govt./Tax ID 74-3874900

Improvements

Status Existing
 Land Area 1,430 ac
 Gross Building Area (GBA) 27,335 sf
 Floor Count 1
 Year Built 1979
 Year Renovated 2012
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 66 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A



Amenities

N/A

Sale Summary

| | | | |
|----------------------|---------------------|----------------------|-----------------------|
| Recorded Buyer | KCZ Properties LLC | Marketing Time | 5 Month(s) |
| True Buyer | N/A | Buyer Type | Private Investor |
| Recorded Seller | Ksgg LLC | Seller Type | Private Investor |
| True Seller | N/A | Primary Verification | CoStar,NDRIN,Broker |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Hotel | Date | 8/31/2015 |
| Proposed Use | Hotel | Sale Price | \$3,000,132 |
| Listing Broker | N/A | Financing | Market Rate Financing |
| Selling Broker | N/A | Cash Equivalent | \$3,000,132 |
| Doc # | WD#214274 | Capital Adjustment | \$0 |
| | | Adjusted Price | \$3,000,132 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|--------------------|---------------|--------------|---------------------------------|
| 08/2015 | Sale | KCZ Properties LLC | Ksgg LLC | \$3,000,132 | \$109.75 |

Units of Comparison

| | | | |
|-----------------------------|--------------------------------|-----------------------|----------|
| Static Analysis Method | Trailing Actuals | Adjusted Price / sf | \$109.75 |
| Buyer's Primary Analysis | Static Capitalization Analysis | Adjusted Price / Room | \$45,457 |
| Net Initial Yield/Cap. Rate | 8.20% | | |
| Actual Occupancy at Sale | 76% | | |

Financial

| | |
|-----------------------------|------------------|
| Revenue Type | Trailing Actuals |
| Period Ending | 12/31/2013 |
| Source | N/A |
| Price | \$3,000,132 |
| Economic Occupancy | N/A |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | N/A |
| Gross Revenue | N/A |
| Expenses | N/A |
| Net Operating Income | \$246,125 |
| NOI / Room | \$3,729 |
| NOI Ratio | N/A |
| GRM (Gross Rev Mult) | N/A |
| RRM (Room Rev Mult) | N/A |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 8.20% |

Map & Comments



Map data ©2018 Google

This is a Super 8 Hotel that consists of 47 rooms and Econo Lodge that consists of 19 rooms, together totaling 66 rooms. Listing details indicated that the property had renovated guest rooms and the Econo Lodge was approved for a 20-room expansion.

The hotels were sold as a portfolio because they are adjacent to each other and shared management. Super 8 opened in 1979 and the Econo Lodge opened in 2012.

The transaction was for \$3,000,132 or \$45,457 per room. The property was on the market since 3/2015, with an initial asking price of \$3,800,002. The transaction was in escrow for approximately 30 days. The price, date of sale, days on escrow, name of buyer, and reason of sale and purchase were verified with the seller broker via CoStar.

As available from the offering memorandum:

Super 8's performance for 2014 was 73.4% occupancy/\$65.36 ADR/\$47.97 RevPar/\$904,999 total revenue. NOI for 2013 was \$137,657 but NOI for 2014 was not available.

Econolodge performance for 2014 was 82.39% occupancy/\$65.48 ADR/\$53.94 RevPar/\$373,683 total revenue. NOI for 2013 was \$108,468 but NOI for 2014 was not available.

Sale

Hotel - Limited Service Hotel

No. 4

Property Name AmericInn Lodge & Suites
 Address 869 Highway 7 E
 Hutchinson, MN 55350
 United States

Government Tax Agency McLeod
 Govt./Tax ID 23-032-1000

Improvements

Status Existing
 Land Area 10.080 ac
 Gross Internal Area (GIA) 50,000 sf
 Floor Count 2
 Year Built 1995
 Year Renovated 2009
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class Economy
 # of Units 86 Room
 Standard Room Size N/A
 Affiliation AmericInn
 Lounge Seats N/A
 Restaurant Seats N/A



Amenities

24-hour Security, Complimentary Breakfast, Indoor Athletic Facility, Pool

Sale Summary

| | | | |
|----------------------|--------------------------|----------------------|-----------------------|
| Recorded Buyer | Om Aim LLC | Marketing Time | N/A |
| True Buyer | Daksha Patel | Buyer Type | Private Investor |
| Recorded Seller | Celtic Ventures LLC | Seller Type | Private Investor |
| True Seller | N/A | Primary Verification | Broker, PR |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Hotel - Economy | Date | 6/25/2015 |
| Proposed Use | N/A | Sale Price | \$4,250,000 |
| Listing Broker | Jon Ruzicka 952-852-9767 | Financing | Market Rate Financing |
| Selling Broker | Jon Ruzicka 952-852-9767 | Cash Equivalent | \$4,250,000 |
| Doc # | eCRV 368933 | Capital Adjustment | \$0 |
| | | Adjusted Price | \$4,250,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|--------------|---------------------|--------------|---------------------------------|
| 06/2015 | Sale | Om Aim LLC | Celtic Ventures LLC | \$4,250,000 | \$85.00 |

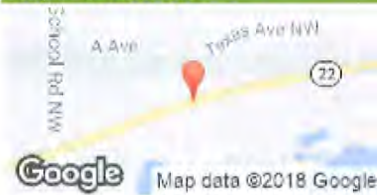
Units of Comparison

| | | | |
|-----------------------------|------------------|-----------------------|----------|
| Static Analysis Method | Trailing Actuals | Adjusted Price / sf | \$85.00 |
| Buyer's Primary Analysis | N/A | Adjusted Price / Room | \$49,419 |
| Net Initial Yield/Cap. Rate | 11.90% | | |
| Actual Occupancy at Sale | 58% | | |

Financial

| | |
|-----------------------------|------------------|
| Revenue Type | Trailing Actuals |
| Period Ending | N/A |
| Source | N/A |
| Price | \$4,250,000 |
| Economic Occupancy | N/A |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | \$1,599,544 |
| Gross Revenue | \$1,669,442 |
| Expenses | \$1,163,765 |
| Net Operating Income | \$505,677 |
| NOI / Room | \$5,880 |
| NOI Ratio | 30.29 |
| GRM (Gross Rev Mult) | 2.55 |
| RRM (Room Rev Mult) | 2.66 |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 11.90% |

Map & Comments



This comparable is the sale of the 86 room AmericInn Lodge & Suites in Hutchinson, MN. The subject sold for \$2,762,500 plus an additional \$1,487,500 in personal property for a total selling price of \$4,250,000 or \$49,419 per room. The selling broker indicated that the transaction was considered arm's length. Based upon trailing 2014 income at the time of sale, the capitalization rate was 11.90%. The property features 86-rooms shared between two separate buildings with a common access from Highway 7. Each building features a lobby, breakfast area, pool, spa and laundry. The buildings, defined as the East and West building, can be operated independently if desired. As presently configured operations are directed from the main lobby in the West building. Both buildings are two stories with either wood or vinyl exteriors and shared surface parking lot.

Sale**Hotel - Limited Service Hotel****No. 5**

Property Name Microtel Inn & Suites by Wyndham Zephyrhills
 Address 7839 Gall Boulevard
 Zephyrhills, FL 33541
 United States

Government Tax Agency Pasco
 Govt./Tax ID 34-25-21-0010-01700-0010

Improvements

Status Existing
 Land Area 1.205 ac
 Gross Building Area (GBA) 26,674 sf
 Floor Count 3
 Year Built 2004
 Year Renovated N/A
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class Economy
 # of Units 63 Room
 Standard Room Size N/A
 Affiliation Wyndham Worldwide
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

Complimentary Breakfast, Conference Facility, Laundry Facility, Pool

Sale Summary

| | | | |
|----------------------|----------------------|----------------------|-----------------------|
| Recorded Buyer | Nilkanth Hotel, LLC | Marketing Time | 2 Month(s) |
| True Buyer | N/A | Buyer Type | Developer |
| Recorded Seller | Jamm Hotels LLC | Seller Type | Developer |
| True Seller | Sky Hospitality, LLC | Primary Verification | Knowledgeable broker |
| Interest Transferred | N/A | Type | Sale |
| Current Use | Hotel | Date | 12/16/2016 |
| Proposed Use | Hotel | Sale Price | \$3,350,000 |
| Listing Broker | N/A | Financing | Market Rate Financing |
| Selling Broker | N/A | Cash Equivalent | \$3,350,000 |
| Doc # | 9474-3562 | Capital Adjustment | \$0 |
| | | Adjusted Price | \$3,350,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|---------------------|-----------------|--------------|---------------------------------|
| 12/2016 | Sale | Nilkanth Hotel, LLC | Jamm Hotels LLC | \$3,350,000 | \$125.59 |

Units of Comparison

| | | | |
|-----------------------------|-----|-----------------------|----------|
| Static Analysis Method | N/A | Adjusted Price / sf | \$125.59 |
| Buyer's Primary Analysis | N/A | Adjusted Price / Room | \$53,175 |
| Net Initial Yield/Cap. Rate | N/A | | |
| Actual Occupancy at Sale | 64% | | |

Financial

| | Trailing Actuals |
|-----------------------------|---------------------|
| Revenue Type | |
| Period Ending | N/A |
| Source | N/A |
| Price | \$3,350,000 |
| Economic Occupancy | 64% |
| ADR (Avg Daily Rate) | N/A |
| Room Revenue | N/A |
| Gross Revenue | \$1,080,826 |
| Expenses | \$772,000 |
| Net Operating Income | \$308,826 |
| NOI / Room | \$4,902 |
| NOI Ratio | 28.57 |
| GRM (Gross Rev Mult) | 3.10 |
| RRM (Room Rev Mult) | N/A |
| RevPAR | N/A |
| Net Initial Yield/Cap. Rate | 9.22% |

Map & Comments



Microtel Inn & Suites by Wyndham Zephyrhills - this 3-story 63-room economy limited-service Wyndham Worldwide branded hotel is located on the east side of Gall Boulevard, southwest quadrant of US-Highway 301 and Kossik Road, Zephyrhills, Florida. The property improvement was completed in October 2004. The property amenities feature an outdoor pool, self-guest laundry facilities, high-speed internet access, all guest rooms have a mini-fridge & microwave and one 625 square foot meeting room. The property is considered to be in average condition. The property was purchased in December 2016 for \$3,350,000 or \$53,175 per guest room.

Sale**Hotel - Limited Service Hotel****No. 6**

Property Name Microtel Inn & Suites
 Address 1412 Old McDonough Highway
 Conyers, GA 30094
 United States

Government Tax Agency Rockdale
 Govt./Tax ID 075-0-01-0018

Improvements

Status Existing
 Land Area 1.440 ac
 Net Rentable Area (NRA) 26,456 sf
 Floor Count 4
 Year Built 2007
 Year Renovated N/A
 Construction Type Good
 Parking Type Surface

Unique Physical Data

Class Midscale
 # of Units 62 Room
 Standard Room Size 0 sf
 Affiliation Wyndham
 Lounge Seats 0
 Restaurant Seats 0

**Amenities**

Complimentary Breakfast, Conference Facility, Indoor Athletic Facility, Laundry Facility, Pool, Public Business Center

Sale Summary

| | | | |
|----------------------|---------------------------|----------------------|------------------|
| Recorded Buyer | Sanam Conyers Lodging LLC | Marketing Time | N/A |
| True Buyer | Sunita Patel | Buyer Type | Private Investor |
| Recorded Seller | Sterling Finvest, Inc. | Seller Type | Private Investor |
| True Seller | N/A | Primary Verification | Contract |
| Interest Transferred | Fee Simple/Freehold | Type | Sale |
| Current Use | Microtel Inn & Suites | Date | 2/18/2016 |
| Proposed Use | Microtel Inn & Suites | Sale Price | \$3,125,000 |
| Listing Broker | N/A | Financing | Cash to Seller |
| Selling Broker | N/A | Cash Equivalent | \$3,125,000 |
| Doc # | 5827-0119 | Capital Adjustment | \$15,000 |
| | | Adjusted Price | \$3,140,000 |

Transaction Summary plus Five-Year CBRE View History

| <u>Transaction Date</u> | <u>Transaction Type</u> | <u>Buyer</u> | <u>Seller</u> | <u>Price</u> | <u>Cash Equivalent Price/sf</u> |
|-------------------------|-------------------------|---------------------------|------------------------|--------------|---------------------------------|
| 02/2016 | Sale | Sanam Conyers Lodging LLC | Sterling Finvest, Inc. | \$3,125,000 | \$118.12 |

Units of Comparison

| | | | |
|-----------------------------|-----------------------------------|-----------------------|----------|
| Static Analysis Method | Pro Forma Year 1 | Adjusted Price / sf | \$118.69 |
| Buyer's Primary Analysis | Price and Capitalization Analyses | Adjusted Price / Room | \$50,645 |
| Net Initial Yield/Cap. Rate | 10.09% | | |
| Actual Occupancy at Sale | 59% | | |

Financial

| Revenue Type | Pro Forma Year 1 | Trailing Actuals | Other See Comments |
|-----------------------------|---------------------|---------------------|-----------------------|
| Period Ending | 12/31/2016 | 12/31/2015 | 12/31/2015 |
| Source | Buyer | Buyer | Buyer |
| Price | \$3,140,000 | \$3,125,000 | \$3,140,000 |
| Economic Occupancy | 73% | 59% | 59% |
| ADR (Avg Daily Rate) | \$68.00 | \$65.00 | \$65.00 |
| Room Revenue | \$1,121,895 | \$870,950 | \$870,950 |
| Gross Revenue | \$1,165,695 | \$903,729 | \$903,729 |
| Expenses | \$848,815 | \$643,158 | \$643,158 |
| Net Operating Income | \$316,880 | \$260,571 | \$260,571 |
| NOI / Room | \$5,111 | \$4,203 | \$4,203 |
| NOI Ratio | 27.18 | 28.83 | 28.83 |
| GRM (Gross Rev Mult) | 2.69 | 3.46 | 3.47 |
| RRM (Room Rev Mult) | 2.80 | 3.59 | 3.61 |
| RevPAR | \$49.30 | \$38.35 | \$38.35 |
| Net Initial Yield/Cap. Rate | 10.09% | 8.34% | 8.30% |

Map & Comments



This is the sale of a four-story 62-room interior hallway Microtel Inn & Suites hotel that is located within the southwest quadrant of Interstate 20 at Highway 138 in Conyers, GA. The building was constructed in 2007 and was in good condition at the time of sale. Amenities include an outdoor pool, exercise room, 480 square foot meeting room, business center and complimentary breakfast. The PIP was expected to be minimal and had been partially completed prior to the sale, with approximately \$15,000 remaining to be spent according to the buyer. Including expenditures after sale the property sold in February 2016 for \$3,140,000, or \$50,645 per room. Based upon the buyer's pro forma the property sold at a 10.09% capitalization rate and a RRM of 2.8. Based upon 2015 financials the property sold at an 8.3% capitalization rate and a RRM of 3.61.

Addendum C

HOTEL COMPARABLE DATA SHEETS

Comparable

Hotel - Limited Service Hotel

No. 1

Property Name Red Roof
Address 1921 44th St SW
Fargo, ND 58103
United States

Government Tax Agency Cass
Govt./Tax ID 01-3821-00150-000



Improvements

Status Existing
Land Area 1.250 ac
Gross Building Area (GBA) 23,134 sf
Floor Count 2
Year Built 1993
Year Renovated N/A
Construction Type Average
Parking Type Surface

Unique Physical Data

Class N/A
of Units 61 Room
Standard Room Size N/A
Affiliation N/A
Lounge Seats N/A
Restaurant Seats N/A

Amenities

N/A

Rental Survey

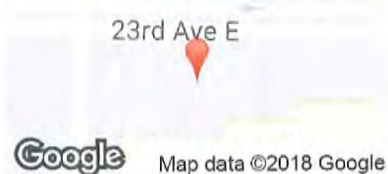
Financial Data

Occupancy 55%
Year of Occupancy 2018
Avg Daily Rate \$65.00
Published Rates \$59-\$74
Survey Date 02/2018
Survey Notes N/A

Demand Segmentation

Commercial 30%
Group 25%
Leisure 25%
Discount 15%
Other 5%

Map & Comments



Comparable

Hotel - Limited Service Hotel

No. 2

Property Name Kelly Inn 13th Avenue
Address 4207 13th Avenue South
Fargo, ND 58103
United States

Government Tax Agency Cass
Govt./Tax ID 01-3600-00241-000

Improvements

Status Existing
Land Area 0.708 ac
Gross Building Area (GBA) 0 sf
Floor Count 2
Year Built 1994
Year Renovated N/A
Construction Type Average
Parking Type Surface

Unique Physical Data

Class N/A
of Units 59 Room
Standard Room Size 0 sf
Affiliation N/A
Lounge Seats 0
Restaurant Seats 0



Amenities

Pool

Rental Survey

Financial Data

Occupancy 45%
Year of Occupancy 2018
Avg Daily Rate \$75.00
Published Rates \$65-\$95
Survey Date 02/2018
Survey Notes N/A

Demand Segmentation

Commercial 25%
Group 5%
Leisure 65%
Discount 5%
Other N/A

Map & Comments



This is a limited service hotel located across the street from West Acres Mall.

Google Map data ©2018 Google

Comparable**Hotel - Limited Service Hotel****No. 3**

Property Name Wingate - Fargo
 Address 4429 19th Avenue SW
 Fargo, ND 58103
 United States

Government Tax Agency Cass
 Govt./Tax ID 01-5550-00300-000

Improvements

Status Existing
 Land Area 2.200 ac
 Gross Building Area (GBA) 52,442 sf
 Floor Count 4
 Year Built 1999
 Year Renovated N/A
 Construction Type N/A
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 83 Room
 Standard Room Size N/A
 Affiliation Wyndham
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

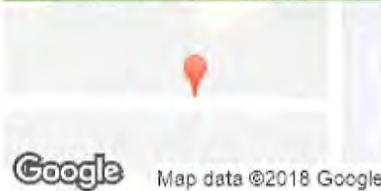
N/A

Rental SurveyFinancial Data

Occupancy 60%
 Year of Occupancy 2018
 Avg Daily Rate \$72.00
 Published Rates \$78-\$99
 Survey Date 03/2018
 Survey Notes N/A

Demand Segmentation

Commercial 40%
 Group 20%
 Leisure 40%
 Discount N/A
 Other N/A

Map & Comments

The Wingate by Wyndham is an 83-unit hotel located at 4429 19th Avenue SW in Fargo, ND. The property is located one block south of Interstate 94, in the west-central area of Fargo, and has good access. The hotel was built in 1999 and offers an indoor pool, whirlpool, business center, meeting room, fitness room, guest laundry, truck/bus parking, complimentary breakfast and wireless internet. Guest rooms include a microwave and refrigerator, and suites include a whirlpool and fireplace.

Comparable**Hotel - Limited Service Hotel****No. 4**

Property Name La Quinta Inn & Suites
 Address 2355 46th Street South
 Fargo, ND 58104
 United States

Government Tax Agency Cass
 Govt./Tax ID 01-8471-00100-000 and 01-8471-00200-000

**Improvements**

Status Existing
 Land Area 0.000 ac
 Gross Building Area (GBA) 0 sf
 Floor Count 4
 Year Built 2009
 Year Renovated N/A
 Construction Type N/A
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 157 Room
 Standard Room Size 0 sf
 Affiliation N/A
 Lounge Seats 0
 Restaurant Seats 0

Amenities

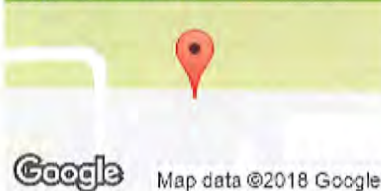
Pool

Rental SurveyFinancial Data

Occupancy 80%
 Year of Occupancy 2018
 Avg Daily Rate \$90.00
 Published Rates \$87-\$109
 Survey Date 03/2018
 Survey Notes N/A

Demand Segmentation

Commercial 60%
 Group 10%
 Leisure 30%
 Discount 0%
 Other N/A

Map & Comments

This is a limited service hotel located in the southwest quadrant of Interstate 94 and 45th Street South. The property has identity from I-94 and is approximately 3/4 mile southwest of the West Acres enclosed regional shopping mall. The property owner recently added 67 rooms at the beginning of 2014. The hotel offers a pool, business center, fitness center, shuttle service and 713 square feet of meeting space.

Comparable**Hotel - Limited Service Hotel****No. 5**

Property Name Sleep Inn & Suites Fargo
 Address 4625 23rd Avenue South
 Fargo, ND 58104
 United States

Government Tax Agency Cass
 Govt./Tax ID 01-8502-00100-000

Improvements

Status Existing
 Land Area 1.390 ac
 Gross Building Area (GBA) 32,291 sf
 Floor Count 3
 Year Built 2012
 Year Renovated N/A
 Construction Type N/A
 Parking Type N/A

Unique Physical Data

Class N/A
 # of Units 62 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

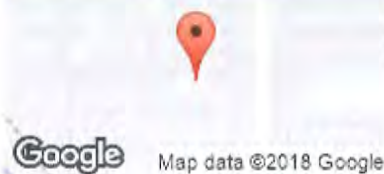
N/A

Rental SurveyFinancial Data

Occupancy 65%
 Year of Occupancy 2018
 Avg Daily Rate \$80.00
 Published Rates \$76-\$94
 Survey Date 03/2018
 Survey Notes N/A

Demand Segmentation

Commercial 60%
 Group 20%
 Leisure 20%
 Discount N/A
 Other N/A

Map & Comments

The Sleep Inn & Suites is a 62-unit hotel located off Interstate 94 on the south side of Fargo, ND. The hotel was built in 1993 and offers an indoor pool, whirlpool, fitness room, business center, truck/bus parking, guest laundry, complimentary breakfast and wireless internet.

Addendum D

OPERATING DATA

Addendum E

SMITH TRAVEL RESEARCH REPORT

STR # 64575 / Created January 18, 2018

Monthly STAR Report : Microtel Inn & Suites by Wyndham West Fargo

For the Month of: December 2017

Currency: US Dollar / Competitive Set Data Excludes Subject Property



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

735 East Main Street, Hendersonville, TN 37075 USA
T : +1 615 824 8664
support@str.com www.str.com

Blue Fin Building, 110 Southwark Street, London SE1 0TA
T : +44 (0)20 7922 1930
info@strglobal.com www.str.com

The STR STAR Report is a publication of STR, Inc. and STR Global, Ltd., and is intended solely for use by paid subscribers. Reproduction or distribution of the STR STAR Report, in whole or part, without written permission is prohibited and subject to legal action. If you have received this report and are NOT a subscriber to the STR STAR Report, please contact us immediately. Source: 2018 STR, Inc. / STR Global, Ltd. trading as "STR".

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

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 282-2100

STR # 64575 ChainID: 47681 MgtCo: None Owner: None

For the Month of: December 2017 Date Created: January 18, 2018 Monthly Competitive Set Data Excludes Subject Property

December 2017

| | Occupancy (%) | | | ADR | | | RevPAR | | |
|------------------|---------------|----------|-------------|---------|----------|-------------|---------|----------|-------------|
| | My Prop | Comp Set | Index (MPI) | My Prop | Comp Set | Index (ARI) | My Prop | Comp Set | Index (RGI) |
| Current Month | 44.4 | 51.9 | 85.6 | 59.28 | 75.19 | 78.8 | 26.34 | 39.01 | 67.5 |
| Year To Date | 60.3 | 62.4 | 96.6 | 62.91 | 78.89 | 79.7 | 37.93 | 49.24 | 77.0 |
| Running 3 Month | 45.0 | 59.2 | 76.1 | 60.68 | 75.60 | 80.3 | 27.33 | 44.76 | 61.1 |
| Running 12 Month | 60.3 | 62.4 | 96.6 | 62.91 | 78.89 | 79.7 | 37.93 | 49.24 | 77.0 |

December 2017 vs. 2016 Percent Change (%)

| | Occupancy | | | ADR | | | RevPAR | | |
|------------------|-----------|----------|-------------|---------|----------|-------------|---------|----------|-------------|
| | My Prop | Comp Set | Index (MPI) | My Prop | Comp Set | Index (ARI) | My Prop | Comp Set | Index (RGI) |
| Current Month | -24.3 | 0.7 | -24.8 | 1.3 | -2.7 | 4.1 | -23.3 | -2.0 | -21.7 |
| Year To Date | 9.3 | -1.8 | 11.4 | 0.6 | -4.1 | 4.9 | 10.0 | -5.8 | 16.8 |
| Running 3 Month | -30.4 | 0.1 | -30.5 | 2.5 | -4.6 | 7.4 | -28.7 | -4.4 | -25.4 |
| Running 12 Month | 9.3 | -1.8 | 11.4 | 0.6 | -4.1 | 4.9 | 10.0 | -5.8 | 16.8 |

The STR STAR Report is a publication of STR, Inc. and STR Global, Ltd., and is intended solely for use by paid subscribers. Reproduction or distribution of the STR STAR Report, in whole or part, without written permission is prohibited and subject to legal action. If you have received this report and are NOT a subscriber to the STR STAR Report, please contact us immediately. Source: 2018 STR, Inc. / STR Global, Ltd. trading as "STR".

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

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 282-2100

STR # 64575 ChainID: 47681 MgtCo: None Owner: None

For the Month of: December 2017 Date Created: January 18, 2018 Monthly Competitive Set Data Excludes Subject Property

| | Occupancy (%) | | | | | | | | Supply | | | |
|---|---------------|-------|--------------|-------|-----------------|-------|------------------|-------|-------------|-----------|-----------------|------------------|
| | Current Month | % Chg | Year to Date | % Chg | Running 3 Month | % Chg | Running 12 Month | % Chg | Month % Chg | YTD % Chg | Run 3 Mon % Chg | Run 12 Mon % Chg |
| Microtel Inn & Suites by Wyndham West Fargo | 44.4 | -24.3 | 60.3 | 9.3 | 45.0 | -30.4 | 60.3 | 9.3 | 0.0 | -0.3 | 0.0 | -0.3 |
| Market: North Dakota | 36.2 | -7.7 | 50.0 | 0.0 | 44.1 | -9.6 | 50.0 | 0.0 | 0.0 | -0.2 | -0.2 | -0.2 |
| Market Class: Economy Class | 28.8 | -8.6 | 41.5 | -1.8 | 35.9 | -14.7 | 41.5 | -1.8 | -1.2 | -1.3 | -1.2 | -1.3 |
| Submarket: Fargo, ND | 44.8 | -3.4 | 56.5 | -1.5 | 50.7 | -3.4 | 56.5 | -1.5 | -0.9 | -0.4 | -1.6 | -0.4 |
| Submarket Scale: Economy Chains | 36.9 | 6.0 | 45.7 | 1.1 | 40.2 | -0.5 | 45.7 | 1.1 | -11.2 | -8.1 | -11.2 | -8.1 |
| Competitive Set: Competitors | 51.9 | 0.7 | 62.4 | -1.8 | 59.2 | 0.1 | 62.4 | -1.8 | 0.0 | 0.0 | 0.0 | 0.0 |

| | Average Daily Rate | | | | | | | | Demand | | | |
|---|--------------------|-------|--------------|-------|-----------------|-------|------------------|-------|-------------|-----------|-----------------|------------------|
| | Current Month | % Chg | Year to Date | % Chg | Running 3 Month | % Chg | Running 12 Month | % Chg | Month % Chg | YTD % Chg | Run 3 Mon % Chg | Run 12 Mon % Chg |
| Microtel Inn & Suites by Wyndham West Fargo | 59.28 | 1.3 | 62.91 | 0.6 | 60.68 | 2.5 | 62.91 | 0.6 | -24.3 | 9.0 | -30.4 | 9.0 |
| Market: North Dakota | 77.11 | -2.4 | 80.69 | -3.1 | 78.19 | -1.6 | 80.69 | -3.1 | -7.7 | -0.2 | -9.8 | -0.2 |
| Market Class: Economy Class | 57.51 | -3.0 | 60.43 | -4.1 | 58.72 | -1.2 | 60.43 | -4.1 | -9.8 | -3.1 | -15.7 | -3.1 |
| Submarket: Fargo, ND | 82.53 | 0.5 | 84.85 | -1.5 | 82.65 | -1.4 | 84.85 | -1.5 | -4.3 | -2.0 | -4.9 | -2.0 |
| Submarket Scale: Economy Chains | 54.01 | -5.1 | 57.72 | -3.7 | 54.77 | -5.2 | 57.72 | -3.7 | -5.8 | -7.1 | -11.7 | -7.1 |
| Competitive Set: Competitors | 75.19 | -2.7 | 78.89 | -4.1 | 75.60 | -4.6 | 78.89 | -4.1 | 0.7 | -1.8 | 0.1 | -1.8 |

| | RevPAR | | | | | | | | Revenue | | | |
|---|---------------|-------|--------------|-------|-----------------|-------|------------------|-------|-------------|-----------|-----------------|------------------|
| | Current Month | % Chg | Year to Date | % Chg | Running 3 Month | % Chg | Running 12 Month | % Chg | Month % Chg | YTD % Chg | Run 3 Mon % Chg | Run 12 Mon % Chg |
| Microtel Inn & Suites by Wyndham West Fargo | 26.34 | -23.3 | 37.93 | 10.0 | 27.33 | -28.7 | 37.93 | 10.0 | -23.3 | 9.7 | -28.7 | 9.7 |
| Market: North Dakota | 27.91 | -9.9 | 40.36 | -3.2 | 34.51 | -11.0 | 40.36 | -3.2 | -9.9 | -3.3 | -11.2 | -3.3 |
| Market Class: Economy Class | 16.57 | -11.4 | 25.10 | -5.9 | 21.10 | -15.7 | 25.10 | -5.9 | -12.4 | -7.1 | -16.7 | -7.1 |
| Submarket: Fargo, ND | 36.97 | -2.9 | 47.95 | -3.0 | 41.93 | -4.8 | 47.95 | -3.0 | -3.7 | -3.4 | -6.3 | -3.4 |
| Submarket Scale: Economy Chains | 19.92 | 0.6 | 26.37 | -2.6 | 22.01 | -5.7 | 26.37 | -2.6 | -10.7 | -10.5 | -16.3 | -10.5 |
| Competitive Set: Competitors | 39.01 | -2.0 | 49.24 | -5.8 | 44.76 | -4.4 | 49.24 | -5.8 | -2.0 | -5.8 | -4.4 | -5.8 |

| | Census/Sample - Properties & Rooms | | | | | |
|---------------------------------|------------------------------------|-------|------------|-------|----------|--|
| | Census | | Sample | | Sample % | |
| | Properties | Rooms | Properties | Rooms | Rooms | |
| Market: North Dakota | 329 | 25349 | 200 | 17860 | 70.5 | |
| Market Class: Economy Class | 154 | 9511 | 62 | 4715 | 49.6 | |
| Submarket: Fargo, ND | 64 | 5716 | 57 | 5200 | 91.0 | |
| Submarket Scale: Economy Chains | 19 | 1339 | 19 | 1339 | 100.0 | |
| Competitive Set: Competitors | 5 | 421 | 5 | 421 | 100.0 | |

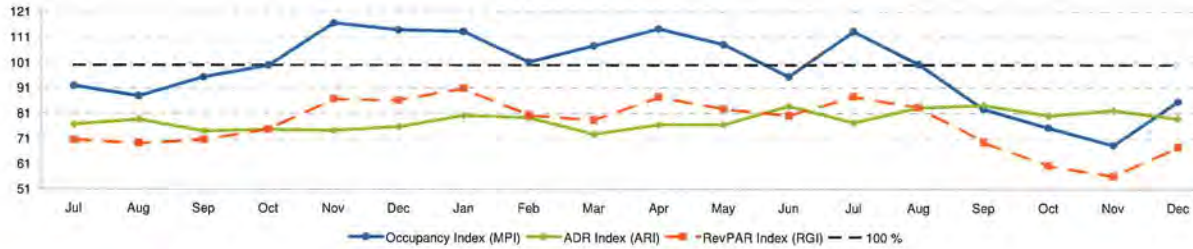
| Pipeline | | | |
|---|-------|------------|-------|
| Market: North Dakota | | | |
| Under Construction | | Planning | |
| Properties | Rooms | Properties | Rooms |
| 1 | 90 | 8 | 703 |
| See Help page for pipeline definitions. | | | |

The STR STAR Report is a publication of STR, Inc. and STR Global, Ltd., and is intended solely for use by paid subscribers. Reproduction or distribution of the STR STAR Report, in whole or part, without written permission is prohibited and subject to legal action. If you have received this report and are NOT a subscriber to the STR STAR Report, please contact us immediately. Source: 2018 STR, Inc. / STR Global, Ltd. trading as "STR".

Tab 4 - Competitive Set Report

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 262-2100
 STR # 64575 ChainID: 47681 MgtCo: None Owner: None
 For the Month of: December 2017 Date Created: January 18, 2018 Monthly Competitive Set Data Excludes Subject Property

Monthly Indexes



RevPAR Percent Change



| Occupancy (%) | 2016 | | | | | | 2017 | | | | | | | | | | | | Year To Date | | | Running 3 Month | | | Running 12 Month | | |
|-----------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------------|--------|--------|-----------------|--------|--------|------------------|--------|--------|
| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 | 2015 | 2016 | 2017 |
| My Property | 72.7 | 61.3 | 70.4 | 67.3 | 68.3 | 58.7 | 54.1 | 61.4 | 60.8 | 61.3 | 62.8 | 69.5 | 81.6 | 75.4 | 61.7 | 50.0 | 40.5 | 44.4 | 35.0 | 55.2 | 60.3 | 41.9 | 64.7 | 45.0 | 35.0 | 55.2 | 60.3 |
| Competitive Set | 79.0 | 86.7 | 73.8 | 67.3 | 58.5 | 51.5 | 47.8 | 60.7 | 56.5 | 53.7 | 58.1 | 72.8 | 72.1 | 75.2 | 74.7 | 66.4 | 59.3 | 51.9 | 62.9 | 63.6 | 62.4 | 55.3 | 59.1 | 59.2 | 62.9 | 63.6 | 62.4 |
| Index (MPI) | 92.0 | 88.0 | 95.4 | 100.0 | 116.7 | 113.9 | 113.2 | 101.2 | 107.6 | 114.2 | 108.0 | 95.4 | 113.2 | 100.2 | 82.6 | 75.2 | 68.3 | 85.6 | 55.6 | 86.7 | 96.6 | 75.7 | 109.5 | 76.1 | 55.6 | 86.7 | 96.6 |
| Rank | 5 of 6 | 4 of 6 | 5 of 6 | 3 of 6 | 2 of 6 | 2 of 6 | 2 of 6 | 3 of 6 | 3 of 6 | 1 of 6 | 3 of 6 | 5 of 6 | 1 of 6 | 4 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 5 of 6 | 6 of 6 | 5 of 6 | 4 of 6 | 5 of 6 | 3 of 6 | 5 of 6 | 6 of 6 | 5 of 6 | 4 of 6 |
| % Chg | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | | 632.9 | 111.5 | 34.3 | 64.1 | 73.3 | 110.1 | 31.4 | 73.1 | 10.5 | 22.6 | 41.4 | 12.3 | 22.9 | -12.4 | -25.7 | -40.7 | -24.3 | 57.7 | 9.3 | | 54.6 | -30.4 | 57.7 | 9.3 | | |
| Competitive Set | -1.9 | -2.0 | 9.0 | 3.9 | 13.2 | 4.4 | 6.2 | 2.7 | 9.7 | -17.6 | -18.7 | 2.5 | -8.8 | 7.9 | 1.2 | -1.3 | 1.3 | 0.7 | -12.6 | 1.1 | -1.8 | -17.4 | 6.9 | 0.1 | -12.6 | 1.1 | -1.8 |
| Index (MPI) | 647.5 | 94.1 | 29.3 | 44.9 | 66.0 | 97.8 | 28.0 | 57.8 | 34.1 | 50.9 | 37.9 | 23.0 | 13.9 | -13.5 | -24.8 | -41.4 | -24.8 | 56.0 | 11.4 | | 44.6 | -30.5 | 56.0 | 11.4 | | | |
| Rank | | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 3 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 1 of 6 | 2 of 6 | | 1 of 6 | 6 of 6 | 1 of 6 | 2 of 6 | | |
| ADR | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | 64.90 | 62.06 | 63.20 | 60.36 | 58.71 | 58.51 | 62.76 | 67.28 | 56.42 | 56.73 | 61.38 | 65.82 | 64.46 | 67.81 | 65.77 | 61.73 | 60.94 | 59.28 | 66.73 | 62.52 | 62.91 | 64.25 | 59.23 | 60.68 | 66.73 | 62.52 | 62.91 |
| Competitive Set | 84.58 | 78.90 | 85.38 | 80.83 | 79.06 | 77.26 | 78.25 | 84.81 | 77.59 | 74.11 | 80.16 | 78.48 | 83.42 | 81.58 | 79.39 | 77.13 | 74.20 | 75.19 | 87.91 | 82.24 | 78.89 | 83.94 | 79.21 | 75.60 | 87.91 | 82.24 | 78.89 |
| Index (ARI) | 76.7 | 78.7 | 74.0 | 74.7 | 74.3 | 75.7 | 80.2 | 79.3 | 72.7 | 76.6 | 76.6 | 83.9 | 77.3 | 83.1 | 84.1 | 80.0 | 82.1 | 78.8 | 75.9 | 76.0 | 79.7 | 76.5 | 74.8 | 80.3 | 75.9 | 76.0 | 79.7 |
| Rank | 6 of 6 | 5 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 5 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 5 of 6 | 6 of 6 | 5 of 6 | 5 of 6 | 6 of 6 | 5 of 6 | 5 of 6 | 6 of 6 | 6 of 6 | 5 of 6 | 6 of 6 | 6 of 6 | 5 of 6 | 6 of 6 | 6 of 6 | 5 of 6 |
| % Chg | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | | -8.4 | -16.8 | -10.2 | -7.1 | -4.3 | 0.8 | -7.1 | 0.7 | 1.0 | -13.4 | -0.1 | -0.7 | 9.3 | 5.7 | 2.3 | 3.8 | 1.3 | -6.3 | 0.6 | | -7.8 | 2.5 | -6.3 | 0.6 | | |
| Competitive Set | -4.2 | -9.9 | -5.6 | -6.4 | -4.5 | -5.7 | 1.0 | -5.6 | -0.2 | -4.1 | -10.6 | -7.5 | -1.4 | 3.4 | -7.0 | -4.6 | -6.1 | -2.7 | 0.6 | -6.5 | -4.1 | -2.2 | -5.6 | -4.6 | 0.6 | -6.5 | -4.1 |
| Index (ARI) | 0.6 | -11.9 | -4.1 | -2.7 | 1.8 | -0.2 | -1.6 | 1.0 | 5.3 | -3.2 | 8.0 | 0.7 | 5.7 | 13.6 | 7.2 | 10.6 | 4.1 | 0.2 | 4.9 | | -2.3 | 7.4 | 0.2 | 4.9 | | | |
| Rank | | 4 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 3 of 6 | 3 of 6 | 4 of 6 | 2 of 6 | 2 of 6 | 3 of 6 | 1 of 6 | 2 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 5 of 6 | 1 of 6 | | 6 of 6 | 1 of 6 | 5 of 6 | 1 of 6 | | |
| RevPAR | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | 47.17 | 38.06 | 44.50 | 40.62 | 40.09 | 34.34 | 33.98 | 41.29 | 34.29 | 34.77 | 38.54 | 45.73 | 52.60 | 51.11 | 41.18 | 30.86 | 24.70 | 26.34 | 23.33 | 34.49 | 37.93 | 26.90 | 38.33 | 27.33 | 23.33 | 34.49 | 37.93 |
| Competitive Set | 66.82 | 54.89 | 62.98 | 54.40 | 46.27 | 39.81 | 37.41 | 51.45 | 43.84 | 39.76 | 46.59 | 57.15 | 60.12 | 61.35 | 59.29 | 51.25 | 44.00 | 39.01 | 55.27 | 52.29 | 49.24 | 46.44 | 46.83 | 44.76 | 55.27 | 52.29 | 49.24 |
| Index (RGI) | 70.6 | 69.2 | 70.7 | 74.7 | 86.7 | 85.3 | 90.8 | 80.2 | 78.2 | 87.4 | 82.7 | 80.0 | 87.5 | 83.3 | 69.5 | 60.2 | 56.1 | 67.5 | 42.2 | 66.0 | 77.0 | 57.9 | 81.9 | 61.1 | 42.2 | 66.0 | 77.0 |
| Rank | 6 of 6 | 6 of 6 | 5 of 6 | 5 of 6 | 5 of 6 | 4 of 6 | 4 of 6 | 4 of 6 | 5 of 6 | 5 of 6 | 5 of 6 | 5 of 6 | 5 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 5 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 6 of 6 |
| % Chg | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | | 564.0 | 75.9 | 20.6 | 52.4 | 85.9 | 111.9 | 22.1 | 74.3 | 11.6 | 6.1 | 41.3 | 11.5 | 34.3 | -7.5 | -24.0 | -38.4 | -23.3 | 47.8 | 10.0 | | 42.5 | -28.7 | 47.8 | 10.0 | | |
| Competitive Set | -6.0 | -11.7 | 2.8 | -2.8 | 8.1 | -1.6 | 7.3 | -3.0 | 9.4 | -20.9 | -27.4 | -5.2 | -10.0 | 11.6 | -5.9 | -5.8 | -4.9 | -2.0 | -12.1 | -5.4 | -5.8 | -19.2 | 0.8 | -4.4 | -12.1 | -5.4 | -5.8 |
| Index (RGI) | 651.8 | 71.1 | 24.0 | 41.0 | 68.6 | 97.5 | 25.9 | 59.3 | 41.1 | 46.1 | 49.0 | 23.9 | 20.4 | -1.7 | -19.4 | -35.2 | -21.7 | 58.2 | 16.8 | | 41.3 | -25.4 | 58.2 | 16.8 | | | |
| Rank | | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 1 of 6 | 2 of 6 | 3 of 6 | 6 of 6 | 6 of 6 | 6 of 6 | 1 of 6 | 1 of 6 | | 1 of 6 | 6 of 6 | 1 of 6 | 1 of 6 | | |

The STR STAR Report is a publication of STR, Inc. and STR Global, Ltd., and is intended solely for use by paid subscribers. Reproduction or distribution of the STR STAR Report, in whole or part, without written permission is prohibited and subject to legal action. If you have received this report and are NOT a subscriber to the STR STAR Report, please contact us immediately. Source: 2018 STR, Inc. / STR Global, Ltd. trading as "STR".

Tab 5 - Response Report

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 282-2100
 STR # 64575 ChainID: 47681 MgtCo: None Owner: None
 For the Month of: December 2017 Date Created: January 18, 2018

This Year

- Dec 13th - First Day of Hanukkah
- Dec 24th - Christmas Eve
- Dec 25th - Christmas
- Dec 26th - First Day of Kwanzaa
- Dec 31st - New Year's Eve

December 2017 (This Year)

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

December 2016 (Last Year)

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

Last Year

- Dec 24th - Christmas Eve
- Dec 25th - Christmas
- Dec 25th - First Day of Hanukkah
- Dec 26th - First Day of Kwanzaa
- Dec 31st - New Year's Eve

| STR# | Name | City, State | Zip | Phone | Rooms | Open Date |
|-------|---|----------------|------------|----------------|-------|-----------|
| 64575 | Microtel Inn & Suites by Wyndham West Fargo | West Fargo, ND | 58078-7851 | (701) 282-2100 | 88 | 201508 |
| 16988 | Red Roof Inn Fargo | Fargo, ND | 58103-7145 | (701) 281-8240 | 61 | 199307 |
| 30066 | Kelly Inn 13th Avenue | Fargo, ND | 58103-3307 | (701) 277-8821 | 59 | 199406 |
| 39508 | Wingate By Wyndham Fargo | Fargo, ND | 58103-7198 | (701) 281-9133 | 83 | 199912 |
| 59500 | La Quinta Inns & Suites Fargo | Fargo, ND | 58104-8792 | (701) 499-2000 | 156 | 200907 |
| 62528 | Sleep Inn & Suites Medical Center Fargo | Fargo, ND | 58104-8751 | (701) 492-6245 | 62 | 201304 |
| | | | | | 509 | |

| 2016 | | | | | | | | | | | | 2017 | | | | | | | | | | | |
|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
| ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |
| ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● | ● |

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

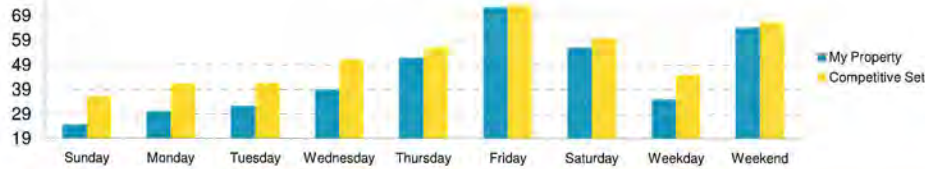
Tab 6 - Day of Week and Weekday/Weekend Report

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 282-2100

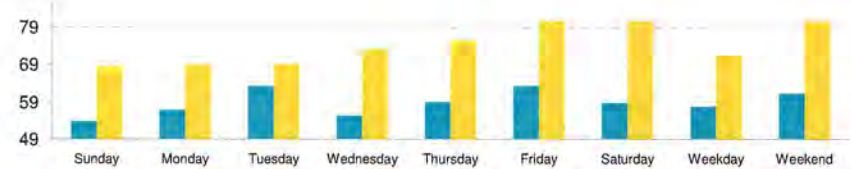
STR # 84575 ChainID: 47681 MgtCo: None Owner: None

For the Month of: December 2017 Date Created: January 18, 2018 Monthly Competitive Set Data Excludes Subject Property

Current Month Occupancy



Current Month ADR



| Day of Week | Time Period | Occupancy (%) | | | | | | Average Daily Rate | | | | | | RevPAR | | | | | |
|-------------------|------------------|---------------|-------|-----------------|-------|-------------|-------|--------------------|-------|-----------------|-------|-------------|-------|-------------|-------|-----------------|-------|-------------|-------|
| | | My Property | | Competitive Set | | Index (MPI) | | My Property | | Competitive Set | | Index (ARI) | | My Property | | Competitive Set | | Index (RGI) | |
| | | Value | % Chg | Value | % Chg | Value | % Chg | Value | % Chg | Value | % Chg | Value | % Chg | Value | % Chg | Value | % Chg | Value | % Chg |
| Sunday | Current Month | 24.4 | -21.3 | 36.2 | 39.7 | 67.5 | -43.6 | 53.75 | -10.8 | 68.56 | -2.6 | 78.4 | -8.4 | 13.14 | -29.8 | 24.84 | 36.0 | 52.9 | -48.4 |
| | Year To Date | 36.5 | 9.0 | 41.5 | 3.0 | 88.0 | 5.8 | 58.46 | -1.5 | 72.29 | -3.8 | 80.9 | 2.4 | 21.33 | 7.4 | 29.98 | -0.9 | 71.1 | 8.4 |
| | Running 3 Month | 25.3 | -36.6 | 40.5 | 20.0 | 62.4 | -47.1 | 56.42 | -5.7 | 69.87 | -3.1 | 80.8 | -2.7 | 14.27 | -40.2 | 28.33 | 16.2 | 50.4 | -48.5 |
| | Running 12 Month | 36.5 | 9.0 | 41.5 | 3.0 | 88.0 | 5.8 | 58.46 | -1.5 | 72.29 | -3.8 | 80.9 | 2.4 | 21.33 | 7.4 | 29.98 | -0.9 | 71.1 | 8.4 |
| Monday | Current Month | 30.0 | -37.2 | 41.4 | -2.8 | 72.5 | -35.4 | 56.76 | 6.5 | 68.98 | -2.9 | 82.3 | 9.7 | 17.03 | -33.2 | 28.55 | -5.6 | 59.6 | -29.2 |
| | Year To Date | 50.4 | 21.5 | 52.7 | -1.6 | 95.8 | 23.5 | 58.42 | 0.5 | 72.93 | -3.5 | 80.1 | 4.2 | 29.47 | 22.1 | 38.41 | -5.0 | 76.7 | 28.6 |
| | Running 3 Month | 35.2 | -30.9 | 49.8 | 3.1 | 70.6 | -33.0 | 56.95 | 3.6 | 70.57 | -3.3 | 80.7 | 7.2 | 20.02 | -28.4 | 35.12 | -0.3 | 57.0 | -28.2 |
| | Running 12 Month | 50.4 | 21.5 | 52.7 | -1.6 | 95.8 | 23.5 | 58.42 | 0.5 | 72.93 | -3.5 | 80.1 | 4.2 | 29.47 | 22.1 | 38.41 | -5.0 | 76.7 | 28.6 |
| Tuesday | Current Month | 32.2 | -45.0 | 41.6 | -11.0 | 77.5 | -38.2 | 63.07 | 8.5 | 69.12 | -2.5 | 91.2 | 11.2 | 20.34 | -40.3 | 28.77 | -13.2 | 70.7 | -31.2 |
| | Year To Date | 54.1 | 15.8 | 57.7 | -4.3 | 93.7 | 20.9 | 58.80 | 1.5 | 73.61 | -2.7 | 79.9 | 4.3 | 31.80 | 17.5 | 42.49 | -6.9 | 74.8 | 26.2 |
| | Running 3 Month | 37.0 | -36.6 | 52.5 | -4.5 | 70.4 | -33.6 | 58.18 | 3.5 | 71.10 | -3.2 | 81.8 | 6.9 | 21.50 | -34.3 | 37.32 | -7.5 | 57.6 | -29.0 |
| | Running 12 Month | 54.1 | 15.8 | 57.7 | -4.3 | 93.7 | 20.9 | 58.80 | 1.5 | 73.61 | -2.7 | 79.9 | 4.3 | 31.80 | 17.5 | 42.49 | -6.9 | 74.8 | 26.2 |
| Wednesday | Current Month | 39.0 | -37.3 | 51.0 | 1.2 | 76.4 | -38.0 | 55.28 | 2.1 | 73.18 | -3.4 | 75.5 | 5.7 | 21.54 | -35.9 | 37.36 | -2.3 | 57.7 | -34.5 |
| | Year To Date | 55.3 | 6.3 | 61.2 | -1.6 | 90.4 | 8.0 | 58.48 | 0.7 | 74.14 | -3.3 | 78.9 | 4.1 | 32.33 | 7.0 | 45.36 | -4.8 | 71.3 | 12.4 |
| | Running 3 Month | 38.9 | -37.4 | 56.1 | 1.3 | 69.3 | -38.2 | 57.80 | -4.1 | 72.40 | -3.4 | 79.8 | 7.7 | 22.47 | -34.8 | 40.63 | -2.1 | 55.3 | -33.4 |
| | Running 12 Month | 55.3 | 6.3 | 61.2 | -1.6 | 90.4 | 8.0 | 58.48 | 0.7 | 74.14 | -3.3 | 78.9 | 4.1 | 32.33 | 7.0 | 45.36 | -4.8 | 71.3 | 12.4 |
| Thursday | Current Month | 51.9 | -13.0 | 56.4 | 0.4 | 92.0 | -13.4 | 58.89 | -8.9 | 75.43 | -1.8 | 78.1 | -7.2 | 30.55 | -20.7 | 42.53 | -1.4 | 71.8 | -19.6 |
| | Year To Date | 61.9 | 8.0 | 64.2 | -1.6 | 96.4 | 9.8 | 62.79 | 1.2 | 76.10 | -4.1 | 82.5 | 5.5 | 38.88 | 9.3 | 48.88 | -5.7 | 79.5 | 15.9 |
| | Running 3 Month | 50.0 | -28.1 | 63.6 | 2.1 | 78.6 | -29.6 | 60.21 | -0.8 | 74.62 | -3.0 | 80.7 | 2.3 | 30.09 | -28.7 | 47.45 | -1.0 | 63.4 | -28.0 |
| | Running 12 Month | 61.9 | 8.0 | 64.2 | -1.6 | 96.4 | 9.8 | 62.79 | 1.2 | 76.10 | -4.1 | 82.5 | 5.5 | 38.88 | 9.3 | 48.88 | -5.7 | 79.5 | 15.9 |
| Friday | Current Month | 72.5 | -4.5 | 73.3 | 7.4 | 98.8 | -11.1 | 63.06 | 7.0 | 80.60 | -2.7 | 78.2 | 9.9 | 45.69 | 2.2 | 59.10 | 4.6 | 77.3 | -2.3 |
| | Year To Date | 83.5 | 7.5 | 81.0 | -0.3 | 103.1 | 7.8 | 68.62 | 1.8 | 87.93 | -2.7 | 78.0 | 4.7 | 57.27 | 9.5 | 71.21 | -3.0 | 80.4 | 12.9 |
| | Running 3 Month | 70.3 | -19.0 | 80.6 | -0.9 | 87.2 | -18.3 | 65.31 | 5.4 | 82.09 | -4.9 | 79.6 | 10.8 | 45.90 | -14.6 | 66.17 | -5.7 | 69.4 | -9.4 |
| | Running 12 Month | 83.5 | 7.5 | 81.0 | -0.3 | 103.1 | 7.8 | 68.62 | 1.8 | 87.93 | -2.7 | 78.0 | 4.7 | 57.27 | 9.5 | 71.21 | -3.0 | 80.4 | 12.9 |
| Saturday | Current Month | 56.1 | -18.4 | 59.8 | -4.4 | 93.8 | -14.6 | 58.65 | 0.4 | 80.59 | -1.8 | 72.8 | 2.2 | 32.89 | -18.0 | 48.16 | -6.1 | 68.3 | -12.7 |
| | Year To Date | 80.9 | 5.6 | 79.0 | -3.2 | 102.3 | 9.1 | 67.74 | 0.6 | 86.95 | -6.5 | 77.9 | 7.5 | 54.78 | 6.2 | 68.73 | -9.5 | 79.7 | 17.3 |
| | Running 3 Month | 60.2 | -28.5 | 72.8 | -4.9 | 82.7 | -24.8 | 63.18 | 1.8 | 81.85 | -6.1 | 77.2 | 8.4 | 38.06 | -27.2 | 59.59 | -10.7 | 63.9 | -18.5 |
| | Running 12 Month | 80.9 | 5.6 | 79.0 | -3.2 | 102.3 | 9.1 | 67.74 | 0.6 | 86.95 | -6.5 | 77.9 | 7.5 | 54.78 | 6.2 | 68.73 | -9.5 | 79.7 | 17.3 |
| Weekday/Weekend | Current Month | 35.0 | -33.0 | 44.9 | -0.1 | 77.9 | -33.0 | 57.85 | -1.3 | 71.38 | -3.1 | 80.8 | 1.9 | 20.17 | -33.9 | 32.05 | -3.2 | 62.9 | -31.7 |
| | Year To Date | 51.6 | 11.6 | 55.4 | -1.6 | 93.1 | 13.5 | 59.56 | 0.6 | 73.97 | -3.5 | 80.5 | 4.2 | 30.73 | 12.3 | 40.98 | -5.1 | 75.0 | 18.3 |
| | Running 3 Month | 37.1 | -33.9 | 52.3 | 2.7 | 70.8 | -35.7 | 58.16 | 1.2 | 71.92 | -3.3 | 80.9 | 4.6 | 21.56 | -33.1 | 37.63 | -0.6 | 57.3 | -32.7 |
| | Running 12 Month | 51.6 | 11.6 | 55.4 | -1.6 | 93.1 | 13.5 | 59.56 | 0.6 | 73.97 | -3.5 | 80.5 | 4.2 | 30.73 | 12.3 | 40.98 | -5.1 | 75.0 | 18.3 |
| Weekend (Fri-Sat) | Current Month | 64.3 | -11.1 | 66.5 | 1.8 | 96.6 | -12.6 | 61.13 | 4.2 | 80.59 | -2.2 | 75.9 | 6.6 | 39.29 | -7.4 | 53.63 | -0.5 | 73.3 | -6.9 |
| | Year To Date | 82.2 | 6.5 | 80.0 | -1.8 | 102.7 | 8.4 | 68.19 | 1.2 | 87.45 | -4.6 | 78.0 | 6.1 | 56.02 | 7.8 | 69.97 | -6.3 | 80.1 | 15.1 |
| | Running 3 Month | 65.3 | -23.6 | 76.7 | -2.7 | 85.1 | -21.5 | 64.33 | 3.7 | 81.98 | -5.5 | 78.5 | 9.8 | 41.98 | -20.8 | 62.88 | -8.1 | 66.8 | -13.8 |
| | Running 12 Month | 82.2 | 6.5 | 80.0 | -1.8 | 102.7 | 8.4 | 68.19 | 1.2 | 87.45 | -4.6 | 78.0 | 6.1 | 56.02 | 7.8 | 69.97 | -6.3 | 80.1 | 15.1 |
| Total | Current Month | 44.4 | -24.3 | 51.9 | 0.7 | 85.6 | -24.8 | 59.28 | 1.3 | 75.19 | -2.7 | 78.8 | 4.1 | 26.34 | -23.3 | 39.01 | -2.0 | 67.5 | -21.7 |
| | Year To Date | 60.3 | 9.3 | 62.4 | -1.8 | 96.6 | 11.4 | 62.91 | 0.6 | 78.89 | -4.1 | 79.7 | 4.9 | 37.93 | 10.0 | 49.24 | -5.8 | 77.0 | 16.8 |
| | Running 3 Month | 45.0 | -30.4 | 59.2 | 0.1 | 76.1 | -30.5 | 60.68 | 2.5 | 75.60 | -4.6 | 80.3 | 7.4 | 27.33 | -28.7 | 44.76 | -4.4 | 61.1 | -25.4 |
| | Running 12 Month | 60.3 | 9.3 | 62.4 | -1.8 | 96.6 | 11.4 | 62.91 | 0.6 | 78.89 | -4.1 | 79.7 | 4.9 | 37.93 | 10.0 | 49.24 | -5.8 | 77.0 | 16.8 |

The STR STAR Report is a publication of STR, Inc. and STR Global, Ltd., and is intended solely for use by paid subscribers. Reproduction or distribution of the STR STAR Report, in whole or part, without written permission is prohibited and subject to legal action. If you have received this report and are NOT a subscriber to the STR STAR Report, please contact us immediately. Source: 2018 STR, Inc. / STR Global, Ltd. trading as "STR".

Tab 7 - Daily Data for the Month

Microtel Inn & Suites by Wyndham West Fargo 705 23rd Ave E West Fargo, ND 58078-7851 Phone: (701) 282-2100
 STR # 64575 ChainID: 47681 MgtCo: None Owner: None
 For the Month of: December 2017 Date Created: January 18, 2018 Daily Competitive Set Data Excludes Subject Property

Daily Indexes for the Month of December



| | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su |
|----------------------|-----------------|------|------|------|------|------|------|------|-------|------|------|------|------|------|------|------|------|------|------|-------|-------|------|------|------|------|------|------|-------|-------|------|------|
| Occupancy (%) | December | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | 92.0 | 88.6 | 20.5 | 35.2 | 31.8 | 33.0 | 35.2 | 65.9 | 61.4 | 29.5 | 33.0 | 29.5 | 42.0 | 44.3 | 84.1 | 55.7 | 21.6 | 33.0 | 39.8 | 37.5 | 35.2 | 35.2 | 27.3 | 19.3 | 20.5 | 29.5 | 45.5 | 95.5 | 89.8 | 51.1 | 33.0 |
| Competitive Set | 96.9 | 95.7 | 39.2 | 56.5 | 44.9 | 53.9 | 50.1 | 72.7 | 59.9 | 31.4 | 42.8 | 46.8 | 49.6 | 56.1 | 92.2 | 58.9 | 31.8 | 40.6 | 41.6 | 37.1 | 33.7 | 37.1 | 33.5 | 33.3 | 25.9 | 33.5 | 63.9 | 86.0 | 68.4 | 51.3 | 45.8 |
| Index (MPI) | 95.0 | 92.6 | 52.2 | 62.3 | 70.9 | 61.1 | 70.3 | 90.7 | 102.5 | 94.2 | 77.1 | 63.1 | 64.7 | 79.1 | 91.2 | 94.5 | 67.8 | 81.1 | 95.7 | 101.2 | 104.4 | 95.1 | 81.4 | 58.1 | 79.0 | 88.2 | 71.1 | 111.0 | 131.2 | 99.7 | 71.9 |

| | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su |
|-----------------|-------|------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
| % Chg | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | -6.9 | 1.3 | -35.7 | -29.5 | -36.4 | -29.3 | -27.9 | -10.8 | -5.3 | -21.2 | -34.1 | -58.1 | -43.1 | -41.8 | 0.0 | -26.9 | -29.6 | -40.8 | -34.0 | -21.4 | -20.5 | -35.4 | 29.4 | -37.0 | -55.0 | -55.2 | -51.2 | 1.2 | 2.6 | -45.8 | -17.1 |
| Competitive Set | 12.7 | 10.1 | 33.1 | 19.6 | -22.2 | 37.6 | 22.7 | 19.1 | -6.0 | 20.0 | -10.9 | -14.7 | -2.3 | 5.4 | 14.5 | 15.9 | 32.7 | 4.9 | 10.8 | -8.8 | 6.0 | 22.8 | 19.5 | -37.3 | -28.8 | -9.6 | -10.3 | -7.4 | -18.2 | -38.3 | 93.0 |
| Index (MPI) | -17.4 | -8.0 | -51.7 | -41.1 | -18.2 | -46.6 | -41.2 | -25.1 | 0.6 | -34.3 | -26.0 | -50.8 | -41.7 | -44.8 | -12.6 | -36.9 | -47.0 | -43.6 | -40.4 | -13.9 | -25.0 | -47.4 | -40.9 | -54.1 | -36.8 | -50.4 | -45.6 | 9.3 | 25.4 | -12.1 | -57.1 |

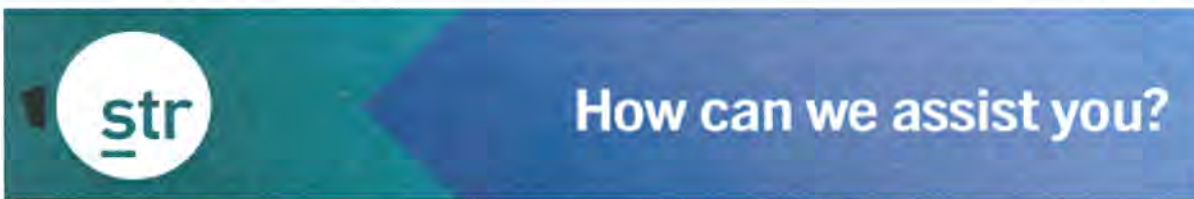
| | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su |
|-----------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| ADR | December | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | 65.98 | 61.62 | 54.28 | 57.10 | 86.21 | 48.79 | 54.26 | 59.26 | 54.70 | 55.35 | 54.93 | 52.04 | 52.87 | 57.26 | 83.62 | 58.29 | 56.32 | 58.48 | 57.83 | 60.45 | 59.42 | 64.10 | 57.08 | 56.18 | 56.44 | 56.35 | 57.90 | 61.21 | 62.01 | 58.58 | 48.97 |
| Competitive Set | 84.66 | 87.45 | 65.54 | 68.63 | 67.87 | 70.25 | 70.23 | 76.53 | 79.64 | 67.27 | 68.40 | 69.25 | 71.52 | 71.41 | 79.72 | 75.66 | 69.23 | 68.76 | 69.21 | 69.40 | 68.48 | 73.32 | 75.24 | 67.53 | 68.69 | 68.99 | 78.11 | 82.91 | 80.25 | 75.96 | 71.08 |
| Index (ARI) | 77.9 | 70.5 | 82.8 | 83.0 | 127.0 | 69.5 | 77.3 | 75.5 | 68.7 | 82.3 | 80.3 | 75.1 | 74.1 | 80.2 | 79.8 | 77.0 | 81.3 | 85.1 | 83.6 | 87.1 | 86.8 | 87.4 | 75.9 | 83.2 | 82.2 | 81.7 | 74.1 | 73.8 | 77.3 | 78.4 | 68.9 |

| | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su |
|-----------------|------|------|------|------|------|-------|------|------|-----|------|------|------|------|-------|------|------|-------|------|------|------|------|------|------|------|-------|------|------|------|------|-------|-------|
| % Chg | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | 10.3 | 3.5 | -2.6 | 18.3 | 26.5 | -11.2 | 3.7 | 4.4 | 5.6 | 0.7 | 1.2 | -6.1 | -5.4 | -16.4 | 18.1 | 12.3 | -23.1 | 23.6 | -5.5 | 31.2 | -4.0 | 24.8 | 16.4 | -0.3 | -10.6 | 15.4 | 5.1 | -3.7 | -7.7 | -13.8 | -14.1 |
| Competitive Set | -1.2 | 3.7 | -6.3 | -3.5 | -5.2 | -3.9 | -1.5 | -0.3 | 0.1 | -4.6 | -3.7 | -1.0 | 1.6 | -1.1 | 0.8 | -3.8 | 0.7 | -4.2 | -1.4 | -4.1 | -3.2 | 0.4 | -1.8 | -3.3 | -0.8 | -2.7 | -5.2 | -0.4 | -9.8 | -10.4 | -6.1 |
| Index (ARI) | 11.7 | -0.2 | 6.2 | 22.6 | 33.5 | -7.6 | 5.2 | 4.7 | 5.5 | 5.6 | 5.1 | -5.2 | -6.9 | -15.4 | 17.1 | 16.8 | -23.6 | 29.0 | -4.2 | 36.6 | -0.6 | 24.3 | 18.5 | 3.0 | -9.9 | 18.7 | 10.9 | -3.3 | 2.3 | -3.8 | -8.4 |

| | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su |
|-----------------|-----------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| RevPAR | December | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | 60.73 | 54.61 | 11.10 | 20.11 | 27.43 | 16.06 | 19.11 | 39.06 | 33.57 | 16.35 | 18.10 | 15.38 | 22.27 | 25.38 | 53.50 | 32.45 | 12.16 | 19.27 | 23.00 | 22.67 | 20.93 | 22.58 | 15.57 | 10.85 | 11.55 | 16.85 | 26.32 | 58.43 | 55.67 | 30.47 | 16.14 |
| Competitive Set | 82.05 | 83.71 | 25.69 | 38.91 | 30.47 | 37.88 | 35.20 | 57.08 | 47.67 | 21.09 | 29.24 | 32.40 | 35.50 | 40.03 | 73.47 | 44.57 | 22.04 | 27.93 | 28.77 | 25.72 | 23.10 | 27.17 | 25.20 | 22.46 | 17.78 | 23.11 | 48.91 | 71.29 | 54.50 | 38.97 | 32.58 |
| Index (RGI) | 74.0 | 65.2 | 43.2 | 51.7 | 90.0 | 42.4 | 54.3 | 68.4 | 70.4 | 77.5 | 61.9 | 47.4 | 62.7 | 63.4 | 72.8 | 72.8 | 55.2 | 69.0 | 79.9 | 88.2 | 90.6 | 83.1 | 61.8 | 48.3 | 64.9 | 72.0 | 52.7 | 82.0 | 101.4 | 78.2 | 49.5 |

| | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su | Mo | Tu | We | Th | Fr | Sa | Su |
|-----------------|------|------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|
| % Chg | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| My Property | 2.7 | 4.8 | -37.4 | -18.6 | -19.5 | -37.2 | -25.2 | -6.9 | 0.1 | -20.6 | -33.3 | -60.6 | -46.2 | -51.3 | 18.1 | -17.9 | -45.9 | -26.9 | -37.6 | 3.1 | -23.7 | -19.4 | -17.9 | -37.3 | -59.8 | -48.3 | -48.7 | -2.5 | -5.3 | -53.2 | -28.8 |
| Competitive Set | 11.3 | 14.2 | 22.0 | 15.4 | -26.3 | 32.2 | 20.9 | 18.7 | -5.8 | 14.5 | -14.2 | -15.6 | -0.8 | 4.2 | 15.4 | 11.4 | 33.6 | 9.5 | 9.2 | -12.5 | 2.6 | 23.3 | 17.4 | 32.8 | -29.3 | -12.1 | -15.0 | -7.8 | -26.2 | -44.7 | 81.2 |
| Index (RGI) | -7.7 | -8.2 | -48.7 | -27.8 | 9.2 | -52.5 | -38.2 | -21.5 | 6.3 | -30.7 | -22.3 | -53.4 | -45.7 | -53.3 | 2.3 | -26.3 | -59.5 | -27.2 | -42.9 | 17.8 | -25.6 | -34.7 | -30.0 | -52.7 | -43.1 | -41.1 | -39.7 | 5.7 | 26.3 | -15.5 | -69.7 |

The STR STAR Report is a publication of STR, Inc. and STR Global, Ltd., and is intended solely for use by paid subscribers. Reproduction or distribution of the STR STAR Report, in whole or part, without written permission is prohibited and subject to legal action. If you have received this report and are NOT a subscriber to the STR STAR Report, please contact us immediately. © 2018 STR, Inc. / STR Global, Ltd. trading as "STR".



Glossary:

For all STR definitions, please click here or visit www.str.com/resources/glossary

Frequently Asked Questions (FAQ):

For all STR FAQs, please click here or visit www.str.com/resources/faq

Please visit our website at www.str.com, or if you need additional assistance please reach out to our Customer Support team.

North America:

735 East Main Street, Hendersonville, TN 37075 USA
T : +1 615 824 8664
support@str.com

International:

Blue Fin Building, 110 Southwark Street, London SE1 0TA
T : +44 (0) 207 922 1930
hotelinfo@str.com

Asia Pacific:

Thong Teck Building, 15 Scotts Road #08-12, 228 218 Singapore
T: +64 6800 7850
apinfo@str.com

For the latest in industry news, visit HotelNewsNow.com.

To learn more about the Hotel Data Conference, visit HotelDataConference.com.

Addendum F

TAX STATEMENT



Property Detail Report

| | | |
|----------------------|---|---|
| | 02-4603-00020-000 | Newest Statement (2017 - #170145434) |
| Owner: | GALAWAY PROPERTY GROUP LLC ETAL | Mill Levy Rate: 284.33 |
| Address: | 705 23 AVE E | Consolidated: \$74,040.95 |
| Mail To: | GALAWAY PROPERTY GROUP LLC 515 19TH ST N FARGO ND 58102-4133 | Specials: \$23,535.06 |
| Jurisdiction: | West Fargo City | Drains: \$0.00 |
| Mortgage Company: | | Other: \$0.00 |
| | | Discounts: \$0.00 |
| | | Pen/Int: \$1,816.67 |
| | | 1st Due: \$62,372.21 |
| | | 2nd Due: \$37,020.47 |
| | | Amount Due: \$99,392.68 |
| | | Grand Total Due: \$99,392.68 |

Legal Description

Lot: 2 Block: 1 NORTH POND AT THE PRESERVE 4TH L T 2 BLK 1 **3-18-14 SPL FRM 02-3000-01723-000, 0 2-4602-00010-000 & 02-4602-00020-000 PER PLAT DOC# 1410062

Statement: #170145434 Year: 2017

| | | | |
|-----------------|--------------------|-------------------------------|---------------------|
| Type: | Real Estate | Ag Land: | \$0.00 |
| Mill Levy Rate: | 284.33 | Res Land: | \$0.00 |
| Tax: | \$97,576.01 | Res Building: | \$0.00 |
| Penalty: | \$1,816.67 | Comm Land: | \$965,300.00 |
| Interest: | \$0.00 | Comm Building: | \$4,242,800.00 |
| Discount: | \$0.00 | Total: | \$5,208,100.00 |
| Paid: | \$0.00 | Taxable Value Before Credits: | \$260,405.00 |
| Balance: | \$99,392.68 | Homestead Credits: | \$0.00 |
| | | Veteran Credits: | \$0.00 |
| | | Total Credits: | \$0.00 |
| | | Net Taxable Value: | \$260,405.00 |

| Type | Description | Amount |
|------|---------------------------------------|-------------|
| | Consolidated County | \$12,502.04 |
| | Consolidated State | \$260.41 |
| | Consolidated County Soil Conservation | \$117.18 |

| | |
|---|--------------------|
| Consolidated City of West Fargo | \$19,030.40 |
| Consolidated West Fargo Park District | \$7,296.55 |
| Consolidated West Fargo Public School District #6 | \$33,662.55 |
| Consolidated Southeast Water Resource District | \$1,171.82 |
| Special City of West Fargo Specials | \$23,535.06 |
| Total | \$97,576.01 |

Statement: #160145050 Year: 2016

| | | | |
|-----------------|---------------|-------------------------------|---------------------|
| Type: | Real Estate | Ag Land: | \$0.00 |
| Mill Levy Rate: | 292.71 | Res Land: | \$0.00 |
| Tax: | \$75,650.87 | Res Building: | \$0.00 |
| Penalty: | \$0.00 | Comm Land: | \$334,200.00 |
| Interest: | \$0.00 | Comm Building: | \$3,931,300.00 |
| Discount: | \$2,746.82 | Total: | \$4,265,500.00 |
| Paid: | \$75,650.87 | Taxable Value Before Credits: | \$213,275.00 |
| Balance: | \$0.00 | Homestead Credits: | \$0.00 |
| | | Veteran Credits: | \$0.00 |
| | | Total Credits: | \$0.00 |
| | | Net Taxable Value: | \$213,275.00 |

| Type | Description | Amount |
|--------------|---|--------------------|
| | Consolidated County | \$10,549.61 |
| | Consolidated State | \$187.69 |
| | Consolidated County Soil Conservation | \$73.20 |
| | Consolidated City of West Fargo | \$13,182.79 |
| | Consolidated West Fargo Park District | \$4,913.52 |
| | Consolidated West Fargo Public School District #6 | \$25,016.13 |
| | Consolidated Southeast Water Resource District | \$1,013.49 |
| Special | City of West Fargo Specials | \$20,714.44 |
| Total | | \$75,650.87 |

Statement: #150144481 Year: 2015

| | | | |
|-----------------|---------------|-------------------------------|--------------|
| Type: | Real Estate | Ag Land: | \$0.00 |
| Mill Levy Rate: | 317.79 | Res Land: | \$0.00 |
| Tax: | \$22,931.12 | Res Building: | \$0.00 |
| Penalty: | \$0.00 | Comm Land: | \$334,200.00 |
| Interest: | \$0.00 | Comm Building: | \$221,800.00 |
| Discount: | \$388.72 | Total: | \$556,000.00 |
| Paid: | \$22,931.12 | Taxable Value Before Credits: | \$27,800.00 |
| Balance: | \$0.00 | Homestead Credits: | \$0.00 |

Veteran Credits: \$0.00
 Total Credits: \$0.00
 Net Taxable Value: **\$27,800.00**

| Type | Description | Amount |
|---|---|--------------------|
| Consolidated County | | \$1,495.24 |
| Consolidated State | | \$24.46 |
| Consolidated County Soil Conservation | | \$15.41 |
| Consolidated City of West Fargo | | \$1,959.07 |
| Consolidated West Fargo Park District | | \$727.80 |
| Consolidated West Fargo Public School District #6 | | \$3,417.87 |
| Consolidated Southeast Water Resource District | | \$134.55 |
| Special | City of West Fargo Specials | \$15,156.72 |
| Total | | \$22,931.12 |

Statement: #140143762 Year: 2014

| | | | |
|-----------------|---------------|-------------------------------|--------------------|
| Type: | Real Estate | Ag Land: | \$0.00 |
| Mill Levy Rate: | 332.57 | Res Land: | \$0.00 |
| Tax: | \$18,305.68 | Res Building: | \$0.00 |
| Penalty: | \$0.00 | Comm Land: | \$220,900.00 |
| Interest: | \$0.00 | Comm Building: | \$0.00 |
| Discount: | \$161.62 | Total: | \$220,900.00 |
| Paid: | \$18,144.06 | Taxable Value Before Credits: | \$11,045.00 |
| Balance: | \$0.00 | Homestead Credits: | \$0.00 |
| | | Veteran Credits: | \$0.00 |
| | | Total Credits: | \$0.00 |
| | | Net Taxable Value: | \$11,045.00 |

| Type | Description | Amount |
|---|---|--------------------|
| Consolidated County | | \$646.06 |
| Consolidated State | | \$9.72 |
| Consolidated County Soil Conservation | | \$4.28 |
| Consolidated City of West Fargo | | \$826.65 |
| Consolidated West Fargo Park District | | \$305.29 |
| Consolidated West Fargo Public School District #6 | | \$1,382.13 |
| Consolidated Southeast Water Resource District | | \$58.32 |
| Special | City of West Fargo Specials | \$15,068.81 |
| Drain | Sheyenne-Maple Flood Control Dist. #2 Maintenance | \$4.42 |
| Total | | \$18,305.68 |

Addendum G

**PRÉCIS METRO REPORT - MOODY'S ANALYTICS,
INC.**

ECONOMIC DRIVERS



EMPLOYMENT GROWTH RANK

2016-2018: **122**
2nd quintile
Best=1, Worst=409

2018-2021: **136**
2nd quintile

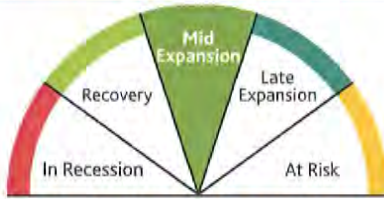
RELATIVE COSTS

LIVING: **101%**
BUSINESS: **87%**
U.S.=100%

VITALITY

RELATIVE: **132%**
RANK: **21**
U.S.=100% Best=1, Worst=402

BUSINESS CYCLE STATUS



ANALYSIS

Recent Performance. The pace of growth in Fargo has picked up in recent months, outperforming the national average for most of 2017. FAR is the only part of North Dakota that is outperforming thanks to the area's more diverse industrial structure, which buffers it from some of the turbulence in energy and agriculture. This is most evident in the labor market; FAR enjoys the lowest unemployment rate of any metro area in North Dakota, which has the lowest unemployment rate nationally. Though a 2.2% jobless rate is an impressive feat, what really sets the area apart is that it has accomplished this even with healthy growth in its labor force. This marks a sharp turnaround for an economy that has long been hampered by an extremely tight labor market. Private services should get much of the credit, but even manufacturing and construction firms have been hiring more lately.

U.S. Bank, and a slew of healthcare companies, will continue to give FAR the leg up.

These advantages are most evident when comparing employment by wage tier. FAR has substantially outperformed historically with regard to midwage hiring, a trend that has only grown more pronounced over the past year. In a region hurting for more midwage jobs, FAR serves as an attractive landing spot for many displaced workers. What is more, graduate retention at North Dakota State University also plays a factor. These dynamics will be a key ingredient toward raising incomes and attracting more workers to the area throughout the forecast. Gains in other key target areas such as quality of life and transportation connections will need to be vital as well.

Competing with energy. These comparisons to the rest of North Dakota will only grow starker as the state becomes more dependent on energy and agriculture. This will not always work to FAR's advantage, however. Gains in the metro area have been so strong over the past two years in large part because of the oil bust. As energy prices and North Dakota oil production creep back up, FAR will again find itself in a tug of war with western North Dakota for workers.

The outlook for Fargo remains cautiously optimistic. The only real speed limit in the forecast is the degree to which the metro area can attract new workers. Lesser risks are present with regard to the agricultural commodity cycle and the strong dollar as well, though these are far less pronounced in FAR than the rest of the state. FAR is situated in a way that will enable it to outperform the rest of North Dakota no matter what happens in commodity markets. How it fares versus the rest of the U.S., however, will rest squarely on its ability to attract and retain talent.

Dan White 1-866-275-3266
October 2017 help@economy.com

STRENGTHS & WEAKNESSES

STRENGTHS

- » Below-average employment volatility.
- » Favorable demographics, including a well-educated workforce.
- » Relatively low business costs and high housing affordability.

WEAKNESSES

- » Structurally low unemployment leaves job gains dependent upon labor force growth.
- » Exposure to volatility in agricultural prices.

FORECAST RISKS

SHORT TERM ↓ LONG TERM ↑

RISK EXPOSURE 2017-2022: **107** 2nd quintile
Highest=1 Lowest=402

UPSIDE

- » Weakness in the oil patch reinvigorates labor force growth.
- » Farm prices return to more profitable levels faster than expected.
- » Population growth is stronger for longer.

DOWNSIDE

- » Less public infrastructure funding is made available to NDSU because of lower oil prices and related tax revenue.

MOODY'S RATING

Aa2 COUNTY AS OF JUN 04, 2010

| 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | INDICATORS | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|-------|-------|-------|-------|-------|-------|----------------------------------|-------|-------|-------|-------|-------|-------|
| 11.3 | 12.4 | 12.6 | 13.4 | 13.7 | 13.4 | Gross metro product (C09\$ bil) | 13.5 | 14.1 | 14.5 | 14.7 | 15.1 | 15.5 |
| 6.8 | 9.6 | 7.5 | 6.3 | 2.2 | -2.1 | % change | 1.3 | 3.8 | 2.9 | 1.3 | 3.0 | 2.9 |
| 123.7 | 129.0 | 132.4 | 136.6 | 138.7 | 140.6 | Total employment (ths) | 143.3 | 146.1 | 147.5 | 147.7 | 148.6 | 149.9 |
| 2.9 | 4.3 | 2.6 | 3.2 | 7.5 | 1.4 | % change | 1.9 | 2.0 | 0.9 | 0.7 | 0.6 | 0.9 |
| 3.9 | 3.5 | 3.1 | 2.7 | 2.5 | 2.6 | Unemployment rate (%) | 2.4 | 2.3 | 2.4 | 2.8 | 2.9 | 2.9 |
| 8.8 | 11.0 | 5.0 | 5.8 | 4.2 | 4.1 | Personal income growth (%) | 3.7 | 3.5 | 3.9 | 3.0 | 3.0 | 3.3 |
| 51.3 | 52.0 | 52.5 | 54.0 | 56.0 | 55.8 | Median household income (\$ ths) | 56.8 | 57.8 | 59.0 | 59.9 | 60.6 | 61.5 |
| 212.9 | 217.3 | 223.8 | 228.4 | 233.6 | 238.1 | Population (ths) | 239.5 | 241.6 | 244.0 | 246.3 | 248.6 | 251.0 |
| 1.7 | 2.1 | 3.0 | 2.0 | 2.3 | 1.9 | % change | 0.6 | 0.9 | 1.0 | 0.9 | 0.9 | 1.0 |
| 1.7 | 2.5 | 4.7 | 2.6 | 3.2 | 2.5 | Net migration (ths) | -0.6 | 0.2 | 0.4 | 0.4 | 0.4 | 0.6 |
| 609 | 1,037 | 1,395 | 1,242 | 1,359 | 1,192 | Single-family permits (#) | 1,474 | 2,284 | 1,913 | 1,531 | 1,338 | 1,278 |
| 927 | 1,174 | 1,698 | 2,524 | 1,360 | 1,287 | Multifamily permits (#) | 1,378 | 1,139 | 727 | 569 | 671 | 708 |
| 177.9 | 181.2 | 191.0 | 205.7 | 219.8 | 234.4 | FHFA house price (1995Q1=100) | 242.5 | 248.2 | 250.7 | 252.6 | 256.4 | 262.4 |

ECONOMIC HEALTH CHECK

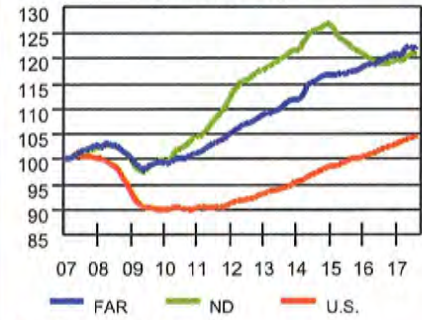
3-MO MA

| | Apr 17 | May 17 | Jun 17 | Jul 17 | Aug 17 | Sep 17 |
|---------------------------------------|---------------------------|------------------------------|------------------------------|--------------------------|--------------------------|--------------------------|
| Employment, change, ths | 0.2 | 0.4 | 0.4 | 0.3 | 0.2 | 0.4 |
| Unemployment rate, % | 2.6 | 2.4 | 2.3 | 2.2 | 2.2 | 2.2 |
| Labor force participation rate, % | 75.1 | 74.9 | 74.6 | 74.5 | 74.6 | 74.8 |
| Employment-to-population ratio, % | 73.2 | 73.1 | 72.9 | 72.8 | 72.9 | 73.1 |
| Average weekly hours, # | 34.5 | 34.7 | 34.8 | 34.7 | 34.4 | 34.1 |
| Industrial production, 2012=100 | 107.3 | 107.8 | 108.2 | 108.4 | 108.2 | ND |
| Residential permits, single-family, # | 824 | 1,180 | 1,351 | 1,191 | 1,088 | 979 |
| Residential permits, multifamily, # | 989 | 1,014 | 1,014 | 905 | 870 | 1,035 |
| | Better than prior 3-mo MA | Unchanged from prior 3-mo MA | Unchanged from prior 3-mo MA | Worse than prior 3-mo MA | Worse than prior 3-mo MA | Worse than prior 3-mo MA |

Sources: BLS, Census Bureau, Moody's Analytics

BUSINESS CYCLE INDEX

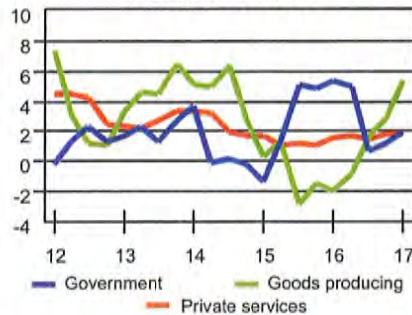
JAN 2007=100



Source: Moody's Analytics

CURRENT EMPLOYMENT TRENDS

% CHANGE YR AGO



Sources: BLS, Moody's Analytics

% CHANGE YR AGO, 3-MO MA

| | Sep 16 | Mar 17 | Sep 17 |
|-----------------------|--------|--------|--------|
| Total | 1.5 | 1.3 | 2.0 |
| Mining | -11.4 | -6.2 | 38.5 |
| Construction | -0.6 | 1.6 | 4.9 |
| Manufacturing | -3.1 | 1.8 | 5.1 |
| Trade | -0.1 | -1.0 | -0.9 |
| Trans/Utilities | 0.5 | 2.4 | 3.3 |
| Information | 5.2 | -0.6 | -5.8 |
| Financial Activities | 2.6 | 2.5 | 3.2 |
| Prof & Business Svcs. | -1.7 | 0.1 | 4.4 |
| Edu & Health Svcs. | 5.9 | 5.3 | 2.2 |
| Leisure & Hospitality | -1.2 | -0.3 | 1.4 |
| Other Services | 5.1 | 2.5 | 1.5 |
| Government | 5.4 | 0.7 | 1.2 |

Sources: BLS, Moody's Analytics

DIFFUSION INDEX

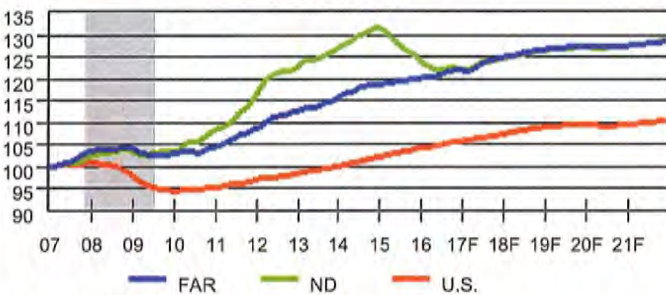
3-DIGIT NAICS LEVEL, 6-MO MA



Sources: BLS, Moody's Analytics

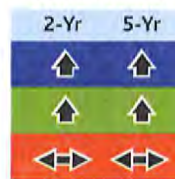
RELATIVE EMPLOYMENT PERFORMANCE

JAN 2007=100



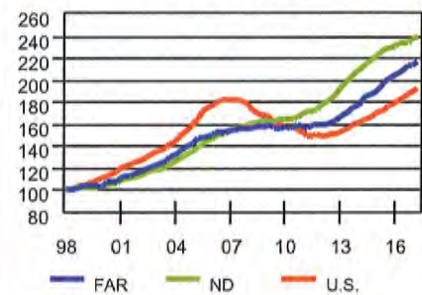
Sources: BLS, Moody's Analytics

FORECAST VS. 6 MO PRIOR



HOUSE PRICE

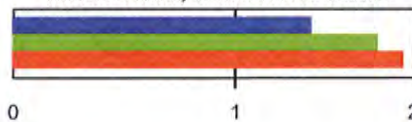
1998Q1=100, NSA



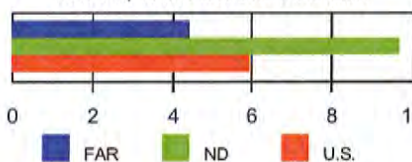
Sources: FHFA, Moody's Analytics

VACANCY RATES

HOMEOWNER, % HOUSES FOR SALE



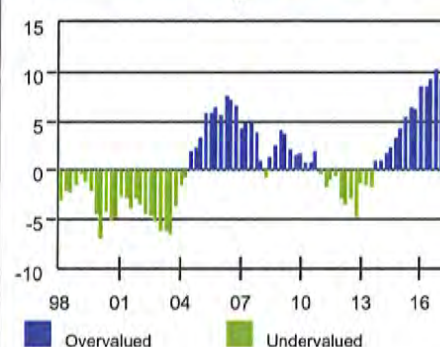
RENTAL, % INVENTORY FOR RENT



Sources: Census Bureau, ACS, Moody's Analytics, 2016

HOUSE PRICE TRENDS

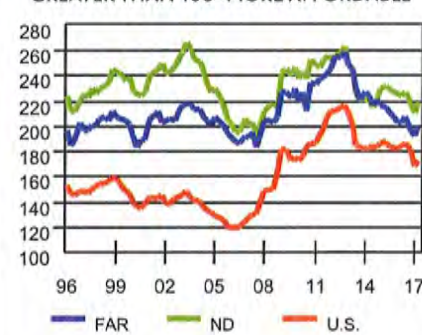
%



Sources: FHFA, Moody's Analytics

HOUSING AFFORDABILITY

GREATER THAN 100=MORE AFFORDABLE



Sources: NAR, Moody's Analytics

EMPLOYMENT AND INDUSTRY

TOP EMPLOYERS

| | |
|--|-------|
| Sanford Health | 7,151 |
| North Dakota State University | 4,315 |
| Essentia Health | 2,540 |
| U.S. Bank Service Center | 1,229 |
| Fargo VA Medical Center | 1,114 |
| Noridian Healthcare Solutions | 1,074 |
| Microsoft Business Solutions | 1,024 |
| Integrity Windows and Doors | 1,000 |
| Blue Cross Blue Shield | 991 |
| Eventide Senior Living Communities | 883 |
| Hornbacher's Foods, Administration | 875 |
| Shooting Star Casino, Hotel and Event Center | 854 |
| Wal-Mart Stores Inc. | 843 |
| Wanzek Construction Inc. | 800 |
| Minnesota State University Moorhead | 724 |
| Discovery Benefits Inc. | 699 |
| John Deere Electronic Solutions | 675 |
| Concordia College | 652 |
| CNH Industrial America, LLC | 600 |
| Bell Bank | 592 |

Source: The Fargo Moorhead West Fargo Chamber of Commerce, October 2017

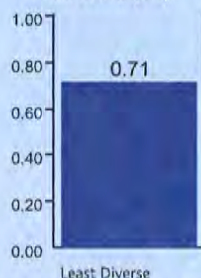
PUBLIC

| | |
|---------|--------|
| Federal | 2,442 |
| State | 5,827 |
| Local | 10,229 |

2016

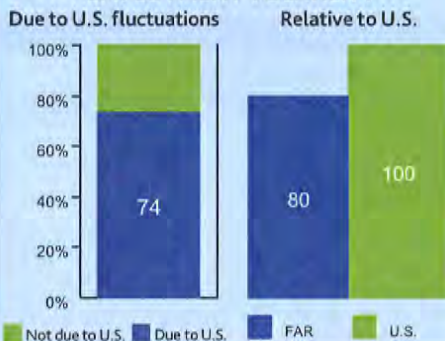
INDUSTRIAL DIVERSITY

Most Diverse (U.S.)



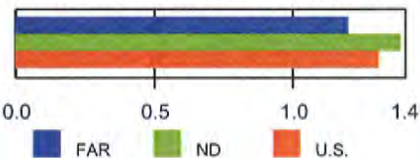
Least Diverse

EMPLOYMENT VOLATILITY



ENTREPRENEURSHIP

EMPLOYMENT IN NEW COMPANIES, % OF TOTAL



Sources: Census Bureau, Moody's Analytics, avg 2010-2014

EXPORTS

| | |
|----------------------------------|--------------|
| Product | \$ mil |
| Food and kindred products | 61.8 |
| Chemicals | ND |
| Primary metal manufacturing | ND |
| Fabricated metal products | ND |
| Machinery, except electrical | 169.7 |
| Computer and electronic products | ND |
| Transportation equipment | 31.1 |
| Miscellaneous manufacturing | ND |
| Other products | ND |
| Total | 474.5 |
| Destination | \$ mil |
| Africa | 15.2 |
| Asia | 58.7 |
| European Union | 73.1 |
| Canada & Mexico | 242.9 |
| South America | 13.1 |
| Rest of world | 71.4 |
| Total | 474.5 |

| | |
|----------------------------|-----|
| % of GDP | 3.1 |
| Rank among all metro areas | 259 |

Sources: BEA, International Trade Administration, Moody's Analytics, 2016

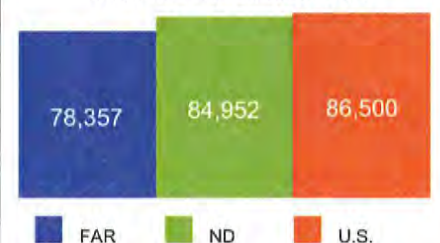
COMPARATIVE EMPLOYMENT AND INCOME

| Sector | % OF TOTAL EMPLOYMENT | | | AVERAGE ANNUAL EARNINGS | | |
|----------------------------|-----------------------|------|------|-------------------------|-----------|-----------|
| | FAR | ND | U.S. | FAR | ND | U.S. |
| Mining | 0.0 | 3.5 | 0.4 | nd | \$103,357 | \$105,247 |
| Construction | 6.6 | 7.4 | 4.7 | \$70,990 | \$78,061 | \$64,491 |
| Manufacturing | 6.9 | 5.6 | 8.6 | \$74,716 | \$65,074 | \$80,641 |
| Durable | 67.2 | 66.1 | 62.5 | nd | \$60,894 | \$82,129 |
| Nondurable | 32.8 | 33.9 | 37.5 | nd | \$73,566 | \$78,132 |
| Transportation/Utilities | 3.9 | 5.2 | 3.8 | \$59,318 | \$85,579 | \$63,272 |
| Wholesale Trade | 6.5 | 5.6 | 4.1 | \$76,132 | \$80,147 | \$82,199 |
| Retail Trade | 11.4 | 11.3 | 11.0 | \$36,993 | \$34,437 | \$34,349 |
| Information | 2.3 | 1.5 | 1.9 | \$82,103 | \$66,822 | \$112,626 |
| Financial Activities | 7.9 | 5.5 | 5.7 | \$46,494 | \$45,177 | \$53,176 |
| Prof. and Bus. Services | 11.2 | 8.0 | 14.0 | \$57,951 | \$57,842 | \$67,695 |
| Educ. and Health Services | 16.4 | 14.3 | 15.7 | nd | \$51,840 | \$53,615 |
| Leisure and Hosp. Services | 9.9 | 9.1 | 10.8 | \$20,117 | \$20,696 | \$27,132 |
| Other Services | 3.9 | 3.7 | 3.9 | \$36,515 | \$37,682 | \$36,277 |
| Government | 13.2 | 19.2 | 15.4 | \$62,732 | \$60,695 | \$76,053 |

Sources: Percent of total employment — BLS, Moody's Analytics, 2016, Average annual earnings — BEA, Moody's Analytics, 2015

PRODUCTIVITY

REAL OUTPUT PER WORKER, \$



Sources: BEA, Moody's Analytics, 2015

BUSINESS COSTS



Source: Moody's Analytics

HIGH-TECH EMPLOYMENT

| | Ths | % of total |
|------|---------|------------|
| FAR | 6.1 | 4.3 |
| U.S. | 6,937.1 | 4.8 |

HOUSING-RELATED EMPLOYMENT

| | Ths | % of total |
|------|----------|------------|
| FAR | 16.9 | 12.0 |
| U.S. | 13,565.7 | 9.4 |

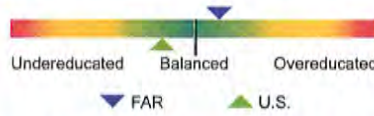
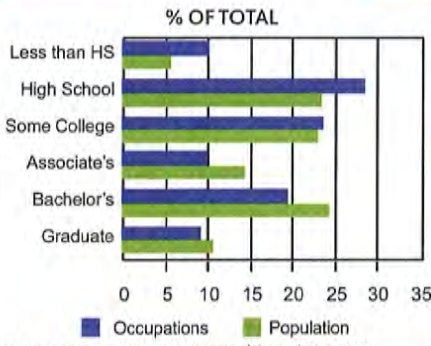
Source: Moody's Analytics, 2016

LEADING INDUSTRIES BY WAGE TIER

| | NAICS Industry | Location Quotient | Employees (ths) |
|------|--|-------------------|-----------------|
| HIGH | 6211 Offices of physicians | 1.8 | 4.4 |
| | 6221 General medical and surgical hospitals | 0.9 | 4.0 |
| | GVF Federal Government | 0.9 | 2.4 |
| MID | 5415 Computer systems design & related svcs. | 1.0 | 1.9 |
| | GVL Local Government | 0.7 | 9.5 |
| | GVS State Government | 1.2 | 5.8 |
| LOW | 5511 Management of companies & enterprises | 1.6 | 3.5 |
| | 2382 Building equipment contractors | 1.6 | 3.1 |
| | 7225 Restaurants and other eating places | 0.9 | 8.5 |
| | 7211 Traveler accommodation | 1.3 | 2.4 |
| | 6231 Nursing care facilities | 1.4 | 2.2 |
| | 4451 Grocery stores | 0.8 | 2.0 |

Source: Moody's Analytics, 2016

SKILLS MISMATCH

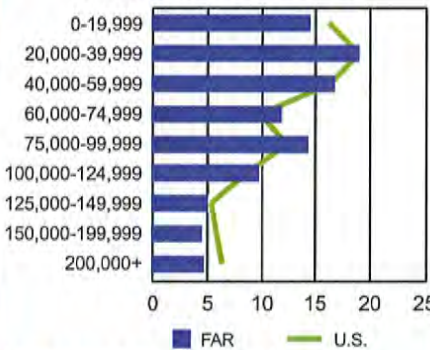


ECONOMIC DISENFRANCHISEMENT

| Index | 2016 | Rank* |
|------------------|-------|-------|
| Gini coefficient | 0.44 | 308 |
| Palma ratio | 2.7 | 357 |
| Poverty rate | 11.9% | 292 |

*Most unequal=1; Most equal=401

HOUSEHOLDS BY INCOME, %



MIGRATION FLOWS

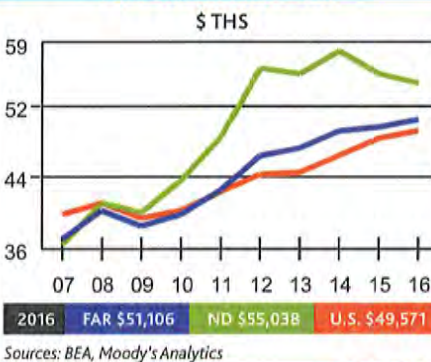
INTO FARGO ND

| City | Number of Migrants |
|---------------------------|--------------------|
| Minneapolis MN | 626 |
| Grand Forks ND | 580 |
| Bismarck ND | 405 |
| Sioux Falls SD | 99 |
| Phoenix AZ | 86 |
| St. Cloud MN | 72 |
| Las Vegas NV | 39 |
| Los Angeles CA | 34 |
| Duluth MN | 29 |
| Total in-migration | 9,975 |

FROM FARGO ND

| City | Number of Migrants |
|----------------------------|--------------------|
| Minneapolis MN | 738 |
| Bismarck ND | 371 |
| Grand Forks ND | 345 |
| Phoenix AZ | 202 |
| Sioux Falls SD | 75 |
| Seattle WA | 62 |
| St. Cloud MN | 60 |
| San Diego CA | 38 |
| Austin TX | 38 |
| Las Vegas NV | 34 |
| Total out-migration | 9,347 |
| Net migration | 628 |

PER CAPITA INCOME



Sources: BEA, Moody's Analytics

COMMUTER FLOWS

RESIDENTS WHO WORK IN FAR



WORKERS WHO LIVE IN FAR



Top Five Outside Sources of Jobs

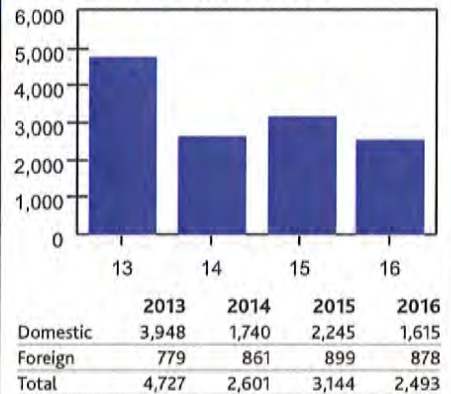
| City | Share |
|----------------|-------|
| Fargo ND | 0.0 |
| Grand Forks ND | 0.5 |
| Minneapolis MN | 0.3 |
| Bismarck ND | 0.1 |
| Sioux Falls SD | 0.0 |
| St. Cloud MN | 0.0 |

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

Top Five Outside Sources of Workers

| City | Share |
|-------------------|-------|
| Fargo ND | 0.0 |
| Minneapolis MN | 0.3 |
| Grand Forks ND | 0.3 |
| St. Cloud MN | 0.1 |
| Port St. Lucie FL | 0.1 |
| Bismarck ND | 0.1 |

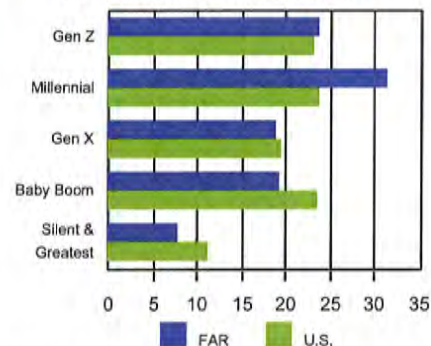
NET MIGRATION, #



Sources: IRS (top), 2014, Census Bureau, Moody's Analytics

GENERATIONAL BREAKDOWN

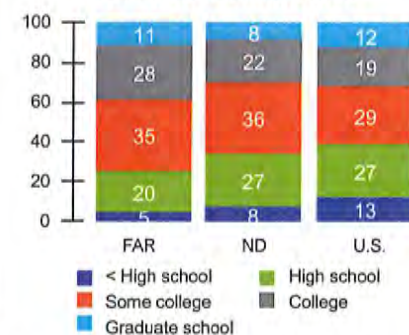
POPULATION BY GENERATION, %



Sources: Census Bureau, Moody's Analytics, 2015

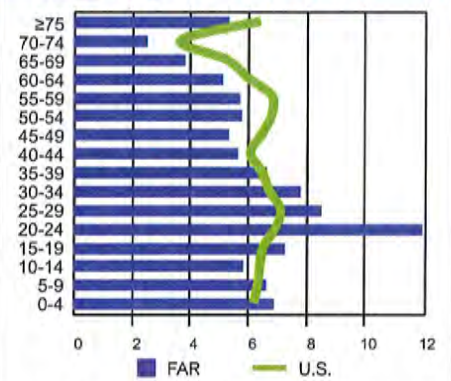
EDUCATIONAL ATTAINMENT

% OF ADULTS 25 AND OLDER

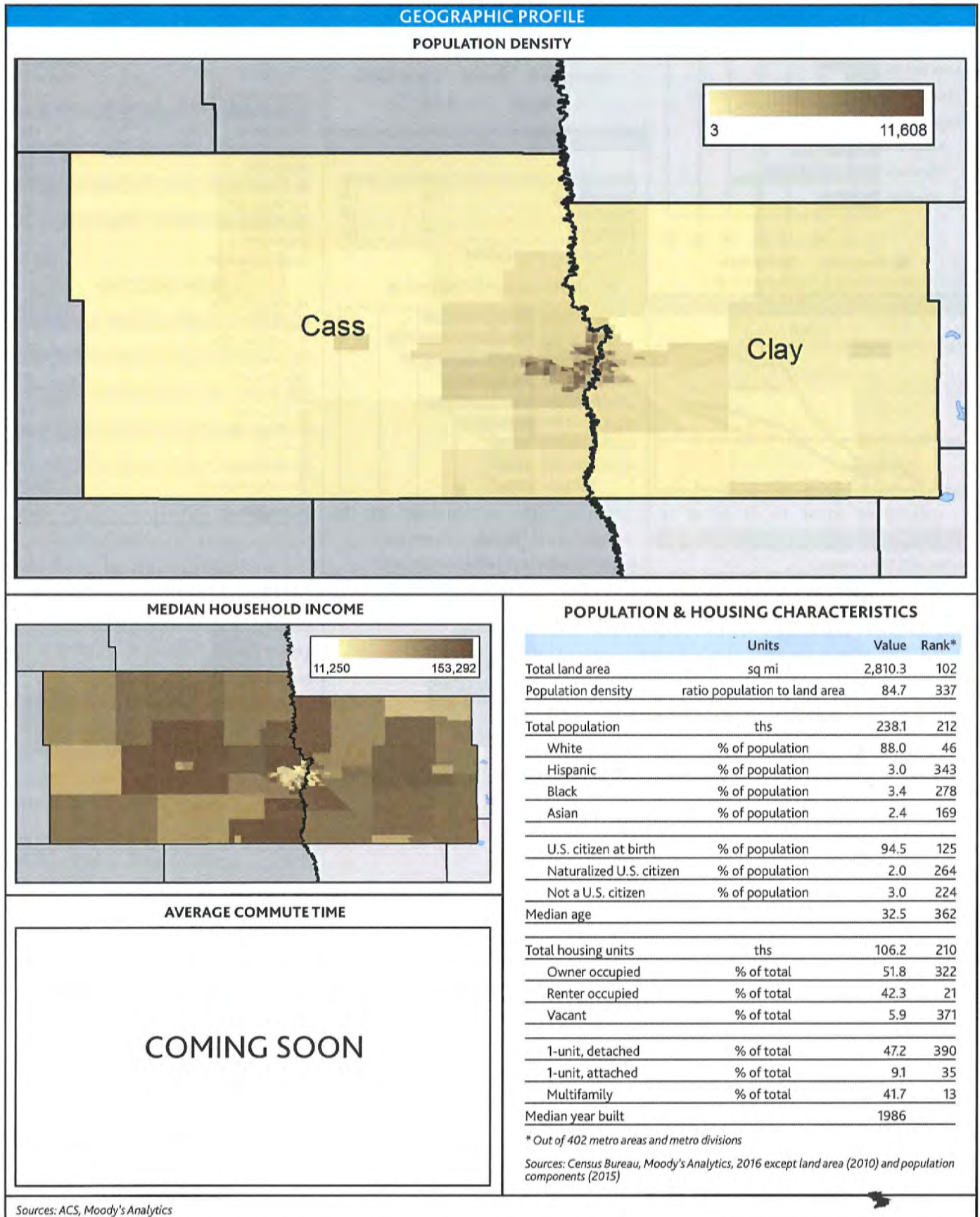


Sources: Census Bureau, ACS, Moody's Analytics, 2016

POPULATION BY AGE, %



Sources: Census Bureau, Moody's Analytics, 2016



About Moody's Analytics

Moody's Analytics helps capital markets and credit risk management professionals worldwide respond to an evolving marketplace with confidence. With its team of economists, the company offers unique tools and best practices for measuring and managing risk through expertise and experience in credit analysis, economic research, and financial risk management. By offering leading-edge software and advisory services, as well as the proprietary credit research produced by Moody's Investors Service, Moody's Analytics integrates and customizes its offerings to address specific business challenges.

Concise and timely economic research by Moody's Analytics supports firms and policymakers in strategic planning, product and sales forecasting, credit risk and sensitivity management, and investment research. Our economic research publications provide in-depth analysis of the global economy, including the U.S. and all of its state and metropolitan areas, all European countries and their subnational areas, Asia, and the Americas. We track and forecast economic growth and cover specialized topics such as labor markets, housing, consumer spending and credit, output and income, mortgage activity, demographics, central bank behavior, and prices. We also provide real-time monitoring of macroeconomic indicators and analysis on timely topics such as monetary policy and sovereign risk. Our clients include multinational corporations, governments at all levels, central banks, financial regulators, retailers, mutual funds, financial institutions, utilities, residential and commercial real estate firms, insurance companies, and professional investors.

Moody's Analytics added the economic forecasting firm Economy.com to its portfolio in 2005. This unit is based in West Chester PA, a suburb of Philadelphia, with offices in London, Prague and Sydney. More information is available at www.economy.com.

Moody's Analytics is a subsidiary of Moody's Corporation (NYSE: MCO). Further information is available at www.moodyanalytics.com.

DISCLAIMER: Moody's Analytics, a unit of Moody's Corporation, provides economic analysis, credit risk data and insight, as well as risk management solutions. Research authored by Moody's Analytics does not reflect the opinions of Moody's Investors Service, the credit rating agency. To avoid confusion, please use the full company name "Moody's Analytics", when citing views from Moody's Analytics.

About Moody's Corporation

Moody's is an essential component of the global capital markets, providing credit ratings, research, tools and analysis that contribute to transparent and integrated financial markets. **Moody's Corporation** (NYSE: MCO) is the parent company of Moody's Investors Service, which provides credit ratings and research covering debt instruments and securities, and **Moody's Analytics**, which encompasses the growing array of Moody's nonratings businesses, including risk management software for financial institutions, quantitative credit analysis tools, economic research and data services, data and analytical tools for the structured finance market, and training and other professional services. The corporation, which reported revenue of \$3.6 billion in 2016, employs approximately 11,500 people worldwide and maintains a presence in 41 countries.

© 2017 Moody's Corporation, Moody's Investors Service, Inc., Moody's Analytics, Inc. and/or their licensors and affiliates (collectively, "MOODY'S"). All rights reserved.

CREDIT RATINGS ISSUED BY MOODY'S INVESTORS SERVICE, INC. AND ITS RATINGS AFFILIATES ("MIS") ARE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES, AND MOODY'S PUBLICATIONS MAY INCLUDE MOODY'S CURRENT OPINIONS OF THE RELATIVE FUTURE CREDIT RISK OF ENTITIES, CREDIT COMMITMENTS, OR DEBT OR DEBT-LIKE SECURITIES. MOODY'S DEFINES CREDIT RISK AS THE RISK THAT AN ENTITY MAY NOT MEET ITS CONTRACTUAL, FINANCIAL OBLIGATIONS AS THEY COME DUE AND ANY ESTIMATED FINANCIAL LOSS IN THE EVENT OF DEFAULT. CREDIT RATINGS DO NOT ADDRESS ANY OTHER RISK, INCLUDING BUT NOT LIMITED TO: LIQUIDITY RISK, MARKET VALUE RISK, OR PRICE VOLATILITY. CREDIT RATINGS AND MOODY'S OPINIONS INCLUDED IN MOODY'S PUBLICATIONS ARE NOT STATEMENTS OF CURRENT OR HISTORICAL FACT. MOODY'S PUBLICATIONS MAY ALSO INCLUDE QUANTITATIVE MODEL-BASED ESTIMATES OF CREDIT RISK AND RELATED OPINIONS OR COMMENTARY PUBLISHED BY MOODY'S ANALYTICS, INC. CREDIT RATINGS AND MOODY'S PUBLICATIONS DO NOT CONSTITUTE OR PROVIDE INVESTMENT OR FINANCIAL ADVICE, AND CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT AND DO NOT PROVIDE RECOMMENDATIONS TO PURCHASE, SELL, OR HOLD PARTICULAR SECURITIES. NEITHER CREDIT RATINGS NOR MOODY'S PUBLICATIONS COMMENT ON THE SUITABILITY OF AN INVESTMENT FOR ANY PARTICULAR INVESTOR. MOODY'S ISSUES ITS CREDIT RATINGS AND PUBLISHES MOODY'S PUBLICATIONS WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL, WITH DUE CARE, MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

MOODY'S CREDIT RATINGS AND MOODY'S PUBLICATIONS ARE NOT INTENDED FOR USE BY RETAIL INVESTORS AND IT WOULD BE RECKLESS AND INAPPROPRIATE FOR RETAIL INVESTORS TO USE MOODY'S CREDIT RATINGS OR MOODY'S PUBLICATIONS WHEN MAKING AN INVESTMENT DECISION. IF IN DOUBT YOU SHOULD CONTACT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.

ALL INFORMATION CONTAINED HEREIN IS PROTECTED BY LAW, INCLUDING BUT NOT LIMITED TO, COPYRIGHT LAW, AND NONE OF SUCH INFORMATION MAY BE COPIED OR OTHERWISE REPRODUCED, REPACKAGED, FURTHER TRANSMITTED, TRANSFERRED, DISSEMINATED, REDISTRIBUTED OR RESOLD, OR STORED FOR SUBSEQUENT USE FOR ANY SUCH PURPOSE, IN WHOLE OR IN PART, IN ANY FORM OR MANNER OR BY ANY MEANS WHATSOEVER, BY ANY PERSON WITHOUT MOODY'S PRIOR WRITTEN CONSENT.

All information contained herein is obtained by MOODY'S from sources believed by it to be accurate and reliable. Because of the possibility of human or mechanical error as well as other factors, however, all information contained herein is provided "AS IS" without warranty of any kind. MOODY'S adopts all necessary measures so that the information it uses in assigning a credit rating is of sufficient quality and from sources MOODY'S considers to be reliable including, when appropriate, independent third-party sources. However, MOODY'S is not an auditor and cannot in every instance independently verify or validate information received in the rating process or in preparing the Moody's publications.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability to any person or entity for any indirect, special, consequential, or incidental losses or damages whatsoever arising from or in connection with the information contained herein or the use of or inability to use any such information, even if MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers is advised in advance of the possibility of such losses or damages, including but not limited to: (a) any loss of present or prospective profits or (b) any loss or damage arising where the relevant financial instrument is not the subject of a particular credit rating assigned by MOODY'S.

To the extent permitted by law, MOODY'S and its directors, officers, employees, agents, representatives, licensors and suppliers disclaim liability for any direct or compensatory losses or damages caused to any person or entity, including but not limited to by any negligence (but excluding fraud, willful misconduct or any other type of liability that, for the avoidance of doubt, by law cannot be excluded) on the part of, or any contingency within or beyond the control of, MOODY'S or any of its directors, officers, employees, agents, representatives, licensors or suppliers, arising from or in connection with the information contained herein or the use of or inability to use any such information.

NO WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY, TIMELINESS, COMPLETENESS, MERCHANTABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE OF ANY SUCH RATING OR OTHER OPINION OR INFORMATION IS GIVEN OR MADE BY MOODY'S IN ANY FORM OR MANNER WHATSOEVER.

Moody's Investors Service, Inc., a wholly-owned credit rating agency subsidiary of Moody's Corporation ("MCO"), hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by Moody's Investors Service, Inc. have, prior to assignment of any rating, agreed to pay to Moody's Investors Service, Inc. for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,500,000. MCO and MIS also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually at www.moody's.com under the heading "Investor Relations — Corporate Governance — Director and Shareholder Affiliation Policy."

Additional terms for Australia only: Any publication into Australia of this document is pursuant to the Australian Financial Services License of MOODY'S affiliate, Moody's Investors Service Pty Limited ABN 61 003 399 657 AFSL 336969 and/or Moody's Analytics Australia Pty Ltd ABN 94 105 136 972 AFSL 383569 (as applicable). This document is intended to be provided only to "wholesale clients" within the meaning of section 761G of the Corporations Act 2001. By continuing to access this document from within Australia, you represent to MOODY'S that you are, or are accessing the document as a representative of, a "wholesale client" and that neither you nor the entity you represent will directly or indirectly disseminate this document or its contents to "retail clients" within the meaning of section 761G of the Corporations Act 2001. MOODY'S credit rating is an opinion as to the creditworthiness of a debt obligation of the issuer, not on the equity securities of the issuer or any form of security that is available to retail investors. It would be reckless and inappropriate for retail investors to use MOODY'S credit ratings or publications when making an investment decision. If in doubt you should contact your financial or other professional adviser.

Additional terms for Japan only: Moody's Japan K.K. ("MJKK") is a wholly-owned credit rating agency subsidiary of Moody's Group Japan G.K., which is wholly-owned by Moody's Overseas Holdings Inc., a wholly-owned subsidiary of MCO. Moody's SF Japan K.K. ("MSFJ") is a wholly-owned credit rating agency subsidiary of MJKK. MSFJ is not a Nationally Recognized Statistical Rating Organization ("NRSRO"). Therefore, credit ratings assigned by MSFJ are Non-NRSRO Credit Ratings. Non-NRSRO Credit Ratings are assigned by an entity that is not a NRSRO and, consequently, the rated obligation will not qualify for certain types of treatment under U.S. laws. MJKK and MSFJ are credit rating agencies registered with the Japan Financial Services Agency and their registration numbers are FSA Commissioner (Ratings) No. 2 and 3 respectively.

MJKK or MSFJ (as applicable) hereby disclose that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MJKK or MSFJ (as applicable) have, prior to assignment of any rating, agreed to pay to MJKK or MSFJ (as applicable) for appraisal and rating services rendered by it fees ranging from JPY200,000 to approximately JPY350,000,000.

MJKK and MSFJ also maintain policies and procedures to address Japanese regulatory requirements.

Addendum H

CLIENT CONTRACT INFORMATION



2700 N. Plaza Dr.
Rapid City, SD 57702
Web: www.pactola.com

February 28, 2018

Justin Reed
CBRE
800 LaSalle Ave, Ste 1900
Minneapolis, MN 55402

RE: West Fargo North Dakota Microtel Inn and Suites

Dear Justin:

This letter is to request the engagement of your services to perform a market value estimated of the property listed below. Our requirements are covered in the second page of this letter. Please contact me directly with any compliance or technical questions. The following information is provided to assist you:

| | |
|------------------------|--|
| Type of Property: | Microtel Inn and Suites |
| Address: | 705 23 rd Ave East, West Fargo, ND 58078 |
| Contact Information: | Heidi Wilcox, First Choice Hospitality 701-277-7375o, 701-238-7057c hwilcox@fchhotels.com |
| Type of Financing: | Conventional |
| Concessions: | None |
| Special Instructions: | Need a market value and also a liquidation value |
| Type of Appraisal: | Appraisal |
| Valuation Basis | Fee Simple |
| Delivery Date: | March 14, 2018 |
| Address the Report to: | Pactola and all loan participants |
| Appraisal Cost: | xxx |

Midwest Business Solutions, LLC d/b/a Pactola would prefer electronic delivery of the completed appraisal in a PDF file format to the email address listed below. For files that are larger, you may send it to <https://www.hightail.com/u/mwbs>

Please attach your billing for services and a copy of this engagement letter to the original copy of the appraisal report and indicate property value to Pactola only.

If you have any delays, problems scheduling the inspection, or difficulty obtaining necessary data from the property owner or principals on the transaction, please feel free to contact me at the phone number or email listed below.

Sincerely,

Philip Love, CEO
Midwest Business Solutions d/b/a Pactola
(605) 223-5154
Phil.love@pactola.com



2700 N. Plaza Dr.
Rapid City, SD 57702
Web: www.pactola.com

Pactola Appraisal Report Requirements

All appraisal reports must be prepared in conformity with Section 1110 of Title XI of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) and subsequent final rules that require federal financial regulatory agencies to prescribe appropriate standards for the performance of real estate appraisals in connection with federally related transactions. Specifically, all appraisals shall be made in accordance to NCUA Regulations Section 722, SPECIFICALLY Section 722.2(f) and 722.4(e). Appraisals should conform with generally accepted appraisal standards as evidenced by the Uniform Standards of Professional Appraisal Practice (USPAP) promulgated by the Appraisal Standards Board of the Appraisal Foundation, 1029 Vermont Ave. NW, Washington, DC 20005. It is possible, based on the size and complexity of the transaction that the CUSO may elect to utilize a third party review of the appraisal. These requirements require the following:

- **Disclosure of Competency.** Disclosure of the appraiser's competency or have any steps taken that were necessary or appropriate to comply with the competency provision.
- **Market Value.** Definition of market value that is consistent with the definition used by the appropriate federal agencies. The definition in the USPAP will be appropriate.
- **Written Appraisal Forms.** Use of a narrative format for the appraisal or a form meeting all requirements of the USPAP such as the FNMA form.
- **Sales History.** Analysis and reporting in reasonable detail of any prior sales of the property being appraised that occurred within the past three years.
- **Revenues, Expenses, and Vacancies.** Analysis and reporting of data on current revenues, expenses and vacancies for the property if it is and will continue to be income producing. Current revenues are based on those revenues currently being earned on competing properties.
- **Marketing Period.** Analysis and reporting of a reasonable marketing period of the subject property, including the assumptions being used.
- **Trend Analysis.** Analysis and reporting on the current market conditions and trends that will affect projection income or the absorption period, to the extent they affect the value of the subject property.
- **Definitions and Discounts.** Analysis and reporting of appropriate deductions and discounts for any proposed construction, and completed properties that are partially leased or leased at other than market rents as of the date of the appraisal, or any tract developments with unsold units. (To conform to the USPAP, appraisals will contain an "as is" market value.)
- **Prohibited Influences.** Inclusion in the certification required by the USPAP of an additional statement that the appraisal assignment be not based on a requested minimum valuation, a specific calculation, or the approval of a loan.
- **Appraisal Report or Restricted Use Appraisal Report.** The first page will determine what type of appraisal is necessary. Sufficient supporting documents with all pertinent information reported so that appraiser's logic, reasoning, judgment, and analysis in arriving at a conclusion to the reader the reasonableness of the market value reported.
- **Legal Description.** Inclusion of a legal description of the real estate being appraised, in addition to the description required by the USPAP.
- **Personal Property, Fixtures, and Intangible Items.** Identification and separate value of any personal property, fixtures, or intangible items that are not real property but are included in the appraisal and discussion of the impact of their inclusion or exclusion on the estimate of market value.
- **Use of Recognized Appraisal Approaches.** Use of a reasonable valuation method that addresses the direct sales comparison, income, and cost approaches to market value, reconciles those approaches, and explains the elimination of each approach not used. If information required or deemed pertinent to the completion of an appraisal is unavailable, that fact should be disclosed and explained in the appraisal.

Addendum I

QUALIFICATIONS

Justin Reed, MAI

Director, Minneapolis, Minnesota

CBRE



M +1 612 336 4315
Justin.reed@cbre.com

800 LaSalle Ave., Suite 1900
Minneapolis, MN 55402

Clients Served

- Commercial Banks
- Credit Unions
- Developers
- Government Authorities
- Investment Funds
- Law firms
- Private Property Owners
- REITs
- Special Servicers

Experience

Justin Reed, MAI is a Director within CBRE's Valuation & Advisory Services Intermountain Region. The geographic focus of this region is Minnesota, North Dakota, South Dakota, Iowa and Nebraska. Mr. Reed has exposure to national real estate trends; client service/consultation is also available throughout the United States.

Mr. Reed has performed valuation and consultation services for all types of commercial real estate, including distressed and special-use properties. His experience includes analyzing development/subsidy programs such as tax-increment financing, LITHC properties, tax-credits/abatements and fractional-interest ownership. He has also completed multiple healthcare and senior-living assignments throughout the Midwest.

Prior to joining CBRE, Mr. Reed earned an MBA from the University of St. Thomas. Mr. Reed also holds a bachelor's degree from the University of Minnesota's College of Architecture and Landscape Architecture. Previous work experience includes four years in architecture, where he worked for a nationally-recognized developer as well as several smaller boutique design firms..

Assignments Completed

| Type | Subtype |
|-------------|---|
| Commercial | Automotive dealerships, convenience stores, car washes, restaurants, general retail stores, shopping centers, truck stop/travel centers, day care centers, general office buildings, medical office buildings, dental clinics, surgical centers, hospitals, financial institutions, churches, light and heavy industrial facilities, truck terminals, mini-warehouse facilities, warehouses, service garages, manufacturing facilities, lumberyards, etc. |
| Residential | Apartment complexes, assisted living centers, manufactured parks, townhome developments, etc. |
| Land | Residential and mixed-use subdivisions, development land, build-ready lots for commercial use; etc. |

Professional Affiliations / Accreditations

- MAI Designated Member of the Appraisal Institute
- Incoming President for 2018- NorthStar Chapter of the Appraisal Institute
- State Certified General Appraiser
 - Licensed in Minnesota, North Dakota, South Dakota, Iowa & Nebraska

Education

- University of St. Thomas, Minneapolis, MN
 - Master of Business Administration with a Concentration in Management & Real Estate
- University of Minnesota-Twin Cities, MN
 - Bachelor in Environmental Design

QUALIFICATIONS

JUSTIN GRANT REED, MAI Director

CBRE, Inc.
Valuation and Advisory Services
800 LaSalle Avenue, Suite 1900, Minneapolis, MN 55402
(612) 336-4315

EDUCATION

Master of Business Administration, Management & Real Estate- University of St. Thomas, Minneapolis, Minnesota
Bachelor of Arts Degree, Environmental Design- University of Minnesota, Twin Cities, Minnesota

LICENSE(S)/CERTIFICATION(S)

Certified General Real Property Appraiser: State of Minnesota (No. 20376754)
Certified General Real Property Appraiser: State of North Dakota (No. CG-2075)
Certified General Real Property Appraiser: State of South Dakota (No. 1282CG)
Certified General Real Property Appraiser: State of Iowa (No. CG 03557)
Certified General Real Property Appraiser: State of Nebraska (No. CG CG2017037R)

APPRAISAL RELATED EDUCATION

Contracts in a Real Estate Lending Context (2017)
National USPAP Update Course (2016)
Appraisal of Assisted Living Facilities (2014)
REOs and Foreclosures (2014)
CCIM Preparing To Negotiate (2013)
Business Practices & Ethics (2013)
Small Hotel/Motel Valuation (2013)
Appraiser Technology (2013)
Introduction to Valuing Commercial Green Buildings (2009)
Introduction to International Valuation Standards (2009)
Analyzing Distressed Commercial Real Estate (2009)
510: Advanced Income Capitalization (2007)
520: Highest & Best Use and Market Analysis (2006)
530: Advanced Sales Comparison and Cost Approaches (2006)
550: Advanced Applications (2006)
540: Report Writing & Valuation Analysis (2005)
Urban Land Economics, Master of Science in Appraisal Dept., University of St. Thomas (2003)

ACTIVITIES & HONORS

-President, North Star Chapter of Appraisal Institute (2018)
-Vice President, North Star Chapter of Appraisal Institute (2017)
-Secretary, Treasurer, North Star Chapter of Appraisal Institute (2016, 2015)
-CBRE University-Advanced Office, Industrial, and Retail Program (2014)
-Board of Directors, North Star Chapter of Appraisal Institute (2009-2012)
-Panel Speaker, Commercial Real Estate Valuation & Appraisal Summit, Minnesota Real Estate Journal (2012)
-Keynote Speaker, Risk Management Association-North Central Chapter (2009)
-Designated Appraisal Institute Member (2008)
-Leadership Development & Advisory Council (LDAC), Appraisal Institute, Washington D.C. (2008,09)
-CBRE Retail, Student Housing, Medical Office Building, International Valuation Group (Membership)

EXPERIENCE

| | |
|--------------|--|
| 2002-Present | CBRE Inc., Minneapolis, Minnesota |
| 2000-2001 | Opus Architects & Engineers, Minnetonka, Minnesota |
| 1998-2000 | Oslund & Associates, Minneapolis, Minnesota |

Appraisal experience has been in the fee preparation of real estate appraisals, tax advisory, consultation and market studies of commercial, industrial, multifamily residential and special use properties. Experience encompasses a wide variety of property types including office, retail, industrial, multifamily, hotel/motel, casinos, resorts, airports, net leased investments, fractional interests, medical office buildings, restaurants, golf courses, senior housing/health care and other special purpose properties located both locally and nationally.

**North Dakota
Real Estate Appraiser
Qualification and Ethics Board**



THIS IS TO CERTIFY THAT

Justin G. Reed

IS FULLY QUALIFIED IN THE STATE OF NORTH DAKOTA AS A:
CERTIFIED GENERAL REAL PROPERTY APPRAISER

PERMIT NO. CG-2705

FROM THE DATE HEREOF UNLESS TERMINATED BY THE APPRAISAL BOARD

IN WITNESS WHEREOF, The Appraisal Board has caused these
presents to be signed and the official seal to be hereunto affixed
this 5th day of June, 20 07



North Dakota Real Estate Appraiser Qualifications and Ethics Board

John L. Campbell

Executive Secretary

Addenda B
West Fargo Documentation



Assessor's Department

800 4th Ave. E, Suite 1
West Fargo, ND 58078
assessor@westfargond.gov

Telephone: 701-433-5340
Fax: 701-433-5319
assessments.westfargond.gov

2/14/2019

West Fargo City Commissioners

RE: 2017 & 2018 Abatement 705 23rd Ave E, West Fargo (02-4603-00020-000)

At the February 18th commission meeting you will be hearing an abatement filed by Microtel. This property is located at 705 23rd Ave E and owned by PDWG Properties I, LLC. PDWG Properties I, LLC is represented by the tax representative firm Ryan, LLC from Denver, CO.

As of Feb. 1 2017 & 2018, the subject property was a 41,079sf limited service hotel built in 2014. This property has been issued no permits since they opened, which is reasonable since the building is so new. This parcel consists of 74,250sf of land, and is located along 23rd Ave E; right behind Costco.

Our valuation model is designed to ensure uniformity of values between all property types. Values determined using this model proceeded through all boards of equalization and were adopted in mid-2017 and mid-2018. Individual challenges of these values are done by abatement for up to one year after the taxes would be delinquent (approx. 2 years after they were initially billed). Any abatement filed must contain enough evidence to prove an assessment is excessive or illegal, or be denied.

The appraisal submitted by the applicant has a valuation conclusion date as of March 16, 2018, which is well after our assessment date of Feb. 1 in 2017 or 2018. However as the appraisal is the only evidence submitted as proof of an unfair assessment, we can still analyze the relevant information it contains. Additionally we have attached our own workup which indicates our value is equitable.

It is our recommendation that no adjustment be made to the value of this property for 2017 or 2018.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick R. Lee".

Nick R. Lee
West Fargo, City Assessor



PIN: 02-4603-00020-000
Address: 705 23rd Ave E
Owner: PDWG Properties I, LLC
SF/ Land: 74,250
Year Built: 2014
SF/ Building: 41,079sf 88 Rooms
A17 Value: \$5,208,100 or \$127/sf (\$59,183/rm)
A18 Value: \$5,161,900 or \$126/sf (\$58,658/rm)

Construction Notes: The Microtel building as of Feb. 1 2017 was a 41,079 wood frame hotel located along 23rd Ave E, behind Costco. It was originally built in 2014 and contains 88 guestrooms with an exercise room and swimming pool. Land was acquired for \$869,491 or \$11.71/sf in 2014, at a time when there was sparse development in the area. A permit for construction was pulled in 2014 in the amount of \$4,200,000. (**Note:** Construction permits do not include paving and other site improvements, paving cost new was calculated at \$157,000 on this property)

Cost Approach Notes: The applicant submitted no cost approach. I believe on a building this new a cost approach is very relevant. With permit costs of \$4,357,000 and land acquisition of \$869,491 the cost at time of construction was at least \$5,226,491. While the hotel market occupancies have dropped 5% since 2015, costs have increased and land prices in this area have been steadily rising.

Comparable Sale Notes: Attached you will find a list of regional comparable property sales submitted by our office. I would like to point out the most relevant. There is a 2017 sale of the Microtel in Minot, ND in a community that is struggling with a severe oversupply of hotels following the slow down of the oil economy. Under those circumstances the Minot Microtel, which is a few years older and on less expensive land, sold for \$53,096 per room. Also there is a sale by the same ownership group as our Microtel that bought the La Quinta Inn in Grand Forks for \$69,909/rm. Finally, we have a sale on the subject property in June of 2018 for \$5,961,038 or \$67,739/rm which was a minority owner purchasing the whole ownership. Our sales comparables indicate we are within the range of sales for a property such as this.

Income Notes: The income approach is the most subjective of the approaches to value and is used to estimate what a property would bring based on its income. The income approach is based on income and expense information submitted by the applicant, which also included income and expense comparable information from unnamed similar hotels and regional reports. In review of the income approach, expenses reported for this property appear to be higher than expected, resulting in lower revenues. There was no explanation offered as to why this occurred.

Final Thoughts: The applicant is asking for a value of \$3,300,000 or \$37,500 per room, which is at the lowest end of anything that has sold in this area (based on the information on the last page). Our valuation model is a sales adjusted cost approach, so we do give strong consideration to the cost and sales. However we also consider the income approach and have done so on this appeal. Since other similar properties have sold in the area, which support our assessment, I believe the income approach alone isn't enough to warrant a reduction in value at this time.

Microtel

North Pond at the Preserve Land Comparison

Subject

| <u>Parcel</u> | <u>Address</u> | <u>Assessed Land \$</u> | <u>Lot Size SF</u> | <u>\$/SF</u> | <u>DBA</u> |
|-------------------|----------------|-------------------------|--------------------|--------------|------------|
| 02-4603-00020-000 | 705 23rd Ave E | \$ 965,300 | 74,250 | \$ 13.00 | Microtel |

Comparable Sales

| <u>Parcel</u> | <u>Address</u> | <u>Sold Date</u> | <u>Sale Price</u> | <u>Lot Size SF</u> | <u>\$/SF</u> | <u>Notes</u> | <u>DBA</u> |
|-------------------|------------------|------------------|-------------------|--------------------|-----------------|---|-----------------|
| 02-4606-00020-000 | 749 23rd Ave E | 7/22/2015 | \$ 786,552 | 44,003 | \$ 17.87 | Two parcel east of subject | Strip Mall |
| 02-4602-00050-000 | 815 23rd Ave E | 8/13/2014 | \$ 2,460,713 | 132,026 | \$ 18.64 | Three Parcels east | Strip Mall |
| 02-4610-00020-000 | 819 24th Ave E | 8/1/2017 | \$ 708,102 | 52,345 | \$ 13.53 | Assumed additional \$2.40/sf in specials after sale | Mackenzie River |
| 02-4608-00090-000 | 2400 Bluestem Dr | 9/30/2016 | \$ 3,026,401 | 324,563 | \$ 9.32 | Large Vacant Lot | |
| | | | Median | | \$ 15.70 | | |
| | | | Average | | \$ 14.84 | | |

Hotel Sales

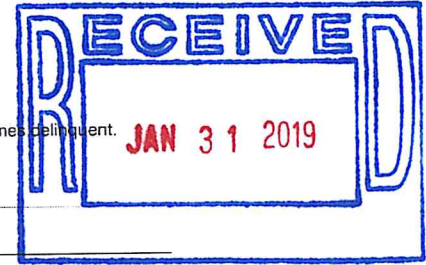
| <u>Subject</u> | <u>Parcel</u> | <u>Address</u> | <u>Lot SF</u> | <u>Bldg SF</u> | <u>Year Blt</u> | <u>Room Count</u> | <u>Assessed Value</u> | <u>\$/Room</u> | <u>DBA</u> |
|----------------|-------------------|----------------|---------------|----------------|-----------------|-------------------|-----------------------|----------------|------------|
| | 02-4603-00020-000 | 705 23rd Ave E | 74,250 | 41,079 | 2014 | 88 | \$ 5,208,100 | \$ 59,183 | Microtel |

Comparable Sales

| <u>Parcel</u> | <u>Address</u> | <u>Lot SF</u> | <u>Bldg SF</u> | <u>Year Blt</u> | <u>Room Count</u> | <u>Sold Date</u> | <u>Sale Price</u> | <u>\$/Room</u> | <u>DBA</u> |
|-------------------|--------------------------|---------------|----------------|-----------------|-------------------|------------------|-------------------|---------------------|-------------------------|
| 02-4603-00020-000 | 705 23rd Ave E | 74,250 | 41,079 | 2014 | 88 | 6/1/2018 | \$ 5,961,038 | \$ 67,739 | Subject |
| 44.2011.002.00 | 4051 Garden View Dr (GF) | 84,609 | 50,347 | 2014 | 83 | 5/24/2018 | \$ 5,802,434 | \$ 69,909 | La Quinta (Grand Forks) |
| MI35.D05.000.0010 | 414 37th Ave SW (Minot) | 95,705 | 41,150 | 2011 | 94 | 5/26/2017 | \$ 4,991,000 | \$ 53,096 | Microtel (Minot) |
| 01-1390-00037-000 | 1423 35th St S (Fargo) | 66,000 | 30,493 | 1992 | 60 | 3/30/2018 | \$ 2,961,500 | \$ 49,358 | AmericInn |
| 01-2580-00110-000 | 3431 14th Ave S (Fargo) | 92,157 | 35,501 | 1992 | 75 | 10/13/2017 | \$ 2,725,300 | \$ 36,337 | Days Inn |
| 01-0525-00031-000 | 4711 19th Ave S (Fargo) | 134,855 | 70,143 | 2013 | 110 | 6/8/2017 | \$ 14,246,900 | \$ 129,517 | Holiday Inn and Suites |
| | | | | | | | Median | \$ 60,417.41 | |
| | | | | | | | Average | \$ 67,659.43 | |

Application For Abatement Or Refund Of Taxes

North Dakota Century Code § 57-23-04



File with the County Auditor on or before November 1 of the year following the year in which the tax becomes delinquent.

State of North Dakota Assessment District
County of Cass Property I.D. No. 02-4603-00020-000
Name PDWG PROPERTIES I, LLC c/o Ryan LLC Telephone No. (720) 524-0022
Address 7979 E. Tufts Avenue, Suite 1500, CO 80237 (attn: Ethan Horn) ethan.horn@ryan.com

Legal description of the property involved in this application:

705 23rd Ave E
LOT 2 BLK 1 NORTH POND AT THE PRESERVE 4TH

Total true and full value of the property described above for the year 2018 is:

Land \$ 965,300
Improvements \$ 4,196,600
Total \$ 5,161,900 (1)

Total true and full value of the property described above for the year 2018 should be:

Land \$ 965,300
Improvements \$ 2,334,700
Total \$ 3,300,000 (2)

The difference of \$ 1,861,900.00 true and full value between (1) and (2) above is due to the following reason(s):

- 1. Agricultural property true and full value exceeds its agricultural value defined in N.D.C.C. § 57-02-27.2
2. Residential or commercial property's true and full value exceeds the market value
3. Error in property description, entering the description, or extending the tax
4. Nonexisting improvement assessed
5. Complainant or property is exempt from taxation. Attach a copy of Application for Property Tax Exemption.
6. Duplicate assessment
7. Property improvement was destroyed or damaged by fire, flood, tornado, or other natural disaster (see N.D.C.C. § 57-23-04(1)(g))
8. Error in noting payment of taxes, taxes erroneously paid
9. Property qualifies for Homestead Credit according to N.D.C.C. § 57-02-08.1. Attach a copy of Homestead Credit Application.
10. Other (explain)

The following facts relate to the market value of the residential or commercial property described above. For agricultural property, go directly to question #5.

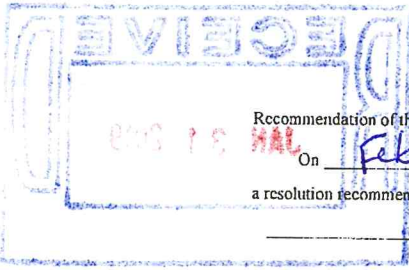
1. Purchase price of property: \$ Date of purchase:
Terms: Cash Contract Trade Other (explain)
Was there personal property involved in the purchase price? Estimated value: \$
2. Has the property been offered for sale on the open market? If yes, how long?
3. The property was independently appraised: Purpose of appraisal:
Market value estimate: \$
Appraisal was made by whom?
4. The applicant's estimate of market value of the property involved in this application is \$ 3,300,000
5. The estimated agricultural productive value of this property is excessive because of the following condition(s):

Applicant asks that The value be reduced to \$3,300,000. The property is valued in excess of fair market value based on the three approaches to value. In addition, the property is valued in excess of other similarly situated properties.

By filing this application, I consent to an inspection of the above-described property by an authorized assessment official for the purpose of making an appraisal of the property. I understand the official will give me reasonable notification of the inspection. See N.D.C.C. § 57-23-05.1.

I declare under the penalties of N.D.C.C. § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this application is, to the best of my knowledge and belief, a true and correct application.

Ethan Horn 1/16/19 Signature of Preparer (if other than applicant) Date Signature of Applicant Date



Recommendation of the Governing Body of the City or Township

Recommendation of the governing board of West Fargo
On Feb 18, 2019, the governing board of this municipality, after examination of this application and the facts, passed a resolution recommending to the Board of County Commissioners that the application be Denied

Dated this 19 day of Feb., 2019. [Signature]
City Auditor or Township Clerk

Action by the Board of County Commissioners

Application was _____ by action of _____ County Board of Commissioners.
Approved/Rejected

Based upon an examination of the facts and the provisions of North Dakota Century Code § 57-23-04, we approve this application. The taxable valuation is reduced from \$ _____ to \$ _____ and the taxes are reduced accordingly. The taxes, if paid, will be refunded to the extent of \$ _____. The Board accepts \$ _____ in full settlement of taxes for the tax year _____.

We reject this application in whole or in part for the following reason(s). Written explanation of the rationale for the decision must be attached.

Dated _____
County Auditor _____ Chairperson

Certification of County Auditor

I certify that the Board of County Commissioners took the action stated above and the records of my office and the office of the County Treasurer show the following facts as to the assessment and the payment of taxes on the property described in this application.

| Year | Taxable Value | Tax | Date Paid (if paid) | Payment Made Under Written Protest? |
|------|---------------|-----|---------------------|-------------------------------------|
| | | | | yes/no |

I further certify that the taxable valuation and the taxes ordered abated or refunded by the Board of County Commissioner are as follows:

| Year | Reduction in Taxable Valuation | Reduction in Taxes |
|------|--------------------------------|--------------------|
| | | |

County Auditor _____ Date _____

Application For Abatement
Or Refund Of Taxes

Name of Applicant PowG Properties LLC

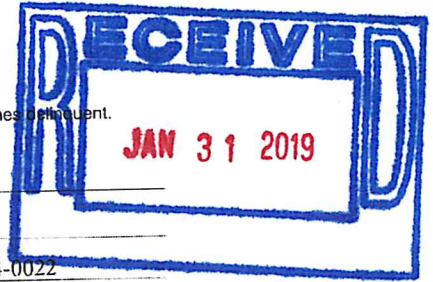
County Auditor's File No. 4485

Date Application Was Filed With The County Auditor 1/29/19

Date County Auditor Mailed Application to Township Clerk or City Auditor 1/29/19
(must be within two business days of filing date)

Application For Abatement Or Refund Of Taxes
North Dakota Century Code § 57-23-04

File with the County Auditor on or before November 1 of the year following the year in which the tax becomes delinquent.



State of North Dakota _____ Assessment District _____
 County of Cass _____ Property I.D. No. 02-4603-00020-000
 Name PDWG PROPERTIES I. LLC c/o Ryan LLC Telephone No. (720) 524-0022
 Address 7979 E. Tufts Avenue, Suite 1500, CO 80237 (attn: Ethan Horn) ethan.horn@ryan.com

Legal description of the property involved in this application: *Denver*
705 23rd Ave E
LOT 2 BLK 1 NORTH POND AT THE PRESERVE 4TH

Total true and full value of the property described above for the year 2017 is:
 Land \$ 965,300
 Improvements \$ 4,242,800
 Total \$ 5,208,100
 (1)

Total true and full value of the property described above for the year 2017 should be:
 Land \$ 965,300
 Improvements \$ 2,334,700
 Total \$ 3,300,000
 (2)

The difference of \$ 1,908,100.00 true and full value between (1) and (2) above is due to the following reason(s):

- 1. Agricultural property true and full value exceeds its agricultural value defined in N.D.C.C. § 57-02-27.2
- 2. Residential or commercial property's true and full value exceeds the market value
- 3. Error in property description, entering the description, or extending the tax
- 4. Nonexisting improvement assessed
- 5. Complainant or property is exempt from taxation. Attach a copy of Application for Property Tax Exemption.
- 6. Duplicate assessment
- 7. Property improvement was destroyed or damaged by fire, flood, tornado, or other natural disaster (see N.D.C.C. § 57-23-04(1)(g))
- 8. Error in noting payment of taxes, taxes erroneously paid
- 9. Property qualifies for Homestead Credit according to N.D.C.C. § 57-02-08.1. Attach a copy of Homestead Credit Application.
- 10. Other (explain) _____

The following facts relate to the market value of the residential or commercial property described above. For agricultural property, go directly to question #5.

1. Purchase price of property: \$ _____ Date of purchase: _____
 Terms: Cash _____ Contract _____ Trade _____ Other (explain) _____
 Was there personal property involved in the purchase price? _____ Estimated value: \$ _____
 yes/no

2. Has the property been offered for sale on the open market? _____ If yes, how long? _____
 yes/no
 Asking price: \$ _____ Terms of sale: _____

3. The property was independently appraised: _____ Purpose of appraisal: _____
 yes/no
 Market value estimate: \$ _____
 Appraisal was made by whom? _____

4. The applicant's estimate of market value of the property involved in this application is \$ 3,300,000

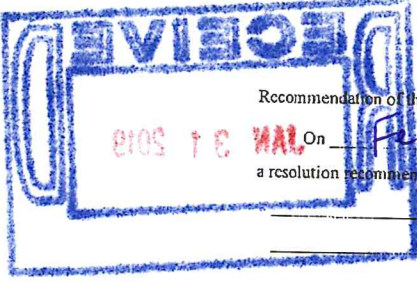
5. The estimated agricultural productive value of this property is excessive because of the following condition(s): _____

Applicant asks that The value be reduced to \$3,300,000. The property is valued in excess of fair market value based on the three approaches to value. In addition, the property is valued in excess of other similarly situated properties.

By filing this application, I consent to an inspection of the above-described property by an authorized assessment official for the purpose of making an appraisal of the property. I understand the official will give me reasonable notification of the inspection. See N.D.C.C. § 57-23-05.1.

I declare under the penalties of N.D.C.C. § 12.1-11-02, which provides for a Class A misdemeanor for making a false statement in a governmental matter, that this application is, to the best of my knowledge and belief, a true and correct application.

Ethan Horn 1/16/19 _____ 1/16/19
 Signature of Preparer (if other than applicant) Date Signature of Applicant Date



Recommendation of the Governing Body of the City or Township

Recommendation of the governing board of West Fargo
On Feb 18, 2019, the governing board of this municipality, after examination of this application and the facts, passed a resolution recommending to the Board of County Commissioners that the application be Denied

Dated this 19 day of Feb, 2019.

[Signature]
City Auditor or Township Clerk

Action by the Board of County Commissioners

Application was _____ by action of _____ County Board of Commissioners.
Approved/Rejected

Based upon an examination of the facts and the provisions of North Dakota Century Code § 57-23-04, we approve this application. The taxable valuation is reduced from \$ _____ to \$ _____ and the taxes are reduced accordingly. The taxes, if paid, will be refunded to the extent of \$ _____. The Board accepts \$ _____ in full settlement of taxes for the tax year _____.

We reject this application in whole or in part for the following reason(s). Written explanation of the rationale for the decision must be attached.

Dated _____

County Auditor _____ Chairperson

Certification of County Auditor

I certify that the Board of County Commissioners took the action stated above and the records of my office and the office of the County Treasurer show the following facts as to the assessment and the payment of taxes on the property described in this application.

| Year | Taxable Value | Tax | Date Paid (if paid) | Payment Made Under Written Protest? |
|------|---------------|-----|---------------------|-------------------------------------|
| | | | | yes/no |

I further certify that the taxable valuation and the taxes ordered abated or refunded by the Board of County Commissioner are as follows:

| Year | Reduction in Taxable Valuation | Reduction in Taxes |
|------|--------------------------------|--------------------|
| | | |

County Auditor _____ Date _____

Application For Abatement
Or Refund Of Taxes

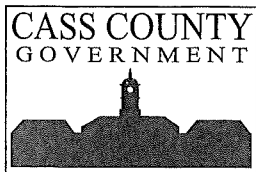
Name of Applicant PDWG Properties LLC

County Auditor's File No. 4484

Date Application Was Filed With The County Auditor 1/29/19

Date County Auditor Mailed Application to Township Clerk or City Auditor 1/29/19

(must be within five business days of filing date)



January 29, 2019

Auditor

Michael Montplaisir, CPA
701-241-5601

Treasurer

Charlotte Sandvik
701-241-5611

City of West Fargo
Tina Fisk, Administrator
800 4th Ave E Ste 1
West Fargo, ND 58078

Dear Ms. Fisk,

Enclosed are the applications for abatement and settlement of taxes submitted by PDWG Properties I LLC.

Please be reminded that Section 57-23-06 of the North Dakota Century Code states the following: "Within ten days after receiving an application for abatement, the city auditor or the township clerk shall give the applicant a notice of a hearing to be held before the governing body of the city or township, or such other committee as it may designate, in which the assessed property is located. Said hearing shall be set for no more than sixty days after the date of the notice of hearing. The applicant may waive, in writing, the hearing before such governing body or designated committee at any time before the hearing".

Please have your city commission make a recommendation on the back of the abatements, sign them, and return them to this office.

Sincerely,

A handwritten signature in cursive script that reads "Michael Montplaisir".

Michael Montplaisir
Cass County Auditor

dkb

Enclosure

Box 2806
211 Ninth Street South
Fargo, North Dakota 58103

Fax 701-241-5728

www.casscountynd.gov

Addenda C

Property Record Card

705 23 AVE E, WEST FARGO

Deed: GALAWAY PROPERTY GROUP LLC ETAL
 Contract:
 CID#: 27992
 DBA: MICROTEL
 MLS: 1410062

Map Area: Comm 7 - Veterans COR
 Route: 000-000-000
 Tax Dist: CITY OF WEST FARGO
 Plat Page:
 Subdiv: 4603: NORTH POND AT THE PRESERVE 4TH
 Checks/Tags:
 Lister/Date: NL, 01/05/2017
 Review/Date: SM, 01/26/2017
 Entry Status:

Urban / Commercial

Legal: LOT 2 BLK 1 NORTH POND AT THE PRESERVE 4TH

Land

| Land Basis | Front | Rear | Side 1 | Side 2 | R. Lot | SF | Acres | Depth/Unit | EFF/Type | Qual./Land | Unit Price | Total | Topo | Econ | Other | \$Adj | Land Total (Rnd nearest \$100) |
|--------------------|-------|------|--------|--------|--------|-----------|-------|------------|----------|--------------|------------|-----------|------|------|-------|-------|-----------------------------------|
| SqFt X Rate | | | | | | 74,250.00 | 1.705 | | | C-VET- 13.00 | \$13.00 | | | | | \$0 | |
| Subtotal | | | | | | 74,250.00 | 1.705 | | | | | \$965,250 | 0% | 0% | 0% | \$0 | \$965,300 |
| Grand Total | | | | | | 74,250.00 | 1.705 | | | | | \$965,250 | | | | | \$965,300 |

Street

Utilities

Zoning

Land Use

| | | | | |
|--------------------|-------|------|---------------------------|------------|
| SqFt X Rate | Paved | City | Light Commercial District | Commercial |
|--------------------|-------|------|---------------------------|------------|

Sales

Building Permits

Values

| Date | \$ Amount | NUTC | Recording | Date | Number | Tag | \$ Amount | Reason | Type | Appraised | B of R | St. Equalized | Pr Yr: 2014 |
|------------|-----------|------|-----------|-----------|------------|-----|-------------|---------------|-------|-------------|--------|---------------|-------------|
| 03/27/2014 | | D099 | 1414193 | 7/28/2014 | BL20140553 | N | \$4,200,000 | Bldg New-Comm | Land | \$965,300 | \$0 | \$0 | \$220,900 |
| | | | | | | | | | Dwlg | | \$0 | \$0 | |
| | | | | | | | | | Impr | \$4,196,600 | \$0 | \$0 | |
| | | | | | | | | | Total | \$5,161,900 | \$0 | \$0 | \$220,900 |

Precomputed Structure

Verticals

Plumbing

| | | | | | | | | | | | | | |
|--------------|---------------|---------------|--|--|--|--|--|--|--|--|--|--|--|
| Occ. Code | 704 | Ftr & Fdtn | | | | | | | | | | | |
| Occ. Descr. | Hotel / Motel | Exterior wall | | | | | | | | | | | |
| Price Code | 704 | Interior wall | | | | | | | | | | | |
| Price Descr. | Hotel / Motel | Pilasters | | | | | | | | | | | |
| Year Built | 2014 | Wall facing | | | | | | | | | | | |
| EFF Age/Yr | 4/ 2014 | Windows | | | | | | | | | | | |
| Depr. Table | 7 | Fronts/Doors | | | | | | | | | | | |

Horizontals

| | | | | | | | | | | | | | |
|-------------|--------------|---------------|--|--|--|--|--|--|--|--|--|--|--|
| Condition | NML | Basement | | | | | | | | | | | |
| Grade Mult. | 1.460 | Roof | | | | | | | | | | | |
| Phy-Depr. | 6 | Ceiling | | | | | | | | | | | |
| Description | HOTEL | Struct. Floor | | | | | | | | | | | |
| Style | Frame - Wood | Floor Cover | | | | | | | | | | | |
| Stories | 4 | Partitions | | | | | | | | | | | |
| Units | 88 | Framing | | | | | | | | | | | |
| Grade | 3 | HVAC | | | | | | | | | | | |
| Base | 9,680 | Lighting | | | | | | | | | | | |
| Basement | 0 | Sprinkler | | | | | | | | | | | |

Adjustments

| | | |
|-----------------------|--------|-----|
| Sprinkler - concealed | 41,079 | AVG |
|-----------------------|--------|-----|

Obsolescence

| | | | | | | |
|-------------|-----------|--------|--|--|--|--|
| Functional: | Economic: | Other: | | | | |
|-------------|-----------|--------|--|--|--|--|

| Bldg / Addn | Description (RCN \$4,017,899) | Units | Price | Base Value | Grade Mult | Year | Phys% | Fobs% | Eobs% | Other% | Depreciated Total (Rnd nearest dollar) | Map | Appraised Value (Rnd nearest \$100) |
|-------------|--|--------|----------|--------------------|------------|------|-------|-------|-------|--------|--|--------------|-------------------------------------|
| 1 of 2 | Bldg O 704 — Hotel / Motel | | | | | | | | | | | | |
| | Pre P 704 — Hotel / Motel | 9,680 | \$71.20 | \$689,216 | | | | | | | | | |
| | Uppers Adjustment | 29,040 | \$63.30 | \$1,838,232 | | | | | | | | | |
| | Adj Sprinkler - concealed wet - AVG | 41,079 | \$2.50 | \$102,698 | | | | | | | | | |
| | Adjustments Sub Total | | | \$102,698 | | | | | | | | | |
| | Building Sub Total | | | \$2,630,146 | 1.460 | 2014 | 6 | 0 | 0 | 0 | \$3,609,612 | 1.000 | \$3,609,600 |
| 1 of 2 | Ex Elevator - Pass. Electric Geared, 125 Ft/Min, 4 Stops, 2,500 Lb Capacity | 1 | \$99,200 | \$99,200.00 | 1.460 | 2014 | 6.00 | 0 | 0 | 0 | \$136,142 | 1.000 | \$136,100 |
| 2 of 2 | Ex Portico 1,132 SF, Portico, Average Pricing | 1 | \$22,640 | \$22,640.00 | 1.460 | 2014 | 6.00 | 0 | 0 | 0 | \$31,071 | 1.000 | \$31,100 |
| | Commercial Building TOTAL Value | | | | | | | | | | | | \$3,776,800 |

| Precomputed Addition | | Verticals | | | | | | Plumbing | | | |
|----------------------|---------------------------------|---------------|-----------|--------|--|--|--|---------------|---|-----|---|
| Occ. Code | 705 | Ftr & Fdtn | | | | | | Hot Tub - Spa | B | Ext | 1 |
| Occ. Descr. | Hotel / Motel Common Facilities | Exterior wall | | | | | | | | | |
| Price Code | 705 | Interior wall | | | | | | | | | |
| Price Descr. | Hotel / Motel Common Facilities | Pilasters | | | | | | | | | |
| Year Built | 2014 | Wall facing | | | | | | | | | |
| EFF Age/Yr | 4/ 2014 | Windows | | | | | | | | | |
| Depr. Table | 7 | Fronts/Doors | | | | | | | | | |
| Condition | NML | Horizontals | | | | | | | | | |
| Grade Mult. | 1.460 | Basement | | | | | | | | | |
| Phy-Depr. | 6 | Roof | | | | | | | | | |
| Description | A1: HOTEL COMMONS | Ceiling | | | | | | | | | |
| Style | Frame - Wood | Struct. Floor | | | | | | | | | |
| Stories | 1 | Floor Cover | | | | | | | | | |
| Grade | 3 | Partitions | | | | | | | | | |
| Base | 2,359 | Framing | | | | | | | | | |
| Basement | 0 | HVAC | | | | | | | | | |
| 1st Flr Inset Adj | 0 | Lighting | | | | | | | | | |
| GBA | 41079 | Sprinkler | | | | | | | | | |
| | | Obsolescence | | | | | | | | | |
| | | | | | | | | | | | |
| | | Functional: | Economic: | Other: | | | | | | | |
| | | | | | | | | | | | |

| Adjustments | | |
|-----------------------|-------|-----|
| Sprinkler - exposed w | 2,359 | AVG |

| Prior Year | Comment | Value Type | Location | Class | Land Value | Dwelling Value | Improvement Value | M & E Value | Total Value |
|------------|---------|------------|----------|-------|------------|----------------|-------------------|-------------|-------------|
| 2014 | | Import | Urban | Comm | \$220,900 | \$0 | \$0 | \$0 | \$220,900 |
| 2015 | | Import | Urban | Comm | \$334,200 | \$0 | \$221,800 | \$0 | \$556,000 |
| 2016 | | BofR | Urban | Comm | \$334,200 | \$0 | \$3,931,300 | \$0 | \$4,265,500 |
| 2017 | | Appr | Urban | Comm | \$965,300 | \$0 | \$4,242,800 | \$0 | \$5,208,100 |
| 2018 | | Appr | Urban | Comm | \$965,300 | \$0 | \$4,196,600 | \$0 | \$5,161,900 |



Notes:

Note Title: ASSESSOR COMMENT

04-15-2014 JUDY ownership split - galaway property group 66.67% and wester edge aviation 33.33% per 3/27/14 deed

2016 VALUE ON MOORHEAD MICROTEL 57K/UNIT

Note Title: SPLIT/COMBINE

TRANS #: 2014-014 - Obsoleted

DESCRIPTION: North Pond at the Preserve 4th

REMARKS: Delete existing parcels and create the new.

TRANS YR: 2014

PCLS INVOLVED: 02-3000-01723-000

TRANS #: 2014-014 - Obsoleted

DESCRIPTION: North Pond at the Preserve 4th

Notes:

REMARKS: Delete existing parcels and create the new.

TRANS YR: 2014

PCLS INVOLVED: 02-4602-00010-000

TRANS #: 2014-014 - Obsoleted

DESCRIPTION: North Pond at the Preserve 4th

REMARKS: Delete existing parcels and create the new.

TRANS YR: 2014

PCLS INVOLVED: 02-4602-00020-000

