



Equalization Department

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Fargo, ND 58103

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Staff Report for Abatement 4516

Tuesday, January 18, 2022

City: Fargo

Appellant: Gurunivas, LLC – Represented by Fredrikson & Byron, P.A.

Location: 1415 35th St S

Parcel Number: 01-1390-00030-000

Issue: Applicant is requesting a reduction in value from \$1,866,600 (\$28,282 per room) to \$640,000 (\$9,697 per room)

Summary

The property, more commonly known as Quality Suites, is a 34,138 square foot motel built in 1988 with 66 rooms. An appraisal was supplied by the appellant and included along with information from all parties.

Analysis

The appraisal supplied by the appellant included a cost, sales, and income analysis of the subject property. For an income analysis to effectively work for mass appraisal purposes, consideration must be given to local market rates (vacancy, room, expenses, etc). I feel the income analysis, which is the core analysis used in this abatement, is property specific and does not reflect how similar properties would produce. The sales analysis provided in the appraisal includes no sales from the local market, which I found questionable, as the Fargo assessment office was able to provide three local sales, two of which are neighboring properties.

An on-site review of the property was completed by the Fargo assessment office on November 11th, 2021, which found water damage and substantial deferred maintenance that was not accounted when the original value was determined. For this reason, the Fargo assessing office is requesting a reduction to \$1,330,000.

Recommendation

I feel the justification for the reduction is warranted based on the conclusions provided by the Fargo assessment office.

Suggested motion

Correct the 2021 value from \$1,866,600 to \$1,330,000 for abatement 4516.

City of Fargo Supporting Information



ASSESSOR'S OFFICE
Fargo City Hall
225 4th Street North
Fargo, ND 58102
Phone: 701.241.1340 | Fax: 701.241.1339
www.FargoND.gov

January 27, 2022

Board of City Commissioners
City Hall
Fargo, ND 58102

Dear Commissioners:

Attached is the *Application for Abatement or Refund of Taxes* prepared by David Tibbals of Fredrikson & Byron, PA. The application is for the Quality Suites hotel, under the ownership of Gurunivas, LLC, located at 1415 35 St S. and is requesting a value reduction for 2021 from \$1,866,600 down to \$640,000.

The appellant presented an appraisal for financing as support for a reduction.

A value reduction is proposed due to water damage and considerable deferred maintenance on the property.

Information regarding our valuation has been included for this property, including a market comparison and equity analysis.

SUGGESTED MOTION:

Approval of abatement and partial value reduction on 1415 35 St S. from \$1,866,600 down to \$1,330,000 for 2021.

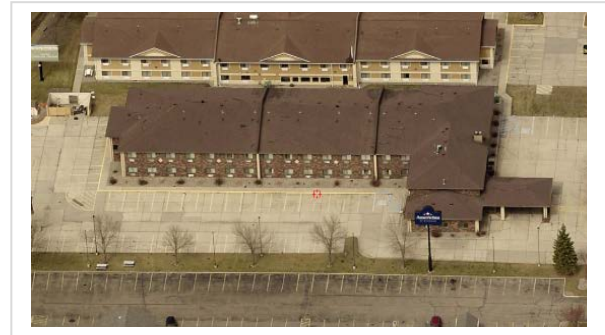
Sincerely,

Michael Splonskowski
Fargo City Assessor

Appeal of Assessment for Year: 2021

Name of Applicant: Gurunivas, LLC
 Representative: David Tibbals & Michael Raum, Fredrikson & Byron, P.A.

Assessed Value(s)	2021	\$ 1,866,600	
Applicants Requested Value(s)	2021	\$ 640,000	-66.0%
Recommended Assessed Value	2021	\$ 1,330,000	-28.8%



General Property Information

Property Type	Motel
Year Built	1988
Building Area	34,138
Room Count	66

Summary

The property appears to have experienced foreclosure in 2020. This property was acquired by American Bank Center, and subsequently by Dineshkumar & Jayesh Patel. Neither sale was arms-length, as the Patel family owned the property prior to the bank sale. Applicant provided an appraisal for financing purposes as support for the reduced value. We are unsure of the requirements set-forth in that appraisal, as it was not for property tax purposes. We also are concerned that comparable sales from the subject market were not prioritized.

The subject was viewed on 11/22/2021. Deferred maintenance was noted throughout, which the 2021 value did not consider. To account for the condition of the property, the value was reduced.

Comparable Sales Summary

Property Name/Type	Address	Sale Date	Contract Price	Adjusted Price	Year Built	Total \$/Room	Total \$ / SF
AmericInn	1423 35 St S	03/30/2018	\$ 2,950,000	\$2,519,000	1992	\$ 41,983	\$ 82.61
Motel 6	1202 36 St S	09/25/2018	\$ 1,325,000	\$ 1,128,650	1974	\$ 11,757	\$ 29.31
Day's Inn	3431 14 Ave S	10/13/2017	\$ 2,715,000	\$ 2,318,050	1992	\$ 30,907	\$ 65.30
Subject	1415 35 St S			\$1,330,000	1988	\$ 20,152	\$ 38.96

Competing Properties (Assessed Values) Summary

To test for uniformity among assessments, we studied the assessed valuations of similar properties. The sample set consists of hotel and motel properties that are 'limited service facilities'. We limited our search to those properties built after 1999. We found 18 such properties within Fargo. We found the 2021 values to reasonably bracket the adjusted value of the subject. We feel the adjusted value of the subject remains equalized and fairly valued relative to its competitors.

	Value Per Room	Value Per SF
<i>Maximum</i>	\$ 39,796	\$ 80.39
<i>3rd Quartile</i>	\$ 29,805	\$ 61.44
<i>Median</i>	\$ 23,707	\$ 52.98
<i>1st Quartile</i>	\$ 18,074	\$ 44.15
<i>Minimum</i>	\$ 15,222	\$ 31.05
Subject	\$ 20,152	\$ 38.96

Recommended Action: Reduce the current value of \$1,866,600 to \$1,330,000 for the 2021 Tax Year.

Appellant Supporting Information

APPRAISAL REPORT

QUALITY SUITES
1415 35th Street S
Fargo, Cass County, North Dakota 58103
CBRE, Inc. File No. 21-414NH-0242-3

Tracy Anderson
VP, Credit Administration
FIRST CITIZENS BANK
2601 4th Street SW
Mason City, Iowa 50401

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

CBRE



VALUATION & ADVISORY SERVICES

www.cbrehotels.com

April 20, 2021

Tracy Anderson
VP, Credit Administration
FIRST CITIZENS BANK
2601 4th Street SW
Mason City, Iowa 50401

RE: Appraisal of Quality Suites
1415 35th Street S
Fargo, Cass County, North Dakota 58103
CBRE, Inc. File No. 21-414NH-0242-3

Dear Ms. Anderson:

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 66-room limited service hotel property located at 1407 35th Street S in Fargo, North Dakota. The improvements were constructed in 1988 and are situated on a 1.69-acre site. The hotel is being operated as a Quality Suites, a Choice brand hotel. As of the inspection date the subject has been shuttered for an unknown period of time. Amenities include an indoor pool and breakfast room. The property is located in the central portion of Fargo, just south of I-94, southwest of I-29 and within close proximity to West Acres. The existing operations are managed by a related-entity; therefore this appraisal assumes the property sells unencumbered with a management contract. The franchise agreement was not provided for this assignment but it is a specific assumption the subject is affiliated with the current brand. The reader is advised to review all extraordinary assumptions and assignment conditions.

As noted within this report, the hospitality sector has been severely disrupted by COVID-19. As such, the subject and subject's submarket are not currently operating at a stabilized level. The As Stabilized date of value is consistent with our forecast of the subject reaching stabilized occupancy, which includes both the stabilization of the subject's submarket from the effects of COVID-19 as well as the subject stabilization.

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	Per Room
As Is	Fee Simple Estate	March 16, 2021	\$850,000	\$12,879
As Stabilized	Fee Simple Estate	March 16, 2024	\$1,330,000	\$20,152

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	\$850,000
Personal Property	\$210,000
Business Enterprise Value	\$0
Real Property Value - As Is	\$640,000
Compiled by CBRE	
AS STABILIZED VALUE ALLOCATION	
Interest Appraised - Allocation	Value Conclusion
Fee Simple Estate	
As Stabilized Value	\$1,330,000
Personal Property	\$10,000
Business Enterprise Value	\$0
Real Property Value - As Stabilized	\$1,320,000
Compiled by CBRE	

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

As of the date of value and the date of this report, the nation, region, and market area are impacted by the COVID-19 pandemic. This could have a prolonged effect on macroeconomic conditions, though at this time the length of duration is unknown. The perceived impact on real estate varies on several factors including asset class, use, tenancy, and location. Our analysis considers available information as of the effective date.

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), and 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. As a condition to being granted the status of an intended user, any intended user who has not entered into a written

agreement with CBRE in connection with its use of our report agrees to be bound by the terms and conditions of the agreement between CBRE and the client who ordered 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).

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 Reed, MAI
Director
Certified General Real Property Appraiser
State of North Dakota License #CG-2705

Phone: 612.336.4315
Fax: 612.336.4235
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 and has completed the continuing education program for Designated Members of the Appraisal Institute.
11. Justin Reed 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 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

Executive Summary

Property Name	Quality Suites	
Location	1415 35th Street S, Fargo, Cass County, North Dakota 58103	
Highest and Best Use	Hold Until Conditions Improve	
As If Vacant	Hotel	
As Improved	Fee Simple Estate	
Property Rights Appraised	April 20, 2021	
Date of Report	March 16, 2021	
Date of Inspection	9 Months	
Estimated Exposure Time	12 Months	
Estimated Marketing Time	1.69 AC	73,482 SF
Land Area		
Improvements		
Property Type	Hotel	(Limited Service Hotel)
Number of Buildings	1	
Number of Stories	2	
Gross Building Area	32,888 SF	
Number of Rooms	66	
Restaurant/Lounge	Breakfast Bar	
Meeting Space	No	
Property Amenities	Pool, whirlpool, continental breakfast, internet	
Year Built	1988	
Condition	Average	
Buyer Profile	Investor-Regional	

Financial Indicators

Current/Trailing 12 Mos. Occupancy	20.1%
Projected Year 1 Occupancy	29.0%
Stabilized Occupancy	40.0%
Estimated Lease-up Period	36 Months
Estimated Stabilization	March-2024
Current/Trailing 12 Mos. Average Daily Rate	\$44.94
Projected Year 1 Average Daily Rate	\$51.55
Stabilized Average Daily Rate	\$62.19

Projected Inflation Rates	ADR	Expenses
Year 1	0.0%	2.5%
Year 2	10.0%	2.5%
Year 3	7.0%	2.5%
Stabilized	2.5%	2.5%
Going-In Capitalization Rate	9.50%	
Discount Rate	12.00%	
Terminal Capitalization Rate	10.00%	

Year 1 Operating Data

	Total	Per Room
Total Revenue	\$364,935	\$5,529.31
Operating Expenses	\$348,082	\$5,273.96
Expense Ratio	95.38%	
Net Operating Income (EBITDA)	\$16,853	\$255.35

Stabilized Operating Data - Year 4

	Total	Per Room
Total Revenue	\$605,867	\$9,179.80
Operating Expenses	\$478,211	\$7,245.62
Expense Ratio	78.93%	
Net Operating Income (EBITDA)	\$127,656	\$1,934.18

VALUATION

		Total	Per Room
Market Value As Is On	March 16, 2021		
Sales Comparison Approach		\$840,000	\$12,727.27
Income Capitalization Approach		\$850,000	\$12,878.79
Market Value As Stabilized On	March 16, 2024		
Sales Comparison Approach		\$1,500,000	\$22,727.27
Income Capitalization Approach		\$1,330,000	\$20,151.52

CONCLUDED MARKET VALUE

Appraisal Premise	Interest Appraised	Date of Value	Value
As Is	Fee Simple Estate	March 16, 2021	\$850,000
As Stabilized	Fee Simple Estate	March 16, 2024	\$1,330,000

Compiled by CBRE

IMPORTANT WARNING – MATERIAL VALUATION UNCERTAINTY FROM NOVEL CORONAVIRUS

The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organization as a “Global Pandemic” on March 11, 2020, is causing heightened uncertainty in both local and global market conditions. Global financial markets have seen steep declines since late February largely on the back of the pandemic over concerns of trade disruptions and falling demand. Many countries globally have implemented strict travel restrictions and a range of quarantine and “social distancing” measures.

Market activity is being impacted in most sectors. As at the valuation date, we consider that we can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that we are faced with an unprecedented set of circumstances on which to base a judgement.

Our valuation is therefore reported on the basis of ‘material valuation uncertainty’. Consequently, less certainty – and a higher degree of caution – should be attached to our valuation than would normally be the case. Values may change more rapidly and significantly than during standard market conditions. Given the unknown future impact that COVID-19 might have on the real estate market, we recommend that you keep the valuation of the Quality Suites under frequent review.

For the avoidance of doubt, the inclusion of the ‘material valuation uncertainty’ declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

EXTRAORDINARY ASSUMPTIONS

An extraordinary assumption is defined as “an assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser’s opinions or conclusions.”¹

- The appraiser assumes ongoing operation and compliance with brand standards;
- The appraiser assumes the property sells unencumbered with a management contract;
- The appraiser asked ownership multiple times for a detailed list of planned capital expenditures and/or further details regarding items required for ongoing brand compliance but was denied any specific information. Ownership stated minor cosmetic items would be addressed in the coming months but would not elaborate any further. Additionally, no property condition report (PCA) or engineering report was provided. Our inspection of the property indicated various items of deferred maintenance including exterior repair, carpet, paint, damages to interior as a result of vandalism, etc.. In speaking with ownership representatives, no large-scale PIP is planned in the near-term however it is the appraiser’s judgement that some near-term capital will be required in order to remain competitive as well

¹ The Appraisal Foundation, *USPAP, 2018-2019*

as comply with brand standards. Based upon the appraiser's review of market PIP costs, deferred maintenance has been estimated. It is an extraordinary assumption this estimate is correct; the reader is advised any adjustment to this figure would result in an adjustment to the conclusions rendered.

- No historical P&L were provided. Therefore, the appraiser has benchmarked all assumptions against the market. The reader is advised that if actual historical operations were provided, the pro forma conclusions could be subject to revision.
- The use of extraordinary assumptions might have affected assignment results.

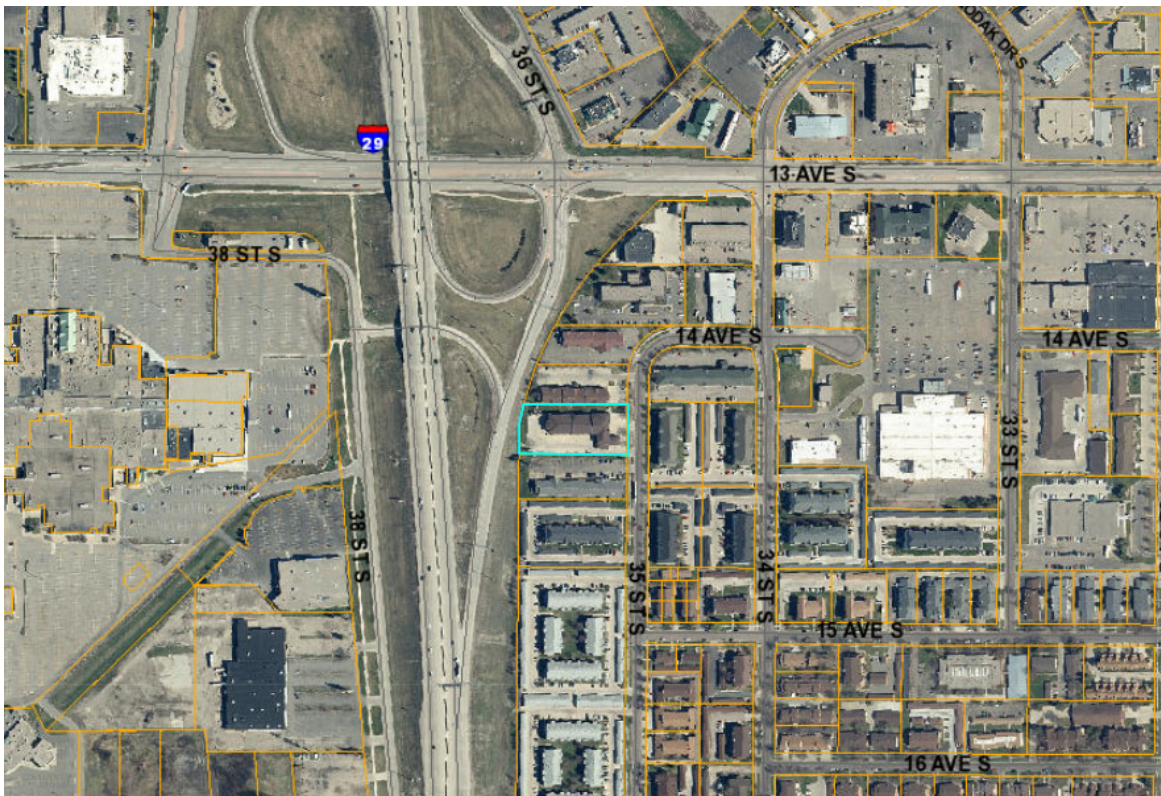
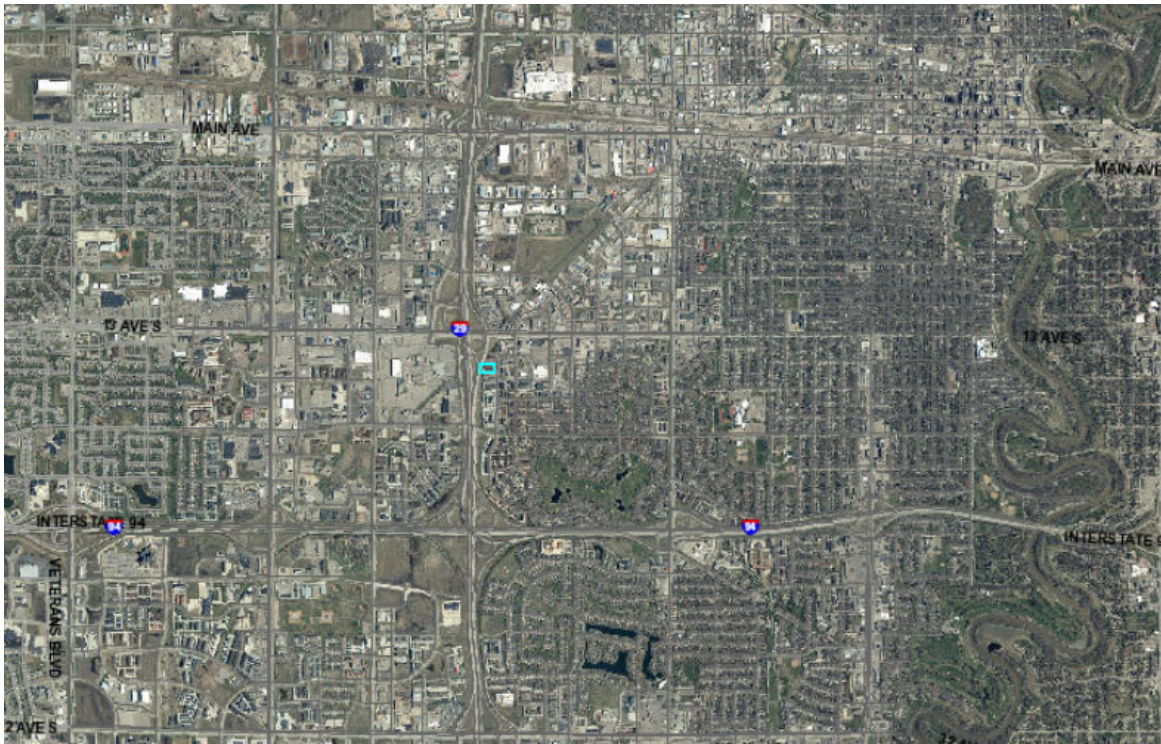
HYPOTHETICAL CONDITIONS

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

² The Appraisal Foundation, *USPAP*, 2018-2019

Subject Photographs



Source: City of Fargo

Aerial View



Photo 1-Streetview



Photo 2-Streetview



Photo 3-Exterior



Photo 4-Lobby



Photo 5-Corridor



Photo 6-Pool



Photo 7- Breakfast Room



Photo 8- Reception Desk



Photo 9- Surface Lot



Photo 10- Guest Unit



Photo 11- Guest Unit



Photo 12- Guest Bathroom

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Introduction

OWNERSHIP AND PROPERTY HISTORY

Title to the property is currently vested in the name of GURUNIVAS LLC according to Cass County.

Title to the property was transferred for a consideration of \$1 on March 16, 2021 in Quit Claim Deed #162717. The selling ownership entity is made up of four private investors/individuals from the Patel Family and this is believed to be a related-party sale.

According to information provided for this assignment, the group acquired the property for \$700,000 through a purchase agreement created November 20th, 2020 which involved a total of four hotels all in Fargo (**Quality Suites @ \$700,000**, Quality Inn @ \$625,000, Econolodge West @ \$400,000 and Super 8 Airport @ \$450,000) totaling \$2,175,000. The portfolio is believed to include 267 rooms, implying a blended \$8,146 per room acquisition price. The seller was American Bank Center who had previously foreclosed on the assets and several of the assets were shuttered for an unknown period of time. The sale was recorded December 15, 2020 (WD# 1616568).

Based upon the analysis contained in this report and given the property was acquired under distressed conditions, the sale reflects below-market pricing.

To the best of our knowledge, there has been no ownership transfer of the property during the previous three years. As of the value date, the property was not being publicly marketed for sale.

INTENDED USE OF REPORT

This appraisal is to be used for finance-underwriting purposes and no other use is permitted.

INTENDED USER OF REPORT

This appraisal is to be used by First Citizens Bank and no other user may rely on our report unless as specifically indicated in the report.

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

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

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;
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

Current appraisal guidelines require an estimate of a reasonable time period in which the subject could be brought to market and sold. This reasonable time frame can either be examined historically or prospectively. In a historical analysis, this is referred to as exposure time. Exposure time always precedes the date of value, with the underlying premise being the time a property would have been on the market prior to the date of value, such that it would sell at its appraised value as of the date of value. On a prospective basis, the term marketing time is most often used. The exposure/marketing time is a function of price, time, and use. It is not an isolated estimate of time alone.

Our valuation is predicated on a buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. The COVID-19 pandemic has resulted in logistical constraints on property transactions such as inability to travel for due diligence/tours and closing of municipal agencies for closing/recording sale transactions. In addition, some buyers and sellers have paused or postponed transacting amid the pandemic. As of the effective date of this appraisal, this has extended the reasonable time period in which the subject could be brought to market and sold. In light of the COVID-19 pandemic and prevailing market

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

conditions, we would anticipate a longer marketing period relative to the exposure period. The following table presents information derived from various sources and our conclusion

EXPOSURE/MARKETING TIME DATA			
Investment Type	Exposure/Mktg. (Months)		
	Range	Average	
Comparable Sales Data	0.0 - 24.0	15.3	
<i>PwC Limited Service Hotels</i>			
National Data	2.0 - 12.0	6.6	
<i>RERC Hotels</i>			
Local Market Professionals	6.0 - 12.0	9.0	
CBRE Exposure Time Estimate	9 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 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

⁵ *Dictionary of Real Estate Appraisal*, 78.

⁶ *Dictionary of Real Estate Appraisal*, 113.

⁷ *Dictionary of Real Estate Appraisal*, 113.

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.

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

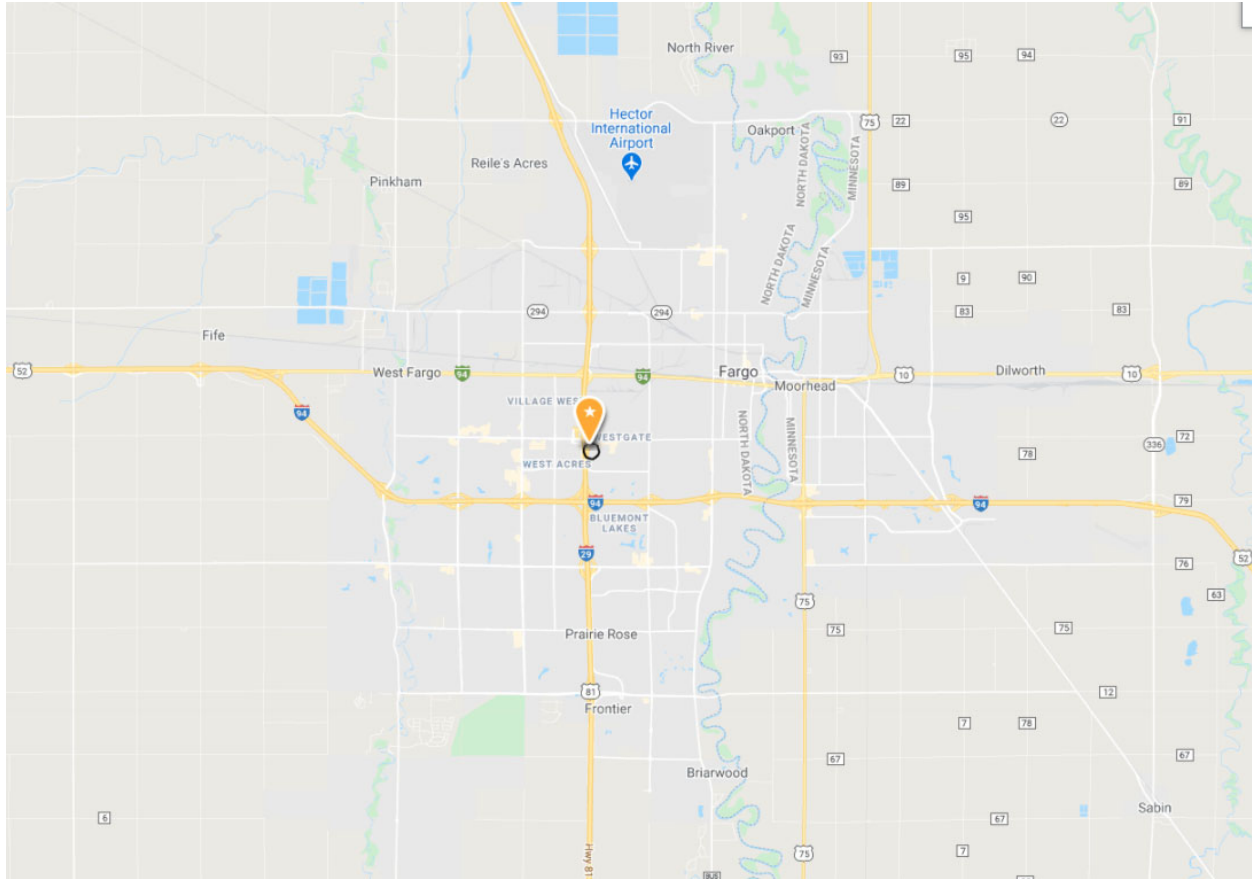
Type and Extent of Analysis Applied

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 Fargo
Improved Data	
Building Area	City of Fargo
No. Bldgs.	Inspection
Parking Spaces	Aerial
Year Built/Developed	City of Fargo
Economic Data	
Deferred Maintenance:	Appraiser Estimate (See EA)
Building Costs:	N/A
Income Data:	Market Derived
Expense Data:	Market Derived
Compiled by CBRE	

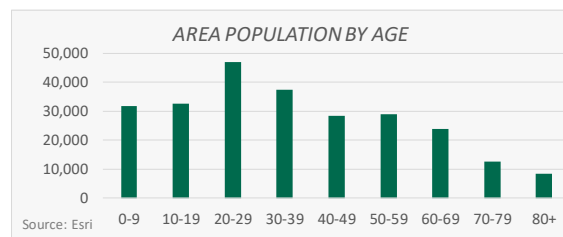
Area Analysis



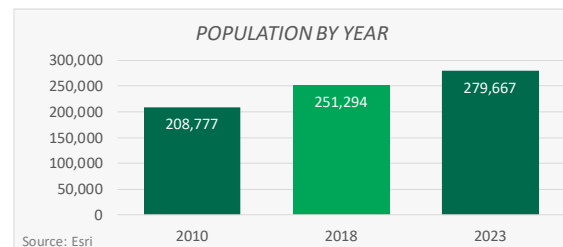
The subject is located in the Fargo, ND-MN Metropolitan Statistical Area. Key information about the area is provided in the following tables.

POPULATION

The area has a population of 251,294 and a median age of 34, with the largest population group in the 20-29 age range and the smallest population in 80+ age range.

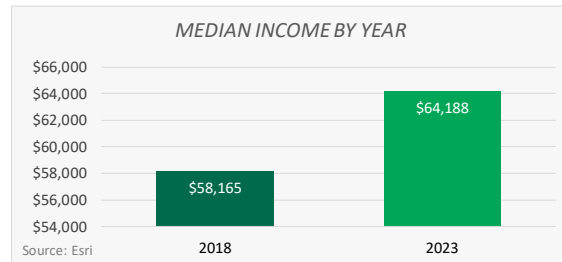


Population has increased by 42,517 since 2010, reflecting an annual increase of 2.3%. Population is projected to increase by an additional 28,373 by 2023, reflecting 2.2% annual population growth.



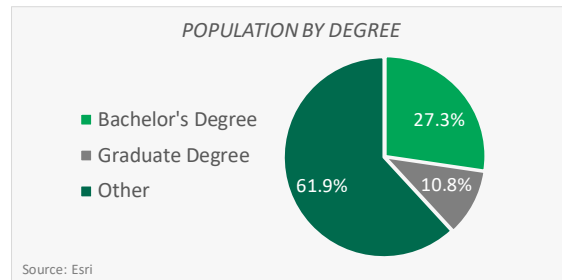
INCOME

The area features an average household income of \$78,431 and a median household income of \$58,165. Over the next five years, median household income is expected to increase by 10.4%, or \$1,205 per annum.

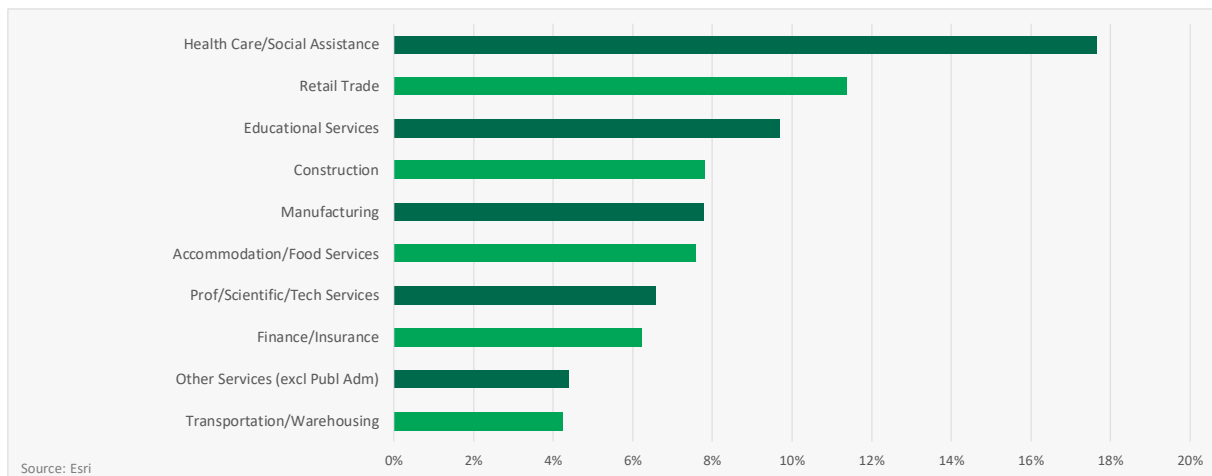


EDUCATION

A total of 38.1% of individuals over the age of 24 have a college degree, with 27.3% holding a bachelor's degree and 10.8% holding a graduate degree.



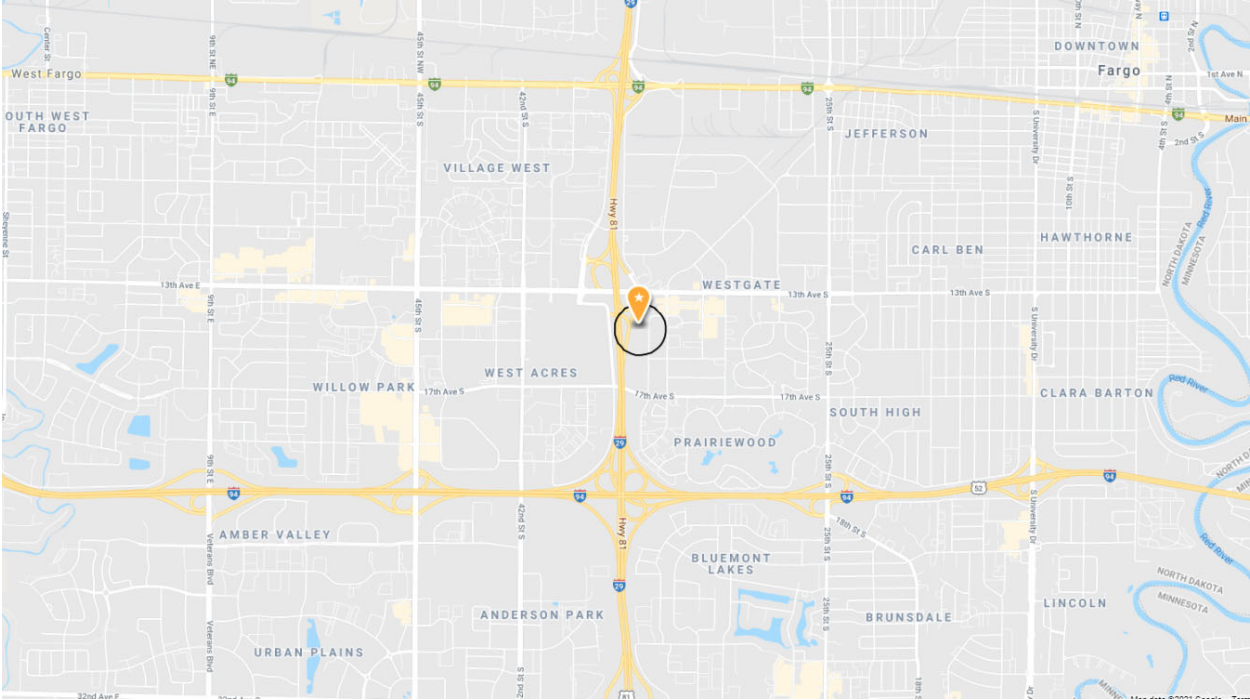
EMPLOYMENT



The area includes a total of 144,313 employees and has a 3.6% unemployment rate. The top three industries within the area are Health Care/Social Assistance, Retail Trade and Educational Services, which represent a combined total of 39% of the population.

In summary, the subject is forecasted to experience an increase in population, an increase in household income, and an increase in household values

Neighborhood Analysis



LOCATION

The neighborhood is located in the southwest side of the City of Fargo, north of Interstate 94 and east of Interstate 29. The City of Fargo is located in eastern Cass County and is adjacent to the City of Moorhead, Minnesota.

General neighborhood characteristics are summarized below.

NEIGHBORHOOD CHARACTERISTICS		
Location:	<i>(urban, suburban, rural)</i>	Suburban
Built-Up:	<i>(>75%, 25-50%, <25%)</i>	Over 75%
Growth Rate / Change:	<i>(rapid, stable, slow)</i>	Stable
Change in Present Land Use:	<i>(not likely, likely*, taking place*)</i>	Not Likely
Neighborhood Boundaries		
North:	Main Avenue	
South:	13th Avenue South	
East:	25th Street	
West:	45th Street	
Source: CBRE		

NEIGHBORHOOD HOUSING TRENDS

The neighborhood housing trends and home prices are summarized as follows:

NEIGHBORHOOD HOUSING TRENDS			
Property Values:	<i>(increasing, stable, declining)</i>		Stable
Demand/Supply:	<i>(shortage, in balance, oversupply)</i>		In Balance
Marketing Time:	<i>(< 3 months, 3-6 months, > 6 months)</i>		3 - 6 Months
	Low	High	Predominant
Price (\$000's):	\$200,000	\$450,000	\$325,000
Age (yrs.):	5	25	15
Source: CBRE			

LAND USE

Land uses within the subject neighborhood consist of mostly commercial, multi-family, and scattered other types of development.

Land uses within the immediate area are predominately commercially oriented. West Acres Regional Indoor Mall is located on the south side of 13th Avenue, roughly two blocks west of Interstate 29 and roughly two blocks south of the subject property.

The local land use patterns are summarized as follows.

NEIGHBORHOOD LAND USE			
Present Land Use %			
Single Unit Residential:	10%	Industrial:	10%
Multi-Housing:	30%	Agricultural:	0%
Commercial:	50%	Other:	0%
Commercial Land Use Patterns			
Primary Commercial Thoroughfares:	13th Avenue E, 25th Street, 45th Street		
Major Commercial Developments:	West Acres Regional Mall		
Source: CBRE			

DEMOGRAPHICS

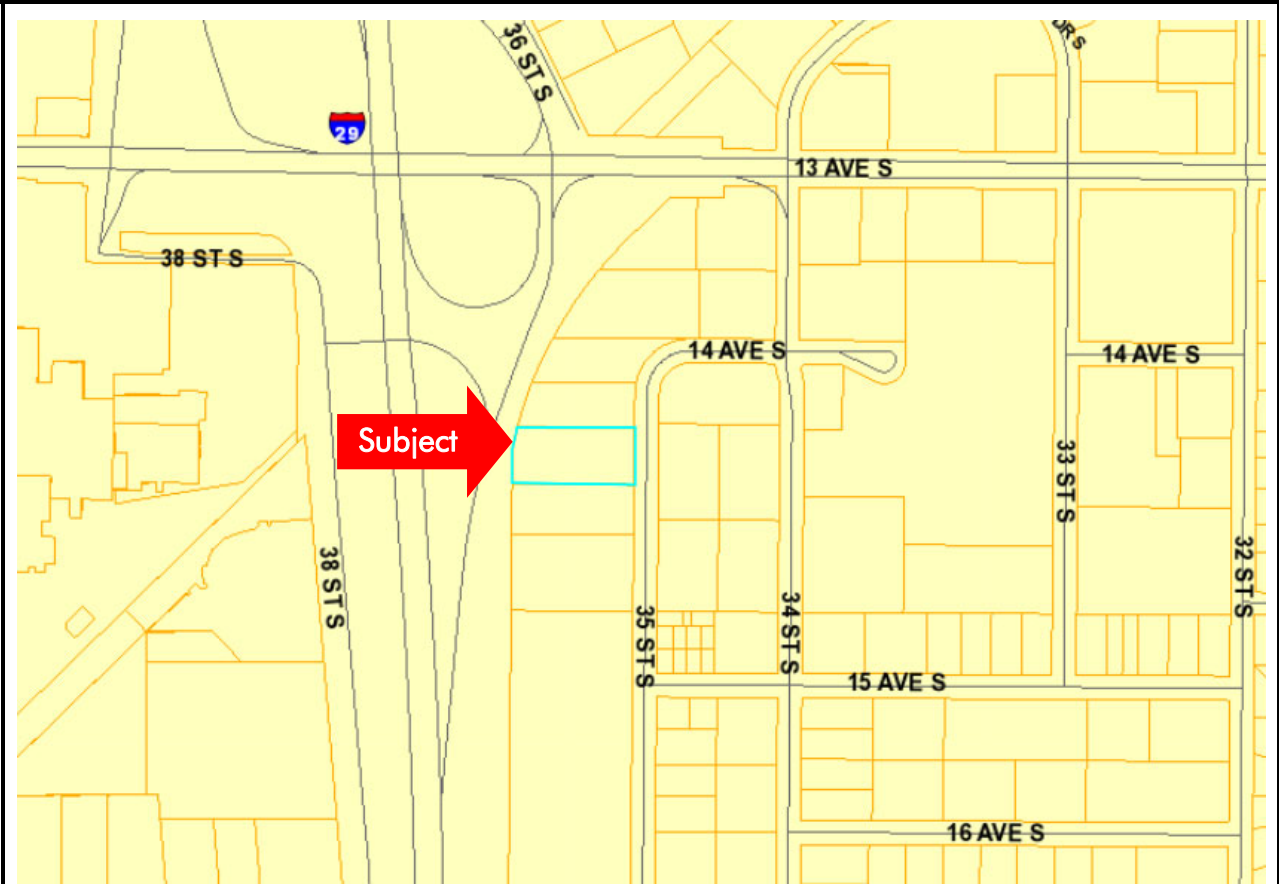
Selected neighborhood demographics in 1-, 3-, and 5-mile radii from the subject are shown in the following table:

SELECTED NEIGHBORHOOD DEMOGRAPHICS			
1415 35Th Street South Fargo, ND	1 Mile	3 Miles	5 Miles
Population			
2025 Total Population	12,846	113,485	217,114
2020 Total Population	11,540	102,795	199,083
2010 Total Population	10,388	84,475	159,665
2000 Total Population	10,463	75,089	132,163
Annual Growth 2020 - 2025	2.17%	2.00%	1.75%
Annual Growth 2010 - 2020	1.06%	1.98%	2.23%
Annual Growth 2000 - 2010	-0.07%	1.18%	1.91%
Households			
2025 Total Households	6,951	52,417	92,837
2020 Total Households	6,257	47,421	84,862
2010 Total Households	5,598	38,972	67,693
2000 Total Households	5,341	33,392	54,664
Annual Growth 2020 - 2025	2.13%	2.02%	1.81%
Annual Growth 2010 - 2020	1.12%	1.98%	2.29%
Annual Growth 2000 - 2010	0.47%	1.56%	2.16%
Income			
2020 Median Household Income	\$40,360	\$54,032	\$60,035
2020 Average Household Income	\$58,413	\$76,426	\$82,606
2020 Per Capita Income	\$31,301	\$34,725	\$35,317
2020 Pop 25+ College Graduates	1,879	24,470	49,927
Age 25+ Percent College Graduates - 2020	25.6%	36.2%	39.3%
Source: Nielsen/Claritas			

CONCLUSION

The neighborhood is a mixed-use commercial area, with the anchoring land use being West Acres. The subject property conforms well to the surrounding neighborhood infrastructure and support services.

PLAT MAP



Source: City of Fargo

Site Analysis

The following chart summarizes the salient characteristics of the subject site.

SITE SUMMARY AND ANALYSIS			
Physical Description			
Gross Site Area	1.69 Acres		73,482 Sq. Ft.
Net Site Area	1.69 Acres		73,482 Sq. Ft.
Primary Road Frontage	9th Avenue South		140 Feet
Average Depth	310 Feet		
Excess Land Area	None		n/a
Surplus Land Area	None		n/a
Shape	Rectangular		
Topography	Level		
Zoning District	GC - General Commercial		
Flood Map Panel No. & Date	38017C0776G, effective on 01/16/2015		
Flood Zone	Zone X		
Adjacent Land Uses	Commercial and residential uses		
Earthquake Zone	N/A		
Comparative Analysis		<u>Rating</u>	
Visibility		Average	
Functional Utility		Assumed adequate	
Traffic Volume		Good	
Adequacy of Utilities		Assumed adequate	
Landscaping		Average	
Drainage		Assumed adequate	
Utilities		<u>Provider</u>	<u>Adequacy</u>
Water		City of Fargo	Yes
Sewer		City of Fargo	Yes
Natural Gas		Local Provider	Yes
Electricity		Local Provider	Yes
Other		<u>Yes</u>	<u>No</u>
Detrimental Easements			X
Encroachments		X	
Deed Restrictions			X
Reciprocal Parking Rights		X	
Source: Various sources compiled by CBRE			

ENVIRONMENTAL ISSUES

CBRE, Inc. 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, Inc. 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 adequate for its existing use, having average visibility and good access. The size is similar to other surrounding land parcels and the shape is rectangular. Based on a review of the property's features and surrounding uses, there are no detriments for the subject's use as a hotel property.

FLOOD PLAIN MAP

The flood map for the selected area is number **38017C0777G**, effective on **01/16/2015** ?

DYNAMIC MAP



MAP IMAGE

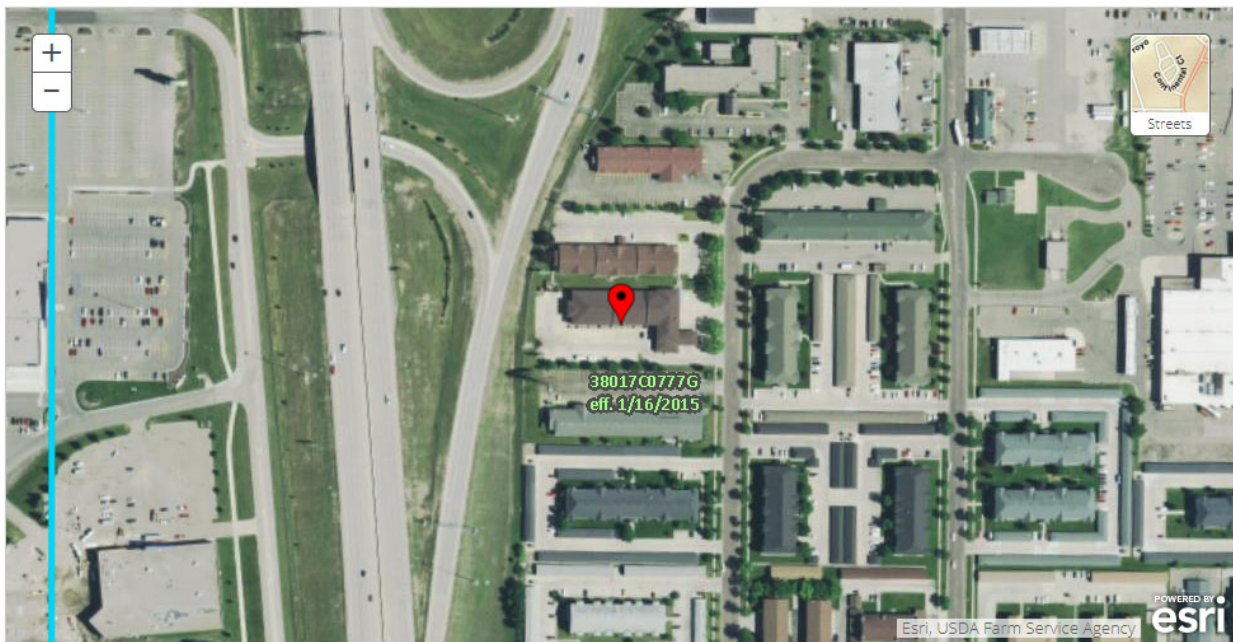


Changes to this FIRM ?

- Revisions (0)
- Amendments (0)
- Revalidations (0)

You can choose a new flood map or move the location pin by selecting a different location on the locator map below or by entering a new location in the search field above. It may take a minute or more during peak hours to generate a dynamic FIRMette. If you are a person with a disability, are blind, or have low vision, and need assistance, please contact a [map specialist](#).

[Go To NFHL Viewer »](#)



<p>PIN</p> <ul style="list-style-type: none"> Approximate location based on user input and does not represent an authoritative property location <p>MAP PANELS</p> <ul style="list-style-type: none"> Selected FloodMap Boundary Digital Data Available No Digital Data Available Unmapped <p>OTHER AREAS</p> <ul style="list-style-type: none"> Area of Minimal Flood Hazard Zone X Effective LOMRs Area of Undetermined Flood Hazard Zone D Otherwise Protected Area Coastal Barrier Resource System Area 	<p>SPECIAL FLOOD HAZARD AREAS</p> <ul style="list-style-type: none"> Without Base Flood Elevation (BFE) Zone A, V, A99 With BFE or Depth Regulatory Floodway Zone AE, AO, AH, VE, AR <p>OTHER AREAS OF FLOOD HAZARD</p> <ul style="list-style-type: none"> 0.2% Annual Chance Flood Hazard, Areas of 1% annual chance flood with average depth less than one foot or with drainage areas of less than one square mile Zone X Future Conditions 1% Annual Chance Flood Hazard Zone X Area with Reduced Flood Risk due to Levee. See Notes. Zone X Area with Flood Risk due to Levee Zone D 	<p>OTHER FEATURES</p> <ul style="list-style-type: none"> 20.2 Cross Sections with 1% Annual Chance Water Surface Elevation 17.5 Coastal Transect Base Flood Elevation Line (BFE) Limit of Study Jurisdiction Boundary Coastal Transect Baseline Profile Baseline Hydrographic Feature <p>GENERAL STRUCTURES</p> <ul style="list-style-type: none"> Channel, Culvert, or Storm Sewer Levee, Dike, or Floodwall
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IMPROVEMENTS LAYOUT

SKETCH/AREA TABLE ADDENDUM

Parcel No 01-1390-00030-000 File No 01-1390-00030-000

SUBJECT	Property Address 1415 35 ST S	City	State	Zip
	Owner SHRI LLC			
	Client QUALITY SUITES			
	Appraiser Name JSW			

Scale: 1" = 15'

AREA CALCULATIONS SUMMARY					
Code	Description	Factor	Net Size	Perimeter	Net Totals
GBA1	2 Sty "D" -NB-	1.00	15204.00	608.0	17684.00
	1 Sty "D" -NB-	1.00	2480.00	212.0	
GBA2	Second Floor	1.00	15204.00	608.0	15204.00
P/P	Vehicle Canopy	1.00	1132.00	160.0	1132.00
Net BUILDING Area (rounded w/ factors)					32888

Comment Table 1	
Comment Table 2	Comment Table 3

City of Fargo Assessor
APEX SOFTWARE 300-850-9958
Apex7100w Apex v5

Improvements Analysis

The following chart shows a summary of the improvements.

IMPROVEMENTS SUMMARY AND ANALYSIS					
Property Type	Hotel	(Limited Service Hotel)			
Number of Buildings	1				
Number of Stories	2				
Gross Building Area	32,888 SF				
Number of Guest Rooms	66				
Restaurant/Lounge	Breakfast Bar				
Meeting/Banquet Rooms	No				
Property Amenities	Pool, whirlpool, continental breakfast, internet				
Site Coverage	22.4%				
Land-to-Building Ratio	2.23 : 1				
Parking Spaces:	72				
Parking Ratio (per 1,000 SF GBA)	2.19				
Year Built	1988				
Actual Age	33 Years				
Effective Age	33 Years				
Total Economic Life	45 Years				
Remaining Economic Life	12 Years				
Age/Life Depreciation	73.3%				
Functional Utility	Typical				
ROOM TYPE MIX					
Room Type	Comments	No. Rooms	Percent of Total		
QQ/King/Suite	Brand Standard (Unit Mix Not provided)	66	100.0%		
Total:		66	100.0%		
Improvement Summary Description		Comparative Rating			
		Good	Avg.	Fair	Poor
Foundation	Reinforced concrete		X		
Frame	Wood/Steel		X		
Exterior Walls	Masonry		X		
Interior Walls	Textured and painted drywall		X		
Roof	Pitched Asphalt Shingle		X	X	
Ceiling	Textured and painted drywall		X		
HVAC System	HVAC units		X		
Exterior Lighting	Incandescent fixtures		X		
Interior Lighting	Recessed fluorescent fixtures		X		
Flooring	Carpet and tile		X		
Plumbing	Assumed adequate		X		
Elevators/Stairwells	Interior Stairwells		X		
Life Safety and Fire Protection	Sprinklered and smoke detectors		X		
Furnishings	Brand standard		N/A		
Parking	Concrete paved open parking		X	X	
Landscaping	Grass, gravel and natural forest courtyards with irrigated planted beds		X		

Source: Various sources compiled by CBRE

As shown, the subject is a limited service project with features on par with an economy/lower mid-scale brand. Based upon a review of the improvements no atypical features or conditions were observed.

ECONOMIC AGE AND LIFE

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

ECONOMIC AGE AND LIFE	
Actual Age	33 Years
Effective Age	33 Years
MVS Expected Life	45 Years
Remaining Economic Life	12 Years
Accrued Physical Incurable Depreciation	73.3%
Compiled by CBRE	

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

DEFERRED MAINTENANCE / PROPERTY IMPROVEMENT PLAN COST

The appraiser asked ownership multiple times for a detailed list of planned capital expenditures and/or further details regarding items required for ongoing brand compliance but was denied any specific information. Ownership stated minor cosmetic items would be addressed in the coming months but would not elaborate any further. Additionally, no property condition report (PCA) or engineering report was provided.

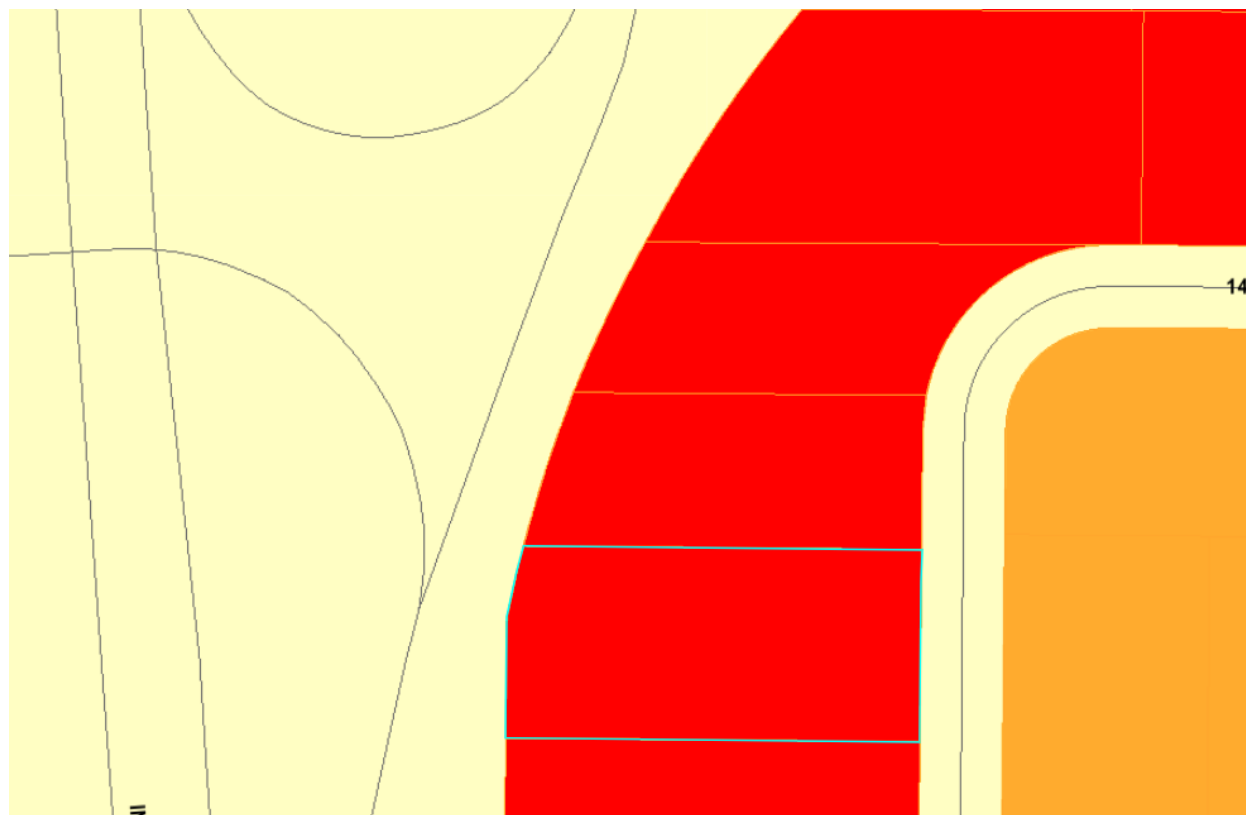
Our inspection of the property indicated various items of deferred maintenance including exterior repair, carpet, paint, damages to interior as a result of vandalism, etc.. Again, in speaking with ownership representatives no large-scale PIP is planned, however, it is the appraiser's judgment that some near-term capital will be required (in order to remain competitive as well as comply with brand standards). Based upon the appraiser's review of market PIP costs the following amount has been estimated. It is an extraordinary assumption this estimate is correct; the reader is advised any adjustment to this figure would result in an adjustment to the conclusions rendered.

ANALYSIS OF DEFERRED MAINTENANCE	
Estimated PIP (\$2,500/unit)	\$165,000
Subtotal	\$165,000
Plus: Profit @ 10%	\$16,500
Total Deferred Maintenance	\$181,500
Source: Appraiser Estimate	

CONCLUSION

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

Zoning



Zoning

AG	- Agricultural
DMU	- Downtown Mixed Use
UMU	- University Mixed Use
GC	- General Commercial
GI	- General Industrial
GO	- General Office
LC	- Limited Commercial
LI	- Limited Industrial
MHP	- Mobile Home Park
MR-1	- Multiple Dwelling
MR-2	- Multiple Dwelling
MR-3	- Multiple Dwelling
NC	- Neighborhood Commercial
NO	- Neighborhood Office
P/I	- Public Institutional
SR-1	- Single Dwelling
SR-2	- Single Dwelling
SR-3	- Single Dwelling
SR-4	- Single Dwelling
SR-5	- Single Dwelling
	- Zoning Unknown

The following chart summarizes the subject's zoning requirements.

ZONING SUMMARY

Current Zoning	GC - General Commercial
Legally Conforming	Yes
Uses Permitted	Please refer to code for full list.
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	2020	2021	Pro Forma
01-1390-00030-000	Lot: 3 Block: 1 HUB N 185' OF LOT 3 BLK 1	\$2,196,000	\$1,866,600	
Total Assessor's Market Value		\$2,196,000	\$1,866,600	\$1,866,600
Assessed Value @		5%	5%	5%
		\$109,800	\$93,330	\$93,330
General Tax Rate	(per \$100 A.V.)	29.21		29.21
General Tax:		\$32,075		\$27,264
Drains:		\$919		\$919
Special Assessments:		150		150
Subtotal		\$33,144		\$28,333
Less: 5.0% Early Payment Discount		(\$1,603.74)		(\$1,363.18)
Total Taxes		\$32,225		\$26,969
Source: Assessor's Office				

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 appraised value. A 5% discount is applied to all early payments. CBRE, Inc. assumes that taxes are paid early in order to take advantage of this discount.

DELINQUENCY

None noted.

SPECIAL ASSESSMENTS

The following unpaid special assessments are levied against the subject property and the installments plus interest are incorporated into the pro forma.

Special Assessment Information						
For additional information or to contact the Special Assessments Office visit the Payment Methods webpage .						
NOTE: For additional project details click on the project number below.						
Project Number	Project Category	Current Annual Installment ⓘ	Un-Certified Balance Remaining (principal only) ⓘ	Work Complete (pending approval) ⓘ	Work in Progress (estimate only) ⓘ	Deferred Balance ⓘ
PR-14-6	Streets	\$149.90	\$1,936.52			
UR-20-A	Utilities				\$2,367.08	
Totals:		\$149.90	\$1,936.52		\$2,367.08	
Payment Status						

Principal & Interest Breakdown			
Year	Principal Amount	Interest Amount	Total Payment
2020	\$58.53	\$91.37	\$149.90
2019	\$55.97	\$93.94	\$149.91
2018	\$53.52	\$96.39	\$149.91

CONCLUSION

The total taxes for the subject have been estimated as \$26,969 for the base year of our analysis, based upon an assessed value of \$1,866,600 or \$28,282 per unit. This is inline with the current and historical assessment.

For purposes of this analysis, CBRE, Inc. assumes that all taxes are current.

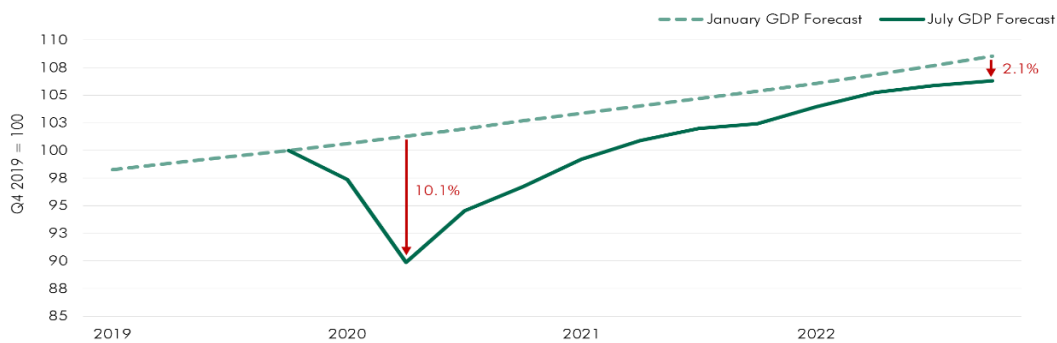
Market Analysis – Macroeconomic

ECONOMIC IMPACT OF COVID-19

As of the current date of value and the date of this report, the nation, region, and market area continue to be impacted by the COVID-19 pandemic. In this section we provide a brief overview of the observed and anticipated impacts of COVID-19 from a macroeconomic perspective based on various CBRE sources. For further and updated information, please visit CBRE’s resource center at <https://www.cbre.com/covid-19>.

In this section, we present the “House View” developed by CBRE Econometric Advisors (CBRE-EA). CBRE-EA has revised its global GDP estimates to project significant negative growth in the short term, followed by a relatively rapid recovery in late 2020/early 2021, but with a slightly negative longer-term impact as illustrated below:

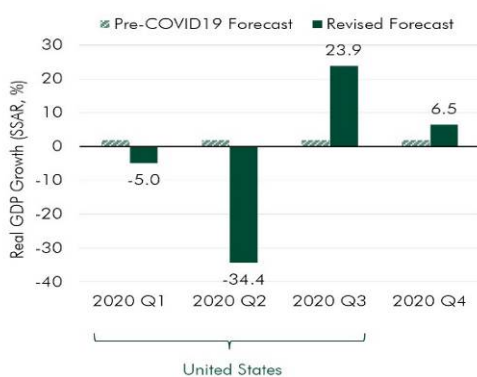
Global real GDP index (Q4 2019 = 100)



Source: CBRE House-View, Oxford Economics, July 2020.

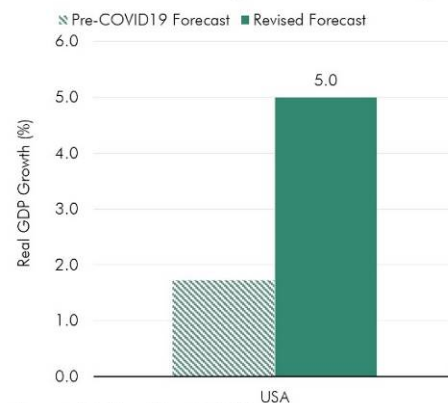
As shown in the following graphs, CBRE-EA projects negative growth for 2020 but an increased rate of growth for 2021.

2020 annualized q-o-q GDP growth



Source: CBRE House-View, July 2020.

2021 annual GDP growth forecast (July)

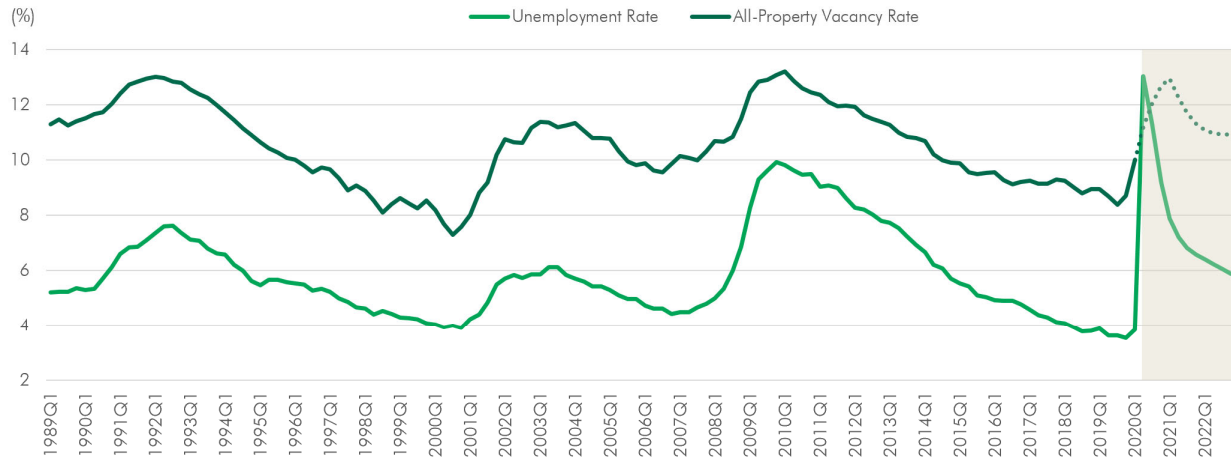


Source: CBRE House-View, July 2020.

CBRE-EA is projecting a return to economic growth in Q4 2020 that should lead to a reasonably quick fall in unemployment in the U.S., though not to the level seen just prior to the crisis.

Unemployment has historically been highly correlated with vacancy; the following chart illustrates historical trends for unemployment and all-property vacancy rates in the U.S.

U.S. unemployment rate and all-property vacancy rate

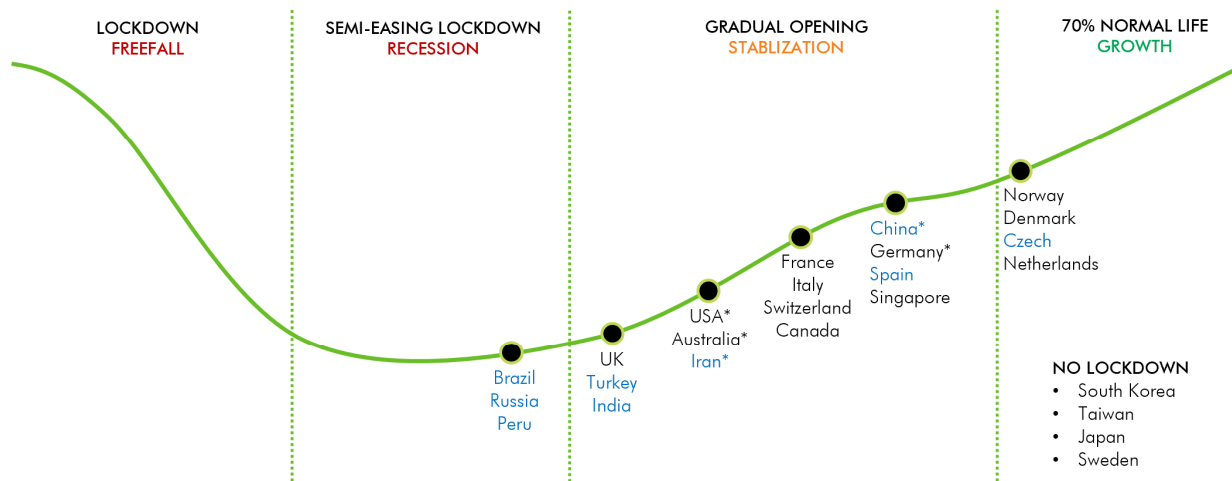


Source: CBRE Econometric Advisors, CBRE House-View, July 2020.

ECONOMIES MOVING OUT OF “LOCKDOWN”

Several countries in Asia and Europe, where the COVID-19 outbreak appears to have peaked, are gradually reopening their economies. While a vaccine has not yet been made available, there are signs of recovery. Since the virus originated in China, they were the first to enter recovery. Recent Q2 figures from China indicate that GDP grew 3.2% in the second quarter compared to the same time one year ago. This is a clear indicator of how things could evolve in the US, and a rebound in China is likely to impact a number of trade-related channels globally.

GDP-lead indicator and lockdown stage comparison



Source: CBRE Research, Google Mobility Index, July 2020.

* Partial re-lockdown re-imposed due to a second-wave increase of cases. Developing economies are marked in blue.

STALLED RECOVERY

Towards the end of Q2 2020, a concentration of COVID-19 cases emerged, particularly across the Sunbelt states. This led to a loss of momentum for the nation's economic recovery. Some of these new disruptions are heavily aggregated in some of the more populous states of California, Texas, Florida, and Arizona. The surge in cases has forced businesses within each afflicted state to retract its reopening progress. As such, a prolonged recovery is to be expected; with it, there is potential for delayed economic recovery relative to more optimistic forecasts in recent months.

KEY TAKEAWAYS & OBSERVATIONS

The following points summarize key points from CBRE-EA and CBRE's Americas Research:

- The brunt of the impact from COVID-19 has continued to persist. Initial macroeconomic projections for stabilization in Q3 2020 and recovery in Q4 has likely been prolonged due to the rise in cases following initial reopening efforts in Q2 2020.
- Though the labor market remains under significant strain, unemployment across the nation has continued to improve from its April highs. Unemployment is expected to progress its downward trend but may take 24-36 months to fall back to pre-crisis levels.
- The early signs of recovery are noted; as of early July 2020, a reported 4.8 million jobs were added to the US economy in June 2020. This was the second month of strong gains behind May. Further improvement is anticipated with nearly three-quarters of unemployed workers indicating their job loss is classified as "temporary."
- The Fed's role in stabilizing the U.S. economy has been immense, including purchases of corporate debt at levels not seen in the Great Financial Crisis. The Fed's balance sheet has jumped to \$6 trillion from \$4 trillion in three months.
- Real estate typically lags macroeconomic indicators and could see a "swoosh-shape" recovery. COVID-19 will impact various industries differently. CBRE-EA is currently anticipating a phased recovery with impacts varying by property type with industrial projected to have the quickest recovery followed by office and then retail.
- Capital values are viewed to be broadly resilient over a 24-36 month horizon, with significant variation based on sector, location and profile.
- Pent-up demand and stimulation policy are expected to aid a rapid recovery.
- Commercial real estate debt markets have been evolving rapidly and dramatically since the COVID crisis. Initially, 10-year Treasury and LIBOR indexes fell to sub-1% levels, followed by massive spikes in loan spreads that largely followed the broader credit markets. Following recent policy interventions, loan spreads narrowed by about 50 to 100 basis points. Commercial mortgage rates range from 3.5% to more than 4% for most conservatively underwritten deals; value-add and riskier deals are seeing widened

spreads and higher overall rates. Adequate capital still exists from banks, life companies and the GSEs, while the CMBS market remains in recovery mode and debt funds vary depending on their capital sources.

- In addition to market uncertainty, government, company and individual social distancing mandates may impact property inspections resulting in extended due diligence periods.
- A bounce back is already being seen in Asia Pacific. In China, consumption continued to rebound in Q2, supported by a spike in “revenge spending” by shoppers emerging from lockdown.
- A post-pandemic reality will emphasize public safety, technology, and optimizing human capital.

MACROECONOMIC CONCLUSIONS

Initially, market participants were expecting a rebound between the second half of 2020 and first half of 2021. However, due to increased cases following initial reopening efforts in Q2 2020, recovery for the US economy has lost momentum; resulting in a potentially prolonged recovery timeline. The pace of the recovery will depend in large part on containment of the pandemic, timing of vaccine or other medical solutions, mandated restrictions and policy responses. Unemployment has continued to improve from its April highs, however, the gap between current and pre-pandemic levels is still immense. Fiscal and monetary supply for the economy have been unprecedented and, together with pent-up demand, are expected to enable a relatively sustained return to normalcy once health-oriented concerns are alleviated. If a second wave of the virus can be managed effectively, high rates of growth can be expected in 2021. A “V” shaped recovery is broadly anticipated for the broad economy, whereas real estate is likely to lag somewhat with a “swoosh” shaped recovery expected. There will be short term disruptions that will impact rent collections, near-term vacancies, rent growth, and lease-up across most property types. The impact and recovery will vary by city and by property type. Overall, market participants are indicating a pause across most sale and lease transactions as buyers and tenants continue to navigate this period of uncertainty.

Market Analysis - Hotel

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

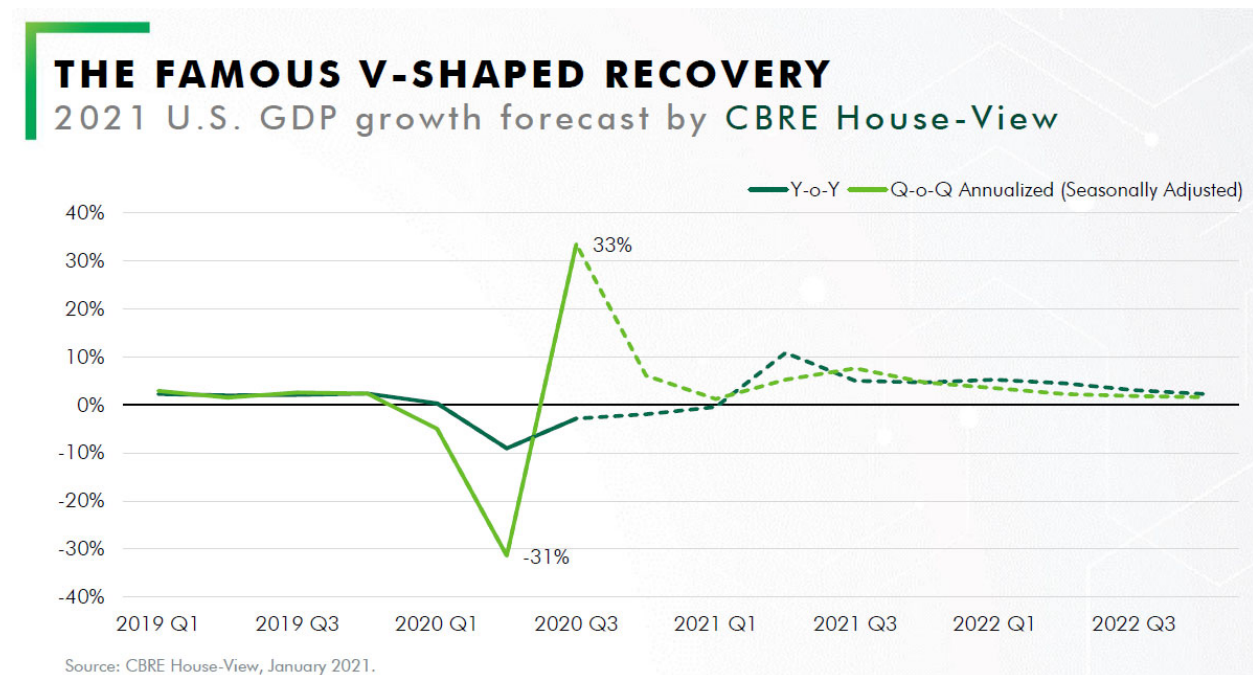
Hotel Market Summary

The following overview was derived primarily from CBRE Hotels Research (CBRE Hotels) 4th Qtr. 2020 Hotel Horizons© report for the United States, as well as CBRE Econometric Advisors (CBRE-EA), and Kalibri Labs.

According to Kalibri Labs and CBRE Hotels, the annual occupancy rate for the U.S. lodging market was 41.7% in 2020. This is the lowest annual occupancy rate since the Great Depression in the 1930s. The drop in occupancy, combined with a 22.5% decline in average daily rate (ADR) resulted in a 51.8% drop in revenue per available room (RevPAR). Due to the lack of corporate and group demand, higher-priced full-service and convention hotels suffered the greatest declines in RevPAR during the year. Extended-stay and limited-service hotels operating in the more modest-priced segments also experienced declines in performance, but to a lesser degree.

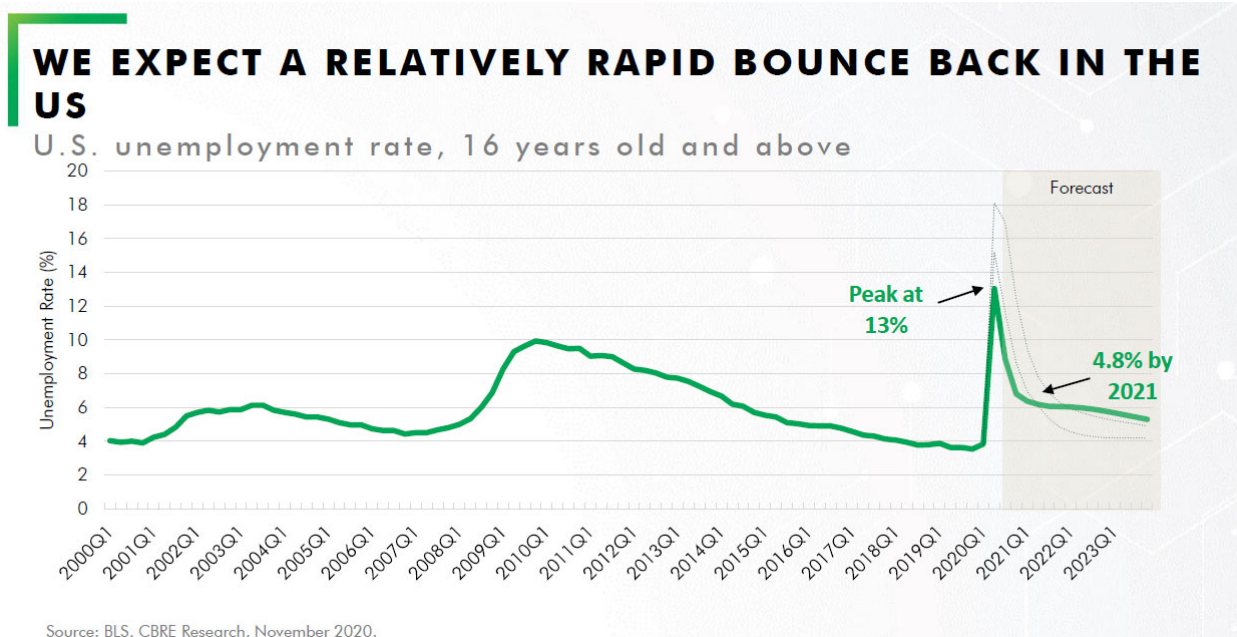
Inflation as measured by the Consumer Price Index (CPI) grew 1.2% in 2020. CBRE-EA expects inflation to continue at a slow pace and ADR in 2021 will closely reflect real value changes rather than nominal changes only.

The following chart illustrates the magnitude the COVID-19 pandemic has had on U.S. GDP growth. As shown, CBRE is forecasting a 'V' shaped recovery. While there was a dramatic drop in GDP in 2020, there is anticipated be a significant recovery during 2021 with a return to normal by January of 2022 (we note before a full hotel recovery).



Economic activity bottomed out during April 2020 with 20.5 million jobs lost, sending the unemployment rate to 14.7%. The large-scale shutdown of the economy caused an average of

4.4 million job losses per month in the second quarter of 2020. An estimated two-year employment recovery means roughly the same for lodging demand; however, recent employment data shows encouraging growth in the overall economy. As of January 2021, the overall unemployment rate was 6.4%. This is the ninth consecutive month of decreasing unemployment rates. The trend is expected to continue and CBRE is anticipating the unemployment rate will be 4.8% by year-end 2021.



Baseline Forecast

According to Kalibri Labs, U.S. lodging demand fell by 51.8% in 2020 compared to 2019. While the drop is dramatic, it is less severe than previously forecasted as a result of the stronger than anticipated summer season. Overall occupancy finished the year at 41.7% compared to a prior projected figure of 39.8% in the 2nd Quarter of 2020.

Unfortunately for U.S. hoteliers, ADR was worse than anticipated. The anticipated lack of commercial and group demand during the fall of 2020 limited the revenue generated by hotels in the higher-priced chain scale segments. In turn, this served to lessen the average growth in room rates. CBRE Hotels previously forecast a decrease of -20.4% in August of 2020. The actual decrease for the year was -22.5%.

For 2021, CBRE Hotels anticipates sluggish lodging performance in the first half of the year, followed by significant improvement during the second half. The continued rollout of COVID-19 vaccines, combined with the economic benefits of a second stimulus package, both boost our projections of lodging demand during the third and fourth quarters. On average, occupancy during the second half of 2021 is forecast to be 1,200 basis points (12%) greater than the first half of 2021.

The favorable leisure travel trends observed during 2020 should expand even further during the summer of 2021 and into the 3rd and 4th Quarters. Unfortunately, tight corporate travel budgets will continue to suppress both commercial and group demand for the remainder of the year.

The slowdown in construction starts will limit competition from new supply beyond 2021. This will serve to accelerate occupancy and ADR recoveries. CBRE Hotels forecasts the lower-priced chain scales to return to 2019 nominal RevPAR levels sooner than the higher-priced chain scales. The following table illustrates our national forecast along with the RevPAR as a percentage of 2019.

COVID-19 IMPACT LEADS TO A HISTORIC LOW IN 2020

Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	RevPAR % of 2019
2019	67.0%	0.4%	\$132.93	0.6%	\$89.05	0.9%	100%
2020	41.7%	-37.8%	\$103.05	-22.5%	\$42.96	-51.8%	48%
2021	49.1%	17.7%	\$99.46	-3.5%	\$48.81	13.6%	55%
2022	61.7%	25.7%	\$113.21	13.8%	\$69.85	43.1%	78%
2023	65.1%	5.5%	\$127.02	12.2%	\$82.65	18.3%	93%
2024	65.5%	0.7%	\$136.63	7.6%	\$89.51	8.3%	101%
2025	65.2%	-0.5%	\$143.07	4.7%	\$93.27	4.2%	105%

Source: Kalibri Labs, CBRE Hotels Research Q4 2020.

The decline in RevPAR during 2020 was worse than that experienced in the 2001 and 2009 economic downturns combined. However, given the expected rebound in economic growth and historic resiliency of travel demand, we anticipate hotel revenues will experience significant recovery between 2021 and 2023, and that RevPAR will return to prerecession levels by 2024.

The Demand for Travel

Stays in hotels, short-term rentals, and on cruise ships are driven by leisure and the need for face-to-face business meetings. People avoid travel when they feel unsure about their future financial state (constraint #1) and when they feel afraid to make trips (constraint #2). In the wake of the 2008 financial crisis, for example, future cash flow and wealth uncertainties severely impacted travel. Fear of travel is a broader and more complicated phenomena than financial insecurity. Following the tragic 9/11 events, for example, potential travelers avoided boarding airplanes for fear of being entangled in terrorist acts. The most complex constraint impairing travel comes from the fear of contracting communicable diseases or infections. The world has recently experienced outbreaks of several forms of transmissible viruses such as SARS, Ebola, and

H1N1 (Swine Flu). These illnesses took a large human toll, but while the effects on the paid accommodation industry were measurable, they were not devastating. The COVID-19 virus is far more dangerous, and the travel industry has braced for a continued reduction in business and leisure trips until travelers feel safe again.

Impact on Profits

As a result of the low occupancy levels achieved during 2020, hotel owners and operators responded by reducing their fixed costs as much as possible and spending just minimal amounts on the variable costs. As expected, there is a correlation between the occupancy level and the achieved profit margins. The lower the occupancy level, the lower the GOP and EBITDA margins.

Fortunately, we are in a low inflation period which should help keep the costs of goods, services, and utilities low. Further, recent changes in food and beverage operations and marketing practices have helped to lower fixed operating costs. While it is no solace, U.S. hotels entered this recession in a much more profitable position than past recessions. Occupancy levels had reached a record high in 2019 and profit margins were 450 basis points greater than the long-run average. We expect continued challenges ahead for the U.S. lodging industry but believe travel and the services associated with it will recover and quickly outpace historical peaks once this pandemic is eradicated.

Investment Rates

Investment rate data for hotel properties from the latest Real Estate Investor Surveys published by PwC is 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>PwC Survey: (3rd Qtr. 2020)</i>						
Luxury	6.50% - 12.00%	9.63%	4.00% - 9.50%	7.40%	5.75% - 9.50%	7.83%
Full Service	8.75% - 11.00%	9.93%	6.00% - 9.00%	7.30%	7.00% - 10.00%	8.50%
Limited Service	8.00% - 12.00%	9.80%	7.00% - 12.00%	9.50%	8.00% - 12.00%	9.50%
Select Service	8.00% - 12.00%	10.10%	7.00% - 11.00%	8.50%	7.00% - 10.50%	8.68%

Compiled by: CBRE

According to PwC, as of 3rd Qtr. 2020, the luxury/upper-upscale segment experienced an increase in discount rates of 33 basis points as compared to the 1st Qtr. 2020 survey. Overall rates of return increased 35 basis points. For the full-service segment, discount rates were down by 2 basis points, while overall capitalization rates were down by 8 basis points. The select-service segment experienced increases in discount rates (+10 basis points) and overall capitalization rates (+35 basis points). Limited-service hotel experienced a decline in discount rates (-20 basis points), while overall capitalization rates increased (+40 basis points).

Investment Activity

According to Real Capital Analytics (RCA) Year End 2020 US Capital Trends – Hotel report, “The hotel market took one on the chin in 2020, and while activity stumbled, deal volume did not fall to the canvas as in the Global Financial Crisis. Figures throughout 2020 suggest that the worst is over for the hotel market, but we are not finished with the challenges from the COVID-19 pandemic. Like the disease itself, aftereffects will linger on for the hotel market.”

Several recent highlights as published by RCA are provided below:

- ‘The worst period in deal activity for the hotel market in 2020 was Q2’20 when deal volume fell 90% YOY to hit the \$771m level. The worst point in history for hotel transactions, though, was back in Q2’09 when hotel deal volume fell to just \$646m. In that last downturn, deal volume only recovered to \$750m by the fourth quarter. This year the rebound into the end of year was stronger, with deal volume back to the billions per quarter.’
- ‘Granted, deal volume in Q4’20 was still weak relative to last year as activity tumbled 67% YOY. But at least deal volume is not falling at that 90% pace anymore. Volume has recovered faster than it did in the last economic recovery because the driver of this downturn was different.’
- ‘The last downturn was a function of repricing as the debt portion of the capital stack collapsed. The current slide in the hotel market has largely been driven by a temporary blunting of demand. This said, disruptive competition from the likes of Airbnb did undermine hotel performance leading into the downturn.’
- ‘The hotel market has dealt with temporary disruptions to demand in the past. In the aftermath of the 9/11 attacks, there was a stigma attached to travel with many fearful about boarding a plane. As that stigma passed, hotel performance rebounded, and hotel investments outperformed all others in the NCREIF index for a time.’
- ‘The price component of hotel returns will be challenged for a while, however. The RCA CPPI for hotels was up only 1.1% YOY in Q4’20 after a number of quarters of declines earlier in the year. A large overhang of distressed assets may bring prices down once again in the future.’
- ‘The recovery in deal activity into Q4’20 was evenly split between full-service and limited-service hotels. Hotels of both scales saw deal activity hit \$2.1b for the quarter. Relative to history however, the limited-service hotel sector is going through a stronger rebound in sales, with volume down only 53% from a year earlier. The full-service hotel segments of the market were still down 75% from a year ago in Q4’20.’
- ‘Private investors were the dominant source of capital for hotel acquisitions in 2020. Even though their purchases fell 59% from 2019 levels, this investor group was able to grow their share of total hotel acquisitions to almost two-thirds of the market. These investors homed in on limited-service assets. Private capital was behind 76% of investment, targeting extended-stay assets and those with larger, suite-style rooms. Acquisitions by institutional capital fell 83% from 2019 levels. The 13% of total hotel purchases attributable to institutional investors represents the smallest percentage of hotel investment recorded by this capital group throughout RCA history.’

THE SILVER LINING

As a result of the COVID-19 virus, markets are exceptionally more volatile. The hospitality sector has been among the most severely disrupted; businesses have suspended non-essential travel and implemented working remote policies, major sporting, social and business events across the country have been postponed or cancelled, and vacation plans and transient corporate and leisure travel have come to a virtual halt in many locations. The practices of social distancing and shelter in place measures, either government mandated or self-enforced, have been the norm since March 2020 and are expected to continue for the coming months. It is clear that the impact of COVID-19 is severe, spanning across all geographies and chain scales. Still, there is cause for optimism in the midst of otherwise bleak conditions. Our forecasts suggest that while the impact is severe, the recovery should start relatively soon. In our current Baseline forecast, the hotel sector is projected to begin rebounding in 2021. Specifically, we note the following:

PAYCHECK PROTECTION PROGRAM (PPP):

This is the centerpiece of the CARES Act, which pumped more than \$2 trillion into the economy, including more than \$350 billion to small businesses. Funds were used so quickly that Congress appropriated another \$310 billion in business aid. The positive impact of the PPP on the real estate industry was evidenced by stronger-than-expected rent collections in April and May 2020. On December 27, 2020, a second stimulus package was signed into law topping up the program with an additional \$285 billion in funding and updating the eligible expenses. It also opened up a second PPP loan for businesses that used up their first PPP loan and have experienced a 25% or greater decrease in revenue.

ENHANCED UNEMPLOYMENT INSURANCE:

In March 2021, the U.S. Senate and House passed a new version of the \$1.9 trillion COVID-19 Relief plan, all but guaranteeing funding for a third stimulus check and Child Tax Credit. The plan would provide \$300 per week through September 6, 2021. The unemployment benefits are also tax exempt for certain households.

FORBEARANCE:

The mortgage forbearance programs led by Fannie Mae and Freddie Mac in exchange for non-eviction of tenants have been particularly effective. While the single-family market has been hit with a significant number of mortgage forbearance requests, the commercial multifamily sector has seen a much lower amount than expected in part because of the effectiveness of unemployment insurance and the PPP that has given many residents the ability to pay rent.

TALF:

The Term Asset-Backed Securities Loan Facility, which involved bond purchases, provided a significant boost to the CMBS market, causing bond spreads to narrow from their peak of more than 1,000 basis points in mid-March 2020 to allow for a modest reopening of the CMBS

market. The program stopped making loans as of December 31, 2020 but the department gave \$10 billion to the TALF program to cover loan losses.

LIABILITY INSURANCE:

Congress is considering protecting business from liability for claims of COVID-19 infections in the workplace.

EXPANSION OF MAIN STREET LENDING:

The Federal Reserve Board expanded its Main Street Lending Program to allow more small and medium sized businesses to receive more support. The Board lowered the minimum loan amount, raised the maximum loan limit, adjusted the principal repayment schedule to begin after two years, and extended the term to five years, providing borrowers with greater flexibility in repaying the loans. The Board expects the Main Street program to be open for lender registration soon and to be actively buying loans shortly afterwards.

ADDITIONAL STIMULUS:

As noted previously, the U.S. Senate and House recently passed a \$1.9 trillion COVID Relief bill in March 2021, all but ensuring another major stimulus package in the near term.

FEDERAL PANDEMIC INSURANCE:

The CARES Act gives individual states the option of extending unemployment compensation to independent contractors and other workers who are ordinarily ineligible for unemployment benefits.

CONCLUSION

2020 was the worst year on record for the U.S. hotel market as it finished at 41.7%, the lowest occupancy in over 90 years of record keeping. The current Baseline scenario indicates it will take approximately three years for ADR and RevPAR to recover to pre-recession levels. The steep occupancy reductions experienced in 2020 are anticipated to be followed by strong increases over the next two years, with occupancy recovery projected in 2023. ADR will take another year to recover to pre-recession levels, on average, but longer in markets that feel prolonged impacts of the recession. Supply growth will slow dramatically after a wave of completions in 2020. Furthermore, some temporary closures will likely become permanent in 2021 as some hotels convert to alternate uses. While the impact was harsh in 2020, there is light ahead. As of March 2021, there have been three vaccine candidates that are proving effective against COVID-19, and the Biden Administration recently announced there will be enough vaccines for every citizen in the U.S. by the end of May (full distribution will take several additional months). Over the next several years, the hospitality market is projected to recover as confidence returns and travelers feel safe.

COMPETITIVE HOTEL MARKET ANALYSIS

The subject is classified as an economy lower/mid-scale limited service hotel located in an area commonly referred to as the area surrounding West Acres Mall. Hotel development in the area consists of a variety of limited service chains and is generally located along the I-94 and I-29 Corridors.

Historical Performance of the Competitive Market

In order to more precisely identify hotel market trends, as they relate to the subject, CBRE has relied on a customized trend report prepared by STR, Inc., a national firm specializing in tracking hotel data. The hotels included in the trend report are based all limited service economy hotels in the area:

HISTORICAL MARKET PERFORMANCE STR TREND COMPETITIVE PROPERTIES								
Year	Room Night Supply	Market Occupancy	Room Night Demand	Percent Change	Average Daily Rate	Percent Change	RevPAR	Percent Change
2013	613,220	63.1%	387,109	---	\$69.44	---	\$43.84	---
2014	629,173	65.0%	408,771	5.6%	\$69.52	0.1%	\$45.17	3.0%
2015	659,871	57.5%	379,098	-7.3%	\$69.38	-0.2%	\$39.86	-11.7%
2016	711,689	52.4%	372,686	-1.7%	\$67.92	-2.1%	\$35.57	-10.8%
2017	713,069	49.6%	353,375	-5.2%	\$66.75	-1.7%	\$33.08	-7.0%
2018	714,760	49.4%	352,813	-0.2%	\$65.52	-1.8%	\$32.34	-2.2%
2019	714,670	48.2%	344,254	-2.4%	\$66.24	1.1%	\$31.91	-1.3%
2020	687,678	37.6%	258,861	-24.8%	\$58.62	-11.5%	\$22.07	-30.8%
CAG *	1.7%			-5.6%		-2.4%		-9.3%
Feb TTM 2019	714,701	49.4%	352,889	---	\$65.52	---	\$32.35	---
Feb TTM 2020	714,670	48.4%	346,109	-1.9%	\$66.11	0.9%	\$32.02	-1.0%
Feb TTM 2021	681,896	37.1%	253,183	-26.8%	\$58.08	-12.2%	\$21.56	-32.7%
CAG *	-2.3%			-15.3%		-5.9%		-18.4%
Feb YTD 2018	115,581	40.0%	46,240	---	\$67.27	---	\$26.91	---
Feb YTD 2019	115,522	40.1%	46,316	0.2%	\$67.28	0.0%	\$26.97	0.2%
Feb YTD 2020	115,522	41.7%	48,171	4.0%	\$66.36	-1.4%	\$27.67	2.6%
Feb YTD 2021	109,740	38.7%	42,493	-11.8%	\$64.18	-3.3%	\$24.85	-10.2%
CAG *	-2.5%			-4.2%		-2.3%		-4.0%

* Compound Annual Growth

Source: STR Trend Report

Prior to COVID-19, the subject market occupancy has performed in a relatively stable pattern. Over this time period, average daily rate (ADR) has witnessed a moderate declining trend which is presumable the result of an aging competitive set as well as the larger market being somewhat over-supplied.

The decrease in the subject's submarket year-to-date and trailing-twelve-month performance is directly attributable to the COVID-19 pandemic.

Proposed Hotels/Additions to Supply

No new hotel construction was observed or is reported as planned in the Fargo Area.

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

The following information was extracted from the Dickinson Press as of April 11, 2021:

At least seven of the 60-plus hotels in the metro area were at least temporarily closed as of April 5-6, several of which had signs saying that COVID was the cause:

Quality Suites, 1415 35th St. S., Fargo
Kelly Inn, 4207 13th Ave. S., Fargo
Econo Lodge East, 1401 35th St. S., Fargo
Econo Lodge West, 3825 9th Ave. S., Fargo
Scandia Hotel, 717 4th St. N., Fargo
Red River Inn and Suites 901 38th St. S., Fargo
Howard Johnson, 525 Main Ave., West Fargo

“The hotel market has been depressed” through the pandemic, said Charley Johnson, president and CEO of the Fargo-Moorhead Convention and Visitors Bureau. “The whole hospitality sector has been devastated by this.”

In the fourth week of March 2020, the occupancy rate of F-M metro hotels stood at an anemic 17.2%. This year for the week ending March 27, occupancy had bounded back to 54.2%.

“That’s good. That’s good,” Johnson said. “So now, we look like we’re really great.”

In February of this year, local hotel occupancy was 48.6% (and about 35.3% statewide for North Dakota). In February of 2020, just before COVID-19 took hold of the nation, the occupancy rates were higher at 55.5% (47% statewide), he said.

“That was the last real good month of business last year,” Johnson said.

Hotel revenues have been significantly down through the pandemic, Johnson said.

The revenue for calendar year 2020 was 39.5% below what it was for 2019, he said. Revenue from this February was 25.6% less than it was in 2020, but that was “actually a big improvement,” Johnson said, as revenues between the 2020 Christmas season and January were 30% below what they had been for 2019.

<https://www.thedickinsonpress.com/business/6979753-Hotels-in-Fargo-Moorhead-North-Dakota-hit-hard-as-pandemic-losses-lead-to-closings>

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.

Demand Growth Conclusions

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

ANNUAL DEMAND GROWTH RATES								
Segment	2021	2022	2023	2024	2025	2026	2027	2028 and beyond
Total	-25.0%	25.0%	15.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Compiled by CBRE

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: 12/31/2017	40%		\$53.49		\$21.22	
Year Ended: 12/31/2018	35%	-10.9%	\$52.62	-1.6%	\$18.60	-12.4%
Year Ended: 12/31/2019	30%	-14.7%	\$52.61	0.0%	\$15.86	-14.7%
Annualized YTD 4/30/2020	20%	--	\$44.94	--	\$9.05	--

Source: CBRE/Property Management

The decrease in performance is directly attributable to the COVID-19 pandemic as well as the subject's closure. Again, ownership did not disclose when the closure began.

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 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 12/31/	2020	2021	2022	2023	2024	2025	2026	2027	2028
SUBJECT PROPERTY FAIR SHARE									
Market Room Supply	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868	1,868
Subject Avg. Room Count	66	66	66	66	66	66	66	66	66
Fair Share	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
ROOM NIGHTS CAPTURED BY SUBJECT									
Total									
Fair Share	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Penetration Factor	81.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Market Share	2.9%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Demand	253,183	189,887	237,359	272,963	279,185	283,991	289,670	295,464	302,199
Market Share	2.9%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Capture	7,244	6,574	8,217	9,449	9,665	9,831	10,028	10,228	10,462
Total Capture	7,244	6,574	8,217	9,449	9,665	9,831	10,028	10,228	10,462
Potential Subject Occupancy	30.1%	27.3%	34.1%	39.2%	40.0%	40.8%	41.6%	42.5%	43.3%
Overall Potential Subject Penetration	81.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%

Compiled by CBRE

The appraiser has projected an increase in market share on the basis of the subject's location and repositioned ownership.

The overall accommodated room night demand is multiplied by the subject's fair share and by the projected penetration ratio to derive the subject's accommodated room night demand. Although the subject's illustrated occupancy rates increase after the stabilized year, we have selected 40.0% 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 12/30/	2020	2021	2022	2023	2024	2025	2026	2027	2028
Room Nights Captured	7,244	6,574	8,217	9,449	9,665	9,831	10,028	10,228	10,462
Available Room Nights	24,090	24,090	24,090	24,090	24,156	24,090	24,090	24,090	24,156
Potential Subject Occupancy	30.1%	27.3%	34.1%	39.2%	40.0%	40.8%	41.6%	42.5%	43.3%
Overall Potential Subject Market Share	2.9%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
Overall Potential Subject Penetration	81.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%	98.0%
Adjustment to Projection Year Ending 3/15/	2022	2023	2024	2025	2026	2027	2028	2029	
First Year %	79.5%	79.5%	79.5%	79.5%	79.5%	79.5%	79.5%	79.5%	
Second Year %	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	20.5%	
Adjusted Room Nights Accommodated	6,911	8,470	9,514	9,678	9,872	10,069	10,299	10,270	
Projection Period Fiscal Year Occupancy	28.7%	35.2%	39.4%	40.2%	41.0%	41.8%	42.6%	42.6%	
Rounded Occupancy	29%	35%	39%	40%	41%	42%	43%	43%	
Overall Market Share	3.5%	3.4%	3.4%	3.4%	3.5%	3.5%	3.5%	3.4%	
Overall Penetration	99.1%	97.5%	97.0%	97.6%	98.0%	98.5%	98.8%	97.0%	
Captured Room Nights (Based on Rounded Occ.)	6,986	8,432	9,421	9,636	9,877	10,118	10,387	10,359	

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

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: 12/31/2017	\$53.49	--
Year Ended: 12/31/2018	\$52.62	-1.6%
Year Ended: 12/31/2019	\$52.61	0.0%
Annualized YTD 4/30/2020	\$44.94	--

Source: CBRE/Property Management

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
12/31/2020	--	\$52.61
3/15/2021	* -2.0%	\$51.55
3/15/2022	0.0%	\$51.55
3/15/2023	10.0%	\$56.70
3/15/2024	7.0%	\$60.67
3/15/2025	2.5%	\$62.19
3/15/2026	2.5%	\$63.74
3/15/2027	2.5%	\$65.33
3/15/2028	2.5%	\$66.97

* Inflationary adjustment of -2.0% from 12/31/20 through 3/15/21 (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/	2022	2023	2024	2025
Avg. Available Rooms	66	66	66	66
Annual Room Nights	24,090	24,090	24,156	24,090
Occupancy	29%	35%	39%	40%
Occupied Rooms	6,986	8,432	9,421	9,636
ADR	\$51.55	\$56.70	\$60.67	\$62.19
RevPAR	\$14.95	\$19.85	\$23.66	\$24.87
RevPAR Growth		32.8%	19.2%	5.1%
Total Rooms Revenue	\$360,103	\$478,068	\$571,555	\$599,224

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 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 when conditions improve (presently feasibility is not likely). 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 and based on our analysis, the existing use is financially feasible. 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. Given the nature of the subject's age/condition, and considering the complexity and subjectivity of accurately measuring all forms of depreciation, the cost approach would not produce a meaningful value indicator. Further, our research indicates that buyers of complex hotel assets rely primarily on the economics of the investment rather than replacement or reproduction costs when forming an opinion of purchase price. For these reasons, there is limited application of this approach.

Income Capitalization Approach

The Income Capitalization Approach to value is based upon the premise that an investor would not pay more for a property than for another investment with similar risk and return characteristics. This approach analyzes a property's ability to generate financial returns as an investment, and converts the anticipated future benefits of property ownership into an estimate of present value. For income producing properties like hotels, future benefits include net income before debt service and depreciation and any reversionary proceeds from a sale. The income capitalization approach is the preferred value method for existing hotels and most closely reflects the underwriting practices of informed buyers. It is also particularly relevant for hotels, which are typically purchased for investment purposes and involve relatively high risks.

The Income Capitalization includes two approaches to forming an opinion of market value: the Direct Capitalization Approach and the Discounted Cash Flow Analysis. The Direct Capitalization Approach involves capitalizing a single, stabilized estimate of net income at a market derived capitalization rate – a rate that reflects an appropriate risk adjusted return to an investor. The net income that is capitalized relates to a representative year, or more technically, the discounted average net income over the property's economic life. The Discounted Cash Flow Analysis involves deriving an indicated present value by discounting estimating net operating income streams for each year of the projection period (10 years in this analysis) and proceeds from a hypothetical sale of the property at reversion at a chosen yield rate (internal rate of return or discount rate). For this analysis, we have utilized the discounted cash flow method to value the subject property and tested the reasonableness of the implied historical, first year, stabilized year and deflated stabilized direct capitalization rates.

The following map and tables summarize the comparable data used in the valuation of the subject, which were previously analyzed and compared to the subject in the Market Analysis section of this report. A detailed description of each property is included in the addenda.

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/	2022	2023	2024	2025
Avg. Available Rooms	66	66	66	66
Annual Room Nights	24,090	24,090	24,156	24,090
Occupancy	29%	35%	39%	40%
Occupied Rooms	6,986	8,432	9,421	9,636
ADR	\$51.55	\$56.70	\$60.67	\$62.19
RevPAR	\$14.95	\$19.85	\$23.66	\$24.87
RevPAR Growth		32.8%	19.2%	5.1%
Total Rooms Revenue	\$360,103	\$478,068	\$571,555	\$599,224
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*.

Please note the following with respect to the historical financial data provided:

- Historic revenues were provided however it is not clear when the subject was closed.
- No expenses were provided for the subject property, so all details were benchmarked against industry and expense comparable data.

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

SUBJECT OPERATING HISTORY												
Period Reported:	Complete Calendar Year Ended:				Complete Calendar Year Ended:				Annualized YTD Ending:			
	12/31/2018				12/31/2019				4/30/2020			
Days Open	365				365				121			
No. of Rooms	66				66				66			
Occupied Room Nights	8,514				7,264				4,851			
Occupancy	35.3%				30.2%				20.1%			
Average Daily Rate	\$52.62				\$52.61				\$44.94			
RevPAR	\$18.60				\$15.86				\$27.30			
	Total	Ratio to Sales	PAR	POR	Total	Ratio to Sales	PAR	POR	Total	Ratio to Sales	PAR	POR
REVENUE												
Rooms	\$448,030	98.6%	\$6,788	\$52.62	\$382,176	99.1%	\$5,791	\$52.61	\$217,985	98.4%	\$3,303	\$44.94
Other Operated Departments	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00
Miscellaneous Income	6,270	1.4%	\$95	\$0.74	3,541	0.9%	\$54	\$0.49	3,573	1.6%	\$54	\$0.74
Total Operating Revenue	\$454,300	100.0%	\$6,883	\$53.36	\$385,717	100.0%	\$5,844	\$53.10	\$221,558	100.0%	\$3,357	\$45.68
DEPARTMENTAL EXPENSES												
Rooms Expense												
Other Operated Departments Expense												
Miscellaneous Income Expense												
Total Departmental Expenses												
DEPARTMENTAL PROFIT												
UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General												
Information and Telecommunications Systems												
Marketing												
Franchise Fees												
Property Operations and Maintenance												
Utilities												
Total Undistributed Expenses												
GROSS OPERATING PROFIT												
Management Fee												
INCOME BEFORE NON-OPERATING INCOME AND EXPENSES												
NON-OPERATING INCOME AND EXPENSES												
Property Taxes												
Insurance												
Reserve for Replacement												
Total Non-Operating Income and Expenses												
NET INCOME (EBITDA)												

* 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

SUBJECT OPERATING HISTORY				
Period Reported:	Complete Calendar Year Ended:			
	12/31/2017			
Days Open	365			
No. of Rooms	66			
Occupied Room Nights	9,558			
Occupancy	39.7%			
Average Daily Rate	\$53.49			
RevPAR	\$21.22			
	Total	Ratio to Sales	PAR	POR
REVENUE				
Rooms	\$511,234	99.5%	\$7,746	\$53.49
Other Operated Departments	-	0.0%	\$0	\$0.00
Miscellaneous Income	2,314	0.5%	\$35	\$0.24
Total Operating Revenue	\$513,548	100.0%	\$7,781	\$53.73
DEPARTMENTAL EXPENSES*				
Rooms Expense				
Other Operated Departments Expense				
Total Departmental Expenses				
DEPARTMENTAL PROFIT				
UNDISTRIBUTED OPERATING EXPENSES				
Administrative and General				
Information and Telecommunications Systems				
Marketing				
Franchise Fees				
Property Operations and Maintenance				
Utilities				
Total Undistributed Expenses				
GROSS OPERATING PROFIT				
Management Fee				
INCOME BEFORE NON-OPERATING INCOME AND EXPENSES				
NON-OPERATING INCOME AND EXPENSES				
Property Taxes				
Insurance				
Reserve for Replacement				
Total Non-Operating Income and Expenses				
NET INCOME (EBITDA)				
are based on total 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 three limited service hotels all located in the region. The following charts summarize income and expenses taken from regional revenue/expense comparables.

COMPARABLE INCOME AND EXPENSE DATA - SELECTED HOTELS												
Property Location Hotel Description / Name Year Days Open Avg. No. of Rooms Occupancy Average Daily Rate	Comparable 1 Midwest Limited Service 2018				Comparable 2 Midwest Limited Service 2018				Comparable 3 Midwest Limited Service 2018			
	Total	Ratio to Sales	PAR	POR	Total	Ratio to Sales	PAR	POR	Total	Ratio to Sales	PAR	POR
REVENUE												
Rooms	\$619,763	99.5%	\$13,186	\$72.98	\$1,721,827	98.1%	\$13,775	\$56.16	\$1,819,351	92.4%	\$18,194	\$87.60
Other Operated Departments	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00
Miscellaneous Income	3,114	0.5%	\$66	\$0.37	33,088	1.9%	\$265	\$1.08	149,948	7.6%	\$1,499	\$7.22
Total Operating Revenue	\$622,878	100.0%	\$13,253	\$73.35	\$1,754,915	100.0%	\$14,039	\$57.24	\$1,969,299	100.0%	\$19,693	\$94.82
DEPARTMENTAL EXPENSES*												
Rooms Expense	\$170,121	27.4%	\$3,620	\$20.03	\$731,033	42.5%	\$5,848	\$23.84	\$415,986	22.9%	\$4,160	\$20.03
Other Operated Departments Expense	-	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00
Miscellaneous Income Expense	-	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00
Total Departmental Expenses	\$170,121	27.3%	\$3,620	\$20.03	\$731,033	41.7%	\$5,848	\$23.84	\$415,986	21.1%	\$4,160	\$20.03
DEPARTMENTAL PROFIT	\$452,757	72.7%	\$9,633	\$53.32	\$1,023,882	58.3%	\$8,191	\$33.39	\$1,553,313	78.9%	\$15,533	\$74.79
UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General	\$55,639	8.9%	\$1,184	\$6.55	\$155,165	8.8%	\$1,241	\$5.06	\$160,896	8.2%	\$1,609	\$7.75
Information and Telecommunications Systems	2,594	0.4%	\$55	\$0.31	34,149	1.9%	\$273	\$1.11	12,771	0.6%	\$128	\$0.61
Marketing	26,085	4.2%	\$555	\$3.07	99,152	5.6%	\$793	\$3.23	57,724	2.9%	\$577	\$2.78
Franchise Fees	32,538	5.3%	\$692	\$3.83	86,091	5.0%	\$689	\$2.81	59,640	3.3%	\$596	\$2.87
Property Operations and Maintenance	79,061	12.7%	\$1,682	\$9.31	140,311	8.0%	\$1,122	\$4.58	135,802	6.9%	\$1,358	\$6.54
Utilities	32,762	5.3%	\$697	\$3.86	119,384	6.8%	\$955	\$3.89	196,165	10.0%	\$1,962	\$9.45
Total Undistributed Expenses	\$228,677	36.7%	\$4,865	\$26.93	\$634,252	36.1%	\$5,074	\$20.69	\$622,998	31.6%	\$6,230	\$30.00
GROSS OPERATING PROFIT	\$224,080	36.0%	\$4,768	\$26.39	\$389,630	22.2%	\$3,117	\$12.71	\$930,315	47.2%	\$9,303	\$44.79
Management Fee	\$21,801	3.5%	\$464	\$2.57	\$61,422	3.5%	\$491	\$2.00	\$68,925	3.5%	\$689	\$3.32
INCOME BEFORE NON-OPERATING INCOME AND EXPENSES	\$202,279	32.5%	\$4,304	\$23.82	\$328,208	18.7%	\$2,626	\$10.70	\$861,390	43.7%	\$8,614	\$41.48
NON-OPERATING INCOME AND EXPENSES												
Property Taxes	34,083	5.5%	\$725	\$4.01	113,118	6.4%	\$905	\$3.69	92,254	4.7%	\$923	\$4.44
Insurance	15,064	2.4%	\$321	\$1.77	67,018	3.8%	\$536	\$2.19	31,992	1.6%	\$320	\$1.54
Reserve for Replacement	24,915	4.0%	\$530	\$2.93	70,197	4.0%	\$562	\$2.29	78,772	4.0%	\$788	\$3.79
Total Non-Operating Income and Expenses	\$74,062	11.9%	\$1,576	\$8.72	\$250,333	14.3%	\$2,003	\$8.16	\$203,018	10.3%	\$2,030	\$9.78
NET INCOME (EBITDA)	\$128,217	20.6%	\$2,728	\$15.10	\$77,875	4.4%	\$623	\$2.54	\$658,372	33.4%	\$6,584	\$31.70

* 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

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
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
Other Operated Departments Expense	50.0%	50.0%	MOR Rev
UNDISTRIBUTED OPERATING EXPENSES			
Administrative and General	90.0%	10.0%	Total Rev
Information and Telecommunications	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

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

ROOMS REVENUE				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject Complete Calendar Year Ended: Dec 31, 2017	\$511	99.5%	\$7,746	\$53.49
Subject Complete Calendar Year Ended: Dec 31, 2018	\$448	98.6%	\$6,788	\$52.62
Subject Complete Calendar Year Ended: Dec 31, 2019	\$382	99.1%	\$5,791	\$52.61
Subject Annualized Ytd Ending: Apr 30, 2020	\$218	98.4%	\$3,303	\$44.94
Comparable 1	\$620	99.5%	\$13,186	\$72.98
Comparable 2	\$1,722	98.1%	\$13,775	\$56.16
Comparable 3	\$1,819	92.4%	\$18,194	\$87.60
DCF Estimate - YR 1	\$360	98.7%	\$5,456	\$51.55
DCF Stabilized Estimate - YR 4	\$599	98.9%	\$9,079	\$62.19

Compiled by CBRE

Analysis of Rooms Department Revenues were previously provided.

ROOMS EXPENSES

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

ROOMS EXPENSE				
Year	Total \$ (000's)	As a % of Dept. Revenue	Per Available Room	Per Occupied Room
Subject Complete Calendar Year Ended: Dec 31, 2017				
Subject Complete Calendar Year Ended: Dec 31, 2018				
Subject Complete Calendar Year Ended: Dec 31, 2019				
Subject Annualized Ytd Ending: Apr 30, 2020				
Comparable 1	\$170	27.4%	\$3,620	\$20.03
Comparable 2	\$731	42.5%	\$5,848	\$23.84
Comparable 3	\$416	22.9%	\$4,160	\$20.03
DCF Estimate - YR 1	\$117	32.6%	\$1,779	\$16.81
DCF Stabilized Estimate - YR 4	\$154	25.8%	\$2,339	\$16.02

Compiled by CBRE

The projection of rooms expense is based on the subject property operating history and comparable hotel data, as a percentage of room revenue. It also considers the fixed and variable components of this expense during fluctuations in occupancy. Using the comparable data, this account is bracketed as a percentage of revenue.

Food & Beverage Department

FOOD & BEVERAGE REVENUE

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

FOOD & BEVERAGE REVENUE				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject Complete Calendar Year Ended: Dec 31, 2017	\$0	0.0%	\$0	\$0.00
Subject Complete Calendar Year Ended: Dec 31, 2018	\$0	0.0%	\$0	\$0.00
Subject Complete Calendar Year Ended: Dec 31, 2019	\$0	0.0%	\$0	\$0.00
Subject Annualized Ytd Ending: Apr 30, 2020	\$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
DCF Estimate - YR 1	\$0	0.0%	\$0	\$0.00
DCF Stabilized Estimate - YR 4	\$0	0.0%	\$0	\$0.00

Compiled by CBRE

FOOD & BEVERAGE EXPENSES

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

FOOD & BEVERAGE EXPENSE				
Year	Total \$ (000's)	As a % of Dept. Revenue	Per Available Room	Per Occupied Room
Subject Complete Calendar Year Ended: Dec 31, 2017	\$0		\$0	\$0.00
Subject Complete Calendar Year Ended: Dec 31, 2018	\$0		\$0	\$0.00
Subject Complete Calendar Year Ended: Dec 31, 2019	\$0		\$0	\$0.00
Subject Annualized Ytd Ending: Apr 30, 2020	\$0		\$0	\$0.00
Comparable 1	\$0		\$0	\$0.00
Comparable 2	\$0		\$0	\$0.00
Comparable 3	\$0		\$0	\$0.00
DCF Estimate - YR 1	\$0		\$0	\$0.00
DCF Stabilized Estimate - YR 4	\$0		\$0	\$0.00

Compiled by CBRE

Other Operated Departments**OTHER OPERATED DEPARTMENTS REVENUES**

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

OTHER OPERATED DEPARTMENTS REVENUE				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject Complete Calendar Year Ended: Dec 31, 2017	\$0	0.0%	\$0	\$0.00
Subject Complete Calendar Year Ended: Dec 31, 2018	\$0	0.0%	\$0	\$0.00
Subject Complete Calendar Year Ended: Dec 31, 2019	\$0	0.0%	\$0	\$0.00
Subject Annualized Ytd Ending: Apr 30, 2020	\$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
DCF Estimate - YR 1	\$0	0.0%	\$0	\$0.00
DCF Stabilized Estimate - YR 4	\$0	0.0%	\$0	\$0.00

Compiled by CBRE

OTHER OPERATED DEPARTMENTAL EXPENSES

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

OTHER OPERATED DEPARTMENTS EXPENSE				
Year	Total \$ (000's)	As a % of Dept. Revenue	Per Available Room	Per Occupied Room
Subject Complete Calendar Year Ended: Dec 31, 2017	\$0		\$0	\$0.00
Subject Complete Calendar Year Ended: Dec 31, 2018	\$0		\$0	\$0.00
Subject Complete Calendar Year Ended: Dec 31, 2019	\$0		\$0	\$0.00
Subject Annualized Ytd Ending: Apr 30, 2020	\$0		\$0	\$0.00
Comparable 1	\$0		\$0	\$0.00
Comparable 2	\$0		\$0	\$0.00
Comparable 3	\$0		\$0	\$0.00
DCF Estimate - YR 1	\$0		\$0	\$0.00
DCF Stabilized Estimate - YR 4	\$0		\$0	\$0.00

Compiled by CBRE

The projection of other operated departments expense is based on the subject property's operating history and comparable hotel data, as a percentage of other operated departments revenue. It also considers the fixed and variable components of this expense during fluctuations in revenue.

Miscellaneous Income

MISCELLANEOUS INCOME REVENUE

Miscellaneous income generally includes space rentals, cash discounts earned, cancellation penalty fees, and other sources of income, including resort fees. In accordance with the *Uniform*

System of Accounts for the Lodging Industry, this revenue category is typically presented net of related expenses. The subject's and the comparable data revenues for this department as a percentage of total revenues, on a per available room basis, and on a per occupied room basis are summarized as follows:

MISCELLANEOUS INCOME REVENUE				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Subject Complete Calendar Year Ended: Dec 31, 2017	\$2	0.5%	\$35	\$0.24
Subject Complete Calendar Year Ended: Dec 31, 2018	\$6	1.4%	\$95	\$0.74
Subject Complete Calendar Year Ended: Dec 31, 2019	\$4	0.9%	\$54	\$0.49
Subject Annualized Ytd Ending: Apr 30, 2020	\$4	1.6%	\$54	\$0.74
Comparable 1	\$3	0.5%	\$66	\$0.37
Comparable 2	\$33	1.9%	\$265	\$1.08
Comparable 3	\$150	7.6%	\$1,499	\$7.22
DCF Estimate - YR 1	\$5	1.3%	\$73	\$0.69
DCF Stabilized Estimate - YR 4	\$7	1.1%	\$101	\$0.69

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, 2017	\$514	100.0%	\$7,781	\$53.73
Subject Complete Calendar Year Ended: Dec 31, 2018	\$454	100.0%	\$6,883	\$53.36
Subject Complete Calendar Year Ended: Dec 31, 2019	\$386	100.0%	\$5,844	\$53.10
Subject Annualized Ytd Ending: Apr 30, 2020	\$222	100.0%	\$3,357	\$45.68
Comparable 1	\$623	100.0%	\$13,253	\$73.35
Comparable 2	\$1,755	100.0%	\$14,039	\$57.24
Comparable 3	\$1,969	100.0%	\$19,693	\$94.82
DCF Estimate - YR 1	\$365	100.0%	\$5,529	\$52.24
DCF Stabilized Estimate - YR 4	\$606	100.0%	\$9,180	\$62.88

Compiled by CBRE

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
Comparable 1	\$170	27.3%	\$3,620	\$20.03
Comparable 2	\$731	41.7%	\$5,848	\$23.84
Comparable 3	\$416	21.1%	\$4,160	\$20.03
DCF Estimate - YR 1	\$117	32.2%	\$1,779	\$16.81
DCF Stabilized Estimate - YR 4	\$154	25.5%	\$2,339	\$16.02

Compiled by CBRE

Departmental Profit

Total departmental profit is as follows.

DEPARTMENTAL PROFIT				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$453	72.7%	\$9,633	\$53.32
Comparable 2	\$1,024	58.3%	\$8,191	\$33.39
Comparable 3	\$1,553	78.9%	\$15,533	\$74.79
DCF Estimate - YR 1	\$247	67.8%	\$3,750	\$35.43
DCF Stabilized Estimate - YR 4	\$451	74.5%	\$6,841	\$46.85

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 include payroll and related expenses for the general manager, human resources and training, security, clerical staff, controller and accounting staff. Other expenses include office supplies, computer services, accounting and legal fees, cash overages and shortages, bad debt expenses, travel insurance, credit card commissions,

transportation (non-guest) and travel and entertainment. These payroll costs are significant. The comparable data and projections for the subject are summarized as follows:

ADMINISTRATIVE AND GENERAL EXPENSES				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$56	8.9%	\$1,184	\$6.55
Comparable 2	\$155	8.8%	\$1,241	\$5.06
Comparable 3	\$161	8.2%	\$1,609	\$7.75
DCF Estimate - YR 1	\$37	10.1%	\$558	\$5.27
DCF Stabilized Estimate - YR 4	\$54	8.9%	\$820	\$5.62

Compiled by CBRE

INFORMATION AND TELECOMMUNICATIONS SYSTEMS

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

INFORMATION AND TELECOMMUNICATIONS SYSTEMS EXPENSES				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$3	0.4%	\$55	\$0.31
Comparable 2	\$34	1.9%	\$273	\$1.11
Comparable 3	\$13	0.6%	\$128	\$0.61
DCF Estimate - YR 1	\$9	2.5%	\$137	\$1.29
DCF Stabilized Estimate - YR 4	\$10	1.7%	\$153	\$1.05

Compiled by CBRE

MARKETING EXPENSES

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

MARKETING EXPENSES

Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$26	4.2%	\$555	\$3.07
Comparable 2	\$99	5.6%	\$793	\$3.23
Comparable 3	\$58	2.9%	\$577	\$2.78
DCF Estimate - YR 1	\$23	6.2%	\$342	\$3.23
DCF Stabilized Estimate - YR 4	\$34	5.6%	\$516	\$3.54

Compiled by CBRE

FRANCHISE FEES (ROYALTY)

Franchise fees include only the royalty fees charged by the franchise company. The subject property is affiliated as a Choice brand hotel. We have assumed that the subject will continue to operate as a Choice 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.

Franchise fees are subject to change on an annual basis (within a reasonable range) based on actual costs incurred. Note that the Trends data includes all franchise fees in marketing. The 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
Comparable 1	\$33	5.3%	\$692	\$3.83
Comparable 2	\$86	5.0%	\$689	\$2.81
Comparable 3	\$60	3.3%	\$596	\$2.87
DCF Estimate - YR 1	\$20	5.5%	\$300	\$2.84
DCF Stabilized Estimate - YR 4	\$33	5.5%	\$499	\$3.42

Compiled by CBRE

PROPERTY OPERATIONS & MAINTENANCE

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

PROPERTY OPERATIONS AND MAINTENANCE EXPENSES				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$79	12.7%	\$1,682	\$9.31
Comparable 2	\$140	8.0%	\$1,122	\$4.58
Comparable 3	\$136	6.9%	\$1,358	\$6.54
DCF Estimate - YR 1	\$45	12.4%	\$684	\$6.46
DCF Stabilized Estimate - YR 4	\$52	8.7%	\$794	\$5.44

Compiled by CBRE

UTILITY COSTS

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

UTILITIES EXPENSES				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$33	5.3%	\$697	\$3.86
Comparable 2	\$119	6.8%	\$955	\$3.89
Comparable 3	\$196	10.0%	\$1,962	\$9.45
DCF Estimate - YR 1	\$25	6.7%	\$372	\$3.51
DCF Stabilized Estimate - YR 4	\$47	7.8%	\$718	\$4.92

Compiled by CBRE

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
Comparable 1	\$229	36.7%	\$4,865	\$26.93
Comparable 2	\$634	36.1%	\$5,074	\$20.69
Comparable 3	\$623	31.6%	\$6,230	\$30.00
DCF Estimate - YR 1	\$158	43.3%	\$2,392	\$22.60
DCF Stabilized Estimate - YR 4	\$231	38.1%	\$3,501	\$23.98

Compiled by CBRE

Management Fees

The subject property has historically been managed by a related entity which has charged above-market expenses. This agreement is expected to be terminated upon a sale event.

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
Comparable 1	\$22	3.5%	\$464	\$2.57
Comparable 2	\$61	3.5%	\$491	\$2.00
Comparable 3	\$69	3.5%	\$689	\$3.32
DCF Estimate - YR 1	\$13	3.5%	\$194	\$1.83
DCF Stabilized Estimate - YR 4	\$21	3.5%	\$321	\$2.20

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
Comparable 1	\$202	32.5%	\$4,304	\$23.82
Comparable 2	\$328	18.7%	\$2,626	\$10.70
Comparable 3	\$861	43.7%	\$8,614	\$41.48
DCF Estimate - YR 1	\$77	21.0%	\$1,164	\$11.00
DCF Stabilized Estimate - YR 4	\$199	32.9%	\$3,019	\$20.68

Compiled by CBRE

The projection is based on the subject property operating history and comparable hotel data. It also considers the fixed and variable components of this expense during fluctuations in occupancy.

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

PROPERTY TAXES				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$34	5.5%	\$725	\$4.01
Comparable 2	\$113	6.4%	\$905	\$3.69
Comparable 3	\$92	4.7%	\$923	\$4.44
DCF Estimate - YR 1	\$28	7.6%	\$419	\$3.96
DCF Stabilized Estimate - YR 4	\$30	4.9%	\$451	\$3.09
Compiled by CBRE				

INSURANCE

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

INSURANCE				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$15	2.4%	\$321	\$1.77
Comparable 2	\$67	3.8%	\$536	\$2.19
Comparable 3	\$32	1.6%	\$320	\$1.54
DCF Estimate - YR 1	\$18	4.9%	\$269	\$2.54
DCF Stabilized Estimate - YR 4	\$19	3.2%	\$289	\$1.98
Compiled by CBRE				

RESERVES FOR REPLACEMENT

Structural reserves account for the replacement of short-lived items, including the roof, building systems, and parking lot. FF&E reserves for replacement are typically included in hotel expense projections to account for the periodic replacement of the furniture, fixtures and equipment (FF&E). It does not reflect the value of existing FF&E. It is solely an expense to reflect future replacements of short-lived items. This expense can be based on the actual replacement cost of the FF&E, its projected economic life and a reasonable reinvestment rate for the reserve funds (essentially a sinking fund account). An alternative and more widely utilized method is to estimate FF&E reserves based on a percentage of total revenues. Using this method, the typical ratio ranges from 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
Comparable 1	\$25	4.0%	\$530	\$2.93
Comparable 2	\$70	4.0%	\$562	\$2.29
Comparable 3	\$79	4.0%	\$788	\$3.79
DCF Estimate - YR 1	\$15	4.0%	\$221	\$2.09
DCF Stabilized Estimate - YR 4	\$24	4.0%	\$367	\$2.52

Compiled by CBRE

The reader is advised a replacement reserve of 4.0% has been applied to the expense comparable data as well as the subject's historical operations to align with the subject's pro forma amount.

TOTAL NON-OPERATING INCOME AND EXPENSES

The subject's total non-operating income and expense estimates are detailed as follows:

TOTAL NON-OPERATING INCOME AND EXPENSES				
Year	Total \$ (000's)	As a % of Revenue	Per Available Room	Per Occupied Room
Comparable 1	\$74	11.9%	\$1,576	\$8.72
Comparable 2	\$250	14.3%	\$2,003	\$8.16
Comparable 3	\$203	10.3%	\$2,030	\$9.78
DCF Estimate - YR 1	\$60	16.4%	\$909	\$8.58
DCF Stabilized Estimate - YR 4	\$73	12.1%	\$1,107	\$7.59

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
Comparable 1	\$128	20.6%	\$2,728	\$15.10
Comparable 2	\$78	4.4%	\$623	\$2.54
Comparable 3	\$658	33.4%	\$6,584	\$31.70
DCF Estimate - YR 1	\$17	4.6%	\$255	\$2.41
DCF Stabilized Estimate - YR 4	\$126	20.8%	\$1,911	\$13.09

Compiled by CBRE

DISCOUNTED CASH FLOW ANALYSIS

The discounted cash flow analysis relies on a projection of net operating income over a fixed holding period and a future sale of the property at the end of the holding period. This is

consistent with current investor trends for analyzing this property type. The discounted cash flow analysis takes into consideration the timing and degree of the projected changes in average daily rate, occupancy, and expenses for the subject.

Financial Assumptions

SUMMARY OF DISCOUNTED CASH FLOW INPUT	
General	
Start Date	Mar-21
Terms of Analysis	10 Years
Software	Excel
Growth Rates	
Stabilized ADR Growth	2.50%
Stabilized Income Growth	2.50%
Stabilized Expense Growth	2.50%
Expense Growth (Stabilized)	2.50%
Revenue Assumptions	
Current/TTM Average Daily Rate	\$44.94
Stabilized Average Daily Rate	\$62.19
Occupancy Assumptions	
Current/TTM Occupancy	20.14%
Stabilized Occupancy	40.00%
Estimated Stabilization	Mar-24
Financial	
Discount Rate	12.00%
Discount Rate - As Stabilized	11.50%
Terminal Capitalization Rate - As Stabilized	10.00%
Other	
Cost of Sale	5.00%
Capital Expenses (Deferred Maintenance)	\$181,500
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 Oct-20			1.76%
<i>PwC Limited Service Hotels</i>			
National Data	0.10%	2.95%	n/a
CBRE Estimate	3.70%	2.50%	2.50%
Compiled by: CBRE			

OCCUPANCY ASSUMPTIONS

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

HOTEL INVESTOR RATES

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

Direct Capitalization

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

COMPARABLE SALES

The overall capitalization rates (OAR's) for the comparable sales analyzed in the sales comparison approach yielded no credible range given transactions occurring with non-stabilized assets. As such, the appraiser has referenced a secondary set of transactions, as shown below:

COMPARABLE CAPITALIZATION RATES					
Secondary Sale		Sale Date	Sale Price \$/Unit	Occupancy	OAR
1	Quality Inn, 1550 North Lacrosse Street, Rapid City, SD	Jan-20	\$48,454	47%	9.30%
2	Days Inn, 1570 Lacrosse Street, Rapid City, SD	Jan-20	\$45,026	46%	8.97%
3	Americas Best Value Inn, 620 Howard Street, Rapid City, SD	Jan-20	\$26,316	45%	11.81%
4	Best Western, 752 Withers Harbor Drive, Red Wing, MN	Sep-19	\$45,686	44%	11.67%
5	Comfort Inn & Suites Riverview & Super 8, 902 Mississippi View Court, Le Claire, IA	Jan-20	\$44,186	50%	8.86%
6	AmericInn, 1005 13th Street Southwest, Spencer, IA	Jan-20	\$50,543	62%	7.08%
7	Motel 6, 3032 South Expressway, Council Bluffs, IA	Feb-20	\$33,929	63%	9.00%
Indicated OAR:				40%	7.08%-11.81%
Compiled by: CBRE					

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 Economy</i>		
National Data		9.19%
<i>RealtyRates.com</i>		
Lodging	4.38% - 16.04%	9.81%
Full Service	4.38% - 13.41%	9.72%
Limited Service	5.59% - 16.04%	10.11%
Golf/Gaming/Resort	5.52% - 15.01%	9.26%
<i>PwC Limited Service Hotels</i>		
National Data	7.00% - 12.00%	9.50%
Indicated OAR:		9.00%-9.50%
Compiled by: CBRE		

Considering the subject's age/quality as well as overall market softness, a rate in the mid to higher side lower side of the capitalization rates for limited service hotels indicated by the PwC Survey is considered appropriate.

CAPITALIZATION RATE CONCLUSION

The following table summarizes the OAR conclusions.

OVERALL CAPITALIZATION RATE - CONCLUSION	
Source	Indicated OAR
Comparable Sales (Secondary)	7.08%-11.81%
Published Surveys	9.00%-9.50%
Band of Investment	9.20%
CBRE Estimate	9.50%
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	3.98% - 13.69%	8.77%
Full Service	3.98% - 11.36%	8.88%
Limited Service	4.94% - 13.69%	9.07%
Golf/Gaming/Resort	4.58% - 12.82%	8.21%
<i>PwC Limited Service Hotels</i>		
National Data	8.00% - 12.00%	9.80%
CBRE Estimate		12.00%
Compiled by: CBRE		

The property is located in Fargo MSA, which is a secondary market. The hotel is located proximate to a number of room night demand generators. The property was constructed in 1988 and is in average condition. It is operated as Quality Suites, a Choice brand hotel. Considering these factors, we have selected a discount rate between the average and upper end of the range for limited service hotels indicated by the PwC Survey, or approximately 12.00% percent for the As Stabilized value scenario. A slightly higher discount rate of percent is indicated for the As Is value scenario to reflect the additional risk for the subject to reach stabilization, following the stabilization of the subject and subject's submarket from the effects of COVID-19.

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	7.00% - 12.00%	9.50%
National Data - Residual OAR	8.00% - 12.00%	9.50%
Spread: Basis Points (BP)	100 - 0	0
Concluded BP Spread		50
CBRE Estimate		10.00%
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:				Complete Calendar Year Ended:				Fiscal Year Ended:				Fiscal Year Ended:			
	12/31/2018				12/31/2019				3/15/2022				3/15/2025			
Days Open	365				365				365				365			
No. of Rooms	66				66				66				66			
Occupied Room Nights	8,514				7,264				6,986				9,636			
Occupancy	35.3%				30.2%				29.0%				40.0%			
Average Daily Rate	\$52.62				\$52.61				\$51.55				\$62.19			
RevPAR	\$18.60				\$15.86				\$14.95				\$24.87			
	Total	Ratio to Sales	PAR	POR	Total	Ratio to Sales	PAR	POR	Total	Ratio to Sales	PAR	POR	Total	Ratio to Sales	PAR	POR
REVENUE																
Rooms	\$448,030	98.6%	\$6,788	\$52.62	\$382,176	99.1%	\$5,791	\$52.61	\$360,103	98.7%	\$5,456	\$51.55	\$599,224	98.9%	\$9,079	\$62.19
Other Operated Departments	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00
Miscellaneous Income	6,270	1.4%	\$95	\$0.74	3,541	0.9%	\$54	\$0.49	4,812	1.3%	\$73	\$0.69	6,643	1.1%	\$101	\$0.69
Total Operating Revenue	\$454,300	100.0%	\$6,883	\$53.36	\$385,717	100.0%	\$5,844	\$53.10	\$364,915	100.0%	\$5,529	\$52.23	\$605,867	100.0%	\$9,180	\$62.88
DEPARTMENTAL EXPENSES																
Rooms Expense	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$116,959	32.5%	\$1,772	\$16.74	\$153,761	25.7%	\$2,330	\$15.96
Other Operated Departments Expense	-		\$0	\$0.00	-		\$0	\$0.00	-		\$0	\$0.00	-		\$0	\$0.00
Total Departmental Expenses	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$116,959	32.1%	\$1,772	\$16.74	\$153,761	25.4%	\$2,330	\$15.96
DEPARTMENTAL PROFIT	\$454,300	100.0%	\$6,883	\$53.36	\$385,717	100.0%	\$5,844	\$53.10	\$247,955	67.9%	\$3,757	\$35.49	\$452,106	74.6%	\$6,850	\$46.92
UNDISTRIBUTED OPERATING EXPENSES																
Administrative and General	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$36,667	10.0%	\$556	\$5.25	\$53,917	8.9%	\$817	\$5.60
Information and Telecommunications Systems	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	8,982	2.5%	\$136	\$1.29	10,030	1.7%	\$152	\$1.04
Marketing	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	22,475	6.2%	\$341	\$3.22	33,939	5.6%	\$514	\$3.52
Franchise Fees	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	19,806	5.5%	\$300	\$2.84	32,957	5.5%	\$499	\$3.42
Property Operations and Maintenance	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	44,950	12.3%	\$681	\$6.43	52,213	8.6%	\$791	\$5.42
Utilities	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	24,444	6.7%	\$370	\$3.50	47,177	7.8%	\$715	\$4.90
Total Undistributed Expenses	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$157,324	43.1%	\$2,384	\$22.52	\$230,233	38.0%	\$3,488	\$23.89
GROSS OPERATING PROFIT	\$454,300	100.0%	\$6,883	\$53.36	\$385,717	100.0%	\$5,844	\$53.10	\$90,631	24.8%	\$1,373	\$12.97	\$221,873	36.6%	\$3,362	\$23.03
Management Fee	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$12,772	3.5%	\$194	\$1.83	\$21,205	3.5%	\$321	\$2.20
INCOME BEFORE NON-OPERATING INCOME AND EXPENSES	\$454,300	100.0%	\$6,883	\$53.36	\$385,717	100.0%	\$5,844	\$53.10	\$77,859	21.3%	\$1,180	\$11.14	\$200,668	33.1%	\$3,040	\$20.82
NON-OPERATING INCOME AND EXPENSES																
Property Taxes	\$0	0.0%	\$0	\$0.00	\$0	0.0%	\$0	\$0.00	\$27,644	7.6%	\$419	\$3.96	\$29,769	4.9%	\$451	\$3.09
Insurance	-	0.0%	\$0	\$0.00	-	0.0%	\$0	\$0.00	17,651	4.8%	\$267	\$2.53	19,008	3.1%	\$288	\$1.97
Reserve for Replacement	18,172	4.0%	\$275	\$2.13	15,429	4.0%	\$234	\$2.12	14,597	4.0%	\$221	\$2.09	24,235	4.0%	\$367	\$2.52
Total Non-Operating Income and Expenses	\$18,172	4.0%	\$275	\$2.13	\$15,429	4.0%	\$234	\$2.12	\$59,891	16.4%	\$907	\$8.57	\$73,012	12.1%	\$1,106	\$7.58
NET INCOME (EBITDA)	\$436,128	96.0%	\$6,608	\$51.22	\$370,288	96.0%	\$5,610	\$50.98	\$17,968	4.9%	\$272	\$2.57	\$127,656	21.1%	\$1,934	\$13.25

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

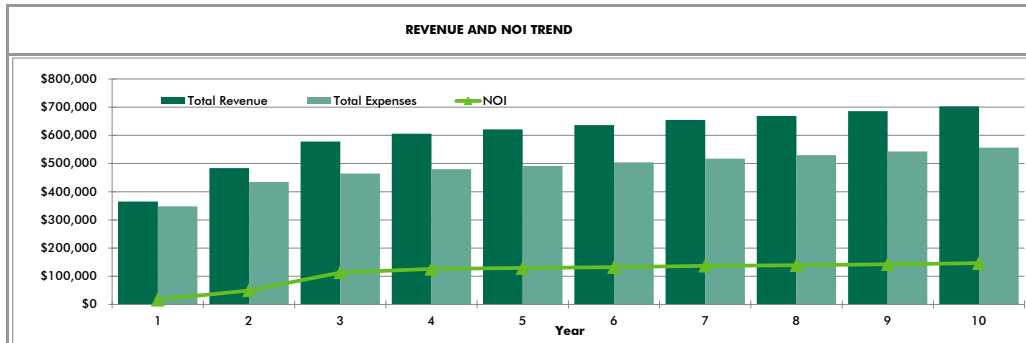


**QUALITY SUITES
DISCOUNTED CASH FLOW ANALYSIS
BEGINNING 03/21**

CBRE HOTELS

The World's Leading Hotel Experts.

YEAR Year Ended:	1 3/15/22	2 3/15/23	3 3/15/24	4 3/15/25	5 3/15/26	6 3/15/27	7 3/15/28	8 3/15/29	9 3/15/30	10 3/15/31	Reversion 3/15/32
Number of Rooms	66	66	66	66	66	66	66	66	66	66	66
Annual Available Rooms	24,090	24,090	24,156	24,090	24,090	24,090	24,156	24,090	24,090	24,090	24,156
Occupied Rooms	6,986	8,432	9,421	9,636	9,636	9,636	9,662	9,636	9,636	9,636	9,662
Occupancy	29.0%	35.0%	39.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Average Rate	\$51.55	\$56.70	\$60.67	\$62.19	\$63.74	\$65.33	\$66.97	\$68.64	\$70.36	\$72.12	\$73.92
REVENUE											
Rooms	\$360,103	\$478,068	\$571,555	\$599,224	\$614,204	\$629,559	\$647,066	\$661,431	\$677,966	\$694,916	\$714,240
Other Operated Departments	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	4,832	5,715	6,392	6,671	6,838	7,009	7,200	7,363	7,548	7,736	7,947
Total Operating Revenue	\$364,935	\$483,782	\$577,947	\$605,894	\$621,042	\$636,568	\$654,266	\$668,794	\$685,514	\$702,652	\$722,187
DEPARTMENTAL EXPENSES											
Rooms Expense	\$117,447	\$140,352	\$149,425	\$154,401	\$158,261	\$162,218	\$166,437	\$170,430	\$174,691	\$179,058	\$183,716
Other Operated Departments Expense	-	-	-	-	-	-	-	-	-	-	-
Total Departmental Expenses	\$117,447	\$140,352	\$149,425	\$154,401	\$158,261	\$162,218	\$166,437	\$170,430	\$174,691	\$179,058	\$183,716
DEPARTMENTAL PROFIT	\$247,488	\$343,430	\$428,521	\$451,493	\$462,780	\$474,350	\$487,828	\$498,364	\$510,823	\$523,593	\$538,471
UNDISTRIBUTED OPERATING EXPENSES											
Administrative and General Information and Telecommunications Systems	\$36,819	\$50,981	\$52,720	\$54,142	\$55,495	\$56,883	\$58,318	\$59,762	\$61,256	\$62,788	\$64,372
Marketing	9,019	9,431	9,797	10,071	10,323	10,581	10,850	11,117	11,395	11,680	11,976
Franchise Fees	22,569	31,363	33,052	34,080	34,932	35,805	36,727	37,618	38,558	39,522	40,540
Property Operations and Maintenance	19,806	26,294	31,436	32,957	33,781	34,626	35,589	36,379	37,288	38,220	39,283
Utilities	45,137	48,251	50,849	52,431	53,742	55,085	56,503	57,874	59,321	60,804	62,369
Other	24,546	44,609	46,130	47,374	48,558	49,772	51,028	52,292	53,599	54,939	56,326
Total Undistributed Expenses	\$157,897	\$210,928	\$223,984	\$231,055	\$236,831	\$242,752	\$249,015	\$255,042	\$261,418	\$267,953	\$274,866
GROSS OPERATING PROFIT	\$89,591	\$132,501	\$204,537	\$220,438	\$225,949	\$231,598	\$238,813	\$243,322	\$249,405	\$255,640	\$263,605
Management Fee	\$12,773	\$16,932	\$20,228	\$21,206	\$21,736	\$22,280	\$22,899	\$23,408	\$23,993	\$24,593	\$25,277
INCOME BEFORE NON-OPERATING INCOME AND NON-OPERATING INCOME AND EXPENSES	\$76,818	\$115,569	\$184,309	\$199,232	\$204,212	\$209,318	\$215,914	\$219,914	\$225,412	\$231,048	\$238,328
Property Taxes	\$27,644	\$28,335	\$29,043	\$29,769	\$30,513	\$31,276	\$32,058	\$32,860	\$33,681	\$34,523	\$35,386
Insurance	17,724	18,167	18,621	19,087	19,564	20,053	20,554	21,068	21,595	22,135	22,688
Reserve for Replacement	14,597	19,351	23,118	24,236	24,842	25,463	26,171	26,752	27,421	28,106	28,887
Total Non-Operating Income and Expenses	\$59,965	\$65,853	\$70,782	\$73,092	\$74,919	\$76,792	\$78,783	\$80,680	\$82,697	\$84,764	\$86,962
NET INCOME (EBITDA)	\$16,853	\$49,716	\$113,527	\$126,140	\$129,293	\$132,526	\$137,130	\$139,235	\$142,716	\$146,284	\$151,366



Sale / Yield Matrix

IRR	Terminal Cap Rate		
	9.75%	10.00%	10.25%
11.75%	1,065,887	1,053,747	1,042,200
12.00%	1,047,849	1,035,977	1,024,685
12.25%	1,030,197	1,018,587	1,007,543

Reconciled Value Indication: **\$1,035,977**

Deferred Maintenance: **(\$181,500)**

As-Is Value Indication (Rounded): **\$850,000**

\$12,879/Room





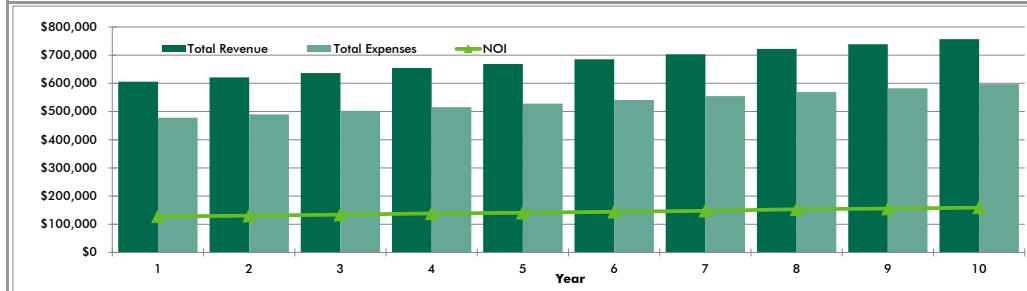
**QUALITY SUITES
DISCOUNTED CASH FLOW ANALYSIS
BEGINNING 03/24**

CBRE HOTELS

The World's Leading Hotel Experts.

YEAR	1	2	3	4	5	6	7	8	9	10	Reversion
Year Ended:	3/15/25	3/15/26	3/15/27	3/15/28	3/15/29	3/15/30	3/15/31	3/15/32	3/15/33	3/15/34	3/15/35
Number of Rooms	66	66	66	66	66	66	66	66	66	66	66
Annual Available Rooms	24,090	24,090	24,090	24,156	24,090	24,090	24,090	24,156	24,090	24,090	24,090
Occupied Rooms	9,636	9,636	9,636	9,662	9,636	9,636	9,636	9,662	9,636	9,636	9,636
Occupancy	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%	40.0%
Average Rate	\$62.19	\$63.74	\$65.33	\$66.97	\$68.64	\$70.36	\$72.12	\$73.92	\$75.77	\$77.66	\$79.60
REVENUE											
Rooms	\$599,224	\$614,204	\$629,559	\$647,066	\$661,431	\$677,966	\$694,916	\$714,240	\$730,096	\$748,348	\$767,057
Other Operated Departments	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	6,643	6,809	6,980	7,170	7,333	7,516	7,704	7,914	8,094	8,296	8,504
Total Operating Revenue	\$605,867	\$621,013	\$636,539	\$654,236	\$668,764	\$685,483	\$702,620	\$722,154	\$738,190	\$756,645	\$775,561
DEPARTMENTAL EXPENSES											
Rooms Expense	\$153,761	\$157,605	\$161,545	\$165,747	\$169,723	\$173,966	\$178,315	\$182,953	\$187,343	\$192,026	\$196,827
Other Operated Departments Expense	-	-	-	-	-	-	-	-	-	-	-
Total Departmental Expenses	\$153,761	\$157,605	\$161,545	\$165,747	\$169,723	\$173,966	\$178,315	\$182,953	\$187,343	\$192,026	\$196,827
DEPARTMENTAL PROFIT	\$452,106	\$463,409	\$474,994	\$488,489	\$499,040	\$511,516	\$524,304	\$539,201	\$550,847	\$564,618	\$578,734
UNDISTRIBUTED OPERATING EXPENSES											
Administrative and General Information and Telecommunications Systems	\$53,917	\$55,265	\$56,646	\$58,076	\$59,514	\$61,002	\$62,527	\$64,105	\$65,693	\$67,335	\$69,018
Marketing	10,030	10,280	10,537	10,805	11,071	11,348	11,631	11,926	12,220	12,526	12,839
Franchise Fees	33,939	34,787	35,657	36,575	37,462	38,398	39,358	40,372	41,351	42,385	43,444
Property Operations and Maintenance	32,957	33,781	34,626	35,589	36,379	37,288	38,220	39,283	40,155	41,159	42,188
Utilities	52,213	53,519	54,857	56,269	57,634	59,075	60,551	62,110	63,617	65,207	66,837
Other	47,177	48,357	49,566	50,817	52,075	53,377	54,711	56,092	57,481	58,918	60,391
Total Undistributed Expenses	\$230,233	\$235,989	\$241,889	\$248,130	\$254,134	\$260,488	\$267,000	\$273,889	\$280,517	\$287,530	\$294,718
GROSS OPERATING PROFIT	\$221,873	\$227,420	\$233,105	\$240,359	\$244,906	\$251,029	\$257,305	\$265,312	\$270,331	\$277,089	\$284,016
Management Fee	\$21,205	\$21,735	\$22,279	\$22,898	\$23,407	\$23,992	\$24,592	\$25,275	\$25,837	\$26,483	\$27,145
INCOME BEFORE NON-OPERATING INCOME AND NON-OPERATING INCOME AND EXPENSES	\$200,668	\$205,684	\$210,826	\$217,461	\$221,499	\$227,037	\$232,713	\$240,036	\$244,494	\$250,606	\$256,871
NON-OPERATING INCOME AND EXPENSES											
Property Taxes	\$29,769	\$30,513	\$31,276	\$32,058	\$32,860	\$33,681	\$34,523	\$35,386	\$36,271	\$37,178	\$38,107
Insurance	19,008	19,483	19,970	20,469	20,981	21,505	22,043	22,594	23,159	23,738	24,331
Reserve for Replacement	24,235	24,841	25,462	26,169	26,751	27,419	28,105	28,886	29,528	30,266	31,022
Total Non-Operating Income and Expenses	\$73,012	\$74,837	\$76,708	\$78,697	\$80,591	\$82,606	\$84,671	\$86,867	\$88,957	\$91,181	\$93,461
NET INCOME (EBITDA)	\$127,656	\$130,847	\$134,119	\$138,764	\$140,908	\$144,431	\$148,042	\$153,170	\$155,537	\$159,425	\$163,411

REVENUE AND NOI TREND



Sale / Yield Matrix

IRR	Terminal Cap Rate		
	9.75%	10.00%	10.25%
11.25%	1,365,564	1,351,857	1,338,819
11.50%	1,344,592	1,331,189	1,318,440
11.75%	1,324,062	1,310,956	1,298,489

Reconciled Value Indication: **\$1,331,189**

As-Stabilized Value Indication (Rounded): **\$1,330,000**

\$20,152/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		3/15/2025	
Number of Rooms:				66
Annual Rooms Available:				24,090
Occupied Rooms:				9,636
Occupancy:				40.0%
Average Rate:				\$62.19
RevPAR:				\$24.87
	Total	Ratio to Sales	PAR	POR
REVENUE				
Rooms	\$599,224	98.9%	\$9,079	\$62.19
Other Operated Departments	\$0	0.0%	0	0.00
Miscellaneous Income	\$6,643	1.1%	101	0.69
Total Operating Revenue	\$605,867	100.0%	\$9,180	\$62.88
DEPARTMENTAL EXPENSES				
Rooms Expense	\$153,761	25.7%	\$2,330	\$15.96
Other Operated Departments Expense	\$0		0	0.00
Total Departmental Expenses	\$153,761	25.4%	\$2,330	\$15.96
DEPARTMENTAL PROFIT	\$452,106	74.6%	\$6,850	\$46.92
UNDISTRIBUTED OPERATING EXPENSES				
Administrative and General	\$53,917	8.9%	\$817	\$5.60
Information and Telecommunications Systems	\$10,030	1.7%	152	1.04
Marketing	\$33,939	5.6%	514	3.52
Franchise Fees	\$32,957	5.5%	499	3.42
Property Operations and Maintenance	\$52,213	8.6%	791	5.42
Utilities	\$47,177	7.8%	715	4.90
Total Undistributed Expenses	\$230,233	38.0%	\$3,488	\$23.89
GROSS OPERATING PROFIT	\$221,873	36.6%	\$3,362	\$23.03
Management Fee	\$21,205	3.5%	\$321	\$2.20
INCOME BEFORE NON-OPERATING INCOME AND EXPENSES	\$200,668	33.1%	\$3,040	\$20.82
NON-OPERATING INCOME AND EXPENSES				
Property Taxes	\$29,769	4.9%	\$451	\$3.09
Insurance	\$19,008	3.1%	288	1.97
Reserve for Replacement	\$24,235	4.0%	367	2.52
Total Non-Operating Income and Expenses	\$73,012	12.1%	\$1,106	\$7.58
NET INCOME (EBITDA)	\$127,656	21.1%	\$1,934	\$13.25
Net Income (EBITDA)				\$127,656
ORAR				/ 9.50%
Indicated Stabilized Value				\$1,343,748
Rounded				\$1,340,000
Deferred Maintenance				(181,500)
Stabilization Discount				(480,000)
Indicated As Is Value				\$682,248
Rounded				\$680,000
Value Per Room				\$10,303
* 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, 2021	Prospective As Stabilized on March 16, 2024
Direct Capitalization Method	\$680,000	\$1,340,000
Discounted Cash Flow Analysis	\$850,000	\$1,330,000
Reconciled Value	\$850,000	\$1,330,000
Compiled by CBRE		

Primary emphasis has been placed on the discounted cash flow (DCF) analysis. This method is considered to best reflect the actions of buyers and sellers currently active in this market.

ADJUSTMENT FOR STABILIZATION

The subject is not stabilized. A deduction for losses occurring during stabilization is necessary. This is calculated based on the differential in indicated value between the DCF's as is and as stabilized. The following depicts this calculation. The indicated stabilization discount is then utilized with the direct capitalization method, the cost approach, and the sales comparison approach to provide an indication of the as complete value estimate.

STABILIZATION SUMMARY	
Estabilized Stabilization Period	36 Months
DCF - As Stabilized value	\$1,330,000
DCF - As Is value (prior to deduction for any capital expenditures)	\$850,000
Differential	\$480,000
Plus: Profit @ 0%	\$0
Total	\$480,000
Stabilization Discount	\$480,000
Compiled by CBRE	

Sales Comparison Approach

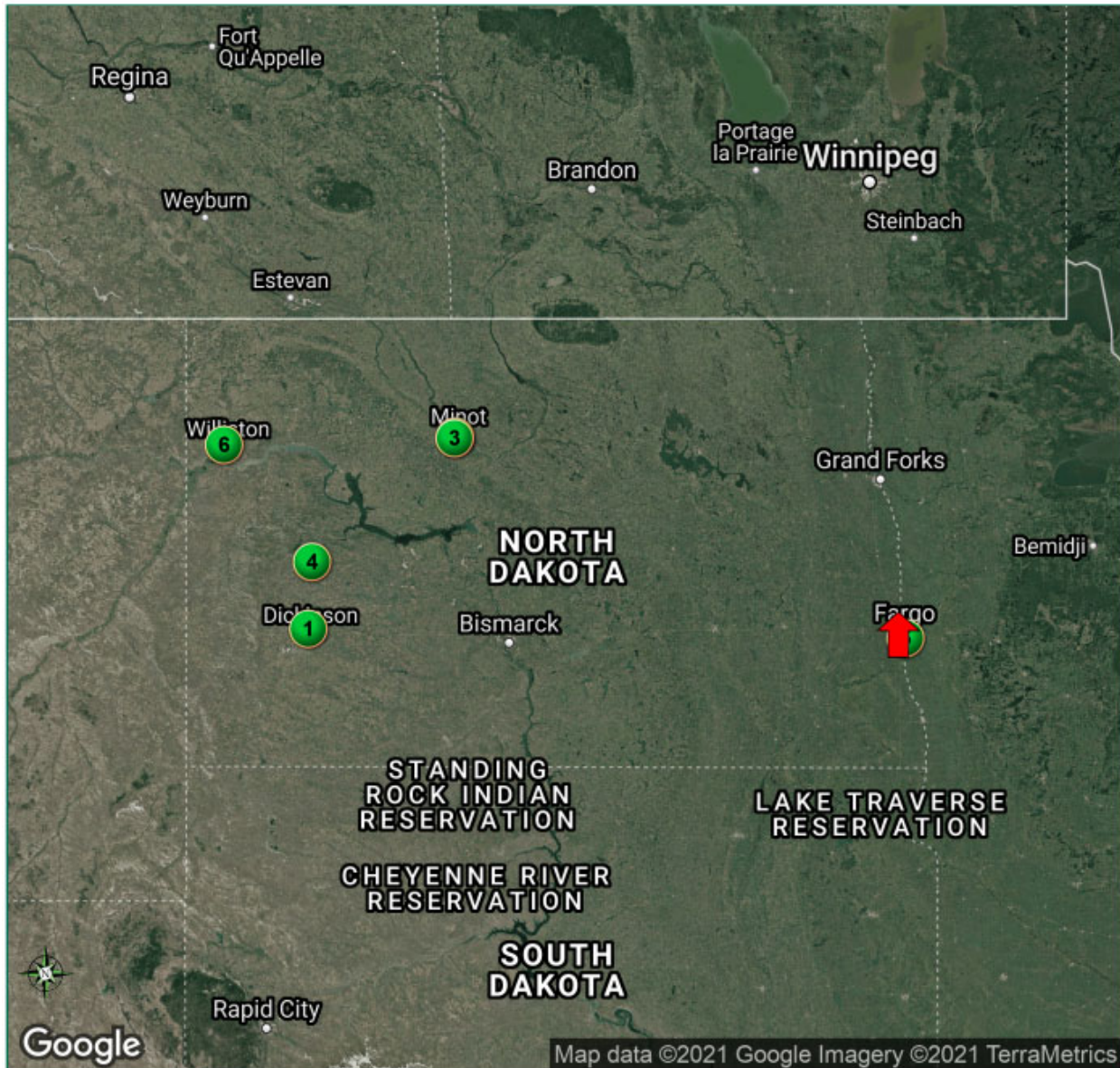
The Sales Comparison Approach is a method of forming an opinion of market value based on the premise that an informed buyer will pay no more for a property than the cost of acquiring an existing property with equal utility. This approach is based on the fundamental principle of substitution, whereby the subject property is valued by comparing it to similar properties that have recently sold or are being offered in the open market. The Sales Price per Room method and the Rooms Revenue Multiplier (RRM) method are the two primary techniques used in the Sales Comparison Approach in forming a value opinion.

The price per room method involves comparing physical and economic characteristics of comparable sales to the subject, and attempting to quantify any differences in these characteristics mainly through market extraction and matched pair analysis. Adjustments are applied to the comparable sales based on these differences, which should then result in a reasonable value indication for the subject property. The RRM method involves analyzing multiples of rooms revenue from comparable sales to form a basis for selecting an appropriate multiple to apply to either the existing or expected income of the subject in order to form an opinion of market value.

While the physical characteristics of a hotel such as age/condition, location and quality of construction are useful elements of comparison in the price per room method, these factors are relevant only to the extent that they can produce income and expense levels similar to the subject. Since hotels are an operating business, achievable revenue and operating expense levels can vary significantly in some instances due to other, non-physical factors such as brand perception, brand contribution, market orientation, rate structure and quality and effectiveness of management. In addition, factors such as tax considerations, partial interest sales, finance terms, undue motivation on behalf of buyer or seller, income guarantees and encumbrances can directly impact a sale price and the associated transaction information can be extremely difficult to obtain and quantify.

With respect to the applicability of the Sales Comparison Approach in lodging facilities, as hotel valuation specialists, we find that this value method should be used to provide a general range of values that will serve as a check against the value indicated by the Income Capitalization Approach. While useful as a cursory test of reasonableness, the Sales Comparison Approach does not adequately mirror the underwriting or investment rationale of a typical hotel buyer, and has therefore been given secondary consideration in this analysis.

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



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
1	Microtel Inn & Suites Dickinson, 1597 6th Avenue West, Dickinson, ND	Sale	Feb-21	2010	281 Miles	79	\$1,360,000	\$1,360,000	\$17,215
2	Motel 6, 1515 2nd Avenue SW, Minot, ND	Sale	Oct-20	1988	229 Miles	136	\$900,000	\$900,000	\$6,618
3	Former Expressway Suites (Fka La Quinta), 1605 35th Avenue Southwest, Minot, ND	Sale	Aug-20	2011	229 Miles	91	\$1,890,000	\$1,890,000	\$20,769
4	The Baron's Lodge, 637 Bernie Street, Killdeer, ND	Sale	Jun-20	2014	281 Miles	60	\$750,000	\$750,000	\$12,500
5	Buffalo Prairie Lodge (Fka Super 8), 3621 8th Street South, Moorhead, MN	Sale	Jan-20	1979	4 Miles	60	\$1,210,000	\$1,210,000	\$20,167
6	Motel 6, 1325 19th Avenue West, Williston, ND	Sale	Jul-18	2011	330 Miles	69	\$848,000	\$848,000	\$12,290
Subj. Pro Forma	Quality Suites, 1415 35th Street S, Fargo, North Dakota	---	---	1988	---	66	---	---	---

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

The sales utilized were selected from our research of comparable improved sales within the greater region given limited sales in Fargo/Moorhead. These sales were chosen based upon brand affiliation, age/condition, size and utilization as a limited service hotel.

Price Per Room Conclusion

Most of not all of the sales were acquired where the property's performance was well-below historical standards and the property was not considered stabilized. Given the lack of similarly branded sales, a true assortment of quality and location is present among the sales and some limitations are presents with regard to apples-to-apples comparison. Considering the valuation here is based upon a stabilized basis, with a below-the-line deduction to reach stable occupancy, a conclusion at the top of the range is made.

GROSS INCOME MULTIPLIER (GIM)

The Gross Income Multiplier (GIM) reflects the relationship between gross revenues and sales price. It is most effective when valuing stabilized properties with similar operating ratios. Given the lack of stabilized operations among the primary sales and the subject, this metric has

limitations. To provide further support, a supplemental list is also provided. Considering the physical, locational and economic attributes of the subject, a GIM in the middle of the range of the comparable sales is indicated for the subject property on an

For limited-service hotels like the subject that tend to have a higher appeal to owner-operators or buyers that would be directly involved in day to day operations, this is a meaningful and often relied upon value method. Often, this type of buyer perceives net income upside through more efficient operations, i.e., better cost controls in key areas like payroll and administrative services.

The following illustrates the RRM for each of the sales analyzed herein.

GROSS INCOME MULTIPLIER ANALYSIS			
Sale No.	Occupancy	OER	GIM
Subject	40%	78.93%	---
3	36%	92.92%	2.51

Compiled by CBRE

SUMMARY OF COMPARABLE HOTEL SALES (SUPPLEMENTAL)													
No.	Name	Transaction Type	Date	Year Built	No. Rooms	Actual Sale Price	Adjusted Sale Price ¹	Price Per Room	Occ.	Gross Rev. Multiplier	NOI Per Room	OER	OAR
1	Quality Inn, 1550 North Lacrosse Street, Rapid City, SD	Sale	Jan-20	1992	97	\$4,700,000	\$4,700,000	\$48,454	47%	2.95	\$4,506	72.61%	9.30%
2	Days Inn, 1570 Lacrosse Street, Rapid City, SD	Sale	Jan-20	1995	77	\$3,467,000	\$3,467,000	\$45,026	46%	2.67	\$4,039	76.05%	8.97%
3	Americas Best Value Inn, 620 Howard Street, Rapid City, SD	Sale	Jan-20	1980	95	\$2,500,000	\$2,500,000	\$26,316	45%	1.89	\$3,108	77.72%	11.81%
4	Best Western, 752 Withers Harbor Drive, Red Wing, MN	Sale	Sep-19	1991	51	\$1,530,000	\$2,330,000	\$45,686	44%	2.37	\$5,332	81.88%	11.67%
5	Comfort Inn & Suites Riverview & Super 8, 902 Mississippi View Court, Le Claire, IA	Sale	Jan-20	1998	86	\$3,800,000	\$3,800,000	\$44,186	50%	2.66	\$3,915	76.44%	8.86%
6	AmericInn, 1005 13th Street Southwest, Spencer, IA	Sale	Jan-20	1995	46	\$2,125,000	\$2,325,000	\$50,543	62%	2.21	\$3,578	85.71%	7.08%
7	Motel 6, 3032 South Expressway, Council Bluffs, IA	Sale	Feb-20	1985	84	\$2,850,000	\$2,850,000	\$33,929	63%	2.64	\$3,054	76.28%	9.00%
Subj. Pro Forma	Quality Suites, 1415 35th Street S, Fargo, North Dakota	---	---	1988	66	---	---	---	40%		\$1,934	\$3.88	---

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

Compiled by CBRE

SALE COMPARISON APPROACH CONCLUSION

For hotels within the lower tier, investors tend to place greater weight on the rooms revenue multiplier than even value indications based on net income. Therefore, both the \$/unit and GIM were given weight. The following table summarizes the value indications and the concluded value of the subject, via the Sales Comparison Approach.

SALES COMPARISON APPROACH

Total Rooms	X	Value Per Room	=	Value
66	X	\$7,279	=	\$480,414
66	X	\$20,000	=	\$1,320,000
66	X	\$20,620	=	\$1,360,920

Room Revenue	X	GIM	=	Value
\$599,224	X	1.89	=	\$1,132,532
\$599,224	X	2.95	=	\$1,767,709

VALUE CONCLUSION

Indicated Stabilized Value	\$1,500,000
Deferred Maintenance	(\$181,500)
Stabilization Discount	(\$480,000)
Indicated As Is Value	\$838,500
Rounded	\$840,000
Value Per Room	\$12,727

 Compiled by CBRE

Reconciliation of Value

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

SUMMARY OF VALUE CONCLUSIONS		
	As Is on March 16, 2021	Prospective As Stabilized on March 16, 2024
Sales Comparison Approach	\$840,000	\$1,500,000
Income Capitalization Approach	\$850,000	\$1,330,000
Reconciled Value	\$850,000	\$1,330,000
Compiled by CBRE		

In the sales comparison approach, the subject is compared to similar properties that have been sold recently or for which listing prices or offers are known. The sales used in this analysis are considered somewhat comparable to the subject, and the required adjustments were based on reasonable and well-supported rationale. In addition, market participants are currently analyzing purchase prices on investment properties as they relate to available substitutes in the market. Therefore, the sales comparison approach is considered to provide a reliable value indication, but has been given secondary emphasis in the final value reconciliation.

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

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

MARKET VALUE CONCLUSION			
Appraisal Premise	Interest Appraised	Date of Value	Value Conclusion
As Is	Fee Simple Estate	March 16, 2021	\$850,000
As Stabilized	Fee Simple Estate	March 16, 2024	\$1,330,000
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.

Industry data and cost comparables, indicate a typical range of \$10,000 and \$20,000 per room for FF&E at limited service hotels, depending on the quantity and quality of the FF&E. According to the 2018/2019 HVS International "Hotel Development Cost Survey", the average costs of FF&E for limited service hotel properties are approximately \$15,200 per room.

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	\$16,275
Comp Name 2	\$11,393
CBRE Estimate	\$11,500
Indicated FF&E Replacement Cost	\$759,000
Rounded	\$760,000
Compiled by CBRE	

For our analysis, we have indicated a figure of \$11,500 per unit, which corresponds to \$760,000 , rounded.

FF&E VALUE ESTIMATE		
	As Is on March 16, 2021	Prospective As Stabilized on March 16, 2024
FF&E Effective Age (Weighted)	8 Years	11 Years
MVS Expected Life (Weighted)	10 Years	10 Years
FF&E Physical Depreciation	80%	110%
MVS Salvage Value of FF&E	10%	10%
FF&E Replacement Cost New	\$ 760,000	\$ 760,000
Less: Salvage Value	\$ (76,000)	\$ (76,000)
Depreciable Cost	\$ 684,000	\$ 684,000
Less Depreciation	\$ (547,200)	\$ (752,587)
Plus Salvage Value	\$ 76,000	\$ 76,000
Depreciated FF&E Cost	\$ 212,800	\$ 7,413
Rounded	\$ 210,000	\$ 10,000
Depreciated FF&E Cost Per Guest Room	\$3,182	\$152
Compiled by CBRE		

The noted FF&E replacement cost estimate is for the subject's As Is and prospective As Stabilized scenarios.

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	\$850,000
Personal Property	\$210,000
Business Enterprise Value	\$0
Real Property Value - As Is	\$640,000
Compiled by CBRE	

AS STABILIZED VALUE ALLOCATION	
Interest Appraised - Allocation	Value Conclusion
Fee Simple Estate	
As Stabilized Value	\$1,330,000
Personal Property	\$10,000
Business Enterprise Value	\$0
Real Property Value - As Stabilized	\$1,320,000
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

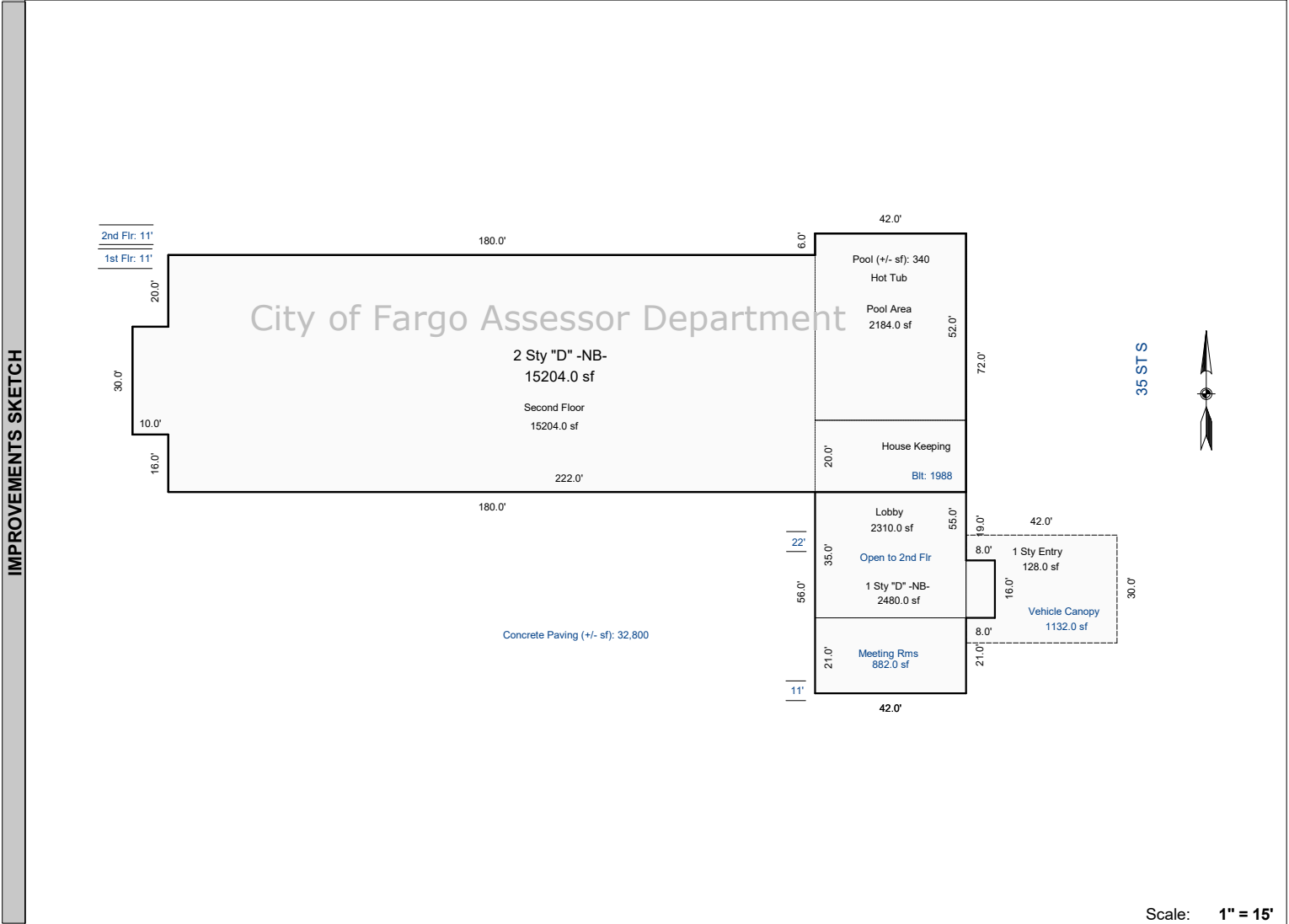
SUBJECT INFORMATION

SKETCH/AREA TABLE ADDENDUM

Parcel No **01-1390-00030-000**

File No **01-1390-00030-000**

SUBJECT	Property Address 1415 35 ST S
	City _____ State _____ Zip _____
	Owner SHRI LLC
	Client QUALITY SUITES
	Appraiser Name JSW



Scale: **1" = 15'**

AREA CALCULATIONS	AREA CALCULATIONS SUMMARY					
	Code	Description	Factor	Net Size	Perimeter	Net Totals
	GBA1	2 Sty "D" -NB-	1.00	15204.00	608.0	
		1 Sty "D" -NB-	1.00	2480.00	212.0	17684.00
	GBA2	Second Floor	1.00	15204.00	608.0	15204.00
P/P	Vehicle Canopy	1.00	1132.00	160.0	1132.00	
Net BUILDING Area (rounded w/ factors)					32888	

Comment Table 1	
Comment Table 2	Comment Table 3

Addendum B

IMPROVED SALE DATA SHEETS

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

Property Name Microtel Inn & Suites Dickinson
 Address 1597 6th Avenue West
 Dickinson, ND 58601
 United States



Government Tax Agency Stark
 Govt./Tax ID 1110-0300-0900

Improvements

Status Existing
 Land Area 2.430 ac
 Gross Building Area (GBA) 33,828 sf
 Floor Count 3
 Year Built 2010
 Year Renovated N/A
 Construction Type Average
 Parking Type Open Asphalt

Unique Physical Data

Class Midscale
 # of Units 79 Room
 Standard Room Size N/A
 Affiliation Wyndham
 Lounge Seats 0
 Restaurant Seats 0

Amenities

N/A

Sale Summary

Recorded Buyer	Stoneplace Llc	Marketing Time	N/A
True Buyer	Mohammad T, Ghazanfar & Zulfiqar Khan	Buyer Type	Private Investor
Recorded Seller	Dickinson Properties, LLC	Seller Type	Private Investor
True Seller	Dickinson Properties, LLC	Primary Verification	Costar,NDRIN
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Hotel	Date	2/1/2021
Proposed Use	N/A	Sale Price	\$1,360,000
Listing Broker	N/A	Financing	Not Available
Selling Broker	N/A	Cash Equivalent	\$1,360,000
Doc #	000003163490	Capital Adjustment	\$0
		Adjusted Price	\$1,360,000

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>
02/2021	Sale	Stoneplace Llc	Dickinson Properties, LLC	\$1,360,000	\$40.20

Sale**Hotel - Limited Service Hotel****No. 1****Units of Comparison**

Static Analysis Method	N/A	Adjusted Price / sf	\$40.20
Buyer's Primary Analysis	Static Capitalization Analysis	Adjusted Price / Room	\$17,215
Net Initial Yield/Cap. Rate	N/A		
Actual Occupancy at Sale	N/A		

Financial**No information recorded****Map & Comments**

This is a 79-room limited service hotel property located at 1597 6th West, Dickinson, ND. The improvements were constructed in 2011 and are situated on a 2.43 -acre site. Amenities present at the property include an indoor pool, fitness facility, locker room, breakfast area and meeting room. The franchise agreement is a 20-year term that began June 2010. 2020 financials were not available however 2019 NOI was negative.

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

Property Name Motel 6
 Address 1515 2nd Avenue SW
 Minot, ND 58701
 United States

Government Tax Agency Ward
 Govt./Tax ID MI-35303-220-003-2

Improvements

Status Existing
 Land Area 1.940 ac
 Gross Building Area (GBA) 69,797 sf
 Floor Count 2
 Year Built 1988
 Year Renovated 2005
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 136 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

N/A

Sale Summary

Recorded Buyer Minot Holdings Llc
 True Buyer N/A
 Recorded Seller Mkbk Llc
 True Seller Mkbk Llc

Marketing Time 17 Month(s)
 Buyer Type Private Investor
 Seller Type Private Investor
 Primary Verification CoStar,NDRIN

Interest Transferred Fee Simple/Freehold
 Current Use Motel
 Proposed Use Motel
 Listing Broker N/A
 Selling Broker N/A
 Doc # WD#3044895

Type	Sale
Date	10/22/2020
Sale Price	\$900,000
Financing	Market Rate Financing
Cash Equivalent	\$900,000
Capital Adjustment	\$0
Adjusted Price	\$900,000

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>
10/2020	Sale	Minot Holdings Llc	Mkbk Llc	\$900,000	\$12.89

Units of Comparison

Static Analysis Method	N/A	Adjusted Price / sf	\$12.89
Buyer's Primary Analysis	N/A	Adjusted Price / Room	\$6,618
Net Initial Yield/Cap. Rate	N/A		
Actual Occupancy at Sale	N/A		

Financial**No information recorded****Map & Comments**

This is a limited service economy hotel which is an out parcel to the Minot Dakota Square Indoor Mall. Renovated in 2015, the property has an indoor heated swimming pool, hot tub and fitness center. A coin operated laundry facility is also on the premises. Meeting room facilities also available to accommodate 2-100 people. No operating or financial information was available. The property sold previously in May of 2019 for \$1,150,000, indicating an approximate 20% decline.

Property Name Former Expressway Suites (Fka La Quinta)
 Address 1605 35th Avenue Southwest
 Minot, ND 58701
 United States

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

Improvements

Status Existing
 Land Area 1.440 ac
 Gross Building Area (GBA) 53,676 sf
 Floor Count 4
 Year Built 2011
 Year Renovated N/A
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 91 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A



Amenities

N/A

Sale Summary

Recorded Buyer	Pronghorn LLC	Marketing Time	2 Month(s)
True Buyer	Pronghorn LLC	Buyer Type	Private Investor
Recorded Seller	Horizon Hospitality LLC	Seller Type	Private Investor
True Seller	Horizon Hospitality LLC	Primary Verification	CoStar
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Expressway Suites	Date	8/10/2020
Proposed Use	Independent	Sale Price	\$1,890,000
Listing Broker	N/A	Financing	Cash to Seller
Selling Broker	N/A	Cash Equivalent	\$1,890,000
Doc #	Deed#3042082	Capital Adjustment	\$0
		Adjusted Price	\$1,890,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
08/2020	Sale	Pronghorn LLC	Horizon Hospitality LLC	\$1,890,000	\$35.21
06/2019	Sale	Horizon Hospitality LLC	Kiran Reif LQ Minot LLC	\$2,700,000	\$50.30

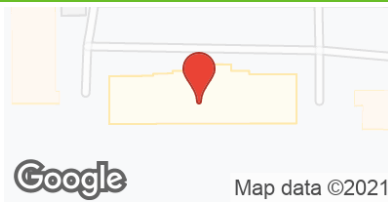
Units of Comparison

Static Analysis Method	Trailing Actuals	Adjusted Price / sf	\$35.21
Buyer's Primary Analysis	Static Capitalization Analysis	Adjusted Price / Room	\$20,769
Net Initial Yield/Cap. Rate	2.82%		
Actual Occupancy at Sale	36%		

Financial

Revenue Type	Trailing Actuals
Period Ending	2/1/2020
Source	Broker
Price	\$1,890,000
Economic Occupancy	36%
ADR (Avg Daily Rate)	\$63.00
Room Revenue	\$753,316
Gross Revenue	\$753,316
Expenses	\$699,970
Net Operating Income	\$53,346
NOI / Room	\$586
NOI Ratio	7.08
GRM (Gross Rev Mult)	2.51
RRM (Room Rev Mult)	2.51
RevPAR	\$22.68
Net Initial Yield/Cap. Rate	2.82%

Map & Comments



This is a 91-room limited service hotel property. The improvements were constructed in 2011 and are situated on a 1.44 -acre site. Amenities present at the property include an indoor pool, fitness facility, breakfast area and meeting room.

The hotel was originally built/operated as a La Quinta Hotel but the brand was changed to an Expressway Suites in 2019 (prior sale at \$2.7M+\$60k in PIP=\$30,330/key in June of 2019 indicating a 32% YOY decline). At the time of the 2019 sale, in place ADR was \$69 and occupancy 45%. After owning the property for just over one year, declining market conditions/property performance occurred. Per OM, 2020 Occupancy was 36%, ADR \$63 for NOI at \$53,346 implying 2% capitalization rate. Original construction costs reported at 9.1M and with the \$1.89M sale price, 21% of replacement cost indicated.

Property was offered for sale in the June 24th, 2020 Ten-X auction event and sold August. The property will become another independent entity and name will change December 2020. Suzanna Farley Aldrich and Hussain Waseem of Paramount Lodging Advisors represented the seller in the deal, the buyer was not represented by anyone. A knowledgeable party not affiliated with the transaction indicated that if it weren't for COVID, the owner's might have opted to keep the property.

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

Property Name The Baron's Lodge
 Address 637 Bernie Street
 illdeer, ND 58640
 United States

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

Improvements

Status Existing
 Land Area 5.500 ac
 Gross Building Area (GBA) N/A
 Floor Count 3
 Year Built 2014
 Year Renovated N/A
 Construction Type Average
 Parking Type N/A

Unique Physical Data

Class N/A
 # of Units 60 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

N/A

Sale Summary

Recorded Buyer	Trinity Investments LLC	Marketing Time	24 Month(s)
True Buyer	Todd Morse	Buyer Type	Private Investor
Recorded Seller	Sinjia Land Limited	Seller Type	Private Investor
True Seller	Sinjia Land Limited	Primary Verification	CoStar

Interest Transferred	N/A
Current Use	Motel
Proposed Use	Motel
Listing Broker	Home & Land-Diane Duchscher
Selling Broker	N/A
Doc #	N/A

Type	Sale
Date	6/16/2020
Sale Price	\$750,000
Financing	N/A
Cash Equivalent	\$750,000
Capital Adjustment	\$0
Adjusted Price	\$750,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
06/2020	Sale	Trinity Investments LLC	Sinjia Land Limited	\$750,000	N/A

Sale**Hotel - Limited Service Hotel****No. 4****Units of Comparison**

Static Analysis Method	N/A	Adjusted Price / sf	N/A
Buyer's Primary Analysis	N/A	Adjusted Price / Room	\$12,500
Net Initial Yield/Cap. Rate	N/A		
Actual Occupancy at Sale	N/A		

Financial**No information recorded****Map & Comments**

On June 16, 2020, the property located at 637 Bernie St sold for \$750,000 or \$12.097 per room. The 19,263 SF property was sold for the purpose of an investment sale. This commercial-zoned land on 1.58 Acres of land, built in 1997, is designed for Hospitality Motel use. This information was obtained by sources deemed reliable. The additional parties involved were not at liberty to disclose any of the vital information or were unable to be contacted. The property is an economy limited service hotel with limited amenities.

Property Name Buffalo Prairie Lodge (Fka Super 8)
 Address 3621 8th Street South
 Moorhead, MN 56560
 United States

Government Tax Agency Clay
 Govt./Tax ID 58-014-0150

Improvements

Status Existing
 Land Area 1.385 ac
 Gross Building Area (GBA) 32,000 sf
 Floor Count 2
 Year Built 1979
 Year Renovated 2017
 Construction Type Average
 Parking Type Surface

Unique Physical Data

Class N/A
 # of Units 60 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

**Amenities**

N/A

Sale Summary

Recorded Buyer Green Pastures, LLC
 True Buyer Paul Cronen
 Recorded Seller Lgp Inc
 True Seller Ganesh Kumar

Interest Transferred Fee Simple/Freehold
 Current Use Super 8
 Proposed Use Buffalo Prairie Lodge
 Listing Broker N/A
 Selling Broker N/A
 Doc # 000000797471

Marketing Time 18 Month(s)
 Buyer Type Private Investor
 Seller Type Private Investor
 Primary Verification CoStar, Assessor

Type	Sale
Date	1/15/2020
Sale Price	\$1,210,000
Financing	Market Rate Financing
Cash Equivalent	\$1,210,000
Capital Adjustment	\$0
Adjusted Price	\$1,210,000

Transaction Summary plus Five-Year CBRE View History

Transaction Date	Transaction Type	Buyer	Seller	Price	Cash Equivalent Price/sf
01/2020	Sale	Green Pastures, LLC	Lgp Inc	\$1,210,000	\$37.81

Units of Comparison

Static Analysis Method	Trailing Actuals	Adjusted Price / sf	\$37.81
Buyer's Primary Analysis	Static Capitalization Analysis	Adjusted Price / Room	\$20,167
Net Initial Yield/Cap. Rate	N/A		
Actual Occupancy at Sale	N/A		

Financial

No information recorded

Map & Comments



On 1/15/2020 LGP Inc sold this property to Green Pasture, LLC for \$1,210,000 or \$20,167 price per room. Owen Lee represented the seller.

The property is a 60 room hospitality property located at 3621 8th St S, Moorhead, MN. The building was constructed in 1979 with renovations made in 2017.

The property was previously a Super 8 Motel but the new owner will be rebranding the motel as "Buffalo Prairie Lodge". The buyer stated that the location was the sole purpose for purchasing this property.

The broker indicated offering has been on the market for an excess of one year and that this property's seller had mismanaged the operations for several years so ADR was down along with some reputation damage. Revenues at one point were has high as \$600,000-\$700,000 per year but had dropped to somewhere near \$400,000 per year near the sale date, implying around a 3.0 revenue multiple. No cap ex was expected by the buyer but roughly \$200,000 would have been required if the property would have remained a branded Super 8.

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

Property Name Motel 6
 Address 1325 19th Avenue West
 Williston, ND 58801
 United States

Government Tax Agency Williams
 Govt./Tax ID 01-129-00-09-89-370

Improvements

Status Existing
 Land Area N/A
 Gross Building Area (GBA) 32,080 sf
 Floor Count 3
 Year Built 2011
 Year Renovated N/A
 Construction Type Good
 Parking Type Surface

**Unique Physical Data**

Class N/A
 # of Units 69 Room
 Standard Room Size N/A
 Affiliation N/A
 Lounge Seats N/A
 Restaurant Seats N/A

Amenities

N/A

Sale Summary

Recorded Buyer	Nice Rick	Marketing Time	N/A
True Buyer	Rick Nice	Buyer Type	Private Investor
Recorded Seller	GNG Realty Group Inc.	Seller Type	Private Investor
True Seller	GNG Realty Group Inc.	Primary Verification	CoStar,Broker

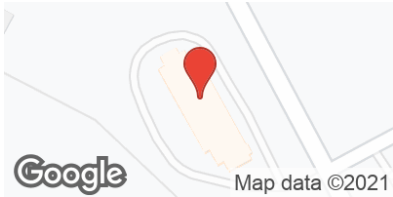
Interest Transferred	Fee Simple/Freehold	Type	Sale
Current Use	Hotel	Date	7/17/2018
Proposed Use	Hotel	Sale Price	\$848,000
Listing Broker	CBRE	Financing	All Cash
Selling Broker	N/A	Cash Equivalent	\$848,000
Doc #	N/A	Capital Adjustment	\$0
		Adjusted Price	\$848,000

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>
07/2018	Sale	Nice Rick	GNG Realty Group Inc.	\$848,000	\$26.43

Sale**Hotel - Limited Service Hotel****No. 6****Units of Comparison**

Static Analysis Method	N/A	Adjusted Price / sf	\$26.43
Buyer's Primary Analysis	Other	Adjusted Price / Room	\$12,290
Net Initial Yield/Cap. Rate	N/A		
Actual Occupancy at Sale	22%		

Financial**No information recorded****Map & Comments**

This is a Motel 6 that was completed in 2011. The property was listed for sale at a price of \$1,500,000 and sold for \$848,000. At the time of sale the property was not cash flow positive and was classified as a value add deal and therefore did not have a capitalization rate. This was a cash deal that was under contract for approximately 45 days. The buyer was motivated to purchase due to the potential of the location.

Addendum C

HOTEL COMPARABLE DATA SHEETS

Addendum D

OPERATING DATA

Hotel Statistics

Business Date: 12/31/2017

Property Code: ND002

Shift: No Shift

User: gm.nd002

<u>Room Statistics</u>	<u>12/31/2017</u>	<u>PTD</u>	<u>Last Year PTD</u>	<u>YTD</u>	<u>Last YTD</u>
Total Rooms	64	1,984	1,984	23,360	23,424
Out Of Order	2	252	63	1,445	1,368
Rooms Available to Sell	62	1,732	1,921	21,915	22,056
Day Use Rooms	0	9	3	97	97
Stay Over Rooms	23	913	523	9,366	9,619
Total Revenue Rooms	23	922	526	9,463	9,716
Comp Rooms	0	0	7	95	94
Total Non-Revenue Rooms	0	0	7	95	94
Total Occupied Rooms	23	922	533	9,558	9,810
<u>Performance Statistics</u>	<u>12/31/2017</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Occ% of Total Available Rooms	37.10 %	53.23 %	27.75 %	43.61 %	44.48 %
Occ% of Total Rooms	35.94 %	46.47 %	26.86 %	40.92 %	41.88 %
STR (STAR) Occ% of Total Rooms	35.94 %	46.47 %	26.51 %	40.51 %	41.48 %
ADR Stay Over Rooms	55.25	44.74	52.89	54.58	61.18
ADR for Total Rev Rooms.	55.25	44.31	52.59	54.02	60.57
STR (STAR) ADR for Total Rev Rooms.	55.25	44.31	52.59	54.02	60.57
ADR for Total Occupied Rooms	55.25	44.31	51.89	53.49	59.99
RevPar	20.50	23.59	14.40	23.33	26.68
STR (STAR) RevPar	19.86	20.59	13.94	21.89	25.13
<u>Revenue</u>	<u>12/31/2017</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Room Rev(Non-Exempt From Tax)	1,270.73	40,796.93	27,614.23	497,977.05	578,012.12
Room Rev(Exempt From All Tax)	0.00	54.00	45.58	13,257.11	10,522.23
Total Room Revenue	1,270.73	40,850.93	27,659.81	511,234.16	588,534.35
Other Revenue	0.00	165.09	430.00	2,314.25	5,848.87
Total Revenue	1,270.73	41,016.02	28,089.81	513,548.41	594,383.22
<u>Guest Statistics</u>	<u>12/31/2017</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Number of Adults	36	1,416	699	12,935	12,910
Number of Children	6	93	12	635	546
Total Number of Guests	42	1,509	711	13,570	13,456
Average Adults Per Room	1.57	1.54	1.31	1.35	1.32
Average Rate Per Adult	35.30	28.85	39.57	39.52	45.59
Average Revenue Per Adult	35.30	28.97	40.19	39.70	46.04
<u>Today's Activity</u>	<u>12/31/2017</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Arrived With Reservations	5	497	321	4,530	5,175
Walk Ins	2	72	28	1,005	1,002
No Shows	0	11	1	88	65
Cancellations for Today's Arrivals	1	75	57	821	862
Checked Out Today	19	568	368	5,520	6,190

Hotel Statistics

Business Date: 12/31/2018

Property Code: ND002

Shift: No Shift

User: gm.nd002

<u>Room Statistics</u>	<u>12/31/2018</u>	<u>PTD</u>	<u>Last Year PTD</u>	<u>YTD</u>	<u>Last YTD</u>
Total Rooms	64	1,984	1,984	23,360	23,360
Out Of Order	3	145	252	2,339	1,445
Rooms Available to Sell	61	1,839	1,732	21,021	21,915
Day Use Rooms	0	1	9	63	97
Stay Over Rooms	7	283	913	8,399	9,366
Total Revenue Rooms	7	284	922	8,462	9,463
Comp Rooms	0	0	0	52	95
Total Non-Revenue Rooms	0	0	0	52	95
Total Occupied Rooms	7	284	922	8,514	9,558
<u>Performance Statistics</u>	<u>12/31/2018</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Occ% of Total Available Rooms	11.48 %	15.44 %	53.23 %	40.50 %	43.61 %
Occ% of Total Rooms	10.94 %	14.31 %	46.47 %	36.45 %	40.92 %
STR (STAR) Occ% of Total Rooms	10.94 %	14.31 %	46.47 %	36.22 %	40.51 %
ADR Stay Over Rooms	64.31	55.13	44.74	53.34	54.58
ADR for Total Rev Rooms.	64.31	54.94	44.31	52.95	54.02
STR (STAR) ADR for Total Rev Rooms.	64.31	54.94	44.31	52.95	54.02
ADR for Total Occupied Rooms	64.31	54.94	44.31	52.62	53.49
RevPar	7.38	8.48	23.59	21.31	23.33
STR (STAR) RevPar	7.03	7.86	20.59	19.18	21.89
<u>Revenue</u>	<u>12/31/2018</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Room Rev(Non-Exempt From Tax)	381.20	13,477.89	40,796.93	436,533.95	497,977.05
Room Rev(Exempt From All Tax)	69.00	2,124.00	54.00	11,496.49	13,257.11
Total Room Revenue	450.20	15,601.89	40,850.93	448,030.44	511,234.16
Other Revenue	0.00	260.00	165.09	6,269.61	2,314.25
Total Revenue	450.20	15,861.89	41,016.02	454,300.05	513,548.41
<u>Guest Statistics</u>	<u>12/31/2018</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Number of Adults	9	374	1,416	11,474	12,935
Number of Children	0	11	93	614	635
Total Number of Guests	9	385	1,509	12,088	13,570
Average Adults Per Room	1.29	1.32	1.54	1.35	1.35
Average Rate Per Adult	50.02	41.72	28.85	39.05	39.52
Average Revenue Per Adult	50.02	42.41	28.97	39.59	39.70
<u>Today's Activity</u>	<u>12/31/2018</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Arrived With Reservations	3	109	497	4,007	4,530
Walk Ins	3	64	72	1,050	1,005
No Shows	0	11	11	152	88
Cancellations for Today's Arrivals	0	29	75	621	821
Checked Out Today	3	179	568	5,073	5,520

Hotel Statistics

Business Date: 12/31/2019

Property Code: ND002

Shift: No Shift

User: gm.nd002

<u>Room Statistics</u>	<u>12/31/2019</u>	<u>PTD</u>	<u>Last Year PTD</u>	<u>YTD</u>	<u>Last YTD</u>
Total Rooms	64	1,984	1,984	23,360	23,360
Out Of Order	15	452	145	2,363	2,339
Rooms Available to Sell	49	1,532	1,839	20,997	21,021
Day Use Rooms	0	9	1	66	63
Stay Over Rooms	12	353	283	7,163	8,399
Total Revenue Rooms	12	362	284	7,229	8,462
Comp Rooms	0	0	0	35	52
Total Non-Revenue Rooms	0	0	0	35	52
Total Occupied Rooms	12	362	284	7,264	8,514
<u>Performance Statistics</u>	<u>12/31/2019</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Occ% of Total Available Rooms	24.49 %	23.63 %	15.44 %	34.60 %	40.50 %
Occ% of Total Rooms	18.75 %	18.25 %	14.31 %	31.10 %	36.45 %
STR (STAR) Occ% of Total Rooms	18.75 %	18.25 %	14.31 %	30.95 %	36.22 %
ADR Stay Over Rooms	37.35	51.26	55.13	53.35	53.34
ADR for Total Rev Rooms.	37.35	49.98	54.94	52.87	52.95
STR (STAR) ADR for Total Rev Rooms.	37.35	49.98	54.94	52.87	52.95
ADR for Total Occupied Rooms	37.35	49.98	54.94	52.61	52.62
RevPar	9.15	11.81	8.48	18.20	21.31
STR (STAR) RevPar	7.00	9.12	7.86	16.36	19.18
<u>Revenue</u>	<u>12/31/2019</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Room Rev(Non-Exempt From Tax)	448.21	17,991.23	13,477.89	371,782.35	436,533.95
Room Rev(Exempt From All Tax)	0.00	102.35	2,124.00	10,393.23	11,496.49
Total Room Revenue	448.21	18,093.58	15,601.89	382,175.58	448,030.44
Other Revenue	0.00	140.00	260.00	3,541.02	6,269.61
Total Revenue	448.21	18,233.58	15,861.89	385,716.60	454,300.05
<u>Guest Statistics</u>	<u>12/31/2019</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Number of Adults	19	486	374	10,719	11,474
Number of Children	0	21	11	644	614
Total Number of Guests	19	507	385	11,363	12,088
Average Adults Per Room	1.58	1.34	1.32	1.48	1.35
Average Rate Per Adult	23.59	37.23	41.72	35.65	39.05
Average Revenue Per Adult	23.59	37.52	42.41	35.98	39.59
<u>Today's Activity</u>	<u>12/31/2019</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Arrived With Reservations	9	250	109	4,378	4,007
Walk Ins	0	13	64	252	1,050
No Shows	2	20	11	348	152
Cancellations for Today's Arrivals	3	31	29	545	621
Checked Out Today	10	263	179	4,625	5,073

Hotel Statistics

Business Date: 4/30/2020

Property Code: ND002

Shift: No Shift

User: gm.nd002

<u>Room Statistics</u>	<u>4/30/2020</u>	<u>PTD</u>	<u>Last Year PTD</u>	<u>YTD</u>	<u>Last YTD</u>
Total Rooms	64	1,920	1,920	7,744	7,680
Out Of Order	45	1,235	36	2,583	461
Rooms Available to Sell	19	685	1,884	5,161	7,219
Day Use Rooms	0	3	1	38	11
Stay Over Rooms	4	211	417	1,570	1,504
Total Revenue Rooms	4	214	418	1,608	1,515
Comp Rooms	0	0	2	0	34
Total Non-Revenue Rooms	0	0	2	0	34
Total Occupied Rooms	4	214	420	1,608	1,549

<u>Performance Statistics</u>	<u>4/30/2020</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Occ% of Total Available Rooms	21.05 %	31.24 %	22.29 %	31.16 %	21.46 %
Occ% of Total Rooms	6.25 %	11.15 %	21.88 %	20.76 %	20.17 %
STR (STAR) Occ% of Total Rooms	6.25 %	11.15 %	21.77 %	20.76 %	19.73 %
ADR Stay Over Rooms	40.00	45.13	53.37	46.03	51.84
ADR for Total Rev Rooms.	40.00	44.50	53.24	44.94	51.47
STR (STAR) ADR for Total Rev Rooms.	40.00	44.50	53.24	44.94	51.47
ADR for Total Occupied Rooms	40.00	44.50	52.99	44.94	50.34
RevPar	8.42	13.90	11.81	14.00	10.80
STR (STAR) RevPar	2.50	4.96	11.59	9.33	10.15

<u>Revenue</u>	<u>4/30/2020</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Room Rev(Non-Exempt From Tax)	160.00	9,230.41	20,436.28	68,036.25	70,356.70
Room Rev(Exempt From All Tax)	0.00	292.92	1,818.00	4,227.25	7,616.99
Total Room Revenue	160.00	9,523.33	22,254.28	72,263.50	77,973.69
Other Revenue	0.00	400.00	380.00	1,184.47	892.38
Total Revenue	160.00	9,923.33	22,634.28	73,447.97	78,866.07

<u>Guest Statistics</u>	<u>4/30/2020</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Number of Adults	4	282	537	2,511	2,026
Number of Children	0	1	19	91	88
Total Number of Guests	4	283	556	2,602	2,114

Average Adults Per Room	1.00	1.32	1.28	1.56	1.31
Average Rate Per Adult	40.00	33.77	41.44	28.78	38.49
Average Revenue Per Adult	40.00	35.19	42.15	29.25	38.93

<u>Today's Activity</u>	<u>4/30/2020</u>	<u>Current PTD</u>	<u>Last Year PTD</u>	<u>Current YTD</u>	<u>Last YTD</u>
Arrived With Reservations	2	143	221	1,218	784
Walk Ins	0	0	37	2	94
No Shows	0	10	10	116	54
Cancellations for Today's Arrivals	1	32	26	189	103
Checked Out Today	2	147	251	1,228	869

Addendum E

SMITH TRAVEL RESEARCH REPORT

Trend # 1255475_SADIM / Created April 08, 2021

Trend Report - Fargo Limited Service Trend

January 2013 to February 2021 Currency : USD - US Dollar



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Tab 2 - Data by Measure

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Occupancy (%)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2013	47.8	57.6	61.6	58.1	62.2	69.0	75.4	75.9	72.3	66.3	58.4	51.6	63.1	52.5
2014	50.1	57.2	57.4	63.1	67.0	72.6	79.4	78.4	72.8	72.0	58.5	50.3	65.0	53.5
2015	47.7	58.0	56.0	56.4	62.9	67.4	73.8	64.4	60.9	56.4	46.0	41.4	57.5	52.6
2016	37.4	49.6	43.3	50.4	58.8	61.7	66.5	59.6	58.8	53.4	46.8	42.0	52.4	43.2
2017	37.3	48.2	44.4	42.9	50.1	60.3	62.9	62.0	56.9	49.9	40.3	39.3	49.6	42.5
2018	35.5	45.0	45.4	45.5	49.7	59.4	61.6	59.5	56.5	50.6	44.8	38.6	49.4	40.0
2019	37.3	43.2	44.2	42.7	51.4	54.4	57.3	56.8	55.3	51.4	44.5	39.0	48.2	40.1
2020	37.2	46.6	31.1	22.7	28.7	38.0	43.1	45.8	44.1	41.7	37.3	35.0	37.6	41.7
2021	35.5	42.3												38.7
Avg	40.3	49.4	47.4	47.5	53.4	60.0	64.5	62.5	59.4	54.9	46.8	41.9	52.5	44.6

ADR (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2013	63.69	69.89	68.62	66.35	71.40	70.48	71.34	71.19	71.47	68.79	69.78	67.11	69.44	66.92
2014	68.83	72.49	68.18	66.82	72.18	68.94	70.12	72.18	69.22	68.24	69.09	66.90	69.52	70.69
2015	68.44	73.07	68.67	64.64	72.21	68.99	71.04	69.25	70.62	69.75	66.28	67.92	69.38	70.86
2016	64.52	70.95	63.14	64.38	72.84	68.24	69.63	66.76	70.93	67.62	65.79	66.94	67.92	68.02
2017	66.10	71.51	67.09	64.50	67.67	66.81	67.93	67.88	66.44	64.17	64.98	64.61	66.75	69.02
2018	64.78	69.44	63.81	63.15	67.22	66.16	67.37	64.84	66.41	65.05	63.88	62.93	65.52	67.27
2019	63.91	70.49	65.44	62.79	69.82	68.18	68.34	66.18	66.80	63.59	63.99	63.59	66.24	67.28
2020	62.87	69.45	55.85	45.50	52.53	56.38	59.27	59.88	60.24	59.36	55.36	55.95	58.62	66.36
2021	60.63	67.47												64.18
Avg	65.03	70.63	65.62	63.67	69.37	67.30	68.58	67.70	68.11	66.15	65.31	64.79	67.06	67.97

RevPAR (\$)														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2013	30.46	40.25	42.27	38.52	44.39	48.65	53.81	54.06	51.68	45.64	40.76	34.65	43.84	35.11
2014	34.50	41.45	39.10	42.15	48.34	50.08	55.70	56.62	50.40	49.12	40.45	33.63	45.17	37.80
2015	32.66	42.35	38.43	36.47	45.42	46.49	52.44	44.58	43.03	39.32	30.52	28.13	39.86	37.26
2016	24.13	35.22	27.36	32.45	42.82	42.11	46.28	39.79	41.73	36.08	30.81	28.14	35.57	29.39
2017	24.67	34.49	29.82	27.67	33.88	40.27	42.75	42.05	37.78	32.04	26.21	25.41	33.08	29.33
2018	22.98	31.27	28.97	28.74	33.41	39.30	41.51	38.61	37.51	32.90	28.64	24.32	32.34	26.91
2019	23.82	30.46	28.93	26.82	35.92	37.11	39.19	37.56	36.97	32.70	28.47	24.83	31.91	26.97
2020	23.41	32.39	17.37	10.35	15.08	21.41	25.52	27.42	26.54	24.78	20.66	19.57	22.07	27.67
2021	21.50	28.57												24.85
Avg	26.21	34.92	31.08	30.26	37.07	40.37	44.26	42.29	40.46	36.31	30.58	27.18	35.19	30.34

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2013	50,592	45,696	50,654	50,880	52,576	50,880	52,576	52,576	50,880	52,576	50,820	52,514	613,220	96,288
2014	52,514	47,432	52,514	50,820	52,514	50,820	52,514	54,715	52,950	54,715	52,950	54,715	629,173	99,946
2015	54,715	49,420	54,622	52,860	54,622	52,860	54,622	57,350	55,500	57,350	55,500	60,450	659,871	104,135
2016	60,450	54,600	60,450	58,500	60,450	58,500	60,450	60,450	58,500	60,450	58,470	60,419	711,689	115,050
2017	60,419	54,572	60,419	58,470	60,419	58,470	60,419	60,822	58,800	60,760	58,770	60,729	713,069	114,991
2018	60,729	54,852	60,729	58,740	60,698	58,740	60,698	60,698	58,740	60,698	58,740	60,698	714,760	115,581
2019	60,698	54,824	60,698	58,740	60,698	58,740	60,698	60,698	58,740	60,698	58,740	60,698	714,670	115,522
2020	60,698	54,824	60,636	52,140	58,900	57,000	58,900	57,660	55,800	57,660	55,800	57,660	687,678	115,522
2021	57,660	52,080												109,740
Avg	57,608	52,033	57,590	55,144	57,610	55,751	57,610	58,121	56,239	58,113	56,224	58,485	680,516	109,642

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2013	24,195	26,319	31,204	29,539	32,691	35,118	39,654	39,921	36,789	34,882	29,688	27,109	387,109	50,514
2014	26,317	27,121	30,118	32,057	35,169	36,918	41,716	42,917	38,550	39,382	30,999	27,507	408,771	53,438
2015	26,111	28,642	30,565	29,828	34,356	35,618	40,319	36,923	33,820	32,328	25,553	25,035	379,098	54,753
2016	22,606	27,107	26,195	29,484	35,537	36,095	40,178	36,030	34,418	32,253	27,379	25,404	372,686	49,713
2017	22,549	26,320	26,851	25,086	30,254	35,242	38,020	37,680	33,441	30,338	23,707	23,887	353,375	48,869
2018	21,540	24,700	27,574	26,733	30,172	34,895	37,395	36,142	33,172	30,698	26,335	23,457	352,813	46,240
2019	22,625	23,691	26,831	25,084	31,225	31,978	34,809	34,450	32,511	31,212	26,140	23,698	344,254	46,316
2020	22,599	25,572	18,860	11,861	16,909	21,649	25,364	26,404	24,582	24,073	20,823	20,165	258,861	48,171
2021	20,442	22,051												42,493
Avg	23,220	25,725	27,275	26,209	30,789	33,439	37,182	36,308	33,410	31,896	26,328	24,533	357,121	48,945

Revenue (\$)	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2013	1,540,988	1,839,487	2,141,135	1,959,929	2,334,025	2,475,291	2,828,937	2,842,159	2,629,457	2,399,493	2,071,527	1,819,358	26,881,786	3,380,475
2014	1,811,520	1,966,088	2,053,509	2,141,996	2,538,604	2,545,061	2,924,962	3,097,737	2,668,569	2,687,620	2,141,648	1,840,135	28,417,449	3,777,608
2015	1,787,059	2,092,736	2,098,977	1,927,963	2,480,853	2,457,385	2,864,156	2,556,752	2,388,373	2,254,900	1,693,763	1,700,282	26,303,199	3,879,795
2016	1,458,476	1,923,113	1,654,052	1,898,311	2,588,528	2,463,219	2,797,428	2,405,301	2,441,299	2,181,032	1,801,352	1,700,488	25,312,599	3,381,589
2017	1,490,601	1,882,181	1,801,482	1,617,945	2,047,257	2,354,421	2,582,792	2,557,534	2,221,677	1,946,694	1,540,575	1,543,222	23,586,381	3,372,782
2018	1,395,262	1,715,274	1,759,438	1,688,225	2,028,154	2,308,493	2,519,323	2,343,471	2,203,083	1,996,959	1,682,386	1,476,191	23,116,259	3,110,536
2019	1,445,908	1,670,069	1,755,695	1,575,144	2,180,217	2,180,118	2,378,947	2,279,923	2,171,763	1,984,742	1,672,574	1,507,053	22,802,153	3,115,977
2020	1,420,796	1,775,929	1,053,272	539,710	888,272	1,220,644	1,503,409	1,581,032	1,480,815	1,429,035	1,152,765	1,128,195	15,173,874	3,196,725
2021	1,239,490	1,487,719												2,727,209
Avg	1,510,011	1,816,955	1,789,695	1,668,653	2,135,739	2,250,579	2,549,994	2,457,989	2,275,630	2,110,059	1,719,574	1,589,366	23,949,213	3,326,966

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Tab 3 - Percent Change from Previous Year - Detail by Measure

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Occupancy														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2014	4.8	-0.7	-6.9	8.7	7.7	5.2	5.3	3.3	0.7	8.5	0.2	-2.6	2.9	1.9
2015	-4.8	1.4	-2.4	-10.5	-6.1	-7.2	-7.1	-17.9	-16.3	-21.7	-21.4	-17.6	-11.6	-1.7
2016	-21.6	-14.3	-22.6	-10.7	-6.5	-8.4	-10.0	-7.4	-3.5	-5.3	1.7	1.5	-8.8	-17.8
2017	-0.2	-2.9	2.6	-14.9	-14.8	-2.3	-5.3	3.9	-3.3	-6.4	-13.9	-6.5	-5.4	-1.6
2018	-5.0	-6.6	2.2	6.1	-0.7	-1.4	-2.1	-3.9	-0.7	1.3	11.1	-1.7	-0.4	-5.9
2019	5.1	-4.0	-2.6	-6.2	3.5	-8.4	-6.9	-4.7	-2.0	1.7	-0.7	1.0	-2.4	0.2
2020	-0.1	7.9	-29.6	-46.7	-44.2	-30.2	-24.9	-19.3	-20.4	-18.8	-16.1	-10.4	-21.9	4.0
2021	-4.8	-9.2												-7.1
Avg	-3.3	-3.6	-8.5	-10.6	-8.7	-7.5	-7.3	-6.6	-6.5	-5.8	-5.6	-5.2	-6.8	-3.5

ADR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2014	8.1	3.7	-0.6	0.7	1.1	-2.2	-1.7	1.4	-3.1	-0.8	-1.0	-0.3	0.1	5.6
2015	-0.6	0.8	0.7	-3.3	0.0	0.1	1.3	-4.1	2.0	2.2	-4.1	1.5	-0.2	0.2
2016	-5.7	-2.9	-8.1	-0.4	0.9	-1.1	-2.0	-3.6	0.4	-3.1	-0.7	-1.4	-2.1	-4.0
2017	2.5	0.8	6.3	0.2	-7.1	-2.1	-2.4	1.7	-6.3	-5.1	-1.2	-3.5	-1.7	1.5
2018	-2.0	-2.9	-4.9	-2.1	-0.7	-1.0	-0.8	-4.5	-0.0	1.4	-1.7	-2.6	-1.8	-2.5
2019	-1.3	1.5	2.6	-0.6	3.9	3.1	1.4	2.1	0.6	-2.2	0.2	1.1	1.1	0.0
2020	-1.6	-1.5	-14.7	-27.5	-24.8	-17.3	-13.3	-9.5	-9.8	-6.6	-13.5	-12.0	-11.5	-1.4
2021	-3.6	-2.9												-3.3
Avg	-0.5	-0.4	-2.7	-4.7	-3.8	-2.9	-2.5	-2.4	-2.3	-2.0	-3.1	-2.5	-2.3	-0.5

RevPAR														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2014	13.3	3.0	-7.5	9.4	8.9	2.9	3.5	4.7	-2.5	7.6	-0.8	-2.9	3.0	7.7
2015	-5.3	2.2	-1.7	-13.5	-6.0	-7.2	-5.9	-21.3	-14.6	-20.0	-24.5	-16.4	-11.7	-1.4
2016	-26.1	-16.8	-28.8	-11.0	-5.7	-9.4	-11.7	-10.7	-3.0	-8.2	0.9	0.1	-10.8	-21.1
2017	2.3	-2.1	9.0	-14.7	-20.9	-4.4	-7.6	5.7	-9.5	-11.2	-14.9	-9.7	-7.0	-0.2
2018	-6.9	-9.3	-2.8	3.9	-1.4	-2.4	-2.9	-8.2	-0.7	2.7	9.3	-4.3	-2.2	-8.2
2019	3.7	-2.6	-0.2	-6.7	7.5	-5.6	-5.6	-2.7	-1.4	-0.6	-0.6	2.1	-1.3	0.2
2020	-1.7	6.3	-39.9	-61.4	-58.0	-42.3	-34.9	-27.0	-28.2	-24.2	-27.4	-21.2	-30.8	2.6
2021	-8.2	-11.8												-10.2
Avg	-3.6	-3.9	-10.3	-13.4	-10.8	-9.8	-9.3	-8.5	-8.6	-7.7	-8.3	-7.5	-8.7	-3.8

Supply														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2014	3.8	3.8	3.7	-0.1	-0.1	-0.1	-0.1	4.1	4.1	4.1	4.2	4.2	2.6	3.8
2015	4.2	4.2	4.0	4.0	4.0	4.0	4.0	4.8	4.8	4.8	4.8	10.5	4.9	4.2
2016	10.5	10.5	10.7	10.7	10.7	10.7	10.7	5.4	5.4	5.4	5.4	-0.1	7.9	10.5
2017	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	0.6	0.5	0.5	0.5	0.5	0.2	-0.1
2018	0.5	0.5	0.5	0.5	0.5	0.5	0.5	-0.2	-0.1	-0.1	-0.1	-0.1	0.2	0.5
2019	-0.1	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.0	-0.1
2020	0.0	0.0	-0.1	-11.2	-3.0	-3.0	-3.0	-5.0	-5.0	-5.0	-5.0	-5.0	-3.8	0.0
2021	-5.0	-5.0												-5.0
Avg	1.7	1.7	2.7	0.5	1.7	1.7	1.7	1.4	1.4	1.4	1.4	1.4	1.7	1.7

Demand														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2014	8.8	3.0	-3.5	8.5	7.6	5.1	5.2	7.5	4.8	12.9	4.4	1.5	5.6	5.8
2015	-0.8	5.6	1.5	-7.0	-2.3	-3.5	-3.3	-14.0	-12.3	-17.9	-17.6	-9.0	-7.3	2.5
2016	-13.4	-5.4	-14.3	-1.2	3.4	1.3	-0.3	-2.4	1.8	-0.2	7.1	1.5	-1.7	-9.2
2017	-0.3	-2.9	2.5	-14.9	-14.9	-2.4	-5.4	4.6	-2.8	-5.9	-13.4	-6.0	-5.2	-1.7
2018	-4.5	-6.2	2.7	6.6	-0.3	-1.0	-1.6	-4.1	-0.8	1.2	11.1	-1.8	-0.2	-5.4
2019	5.0	-4.1	-2.7	-6.2	3.5	-8.4	-6.9	-4.7	-2.0	1.7	-0.7	1.0	-2.4	0.2
2020	-0.1	7.9	-29.7	-52.7	-45.8	-32.3	-27.1	-23.4	-24.4	-22.9	-20.3	-14.9	-24.8	4.0
2021	-9.5	-13.8												-11.8
Avg	-1.8	-2.0	-6.2	-9.5	-7.0	-5.9	-5.7	-5.2	-5.1	-4.5	-4.2	-4.0	-5.1	-2.0

Revenue														
	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Feb YTD
2014	17.6	6.9	-4.1	9.3	8.8	2.8	3.4	9.0	1.5	12.0	3.4	1.1	5.7	11.7

2015	-1.4	6.4	2.2	-10.0	-2.3	-3.4	-2.1	-17.5	-10.5	-16.1	-20.9	-7.6	-7.4	2.7
2016	-18.4	-8.1	-21.2	-1.5	4.3	0.2	-2.3	-5.9	2.2	-3.3	6.4	0.0	-3.8	-12.8
2017	2.2	-2.1	8.9	-14.8	-20.9	-4.4	-7.7	6.3	-9.0	-10.7	-14.5	-9.2	-6.8	-0.3
2018	-6.4	-8.9	-2.3	4.3	-0.9	-2.0	-2.5	-8.4	-0.8	2.6	9.2	-4.3	-2.0	-7.8
2019	3.6	-2.6	-0.2	-6.7	7.5	-5.6	-5.6	-2.7	-1.4	-0.6	-0.6	2.1	-1.4	0.2
2020	-1.7	6.3	-40.0	-65.7	-59.3	-44.0	-36.8	-30.7	-31.8	-28.0	-31.1	-25.1	-33.5	2.6
2021	-12.8	-16.2												-14.7
Avg	-2.2	-2.3	-8.1	-12.2	-9.0	-8.0	-7.6	-7.1	-7.1	-6.3	-6.9	-6.2	-7.0	-2.3

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Tab 6 - Twelve Month Moving Average with Percent Change

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg
Jan 14	63.3		69.76		44.14		615,142		389,231		27,152,318	
Feb 14	63.2		69.94		44.22		616,878		390,033		27,278,919	
Mar 14	62.9		69.91		43.95		618,738		388,947		27,191,293	
Apr 14	63.3		69.93		44.24		618,678		391,465		27,373,360	
May 14	63.7		70.00		44.58		618,616		393,943		27,577,939	
Jun 14	64.0		69.86		44.70		618,556		395,743		27,647,709	
Jul 14	64.3		69.74		44.86		618,494		397,805		27,743,734	
Aug 14	64.6		69.86		45.11		620,633		400,801		27,999,312	
Sep 14	64.6		69.65		45.03		622,703		402,562		28,038,424	
Oct 14	65.1		69.59		45.33		624,842		407,062		28,326,551	
Nov 14	65.1		69.54		45.29		626,972		408,373		28,396,672	
Dec 14	65.0	2.9	69.52	0.1	45.17	3.0	629,173	2.6	408,771	5.6	28,417,449	5.7
Jan 15	64.7	2.3	69.49	-0.4	44.97	1.9	631,374	2.6	408,565	5.0	28,392,988	4.6
Feb 15	64.7	2.4	69.55	-0.6	45.03	1.8	633,362	2.7	410,086	5.1	28,519,636	4.5
Mar 15	64.6	2.8	69.58	-0.5	44.95	2.3	635,470	2.7	410,533	5.5	28,565,104	5.1
Apr 15	64.0	1.2	69.44	-0.7	44.47	0.5	637,510	3.0	408,304	4.3	28,351,071	3.6
May 15	63.7	0.0	69.43	-0.8	44.23	-0.8	639,618	3.4	407,491	3.4	28,293,320	2.6
Jun 15	63.3	-1.1	69.44	-0.6	43.96	-1.7	641,658	3.7	406,191	2.6	28,205,644	2.0
Jul 15	62.9	-2.2	69.53	-0.3	43.72	-2.5	643,766	4.1	404,794	1.8	28,144,838	1.4
Aug 15	61.7	-4.5	69.22	-0.9	42.70	-5.3	646,401	4.2	398,800	-0.5	27,603,853	-1.4
Sep 15	60.7	-6.1	69.34	-0.4	42.10	-6.5	648,951	4.2	394,070	-2.1	27,323,657	-2.5
Oct 15	59.4	-8.8	69.48	-0.2	41.27	-9.0	651,586	4.3	387,016	-4.9	26,890,937	-5.1
Nov 15	58.3	-10.4	69.30	-0.3	40.42	-10.7	654,136	4.3	381,570	-6.6	26,443,052	-6.9
Dec 15	57.5	-11.6	69.38	-0.2	39.86	-11.7	659,871	4.9	379,098	-7.3	26,303,199	-7.4
Jan 16	56.4	-12.8	69.16	-0.5	39.02	-13.2	665,606	5.4	375,593	-8.1	25,974,616	-8.5
Feb 16	55.8	-13.9	68.99	-0.8	38.47	-14.6	670,786	5.9	374,058	-8.8	25,804,993	-9.5
Mar 16	54.6	-15.4	68.60	-1.4	37.48	-16.6	676,614	6.5	369,688	-9.9	25,360,068	-11.2
Apr 16	54.1	-15.5	68.58	-1.2	37.13	-16.5	682,254	7.0	369,344	-9.5	25,330,416	-10.7
May 16	53.8	-15.5	68.65	-1.1	36.97	-16.4	688,082	7.6	370,525	-9.1	25,438,091	-10.1
Jun 16	53.5	-15.5	68.58	-1.2	36.68	-16.6	693,722	8.1	371,002	-8.7	25,443,925	-9.8
Jul 16	53.0	-15.7	68.43	-1.6	36.28	-17.0	699,550	8.7	370,861	-8.4	25,377,197	-9.8
Aug 16	52.7	-14.7	68.18	-1.5	35.90	-15.9	702,650	8.7	369,968	-7.2	25,225,746	-8.6
Sep 16	52.5	-13.5	68.22	-1.6	35.82	-14.9	705,650	8.7	370,566	-6.0	25,278,672	-7.5
Oct 16	52.3	-12.0	68.03	-2.1	35.56	-13.8	708,750	8.8	370,491	-4.3	25,204,804	-6.3
Nov 16	52.3	-10.3	67.99	-1.9	35.57	-12.0	711,720	8.8	372,317	-2.4	25,312,393	-4.3
Dec 16	52.4	-8.8	67.92	-2.1	35.57	-10.8	711,689	7.9	372,686	-1.7	25,312,599	-3.8
Jan 17	52.4	-7.2	68.02	-1.6	35.61	-8.7	711,658	6.9	372,629	-0.8	25,344,724	-2.4
Feb 17	52.3	-6.3	68.05	-1.4	35.56	-7.6	711,630	6.1	371,842	-0.6	25,303,792	-1.9
Mar 17	52.3	-4.2	68.33	-0.4	35.77	-4.6	711,599	5.2	372,498	0.8	25,451,222	0.4
Apr 17	51.7	-4.4	68.38	-0.3	35.37	-4.7	711,569	4.3	368,100	-0.3	25,170,856	-0.6
May 17	51.0	-5.3	67.88	-1.1	34.61	-6.4	711,538	3.4	362,817	-2.1	24,629,585	-3.2
Jun 17	50.9	-4.9	67.74	-1.2	34.46	-6.0	711,508	2.6	361,964	-2.4	24,520,787	-3.6
Jul 17	50.6	-4.6	67.55	-1.3	34.16	-5.8	711,477	1.7	359,806	-3.0	24,306,151	-4.2
Aug 17	50.8	-3.6	67.67	-0.8	34.36	-4.3	711,849	1.3	361,456	-2.3	24,458,384	-3.0
Sep 17	50.6	-3.6	67.24	-1.4	34.04	-5.0	712,149	0.9	360,479	-2.7	24,238,762	-4.1

Tab 6 - Twelve Month Moving Average with Percent Change

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg
Oct 17	50.3	-3.7	66.95	-1.6	33.69	-5.3	712,459	0.5	358,564	-3.2	24,004,424	-4.8
Nov 17	49.8	-4.8	66.90	-1.6	33.31	-6.3	712,759	0.1	354,892	-4.7	23,743,647	-6.2
Dec 17	49.6	-5.4	66.75	-1.7	33.08	-7.0	713,069	0.2	353,375	-5.2	23,586,381	-6.8
Jan 18	49.4	-5.7	66.67	-2.0	32.93	-7.5	713,379	0.2	352,366	-5.4	23,491,042	-7.3
Feb 18	49.1	-5.9	66.50	-2.3	32.68	-8.1	713,659	0.3	350,746	-5.7	23,324,135	-7.8
Mar 18	49.2	-6.0	66.24	-3.0	32.61	-8.8	713,969	0.3	351,469	-5.6	23,282,091	-8.5
Apr 18	49.4	-4.4	66.13	-3.3	32.70	-7.6	714,239	0.4	353,116	-4.1	23,352,371	-7.2
May 18	49.4	-3.1	66.09	-2.6	32.66	-5.7	714,518	0.4	353,034	-2.7	23,333,268	-5.3
Jun 18	49.3	-3.0	66.03	-2.5	32.58	-5.5	714,788	0.5	352,687	-2.6	23,287,340	-5.0
Jul 18	49.2	-2.6	65.97	-2.4	32.48	-4.9	715,067	0.5	352,062	-2.2	23,223,871	-4.5
Aug 18	49.0	-3.4	65.64	-3.0	32.18	-6.3	714,943	0.4	350,524	-3.0	23,009,808	-5.9
Sep 18	49.0	-3.2	65.64	-2.4	32.16	-5.5	714,883	0.4	350,255	-2.8	22,991,214	-5.1
Oct 18	49.0	-2.5	65.72	-1.8	32.23	-4.3	714,821	0.3	350,615	-2.2	23,041,479	-4.0
Nov 18	49.4	-0.7	65.63	-1.9	32.43	-2.6	714,791	0.3	353,243	-0.5	23,183,290	-2.4
Dec 18	49.4	-0.4	65.52	-1.8	32.34	-2.2	714,760	0.2	352,813	-0.2	23,116,259	-2.0
Jan 19	49.5	0.2	65.46	-1.8	32.41	-1.6	714,729	0.2	353,898	0.4	23,166,905	-1.4
Feb 19	49.4	0.5	65.52	-1.5	32.35	-1.0	714,701	0.1	352,889	0.6	23,121,700	-0.9
Mar 19	49.3	0.1	65.65	-0.9	32.35	-0.8	714,670	0.1	352,146	0.2	23,117,957	-0.7
Apr 19	49.0	-0.8	65.64	-0.8	32.19	-1.5	714,670	0.1	350,497	-0.7	23,004,876	-1.5
May 19	49.2	-0.4	65.87	-0.3	32.40	-0.8	714,670	0.0	351,550	-0.4	23,156,939	-0.8
Jun 19	48.8	-1.1	66.05	0.0	32.22	-1.1	714,670	-0.0	348,633	-1.1	23,028,564	-1.1
Jul 19	48.4	-1.7	66.14	0.3	32.03	-1.4	714,670	-0.1	346,047	-1.7	22,888,188	-1.4
Aug 19	48.2	-1.7	66.28	1.0	31.94	-0.8	714,670	-0.0	344,355	-1.8	22,824,640	-0.8
Sep 19	48.1	-1.8	66.32	1.0	31.89	-0.8	714,670	-0.0	343,694	-1.9	22,793,320	-0.9
Oct 19	48.2	-1.8	66.18	0.7	31.88	-1.1	714,670	-0.0	344,208	-1.8	22,781,103	-1.1
Nov 19	48.1	-2.6	66.19	0.9	31.86	-1.8	714,670	-0.0	344,013	-2.6	22,771,291	-1.8
Dec 19	48.2	-2.4	66.24	1.1	31.91	-1.3	714,670	-0.0	344,254	-2.4	22,802,153	-1.4
Jan 20	48.2	-2.7	66.17	1.1	31.87	-1.7	714,670	-0.0	344,228	-2.7	22,777,041	-1.7
Feb 20	48.4	-1.9	66.11	0.9	32.02	-1.0	714,670	-0.0	346,109	-1.9	22,882,901	-1.0
Mar 20	47.3	-4.0	65.60	-0.1	31.04	-4.0	714,608	-0.0	338,138	-4.0	22,180,478	-4.1
Apr 20	45.9	-6.4	65.08	-0.8	29.87	-7.2	708,008	-0.9	324,915	-7.3	21,145,044	-8.1
May 20	44.0	-10.6	63.92	-3.0	28.11	-13.2	706,210	-1.2	310,599	-11.6	19,853,099	-14.3
Jun 20	42.6	-12.6	62.92	-4.7	26.82	-16.8	704,470	-1.4	300,270	-13.9	18,893,625	-18.0
Jul 20	41.4	-14.5	61.96	-6.3	25.64	-19.9	702,672	-1.7	290,825	-16.0	18,018,087	-21.3
Aug 20	40.4	-16.1	61.25	-7.6	24.75	-22.5	699,634	-2.1	282,779	-17.9	17,319,196	-24.1
Sep 20	39.5	-18.0	60.50	-8.8	23.87	-25.2	696,694	-2.5	274,850	-20.0	16,628,248	-27.0
Oct 20	38.6	-19.9	60.04	-9.3	23.17	-27.3	693,656	-2.9	267,711	-22.2	16,072,541	-29.4
Nov 20	38.0	-21.1	59.27	-10.5	22.52	-29.3	690,716	-3.4	262,394	-23.7	15,552,732	-31.7
Dec 20	37.6	-21.9	58.62	-11.5	22.07	-30.8	687,678	-3.8	258,861	-24.8	15,173,874	-33.5
Jan 21	37.5	-22.2	58.40	-11.7	21.90	-31.3	684,640	-4.2	256,704	-25.4	14,992,568	-34.2
Feb 21	37.1	-23.3	58.08	-12.2	21.56	-32.7	681,896	-4.6	253,183	-26.8	14,704,358	-35.7

Tab 6 - Twelve Month Moving Average with Percent Change

Fargo Limited Service Trend
 Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue	
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg

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Tab 7 - Day of Week Analysis

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Mar - 20	25.7	28.5	29.6	31.0	32.9	36.5	35.9	31.1
Apr - 20	21.2	23.1	24.1	24.6	23.6	21.3	20.7	22.7
May - 20	26.5	28.1	29.8	30.0	30.1	28.3	28.8	28.7
Jun - 20	32.4	37.3	37.2	38.1	37.8	39.9	43.5	38.0
Jul - 20	36.1	40.2	41.9	41.4	41.5	50.1	49.1	43.1
Aug - 20	38.6	42.7	42.5	44.2	45.0	52.6	55.2	45.8
Sep - 20	37.3	41.1	42.4	43.4	42.3	49.2	53.2	44.1
Oct - 20	34.2	40.0	39.7	42.0	40.1	46.0	48.0	41.7
Nov - 20	31.7	38.0	37.8	37.4	37.6	39.9	40.1	37.3
Dec - 20	30.6	33.7	35.8	34.7	36.2	35.3	38.0	35.0
Jan - 21	27.9	33.1	33.5	35.0	34.0	40.4	43.0	35.5
Feb - 21	30.2	32.8	33.8	36.1	45.3	57.5	60.8	42.3
Total Year	31.0	35.0	35.8	36.5	37.1	41.5	43.1	37.1

Three Year Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Mar 18 - Feb 19	36.7	42.5	45.5	46.9	48.1	63.1	62.8	49.4
Mar 19 - Feb 20	36.0	40.7	43.8	44.5	48.2	62.1	63.1	48.4
Mar 20 - Feb 21	31.0	35.0	35.8	36.5	37.1	41.5	43.1	37.1
Total 3 Yr	34.6	39.5	41.8	42.7	44.6	55.8	56.6	45.1

ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Mar - 20	50.67	51.60	52.12	53.18	55.42	62.89	64.09	55.85
Apr - 20	44.00	45.10	45.38	45.75	45.98	47.04	45.01	45.50
May - 20	52.36	49.83	51.08	50.45	51.24	55.37	56.03	52.53
Jun - 20	51.91	53.11	53.05	54.60	54.40	63.60	63.46	56.38
Jul - 20	53.73	54.63	55.93	56.05	56.54	66.41	67.21	59.27
Aug - 20	54.89	54.23	55.40	55.98	57.80	68.16	68.03	59.88
Sep - 20	55.62	56.13	56.39	57.70	58.08	67.14	68.42	60.24
Oct - 20	53.94	53.68	54.81	55.63	58.09	65.68	66.88	59.36
Nov - 20	51.24	52.19	52.18	54.07	55.94	61.04	61.16	55.36
Dec - 20	53.44	53.47	53.86	54.39	56.84	58.06	61.38	55.95
Jan - 21	53.09	56.05	55.64	56.02	57.50	68.26	69.30	60.63
Feb - 21	56.49	54.65	55.94	58.24	68.21	78.78	80.47	67.47
Total Year	52.96	53.25	53.88	54.75	56.91	65.20	66.20	58.08

Three Year ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Mar 18 - Feb 19	58.41	60.47	62.00	62.29	62.82	72.35	73.32	65.52
Mar 19 - Feb 20	58.13	59.84	61.33	61.60	63.41	73.96	75.26	66.11
Mar 20 - Feb 21	52.96	53.25	53.88	54.75	56.91	65.20	66.20	58.08
Total 3 Yr	56.71	58.18	59.52	59.97	61.45	71.26	72.32	63.76

RevPAR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Mar - 20	13.02	14.73	15.45	16.46	18.23	22.92	23.01	17.37
Apr - 20	9.34	10.41	10.94	11.23	10.85	10.02	9.32	10.35
May - 20	13.87	14.00	15.20	15.15	15.42	15.70	16.11	15.08
Jun - 20	16.84	19.79	19.74	20.81	20.56	25.35	27.63	21.41
Jul - 20	19.41	21.99	23.44	23.22	23.49	33.30	32.97	25.52
Aug - 20	21.20	23.13	23.56	24.72	26.00	35.87	37.56	27.42
Sep - 20	20.77	23.09	23.91	25.06	24.54	33.00	36.41	26.54
Oct - 20	18.46	21.45	21.75	23.38	23.32	30.23	32.08	24.78
Nov - 20	16.22	19.82	19.73	20.21	21.04	24.37	24.54	20.66
Dec - 20	16.35	18.04	19.31	18.88	20.55	20.48	23.35	19.57
Jan - 21	14.82	18.55	18.64	19.63	19.56	27.55	29.82	21.50
Feb - 21	17.04	17.92	18.91	21.00	30.90	45.26	48.93	28.57
Total Year	16.40	18.66	19.27	19.99	21.13	27.04	28.56	21.56

Three Year RevPAR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Mar 18 - Feb 19	21.44	25.71	28.22	29.23	30.22	45.63	46.05	32.35
Mar 19 - Feb 20	20.94	24.35	26.87	27.42	30.57	45.92	47.51	32.02
Mar 20 - Feb 21	16.40	18.66	19.27	19.99	21.13	27.04	28.56	21.56
Total 3 Yr	19.62	22.97	24.87	25.63	27.42	39.75	40.93	28.75

Tab 8 - Raw Data

Fargo Limited Service Trend

Job Number: 1255475_SADIM

Staff: KW

Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 13	47.8		63.69		30.46		50,592		24,195		1,540,988		22	1,632	73.8
Feb 13	57.6		69.89		40.25		45,696		26,319		1,839,487		22	1,632	73.8
Mar 13	61.6		68.62		42.27		50,654		31,204		2,141,135		22	1,634	78.7
Apr 13	58.1		66.35		38.52		50,880		29,539		1,959,929		23	1,696	79.5
May 13	62.2		71.40		44.39		52,576		32,691		2,334,025		23	1,696	79.5
Jun 13	69.0		70.48		48.65		50,880		35,118		2,475,291		23	1,696	79.5
Jul 13	75.4		71.34		53.81		52,576		39,654		2,828,937		23	1,696	79.5
Aug 13	75.9		71.19		54.06		52,576		39,921		2,842,159		23	1,696	79.5
Sep 13	72.3		71.47		51.68		50,880		36,789		2,629,457		23	1,696	79.5
Oct 13	66.3		68.79		45.64		52,576		34,882		2,399,493		23	1,696	79.5
Nov 13	58.4		69.78		40.76		50,820		29,688		2,071,527		23	1,694	84.3
Dec 13	51.6		67.11		34.65		52,514		27,109		1,819,358		23	1,694	84.3
Jan 14	50.1	4.8	68.83	8.1	34.50	13.3	52,514	3.8	26,317	8.8	1,811,520	17.6	23	1,694	84.3
Feb 14	57.2	-0.7	72.49	3.7	41.45	3.0	47,432	3.8	27,121	3.0	1,966,088	6.9	23	1,694	84.3
Mar 14	57.4	-6.9	68.18	-0.6	39.10	-7.5	52,514	3.7	30,118	-3.5	2,053,509	-4.1	23	1,694	84.3
Apr 14	63.1	8.7	66.82	0.7	42.15	9.4	50,820	-0.1	32,057	8.5	2,141,996	9.3	23	1,694	84.3
May 14	67.0	7.7	72.18	1.1	48.34	8.9	52,514	-0.1	35,169	7.6	2,538,604	8.8	23	1,694	84.3
Jun 14	72.6	5.2	68.94	-2.2	50.08	2.9	50,820	-0.1	36,918	5.1	2,545,061	2.8	23	1,694	84.3
Jul 14	79.4	5.3	70.12	-1.7	55.70	3.5	52,514	-0.1	41,716	5.2	2,924,962	3.4	23	1,694	84.3
Aug 14	78.4	3.3	72.18	1.4	56.62	4.7	54,715	4.1	42,917	7.5	3,097,737	9.0	24	1,765	84.9
Sep 14	72.8	0.7	69.22	-3.1	50.40	-2.5	52,950	4.1	38,550	4.8	2,668,569	1.5	24	1,765	84.9
Oct 14	72.0	8.5	68.24	-0.8	49.12	7.6	54,715	4.1	39,382	12.9	2,687,620	12.0	24	1,765	80.1
Nov 14	58.5	0.2	69.09	-1.0	40.45	-0.8	52,950	4.2	30,999	4.4	2,141,648	3.4	24	1,765	84.9
Dec 14	50.3	-2.6	66.90	-0.3	33.63	-2.9	54,715	4.2	27,507	1.5	1,840,135	1.1	24	1,765	84.9
Jan 15	47.7	-4.8	68.44	-0.6	32.66	-5.3	54,715	4.2	26,111	-0.8	1,787,059	-1.4	24	1,765	84.9
Feb 15	58.0	1.4	73.07	0.8	42.35	2.2	49,420	4.2	28,642	5.6	2,092,736	6.4	24	1,765	84.9
Mar 15	56.0	-2.4	68.67	0.7	38.43	-1.7	54,622	4.0	30,565	1.5	2,098,977	2.2	24	1,762	84.9
Apr 15	56.4	-10.5	64.64	-3.3	36.47	-13.5	52,860	4.0	29,828	-7.0	1,927,963	-10.0	24	1,762	84.9
May 15	62.9	-6.1	72.21	0.0	45.42	-6.0	54,622	4.0	34,356	-2.3	2,480,853	-2.3	24	1,762	84.9
Jun 15	67.4	-7.2	68.99	0.1	46.49	-7.2	52,860	4.0	35,618	-3.5	2,457,385	-3.4	24	1,762	84.9
Jul 15	73.8	-7.1	71.04	1.3	52.44	-5.9	54,622	4.0	40,319	-3.3	2,864,156	-2.1	24	1,762	84.9
Aug 15	64.4	-17.9	69.25	-4.1	44.58	-21.3	57,350	4.8	36,923	-14.0	2,556,752	-17.5	25	1,850	85.6
Sep 15	60.9	-16.3	70.62	2.0	43.03	-14.6	55,500	4.8	33,820	-12.3	2,388,373	-10.5	25	1,850	85.6
Oct 15	56.4	-21.7	69.75	2.2	39.32	-20.0	57,350	4.8	32,328	-17.9	2,254,900	-16.1	25	1,850	85.6
Nov 15	46.0	-21.4	66.28	-4.1	30.52	-24.5	55,500	4.8	25,553	-17.6	1,693,763	-20.9	25	1,850	85.6
Dec 15	41.4	-17.6	67.92	1.5	28.13	-16.4	60,450	10.5	25,035	-9.0	1,700,282	-7.6	26	1,950	86.4
Jan 16	37.4	-21.6	64.52	-5.7	24.13	-26.1	60,450	10.5	22,606	-13.4	1,458,476	-18.4	26	1,950	82.2
Feb 16	49.6	-14.3	70.95	-2.9	35.22	-16.8	54,600	10.5	27,107	-5.4	1,923,113	-8.1	26	1,950	82.2
Mar 16	43.3	-22.6	63.14	-8.1	27.36	-28.8	60,450	10.7	26,195	-14.3	1,654,052	-21.2	26	1,950	82.2
Apr 16	50.4	-10.7	64.38	-0.4	32.45	-11.0	58,500	10.7	29,484	-1.2	1,898,311	-1.5	26	1,950	82.2
May 16	58.8	-6.5	72.84	0.9	42.82	-5.7	60,450	10.7	35,537	3.4	2,588,528	4.3	26	1,950	82.2
Jun 16	61.7	-8.4	68.24	-1.1	42.11	-9.4	58,500	10.7	36,095	1.3	2,463,219	0.2	26	1,950	82.2
Jul 16	66.5	-10.0	69.63	-2.0	46.28	-11.7	60,450	10.7	40,178	-0.3	2,797,428	-2.3	26	1,950	82.2
Aug 16	59.6	-7.4	66.76	-3.6	39.79	-10.7	60,450	5.4	36,030	-2.4	2,405,301	-5.9	26	1,950	82.2
Sep 16	58.8	-3.5	70.93	0.4	41.73	-3.0	58,500	5.4	34,418	1.8	2,441,299	2.2	26	1,950	82.2
Oct 16	53.4	-5.3	67.62	-3.1	36.08	-8.2	60,450	5.4	32,253	-0.2	2,181,032	-3.3	26	1,950	87.2
Nov 16	46.8	1.7	65.79	-0.7	30.81	0.9	58,470	5.4	27,379	7.1	1,801,352	6.4	26	1,949	87.2
Dec 16	42.0	1.5	66.94	-1.4	28.14	0.1	60,419	-0.1	25,404	1.5	1,700,488	0.0	26	1,949	87.2
Jan 17	37.3	-0.2	66.10	2.5	24.67	2.3	60,419	-0.1	22,549	-0.3	1,490,601	2.2	26	1,949	87.2

Tab 8 - Raw Data

Fargo Limited Service Trend

Job Number: 1255475_SADIM

Staff: KW

Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Feb 17	48.2	-2.9	71.51	0.8	34.49	-2.1	54,572	-0.1	26,320	-2.9	1,882,181	-2.1	26	1,949	87.2
Mar 17	44.4	2.6	67.09	6.3	29.82	9.0	60,419	-0.1	26,851	2.5	1,801,482	8.9	26	1,949	87.2
Apr 17	42.9	-14.9	64.50	0.2	27.67	-14.7	58,470	-0.1	25,086	-14.9	1,617,945	-14.8	26	1,949	87.2
May 17	50.1	-14.8	67.67	-7.1	33.88	-20.9	60,419	-0.1	30,254	-14.9	2,047,257	-20.9	26	1,949	87.2
Jun 17	60.3	-2.3	66.81	-2.1	40.27	-4.4	58,470	-0.1	35,242	-2.4	2,354,421	-4.4	26	1,949	87.2
Jul 17	62.9	-5.3	67.93	-2.4	42.75	-7.6	60,419	-0.1	38,020	-5.4	2,582,792	-7.7	26	1,949	87.2
Aug 17	62.0	3.9	67.88	1.7	42.05	5.7	60,822	0.6	37,680	4.6	2,557,534	6.3	26	1,962	92.4
Sep 17	56.9	-3.3	66.44	-6.3	37.78	-9.5	58,800	0.5	33,441	-2.8	2,221,677	-9.0	26	1,960	92.4
Oct 17	49.9	-6.4	64.17	-5.1	32.04	-11.2	60,760	0.5	30,338	-5.9	1,946,694	-10.7	26	1,960	92.4
Nov 17	40.3	-13.9	64.98	-1.2	26.21	-14.9	58,770	0.5	23,707	-13.4	1,540,575	-14.5	26	1,959	92.4
Dec 17	39.3	-6.5	64.61	-3.5	25.41	-9.7	60,729	0.5	23,887	-6.0	1,543,222	-9.2	26	1,959	92.4
Jan 18	35.5	-5.0	64.78	-2.0	22.98	-6.9	60,729	0.5	21,540	-4.5	1,395,262	-6.4	26	1,959	92.4
Feb 18	45.0	-6.6	69.44	-2.9	31.27	-9.3	54,852	0.5	24,700	-6.2	1,715,274	-8.9	26	1,959	87.5
Mar 18	45.4	2.2	63.81	-4.9	28.97	-2.8	60,729	0.5	27,574	2.7	1,759,438	-2.3	26	1,959	87.5
Apr 18	45.5	6.1	63.15	-2.1	28.74	3.9	58,740	0.5	26,733	6.6	1,688,225	4.3	26	1,958	87.5
May 18	49.7	-0.7	67.22	-0.7	33.41	-1.4	60,698	0.5	30,172	-0.3	2,028,154	-0.9	26	1,958	87.5
Jun 18	59.4	-1.4	66.16	-1.0	39.30	-2.4	58,740	0.5	34,895	-1.0	2,308,493	-2.0	26	1,958	87.5
Jul 18	61.6	-2.1	67.37	-0.8	41.51	-2.9	60,698	0.5	37,395	-1.6	2,519,323	-2.5	26	1,958	87.5
Aug 18	59.5	-3.9	64.84	-4.5	38.61	-8.2	60,698	-0.2	36,142	-4.1	2,343,471	-8.4	26	1,958	87.5
Sep 18	56.5	-0.7	66.41	-0.0	37.51	-0.7	58,740	-0.1	33,172	-0.8	2,203,083	-0.8	26	1,958	87.5
Oct 18	50.6	1.3	65.05	1.4	32.90	2.7	60,698	-0.1	30,698	1.2	1,996,959	2.6	26	1,958	87.5
Nov 18	44.8	11.1	63.88	-1.7	28.64	9.3	58,740	-0.1	26,335	11.1	1,682,386	9.2	26	1,958	87.5
Dec 18	38.6	-1.7	62.93	-2.6	24.32	-4.3	60,698	-0.1	23,457	-1.8	1,476,191	-4.3	26	1,958	87.5
Jan 19	37.3	5.1	63.91	-1.3	23.82	3.7	60,698	-0.1	22,625	5.0	1,445,908	3.6	26	1,958	87.5
Feb 19	43.2	-4.0	70.49	1.5	30.46	-2.6	54,824	-0.1	23,691	-4.1	1,670,069	-2.6	26	1,958	87.5
Mar 19	44.2	-2.6	65.44	2.6	28.93	-0.2	60,698	-0.1	26,831	-2.7	1,755,695	-0.2	26	1,958	87.5
Apr 19	42.7	-6.2	62.79	-0.6	26.82	-6.7	58,740	0.0	25,084	-6.2	1,575,144	-6.7	26	1,958	87.5
May 19	51.4	3.5	69.82	3.9	35.92	7.5	60,698	0.0	31,225	3.5	2,180,217	7.5	26	1,958	87.5
Jun 19	54.4	-8.4	68.18	3.1	37.11	-5.6	58,740	0.0	31,978	-8.4	2,180,118	-5.6	26	1,958	87.5
Jul 19	57.3	-6.9	68.34	1.4	39.19	-5.6	60,698	0.0	34,809	-6.9	2,378,947	-5.6	26	1,958	87.5
Aug 19	56.8	-4.7	66.18	2.1	37.56	-2.7	60,698	0.0	34,450	-4.7	2,279,923	-2.7	26	1,958	87.5
Sep 19	55.3	-2.0	66.80	0.6	36.97	-1.4	58,740	0.0	32,511	-2.0	2,171,763	-1.4	26	1,958	87.5
Oct 19	51.4	1.7	63.59	-2.2	32.70	-0.6	60,698	0.0	31,212	1.7	1,984,742	-0.6	26	1,958	87.5
Nov 19	44.5	-0.7	63.99	0.2	28.47	-0.6	58,740	0.0	26,140	-0.7	1,672,574	-0.6	26	1,958	87.5
Dec 19	39.0	1.0	63.59	1.1	24.83	2.1	60,698	0.0	23,698	1.0	1,507,053	2.1	26	1,958	87.5
Jan 20	37.2	-0.1	62.87	-1.6	23.41	-1.7	60,698	0.0	22,599	-0.1	1,420,796	-1.7	26	1,958	87.5
Feb 20	46.6	7.9	69.45	-1.5	32.39	6.3	54,824	0.0	25,572	7.9	1,775,929	6.3	26	1,958	87.5
Mar 20	31.1	-29.6	55.85	-14.7	17.37	-39.9	60,636	-0.1	18,860	-29.7	1,053,272	-40.0	26	1,956	84.5
Apr 20	22.7	-46.7	45.50	-27.5	10.35	-61.4	52,140	-11.2	11,861	-52.7	539,710	-65.7	23	1,738	82.5
May 20	28.7	-44.2	52.53	-24.8	15.08	-58.0	58,900	-3.0	16,909	-45.8	888,272	-59.3	25	1,900	77.8
Jun 20	38.0	-30.2	56.38	-17.3	21.41	-42.3	57,000	-3.0	21,649	-32.3	1,220,644	-44.0	25	1,900	77.8
Jul 20	43.1	-24.9	59.27	-13.3	25.52	-34.9	58,900	-3.0	25,364	-27.1	1,503,409	-36.8	25	1,900	78.8
Aug 20	45.8	-19.3	59.88	-9.5	27.42	-27.0	57,660	-5.0	26,404	-23.4	1,581,032	-30.7	24	1,860	80.5
Sep 20	44.1	-20.4	60.24	-9.8	26.54	-28.2	55,800	-5.0	24,582	-24.4	1,480,815	-31.8	24	1,860	80.5
Oct 20	41.7	-18.8	59.36	-6.6	24.78	-24.2	57,660	-5.0	24,073	-22.9	1,429,035	-28.0	24	1,860	80.5
Nov 20	37.3	-16.1	55.36	-13.5	20.66	-27.4	55,800	-5.0	20,823	-20.3	1,152,765	-31.1	24	1,860	80.5
Dec 20	35.0	-10.4	55.95	-12.0	19.57	-21.2	57,660	-5.0	20,165	-14.9	1,128,195	-25.1	24	1,860	80.5
Jan 21	35.5	-4.8	60.63	-3.6	21.50	-8.2	57,660	-5.0	20,442	-9.5	1,239,490	-12.8	24	1,860	80.5
Feb 21	42.3	-9.2	67.47	-2.9	28.57	-11.8	52,080	-5.0	22,051	-13.8	1,487,719	-16.2	24	1,860	80.5

Tab 8 - Raw Data

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants

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Tab 9 - Classic

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Jan 13	47.8		63.69		30.46		50,592		24,195		1,540,988		22	1,632	73.8
Feb 13	57.6		69.89		40.25		45,696		26,319		1,839,487		22	1,632	73.8
Mar 13	61.6		68.62		42.27		50,654		31,204		2,141,135		22	1,634	78.7
Apr 13	58.1		66.35		38.52		50,880		29,539		1,959,929		23	1,696	79.5
May 13	62.2		71.40		44.39		52,576		32,691		2,334,025		23	1,696	79.5
Jun 13	69.0		70.48		48.65		50,880		35,118		2,475,291		23	1,696	79.5
Jul 13	75.4		71.34		53.81		52,576		39,654		2,828,937		23	1,696	79.5
Aug 13	75.9		71.19		54.06		52,576		39,921		2,842,159		23	1,696	79.5
Sep 13	72.3		71.47		51.68		50,880		36,789		2,629,457		23	1,696	79.5
Oct 13	66.3		68.79		45.64		52,576		34,882		2,399,493		23	1,696	79.5
Nov 13	58.4		69.78		40.76		50,820		29,688		2,071,527		23	1,694	84.3
Dec 13	51.6		67.11		34.65		52,514		27,109		1,819,358		23	1,694	84.3
Feb YTD 2013	52.5		66.92		35.11		96,288		50,514		3,380,475				
Total 2013	63.1		69.44		43.84		613,220		387,109		26,881,786				
Jan 14	50.1	4.8	68.83	8.1	34.50	13.3	52,514	3.8	26,317	8.8	1,811,520	17.6	23	1,694	84.3
Feb 14	57.2	-0.7	72.49	3.7	41.45	3.0	47,432	3.8	27,121	3.0	1,966,088	6.9	23	1,694	84.3
Mar 14	57.4	-6.9	68.18	-0.6	39.10	-7.5	52,514	3.7	30,118	-3.5	2,053,509	-4.1	23	1,694	84.3
Apr 14	63.1	8.7	66.82	0.7	42.15	9.4	50,820	-0.1	32,057	8.5	2,141,996	9.3	23	1,694	84.3
May 14	67.0	7.7	72.18	1.1	48.34	8.9	52,514	-0.1	35,169	7.6	2,538,604	8.8	23	1,694	84.3
Jun 14	72.6	5.2	68.94	-2.2	50.08	2.9	50,820	-0.1	36,918	5.1	2,545,061	2.8	23	1,694	84.3
Jul 14	79.4	5.3	70.12	-1.7	55.70	3.5	52,514	-0.1	41,716	5.2	2,924,962	3.4	23	1,694	84.3
Aug 14	78.4	3.3	72.18	1.4	56.62	4.7	54,715	4.1	42,917	7.5	3,097,737	9.0	24	1,765	84.9
Sep 14	72.8	0.7	69.22	-3.1	50.40	-2.5	52,950	4.1	38,550	4.8	2,668,569	1.5	24	1,765	84.9
Oct 14	72.0	8.5	68.24	-0.8	49.12	7.6	54,715	4.1	39,382	12.9	2,687,620	12.0	24	1,765	80.1
Nov 14	58.5	0.2	69.09	-1.0	40.45	-0.8	52,950	4.2	30,999	4.4	2,141,648	3.4	24	1,765	84.9
Dec 14	50.3	-2.6	66.90	-0.3	33.63	-2.9	54,715	4.2	27,507	1.5	1,840,135	1.1	24	1,765	84.9
Feb YTD 2014	53.5	1.9	70.69	5.6	37.80	7.7	99,946	3.8	53,438	5.8	3,777,608	11.7			
Total 2014	65.0	2.9	69.52	0.1	45.17	3.0	629,173	2.6	408,771	5.6	28,417,449	5.7			
Jan 15	47.7	-4.8	68.44	-0.6	32.66	-5.3	54,715	4.2	26,111	-0.8	1,787,059	-1.4	24	1,765	84.9
Feb 15	58.0	1.4	73.07	0.8	42.35	2.2	49,420	4.2	28,642	5.6	2,092,736	6.4	24	1,765	84.9
Mar 15	56.0	-2.4	68.67	0.7	38.43	-1.7	54,622	4.0	30,565	1.5	2,098,977	2.2	24	1,762	84.9
Apr 15	56.4	-10.5	64.64	-3.3	36.47	-13.5	52,860	4.0	29,828	-7.0	1,927,963	-10.0	24	1,762	84.9
May 15	62.9	-6.1	72.21	0.0	45.42	-6.0	54,622	4.0	34,356	-2.3	2,480,853	-2.3	24	1,762	84.9
Jun 15	67.4	-7.2	68.99	0.1	46.49	-7.2	52,860	4.0	35,618	-3.5	2,457,385	-3.4	24	1,762	84.9
Jul 15	73.8	-7.1	71.04	1.3	52.44	-5.9	54,622	4.0	40,319	-3.3	2,864,156	-2.1	24	1,762	84.9
Aug 15	64.4	-17.9	69.25	-4.1	44.58	-21.3	57,350	4.8	36,923	-14.0	2,556,752	-17.5	25	1,850	85.6
Sep 15	60.9	-16.3	70.62	2.0	43.03	-14.6	55,500	4.8	33,820	-12.3	2,388,373	-10.5	25	1,850	85.6
Oct 15	56.4	-21.7	69.75	2.2	39.32	-20.0	57,350	4.8	32,328	-17.9	2,254,900	-16.1	25	1,850	85.6
Nov 15	46.0	-21.4	66.28	-4.1	30.52	-24.5	55,500	4.8	25,553	-17.6	1,693,763	-20.9	25	1,850	85.6
Dec 15	41.4	-17.6	67.92	1.5	28.13	-16.4	60,450	10.5	25,035	-9.0	1,700,282	-7.6	26	1,950	86.4
Feb YTD 2015	52.6	-1.7	70.86	0.2	37.26	-1.4	104,135	4.2	54,753	2.5	3,879,795	2.7			
Total 2015	57.5	-11.6	69.38	-0.2	39.86	-11.7	659,871	4.9	379,098	-7.3	26,303,199	-7.4			
Jan 16	37.4	-21.6	64.52	-5.7	24.13	-26.1	60,450	10.5	22,606	-13.4	1,458,476	-18.4	26	1,950	82.2
Feb 16	49.6	-14.3	70.95	-2.9	35.22	-16.8	54,600	10.5	27,107	-5.4	1,923,113	-8.1	26	1,950	82.2
Mar 16	43.3	-22.6	63.14	-8.1	27.36	-28.8	60,450	10.7	26,195	-14.3	1,654,052	-21.2	26	1,950	82.2
Apr 16	50.4	-10.7	64.38	-0.4	32.45	-11.0	58,500	10.7	29,484	-1.2	1,898,311	-1.5	26	1,950	82.2
May 16	58.8	-6.5	72.84	0.9	42.82	-5.7	60,450	10.7	35,537	3.4	2,588,528	4.3	26	1,950	82.2
Jun 16	61.7	-8.4	68.24	-1.1	42.11	-9.4	58,500	10.7	36,095	1.3	2,463,219	0.2	26	1,950	82.2
Jul 16	66.5	-10.0	69.63	-2.0	46.28	-11.7	60,450	10.7	40,178	-0.3	2,797,428	-2.3	26	1,950	82.2
Aug 16	59.6	-7.4	66.76	-3.6	39.79	-10.7	60,450	5.4	36,030	-2.4	2,405,301	-5.9	26	1,950	82.2
Sep 16	58.8	-3.5	70.93	0.4	41.73	-3.0	58,500	5.4	34,418	1.8	2,441,299	2.2	26	1,950	82.2
Oct 16	53.4	-5.3	67.62	-3.1	36.08	-8.2	60,450	5.4	32,253	-0.2	2,181,032	-3.3	26	1,950	87.2
Nov 16	46.8	1.7	65.79	-0.7	30.81	0.9	58,470	5.4	27,379	7.1	1,801,352	6.4	26	1,949	87.2

Tab 9 - Classic

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Dec 16	42.0	1.5	66.94	-1.4	28.14	0.1	60,419	-0.1	25,404	1.5	1,700,488	0.0	26	1,949	87.2
Feb YTD 2016	43.2	-17.8	68.02	-4.0	29.39	-21.1	115,050	10.5	49,713	-9.2	3,381,589	-12.8			
Total 2016	52.4	-8.8	67.92	-2.1	35.57	-10.8	711,689	7.9	372,686	-1.7	25,312,599	-3.8			
Jan 17	37.3	-0.2	66.10	2.5	24.67	2.3	60,419	-0.1	22,549	-0.3	1,490,601	2.2	26	1,949	87.2
Feb 17	48.2	-2.9	71.51	0.8	34.49	-2.1	54,572	-0.1	26,320	-2.9	1,882,181	-2.1	26	1,949	87.2
Mar 17	44.4	2.6	67.09	6.3	29.82	9.0	60,419	-0.1	26,851	2.5	1,801,482	8.9	26	1,949	87.2
Apr 17	42.9	-14.9	64.50	0.2	27.67	-14.7	58,470	-0.1	25,086	-14.9	1,617,945	-14.8	26	1,949	87.2
May 17	50.1	-14.8	67.67	-7.1	33.88	-20.9	60,419	-0.1	30,254	-14.9	2,047,257	-20.9	26	1,949	87.2
Jun 17	60.3	-2.3	66.81	-2.1	40.27	-4.4	58,470	-0.1	35,242	-2.4	2,354,421	-4.4	26	1,949	87.2
Jul 17	62.9	-5.3	67.93	-2.4	42.75	-7.6	60,419	-0.1	38,020	-5.4	2,582,792	-7.7	26	1,949	87.2
Aug 17	62.0	3.9	67.88	1.7	42.05	5.7	60,822	0.6	37,680	4.6	2,557,534	6.3	26	1,962	92.4
Sep 17	56.9	-3.3	66.44	-6.3	37.78	-9.5	58,800	0.5	33,441	-2.8	2,221,677	-9.0	26	1,960	92.4
Oct 17	49.9	-6.4	64.17	-5.1	32.04	-11.2	60,760	0.5	30,338	-5.9	1,946,694	-10.7	26	1,960	92.4
Nov 17	40.3	-13.9	64.98	-1.2	26.21	-14.9	58,770	0.5	23,707	-13.4	1,540,575	-14.5	26	1,959	92.4
Dec 17	39.3	-6.5	64.61	-3.5	25.41	-9.7	60,729	0.5	23,887	-6.0	1,543,222	-9.2	26	1,959	92.4
Feb YTD 2017	42.5	-1.6	69.02	1.5	29.33	-0.2	114,991	-0.1	48,869	-1.7	3,372,782	-0.3			
Total 2017	49.6	-5.4	66.75	-1.7	33.08	-7.0	713,069	0.2	353,375	-5.2	23,586,381	-6.8			
Jan 18	35.5	-5.0	64.78	-2.0	22.98	-6.9	60,729	0.5	21,540	-4.5	1,395,262	-6.4	26	1,959	92.4
Feb 18	45.0	-6.6	69.44	-2.9	31.27	-9.3	54,852	0.5	24,700	-6.2	1,715,274	-8.9	26	1,959	87.5
Mar 18	45.4	2.2	63.81	-4.9	28.97	-2.8	60,729	0.5	27,574	2.7	1,759,438	-2.3	26	1,959	87.5
Apr 18	45.5	6.1	63.15	-2.1	28.74	3.9	58,740	0.5	26,733	6.6	1,688,225	4.3	26	1,958	87.5
May 18	49.7	-0.7	67.22	-0.7	33.41	-1.4	60,698	0.5	30,172	-0.3	2,028,154	-0.9	26	1,958	87.5
Jun 18	59.4	-1.4	66.16	-1.0	39.30	-2.4	58,740	0.5	34,895	-1.0	2,308,493	-2.0	26	1,958	87.5
Jul 18	61.6	-2.1	67.37	-0.8	41.51	-2.9	60,698	0.5	37,395	-1.6	2,519,323	-2.5	26	1,958	87.5
Aug 18	59.5	-3.9	64.84	-4.5	38.61	-8.2	60,698	-0.2	36,142	-4.1	2,343,471	-8.4	26	1,958	87.5
Sep 18	56.5	-0.7	66.41	-0.0	37.51	-0.7	58,740	-0.1	33,172	-0.8	2,203,083	-0.8	26	1,958	87.5
Oct 18	50.6	1.3	65.05	1.4	32.90	2.7	60,698	-0.1	30,698	1.2	1,996,959	2.6	26	1,958	87.5
Nov 18	44.8	11.1	63.88	-1.7	28.64	9.3	58,740	-0.1	26,335	11.1	1,682,386	9.2	26	1,958	87.5
Dec 18	38.6	-1.7	62.93	-2.6	24.32	-4.3	60,698	-0.1	23,457	-1.8	1,476,191	-4.3	26	1,958	87.5
Feb YTD 2018	40.0	-5.9	67.27	-2.5	26.91	-8.2	115,581	0.5	46,240	-5.4	3,110,536	-7.8			
Total 2018	49.4	-0.4	65.52	-1.8	32.34	-2.2	714,760	0.2	352,813	-0.2	23,116,259	-2.0			
Jan 19	37.3	5.1	63.91	-1.3	23.82	3.7	60,698	-0.1	22,625	5.0	1,445,908	3.6	26	1,958	87.5
Feb 19	43.2	-4.0	70.49	1.5	30.46	-2.6	54,824	-0.1	23,691	-4.1	1,670,069	-2.6	26	1,958	87.5
Mar 19	44.2	-2.6	65.44	2.6	28.93	-0.2	60,698	-0.1	26,831	-2.7	1,755,695	-0.2	26	1,958	87.5
Apr 19	42.7	-6.2	62.79	-0.6	26.82	-6.7	58,740	0.0	25,084	-6.2	1,575,144	-6.7	26	1,958	87.5
May 19	51.4	3.5	69.82	3.9	35.92	7.5	60,698	0.0	31,225	3.5	2,180,217	7.5	26	1,958	87.5
Jun 19	54.4	-8.4	68.18	3.1	37.11	-5.6	58,740	0.0	31,978	-8.4	2,180,118	-5.6	26	1,958	87.5
Jul 19	57.3	-6.9	68.34	1.4	39.19	-5.6	60,698	0.0	34,809	-6.9	2,378,947	-5.6	26	1,958	87.5
Aug 19	56.8	-4.7	66.18	2.1	37.56	-2.7	60,698	0.0	34,450	-4.7	2,279,923	-2.7	26	1,958	87.5
Sep 19	55.3	-2.0	66.80	0.6	36.97	-1.4	58,740	0.0	32,511	-2.0	2,171,763	-1.4	26	1,958	87.5
Oct 19	51.4	1.7	63.59	-2.2	32.70	-0.6	60,698	0.0	31,212	1.7	1,984,742	-0.6	26	1,958	87.5
Nov 19	44.5	-0.7	63.99	0.2	28.47	-0.6	58,740	0.0	26,140	-0.7	1,672,574	-0.6	26	1,958	87.5
Dec 19	39.0	1.0	63.59	1.1	24.83	2.1	60,698	0.0	23,698	1.0	1,507,053	2.1	26	1,958	87.5
Feb YTD 2019	40.1	0.2	67.28	0.0	26.97	0.2	115,522	-0.1	46,316	0.2	3,115,977	0.2			
Total 2019	48.2	-2.4	66.24	1.1	31.91	-1.3	714,670	-0.0	344,254	-2.4	22,802,153	-1.4			
Jan 20	37.2	-0.1	62.87	-1.6	23.41	-1.7	60,698	0.0	22,599	-0.1	1,420,796	-1.7	26	1,958	87.5
Feb 20	46.6	7.9	69.45	-1.5	32.39	6.3	54,824	0.0	25,572	7.9	1,775,929	6.3	26	1,958	87.5
Mar 20	31.1	-29.6	55.85	-14.7	17.37	-39.9	60,636	-0.1	18,860	-29.7	1,053,272	-40.0	26	1,956	84.5
Apr 20	22.7	-46.7	45.50	-27.5	10.35	-61.4	52,140	-11.2	11,861	-52.7	539,710	-65.7	23	1,738	82.5
May 20	28.7	-44.2	52.53	-24.8	15.08	-58.0	58,900	-3.0	16,909	-45.8	888,272	-59.3	25	1,900	77.8
Jun 20	38.0	-30.2	56.38	-17.3	21.41	-42.3	57,000	-3.0	21,649	-32.3	1,220,644	-44.0	25	1,900	77.8
Jul 20	43.1	-24.9	59.27	-13.3	25.52	-34.9	58,900	-3.0	25,364	-27.1	1,503,409	-36.8	25	1,900	78.8
Aug 20	45.8	-19.3	59.88	-9.5	27.42	-27.0	57,660	-5.0	26,404	-23.4	1,581,032	-30.7	24	1,860	80.5

Tab 9 - Classic

Fargo Limited Service Trend

Job Number: 1255475_SADIM Staff: KW Created: April 08, 2021

Date	Occupancy		ADR		RevPar		Supply		Demand		Revenue		Census & Sample %		
	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	This Year	% Chg	Census Props	Census Rooms	% Rooms STAR Participants
Sep 20	44.1	-20.4	60.24	-9.8	26.54	-28.2	55,800	-5.0	24,582	-24.4	1,480,815	-31.8	24	1,860	80.5
Oct 20	41.7	-18.8	59.36	-6.6	24.78	-24.2	57,660	-5.0	24,073	-22.9	1,429,035	-28.0	24	1,860	80.5
Nov 20	37.3	-16.1	55.36	-13.5	20.66	-27.4	55,800	-5.0	20,823	-20.3	1,152,765	-31.1	24	1,860	80.5
Dec 20	35.0	-10.4	55.95	-12.0	19.57	-21.2	57,660	-5.0	20,165	-14.9	1,128,195	-25.1	24	1,860	80.5
Feb YTD 2020	41.7	4.0	66.36	-1.4	27.67	2.6	115,522	0.0	48,171	4.0	3,196,725	2.6			
Total 2020	37.6	-21.9	58.62	-11.5	22.07	-30.8	687,678	-3.8	258,861	-24.8	15,173,874	-33.5			
Jan 21	35.5	-4.8	60.63	-3.6	21.50	-8.2	57,660	-5.0	20,442	-9.5	1,239,490	-12.8	24	1,860	80.5
Feb 21	42.3	-9.2	67.47	-2.9	28.57	-11.8	52,080	-5.0	22,051	-13.8	1,487,719	-16.2	24	1,860	80.5
Feb YTD 2021	38.7	-7.1	64.18	-3.3	24.85	-10.2	109,740	-5.0	42,493	-11.8	2,727,209	-14.7			

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Addendum F

TAX STATEMENT

Assessment Information

Property Information

For additional information, visit the Assessor's Office website (<https://fargond.gov/city-government/departments/assessors>).

Parcel No 01-1390-00020-000	Year Built 1987
Segment Number 1	Story Height (residential only) N/A
Address 1407 35 ST S	Main Floor Sq. Ft. (residential only)
Ownership Information YOGINIVAS LLC	Total Building Sq. Ft. 29,046
School District 1 - Fargo	Number of Apartment Units 0
Land Use Commercial	
Property Type Motel	
Lot Width (Front) 148	Lot Width (Back) 154.48
Lot Depth (Side 1) 340.88	Lot Depth (Side 2) 384.47

Lot Area 53,673 sq. ft. (1.232 acres)	Special Assessment Front Footage 147.34
Special Assessment Square Footage 53,434	

Valuations			
2020 Appraised Value (Current Certified)			
	Land	Improvements	Total
Full Appraised Value	\$349,000	\$1,424,000	\$1,773,000
Net Taxable Appraised Value	\$349,000	\$1,424,000	\$1,773,000
Assessment (Local, State, Exempt)			
Local			
<hr/>			
2021 Proposed Appraised Value (subject to change)			
	Land	Improvements	Total
Full Appraised Value	\$349,000	\$1,158,100	\$1,507,100
Net Taxable Appraised Value	\$349,000	\$1,158,100	\$1,507,100
Assessment (Local, State, Exempt)			
Local			

Special Assessment Information

For additional information or to contact the Special Assessments Office visit the Payment Methods webpage (<https://fargond.gov/city-government/departments/engineering/special-assessments/payment-methods>).

NOTE: For additional project details click on the project number below.

Current Projects

Project Number	Current Annual Installment	Un-Certified Balance Remaining (principal only)	Deferred Balance
PR-14-6	\$109.00	\$1,408.06	
Totals:	\$109.00	\$1,408.06	

Work Complete / Work in Progress

Project Number	Work Complete (pending approval)	Work in Progress (estimate only)	Deferred Balance
UR-20-A		\$1,721.13	
Totals:		\$1,721.13	

Principal & Interest Breakdown

Year	Principal Amount	Interest Amount	Total Payment
2020	\$42.56	\$66.44	\$109.00
2019	\$40.70	\$68.30	\$109.00
2018	\$38.91	\$70.08	\$108.99

Contact Information

Please contact the following departments if you have any questions or wish to request more information:

- **Assessor's Office:** For parcel number, lot dimensions, property value, ownership, legal description information or feedback
 - Use our Contact Form (<https://fargond.gov/city-government/departments/assessors/contact-us>) or call 701.241.1340 (tel: 701.241.1340)
- **Special Assessments:** For questions or feedback pertaining to special assessments
 - Use our Contact Form (<https://fargond.gov/city-government/departments/assessors/contact-us>) or call 701.241.1326 (tel: 701.241.1326)
 - Complete the online Special Assessment Form (<https://lf.cityoffargo.com/Forms/SpecialAssessmentRequest>) for payoff amount.

Disclaimer

The City of Fargo provides property information to the public "as is" without warranty of any kind, expressed or implied. Assessed values are subject to change by the City of Fargo. In no event will the City of Fargo be liable to anyone for damages arising from the use of the property data. You assume responsibility for the selection of data to achieve your intended results and for the installation and use of the results obtained from the property data.

Assessment records are for the sole purpose of identifying the land being taxed. In some cases to attain efficiency, Assessor's Office legal descriptions may be shortened yet will retain sufficient information to identify the land. Since tax statements and records are not deeds and may contain abbreviated descriptions, they should not be used as a basis for a survey or a legal document and should not be used by surveyors or others as the primary source of a property description.

Property Detail Report

	01-1390-00020-000	Newest Statement (2020 - #200109129)	
Owner:	YOGINIVAS LLC	Mill Levy Rate:	292.12
Address:	1407 35 ST S FARGO ND 58103	Consolidated:	\$25,896.44
Mail To:	YOGINIVAS LLC 715 HEMLOCK MASON CITY IA 50401-2549	Specials:	\$109.00
Jurisdiction:	Fargo City	Drains:	\$819.97
Mortgage Company:		Other:	\$0.00
		Discounts:	\$1,294.82
		Pen/Int:	\$0.00
		1st Due:	\$0.00
		2nd Due:	\$0.00
		Amount Due:	\$0.00
		Grand Total Due:	\$0.00

Legal Description

Lot: 2 Block: 1 HUB LOT 2 BLK 1

Statement: #200109129 Year: 2020

Type:	Real Estate	Ag Land:	\$0.00
Mill Levy Rate:	292.12	Res Land:	\$0.00
Tax:	\$26,825.41	Res Building:	\$0.00
Penalty:	\$0.00	Comm Land:	\$349,000.00
Interest:	\$0.00	Comm Building:	\$1,424,000.00
Discount:	\$1,294.82	Total:	\$1,773,000.00
Paid:	\$25,530.59	Taxable Value Before Credits:	\$88,650.00
Balance:	\$0.00	Homestead Credits:	\$0.00
		Veteran Credits:	\$0.00
		Total Credits:	\$0.00
		Net Taxable Value:	\$88,650.00

Type	Description	Amount
Consolidated County		\$4,412.11
Consolidated State		\$88.65
Consolidated County Soil Conservation		\$39.01
Consolidated City of Fargo		\$4,698.45
Consolidated Fargo Park District		\$2,624.04
Consolidated Fargo Public School District #1		\$13,685.79
Consolidated Southeast Water Resource District		\$348.39
Special	City of Fargo Specials	\$109.00
Drain	Southeast Cass SC1	\$819.97
Total		\$26,825.41

Statement: #190109173 Year: 2019

Type:	Real Estate	Ag Land:	\$0.00
Mill Levy Rate:	292.44	Res Land:	\$0.00
Tax:	\$26,853.79	Res Building:	\$0.00
Penalty:	\$2,444.70	Comm Land:	\$349,000.00
Interest:	\$0.00	Comm Building:	\$1,424,000.00
Discount:	\$0.00	Total:	\$1,773,000.00
Paid:	\$29,298.49	Taxable Value Before Credits:	\$88,650.00
Balance:	\$0.00	Homestead Credits:	\$0.00
		Veteran Credits:	\$0.00
		Total Credits:	\$0.00
		Net Taxable Value:	\$88,650.00

Type	Description	Amount
Consolidated County		\$4,512.29
Consolidated State		\$88.65
Consolidated County Soil Conservation		\$33.69
Consolidated City of Fargo		\$4,698.45
Consolidated Fargo Park District		\$2,541.60
Consolidated Fargo Public School District #1		\$13,685.79
Consolidated Southeast Water Resource District		\$364.35

Special	City of Fargo Specials	\$109.00
Drain	Southeast Cass SC1	\$819.97
Total		\$26,853.79

Statement: #180109162 Year: 2018

Type:	Real Estate	Ag Land:	\$0.00
Mill Levy Rate:	288.60	Res Land:	\$0.00
Tax:	\$26,513.35	Res Building:	\$0.00
Penalty:	\$2,414.05	Comm Land:	\$349,000.00
Interest:	\$2,916.43	Comm Building:	\$1,424,000.00
Discount:	\$0.00	Total:	\$1,773,000.00
Paid:	\$31,843.83	Taxable Value Before Credits:	\$88,650.00
Balance:	\$0.00	Homestead Credits:	\$0.00
		Veteran Credits:	\$0.00
		Total Credits:	\$0.00
		Net Taxable Value:	\$88,650.00

Type	Description	Amount
	Consolidated County	\$4,423.64
	Consolidated State	\$88.65
	Consolidated County Soil Conservation	\$42.55
	Consolidated City of Fargo	\$4,521.15
	Consolidated Fargo Park District	\$2,467.13
	Consolidated Fargo Public School District #1	\$13,663.62
	Consolidated Southeast Water Resource District	\$377.65
Special	City of Fargo Specials	\$108.99
Drain	Southeast Cass SC1	\$819.97
Total		\$26,513.35

Statement: #170109151 Year: 2017

Type:	Real Estate	Ag Land:	\$0.00
Mill Levy Rate:	285.49	Res Land:	\$0.00
Tax:	\$28,483.07	Res Building:	\$0.00

Penalty:	\$2,586.84	Comm Land:	\$161,000.00
Interest:	\$5,970.93	Comm Building:	\$1,765,800.00
Discount:	\$0.00	Total:	\$1,926,800.00
Paid:	\$37,040.84	Taxable Value Before Credits:	\$96,340.00
Balance:	\$0.00	Homestead Credits:	\$0.00
		Veteran Credits:	\$0.00
		Total Credits:	\$0.00
		Net Taxable Value:	\$96,340.00

Type	Description	Amount
	Consolidated County	\$4,490.41
	Consolidated State	\$96.34
	Consolidated County Soil Conservation	\$43.35
	Consolidated City of Fargo	\$4,913.34
	Consolidated Fargo Park District	\$2,678.25
	Consolidated Fargo Public School District #1	\$14,848.88
	Consolidated Southeast Water Resource District	\$433.53
Special	City of Fargo Specials	\$109.00
Drain	Southeast Cass SC1	\$819.97
Total		\$28,433.07

Statement: #160109174 Year: 2016

Type:	Real Estate	Ag Land:	\$0.00
Mill Levy Rate:	297.51	Res Land:	\$0.00
Tax:	\$25,974.22	Res Building:	\$0.00
Penalty:	\$801.78	Comm Land:	\$161,000.00
Interest:	\$0.00	Comm Building:	\$1,765,800.00
Discount:	\$0.00	Total:	\$1,926,800.00
Paid:	\$26,776.00	Taxable Value Before Credits:	\$96,340.00
Balance:	\$0.00	Homestead Credits:	\$0.00
		Veteran Credits:	\$0.00
		Total Credits:	\$0.00
		Net Taxable Value:	\$96,340.00

Type	Description	Amount
Consolidated County		\$4,642.51
Consolidated State		\$84.78
Consolidated County Soil Conservation		\$33.06
Consolidated City of Fargo		\$4,493.30
Consolidated Fargo Park District		\$2,425.54
Consolidated Fargo Public School District #1		\$13,085.67
Consolidated Southeast Water Resource District		\$457.81
Special	City of Fargo Specials	\$109.00
Drain	Southeast Cass SC1	\$642.55
Total		\$25,974.22

Statement: #150109188 Year: 2015

Type:	Real Estate	Ag Land:	\$0.00
Mill Levy Rate:	317.32	Res Land:	\$0.00
Tax:	\$26,262.96	Res Building:	\$0.00
Penalty:	\$0.00	Comm Land:	\$161,000.00
Interest:	\$0.00	Comm Building:	\$1,674,000.00
Discount:	\$1,281.02	Total:	\$1,835,000.00
Paid:	\$24,981.94	Taxable Value Before Credits:	\$91,750.00
Balance:	\$0.00	Homestead Credits:	\$0.00
		Veteran Credits:	\$0.00
		Total Credits:	\$0.00
		Net Taxable Value:	\$91,750.00

Type	Description	Amount
Consolidated County		\$4,789.50
Consolidated State		\$80.74
Consolidated County Soil Conservation		\$50.86
Consolidated City of Fargo		\$4,440.70
Consolidated Fargo Park District		\$2,383.44
Consolidated Fargo Public School District #1		\$13,431.10
Consolidated Southeast Water Resource District		\$444.07

Drain	Southeast Cass SC1	\$642.55
Total		\$26,262.96

Statement: #140109191 Year: 2014

Type:	Real Estate	Ag Land:	\$0.00
Mill Levy Rate:	325.42	Res Land:	\$0.00
Tax:	\$26,916.96	Res Building:	\$0.00
Penalty:	\$0.00	Comm Land:	\$161,000.00
Interest:	\$0.00	Comm Building:	\$1,674,000.00
Discount:	\$1,313.72	Total:	\$1,835,000.00
Paid:	\$25,603.24	Taxable Value Before Credits:	\$91,750.00
Balance:	\$0.00	Homestead Credits:	\$0.00
		Veteran Credits:	\$0.00
		Total Credits:	\$0.00
		Net Taxable Value:	\$91,750.00

Type	Description	Amount
Consolidated County		\$5,221.45
Consolidated State		\$80.74
Consolidated County Soil Conservation		\$35.53
Consolidated City of Fargo		\$4,622.37
Consolidated Fargo Park District		\$2,479.52
Consolidated Fargo Public School District #1		\$13,350.36
Consolidated Southeast Water Resource District		\$484.44
Drain	Southeast Cass SC1	\$642.55
Total		\$26,916.96

Addendum G

CLIENT CONTRACT INFORMATION



February 23, 2021

CBRE

Attn: Justin Reed

800 LaSalle Ave. Suite 1900

Minneapolis MN 55402

Justin.Reed@cbre.com

RE: Jay & Dinesh Patel Appraisal Request – 4 hotel properties

Dear Justin:

This engagement letter requests your services in completing an appraisal report on four hotel properties located at:

1. 3825 9th Ave. S, Fargo ND
2. 1401 35TH St. S, Fargo ND
3. 1415 35th St. S, Fargo ND
4. 1407 35th St. S, Fargo ND

The fee for the appraisal services requested shall be, approximately, \$ with an estimated completion date of March 24, 2021. Please provide a verbal valuation of the property when you have gathered sufficient information.

The appraisal report shall be prepared with the following minimum guidelines:

- A. Written – this appraisal report is to be written and in narrative format or on a form approved by this institution and the appropriate federal banking regulatory agency. Regardless of the format chosen, the report shall conform to the minimum reporting requirements of the appropriate federal financial institution regulatory agencies.
- B. Conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) – This appraisal report is to conform to the USPAP including supplemental standards required for federally related transactions.
- C. Disclosure competency – The appraisal report shall make an affirmative statement that the appraiser is competent to complete this report in accordance with the competency provision in the USPAP. In the absence of an affirmative statement, the appraiser must disclose any lack of knowledge and/or experience for this assignment and any necessary steps taken to comply with the competency provision in the USPAP.
- D. Defined Value – The type of value estimate desired in this report is Market value.

- E. Prior Sales – Analyze and report in reasonable detail any prior sales of the property being appraised that occurs within the following time periods.
 - 1. For one-to-four family residential property, **one year**
 - 2. For all other property, **three years**
- F. Current Revenues and Expenses – Analyze and report 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 currently being earned on competing properties.
- G. Marketing Period – Analyze and report a reasonable marketing period for the subject property including the disclosures for the assumptions used.
- H. Trends – Analyze and report on current market conditions and trends that will affect projected income or the absorption period, to the extent they affect the value of the subject property.
- I. Deductions and Discounts, “As Is” Value – Analyze and report appropriate deductions and discounts for any proposed construction or any 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. In addition, all appraisals shall contain an “as is” market value.
- J. Appraiser Independence – Include in the certification required by the USPAP an additional statement the appraiser has acted in an independent capacity and that the appraisal assignment is not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
- K. Self-contained – Include sufficient supporting documentation with all pertinent information reported so that the appraiser’s logic, reasoning, judgment, and analysis in arriving at a conclusion indicate to the reader the reasonableness of the market value reported. The appraisal shall be sufficiently descriptive to enable the reader to ascertain the estimated market value and the rationale for the estimate and shall provide detail and depth of analysis reflecting the complexity of the real estate appraised.
- L. Legal Description - Include a legal description of the real estate being appraised, in addition to the description required by the USPAP. The legal description as provided by the borrower, is enclosed.
- M. Personal Property, Fixtures and Intangibles – Identify and separately value any personal property, fixtures or intangible items that are not real property but are included in the appraisal, and discuss the impact of their inclusion or exclusion on the estimate of market value.
- N. Address Cost, Sales Comparison and Income Approaches – Follow 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 the improvements are located in a flood hazard area, Replacement Cost must be included in the appraisal.

FIRST CITIZENS BANK is the client for this report. The appraisal shall be ordered/requested from an employee of the institution and payment shall be made directly from the bank to the appraiser. All documents furnished to the appraiser from this bank are to be considered confidential information to the appraiser pursuant to the disclosure requirements in the confidentiality section of the ethics provision and Statement on Appraisal Standards Number 5.

All appraisal reports must include a copy of this letter.

In order to inspect the property, please contact Jay Patel at (715) 383-0230

I/We agree to the terms of this engagement letter.

First Citizens Bank:

Tracy M. Anderson

Accepted:

Justin Reed

Date

In accordance with USPAP requirements, should you determine that you, as an appraiser, have been subjected to any undue influence in the completion of this appraisal, you may contact McKenzie Humpal, AVP Compliance Officer, First Citizens Bank, 2601 4th St. SW, Mason City, IA 50401 at (641) 423-1600 or at mckenzie.humpal@myfcb.bank.

Addendum H

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
- Institutional Investors
- Law firms
- Private Property Owners
- REITs
- Special Servicers
- Freddie Mac Servicers
- Fannie Mae Servicers

Experience

Justin Reed, MAI is a Director within CBRE's Upper Midwest Region which includes Minnesota, North Dakota, South Dakota, Iowa and Nebraska. His tenure with CBRE is over 15 years, helping to launch the Valuation and Advisory Services Business within Downtown Minneapolis in 2002.

As a result of a "client first" team-based approach, Justin's team was recognized as being in the top 5% of CBRE North America Valuation for the last seven consecutive years. Justin was also included in "CBRE's Management Team of the Year" for 2017 and has placed in the "Top 10" of US Valuation Professionals multiple years. He actively mentors, volunteers in the local community and is a former President of the Appraisal Institute North Star Chapter.

Clients of all sizes benefit from his long-term relationships within the commercial real estate industry. Best in class technology, unmatched resources for market analysis and a strong team are the cornerstones for providing timely and accurate valuations.

Valuation among all asset types is available. Specialty experience includes hotels, malls, golf courses, country clubs, self-storage, subdivisions, mixed-use properties and new construction.

Prior to joining CBRE, Mr. Reed earned an MBA from the University of St. Thomas and 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 smaller boutique design firms.

Assignments Completed

- Recent assignment list by either property type or geography available by request.

Professional Affiliations / Accreditations

- MAI Designated Member of the Appraisal Institute (2008-present)
- Appraisal Institute North Star Chapter-President (2018)
- Appraisal Institute North Star Chapter-Executive Board (2015-2017)
- Appraisal Institute North Star Chapter-Board of Directors (2009-2012)
- NAIOP Member
- State Certified General Appraiser
 - Certified General License:
 - Minnesota # 20376754
 - North Dakota # CG-2075
 - South Dakota # 1282CG
 - Iowa # 03557
 - Nebraska # CG2017037R

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

North Dakota Real Estate Appraiser Qualifications and Ethics Board



Justin Reed

Is fully qualified
in the State of North Dakota as a

CERTIFIED GENERAL APPRAISER
ND Permit Number: CG-2705

Date of Issuance: 01/01/2021
Expiration Date: 12/31/2021

Unless sooner suspended or revoked, as provided by law.

Appraiser Signature

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 Fargo
County of Cass Property I.D. No. 01-1390-00030-000
Name Gurunivas LLC Telephone No. (701) 237-8200
Address 1415 35th St S., Fargo, North Dakota 58103

Legal description of the property involved in this application:

HUB N 185' OF LOT 3 BLK 1

Total true and full value of the property described above for the year 2021 is:

Land	\$ <u>478,000</u>
Improvements	\$ <u>1,388,600</u>
Total	\$ <u>1,866,600</u>

(1)

Total true and full value of the property described above for the year 2021 should be:

Land	\$ <u>163,892</u>
Improvements	\$ <u>476,108</u>
Total	\$ <u>640,000</u>

(2)

The difference of \$ 1,226,600.00 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 (N.D.C.C. § 57-02-08.1) or Disabled Veterans Credit (N.D.C.C. § 57-02-08.8). Attach a copy of the 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 \$ _____
5. The estimated agricultural productive value of this property is excessive because of the following condition(s): _____

Applicant asks that the assessment, which presently exceeds the true and full value of the subject property, be
reduced to \$640,000, the actual true and full market value of the property as estimated by the taxpayer.

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.

Don B. Fildes 10-25-2021 _____
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 Fargo

On December 13, 2021, 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 Approved, with partial reduction of 2021 value to \$1,330,000

Dated this 14 day of December, 2021.


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 Gurunivas LLC
by Fredrikson & Byron P.A.
County Auditor's File No. 4516

Date Application Was Filed With The County Auditor 10/26/21
Date County Auditor Mailed Application to Township Clerk or City Auditor 10/27/21
(must be within five business days of filing date)