

APPRAISAL REPORT



CASCADES MOUNTAIN RESORT

201 Sugarloaf Road
Hendersonville, North Carolina, 28792

Submitted to:

Citizens Bank
300 Broad Street
Elizabethton, Tennessee 37643

U.S. Small Business Administration
6302 Fairview Road, Suite 300
Charlotte, North Carolina 28210

U.S. HOTEL

APPRAISALS



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March 6, 2019

Citizens Bank
300 Broad Street
Elizabethton, Tennessee 37643

U.S. Small Business Administration
6302 Fairview Road, Suite 300
Charlotte, North Carolina 28210

Re: Cascades Mountain Resort, Hendersonville, North Carolina; Job Reference #: 2019US0045

Dear Ladies and Gentlemen:

Thank you for the opportunity to complete this appraisal of the Cascades Mountain Resort for your company. Our attached appraisal report reflects all pertinent requirements of the Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA). The appraisal also incorporates all requirements of the Uniform Standards of Professional Appraisal Practice (USPAP), as provided by the Appraisal Foundation.

Our opinion of the "as is" market value fee simple interest in the subject property, including the excess land, as of January 28, 2019, is

SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS

\$7,500,000

The "as is" market value represents an allocation of \$300,000 in personal property, \$7,200,000 in real property, and \$0 in intangible property.

Additionally, the site has recently been subdivided and 2.98-acre site is considered excess land. Per the request of the client, we have separately valued each parcel (including the land values). Our opinion of the "as is" market value for the 3.74-acre fee simple interest in the subject property, including the subject hotel, as of January 28, 2019, is

SIX MILLION SEVEN HUNDRED THOUSAND DOLLARS

\$6,700,000 (\$67,000 per room)

The "as is" market value represents an allocation of \$300,000 in personal property, \$6,400,000 in real property, and \$0 in intangible property. Our opinion of the land value for the 3.74-acre hotel parcel fee simple interest in the subject property, as of January 28, 2019, is \$1,100,000.

Our opinion of the "as is" market value fee simple interest in the recently subdivided parcel (2.98-acre excess land), as of January 28, 2019, is

EIGHT HUNDRED THOUSAND DOLLARS

\$800,000(\$6.16 per square foot)

This appraisal is subject to the extraordinary assumption that the building currently located on the 2.98-acre site will be demolished. The use of this extraordinary assumption may have affected the assignment results. Moreover, several

important general assumptions have been made that apply to this appraisal and our valuations of hotels in general. These items are set forth in the Assumptions and Limiting Conditions chapter of this report.

The hotel's ground lease between Day and Night LLC (lessor) and Cascade Mountain Resort LLC (lessee) is between related entities of the ownership. This agreement is expected to be terminated so that the hotel can be sold as an unencumbered fee simple interest given the related nature of the parties. We note that the Ground Lease Agreement was not provided for our review.

Our value estimate is subject to the data and explanation contained within this report, as well as the stipulated assumptions and limiting conditions. A complete certification of value is also contained within our report. This report may not be distributed or relied upon by other persons or entities without our written permission. We look forward to the opportunity to work with you again in the near future.

Sincerely, U.S. Hotel Appraisals

A handwritten signature in cursive script, appearing to read "McKenna Luke".

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TABLE OF CONTENTS

1. Introduction	1
2. The Real Estate	6
3. Market Area Analysis.....	33
4. Hotel Market Trends.....	47
5. Highest and Best Use	67
6. RevPAR Forecast.....	68
7. Approaches to Value	72
8. Income Approach.....	73
9. Sales Comparison	104
10. Cost Approach	122
11. Reconciliation	135
12. Assumptions & Limiting Conditions.....	137
13. Certification	139

Addenda

Glossary of Terms
Qualifications with Appraisal License(s)
Copy of Engagement Letter
Copy of Legal Description
Copy of STAR Report

1. INTRODUCTION

The subject of this appraisal report is the Cascades Mountain Resort located at 201 Sugarloaf Road, Hendersonville, North Carolina, 28792. Primary aspects of the property appraised are summarized as follows:

- Property Type: Full-service hotel
- Interest Appraised: Fee simple
- Site Size: 162,914 square feet (3.74 acres)
- Parcel Number: 9951034
- Zoning: C3 - Highway Business
- Flood zone: Zone X
- Year Open: 1967 (52 years old; effective age: 25 years)
- Building Size: 69,500 square feet
- Number of Buildings: 1
- Building Stories: 2
- Number of Rooms: 100
- Food and Beverage Facilities: A breakfast dining area
- Meeting Space (square feet): 3,100
- Other Facilities: An indoor pool with a waterslide, an indoor whirlpool, a fitness room, a lobby workstation, a market pantry, a coffee station, a guest laundry room, a game room, an outdoor patio and barbecue area, and vending areas
- Parking Spaces: 130

Important dates and inspection information are presented as follows:

- Date of Report: March 6, 2019
- Date of Inspection: January 28, 2019
- Inspected By: Christian Cross
- Date of "As Is" Market Value: January 28, 2019
- Date of Forecast Stabilization: February 1, 2021

Additionally, the site has recently been subdivided and 2.98-acre site is considered excess land. Per the request of the client, we have separately valued each parcel (including the land values). These values are illustrated in the following table.

Summary of Values

	As Is (Overall)	As Is (Hotel Only)	As Is (Excess Land)
Date of Value	January 28, 2019	January 28, 2019	January 28, 2019
Number of Rooms	100	100	
Interest Appraised	fee simple	fee simple	fee simple
Exposure Time (Months)	six to seven	six to seven	six to seven
Planned Renovation/Refurbishment	\$0	0	N/A
Assumed Capital Deduction (Net of Reserves)	0	0	N/A
<u>Approaches to Value</u>			
INCOME CAPITALIZATION APPROACH			
Discount Rate		11.50 %	
Applied Terminal Cap Rate		10.0	
Transaction Costs		3.0	
Income Approach Value via DCF		\$6,600,000	
Per Room		66,000	
Rooms Revenue Multiplier		3.5	
Income Approach Value via Rooms Revenue Multiplier		\$6,700,000	
Per Room		67,000	
Capitalization Rate		6.0 %	
Income Approach Value via Direct Capitalization Rate		\$6,800,000	
Per Room		68,000	
Income Approach Value Conclusion	N/A	\$6,700,000	N/A
Per Room	N/A	67,000	N/A
SALES COMPARISON APPROACH	N/A	\$6,900,000	N/A
COST APPROACH	N/A	N/A	N/A
Land Value		1,100,000	\$800,000
REPLACEMENT COST FOR INSURANCE PURPOSES	N/A	\$8,400,000	N/A
<u>Reconciled Value Opinion</u>			
Real Property Value	\$7,200,000	\$6,400,000	\$800,000
Personal Property Value	300,000	300,000	0
Intangible Property Value	0	0	0
Reconciled Value	\$7,500,000	\$6,700,000	\$800,000
Per Room	75,000	67,000	

Assignment Conditions

This appraisal is subject to the extraordinary assumption that the building currently located on the 2.98-acre site will be demolished. The use of this extraordinary assumption may have affected the assignment results. Moreover, several important general assumptions have been made that apply to this appraisal and our valuations of hotels in general. These items are set forth in the Assumptions and Limiting Conditions chapter of this report.

The hotel's ground lease between Day and Night LLC (lessor) and Cascade Mountain Resort LLC (lessee) is between related entities of the ownership. This agreement is expected to be terminated so that the hotel can be sold as an unencumbered fee simple interest given the related nature of the parties. We note that the Ground Lease Agreement was not provided for our review.

Ownership, Management, and Franchise Assumptions

The subject property is currently owned by Day and Night LLC; which is based in Asheville, North Carolina. The subject property was last sold in April 2016; Day and Night LLC has owned the property since that time, having purchased it from Day and Elizabeth LLC for a reported price of \$2,500,000. Despite the property not being listed for sale publicly, the current owner reports it was an arm's-length transaction and was not affected by any concessions. Since that time, ownership has reportedly invested a total of \$4,650,000 into the property, resulting in an all-in-investment of \$7,150,000. No other transfers of the property have reportedly occurred within the past three years. The hotel is neither listed nor under contract for sale, and we have no knowledge of any recent listings. The total "as is" market value opinion including the excess land value in this appraisal is roughly 5% higher than the total invested in the property including the 2016 purchase price. This difference is attributed to the ramp-up in operations since the renovations, market increases, and entrepreneurial incentive.

The hotel is managed by Cascades Mountain Resort LLC, an affiliate of the ownership entity. We were not provided with a copy of this agreement. Because the property is managed by an entity affiliated with current ownership, and the most likely buyer of the hotel would want to install its own or an alternate management company, we have assumed that the management agreement would be terminated by the seller upon sale, allowing the property to attract the widest pool of potential buyers. Our appraisal assumes that the subject hotel will be managed by a professional hotel-operating company throughout the assumed holding period, with fees deducted at rates consistent with current market standards. We have assumed a market-appropriate total management fee of 3.0% of total revenues in our study. Please refer to the Income Capitalization Approach chapter for additional discussion pertaining to our management fee assumptions.

The hotel currently operates as part of the Ascend Collection under a membership agreement with Choice Hotels International Inc; the existing agreement expires in 2028 and does not carry an option for renewal. The property's current franchise agreement calls for a membership fee of 5.0% of rooms revenue and a system fee of 2.5% of rooms revenue. We note that the current franchise agreement cannot automatically be transferred to a new owner upon the sale of the property. We have assumed that a buyer would elect to continue to operate the hotel as part of the Ascend Collection and would enter into a license agreement that would reflect the current terms as published in the company's Franchise Disclosure Document (FDD). The costs of the Ascend Collection affiliation, which are reflected in our forecast, comprise a 5% membership fee and a 2.5% system fee (percentage of rooms revenue). Other charges related to the affiliation, such as frequent guest programs, are reflected in the appropriate departmental expenses, consistent with the Uniform System of Accounts for the Lodging Industry (USALI).

A new membership agreement could require upgrades or renovations to the property in order to comply with prevailing brand standards, which would necessitate additional investment. Given the relatively recent re-branding of the property and its current condition, we have assumed that any such upgrades or renovations would be funded by the forecasted reserve for replacement.

Choice Hotels' Ascend Collection comprises a network of select upscale hotels, each designated by one of three categories: Historic, Boutique, or Unique. Every Ascend Collection property demonstrates a commitment to service excellence and features aspects that reflect the environment and culture of its local setting. Member hotels are independently owned but benefit from national brand recognition through their association with Choice Hotels, and properties are located around the world. As of year-end 2017, there were 162 Ascend Collection hotels (13,000 rooms) in the U.S. In 2017, the brand's U.S. hotels operated at an average occupancy level of 55.5%, an average daily rate of \$127.96, and an average RevPAR level of \$71.05.

We assume that the hotel will retain its current brand affiliation throughout the holding period. Inherent in this assumption is the expectation that the property will be operated in accordance with brand standards, including requirements for services and cleanliness; that the hotel will be maintained in good condition, with all building systems in good working order; and that any necessary refurbishments or renovations will be completed in a timely manner and in accordance with the requirements of the brand. A copy of the quality assurance report was not provided for our review. We assume that any deficiencies in the property noted by the brand will be addressed in a timely manner and that the hotel will pass all future franchise inspections.

Intended Use of the Appraisal

This appraisal report is being prepared for use to finance the pending acquisition of the subject property.

Most Probable Buyer

The subject property is an older, full-service hotel with recently converted interior corridors. As the hotel was built with exterior corridors, a large atrium, and a sprawling layout the ADR achievable is limited by these design features. However, the hotel has undergone renovations in the last few years, enjoys a favorable location in a secondary market, and offers an appropriate array of facilities and amenities. It is our opinion that the most probable buyer of the subject property would be a regional or local entrepreneurial buyer or group. This type of buyer would seek to implement its own management team, or a third-party professional hotel operator, and to maintain a nationally recognized brand affiliation.

Identification of the Client and Intended User(s) of the Appraisal

The client for this engagement is Acclivity Financial and Citizens Bank. This report is intended for the clients and addressee firms (including the Small Business Administration) and may not be distributed to or relied upon by other persons or entities.

Definition of Market Value

The greater site of 6.72 acres was subdivided on July 11, 2018 into a 3.74-acre parcel and a 2.98-acre parcel. The 2.98-acre parcel is improved with a 30-room motel that is currently closed and expected to be demolished. The 3.74-acre parcel is improved with the subject hotel and is considered the subject site through the appraisal. The objective of the appraisal is to develop an opinion of the subject property's a total "as is" market value including the excess land; "as is" market value, land value, and replacement cost for insurance purposes for the 3.74 parcel that contains the subject hotel; and an "as is" market value for the 2.98-acre parcel.

The following definition has been agreed upon by the agencies that regulate federal financial institutions in the United States: "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: buyer and seller are typically motivated; both parties are well informed or well advised, and acting in what they consider their own best interests; a reasonable time is allowed for exposure in the open market; payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."¹

Property Rights Appraised

The property rights appraised are the fee simple ownership of the real and personal property. The fee simple estate is defined as "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."² The subject property is appraised as an open and operating facility.

The hotel's ground lease between Day and Night LLC (lessor) and Cascade Mountain Resort LLC (lessee) is between related entities of the ownership. This agreement is expected to be terminated so that the hotel can be sold as an unencumbered fee simple interest given the related nature of the parties. We note that the Ground Lease Agreement was not provided for our review.

Marketing and Exposure Period

The marketing and exposure periods are similar concepts and simply reflect different perspectives in time. According to the HVS Brokers Survey - Fall 2018, reported exposure periods averaged 5.4 months for limited-service properties. Marketing time for economy/limited-service hotels averaged 6.1 months, according to the PWC Real Estate Investor Survey - Third Quarter 2018. USRC reported an average marketing time of 7.4 months for limited-service hotels in its Mid-Year 2018 Hotel Investor Survey. Overall marketing time is averaging 6.4 months for hotels (higher than 6.0 months for the first quarter), as

¹ Federal Register, Vol. 55, No. 165, August 24, 1990: 34696.

² Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

reported by Situs RERC's second-quarter 2018 Real Estate Report. Our opinion is that the marketing period for the subject property is estimated to be six to seven months.

Exposure period is defined as the estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. The exposure period reflects a retrospective opinion based on an analysis of past events and assumes a competitive and open market. Our interviews with brokers revealed that it typically takes six to nine months from when a property is listed to when the sale closes. Brokers specializing in hotel transactions actively solicit potential buyers on an ongoing basis and maintain databases on hotel investor criteria, increasing the efficiency of the marketing and sales process for hotels. Within approximately 90 to 120 days, brokers are able to electronically produce marketing materials, elicit interest, schedule property tours, accept offers, and select a buyer. The due diligence and closing period is typically 90 days following the execution of a purchase and sale agreement; the willingness of buyers and sellers and the availability of quality assets that solicit numerous bids contribute to the timely closing of transactions. Our opinion is that the exposure period for the subject property, prior to our date of value, is estimated to be six to seven months. As the economy recovers from the recent downturn, funds for hotel acquisitions have grown and investors are increasingly seeking hotel properties. We note that our opinion concerning the exposure period is not impacted by sellers who wait to bring their assets to market during a more robust financing period.

Scope of Work Performed

All information was collected and analyzed by the staff of TS Worldwide LLC. Property-specific information was supplied by the current owner of the hotel. The entire site, subject site, and excess land were evaluated from the viewpoint of its physical utility for the operation of a hotel, as well as access, visibility, and other relevant location-related factors. We completed interviews with the owner and the general manager of the hotel, and the subject site's existing improvements were inspected for their quality of construction, design, layout efficiency, and items of physical deterioration and functional obsolescence. We inspected all front- and back-of-the-house areas of the property, as well as a selected number of guestrooms.

The surrounding neighborhood and economic environment have been reviewed to identify economic and demographic trends that may have an impact on future demand for hotels. The market for hotel accommodations has been investigated, including factors such as purpose of visit, average length of stay, facilities and amenities, seasonality, daily demand fluctuations, and price-sensitivity. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness. We have inspected the competitive lodging facilities and have completed interviews at select competitor hotels. We also interviewed representatives with the local economic development office, planning office, and the assessor's office.

Our occupancy and average rate projection was derived utilizing a penetration method based on an analysis of lodging activity. A detailed projection of income and expense made in accordance with the USALI sets forth the anticipated economic benefits of the subject property. The appraisal considers the three approaches to value: income capitalization, sales comparison, and cost. After consideration of all approaches, we applied the income capitalization and sales comparison approaches for our analysis. We have investigated numerous improved sales in the market and analyzed the sales summarized in this report; the properties represented in the sales comparison approach were not inspected. The value conclusion of the appraisal is based on this investigation and analysis and is conveyed in this report.

2. THE REAL ESTATE

Only the 3.74-acre hotel parcel is considered from the real estate through sales comparison chapters. The value of the excess land is addressed in the cost chapter.

The suitability of the land for the operation of a lodging facility is an important consideration affecting the economic viability of a property and its overall value. Factors such as size, topography, access, visibility, and the availability of utilities have a direct impact on the desirability of a particular site.

The subject property is located along Interstate 26 in Hendersonville, southwest of the intersection formed by Sugarloaf Road (State Route 1734) and Sugarloaf Road (State Route 1897). Important site attributes include the following:

- The site size spans 162,914 square feet or 3.74 acres.
- The topography of the site slopes downward from northwest to southeast, and the shape permits efficient use of the site for building and site improvements, including ingress and egress. The recently subdivided subject site does not contain any significant portion of undeveloped land that could be sold, entitled, and developed for alternate use. This site is fully developed with building and site improvements. However, the recently subdivided 2.98-acre parcel, located to the south of the hotel site, is excess land that could be sold, entitled, and developed for alternative use.
- We are not aware of any easements or encroachments encumbering the property that would significantly affect its utility or marketability.
- According to property ownership, the subject site is served by all necessary utilities.
- The site has the zoning designation of C3 - Highway Business. This zoning designation allows for most commercial uses, including service stations, restaurants, and hotels and motels. We assume that all necessary permits and approvals have been secured (including the appropriate liquor license) and that the subject property was constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. Our zoning analysis should be verified before any physical changes are made to the hotel.

Direction	Adjacent Use
North	Sugarloaf Road
South	Interstate 26 / U.S. Highway 74 / U.S. Highway 25
East	Mountain Showcase furniture store
West	Interstate 26 / U.S. Highway 74 / U.S. Highway 25

Aerial View of Subject Site



Hazardous Waste

We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.

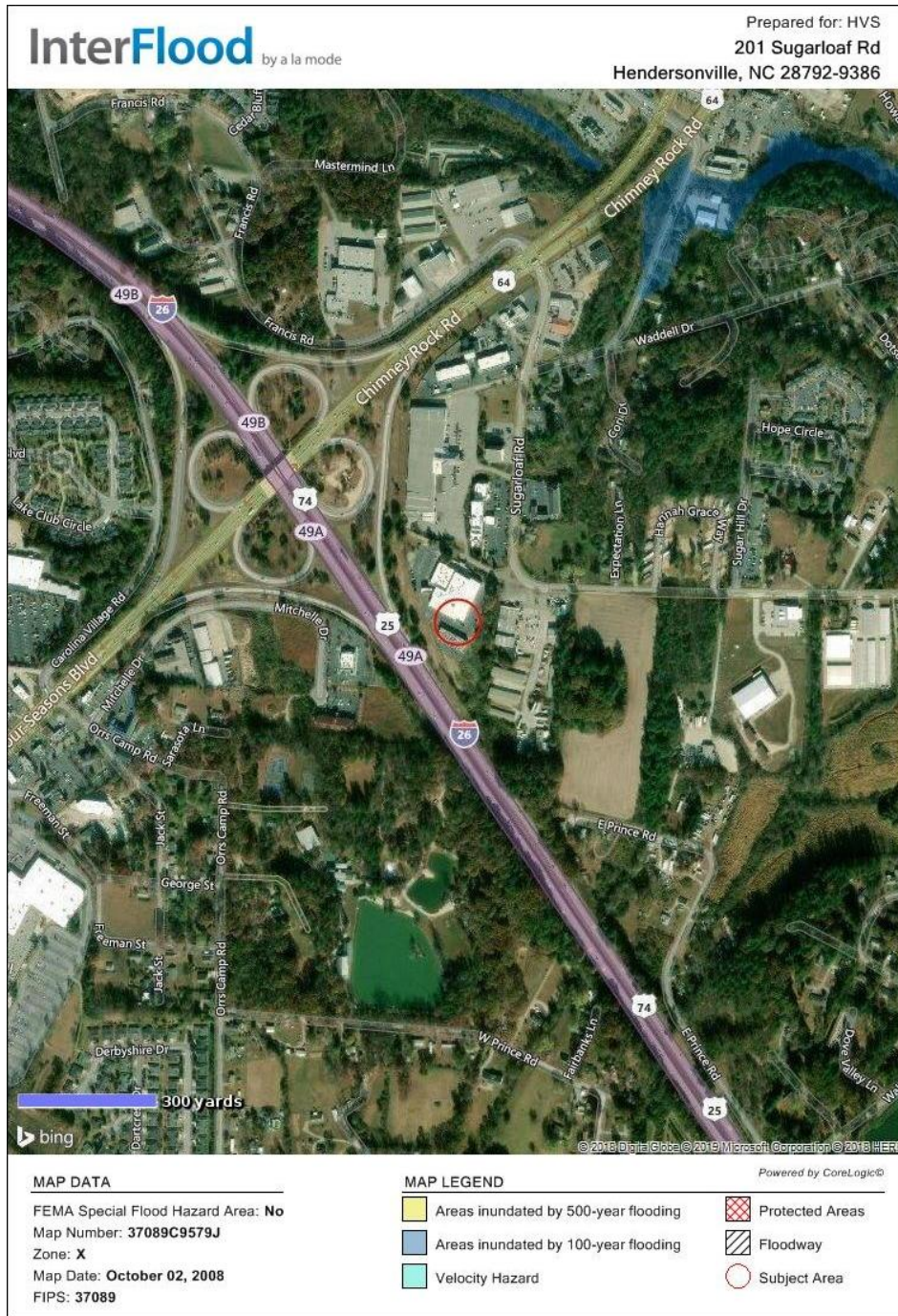
Soil Conditions

Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent.

Flood Map

The site is located in Flood Zone X. A copy of the flood map and flood map cover is illustrated below.

FEMA Map



View North From Site



View South From Site



View East From Site



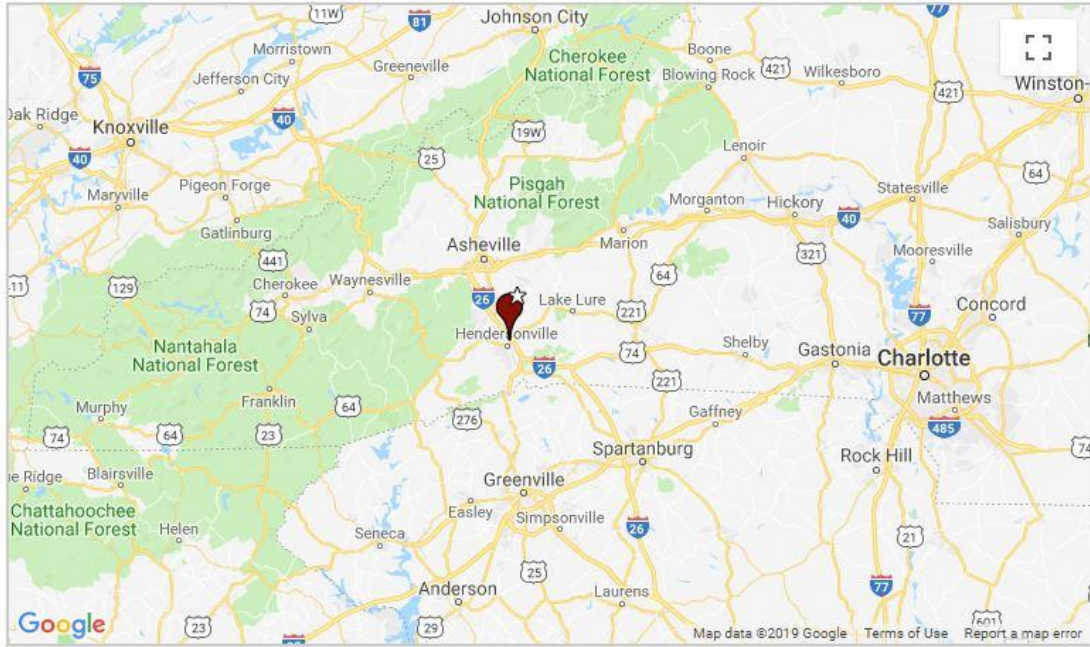
View West From Site



Accessibility and Visibility of the Site

It is important to analyze the site with respect to regional and local transportation routes and demand generators, including ease of access. The subject site is readily accessible to a variety of local and regional highways.

Map of Primary Access Routes



Our summary of pertinent accessibility and visibility attributes and ratings is presented in the following table.

Summary of Access and Visibility Attributes

Major Local Highways:	Interstate 26 , U.S. Highway 74 & 64
Primary Airport:	Asheville Regional Airport
Distance to Airport (Miles):	8.7
Regional Access Rating:	Very Good
Local Accessibility Rating:	Good
Building Visibility Rating:	Good
Hotel Signage Rating:	Good

Accessibility and/or Visibility Issues Noted:

The subject site is reached through a neighborhood and past other hotels.

Neighborhood Analysis

The neighborhood surrounding a lodging facility often has an impact on a hotel's status, image, class, style of operation, and sometimes its ability to attract and properly serve a particular market segment. Our analysis of the subject property's neighborhood is described as follows.

Neighborhood Summary

North: Howard Gap Road, Nix Road
 South: Dana Road, Duncan Hill Road
 East: North Allen Road/State Route 1746
 West: Clear Creek Road

Neighborhood Composition:

Residential	30%	Other	10%
Retail/Restaurant	20%	Undeveloped	30%
Office/Industrial	10%	Total	100%

Life-Cycle Stage:	Stable
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Proximate Restaurants:

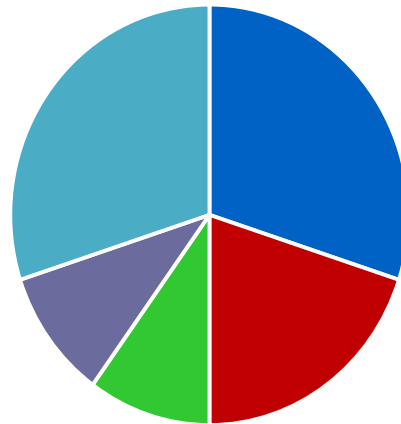
- 1 Fireside Restaurant & Pancake Inn
- 2 Taqueria Mexicana El Paso
- 3 Waffle House
- 4 Outback Steakhouse

Proximate Businesses:

- 1 World of Clothing
- 2 Walmart Supercenter
- 3 Blue Ridge Mall
- 4 Sunoco Service Station

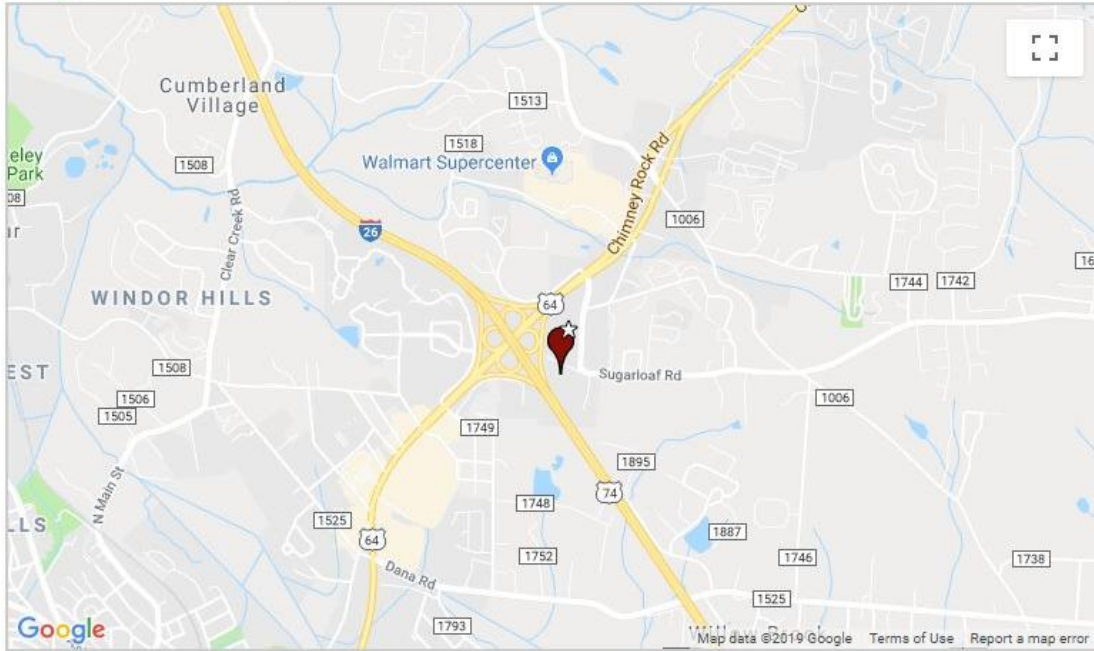
Neighborhood Changes/Issues Noted:

A Home2 Suites by Hilton is planned within the neighborhood.

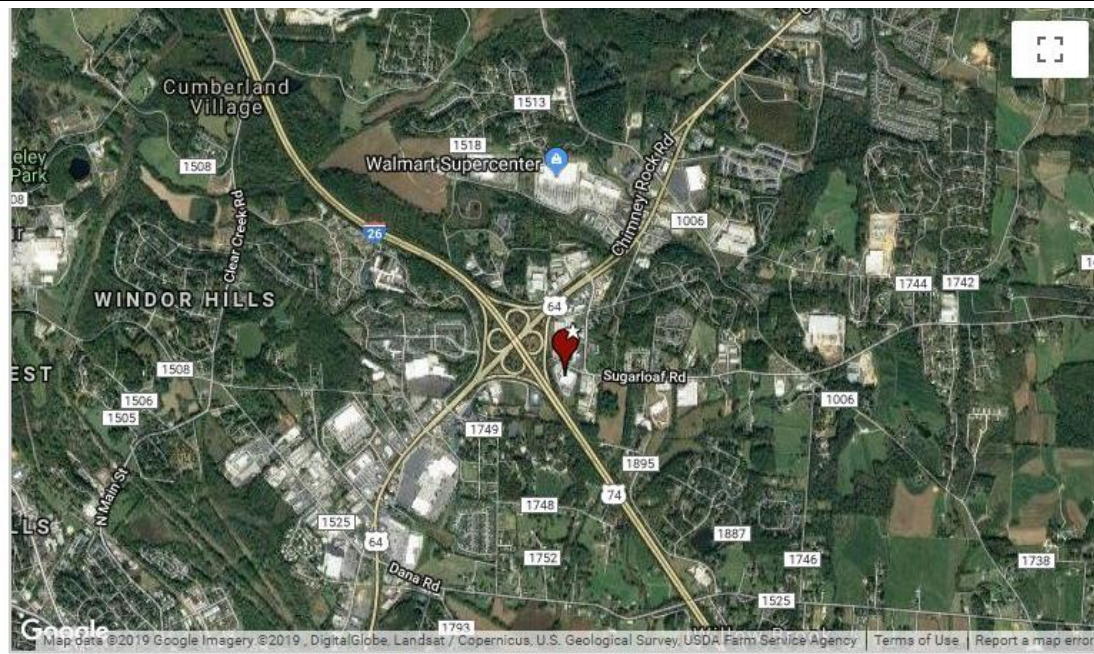


■ Residential ■ Retail/Restaurant
 ■ Office/Industrial ■ Other
 ■ Undeveloped

Neighborhood Map



Aerial View of Neighborhood



Improvements

The subject property is a lodging facility containing the amenities and facilities outlined in the following table, as well as the requisite back-of-the-house ancillary facilities.

Building Characteristics

Year Opened:	1967/2016	Dining Facilities:	Breakfast Dining Area
Years Old:	52		The Old Orchard Tavern & Bar
Effective Age of Building:	25	Meeting Space (SF):	3,100
Number of Buildings:	1		
Number of Stories:	2	Amenities:	Indoor Swimming Pool
Building Square Feet:	69,500		Waterslide(s)
Building Square Feet/Room:	700		Indoor Whirlpool
Parking Spaces:	130		Fitness Room
			Lobby Workstation
Guestroom Type Breakdown:			Market Pantry
Queen/Queen	52		Coffee Station
King	22		Guest Laundry Area
King Suite	16		Game Room
Queen Suite	8		Outdoor Patio & Fire Pit
Whirlpool Suite	2		Vending Area
Total:	100		

Overview

The hotel comprises one two-story building that is positioned in the center of the subject site. Surface parking is located to the east, south, and west of the building. Other site improvements include signage, located at the entrance to the hotel property, and well-kept landscaping and sidewalks; an outdoor patio and fire pit are located to the north of the building. The hotel's main entrance, located on the west side of the building, leads directly into the lobby. The first floor houses the public areas and the back-of-the-house space, while the guestrooms are located on both floors. The site and the structure appeared to be in good condition upon inspection.

Hotel facilities and amenities include a breakfast dining area, a restaurant, an indoor pool with a water slide, an indoor whirlpool, a fitness room, a two-computer lobby workstation, a market pantry, a coffee station, a guest laundry room, a game room, an outdoor patio and fire pit, and a vending area, as well as two meeting rooms. These spaces are functional, appearing to be well kept upon inspection. The hotel features standard and suite-style guestrooms, which offer typical amenities for this hotel's asset class. The guestroom bathrooms are standard in size, featuring a shower-in-tub and a single-sink vanity area. Overall, the public areas and guestrooms were in good condition upon inspection.

Front View of Property



Rear View of Property



Typical Guestroom – Sleeping Area



Typical Guestroom – Living Area



Typical Guestroom Bathroom - Sink



Typical Guestroom Bathroom – Bath/Shower



Guestroom Corridor



Lobby Seating Area



Lobby – Front Desk



Dining Area



Meeting Room



Market Pantry/Gift Shop



Lobby Workstation



Swimming Pool



Fitness Room



Guest Laundry Room



Support Areas and Engineering Systems

The subject property is served by the necessary back-of-the-house space, including an in-house laundry facility, administrative offices, and a full-service kitchen. The kitchen is located adjacent to the restaurant. The kitchen facilities are appropriate for the scope of service provided, appearing to be in very good condition; no significant or persistent problems were reported by hotel management. The in-house laundry facility contains three large-capacity washers and two dryers. The hotel's back-of-the-house equipment and appliances were reported to be operational at the time of inspection, appearing to be in very good condition.

Hotel Laundry



Food Prep Area



Web Presence

The way a property is presented on the Internet is vital to its marketability and success as a lodging facility. *Hotels.com* is a popular source for online hotel reservations, along with the hotel's proprietary website. We have reviewed the subject property's presence on *Hotels.com* as part of our market research for this appraisal. A snapshot of this presence is provided below.

Hotels.com Listing


[Cascades Mountain Resort, an Ascend Hotel Collection Member](#) (Last booked 17 hours ago)

201 Sugarloaf Road, Hendersonville, NC, 28792, United States, 888-734-8507



 Hendersonville - View on map

- 0.0 miles to 201 Sugarloaf Rd, Hendersonville, NC 28792, USA
- 15 miles to Biltmore Estate

 Collect nights

Good 7.8
535 *Hotels.com* guest reviews

144 reviews

The current websites of the property are found here: www.cascadesmountainresort.com and here <https://www.choicehotels.com/north-carolina/hendersonville/ascend-hotels/nc843>. We have reviewed the web presence of the Cascades Mountain Resort and have provided two snapshots from each website as follows.

Hotel Website (Sample Snapshot)

Cascades STAY MEET EAT EXPLORE

Bringing the Cascades of Western North Carolina Indoors.

The Cascades Experience

Bringing the Cascades of Western North Carolina Indoors.

We feature indoor waterfalls, greenery spaces, a waterslide and different ways to relax in water to bring your adventure indoors.

Conveniently located in Hendersonville, NC our hotel is a 10 minute drive from downtown Hendersonville and a 25 minute drive from Downtown Asheville. Which leaves you in the middle of much exploration.

[Learn More](#)

Top Things To Do

Hendersonville

You can never get bored Hendersonville as there are so many exciting places of equal measure of significance and fun. You are sure to have one unforgettable trip. If you ever have questions about your upcoming visit, feel free to reach out to us so that we can help you plan a memorable adventure!

[Learn More](#)

Asheville

As one of the top 9 most romantic cities in the South, Asheville has everything you need for the perfect adventure. It is known as "the Land of the Sky" and has so much to explore. From a rich art district, to outdoor activities for any adventure seeker, to the food, beer, & wine scene- Asheville has you covered!

[Learn More](#)

Hotel Website (Sample Snapshot)

The screenshot shows the Cascades Mountain Resort website with a navigation menu (STAY, MEET, EAT, EXPLORE) and several feature highlights:

- Free Hot Breakfast:** Freshly prepared for your morning delight.
- Convenient Location:** a couple of miles from our Airport, down the street from historic Hendersonville, NC. In the middle of so many different State Parks and Forests with trails, waterfalls, swimming holes + more. Yeah, we'd say we are pretty convenient.
- Pools:** Large Indoor Heated Pool, Huge Slide, 3 Spa Style Hot Tubs. Yes, we said pools.
- Free WiFi:** Stay connected when you need to be.
- Restaurant + Bar:** Restaurant lead by an Award Winning Chef and full bar await you just downstairs.
- Meeting Spaces:** From Family reunions to Networking events to Weddings to...we have you covered.

Below these highlights is a photo of a hotel room and a list of additional amenities:

- Business Center
- 3 Spa Hot Tubs
- Fitness Room
- Free WiFi
- Free Coffee in Lobby
- Game Room
- Bus/Truck Parking
- 100% Smoke Free Hotel
- Accessible Hotel
- Banquet Rooms
- Outdoor Patio
- Fire Pit Available
- Gift Shop
- Late Check-Out Available

Hotel Website (Sample Snapshot)

English ▼ Manage Reservations Accessibility Help

CHOICE HOTELS Find a Hotel Groups Vacation Rentals Deals Travel Tips **CHOICE privileges** Sign In or Join

HOME > NORTH CAROLINA > HENDERSONVILLE > ASCEND HOTELS > **CASCADES MOUNTAIN RESORT, AN ASCEND HOTEL COLLECTION ME...** < BACK TO SEARCH RESULTS

CHECK-IN	CHECK-OUT	ROOMS	ADULTS	CHILDREN	SELECT SPECIAL RATE	
Mon. 02/11/2019	Tue. 02/12/2019	1	1	0	Best Available ▼	UPDATE

CASCADES MOUNTAIN RESORT, AN ASCEND HOTEL COLLECTION MEMBER

VERY GOOD! ★★★★★ (160 Reviews)

201 Sugarloaf Road, Hendersonville, NC, 28792, US

Phone: (828) 595-8155 Fax: (828) 595-8152

100% Smoke Free Hotel



The Cascades Mountain Resort, an Ascend Hotel Collection Member, is a boutique hotel in Hendersonville

Enjoy professional service, chic accommodations and a convenient location at our hotel in Hendersonville.

Amenities include:

- Free WiFi
- Free deluxe continental breakfast
- Meeting space
- Restaurant and bar
- Fitness center

Guest rooms feature:

+ MORE INFO

LOWEST PRICE GUARANTEE

FROM
~~\$89~~ **\$83**
 PER NIGHT

CHECK AVAILABILITY

VIEW ON MAP

- Free WiFi
- Free Continental Breakfast
- Smoke Free
- Fitness Center
- Business Center

Hotel Website (Sample Snapshot)

OVERALL RATING

★★★★☆ — 160 Customer Reviews

3.5 / 5 Choice Guest Rating

72% of guests recommend

TYPE OF STAY

Other — 1

Personal/Business — 23

Business — 12

Personal — 121

HOTEL SUMMARY

Room Comfort  3.5 / 5

Room Cleanliness  3.7 / 5

Value  3.5 / 5

Staff Service  3.8 / 5

Facilities  3.8 / 5

Wi-Fi  3.9 / 5

[SEE ALL REVIEWS >](#)

AMENITIES

100% Smoke Free Hotel

Accessible Hotel

Banquet Rooms *

Bus Parking

Business Center

Copy Machine *

Exercise Room

Fax Machine *

Free accessible parking

Free Coffee

Free Deluxe Continental Breakfast

Free Weekday Newspaper

Free WiFi

Game Room *

Gift Shop *

Indoor Heated Pool

Indoor Whirlpool/Hot Tub

Late Check-Out Available

Laundry *

Lounge/Bar *

Meeting Room

No Pets Allowed

Outdoor Parking

Picnic Area

Room Service *

Sun Deck

Sunday Brunch *

Sundry Shop *

Truck Parking

Waterslide

* Indicates services/amenities that may require an additional cost.

TripAdvisor

We have also reviewed the hotel's presence on *TripAdvisor.com*. While we note that this web source tends to attract the best and worst of experiences, it does help to gauge the hotel's ability to provide a successful overall guest experience.

A snapshot of the hotel's rating average is provided below, as is the most recent review.

Trip Advisor (Sample Snapshot)



candicek007
Mooreville, North Carolina
155 28

Reviewed 6 days ago via mobile

Getaway

Boyfriend and I wanted a great overnight away from Charlotte... checked in and the process was easy and quick. Even got an early check in. Room was very nice and clean. The pool was great with the slide. Nice hot tub great size. Breakfast was average. Check out is pretty early for a hotel... would definitely go back


Show less

Date of stay: January 2019
Trip type: Traveled as a couple

Ask candicek007 about The Cascades Mountain Resort

Thank candicek007

This review is the subjective opinion of a TripAdvisor member and not of TripAdvisor LLC.



David G
2

Reviewed 2 weeks ago

Plenty of potential but unfortunately they aren't there yet.

My husband and I were interested in visiting the vineyards of WNC for our wedding anniversary weekend. He found this hotel online- the price was reasonable and the images provided were appealing. While we did read some questionable reviews, we decided to take a chance as we planned to spend little time in the hotel anyway. My initial impression of the hotel is that it started its life as a motel. It appears the former motel was enclosed to enhance the appearance but it does cause some slight issues. We booked the king suite and unfortunately, we were not told that those rooms are only available facing the children's pool area. Needless to say, we were entertained by the sounds of screaming children until 1030-11pm each night. Aesthetically, the room was sufficient. The carpet has seen better days and there were stains on the sofa in the sitting room. The bed was, unfortunately, very uncomfortable. These are all subjective, perhaps pretentious issues. What we found most disturbing was the evidence of mold growing in the bathroom on the wall near the toilet area and also in the extended sink area. In addition, we were woken at 7 am on Saturday to the sound of drilling and hammering in a nearby room. When we phoned the front desk to ask them to stop, the clerk said a jacuzzi tub was being repaired and yet, nothing happened. They continued to work. We packed our bags and left. Also, the staff does not monitor the pool area so the so-called adult area was still being visited by the younger hotel guests. Despite asking them to leave after they continually mucked about with the jets of the hot tubs, we finally gave up and went back to the room.

Despite all this, the food in the tavern was incredible. Mind you, this is not including the free breakfast the hotel provides. It was sufficient but it's definitely the same fare you find at any chain hotel. In the afternoons and evenings, the Tavern was the place to be. The food was wonderful, the specials were amazing, and the bar staff, Tom in particular, were pleasant and accommodating. When we visit the area again, we will definitely have a meal at the Tavern but most certainly will NEVER stay at this motel/hotel again.

Show less

Date of stay: January 2019
Trip type: Traveled as a couple

Sleep Quality: 4/5
Cleanliness: 4/5
Service: 4/5

Ask David G about The Cascades Mountain Resort

Functional Obsolescence

Due to the age of the subject property, which was constructed roughly 50 years ago, some functional obsolescence is to be expected. This hotel was originally designed as an exterior-corridor hotel, which no longer reflect typical design standards; however, during renovations that took place in 2016, the corridors were closed in, so the hotel now offers an interior-corridor product. The hotel also features an atrium-style lobby with guestrooms surrounding pool and a sprawling, two-story design. Accordingly, the hotel's profitability is limited by these aspects, as room rate levels are lower than what would be achievable by a hotel with more modern design.

Environmental Hazards and ADA Compliance

According to information provided by management representatives, there are no environmental hazards present in the subject property's improvements, nor did we observe any. The property reportedly complies with the Americans with Disabilities Act, including the presence of two ADA-mandated lifts, providing access to the pool and hot tub.

Effective Age and Remaining Economic Life for the Building

Our estimate of remaining economic life for the building is presented as follows. This economic life may be extended in future years with future renovations made by ownership to keep the hotel in a competitive, marketable condition.

Typical Economic Life	50 Years
Chronological Age	52
Effective Age	25
Remaining Economic Life	25

Condition Rating, Renovation History, and Future Capital

The following table reflects our condition assessments for the various components of the subject property, as well as the last year of renovation or update.

Site Improvements	Condition	Year Updated or Repaired
Parking Lot:	Good	2016
Signage:	Good	2016
Landscaping:	Good	2016
Sidewalks:	Good	2016
Structural Components	Condition	Year Updated or Repaired
Exterior Finish:	Good	2016
Stairways/Elevators:	Good	No Updates Reported
Roof:	Good	No Updates Reported
Foundation/Structure:	Good	No Updates Reported
Public Areas and Amenities	Condition	Year Updated or Repaired
Lobby:	Good	2016
Breakfast Dining Area:	Good	2016
Restaurant and Lounge:	Very Good	2016
Meeting Space:	Good	2016
Indoor Pool and Whirlpool:	Very Good	2016
Fitness Room:	Good	2016
Lobby Workstation:	Good	2016
Guest Laundry Room:	Good	2016
Market Pantry:	Good	2016
Guest Areas	Condition	Year Updated or Repaired
Guestroom Living Areas:	Good	2016
Guestroom Sleeping Areas:	Very Good	2016
Guestroom Bathrooms:	Good	2016
Interior Guestroom Corridors:	Good	2017
Back-of-the-House Areas	Condition	Year Updated or Repaired
In-House Laundry:	Good	2016
Kitchen/Food Prep Area:	Good	2016
Administrative Offices:	Good	2016

In 2016, major expenditures included upgrades to the plumbing and electrical work, adding fire sprinklers throughout the hotel, closing in the exterior corridors, and replacing most the case goods and softgoods. In 2017, some furniture and signage was replaced per the Ascend Collection brand requirements. In total \$4,650,000 was spent renovating the hotel.

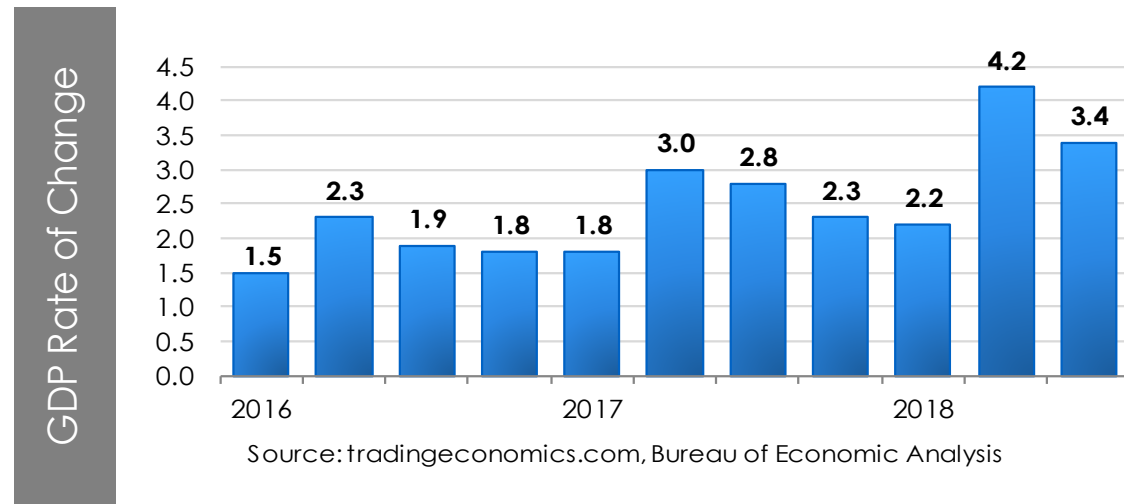
Our forecast of income and expense incorporates a reserve for replacement in recognition of the future renovation needs of the property. Our appraisal also assumes an ongoing preventive maintenance program and appropriate management and ownership oversight. The reserve for replacement is consistent with accepted industry norms for a property of this type. Investors also recognize that additional capital may be required over the holding period; this expectation is factored into their return requirements. Our selected discount and capitalization rates are based on market requirements, implicitly considering potential additional capital investments that may be required during the holding period.

3. MARKET AREA ANALYSIS

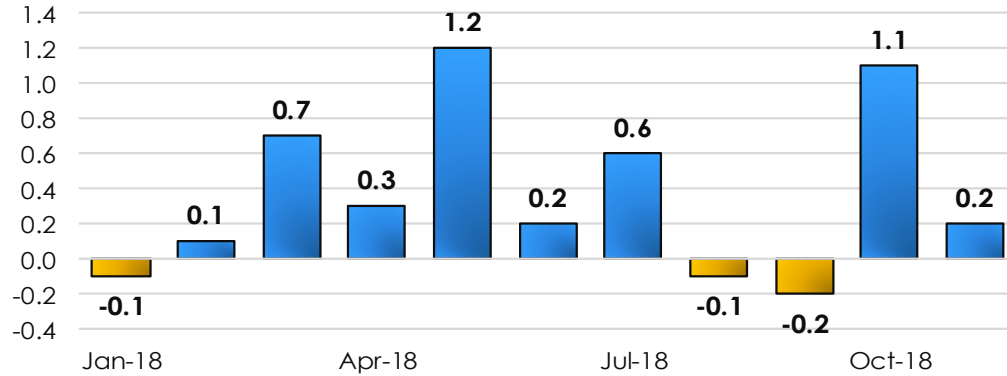
The economic vitality of the market is an important consideration in forecasting lodging demand. The purpose of this chapter is to review available economic and demographic data to determine whether the local market will undergo economic growth, stabilize, or decline. These trends are then correlated based on their propensity to reflect variations in lodging demand.

Status of the National Economy

Our analysis of the outlook for this specific market also considers the broader context of the national economy. The U.S. economy expanded during the last three years, with a relatively low point in growth occurring during the fourth quarter of 2015. Most recently, the U.S. economy expanded by 2.2%, 4.2%, and 3.5% in the first three quarters of 2018, respectively. In the third quarter of 2018, gains were notable in personal consumption expenditures (PCE), private inventory investment, state and local government spending, federal government spending, and nonresidential fixed investment. These advances were partly offset by negative contributions from exports and residential fixed investment.



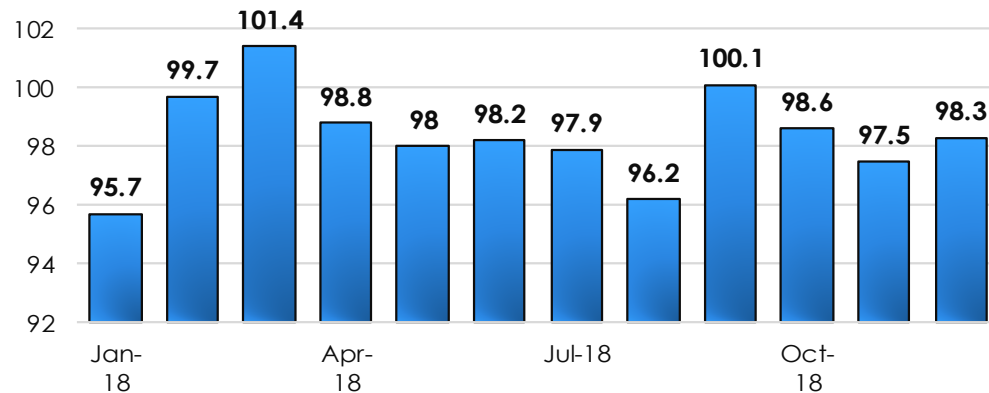
Retail Sales Growth



Source: tradingeconomics.com, U.S. Census Bureau

After minimal change early in the year, retail sales growth strengthened in the months of March through July of 2018; most recently, sales expanded by 0.1% in both September and October of 2018. The overall sentiment of the consumer remains positive and confident, as illustrated below.

Consumer Confidence



Source: tradingeconomics.com, University of Michigan

U.S. economic growth continues to support expansion of lodging demand. In 2018, demand growth through September registered 2.5%, just under the 2.7% level recorded in 2017. The economic growth, low unemployment, higher levels of personal income, and stability in the U.S. economy as of late 2018 is helping to maintain strong interest in hotel investments by a diverse array of market participants.

Overview of the Local Market Area

The subject property's greater market area spans Henderson County.

Location Within State



Location of Hendersonville, North Carolina

Coordinates:  35°19'14"N 82°27'42"W

City Vital Statistics

Year Settled:	1847
Year Incorporated:	N/A
Area (Square Miles):	6.97
Elevation (Feet):	2,152
Population (2010):	13,137

Source: Wikipedia

Map of Market Area



Economic and Demographic (Social) Statistics

Based on fieldwork conducted in the area and our in-house sources, we have evaluated various economic and demographic statistics to determine trends in lodging demand. A primary source of economic and demographic statistics used in this analysis is the *Complete Economic and Demographic Data Source* published by Woods & Poole Economics, Inc., a well-regarded forecasting service based in Washington, D.C.

Economic and Demographic Statistics and Trends

	2000	2010	2018	2025	Average Annual Compounded Change		
					2000-10	2010-18	2018-25
Resident Population (Thousands)							
Henderson County	89.7	106.9	117.5	129.8	1.8 %	1.2 %	1.4 %
Asheville, NC MSA	370.6	425.5	463.5	505.9	1.4	1.1	1.3
Asheville-Brevard, NC CSA	400.0	458.5	497.6	542.1	1.4	1.0	1.2
State of North Carolina	8,081.6	9,558.9	10,413.1	11,427.5	1.7	1.1	1.3
United States	282,162.4	309,348.1	328,910.9	350,937.2	0.9	0.8	0.9
Per-Capita Personal Income*							
Henderson County	\$33,473	\$32,362	\$36,490	\$39,710	(0.3)	1.5	1.2
Asheville, NC MSA	31,661	32,452	38,401	41,854	0.2	2.1	1.2
Asheville-Brevard, NC CSA	31,634	32,201	38,113	41,534	0.2	2.1	1.2
State of North Carolina	32,928	34,757	39,509	42,980	0.5	1.6	1.2
United States	36,812	39,622	46,097	50,233	0.7	1.9	1.2
W&P Wealth Index							
Henderson County	93.9	84.6	81.8	81.6	(1.0)	(0.4)	(0.0)
Asheville, NC MSA	88.8	84.5	85.7	85.7	(0.5)	0.2	(0.0)
Asheville-Brevard, NC CSA	88.9	84.1	85.3	85.2	(0.5)	0.2	(0.0)
State of North Carolina	90.6	88.3	86.6	86.5	(0.3)	(0.2)	(0.0)
United States	100.0	100.0	100.0	100.0	0.0	0.0	0.0
Food and Beverage Sales (Millions)*							
Henderson County	\$102	\$115	\$145	\$167	1.3	2.9	2.0
Asheville, NC MSA	503	674	920	1,043	3.0	4.0	1.8
Asheville-Brevard, NC CSA	529	708	962	1,089	3.0	3.9	1.8
State of North Carolina	10,179	13,317	18,171	20,775	2.7	4.0	1.9
United States	368,829	447,728	597,451	662,610	2.0	3.7	1.5
Total Retail Sales (Millions)*							
Henderson County	\$1,469	\$1,372	\$1,607	\$1,824	(0.7)	2.0	1.8
Asheville, NC MSA	5,831	6,132	7,546	8,471	0.5	2.6	1.7
Asheville-Brevard, NC CSA	6,105	6,435	7,913	8,871	0.5	2.6	1.6
State of North Carolina	113,696	119,956	148,643	168,396	0.5	2.7	1.8
United States	3,902,830	4,130,414	5,081,233	5,598,240	0.6	2.6	1.4

* Inflation Adjusted

Source: Woods & Poole Economics, Inc.

The U.S. population has grown at an average annual compounded rate of 0.8% from 2010 through 2018. The county's population has increased at a quicker pace than the nation's population; the average annual growth rate of 1.2% between 2010 and 2018 reflects a gradually expanding area. Following this population trend, per-capita personal income increased slowly, at 1.5% on average annually for the county between 2010 and 2018. Local wealth indexes have remained stable in recent years, registering a relatively modest 81.8 level for the county in 2018.

Food and beverage sales totaled \$145 million in the county in 2018, versus \$115 million in 2010. This reflects a 2.9% average annual change, which is stronger than the 1.3% pace recorded in the prior decade, the latter years of which were adversely affected by the recession. Over the long term, the pace of growth is forecast to moderate to a more sustainable level of 2.0%, which is forecast through 2025. The retail sales sector demonstrated an annual decline of -0.7% registered in the decade 2000 to 2010, followed by an increase of 2.0% in the period 2010 to 2018. An increase of 1.8% average annual change is expected in county retail sales through 2025.

County Employment Trends

Industry	2000	Percent of Total	2010	Percent of Total	2018	Percent of Total	2025	Percent of Total	Average Annual Compounded Change		
									2000-2010	2010-2018	2018-2025
Farm	1.3	2.9 %	0.8	1.7 %	0.8	1.3 %	0.8	1.2 %	(4.4) %	(0.9) %	0.3 %
Forestry, Fishing, Related Activities And Other	0.5	1.1	0.6	1.3	0.8	1.4	0.8	1.3	2.7	2.8	1.0
Mining	0.0	0.1	0.1	0.1	0.1	0.1	0.1	0.1	5.7	1.6	1.2
Utilities	0.1	0.3	0.1	0.2	0.1	0.2	0.1	0.2	(1.8)	1.7	0.6
Construction	3.7	8.3	3.6	7.3	4.0	7.0	4.3	6.7	(0.4)	1.4	1.0
Manufacturing	7.8	17.3	5.3	10.8	6.0	10.5	6.0	9.4	(3.8)	1.6	(0.1)
Total Trade	7.0	15.6	7.4	15.0	8.7	15.3	9.8	15.5	0.5	2.1	1.7
Wholesale Trade	1.4	3.0	1.4	2.8	1.9	3.4	2.2	3.4	0.0	4.4	1.7
Retail Trade	5.6	12.6	6.0	12.3	6.8	11.9	7.7	12.1	0.6	1.6	1.7
Transportation And Warehousing	0.8	1.8	1.0	2.1	1.4	2.4	1.5	2.4	2.3	3.6	1.7
Information	0.4	1.0	0.5	0.9	0.5	0.9	0.5	0.8	0.3	1.4	0.1
Finance And Insurance	1.3	2.9	1.8	3.6	1.8	3.2	2.2	3.4	3.2	0.4	2.6
Real Estate And Rental And Lease	1.3	2.9	2.2	4.6	2.8	5.0	3.2	5.0	5.6	3.0	1.8
Total Services	15.4	34.3	19.8	40.5	23.9	42.0	27.6	43.5	2.5	2.4	2.1
Professional And Technical Services	1.4	3.2	2.1	4.3	2.6	4.6	3.0	4.8	4.1	2.8	1.9
Management Of Companies And Enterprises	0.1	0.2	0.2	0.5	0.3	0.5	0.3	0.5	8.3	1.8	2.7
Administrative And Waste Services	2.9	6.5	3.2	6.5	3.4	6.0	3.5	5.5	0.8	0.8	0.5
Educational Services	0.4	0.8	0.6	1.3	0.9	1.6	1.1	1.7	5.9	4.2	2.4
Health Care And Social Assistance	3.7	8.3	5.7	11.7	6.8	11.9	8.4	13.3	4.4	2.2	3.1
Arts, Entertainment, And Recreation	1.0	2.2	1.3	2.7	1.4	2.4	1.5	2.4	2.9	0.3	1.5
Accommodation And Food Services	3.1	6.9	3.3	6.8	4.6	8.0	5.3	8.3	0.7	4.0	2.1
Other Services, Except Public Administration	2.8	6.1	3.2	6.6	4.0	7.1	4.5	7.0	1.5	2.9	1.5
Total Government	5.3	11.8	5.9	12.0	6.1	10.7	6.6	10.4	1.0	0.5	1.2
Federal Civilian Government	0.3	0.6	0.3	0.6	0.2	0.4	0.2	0.4	(0.1)	(2.9)	0.3
Federal Military	0.2	0.5	0.3	0.5	0.3	0.5	0.3	0.4	0.8	(0.1)	0.1
State And Local Government	4.8	10.6	5.3	10.9	5.6	9.9	6.1	9.7	1.1	0.7	1.3
TOTAL	44.9	100.0 %	48.9	100.0 %	56.9	100.0 %	63.5	100.0 %	0.8 %	1.9 %	1.6 %
MSA	215.6	—	234.1	—	280.0	—	309.5	—	0.8 %	2.3 %	1.4 %
U.S.	165,372.0	—	173,034.7	—	202,637.9	—	223,254.5	—	1.1	2.0	1.4

Source: Woods & Poole Economics, Inc.

Woods & Poole Economics, Inc. reports that during the period from 2000 to 2010, total employment in the county grew at an average annual rate of 0.8%. This trend was on par with the growth rate recorded by the MSA and also lagged the national average, reflecting the stable nature of the local economy throughout most of the decade until the recession in the latter years. More recently, the pace of total employment growth in the county accelerated to 1.9% on an annual average from 2010 to 2018, reflecting the initial years of the recovery.

Of the primary employment sectors, Total Services recorded the highest increase in number of employees during the period from 2010 to 2018, increasing by 4,170 people, or 21.1%, and rising from 40.5% to 42.0% of total employment. Of the various service sub-sectors, Health Care And Social Assistance and Accommodation And Food Services were the largest employers. Forecasts developed by Woods & Poole Economics, Inc. anticipate that total employment in the county will change by 1.6% on average annually through 2025. The trend is above the forecast rate of change for the U.S. as a whole during the same period.

The following table illustrates historical employment, households, population and average household income data as provided by REIS for the overall Asheville market.

Employment, Households, Population, and Household Income Trends													
Year	Total		Office		Industrial		Households		Population		Household		
	Employment	% Chg	Employment	% Chg	Employment	% Chg		% Chg		% Chg	Avg. Income	% Chg	
2015	183,270	—	45,203	—	27,347	—	194,350	—	447,900	—	\$92,967	—	
2016	189,000	3.1 %	46,036	1.8 %	28,320	3.6 %	198,100	1.9 %	453,750	1.3 %	95,127	2.3 %	
2017	192,370	1.8	46,623	1.3	28,633	1.1	200,800	1.4	458,390	1.0	97,032	2.0	

Source: REIS Report, 3rd Quarter, 2018

For the Asheville market, of the roughly 192,000 persons employed in 2017, 24% work in offices and are categorized as office employees, while 15% are categorized as industrial employees. Total employment increased by 1.8% from 2016 to 2017. By comparison, office employment reflected expansion of 1.3% from 2016 to 2017.

The number of households in this market in 2017 totaled 201,000, reflecting an increase of 1.4% from the level registered in 2016. Population expanded during this same time frame, at a rate of 1.0%. Household average income grew by 2.0% in 2017, ending the year at roughly \$97,000.

The following table reflects radial demographic trends for our market area measured by three points of distance from the subject property.

Demographics by Radius

	0.00 - 1.00 miles	0.00 - 3.00 miles	0.00 - 5.00 miles
Population			
2024 Projection	5,044	28,943	65,051
2019 Estimate	4,698	27,437	61,552
2010 Census	4,040	24,905	55,776
2000 Census	3,182	22,309	48,522
Percent Change: 2019 to 2024	7.4%	5.5%	5.7%
Percent Change: 2010 to 2019	16.3%	10.2%	10.4%
Percent Change: 2000 to 2010	27.0%	11.6%	15.0%
Households			
2024 Projection	2,439	13,026	28,600
2019 Estimate	2,255	12,278	26,943
2010 Census	1,904	10,978	24,136
2000 Census	1,249	9,319	20,463
Percent Change: 2019 to 2024	8.2%	6.1%	6.2%
Percent Change: 2010 to 2019	18.4%	11.8%	11.6%
Percent Change: 2000 to 2010	52.4%	17.8%	18.0%
Income			
2019 Est. Average Household Income	\$52,662	\$59,309	\$67,670
2019 Est. Median Household Income	41,706	45,565	51,296
2019 Est. Civ. Employed Pop 16+ by Occupation			
Architecture/Engineering	17	102	297
Arts/Design/Entertainment/Sports/Media	17	189	528
Building/Grounds Cleaning/Maintenance	133	618	1,062
Business/Financial Operations	45	276	841
Community/Social Services	34	257	598
Computer/Mathematical	21	172	438
Construction/Extraction	82	539	1,439
Education/Training/Library	73	710	1,683
Farming/Fishing/Forestry	67	364	717
Food Preparation/Serving Related	123	892	1,751
Healthcare Practitioner/Technician	70	570	1,395
Healthcare Support	38	355	733
Installation/Maintenance/Repair	61	481	1,038
Legal	24	120	180
Life/Physical/Social Science	9	48	79
Management	68	826	2,387
Office/Administrative Support	242	1,302	2,702
Production	175	1,057	2,281
Protective Services	34	189	409
Sales/Related	166	1,308	2,897
Personal Care/Service	36	345	625
Transportation/Material Moving	124	768	1,502

Source: Envionics Analytics

This source reports a population of 61,552 within a five-mile radius of the subject property, and 26,943 households within this same radius. Average household income within a five-mile radius of the subject property is currently reported at \$67,670, while the median is \$51,296.

Major Employers and Other Pertinent Economic Indicators

While Henderson County is primarily known as a tourist destination, regional business development is largely focused on healthcare and manufacturing. Healthcare and social assistance employ roughly 8,000 people throughout the county with three major hospital systems. Manufacturing has been a focus of growth in the area with 5,560 employees in the region. The area's manufacturing industry spans plastics, metals, food and beverage, automotive, and outdoor recreation. Norfin, an international producer of outdoor clothing, announced a \$18.1-million investment in 2016 that is expected to create 46 jobs. In 2018, Gaia Herbs and Kimberly-Clark both announced expansions with respective investments of \$12.2 million and \$30 million over the next several years. In total, 14 major investments in new and expanding companies have been announced in the county since 2016, contributing \$85 million to the economy and creating 273 jobs. Henderson County also benefits from Asheville's beer scene, with craft brewer Oskar Blues opening its East Coast operations in Brevard in 2012, Sierra Nevada opening in 2013, and New Belgium's \$175-million East Coast brewery opening in 2016. Henderson County is also home to Pisgah National Forest and Dupont State Recreational Forest. Furthermore; the city of Hendersonville is popular destination, offering unique shopping and dining on historic Main Street. The strength of the local tourism, healthcare, and manufacturing industries and sectors should bolster the area's economy in the near term.

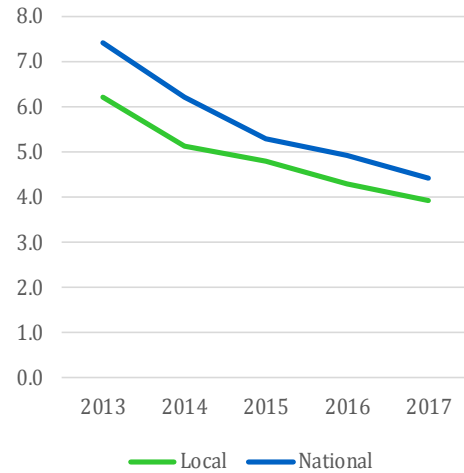
Major Employers

Rank	Firm	Number of Employees
1	Henderson County Public Schools	1,889
2	Pardee Hospital	1,501
3	Ingles Markets, Inc.	1,281
4	Park Ridge Hospital	1,162
5	Henderson County	751-900
6	Continental Teves, Inc.	750
7	Meritor Heavy Vehicle Systems LLC	650
8	Wilsonart International Inc.	633
9	General Electric	500
10	Wal-Mart Associates, Inc.	388

Source: The Partnership Henderson County, NC Economic
 Development 2018

Unemployment Statistics

Year	County	MSA	State	U.S.
2008	4.7 %	4.8 %	6.1 %	5.8 %
2009	8.8	8.7	10.6	9.3
2010	9.1	9.0	10.9	9.6
2011	8.5	8.5	10.3	8.9
2012	7.5	7.7	9.3	8.1
2013	6.2	6.4	8.0	7.4
2014	5.1	5.0	6.3	6.2
2015	4.8	4.6	5.7	5.3
2016	4.3	4.1	5.1	4.9
2017	3.9	3.7	4.6	4.4
<i>Recent Month - Oct</i>				
2017	3.6 %	3.4 %	4.3 %	4.1 %
2018	2.9	2.8	3.4	3.8

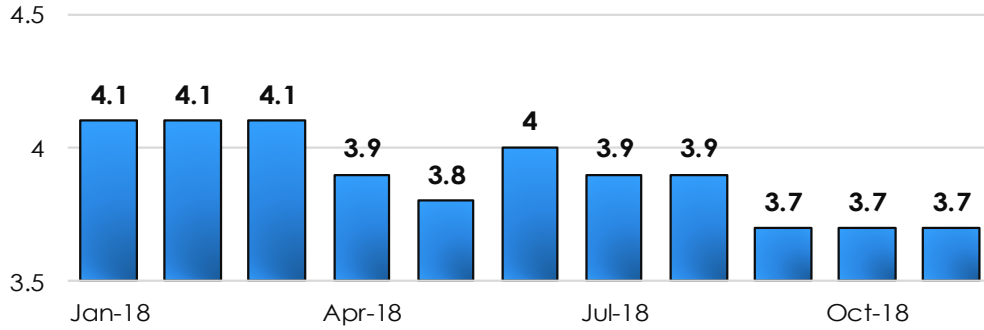


* Letters shown next to data points (if any) reflect revised population controls and/or model re-estimation implemented by the BLS.

Source: U.S. Bureau of Labor Statistics

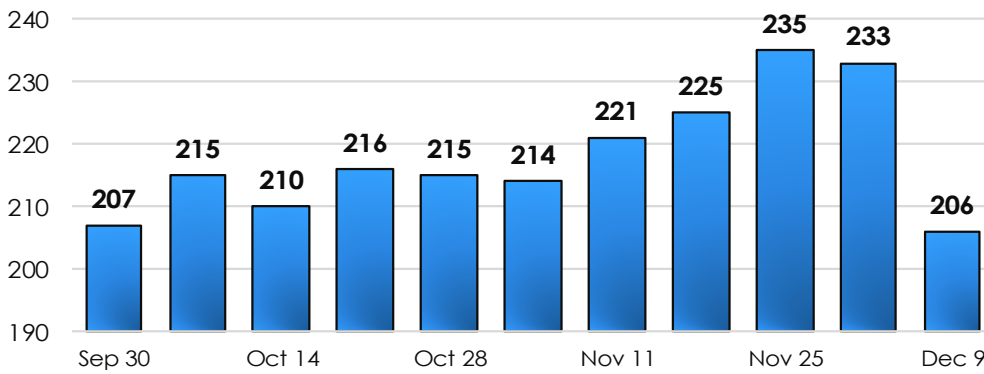
Current U.S. unemployment levels are now firmly below the annual averages of the last economic cycle peak of 2006 and 2007, when annual averages were 4.6%. National unemployment registered 4.1% each month during the first quarter of 2018, as well as the last quarter of 2017, roughly six points below the October 2009 peak of 10.0%. From September through November of 2018, the rate remained low at 3.7%, before rising to 3.9% in December. Total nonfarm payroll employment increased by 274,000, 176,000, and 312,000 jobs in October, November, and December of 2018, respectively. Gains in December occurred in the health care, food services and drinking places, construction, manufacturing, and retail trade sectors. Unemployment has remained under the 5.0% mark since May 2016, reflecting a trend of relative stability and the overall strength of the U.S. economy. The unemployment rate fell to a 48-year low in September, a trend that continued through November. By the end of 2018, the number of unemployed persons was 6.3 million (versus 6.6 million at the end of 2017). Locally, the unemployment rate was 3.9% in 2017; for this same area in 2018, the most recent month's unemployment rate was registered at 2.9%, versus 3.6% for the same month in 2017.

U.S. Unemployment



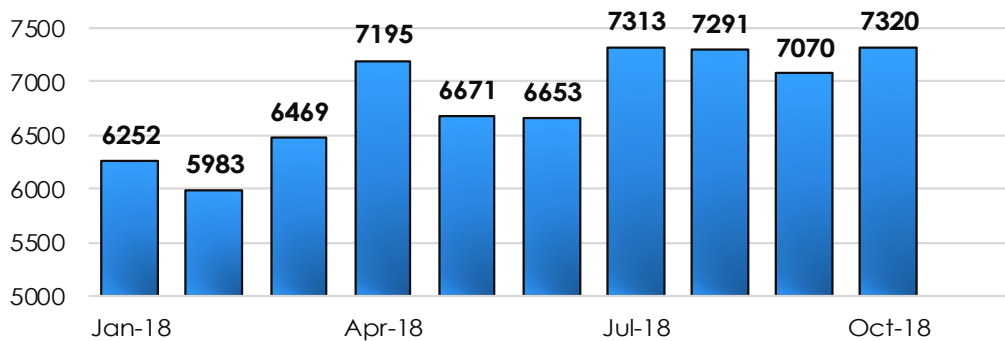
Source: tradingeconomics.com, U.S. Bureau of Labor Statistics

Initial Jobless Claims (000)



Source: tradingeconomics.com, University of Michigan

Job Vacancies (000)



Source: tradingeconomics.com, U.S. Bureau of Labor Statistics

Airport Traffic

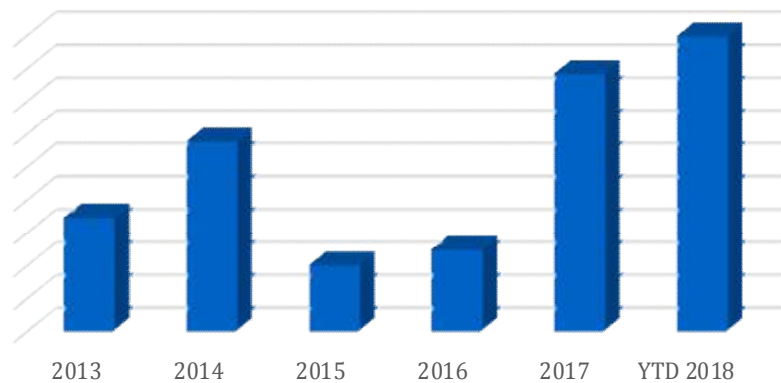
The following table illustrates recent operating statistics for the Asheville Regional Airport, which is the primary airport facility serving the subject property's submarket.

Airport Statistics

Year	Passenger Traffic	Percent Change From Prior Year	Avg. Annual Percent Change From 2008
2008	557,927	—	—
2009	579,443	3.9 %	3.9 %
2010	735,760	27.0	14.8
2011	721,677	(1.9)	9.0
2012	633,848	(12.2)	3.2
2013	678,023	7.0	4.0
2014	756,425	11.6	5.2
2015	787,135	4.1	5.0
2016	826,648	5.0	5.0
2017	956,634	15.7	6.2
<i>Year-to-date, Nov</i>			
2017	877,908	—	—
2018	1,035,796	18.0 %	—

Source: Asheville Regional Airport

Recent Trend of Airport Activity (Percent Change):



Asheville Regional Airport is located approximately 15 miles south of Downtown Asheville. The airport serves the greater western North Carolina area with daily flights on Delta, Allegiant, United, American, Elite, and Spirit. In 2011, new gates, a

new restaurant, and a new security area were opened. In August 2014, work began on the \$64-million, five-year building project known as Project SOAR (Significant Opportunity for Aviation & the Region). The project is currently in the fourth phase of construction, which includes paving the new runway and installing airfield lighting. The new runway is anticipated to become operational by the end of 2019, and the temporary runway will be converted to a new taxiway that year. The airport authority will also continue to work on attracting aerospace companies, cargo haulers, and airplane maintenance companies with its 36 acres of flat, developable land. The airport's main entrance was re-routed and reconfigured in 2015 to provide easier access from both directions on Airport Road. Construction of a five-story, \$22-million parking garage was completed in March 2018, adding a net total of 800 parking spaces.

The rise in passenger traffic shown by the most recent data can be attributed in large part to the area's increasing popularity as a tourism destination, as well as the addition of a new carrier and an increase in the number of available flights to/from the market. Asheville Regional Airport, which is currently undergoing a multimillion-dollar runway construction project, is utilizing a temporary runway that is not conducive for inclement winter weather conditions. Despite the construction work and alternate parking options, the airport experienced a record-setting annual passenger count in 2017, a 15.0% increase year-over-year. In May 2017, Elite added new nonstop service to/from Vero Beach, Florida. Allegiant offered nonstop flights to/from Denver, Colorado, from March 2018 through August 2018, while American offered nonstop service to/from Dallas, Texas, from June 2018 through August 2018. On September 6, 2018, Spirit Airlines began service at the airport to/from Florida cities Fort Lauderdale, Orlando, and Tampa. Airport officials announced in October 2018 that United will add two daily nonstop flights to/from Dulles International Airport beginning February 14, 2019. In November 2018, Allegiant announced that new service to/from Sarasota, Florida, will commence on February 22, 2019, and American Airlines announced that new service to/from Philadelphia, Pennsylvania will begin on May 3, 2019.

Office Statistics

Trends in occupied office space are typically among the most reliable indicators of lodging demand because firms that occupy office space often exhibit a strong propensity to attract commercial visitors. Thus, trends that cause changes in vacancy rates or occupied office space may have a proportional impact on commercial lodging demand and a less direct effect on meeting demand. The following tables detail office space statistics for the pertinent market area.

Office Market Overview

Submarket	Year	Vacancy Rate	Average Asking Lease Rate
Metro Area	2015	12.3 %	\$17.65
	2016	10.1	17.86
	2017	9.4	17.83
CBD	2015	8.3 %	\$18.16
	2016	4.3	18.22
	2017	3.6	18.67
Non-CBD	2015	14.2 %	\$17.40
	2016	12.8	17.69
	2017	12.2	17.42

Source: REIS Report, 3rd Quarter, 2018

In greater Asheville market, REIS reported a vacancy rate of 9.4% and an average asking rent of \$17.83 for 2017. The subject property is located in the Non-CBD submarket. The submarket's vacancy rate of 12.2% is above the overall market average. The average asking lease rate of \$17.42 is below the average for the broader market.

Tourism

The subject market benefits from a variety of tourism and leisure attractions in the area. Leisure demand generators include Downtown Hendersonville, area apple farms and breweries, Tryon International Equestrian Center, and natural attractions such as Pisgah National Forest. From September 11, 2018, through September 23, 2018, the Tryon International Equestrian Center hosted the 2018 FEI World Equestrian Games. According to area officials, this one-time event attracted 250,000 attendees, which was less than originally forecasted, in part due to effects of Hurricane Florence. Other special events also play a role during key weekends, such as the North Carolina Apple Festival and the Garden Jubilee. Aside from the lack of the World Equestrian Games, no major changes related to these attributes of the market are expected in the near future.

Governmental and Environmental Factors

The Hendersonville area is subject to a normal form of local government and is also subject to the laws and regulations of Henderson County and the state of North Carolina. None of these laws or government entities was noted to have a particularly abnormal influence on the operation of the property, its marketability, or property values in the market area. The environment of the subject property's city appears normal to its surrounding areas; we observed no adverse conditions, and no such conditions were reported by market representatives. No noted environmental factors have particularly positive or negative influences on property values in the subject property's market area.

Conclusion

We have reviewed and studied various social, economic, government, and environment data and observations pertaining to Henderson County and the state of North Carolina. No adverse governmental or environmental factors were noted. We will relate these historical and expected growth trends based on their propensity to reflect changes in lodging demand.

4. HOTEL MARKET TRENDS

This chapter will begin with an overview of national lodging demand trends to determine what macro changes have occurred in this real estate sector. Next, we will provide a definition of the subject property's pertinent hotel market and review each competitive hotel. We then provide an analysis and discussion pertaining to the occupancy and average rate trends of this competitive set.

National Trends Overview

In 2004, the U.S. hotel industry was in a period of recovery, concurrent with overall economic strengthening, and U.S. hotel occupancy soon peaked from 2005 through 2007, at roughly 63%. Supply increases during this period were notable as well, which kept occupancy stable despite increases in demand. As the nation entered the recession at the close of 2007, occupancy began to decline in 2008; however, hoteliers were able to maintain average rates increases initiated in early 2008 through the third quarter of 2008. The banking sector crisis of the latter part of 2008, as well as the ongoing recession, led to a significant decline in demand and average rates beginning in late 2008 that materialized completely in 2009. The restrictions on corporate travel and reductions on leisure spending reached a critical point throughout much of that year. Fewer travelers on the highways for vacations, or families taking shortened vacations, also affected transient-highway lodging demand. Construction activity slowed greatly, as financing sources for these projects were unavailable, and this lack of construction-related lodging demand had a direct impact on the economy and mid-price hotel sectors in particular. While occupancy dropped to an all-time low of 54.6% in 2009, rates fell only to \$98.15, a level just above the 2006 point.

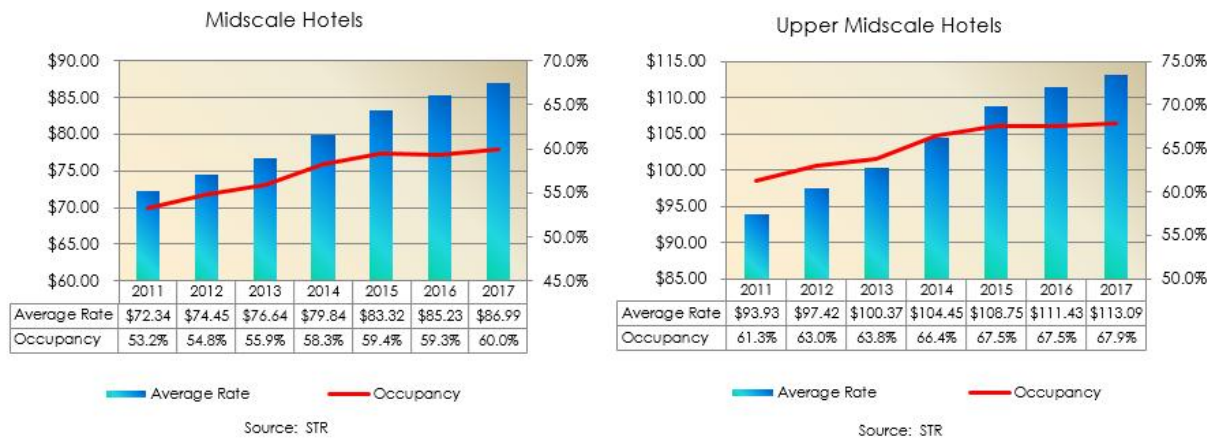
Projects that had entered the pipeline during the peak of 2007 through early 2008 opened throughout the country in 2009 and 2010, placing further pressure on occupancy levels and limiting rate growth. While demand began to strengthen in 2010, hoteliers were hesitant to raise rates considering the severe declines experienced in 2009; moreover, groups were able to command discounted rates for 2010 bookings made during 2009. With 2010 trends reflecting a firm recovery, and travel returning to normalized levels, hoteliers were able to command higher rates. From 2011 through 2017, corporate travel steadily strengthened, hiring activity was steady, budgets for leisure travel were favorable, and construction projects benefitted most markets. In 2017, unemployment continued to fall and the job market was relatively robust, contributing to strong levels of corporate demand. Consumer confidence remained very high, a driving factor in heightened leisure demand with a propensity to spend disposable income on travel. By year-end 2017, occupancy reached a peak of 65.9%, as demand growth slightly exceeded supply growth. Average rate increased 2.1% for the year, and the net change in RevPAR was 3.0%, reflecting a healthy lodging market overall.

U.S. Hotel Performance



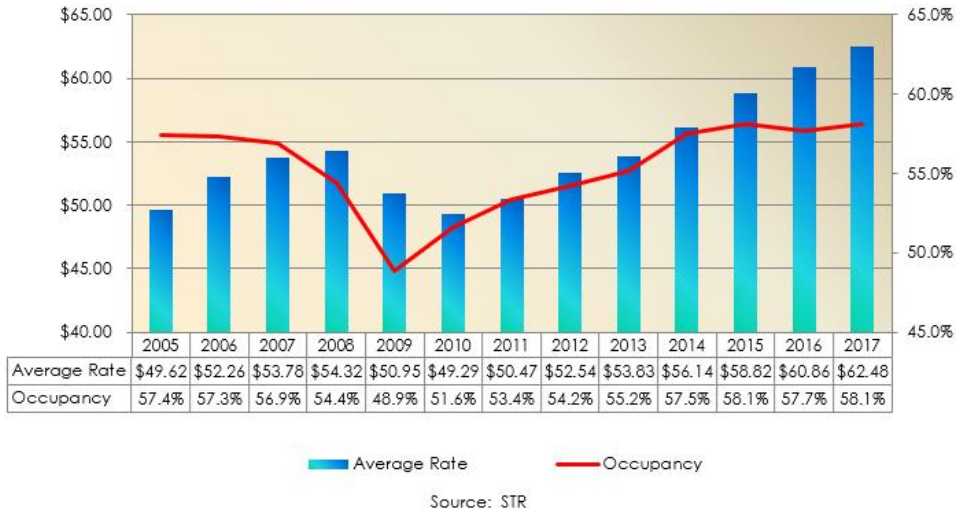
In the midscale lodging sector, occupancy made consistent gains between 2010 and 2015, before reaching a plateau of 59.4%. After little change in 2016, occupancy in this sector resumed upward momentum, ending at 60.0% in 2017. Average rate gains have also been steady in recent years, reaching nearly \$87 in 2017. We anticipate occupancy in this category to remain near the 60% mark in 2018, with average rate growth continuing between 2.0% and 2.5%. For upper-midscale hotels, after improving for several years, occupancy also reached a plateau in 2015 and 2016, at 67.5%, before strengthening to 67.9% in 2017. We expect occupancy to remain near the 68% level in 2018. Average rate growth was a more modest 1.5% for upper-midscale hotels, compared to the growth rate of 2.0% for midscale hotels, just surpassing \$113 in 2017. Average rate for this category is anticipated to increase between 1.5% and 2.0% in 2018.

Midscale Hotel Performance



In the economy lodging sector, occupancy peaked at roughly 57% from 2005 through 2007, and then fell to 48.9% in 2009. Occupancy recovery then ensued, with occupancy reaching nearly 58% by 2014. Occupancy has bracketed the 58% mark since that time, most recently registering 58.1% by year-end 2017. We anticipate occupancy to expand slightly to 58.5% by year-end 2018. Average rate grew to just over \$54 by 2008, before falling to roughly \$49 by 2010. This level recovered to \$53.83 by 2013, essentially reaching the prior peak rate for this category; average rate expanded further through 2017, to \$62.48 at year's end. We expect a 2.0% to 2.5% gain in average rate within this chain scale in 2018.

Economy Hotel Performance



The following table provides additional insights for year-to-date performance for the U.S. hotel industry across a variety of different categories.

Lodging Sector Performance Statistics

	Occ. - YTD November			ADR - YTD November			RevPAR - YTD November			Percent Change	
	2017	2018	% Change	2017	2018	% Change	2017	2018	% Change	Rms. Avail.	Rms. Sold
United States	67.0 %	67.3 %	0.5 %	\$127.11	\$130.23	2.5 %	\$85.17	\$87.71	3.0 %	2.0 %	2.5 %
Region											
New England	66.0 %	67.4 %	2.1 %	\$156.14	\$159.67	2.3 %	\$103.06	\$107.61	4.4 %	2.0 %	4.2 %
Middle Atlantic	69.1	70.8	2.4	160.65	164.72	2.5	111.05	116.55	5.0	2.4	4.8
South Atlantic	68.8	68.9	0.1	123.76	126.70	2.4	85.18	87.30	2.5	1.8	1.9
E. North Central	62.7	63.1	0.6	110.86	113.52	2.4	69.55	71.64	3.0	2.0	2.6
E. South Central	62.8	63.2	0.7	98.75	101.43	2.7	61.98	64.09	3.4	2.1	2.8
W. North Central	59.3	59.3	0.0	98.22	99.64	1.4	58.26	59.08	1.4	2.1	2.0
W. South Central	63.3	63.7	0.6	100.87	103.24	2.3	63.90	65.77	2.9	2.7	3.2
Mountain	67.3	67.5	0.3	118.47	119.44	0.8	79.69	80.59	1.1	1.5	1.8
Pacific	74.9	74.9	(0.1)	163.61	169.35	3.5	122.57	126.79	3.4	1.8	1.7
Class											
Upper-Midscale	69.0 %	69.1 %	0.2 %	\$115.99	\$117.94	1.7 %	\$80.01	\$81.53	1.9 %	3.9 %	4.1 %
Midscale	61.7	62.0	0.4	93.85	95.95	2.2	57.94	59.45	2.6	0.5	0.9
Economy	59.6	60.2	1.0	72.58	74.35	2.4	43.26	44.77	3.5	(0.5)	0.5
Location											
Suburban	68.1 %	68.2 %	0.1 %	\$108.95	\$111.35	2.2 %	\$74.22	\$75.95	2.3 %	2.3 %	2.4 %
Airport	74.7	74.9	0.2	117.02	119.12	1.8	87.43	89.20	2.0	1.7	1.9
Interstate	58.3	59.2	1.5	85.47	87.33	2.2	49.82	51.66	3.7	1.6	3.1
Small Town	58.3	59.1	1.4	102.96	104.97	2.0	60.05	62.07	3.4	1.3	2.7
Chain Scale											
Upper-Midscale	69.2 %	69.1 %	(0.1) %	\$113.64	\$115.45	1.6 %	\$78.62	\$79.82	1.5 %	4.1 %	4.0 %
Midscale	61.1	61.3	0.4	87.39	89.15	2.0	53.37	54.67	2.4	0.9	1.3
Economy	58.9	59.5	1.0	62.77	64.18	2.2	36.98	38.18	3.2	(0.6)	0.4

Source: STR - Lodging Review

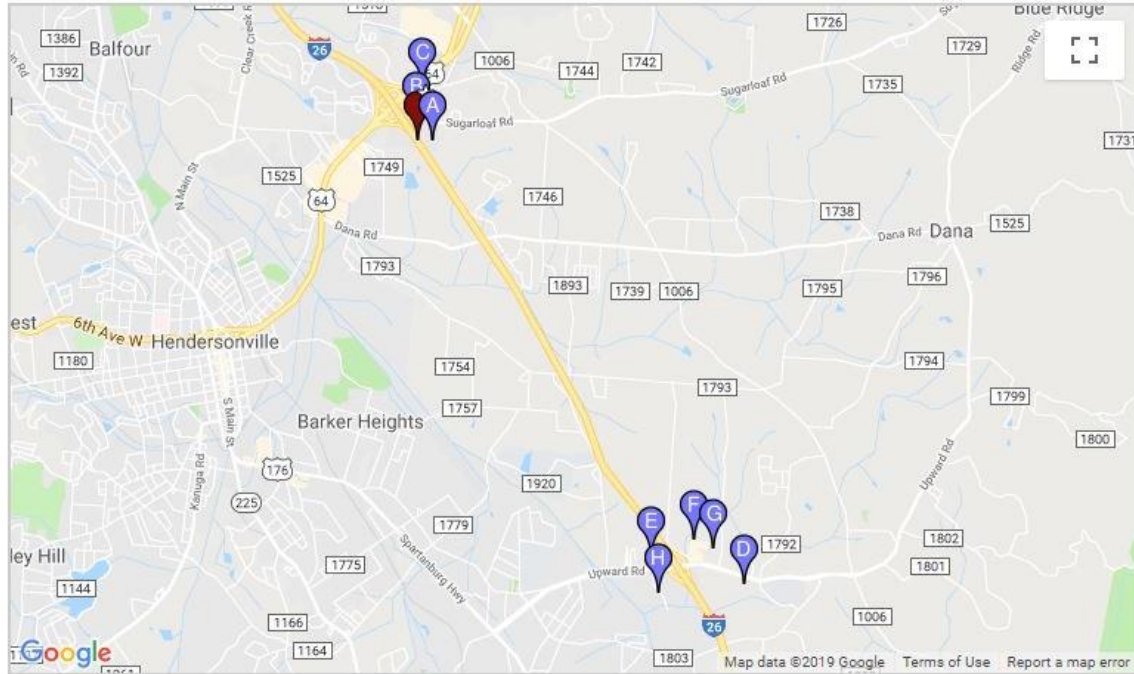
Definition of Subject Market

The 100-room Cascades Mountain Resort is located in Hendersonville, North Carolina. The subject property is located in the greater Asheville area lodging market. Within this greater market, the subject hotel competes with a smaller set of hotels based on proximity, price point, age, and product type, among other factors. Most notably, the subject property competes with the hotels in Hendersonville and Flat Rock. We have reviewed these pertinent attributes and established a competitive set based upon this review.

Selected Competitive Set of Hotels – Operating Performance

Property	Number of Rooms	Est. Segmentation			Estimated 2018							
		Commercial / Government	Leisure	Group	Weighted Annual Room Count	Occ.	Occupancy Penetration	Average Rate	Average Rate Penetration	RevPAR	RevPAR Penetration	
Cascades Mountain Resort	100	40 %	45 %	15 %	100	36.7 %	62.9 %	\$116.52	104.4 %	\$42.76	65.7 %	
Ramada Hendersonville	56	40	45	15	56	55 - 60	90 - 95	90 - 95	80 - 85	50 - 55	75 - 80	
Hampton Inn Hendersonville	109	55	35	10	109	75 - 80	130 - 140	115 - 120	100 - 110	90 - 95	140 - 150	
Best Western Hendersonville Inn	100	45	40	15	100	50 - 55	90 - 95	90 - 95	75 - 80	45 - 50	75 - 80	
Fairfield Inn & Suites Hendersonville Flat Rock	84	50	30	20	77	65 - 70	110 - 120	130 - 140	120 - 130	85 - 90	130 - 140	
Holiday Inn Express & Suites Hendersonville South East Flat Rock	85	45	40	15	85	60 - 65	110 - 120	130 - 140	110 - 120	85 - 90	130 - 140	
Mountain Inn & Suites	67	25	50	25	67	50 - 55	90 - 95	90 - 95	80 - 85	50 - 55	75 - 80	
Mountain Lodge & Conference Center	64	35	35	30	64	55 - 60	95 - 100	105 - 110	90 - 95	60 - 65	90 - 95	
Quality Inn & Suites Flat Rock	65	55	40	5	65	50 - 55	85 - 90	100 - 105	85 - 90	50 - 55	75 - 80	
Totals/Averages	730	45 %	39 %	16 %	723	58.4 %	100.0 %	\$111.56	100.0 %	\$65.12	100.0 %	

Map of Competition



- | | | | |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------|
|  | Cascades Mountain Resort |  | Holiday Inn Express & Suites Hendersonville South East Flat Rock (Primary) |
|  | Ramada Hendersonville (Primary) |  | Mountain Inn & Suites (Primary) |
|  | Hampton Inn Hendersonville (Primary) |  | Mountain Lodge & Conference Center (Primary) |
|  | Best Western Hendersonville Inn (Primary) |  | Quality Inn & Suites Flat Rock (Primary) |
|  | Fairfield Inn & Suites Hendersonville Flat Rock (Primary) | | |

Each competitor was inspected and evaluated; the hotels considered primarily competitive are summarized as follows.

Competitor #1 - Ramada Hendersonville



- Address: 150 Sugarloaf Rd
Hendersonville, NC
- Room Count: 56
- Access Relative to Subject: Similar
- Visibility Relative to Subject: Similar
- Condition: Good
- Condition Relative to Subject: Similar

The following table illustrates this property's 2018 estimated operating performance.

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	RevPAR Penetration
Est. 2018	56	55 - 60 %	\$90 - \$95	\$50 - \$55	90 - 95 %	75 - 80 %

Competitor #2 - Hampton Inn Hendersonville



- Address: 155 Sugarloaf Road
Hendersonville, NC
- Room Count: 109
- Access Relative to Subject: Similar
- Visibility Relative to Subject: Similar
- Condition: Good
- Condition Relative to Subject: Similar

The following table illustrates this property's 2018 estimated operating performance.

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	RevPAR Penetration
Est. 2018	109	75 - 80 %	\$115 - \$120	\$90 - \$95	130 - 140 %	140 - 150 %

Competitor #3 - Best Western Hendersonville Inn



- Address: 105 Sugarloaf Road
Hendersonville, NC
- Room Count: 100
- Access Relative to Subject: Similar
- Visibility Relative to Subject: Superior
- Condition: Good
- Condition Relative to Subject: Similar

The following table illustrates this property's 2018 estimated operating performance.

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	RevPAR Penetration
Est. 2018	100	50 - 55 %	\$90 - \$95	\$45 - \$50	90 - 95 %	75 - 80 %

Competitor #4 - Fairfield Inn & Suites Hendersonville Flat Rock



- Address: 836 Upward Road
Flat Rock, NC
- Room Count: 84
- Access Relative to Subject: Similar
- Visibility Relative to Subject: Similar
- Condition: Excellent
- Condition Relative to Subject: Superior

The following table illustrates this property's 2018 estimated operating performance. It is important to note this hotel opened mid-way through 2018.

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	RevPAR Penetration
Est. 2018	77	65 - 70 %	\$130 - \$140	\$85 - \$90	110 - 120 %	130 - 140 %

Competitor #5 - Holiday Inn Express & Suites Hendersonville South East Flat Rock



- Address: 107 Upward Crossing Drive
Flat Rock, NC
- Room Count: 85
- Access Relative to Subject: Similar
- Visibility Relative to Subject: Similar
- Condition: Excellent
- Condition Relative to Subject: Superior

The following table illustrates this property's 2018 estimated operating performance.

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	RevPAR Penetration
Est. 2018	85	60 - 65 %	\$130 - \$140	\$85 - \$90	110 - 120 %	130 - 140 %

Competitor #6 - Mountain Inn & Suites



- Address: 755 Upward Road
Flat Rock , NC
- Room Count: 67
- Access Relative to Subject: Similar
- Visibility Relative to Subject: Inferior
- Condition: Good
- Condition Relative to Subject: Similar

The following table illustrates this property's 2018 estimated operating performance.

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	RevPAR Penetration
Est. 2018	67	50 - 55 %	\$90 - \$95	\$50 - \$55	90 - 95 %	75 - 80 %

Competitor #7 - Mountain Lodge & Conference Center



- Address: 42 McMurray Road
Flat Rock , NC
- Room Count: 64
- Access Relative to Subject: Similar
- Visibility Relative to Subject: Inferior
- Condition: Good
- Condition Relative to Subject: Similar

The following table illustrates this property's 2018 estimated operating performance.

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	RevPAR Penetration
Est. 2018	64	55 - 60 %	\$105 - \$110	\$60 - \$65	95 - 100 %	90 - 95 %

Competitor #8 - Quality Inn & Suites Flat Rock



- Address: 111 Commercial Boulevard
Flat Rock, NC
- Room Count: 65
- Access Relative to Subject: Similar
- Visibility Relative to Subject: Inferior
- Condition: Good
- Condition Relative to Subject: Similar

The following table illustrates this property's 2018 estimated operating performance.

Year	Wtd. Annual Room Count	Occupancy	Average Rate	RevPAR	Occupancy Penetration	RevPAR Penetration
Est. 2018	65	50 - 55 %	\$100 - \$105	\$50 - \$55	85 - 90 %	75 - 80 %

New Supply

It is important to consider any new hotels that may have an impact on the subject property's operating performance.

Proposed Property	Number of Rooms	Total Competitive Level	Weighted Room Count	Estimated Opening Date	Developer	Development Stage
Home2 Suites by Hilton	98	70 %	69	August 1, 2020	CN Hotels (Sugarloaf Hospitality, LLC)	Approved
Totals/Averages	98		69			

A Home2 Suites by Hilton has been proposed for development on a site located across the street from the subject property; however, given its extended-stay product offering, given its delays in construction over the past five years, and current stage in development, it has been weighted at a 70% competitive level in our analysis. Furthermore, we note that the City of Hendersonville is working to develop a hotel in Downtown Hendersonville. A 1.5-acre site has been chosen for this development; however, at the time of this appraisal, a developer had not yet been selected. Therefore, this proposed hotel has only been considered qualitatively in our positioning of the subject hotel's stabilized occupancy level.

Historical Market Performance

STR is an independent research firm that compiles data on the lodging industry, and this information is routinely used by typical hotel buyers. STR has compiled historical supply and demand data for hotels in the subject property's market. We note that the competitors shown below may vary from our selected competitive set of hotels, as previously detailed; however, the data for these hotels illustrate the broader patterns of the competitive set.

U.S. HOTEL APPRAISALS
 CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

	Occupancy			Average Rate			RevPAR		
	Subject Property	STAR	Penetration Rate	Subject Property	STAR	Penetration Rate	Subject Property	STAR	Penetration Rate
		Competitive Set			Competitive Set			Competitive Set	
Current Month	47.0 %	55.4 %	85 %	\$88.86	\$92.45	96 %	\$41.74	\$51.21	82 %
Year To Date	42.4	64.8	66	118.92	111.12	107	50.45	71.96	70
Running 3 Month, Ending Dec	45.0	63.1	71	105.52	110.83	95	47.46	69.91	68
Running 12 Month, Ending Dec	42.4	64.8	66	118.92	111.12	107	50.45	71.96	70

Source: STR

Property Name	City, State	Rooms	Open Date
Ascend Collection Cascades Mountain Resort	Hendersonville, NC	100	02-1967
Best Western Hendersonville Inn	Hendersonville, NC	100	05-1972
Hampton Inn Hendersonville	Hendersonville, NC	109	12-1986
Ramada Hendersonville	Hendersonville, NC	56	07-1996
Holiday Inn Express & Suites Hendersonville Southeast Flat Rock	Flat Rock, NC	85	05-2017
Total:		450	

U.S. HOTEL APPRAISALS
CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

	Occupancy (%)						Supply					
	Current Month	Percent Change	Year to Date	Percent Change	Running 3-Month	Percent Change	Running 12-Month	Percent Change	Month % Change	YTD % Change	Running 3-Month % Change	Running 12-Month % Change
Ascend Collection Cascades Mountain Resort	47.0 %		42.4 %		45.0 %	** Hotel did not Report Prior to April 2018**						
Market: North Carolina West	54.2	-1.2 %	62.5	0.5 %	62.9	-1.2 %	62.5	0.5 %	1.3 %	2.5 %	1.8 %	2.5 %
Market Class: Upscale Class	59.6	2.8	66.4	0.4	68.7	0.8	66.4	0.4	0.0	5.2	2.0	5.2
Submarket: North Carolina West/Cherokee Area	46.6	-4.3	56.3	-2.0	56.4	-4.5	56.3	-2.0	0.9	2.0	1.5	2.0
STAR Competitive Set	55.4	-0.4	64.8	2.1	63.1	0.4	64.8	2.1	0.9	8.9	0.6	8.9
	Average Daily Rate						Demand					
	Current Month	Percent Change	Year to Date	Percent Change	Running 3-Month	Percent Change	Running 12-Month	Percent Change	Month % Change	YTD % Change	Running 3-Month % Change	Running 12-Month % Change
Ascend Collection Cascades Mountain Resort	\$88.86		\$118.92		\$105.52	** Hotel did not Report Prior to April 2018**						
Market: North Carolina West	121.45	-0.5	118.76	2.3	128.10	2.3	118.76	2.3 %	0.1 %	3.0 %	0.6 %	3.0 %
Market Class: Upscale Class	138.99	1.4	143.53	2.0	151.41	2.0	143.53	2.0	2.8	5.6	2.8	5.6
Submarket: North Carolina West/Cherokee Area	103.41	-2.3	112.71	0.9	115.54	0.3	112.71	0.9	-3.4	-0.1	-3.1	-0.1
STAR Competitive Set	92.45	-3.6	111.12	0.9	110.83	-3.1	111.12	0.9	0.5	11.2	1.0	11.2
	RevPAR						Revenue					
	Current Month	Percent Change	Year to Date	Percent Change	Running 3-Month	Percent Change	Running 12-Month	Percent Change	Month % Change	YTD % Change	Running 3-Month % Change	Running 12-Month % Change
Ascend Collection Cascades Mountain Resort	\$41.74		\$50.45		\$47.46	** Hotel did not Report Prior to April 2018**						
Market: North Carolina West	65.78	-1.6 %	74.22	2.8 %	80.63	1.1 %	74.22	2.8 %	-0.4 %	5.4 %	2.9 %	5.4 %
Market Class: Upscale Class	82.90	4.3	95.29	2.4	104.04	2.8	95.29	2.4	4.3	7.7	4.8	7.7
Submarket: North Carolina West/Cherokee Area	48.22	-6.5	63.40	-1.2	65.21	-4.2	63.40	-1.2	-5.7	0.8	-2.8	0.8
STAR Competitive Set	51.21	-3.9	71.96	3.1	69.91	-2.7	71.96	3.1	-3.1	12.2	-2.2	12.2

* Periods ending Dec

Source: STR

U.S. HOTEL APPRAISALS
CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

	Trailing 12-Month Period											
Occupancy	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Subject Property	** Hotel did not Report Prior to April 2018**			26.6 %	24.9 %	48.2 %	49.1 %	39.3 %	56.5 %	48.6 %	39.2 %	47.0 %
STAR Competitive Set	40.3 %	50.5 %	64.1 %	72.7	71.2	76.1	72.9	65.2	74.4	74.1	59.8	55.4
Penetration Rate			0.0	36.6	35.0	63.4	67.3	60.2	75.8	65.6	65.6	84.8
Rank			0.0	5 of 5	5 of 5	5 of 5	5 of 5	5 of 5	4 of 5	5 of 5	5 of 5	4 of 5
STAR Competitive Set Percent Change	-5.5 %	-0.9 %	-1.4 %	2.9 %	22.5 %	10.5	5.0	-5.6	3.8	3.3	-2.2	-0.4

	Trailing 12-Month Period											
Average Rate	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Subject Property	** Hotel did not Report Prior to April 2018**			\$120.46	\$119.06	\$116.05	\$118.13	\$118.75	\$154.28	\$121.81	\$105.29	\$88.86
STAR Competitive Set	\$84.61	\$86.19	\$92.63	97.50	104.83	118.12	119.83	112.09	161.62	127.38	107.42	92.45
Penetration Rate				123.55	113.57	98.25	98.58	105.94	95.46	95.62	98.02	96.12
Rank				1 of 5	3 of 5	3 of 5	3 of 5	3 of 5	3 of 5	3 of 5	3 of 5	3 of 5
STAR Competitive Set Percent Change	3.2	5.7	0.3	1.2	-5.8	-2.2	-2.7	-3.0	36.1	-5.2	-0.2	-3.6

	Trailing 12-Month Period											
RevPAR	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Subject Property	** Hotel did not Report Prior to April 2018**			\$31.99	\$29.65	\$55.98	\$58.00	\$46.62	\$87.12	\$59.17	\$41.27	\$41.74
STAR Competitive Set	\$34.06	\$43.56	\$59.36	70.83	74.65	89.89	87.40	73.05	120.33	94.34	64.21	51.21
Penetration Rate				45.17	39.72	62.27	66.36	63.81	72.40	62.72	64.28	81.50
Rank				5 of 5	5 of 5	5 of 5	5 of 5	5 of 5	4 of 5	5 of 5	5 of 5	3 of 5
STAR Competitive Set Percent Change	-2.4	4.8	-1.2	4.1	15.4	8.1	2.2	-8.4	41.2	-2.1	-2.4	-3.9

Source: STR

Occupancy	Year To Date, Ending Dec			
	2015	2016	2017	2018
Subject Property	** Hotel did not Report Prior to April 2018**			42.4 %
STAR Competitive Set	68.6 %	72.9 %	63.4 %	64.8
Penetration Rate				65.5
Rank				5 of 5
STAR Competitive Set % Change		6.3	-13.0	2.1

Average Rate	Year To Date, Ending Dec			
	2015	2016	2017	2018
Subject Property	** Hotel did not Report Prior to April 2018**			\$118.92
STAR Competitive Set	\$99.99	\$105.37	\$110.08	111.12
Penetration Rate				107.02
Rank				3 of 5
STAR Competitive Set % Change		5.4	4.5	0.9

RevPAR	Year To Date, Ending Dec			
	2015	2016	2017	2018
Subject Property	** Hotel did not Report Prior to April 2018**			\$50.45
STAR Competitive Set	\$68.55	\$76.80	\$69.83	71.96
Penetration Rate				70.11
Rank				5 of 5
STAR Competitive Set % Change		12.0	-9.1	3.1

Source: STR

Per STR default practices, the subject property has been excluded from the aggregate data for the STAR competitive set. Furthermore, the subject property did not report to STR until April 2018. Additionally, not all competitive hotels are included in the STAR report; however, the data provide an accurate representation of the competitive market. During the illustrated historical period, both occupancy and average rate increased for this selected set of competitive hotels from 2015 to 2016, resulting in a RevPAR of nearly \$77. The greater Asheville area continued to gain popularity as a tourist destination and major employers in South Asheville have also realized strong growth in recent years, contributing to the gains in lodging demand. However, the entrance of new supply (the subject property late 2016 and Holiday Inn Express in 2017) in the submarket, as well as new supply throughout the greater market, resulted in an occupancy decline in 2017, leading to lower RevPAR despite continued ADR increases. Occupancy rebounded slightly in 2018 despite the entrance of the Fairfield Inn & Suites by Marriott (outside the STAR set), with demand gains attributable to the FEI World Equestrian Games and the absorption of new supply. ADR and RevPAR also noted increases throughout the year. Although growth is expected to continue into 2019 as the new supply is absorbed, the lack of this one-time event is expected to result in ADR losses.

Forecast of Future Demand Change

Based upon a review of the market dynamics in the subject property's competitive environment, we have forecast demand rates of change. The following table details our projections of market demand change and available room nights; occupancy levels for the market are also forecast.

Projection of Market-Wide Supply, Demand, and Occupancy

Year	Occupied Room		Room Supply	Available Room		Occupancy	Change
	Nights	Change		Nights	Change		
2016	116,072	—	479	174,770	—	66.4 %	—
2017	124,128	6.9 %	614	224,155	28.3 %	55.4	-16.6 %
2018	154,015	24.1	723	263,846	17.7	58.4	5.4
Year To Date, Ending Dec (STAR Competitive Set, without Subject Property)							
2017						63.4 %	—
2018						64.8	2.1 %
Calendar Year Forecast							
2019	161,347	4.8 % *	730	266,450	1.0 % *	60.6 %	3.7 % *
2020	168,226	4.3	759	276,946	3.9	60.7	0.3
2021	177,714	5.6	799	291,489	5.3	61.0	0.4
2022	179,761	1.2	799	291,489	0.0	61.7	1.2
2023	180,934	0.7	799	291,489	0.0	62.1	0.7

* Percent change compared to prior calendar year.

Demand is forecast to change by 4.8% between 2018 and 2019, followed by growth rates of 4.3% and 5.6% in 2020 and 2021, respectively. These growth rates reflect the weighted average result of our forecasting model that takes into consideration the expectations for each primary demand segment. Accordingly, the rates of change do not represent rounded numbers. Given demand growth driven by expanding entities and the strength of tourism market, the defined competitive market of hotels should experience modest occupancy growth over the next few years. This growth will be somewhat limited but the entrance of the Home2 by Hilton in the second projection year. However, as the subject property, Holiday Inn Express, Fairfield Inn by Marriott, and the Home2 Suites by Marriott are absorbed into the market and ramp-up operations additional demand is expected to be accommodated by the market given more rooms available on peak nights and the availability of more nationally branded properties. Based on historical occupancy levels in this market, and taking into consideration typical supply and demand cyclicalities, market occupancy is forecast to stabilize in the low 60s.

Conclusion

Our forecast is supported by the historical hotel market data, the primary market data collected while in the field, trends in the local economy presented in the previous chapter, and our hotel appraisal expertise. These room-night projections for the market area will be used in forecasting the subject property's occupancy and average rate in the RevPAR Forecast chapter.

5. HIGHEST AND BEST USE

The concept of highest and best use is a fundamental element in the determination of value of real property, either as if vacant or as improved. Highest and best use is defined as follows:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.³

As If Vacant

The subject site enjoys a favorable location near a main arterial and is of an appropriate size to support any number of retail, office, or hospitality projects. Within the hotel sector, sustained demand and ADR growth have enhanced the potential for new development. Moreover, construction financing is available for select new projects, particularly those in healthy markets and with strong sponsorship. Similar trends have been exhibited within the office and mixed-use sectors. Therefore, commercial development such as a viable hotel product, office space, or a mixed-use project on the subject site would represent the highest and best use; however, more market research would be required to make this determination.

As Improved

The subject hotel represents a viable enterprise generating a positive EBITDA Less Replacement Reserve, which is improving in the current economic environment. Accordingly, the property is generating sufficient return to the land to continue to support its current use as a full-service hotel. It is our opinion that the highest and best use of the subject property is its continued use as an operating hotel.

³ Appraisal Institute, *The Dictionary of Real Estate Appraisal*, 6th ed. (Chicago: Appraisal Institute, 2015).

6. REVPAR FORECAST

Along with average rate results, the occupancy levels achieved by a hotel are the foundation of the property's financial performance and market value. Most of a lodging facility's other revenue sources, such as food, beverage, and telephone income, are driven by the number of guests, and many expense levels also vary with occupancy. Consequently, a well-documented forecast of occupancy is essential. To a certain degree, occupancy attainment can be manipulated by management. For example, hotel operators may choose to lower rates in an effort to maximize occupancy. Our forecasts reflect an operating strategy that we believe would be implemented by a competent hotel management team to achieve an optimal mix of occupancy and average rate.

Brand Performance Overview

The following table provides two full years of historical occupancy, average rate, and RevPAR data for budget, economy, and mid-price brands. For this illustration, we only included brands with nationwide RevPAR levels under \$105.00.

Brand Performance

Brand	OCCUPANCY			ADR			RevPAR		
	2016	2017	% Chg.	2016	2017	% Chg.	2016	2017	% Chg.
Hilton Garden Inn	74.7%	75.5%	1.1 %	\$132.08	\$132.87	0.6 %	\$98.65	\$100.33	1.7 %
Courtyard by Marriott	67.7%	69.6%	2.8	134.97	136.59	1.2	91.34	95.09	4.1
Hyatt Place	72.4%	74.0%	2.2	126.81	129.77	2.3	91.82	96.02	4.6
Home2 Suites by Hilton	75.8%	78.7%	3.8	115.64	116.91	1.1	87.65	92.03	5.0
Staybridge Suites	76.8%	76.5%	(0.4)	116.46	118.03	1.3	89.49	90.33	0.9
Hampton Inn	73.7%	74.3%	0.8	120.81	122.02	1.0	89.05	90.65	1.8
Holiday Inn Express	68.8%	68.7%	(0.1)	111.52	112.64	1.0	76.74	77.43	0.9
Fairfield Inn by Marriott	65.4%	67.5%	3.2	109.82	110.81	0.9	71.81	74.75	4.1
Comfort Suites	69.3%	70.1%	1.1	96.32	97.01	0.7	66.74	67.96	1.8
Candlewood Suites	74.3%	74.3%	(0.0)	82.12	83.69	1.9	61.05	62.36	2.1
Comfort Inn	65.6%	66.0%	0.6	92.56	94.23	1.8	60.70	62.23	2.5
Wingate by Wyndham	62.7%	56.0%	(10.7)	90.70	89.38	(1.5)	56.84	50.06	(11.9)
Hawthorn Suites	66.3%	61.8%	(6.8)	82.39	82.76	0.4	54.60	51.12	(6.4)
Mainstay Suites	65.2%	68.4%	4.9	76.29	76.70	0.5	49.70	52.47	5.6
Sleep Inn	65.1%	65.5%	0.6	82.08	82.96	1.1	53.47	54.35	1.6
Clarion	58.3%	59.3%	1.7	82.35	84.64	2.8	48.01	50.14	4.4
Quality	59.1%	59.8%	1.2	77.80	79.25	1.9	45.99	47.41	3.1
Ramada	53.6%	52.0%	(3.0)	73.72	68.44	(7.2)	39.50	35.62	(9.8)
Microtel Inn & Suites	57.4%	53.8%	(6.3)	68.89	70.28	2.0	39.55	37.82	(4.4)
Baymont Inn & Suites	51.8%	47.6%	(8.1)	70.63	70.10	(0.8)	36.57	33.37	(8.8)
Suburban Extended Stay	75.5%	76.0%	0.7	49.96	51.76	3.6	37.72	39.31	4.2
Travelodge	50.5%	45.4%	(10.1)	70.73	70.35	(0.5)	35.74	31.94	(10.6)
Days Inn	50.6%	46.9%	(7.3)	68.06	67.02	(1.5)	34.44	31.45	(8.7)
Rodeway Inn	55.7%	56.0%	0.5	63.04	64.51	2.3	35.08	36.09	2.9
Econo Lodge	54.1%	54.5%	0.7	61.41	62.95	2.5	33.22	34.29	3.2
Howard Johnson	49.7%	50.4%	1.4	61.32	57.48	(6.3)	30.47	29.00	(4.8)
Super 8	57.8%	54.5%	(5.7)	48.18	45.73	(5.1)	27.84	24.92	(10.5)
Knights Inn	46.0%	43.6%	(5.2)	49.80	50.67	1.7	22.90	22.09	(3.5)
Max	76.8%	78.7%	4.9 %	\$134.97	\$136.59	3.6 %	\$98.65	\$100.33	5.6 %
Min	46.0%	43.6%	(10.7)	48.18	45.73	(7.2)	22.90	22.09	(11.9)

We note that the data reflect a relatively wide range of performance metrics:

- In 2017, occupancy ranged from a low of 43.6% for Knights Inn to a high of 78.7% for Home2 Suites by Hilton (these two brands held the high and low positions in 2016 as well). Several brands had modest gains in occupancy, and Mainstay Suites and Home2 Suites by Hilton had the most significant gains of roughly three points of occupancy each. Wingate and Travelodge had the most significant declines, followed by Baymont Inns. Twelve brands lost some ground in occupancy in 2017, while 16 registered gains.
- In 2017, average rates ranged from \$45.73 for Super 8 to a high of \$136.59 for Courtyard by Marriott. Clarion and Suburban Extended Stay had the most significant gains in average rate, of 2.8% and 3.6%, respectively, while Ramada the largest drop of 7.2%. Six brands lost ground in rate in 2017; all remaining brands moved to a higher rate position.
- In 2017, RevPAR ranged from \$22.09 for Knights Inn to a high of \$100.33 for Hilton Garden Inn. Mainstay Suites had the most significant gain in RevPAR, at 5.6%, while eight other brands grew RevPAR in excess of 3.0%. Ten brands lost ground in RevPAR in 2017.

Projection of Occupancy

The subject hotel's occupancy has been projected using a penetration analysis. The next table illustrates the historical and projected change in market-wide occupancy (see Chapter 4 for discussion), as well as the subject property's historical and projected penetration levels and resulting occupancy forecast.

Occupancy Projection

Year	Market-wide Hotel Occupancy	Subject Occupied Room Nights	Subject Available Room Nights	Subject Property Occupancy	Penetration
2016	66.4 %	2,254	7,600	29.7 %	44.7 %
2017	55.4	13,366	36,500	36.6	66.1
2018	58.4	13,396	36,500	36.7	62.9
Calendar Year Forecast					
2019	60.6 %	18,019	36,500	49.4 %	81.5 %
2020	60.7	20,436	36,500	56.0	92.2
2021	61.0	20,908	36,500	57.3	94.0
2022	61.7	21,113	36,500	57.8	93.8
2023	62.1	21,245	36,500	58.2	93.8

As the subject property was closed prior to late 2016, limited occupancy data was available. Furthermore, we were not provided with occupied rooms nights or detailed historical information. Therefore, we have relied upon the reported occupancy and ADR by ownership. The subject hotel's occupancy generally trended upward from re-opening in 2016 through 2018 given the ramp-up following the renovations that have taken place at the property. Despite modest growth in 2018, occupancy was depressed during April and May, as the property was not represented on third-party websites during the transition from an independent property to being affiliated with the Ascend Collection. Occupancy penetration has increased since opening in late 2016, with the most notable gains occurring in late 2018 due to revenue management strategies and the affiliation with Choice Hotels.

Our occupancy forecast for the subject hotel reflects an improvement because of the renovations, conversion to an interior-corridor hotel, recent affiliation with the Ascend Collection, and recent revenue management strategies. We have forecast the hotel's occupancy penetration level to increase as the hotel is re-established in the market.

Projection of Average Rate

The subject property's average rate has also been projected using a penetration analysis. The following table illustrates the historical and projected market-wide average rate, as well as the subject property's average rate forecast.

Average Rate Projection							
Year	Market-wide Hotel Average Rate	Change	Subject Occupied Room Nights	Subject Rooms Revenue	Subject Property Average Rate	Change	Penetration
2016	\$106.46	—	2,254	\$254,000	\$112.90	—	106.0 %
2017	107.13	0.6 %	13,366	1,547,000	115.77	2.5 %	108.1
2018	111.56	4.1	13,396	1,561,000	116.52	0.6	104.4
Calendar Year Forecast							
2019	\$106.54	(4.5) % *	18,019	\$1,871,721	\$103.87	-10.9 % *	97.5 %
2020	109.20	2.5	20,436	2,198,080	107.56	3.6	98.5
2021	112.47	3.0	20,908	2,328,153	111.35	3.5	99.0
2022	115.85	3.0	21,113	2,421,489	114.69	3.0	99.0
2023	119.32	3.0	21,245	2,509,651	118.13	3.0	99.0

* Percent change compared to prior calendar year.

We have relied on the average rate calculated based on the occupancy figures and rooms revenue figures provided by ownership; it is important to note this ADR differs slightly from the ADR figures provided by ownership. ADR at the subject hotel has increased during the last few years, largely attributed to the renovations and the Ascend Collection affiliation. The FEI World Equestrian Games, held in September, also helped boost ADR in 2018. However, as the subject property's occupancy has increased, management has declined ADR to facilitate occupancy growth. Since the property has reported to STR and we were provided with monthly statistics, ADR penetration has declined from roughly 124% in April to 96% in December, while occupancy penetration increased from almost 37% to roughly 85% during the same months. We expect this trend to continue with occupancy increases gains through more aggressive RevPAR management.

As illustrated above, the rate of change expected for the subject property's room rate in 2019 equates to -10.9%. This is followed by rates of 3.6% and 3.5% in 2020 and 2021, respectively. The subject hotel's room rate is anticipated to follow a trend similar to that of the market and at the end of the year, declining in the first projection year as the market normalized after the 2018 FEI World Equestrian Games and occupancy is increased through revenue management strategies including lower ADR in order to better compete. The average-rate penetration level is forecast to decline from historical levels, but reach fair share by the stabilized year as occupancy is gained and the property is established in the market. Anticipated future economic strength in this market should also support longer-term rate improvements for the subject hotel.

Projection of RevPAR

We calculated both the market's and the subject property's RevPAR using the projected occupancy and average room rates presented previously. These RevPAR levels are illustrated in the following table.

RevPAR Projection

Year	Market-wide Hotel		Subject Property		RevPAR Penetration
	RevPAR	Change	RevPAR	Change	
2016	\$70.71	—	\$33.49	—	47.4 %
2017	59.32	-16.1 %	42.39	26.6 %	71.5
2018	65.12	9.8	42.76	0.9	65.7
Calendar Year Forecast					
2019	\$64.51	(0.9) % *	\$51.28	19.9 % *	79.5 %
2020	66.33	2.8	60.22	17.4	90.8
2021	68.57	3.4	63.79	5.9	93.0
2022	71.44	4.2	66.34	4.0	92.9
2023	74.07	3.7	68.76	3.6	92.8

* Percent change compared to prior calendar year.

Summary of Forecast

The following occupancies and average rates will be used to project the subject property's rooms revenue; this forecast begins on February 1, 2019 (calendar years have been converted to fiscal years when applicable), and corresponds with our financial projections.

Forecast of Occupancy, Average Rate, and RevPAR

Year	Occupancy	Average Rate	RevPAR
2019/20	50 %	\$104.19	\$52.09
2020/21	56	107.88	60.41
2021/22	57	111.63	63.63
2022/23	57	114.98	65.54
2023/24	57	118.43	67.51

7. APPROACHES TO VALUE

The appraiser has three approaches from which to select when appraising real estate for market value: income capitalization, cost, and sales comparison. The inherent strengths of each approach and the nature of the subject property must be evaluated to determine which will provide supportable estimates of market value. The appraiser then selects one or more of the appropriate approaches in arriving at a final value estimate.

The income capitalization approach analyzes a property's ability to generate financial returns as an investment. The three methods used to estimate value via this approach include direct capitalization, a revenue multiplier, and a discounted cash flow. We then provide a reconciliation of a final estimate of value within this approach. The income capitalization approach is often selected as the preferred valuation method for operating properties because it most closely reflects the investment rationale of knowledgeable buyers. The sales comparison approach estimates the value of a property by comparing it to similar properties sold on the open market. To obtain an estimate of value, the sales price of a comparable property must be adjusted to reflect any dissimilarity between it and the subject property. This approach is most useful in the case of simple forms of real estate such as vacant land and single-family homes, where the properties are homogeneous and the adjustments are few and relatively simple to compute. In the case of complex investments such as hotels, where the adjustments are numerous and more difficult to quantify, the sales comparison approach loses much of its reliability.

The cost approach estimates market value by computing the current cost of replacing the property and subtracting any depreciation resulting from deterioration and obsolescence. The value of the land is then added to the depreciated value. The cost approach is most reliable for estimating the value of new properties; however, as the improvements deteriorate, the resultant loss in value becomes increasingly difficult to quantify. Based on our experience with hotel investors, this approach is not employed when making purchase decisions. The replacement cost may be used as a benchmark for testing reasonableness of value indications provided by income factors.

The final step in the valuation process is the reconciliation of the value indications. Factors that are considered in assessing the reliability of each approach include the purpose of the appraisal, the nature of the subject property, and the reliability of the data used. In the reconciliation, the applicability and supportability of each approach are considered, and the range of value indications is examined. The most weight is given to the approach that produces the most reliable solution and most reflects the criteria used by typical investors. Our nationwide experience with numerous hostelry buyers and sellers indicates that the procedures used in estimating market value by the income capitalization approach are comparable to those employed by the hotel and motel investors who constitute the marketplace. For this reason, the income capitalization approach produces the most supportable value estimate, and it is generally given the greatest weight in the hotel valuation process.

8. INCOME APPROACH

The income capitalization approach is based on the principle that the value of a property is indicated by its net return, known as the present worth of future benefits. These future benefits can be converted into an indication of market value through various methods. Because the subject property is an existing hotel with an established operating performance, its historical income and expense experience can serve as a basis for projections. The 2016 and 2017 income and expense history were derived from year-end tax returns; however, it is important to note that the subject property re-opened in the second half of 2016. The 2018 income and expense history was obtained from a profit and loss statement provided by ownership. Where applicable, we have reorganized the data in accordance with the Uniform System of Accounts for the Lodging Industry (USALI). Moreover, due to the absence of detail, items such as payroll and related expenses have been allocated among the various operating departments based on STR market data for comparable properties, our conversations with management, and our understanding of the current operation of the hotel. Additionally, the source statements did not allocate revenues between rooms, food and beverage, and other operated departments. Therefore, we have relied on allocation given to us by management.

Historical Operating Performance

	2018 Calendar Year			
Number of Rooms:	100			
Paid Occupied Rooms:	13,396			
Days Open:	365			
Paid Occupancy:	36.7%			
Average Rate:	\$116.52	Percentage	Available	Amount
RevPAR:	\$42.76	of Revenue	Room	Occupied Room
REVENUE				
Rooms	\$1,561	81.3 %	\$15,608	\$116.52
Food & Beverage	326	17.0	3,261	24.34
Other Operated Departments	32	1.7	319	2.38
Total	1,919	100.0	19,188	143.24
DEPARTMENTAL EXPENSES*				
Rooms	595	38.1	5,954	44.44
Food & Beverage	291	89.3	2,910	21.73
Other Operated Departments	13	40.7	130	0.97
Total	899	46.9	8,994	67.14
DEPARTMENTAL INCOME				
	1,019	53.1	10,194	76.10
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	163	8.5	1,633	12.19
Info. and Telecom. Systems	28	1.5	284	2.12
Marketing	167	8.7	1,668	12.45
Franchise Fee	98	5.1	983	7.34
Prop. Operations & Maint.	96	5.0	962	7.18
Utilities	134	7.0	1,344	10.04
Total	687	35.8	6,875	51.32
HOUSE PROFIT				
	332	17.3	3,319	24.78
Management Fee	0	0.0	0	0.00
INCOME BEFORE FIXED CHARGES				
	332	17.3	3,319	24.78
FIXED EXPENSES				
Property Taxes	6	0.3	56	0.41
Insurance	38	2.0	383	2.86
Lease	0	0.0	0	0.00
Total	44	2.3	439	3.28
NET INCOME				
	\$288	15.0 %	\$2,880	\$21.50

*Departmental expenses are expressed as a percentage of departmental revenues.

Historical Operating Performance

	2017 Calendar Year				2016 Calendar Year			
Number of Rooms:	100				100			
Paid Occupied Rooms:	13,366				2,254			
Days Open:	365				76			
Paid Occupancy:	36.6%				29.7%			
Average Rate:	\$115.77	Percentage	Available	Amount	\$112.90	Percentage	Available	Amount
RevPAR:	\$42.39	of Revenue	Room	Occupied	\$33.49	of Revenue	Room	Occupied
				Room				Room
REVENUE								
Rooms	\$1,547	83.0 %	\$15,474	\$115.77	\$254	95.8 %	\$2,545	\$112.90
Food & Beverage	275	14.7	2,747	20.55	0	0.0	0	0.00
Other Operated Departments	42	2.2	417	3.12	11	4.2	112	4.98
Total	1,864	100.0	18,638	139.44	266	100.0	2,657	117.88
DEPARTMENTAL EXPENSES*								
Rooms	598	38.6	5,975	44.70	146	57.4	1,462	64.84
Food & Beverage	290	105.7	2,903	21.72	80	#DIV/0!	800	35.50
Other Operated Departments	11	25.9	108	0.81	3	22.9	26	1.14
Total	899	48.2	8,986	67.23	229	86.1	2,287	101.48
DEPARTMENTAL INCOME								
	965	51.8	9,652	72.21	37	13.9	370	16.40
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	157	8.5	1,575	11.78	40	15.1	400	17.75
Info. and Telecom. Systems	65	3.5	646	4.84	11	4.1	109	4.85
Marketing	172	9.2	1,715	12.83	39	14.6	388	17.23
Franchise Fee	0	0.0	0	0.00	0	0.0	0	0.00
Prop. Operations & Maint.	164	8.8	1,644	12.30	63	23.8	633	28.08
Utilities	120	6.4	1,201	8.99	27	10.1	267	11.85
Total	678	36.4	6,782	50.74	180	67.7	1,798	79.76
HOUSE PROFIT								
	287	15.4	2,870	21.47	(143)	(53.8)	(1,428)	(63.36)
Management Fee	0	0.0	0	0.00	0	0.0	0	0.00
INCOME BEFORE FIXED CHARGES								
	287	15.4	2,870	21.47	(143)	(53.8)	(1,428)	(63.36)
FIXED EXPENSES								
Property Taxes	0	0.0	0	0.00	0	0.0	0	0.00
Insurance	51	2.7	512	3.83	28	10.6	283	12.55
Lease	0	0.0	0	0.00	0	0.0	0	0.00
Total	51	2.7	512	3.83	28	10.6	283	12.55
NET INCOME								
	\$236	12.7 %	\$2,358	\$17.64	(\$171)	(64.4) %	(\$1,711)	(\$75.91)

*Departmental expenses are expressed as a percentage of departmental revenues.

Revenues associated with telephone charges, the market pantry, and the arcade are included in the other operated departments' line. Historically no miscellaneous income was reported.

Comparable Operating Data

The following comparable operating statements from properties with a similar scope of service are from our database of hotel statistics and have also been used in our formulation of the subject property's projections.

The data are presented in four tables:

1. Percent of revenue
2. Amounts per available room
3. Amounts per occupied room
4. Composite statement

Following these figures, we have presented additional nationwide operating statistics as provided by STR's most recent HOST Report.

Percent of Revenue

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Year:	2016	2016	2015/16	2015	2014/15
Number of Rooms:	100 to 130	190 to 240	170 to 220	140 to 190	180 to 230
Days Open:	365	365	366	365	365
Occupancy:	54%	56%	58%	63%	55%
Average Rate:	\$108	\$85	\$101	\$106	\$102
RevPAR:	\$58	\$48	\$59	\$66	\$56
REVENUE					
Rooms	91.6 %	82.6 %	79.3 %	76.0 %	87.6 %
Food & Beverage	7.2	14.2	20.3	21.9	8.4
Other Operated Departments	1.2	3.1	0.3	1.5	1.6
Miscellaneous Income	0.0	0.0	0.1	0.6	2.3
Total	100.0	100.0	100.0	100.0	100.0
DEPARTMENTAL EXPENSES*					
Rooms	20.5	29.5	23.9	24.8	23.6
Food & Beverage	119.4	88.1	81.6	75.7	51.8
Other Operated Departments	90.5	29.0	163.4	52.5	105.3
Total	28.4	37.8	36.0	36.2	26.7
DEPARTMENTAL INCOME					
	71.6	62.2	64.0	63.8	73.3
OPERATING EXPENSES					
Administrative & General	7.7	10.0	7.5	7.9	10.5
Info. and Telecom. Systems	0.0	0.0	0.0	1.7	0.0
Marketing	9.4	7.5	3.1	6.7	6.5
Franchise Fee	7.0	4.2	7.0	6.1	6.9
Property Operations & Maintenance	3.1	5.6	5.1	4.5	8.0
Utilities	6.0	6.2	6.9	5.0	6.2
Total	33.1	33.6	29.7	32.0	38.1
HOUSE PROFIT					
	38.5	28.6	34.3	31.8	35.2
Management Fee	0.0	3.1	3.0	3.0	0.0
INCOME BEFORE FIXED CHARGES					
	38.4	25.5	31.3	28.8	35.2

* Departmental expense ratios are expressed as a percentage of departmental revenues

Amounts per Available Room

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Year:	2016	2016	2015/16	2015	2014/15
Number of Rooms:	100 to 130	190 to 240	170 to 220	140 to 190	180 to 230
Days Open:	365	365	366	365	365
Occupancy:	54%	56%	58%	63%	55%
Average Rate:	\$108	\$85	\$101	\$106	\$102
RevPAR:	\$58	\$48	\$59	\$66	\$56
REVENUE					
Rooms	\$21,141	\$17,425	\$21,621	\$24,267	\$20,512
Food & Beverage	1,662	3,004	5,539	6,990	1,977
Other Operating Departments	284	655	69	478	372
Miscellaneous Income	0	0	33	184	542
Total	23,087	21,084	27,262	31,920	23,404
DEPARTMENTAL EXPENSES					
Rooms	4,326	5,140	5,175	6,012	4,836
Food & Beverage	1,984	2,648	4,522	5,292	1,024
Other Operating Departments	257	190	113	251	392
Total	6,568	7,978	9,809	11,555	6,251
DEPARTMENTAL INCOME	16,519	13,106	17,453	20,365	17,152
OPERATING EXPENSES					
Administrative & General	1,769	2,114	2,051	2,518	2,454
Info. and Telecom. Systems	0	0	0	553	0
Marketing	2,180	1,584	857	2,149	1,517
Franchise Fee	1,618	890	1,915	1,942	1,622
Property Operations & Maintenance	704	1,178	1,404	1,449	1,861
Utilities	1,382	1,309	1,883	1,592	1,458
Total	7,652	7,075	8,109	10,203	8,911
HOUSE PROFIT	8,867	6,031	9,344	10,162	8,241
Management Fee	0	660	818	958	0
INCOME BEFORE FIXED CHARGES	8,867	5,371	8,526	9,205	8,241

Amounts per Occupied Room

	Comp 1	Comp 2	Comp 3	Comp 4	Comp 5
Year:	2016	2016	2015/16	2015	2014/15
Number of Rooms:	100 to 130	190 to 240	170 to 220	140 to 190	180 to 230
Days Open:	365	365	366	365	365
Occupancy:	54%	56%	58%	63%	55%
Average Rate:	\$108	\$85	\$101	\$106	\$102
RevPAR:	\$58	\$48	\$59	\$66	\$56
REVENUE					
Rooms	\$107.98	\$84.79	\$101.42	\$106.24	\$101.81
Food & Beverage	8.49	14.62	25.98	30.60	9.81
Other Operating Departments	1.45	3.19	0.32	2.09	1.85
Miscellaneous Income	0.00	0.00	0.16	0.81	2.69
Total	117.92	102.60	127.88	139.74	116.16
DEPARTMENTAL EXPENSES					
Rooms	22.10	25.01	24.27	26.32	24.00
Food & Beverage	10.13	12.88	21.21	23.17	5.08
Other Operating Departments	1.31	0.92	0.53	1.10	1.94
Total	33.55	38.82	46.01	50.59	31.03
DEPARTMENTAL INCOME					
	84.38	63.78	81.87	89.16	85.13
OPERATING EXPENSES					
Administrative & General	9.03	10.29	9.62	11.02	12.18
Info. and Telecom. Systems	0.00	0.00	0.00	2.42	0.00
Marketing	11.13	7.71	4.02	9.41	7.53
Franchise Fee	8.26	4.33	8.98	8.50	8.05
Property Operations & Maintenance	3.60	5.73	6.58	6.34	9.24
Utilities	7.06	6.37	8.83	6.97	7.24
Total	39.08	34.43	38.04	44.67	44.23
HOUSE PROFIT					
	45.29	29.35	43.83	44.49	40.90
Management Fee	0.00	3.21	3.84	4.19	0.00
INCOME BEFORE FIXED CHARGES					
	45.29	26.14	39.99	40.30	40.90

Composite Statement

	Occupancy: Average Rate: RevPAR:	57.3% \$99.33 \$56.92	Percentage of Revenue	Amount per Available Room	Amount per Occupied Room
REVENUE					
Rooms		\$18,720	82.5 %	\$20,777	\$99.33
Food & Beverage		3,488	15.4	3,871	18.51
Other Operating Departments		346	1.5	384	1.83
Miscellaneous Income		149	0.7	165	0.79
Total		22,702	100.0	25,196	120.46
DEPARTMENTAL EXPENSES					
Rooms		4,624	24.7	5,132	24.53
Food & Beverage		2,773	79.5	3,078	14.72
Other Operating Departments		216	62.5	240	1.15
Total		7,613	33.5	8,450	40.40
DEPARTMENTAL INCOME					
		15,089	66.5	16,747	80.06
OPERATING EXPENSES					
Administrative & General		1,989	8.8	2,207	10.55
Info. and Telecom. Systems		92	0.4	102	0.49
Marketing		1,437	6.3	1,595	7.62
Franchise Fee		1,411	6.2	1,566	7.49
Property Operations & Maintenance		1,235	5.4	1,370	6.55
Utilities		1,376	6.1	1,528	7.30
Total		7,540	33.2	8,368	40.01
HOUSE PROFIT					
		7,549	33.3	8,378	40.05
Management Fee		461	2.0	511	2.45
INCOME BEFORE FIXED CHARGES					
		7,088	31.2	7,867	37.61

We have also reviewed composite income and expense statements from the STR 2018 HOST Almanac. These statements were considered in our forecast of income and expense, although more so to provide a broad context of comparison in general.

U.S. HOTEL APPRAISALS
CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

	Total U.S.			Chain-Affiliated			Independent		
Occupancy	75.5%			75.5%			74.8%		
Average Size	118			119			108		
ADR	\$118.62			\$116.32			\$172.69		
	Ratio to Sales	Per Available Room	Per Occupied Roomnight	Ratio to Sales	Per Available Room	Per Occupied Roomnight	Ratio to Sales	Per Available Room	Per Occupied Roomnight
REVENUE									
Rooms	96.5 %	\$32,474	\$118.62	96.8 %	\$31,864	\$116.32	92.4 %	\$46,686	\$172.69
Other Operated Departments	2.3	765	2.80	2.2	725	2.65	3.4	1,694	6.26
Miscellaneous Income	1.2	396	1.45	1.0	321	1.17	4.2	2,146	7.94
Total Revenue	100.0 %	\$33,636	\$122.86	100.0 %	\$32,911	\$120.15	100.0 %	\$50,525	\$186.89
DEPARTMENTAL EXPENSES									
Rooms	24.2 %	\$7,873	\$28.76	23.6 %	\$7,517	\$27.44	34.6 %	\$16,163	\$59.79
Other Operated Departments	61.4	470	1.72	61.5	446	1.63	60.1	1,017	3.76
Total Departmental Expenses	24.8 %	\$8,342	\$30.47	24.2 %	\$7,963	\$29.07	34.0 %	\$17,180	\$63.55
Total Departmental Profit	75.2 %	\$25,293	\$92.39	75.8 %	\$24,948	\$91.07	66.0 %	\$33,345	\$123.35
UNDISTRIBUTED OPERATING EXPENSES									
Administrative & General	8.7 %	\$2,929	\$10.70	8.6 %	\$2,844	\$10.38	9.7 %	\$4,918	\$18.19
Information & Telecommunications Systems	1.2	419	1.53	1.2	407	1.49	1.3	679	2.51
Marketing	5.0	1,676	6.12	5.0	1,643	6.00	4.8	2,430	8.99
Franchise Fees	4.9	1,635	5.97	5.2	1,699	6.20	0.3	139	0.51
Utility Costs	3.8	1,285	4.69	3.8	1,261	4.60	3.6	1,843	6.82
Property Operations & Maintenance	4.6	1,543	5.63	4.5	1,490	5.44	5.5	2,759	10.21
Total Undistributed Operating Expenses	28.2 %	\$9,486	\$34.65	28.4 %	\$9,345	\$34.12	25.3 %	\$12,768	\$47.23
GROSS OPERATING PROFIT	47.0 %	\$15,807	\$57.74	47.4 %	\$15,602	\$56.96	40.7 %	\$20,577	\$76.12
Management Fees	3.1	1,040	3.80	3.1	1,024	3.74	2.8	1,404	5.19
INCOME BEFORE FIXED CHARGES	43.9 %	\$14,767	\$53.94	44.3 %	\$14,578	\$53.22	37.9	\$19,173	\$70.92
Selected Fixed Charges									
Taxes	4.8 %	\$1,609	\$5.88	4.7 %	\$1,556	\$5.68	5.6 %	\$2,835	\$10.49
Insurance	0.9	306	1.12	0.9	290	1.06	1.3	675	2.50
EBITDA	38.2 %	\$12,852	\$46.94	38.7 %	\$12,731	\$46.48	31.0 %	\$15,663	\$57.94
Reserve for Replacement	1.8 %	\$606	\$2.21	1.9 %	\$616	\$2.25	0.7 %	\$375	\$1.39

U.S. HOTEL APPRAISALS
CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

STR 2018 HOST Almanac (Limited-service – Ratio to Sales)

	New England	Middle Atlantic	South Atlantic	East North Central	East South Central	West North Central	West South Central	Mountain	Pacific
Occupancy	71.6%	78.1%	76.8%	71.9%	74.6%	71.7%	71.6%	75.1%	81.1%
Average Size	118	146	117	106	112	108	112	118	128
ADR	\$132.41	\$164.54	\$109.92	\$97.83	\$107.63	\$96.94	\$96.32	\$104.40	\$147.07
REVENUE									
Rooms	96.9 %	96.2 %	96.1 %	97.4 %	96.7 %	97.3 %	97.0 %	97.2 %	96.1 %
Other Operated Departments	2.6	2.0	2.6	1.9	2.4	1.8	2.3	2.0	2.4
Miscellaneous Income	0.5	1.8	1.3	0.7	0.9	0.8	0.7	0.8	1.4
Total Revenue	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
DEPARTMENTAL EXPENSES									
Rooms	23.5 %	28.4 %	23.4 %	24.1 %	22.9 %	25.8 %	24.6 %	23.9 %	22.1 %
Other Operated Departments	54.0	74.6	64.7	59.7	61.9	73.7	54.1	56.8	54.4
Total Departmental Expenses	24.2 %	28.8 %	24.1 %	24.6 %	23.6 %	26.5 %	25.1 %	24.4 %	22.5 %
Total Departmental Profit	75.8 %	71.2 %	75.9 %	75.4 %	76.4 %	73.5 %	74.9 %	75.6 %	77.5 %
UNDISTRIBUTED OPERATING EXPENSES									
Administrative & General	8.2 %	8.7 %	8.8 %	9.3 %	8.7 %	9.3 %	9.8 %	8.6 %	7.7 %
Information & Telecommunications Systems	1.2	1.2	1.2	1.6	1.4	1.5	1.5	1.4	0.9
Marketing	4.9	5.1	5.3	5.0	5.3	5.4	4.9	4.7	4.6
Franchise Fees	5.8	4.5	4.6	5.4	6.1	6.1	5.6	5.4	3.8
Utility Costs	5.0	3.5	4.0	4.1	4.2	4.4	4.1	3.8	3.2
Property Operations & Maintenance	4.8	4.5	4.9	5.0	4.4	5.0	5.3	4.4	3.7
Total Undistributed Operating Expenses	29.8 %	27.4 %	28.9 %	30.5 %	30.2 %	31.6 %	31.3 %	28.2 %	24.0 %
GROSS OPERATING PROFIT	46.0 %	43.8 %	47.0 %	44.9 %	46.2 %	41.9 %	43.6 %	47.3 %	53.5 %
Management Fees	2.8	2.7	3.2	3.0	3.3	3.1	3.1	3.1	3.3
INCOME BEFORE FIXED CHARGES	43.2 %	41.1 %	43.7 %	41.8 %	42.9 %	38.8 %	40.6 %	44.3 %	50.2 %
Selected Fixed Charges									
Taxes	4.9 %	8.4 %	3.6 %	5.2 %	3.4 %	5.2 %	5.1 %	3.4 %	3.5 %
Insurance	0.7	0.8	1.1	0.8	0.8	0.9	1.1	0.7	1.0
EBITDA	37.6 %	31.9 %	39.0 %	35.8 %	38.6 %	32.7 %	34.4 %	40.2 %	45.7 %
Reserve for Replacement	1.2 %	1.6 %	1.8 %	2.0 %	1.9 %	1.9 %	2.1 %	1.9 %	1.7 %

U.S. HOTEL APPRAISALS
CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

STR 2018 HOST Almanac (Limited-service – Per Available Rm.)

	New England	Middle Atlantic	South Atlantic	East North Central	East South Central	West North Central	West South Central	Mountain	Pacific
Occupancy	71.6%	78.1%	76.8%	71.9%	74.6%	71.7%	71.6%	75.1%	81.1%
Average Size	118	146	117	106	112	108	112	118	128
ADR	\$132.41	\$164.54	\$109.92	\$97.83	\$107.63	\$96.94	\$96.32	\$104.40	\$147.07
REVENUE									
Rooms	\$34,640	\$46,580	\$30,616	\$25,632	\$29,207	\$25,325	\$24,883	\$28,512	\$42,978
Other Operated Departments	933	957	830	500	713	481	595	592	1,084
Miscellaneous Income	164	867	420	174	283	217	184	221	646
Total Revenue	\$35,736	\$48,404	\$31,865	\$26,306	\$30,202	\$26,024	\$25,662	\$29,326	\$44,709
DEPARTMENTAL EXPENSES									
Rooms	\$8,132	\$13,218	\$7,151	\$6,181	\$6,692	\$6,535	\$6,123	\$6,823	\$9,483
Other Operated Departments	504	714	537	299	441	355	322	336	590
Total Departmental Expenses	\$8,636	\$13,932	\$7,688	\$6,480	\$7,134	\$6,889	\$6,445	\$7,159	\$10,073
Total Departmental Profit	\$27,100	\$34,472	\$24,177	\$19,827	\$23,069	\$19,135	\$19,217	\$22,166	\$34,635
UNDISTRIBUTED OPERATING EXPENSES									
Administrative & General	\$2,946	\$4,194	\$2,815	\$2,459	\$2,624	\$2,428	\$2,517	\$2,521	\$3,456
Information & Telecommunications Systems	424	565	375	418	434	395	387	397	422
Marketing	1,759	2,465	1,697	1,317	1,606	1,397	1,249	1,384	2,035
Franchise Fees	2,057	2,172	1,479	1,427	1,854	1,584	1,448	1,589	1,699
Utility Costs	1,770	1,674	1,281	1,091	1,265	1,138	1,063	1,104	1,438
Property Operations & Maintenance	1,705	2,197	1,561	1,317	1,343	1,295	1,358	1,290	1,671
Total Undistributed Operating Expenses	\$10,660	\$13,268	\$9,207	\$8,028	\$9,126	\$8,235	\$8,023	\$8,284	\$10,722
GROSS OPERATING PROFIT	\$16,440	\$21,204	\$14,970	\$11,799	\$13,943	\$10,899	\$11,193	\$13,883	\$23,914
Management Fees	998	1,294	1,030	801	996	806	783	896	1,481
INCOME BEFORE FIXED CHARGES	\$15,442	\$19,910	\$13,939	\$10,998	\$12,947	\$10,093	\$10,410	\$12,987	\$22,433
Selected Fixed Charges									
Taxes	\$1,752	\$4,085	\$1,163	\$1,368	\$1,037	\$1,357	\$1,308	\$988	\$1,572
Insurance	249	369	337	208	237	239	276	212	431
EBITDA	\$13,441	\$15,456	\$12,439	\$9,421	\$11,673	\$8,497	\$8,827	\$11,786	\$20,430
Reserve for Replacement	\$412	\$778	\$561	\$517	\$578	\$501	\$542	\$566	\$782

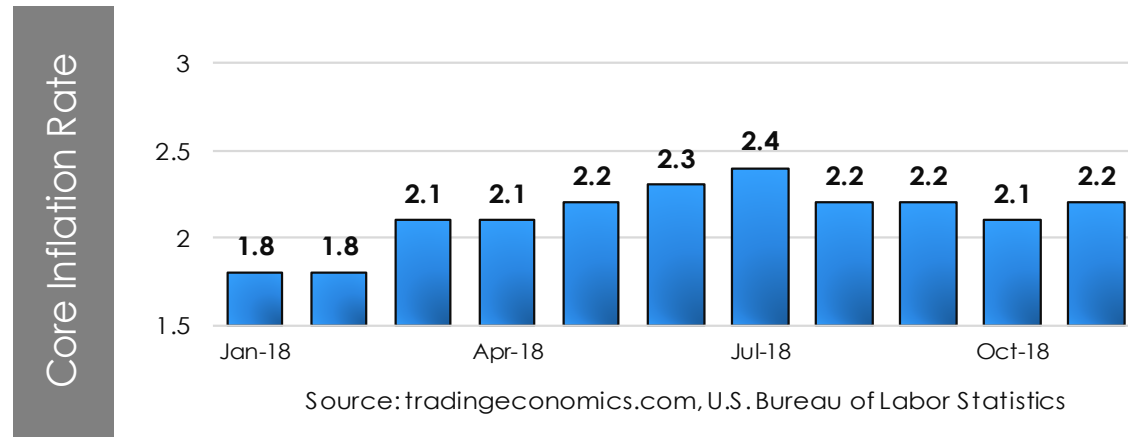
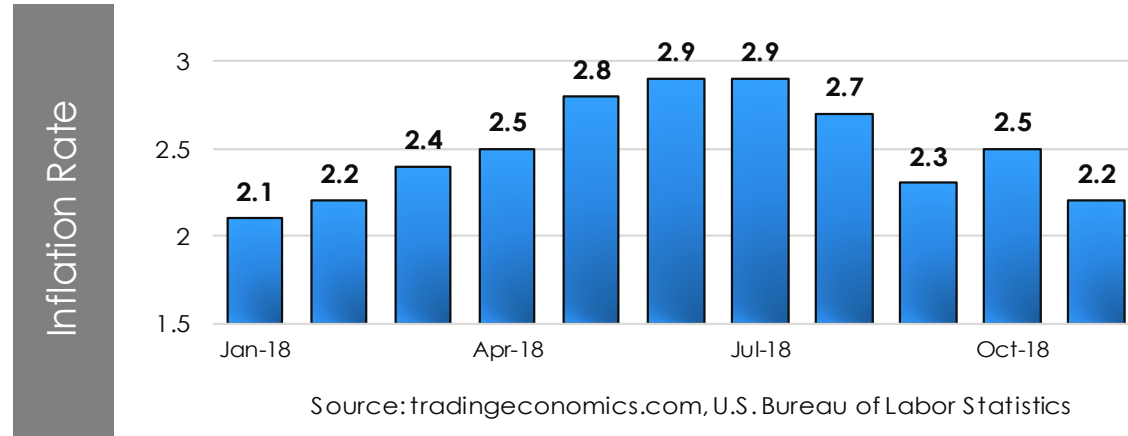
U.S. HOTEL APPRAISALS
CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

STR 2018 HOST Almanac (Limited-service – Per Occupied Rm.)

	New England	Middle Atlantic	South Atlantic	East North Central	East South Central	West North Central	West South Central	Mountain	Pacific
Occupancy	71.6%	78.1%	76.8%	71.9%	74.6%	71.7%	71.6%	75.1%	81.1%
Average Size	118	146	117	106	112	108	112	118	128
ADR	\$132.41	\$164.54	\$109.92	\$97.83	\$107.63	\$96.94	\$96.32	\$104.40	\$147.07
REVENUE									
Rooms	\$132.41	\$164.54	\$109.92	\$97.83	\$107.63	\$96.94	\$96.32	\$104.40	\$147.07
Other Operated Departments	3.56	3.38	2.98	1.91	2.63	1.84	2.30	2.17	3.71
Miscellaneous Income	0.63	3.06	1.51	0.66	1.04	0.83	0.71	0.81	2.21
Total Revenue	\$136.61	\$170.98	\$114.40	\$100.40	\$111.30	\$99.61	\$99.34	\$107.38	\$152.99
DEPARTMENTAL EXPENSES									
Rooms	\$31.09	\$46.69	\$25.68	\$23.59	\$24.66	\$25.01	\$23.70	\$24.98	\$32.45
Other Operated Departments	1.93	2.52	1.93	1.14	1.63	1.36	1.25	1.23	2.02
Total Departmental Expenses	\$33.01	\$49.21	\$27.60	\$24.73	\$26.29	\$26.37	\$24.95	\$26.21	\$34.47
Total Departmental Profit	\$103.59	\$121.77	\$86.80	\$75.67	\$85.01	\$73.24	\$74.39	\$81.17	\$118.52
UNDISTRIBUTED OPERATING EXPENSES									
Administrative & General	\$11.26	\$14.82	\$10.11	\$9.39	\$9.67	\$9.29	\$9.75	\$9.23	\$11.83
Information & Telecommunications Systems	1.62	2.00	1.35	1.59	1.60	1.51	1.50	1.45	1.44
Marketing	6.72	8.71	6.09	5.03	5.92	5.35	4.84	5.07	6.97
Franchise Fees	7.86	7.67	5.31	5.44	6.83	6.06	5.60	5.82	5.81
Utility Costs	6.76	5.91	4.60	4.16	4.66	4.35	4.12	4.04	4.92
Property Operations & Maintenance	6.52	7.76	5.60	5.02	4.95	4.96	5.26	4.72	5.72
Total Undistributed Operating Expenses	\$40.75	\$46.87	\$33.06	\$30.64	\$33.63	\$31.52	\$31.06	\$30.33	\$36.69
GROSS OPERATING PROFIT	\$62.85	\$74.90	\$53.74	\$45.03	\$51.38	\$41.72	\$43.33	\$50.83	\$81.83
Management Fees	3.82	4.57	3.70	3.06	3.67	3.09	3.03	3.28	5.07
INCOME BEFORE FIXED CHARGES	\$59.03	\$70.33	\$50.05	\$41.97	\$47.71	\$38.63	\$40.30	\$47.55	\$76.76
Selected Fixed Charges									
Taxes	\$6.70	\$14.43	\$4.17	\$5.22	\$3.82	\$5.19	\$5.06	\$3.62	\$5.38
Insurance	0.95	1.30	1.21	0.79	0.87	0.92	1.07	0.78	1.47
EBITDA	\$51.38	\$54.60	\$44.66	\$35.96	\$43.02	\$32.53	\$34.17	\$43.16	\$69.91
Reserve for Replacement	\$1.57	\$2.75	\$2.02	\$1.97	\$2.13	\$1.92	\$2.10	\$2.07	\$2.68

Inflation Assumption

A general rate of inflation must be established, which is applied to most revenue and expense categories. On average, the financial analysts who were surveyed in December 2018 for the Wall Street Journal Economic Forecasting Survey anticipated inflation rates ranging from 1.6% to 2.7% (on an annualized basis) for December 2018, with the average of these data points at 2.2%. The survey average declines slightly, to 2.1%, for the June 2019 opinion.



As a further check on these inflation projections, we have reviewed historical increases in the Consumer Price Index (CPI-U). Between 2007 and 2017, the national CPI increased at an average annual compounded rate of 1.7%; from 2012 through 2017, the CPI rose by a slightly lower average annual compounded rate of 1.3%. In 2017, the CPI rose by 2.1%, a notable increase from the level of 1.3% recorded in 2016. In consideration of the latest trends, the projections set forth above, and our assessment of probable property appreciation levels, we have applied an underlying inflation rate of 2.5% in the first two projection years, followed by 3.0% annually throughout the remaining projection period.

Forecast of Income and Expense

The forecast of income and expense are intended to reflect the appraisers' opinion of how a typical buyer would analyze the subject property's historical operating results and ultimately project its future activity. Based on the market for hotel accommodations in the subject property's market area and the anticipated position of the subject property in its identified competitive market, we have developed a forecast of income and expense. Important points are as follows:

- The forecast begins on February 1, 2019, in current value dollars for each year. The rooms revenue forecast is based on the occupancy and average rate projection presented in Chapter Six. The hotel's meeting space and F&B outlets were updated along with the hotel and are popular among hotel guests and locals. Going forward we expect these revenues to increase given the increased occupancy at the subject property forecasted and the establishment in the market.
- According to the Uniform System of Accounts, other operated departments include any major or minor operated department other than rooms and food and beverage. Revenues that are collected from telephone charges, market pantry sales, and the arcade games are reflected in this line item. As shown previously, the subject hotel did not historically report any revenues in the miscellaneous income category. We have reallocated a minimal amount of revenue going forward from the other operated department line item in order to conform to the USALI and to reflect revenues that new ownership would collect from telephone charges.
- The miscellaneous income category includes revenue classifications that are reported on a net basis. As shown previously, the subject hotel did not historically report any revenues in the miscellaneous income category. We have reallocated a minimal amount of revenue from other operated departments, to conform to the latest edition of the USALI and to reflect revenues that new ownership collects from sources such as vending commissions, cancellation fees, and other minor items.
- Rooms expense equated to \$44.44 per occupied room in the base year, and has been forecast to be \$26.71 in the first projection year. Based upon our review of the comparable operating statements we have repositioned the rooms expense going forward. We have assumed that new ownership would be able to initiate cost savings in this department, particularly by reducing the hotel's reliance on online travel agencies; therefore, reducing the commissions paid out. Furthermore, reservations fees are accounted from in the systems fee going forward, while these expenses were historically in the rooms department. The selected comparable operating data supports this level of expense.
- We have adjusted the F&B expense upward during the initial forecast period, above the underlying inflationary rate, to maintain an appropriate level of expense as a percentage of departmental revenue.
- Operating expenses are positioned in the base year based both on the available operating history of the hotel and the comparable operating data presented. Based upon our review of the subject hotel's provided operating history, as well as the comparable operating data, we have positioned the subject hotel's administrative and general line item at higher a higher level going forward. We have assumed a new owner would put in place an assistant general manager in addition to the existing general manager. Furthermore, we have positioned the hotels marketing expenses downward. The hotel currently employs three full time sales and marketing staff. Although the affiliation with a brand will likely increase some marketing expenses related to brand loyalty programs, we expect this expense to decline slightly. The additional marketing from the brand and as the hotel becomes established in the market should result in lower staffing needs or cost savings in other areas. Finally, we have adjusted the property operations and maintenance line upwards given the needs of the property as it ages and comparable operations.
- The costs of the Ascend Collection affiliation, which are reflected in our forecast, comprise a 5% membership fee and a 2.5% system fee (percentage of rooms revenue). Other charges related to the affiliation, such as frequent guest programs, are reflected in the appropriate departmental expenses, consistent with the Uniform System of Accounts for the Lodging Industry (USALI). Beyond the cost of the franchise, other on-site marketing efforts – reflected in the marketing expense line item – are forecast to stabilize at 6.4% of total revenue or \$1,861 per available room by the stabilized year.
- Total management fees for the subject property have been forecast at a market rate fee of 3.0% of total revenue. This level is considered typical for a hotel of this type, which should pay a base fee between 2.0% and 4.0% of total revenues to the management company.
- The assessment history, comparable data, and property tax burden forecast is illustrated in the following tables. As previously noted, the greater 6.72-acre site was subdivided into two parcels in 2018; historically taxes were paid on the entire site. Since 2019 tax assessments have not yet been published, we have determined the 2018 pro-rata tax

share for each respective property based on the site of the site and their respective improvements. The countywide reassessment is set for 2019, which is expected to reflect the renovations that have taken place. Additionally, values overall are expected to increase, according to conversations with officials at the assessor's office.

Assessment History – Real Property

Real Property				
Assessed Value				
Year	Land	Improvements	Total	Percent Change
2016	\$1,641,300	\$1,206,400	\$2,847,700	—
2017	1,641,300	1,206,400	2,847,700	0.0 %
2018	1,641,300	1,206,400	2,847,700	0.0

Assessment History – Personal Property

Personal Property			
Assessed			
Year	Value	Percent Change	
2016	\$0	—	%
2017	575,928	—	
2018	526,631	(8.6)	

Allocation by Pro-Rata Share

	2018 Pro-Rata Tax Share		
	Parcel 1	Parcel 2	Total
Land (acres)	3.74	2.98	6.72
Percentage of Total	56%	44%	100%
Assessed Value	\$913,462	\$727,838	\$1,641,300
Improvements (SF)	69500	19000	88500
Percentage of Total	79%	21%	100%
Assessed Value	\$947,399	\$259,001	\$1,206,400
Total Assessed Value	\$1,860,860	\$986,840	\$2,847,700

Property Assessments – Comparable Data

<u>Hotel</u>	<u>Year Open</u>	<u>Land</u>	<u>Improvements</u>	<u>Total</u>
Subject Property	1967	\$913,462	\$947,399	\$1,860,860
Hampton Inn Hendersonville	1986	598,500	4,640,300	5,238,800
Best Western Hendersonville Inn	1972	765,800	1,740,100	2,505,900
Fairfield Inn & Suites Hendersonville Flat Rock	2018	348,500	4,476,800	4,825,300
Holiday Inn Express & Suites Hendersonville South East Flat	2017	461,700	4,847,200	5,308,900
Mountain Inn & Suites	2001	555,800	2,023,600	2,579,400
Mountain Lodge & Conference Center	2008	249,200	3,660,900	3,910,100
Quality Inn & Suites Flat Rock	1996	392,000	2,196,400	2,588,400

Property Assessments – Comparable Data Per Room

<u>Hotel</u>	<u>Number of Rooms</u>	<u>Amounts Per Room</u>		
		<u>Land</u>	<u>Improvements</u>	<u>Total</u>
Subject Property	100	\$9,135	\$9,474	\$18,609
Hampton Inn Hendersonville	109	5,491	42,572	48,062
Best Western Hendersonville Inn	100	7,658	17,401	25,059
Fairfield Inn & Suites Hendersonville Flat Rock	84	4,149	53,295	57,444
Holiday Inn Express & Suites Hendersonville South East Flat	85	5,432	57,026	62,458
Mountain Inn & Suites	68	8,174	29,759	37,932
Mountain Lodge & Conference Center	64	3,894	57,202	61,095
Quality Inn & Suites Flat Rock	65	6,031	33,791	39,822

Source: Henderson Tax Assessor

Tax Forecast

Year	Assessed Value				Forecast Rate of Value Change	Base Rate of Tax Burden Increase	Real Prop. Tax Rate	Pers. Prop. Tax Rate	Tax Forecast
	Land	Improvements	Personal	Total					
Historical Pro-rata Share	\$913,462	\$947,399	\$526,631	\$2,387,491	—	—	1.06	1.06	\$25,188
2019/20	\$1,826,923	\$3,088,520	\$526,631	\$5,442,075	127.9 %	2.5 %	—	—	\$58,044
2020/21	1,826,923	3,088,520	526,631	5,442,075	0.0	2.5	—	—	59,495
2021/22	1,826,923	3,088,520	526,631	5,442,075	0.0	3.0	—	—	61,280
2022/23	1,826,923	3,088,520	526,631	5,442,075	0.0	3.0	—	—	63,118
2023/24	1,826,923	3,088,520	526,631	5,442,075	0.0	3.0	—	—	65,011

- Insurance expense is expected to remain relatively stable; it appears to be positioned at an appropriate level based upon our review of comparable data and our experience in this industry.
- The subject hotel does not report any additional significant fixed expenses.
- Based on the results of our analysis and on our review of the subject asset and comparable lodging facilities, as well as on our industry expertise, we estimate that a reserve for replacement of 4% of total revenues is sufficient to provide for the timely and periodic replacement of the subject property's furniture, fixtures, and equipment.

The following table illustrates the historical statement of revenue and expense and the first projection year for comparison purposes.

Historical Statement vs. First Forecast Year

	Historical Operating Results				2019/20			
	2018 Calendar Year							
Number of Rooms:	100				100			
Occupancy (Paid Rooms):	37%				50%			
Average Rate:	\$116.52				\$104.19			
RevPAR:	\$42.76				\$52.09			
Days Open:	365				365			
Occupied Rooms (Paid):	13,396	%Gross	PAR	POR	18,250	%Gross	PAR	POR
REVENUE								
Rooms	\$1,561	81.3 %	\$15,608	\$116.52	\$1,901	79.5 %	\$19,010	\$104.16
Food & Beverage	326	17.0	3,261	24.34	454	19.0	4,542	24.89
Other Operated Departments	32	1.7	319	2.38	29	1.2	287	1.57
Miscellaneous Income	0	0.0	0	0.00	8	0.3	76	0.42
Total Revenues	1,919	100.0	19,188	143.24	2,392	100.0	23,915	131.04
DEPARTMENTAL EXPENSES *								
Rooms	595	38.1	5,954	44.44	487	25.6	4,875	26.71
Food & Beverage	291	89.3	2,910	21.73	394	86.6	3,936	21.57
Other Operated Departments	13	40.7	130	0.97	14	48.0	138	0.75
Total	899	46.9	8,994	67.14	895	37.4	8,948	49.03
DEPARTMENTAL INCOME	1,019	53.1	10,194	76.10	1,497	62.6	14,967	82.01
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	163	8.5	1,633	12.19	208	8.7	2,084	11.42
Info. and Telecom. Systems	28	1.5	284	2.12	31	1.3	306	1.68
Marketing	167	8.7	1,668	12.45	169	7.1	1,691	9.27
Franchise Fee	98	5.1	983	7.34	143	6.0	1,426	7.81
Prop. Operations & Maint.	96	5.0	962	7.18	131	5.5	1,307	7.16
Utilities	134	7.0	1,344	10.04	145	6.1	1,450	7.94
Total	687	35.8	6,875	51.32	826	34.7	8,265	45.29
GROSS HOUSE PROFIT	332	17.3	3,319	24.78	670	27.9	6,702	36.73
Management Fee	0	0.0	0	0.00	72	3.0	717	3.93
INCOME BEFORE NON-OPER. INC. & EXP.	332	17.3	3,319	24.78	598	24.9	5,985	32.79
NON-OPERATING INCOME AND EXPENSE								
Property Taxes	6	0.3	56	0.41	58	2.4	580	3.18
Insurance	38	2.0	383	2.86	39	1.6	394	2.16
Reserve for Replacement	0	0.0	0	0.00	96	4.0	957	5.24
Total	44	2.3	439	3.28	193	8.0	1,931	10.58
NET INCOME**	\$288	15.0 %	\$2,880	\$21.50	\$405	16.9 %	\$4,054	\$22.21

*Departmental expenses are expressed as a percentage of departmental revenues.

NOI adjusted to reflect a

3.0% mgmt fee and a 4.0% reserve \$154 8.0 %

The following table illustrates our ten-year forecast of income and expense. U.S. Hotel Appraisals uses a fixed and variable component model to project a lodging facility's revenue and expense levels. This model is based on the premise that hotel revenues and expenses have one component that is fixed and another that varies directly with occupancy and facility usage. A projection can be made by taking a known level of revenue or expense and calculating its fixed and variable components. The fixed component is then increased in tandem with the underlying rate of inflation, while the variable component is adjusted for a specific measure of volume such as total revenue.

U.S. HOTEL APPRAISALS
CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

Ten-Year Forecast of Revenue and Expense

	2019/20		2020/21		2021/22		2022/23		2023/24		2024/25		2025/26		2026/27		2027/28		2028/29			
Number of Rooms:	100		100		100		100		100		100		100		100		100		100		100	
Occupied Rooms:	18,250		20,440		20,805		20,805		20,805		20,805		20,805		20,805		20,805		20,805		20,805	
Occupancy:	50%		56%		57%		57%		57%		57%		57%		57%		57%		57%		57%	
Average Rate:	\$104.19	% of	\$107.88	% of	\$111.63	% of	\$114.98	% of	\$118.43	% of	\$121.99	% of	\$125.64	% of	\$129.41	% of	\$133.30	% of	\$137.30	% of	\$137.30	
RevPAR:	\$52.09	Gross	\$60.41	Gross	\$63.63	Gross	\$65.54	Gross	\$67.51	Gross	\$69.53	Gross	\$71.62	Gross	\$73.77	Gross	\$75.98	Gross	\$78.26	Gross	\$78.26	
OPERATING REVENUE																						
Rooms	\$1,901	79.5 %	\$2,205	79.6 %	\$2,323	79.5 %	\$2,392	79.5 %	\$2,464	79.5 %	\$2,538	79.5 %	\$2,614	79.5 %	\$2,692	79.5 %	\$2,773	79.5 %	\$2,856	79.5 %	\$2,856	79.5 %
Food & Beverage	454	19.0	528	19.0	557	19.1	574	19.1	591	19.1	609	19.1	627	19.1	646	19.1	665	19.1	685	19.1	685	19.1
Other Operated Departments	29	1.2	31	1.1	32	1.1	33	1.1	34	1.1	35	1.1	36	1.1	37	1.1	38	1.1	39	1.1	39	1.1
Miscellaneous Income	8	0.3	8	0.3	8	0.3	9	0.3	9	0.3	9	0.3	10	0.3	10	0.3	10	0.3	10	0.3	10	0.3
Total Operating Revenue	2,392	100.0	2,772	100.0	2,920	100.0	3,007	100.0	3,098	100.0	3,191	100.0	3,286	100.0	3,385	100.0	3,486	100.0	3,591	100.0	3,591	100.0
DEPARTMENTAL EXPENSES*																						
Rooms	487	25.6	528	24.0	549	23.6	565	23.6	582	23.6	600	23.6	618	23.6	636	23.6	655	23.6	675	23.6	675	23.6
Food & Beverage	394	86.6	434	82.1	454	81.6	468	81.6	482	81.6	497	81.6	511	81.6	527	81.6	543	81.6	559	81.6	559	81.6
Other Operated Departments	14	48.0	14	46.6	15	46.4	15	46.4	16	46.4	16	46.4	17	46.4	17	46.4	18	46.4	18	46.4	18	46.4
Total	895	37.4	976	35.2	1,018	34.9	1,049	34.9	1,080	34.9	1,113	34.9	1,146	34.9	1,180	34.9	1,216	34.9	1,252	34.9	1,252	34.9
DEPARTMENTAL INCOME																						
	1,497	62.6	1,796	64.8	1,902	65.1	1,959	65.1	2,018	65.1	2,078	65.1	2,140	65.1	2,204	65.1	2,271	65.1	2,338	65.1	2,338	65.1
UNDISTRIBUTED OPERATING EXPENSES																						
Administrative & General	208	8.7	221	8.0	229	7.9	236	7.9	243	7.9	251	7.9	258	7.9	266	7.9	274	7.9	282	7.9	282	7.9
Info. and Telecom. Systems	31	1.3	32	1.2	34	1.2	35	1.2	36	1.2	37	1.2	38	1.2	39	1.2	40	1.2	41	1.2	41	1.2
Marketing	169	7.1	179	6.5	186	6.4	192	6.4	197	6.4	203	6.4	209	6.4	216	6.4	222	6.4	229	6.4	229	6.4
Franchise Fee	143	6.0	165	6.0	174	6.0	179	6.0	185	6.0	190	6.0	196	6.0	202	6.0	208	6.0	214	6.0	214	6.0
Prop. Operations & Maint.	131	5.5	139	5.0	144	4.9	148	4.9	153	4.9	157	4.9	162	4.9	167	4.9	172	4.9	177	4.9	177	4.9
Utilities	145	6.1	154	5.6	160	5.5	164	5.5	169	5.5	174	5.5	180	5.5	185	5.5	190	5.5	196	5.5	196	5.5
Total	826	34.7	891	32.3	927	31.9	954	31.9	983	31.9	1,013	31.9	1,043	31.9	1,074	31.9	1,106	31.9	1,140	31.9	1,140	31.9
GROSS HOUSE PROFIT																						
	670	27.9	904	32.5	976	33.2	1,004	33.2	1,035	33.2	1,066	33.2	1,097	33.2	1,130	33.2	1,164	33.2	1,199	33.2	1,199	33.2
Management Fee	72	3.0	83	3.0	88	3.0	90	3.0	93	3.0	96	3.0	99	3.0	102	3.0	105	3.0	108	3.0	108	3.0
INCOME BEFORE NON-OPER. INC. & EXP.																						
	598	24.9	821	29.5	888	30.2	914	30.2	942	30.2	970	30.2	999	30.2	1,029	30.2	1,060	30.2	1,091	30.2	1,091	30.2
NON-OPERATING INCOME AND EXPENSE																						
Property Taxes	58	2.4	59	2.1	61	2.1	63	2.1	65	2.1	67	2.1	69	2.1	71	2.1	73	2.1	75	2.1	75	2.1
Insurance	39	1.6	40	1.5	42	1.4	43	1.4	44	1.4	45	1.4	47	1.4	48	1.4	50	1.4	51	1.4	51	1.4
Reserve for Replacement	96	4.0	111	4.0	117	4.0	120	4.0	124	4.0	128	4.0	131	4.0	135	4.0	139	4.0	144	4.0	144	4.0
Total	193	8.0	211	7.6	220	7.5	226	7.5	233	7.5	240	7.5	247	7.5	255	7.5	262	7.5	270	7.5	270	7.5
EBITDA LESS RESERVE																						
	\$405	16.9 %	\$611	21.9 %	\$668	22.7 %	\$688	22.7 %	\$709	22.7 %	\$730	22.7 %	\$752	22.7 %	\$774	22.7 %	\$797	22.7 %	\$821	22.7 %	\$821	22.7 %

*Departmental expenses are expressed as a percentage of departmental revenues.

Direct Capitalization

We have estimated the value of the subject property via a direct capitalization approach. We reviewed both national cap-rate surveys and actual sales data to determine an appropriate range of cap rates for the subject property. Based on the individual characteristics of the subject property, an appropriate cap rate is selected. Given the expected ramp-up in operations and increased revenues forecasted, we have selected a capitalization rate at the low end of the range. The positioned net operating income (NOI) of the property is then divided by the selected cap rate for the derivation of the value estimate. If applicable, the capital deduction is applied.

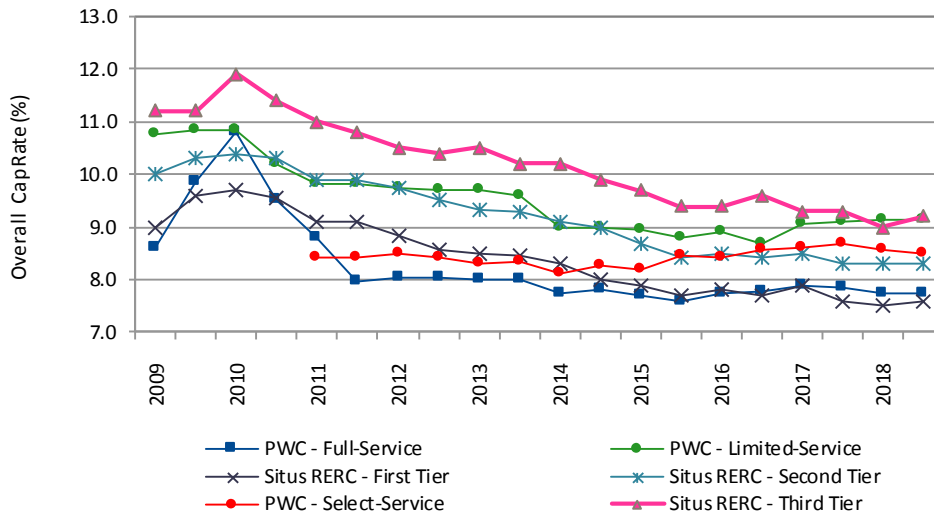
We have reviewed several recent investor surveys: *HVS Broker Survey*, *PWC Real Estate Investor Survey*, *Situs RERC Real Estate Report*, and the *USRC Hotel Investment Survey*. The following table summarizes the range of overall capitalization rates indicated by the hotel sales and the investor surveys for hotels similar in class to the subject property. The averages for each survey are listed directly underneath the ranges.

Results of Recent Investment Surveys - Capitalization Rates, Hotels

Source	Overall Cap Rate Average
HVS Hotel Brokers Survey Select-Service Hotels - Fall 2018	5.0% - 9.0% 7.8%
PWC Real Estate Investor Survey Select-Service Hotels - 3rd Quarter 2018	7.0% - 10.0% 8.5%
HVS Hotel Brokers Survey Limited-Service Hotels - Fall 2018	6.0% - 10.0% 8.5%
PWC Real Estate Investor Survey Limited-Service & Economy Hotels - 3rd Quarter 2018	7.5% - 11.0% 9.2%
Situs RERC Real Estate Report 2nd Tier Hotels - 3rd Quarter 2018	6.0% - 10.5% 8.3%
Situs RERC Real Estate Report 3rd Tier Hotels - 3rd Quarter 2018	7.8% - 12.0% 9.2%
USRC Hotel Investment Survey Limited-Service Hotels - Mid-Year 2018	6.5% - 9.3% 8.5%

The following chart summarizes the averages presented for overall capitalization rates in the various investor surveys during the past decade.

Historical Trend of Overall Capitalization Rates – Investor Surveys



The following represents cap rate data by quartile, for limited-service transactions, as published by Real Capital Analytics (RCA).

Historical Trend of Overall Capitalization Rates – Actual Sales '09-'18 (Real Capital Analytics)



We have also reviewed capitalization rates from our extensive hotel transactions database. A selection of these transactions is illustrated in the following table.

Capitalization Rate Data

Property	Location	Year Open	Date of Sale	Sale Price	Number of Rooms	Price Per Room	Cap Rate
Comfort Suites Lake Norman Huntersville	Huntersville, NC	2010	Nov-18	\$7,350,000	89	\$82,584	9.8 %
Quality Inn & Suites Rockingham	Rockingham, NC	1997	Aug-18	3,175,000	50	63,500	12.6
Holiday Inn Atlanta Northlake	Atlanta, GA	1985	Jul-18	10,275,000	129	79,651	3.4
Cloverleaf Suites Columbia	Columbia, SC	1988	May-18	4,875,000	120	40,625	10.6
Quality Inn & Suites Santee	Santee, SC	1968	May-18	2,700,000	106	25,472	10.4
Brookstone Lodge Asheville	Asheville, NC	2009	Feb-18	7,303,000	73	100,041	7.9
Wyndham Garden Greenville Airport	Greenville, SC	1993	Jan-18	8,050,000	139	57,914	6.0
Quality Inn Albemarle	Albemarle, NC	1988	Jun-17	2,650,000	79	33,544	14.4
Country Inn & Suites Boone	Boone, NC	2006	Dec-16	3,038,296	68	44,681	10.0
Aloft Columbia Harbison	Columbia, SC	1999	Sep-16	6,750,000	100	66,832	9.4
Average							9.4 %

Based on the capitalization rates indicated in the investor surveys, recent sales data, and our review of the subject property and its market, we have selected an overall rate as presented in the following table. Specific market factors considered in positioning this rate include the subject property's product quality, extent of facilities, and location.

Opinion of Market Value – Direct Capitalization Approach

2019/20 projected Net Income	\$405,000
÷ Capitalization Rate	6.00 %
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Estimated Value, Prior to Deduct	6,750,000
Capital Deduction (If Applicable)	0
<hr/>	
Estimated Value, After Deduct	\$6,750,000
(Rounded)	\$6,800,000
Per Room	\$68,000

Rooms Revenue Multiplier

A benchmark method for converting the subject property's revenue into an indication of value is to multiply the property's adjusted base-year rooms revenue by a rooms revenue multiplier (RRM). RRM's are derived from sales by dividing the indicated sales price by its rooms revenue.

In today's market, newer limited-service, select-service, and extended-stay hotels that do not suffer from significant obsolescence, are largely in compliance with brand standards, and have a long runway with their current brand are typically trading at RRM's from 3.5 to 4.5, with 4.0 to 5.0+ being more prevalent in neighborhoods with limited risk of new supply. Hotels with significant risk of new supply, a major capital expenditure pending, and/or a possible brand downgrade will tend to see RRM's below 3.0. Although the metric is a somewhat crude instrument for determining value, it can be particularly useful for properties that are owner-operated with atypical accounting methods or expense histories.

The following graphic illustrates the results from a recent survey completed by HVS (Fall 2018 Survey, October), that is sent to over 100 U.S. hotel brokers and reflects the respondents' view of the current trends in rooms revenue multipliers. The data is reported for limited-service and extended-stay hotels.



For the Fall survey, HVS also asked brokers specifically regarding multipliers by age and corridor type of limited-service hotels (for comparison purposes, multipliers for select-service hotels are also shown), as illustrated below.

Rooms Revenue Multiplier (RRM), Limited-Service			
	Exterior-corridor, pre-1985 build	Interior-corridor, 1980-2000 build	Interior-corridor, 2000-2018 build
Minimum	1.8	2.3	2.8
<i>Prior Survey (Spring '18)</i>	1.5	2.0	2.5
Maximum	4.5	4.5	5.3
<i>Prior Survey (Spring '18)</i>	3.8	4.5	5.0
Median	3.0	3.4	3.5
<i>Prior Survey (Spring '18)</i>	3.0	3.3	3.5
Average	2.9	3.3	3.7
<i>Prior Survey (Spring '18)</i>	2.9	3.3	3.6

**Rooms Revenue Multiplier (RRM),
Limited-Service & Extended-Stay**

Minimum	3.0
<i>Prior Survey (Spring '18)</i>	2.8
Maximum	5.5
<i>Prior Survey (Spring '18)</i>	4.5
Median	3.8
<i>Prior Survey (Spring '18)</i>	3.5
Average	3.7
<i>Prior Survey (Spring '18)</i>	3.5

**Rooms Revenue Multiplier (RRM),
Select-Service**

Minimum	3.0
<i>Prior Survey (Spring '18)</i>	3.8
Maximum	5.5
<i>Prior Survey (Spring '18)</i>	5.0
Median	3.8
<i>Prior Survey (Spring '18)</i>	3.8
Average	3.9
<i>Prior Survey (Spring '18)</i>	3.8

The following table illustrates recent rooms revenue multipliers from geographically relevant transactions.

Rooms Revenue Multipliers

Property	Location	Year Open	Room Count	Date of Sale	Sale Price	Price Per Room	GRRM
Quality Inn & Suites Rockingham	Rockingham, NC	1997	50	Aug-18	\$3,175,000	\$63,500	2.55
Cloverleaf Suites Columbia	Columbia, SC	1988	120	May-18	4,875,000	40,625	3.04
Quality Inn & Suites Santee	Santee, SC	1968	106	May-18	2,700,000	25,472	2.06
Brookstone Lodge Asheville	Asheville, NC	2009	73	Feb-18	7,303,000	100,041	4.35
Wyndham Garden Greenville Airport	Greenville, SC	1993	139	Jan-18	8,050,000	57,914	3.51
Holiday Inn Pigeon Forge	Pigeon Forge, TN	1980	206	Dec-17	10,675,000	51,820	2.27
Four Points by Sheraton Charlotte	Charlotte, NC	1988	132	Jun-17	13,000,000	98,485	3.37
Quality Inn Albemarle	Albemarle, NC	1988	79	Jun-17	2,650,000	33,544	3.14
Country Inn & Suites Boone	Boone, NC	2006	68	Dec-16	3,038,296	44,681	2.18
Aloft Columbia Harbison	Columbia, SC	1999	100	Sep-16	6,750,000	66,832	3.14
						Minimum	2.06
						Maximum	4.35
						Average	2.96

Based on our review of the survey data shown, our in-house research, and the same factors influencing our selection of overall rate, we have selected the most appropriate rooms revenue multiplier for the subject property, as illustrated in the following table.

Estimate of Market Value – Rooms Revenue Multiplier

2019/20 projected Rooms Revenue (Rounded)	\$1,901,000
x Multiplier	3.50
<hr/>	
Estimated Value, Prior to Deduct	6,653,500
Capital Deduction (If Applicable)	0
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Estimated Value, After Deduct	\$6,653,500
(Rounded)	\$6,700,000
Per Room	\$67,000

Ten-Year Discounted Cash Flow

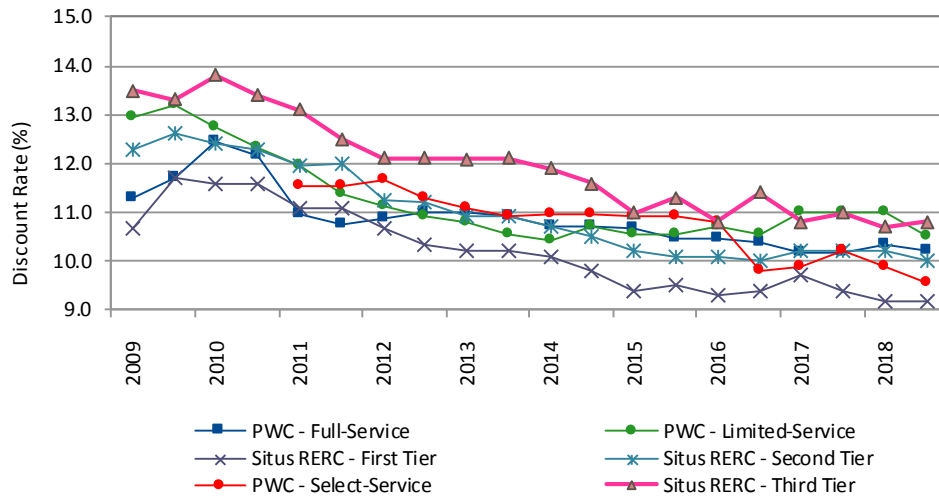
The subject property has been valued via a discounted cash flow. This analysis applies a discount factor to forecast revenues over a ten-year period, inclusive of a reversion of the hotel at the end of the holding period. We have reviewed several recent investor surveys: *HVS Broker Survey*, *PWC Real Estate Investor Survey*, *Situs CRE/RERC Real Estate Report*, and the *USRC Hotel Investment Survey*. The following table summarizes the range of overall capitalization rates indicated by the hotel sales and the investor surveys for hotels similar in class to the subject property. The averages for each survey are listed directly underneath the ranges.

Results of Recent Investment Surveys – Discount Rates and Terminal Capitalization Rates, Hotels

Source	Discount Rate Average	Terminal Cap. Rate Average
HVS Hotel Brokers Survey Select-Service Hotels - Fall 2018	7.0% - 15.0% 10.1%	4.5% - 10.0% 8.3%
PWC Real Estate Investor Survey Select-Service Hotels - 3rd Quarter 2018	8.0% - 11.0% 9.6%	7.0% - 10.0% 8.8%
HVS Hotel Brokers Survey Limited-Service Hotels - Fall 2018	7.5% - 15.0% 10.8%	5.0% - 11.0% 8.8%
PWC Real Estate Investor Survey Limited-Service & Economy Hotels - 3rd Quarter 2018	8.5% - 13.0% 10.5%	7.75% - 11.0% 9.4%
Situs RERC Real Estate Report 2nd Tier Hotels - 3rd Quarter 2018	7.1% - 13.3% 10.0%	6.5% - 11.3% 9.1%
Situs RERC Real Estate Report 3rd Tier Hotels - 3rd Quarter 2018	8.8% - 14.5% 10.8%	8.5% - 11.8% 9.9%
USRC Hotel Investment Survey Limited-Service Hotels - Mid-Year 2018	9.5% - 12.0% 11.1%	8.0% - 9.5% 9.0%

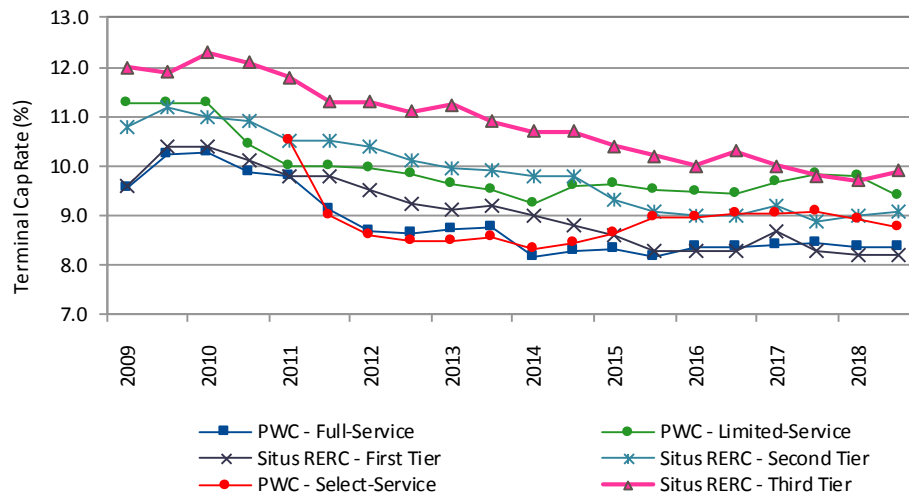
The following chart summarizes the averages presented for discount rates in various investor surveys during the past decade.

Historical Trend of Hotel Discount Rates



The following chart summarizes the averages presented for exit capitalization rates in various investor surveys during the past decade.

Historical Trend of Hotel Terminal Capitalization Rates



Our selected discount rate and terminal capitalization rate is presented in the following table.

Selection of Discount Rate and Terminal Capitalization Rate

Discount Rates:
 Averages of Surveys: 9.6% - 11.1%
 Data Points of Surveys: 7.0% - 15.0%

Selected Discount Rate: 11.50%

Terminal Capitalization Rates:
 Averages of Surveys: 8.3% - 9.9%
 Data Points of Surveys: 4.5% - 11.8%

Selected Terminal Cap Rate: 10.00%

Our selected discount rate and terminal capitalization rate considers the current market for midscale hotel investments, as well as the characteristics of the Ascend Collection and the Asheville lodging market. These selected rates were utilized in our discounted-cash-flow analysis, which is presented in the following table.

Discounted Cash Flow

Year	EBITDA Less Reserves	Discount Factor @ 11.50%	Discounted Cash Flow
2019/20	\$405,000	0.89686	\$363,000
2020/21	611,000	0.80436	491,000
2021/22	668,000	0.72140	482,000
2022/23	688,000	0.64699	445,000
2023/24	709,000	0.58026	411,000
2024/25	730,000	0.52042	380,000
2025/26	752,000	0.46674	351,000
2026/27	774,000	0.41860	324,000
2027/28	797,000	0.37543	299,000
2028/29	9,024,000 *	0.33671	3,038,000
	Estimated Market Value, Prior to Deduct Capital Deduction (If Applicable)		\$6,586,000 0
	Estimated Market Value, After Deduct		\$6,586,000
		Rounded To	\$6,600,000
		Per Room	\$66,000

Reversion Analysis

11th Year's EBITDA Less Reserves	\$846,000
Capitalization Rate	10.0%
Total Sales Proceeds	\$8,457,000
Less: Transaction Costs @ 3.0%	254,000
Net Sales Proceeds	\$8,203,000

* 10th year net income of \$821,000 plus sales proceeds of \$8,203,000

“As Is” Market Value Conclusion via Income Approach

The subject property was valued by two different income capitalization methodologies and a rooms-revenue-multiplier approach as a check against value. Based upon our review of each method and its inherent strengths and weaknesses, as well as investor attitudes and methodologies, we estimate the “as is” market value indication via this approach as follows.

Opinion of Value – Income Capitalization Approach

Direct Capitalization:	\$6,800,000
Discounted Cash Flow:	6,600,000
Rooms Revenue Multiplier (Check):	6,700,000

Income Capitalization Approach Value:	\$6,700,000
Per Room:	\$67,000

9. SALES COMPARISON

The sales comparison approach is based on the principle of substitution, which asserts that, when a property is replaceable, its value is limited to the cost of acquiring an equally desirable substitute (assuming that no costly delay is incurred in making substitution). Thus, the sales comparison approach can be used to determine an opinion of the market value of a property by comparing it to similar properties recently sold or being offered in the open market. Market value is indicated by the price at which equally desirable properties have sold, or for which they can be purchased.

Mid-Price Lodging Market Overview

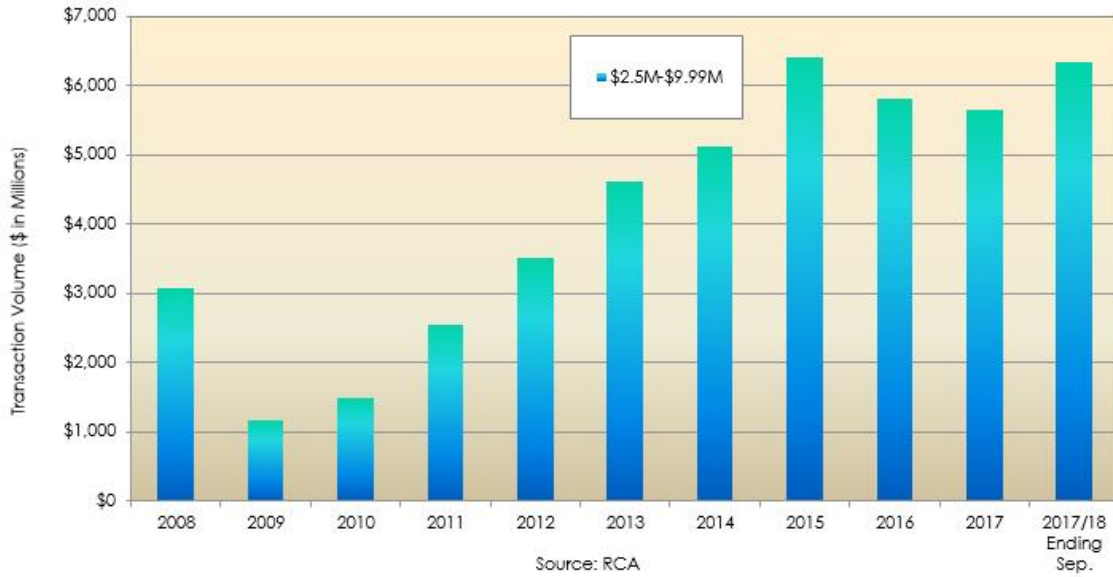
Prior to presenting the comparable hotel sales used in our analysis, it is important to give a brief synopsis of the mid-price hotel investment market during recent industry investment cycles.

Mid-priced hotel sales volume, which encompasses hotels that sold at prices between \$2.5 million to \$10.0 million, peaked in the 2005 through 2007 timeframe. During that period, financing was readily available at favorable interest rates and the environment of active buyers and sellers was healthy. Some new supply additions were occurring, but demand increases were absorbing them, which allowed RevPAR to continue to improve. The banking crisis and lack of available financing beginning in the latter half of 2008, as well as deteriorating operating cash flows when RevPAR declines ensued, resulted in a much lower transaction volume from 2008 through 2010. Owners were not quick to sell assets at a significant discount, partly due to high loan balances that were obtained during the 2005–2007 period. Owners chose to wait out the storm and, in some cases, renegotiate debt obligations with their lenders. The tidal wave of foreclosures never occurred, largely due to most lenders' preferred strategy to lean on loan modifications rather than initiating the process of taking back properties. There were also few buyers active in the market during that time, as their typical sources of financing dried up during the banking crisis.

Transaction volume of mid-priced hotels began to strengthen in 2011, as price increases took hold and a recovering cash-flow expectation could be substantiated. A variety of debt sources were increasingly available, but strict federal lending requirements kept the ultimate number of completed transactions somewhat muted. Sellers were still unwilling to part with hotels at significant discounts, as well, particularly during a time when RevPAR was rebounding so strongly. Transaction volume continued to rebound through 2014, with debt increasingly available, new supply on the distant horizon, and hotels showing substantial gains in RevPAR and profitability levels during that period. Transaction volume reached peak levels in 2015. In 2016 and 2017, there were fewer "mega deals" than those recorded during 2014 and 2015, and some lending sources retracted from the market or modified loan-to-value ratios, which cooled available debt. A gap persisted in the market, as well, with high seller expectations not always aligning with buyer expectations, which were taking into consideration the impact of new supply and PIP costs.

Annual Mid-Price Sales Trends

Source: RCA



Most Active Metro Areas For Hotel Sales – 2018 Through October

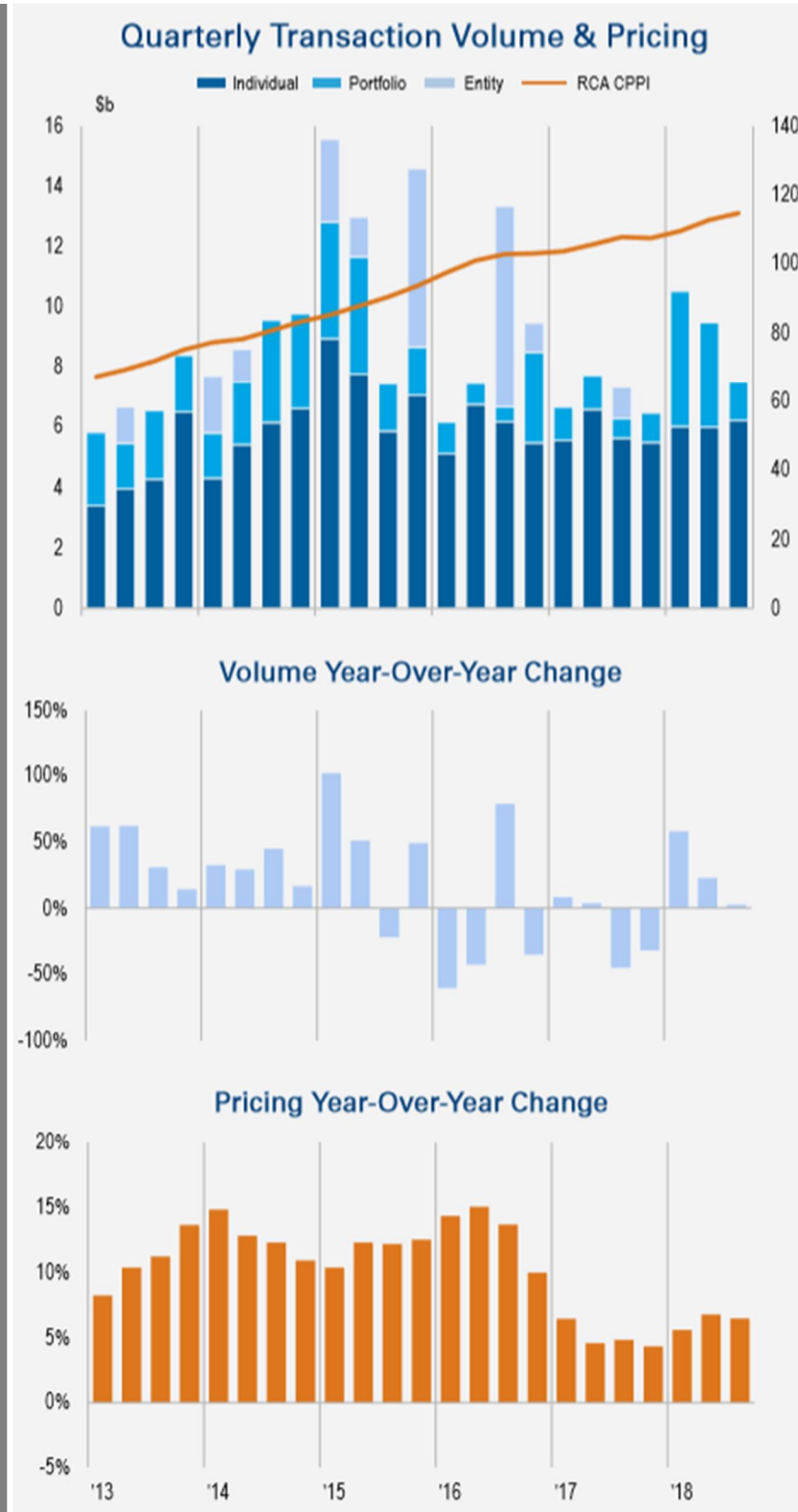
Source: RCA

2013	2017	YTD'18	Market	Sales Volume (\$m)	YOY
1	2	1	Manhattan	2,222	185%
13	9	2	Phoenix	1,470	324%
7	8	3	Hawaii	1,396	95%
3	10	4	San Francisco	1,078	134%
33	7	5	DC VA burbs	885	80%
40	43	6	San Antonio	706	539%
6	1	7	Los Angeles	654	-57%
14	6	8	Boston	652	58%
20	36	9	Denver	629	245%
53	13	10	Tampa	582	23%
15	3	11	Dallas	575	-2%
26	18	12	Seattle	558	29%
5	4	13	Honolulu	558	1%
23	24	14	Broward	537	80%
12	5	15	Atlanta	513	-35%
104	52	16	Las Vegas	471	413%
17	22	17	Inland Empire	426	37%
38	21	18	Philadelphia	412	23%
10	15	19	Chicago	405	-15%
21	11	20	DC	357	-38%
4	16	21	Orlando	330	-29%
8	23	22	Houston	330	2%
28	19	23	San Jose	322	12%
18	32	24	Austin	318	64%
101	75	25	Fort Myers	295	557%

Markets in orange denote record high YTD volume in YTD'18

Hotel Sector
 Transaction
 Volume vs. Cap
 Rate Trends:
 2013 - 2018

Source: RCA
 (October 2018)



Price per Room – Limited-Service Hotel Sales '09-'18 (Real Capital Analytics)



The sales price for a limited-service hotel averaged roughly \$89,000 per room during the year ending September 2018 (a 3.1% increase), with the third quarter 2018 average reported at roughly \$92,000 (reflecting a 5.8% increase), according to RCA.

The following table reflects hotel sale trends by region for the year 2018 through November, as reported by Real Capital Analytics.

Hotel Transactions Reported Closed		Full-Service				Limited-Service				All Hotel			
		Volume	Price	Volume	Price	Volume	Price	Volume	Price				
YTD through Nov'18		\$m	# Props	\$/Unit	Avg Cap Rate	\$m	# Props	\$/Unit	Avg Cap Rate	\$m	# Props	\$/Unit	Avg Cap Rate
Mid-Atlantic	Baltimore	208.3	7	155,477		44.2	5	97,788	9.2%	252.5	12	139,740	9.0%
	DC	1,262.6	15	334,404	5.7%	53.1	1		6.2%	1,315.6	16	337,564	5.9%
	DC MD burbs	79.6	4	85,841		57.9	4	124,709	7.7%	137.4	8	98,807	7.7%
	DC VA burbs	841.3	12	215,870	7.0%	55.6	5	107,031		896.9	17	200,167	7.0%
	Philadelphia	452.8	8	257,163		82.2	7	102,168	8.8%	535.0	15	206,892	7.7%
	Pittsburgh	55.0	2	134,804		35.5	5	72,078	7.9%	90.5	7	100,514	7.8%
	Richmond/Norfolk	213.6	7	71,560	7.0%	99.6	16	53,128	9.0%	313.2	23	58,554	8.6%
	Tertiary Mid-Atlantic	95.3	8	61,534		215.3	39	60,034	8.5%	310.5	47	60,455	8.5%
	Total	3,299.3	63	193,049	6.3%	643.3	82	78,023	8.4%	3,851.6	145	137,021	7.9%
Midwest	Chicago	788.6	12	170,746	8.1%	154.0	20	66,441	9.2%	942.7	32	128,994	8.5%
	Cincinnati	29.4	3			65.6	13	47,827	7.2%	95.0	16	44,982	7.2%
	Cleveland	33.5	3	78,826		80.2	14	45,797		113.7	17	55,579	
	Columbus	7.3	1			40.8	6	78,813		48.1	7	63,696	
	Detroit	29.9	3			27.6	2			57.5	5	64,107	
	Indianapolis	151.0	3			112.6	17			263.6	20	195,126	8.3%
	Kansas City	93.7	5	85,996	9.0%	152.5	21	64,763	8.0%	246.2	26	76,677	8.4%
	Minneapolis	113.3	2	226,600		76.7	12	61,077	11.1%	190.0	14	115,311	11.1%
	St Louis	186.2	7	82,833	8.6%	98.8	17	64,300		275.0	24	74,198	8.9%
	Tertiary Midwest	347.5	21	59,385	9.2%	895.2	152	62,278	7.9%	1,242.7	173	61,553	8.1%
	Total	1,780.5	60	108,922	8.7%	1,694.1	274	62,243	8.4%	3,474.6	334	78,601	8.5%
Northeast	Boston	1,423.2	12	271,536		140.3	5	278,274		1,563.5	17	272,858	
	Hartford					8.0	2	38,226		8.0	2	38,226	
	Long Island	67.3	2	144,004		42.0	3	308,532		109.2	5	181,112	
	Manhattan	2,129.3	14	588,268		984.2	8	432,182		3,113.5	22	553,789	4.8%
	No NJ	31.0	1			118.7	10	140,582	7.8%	149.7	11	140,582	7.8%
	NYC Boroughs	125.6	5	312,121		107.5	3	243,100		233.1	8	272,604	
	Stamford	61.6	3	82,566						61.6	3	82,566	
	Westchester					15.7	3	58,895	6.9%	15.7	3	58,895	6.9%
	Tertiary Northeast	254.6	12	128,022	8.4%	213.2	30	79,619	8.5%	467.8	42	101,863	8.5%
	Total	4,092.7	49	314,447	7.3%	1,629.4	64	171,078	7.9%	5,722.0	113	257,028	7.8%
Southeast	Atlanta	355.6	12	176,991	7.6%	199.6	28	63,270	9.7%	555.2	40	109,597	8.9%
	Broward	516.6	11	204,768		56.4	6	149,038		573.0	17	203,643	9.1%
	Charlotte				9.0%	151.9	16	85,998	9.5%	151.9	16	85,998	9.3%
	Jacksonville	85.1	5	100,591		66.4	10	66,873		151.5	15	83,419	
	Memphis	77.9	3	99,616		85.8	11	86,549		163.7	14	92,595	
	Miami	124.5	6	224,566	6.9%	112.2	11	134,988	8.6%	236.6	17	169,996	7.7%
	Nashville	215.9	4	210,961	7.6%	161.9	16	122,762		377.8	20	143,521	7.6%
	Orlando	82.0	4	56,319	9.8%	251.1	19	118,592	9.4%	333.1	23	87,262	9.6%
	Palm Beach	140.7	3	323,365		53.4	3	229,899		194.1	6	294,969	
	Raleigh/Durham					57.1	8	76,492	8.6%	57.1	8	76,492	8.6%
	Tampa	424.3	7	244,723	6.7%	249.7	17	116,849	7.1%	674.0	24	184,802	7.0%
	Tertiary Southeast	1,143.1	41	175,242	8.5%	1,647.2	233	74,166	9.6%	2,790.3	274	98,210	9.5%
Total	3,165.8	96	175,915	8.9%	3,092.6	378	83,896	9.4%	6,258.3	474	117,090	9.1%	
Southwest	Austin	135.6	3			232.4	23	111,163	9.2%	368.0	26	115,156	9.2%
	Dallas	591.4	9			280.4	41	74,958	9.2%	871.8	50	218,508	9.2%
	Denver	465.9	9	157,304		338.9	18	161,142	8.4%	804.8	27	158,933	8.4%
	Houston	255.0	4			253.7	34	54,913	9.4%	508.7	38	54,913	9.3%
	Phoenix	1,227.6	15	243,001		322.0	32	99,177		1,549.6	47	193,272	7.7%
	San Antonio	662.2	3	454,496		47.8	9	66,033	9.8%	710.0	12	367,412	9.8%
	Tertiary Southwest	540.6	20	101,296	8.2%	913.1	152	57,277	9.5%	1,453.8	172	66,357	9.3%
	Total	3,878.4	63	244,921	8.3%	2,388.3	309	83,310	9.3%	6,266.6	372	153,894	9.1%
	West	East Bay	47.5	1			25.1	3	190,152		72.6	4	237,255
Inland Empire		360.6	6	199,695	9.6%	84.9	11	88,619		445.5	17	161,196	9.2%
Las Vegas		436.4	3	221,085		80.1	6	70,542		516.5	9	184,882	
Los Angeles		1,161.4	11	360,472	6.6%	330.5	20	176,455	8.4%	1,491.8	31	264,214	7.5%
Orange Co		95.0	1			151.9	11	188,696	7.3%	246.9	12	203,377	7.7%
Portland		330.3	6	228,565		24.3	3	118,537	8.1%	354.6	9	210,915	8.1%
Sacramento		47.1	2	462,127		142.7	12	118,952	8.9%	189.9	14	145,837	8.6%
Salt Lake City						104.4	11			104.4	11		
San Diego		833.5	11	435,805		144.2	16	112,357		977.6	27	211,853	8.1%
San Francisco		2,057.8	14	399,921		208.4	10	255,721	3.9%	2,266.2	24	360,916	3.9%
San Jose		291.8	3	265,469		35.6	2	252,534		327.4	5	263,998	
Seattle		359.7	8	278,713		237.0	19	158,816	8.2%	596.6	27	216,645	7.6%
Tertiary West	2,907.7	35	351,749	7.2%	908.4	100	124,262	8.6%	3,816.2	135	241,353	8.0%	
Total	8,928.8	101	312,037	7.3%	2,477.5	224	139,123	8.2%	11,406.3	325	234,048	7.9%	
Total	Total US	25,054.4	432	230,091	7.8%	12,017.4	1,346	95,045	8.9%	37,071.8	1,778	156,979	8.6%

Despite prices rising, transaction activity of limited-service assets during the twelve months ending September 2018 waned, down roughly 7% from the same period prior, due primarily to the limited inventory for sale. Employment and consumer confidence remain strong, and RevPAR continues to move higher; these stable factors are currently supporting a healthy pool of buyers, but not enough sellers. Moreover, a wide variety of lender types remain active in the hotel sector at this time, promoting the healthy transactions market. As long as the seller is realistic about the impacts of new supply and PIPs, well-performing hotels that come to market should benefit from multiple bids during this time.

Improved Comparable Sales

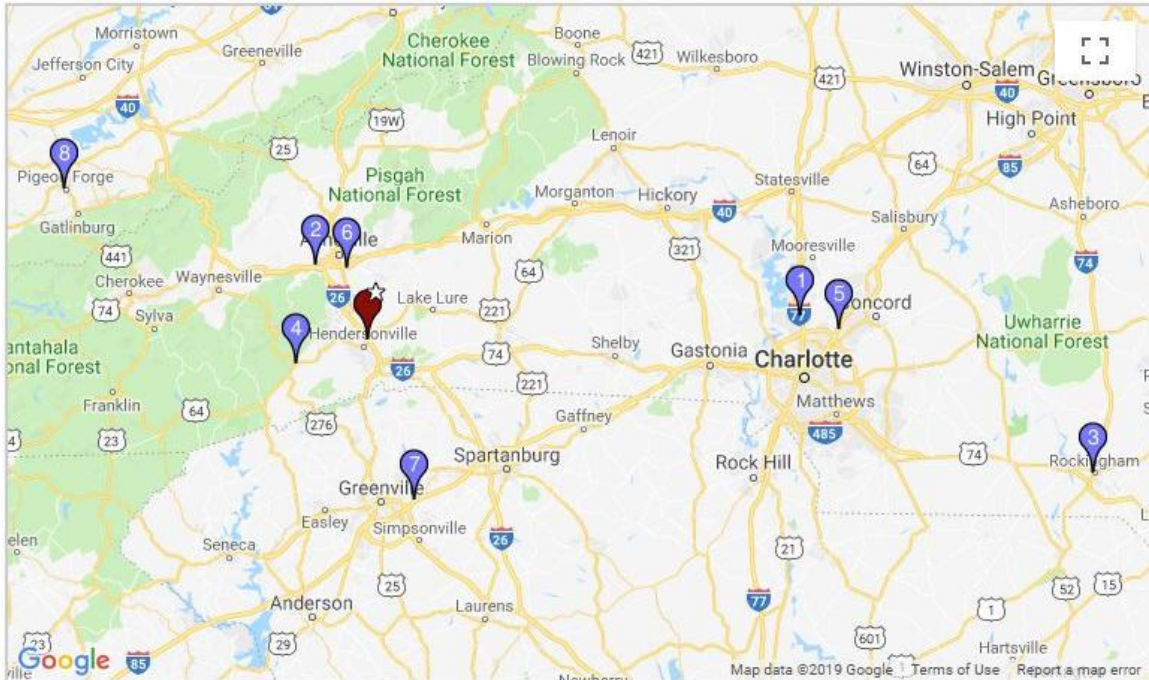
Our selection of comparable sales is based upon a comprehensive search for transactions of hotels that are similar to the subject property. We searched for sales of properties throughout the region and/or sales that reflect similarity in product type or branding. A selection of transactions that would be of interest to a buyer of this property is presented in the following table.

Property	Location	Sale Date	Price	Rooms	Price/Rm	Overall	
						Cap	Year Opened
Hyatt Place Charlotte Airport/Tyvola Road	Charlotte, NC	Dec-18	\$16,169,701	127	\$127,320	9.1%	1999
Comfort Suites Lake Norman Huntersville	Huntersville, NC	Nov-18	7,350,000	89	82,584	9.8%	2010
Country Inn & Suites By Carlson Asheville West Biltmore Estate	Asheville, NC	Sep-18	9,675,000	80	120,938	—	2009
Extended Stay America - Greenville - Woodruff Road	Greenville, SC	Sep-18	12,250,000	107	114,486	—	2018
Holiday Inn Express Hotel & Suites Concord	Kannapolis, NC	Aug-18	8,600,000	81	106,173	—	2003
Quality Inn & Suites Rockingham	Rockingham, NC	Aug-18	3,175,000	50	63,500	12.6%	1997
TownePlace Suites by Marriott Charlotte University Research Park	Charlotte, NC	Jul-18	7,250,000	96	75,521	—	2001
Comfort Suites Northlake	Charlotte, NC	Jun-18	7,175,000	104	68,990	—	2001
Suburban Extended Stay Hotel Greensboro	Greensboro, NC	May-18	5,000,000	133	37,594	6.5%	1980
Holiday Inn Express Brevard	Brevard, NC	May-18	4,100,000	63	65,079	—	2000
Holiday Inn Express & Suites Knoxville-North-I-75 Exit 112	Powell, TN	May-18	5,550,000	79	70,253	—	1997
Holiday Inn Express Gastonia	Gastonia, NC	Apr-18	8,650,000	80	106,790	9.9%	2005
Country Inn & Suites Rock Hill Charlotte	Rock Hill, SC	Apr-18	3,450,000	44	78,409	11.9%	1997
Wingate by Wyndham Concord	Concord, NC	Mar-18	8,400,000	93	90,323	—	2001
Brookstone Lodge Asheville	Asheville, NC	Feb-18	7,303,000	73	100,041	7.9%	2009
Monte Vista Hotel	Black Mountain, NC	Feb-18	3,000,000	45	66,667	—	1980
Wyndham Garden Greenville Airport	Greenville, SC	Jan-18	8,050,000	139	57,914	6.0%	1993
Holiday Inn Express & Suites Charlotte-Arrowood	Charlotte, NC	Sep-17	10,300,000	97	106,186	10.6%	2007
Comfort Inn Rocky Mount	Rocky Mount, NC	Aug-17	7,700,000	125	61,600	11.4%	1990
Holiday Inn Express & Suites Kernersville	Kennersville, NC	Jul-17	3,550,000	56	63,393	10.0%	2001
Four Points by Sheraton Charlotte	Charlotte, NC	Jun-17	13,000,000	132	98,485	15.6%	1988
Comfort Suites Gastonia	Gastonia, NC	Jun-17	12,456,218	109	114,277	—	1996
Fairfield Inn by Marriott Charlotte Northlake	Charlotte, NC	Jun-17	10,113,482	93	108,747	—	1999
Best Western Charlotte Matthews	Charlotte, NC	Jun-17	5,700,000	93	61,290	—	1988
SpringHill Suites by Marriott Charlotte Airport	Charlotte, NC	Apr-17	5,830,500	95	61,374	—	2002
Courtyard by Marriott Rock Hill	Rock Hill, SC	Apr-17	7,800,000	90	86,667	15.2%	2000
Sleep Inn Raleigh Durham Airport	Durham, NC	Mar-17	4,750,000	73	65,068	17.9%	2002
Staybridge Suites Charlotte Ballantyne	Charlotte, NC	Mar-17	16,500,000	118	139,831	—	2001
Crowne Plaza Greenville Roper Mountain	Greenville, SC	Feb-17	13,600,000	205	66,341	—	1984
Sleep Inn Concord Kannapolis	Concord, NC	Feb-17	5,200,000	82	63,415	—	1998
Courtyard by Marriott Charlotte Matthews	Matthews, NC	Feb-17	11,250,000	121	92,975	—	1997
Hilton Durham	Durham, NC	Jan-17	14,392,000	195	73,805	13.8%	1987
Country Inn & Suites Boone	Boone, NC	Dec-16	3,038,296	68	44,681	10.0%	2006
Quality Inn & Suites University Boone	Boone, NC	Dec-16	3,261,700	72	45,301	4.6%	2000
Comfort Inn Shelby	Shelby, NC	Nov-16	4,100,000	77	53,247	—	1989
Candlewood Suites Durham Research Triangle Park	Durham, NC	Oct-16	7,888,505	122	64,660	6.1%	1980
Suburban Extended Stay Hotel Greensboro	Greensboro, NC	Oct-16	11,081,826	133	83,322	3.3%	1980
Candlewood Suites Raleigh Crabtree	Raleigh, NC	Oct-16	10,084,370	122	82,659	10.9%	2001
Aloft Columbia Harbison	Columbia, SC	Sep-16	6,750,000	100	66,832	9.4%	1999
Comfort Suites Clinton	Clinton, SC	Jul-16	4,825,000	91	53,022	—	2009
Baymont Inn & Suites Forest City	Forest City, NC	Jun-16	3,050,000	60	50,833	—	1997
Sleep Inn Wake Forest	Wake Forest, NC	Jun-16	4,250,100	80	53,126	8.1%	1999

In review of the previous and other reviewed sales, we have chosen several primary transactions for further review and consideration in the development of an indication of value via this approach. When possible, we gave priority to transactions occurring in the same state or region as the subject property. We also considered factors such as operational and physical similarities to the subject property, including brand affiliation and revenue-generating aspects. We have primarily focused on transactions that occurred within the last two years because of changes in market conditions since

that time. The following transactions, illustrated in the following map and tables, have been further reviewed and considered in the development of an indication of value via this approach. It is important to note that some sales were only confirmed via County Records and information provided by Real Capital Analytics as we were not able to reach a party to the sale. We have considered the reliability of our data in our reconciliation.

Map of Comparable Sales



Property	Location	Sale Date	Price	Rooms	Price/Rm
Subject Property					
Comfort Suites Lake Norman Huntersville	Huntersville, NC	Nov-2018	7,350,000 USD	89	82,584 USD
Country Inn & Suites By Carlson Asheville West Biltmore Estate	Asheville, NC	Sep-2018	9,675,000 USD	80	120,938 USD
Quality Inn & Suites Rockingham	Rockingham, NC	Aug-2018	3,175,000 USD	50	63,500 USD
Holiday Inn Express Brevard	Brevard, NC	May-2018	4,100,000 USD	63	65,079 USD
Wingate by Wyndham Concord	Concord, NC	Mar-2018	8,400,000 USD	93	90,323 USD
Brookstone Lodge Asheville	Asheville, NC	Feb-2018	7,303,000 USD	73	100,041 USD
Wyndham Garden Greenville Airport	Greenville, SC	Jan-2018	8,050,000 USD	139	57,914 USD
Holiday Inn Pigeon Forge	Pigeon Forge, TN	Dec-2017	10,675,000 USD	206	51,820 USD

Sale #1
Comfort Suites Lake Norman Huntersville
Huntersville, NC
89 Rooms



Transaction Data

Date of Sale:	November-18
Interest Conveyed:	Fee Simple
Buyer:	Sangeeta Desai
Seller:	Sudha Investments Inc of Huntersville
Sales Price:	\$7,350,000
Price per Room:	\$82,584
Rev PAR:	Not Available
Rooms Revenue Multiplier:	Not Available
Reported Capitalization Rate:	9.8%
Confirmation:	Broker

Property Data

Year Opened:	2010
Property Class:	Mid-Scale
Facilities:	# Stories: 4, # F&B Outlets: 1, Total SF Meeting Space: 1311
Amenities:	Business Center, Guest Laundry Area, Indoor Swimming Pool, Fitness Center
Condition at Sale:	Good
Type of Location:	Suburban

This limited-service hotel is located just off of Interstate 77, approximately 20 minutes from Charlotte, NC.

Sale #2
Country Inn & Suites By Carlson Asheville West Biltmore Estate
Asheville, NC
80 Rooms



Transaction Data

Date of Sale:	September-18
Interest Conveyed:	Fee Simple
Buyer:	Daly Hotel Management
Seller:	Accente Group
Sales Price:	\$9,675,000
Price per Room:	\$120,938
Rev PAR:	Not Available
Rooms Revenue Multiplier:	Not Available
Reported Capitalization Rate:	Not Disclosed
Confirmation:	RCA Data Integration

Property Data

Year Opened:	2009
Property Class:	Mid-Scale
Facilities:	# Stories: 4, # F&B Outlets: 1, Total SF Meeting Space: 200
Amenities:	Guest Laundry Area, Outdoor Swimming Pool, Fitness Room, Lobby Workstation, Market Pantry, Coffee Station, Vending Area(s)
Condition at Sale:	Good
Type of Location:	Suburban

Upon the sale, the property was expected to undergo brand-mandated renovations and to continue operations as a Country Inn & Suites.

Sale #3
Quality Inn & Suites Rockingham
Rockingham, NC
50 Rooms



Transaction Data

Date of Sale:	August-18
Interest Conveyed:	Fee Simple
Buyer:	AAK Hospitality LLC
Seller:	RRT LLC
Sales Price:	\$3,175,000
Price per Room:	\$63,500
Rev PAR:	\$68
Rooms Revenue Multiplier:	2.6
Reported Capitalization Rate:	12.6%
Confirmation:	RCA Data Integration

Property Data

Year Opened:	1997
Property Class:	Mid-Scale
Facilities:	# Stories: 2, # F&B Outlets: 1
Amenities:	Outdoor Swimming Pool, Vending Area(s), Outdoor Patio & Barbecue Area
Condition at Sale:	Good
Type of Location:	Highway, Suburban

The hotel received new case goods, softgoods, artwork, and lamps in the guestrooms during a 2015/16 renovation. A property improvement plan put in place by the brand at the time of sale was expected to cost \$100,000.

Sale #4
Holiday Inn Express Brevard
Brevard, NC
63 Rooms



Transaction Data

Date of Sale:	May-18
Interest Conveyed:	Fee Simple
Buyer:	Paragon Hotel Company
Seller:	Charter One Hotels & Resorts Inc
Sales Price:	\$4,100,000
Price per Room:	\$65,079
Rev PAR:	Not Available
Rooms Revenue Multiplier:	Not Available
Reported Capitalization Rate:	Not Disclosed
Confirmation:	RCA Data Integration

Property Data

Year Opened:	2000
Property Class:	Mid-Scale
Facilities:	# Stories: 3, # F&B Outlets: 1, Total SF Meeting Space: 860
Amenities:	Business Center, Guest Laundry Area, Outdoor Swimming Pool, Fitness Center, Coffee Station, Laundry/Valet Service
Condition at Sale:	Good
Type of Location:	Suburban

Following the sale, this property was expected to undergo renovations of the guest rooms and public spaces.

Sale #5
Wingate by Wyndham Concord
Concord, NC
93 Rooms



Transaction Data

Date of Sale:	March-18
Interest Conveyed:	Fee Simple
Buyer:	Riddhi Vinayak Inc
Seller:	LRP Hotels
Sales Price:	\$8,400,000
Price per Room:	\$90,323
Rev PAR:	N/A
Rooms Revenue Multiplier:	N/A
Reported Capitalization Rate:	Not Disclosed
Confirmation:	RCA Data Integration

Property Data

Year Opened:	2001
Property Class:	Mid-Scale
Facilities:	# F&B Outlets: 1
Amenities:	Business Center, Guest Laundry Area, Outdoor Swimming Pool, Fitness Room
Condition at Sale:	Very Good
Type of Location:	Suburban

This limited-service hotel was anticipated to remain a Wingate by Wyndham. Previously, the hotel sold in October 2015 for \$7,150,000.

Sale #6
Brookstone Lodge Asheville
Asheville, NC
73 Rooms



Transaction Data

Date of Sale:	February-18
Interest Conveyed:	Fee Simple
Buyer:	Omkar of Asheville LLC
Seller:	Mitch Cox Companies
Sales Price:	\$7,303,000
Price per Room:	\$100,041
Rev PAR:	\$0
Rooms Revenue Multiplier:	0.1
Reported Capitalization Rate:	7.9%
Confirmation:	RCA Data Integration & Project Record

Property Data

Year Opened:	2009
Property Class:	Mid-Scale
Facilities:	# Stories: 4, # F&B Outlets: 1, Total SF Meeting Space: 600
Amenities:	Indoor Swimming Pool, Fitness Room, Lobby Workstation, Market Pantry, Vending Area(s)
Condition at Sale:	Very Good
Type of Location:	Highway

Following the sale, this independent property was expected to receive guestroom updates, such as new case goods, at a cost of approximately \$200,000 (\$2,740 per room). The sale was confirmed via County Records and Real Capital Analytics.

Sale #7
Wyndham Garden Greenville Airport
Greenville, SC
139 Rooms



Transaction Data

Date of Sale:	January-18
Interest Conveyed:	Fee Simple
Buyer:	AD1 Management Inc; Jose D Berman
Seller:	Liberty Group of Cos
Sales Price:	\$8,050,000
Price per Room:	\$57,914
Rev PAR:	\$45
Rooms Revenue Multiplier:	3.5
Reported Capitalization Rate:	6.0%
Confirmation:	RCA Data Integration

Property Data

Year Opened:	1993
Property Class:	Upscale
Facilities:	Total SF Meeting Space: 993
Amenities:	Business Center, Guest Laundry Area, Outdoor Swimming Pool, Fitness Center
Condition at Sale:	Good
Type of Location:	Airport

This limited-service hotel underwent a significant renovation in 2014/2015 when it converted from a Quality Inn. Following the sale this hotel was expected to undergo a brand-mandated PIP.

Sale #8
Holiday Inn Pigeon Forge
Pigeon Forge, TN
206 Rooms



Transaction Data

Date of Sale:	December-17
Interest Conveyed:	Fee Simple
Buyer:	TKC Hospitality I LLC
Seller:	Pigeon Forge Hotel Company
Sales Price:	\$10,675,000
Price per Room:	\$51,820
Rev PAR:	\$63
Rooms Revenue Multiplier:	2.3
Reported Capitalization Rate:	Not Disclosed
Confirmation:	RCA Data Integration

Property Data

Year Opened:	1980
Property Class:	Mid-Scale
Facilities:	# Stories: 5, # F&B Outlets: 1, Total SF Meeting Space: 11,600
Amenities:	Business Center, Guest Laundry Area, Indoor Swimming Pool, Fitness Center
Condition at Sale:	Good
Type of Location:	Highway

Following the sale, this full-service hotel was expected forgo the Holiday Inn branding and operate independently as The Ramsey Hotel.

U.S. HOTEL APPRAISALS
CASCADES MOUNTAIN RESORT - HENDERSONVILLE, NORTH CAROLINA

The following table sets forth the adjustment grid used to account for differences between the transacted properties and the subject property.

	Sale #1	Sale #2	Sale #3	Sale #4	Sale #5	Sale #6	Sale #7	Sale #8
	Comfort Suites Lake Norman Huntersville, Huntersville, NC	Country Inn & Suites By Carlson Asheville West Biltmore Estate, Asheville, NC	Quality Inn & Suites Rockingham, Rockingham, NC	Holiday Inn Express Brevard, Brevard, NC	Wingate by Wyndham Concord, Concord, NC	Brookstone Lodge Asheville, Asheville, NC	Wyndham Garden Greenville Airport, Greenville, SC	Holiday Inn Pigeon Forge, Pigeon Forge, TN
Elements of Comparison								
Sale Price	\$7,350,000	\$9,675,000	\$3,175,000	\$4,100,000	\$8,400,000	\$7,303,000	\$8,050,000	\$10,675,000
Number of Rooms	89	80	50	63	93	73	139	206
Price per Room	\$82,584	\$120,938	\$63,500	\$65,079	\$90,323	\$100,041	\$57,914	\$51,820
Date of Sale	November-18	September-18	August-18	May-18	March-18	February-18	January-18	December-17
Adjustments for Transaction Characteristics (Per Room)								
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Sales Price	82,584	120,938	63,500	65,079	90,323	100,041	57,914	51,820
Financing Terms	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent
Adjustment	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Sales Price	82,584	120,938	63,500	65,079	90,323	100,041	57,914	51,820
Conditions of Sale	Normal	Normal	Normal	Normal	Normal	Normal	Normal	Normal
Adjustment	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Sales Price	82,584	120,938	63,500	65,079	90,323	100,041	57,914	51,820
Market Conditions	Similar	Similar	Similar	Similar	Similar	Similar	Similar	Similar
Adjustment	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Adjusted Sales Price	82,584	120,938	63,500	65,079	90,323	100,041	57,914	51,820
Adjustments for Property Characteristics								
Location/Market	Superior	Superior	Similar	Inferior	Similar	Superior	Similar	Inferior
Direction of Adjustment	--	--	=	+	=	--	=	+
Physical Condition/Facilities	Superior	Superior	Similar	Superior	Superior	Superior	Inferior	Similar
Direction of Adjustment	--	--	=	--	--	--	+	=
Other Revenue Sources	Inferior	Inferior	Inferior	Inferior	Inferior	Inferior	Similar	Similar
Direction of Adjustment	+	+	+	+	+	+	=	=
Final Adjusted Unit Price	\$58,000	\$76,000	\$67,000	\$75,000	\$81,000	\$65,000	\$65,000	\$57,000

Transaction Characteristics

The purpose of this assignment is the valuation of the fee simple interest in the subject property. The "property rights conveyed" adjustment accounts for differences between the interests transferred for each of the comparable sales and that of the subject of the appraisal. The transaction price of a sale may be affected by the financing structure. When necessary, the financing terms adjustment converts extraordinary financing to market terms. The motivations of the buyer and/or seller may affect the price paid for a property. The "conditions of sale" adjustment reconciles any atypical aspects of the transaction, in conformance with the definition of market value.

The market for mid-priced hotels strengthened in 2014 and 2015, with hotels registering improving levels of NOI, and cap rates remaining relatively steady and averaging near 9.0% for the overall class of mid-priced hotels. In 2016, uncertainty arose regarding how long the heightened market conditions would last, how new supply would affect certain markets, and how the growing costs of PIPs would affect a deal; thus, a spread between seller and buyer expectations formed, which led to a softening of transactions closing, a trend that continued into 2017. For lower-priced assets, prices still remained on an upward trajectory, despite the fewer transactions occurring. The transactions environment has stabilized, and prices have continued to improve in 2018. Accordingly, higher-value sales that occurred during the 2015 height of the market may require a slight downward adjustment to account for the more stabilized environment that is currently in place, while lower-priced transactions may require an upward adjustment, as prices for this asset class continue to increase gradually.

The sales comparables were all transacted in terms that were similar to the subject property. Accordingly, no adjustments were made for differences in transaction characteristics.

Property Characteristics

Various qualitative factors are illustrated under the property characteristics heading. Generally speaking, these hotels are located in markets with similar demand attributes. Our adjustments are discussed as follows. A downward adjustment for location/market was applied to Sale #1, #2, and #6 given these assets' superior location. Sale #1 was deemed superior given its location near Charlotte, while sale #2 and #6 were deemed superior given their locations in Asheville closer to major demand generators such as the Biltmore and Downtown. An upward adjustment was applied to Sales #4 and #8 given their locations in inferior locations/markets further from a major Interstate and commercial demand generators. Downward adjustments for physical condition were applied to transactions #1, #2, #4, #5, and #6 given these assets' more recent construction dates, better design (including originally built as interior corridor), and newer physical plants. Some downward adjustments were somewhat offset to some degree by the hotel's exterior-corridor design or more extensive renovation needs, such as transactions #4 and #5. No adjustment was made to Sale #3 as its newer construction and recent updates were offset by its exterior-corridor design and expected PIP at the time of sale; thus, no adjustment was deemed warranted. An upward adjustment for physical condition was applied to sale #7 given the renovation required at this property at the time of the sale and expected de-flagging at the time of sale. An upward adjustment for other revenue sources was also applied to transaction #1 through #6 given the subject hotel's superior offering of a revenue-generating restaurant.

It is important to note that some sales were only confirmed via County Records and information provided by Real Capital Analytics as we were not able to reach a party to the sale. We have considered the reliability of our data in our reconciliation.

Conclusion

The following table illustrates our opinion of value via this approach.

Opinion of Value – Sales Comparison Approach		
Unadjusted Price per Room Range:	\$51,820 to	\$120,938
Adjusted Price per Room Range:	58,000 to	81,000
Indicated Value Range:	\$5,800,000	\$8,100,000
Concluded Value per Room:		\$69,000
Concluded Sales Comparison Approach Value:		\$6,900,000

10. COST APPROACH

The cost approach reflects a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure; deducting accrued depreciation from the reproduction or replacement cost; and adding the estimated land value plus an entrepreneurial profit. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised.

Buyers of hotel real estate execute decisions based upon the earning potential of a property and typically gauge this after reviewing the hotel's financial statement and market conditions. A cost analysis and application of depreciation and obsolescence factors are not normally employed, thus, bearing minimal applicability to this appraisal engagement. In consideration of the lack of reliance on this analysis and the complexity of measuring the diverse sources of depreciation, the value of the subject property has not been estimated via the cost approach. However, an estimate of the personal property value has been developed, for the purposes of allocating the opinion of value in the Reconciliation chapter.

The greater site of 6.72 acres was subdivided on July 11, 2018 into a 3.74-acre parcel and a 2.98-acre parcel. The 2.98-acre parcel is improved with a 30-room motel that is currently closed and expected to be demolished. The 3.74-acre parcel is improved with the subject hotel and is considered the subject site through the appraisal. The objective of the appraisal is to develop an opinion of the subject property's a total "as is" market value including the excess land; "as is" market value, land value, and replacement cost for insurance purposes for the 3.74 parcel that contains the subject hotel; and an "as is" market value for the 2.98-acre parcel. Per the client's request we have performed two separate land values: one of the subject/hotel site and one of the excess land.

Site Value Estimate – Subject Site

Site value may be estimated in a variety of ways, including the sales comparison approach and the allocation, extraction, or ground lease capitalization methods. For the majority of hostelry properties, the two primary methods used are the sales comparison approach and the ground lease capitalization approach.

Over the past 15 years, hotels and resorts have routinely been constructed on leased land. While the lease terms differ somewhat from property to property, the basis for the rental calculation is often tied to a percentage-of-revenue formula. Using the forecasted revenues for the subject property and applying a typical hotel ground lease rental formula, the appraiser can determine the hotel's economic rental, or what can be termed the income attributed to the land. The land value can then be estimated by capitalizing the hypothetical ground rent. The self-adjusting aspect of this approach is a key element to its reliability.

We have researched actual long-term ground leases encumbering hotels, looking in particular for rental formulas based on a combination of rooms, food and beverage, and resort and other revenues. The following tables summarize our findings, showing the property, its room count, and its rental formula.

Ground Lease Percentages

Hotel	City	ST	Number of Rooms	Ground Lease Formula	Rental Based on Year 1 Revenue of the 100-Unit Subject Property		
					Dollar Amount (+000)	Percentage of Rooms Revenue	Percentage of Total Revenue
Hyatt House Richmond	Richmond	VA	134	4.5% Gross Rooms Revenue	\$97	4.5 %	3.6 %
Sheraton Arlington	Arlington	TX	211	1.75% Gross Revenue	47	2.2	1.8
Holiday Inn Riverwalk	San Antonio	TX	313	2.5% of rooms revenue, 1% of food and beverage revenue, and 2% of other income	60	2.8	2.2
Marriott Hotel	Tulsa	OK	338	3% of rooms revenue, against a small minimum	64	3.0	2.4
Marriott Medical Center	Houston	TX	389	3% of rooms revenue up to \$15,000,000 and 3.25% above \$15,000,000, against a small minimum	64	3.0	2.4
Fairfield Inn	Charlotte	NC	126	From and after the effective date through December 12/31/1994 90,000 annually, from 1/1/1995 through 12/31/1999 minimum rental will be 101,000, from 1/1/2000 and on 1/1 of each fifth year, rent will be adjusted to equal the percentage rental multiplied by 50% of the increase in Price Index, over such previous 5-year period. Minimum percentage rental is 3.0% in 89-94, 4.5% 95-02, 6.5 %, 03-88 of total room revenue	140	6.5	5.2
Fairfield Inn	Greensboro	NC	135	From 1994 35,000 annually until 1995, then 48,000 until 2000, then adjusted by the average minimum rental multiplied by 50% of the CPI or 80% of the average actual annual rental paid during such previous five-year period. The percentage used to determine rental in any fiscal year shall be as follows: 1989-1994 3.0%, 1995-2002 3.0%, 2003-2088 5.0% of gross room revenue.	107	5.0	4.0
Marriott Hotel	Charlotte	NC	432	3.5% of room revenue	75	3.5	2.8
Airport Inn	El Paso	TX	272	5% of room revenue, 4% of beverage revenue and 2% of food revenue	118	5.5	4.4
Residence Inn	El Paso	TX	200	5% of room revenue, 2% of food revenue, 4% of beverage revenue	118	5.5	4.4
Space Center Hotel	Huntsville	AL	290	4% of room revenue and 2% of beverage	86	4.0	3.2
Marriott	Covington	KY	321	5% of room revenue	107	5.0	4.0

Our analysis of these ground lease rental formulas indicates that economic ground rents for hotels such as the subject property typically range from approximately 3% to 6% of rooms revenue. Based on the revenue projections set forth for the subject property as part of this appraisal, the following table shows how the economic ground rent has been calculated. Note that the stabilized revenue level has been deflated back to first projection year dollars.

Forecast Year One Rooms Revenue	\$1,901,000
<u>Rental Percentage</u>	<u>4.0 %</u>
Economic Ground Rent	\$76,040

Rent generated from an unsubordinated ground lease represents a low-risk flow of income. Because the tenant improvements typically amount to more than five times the value of the land, the risk of default is almost nonexistent. For hotel ground leases where rent is tied to revenue, the landlord is also protected from the adverse effects of inflation. Applying a positioned capitalization rate to the subject property's economic ground rent results in a land value estimate of \$1,086,286 or \$6.70 per square foot, as presented below.

$$\frac{\text{Economic Ground Rent}}{\text{Capitalization Rate}} = \frac{\$76,040}{7.0 \%} = \mathbf{\$1,086,286}$$

Land Value Via Ground Lease Approach	\$1,086,286
<u>Site Size (Square Feet)</u>	<u>162,914</u>

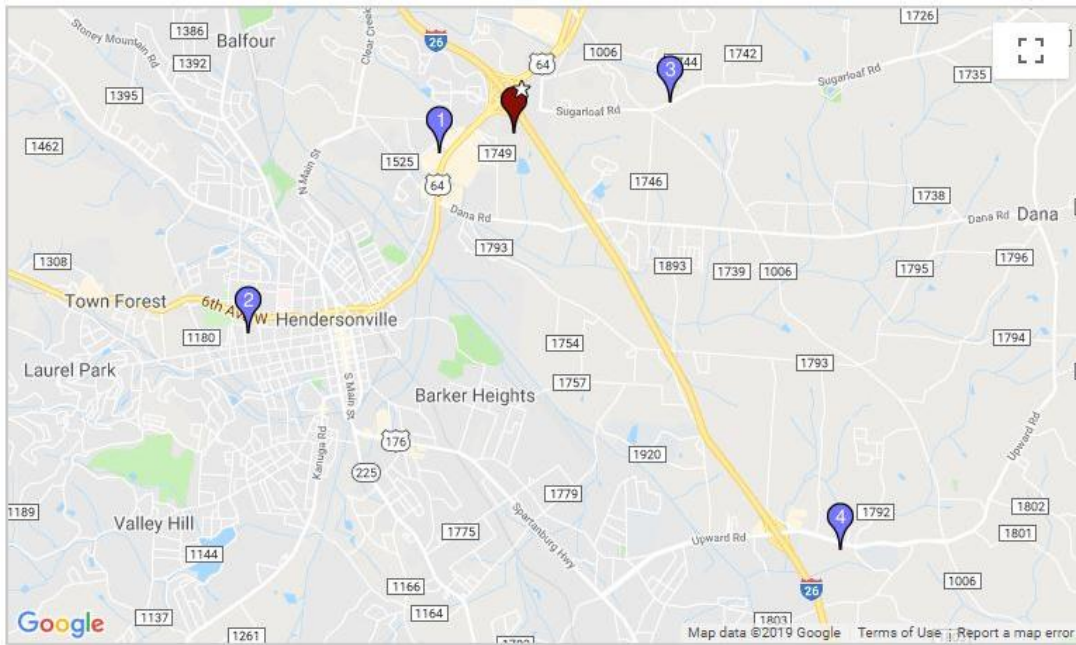
Price Per Square Foot **\$6.70**






The following sales support our conclusion of land value via the ground lease approach.

Selected Sales

Parcel	Seller	Buyer	Sale Date	Sale Price	Rooms Proposed	Price per Room	Size (SF)	Price per SF
Coolridge St, Hendersonville NC	PHDevelopers	Capital Growth Properties, Inc.	November-18	\$1,150,000	N/A	N/A	46,174	\$24.91
9999 N Whitted St, Hendersonville NC	Susan & Larry Russell	Ymca	January-17	610,000	N/A	N/A	102,802	5.93
Sugarloaf Road, Hendersonville NC	K-5 Associates	Sugarloaf Hospitality LLC	June-16	655,000	98	6,700	100,188	6.54
836 Upward Road, Flat Rock NC	Quattlebaum Properties F LLC	Flat Rock Hospitality, LLC	May-16	800,000	84	9,500	87,120	9.18

Map of Comparable Sales



Parcel	Sale Date	Sale Price	Size	Price/Unit
 Subject Property				
 Coolridge St	Nov-2018	1,150,000.00 USD	46,174.00 sq ft	24.91 USD
 9999 N Whitted St	Jan-2017	610,000.00 USD	102,802.00 sq ft	5.93 USD
 Proposed Home2 Suites by Hilton	Jun-2016	655,000.00 USD	100,188.00 sq ft	6.54 USD
 Proposed Fairfield Inn & Suites by Marriott	May-2016	800,000.00 USD	87,120.00 sq ft	9.18 USD

The following table sets forth the adjustment grid used to account for differences between the transacted properties and the subject site.

Elements of Comparison	Subject Property	Sale #1	Sale #2	Sale #3	Sale #4
Sale Price		\$1,150,000	\$610,000	\$655,000	\$800,000
Size (SF)	162,914	46,174	102,802	100,188	87,120
Price per SF		\$24.91	\$5.93	\$6.54	\$9.18
Rooms Proposed		N/A	N/A	98	84
Price per Room		N/A	N/A	\$6,700	\$9,500
Date of Sale		Nov-18	Jan-17	Jun-16	May-16
Adjustments for Transaction Characteristics					
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$1,150,000	\$610,000	\$655,000	\$800,000
Financing Terms		Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent
Adjustment		0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$1,150,000	\$610,000	\$655,000	\$800,000
Conditions of Sale		Normal	Normal	Normal	Normal
Adjustment		0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$1,150,000	\$610,000	\$655,000	\$800,000
Market Conditions		Similar	Inferior	Inferior	Inferior
Adjustment		0%	5%	10%	10%
Adjusted Sales Price		\$1,150,000	\$640,500	\$720,500	\$880,000
Adjusted Unit Price - Per Square Foot		\$24.91	\$6.23	\$7.19	\$10.10
Adjusted Unit Price - Per Room				\$7,400	\$10,500
Adjustments for Site Characteristics					
Location		Similar	Similar	Similar	Superior
Direction of Adjustment		=	=	=	-
Functional Utility*		Superior	Similar	Similar	Similar
Direction of Adjustment		-	=	=	=
Size		Smaller	Smaller	Smaller	Smaller
Direction of Adjustment		-	-	-	-
Final Adjusted Unit Price - Per Square Foot		\$9.00	\$5.00	\$5.80	\$6.80

* Includes topography, configuration, and offsite availability/capacity

Based on our analyses, a range of \$5.00 to \$9.00 is reflected for the subject site. We have concluded to \$6.75 per square foot, which equates to \$1,100,000. As the ground lease approach and the land sales both round to \$1,100,000, we have concluded to this value for the hotel site.

Aerial View of Second Parcel



View of Existing Structure (Will be Demolished)



This property is located along Interstate 26 in Hendersonville, southwest of the intersection formed by Sugarloaf Road (State Route 1734) and Sugarloaf Road (State Route 1897). Important site attributes include the following:

- The site size spans 129,809 square feet or 2.98 acres.
- The topography of the site slopes downward from northwest to southeast, posing some challenges for building and site improvements. This recently subdivided site currently contains one three-story building that is positioned in the northwest corner of the site. Surface parking is located to the north and south of this structure. We note that this appraisal assumes this building will be demolished allowing the remaining vacant land to be sold, entitled, and developed for alternate use. This parcel is considered excess land as part of the overall site.
- According to property ownership, the subject site is served by all necessary utilities.
- The site has the zoning designation of C3 - Highway Business. This zoning designation allows for most commercial uses, including service stations, restaurants, and hotels and motels. We assume that all necessary permits and approvals have been secured (including the appropriate liquor license) and that the subject property was constructed in accordance with local zoning ordinances, building codes, and all other applicable regulations. Our zoning analysis should be verified before any physical changes are made to the hotel.
- Geological and soil reports were not provided to us or made available for our review during the preparation of this report. We are not qualified to evaluate soil conditions other than by a visual inspection of the surface; no extraordinary conditions were apparent.
- We were not informed of any site-specific nuisances or hazards, and there were no visible signs of toxic ground contaminants at the time of our inspection. Because we are not experts in this field, we do not warrant the absence of hazardous waste and urge the reader to obtain an independent analysis of these factors.


Site value may be estimated in a variety of ways, including the sales comparison approach. As the site is not currently income-producing we have relied upon this approach. The same comparable sales were used to determine the value of both parcels; however, different adjustments were made to reflect the unique characteristics of each site.

Selected Sales

Parcel	Seller	Buyer	Sale Date	Sale Price	Rooms Proposed	Price per Room	Size (SF)	Price per SF
Coolridge St, Hendersonville NC	PHDevelopers	Capital Growth Properties, Inc.	November-18	\$1,150,000	N/A	N/A	46,174	\$24.91
9999 N Whitted St, Hendersonville NC	Susan & Larry Russell	Ymca	January-17	610,000	N/A	N/A	102,802	5.93
Sugarloaf Road, Hendersonville NC	K-5 Associates	Sugarloaf Hospitality LLC	June-16	655,000	98	6,700	100,188	6.54
836 Upward Road, Flat Rock NC	Quattlebaum Properties F LLC	Flat Rock Hospitality, LLC	May-16	800,000	84	9,500	87,120	9.18

Map of Comparable Sales



Parcel	Sale Date	Sale Price	Size	Price/Unit
 Subject Property				
 Coolridge St	Nov-2018	1,150,000.00 USD	46,174.00 sq ft	24.91 USD
 9999 N Whitted St	Jan-2017	610,000.00 USD	102,802.00 sq ft	5.93 USD
 Proposed Home2 Suites by Hilton	Jun-2016	655,000.00 USD	100,188.00 sq ft	6.54 USD
 Proposed Fairfield Inn & Suites by Marriott	May-2016	800,000.00 USD	87,120.00 sq ft	9.18 USD

The following table sets forth the adjustment grid used to account for differences between the transacted properties and the excess land parcel, assuming the land was vacant and available to develop.

Elements of Comparison	Subject Property	Sale #1	Sale #2	Sale #3	Sale #4
Sale Price		\$1,150,000	\$610,000	\$655,000	\$800,000
Size (SF)	129,809	46,174	102,802	100,188	87,120
Price per SF		\$24.91	\$5.93	\$6.54	\$9.18
Rooms Proposed		N/A	N/A	98	84
Price per Room		N/A	N/A	\$6,700	\$9,500
Date of Sale		Nov-18	Jan-17	Jun-16	May-16
Adjustments for Transaction Characteristics					
Property Rights Conveyed	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Adjustment		0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$1,150,000	\$610,000	\$655,000	\$800,000
Financing Terms		Cash Equivalent	Cash Equivalent	Cash Equivalent	Cash Equivalent
Adjustment		0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$1,150,000	\$610,000	\$655,000	\$800,000
Conditions of Sale		Normal	Normal	Normal	Normal
Adjustment		0.0%	0.0%	0.0%	0.0%
Adjusted Sales Price		\$1,150,000	\$610,000	\$655,000	\$800,000
Market Conditions		Similar	Inferior	Inferior	Inferior
Adjustment		0%	5%	10%	10%
Adjusted Sales Price		\$1,150,000	\$640,500	\$720,500	\$880,000
Adjusted Unit Price - Per Square Foot		\$24.91	\$6.23	\$7.19	\$10.10
Adjusted Unit Price - Per Room				\$7,400	\$10,500
Adjustments for Site Characteristics					
Location		Superior	Superior	Superior	Superior
Direction of Adjustment		-	-	-	-
Functional Utility*		Superior	Similar	Similar	Similar
Direction of Adjustment		-	=	=	=
Size		Smaller	Smaller	Smaller	Smaller
Direction of Adjustment		-	-	-	-
Final Adjusted Unit Price - Per Square Foot		\$9.40	\$5.30	\$6.10	\$7.30

The lack of direct access and frontage along an accessible road, as well as the slope of the parcel have been considered in our adjustments. The visibility of a low-rise development on this site would not be visible from the road because it will be blocked by the subject hotel. However, the site is adjacent to the Interstate. Adjustments were also made to reflect the smaller size of this parcel.

Based on our analyses, a range of \$5.30 to \$9.40 is reflected for this second parcel. We have concluded to \$7.00 per square foot which equates to \$900,000 prior to the demolition costs.

Since this parcel has an existing building on it, we have taken into account the demolition cost of this structure when determining our opinion of the land value and "as is" market value. We have relied upon estimates from Marshall & Swift estimator for the cost to demolish the building as none was provided by ownership. Our "as is" market value estimate for this parcel is as follows:

Site Value Estimate

Site Size (Square Feet)	\$129,809
Price Per Square Foot (Reconciled)	7.00
Land Value per Sale Comparison Prior to Demolition	\$908,662
Rounded Land Value Prior to Demolition	\$900,000
Demolition Costs	
Building Square Feet	19,000
Cost Per Square Foot Demo (Class C)	\$4.31-6.41
Selected (Average)	\$5.36
Cost for 3-Stories	\$6,500-14,300
Selected (Average)	\$10,400
Demolition Cost	\$112,240
"As Is" Market Value	\$796,422
Rounded "As Is" Market Value	\$800,000

Therefore, the land and "as is" market value for the excess land value equates to \$800,000.

Personal Property

The furniture, fixtures, and equipment are an integral part of a hotel, unlike other commercial buildings, and are necessary to operate the facilities and rent guestrooms. A hotel would not be able to generate any income attributable to the real property without furniture, fixtures, and equipment. Since a hotel's furniture, fixtures, and equipment are such integral components of its ability to generate income and are seldom removed from the property or sold separately, the value of the personal property component separate from the real property is not a particularly meaningful finding.

In accordance with the Uniform Standards of Professional Appraisal Practice (USPAP), we have delineated the market value of the subject hotel's personal property. We note that the depreciation of the furniture, fixtures, and equipment is non-linear in nature. Furniture, fixtures, and equipment, once installed, depreciate rapidly. Most furnishings in a hotel have little more than a salvage value substantially lower than the original cost when sold separately from the improvements. An accelerated depreciation schedule, as illustrated in the following table, is used to estimate total depreciation of a hotel's furnishings.

Accelerated Depreciation Schedule	Average Age (Years)	Percent Depreciated
Source: US Hotel Appraisals	1	40 %
	2	60
	3	70
	4	75
	5	80
	6	85
	7	89
	8	92
	9	95
	10	98

We estimate the total replacement cost of the subject property's FF&E at \$12,000 per available room, or a total of \$1,200,000. Assuming an average useful life of ten years and an effective age of four, the value of the FF&E currently in place is approximately \$3,000 per room, or a total of \$300,000 (rounded). This is calculated using an accelerated depreciation schedule, which estimates total depreciation of a hotel's furnishings after four years at 75.0%.

Replacement Cost for Insurable Purposes

At the client's request, we have estimated the replacement cost for insurable purposes of the subject property. We have relied on information from Marshall & Swift, a nationally recognized authority, to estimate the replacement cost of the subject property. Using the Marshall & Swift Commercial Estimator computer software program, the estimated replacement cost derived from this method includes all direct costs plus a portion of indirect costs, such as construction financing, temporary utilities, and general conditions. It is important to note that this provides only a rough indication of what the replacement cost of the property may be.

For the purpose of developing a replacement cost estimate using the Marshall & Swift Commercial Estimator program, the building has been classified as a Class C, Rank 2 hotel structure. Based on information obtained from the subject property's ownership or management, the total area of the building is estimated to be 69,500 square feet. The following chart reflects the summary of the Marshall & Swift estimate.

Marshall & Swift Estimate

Date of Query:	January 28, 2019
Occupancy:	full-service
Class:	Class C
Height (Feet):	10
Rank:	2
Total Area (Square Feet):	69,500
Number of Stories (Section):	2
Number of Elevators:	0
Shape:	2
Number of Rooms:	100

Basic Structure	Unit	Cost Per SF	Total
Base Cost	69,500	\$84.32	\$5,860,240
Exterior Walls	69,500	19.12	1,328,840
Heating & Cooling	69,500	9.21	640,095
Elevator (s)	69,500	0.00	0
Sprinklers	69,500	2.44	169,580
		Total Cost:	\$7,998,755
		Rounded to:	\$8,000,000
		Per Room:	\$80,000

The estimation of value for insurance purposes considers the replacement cost of the building and site improvements. Only hard or direct construction costs should be reflected in the estimate of value. Typically, items such as landscaping, parking, other yard improvements, and the foundation or sub-structure constitute 5.0% to 10.0% of the replacement cost. We have applied a 10% adjustment to the replacement cost of the hotel to account for these exclusions. The estimated replacement cost of the personal property is added to the adjusted replacement cost of the building. Our estimate of replacement cost for insurance purposes is presented in the following table.

Estimate of Replacement Cost for Insurance Purposes

Replacement Cost of Building:	\$8,000,000
Less Exclusions (10%)	800,000
Insurable Value of Structures	\$7,200,000
Plus Furniture, Fixtures, & Equipment	\$1,200,000
Total Insurable Value:	\$8,400,000
Rounded to:	\$8,400,000
Per Room:	\$84,000

This analysis should not be relied upon to determine actual insurance coverage, which can be properly estimated only by consultants considered experts in cost estimation and insurance underwriting. It is provided to aid in the overall decision-making process of the client/reader/user, and no representations or warranties are made by U.S. Hotel Appraisals regarding the accuracy of this estimate. We strongly recommend that other sources be utilized when considering replacement costs and property insurance estimate.

11. RECONCILIATION

The reconciliation, which is the last step in the appraisal process, involves summarizing and correlating the data and procedures employed throughout the analysis. The relative significance, applicability, and defensibility of each estimated value are considered, and the greatest weight is given to that approach deemed most appropriate for the property being appraised.

To form the basis for all three approaches, we analyzed the property itself and the economic, demographic, political, physical, and environmental factors that influence real estate values; analyzed the local market for hotel accommodations; examined the competitive environment; projected occupancy and average rate levels; and developed a forecast of income and expense that reflects anticipated income trends and cost components through a stabilized year of operation. Our nationwide experience indicates that the procedures used in estimating market value by the income capitalization approach are comparable to those employed by the hotel investors who constitute the marketplace. For this reason, we believe that the income capitalization approach produces the most supportable value estimate, and it is given the greatest weight in our final estimate of the subject property's market value.

The sales comparison approach uses actual sales of similar properties to provide an indication of the subject property's value. Although we have investigated a number of sales in an attempt to develop a range of value indications, several adjustments are necessary to render these sales prices applicable to the subject property. The adjustments, which tend to be subjective, diminish the reliability of the sales comparison approach; furthermore, typical hotel investors employ a sales comparison procedure only to establish broad value parameters. As discussed in the Cost Approach chapter, this approach was not employed in arriving at a market value estimate.

Careful consideration has been given to the strengths and weaknesses of the three approaches to value discussed above. In recognition of the purpose of this appraisal, we have given primary weight to the value indicated by the income capitalization approach. The values, including the excess land and hotel only, are illustrated below.

Summary of Values

	As Is (Overall)	As Is (Hotel Only)	As Is (Excess Land)
Date of Value	January 28, 2019	January 28, 2019	January 28, 2019
Number of Rooms	100	100	
Interest Appraised	fee simple	fee simple	fee simple
Exposure Time (Months)	six to seven	six to seven	six to seven
Planned Renovation/Refurbishment	\$0	0	N/A
Assumed Capital Deduction (Net of Reserves)	0	0	N/A
<u>Approaches to Value</u>			
INCOME CAPITALIZATION APPROACH			
Discount Rate		11.50 %	
Applied Terminal Cap Rate		10.0	
Transaction Costs		3.0	
Income Approach Value via DCF		\$6,600,000	
Per Room		66,000	
Rooms Revenue Multiplier		3.5	
Income Approach Value via Rooms Revenue Multiplier		\$6,700,000	
Per Room		67,000	
Capitalization Rate		6.0 %	
Income Approach Value via Direct Capitalization Rate		\$6,800,000	
Per Room		68,000	
Income Approach Value Conclusion	N/A	\$6,700,000	N/A
Per Room	N/A	67,000	N/A
SALES COMPARISON APPROACH	N/A	\$6,900,000	N/A
COST APPROACH	N/A	N/A	N/A
Land Value		1,100,000	\$800,000
REPLACEMENT COST FOR INSURANCE PURPOSES	N/A	\$8,400,000	N/A
<u>Reconciled Value Opinion</u>			
Real Property Value	\$7,200,000	\$6,400,000	\$800,000
Personal Property Value	300,000	300,000	0
Intangible Property Value	0	0	0
Reconciled Value	\$7,500,000	\$6,700,000	\$800,000
Per Room	75,000	67,000	

The appraisal assumes that the hotel is open and operational. This appraisal is subject to the extraordinary assumption that the building currently located on the 2.98-acre site will be demolished. The use of this extraordinary assumption may have affected the assignment results. Moreover, several important general assumptions have been made that apply to this appraisal and our valuations of hotels in general. These items are set forth in the Assumptions and Limiting Conditions chapter of this report.

12. ASSUMPTIONS & LIMITING CONDITIONS

1. This report is to be used in whole and not in part.
2. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed to be marketable and free of any deed restrictions and easements. The property is valued as though free and clear unless otherwise stated.
3. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would render the property more or less valuable. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
4. We have not considered the presence of potentially hazardous materials such as asbestos, urea-formaldehyde foam insulation, any form of toxic waste, polychlorinated biphenyls (PCBs), pesticides, mold, or lead-based paints. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
5. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have conducted no specific compliance survey to determine whether the subject property has been designed in accordance with the various detailed requirements of the ADA. It is possible that the design does not conform to the requirements of the act, and such noncompliance could have an unfavorable effect on value. Because we have no direct evidence regarding this issue, our estimate of value does not consider possible noncompliance with the ADA.
6. We have made no survey of the property, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate is within the boundaries of the property described and that there is no encroachment or trespass unless noted.
7. All information, financial operating statements, estimates, and opinions obtained from parties not employed by U.S. Hotel Appraisals, LLC are assumed to be true and correct. We can assume no liability resulting from misinformation.
8. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject property.
9. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.
10. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
11. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising or other media.
12. We are not required to give testimony or attendance in court by reason of this analysis without previous arrangements, and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
13. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
14. We take no responsibility for any events or circumstances that take place subsequent to either the date of value or the date of our field inspection, whichever occurs first.

15. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability and value. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results and the value estimate.
16. The estimated operating results presented in this report are based upon an evaluation of the overall economy; these neither take into account nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to offset those advances. We do not warrant that the estimates will be attained, but they have been prepared based upon information obtained during the course of this study and are intended to reflect the expectations of a typical hotel buyer.
17. This analysis assumes continuation of all Internal Revenue Service tax code provisions as stated or interpreted on either the date of value or the date of our field inspection, whichever occurs first.
18. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out to three or more decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent. Thus, these figures may be subject to small rounding errors.
19. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client, and use of this report by third parties shall be solely at the risk of the client and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.
20. Appraising hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final estimate is subjective and may be influenced by our experience and other factors not specifically set forth in this report.
21. Any distribution of the total value between the land and improvements or between partial ownership interests applies only under the stated use. Moreover, separate allocations between components are not valid if this report is used in conjunction with any other analysis.
22. This study was prepared by U.S. Hotel Appraisals, LLC, and all opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by the staff of this company as employees, rather than as individuals.

13. CERTIFICATION

The undersigned hereby certify that, to the best of our knowledge and belief:

1. the statements of fact presented 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 (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved;
4. McKenna K. Luke, MAI, has not performed services, as an appraiser or in any other capacity, on the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
5. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
6. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
7. 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;
8. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice;
9. Christian Cross personally inspected the property described in this report; McKenna Luke, MAI participated in the analysis and reviewed the findings, but did not personally inspect the property for this report;
10. Christian Cross provided significant real property appraisal assistance to McKenna Luke, MAI, and that no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report; In addition to the inspection, Christian Cross participated in the research for this assignment and assisted in the report's preparation;
11. 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 the Standards of Professional Appraisal Practice of the Appraisal Institute;
12. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
13. as of the date of this report, McKenna K. Luke, MAI, completed the continuing education program for Designated Members of the Appraisal Institute.



McKenna Luke, MAI, Director
mluke@ushotelappraisals.com, +1 (303) 704-2636
State Appraiser License (NC) A8234

ADDENDA

Item	Title
1	Glossary of Terms
2	Qualifications
3	Copy of Appraiser License(s)
4	Copy of Engagement Letter
5	Copy of Legal Description
6	Copy of STAR Report

GLOSSARY

Assessed Value: 1.) A value set on real estate and personal property by a government as a basis for levying taxes. 2.) The monetary amount for a property as officially entered on the assessment roll for purposes of computing the tax levy. Assessed values differ from the assessor's estimate of actual (market) value for three major reasons: fractional assessment ratios, partial exemptions, and decisions by assessing officials to override market value. The process of gathering and interpreting economic data to provide information that can be used by policymakers to formulate tax policy.

Average Daily Rate (ADR): A statistical unit that represents the total guest room revenue divided by the total number of occupied rooms.

Base Year: This is the historical year from which future projections are based. This could be a calendar year or a fiscal year.

Business Enterprise Value (BEV): A term applied to the concept of the value contribution of the total intangible assets of a continuing business enterprise, such as marketing and management skill, an assembled work force, working capital, trade names, franchises, patents, trademarks, contracts, leases, and operating agreements.

Capital Expenditure: Investments of cash or the creation of liability to acquire or improve an asset (e.g. land, buildings, building additions, site improvements, machinery, equipment), as distinguished from cash outflows for expense items that are normally considered part of the current period's operations.

Capital Deduction: A deduction made from the value opinion in order to account for future capital expenditures. These expenditures, and hence the deduction, are assumed to be required in order to achieve the forecast results. The deduction is also considered in the positioning of the capitalization rate and other investment parameters.

Chain Scales: According to STR, hotel brands are categorized under the following chain scale segments: Luxury, Upper-Upscale, Upscale, Mid-Scale with Food and Beverage, Mid-Scale without Food and Beverage, and Economy. Chain scales are based primarily on the average rate achieved across a particular hotel brand.

Chronological Age: The number of years elapsed since an original structure was built; also known as "actual age" or "historical age."

Departmental Expenses: The costs associated with the following departments: Rooms – Includes labor costs such as salaries, wages, and benefits for front desk, housekeeping, reservations, bell staff, and laundry employees. Other operating expenses in the rooms department include costs associated with the procurement and maintenance of linens, cleaning supplies, guest supplies, and employee uniforms; payment of central or franchise reservation fees, equipment leases, and travel agent commissions; and cost of providing a continental breakfast. Food and Beverage – A combination of food and beverage departmental expenses, which include the cost of goods, labor and related benefits, and other operating expenses. Labor costs include the employment of departmental management; cooks and kitchen personnel; and service, banquet, and bartending staff. Other food and beverage operating expenses include the procurement and maintenance of china, silverware, linens, restaurant and kitchen supplies, menus and printing, and special promotions. Telecommunications – Consists of all costs associated with the operation of a hotel's telephone department, including the cost of calls, the labor cost of the hotel's telephone operators, and other related expenses. It is important to note that the telecommunications expense excludes capital lease payments. Other Expenses - Comprises those expenses that offset the revenue generated by other hotel-operated (as opposed to leased) departments such as garage and parking, athletic facilities, gift shop, and equipment rental facilities.

Depreciation: 1.) In appraising, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date. 2.) In accounting, an allowance made against the loss in value of an asset for a defined purpose and computed using a specified method.

Developer's Incentive: A market-derived figure that represents the amount a developer expects to receive for his or her contribution to a project and risk.

Direct Construction Costs: 1.) Expenditures for the labor and materials used in the construction of improvements. Also called "hard costs." 2.) The labor, material, subcontractor, and heavy equipment costs directly incorporated into the construction of physical improvements.

Economic Life: The period over which improvements to real property contribute to property value.

Effective Age: Age attributed to a property on the basis of the amount of observed deterioration and obsolescence it has sustained; a property's effective age may be different from its chronological age.

Entrepreneurial Incentive: See "developer's incentive."

Equity Yield Rate: A rate of return on equity capital as distinguished from the rate of return on debt capital; the equity investor's internal rate of return. The equity yield rate considers the effect of debt financing on the cash flow to the equity investor.

Excess Land: With regard to an improved site, the land not needed to serve or support the existing improvement. With regard to a vacant site or a site considered as though vacant, the land not needed to accommodate the site's highest and best use. Such land may be separated from the larger site to have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement. See also: "surplus land."

Exposure Time: 1.) The period during which a property remains on the market. 2.) The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. See also: "marketing period."

Extraordinary Assumption: An assumption, directly related to a specific assignment, which if found to be false could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis. An extraordinary assumption may be used in an assignment only if: 1.) It is required to properly develop credible opinions and conclusions; 2.) The appraiser has a reasonable basis for the extraordinary assumption; 3.) Use of the extraordinary assumption results in a credible analysis; and 4.) The appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions.

Fair Share: That portion of total supply accounted for by the same property.

Fixed Charges/Expenses: Operating expenses that generally do not vary with occupancy and that prudent management will pay whether the property is occupied or vacant. Fixed charges include the following: Property Taxes – Typically include taxes on real estate, business and occupation, personal property, utilities, and other municipal taxes. Insurance – Cost of insuring the hotel building and its contents against fire and weather damage, as well as damage associated with equipment malfunction, such as sprinkler leakage. This expense includes all insurance except that for workers' compensation.

Full-Service Operation: A hotel operation that provides a more complete set of services than those offered at an extended-stay, select-service, or limited-service property. The services of a full-service operation may include room service, valet, concierge, transportation and tour services, entertainment facilities, barber shop, bellhop service, laundry service, free continental breakfast, restaurant and lounge, turn-down service, morning newspapers, fitness centers, and more extensive banquet and meeting space.

Going-Concern Value: 1.) The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate. 2.) Tangible and intangible elements of value in a business enterprise resulting from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place. 3.) The value of an operating business enterprise. Goodwill (an intangible asset category usually composed of elements such as franchise reputation, customer patronage, location, products, and similar factors) may be separately measured but is an integral component of going-concern value.

Hard Costs: See "direct costs."

Hypothetical Condition: Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property, such as market conditions or trends, or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if: 1.) Use of the hypothetical condition is required for legal purposes, purposes of meaning, or purposes of comparison; 2.) Use of the hypothetical condition results in a credible analysis; and 3.) The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions.

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

Replacement Cost for Insurance Purposes: 1.) The value of an asset or asset group that is covered by an insurance policy. Replacement Cost can be estimated by deducting costs of non-insurable items (e.g., land value) from market value. 2.) Value used by insurance companies as the basis for insurance, which is often considered to be the replacement or reproduction cost plus allowances for debris removal or demolition less deterioration and non-insurable items; sometimes cash value or market value, but often entirely a cost concept.

Investment Value: The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached. See also: "market value."

Limited-Service Operation: A hotel operation without a food and beverage department, which provides basic amenities at a reasonable price to guests.

Loan-to-Value Ratio (LTV): The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage.

Market Share: That portion of a market's total demand accommodated by a given property.

Market Value: The concept of market value varies slightly between jurisdictions and is being continually refined. The following definition incorporates the most widely accepted components of market value: The most probable price, as of a specified date, in cash, in terms equivalent to cash, or in other precisely revealed terms, for which the specified property rights should sell after reasonable exposure in a competitive market under all conditions requisite to a fair sale. A fair determination of market value assumes that the buyer and seller are acting prudently, knowledgeably, and for self-interest, and that neither is under undue duress.

Marketing Period: The time it takes an interest in real property to sell on the market subsequent to the effective date of an appraisal. This includes the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always assumed to precede the effective date of an appraisal. See also: "exposure time."

Net Operating Income (NOI) or Earnings Before Interest, Taxes, Depreciation, and Amortization Less Replacement Reserve (EBITDA Less Replacement Reserve): The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income, but before mortgage debt service and book depreciation are deducted; may be calculated before or after deducting replacement reserves. EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization) is a term sometimes substituted for net operating income, particularly as a measure of the performance of Real Estate Investment Trusts (REITs) or under the 11th edition of the USALI.

Penetration Factor (By Segment): A rating factor that shows how well each property in the market area competes for a particular market segment, calculated by dividing a given hotel's market share by its fair share.

Per Available Room (PAR): A basis of comparison that is calculated by dividing a revenue or expense category's total dollar amount by the hotel's room count. This point of comparison is most useful when reviewing operating and fixed expense categories.

Per Occupied Room (POR): A basis of comparison that is calculated by dividing a revenue or expense category's total dollar amount by the number of occupied rooms in a given year. This point of comparison is most useful when reviewing revenue and departmental expense categories.

Property Improvement Plan (PIP): A brand-mandated plan of required renovations that enable a hotel to meet competitive standards and also contribute to the owner's ability to attain a new or renewed franchise agreement.

Replacement Cost: The estimated cost to construct a building with utility equivalent to the building being appraised. Replacement cost assumes current prices as of the effective appraisal date and the use of modern materials and current standards, design, and layout.

RevPAR (Revenue Per Available Room): A unit of comparison applied in the appraisal of lodging facilities, RevPAR is calculated by multiplying a property's percentage of occupancy by its average room rate. RevPAR is used throughout the lodging industry to compare the revenue of competing facilities.

Renegotiable Rate Mortgage (RRM): An alternative mortgage loan in which the interest rate is renegotiated periodically. The loan may be either a long-term loan with periodic interest rate adjustments, or a short-term loan that is renewed periodically at new interest rates, but based on a long-term mortgage.

Select-Service Operation: A hotel operation designed to answer the market demand for a level of service and amenities beyond the limited-service segment, but less than the full-service hotel segment; select-service properties offer a limited degree of food and beverage options and typically fall within middle to upper-middle tiers within their respective markets.

Site Improvements: Improvements to a site that make it suitable for its intended use or development. Site improvements include, but are not limited to, sidewalks, parking lots, freestanding signage, and landscaping.

Soft Costs: See: "indirect costs."

Stability: A stage in a market area's life cycle in which the market area experiences equilibrium without marked gains or losses.

Stabilized Expense: A projected expense that is subject to change, but has been adjusted to reflect an equivalent, stable annual expense.

Stabilized Income: Income at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist, and the existing conditions are those expected to continue over the economic life of the property; projected income that is subject to change, but has been adjusted to reflect an equivalent, stable annual income.

Stabilized Occupancy: Occupancy at that point in time when abnormalities in supply and demand or any additional transitory conditions cease to exist, and the existing conditions are those expected to continue over the economic life of the property; the optimum range of long-term occupancy that an income-producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings.

Stabilized Value: 1.) A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods, when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. 2.) A value opinion that excludes from consideration any transitory condition that may cause excessive construction costs (e.g., a bonus or premium for material), the abnormal inefficiency of labor, the cost of delay, or an excessive sale price.

Surplus Land: Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement. See also: "excess land."

Undistributed Operating Expenses: The costs associated with the following categories: Administrative and General (A&G) Expense – Includes all managerial and operational expenses that cannot be attributed to a particular department, including payroll and related expenses for the general manager, the human resources and training department, and security, clerical, and accounting operations. Other A&G 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. Marketing Expense – Includes 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. Marketing expenses also include national advertising fees paid to a branded property's franchise company and the costs associated with frequent-stay programs. This expense category does not include royalty fees charged by the franchise company. Utility Expense – Utility expenses typically include electricity, fuel (oil, gas, and coal), purchased steam, and water. The utility costs include central plant and energy management systems. This category does not include waste removal, which is included in Property Operation and Maintenance Expense. Property Operations and Maintenance Expense – This category includes payroll and related expenses for maintenance personnel; maintenance supplies; repairs to and maintenance of the building and grounds; furniture and equipment; and the removal of waste. Franchise Fee – Includes only the royalty fees charged by franchise companies. Other fees or assessments are categorized under Marketing Expense or Rooms-Other Expenses. Management Fees – Fees charged by management organizations for management services or supervision. This expense includes both base and incentive fees.

Use Value: In real estate appraisal, the value a specific property has for a specific use. This may be the highest and best use of the property or some other use specified as a condition of the appraisal, and may be used where legislation has been enacted to preserve farmland, timberland, or other open-space land on urban fringes.

Version 4.10.18

McKenna Luke, MAI

EMPLOYMENT

2012 to present	U.S. HOTEL APPRAISALS South Carolina
2011 – 2012	STONEBRIDGE COMPANIES Englewood, Colorado
2011	HYATT REGENCY CONVENTION CENTER Denver, Colorado
2009 – 2011	UNIVERSITY OF DENVER RECREATION DEPARTMENT Denver, Colorado
2010	HYATT REGENCY TECH CENTER Denver, Colorado
2009	THE STANLEY HOTEL Estes Park, Colorado

EDUCATION AND OTHER TRAINING

MBA – Daniels College of Business, University of Denver
Finance

BSBA – Daniels College of Business, University of Denver
Hospitality Management

Other Specialized Training Classes Completed:

Uniform Standards of Professional Appraisal Practice – 15 hours
 Basic Appraisal Procedures – 30 hours
 Basic Appraisal Principles – 30 hours
 General Appraiser Income Approach – 60 hours
 General Appraiser Market Analysis and HBU – 30 hours
 General Appraiser Site Valuation and Cost Approach – 30 hours
 General Appraiser Sales Comparison Approach – 30 hours
 General Appraiser Report Writing and Case Studies – 30 hours
 Business Practices and Ethics – 7 hours
 Statistics, Modeling and Finance – 15 hours
 Advanced Income – 33 hours
 Advanced Market Analysis and HBU – 40 hours
 Quantitative Analysis – 40 hours
 General Demonstration Report Writing – 7 hours
 Eminent Domain – 7 hours
 Forecasting Revenue – 7 hours
 Biennial USPAP Updates
 Capstone – Demo Report
 Vineyard Valuation Seminar – 7 hours

Court of Master Sommelier, Americas
 Introductory Course & Examination – 18 hours



STATE CERTIFICATIONS Georgia, North Carolina, South Carolina

PROFESSIONAL AFFILIATIONS Appraisal Institute – Designated Member (MAI)

SPECIAL-USE EXPERIENCE: HOTELS McKenna Luke, MAI, has completed more than four going-concern appraisals of hotels within the last 36 months, and U.S. Hotel Appraisals appraises every hotel as a going concern; therefore, every hotel that the appraiser has worked on in the last 36 months was appraised as such.

NORTH CAROLINA APPRAISAL BOARD
APPRAISER QUALIFICATION CARD
Expires June 30, 2019

REGISTRATION / LICENSE / CERTIFICATE HOLDER		
18	MCKENNA K LUKE	19
A8234	G	Y
APPRAISER NUMBER	TYPE	NATIONAL REGISTRY
APPRAISER'S SIGNATURE		EXECUTIVE DIRECTOR

MCKENNA K LUKE
HVS
8134 BIG BEND BLVD
WEBSTER GROVES, MO 63119



1/18/2019

Russell Rivard
US Hotel Appraisals
2601 Sagebrush Dr. Suite 101
Flower Mound, TX 75028

Summary Information: The subject property is a Hotel located at 201 Sugarloaf Rd. Hendersonville, NC 28792. This engagement is for an “as-is” fee-simple appraisal report should include a separate valuation for land (if applicable to the assignment”); land and building market value; FF&E value; business value (if any); and insurable replacement value. The remaining economic life of the improvements and deferred maintenance with cost to cure shall also be included. The report should include a justification for the sales comps used in this report. This information should be clearly included within the letter of transmittal. The site inspection must be completed by a North Carolina certified appraiser. Report should include value of parcels being sold and parcel being kept.

Mr. Rivard,

Citizens Bank of Elizabethton, Tennessee, requests that you appraise the following property on behalf of the bank:

CITIZENS BANK
300 Broad Street
Elizabethton, TN 37643

And

U.S. Small Business Administration
6302 Fairview Rd. Suite 300
Charlotte, NC 28210

LOCATION: 201 Sugarloaf Rd. Hendersonville, NC 28792

CONTACT: David Day

Phone: 828-775-2430

Email: david.day@dayassoc.com

TYPE OF PROPERTY: Hotel

The appraisal fee should not exceed \$4,450 and the time frame is 15 Business days.

Your appraisal should conform to the following:

1. Your appraisal must conform to the Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Foundation, including all applicable supplemental standards issued by Regulatory Agencies.
2. You must disclose the extent of your knowledge and experience, as well as the licenses and certifications you hold, in the text of the appraisal.
3. The appraisal must be based on market value, defined to be the most probable price a property would bring in a competitive and open market under all conditions requisite to a fair sale when both buyer and seller act prudently and knowledgeably, assuming that price is not affected by other than customary market factors. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title when:
 - Buyer and seller are typically motivated,
 - Both parties are well informed and are acting in what they consider their best interests,
 - A reasonable time is allowed to offer the property on the open market,
 - Payment is made in cash in U.S. dollars, or by comparable arrangements, and,
 - 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. The appraisal must be a written narrative (or other form) which satisfies the informational requirements of this letter. Also, the appraisal must be written so that it can be readily understood by a third party not involved in the transaction.
5. The appraisal must include a sales history of the property for one year if the property is a one-to-four family residential unit. Otherwise, the appraisal must include a sales history of the property for three years.
6. If the property is income-producing, the appraisal must include information on current revenues, expenses, and vacancies.
7. The appraisal must include an assessment of a reasonable marketing period for the property (how long the property will be on the market).
8. The appraisal must assess market trends affecting the value of the property. These trends, for example, might include increasing or decreasing vacancy rates and use of rent concessions.
9. The appraisal must analyze and report on deductions and discounts due to proposed construction, completed properties that are partially leased or leased at other than market rents, or tract developments with unsold units.
10. In the appraisal you must certify that the appraisal assignment was not based on a requested minimum valuation or loan approval.
11. The appraisal must contain all information necessary to enable its reader to understand the opinion. Reference materials must be readily available and verified.
12. A legal description of the property must be included in the appraisal. This description is in addition to

(and not in lieu of) any other descriptions that might also be required.

13. The appraisal must identify and separately value all personal property, fixtures, or intangible items that are not real property but are included in the appraisal.
14. The appraisal must follow a reasonable method that addresses direct sales comparisons and income and cost approaches to market value and reconciles these approaches (and explains the elimination of each approach not used for an older property).
15. The appraisal must include comparable land sales used to determine land value.
16. The appraisal must reflect consideration for easements, restrictions, covenants, contractors, declarations, special assessments, ordinances, or other items of similar nature.
17. Photographs must be included for all comparables utilized to arrive at the Market Value determination.
18. An "As-Built Recertification" must be provided upon completion of the construction phase when applicable and at no additional cost. **YOUR INITIAL FEE MUST INCLUDE THIS.**
19. Please include a breakdown value of the land, building and/or equipment if applicable in the report.

If information deemed pertinent to the completion of an appraisal is unavailable, that fact should be disclosed and explained in the appraisal.

The bank agrees to pay the appraiser, as total compensation for the professional services required to be performed herein, an agreed appraisal fee of **\$4,250**. Your fee will be paid by the Bank upon our review of the report for compliance with the terms of this agreement. By accepting this assignment you are expected to cooperate with reviews in providing information as may be required to supplement or clarify information contained in the report and to make necessary corrections, if requested. The appraiser agrees to deliver the Report to the Bank through electronic mail (PDF format), by the agreed upon date of **February 8, 2019**. This deadline may be extended should circumstances beyond the appraiser's or bank's control preclude delivery by the above completion date. If prior approval from the bank is not received in a timely fashion, the appraiser is subject to a late fee charge of \$50.00 each day past the above agreed upon delivery date. **A signed copy of this engagement letter should be included with the report with the original returned to the Bank upon your Acceptance.** Any changes to the assignment as outlined in this Agreement shall necessitate a new Agreement.

If there are any questions regarding this request, please call Allen Kiefer at (910) 584-4894 immediately. You should not start the appraisal until all questions regarding the engagement have been answered to your satisfaction. This contract will be binding upon receipt of your acceptance of the terms listed in this engagement letter. Citizens Bank is not responsible for compensation of work performed without receipt of executed engagement letter.

Regards,



Allen Kiefer
Business Development Associate

The undersigned accepts the terms and conditions of this Engagement letter:

US Hotel Appraisals

By: Russell J. Ruano Title: Managing Partner Date: January 19, 2019

[A copy of this signed engagement letter needs to be included in the report]

EXHIBIT A - DESCRIPTION OF PROPERTY

Beginning at a spike which stands in the centerline of Sugarloaf Road, where the same intersects the western line of the property of E.R. Osteen as recorded in Deed Book 225, at Page 58, Henderson County Registry, and runs thence with said western line of said E.R. Osteen property, South $06^{\circ}53'34''$ West 829.55 feet to an iron pipe in the northeastern margin of the right of way of Interstate Highway 26; and runs thence with said margin of the right of way of Interstate Highway 26, and with a limited access fence, the following eight courses and distances, to wit:

1. North $33^{\circ}05'03''$ West 426.47 feet to a concrete monument;
2. North $56^{\circ}55'23''$ East 30.84 feet to a concrete monument;
3. North $32^{\circ}12'57''$ West 143.91 feet;
4. North $60^{\circ}28'08''$ East 24.84 feet;
5. In a northwesterly direction, on a curve to the right, having a radius of 1,287.39 feet, an arc distance of 227.55 feet;
6. In a northwesterly direction, on a curve to the right, having a radius of 809.93 feet, an arc distance of 265.52 feet;
7. South $88^{\circ}24'00''$ West 45.17 feet; and
8. North $02^{\circ}59'34''$ East 119.62 feet to a point in the centerline of Sugarloaf Road; thence with said center line, South $63^{\circ}47'00''$ East 007.69 feet to the Beginning.

Containing 6.71 acres, more or less, according to a survey entitled "Property of R.L. Jordan" by W.G. Hutchinson; RLS, dated August 31, 1973, and most recently revised August 24, 2005 by Richard M. Biggs, R.L.S.

Being also all of the same property described in a deed Recorded in Book 1546 at Page 591 of the Henderson County Registry

STR # 269 / Created January 17, 2019

Monthly STAR Report : Ascend Collection Cascades Mountain Resort

For the Month of: December 2018

Currency: US Dollar / Competitive Set Data Excludes Subject Property



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

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

Ascend Collection Cascades Mountain Resort 201 Sugarloaf Rd Hendersonville, NC 28792-9386 Phone: (828) 595-8155

STR # 269 ChainID: NC843 MgtCo: None Owner: None

For the Month of: December 2018 Date Created: January 17, 2019 Monthly Competitive Set Data Excludes Subject Property

December 2018

	Occupancy (%)			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	47.0	55.4	84.8	88.86	92.45	96.1	41.74	51.21	81.5
Year To Date	42.4	64.8	65.5	118.92	111.12	107.0	50.45	71.96	70.1
Running 3 Month	45.0	63.1	71.3	105.52	110.83	95.2	47.46	69.91	67.9
Running 12 Month	42.4	64.8	65.5	118.92	111.12	107.0	50.45	71.96	70.1

December 2018 vs. 2017 Percent Change (%)

	Occupancy			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month		-0.4			-3.6			-3.9	
Year To Date		2.1			0.9			3.1	
Running 3 Month		0.4			-3.1			-2.7	
Running 12 Month		2.1			0.9			3.1	

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

Ascend Collection Cascades Mountain Resort 201 Sugarloaf Rd Hendersonville, NC 28792-9386 Phone: (828) 595-8155

STR # 269 ChainID: NC843 MgtCo: None Owner: None

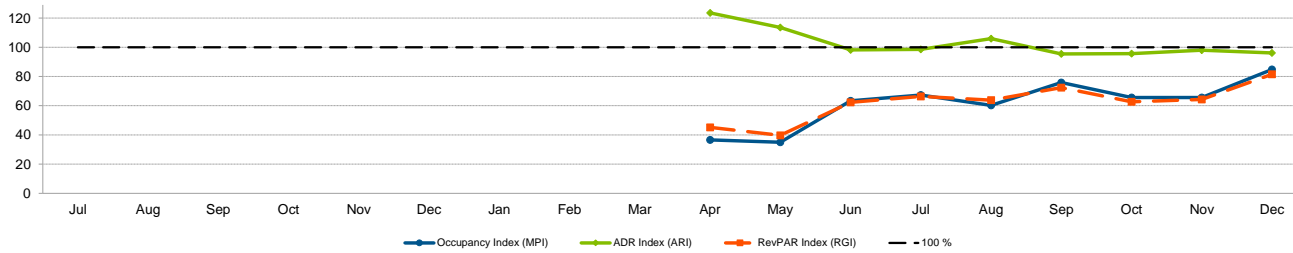
For the Month of: December 2018 Date Created: January 17, 2019 Monthly Competitive Set Data Excludes Subject Property

		Occupancy (%)								Supply			
		Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Ascend Collection Cascades Mountain Resort		47.0		42.4		45.0		42.4					
Market: North Carolina West		54.2	-1.2	62.5	0.5	62.9	-1.2	62.5	0.5	1.3	2.5	1.8	2.5
Market Class: Upscale Class		59.6	2.8	66.4	0.4	68.7	0.8	66.4	0.4	0.0	5.2	2.0	5.2
Submarket: North Carolina West/Cherokee Area		46.6	-4.3	56.3	-2.0	56.4	-4.5	56.3	-2.0	0.9	2.0	1.5	2.0
Submarket Scale: Upscale Chains		Data is Insufficient											
Competitive Set: Competitors		55.4	-0.4	64.8	2.1	63.1	0.4	64.8	2.1	0.9	8.9	0.6	8.9
		Average Daily Rate								Demand			
		Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Ascend Collection Cascades Mountain Resort		88.86		118.92		105.52		118.92					
Market: North Carolina West		121.45	-0.5	118.76	2.3	128.10	2.3	118.76	2.3	0.1	3.0	0.6	3.0
Market Class: Upscale Class		138.99	1.4	143.53	2.0	151.41	2.0	143.53	2.0	2.8	5.6	2.8	5.6
Submarket: North Carolina West/Cherokee Area		103.41	-2.3	112.71	0.9	115.54	0.3	112.71	0.9	-3.4	-0.1	-3.1	-0.1
Submarket Scale: Upscale Chains		Data is Insufficient											
Competitive Set: Competitors		92.45	-3.6	111.12	0.9	110.83	-3.1	111.12	0.9	0.5	11.2	1.0	11.2
		RevPAR								Revenue			
		Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Ascend Collection Cascades Mountain Resort		41.74		50.45		47.46		50.45					
Market: North Carolina West		65.78	-1.6	74.22	2.8	80.63	1.1	74.22	2.8	-0.4	5.4	2.9	5.4
Market Class: Upscale Class		82.90	4.3	95.29	2.4	104.04	2.8	95.29	2.4	4.3	7.7	4.8	7.7
Submarket: North Carolina West/Cherokee Area		48.22	-6.5	63.40	-1.2	65.21	-4.2	63.40	-1.2	-5.7	0.8	-2.8	0.8
Submarket Scale: Upscale Chains		Data is Insufficient											
Competitive Set: Competitors		51.21	-3.9	71.96	3.1	69.91	-2.7	71.96	3.1	-3.1	12.2	-2.2	12.2
		Census/Sample - Properties & Rooms								Pipeline			
		Census		Sample		Sample %		Market: North Carolina West					
		Properties	Rooms	Properties	Rooms	Rooms		Under Construction		Planning			
								Properties	Rooms	Properties	Rooms		
Market: North Carolina West		393	28505	214	19329	67.8							
Market Class: Upscale Class		31	4496	23	2845	63.3							
Submarket: North Carolina West/Cherokee Area		155	9308	56	3850	41.4							
Submarket Scale: Upscale Chains		1	100	1	100	100.0							
Competitive Set: Competitors		4	350	4	350	100.0							
See Help page for pipeline definitions.													

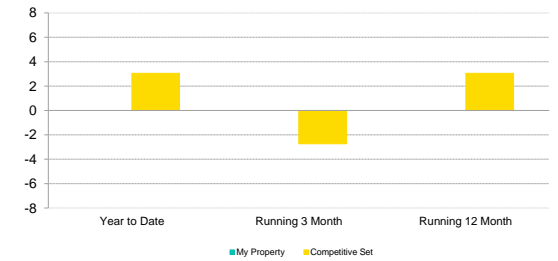
Tab 4 - Competitive Set Report

Ascend Collection Cascades Mountain Resort 201 Sugarloaf Rd Hendersonville, NC 28792-9386 Phone: (828) 595-8155
 STR # 269 ChainID: NC843 MgtCo: None Owner: None
 For the Month of: December 2018 Date Created: January 17, 2019 Monthly Competitive Set Data Excludes Subject Property

Monthly Indexes



RevPAR Percent Change



Occupancy (%)	2017						2018												Year To Date			Running 3 Month			Running 12 Month		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property										26.6	24.9	48.2	49.1	39.3	56.5	48.6	39.2	47.0			42.4			45.0			42.4
Competitive Set	69.4	69.0	71.7	71.7	61.1	55.6	40.3	50.5	64.1	72.7	71.2	76.1	72.9	65.2	74.4	74.1	59.8	55.4	72.9	63.4	64.8	72.2	62.8	63.1	72.9	63.4	64.8
Index (MPI)										36.6	35.0	63.4	67.3	60.2	75.8	65.6	65.6	84.8			65.5			71.3			65.5
Rank										5 of 5	5 of 5	5 of 5	5 of 5	5 of 5	4 of 5	5 of 5	5 of 5	4 of 5			5 of 5			5 of 5			5 of 5
% Chg																											
My Property																											
Competitive Set	-13.7	-9.6	-9.1	-11.6	-17.6	-9.3	-5.5	-0.9	-1.4	2.9	22.5	10.5	5.0	-5.6	3.8	3.3	-2.2	-0.4	6.3	-13.0	2.1	3.7	-13.0	0.4	6.3	-13.0	2.1
Index (MPI)																											
Rank																											
ADR	2017						2018												Year To Date			Running 3 Month			Running 12 Month		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property										120.46	119.06	116.05	118.13	118.75	154.28	121.81	105.29	88.86			118.92			105.52			118.92
Competitive Set	123.14	115.52	118.80	134.33	107.61	95.88	84.61	86.19	92.63	97.50	104.83	118.12	119.83	112.09	161.62	127.38	107.42	92.45	105.37	110.08	111.12	106.34	114.39	110.83	105.37	110.08	111.12
Index (ARI)										123.6	113.6	98.2	98.6	105.9	95.5	95.6	98.0	96.1			107.0			95.2			107.0
Rank										1 of 5	3 of 5	3 of 5	3 of 5	3 of 5	3 of 5	3 of 5	3 of 5	3 of 5			3 of 5			3 of 5			3 of 5
% Chg																											
My Property																											
Competitive Set	-3.3	4.5	6.3	1.9	13.0	12.0	3.2	5.7	0.3	1.2	-5.8	-2.2	-2.7	-3.0	36.1	-5.2	-0.2	-3.6	5.4	4.5	0.9	2.8	7.6	-3.1	5.4	4.5	0.9
Index (ARI)																											
Rank																											
RevPAR	2017						2018												Year To Date			Running 3 Month			Running 12 Month		
	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property										31.99	29.65	55.98	58.00	46.62	87.12	59.17	41.27	41.74			50.45			47.46			50.45
Competitive Set	85.52	79.76	85.21	96.33	65.80	53.31	34.06	43.56	59.36	70.83	74.65	89.89	87.40	73.05	120.33	94.34	64.21	51.21	76.80	69.83	71.96	76.76	71.88	69.91	76.80	69.83	71.96
Index (RGI)										45.2	39.7	62.3	66.4	63.8	72.4	62.7	64.3	81.5			70.1			67.9			70.1
Rank										5 of 5	5 of 5	5 of 5	5 of 5	5 of 5	4 of 5	5 of 5	5 of 5	3 of 5			5 of 5			5 of 5			5 of 5
% Chg																											
My Property																											
Competitive Set	-16.5	-5.6	-3.3	-9.9	-6.9	1.6	-2.4	4.8	-1.2	4.1	15.4	8.1	2.2	-8.4	41.2	-2.1	-2.4	-3.9	12.0	-9.1	3.1	6.7	-6.4	-2.7	12.0	-9.1	3.1
Index (RGI)																											
Rank																											

Tab 5 - Response Report

Ascend Collection Cascades Mountain Resort 201 Sugarloaf Rd Hendersonville, NC 28792-9386 Phone: (828) 595-8155
 STR # 269 ChainID: NC843 MgtCo: None Owner: None
 For the Month of: December 2018 Date Created: January 17, 2019

This Year

- Dec 3rd - First Day of Hanukkah
- Dec 24th - Christmas Eve
- Dec 25th - Christmas
- Dec 26th - First Day of Kwanzaa
- Dec 31st - New Year's Eve

December 2018 (This Year)

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

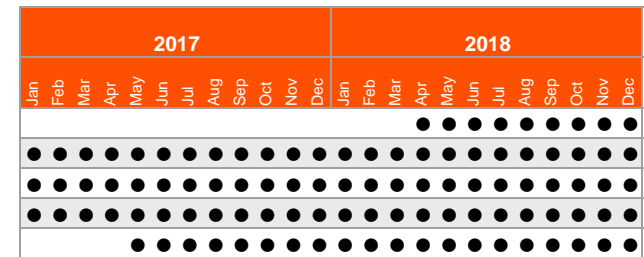
December 2017 (Last Year)

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

Last Year

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

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
269	Ascend Collection Cascades Mountain Resort	Hendersonville, NC	28792-9386	(828) 595-8155	100	196702
7876	Best Western Hendersonville Inn	Hendersonville, NC	28792-9326	(828) 692-0521	100	197205
24108	Hampton Inn Hendersonville	Hendersonville, NC	28792-9326	(828) 697-2333	109	198612
33715	Ramada Hendersonville	Hendersonville, NC	28792-9326	(828) 697-0006	56	199607
65571	Holiday Inn Express & Suites Hendersonville South	Flat Rock, NC	28731-0690	(828) 698-8899	85	201705
					450	



Data received:

- = Monthly Only
- = Monthly & Daily

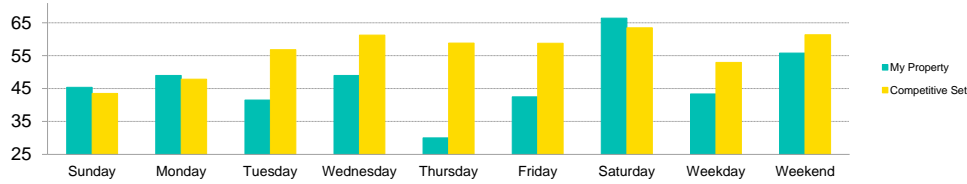
Tab 6 - Day of Week and Weekday/Weekend Report

Ascend Collection Cascades Mountain Resort 201 Sugarloaf Rd Hendersonville, NC 28792-9386 Phone: (828) 595-8155

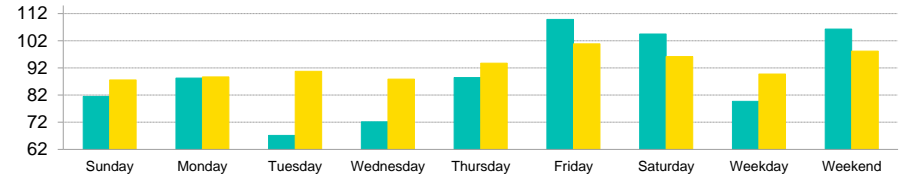
STR # 269 ChainID: NC843 MgtCo: None Owner: None

For the Month of: December 2018 Date Created: January 17, 2019 Monthly Competitive Set Data Excludes Subject Property

Current Month Occupancy



Current Month ADR



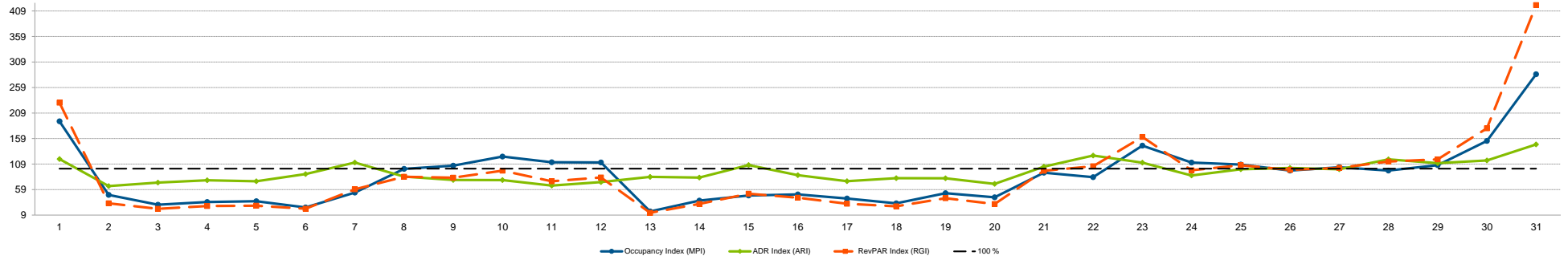
Day of Week	Time Period	Occupancy (%)			Average Daily Rate			RevPAR					
		My Property	Competitive Set	Index (MPI)	My Property	Competitive Set	Index (ARI)	My Property	Competitive Set	Index (RGI)			
		% Chg	% Chg	% Chg	% Chg	% Chg	% Chg	% Chg	% Chg	% Chg			
Sunday	Current Month	45.4	43.5	-19.8	104.3	81.51	87.56	-12.2	93.1	37.00	38.10	-29.6	97.1
	Year To Date	32.3	45.0	-3.0	71.8	106.86	107.72	2.8	99.2	34.48	48.42	-0.3	71.2
	Running 3 Month	33.9	46.6	-2.0	72.7	87.01	98.58	-4.9	88.3	29.47	45.90	-6.9	64.2
	Running 12 Month	32.3	45.0	-3.0	71.8	106.86	107.72	2.8	99.2	34.48	48.42	-0.3	71.2
Monday	Current Month	49.0	47.9	14.1	102.4	88.26	88.71	-3.2	99.5	43.24	42.47	10.5	101.8
	Year To Date	27.5	56.0	3.1	49.0	97.69	100.30	3.0	97.4	26.83	56.20	6.2	47.7
	Running 3 Month	32.1	52.5	0.8	61.0	88.27	99.90	-1.3	88.4	28.29	52.48	-0.5	53.9
	Running 12 Month	27.5	56.0	3.1	49.0	97.69	100.30	3.0	97.4	26.83	56.20	6.2	47.7
Tuesday	Current Month	41.5	56.8	8.9	73.0	67.14	90.73	-3.7	74.0	27.86	51.56	5.0	54.0
	Year To Date	28.2	64.8	5.8	43.5	97.58	101.54	2.1	96.1	27.49	65.78	8.1	41.8
	Running 3 Month	30.5	62.0	2.7	49.3	78.40	100.32	-4.4	78.2	23.93	62.16	-1.8	38.5
	Running 12 Month	28.2	64.8	5.8	43.5	97.58	101.54	2.1	96.1	27.49	65.78	8.1	41.8
Wednesday	Current Month	49.0	61.3	12.4	80.0	72.17	87.87	-6.8	82.1	35.36	53.84	4.7	65.7
	Year To Date	33.2	66.0	1.2	50.3	97.08	102.04	1.4	95.1	32.21	67.33	2.6	47.8
	Running 3 Month	35.7	64.0	-0.4	55.7	81.23	100.58	-5.6	80.8	28.97	64.39	-5.9	45.0
	Running 12 Month	33.2	66.0	1.2	50.3	97.08	102.04	1.4	95.1	32.21	67.33	2.6	47.8
Thursday	Current Month	30.0	58.8	10.4	51.0	88.43	93.73	1.2	94.3	26.53	55.15	11.7	48.1
	Year To Date	38.9	67.1	5.4	58.0	109.32	104.95	3.1	104.2	42.52	70.41	8.6	60.4
	Running 3 Month	43.1	66.2	4.2	65.1	99.80	106.63	0.1	93.6	42.99	70.61	4.3	60.9
	Running 12 Month	38.9	67.1	5.4	58.0	109.32	104.95	3.1	104.2	42.52	70.41	8.6	60.4
Friday	Current Month	42.5	58.8	-10.9	72.3	109.84	100.87	3.6	108.9	46.68	59.28	-7.7	78.8
	Year To Date	63.3	77.5	2.4	81.6	137.34	125.40	0.3	109.5	86.89	97.17	2.7	89.4
	Running 3 Month	62.4	72.3	-5.0	86.4	126.81	129.20	-0.7	98.2	79.17	93.39	-5.7	84.8
	Running 12 Month	63.3	77.5	2.4	81.6	137.34	125.40	0.3	109.5	86.89	97.17	2.7	89.4
Saturday	Current Month	66.4	63.5	0.9	104.6	104.48	96.20	-1.6	108.6	69.38	61.08	-0.7	113.6
	Year To Date	72.2	77.2	-0.9	93.5	138.72	127.96	-2.0	108.4	100.10	98.73	-2.9	101.4
	Running 3 Month	75.5	78.8	2.2	95.8	127.74	129.17	-4.5	98.9	96.38	101.77	-2.5	94.7
	Running 12 Month	72.2	77.2	-0.9	93.5	138.72	127.96	-2.0	108.4	100.10	98.73	-2.9	101.4
Weekday/Weekend													
Weekday (Sun-Thu)	Current Month	43.4	52.9	3.0	81.9	79.69	89.73	-5.4	88.8	34.56	47.50	-2.6	72.8
	Year To Date	32.0	59.8	2.8	53.5	102.19	103.10	2.4	99.1	32.69	61.61	5.2	53.1
	Running 3 Month	35.1	58.2	1.3	60.3	87.86	101.44	-3.1	86.6	30.84	59.01	-1.9	52.3
	Running 12 Month	32.0	59.8	2.8	53.5	102.19	103.10	2.4	99.1	32.69	61.61	5.2	53.1
Weekend (Fri-Sat)	Current Month	55.8	61.4	-4.7	90.9	106.30	98.19	0.6	108.3	59.29	60.28	-4.1	98.4
	Year To Date	67.7	77.3	0.7	87.6	138.08	126.67	-0.9	109.0	93.49	97.95	-0.2	95.4
	Running 3 Month	68.9	75.5	-1.4	91.3	127.32	129.18	-2.7	98.6	87.77	97.58	-4.1	89.9
	Running 12 Month	67.7	77.3	0.7	87.6	138.08	126.67	-0.9	109.0	93.49	97.95	-0.2	95.4
Total	Current Month	47.0	55.4	-0.4	84.8	88.86	92.45	-3.6	96.1	41.74	51.21	-3.9	81.5
	Year To Date	42.4	64.8	2.1	65.5	118.92	111.12	0.9	107.0	50.45	71.96	3.1	70.1
	Running 3 Month	45.0	63.1	0.4	71.3	105.52	110.83	-3.1	95.2	47.46	69.91	-2.7	67.9
	Running 12 Month	42.4	64.8	2.1	65.5	118.92	111.12	0.9	107.0	50.45	71.96	3.1	70.1

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Tab 7 - Daily Data for the Month

Ascend Collection Cascades Mountain Resort 201 Sugarloaf Rd Hendersonville, NC 28792-9386 Phone: (828) 595-8155
 STR # 269 ChainID: NCB43 MgtCo: None Owner: None
 For the Month of: December 2018 Date Created: January 17, 2019 Daily Competitive Set Data Excludes Subject Property

Daily Indexes for the Month of December



	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo
Occupancy (%)	December																														
My Property	92.0	15.0	16.0	20.0	20.0	13.0	29.0	91.0	91.0	99.0	100.0	98.0	10.0	19.0	24.0	14.0	20.0	17.0	23.0	18.0	40.0	35.0	51.0	31.0	29.0	55.0	79.0	82.0	90.0	56.0	79.0
Competitive Set	47.7	30.9	54.6	57.7	55.1	54.3	54.6	91.4	86.0	80.0	88.9	87.4	62.0	50.9	50.6	28.3	48.3	52.9	44.3	41.1	43.4	42.0	35.1	27.7	26.9	57.1	76.9	85.1	84.3	36.3	27.7
Index (MPI)	192.8	48.6	29.3	34.7	36.3	23.9	53.1	99.5	105.8	123.8	112.5	112.1	16.1	37.4	47.5	49.5	41.4	32.2	51.9	43.8	92.1	83.3	145.1	111.9	108.0	96.3	102.8	96.3	106.8	154.3	285.1

	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo
% Chg																															
My Property																															
Competitive Set	-20.0	-8.5	14.8	6.0	6.9	22.3	-34.9	14.9	7.7	101.2	81.4	103.6	49.4	-7.6	-12.3	4.4	17.2	19.1	18.2	2.7	-6.4	-5.4	-15.9	-29.8	-56.0	-33.9	-12.3	7.8	14.2	-59.4	1.2
Index (MPI)																															

	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo
ADR	December																														
My Property	118.79	63.07	67.10	70.65	67.01	78.57	104.64	74.99	66.25	65.21	59.80	62.91	80.24	92.10	102.46	80.41	70.87	77.37	73.53	63.78	96.73	117.29	91.86	74.66	84.01	89.98	96.70	122.20	115.23	102.10	131.16
Competitive Set	99.90	95.80	92.28	91.43	89.06	87.97	93.52	88.87	85.20	84.05	89.47	85.30	95.75	111.64	95.68	92.24	93.90	95.16	90.63	90.96	93.02	93.28	82.20	86.26	85.11	88.71	97.82	103.31	104.05	87.95	88.93
Index (ARI)	118.9	65.8	72.7	77.3	75.2	89.3	111.9	84.4	77.8	77.6	66.8	73.7	83.8	82.5	107.1	87.2	75.5	81.3	81.1	70.1	104.0	125.7	111.8	86.6	98.7	101.4	98.9	118.3	110.7	116.1	147.5

	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo
% Chg																															
My Property																															
Competitive Set	5.6	12.8	-2.5	-5.6	-5.6	-4.3	-6.1	-10.2	-13.0	-6.4	-6.4	-13.7	6.6	21.4	2.0	2.7	1.5	4.0	4.9	7.3	-3.5	4.4	-7.8	-5.9	-10.2	-8.6	-1.6	-0.3	-5.4	-24.7	12.4
Index (ARI)																															

	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo
RevPAR	December																														
My Property	109.29	9.46	10.74	14.13	13.40	10.21	30.34	68.24	60.29	64.55	59.80	61.65	8.02	17.50	24.59	11.26	14.17	13.15	16.91	11.48	38.69	41.05	46.85	23.14	24.36	49.49	76.39	100.20	103.71	57.17	103.62
Competitive Set	47.67	29.56	50.36	52.77	49.11	47.75	51.03	81.25	73.28	67.24	79.50	74.58	59.37	56.77	48.38	26.09	45.34	50.30	40.14	37.42	40.40	39.18	28.89	23.91	22.86	50.69	75.18	87.96	87.70	31.91	24.65
Index (RGI)	229.3	32.0	21.3	26.8	27.3	21.4	59.5	84.0	82.3	96.0	75.2	82.7	13.5	30.8	50.8	43.1	31.3	26.1	42.1	30.7	95.8	104.8	162.2	96.8	106.6	97.6	101.6	113.9	118.2	179.1	420.4

	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo
% Chg																															
My Property																															
Competitive Set	-15.5	3.2	11.9	0.0	0.9	17.1	-38.9	3.3	-6.2	88.4	69.8	75.8	59.2	12.2	-10.5	7.2	19.0	23.8	24.0	10.2	-9.7	-1.2	-22.5	-33.9	-60.5	-39.6	-13.7	7.5	8.1	-69.4	13.7
Index (RGI)																															

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