APPRAISAL OF REAL PROPERTY

Deerhurst Resort
1235 Deerhurst Drive
Huntsville, Ontario P1H 2E8

IN A NARRATIVE REPORT

As of December 31, 2018

Prepared For:

Skyline Investments Inc.
36 King Street East, Suite 700
Toronto, ON M5C 2L9

Prepared By:

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C&W File ID: 18-444-900152

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1235 Deerhurst Drive
Huntsville, Ontario
P1H 2E8

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February 19, 2019

Mr. Rob Waxman, CA CPA CFA
Skyline Investments Inc.
36 King Street East, Suite 700
Toronto, ON M5C 2L9

Re: Appraisal of Real Property
In a Narrative Report

Deerhurst Resort
1235 Deerhurst Drive
Huntsville, Ontario P1H 2E8

C&W File ID: 18-444-900152

Dear Mr. Waxman:

In fulfillment of our agreement as outlined in the Letter of Engagement, we are pleased to transmit our appraisal of the above-captioned property.

This Narrative Appraisal Report was prepared in accordance with the Canadian Uniform Standards of Professional Appraisal Practice (CUSPAP). In addition, the methodology and principles implemented in this appraisal are intended to comply with the IFRS 13 accounting standard (International Financial Reporting Standards 13 – 'Fair Value Measurement'). This report contains an analysis of general and specific data deemed essential to support the estimate of value reported herein. The reader should refer to the Terms of Reference section of this report for details of the assignment, the Purpose and Intended Use of the report, and Definitions and Assumptions used in estimating the value of the property. The reader should also refer to our Letter of Engagement for this assignment, which is included in the Addendum of this report, for additional background on the assignment.

The value opinion in this report is qualified by certain assumptions, limiting conditions, certifications, and definitions set out in this report. We particularly call your attention to the extraordinary assumptions and conditions listed as follows.

Extraordinary Assumptions

For a definition of extraordinary assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results. The appraisal is subject to the following assumptions.

- This appraisal assumes the existing 207 third party-owned non-Pavilion guest rooms will continue to be in the resort's rental pool.
- This appraisal assumes 80 third party-owned Lakeside Lodge guest rooms will enter the resort's rental pool in July 2019. Based on guidance from management, we have assumed a further 20 Lakeside Lodge units will enter the resort's rental pool in July 2020.

- In preparing this valuation, we have relied on operating statements and other verbal and written information provided to us by ownership/management and we assume these accurately reflect the operating performance of the resort.
- We were not provided with a Capital Plan for the subject resort beyond 2019 and renovation of meeting facilities in 2020 and 2021. We have assumed that any future capital requirements will be funded through the hotel's FF&E reserve provision.

Hypothetical Conditions

For a definition of hypothetical conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results. The appraisal is subject to the following conditions.

- This appraisal does not employ any hypothetical conditions.

Based on the agreed to Scope of Work and the Assumptions noted, it is our opinion that the "As Is" Current Market Value of the property, as of December 31, 2018, was as follows:

Value Conclusions (in Canadian Dollar)

Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion	Value Per Owned Room
Current Market Value (As Is)	Fee Simple	December 31, 2018	$71,500,000	$701,000

This appraisal pertains to the fee simple interest in the real estate along with the all furniture, fixtures and equipment in the subject property owned by Skyline Deerhurst Resort Inc. All revenue generated by the resort, including those generated by management contracts for units owned by third parties, are integral and synergetic to the income generating capability of the resort and are included in the projected cash flows for the property.

In our opinion, any business component to value has been accounted for through the deduction of market-rate management fees. The deduction eliminates the business operation/management component from the appraisal. As such, we believe that there is no business value included in our value conclusion.

Cushman & Wakefield previously appraised the subject property in 2017. A table illustrating changes in value and underlying reasons is provided in the Executive Summary.

We believe, based on the assumptions employed in our cash flow, as well as our selection of investment parameters for the subject, that the value conclusion represents a market price achievable within 6 to 12 months exposure prior to the date of value.

This letter is invalid as an opinion of value if detached from the report which follows, which contains the Terms of Reference and details of our analysis, exhibits, and addenda.

Respectfully submitted,

CUSHMAN & WAKEFIELD ULC





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SUMMARY OF SALIENT FACTS AND CONCLUSIONS

The following is an executive summary of the information that we present in more detail in the report.

Basic Information			
Property Name:	Deerhurst Resort	**Report Type:**	Narrative Report
Address:	1235 Deerhurst Drive	**Interest Appraised:**	Fee Simple
City:	Huntsville	**Date of Value:**	December 31, 2018
Province:	Ontario	**Date of Inspection:**	December 21, 2018
Postal Code:	P1H 2E8	**Date of Report:**	February 19, 2019
Registered Owner:	Skyline Deerhurst Resort Inc.		
C&W File Reference:	18-444-900152		

Recent Sales History - None

Site Information - Excludes Development Lands			
Resort Land Area SF:	15,767,849	**Utility:**	Good
Resort Land Area AC:	361.98	**Topography:**	Level to rolling
Is There Excess Land?	No	**Shape:**	Irregular
		Frontage:	Excellent
		Access:	Good
		Visibility:	Excellent
		Location Rating:	Good
		Number of Parking Spaces:	614
		Parking Ratio (per room):	1.50:1
		Parking Type:	Surface

Building Information			
Type of Property:	Full-service resort	**Actual Age:**	New build to 38 Years
Type of Construction:	Various	**Quality:**	Good
Number of Guest Rooms:	409	**Condition:**	Good
Gross Owned Building Area:	349,560 SF	**Year Built:**	1981, 2019
Number of Stories:	Various	**Year Renovated:**	Annual
Rooms Owned by Skyline:	102	**Land to Building Ratio:**	45.11:1
Rooms Under Management:	307		

Municipal Information			
Assessor's Parcel Number:	Please see Addenda	**Zoning Authority:**	Town of Huntsville
Taxing Authority:	Town of Huntsville	**Zoning Designation:**	C4 - Tourist Commercial
Current Tax Year:	2018	**Is Current Use Permitted?**	Yes
Taxable Assessment:	$18,804,663	**Is Current Use Conforming?**	Conforming use
Assessment per Owned Room:	$184,359		
Year 1 Tax Estimate:	$337,047		

Highest & Best Use	
As If Vacant:	**As Improved:**
Commercial development, including a resort.	Resort as currently improved.

Franchise Agreement - None

Management Agreement - Self-Operated

Rooms Performance			
Historical 2018 Occupancy:	58.9%	**Historical 2018 ADR:**	$205.50
Projected Year 1 Occupancy:	54.5%	**Projected Year 1 ADR:**	$215.77
Projected Stabilized Year Occupancy:	56.4%	**Projected Stabilized Year ADR:**	$255.15

Valuation Assumptions (As Is)	
Inflation Rate:	2.00%
Discount Rate:	10.50%
Terminal Capitalization Rate:	8.50%
Overall Capitalization Rate:	6.00%
Holding Period (years):	10

Valuation Indices	Current Market Value (As Is)
Direct Comparison Approach	
Indicated Value:	$71,400,000
Per Owned Room:	$700,000
Income Approach	
Discounted Cash Flow	
Projection Period:	10 Years
Holding Period:	10 Years
Terminal Capitalization Rate:	8.50%
Discount Rate:	10.50%
Indicated Value:	$69,700,000
Per Owned Room:	$683,000
Direct Capitalization	
Year 1 Net Operating Income:	$4,367,000
Overall Capitalization Rate:	6.00%
Indicated Value:	$72,800,000
Per Owned Room:	$714,000
Final Value Conclusion	
Concluded Value:	$71,500,000
Per Owned Room:	$701,000
Implied Capitalization Rate:	6.11%
Exposure Time and Marketing Time	6 to 12 Months

APPRAISAL COMPARISON			
Date of Value	**30-Sep-2017**	**31-Dec-2018**	**Change**
SUBJECT PROPERTY PROJECTIONS – YEAR 1			
Number of Operational Rooms	330	349	19
Occupancy	55.0%	54.5%	-0.6 PTS
ADR	$210.76	$215.77	2.4%
RevPAR	$115.92	$117.65	1.5%
Total Revenues	$30,515,000	$32,670,000	7.1%
Total Departmental Expenses	$13,532,000	$14,135,000	4.5%
Total Undistributed Operating Expenses	$10,572,000	$11,569,000	9.4%
Management Fee	$915,000	$980,000	7.1%
Total Fixed Expenses	$1,259,000	$1,619,000	28.6%
Net Operating Income	$4,237,000	$4,367,000	3.1%
COMPETITIVE MARKET RESULTS - PREVIOUS CALENDAR YEAR			
Occupancy	61.0%	59.8%	-1.2 PTS
ADR	$216.13	$231.99	7.3%
VALUATION PARAMETERS			
Overall Capitalization Rate – Year 1	6.00%	6.00%	-
Terminal Capitalization Rate	8.50%	8.50%	-
Discount Rate	10.50%	10.50%	-
VALUATION CONCLUSIONS			
Number of Operational Rooms (Stabilized)	413	409	-4
Number of Owned Rooms	102	102	-
Compounded Annual Growth Rate in NOI	6.4%	6.1%	-0.3%
Discounted Cash Flow	$70,900,000	$69,700,000	-1.7%
Direct Capitalization	$70,600,000	$72,800,000	3.1%
Direct Comparison	$68,900,000	$71,400,000	3.6%
Final Value	$70,500,000	$71,500,000	1.4%
Final Value Per Owned Room	$691,000	$701,000	1.4%

The above provides a comparison of the results of this appraisal compared to our previous appraisal as at 30 September 2017. Valuation parameters applied for the two appraisals are similar, as illustrated above; however, the number of operational rooms as at the stabilized year has decreased by 8 rooms (reflecting fewer Summit Lodge, Greens, and Hillside rooms confirmed to enter the rental pool).

The hotel's projected Year 1 revenues and NOI are higher in this appraisal, whilst the number of operational rooms as at the stabilized year is similar. Following renovations of the resort's meeting facilities and improved room product (with the addition of the new Lakeside Lodge rooms), management anticipates the resort will see an improved capture of Group demand and ADR performance over the coming years.

Based on recent historical performance, departmental, undistributed and fixed expenses have increased as percentages of total revenues. While this negatively impacts NOI growth in the later years of our projections in this appraisal, the increase in overall projected NOI levels has led to an increased final value conclusion for the subject resort compared to our previous appraisal.

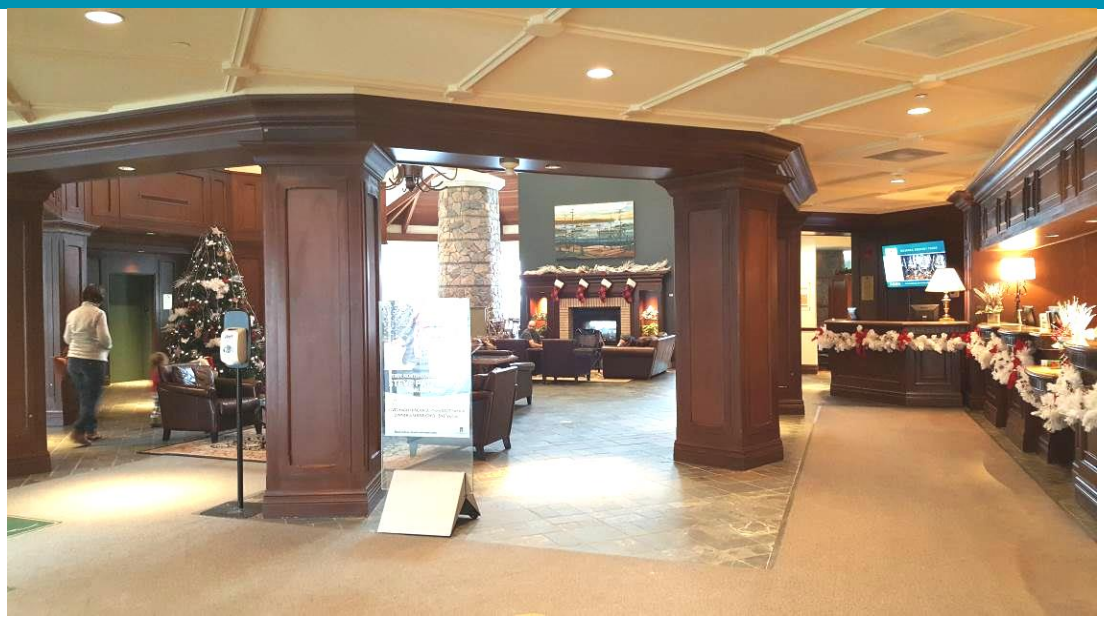
PROPERTY PHOTOGRAPHS

AERIAL PHOTOGRAPH

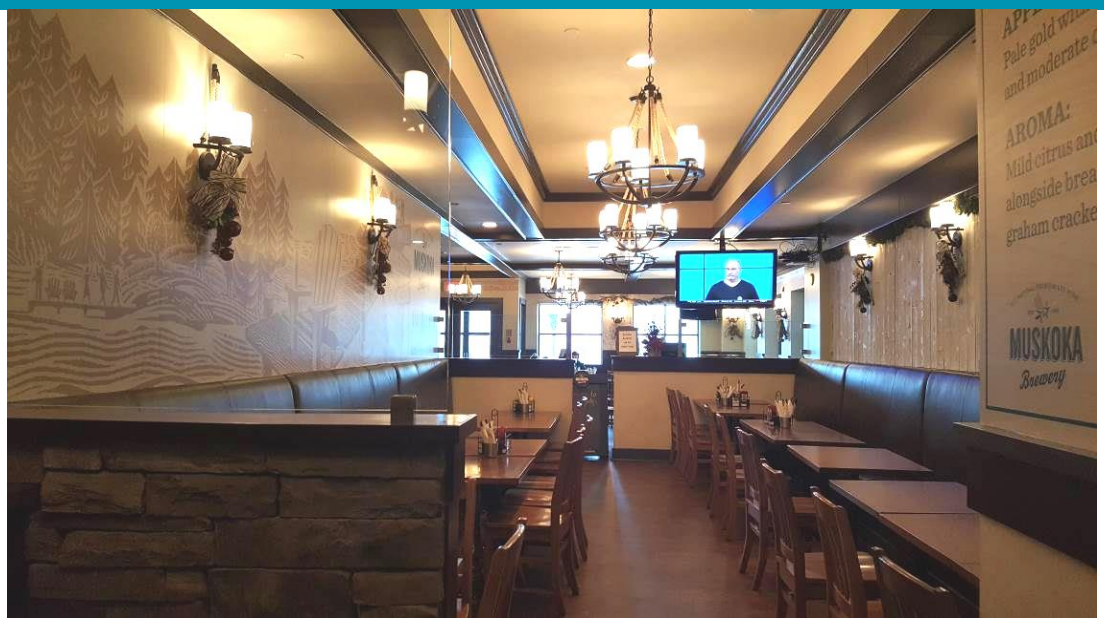


Source: Deerhurst Resort

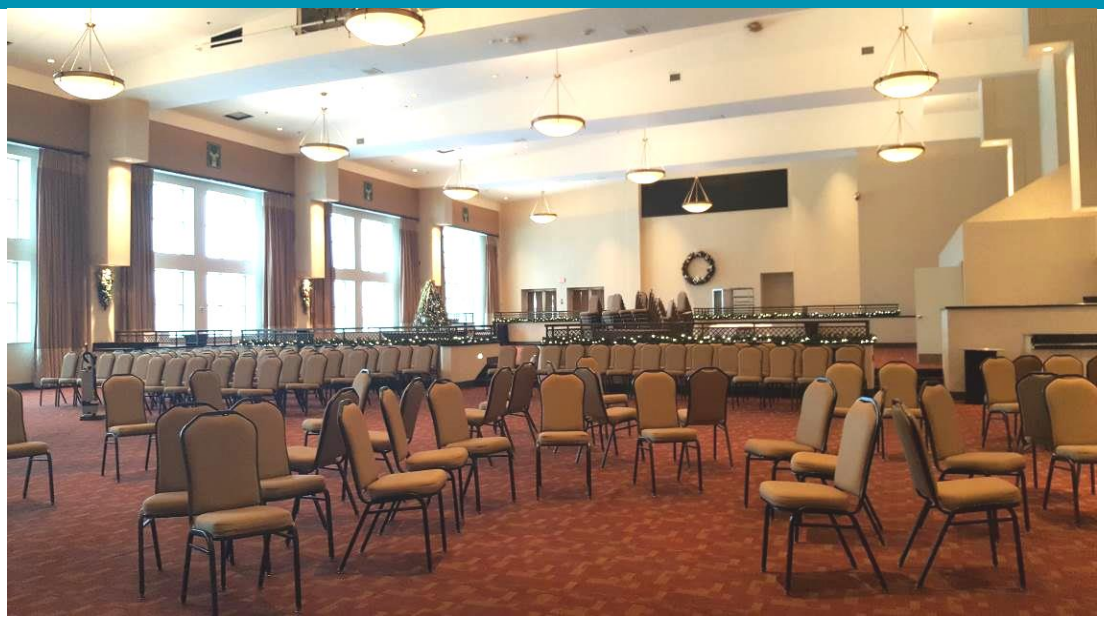
LOBBY AND RECEPTION AREA



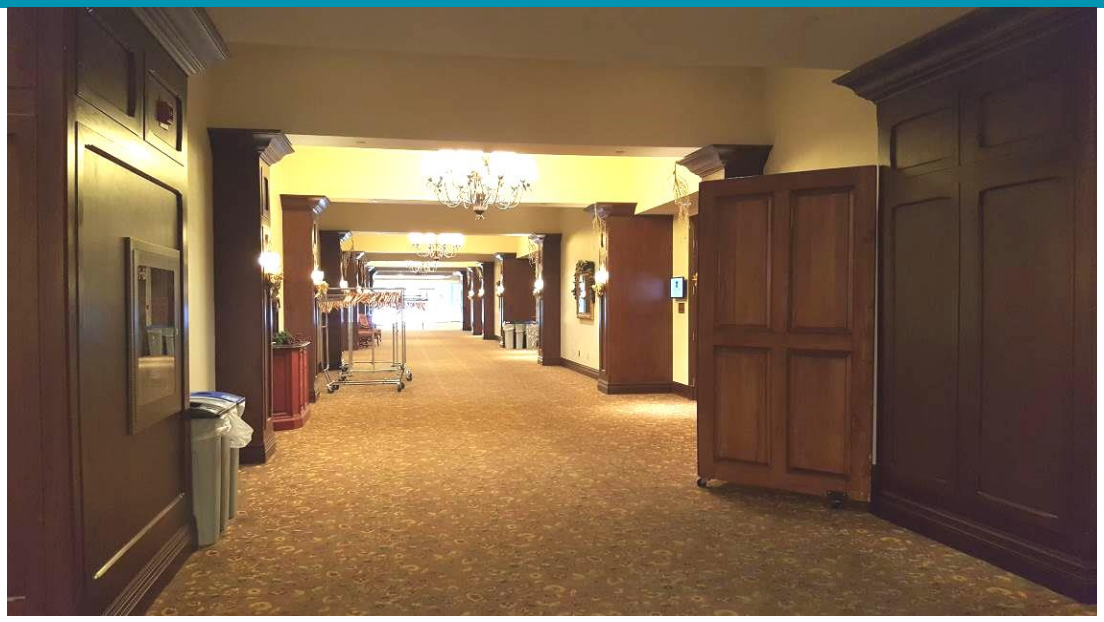
MAPLE PUB & PATIO



PENINSULA BALLROOM



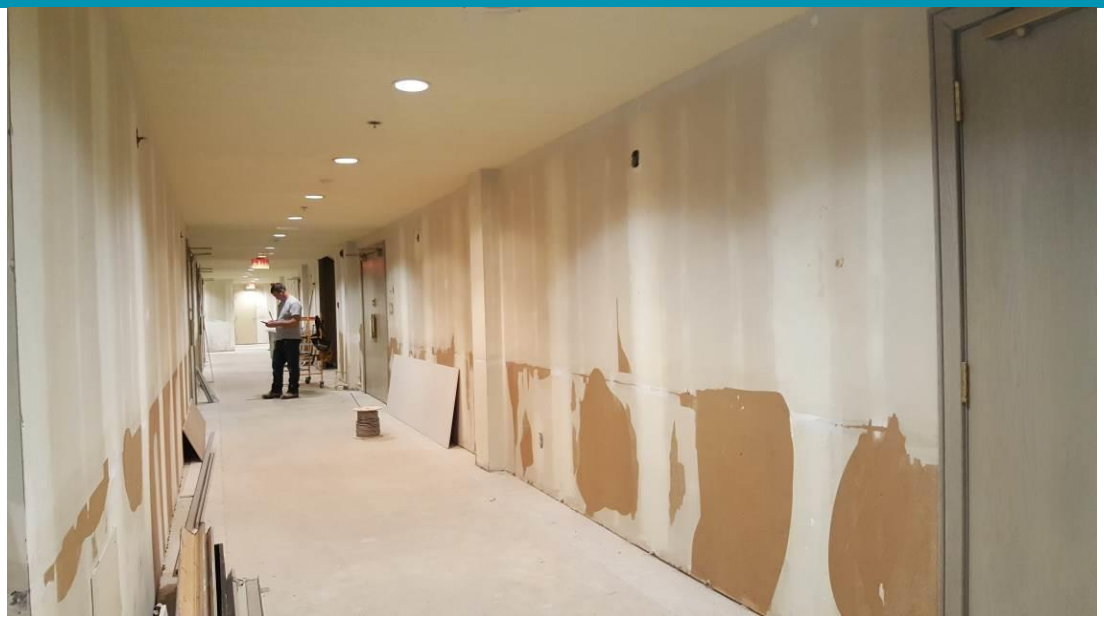
PRE-FUNCTION SPACE



WEST WING TOM THOMSON FUNCTION ROOM – UNDER RENOVATION



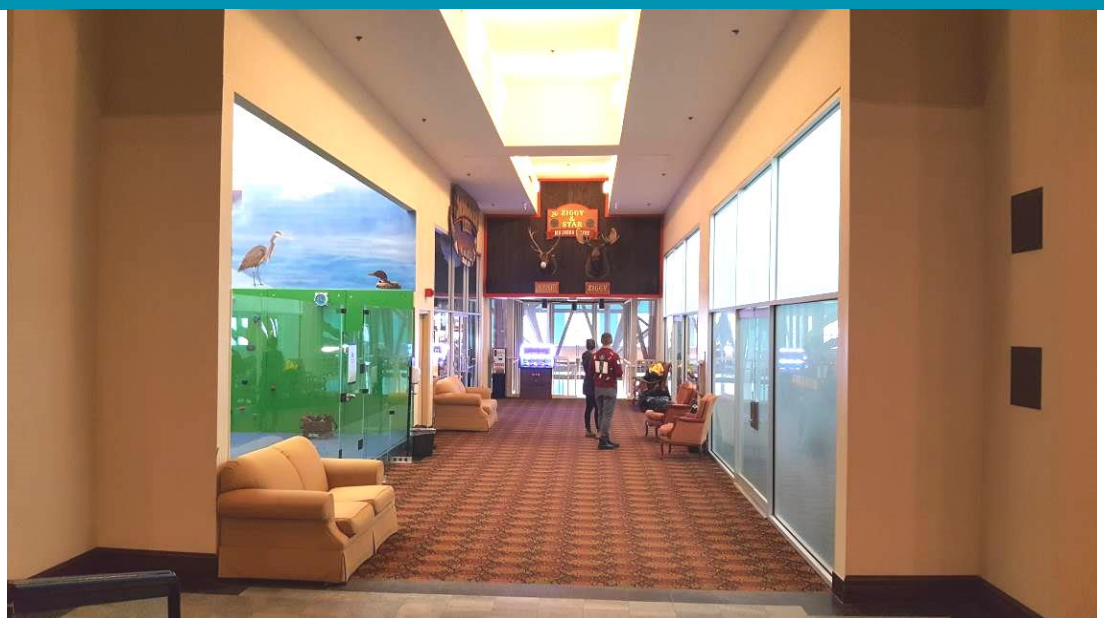
WEST WING CORRIDOR – UNDER RENOVATION



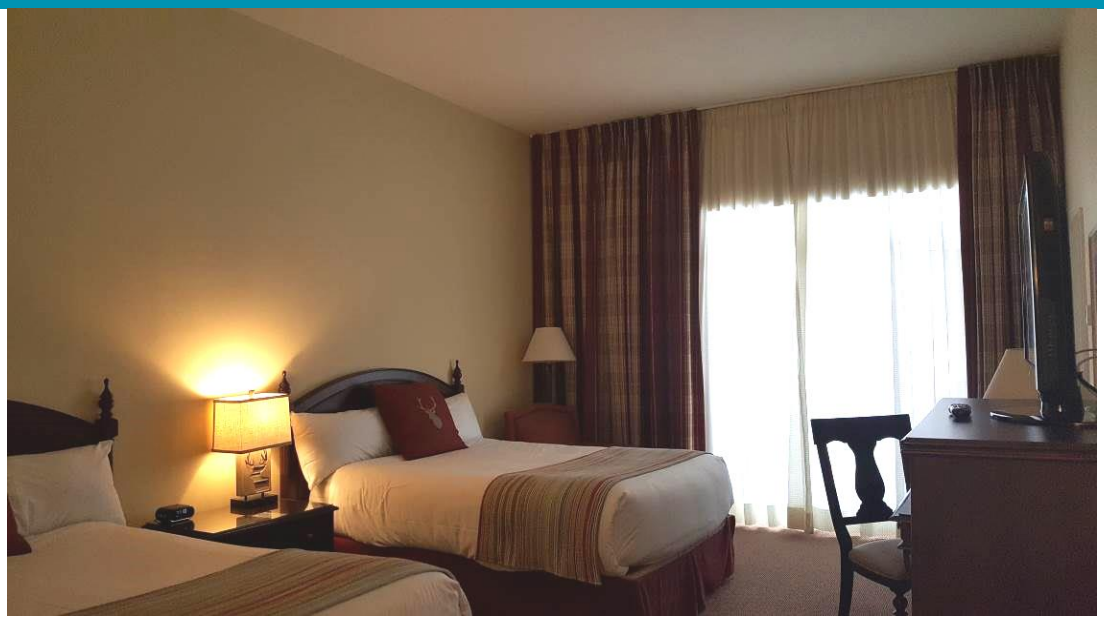
LEGACY HALL (A TEMPORARY INDOOR PLAY AREA)



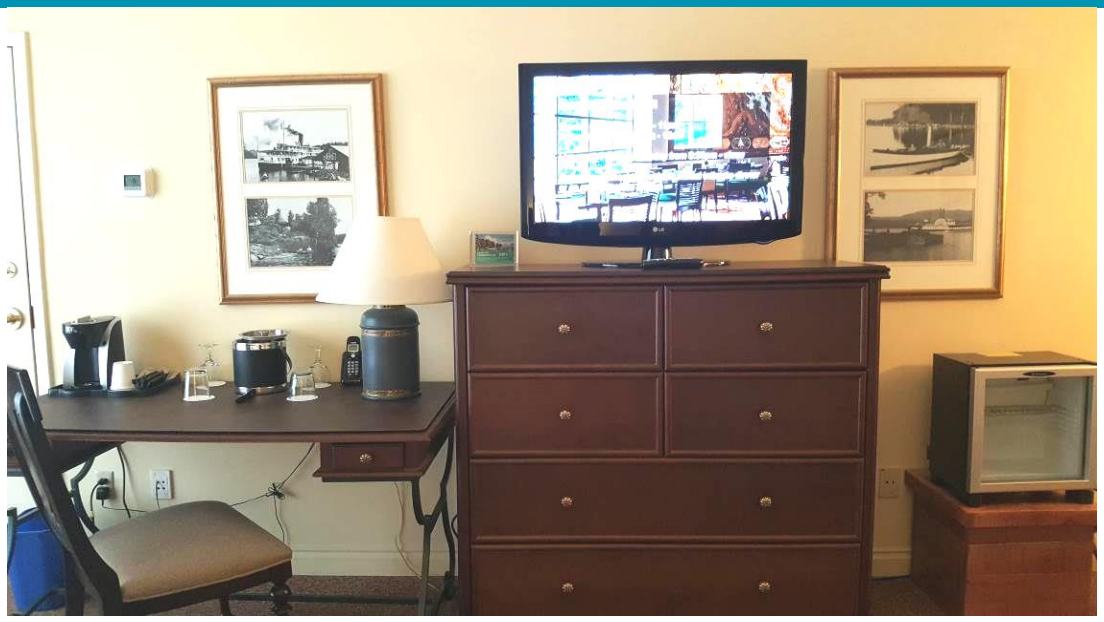
INDOOR PLAY AREA



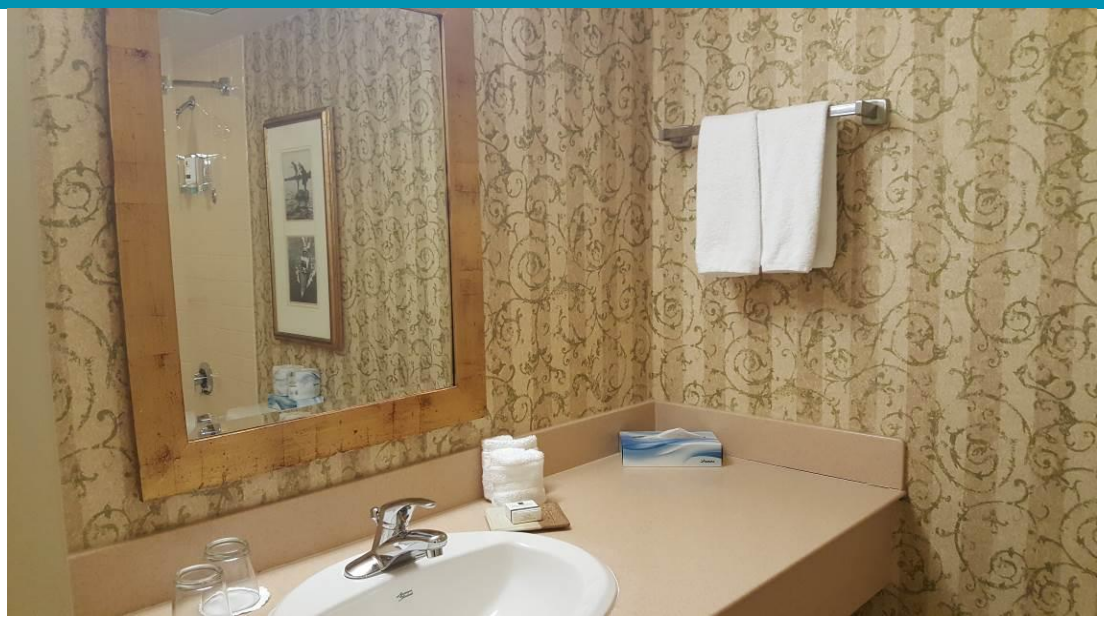
PAVILION 2 DOUBLE GUEST ROOM



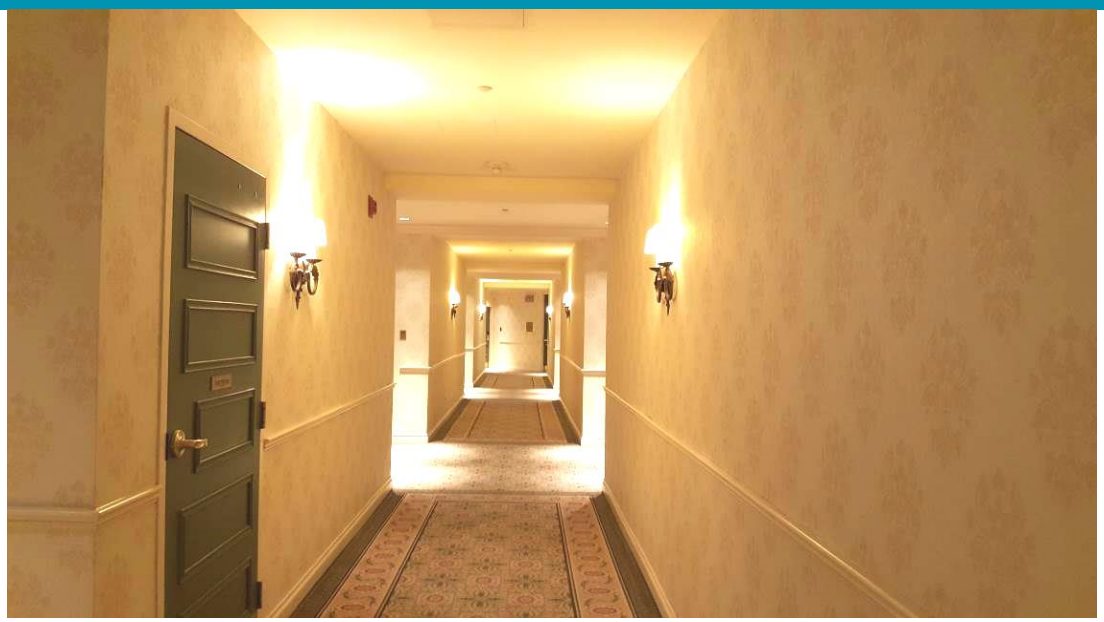
PAVILION GUEST ROOM AMENITIES



PAVILION GUEST ROOM BATHROOM



PAVILION CORRIDOR



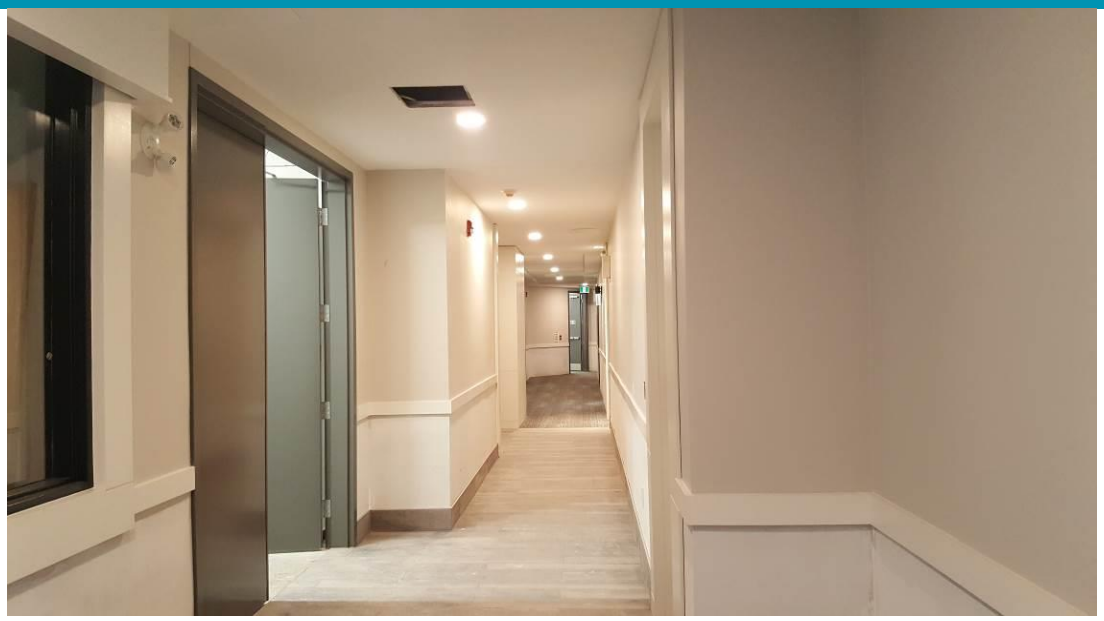
LAKESIDE LODGE (NEARING COMPLETION)



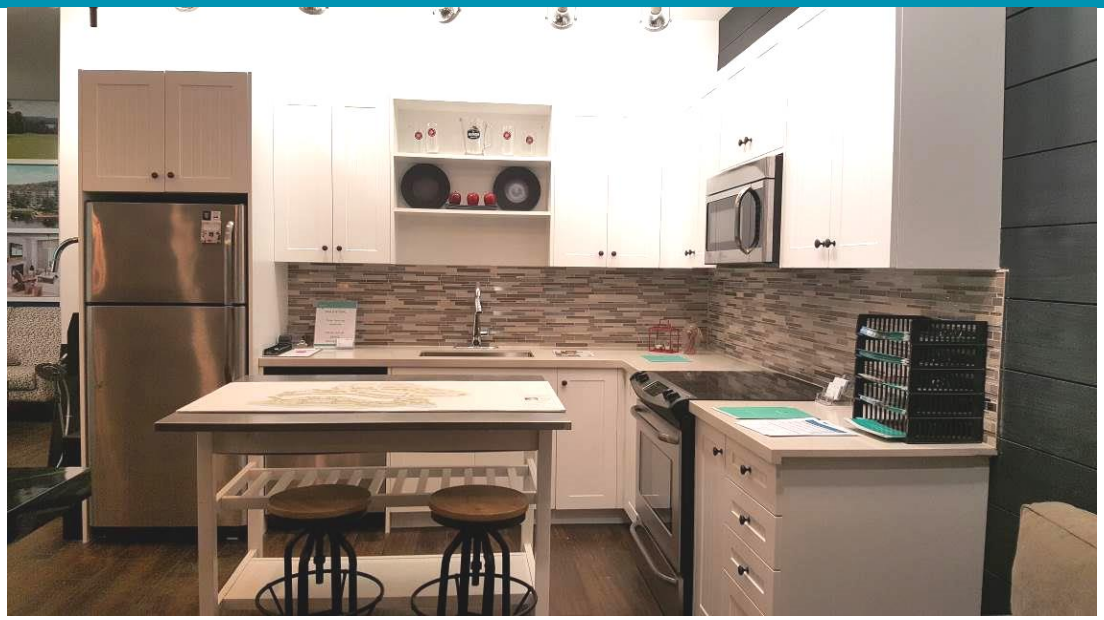
LAKESIDE LODGE FACING PENINSULA LAKE



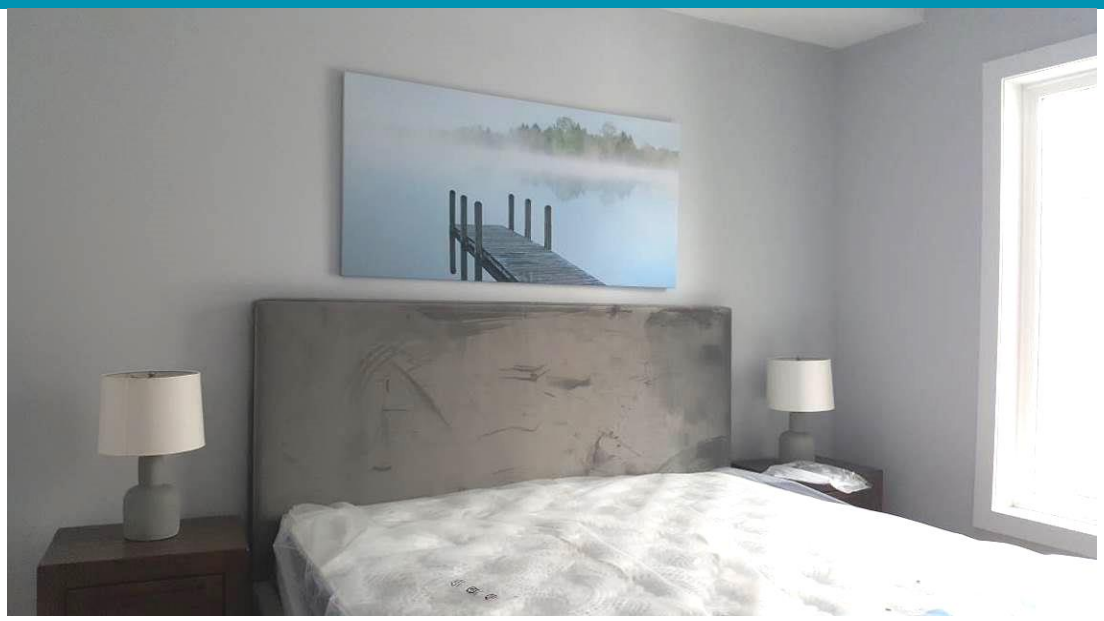
LAKESIDE LODGE CORRIDOR



LAKESIDE LODGE MODEL GUEST KITCHEN



LAKESIDE LODGE GUEST BEDROOM



LAKESIDE LODGE GUEST BATHROOM

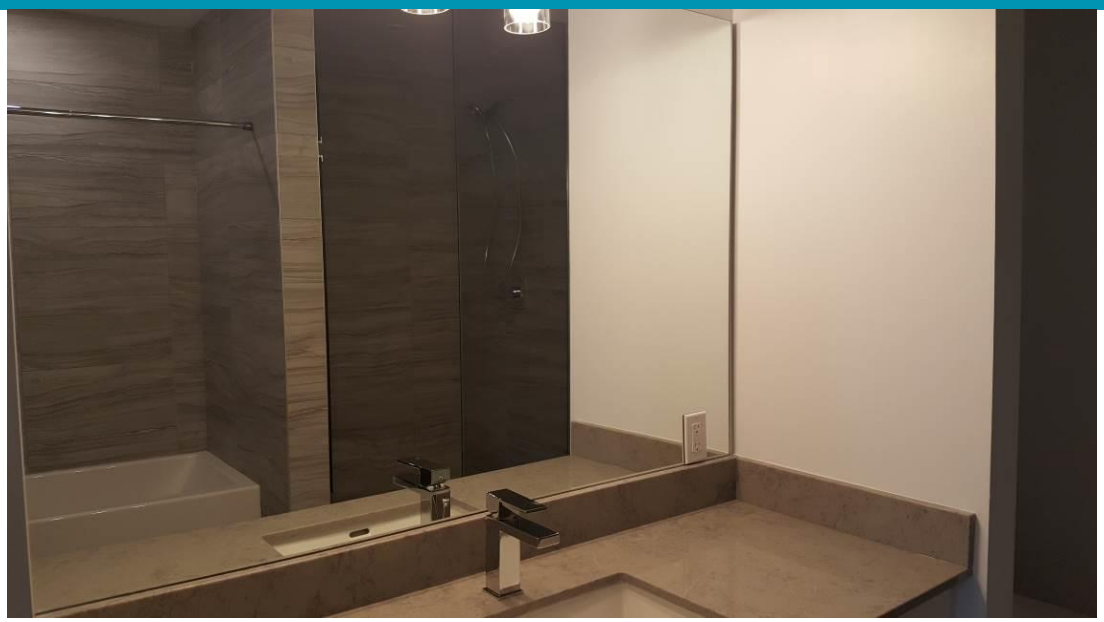


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INTRODUCTION

Purpose and Intended Use of Report

The purpose of this valuation is to estimate the "As Is" Current Market Value of the Fee Simple interest in the subject property described below as of the effective date of December 31, 2018. This report has been requested by Skyline Investments Inc. ("Client") and the intended use of the report is in connection with public financial statement and financing of the subject property. The report may be relied upon by a specific lender, provided a reliance letter is issued by Cushman & Wakefield directly to the lender.

This report has been prepared for the party named above for the purpose stated. In addition, the report may be used by Mishorim Real Estate Investments Ltd. and Brightman Almager Zohar & Co as part of their audit procedure. Any other use or user is unintended by the appraiser.

This report will be included in the annual filings or any other required statutory filings with the securities authorities and stock exchanges in Israel and/or Canada by the Client or the Client's public parent company.

The report is subject to those Assumptions and Limiting Conditions contained at the end of this report in addition to any assumptions, which may be stated in the body of the report. In addition, the reader should refer to the Letter of Engagement for the Terms and Conditions of Engagement.

Definition of Market Value

The Canadian Uniform Standards of Professional Appraisal Practice adopted by the Appraisal Institute of Canada define market value as:

"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 are 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 their own best interests;
- A reasonable time is allowed for exposure in the market;
- Payment is made in cash in Canadian 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.

The estimated value of the property includes the "total assets of the business." Please see the definition under "Going Concern" later in this section.

Exposure Time

An estimate of market value is related to the concept of reasonable exposure time. Exposure time is the property's estimated marketing time prior to a hypothetical sale at market value on the effective date of the appraisal. Reasonable exposure time is a necessary element of a market value definition but is not a prediction of a specific date of sale.

Ongoing discussions with brokers active within the resort market have indicated that properties such as the subject typically require a marketing period of 6 to 12 months, depending on a number of factors including location, condition of the improvements, and motivation of the purchaser/vendor. In addition, we have reviewed sales data to determine typical exposure times for resorts.

Scope of the Valuation

This is a Narrative Report and complies with the reporting requirements set forth under the Canadian Uniform Standards of the Appraisal Institute of Canada. As such, all relevant material is provided in this report including the discussion of appropriate data, reasoning, and analyses that were used in the appraisal process to develop the appraiser's opinion of value. Additional supporting documentation concerning the data, reasoning, and analyses are retained in the appraiser's file. The depth of discussion contained in this report is specific to the needs of the client and for the intended use stated herein.

- Inspected the subject property;
- Verified current land use and zoning regulations;
- Reviewed the existing competitive accommodation market including an assessment of facilities offered and proposed, published room rates, proposed types and timing of expansion, new development and renovations and market demand segmentation;
- Estimated future growth in supply of and demand for, resort accommodation in the competitive market area;
- Prepared market penetration rates by market segment and average rate that may be achieved by the subject property, based on the facilities and market orientation;
- Projected the share of demand and average rate penetration which can reasonably be attracted by the subject resort;
- Considered the highest and best use of the property;
- Reviewed operating history of the property and current budget;
- Reviewed a Lakeside Lodge Rental Management Agreement;
- Reviewed the Capital Budget for the resort;
- Prepared a detailed operating pro forma for the subject resort;
- Reviewed available market data on the resort investment market;
- Reviewed the key investment characteristics of the hospitality market in general and the subject property specifically;
- Estimated market value through the Income and Direct Comparison Approaches to value; and
- Prepared a report outlining our research, analysis and conclusions.

Property Rights Appraised

The interest appraised is the fee simple interest, including the contributory value of the furniture, fixtures and equipment. We have specifically valued the interest in 102 Pavilion guest rooms and the interest in commercial resort facilities, as owned by Skyline Deerhurst Resort Inc. The value estimate also includes the interest in

managing 307 third party-owned units participating in the resort's rental pool; these units generate income for the resort through short-term management agreements.

This appraisal excludes other interests in the property, such as the fee simple interest in third party-owned Bayshore, Summit, Greens, Hillside and Lakeside Lodge units participating in the resort's rental pool, and other interests located on the property (e.g. Birchcliff Villas, development lands). Further, this appraisal has not considered further development potential on resort lands.

Third Party Rental Pool

- Third party condo unit owners at Deerhurst Resort can voluntarily participate in the resort's rental pool. As of 2019, 207 of 309 of the resort's guest rooms, owned by third parties, participated in the rental program (i.e. excluding the 102 Pavilion rooms owned by Skyline). In 2018, 211 rooms were in the rental pool and the unit owners were collectively paid 27.1% of overall Rooms Revenue.
- The new Lakeside Lodge residential development is largely completed. It will have a total of 152 condos.
- The new Lakeside Lodge development will add 80 confirmed guest rooms to the rental pool, effective July 2019. Management expects another 20 Lakeside Lodge units will enter the rental pool in July 2020. This will add a total of 100 rooms to the subject's inventory. The third-party owners will be paid 38.0% of Rooms Revenue in proportion to the resort's operating inventory (i.e. 38% of 100 of 309 total rooms).
- Each rental term is for two years, with an automatic two-year renewal. Each owner is responsible for their own property taxes, condo common fees, utilities, insurance, FF&E replacement, and structural repairs (non-exhaustive list). An owner can terminate the agreement upon unit sale provided a 1-year written notice, or the completion of any outstanding guest reservations for the unit. An owner can occupy their unit for an unlimited number of days, subject to availability and provided an advance reservation. Some agreements have monthly rental guarantees payable to the unit owner.
- Third party owners not participating in the rental pool are prohibited from renting their units for short-term rentals. Such units may be owner-occupied or used for long-term rentals (at least 365 days). This limitation is registered on the title or stated in the condo declaration.
- Skyline is responsible for the resort's sales and marketing, maintenance, and operations. We understand that Skyline is not subject to common fees for the third-party condo buildings (i.e. Summit, Greens, Hillside and Lakeside Lodge).
- Skyline can terminate a rental agreement if a unit is not maintained or renovated at an acceptable level for resort operations. Removed units that complete renovations may re-enter the rental pool.

Easements and Encumbrances

We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use.

Date and Extent of Inspection

Vadess Johan, AACI, P.App inspected the property on December 21, 2018. Brian Flood, AACI P.App., MRICS is familiar with the property and the local market.

We inspected the property with a representative of the owner. The scope of inspection was limited to an inspection of a representative sample of guest rooms, public spaces, food and beverage outlets, back of the house areas and building exterior.

We did not inspect the roof, nor did we make a detailed inspection of the structural and mechanical systems. The appraisers are not qualified to render an opinion regarding the adequacy or condition of these components. The client is urged to retain an expert in this field if detailed information is needed about the adequacy and condition of building and mechanical systems. For purposes of this appraisal, we assume the resort structure and mechanical systems are in good condition.

Key Assumptions

We assume the resort will continue to operate as an independent property through the investment horizon and that the resort will be, and shall remain, open and fully operational.

The analysis contained in this appraisal is based upon assumptions and estimates that are subject to uncertainty and variation. These estimates are often based on data obtained in interviews with third parties, and such data are not always completely reliable. In addition, we make assumptions as to the future behaviour of consumers and the general economy, which are highly uncertain. However, it is inevitable that some assumptions will not materialize, and unanticipated events may occur that will cause actual achieved operating results to differ from the financial analyses contained in this report and these differences may be material. Therefore, while our analysis was conscientiously prepared on the basis of our experience and the data available, we make no warranty that the conclusions presented will, in fact, be achieved. Additionally, we have not been engaged to evaluate the effectiveness of management and we are not responsible for future marketing efforts and other management actions upon which actual results may depend.

We did not ascertain the legal, engineering, and regulatory requirements applicable to the property, including provincial and local government regulations, permits and licenses. No effort has been made to determine the possible impact on the property of present or future federal, provincial or local legislation, including any environmental or ecological matters or interpretations thereof.

We take no responsibility for any events, conditions, or circumstances affecting the market that exists subsequent to the last day of our fieldwork, December 21, 2018.

In preparing this valuation, we have relied on operating statements and other verbal and written information provided to us by ownership/management and we assume these accurately reflect the operating performance of the resort.

The projected operating results are based on competent and efficient management and presume no significant change in the competitive position of the accommodation industry in the immediate area except as set forth in this report. The estimates are subject to uncertainty and variation and we do not represent them as results that will be achieved. They have, however, been conscientiously prepared on the basis of available information and our experience in the industry.

We assume budgeted Capital Expenditures set out in this report will be sufficient to allow the resort to compete effectively.

Extraordinary Limiting Conditions

- This appraisal does not employ any extraordinary limiting conditions.

Extraordinary Assumptions

For a definition of extraordinary assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results. The appraisal is subject to the following assumptions.

- This appraisal assumes the existing 207 third party-owned non-Pavilion guest rooms will continue to be in the resort's rental pool.
- This appraisal assumes 80 third party-owned Lakeside Lodge guest rooms will enter the resort's rental pool in July 2019. Based on guidance from management, we have assumed a further 20 Lakeside Lodge units will enter the resort's rental pool in July 2020.
- In preparing this valuation, we have relied on operating statements and other verbal and written information provided to us by ownership/management and we assume these accurately reflect the operating performance of the resort.
- We were not provided with a Capital Plan for the subject resort beyond 2019 and renovation of meeting facilities in 2020 and 2021. We have assumed that any future capital requirements will be funded through the hotel's FF&E reserve provision.

Hypothetical Conditions

For a definition of Hypothetical Conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results. The appraisal is subject to the following conditions.

- This appraisal does not employ any hypothetical conditions.

Identification of Property

Property Name:	Deerhurst Resort
Location:	1235 Deerhurst Drive Huntsville, Ontario P1H 2E8
Assessor's Parcel Number:	Please see Addenda
PIN:	Please see Addenda
Legal Description:	Please see Addenda

Property Ownership and Recent Sales History

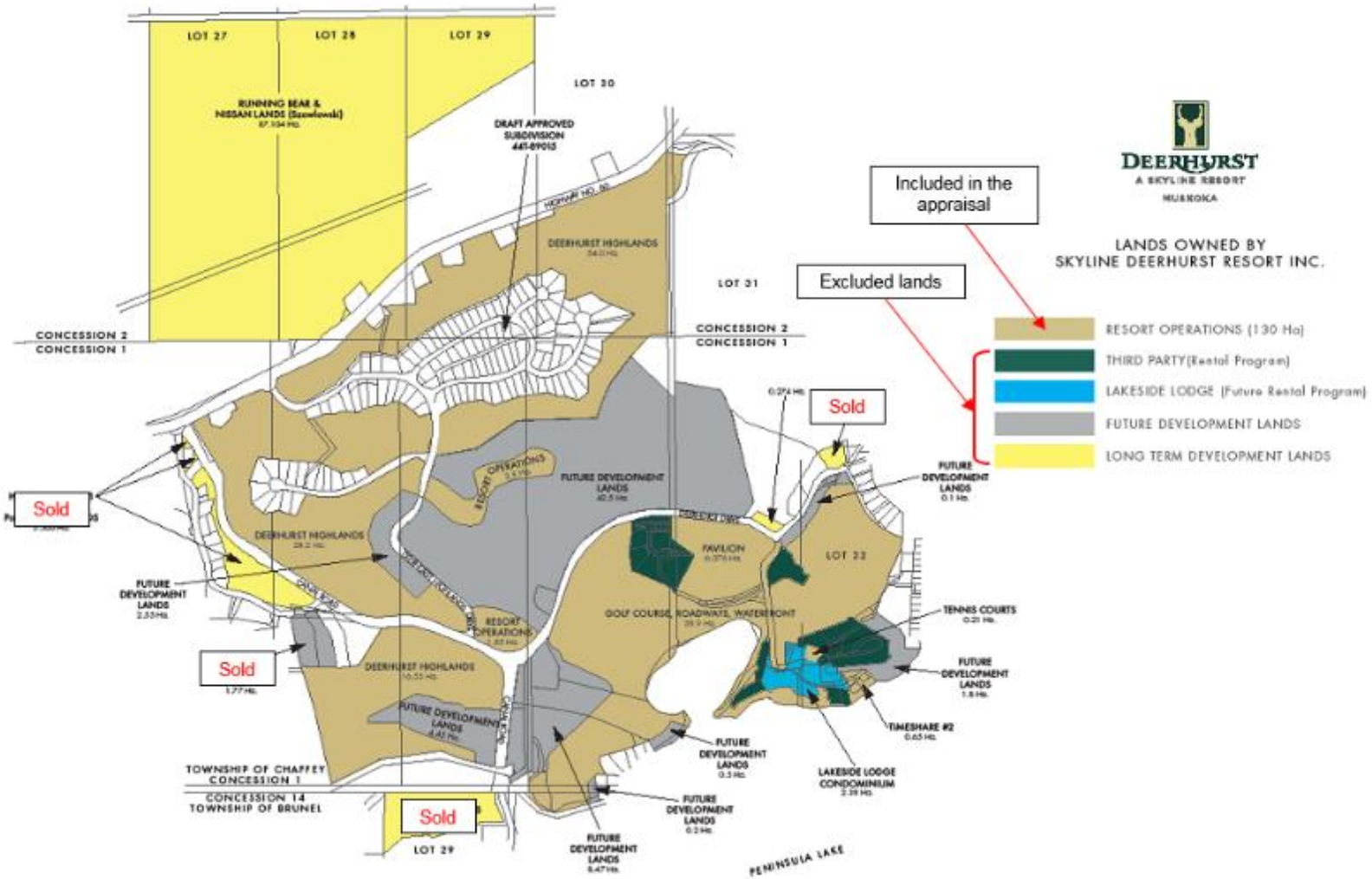
Registered Owner:	Skyline Deerhurst Resort Inc.
Sales History:	The Client's interest did not transact in the past three years. Skyline acquired its interest in 2011.
Current Disposition:	To the best of our knowledge, the Client's interest is not under contract or being marketed for sale.

PROPERTY ANALYSIS

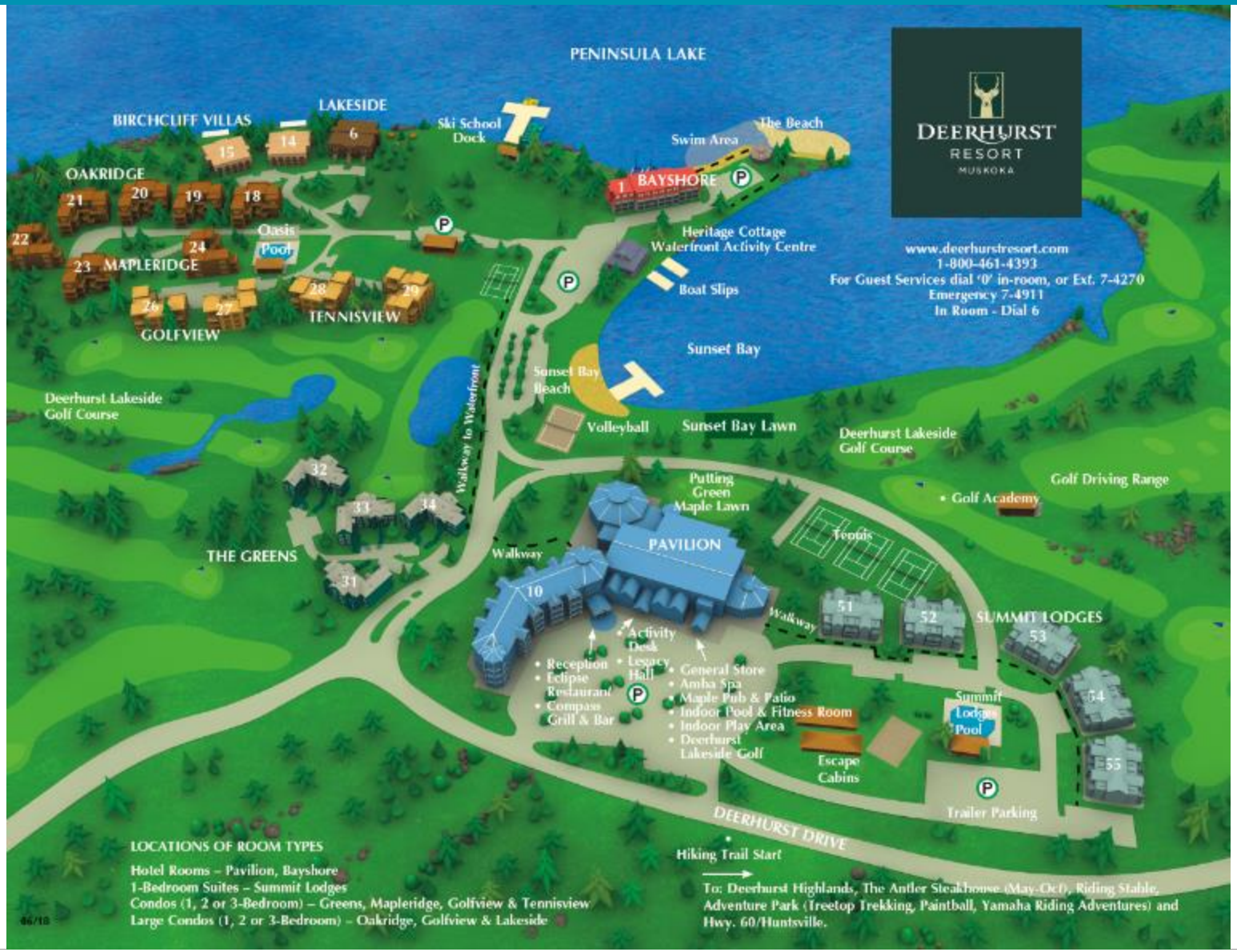
Site Description

Location:	1235 Deerhurst Drive, Huntsville, Ontario P1H 2E8 The site spans approximately 362 acres of level to rolling landscape that follows the shoreline of Peninsula Lake and extends northwesterly to Highway 60. It is located in the northeastern sector of Huntsville. It is generally accessed via Highway 60 (east-west) which connects to Highway 11 (north-south). Highway 11 is connected to Highway 400 in the Greater Toronto Area. The site is located approximately 2 hours northeast of the Greater Toronto Area (200 km).
Shape:	Irregular
Topography:	Level to rolling
Resort Land Area:	±361.98 acres / ±15,767,849 square feet The resort land area excludes development lands.
Access:	The site has Good access.
Visibility:	The site has Excellent visibility.
Soil Conditions:	We were not given a soil report to review. However, we assume that the soil's load-bearing capacity is sufficient to support the existing structures. We did not observe any evidence to the contrary during our physical inspection of the property. Drainage appears to be adequate.
Utilities:	All utilities are available to the site.
Site Improvements:	Parking areas, curbing, signage, lighting, drainage etc.
Onsite Landscaping:	Planters, trees, lawns, shrubs etc.
Land Use Restrictions:	We do not know of any easements, encroachments, or restrictions that would adversely affect the site's use.
Flood Zone:	The site is not located in a designated flood zone.
Hazardous Substances:	We observed no evidence of toxic or hazardous substances during our inspection of the site. However, we are not trained to perform technical environmental inspections and recommend the hiring of a professional engineer with expertise in this field.
Overall Site Utility:	The site is functional for its current use.
Location Rating:	Good

Resort and Development Lands Map



Resort Map


PENINSULA LAKE
DEERHURST RESORT MUSKOKA
www.deerhurstresort.com
1-800-461-4393
For Guest Services dial '0' in-room, or Ext. 7-4270
Emergency 7-4911
In Room - Dial 6
BIRCHCLIFF VILLAS
LAKESIDE
Ski School Dock
Swim Area
The Beach
BAYSHORE
OAKRIDGE
Oasis Pool
MAPLERIDGE
GOLFVIEW
TENNISVIEW
Heritage Cottage Waterfront Activity Centre
Boat Slips
Sunset Bay
Sunset Bay Beach
Volleyball
Sunset Bay Lawn
Deerhurst Lakeside Golf Course
Walkway to Waterfront
Putting Green Maple Lawn
Golf Driving Range
Golf Academy
Tennis
PAVILION
Walkway
THE GREENS
SUMMIT LODGES
Activity Desk
Reception
Eclipse Restaurant
Compass Grill & Bar
Legacy Hall
General Store
Amba Spa
Maple Pub & Patio
Indoor Pool & Fitness Room
Indoor Play Area
Deerhurst Lakeside Golf
Summit Lodges Pool
Escape Cabins
Trailer Parking
DEERHURST DRIVE
Hiking Trail Start
LOCATIONS OF ROOM TYPES
Hotel Rooms – Pavilion, Bayshore
1-Bedroom Suites – Summit Lodges
Condos (1, 2 or 3-Bedroom) – Greens, Mapleridge, Golfview & Tennisview
Large Condos (1, 2 or 3-Bedroom) – Oakridge, Golfview & Lakeside
To: Deerhurst Highlands, The Antler Steakhouse (May-Oct), Riding Stable, Adventure Park (Treetop Trekking, Paintball, Yamaha Riding Adventures) and Hwy. 60/Huntsville.

Improvements Description

Introduction

The following section describes the subject resort:

Summary of Subject Property

Property Name	Deerhurst Resort
Property Type	Full-service resort
Year Built	1981, 2019
Number of Owned Rooms	102
Number of Guest Rooms	409 as of July 2020
Major Facilities	4 Food & Beverage Outlets 40083 SF of Meeting & Event Space 2 18-Hole Public Golf Courses Indoor & Outdoor Recreational Facilities Full-Service Spa 307 Third Party Owned Guest Rooms

Today, there are 309 operational guest rooms, of which 102 are owned by the Client (all in the Pavilion building), and the remaining 207 are owned by third parties with owners providing their units for inclusion in the resort's 'rental pool'. We understand that the Client owns all commercial resort facilities.

The new Lakeside Lodge residential development is largely completed. It will have a total of 152 condos, of which 80 are confirmed by management to enter the resort's rental pool in 2019. These rooms will increase the resort's operating inventory to 389 rooms effective July 2019.

Management expects another 20 Lakeside Lodge units will enter the resort's rental pool effective July 2020. This will bring the total third party-owned Lakeside Lodge guest rooms to 100 rooms and the total resort room inventory to 409 rooms.

Resort Layout

- The main hotel structure (Pavilion Building) is located at the north end of the property; within a 10-minute walk from Peninsula Lake. The building includes 102 guest rooms (owned by the Client), as well as the lobby/reception area, three F&B outlets, the vast majority of meeting facilities, spa, indoor pool, fitness centre, retail shop, and indoor recreational facilities.
- The other structure within the resort that offers hotel style rooms is the Bayshore Building. It consists of a total of 72 rooms of which 64 guest rooms with outdoor balconies are in the rental pool. It is located on the south end of the property, with views of the lake, and steps away from the beach and other waterfront activities.
- The Summit Lodges is a condo building, consisting of 1-bedroom suites with outdoor balconies; it has a total of 119 units, of which 92 suites are in the rental pool. It is located adjacent of the main hotel structure (Pavilion), on the west side.
- The Greens is a condo building, consisting of 1, 2 or 3-bedroom apartments; with a total of 33 room, of which 22 rooms in the rental pool. It is located adjacent to the main hotel structure (Pavilion), on the east side.

- The Hillside consists of several 1, 2 or 3-bedroom condo buildings; with a total of 87 rooms, of which 29 rooms in the rental pool. It is located near the Bayshore Building, on the east side.
- The new Lakeside Lodge development is comprised of two 5-storey condo buildings, consisting of studio, 1, 2 and 3-bedroom units. 80 units are confirmed to enter the rental pool in July 2019, with another 20 units expected to enter the rental pool in July 2020. It is located adjacent of the Bayshore Building, on the east side.

  Our review of Deerhurst's rental pool indicates 207 (67%) of the 311 total third party-owned units in Bayshore, Summit Lodges, Greens and Hillside are in the resort's hotel rental pool. This suggests management's estimate of 100 of 165 (66%) units for the new Lakeside Lodge rental pool to be reasonable.

Construction Summary	
	1981, 2019
Year Built:	The original lodge, built in 1896, was significantly expanded in the 1970s and 1980s to become a major resort.
Gross Building Area:	±349560 SF – owned by the Client

Site Improvements	
Parking Capacity:	The property offers 614 parking spaces.
Parking Description:	Surface
Site Improvements:	Parking areas, curbing, signage, lighting, drainage etc.
Onsite Landscaping:	Planters, trees, lawns, shrubs etc.

Guest Rooms

The following table summarizes the subject property's guest room facilities (including the third party-owned units in the rental pool).

Guest Rooms & Suites	
Building	**Resort Units**
Pavilion (owned by Client)	102
Bayshore	64
Summit	92
Greens	22
Hillside	29
Lakeside Lodge (effective July 2019)	80
Lakeside Lodge (effective July 2020)	20
Total	**409**

- Typical guest room finishes include carpeted floors, vinyl covered walls, and painted/stucco ceilings.

- Each of the guest rooms is furnished with a desk with chair, credenza/dresser, nightstand, lamps, lounge chair, and include one or two beds (one King or two Queen) with headboards.
- All units are provided with an alarm clock, corded phone, high speed internet access, flat screen TV, mini-fridge, coffee/tea maker, iron and ironing board.
- Bathrooms are finished with tiled floors and shower/tub areas, vinyl/tile covered walls and painted ceilings.
- Fitted with a vanity with composite top and built-in sink, and a wall mirror with enhanced lighting.
- The condo style units (Summit, Greens, Hillside, and Lakeside) have larger rooms with separate sleeping and living areas, including full kitchenette. Room finishes can differ from the hotel-style units (Pavilion and Bayshore), with the condo-style units offering hardwood/tiled/carpeted floors, painted/vinyl covered walls, and painted ceilings.
- Guest rooms are maintained in good overall condition. The Bayshore Building was renovated in 2015. Pavilion rooms were refreshed in 2017. Upon completion, the Lakeside Lodge rooms are expected to be in excellent condition.

Food & Beverage Outlets

The subject operates four Food & Beverage outlets. The seating capacity is presented in the following table.

Food & Beverage Outlets

Outlet	Number of Seats
Eclipse Dining Room	240
Compass Grill & Bar	86
Maple Pub & Patio	273
The Antler Steakhouse (May - October)	100
Total	**699**

- Eclipse Dining Room (Lobby - East Wing), Compass Grill & Bar (Lobby - East Wing), and Maple Pub & Patio (Lower Level - West Wing) are located in the main hotel structure (Pavilion Building).
- Eclipse serves locally-inspired dishes, Compass serves a tapas-style menu, and Maple serves pub classics.
- The seasonal Antler Steakhouse is located in the Highlands Clubhouse.
- Typical finishes are carpeted or hardwood floors, painted walls, and painted ceilings. Furniture incudes tables, chairs, lounge chairs etc.
- Each outlet has its own full-service kitchen (Eclipse and Compass share a kitchen). The resort does not offer room service.
- Food & Beverage outlets are maintained in good overall condition. The Eclipse Dining Room was renovated in 2014. The Antler Steakhouse was refreshed in 2016.

Meeting and Event Space

The subject offers ±40,083 SF of meeting space located in the Pavilion and Bayshore buildings. Individual room capacities are presented in the following table.

Meeting Facilities	
Room	**Size (SF)**
Bayshore	
Algonquin	903
Bayshore 1300	418
Bayshore 1304	247
Bayshore 1306	247
Bayshore 1308	247
Bayshore 1400	286
Muskoka 1404	594
Muskoka 1408	594
Pavilion - Upper Level East Wing	
FH Varley	400
Franklin Carmichael	462
JEH MacDonald	624
Pavilion - Upper Level West Wing	
AJ Casson	576
Arthur Lismer	672
AY Jackson	575
Lawren Harris	1,152
Tom Thomson	3,612
Pavilion	
G8 Executive Boardroom	311
Legacy Hall	11,000
Peninsula	7,875
Rotunda	1,000
Waterhouse Ballroom 1	950
Waterhouse Ballroom 2	950
Waterhouse Ballroom 3	912
Waterhouse Ballroom 4	2,664
Waterhouse Ballroom 5	2,812
Total	**40,083**

- The vast majority of meeting facilities are located in the Pavilion Building, comprising different sized area ranging from boardrooms to convention halls. The Bayshore Building offers boardrooms and breakout rooms.

- Meeting facilities are finished with carpeted floors, vinyl-covered walls and painted/acoustic ceilings. Facilities are also fitted with audiovisual technology, accent lighting, tables, chairs etc.
- Banquet services are provided by kitchens in the Pavilion Building.
- Meeting facilities are maintained in good overall condition. They were refreshed in 2016. The West Wing of the Pavilion Building is completing renovations for February 2019.

Golf

- The subject has two 18-hole public golf courses – *Deerhurst Lakeside* and *Deerhurst Highlands.* The golf courses offer membership packages as well as green fee rates for hotel guests and public players.
- *Deerhurst Lakeside* was built in 1966 and redesigned in 1988. The 63-par, 4,356-yard course is complemented by a driving range, a practice green, an academy, and a pro shop. It is located in the southern sector of the resort site.
- *Deerhurst Highlands* is a 72-par championship course built in 1990. The 7,011-yard course is complemented by a golfers' lounge, The Antler Steakhouse, and a pro shop. It is located in the northwestern sector of the resort site.

Spa

- The subject offers an 8,000 SF spa featuring 6 treatment rooms, 5 pedicure and 3 manicure stations, a couple's massage room, a steam room, a swimming pool and a hot tub. It is located in the lower level of the Pavilion Building.
- Since 2014, the spa has been operated by Amba Spa (a third party) for a revenue commission. This is discussed later in the Income Approach section.

Indoor and Outdoor Recreational Facilities

The subject has a variety of recreational facilities located throughout the resort, which are only accessible to overnight guests. These facilities are listed as follows:

- Adventure Park (treetop trekking, paintball, Yamaha riding adventures, dog sledding)
- Arcade
- Beach
- Cross-country ski trails, winter biking trails, snowshoe trails, and guided tours of Algonquin Park
- Fitness centre
- Ice skating rinks
- Snowmobile riding lessons and tours
- Splash zone
- Shuttle service on resort grounds
- Swimming pools (indoor and outdoor)
- Tennis courts

- Volleyball court
- Wall climbing
- Winter carriage rides
- Winter Recreation Centre (equipment rental included in resort fees)

Lakeside Lodge – Development Summary

The Lakeside Lodge development will be located at 25 Pen Lake Point Road, beside Peninsula Lake and within Deerhurst Resort. The two 5-storey condo buildings, developed by Skyline International Developments, will feature 152 residential units ranging from studio to 3-bedroom units (ranging from 376 SF to 1,228 SF). About 95% of Lakeside condo units have been sold.

The development will also include an owner's lounge, games room, outdoor swimming pool and hot tub, and approximately 206 surface parking spaces. Completion is scheduled for spring 2019, and 80 units are confirmed to enter the resort's rental pool in July 2019. Management expects another 20 units will enter the resort's rental pool in July 2020; the total of 100 units in the rental pool represents approximately 2/3rds of the total Lakeside Lodge units. The vast majority of units entering the rental pool will be 1 and 2-bedroom units (485 SF to 1,228 SF).

Capital Expenditures

Historical Capital Expenditures

In the past three years, the Client invested over $4.4 million, mainly on West Wing and Legacy Hall meeting space renovations, golf carts and turf equipment, and LED lighting conversion.

We understand the 92 Summit rooms received $140,000 in new patio furniture and kitchen supplies in 2017-2018. The cost was paid by the third party owners.

Capital Expenditures History		
Year	**Major Items**	**Cost**
2016	Legacy Hall improvements; kitchen equipment; restaurant upgrades.	$851,064
2017	Golf carts; waterfront equipment; golf turf equipment.	$936,676
2018	Golf turf equipment; West Wing meeting space renovations; LED lighting conversion; Pavilion chiller systems; Pavilion guest room refresh; indoor kids play space; restaurant refresh.	$2,632,395
Total		**$4,420,135**
Per Owned Room		**$43,335**

Budgeted Capital Expenditures

Outlined below is the planned upcoming expenditures for the resort. A significant portion of the capital is earmarked to complete West Wing meeting space renovations. Management has budgeted further renovations of the resort's meeting facilities in 2020 and 2021.

Capital Expenditures Budget

Year	Major Items	Cost
2019	West Wing meeting space renovations; conference corridor carpets; kitchen equipment; golf course pump replacement; floating boardwalk/beach revitalization.	$1,067,508
2020	Replacement of carpets in Waterhouse Ballrooms, mezanine and breakout rooms & ballroom finishes, wall coverings, fixtures, and lighting.	$400,000
2021	Renovation of all remaining Meeting Space, which will include finishes, wall coverings, fixtures, lighting, and washrooms.	$500,000
Total		**$1,967,508**
Per Owned Room		**$19,289**

Capital requirements are typically funded through the resort's FF&E reserve provision. In cases where the projected FF&E Reserve is insufficient to fund upcoming capital expenditures, the present value of the shortfall is deducted from the estimated value of the property.

We were not provided with a Capital Plan for the subject resort beyond 2019 and renovation of meeting facilities in 2020 and 2021. We have assumed that any future capital requirements will be funded through the hotels FF&E reserve provision.

Conclusion

Overall, the subject property's condition is considered to be Good.

Resorts typically set aside a reserve to allow for the periodic replacement of interior finishes, furniture and fixtures. This is to ensure that the subject property is maintained in a competitive position throughout the holding period.

In this case, we have applied a lower FF&E Reserve to reflect the reduction in FF&E required for the 307 third party-owned hotel rooms – owners are required to fund any FF&E replacements for their units.

Based on this factor, we have applied a reduced Reserve for Replacement at 2.5% of Total Revenues.

Summary

Condition:	Good
Quality:	Good
Property Rating:	After considering all of the physical characteristics of the subject, we have concluded that this property has an overall rating that is good, when measured against other properties in this marketplace.

Actual Age:	New build (Lakeside Lodge) to 38 years
Effective Age:	30 years
Expected Economic Life:	60 years
Remaining Economic Life:	30 years

Real Property Taxes and Assessments

Current Property Taxes

The subject property is located in the tax jurisdiction of the Town of Huntsville. There are multiple identification numbers and assessments, which are provided in the Addenda of this report.

The collective assessments and taxes for the Client's 102 Pavilion guest rooms and commercial facilities are presented in the following table. Third party-owned hotel room taxes are the responsibility of their respective owners.

Property Assessment Information	
Assessor's Parcel Number:	Please see Addenda
Taxing Authority:	Town of Huntsville
Current Tax Year:	2018

Assessment Information	
	Current Assessment
YEAR	TOTAL
2018	**$18,804,663**

Tax Liability	
Effective Tax Rate	1.62%
Total 2018 Billed Taxes	**$305,343**
Number of Owned Rooms	102
Property Taxes per Owned Room	$2,994

Property Tax Information					
Tax Year	Total Assessment	Assessment Per Owned Room	Tax Levy	Tax Levy Per Owned Room	Effective Tax Rate
2018	$18,804,663	$184,359	$305,343	$2,994	1.62%

- In 2018, the Client was responsible for $305,343 in property taxes or $2,994 per owned room.

Conclusion

- Management estimated taxes to increase to $337,047 in its 2019 operating budget. The increase is largely related to the completion of the Lakeside Lodge development (commercial facilities, outdoor recreational facilities etc.).
- We have used management's estimate in our 2019 projections.
- Thereafter, taxes are assumed to increase at an inflationary 2% per year over the projection period.

Planning and Zoning

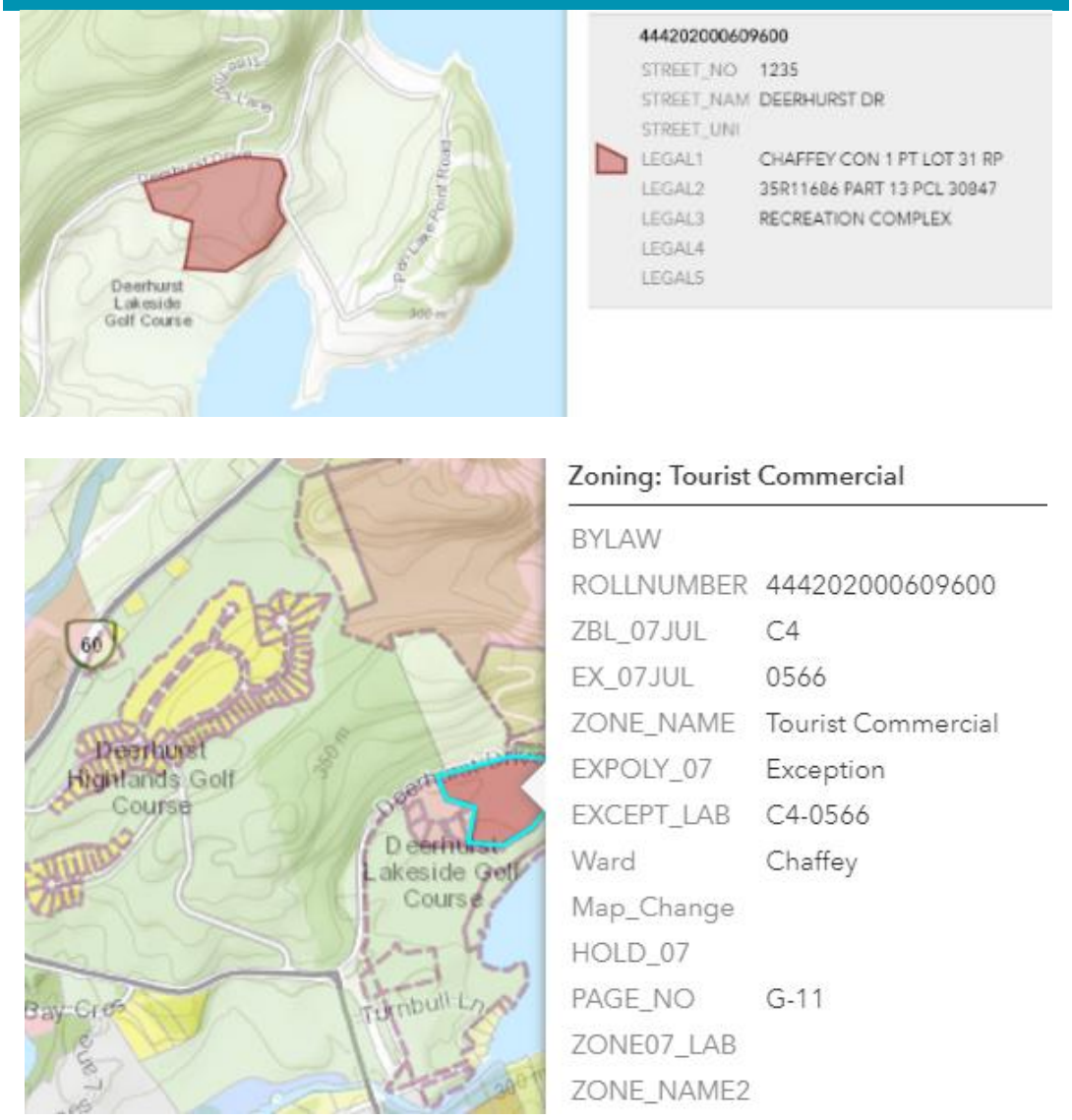
Zoning Information

The information below relates to the current zoning of the property.

Zoning Information	
Zoning Authority:	Town of Huntsville
Zoning Designation:	C4 - Tourist Commercial
Current Use:	Full-service resort
Is Current Use Permitted?	Yes
Permitted Uses:	Commercial uses including bar, marina, restaurant, and tourist establishment. An exception permits resort tourist commercial establishment.

Compiled by Cushman & Wakefield ULC

Zoning Map



Source: Town of Huntsville

Zoning Conformance

Property value is affected by whether or not an existing or proposed improvement conforms to zoning regulations.

Conforming Uses

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

Pre-Existing, Non-Conforming Uses

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

Non-Conforming Uses

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

Other Restrictions

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

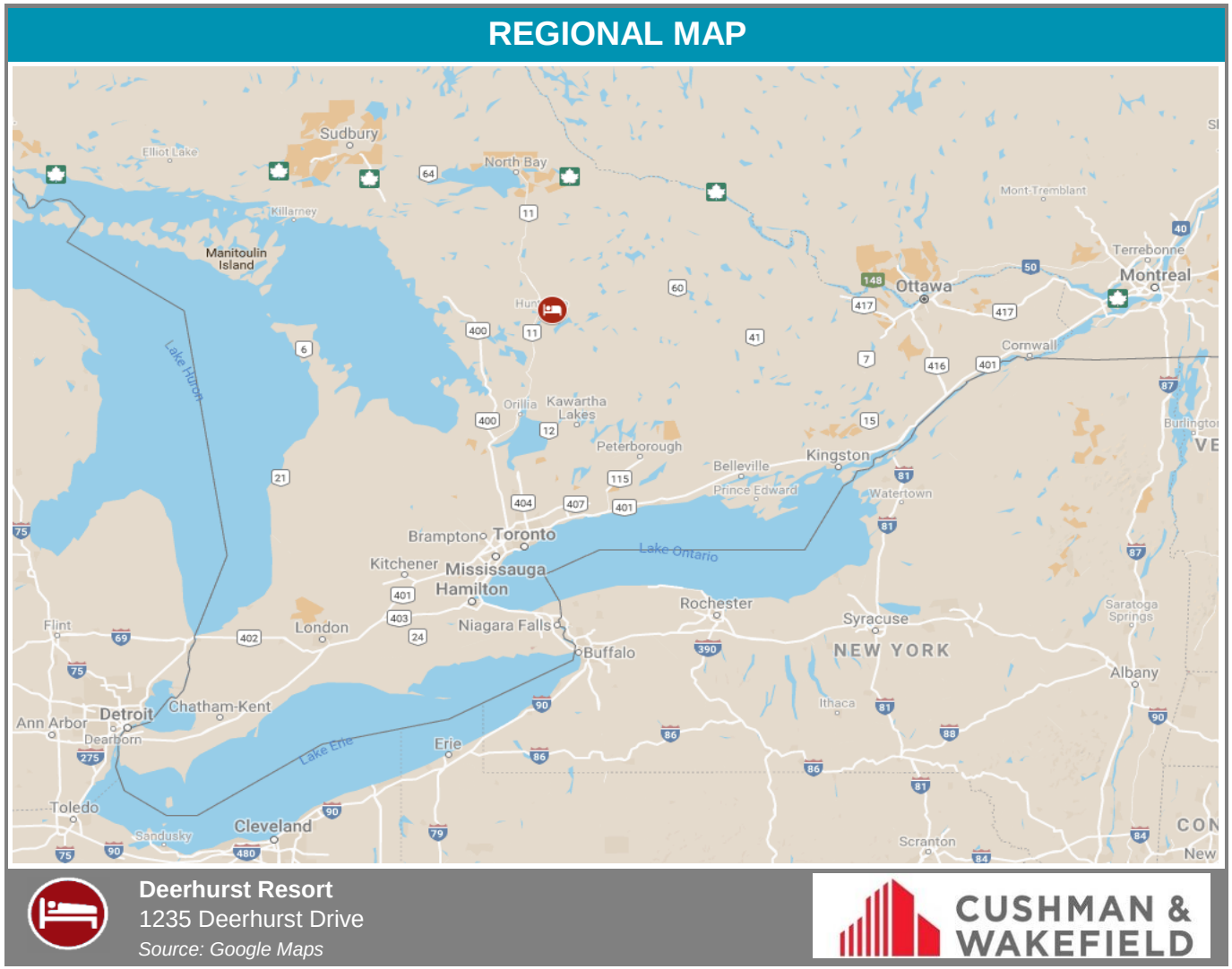
Conclusion

We have analyzed the zoning requirements in relation to the subject property and considered the conformance of the existing use. We are not experts in the interpretation of complex zoning ordinances, but based on our review of public information, the subject property is a conforming use.

Detailed zoning studies are typically performed by a zoning or land use expert, including attorneys, land use planners, or architects. The depth of our study correlates directly with the scope of this assignment, and it considers all pertinent issues that have been discovered through our due diligence.

We note that this appraisal is not intended to be a detailed determination of current or future by law compliance, as that determination is beyond the scope of this real estate appraisal assignment.

REGIONAL MAP



REGIONAL ANALYSIS

Canada

- National economic growth is forecasted to moderate and grow 2% in 2018 and 1.8% in 2019.
- The Canadian economy is forecasted to see slower employment and wage growth, held back by more moderate economic growth, tempered investments, and a heightened risk environment. In total, the economy is expected to add 213,000 new jobs in 2018 and 191,000 jobs in 2019, compared with 337,000 last year.
- The Bank of Canada is expected to continue with its withdrawal of monetary stimulus. The Conference Board projects three rate hikes for 2019 (in January, July and October) and two more rate hikes in 2020, which would bring the overnight rate up to its estimated neutral level of 3%.
- Canada, the United States and Mexico recently announced a new trilateral trade pact – the Canada-United States-Mexico Agreement (CUSMA). While experts are still analyzing how the new agreement will affect consumers and industries, the new deal will provide some stability and predictability for the three countries. The deal is expected to be signed before the end of November. If ratified by each country, most of the new agreement's provisions are expected to go into effect in 2020.
- The trade sector will continue to benefit from a competitive dollar and strong economic growth in the United States. Energy exports continue to post strong growth; however, weak investment will eventually start to weigh on the sector's growth prospects. Exports of non-energy goods are expected to remain weak, held back by little growth in new manufacturing capacity. Canada's new trade deal should improve business confidence and open up investment in some trade-exposed industries, such as manufacturing. However, protectionist U.S. tariffs on some Canadian goods remain, including on softwood lumber, aluminum and steel.
- Consumer spending will cool in line with slowing income gains, high debt levels, rising interest rates and easing home prices. In total, real consumer spending is forecasted to grow at an average annual rate of 2.1% in 2018 and 2019, after a strong 3.5% gain last year.
- Canada's residential markets are expected to cool over the medium term, influenced by government policies designed to temper housing demand, moderating employment growth, rising interest rates, high consumer debt, and lower household formation levels from an aging population.
- Non-residential investment is forecasted to grow 6.2% in 2018, supported by strong demand and high capacity utilization levels, followed by 1.5% growth in 2019 and 2.6% in 2020, held back by low mining investment. Meanwhile, non-resource investment is close to its highest level ever and maintains a positive outlook.

CANADA – KEY ECONOMIC INDICATORS

	2017	2018F	2019F
Real GDP	3.0	2.0	1.8
Population	1.0	1.1	1.0
Employment	1.9	1.2	1.0
Unemployment Rate (Level)	6.3	5.9	5.8
Real Personal Disposable Income	3.7	1.5	0.4
Housing Starts (Units, 000's)	220	212	207
Exports of Goods & Services	1.1	2.4	2.4
Consumer Price Index	1.6	2.4	2.1

Note: Figures denote percentage change unless otherwise indicated. Forecast completed on September 18, 2018.

Source: The Conference Board of Canada, National Outlook (Autumn 2018)

- After three straight years of large declines, total energy investment is set to increase in 2018, driven by gains in pipeline and power investment. Oil and gas investment is set to fall again this year, marking the fourth consecutive annual decline in the sector, held back by uncertainty in the industry concerning pipeline bottlenecks and potential regulatory changes (notably carbon taxes and Bill C-69, which aims to revamp the environmental assessment process).

Ontario

- Ontario's real GDP growth is forecasted to moderate to 1.9% in 2019 and 2020 – due to slower job growth, tempered consumer spending, and weaknesses in residential investment and export-related industries.
- Ontario is projected to see job growth moderate to 1.2% in 2019 and 1.3% in 2020. Factors include the recent increase in the province's minimum wage and GM's decision to close its Oshawa plant by the end of 2019, which is expected to result in nearly 8,800 job losses. On a positive note, the province is forecasted to see strong job gains in the public sector and commercial services over the near term. Further, the province's unemployment rate will continue to hover at its lowest level since the late 1980s.

ONTARIO – KEY ECONOMIC INDICATORS

	2018F	2019F	2020F
Real GDP	2.2	1.9	1.9
Population	1.7	1.4	1.3
Employment	1.5	1.2	1.3
Unemployment Rate (level)	5.7	5.6	5.5
Wages & Salaries per Employee	2.7	1.7	2.4
Household Disposable Income	3.7	2.4	3.3
Retail Sales	3.9	3.7	3.0
Consumer Price Index	2.6	2.2	2.1

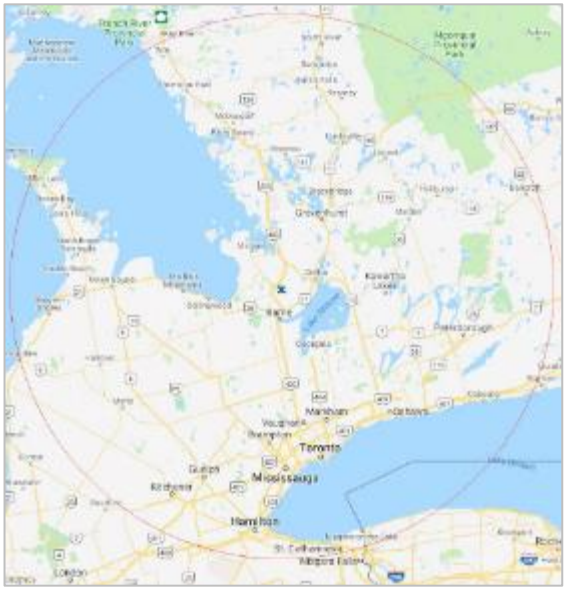
Note: Figures denote percentage change unless otherwise indicated. Forecast completed c November 12 2018.
Source: The Conference Board of Canada, Provincial Outlook (Autumn 2018)

- Consumer spending will slow in line with weaker job growth, high levels of consumer debt, anticipated interest rate hikes, and slower growth in home equity. Households will benefit from the provincial government's recent decision to eliminate the carbon tax. In total, consumer spending growth will ease to 2.1% in 2019 and 2020, following 2.5% growth in 2018.
- Non-residential business investment is forecasted to maintain annual average growth of 4.1% over 2019-2020, supported by the new CUSMA and a high number of office and commercial projects in Toronto.
- The new CUSMA has alleviated significant uncertainty affecting Ontario's investment outlook and plans to ensure that the province will continue to have access to the U.S. market. However, the CUSMA must first be approved in early 2019.
- Toronto will continue to benefit from significant construction of office and commercial facilities. Several high-tech giants have recently announced investments - Shopify is to spend $500-million in Downtown Toronto, Microsoft is to spend $570-million for its new Toronto headquarters, and Uber is to spend nearly $200-million for its Toronto office. In addition, Allied Properties and Cadillac Fairview have both announced about $1-billion in spending for new office and retail spaces in the city.
- Real export growth is expected to improve but remain modest at 2.2% in 2019 and 2.3% in 2020. Reasons include softening U.S. vehicle demand and GM's planned closure of its Oshawa facility, which will reduce vehicle production and exports to the U.S. Meanwhile, the new CUSMA should boost demand for Ontario-made vehicle parts.
- Ontario tourism is forecasted to see overnight visitors increase 2.3% in 2019 and 2.2% in both 2020 and 2021. The provincial government plans to continue investing in festivals and events that celebrate the province's diversity, heritage and culture.

LOCAL AREA ANALYSIS

Huntsville & Muskoka

Huntsville is a town located in Central Ontario. It is situated in the hilly terrain of the Canadian Shield and is dotted with many lakes. Huntsville is part of the District Municipality of Muskoka, which comprises two other urban centres - Bracebridge and Gravenhurst - and several smaller communities including Georgian Bay, Lake of Bays, and Muskoka Lakes. Muskoka is dominated by a forested landscape that supports diverse ecosystems, including lakes, rivers, wetlands, forests, barrens and open fields. The region is located just north of Ontario's Golden Horseshoe area - which is home to about two-thirds of Ontario's population (or 9.2 million individuals in 2016), more than one-third of Canada's total population, and one of the largest population concentrations in North America. The region benefits from its proximity to large urban centres and is located less than 200 km of over 5 million consumers and a day's drive of more than 125 million consumers.



In this overview, we present information about the local area (Huntsville), the subject's Primary Trading Area (a 100-mile radius shown by the circle above), as well as the Muskoka District.

SUBJECT'S PROXIMITY TO URBAN CENTRES (DRIVING DISTANCE IN KM)					
Barrie (ON)	134	North Bay (ON)	132	Toronto (ON)	229
Guelph (ON)	263	Sudbury (ON)	256	Hamilton (ON)	283
Kitchener-Waterloo (ON)	287	Ottawa (ON)	339	London (ON)	387

Economic Overview

Population

- According to Statistics Canada, Huntsville had a total population of 19,816 in 2016, representing a 4% increase from 2011. This was lower than the provincial growth rate of 4.6% and the national rate of 5.0% between 2011 and 2016.
- Muskoka had a total population of 60,599 in 2016, representing a 2.3% increase from 2011.
- Muskoka welcomes over 85,000 seasonal residents (including 7,000 in Huntsville) as well as 100,000 leisure travellers annually, bringing the total population up to over 140,000 during summer.
- The subject's Primary Trading Area (PTA) has experienced moderate population growth within recent years. According to Magnify Maps, the PTA had a total population of 9,659,699 in 2018, representing a 2.9% increase from 2016. This growth rate was higher than the provincial rate (2.5%) over those three years.

- The subject's PTA is forecasted to experience more modest population growth in the medium term. The PTA is projected to have annual average growth of 1.5% from 2018 to 2023, and 1.4% from 2023 to 2028. In comparison, the province is projected to have annual average growth of 1.3% from 2018 to 2028.

The following table highlights population trends within the subject's PTA and in the province.

POPULATION TRENDS							
	2016	2018(F)	2023(F)	2028(F)	COMPOUND ANNUAL CHANGE		
					2016-18	2018-23	2023-28
PTA							
Population	9,386,397	9,659,699	10,411,440	11,180,840	1.4	1.5	1.4
Number of Households	3,483,610	3,611,305	3,952,608	4,285,661	1.8	1.8	1.6
ONTARIO							
Population	13,876,200	14,229,980	15,208,380	16,207,170	1.3	1.3	1.3
Number of Households	5,332,208	5,502,869	5,955,609	6,392,262	1.6	1.6	1.4

Source: Magnify Maps

Labour Force & Income

- In 2016, the subject's PTA had a labour force of 5,098,536 and employed an estimated 4,723,739 residents. The PTA had an unemployment rate of 4.8% in 2016, which was comparable to unemployment in Ontario (4.8%).
- Top occupations by employment in the subject's PTA include: sales and service (representing 23% of total occupations); business, finance and administration; trades, transport and equipment operators and related; management; and education, law and social, community and government services.

The following table highlights labour statistics for the subject's PTA and province.

LABOUR FORCE PROFILE (2016)		
	PTA	ONTARIO
Total Population Age 15 or Older	7,752,913	11,450,660
In the Labour Force	5,098,536	7,411,980
Employed	4,723,739	6,865,766
Unemployment Rate (%)	4.8	4.8

Source: Magnify Maps

- In the subject's PTA, residents had an estimated per capita income of $43,334 and an average household income of $115,912 in 2018. This was higher than in the province ($42,357 and $109,532, respectively).
- In 2018, the subject's PTA had 37% of households earning $100,000 or more, and 18% of households earning $150,000 or more. This was higher than in Ontario (35% and 16%, respectively).
- The subject's PTA is forecasted to see moderate income growth over the medium term - at a slightly faster pace than provincial figures.

The following table highlights income trends for the subject's PTA and province.

INCOME TRENDS					
	2018E	2021F	2023F	COMPOUND ANNUAL CHANGE (%)	
				2018-21	2021-23
PTA					
Per Capita Income	$43,334	$48,442	$51,753	3.8	3.4
Average Household Income	$115,912	$128,154	$136,320	3.4	3.1
ONTARIO					
Per Capita Income	$42,357	$47,231	$50,395	3.7	3.3
Average Household Income	$109,532	$121,016	$128,690	3.4	3.1

Source: Magnify Maps

The Economy

- Huntsville is the largest municipality within Muskoka and is home to various institutions, businesses and attractions, which provide a wide range of products and services to residents and tourists. The town attracts a substantial number of seasonal residents and tourists in the summer months, and many businesses primarily cater to the needs of this seasonal cottage country population. There are also various retailers and manufacturing companies in the area.
- Traditionally, Muskoka is viewed largely a tourist destination with a large component of the population being seasonal residents with cottages on the many lakes and rivers. The region's economy continues to be predominantly based on the tourism and service sector, reflecting the area's scenic setting, but it has also diversified to include a growing public service sector, a strong construction and real estate sector, as well as a number of international manufacturing firms.

Residential Developments

- Huntsville has experienced an increase in housing starts in recent years.
- Huntsville had 197 housing starts in 2018, representing an 18% increase from the previous year, attributable to more semi-detached, row/townhouse and condo/apartment dwellings.

The following table illustrates housing starts for the town from 2014 to 2018.

HUNTSVILLE - HOUSING STARTS					
	2014	2015	2016	2017	2018
Single-Unit	64	49	76	144	117
Multi-Unit	9	13	207	23	80
Total	73	62	283	167	197
% Change	-	-15.1	356.5	-41.0	18.0

Source: Canadian Mortgage Housing Corporation (CMHC)

Major Resort Demand Generators

Leisure

Huntsville (and the Muskoka region) is considered one of Ontario's premier four-season destinations and is well known for its scenery, outdoor activities, historical architecture, arts and culture, and festivals.

Attractions & Festivals

- Huntsville is situated on the Canadian Shield and features trails, parks, forests, scenic hills, lakes and rivers. Huntsville and the surrounding region offer a number of trails – including Deerhurst Resort's Lookout Trail, Big Bend Lookout and Stubbs Falls Trail in Arrowhead Park, Lion's Lookout Trail, Dorset Fire Tower Scenic Lookout, Oxtongue River - Ragged Falls, Hardwood Lookout Trail and Track the Tower Trail in Algonquin Park, and the nearby Trans-Canada Trail. The town also has three large lakes - Mary Lake, Lake Vernon, and Fairy Lake - as well as countless smaller lakes within its boundaries.
- Local historical and cultural attractions include Muskoka Heritage Place, Group of Seven Outdoor Gallery, and Algonquin Theatre. Muskoka Heritage Place features Muskoka Museum, Train & Steam Museum, Muskoka Pioneer Village, and Portage Flyer Train - all situated on a 90-acre site encompassing Cann Lake and various nature trails.
- There are several golf courses within the region - such as Huntsville Downs Golf Course, Deerhurst Highlands Golf Course, Grandview Golf Club, and Whispering Pines Golfing.
- Arrowhead Provincial Park offers opportunities for various outdoor activities - including hiking, mountain biking, camping, canoeing, and kayaking in summer, and skiing, snowshoeing, and skating in winter.
- Hidden Valley Highlands Ski Area is a ski and snowboard facility offering 14 groomed trails, three quad chairlifts, one handle tow, two snow cats, night skiing and snowboarding, and a terrain park.
- Visitors can shop at small specialty stores in Huntsville's downtown area or at Huntsville Place Mall and SmartCentres Huntsville. Visitors can also visit Sugarbush Hill Maple Farm for locally-produced maple syrup, candy, cream and sugar year-round as well as tour the operation.
- Visitors can take a relatively short drive (<60 km) to area attractions such as Algonquin Provincial Park, Santa's Village, Family Entertainment Park (Bracebridge), Muskoka Zip Lines & Aerial Park (Bracebridge), and Lake of Bays Brewing Company.
- Popular local events include the Huntsville Festival of the Arts (year-round); the First Nations, Metis and Inuit Annual Celebration (June); the Dominion Day Strawberry Social & Steam-up (July); Concerts on the Dock (July & August); the Apple Picking Festival (August); and Huntsville Sports & Recreation Week (November).

The following table highlights popular attractions and annual events/festivals within the region.

SUBJECT'S PROXIMITY TO KEY ATTRACTIONS (DRIVING DISTANCE IN KM)		
Arrowhead Provincial Park (15)	Algonquin Provincial Park (35)	Algonquin Theatre (8)
Muskoka Heritage Place (9)	Hidden Valley Highlands Ski Area (2)	

Group

Corporate & Association

The region attracts corporate/association meetings and functions - including training meetings, sales meetings, new product launches, management meetings, annual stockholders and/or board of director meetings, incentive trips, corporate retreats/teambuilding workshops, seminars, and fundraisers.

- In 2010, Deerhurst Resort hosted the 2010 G8 Summit welcoming world leaders to Canada.
- The subject resort offers Adventures in Excellence, a professional corporate team building service that caters to companies, associations, small businesses and groups seeking to improve their performance with teambuilding, training, meeting facilitation services and group recreation.
- Groups can find various off-site activities. Popular examples include: local park hiking, biking, golfing, zip-lining, visiting local distilleries and farms, and shopping.

Huntsville also has venues that offer function space for meetings, conferences and corporate events.

- Various community halls offer function space in the local area - including Aspdin Community Hall, Brunel Community Hall, Chaffey Community Hall, Port Staney Hall, and Utterson Hall.
- The Canada Summit Centre is a year-round, multi-purpose venue showcasing various spaces for special events. It features 11 meeting rooms (various sizes), two ice surfaces, and two breakout spaces. It includes the Active Living Centre - a 14,000 SF facility featuring a multi-purpose auditorium and a banquet hall. It is located 8 km southwest of the subject.

BUSINESS PROFILE

The subject's PTA is home to more than 270,000 businesses with an estimated daytime employed population of 4.8 million. There are 174 businesses with 1,000 or more employees, including 21 businesses with 5,000 or more employees. In addition, there are nearly 690 businesses with an annual sales volume of $100 million or more.

The following table illustrates a business profile for the subject's PTA.

BUSINESS PROFILE (2018)	
Estimated Daytime Population	9,236,955
Estimated Daytime Employees	4,835,182
Total Number of Businesses	271,355

Source: Magnify Maps

SMERF

SMERF is an acronym for a combination of several market segments that travel and/or meet as a group for various purposes – specifically Social (weddings, family reunions, social clubs, fundraisers, sporting events/tournaments), Military (reunions, award ceremonies), Educational (continuing education, classes, training sessions), Religious (retreats, gatherings) and Fraternal (fraternities, sororities). SMERF travellers typically pay for themselves and attend events on their disposable time.

- Huntsville's (and Muskoka's) natural landscape and proximity to major metropolitan areas make it a popular destination for outdoor sporting events. Examples include Spin the Lakes (May), the Big East River X (May), Band on the Run (June), the TriMuskokan (June), Ironman 70.3 Muskoka (July), The Limberlost Challenge (July), the Muskoka Kods Tri (July), Swim for Hospice (August) and the Muskoka River X Classic (September).

- The Canada Summit Centre is a recreational and leisure facility and features an indoor walking track, centennial pool, the Don Lough Arena (an Olympic size ice surface with a 2,200 maximum capacity and a 1,500 seating capacity), the Jack Bionda Arena (maximum capacity of 1,000), fitness centre, pool, indoor walking track, and other amenities. It is located 8 km southwest of the subject.

Weddings

- According to Weddingbells, Canada had over 160,000 weddings in 2015. These weddings had an average attendance of 129 people and an average cost (including engagement ring and honeymoon) of $30,717.
- The average age of a bride is 30 years old.

The following table summarizes Weddingbells' latest Canada wedding industry survey results.

CANADIAN WEDDING INDUSTRY HIGHLIGHTS (2015)	
Number of Weddings in Canada	160,324
Average Age of Bride	30
Total Average Cost of Wedding (Including Engagement Ring & Honeymoon)	$30,717
Average Attendance	129
Average Booking Lead Time	12 to 16 months
Most Popular Months For Booking Weddings	August and September
Most Popular Time of Year For Weddings	Summer (July-September)

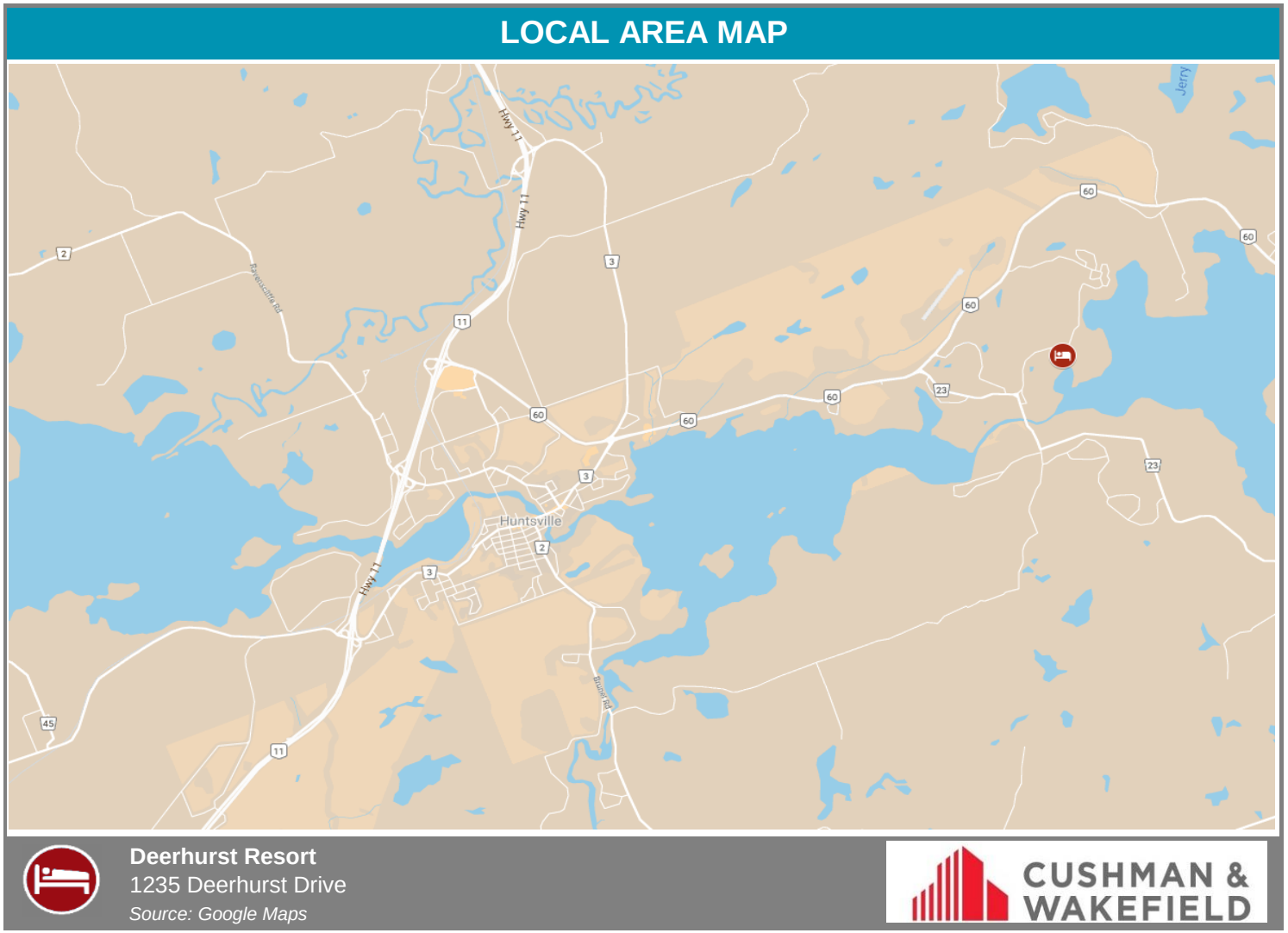
Source: Weddingbells' 2015 Annual Reader Survey

- The subject's PTA had an estimated 2.7 million individuals aged between 20 and 39 years in 2018. The PTA is projected to see this age group increase 1.9% between 2018 and 2021, 1.4% between 2021 and 2023, and 1.1% between 2023 and 2028. These are slightly higher than provincial figures (1.8%, 1.3%, and 1%, respectively).
- The subject's PTA has nearly 2.4 million individuals that are single and never been married, representing 29% of the total population (aged 15 years or older).

Summary & Outlook

- Huntsville is the largest municipality in Muskoka and is expected to continue growing as an urban centre, providing products and services to the greater region.
- Muskoka's economy is forecasted to continue benefiting from surrounding healthy communities, its proximity to major urban markets, and its easy access to major highways. The region is located just north of Ontario's Golden Horseshoe area, and thus is easily accessible to rapidly growing markets that continue expanding demographically and economically.
- The subject resort is favourably located within driving distance to major population areas in Southern Ontario. Its location and accessibility, combined with the area's outdoor offerings and continued economic growth in the region, are expected to benefit future resort demand.

LOCAL AREA MAP



HOSPITALITY OVERVIEW

Provincial

Recent performance for the provincial hotel market is summarized below:

Ontario Market Historical Rooms Performance

Year	Supply % Change	Demand % Change	Occ	% Change	ADR	% Change	RevPAR	% Change
2014	-----	-----	64.7%	-----	$130.20	-----	$84.27	-----
2015	0.6%	2.9%	66.0%	1.9%	$137.21	5.4%	$90.53	7.4%
2016	0.5%	4.4%	68.4%	3.7%	$146.39	6.7%	$100.19	10.7%
2017	0.5%	2.8%	69.8%	2.0%	$156.23	6.7%	$109.05	8.8%
2018	0.4%	1.8%	70.7%	1.3%	$163.26	4.5%	$115.47	5.9%
Average Annual % Change	0.5%	3.0%		2.2%		5.8%		8.2%

Source: Smith Travel Research

- The Ontario hotel market has about 642 hotels and resorts reporting to Smith Travel Research (STR), totaling some 89,770 rooms. Major markets include Toronto, Ottawa, Niagara Falls and Mississauga.
- The majority of hotel supply are located in Southern Ontario, the province's economic engine and a major contributor to Canada's GDP. This region includes Toronto and the Greater Toronto Area.
- The majority of new supply over the last 5 years opened in Southern Ontario. Economic growth in this highly industrialized region has been higher compared with other parts of the province. Combined with increased business travel (due to higher activity) and leisure travel (from increased domestic and international visits), Southern Ontario led hotel demand growth in the province.
- Occupancy increased over the last several years as strong demand growth outpaced supply increases. This contributed to very strong ADR growth.
- RevPAR recorded very strong average annual growth of over 8% during the period. Growth was supported by events such as Canada's 150th Anniversary celebrations in 2017. Occupancy and ADR grew moderately in 2018, as compared to previous years, but RevPAR still increased 6%.

Resort

Recent performance for the Canadian resort market, including the subject property and its competitive market, is summarized below:

Canadian Resort Market Historical Rooms Performance

Year	Supply % Change	Demand % Change	Occ	% Change	ADR	% Change	RevPAR	% Change
2014	-----	-----	59.2%	-----	$174.72	-----	$103.50	-----
2015	-0.4%	1.9%	60.4%	2.0%	$184.89	5.8%	$111.69	7.9%
2016	-0.1%	5.3%	63.7%	5.4%	$199.33	7.8%	$126.93	13.6%
2017	-0.1%	3.0%	65.7%	3.1%	$216.36	8.5%	$142.10	12.0%
2018	0.3%	-0.1%	65.4%	-0.4%	$233.93	8.1%	$152.99	7.7%
Average Annual % Change	-0.1%	2.5%		2.5%		7.6%		10.3%

Source: Smith Travel Research

- The Canadian resort market includes all properties located in areas that primarily capture leisure demand.
- Slight supply declines combined with strong demand growth resulted in occupancy improving from 59% to 65% over the last 5 years. Demand drivers included stronger inbound tourism, a competitive Canadian Dollar, greater staycation tendencies for Canadians, and improved destination infrastructure. Last year (2018) was the first year showing occupancy decline in recent years, as demand declined modestly.
- RevPAR increased at an annual average of over 10% - driven by ADR growth. Resort markets located in Western Canada that capture significant international tourist demand, such as the Whistler and Banff markets, recorded particularly strong ADR growth. This was supported by a lower Canadian Dollar against major currencies.

Existing Competitive Supply

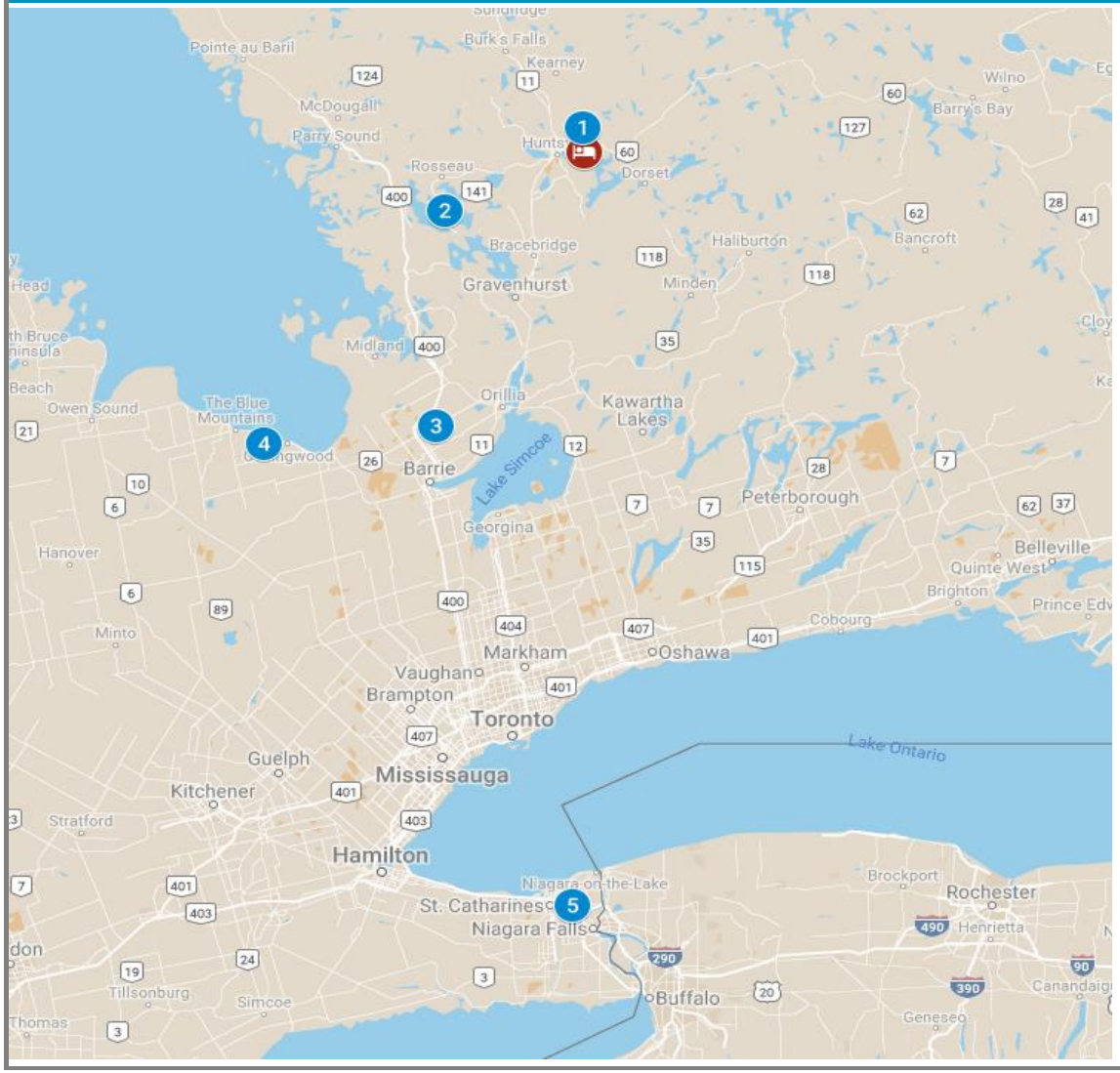
The subject mainly competes with resorts located in Central and Southern Ontario, particularly those within driving distance from the Greater Toronto Area. The vast majority of resorts do not report data to STR, particularly smaller and owner-managed properties. Consequently, the subject's competitive market is comprised of only 6 full-service resorts. As of 2018, the competitive market including the subject was comprised of 6 resorts with a total of 1,208 rooms.

The following table profiles each competitive resort and is followed by a competitive map.

Competitive Hotels Profile

No.	Name/Location	Year Built	Number of Rooms	Total Meeting Space (SF)	Meeting Space SF per Room	Major Facilities: Restaurant	Bar	Recreational Facilities	Swimming Pool	Fitness Centre	Spa	Business Centre	Overall Condition/Recent Renovations
S	**Deerhurst Resort** ***1235 Deerhurst Drive, Huntsville***	**1981, 2019**	**311**	**40,083**	**129**	**x**	**x**	**x**	**x**	**x**	**x**	**x**	**In good condition. The new Lakeside Lodge will add 80 guest rooms starting in July 2019 and another 20 guest rooms in July 2020.**
1	Hidden Valley Resort *1755 Valley Road, Huntsville*	1965	100	4,000	40	x	x	x	x	x		x	In good condition. Affiliated with the Ascend Hotel Collection.
2	JW Marriott The Rosseau Muskoka Resort & Spa *1050 Paignton House Road, Minett*	2008	221	11,000	50	x	x	x	x	x	x	x	In good condition.
3	Horseshoe Resort *1100 Horseshoe Valley Road West, Barrie*	1965, 2017	129	12,675	98	x	x	x	x	x	x	x	In good condition. The new Slopeside Lodge and Copeland House will add 36 guest rooms starting in January 2019.
4	The Westin Trillium House *220 Gord Canning Drive, Blue Mountains*	2005	227	8,000	35	x	x	x	x	x		x	In good condition.
5	White Oaks Resort & Spa *253 Taylor Road, Niagara-on-the-Lake*	1984	220	67,000	305	x	x		x	x	x	x	In good condition.

COMPETITIVE MARKET MAP



Deerhurst Resort
1235 Deerhurst Drive

1 Hidden Valley Resort
2 JW Marriott The Rosseau Muskoka Resort & Spa
3 Horseshoe Resort
4 The Westin Trillium House
5 White Oaks Resort & Spa

Source: Google Maps

CUSHMAN & WAKEFIELD

Existing Competitive Supply Performance

Smith Travel Research ('STR'), a data and analytics specialist recognized by the lodging industry as the standard source of reliable data, provided operating statistics on the competitive market as a whole. In reviewing the data compiled by STR, it is important to note some of the limitations. We have found that because hotels are occasionally dropped in and out of STR samples and not every property reports data in a consistent and timely manner, the overall quality of this data may be affected. These variables can sometimes skew the data for a particular market. However, we find that STR data is generally relied upon by typical hotel investors. Therefore, it has been considered in this study.

The table below illustrates the combined operating statistics for the competitive market, including the subject, for the last several years.

Competitive Market's Historical Rooms Performance (Including Subject)

Year	Rooms	Supply	% Change	Demand	% Change	Occ	% Change	ADR	% Change	RevPAR	% Change
2014	1,257	458,630	-----	244,480	-----	53.3%	-----	$189.81	-----	$101.18	-----
2015	1,259	459,628	0.2%	252,020	3.1%	54.8%	2.9%	$204.15	7.6%	$111.94	10.6%
2016	1,216	443,981	-3.4%	258,568	2.6%	58.2%	6.2%	$207.39	1.6%	$120.78	7.9%
2017	1,204	439,516	-1.0%	268,201	3.7%	61.0%	4.8%	$216.13	4.2%	$131.89	9.2%
2018	1,208	440,800	0.3%	263,431	-1.8%	59.8%	-2.1%	$231.99	7.3%	$138.64	5.1%
Average Annual % Change			-1.0%		1.9%		2.9%		5.1%		8.2%

Sources: Smith Travel Research; Hotel Operating Statements (Subject and Horseshoe)

- The competitive market is comprised of independent and branded, full-service resorts in Central and Southern Ontario. It excludes other resorts (typically smaller properties) in the region that do not report data to STR.
- Over the last 5 years, room supply largely declined due to a lower inventory at the subject property. The Hidden Valley Resort and the Westin Trillium House added several rooms during this period.
- Demand growth was generally strong and averaged 1.9% per year. It benefited from positive economic conditions for the province and increased domestic and international travel. Demand decreased in 2018 following a particularly strong 2017 influenced by the country's 150th anniversary celebrations. Overall, occupancy improved from 53% in 2014 to 60% in 2018.
- Higher occupancy levels supported very strong ADR increases over the last 5 years, particularly during the peak demand months of July and August. RevPAR improved at an annual average of 8.2%.

Proposed Competitive Supply

Our research and fieldwork identified 2 proposed developments that are expected to be competitive with the subject.

Summary of Proposed New Supply

No.	Name	Location/Distance from Subject	Rooms	Competitiveness	Type	Assumed Opening	Status
1	Friday Harbour Resort - Phase 1	Friday Drive & 13th Line (152 KM SW)	200	100%	Resort	January-2022	Early Planning
2	Friday Harbour Resort - Phase 2	Friday Drive & 13th Line (152 KM SW)	200	0%	Resort	N/A	Long Term
3	Horseshoe Resort - Addition	1101 Horseshoe Valley Road West (120 KM SW)	36	100%	Resort	January-2019	Open

Compiled by Cushman & Wakefield ULC

- Friday Harbour Resort is a mixed-use resort community being developed in Innisfil, about 152 km southwest of the subject property and 40 km north of Toronto. Phase 1 includes 1,350 residential units (apartments and townhomes), of which about 1,200 units have been completed. Announced amenities include restaurants, retail shops, a beach club, a nature preserve, a marina, an 18-hole golf course, and an array of outdoor recreational facilities.

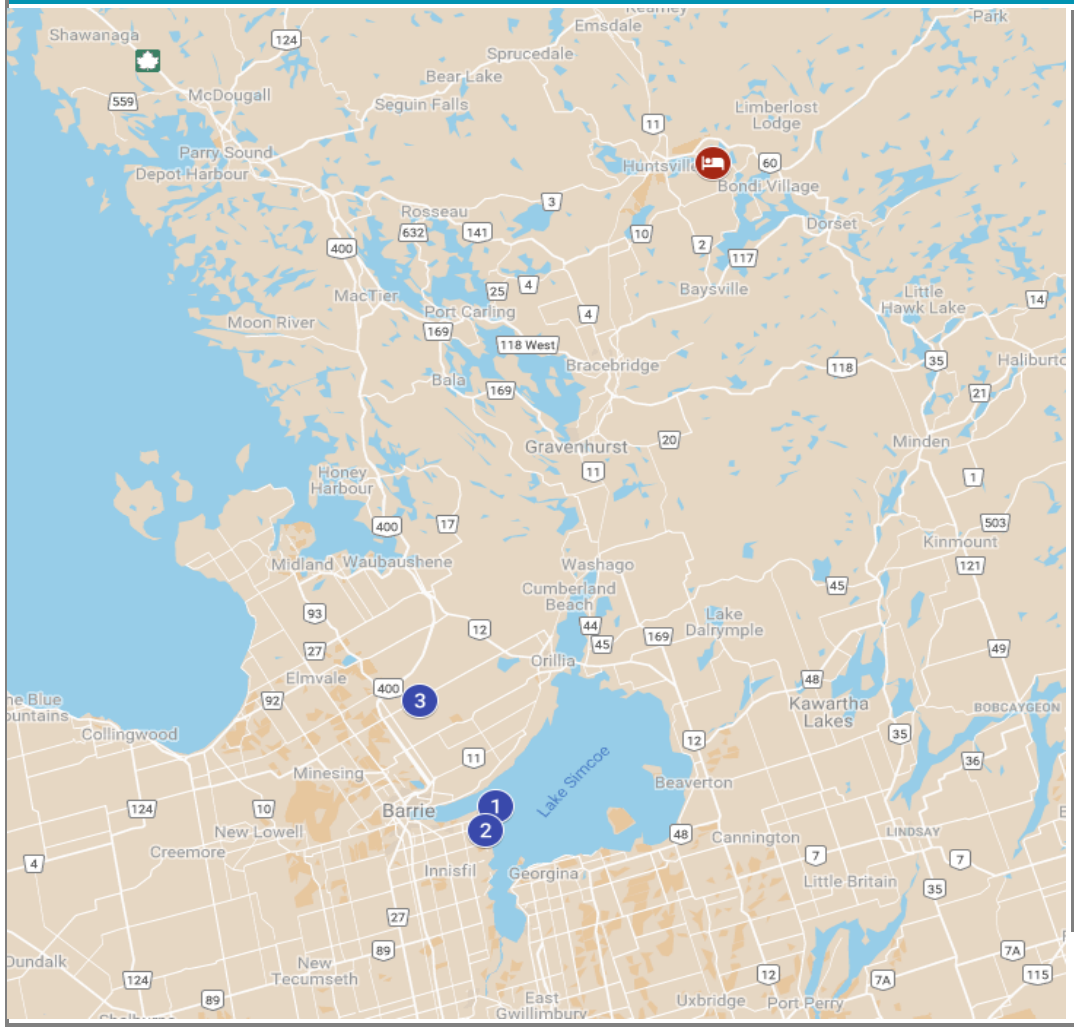
  Our discussion with the Innisfil planning department indicated that the developer can apply to build a 200-room hotel (approved in principle) upon completing the said 1,350 units. Based on the amenities proposed and the location, we have applied a 100% competitiveness factor for this resort. We have also assumed the new resort would not open until early 2022.

- The developer of Friday Harbour Resort could build another 200-room hotel. However, this requires completion of the first 1,350 residential units, the first proposed 200-room hotel, and another 1,350 residential units. Due to the significant development prerequisites, for the purpose of this appraisal, we consider the second proposed hotel to be a long-term development, if built at all. We understand that the first 1,350 residential units took roughly 5 years to complete. Based on these factors, we have applied a 0% competitiveness factor for this second resort project.

- The subject's sister property, Horseshoe Resort, recently added 36 guest rooms from its Slopeside Lodge and Copeland House developments. We have applied a 100% competitiveness factor for this resort.

While we have taken reasonable steps to determine the potential of new supply within the market, it is impossible to determine every property that will be developed in the future, or what their impact in the market will be. Depending on the outcome of future resort development projects, the value of the subject property may be positively or negatively affected.

PROPOSED COMPETITIVE SUPPLY MAP



Deerhurst Resort
1235 Deerhurst Drive

1	Friday Harbour Resort - Phase 1
2	Friday Harbour Resort - Phase 2
3	Horseshoe Resort - Addition

Source: Google Maps

CUSHMAN & WAKEFIELD

Demand Analysis – Market for Transient Accommodations

The market for transient accommodations is an all-encompassing term referring to the various types of travelers that utilize the lodging facilities in a given market area. The total number of rooms occupied by these travelers during a specific time frame represents a market's accommodated room-night demand.

In analyzing demand within a specific market, individual segments are considered based on the nature of travel present in the area. Two primary demand classifications occur in most markets: Transient and Group.

Based upon our fieldwork and area analysis, we have estimated the distribution of accommodated resort room-night demand for the competitive market as a whole and the subject property specifically. This segmentation is illustrated in the following table:

Historical Accommodated Demand: Competitive Market vs. Subject

Market Segment	2018 Market-wide Accommodated Room-Night Demand	Percent of Total	2018 Subject Property Accommodated Room-Night Demand	Percent of Total
Transient	139,091	52.8%	35,728	53.6%
Group	124,272	47.2%	30,921	46.4%
Total	263,363	100.0%	66,649	100.0%

- The subject resort's market mix was provided by management. It was weighted in favour of Transient demand (mostly Leisure).
- Results for 2018 were similar to the market in terms of segmentation.
- The competitive market's mix is an estimate based on our experience working in the market, and the resorts' product offerings.

Transient Demand

Commercial

Commercial demand arises from individuals who are conducting business and visiting various firms in the subject's market area. Commercial demand is strongest Monday through Thursday nights and declines significantly on Friday and Saturday before increasing somewhat on Sunday. Commercial travelers' typical length of stay ranges from one to three days and remains relatively constant throughout the year, although some declines are noticeable in late December and during other holiday periods. Commercial travelers are generally not rate sensitive and represent a very desirable and lucrative market that provides a consistent level of demand at relatively high room rates.

Due to the leisure-oriented nature of the competitive market and resort properties in general, Commercial demand is considered minimal. Most corporate demand is classified within the Group segment under such purposes as meetings, retreats, launches etc.

Leisure

The Leisure demand segment consists of individual tourists and families visiting the attractions of a local market and/or passing through on route to other destinations. Leisure demand is strongest Friday and Saturday nights, holiday periods and the summer months. These peak periods generally are negatively correlated with commercial and group demand. The spring is also a prime period for weddings and other social activities.

Leisure travelers tend to be the most price-sensitive segment in the lodging market and typically demand extensive recreational facilities and amenities. Ease of highway access and proximity to vacation-related attractions are important resort location considerations.

As noted in the Local Area Analysis, the Muskoka District is an established four-season destination offering outdoor activities, arts and cultural attractions, festivals etc. Resorts in the competitive market also attract demand through onsite indoor and outdoor recreational facilities such as spa, golf, ski, trails, shops etc.

Group Demand

Group demand includes groups who reserve blocks of rooms for meetings, seminars, trade association shows, and other similar gatherings of ten or more persons. Group demand is typically strongest during the spring and fall months, while the summer months represent the slowest period for this market. Winter demand can vary based on location. Group travelers typically achieve an average length of stay of three to five days. Historically, most corporate groups met on weekdays and social groups used the weekend periods. However, in the recent past, corporate group booking trends have changed to include some or all of the weekend. Many corporate groups have been utilizing weekend meetings as a cost containment measure, which usually results in lower airfares and hotel room rates, especially in non-resort markets.

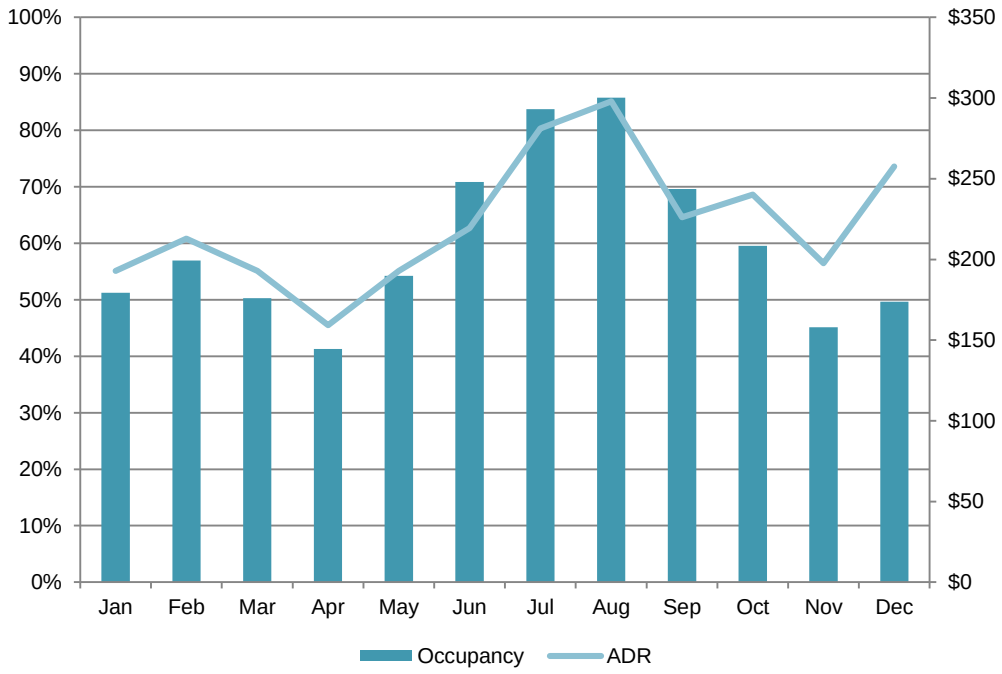
Group demand is generally quite profitable for hotels and resorts. Although room rates are sometimes discounted for large groups, the resort benefits from the use of meeting space and the inclusion of in-house banquets. In order to attract the Group segment, resorts must offer meeting and banquet facilities, as well as an adequate number of guest rooms to house function attendees.

As noted in the Local Area Analysis, the Muskoka District offers resort properties and outdoor facilities to host corporate, association, SMERF and wedding business.

Seasonality Patterns (Calendar Year 2018)

As illustrated below, competitive market performance was highly seasonal, with occupancy ranging from 50% in the winter months to 80% in the summer months. Occupancy was strongest during warmer periods, coinciding with leisure and group demand levels. Monthly ADR correlated with occupancy levels. Room rates were highest during peak leisure travel months – July, August and December.

Monthly Analysis - Competitive Market (Including Subject)



Source: Smith Travel Research

Base Room Demand Growth

As outlined, room demand in the competitive market decreased 1.8% in 2018, following several years of strong annual growth. The market benefited from stronger domestic and international travel associated with Canada's 150th Anniversary in 2017.

- Positive economic outlook for the Greater Toronto Area and Ontario, including projected moderate growth in GDP, population, employment and household disposable income.
- Tourism indicators for Ontario are also positive with overnight visits projected to grow for domestic, U.S. and overseas segments. Foreign source markets are projected to lead tourism growth.
- Increased quality supply in the market from the future Friday Harbour Resort opening is expected to help the market capture demand.
- Base demand in the market is projected to grow 2% per year until 2025, before slowing to 1.0% in 2026 as market occupancy reaches stabilization.

Room demand is expected to grow until the market reaches stabilization, an occupancy rate which we believe represents the long-term sustainable occupancy level for the market.

Induced Room Demand Growth

To reflect the impact of the proposed resorts entering the market, we have allowed for induced demand equal to 25% of the effective new room supply. Based on our observations of the local market, as well as our experience in similar markets, demand does increase when new resorts/brands are added to the market. This is a result of the resorts adding overall capacity to the market, as well as offering new products and in many cases introducing new reservation channels to the market.

In this case, the competitive market recorded occupancy levels of over 80% in July and August. We believe the addition of rooms at the Horseshoe Resort and the future addition of the Friday Harbour Resort will result in new demand being captured by the competitive market.

The induced demand is added to the base demand of the market and subsequently increased by the projected growth rates.

Based on our analysis, the following outlines our expectations of room demand growth in the competitive market.

Demand Growth	Historical	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Old Base Demand	263,363	263,363	275,471	285,546	292,170	316,263	322,588	329,039	335,620	338,977	338,977
% Growth		2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	1.0%	0.0%	0.0%
New Base Demand		**268,630**	**280,981**	**291,257**	**298,013**	**322,588**	**329,039**	**335,620**	**338,977**	**338,977**	**338,977**
Induced Demand		6,841	4,565	913	18,250	0	0	0	0	0	0
Total Base Demand	263,363	275,471	285,546	292,170	316,263	322,588	329,039	335,620	338,977	338,977	338,977
Total Market Demand % Change		4.6%	3.7%	2.3%	8.2%	2.0%	2.0%	2.0%	1.0%	0.0%	0.0%
Market-wide Occupancy	**59.8%**	**58.9%**	**58.7%**	**59.6%**	**56.2%**	**57.3%**	**58.4%**	**59.6%**	**60.2%**	**60.2%**	**60.2%**

Competitive Market-wide Occupancy Projection

Based on our growth expectations, the following table summarizes our projection of competitive market-wide room-night demand, supply, and occupancy rates.

Projection of Competitive Market Demand, Supply, and Occupancy											
Segment	**Historical**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Supply											
Total Existing Rooms Supply	**1,207**	**1,207**	**1,282**	**1,332**	**1,342**	**1,542**	**1,542**	**1,542**	**1,542**	**1,542**	**1,542**
Changes in Existing Supply											
Deerhurst Resort		39	50	10	0	0	0	0	0	0	0
New Supply											
Friday Harbour Resort - Phase 1		0	0	0	200	0	0	0	0	0	0
Friday Harbour Resort - Phase 2		0	0	0	0	0	0	0	0	0	0
Horseshoe Resort - Addition		36	0	0	0	0	0	0	0	0	0
Total Rooms Supply	1,207	1,282	1,332	1,342	1,542	1,542	1,542	1,542	1,542	1,542	1,542
Total Available Room-Nights	440,686	468,051	486,311	489,961	562,961	562,961	562,961	562,961	562,961	562,961	562,961
% Change	----	6.2%	3.9%	0.8%	14.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Demand											
Base Demand	263,363	268,630	280,981	291,257	298,013	322,588	329,039	335,620	338,977	338,977	338,977
Induced Demand	-----	6,841	4,565	913	18,250	0	0	0	0	0	0
Total Market Demand	263,363	275,471	285,546	292,170	316,263	322,588	329,039	335,620	338,977	338,977	338,977
% Change	----	4.6%	3.7%	2.3%	8.2%	2.0%	2.0%	2.0%	1.0%	0.0%	0.0%
Market-wide Occupancy	**59.8%**	**58.9%**	**58.7%**	**59.6%**	**56.2%**	**57.3%**	**58.4%**	**59.6%**	**60.2%**	**60.2%**	**60.2%**

- The market recorded 60% occupancy in 2018.
- Market occupancy is expected to be lower over the next several years, influenced by additional room supply at the subject property, Horseshoe Resort, and Friday Harbour Resort.
- By 2026, we expect market occupancy will have recovered to 60%.
- Given the high level of seasonality of resort properties, we believe that 60% will be the market's maximum sustainable annual occupancy during the projection period.

Competitive Market-wide ADR Projection

Although the average daily rate analysis presented here follows the occupancy projections, these two statistics are highly correlated; in reality, one cannot project occupancy without making specific assumptions regarding average daily rate. This relationship is best illustrated by RevPAR, which reflects a property's ability to maximize room revenue.

A resort's ability to raise room rates is affected by several factors as indicated below.

- Supply and Demand Relationships – The relationship between supply and demand is one of the factors that determine resort occupancies and average daily rates. Strong markets where lodging demand is increasing faster than supply are often characterized by rate growth that exceeds inflation. Markets that are overbuilt or suffering from declining demand are unlikely to exhibit any significant increases in average daily rates.
- Inflationary Pressures – Price increases caused by inflation affect resort room rates by eroding profit margins and encouraging operators to raise prices. This strategy is effective only in markets that are characterized by a healthy supply and demand relationship.
- Improving the Competitive Standard – When a new lodging facility enters a mature market, its rates may be set higher than the market-wide average in an effort to justify the development costs. This may allow other competitors to achieve corresponding gains by effectively raising the amount the market will bear. However, if the addition to supply has a severe impact on the occupancy levels of other resorts, price competition may ensue.
- Property-Specific Improvements – Changes that make a resort more or less attractive to guests can have an impact on average daily rate. An expansion, renovation, upgrading, or the introduction of additional facilities and amenities may enable greater-than-inflationary room rate increases. Likewise, deferred maintenance may make a property less competitive, engendering a decline in room rates.

The following table summarizes our projection of competitive market ADR rates.

Projection of Competitive Market ADR

	Historical	Projection									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Market-wide Occupancy	60%	59%	59%	60%	56%	57%	58%	60%	60%	60%	60%
ADR % Change	----	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Market-wide ADR	**$231.98**	**$238.94**	**$246.11**	**$251.03**	**$256.06**	**$261.18**	**$266.40**	**$271.73**	**$277.16**	**$282.71**	**$288.36**

- Market ADR increased 7.3% in 2018.
- Based on strong room rate growth achieved over the last several years, and the economic outlook for the province, we have projected more moderate 3% annual ADR growth in 2019 and 2020.
- For the remainder of the projection period, we have projected ADR to increase by an inflationary 2% per year.

PROJECTION OF OCCUPANCY AND AVERAGE RATE

A resort's ability to generate Rooms Revenue is determined by two operating statistics: annual occupancy and average rate. In most markets, a room-night analysis may be performed to quantify and forecast room-night demand. The occupancy of a given resort may be projected based on its relative competitiveness with other resorts and its penetration through the market. Individual lodging facilities may operate above or below the area-wide occupancy or average rate, depending upon the particular attributes of the property.

Historical Rooms Performance

The following table summarizes the subject property's historical occupancy, average rate, and corresponding RevPAR (occupancy multiplied by average rate) for the last several years:

Subject's Historical Rooms Performance

Year	Rooms	Supply	% Change	Demand	% Change	Occ %	% Change	ADR	% Change	RevPAR	% Change
2014	365	133,251	----	61,196	----	45.9%	----	$182.54	----	$83.83	----
2015	336	122,661	-7.9%	59,677	-2.5%	48.7%	5.9%	$197.74	8.3%	$96.20	14.8%
2016	315	114,894	-6.3%	59,543	-0.2%	51.8%	6.5%	$204.09	3.2%	$105.77	9.9%
2017	314	114,728	-0.1%	66,525	11.7%	58.0%	11.9%	$201.20	-1.4%	$116.66	10.3%
2018	310	113,160	-1.4%	66,649	0.2%	58.9%	1.6%	$205.50	2.1%	$121.03	3.7%
Average Annual % Change			-4.0%		2.2%		6.4%		3.0%		9.6%
2019 Budget	348	127,140	12.4%	69,847	4.8%	54.9%	-6.7%	$220.20	7.2%	$120.97	-0.1%

Source: Hotel Operating Statements

- The subject resort has been managed as an independent property by a Skyline affiliate since 2011. The resort has received annual capital upgrades on guest visible areas including guest rooms, F&B outlets, meeting facilities, and golf courses. It is maintained in good overall condition. The resort is located about 2 hours from the Greater Toronto Area, and is a recognized destination for a variety of demand segments.
- In the last 5 years, the resort's operating inventory decreased from 365 to 310 rooms. Certain third party-owned rooms exited the rental pool or were removed due to non-compliance with quality standards. The decrease in supply boosted annual occupancy levels. The Client continues to own all 102 Pavilion guest rooms.
- The resort captured approximately 66,500 room-nights in 2017 and 2018. Following strong ADR growth in 2015, room rates have been growing modestly. RevPAR improved by an annual average of over 9% over the last 5 years, driven by higher occupancy levels.
- In 2018, the resort recorded a 99% occupancy share, an 89% ADR penetration and an 87% RevPAR index.
- Effective July 2019, the resort's inventory will increase by 80 rooms following the completion of Lakeside Lodge; however, 4 less rental pool rooms from existing Bayshore, Summit Lodge, Greens and Hillside condos will result in a net increase of 76 rooms.
- Management has budgeted 5% demand growth and 7% ADR growth in 2019. The demand increase is expected to be equally generated by transient and group business. ADR growth is expected to be driven by higher transient rates (+11%) and the brand new, large Lakeside Lodge rooms.

Penetration Factor Analysis

The projected occupancy share of the subject property is based on a penetration factor analysis. As previously stated, a penetration factor is the ratio between a property's occupancy (market) share and its fair share. Penetration factors were used to project the subject property's ability to capture room-night demand. Outlined on the following chart is the subject resort's recent performance compared with the competitive market.

Summary of Historical Occupancy, ADR, and RevPAR Performance

Subject Historical Occupancy, ADR, and RevPAR Performance

	Historical		
	2016	**2017**	**2018**
Subject Occupancy	52%	58%	59%
Point Change		*6.2*	*0.9*
Market-wide Occupancy	58%	61%	60%
Point Change		*2.8*	*-1.3*
Subject Occupancy Share	**89%**	**95%**	**99%**
Point Change		*6.0*	*3.5*
Subject ADR	$204.09	$201.20	$205.50
Percentage Change		*-1.4%*	*2.1%*
Market-wide ADR	$207.39	$216.13	$231.98
Percentage Change		*4.2%*	*7.3%*
Subject ADR Penetration	**98%**	**93%**	**89%**
Percentage Change		*-5.4%*	*-4.8%*
Subject RevPAR	$105.77	$116.66	$121.03
Percentage Change		*10.3%*	*3.7%*
Market-wide RevPAR	$120.78	$131.89	$138.64
Percentage Change		*9.2%*	*5.1%*
Subject RevPAR Index	**88%**	**88%**	**87%**
Percentage Change		*1.0%*	*-1.3%*

- The subject's RevPAR index remained around 87% over the past three years. Gains in occupancy share were offset by lower ADR penetration.
- The decline in ADR penetration was mainly due to lower group rates (as part of capturing more demand in this segment).

A brief summary of the rationale used to project the penetration rates for the subject by market segment follows.

Our penetration analysis assumes the resort's rental pool will operate with 409 guest rooms and suites (comprising 102 rooms owned by the Client, 207 existing third party-owned rooms, 80 Lakeside Lodge third party-owned rooms effective July 2019, and another 20 Lakeside Lodge third party-owned rooms effective July 2020).

Transient Penetration

The transient segment includes both Commercial and Leisure travelers.

The subject resort is located in the Muskoka District, approximately 2 hours from Toronto and the Greater Toronto Area. The all-seasons property provides year-round facilities that attract families, couples, weekend travelers, and seasonal vacationers. Onsite amenities include multiple F&B outlets, spa, golf courses, and indoor/outdoor recreational facilities. The Muskoka District also offers plenty of outdoor pursuits such as trails and parks within driving distance.

The majority of transient demand is leisure-oriented, in line with the resort's offerings. Major distribution channels include direct, discounted and travel agent channels, as well as resort packages. Peak periods are weekends and summer months (June through September).

Commercial demand makes up approximately 1% of total room-night demand.

The resort finished 2018 with a 100.0% market share in this segment. Based on the additional room supply coming from the new Lakeside Lodge, the resort's Transient share is expected to decline to 95%. However, total room-night demand is expected to increase substantially as the new supply becomes absorbed. Management expects the new Lakeside Lodge rooms to help capture demand particularly during peak periods.

As noted in the Market Analysis, we expect new room supply to enter the market – the addition of new room supply will impact the market and the resort's market share in the Transient segment. The resort's amenities and annual capital upgrades will assist in retaining its capture of room-night demand in this segment.

Group Penetration

The resort provides a one-stop destination for corporate, association, and SMERF groups, offering extensive guest room selections, 4 F&B outlets, 40,000 SF of meeting facilities, and various recreational activities. The West Wing meeting facilities have nearly completed renovations. Management indicated that the renovations will allow the resort to host more groups simultaneously.

Most of the resort's group business is generated by the SMERF, corporate, and association segments. Tour and government groups represent a small portion of overall demand. Typical group visit purposes include weddings, corporate retreats, annual meetings etc.

The resort finished 2018 with a 96.9% market share in this segment. Based on the additional room supply coming from the new Lakeside Lodge, the resort's Group share is expected to decline to 90%. Management expects the new Lakeside Lodge rooms to represent a new accommodation option for groups. Further, renovations of the resort's meeting facilities in 2020/2021 is expected to bolster Group segment penetration, increasing it to 92% by 2021. The total room-night demand is expected to increase substantially as the new supply becomes absorbed.

As noted in the Market Analysis, we expect new room supply to enter the market – the addition of new room supply will impact the market and the resort's market share in the Group segment. The resort's group-oriented amenities, West Wing meeting space renovations, and annual capital upgrades will assist in its capture of room-night demand in this segment.

Occupancy Projection

The following table illustrates our estimated penetration rates over the projection period and resultant occupancy levels.

Projection of Subject Penetration, Market Share, and Occupancy

	Historical	Projection									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Subject Property Fair Share											
Market Room Supply	1,207	1,282	1,332	1,342	1,542	1,542	1,542	1,542	1,542	1,542	1,542
Subject Property Room Count	310	349	399	409	409	409	409	409	409	409	409
Fair Share	**25.7%**	**27.2%**	**29.9%**	**30.5%**	**26.5%**	**26.5%**	**26.5%**	**26.5%**	**26.5%**	**26.5%**	**26.5%**
Room-Nights Captured by Subject											
Transient											
Penetration Factor	100.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%	95.0%
Market Share	25.7%	25.9%	28.5%	28.9%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%
Demand	139,091	145,486	150,807	154,305	167,029	170,369	173,776	177,252	179,025	179,025	179,025
Market Share	25.7%	25.9%	28.5%	28.9%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%	25.2%
Capture	35,728	37,616	42,907	44,667	42,081	42,922	43,780	44,656	45,103	45,103	45,103
Group											
Penetration Factor	96.9%	90.0%	91.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%	92.0%
Market Share	24.9%	24.5%	27.3%	28.0%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%
Demand	124,272	129,985	134,739	137,865	149,234	152,219	155,263	158,368	159,952	159,952	159,952
Market Share	24.9%	24.5%	27.3%	28.0%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%
Capture	30,921	31,839	36,721	38,648	36,410	37,138	37,881	38,639	39,025	39,025	39,025
Total Capture	**66,649**	**69,455**	**79,628**	**83,315**	**78,491**	**80,061**	**81,662**	**83,295**	**84,128**	**84,128**	**84,128**
Subject Property Projected Occupancy											
Calendar Year		**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**Stabilized**	**2027**	**2028**
Room-Nights Captured		69,455	79,628	83,315	78,491	80,061	81,662	83,295	84,128	84,128	84,128
Available Room-Nights		127,385	145,645	149,295	149,295	149,295	149,295	149,295	149,295	149,295	149,295
Occupancy		54.5%	54.7%	55.8%	52.6%	53.6%	54.7%	55.8%	56.4%	56.4%	56.4%
Rounded Occupancy	**59%**	**55%**	**55%**	**56%**	**53%**	**54%**	**55%**	**56%**	**56%**	**56%**	**56%**
Overall Occupancy Share	**98.6%**	**92.6%**	**93.1%**	**93.6%**	**93.6%**	**93.6%**	**93.6%**	**93.6%**	**93.6%**	**93.6%**	**93.6%**

- The subject recorded 58.9% occupancy in 2018, or 66,649 room-nights.
- Management budgeted demand to increase 4.8% in 2019, but occupancy will decline to 54.9% with additional supply from the Lakeside Lodge. We have projected a similar occupancy of 54.4% in 2019.
- The expected entry of Friday Harbour Resort in 2022 is expected to temporarily impact market and subject occupancy levels. The subject's occupancy is expected to decline to 52.5% in 2022. Friday Harbour will be located closer to the key Greater Toronto Area source market, including Toronto and is expected to offer a contemporary product in a resort environment (although we recognize the absence of many of the resort amenities currently offered at Deerhurst Resort and the other resorts in the competitive set).
- As market occupancy recovers, the subject's occupancy is expected to reach 56.3% by 2026.
- The resort is projected to stabilize in the 8th year of our projections at 56.4% occupancy, or 84,128 room-nights (compared to 66,649 room-nights captured in 2018).
- The overall penetration level for the subject in the stabilized year is estimated at 93.6%. The stabilized occupancy level is intended to reflect the anticipated results of the property over its remaining economic life given any and all changes in the life cycle of the resort.

Average Rate Projection

We have examined the rate structure and achieved ADRs and RevPARs of the competitive market compared with the subject property for the last year. These are depicted in the following table.

2018 Competitive ADR and RevPAR		
Property	**ADR**	**RevPAR**
Deerhurst Resort	$205.50	$121.03
Competitive Market Average	$231.98	$138.64
Subject Penetration	88.6%	87.3%

As shown, the subject achieved ADR of $205.50 during calendar year 2018. The following table depicts the subject's ADR for the last several years.

Subject's Historical ADR Performance		
Year	**ADR**	**Percent Change**
2014	$182.54	---
2015	$197.74	8.3%
2016	$204.09	3.2%
2017	$201.20	-1.4%
2018	$205.50	2.1%
Average Annual % Change		3.0%

- In 2018, the resort recorded 2.1% ADR growth and had an 89% ADR penetration. The decline in ADR penetration over the last three years was driven by lower group rates. The new and larger Lakeside Lodge units are expected to increase future ADR penetration.
- Management budgeted a 7.2% ADR increase in 2019 (comprised of +11.2% for transient and +0.2% for group). The majority of ADR growth is expected during the peak leisure months of July and August, where the resort recorded occupancy of 90.7% and 92.6% in 2018, respectively.
- The new and larger Lakeside Lodge rooms are expected to drive ADR growth throughout the year, but particularly during these compression periods.
- Based on the mid-year 2019 and 2020 entry of Lakeside Lodge rooms, we have projected annual ADR growth of 5% in 2019 and 2020. The above market-rate growth will be supported by the new Lakeside Lodge rooms (mostly larger 1 and 2-bedroom units) and meeting space renovations.
- For the remainder of the projection period, we have estimated that the subject's ADR will grow by an inflationary 2% per year (market-rate growth).

Based on the foregoing, the projection of the subject's ADR is illustrated below on a calendar year basis.

Projection of Subject's ADR

	Historical	Projection									
Calendar Year	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**	**2026**	**2027**	**2028**
Projected ADR	$205.50	$215.77	$226.56	$231.09	$235.72	$240.43	$245.24	$250.14	$255.15	$260.25	$265.45
ADR % Change	----	5.0%	5.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Summary of Historical and Projected Occupancy, ADR, and RevPAR Performance

Subject Historical and Projected Occupancy, ADR, and RevPAR Performance

	Historical			Projection									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
Subject Occupancy	52%	58%	59%	55%	55%	56%	53%	54%	55%	56%	56%	56%	56%
Point Change		*6.2*	*0.9*	*-4.4*	*0.1*	*1.1*	*-3.2*	*1.1*	*1.1*	*1.1*	*0.6*	*0.0*	*0.0*
Market-wide Occupancy	58%	61%	60%	59%	59%	60%	56%	57%	58%	60%	60%	60%	60%
Point Change		*2.8*	*-1.3*	*-0.9*	*-0.1*	*0.9*	*-3.5*	*1.1*	*1.1*	*1.2*	*0.6*	*0.0*	*0.0*
Subject Occupancy Share	**89%**	**95%**	**99%**	**93%**	**93%**	**94%**	**94%**	**94%**	**94%**	**94%**	**94%**	**94%**	**94%**
Point Change		*6.0*	*3.5*	*-5.9*	*0.5*	*0.5*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*	*0.0*
Subject ADR	$204.09	$201.20	$205.50	$215.77	$226.56	$231.09	$235.72	$240.43	$245.24	$250.14	$255.15	$260.25	$265.45
Percentage Change		*-1.4%*	*2.1%*	*5.0%*	*5.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Market-wide ADR	$207.39	$216.13	$231.98	$238.94	$246.11	$251.03	$256.06	$261.18	$266.40	$271.73	$277.16	$282.71	$288.36
Percentage Change		*4.2%*	*7.3%*	*3.0%*	*3.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*	*2.0%*
Subject ADR Penetration	**98%**	**93%**	**89%**	**90%**	**92%**	**92%**	**92%**	**92%**	**92%**	**92%**	**92%**	**92%**	**92%**
Percentage Change		*-5.4%*	*-4.8%*	*1.9%*	*1.9%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Subject RevPAR	$105.77	$116.66	$121.03	$117.65	$123.87	$128.96	$123.93	$128.93	$134.14	$139.56	$143.77	$146.65	$149.58
Percentage Change		*10.3%*	*3.7%*	*-2.8%*	*5.3%*	*4.1%*	*-3.9%*	*4.0%*	*4.0%*	*4.0%*	*3.0%*	*2.0%*	*2.0%*
Market-wide RevPAR	$120.78	$131.89	$138.64	$140.63	$144.51	$149.69	$143.85	$149.66	$155.71	$162.00	$166.89	$170.23	$173.63
Percentage Change		*9.2%*	*5.1%*	*1.4%*	*2.8%*	*3.6%*	*-3.9%*	*4.0%*	*4.0%*	*4.0%*	*3.0%*	*2.0%*	*2.0%*
Subject RevPAR Index	**88%**	**88%**	**87%**	**84%**	**86%**	**86%**	**86%**	**86%**	**86%**	**86%**	**86%**	**86%**	**86%**
Percentage Change		*1.0%*	*-1.3%*	*-4.2%*	*2.5%*	*0.5%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*

- The subject's RevPAR index is expected to decline in 2019 following the addition of Lakeside Lodge rooms, resulting in a lower occupancy share. However, the resort is projected to record substantially more room-night demand.
- The subject's occupancy share and ADR penetration is expected to improve through 2020 and into 2021, with the new Lakeside Lodge rooms and meeting space renovations. This is expected to drive an increase in Group demand capture and a rebound in RevPAR Index through 2020.
- The resort expected to maintain an 86% RevPAR index through stabilization in 2026.

The rooms performance of the subject resort is projected in terms of annual guest room occupancy and average rate. Based on the previously concluded occupancy and average rate, the subject's Rooms Revenue is projected as illustrated below.

Subject's Projected Rooms Revenue - Deerhurst Resort

Projection Year	2019	2020	2021	2022	2023	2024	2025	Stabilized	2027	2028
Number of Days	365	365	365	365	365	365	365	365	365	365
Number of Rooms	349	399	409	409	409	409	409	409	409	409
Occupancy	54.5%	54.7%	55.8%	52.6%	53.6%	54.7%	55.8%	56.4%	56.4%	56.4%
Occupied Rooms	69,455	79,628	83,315	78,491	80,061	81,662	83,295	84,128	84,128	84,128
Average Rate	$215.77	$226.56	$231.09	$235.72	$240.43	$245.24	$250.14	$255.15	$260.25	$265.45
RevPAR	$117.65	$123.87	$128.96	$123.93	$128.93	$134.14	$139.56	$143.77	$146.65	$149.58
Rooms Revenue	$14,987,000	$18,041,000	$19,253,000	$18,501,000	$19,249,000	$20,027,000	$20,836,000	$21,465,000	$21,894,000	$22,332,000

HIGHEST AND BEST USE

Highest and Best Use Criteria

The *Canadian Uniform Standards of Professional Appraisal Practice* (2018), a publication of the Appraisal Institute of Canada, defines the highest and best use as:

> The reasonably probable use of real property, that is physically possible, legally permissible, financially feasible and maximally productive, and that results in the highest value.

To determine the highest and best use we typically evaluate the subject site under two scenarios: as if vacant and as presently improved. In both cases, the property's highest and best use must meet the four criteria described previously.

Legally Permissible

The zoning regulations in effect at the time of the appraisal determine the legal permissibility of a potential use of the subject site. As described in the Zoning section, the site is zoned C4 - Tourist Commercial by the Town of Huntsville. In the Zoning section of this appraisal, we determined that the existing improvements represent a conforming use.

Physically Possible

The current use of the property is an operating resort. The existing improvements were largely built around 1981, and most recently expanded in 2019. The resort is well maintained and in Good condition. We know of no current or pending municipal actions or covenants that would require a change to the current improvements.

Financially Feasible and Maximally Productive

The economic viability of the subject property is evident by its operating performance and by transactions involving similar properties. This appraisal has not considered further development potential on resort lands.

Conclusion

Based on our analysis, the highest and best use of the site as if vacant is considered to be a commercial development, including a resort.

It is our opinion that the existing buildings add value to the site as if vacant, dictating a continuation of the current use. It is our opinion that the highest and best use of the existing property as improved is a resort as currently improved.

VALUATION PROCESS

Methodology

There are three generally accepted approaches to developing an opinion of value: Cost, Direct Comparison and Income. The approach used depends on its applicability to the property type being valued and the quality of information available. The reliability of each approach depends on the availability and comparability of market data as well as the motivation and thinking of purchasers.

The valuation process is concluded by analyzing each approach to value used in the appraisal. When more than one approach is used, each approach is judged based on its applicability, reliability, and the quantity and quality of its data. A final value opinion is chosen that either corresponds to one of the approaches to value, or is a correlation of all the approaches used in the appraisal.

We have considered each approach in developing our opinion of the market value of the subject property. We discuss each below and conclude with a summary of their applicability to the subject property.

Cost Approach

The Cost Approach is based on the proposition that an informed purchaser would pay no more for the subject than the cost to produce a substitute property with equivalent utility. This approach is particularly applicable when the property being appraised involves relatively new improvements which represent the Highest and Best Use of the land; or when relatively unique or specialized improvements are located on the site for which there are few improved sales or leases of comparable properties.

In the Cost Approach, the appraiser forms an opinion of the cost of all improvements, depreciating them to reflect any value loss from physical, functional and external causes. Land value, entrepreneurial incentive and depreciated improvement costs are then added, resulting in an opinion of value for the subject property.

We find that knowledgeable resort buyers base their purchase decisions on economic factors, such as projected net income and return on investment. Because the cost approach does not reflect these income-related considerations and requires a number of highly subjective depreciation estimates, this approach is given minimal weight in the resort valuation process and is used primarily as a test of feasibility.

Direct Comparison Approach

The Direct Comparison Approach is a method of developing an opinion of market value in which a subject property is compared with comparable properties that have been recently sold. Preferably, all properties are in the same geographic area and/or of the same property type. One premise of the Direct Comparison Approach is that the market will establish a price for the subject property in the same manner that the prices of comparable, competitive properties are established.

The sales prices of the properties deemed most comparable to the subject property tend to set the range in which the value of the subject property will fall. Further consideration of the comparative data allows the appraiser to derive an amount representing the value of the appraised property, in keeping with the definition of value sought, as of the date of the appraisal.

The Direct Comparison Approach may provide a useful value opinion 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 lodging facilities, where the adjustments are numerous and more difficult to quantify, the Direct Comparison Approach loses a large degree of reliability.

Resort investors typically do not employ the Direct Comparison Approach in reaching their final purchase decisions. Factors such as the lack of recent comparable sales data and the numerous adjustments that are necessary often make the results of the Direct Comparison Approach questionable. Although the Direct Comparison Approach may provide a range of values that supports the final opinion of value, reliance on this approach beyond the establishment of broad parameters is rarely justified by the quality of the sales data.

As an appraiser, one attempts to mirror the actions of the marketplace. In that our experience indicates that sophisticated resort investors depend largely on financial considerations when making final purchase decisions, we generally do not give the Direct Comparison Approach strong consideration in the resort appraisal process beyond establishing a probable range of value.

Income Approach

This approach first determines the income-producing capacity of a property by using contract rents on existing leases and by estimating market rent from rental activity at competing properties for the vacant space. Deductions are then made for vacancy and collection loss and operating expenses. The resulting net operating income is divided by an overall capitalization rate to derive an opinion of value for the subject property. The capitalization rate represents the relationship between net operating income and value. This method is referred to as Direct Capitalization.

Related to the Direct Capitalization analysis is the Discounted Cash Flow analysis. In this method, periodic cash flows (which consist of net operating income less capital costs) and a reversionary value are developed and discounted to a present value using an internal rate of return that is determined by analyzing current investor yield requirements for similar investments.

Our experience with resort investors indicates that the methodology used in estimating market value by the Income Approach is comparable to that employed by typical resort investors. For this reason, the Income Approach produces the most supportable market value opinion, and it generally is given the greatest weight in the resort valuation process.

Reconciliation

The appraisal will consider the three standard approaches to value: Income, Direct Comparison, and Cost. Because lodging facilities are income-producing properties that are normally bought and sold on the basis of capitalizing their anticipated stabilized earning power, the greatest weight is given to the value indicated by the Income Approach. We find that most resort investors employ a similar procedure in formulating their purchase decisions, thus the Income Approach most closely reflects the rational of typical buyers. When appropriate, the Direct Comparison and Cost Approaches are used to test the reasonableness of the results indicated by the Income Approach.

In this analysis, we relied on the Income Approach to value and used the Direct Comparison Approach as a test of reasonableness. The Cost Approach is not used by typical resort investors when pricing existing resorts.

INCOME APPROACH

Review of Financial Operating Statements

The owners have provided unaudited income and expense statements, as illustrated in the tables on the following pages. The tables detail the subject's operating history for calendar years 2014-2018, and management's 2019 budget.

Cushman & Wakefield has not independently verified the accuracy of any financial or operating data and has assumed them to be accurate and reliable. We have analyzed Canadian industry averages and the performance of comparable resorts and developed our own projected operating results upon which the appraisal value is based.

Where applicable, we have reorganized the statements in accordance with the *Uniform System of Accounts for The Lodging Industry* (*Tenth Revised Edition*), published by the American Hotel and Motel Association.

Operational Assumptions

- We assume the subject will be operated as a full-service, independent resort with supporting reservation and marketing systems. We further assume the subject will be operated by competent and experienced management familiar with the operation of full-service resorts in Canada, and more specifically the competitive market.
- We assume the existing 207 third party-owned, non-Pavilion guest rooms will continue to be in the resort's rental pool, supplementing the existing 102 guest rooms owned by Skyline and which are also in the rental pool.
- We assume 80 third party-owned, Lakeside Lodge guest rooms will enter the resort's rental pool in July 2019. Management expects another 20 third party-owned, Lakeside Lodge guest rooms will enter the resort's rental pool in July 2020.

Operating History - Deerhurst Resort

Calendar Year:	**2014**	**2015**	**2016**	**2017**	**2018**
Days Open:	**365**	**365**	**366**	**365**	**365**
Total Rooms:	**365**	**336**	**314**	**314**	**310**
Occupied Rooms:	**61,196**	**59,677**	**59,543**	**66,525**	**66,649**
Occupancy:	**45.9%**	**48.7%**	**51.8%**	**58.0%**	**58.9%**
Average Rate:	**$182.54**	**$197.74**	**$204.09**	**$201.20**	**$205.50**
RevPAR:	**$83.83**	**$96.20**	**$105.77**	**$116.66**	**$121.03**

	2014				2015				2016				2017				2018			
	$ (000's)	% Gross	$ PAR	$ POR	$ (000's)	% Gross	$ PAR	$ POR	$ (000's)	% Gross	$ PAR	$ POR	$ (000's)	% Gross	$ PAR	$ POR	$ (000's)	% Gross	$ PAR	$ POR
REVENUES																				
Rooms	$11,171	42.8%	$30,599	$182.54	$11,800	44.3%	$35,114	$197.74	$12,152	46.2%	$38,712	$204.09	$13,385	45.1%	$42,582	$201.20	$13,696	45.1%	$44,178	$205.50
Food & Beverage	9,259	35.4%	25,362	151.30	9,584	36.0%	28,517	160.59	9,115	34.7%	29,035	153.07	10,414	35.1%	33,131	156.54	10,546	34.7%	34,015	158.22
Retail	303	1.2%	831	4.96	342	1.3%	1,019	5.74	371	1.4%	1,183	6.24	369	1.2%	1,173	5.54	355	1.2%	1,146	5.33
Recreation	547	2.1%	1,498	8.94	610	2.3%	1,816	10.23	632	2.4%	2,012	10.61	653	2.2%	2,076	9.81	629	2.1%	2,029	9.44
Golf	1,576	6.0%	4,317	25.75	1,598	6.0%	4,755	26.78	1,605	6.1%	5,114	26.96	1,627	5.5%	5,175	24.45	1,747	5.8%	5,634	26.21
Spa Lease Income (Net)	128	0.5%	351	2.10	144	0.5%	429	2.42	163	0.6%	518	2.73	188	0.6%	597	2.82	180	0.6%	579	2.69
Other Income	3,138	12.0%	8,595	51.27	2,537	9.5%	7,549	42.51	2,253	8.6%	7,178	37.85	3,066	10.3%	9,754	46.09	3,214	10.6%	10,367	48.22
Total Revenues	26,122	100.0%	71,554	426.86	26,616	100.0%	79,200	445.99	26,291	100.0%	83,752	441.55	29,700	100.0%	94,489	446.45	30,366	100.0%	97,947	455.62
DEPARTMENTAL EXPENSES																				
Rooms	3,408	30.5%	9,335	55.69	3,523	29.9%	10,485	59.04	3,586	29.5%	11,423	60.22	3,823	28.6%	12,163	57.47	4,071	29.7%	13,131	61.08
Food & Beverage	6,425	69.4%	17,600	104.99	6,741	70.3%	20,058	112.95	6,662	73.1%	21,221	111.88	6,889	66.2%	21,916	103.55	6,954	65.9%	22,429	104.33
Retail	234	77.0%	640	3.82	270	78.8%	803	4.52	304	81.8%	968	5.10	293	79.6%	933	4.41	280	78.9%	903	4.20
Recreation	562	102.7%	1,538	9.18	596	97.7%	1,775	9.99	649	102.8%	2,069	10.91	677	103.7%	2,154	10.18	644	102.4%	2,078	9.66
Golf	1,151	73.1%	3,154	18.81	1,123	70.3%	3,343	18.82	1,197	74.5%	3,812	20.10	1,171	72.0%	3,724	17.60	1,160	66.4%	3,742	17.40
Spa Lease Income (Net)	33	25.5%	90	0.54	0	0.0%	0	0.00	(0)	0.0%	(0)	(0.00)	0	0.0%	0	0.00	(0)	0.0%	(0)	(0.00)
Other Income	42	1.3%	114	0.68	49	1.9%	146	0.82	65	2.9%	207	1.09	58	1.9%	183	0.87	48	1.5%	155	0.72
Total Departmental Expenses	11,854	45.4%	32,470	193.71	12,303	46.2%	36,609	206.16	12,462	47.4%	39,699	209.30	12,911	43.5%	41,074	194.07	13,157	43.3%	42,437	197.40
DEPARTMENTAL INCOME	14,268	54.6%	39,083	233.16	14,313	53.8%	42,590	239.84	13,829	52.6%	44,053	232.26	16,789	56.5%	53,414	252.38	17,210	56.7%	55,510	258.21
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	1,523	5.8%	4,172	24.89	1,606	6.0%	4,778	26.91	1,435	5.5%	4,570	24.09	1,819	6.1%	5,787	27.34	2,029	6.7%	6,544	30.44
Sales & Marketing	1,319	5.1%	3,614	21.56	1,374	5.2%	4,088	23.02	1,410	5.4%	4,491	23.67	1,569	5.3%	4,991	23.58	1,503	5.0%	4,848	22.55
Property Operations & Maintenance	1,639	6.3%	4,490	26.79	1,744	6.6%	5,189	29.22	1,995	7.6%	6,356	33.51	2,130	7.2%	6,775	32.01	2,174	7.2%	7,014	32.63
Utilities	1,407	5.4%	3,853	22.99	1,364	5.1%	4,059	22.85	1,362	5.2%	4,340	22.88	1,407	4.7%	4,478	21.16	1,085	3.6%	3,500	16.28
Third Party Rental Pool Distribution	2,899	11.1%	7,942	47.38	3,108	11.7%	9,250	52.09	3,221	12.3%	10,262	54.10	3,650	12.3%	11,611	54.86	3,710	12.2%	11,968	55.67
Total Undistributed Operating Expenses	8,787	33.7%	24,071	143.60	9,196	34.6%	27,364	154.09	9,423	36.0%	30,018	158.26	10,575	35.6%	33,642	158.96	10,502	34.7%	33,874	157.57
MANAGEMENT FEES																				
Base Fee (Normalized)	784	3.0%	2,147	12.81	798	3.0%	2,376	13.38	789	3.0%	2,513	13.25	891	3.0%	2,835	13.39	911	3.0%	2,938	13.67
Total Management Fees	784	3.0%	2,147	12.81	798	3.0%	2,376	13.38	789	3.0%	2,513	13.25	891	3.0%	2,835	13.39	911	3.0%	2,938	13.67
GROSS OPERATING PROFIT	4,697	17.9%	12,865	76.75	4,319	16.2%	12,850	72.37	3,617	13.6%	11,522	60.75	5,324	17.9%	16,937	80.03	5,797	19.0%	18,698	86.97
FIXED EXPENSES																				
Property Taxes	320	1.2%	877	5.23	276	1.0%	820	4.62	256	1.0%	814	4.29	297	1.0%	944	4.46	303	1.0%	978	4.55
Insurance	331	1.3%	907	5.41	265	1.0%	788	4.44	239	0.9%	760	4.01	268	0.9%	853	4.03	276	0.9%	891	4.14
Reserve for Replacement (Normalized)	653	2.5%	1,789	10.67	665	2.5%	1,980	11.15	657	2.5%	2,094	11.04	743	2.5%	2,362	11.16	759	2.5%	2,449	11.39
Equipment Rental	103	0.4%	283	1.69	125	0.5%	373	2.10	110	0.4%	351	1.85	95	0.3%	301	1.42	85	0.3%	275	1.28
Total Fixed Expenses	1,408	5.4%	3,856	23.01	1,331	5.0%	3,961	22.30	1,262	4.8%	4,019	21.19	1,402	4.7%	4,460	21.07	1,424	4.7%	4,592	21.36
NET OPERATING INCOME	3,289	12.5%	9,009	53.74	2,988	11.2%	8,889	50.07	2,355	8.8%	7,503	39.56	3,922	13.2%	12,477	58.96	4,373	14.3%	14,106	65.61

Source: Hotel Operating Statements

2018 Actual vs. 2019 Budget - Deerhurst Resort

	Actual	Budget	Percent Change
Calendar Year:	**2018**	**2019**	
Days Open:	**365**	**365**	
Total Rooms:	**310**	**348**	**12.4%**
Occupied Rooms:	**66,649**	**69,847**	**4.8%**
Occupancy:	**58.9%**	**54.9%**	**-6.7%**
Average Rate:	**$205.50**	**$220.20**	**7.2%**
RevPAR:	**$121.03**	**$120.97**	**-0.1%**

	$ (000's)	% Gross	$ PAR	$ POR	$ (000's)	% Gross	$ PAR	$ POR	$ (000's)	% Gross	$ PAR	$ POR
REVENUES												
Rooms	13,696	45.1%	44,178	205.50	15,380	46.4%	44,154	220.20	12.3%	2.9%	-0.1%	7.2%
Food & Beverage	10,546	34.7%	34,015	158.22	11,411	34.5%	32,760	163.37	8.2%	-0.6%	-3.7%	3.3%
Retail	355	1.2%	1,146	5.33	404	1.2%	1,160	5.79	13.8%	0.0%	1.3%	8.6%
Recreation	629	2.1%	2,029	9.44	635	1.9%	1,823	9.09	0.9%	-9.5%	-10.2%	-3.7%
Golf	1,747	5.8%	5,634	26.21	1,776	5.4%	5,098	25.42	1.7%	-6.9%	-9.5%	-3.0%
Spa Lease Income (Net)	180	0.6%	579	2.69	181	0.5%	520	2.59	0.9%	-16.7%	-10.2%	-3.8%
Other Income	3,214	10.6%	10,367	48.22	3,337	10.1%	9,579	47.77	3.8%	-4.7%	-7.6%	-0.9%
Total Revenues	30,366	100.1%	97,947	455.62	33,124	100.0%	95,094	474.23	9.1%	-0.1%	-2.9%	4.1%
DEPARTMENTAL EXPENSES												
Rooms	4,071	29.7%	13,131	61.08	4,445	28.9%	12,762	63.64	9.2%	-2.7%	-2.8%	4.2%
Food & Beverage	6,954	65.9%	22,429	104.33	7,459	65.4%	21,412	106.78	7.3%	-0.8%	-4.5%	2.4%
Retail	280	78.9%	903	4.20	316	78.1%	906	4.52	12.7%	-1.0%	0.3%	7.5%
Recreation	644	102.4%	2,078	9.66	691	108.9%	1,985	9.90	7.3%	6.3%	-4.5%	2.4%
Golf	1,160	66.4%	3,742	17.40	1,236	69.6%	3,548	17.69	6.5%	4.8%	-5.2%	1.7%
Other Income	48	1.5%	155	0.72	52	1.6%	149	0.75	8.4%	6.7%	-3.5%	3.5%
Total Departmental Expenses	13,157	43.3%	42,437	197.40	14,199	42.9%	40,762	203.28	7.9%	-0.9%	-3.9%	3.0%
DEPARTMENTAL INCOME	**17,210**	**56.8%**	**55,510**	**258.21**	**18,925**	**57.1%**	**54,332**	**270.95**	**10.0%**	**0.5%**	**-2.1%**	**4.9%**
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	2,029	6.7%	6,544	30.44	2,046	6.2%	5,872	29.29	0.8%	-7.5%	-10.3%	-3.8%
Sales & Marketing	1,503	5.0%	4,848	22.55	1,827	5.5%	5,246	26.16	21.6%	10.0%	8.2%	16.0%
Property Operations & Maintenance	2,174	7.2%	7,014	32.63	2,200	6.6%	6,316	31.50	1.2%	-8.3%	-9.9%	-3.5%
Utilities	1,085	3.6%	3,500	16.28	1,228	3.7%	3,526	17.58	13.2%	2.8%	0.7%	8.0%
Third Party Rental Pool Distribution	3,710	12.2%	11,968	55.67	4,324	13.1%	12,415	61.91	16.5%	7.4%	3.7%	11.2%
Total Undistributed Operating Expenses	10,502	34.7%	33,874	157.57	11,626	35.1%	33,376	166.44	10.7%	1.2%	-1.5%	5.6%
MANAGEMENT FEES												
Base Fee (Normalized)	911	3.0%	2,938	13.67	994	3.0%	2,853	14.23	9.1%	0.0%	-2.9%	4.1%
Total Management Fees	911	3.0%	2,938	13.67	994	3.0%	2,853	14.23	9.1%	0.0%	-2.9%	4.1%
GROSS OPERATING PROFIT	**5,797**	**19.1%**	**18,698**	**86.97**	**6,306**	**19.0%**	**18,103**	**90.28**	**8.8%**	**-0.5%**	**-3.2%**	**3.8%**
FIXED EXPENSES												
Property Taxes	303	1.0%	978	4.55	337	1.0%	968	4.83	11.2%	0.0%	-1.1%	6.1%
Insurance	276	0.9%	891	4.14	357	1.1%	1,024	5.11	29.1%	22.2%	14.9%	23.2%
Reserve for Replacement (Normalized)	759	2.5%	2,449	11.39	828	2.5%	2,377	11.86				
Equipment Rental	85	0.3%	275	1.28	108	0.3%	309	1.54	26.3%	0.0%	12.4%	20.5%
Total Fixed Expenses	1,424	4.7%	4,592	21.36	1,629	4.9%	4,678	23.33	14.4%	4.3%	1.9%	9.2%
NET OPERATING INCOME	**4,373**	**14.4%**	**14,106**	**65.61**	**4,676**	**14.1%**	**13,425**	**66.95**	**6.9%**	**-2.1%**	**-4.8%**	**2.0%**

Source: Hotel Operating Statements

Comparable Analysis – Full-Service Resorts

As part of our analysis, and to check the reasonableness of the subject's projected operating performance, we have reviewed the projected performance and compared it with comparable resorts' actual results. A table detailing the operating performance of major comparable resorts in similar markets follows. The comparable statements were taken from our in-house database.

Comparable Income & Expense Statements - Full-Service Resorts

	Deerhurst Resort 2019			Resort 1			Resort 2			Resort 3			Resort 4			Resort 5		
	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR	Ratio to Sales	PAR	POR
Occupancy:	55%			72%			69%			55%			76%			75%		
Number of Rooms:		349			<251			<251			<251			>250			>250	
Average Rate:			$216			$180			$179			$166			$316			$378
REVENUES																		
Rooms	45.8%	$42,941	$216	32.9%	$47,247	$180	24.3%	$45,113	$179	22.3%	$33,442	$166	57.0%	$89,007	$316	52.8%	$104,656	$378
Food & Beverage	34.7%	$32,489	$163	37.4%	$53,677	$204	45.4%	$84,527	$335	30.3%	$45,452	$226	32.7%	$51,118	$181	31.0%	$61,544	$222
Retail	1.2%	$1,144	$6							2.2%	$3,321	$17						
Recreation	2.0%	$1,841	$9							7.0%	$10,455	$52						
Golf	5.5%	$5,125	$26				4.4%	$8,188	$32	2.8%	$4,262	$21	2.7%	$4,236	$15	3.2%	$6,405	$23
Other Operated Departments				25.8%	$37,051	$141	25.9%	$48,201	$191	29.8%	$44,708	$222	2.8%	$4,353	$15	7.9%	$15,754	$57
Lease Income	0.6%	$519	$3							0.5%	$692	$3	1.1%	$1,770	$6	0.9%	$1,808	$7
Other Income	10.2%	$9,553	$48	3.8%	$5,488	$21				5.1%	$7,613	$38	3.7%	$5,710	$20	4.1%	$8,128	$29
Total Revenues	100.0%	$93,611	$470	100.0%	$143,463	$546	100.0%	$186,029	$738	100.0%	$149,945	$746	100.0%	$156,196	$554	100.0%	$198,295	$717
DEPARTMENTAL EXPENSES																		
Rooms	29.4%	$12,637	$64	34.5%	$16,313	$62	28.2%	$12,709	$50	43.1%	$14,397	$72	33.9%	$30,190	$107	26.2%	$27,427	$99
Food & Beverage	65.5%	$21,280	$107	70.0%	$37,550	$143	59.1%	$49,993	$198	73.0%	$33,158	$165	83.4%	$42,634	$151	71.6%	$44,043	$159
Retail	78.0%	$893	$4							79.4%	$2,638	$13						
Recreation	108.0%	$1,988	$10							47.7%	$4,983	$25						
Golf	69.5%	$3,562	$18				92.2%	$7,550	$30	75.0%	$3,196	$16	76.7%	$3,249	$12	52.2%	$3,342	$12
Other Operated Departments				62.1%	$23,014	$88	48.4%	$23,315	$93	38.1%	$17,019	$85	88.4%	$3,849	$14	576.8%	$10,427	$38
Other Income	1.5%	$143	$1							0.4%	$27	$0						
Total Departmental Expenses	43.3%	$40,503	$204	53.6%	$76,877	$293	50.3%	$93,567	$371	50.3%	$75,418	$375	51.2%	$79,921	$283	43.0%	$85,239	$308
DEPARTMENTAL INCOME	56.7%	$53,108	$267	46.4%	$66,587	$253	49.7%	$92,462	$367	49.7%	$74,527	$371	48.8%	$76,275	$270	57.0%	$113,055	$409
UNDISTRIBUTED OPERATING EXPENSES																		
Administrative & General	6.3%	$5,900	$30	8.6%	$12,290	$47	11.0%	$20,437	$81	8.2%	$12,263	$61	6.6%	$10,337	$37	5.6%	$11,120	$40
Sales & Marketing	5.6%	$5,250	$26	7.8%	$11,237	$43	4.9%	$9,025	$36	5.2%	$7,753	$39	6.7%	$10,512	$37	5.4%	$10,725	$39
Property Operations & Maintenance	6.7%	$6,300	$32	4.6%	$6,570	$25	4.8%	$8,859	$35	6.1%	$9,115	$45	3.8%	$5,899	$21	3.2%	$6,396	$23
Utilities	3.8%	$3,525	$18	3.8%	$5,437	$21	3.8%	$7,129	$28	7.1%	$10,681	$53	2.0%	$3,052	$11	1.5%	$2,944	$11
Third Party Rental Pool Distribution	13.0%	$12,052	$61							1.8%	$2,737	$14						
Total Undistributed Operating Expenses	35.4%	$33,149	$167	24.8%	$35,533	$135	24.4%	$45,450	$180	28.4%	$42,549	$212	19.1%	$29,800	$106	15.7%	$31,186	$113
MANAGEMENT FEES																		
Base Fee	3.0%	$2,808	$14	3.0%	$4,304	$16	3.0%	$5,581	$22	3.0%	$4,498	$22	3.0%	$4,686	$17	3.0%	$5,949	$22
Total Management Fees	3.0%	$2,808	$14	3.0%	$4,304	$16	3.0%	$5,581	$22	3.0%	$4,498	$22	3.0%	$4,686	$17	3.0%	$5,949	$22
GROSS OPERATING PROFIT	18.3%	$17,151	$86	18.6%	$26,749	$102	22.3%	$41,431	$164	18.3%	$27,480	$137	26.8%	$41,788	$148	38.3%	$75,920	$274
FIXED EXPENSES																		
Property Taxes	1.0%	$966	$5	1.6%	$2,296	$9	1.6%	$2,923	$12	1.4%	$2,137	$11	2.5%	$3,976	$14	3.3%	$6,634	$24
Insurance	1.1%	$1,024	$5				2.0%	$3,720	$15	2.1%	$3,139	$16	0.3%	$511	$2	0.4%	$722	$3
Reserve for Replacement (Normalized)	2.5%	$2,340	$12	4.0%	$5,739	$22	4.0%	$7,441	$30	4.0%	$5,998	$30	4.0%	$6,248	$22	4.0%	$7,932	$29
Equipment Rental	0.3%	$308	$2							0.3%	$486	$2	0.3%	$509	$2	0.1%	$174	$1
Total Fixed Expenses	5.0%	$4,638	$23	5.6%	$8,034	$31	7.6%	$14,084	$56	7.8%	$11,760	$59	7.2%	$11,244	$40	7.8%	$15,462	$56
NET OPERATING INCOME	13.4%	$12,513	$63	13.0%	$18,715	$71	14.7%	$27,347	$108	10.5%	$15,720	$78	19.6%	$30,544	$108	30.5%	$60,458	$219

Compiled by Cushman & Wakefield ULC

Financial Projections

A summary of the underlying rationale and assumptions used in developing the annual operating performance for the subject resort is presented in the following text. Fundamental to the opinions of operating results is the assumption of competent and efficient management at the property level, a well-coordinated marketing plan for the resort, and a well-devised yield management strategy. Among the primary responsibilities of management are the maintenance of a quality facility, the execution of an adequate marketing effort, and operating in a cost efficient manner.

General Inflation and Growth Assumptions

Our projections incorporate an opinion of general price inflation based upon economic projections from various sources (including the Bank of Canada and the Conference Board of Canada), tempered by our observations and expectations derived from historical perspectives both locally and nationally. Accordingly, to portray price level changes, we have assumed an average CPI inflation rate of 2.0% per year throughout the 10-year projection period. This assumption is intended only to portray an expected long-term trend in price movements, rather than for a specific interval in time.

Operating Revenues and Expenses during the Holding Period

Operating revenues and expenses for the subject are projected using a computer program developed for Cushman & Wakefield. This program was especially designed to reflect the operating characteristics of a resort property. The computer model is based upon the theory that resort revenues and expenses have an independent fixed component and a dependent component that varies in proportion to occupancy and the overall use of the facility. An estimate of each revenue and expense line item can be made by calculating the fixed and variable percentage components of an established level of revenue or expense. The fixed component is held constant, while the variable component is adjusted for the future incremental changes in occupancy and utilization levels.

Based on our review of the subject's prospective operating performance, as well as our analysis of comparable resort income and expense statements and industry averages, we have derived base levels of income and expense. The units of comparison include a percentage of departmental and/or total revenue, amount per available room, and amount per occupied room. These units of comparison are the basis for calculating the fixed and variable component relationships for each line item.

We have developed a 10-year projection of income and expense, with the first year beginning January 1, 2019. Considering the current state of the competitive resort market, we believe that the subject property will achieve stabilization by January 1, 2026.

The projection of income and expense is intended to reflect the appraiser's opinion of how a typical buyer would project the subject property's operating results. Depending on the dynamics of the local market, a typical buyer's projection may be adjusted upward or downward. We have attempted to incorporate these considerations into this analysis.

Revenues

Rooms Revenue

The subject's projected Rooms Revenue is based upon the projected occupancy and ADR analysis detailed previously and reiterated as follows.

Subject's Projected Rooms Revenue - Deerhurst Resort										
Projection Year	2019	2020	2021	2022	2023	2024	2025	Stabilized	2027	2028
Number of Days	365	365	365	365	365	365	365	365	365	365
Number of Rooms	349	399	409	409	409	409	409	409	409	409
Occupancy	54.5%	54.7%	55.8%	52.6%	53.6%	54.7%	55.8%	56.4%	56.4%	56.4%
Occupied Rooms	69,455	79,628	83,315	78,491	80,061	81,662	83,295	84,128	84,128	84,128
Average Rate	$215.77	$226.56	$231.09	$235.72	$240.43	$245.24	$250.14	$255.15	$260.25	$265.45
RevPAR	$117.65	$123.87	$128.96	$123.93	$128.93	$134.14	$139.56	$143.77	$146.65	$149.58
Rooms Revenue	$14,987,000	$18,041,000	$19,253,000	$18,501,000	$19,249,000	$20,027,000	$20,836,000	$21,465,000	$21,894,000	$22,332,000

Food & Beverage Revenue

Food & Beverage Revenue at resort properties is generated by the property's restaurant, lounge, room service and the resort's meeting space. These outlets are both a source of revenue and an amenity for the sale of guest rooms. A significant portion of the patronage of a property's restaurant and banquet rooms is, in many cases, generated by resort guests, although some resort restaurants and lounges also attract demand from local residents and, at some properties, meeting and banquet areas facilitate income from sources that would not patronize the facility for guest rooms alone.

For the subject resort, Food & Beverage Revenue is generated by Food & Beverage outlets, banquets, and meeting room rentals. The resort does not offer room service. Historic revenue ranged from $151 to $161 POR.

Management budgeted a higher POR in 2019 due to the West Wing meeting space renovations, which in addition to further meeting facility renovation in 2020 and 2021, are expected to increase future banquets and room rentals revenue. Year 1 (2019) revenue is projected at $163.25 POR. Revenue POR is below comparable resorts, influenced by the subject's high room-night volumes.

The following table outlines our analysis of Food & Beverage Revenue for the subject.

Food & Beverage Revenue Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	34.7%	36.0%	34.7%	34.5%
Per Occupied Room	$151.30	$160.59	$158.22	$163.37
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	27.3%	28.5%		
Per Occupied Room (Full-service)	$66.50	$85.56		
Comparable Resorts	Low	High		
Ratio to Total Revenues	30.3%	45.4%		
Per Occupied Room	$181.22	$335.36		
	Year 1	**Stabilized**		
Forecast of Food & Beverage Revenue	**(2019)**	**Year**		
Ratio to Total Revenues	**34.7%**	**33.5%**		
Per Occupied Room	**$163.25**	**$179.50**		

Retail Revenue

This revenue consists of self-operated retail shops selling apparel, gifts, confectionary etc. Historic revenue ranged from $5 to $6 POR. Management budgeted strong growth from all revenue sources in 2019. Year 1 (2019) revenue is projected at $5.75 POR, in line with previous results.

The following table outlines our analysis of Retail Revenue for the subject.

Retail Revenue Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	1.2%	1.4%	1.2%	1.2%
Per Occupied Room	$4.96	$6.24	$5.33	$5.79
	Year 1	**Stabilized**		
Forecast of Retail Revenue	**(2019)**	**Year**		
Ratio to Total Revenues	**1.2%**	**1.2%**		
Per Occupied Room	**$5.75**	**$6.40**		

Recreation Revenue

This revenue consists of operated and outsourced recreational facilities including membership fees, social events, docking fees, gas sales etc. Historic revenue ranged from $9 to $11 POR. Management budgeted a modest overall revenue increase in 2019. Year 1 (2019) revenue is projected at $9.25, in line with recent performance.

The following table outlines our analysis of Recreation Revenue for the subject.

Recreation Revenue Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	2.1%	2.4%	2.1%	1.9%
Per Occupied Room	$8.94	$10.61	$9.44	$9.09
	Year 1	**Stabilized**		
Forecast of Recreation Revenue	**(2019)**	**Year**		
Ratio to Total Revenues	**2.0%**	**1.9%**		
Per Occupied Room	**$9.25**	**$10.30**		

Golf Revenue

This revenue is generated by operating two golf courses, specifically green fees, membership sales, cart rentals, lessons, retail sales etc. Historic revenue ranged from $24 to $27 POR. In 2018, the resort recorded 29,407 golf rounds (30,294 in 2017) and an average green fee of $27.95 ($30.23 in 2017). However, overall golf revenue increased from the introduction of prepaid green fees ($153K in 2018).

Management budgeted a moderate increase in overall revenue in 2019. Year 1 (2019) revenue is projected at $25.75 POR, in line with recent performance and above the mid-part of comparable resorts.

The following table outlines our analysis of Golf Revenue for the subject.

Golf Revenue Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	5.5%	6.1%	2.1%	5.4%
Per Occupied Room	$24.45	$26.96	$26.21	$25.42
Comparable Resorts	Low	High		
Ratio to Total Revenues	2.7%	4.4%		
Per Occupied Room	$15.02	$32.48		
	Year 1	**Stabilized**		
Forecast of Golf Revenue	**(2019)**	**Year**		
Ratio to Total Revenues	**5.5%**	**5.4%**		
Per Occupied Room	**$25.75**	**$28.68**		

Spa Lease Income (Net)

Since 2014, the resort has leased its spa facilities to Amba Health & Beauty Spa. The tenant pays a 17% commission on all spa revenue. The tenant is responsible for repairs and maintenance and FF&E Replacement of the spa facilities. The resort matches a 2.5% contribution of spa revenue towards FF&E Replacement. There is no further rent.

Historic revenue ranged from $2.10 to $2.82 POR. Management budgeted a modest overall revenue increase in 2019, resulting in a lower POR revenue. Year 1 (2019) revenue is projected at $2.61 POR, in line with management's budget. Revenue POR is lower than comparable resorts.

The following table outlines our analysis of Spa Lease Income (Net) for the subject.

Spa Lease Income (Net) Revenue Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	0.5%	0.6%	0.6%	0.5%
Per Occupied Room	$2.10	$2.82	$2.69	$2.59
Comparable Resorts	Low	High		
Ratio to Total Revenues	0.5%	1.1%		
Per Occupied Room	$3.44	$6.53		
Forecast of Spa Lease Income (Net) Revenue	**Year 1 (2019)**	**Stabilized Year**		
Ratio to Total Revenues	**0.6%**	**0.5%**		
Per Occupied Room	**$2.61**	**$2.47**		

Other Income Revenue

In the case of the subject, this revenue comprises resort amenity fees, employee housing charges, attrition/cancellation fees, in-room entertainment charges etc. Approximately half of revenue is generated by mandatory resort amenity fees – currently $36.95 per night per occupied room. The fees cover parking, internet access, recreational facilities and the use of other resort facilities. Groups are not charged amenity fees.

The resort also generates income from the following items:

- Miscellaneous Other Operations Income – an internal allocation of rooms revenue for entertainment spending (fireworks, events etc.). The allocation applies to directly-booked transient room-nights at $50 per stay. Budgeted revenue of $727,764 in 2019 ($686,558 in 2018).
- Operating Cost Recovery – revenue earned for grounds and engineering work for third-party condo owners (on and off the rental pool), and work for condo boards (snow removal, fire safety etc.). Budgeted revenue of $366,084 in 2019 ($315,512 in 2018).
- Management Fees – revenue earned for administrative and management support related to Birchcliff Villas and Skyline Vacation Club. Budgeted revenue of $67,750 in 2019 (same in 2018).

Historic revenue ranged from $38 to $51 POR. In 2019, management budgeted slightly lower revenue POR. Year 1 (2019) revenue is projected at $48 POR, in line with recent performance. Other Income Revenue POR is higher than comparable resorts due to the above factors.

Other Income Revenue Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	8.6%	12.0%	10.6%	10.1%
Per Occupied Room	$37.85	$51.27	$48.22	$47.77
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	1.6%	2.7%		
Per Occupied Room (Full-service)	$3.82	$8.09		
Comparable Resorts	Low	High		
Ratio to Total Revenues	3.7%	5.1%		
Per Occupied Room	$20.24	$37.87		
	Year 1	**Stabilized**		
Forecast of Other Income Revenue	**(2019)**	**Year**		
Ratio to Total Revenues	**10.2%**	**10.0%**		
Per Occupied Room	**$48.00**	**$53.46**		

Departmental Expenses

Departmental costs are based on expense items that are attributable to a specific profit centre.

Rooms Expense

Rooms department expenses include expenses incurred as a result of the operation of the Rooms department in renting guest rooms and common areas. They include such items as salaries and wages, employee benefits, travel agent commissions, contract cleaning, guest transportation, laundry and dry cleaning, linen, operating supplies, reservations, uniforms and other costs. Salaries, wages and employee benefits account for a substantial portion of this category. Although payroll varies somewhat with occupancy (because managers can schedule maids, bell personnel and house cleaners to work when demand requires), much of a resort's payroll is fixed. Front desk personnel, public area cleaners, the housekeeper and other supervisors must be maintained at all times. As a result, salaries, wages and employee benefits are only moderately sensitive to changes in occupancy.

Commissions represent remuneration to travel agents for booking Rooms. Because these fees are based on a percentage of Rooms Revenue, they are highly dependent on occupancy and rate. Reservations is a similar expense and can also reflect the cost of a franchise reservation system that typically bills as a percentage of Rooms Revenue. China, glassware and linen; operating supplies; other operating expenses; and uniforms are only slightly affected by changes in volume.

Historic expense ranged from $56 to $61 POR. Management budgeted costs to increase to $63.64 POR in 2019 – driven by higher payroll. We have projected Year 1 (2019) expense at $63.50 POR, in line with management’s budget. Expense is on the lower end of comparable properties.

The following table outlines our analysis of the subject's Rooms Expense.

Rooms Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Rooms Revenue	28.6%	30.5%	29.7%	28.9%
Per Occupied Room	$55.69	$61.08	$61.08	$63.64
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	25.9%	30.0%		
Per Occupied Room (Full-service)	$49.36	$50.24		
Comparable Resorts	Low	High		
Ratio to Rooms Revenue	26.2%	43.1%		
Per Occupied Room	$50.42	$107.03		
	Year 1	**Stabilized**		
Forecast of Rooms Expense	**(2019)**	**Year**		
Ratio to Rooms Revenue	**29.4%**	**26.8%**		
Per Occupied Room	**$63.50**	**$68.28**		

Food & Beverage Expense

Food & Beverage Expense consists of the items necessary for the operation of eating, drinking and meeting facilities within the lodging facility. Major items of expense in the Food & Beverage department include payroll, china, glassware, uniforms and the cost of purchasing Food & Beverages products.

Historic expense ranged from 66% to 73% of Food & Beverage Revenue. Management expects a slight margin improvement in 2019 as revenue POR should increase from the meeting space renovations. We have projected Year 1 (2019) expense at 65.5% of departmental revenue. Expense is on the lower end of comparable properties – the resort generates significant banquet revenue – which lowers overall Food & Beverage costs due to better margins.

The following table outlines our analysis of the subject's Food & Beverage Expense.

Food & Beverage Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Food & Beverage Revenue	65.9%	73.1%	65.9%	65.4%
Per Occupied Room	$103.55	$112.95	$104.33	$106.78
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	71.2%	77.9%		
Per Occupied Room (Full-service)	$51.79	$60.88		
Comparable Resorts	Low	High		
Ratio to Food & Beverage Revenue	59.1%	83.4%		
Per Occupied Room	$142.90	$198.35		
	Year 1	**Stabilized**		
Forecast of Food & Beverage Expense	**(2019)**	**Year**		
Ratio to Food & Beverage Revenue	**65.5%**	**64.9%**		
Per Occupied Room	**$106.93**	**$116.49**		

Retail Expense

The majority of this expense relates to the cost of sales. Historic expense ranged from 77% to 82% of Retail Revenue. Management budgeted a modest margin improvement in 2019, continuing a recent downward cost trend. We have projected Year 1 (2019) expense at 78% of departmental revenue.

The following table outlines our analysis of the subject's Retail Expense.

Retail Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Retail Revenue	77.0%	81.8%	78.9%	78.1%
Per Occupied Room	$3.82	$5.10	$4.20	$4.52
	Year 1	**Stabilized**		
Forecast of Retail Expense	**(2019)**	**Year**		
Ratio to Telecommunications Revenue	**78.0%**	**76.9%**		
Per Occupied Room	**$4.49**	**$4.92**		

Recreation Expense

The Recreation category historically recorded net losses due to high staffing required at various facilities. Historic expense ranged from 98% to 104%. In 2018, payroll and related costs made up 70% of departmental revenue. Management budgeted higher payroll in 2019. We have projected Year 1 (2019) expense at 108% of departmental revenue, improving to 102.6% as at the stabilized year (2025).

The following table outlines our analysis of the subject's Recreation Expense.

Recreation Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Recreation Revenue	97.7%	103.7%	102.4%	108.9%
Per Occupied Room	$9.18	$10.91	$26.21	$9.90
	Year 1	**Stabilized**		
Forecast of Recreation Expense	**(2019)**	**Year**		
Ratio to Total Revenues (Full-service)	**108.0%**	**102.6%**		
Per Occupied Room	**$9.99**	**$10.57**		

Golf Expense

Historic expense ranged from 66% to 75% of Golf Revenue. Management budgeted expense to be more in line with historical results in 2019. We have projected Year 1 (2019) expense at 69.5% of departmental revenue, near the mid-part of comparable properties.

The following table outlines our analysis of the subject's Golf Expense.

Golf Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Golf Revenue	66.4%	74.5%	66.4%	69.6%
Per Occupied Room	$17.40	$20.10	$17.40	$17.69
Comparable Resorts	Low	High		
Ratio to Golf Revenue	52.2%	92.2%		
Per Occupied Room	$11.52	$29.95		
	Year 1	**Stabilized**		
Forecast of Golf Expense	**(2019)**	**Year**		
Ratio to Golf Revenue	**69.5%**	**68.5%**		
Per Occupied Room	**$17.90**	**$19.64**		

Other Income Expense

Historic expense was minimal – ranging from 1.3% to 2.9% of Other Income Revenue. Management budgeted 2019 expense consistent with last year's results. We have projected Year 1 (2019) expense at 1.5% of departmental revenue.

Other Income Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Other Income Revenue	1.3%	2.9%	1.5%	1.6%
Per Occupied Room	$0.68	$1.09	$0.72	$0.75
	Year 1	**Stabilized**		
Forecast of Other Income Expense	**(2019)**	**Year**		
Ratio to Other Income Revenue	**1.5%**	**1.5%**		
Per Occupied Room	**$0.72**	**$0.79**		

Undistributed Operating Expenses

Undistributed operating expenses are costs borne by the entire operation and not attributable to any one specific department or profit centre.

Administrative & General Expense

The Administrative & General Expense line item accounts for expenses related to the management and operation of the resort property. It includes salaries and wages, employee benefits, cash overages and shortages, credit card commissions, credit and collection, data processing, donations, dues and subscriptions, operating supplies, postage, professional fees, provision for doubtful accounts, security, transportation, travel and entertainment and other miscellaneous costs. Most Administrative & General expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages and benefits, which are very slightly influenced by volume.

Historic expense ranged from $4,172 to $6,544 PAR. Management budgeted the overall expense to increase moderately in 2019. The addition of Lakeside Lodge rooms is expected to decrease expense on a PAR basis.

We have projected Year 1 (2019) expense at $5,900 PAR – in line with management's budget. Expense is below comparable resorts in terms of PAR, influenced by the subject's large room count and large-scale operations – resulting in operating synergies.

Our analysis of the subject's Administrative & General Expense is outlined as follows.

Administrative & General Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	5.5%	6.7%	6.7%	6.2%
Per Available Room	$4,172	$6,544	$6,544	$5,872
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	6.5%	7.7%		
Per Available Room (Full-service)	$3,902	$6,338		
Comparable Resorts	Low	High		
Ratio to Total Revenues	5.6%	11.0%		
Per Available Room	$10,337	$20,437		
	Year 1	**Stabilized**		
Forecast of Administrative & General Expense	**(2019)**	**Year**		
Ratio to Total Revenues	**6.3%**	**6.0%**		
Per Available Room	**$5,900**	**$6,593**		

Sales & Marketing Expense

Sales & Marketing expenses reflect a lodging facility's costs involving advertising and promotion in order to obtain and retain customers for its products and services. Expenses include salaries and wages, employee benefits, dues and subscriptions, operating supplies, postage, telephone, trade shows, travel and entertainment, advertising and merchandising expenses, other marketing activities and applicable fees and commissions.

Historic expense ranged from $3,614 to $4,991 PAR. Year 1 (2019) expense is projected at $5,250 PAR, in line with management's budget. Expense is below comparable resorts in terms of PAR, influenced by the subject's large room count and large-scale operations – resulting in operating synergies. The independent subject does not incur brand-affiliated marketing costs.

Our analysis of the subject's future Sales & Marketing Expense is outlined as follows.

Sales & Marketing Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	5.0%	5.4%	5.0%	5.5%
Per Available Room	$3,614	$4,991	$4,848	$5,246
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	6.1%	6.8%		
Per Available Room (Full-service)	$3,641	$5,607		
Comparable Resorts	Low	High		
Ratio to Total Revenues	4.9%	7.8%		
Per Available Room	$7,753	$11,237		
	Year 1	**Stabilized**		
Forecast of Sales & Marketing Expense	**(2019)**	**Year**		
Ratio to Total Revenues	**5.6%**	**5.4%**		
Per Available Room	**$5,250**	**$5,911**		

Property Operations & Maintenance Expense

Property Operations & Maintenance expenses include salaries and wages, employee benefits, costs of supplies and outside contracts, painting and decorating, rubbish removal, furniture repairs, waste removal, engineering supplies, uniforms and other costs associated with maintaining the physical plant of the resort structure. It is important to note for this line item that if a property is incurring Property Operations & Maintenance expenses which

are low, then the property is most likely deferring expenditures that will ultimately need to be made, as opposed to saving money.

Historic expenses range from $4,490 to $7,014 PAR. Management budgeted the overall expense to increase moderately in 2019. The addition of Lakeside Lodge rooms (excluding the third party-owned and occupied units) is expected to decrease expense on a PAR basis.

We have projected Year 1 (2019) expense at $6,300 PAR – on the low end of comparable resorts. However, expense as a percentage of total revenues is high due to the subject's extensive facilities and maintenance needs.

Our analysis of the subject property's Property Operations & Maintenance Expense is outlined as follows.

Property Operations & Maintenance Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	6.3%	7.6%	7.2%	6.6%
Per Available Room	$4,490	$7,014	$7,014	$6,316
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	4.1%	4.4%		
Per Available Room (Full-service)	$2,620	$3,370		
Comparable Resorts	Low	High		
Ratio to Total Revenues	3.2%	6.1%		
Per Available Room	$5,899	$9,115		
Forecast of Property Operations & Maintenance Expense	**Year 1 (2019)**	**Stabilized Year**		
Ratio to Total Revenues	**6.7%**	**6.4%**		
Per Available Room	**$6,300**	**$7,001**		

Utilities Expense

A resort's utility costs are derived from the expense associated with the heating of water, the heating and cooling of common areas and guest rooms, lighting, cooking, and other energy uses. Costs associated with such utility operations generally include the cost of electricity, fuel, steam, and water. A large portion of a lodging facility's energy consumption is relatively fixed. Restaurants, kitchens, common areas, and corridors must be continually lighted and climate-controlled, regardless of occupancy. The energy cost of an additional occupied room (i.e., a few hours of light, television, heat, or air conditioning) is minimal.

Historic expense ranged from $3,500 to $4,478 PAR. Management budgeted a moderate increase in PAR in 2019. We have projected this expense at $3,525 PAR in Year 1 (2019) – on the low end of comparable resorts. Costs for third party-owned hotel rooms (307 of the resort's 409 rooms) are the responsibility of individual owners.

Our analysis of the subject property's Utilities Expense is outlined as follows.

Utilities Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	3.6%	5.4%	3.6%	3.7%
Per Available Room	$3,500	$4,478	$3,500	$3,526
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	3.0%	4.0%		
Per Available Room (Full-service)	$2,395	$2,440		
Comparable Resorts	Low	High		
Ratio to Total Revenues	1.5%	7.1%		
Per Available Room	$2,944	$10,681		
	Year 1	**Stabilized**		
Forecast of Utilities Expense	**(2019)**	**Year**		
Ratio to Total Revenues	**3.8%**	**3.6%**		
Per Available Room	**$3,525**	**$3,939**		

Third Party Rental Pool Distribution Expense

- As of 2019, 207 of 309 of the resort's guest rooms, owned by third parties, participated in the rental program (i.e. excluding the 102 Pavilion rooms owned by Skyline). In 2018, 211 rooms were in the rental pool and the unit owners were collectively paid 27.1% of overall Rooms Revenue.
- The 100 Lakeside Lodge rooms will receive 38.0% of Rooms Revenue. This is calculated as Rooms Revenue less 10.5% Reservation Fee and 13.5% Sales & Marketing Fee (combined expenses at 24% of Rooms revenue). The resulting Adjusted Rooms Revenue is then adjusted downward by half for Management Fee, resulting in a 38.0% of revenue distribution. The Management Fee charged is exclusive to the rental pool, and it is separate from that for the overall resort.
- A blank Lakeside Lodge rental management agreement is provided in the Addenda of this report for illustrative purposes only.
- As of the stabilized year (2026), Third Party Rental Pool Distribution Expense is projected to account for 29.8% of Rooms Revenue, or 14.2% of Total Revenues.

Our analysis of the subject property's Third-Party Rental Pool Distribution Expense is outlined as follows.

Third Party Rental Pool Distribution Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	11.1%	12.3%	12.2%	13.1%
Per Available Room	$7,942	$11,968	$11,968	$12,415
	Year 1	**Stabilized**		
Forecast of Third Party Rental Pool Distribution Expense	**(2019)**	**Year**		
Ratio to Total Revenues	**13.0%**	**14.2%**		
Per Available Room	**$12,052**	**$15,463**		

Management Fees

The resort has been managed by an affiliate of the Client. Historic management fees charged were below market standard (about 1% of Total Revenues). The Client owns all commercial resort interests and all 102 Pavilion guest rooms.

For valuation purposes, we assume the resort can be sold free and clear of any current management agreement. Further, we assume the resort will be operated by an unrelated third party.

Management fees are included to render the resort a net carefree investment to an investor. For valuation purposes, we have used a market-based Management Fee at 3% of Total Revenues.

Fixed Expenses

Fixed expenses include any expenses that relate to the ownership of the resort, including property taxes, building and contents insurance, reserve for replacement and any applicable land, building and equipment rent.

Property Taxes Expense

A discussion of the subject's real estate tax burden was set forth earlier in this report.

Historic expense ranged from $814 to $978 PAR. Resort taxes excludes those for third party-owned hotel rooms, which are the responsibility of individual owners. Year 1 (2019) expense is projected at $966 PAR, which translates to $3,304 per owned room, below the mid-part of comparable resorts.

The following table outlines our analysis of the subject's Property Taxes Expense.

Property Taxes Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	1.0%	1.2%	1.0%	1.0%
Per Available Room	$814	$978	$978	$968
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	3.4%	3.9%		
Per Available Room (Full-service)	$2,346	$2,747		
Comparable Resorts	Low	High		
Ratio to Total Revenues	1.4%	3.3%		
Per Available Room	$2,137	$6,634		
	Year 1	**Stabilized**		
Forecast of Property Taxes Expense	**(2019)**	**Year**		
Ratio to Total Revenues	**1.0%**	**0.9%**		
Per Available Room	**$966**	**$947**		

Insurance Expense

The Insurance Expense category consists of the cost of insuring the resort and its contents against damage or destruction by fire, weather, boiler explosion, plate glass breakage and so forth. Furthermore, general liability income costs are also included in this category. Over the past several years, insurance costs for many resorts have fluctuated dramatically.

Historic expense ranged from $760 to $907 PAR, on the low end of comparable resorts. Costs for third party-owned hotel rooms are the responsibility of individual owners. Year 1 (2019) expense is projected at $1,024 PAR, in line with management's budget.

The following table outlines our analysis of the subject's Insurance Expense.

Insurance Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	0.9%	1.3%	0.9%	1.1%
Per Available Room	$760	$907	$891	$1,024
Industry Averages	Low	High		
Ratio to Total Revenues (Full-service)	0.5%	1.0%		
Per Available Room (Full-service)	$308	$816		
Comparable Resorts	Low	High		
Ratio to Total Revenues	0.3%	2.1%		
Per Available Room	$511	$3,720		
	Year 1	**Stabilized**		
Forecast of Insurance Expense	**(2019)**	**Year**		
Ratio to Total Revenues	**1.1%**	**0.9%**		
Per Available Room	**$1,024**	**$1,004**		

Reserve for Replacement

Most resort management agents account for the frequent replacement of furniture, fixtures and equipment ("FF&E") by establishing a fund commonly referred to as a Reserve for Replacement, which is generally funded from a resort's cash flow. In theory, a sufficient amount of money is available to replace FF&E at the end of its useful life. Industry experience indicates that a Reserve for Replacement of 3.0% to 5.0% of Total Revenues is generally sufficient to provide for the timely replacement of typical FF&E.

In this case, we have applied a lower FF&E Reserve to reflect the reduction in FF&E required for the 311 third party-owned hotel rooms – owners are required to fund any FF&E replacements for their units.

Based on this factor, we have applied a reduced Reserve for Replacement at 2.5% of Total Revenues.

Equipment Rental Expense

This expense covers rentals necessary for resort operations, such as back-of-house office, vehicle and laundry equipment. Historic expense ranged from $275 to $373 PAR. Year 1 (2019) expense is projected at $308 PAR, in line with management's budget.

The following table outlines our analysis of the subject's Equipment Rental Expense.

Equipment Rental Expense Analysis				
Subject's Historical Range	Low	High	Last Year	Budget
Ratio to Total Revenues	0.3%	0.5%	0.3%	0.3%
Per Available Room	$275	$373	$275	$309
Comparable Resorts	Low	High		
Ratio to Total Revenues	0.1%	0.3%		
Per Available Room	$174	$509		
	Year 1	**Stabilized**		
Forecast of Equipment Rental Expense	**(2019)**	**Year**		
Ratio to Total Revenues	**0.3%**	**0.3%**		
Per Available Room	**$308**	**$302**		

Projection of Income and Expense

The following table illustrates a summary 10-year projection on a calendar basis beginning January 1, 2019. Stabilization is assumed to occur as of January 1, 2026. The statements are expressed in inflated dollars for each calendar year.

Ten Year Forecast (As Is) - Deerhurst Resort

Projection Year:	Budget	1	2	3	4	5	6	7	8	9	10
Calendar Year:	2019	2019	2020	2021	2022	2023	2024	2025	Stabilized	2027	2028
Days in Year:	365	365	365	365	365	365	365	365	365	365	365
Number of Rooms:	348	349	399	409	409	409	409	409	409	409	409
Rooms Available:	127,140	127,385	145,645	149,295	149,295	149,295	149,295	149,295	149,295	149,295	149,295
Occupied Rooms:	69,847	69,455	79,628	83,315	78,491	80,061	81,662	83,295	84,128	84,128	84,128
Occupancy:	54.9%	54.5%	54.7%	55.8%	52.6%	53.6%	54.7%	55.8%	56.4%	56.4%	56.4%
Average Rate:	$220.20	$215.77	$226.56	$231.09	$235.72	$240.43	$245.24	$250.14	$255.15	$260.25	$265.45
RevPAR:	$120.97	$117.65	$123.87	$128.96	$123.93	$128.93	$134.14	$139.56	$143.77	$146.65	$149.58

	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross	$ (000's)	% Gross
REVENUES																						
Rooms	$15,380	46.4%	$14,987	45.9%	$18,041	47.3%	$19,253	47.6%	$18,501	47.2%	$19,249	47.3%	$20,027	47.4%	$20,836	47.5%	$21,465	47.6%	$21,894	47.6%	$22,332	47.6%
Food & Beverage	11,411	34.5%	11,339	34.7%	12,853	33.7%	13,571	33.5%	13,233	33.8%	13,703	33.7%	14,190	33.6%	14,693	33.5%	15,101	33.5%	15,403	33.5%	15,711	33.5%
Retail	404	1.2%	399	1.2%	457	1.2%	484	1.2%	470	1.2%	487	1.2%	505	1.2%	524	1.2%	539	1.2%	550	1.2%	561	1.2%
Recreation	635	1.9%	642	2.0%	735	1.9%	778	1.9%	756	1.9%	784	1.9%	813	1.9%	843	1.9%	867	1.9%	884	1.9%	902	1.9%
Golf	1,776	5.4%	1,788	5.5%	2,046	5.4%	2,167	5.4%	2,104	5.4%	2,182	5.4%	2,263	5.4%	2,346	5.4%	2,413	5.4%	2,461	5.4%	2,510	5.4%
Other Income	3,337	10.1%	3,334	10.2%	3,814	10.0%	4,040	10.0%	3,922	10.0%	4,067	10.0%	4,218	10.0%	4,373	10.0%	4,498	10.0%	4,588	10.0%	4,680	10.0%
Spa Lease Income (Net)	181	0.5%	181	0.6%	185	0.5%	188	0.5%	192	0.5%	196	0.5%	200	0.5%	204	0.5%	208	0.5%	212	0.5%	216	0.5%
Total Revenues	33,124	100.0%	32,670	100.0%	38,130	100.0%	40,482	100.0%	39,179	100.0%	40,669	100.0%	42,215	100.0%	43,819	100.0%	45,091	100.0%	45,992	100.0%	46,912	100.0%
DEPARTMENTAL EXPENSES																						
Rooms	4,445	28.9%	4,410	29.4%	4,920	27.3%	5,167	26.8%	5,075	27.4%	5,243	27.2%	5,417	27.0%	5,596	26.9%	5,744	26.8%	5,859	26.8%	5,976	26.8%
Food & Beverage	7,459	65.4%	7,427	65.5%	8,363	65.1%	8,811	64.9%	8,617	65.1%	8,915	65.1%	9,222	65.0%	9,540	64.9%	9,800	64.9%	9,996	64.9%	10,196	64.9%
Retail	316	78.1%	312	78.0%	353	77.2%	372	76.9%	363	77.3%	376	77.2%	389	77.0%	403	76.9%	414	76.9%	422	76.9%	431	76.9%
Recreation	691	108.9%	694	108.0%	757	103.0%	799	102.6%	780	103.1%	807	103.0%	836	102.8%	865	102.6%	889	102.6%	907	102.6%	925	102.6%
Golf	1,236	69.6%	1,243	69.5%	1,407	68.8%	1,485	68.5%	1,449	68.9%	1,500	68.8%	1,553	68.6%	1,608	68.5%	1,652	68.5%	1,685	68.5%	1,719	68.5%
Other Income	52	1.6%	50	1.5%	57	1.5%	60	1.5%	58	1.5%	60	1.5%	62	1.5%	65	1.5%	66	1.5%	68	1.5%	69	1.5%
Total Departmental Expenses	14,199	42.9%	14,135	43.3%	15,857	41.6%	16,694	41.2%	16,343	41.7%	16,901	41.6%	17,479	41.4%	18,076	41.3%	18,566	41.2%	18,937	41.2%	19,316	41.2%
DEPARTMENTAL INCOME	18,925	57.1%	18,535	56.7%	22,273	58.4%	23,788	58.8%	22,836	58.3%	23,767	58.4%	24,736	58.6%	25,743	58.7%	26,525	58.8%	27,055	58.8%	27,596	58.8%
UNDISTRIBUTED OPERATING EXPENSES																						
Administrative & General	2,046	6.2%	2,059	6.3%	2,306	6.0%	2,425	6.0%	2,378	6.1%	2,458	6.0%	2,541	6.0%	2,626	6.0%	2,697	6.0%	2,751	6.0%	2,806	6.0%
Sales & Marketing	1,827	5.5%	1,832	5.6%	2,063	5.4%	2,174	5.4%	2,126	5.4%	2,199	5.4%	2,275	5.4%	2,354	5.4%	2,418	5.4%	2,466	5.4%	2,515	5.4%
Property Operations & Maintenance	2,200	6.6%	2,199	6.7%	2,453	6.4%	2,576	6.4%	2,530	6.5%	2,614	6.4%	2,700	6.4%	2,790	6.4%	2,864	6.4%	2,921	6.4%	2,979	6.4%
Utilities	1,228	3.7%	1,230	3.8%	1,378	3.6%	1,449	3.6%	1,421	3.6%	1,469	3.6%	1,518	3.6%	1,569	3.6%	1,611	3.6%	1,643	3.6%	1,676	3.6%
Third Party Rental Pool Distribution	4,324	13.1%	4,249	13.0%	5,332	14.0%	5,730	14.2%	5,506	14.1%	5,729	14.1%	5,961	14.1%	6,201	14.2%	6,389	14.2%	6,516	14.2%	6,647	14.2%
Total Undistributed Operating Expenses	11,626	35.1%	11,569	35.4%	13,533	35.4%	14,355	35.6%	13,962	35.7%	14,469	35.5%	14,995	35.5%	15,540	35.6%	15,978	35.6%	16,298	35.6%	16,624	35.6%
MANAGEMENT FEES																						
Base Fee	994	3.0%	980	3.0%	1,144	3.0%	1,214	3.0%	1,175	3.0%	1,220	3.0%	1,266	3.0%	1,315	3.0%	1,353	3.0%	1,380	3.0%	1,407	3.0%
Total Management Fees	994	3.0%	980	3.0%	1,144	3.0%	1,214	3.0%	1,175	3.0%	1,220	3.0%	1,266	3.0%	1,315	3.0%	1,353	3.0%	1,380	3.0%	1,407	3.0%
GROSS OPERATING PROFIT	6,306	19.0%	5,986	18.3%	7,597	20.0%	8,218	20.2%	7,699	19.6%	8,078	19.9%	8,474	20.1%	8,888	20.1%	9,194	20.2%	9,377	20.2%	9,565	20.2%
FIXED EXPENSES																						
Property Taxes	337	1.0%	337	1.0%	344	0.9%	351	0.9%	358	0.9%	365	0.9%	372	0.9%	380	0.9%	387	0.9%	395	0.9%	403	0.9%
Insurance	357	1.1%	357	1.1%	365	1.0%	372	0.9%	379	1.0%	387	1.0%	395	0.9%	402	0.9%	411	0.9%	419	0.9%	427	0.9%
Reserve for Replacement	828	2.5%	817	2.5%	953	2.5%	1,012	2.5%	979	2.5%	1,017	2.5%	1,055	2.5%	1,095	2.5%	1,127	2.5%	1,150	2.5%	1,173	2.5%
Equipment Rental	108	0.3%	108	0.3%	110	0.3%	112	0.3%	114	0.3%	116	0.3%	119	0.3%	121	0.3%	124	0.3%	126	0.3%	129	0.3%
Total Fixed Expenses	1,629	4.9%	1,619	4.9%	1,771	4.7%	1,846	4.6%	1,831	4.7%	1,885	4.7%	1,941	4.6%	1,999	4.6%	2,048	4.6%	2,089	4.6%	2,131	4.6%
NET OPERATING INCOME	4,676	14.1%	4,367	13.4%	5,825	15.3%	6,372	15.6%	5,869	14.9%	6,193	15.2%	6,533	15.5%	6,890	15.5%	7,145	15.6%	7,288	15.6%	7,434	15.6%

Investment Considerations

This section sets out the data considered in establishing the investment parameters used in valuing the subject property.

Market Participant Interviews

As part of our investigation, we conducted interviews with investors, consultants and brokers actively involved in hospitality transactions. Interviews included brokers with Cushman & Wakefield, Colliers, and CBRE. Investors included publicly traded entities, pension funds, and private investors.

Investors are generally motivated by the following investment criteria:

- Income – current levels and anticipated.
- The security of the income stream – competitive threats in the market.
- Investors want to minimize their risks: income risks and structural risks. A well-designed, properly-maintained building contributes to this objective.

With respect to methodology, investors are relying on the Income Approach: Direct Capitalization analysis and Discounted Cash Flow analysis. Most investors are concerned with current results; however, investors typically are buying futures and are seeking ways to increase their returns. As such, investors will always take account of the expected future earnings when acquiring a property.

Market Transactions

During our research, we analyzed recent transactions involving major resorts in Canada and the U.S. The most relevant sales investigated are noted below.

Cap Rate Analysis

CANADIAN RESORTS							
Date	**Property Name**	**Location**	**Province**	**No. of Rooms**	**Price**	**Price/Room**	**Cap Rate**
May-17	The Briars Resort & Spa	Jacksons Point	ON	86	$13,000,000	$151,163	Conf.
Dec-17	Bayview Wildwood Resort	Severn Bridge	ON	73	$5,000,000	$68,493	Conf.
Apr-18	Rocky Mountain Ski Lodge	Canmore	BC	83	$14,600,000	$175,904	Conf.
Jun-18	Copper Point Resort	Invermere	BC	203	$17,200,000	$84,729	Conf.
Aug-18	Hidden Valley Resort	Huntsville	ON	100	$11,000,000	$110,000	7.5%
Jan-19	Clevelands House	Minett	ON	134	$44,728,000	$333,791	Conf.
Under Contract	Hockley Valley Resort	Mono	ON	104	Confidential		
Listing	White Oaks Resort & Spa	Niagara-on-the-Lake	ON	220	$70,000,000	$318,182	Conf.

U.S. RESORTS (in C$)							
Date	**Property Name**	**Location**	**State**	**No. of Rooms**	**Price**	**Price/Room**	**Cap Rate**
Mar-17	Lansdowne Resort & Spa	Leesburg	VA	296	$177,200,000	$598,649	6.8%
Mar-17	Park Hyatt Beaver Creek Resort & Spa	Beaver Creek	CO	190	$193,800,000	$1,020,000	6.0%
Mar-17	The Westin Maui Resort & Spa Ka'anapali	Maui	HI	759	$422,300,000	$556,390	9.7%
Apr-17	Alohilani Resort	Honolulu	HI	839	$686,000,000	$817,640	6.0%
Jul-17	Oceans Edge Key West Hotel & Marina	Key West	FL	175	$226,800,000	$1,296,000	6.5%
Aug-17	Mauna Lani Bay Hotel & Bungalows	Puako	HI	346	$281,200,000	$812,717	1.6%
Sep-17	The Ritz-Carlton Bacara	Santa Barbara	CA	358	$473,400,000	$1,322,346	4.9%
Mar-18	The Landing Resort & Spa	South Lake Tahoe	CA	77	$53,900,000	$700,000	7.0%
Apr-18	The Ritz-Carlton Sarasota	Sarasota	FL	266	$227,600,000	$855,639	8.0%
Aug-18	Renaissance St. Petersburg Resort & Golf Club	St. Petersburg	FL	362	$240,300,000	$663,812	3.9%
Nov-18	Park Hyatt Aviara Resort, Golf Club & Spa	Carlsbad	CA	329	$223,300,000	$678,723	4.4%
Nov-18	St. Regis Princeville	Princeville	HI	252	$294,400,000	$1,168,254	4.7%
Jan-19	Margaritaville Resort Casino	Bossier City	LA	395	$354,800,000	$898,228	8.9%

Compiled by Cushman & Wakefield ULC

Capitalization rates usually remain in a fairly narrow band. Low rates are usually indicative of a property with significant upside potential while higher rates can indicate capital requirements, new room supply or other factors can negatively impact performance.

Investment Surveys

Several firms publish investment surveys in Canada and the U.S. A summary of the more widely read surveys follows:

National Hotel Investment Surveys

Source	Overall Cap Rate Range	Overall Cap Rate Average	Terminal Cap Rate Range	Terminal Cap Rate Average	Discount Rate (IRR) Range	Discount Rate (IRR) Average
Cushman & Wakefield Canada - Q4 2018						
Full-Service Downtown	4.5% - 9.0%	7.2%				
Select-Service	5.5% - 9.5%	7.8%				
Limited-Service Suburban	6.5% - 10.5%	8.6%				
CBRE Canada - Q4 2018						
Downtown Full-Service	4.5% - 8.75%	7.1%				
Suburban Limited-Service	6.5% - 9.75%	8.2%				
Focused-Service	6.0% - 9.5%	7.9%				
Colliers Canada - Q4 2018						
Urban Full-Service	4.0% - 9.5%	7.0%				
Select-Service	5.5% - 9.75%	8.0%				
Limited-Service	6.5% - 11.0%	9.1%				
PWC - Q3 2018						
Luxury/Upper-Upscale	4.0% - 9.0%	7.1%	5.5% - 9.5%	7.3%	6.3% - 12.0%	9.5%
Full Service	6.0% - 10.0%	7.7%	7.0% - 10.0%	8.4%	8.0% - 13.0%	10.2%
Limited Service Midscale/Economy	7.5% - 11.0%	9.2%	7.8% - 11.0%	9.4%	8.5% - 13.0%	10.5%
Select Service	7.0% - 10.0%	8.5%	7.0% - 10.0%	8.8%	8.0% - 11.0%	9.6%
US Realty Consultants - Mid-Year 2018						
Full Service	6.5% - 8.5%	7.7%	7.5% - 9.5%	8.3%	9.0% - 11.0%	10.1%
Limited Service	6.5% - 9.3%	8.5%	8.0% - 9.5%	9.0%	9.5% - 12.0%	11.1%
RERC - Q3 2018						
All Hotels/Average	7.0% - 8.5%	7.9%	8.0% - 9.0%	8.5%	9.0% - 10.2%	9.8%

Compiled by Cushman & Wakefield ULC

The indicated rates show a wide range and the rates applicable to any given asset will depend on the location, performance, and quality of the asset. More desirable assets with income growth potential will trend towards the lower part of the range while less desirable assets with lesser growth prospects will be represented in the upper part of the range.

Alternative Investments

Alternative Investments	
Product	**Yield**
1-Year Treasury Bill	1.89%
5-Year Canada Bond	1.96%
10-Year Canada Bond	2.02%
Prime Rate	3.95%
Conventional 5-Year Mortgage	5.34%

Source: Bank of Canada

In comparison to the above investment vehicles:

- Real estate offers comparatively poor liquidity, as well as the need for ongoing management and investment.
- Real estate has significantly more risk associated with it, particularly hospitality products.
- Real estate indicates a significantly higher internal rate of return than 1.89% to 5.34% indicated by these alternative forms of investment.

Alternative Real Estate Investments

We have reviewed the various rates of return for single-tenant and multi-tenant industrial investments, office buildings and shopping centres. Our review involved discussions with brokers and investors, and a review of research data published by Cushman & Wakefield. Current rates of return for other major forms of real estate investment are as follows.

Canadian Commercial Real Estate Capitalization Rates - Q3 2018

Market Asset Class	AVERAGE Low	High
Downtown Office		
AA	4.57%	5.32%
A	5.40%	6.20%
B	6.11%	6.89%
Suburban Office		
A	5.80%	6.64%
B	6.66%	7.45%
Industrial		
A	5.48%	6.20%
B	6.14%	6.89%
Apartment		
High Rise	4.10%	4.84%
Low Rise	4.57%	5.34%
Hotel - Q4 2018		
Full-Service Downtown	**6.59%**	**7.89%**
Select-Service	**7.14%**	**8.55%**
Limited-Service Suburban	**7.91%**	**9.27%**
Retail		
Street Front - Top Performer	4.94%	5.78%
Regional Mall - Top Performer	4.98%	5.64%
Power Centre	5.36%	6.05%
Community Commercial Centre	5.73%	6.57%
Strip Plaza Anchored	5.39%	6.11%
Strip Plaza Non-Anchored	5.89%	6.89%

Source: Cushman & Wakefield ULC

Hospitality properties are considered to be a secondary form of real estate investment due to their specialized nature, requirement for strong management and higher risk associated with the income stream. Investors require higher rate of return on hospitality properties as compared to more traditional real estate investments, as illustrated above.

The local market is not included in any capitalization rate surveys. On average, cap rates for full-service downtown hotels in Canada, with stabilized results, range from 6.59% to 7.89%. Based on a review of market transactions, full-service resorts are considered to warrant similar rates of return.

Capitalization

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

Discounted Cash Flow Analysis

Discounted cash flow analysis can be used to develop an opinion of present value of an income stream. Periodic cash flows and the projected reversion amount at the end of a holding period are discounted at an appropriate rate. Our analysis refers to an all-cash purchase. The following text details our analysis.

Direct Capitalization Analysis

Direct capitalization is a method used to convert an opinion of a single year's income expectancy into an indication of value. The single year's income is typically designed to reflect a subject property's stabilized level of operation of revenue potential. The conversion into a value indication is accomplished in one direct step by dividing the income by an appropriate capitalization rate.

Discount Rate Selection

The discount rate is the rate of return which equals the sum of the real return anticipated in the investment plus a change in value and any risk premiums associated with the specific investment when compared to alternative investments. It is the average annual rate of return necessary to attract capital based upon the overall investment characteristics.

The discount rate selection requires the appraiser to interpret the attitudes and expectations of market participants. Discount rates are partly a function of perceived risks. Risk is a function of general economic conditions and characteristics of the investment. The critical elements of an investment include the quantity and certainty of gross income, operating expenses, and resultant net income over some future time period. Value is a reflection of future income expectations and such elements are risky.

A determination of the proper discount and capitalization rates for the subject involved speaking with investors and brokers of resort properties throughout the country, discussing investment parameters with other hospitality industry experts, and considering the results of several published investment surveys.

Selection of Applicable Rates of Return

In selecting the appropriate rates for the resort, the following investment features were considered.

- Full-service resort located in Huntsville, Ontario.
- Located approximately 200 km from the Greater Toronto Area and its population of 6.4 million.
- The Toronto and Ontario economies are expected to grow moderately over the medium term.
- Property is maintained in good condition and receives annual capital upgrades.
- Property is operated without a brand affiliation.
- New supply will enter the competitive market over the next few years.
- Property is expected to achieve stabilized results in 2025.
- Based on our projections, the resort is expected to see Compounded Average Growth Rate in NOI of 6.09% over the investment horizon.
- The Client's interest includes 102 Pavilion guest rooms and all commercial resort facilities.
- There will be 307 third party-owned rooms in a rental pool, secured by 2-year and 3-year rental management agreements. As at the stabilized year, the management of these third party-owned rooms is expected to generate 73% of overall Rooms Revenue or 35% of overall Total Revenues. While short term in nature, rental agreements have been in place for many years, and it is an assumption in this valuation that agreements will remain in place.
- Good investor demand for good quality resort assets, as demonstrated by recent sales.

Capitalization Rate Conclusions

Based on the projected performance of the subject resort and projected growth along with the resort's investment features, we have selected an overall cap rate below the mid-part of the range. The resort is expected to ramp up its operating performance in the early years of projections from the addition of 100 Lakeside Lodge rooms to the rental pool, and the renovations of the West Wing meeting facilities. As such, we expect to see above average income growth during this period. In cases where strong income growth is expected, buyers will acquire properties at a lower "going-in" return with the expectation of higher returns once performance stabilizes. This is illustrated in the following section where the overall returns for the first several years are indicated.

The terminal or "going-out" return is typically higher than the going-in return based on the condition of the structure at the end of the investment horizon. Based on the projected performance of the subject resort and projected growth along with the resort's investment features, we have selected a terminal rate above the mid-part of the range.

The following table summarizes the capitalization rate conclusions.

Summary of Capitalization Rates	
Source	**Indicated Capitalization Rates**
Recent Transactions	1.6% - 9.7%
National Investment Surveys	4.0% - 10.0%
Market Participant Interviews "As Is" (Stabilized)	7.0% - 8.0%
C&W Concluded OCR "As Is"	6.00%
C&W Concluded TCR "As Is"	8.50%

Discount Rate Conclusion

Based on the investment features of the resort, the following table summarizes our conclusion of the discount rate.

Summary of Discount Rates	
Source	**Indicated Discount Rates**
National Investment Surveys	8.0% - 13.0%
Market Participant Interviews "As Is"	10.0% - 11.0%
C&W Concluded Discount Rate "As Is"	10.50%

Discounted Cash Flow Analysis

Our valuation analysis and discounted cash flow model are presented as follows. Incorporated in our model are these assumptions and opinions.

Projection Period: 10 years with sale at the beginning of the following year.

Discount Rate (Internal Rate of Return): We have utilized an annual discount rate of 10.50% in this analysis.

Terminal Capitalization Rate: We have utilized a terminal capitalization rate of 8.50% in this analysis. The terminal capitalization rate is applied to the 11th year net operating income.

The DCF analysis indicates a rounded initial market value of $69,900,000 ($685,000 per owned room).

Discounted Cash Flow Analysis (As Is) - Deerhurst Resort

PROJECTION YEAR	NET OPERATING INCOME		DISCOUNT FACTOR		PRESENT VALUE	COMPOSITION OF YIELD	CAGR OF NET OPERATING INCOME
			10.50%				
2019	$4,367,000	x	0.904977	=	$3,952,035	5.65%	-
2020	$5,825,000	x	0.818984	=	$4,770,582	6.82%	33.39%
2021	$6,372,000	x	0.741162	=	$4,722,684	6.75%	20.79%
2022	$5,869,000	x	0.670735	=	$3,936,544	5.63%	10.36%
2023	$6,193,000	x	0.607000	=	$3,759,151	5.37%	9.13%
2024	$6,533,000	x	0.549321	=	$3,588,714	5.13%	8.39%
2025	$6,890,000	x	0.497123	=	$3,425,177	4.90%	7.90%
Stabilized	$7,145,000	x	0.449885	=	$3,214,428	4.60%	7.29%
2027	$7,288,000	x	0.407136	=	$2,967,207	4.24%	6.61%
2028	$7,434,000	x	0.368449	=	$2,739,050	3.92%	6.09%
Total Present Value of Cash Flows					$37,075,572	53.01%	
REVERSION							
2029	$7,583,000	/	**8.50%**		$89,211,765		
	x Discount Factor				0.368449		
					$32,869,986		
Total Present Value of Reversion					$32,869,986	46.99%	
Total Present Value					$69,945,558	100.00%	
			ROUNDED:		**$69,900,000**		

Number of Owned Rooms	**102**
Estimated Value Per Owned Room (rounded)	**$685,000**
Historical Year	
Historical Capitalization Rate	6.3%
Year 1	
Going-In Capitalization Rate	6.2%
Stabilized Year	
Stabilized Capitalization Rate	10.2%
Stabilized Deflated	
Stabilized Capitalization Rate	8.9%

Sensitivity Analysis

The discounted cash flow analysis was recalculated to test the sensitivity of the cash flow to variations of the discount and terminal capitalization rates, as illustrated in the following matrix.

Valuation Matrix (As Is) - Deerhurst Resort
(Value / Implied Going-In Cap Rate / Value per Owned Room)

Discount Rate	Residual Capitalization Rate 8.00%	8.25%	8.50%	8.75%	9.00%
9.75%	$75,800,000 5.8% $743,137	$74,600,000 5.9% $731,373	$73,600,000 5.9% $721,569	$72,600,000 6.0% $711,765	$71,600,000 6.1% $701,961
10.00%	$74,500,000 5.9% $730,392	$73,400,000 5.9% $719,608	$72,300,000 6.0% $708,824	$71,400,000 6.1% $700,000	$70,400,000 6.2% $690,196
10.25%	$73,200,000 6.0% $717,647	$72,100,000 6.1% $706,863	$71,100,000 6.1% $697,059	$70,200,000 6.2% $688,235	$69,300,000 6.3% $679,412
10.50%	$72,000,000 6.1% $705,882	$70,900,000 6.2% $695,098	**$69,900,000 6.2% $685,294**	$69,000,000 6.3% $676,471	$68,100,000 6.4% $667,647
10.75%	$70,800,000 6.2% $694,118	$69,800,000 6.3% $684,314	$68,800,000 6.3% $674,510	$67,900,000 6.4% $665,686	$67,000,000 6.5% $656,863
11.00%	$69,600,000 6.3% $682,353	$68,600,000 6.4% $672,549	$67,700,000 6.5% $663,725	$66,800,000 6.5% $654,902	$65,900,000 6.6% $646,078
11.25%	$68,500,000 6.4% $671,569	$67,500,000 6.5% $661,765	$66,600,000 6.6% $652,941	$65,700,000 6.6% $644,118	$64,800,000 6.7% $635,294

Value Adjustment for Owner-Funded Capital Expenditures

To estimate a current "as is" value, the cost of expenditures is deducted from the estimated value. The cost of expenditures is offset by the resort's FF&E Reserve over the work period, and any shortfall is discounted to the effective date using the discount rate applied in the DCF analysis.

Present Value of Owner-Funded Capex - Deerhurst Resort					
Projection Year	**Year**	**FF&E Reserve**	**Capital Plan**	**Shortfall**	**Discount @ 10.5%**
1	2019	$816,757	$1,067,508	($250,751)	($226,924)
2	2020	$953,247	$400,000	$0	$0
3	2021	$1,012,055	$500,000	$0	$0
Total					**($226,924)**

The value of the property is calculated as follows:

DCF Conclusion (As Is) - Deerhurst Resort	
Initial Market Value	$69,945,558
Deduct PV of Capex Shortfall	($226,924)
Final Value (Rounded)	**$69,700,000**
Final Value per Room	**$683,000**

The DCF analysis, after the value adjustment for owner-funded capital expenditures, indicates a rounded market value of $69,700,000 ($683,000 per owned room).

Direct Capitalization Analysis

Based on our investigations and the investment characteristics set out earlier in this section, an overall capitalization rate of 6.00% was used to estimate value. Projected Year 1 NOI, capitalized, is shown as follows.

Direct Capitalization Analysis (As Is) - Deerhurst Resort			
Year 1 Net Operating Income	**Overall Capitalization Rate**	**Indicated Value**	**Indicated Value Per Owned Room**
$4,367,000	5.50%	$79,400,000	$778,000
$4,367,000	5.75%	$75,900,000	$744,000
$4,367,000	**6.00%**	**$72,800,000**	**$714,000**
$4,367,000	6.25%	$69,900,000	$685,000
$4,367,000	6.50%	$67,200,000	$659,000

The Direct Capitalization analysis indicates a rounded market value of $72,800,000 ($714,000 per room).

Implied Overall Capitalization Rates

As illustrated below, the resort's overall return will increase to 8.16% by 2020 as performance improves and 10.01% as the operations reach stabilization.

Implied Overall Cap Rates - Deerhurst Resort

Year	Net Operating Income	Overall Cap Rate
2019	$4,367,000	6.11%
2020	$5,825,000	8.15%
2021	$6,372,000	8.91%
2022	$5,869,000	8.21%
2023	$6,193,000	8.66%
2024	$6,533,000	9.14%
2025	$6,890,000	9.64%
Stabilized	$7,145,000	9.99%
Final Value Conclusion		**$71,500,000**

Income Approach Conclusion

The two Income valuation techniques indicated similar results with a moderate variance in value conclusions.

The following is a summary of our concluded values within the Income Approach:

Income Approach Conclusion

Methodology	Current Market Value (As Is)	Per Owned Room
Discounted Cash Flow	$69,700,000	$683,000
Direct Capitalization	$72,800,000	$714,000

Compiled by Cushman & Wakefield ULC

DIRECT COMPARISON APPROACH

Methodology

The following chart details several comparable transactions in the national and U.S. markets. They were previously profiled in the rate selection section and represent comparable product with the subject property.

Improved Hotel Sales Comparison Chart (As Is)

	Subject Property Deerhurst Resort	Improved Sale 1 Park Hyatt Beaver Creek Resort and Spa	Improved Sale 2 Lansdowne Resort & Spa	Improved Sale 3 Park Hyatt Aviara Resort, Golf Club & Spa	Improved Sale 4 Clevelands House	Current Sale Hockley Valley Resort	Listing White Oaks Resort & Spa
Exterior Photo							
Property Information							
Address	1235 Deerhurst Drive	136 East Thomas Place	44050 Woodridge Parkway	7100 Aviara Resort Drive	1040 Juddhaven Road	793522 3rd Line	253 Taylor Road
Location	Huntsville, ON	Colorado, US	Leesburg, VA	Carlsbad, CA	Minett, ON	Mono, ON	Niagara-on-the-Lake, ON
Property Type	Full-service resort	Full-Service Resort	Full-service resort	Full-service resort	Full-service resort	Full-service resort	Full-service resort
Year Built	1981, 2019	1989	1991	1997	1870	1985	1984
Overall Condition	Good	Very Good	Very Good	Good	Reasonably Good	Good	Good
Brand Affiliation	-	Park Hyatt	-	Park Hyatt	-	-	-
Number of Owned Rooms	102	190	296	329	134	104	220
Major Facilities	4 Food & Beverage Outlets 40083 SF of Meeting & Event Space 2 18-Hole Public Golf Courses Indoor & Outdoor Recreational Facilities Full-Service Spa 299 Third Party Owned Guest Rooms	2 Food & Beverage Outlets 20,000 SF of Meeting & Event Space Ski Facilities Indoor & Outdoor Recreational Facilities Full-Service Spa	5 Food & Beverage Outlets 55,000 SF of Meeting & Event Space 45 Holes of Championship Golf Courses Indoor & Outdoor Recreational Facilities Full-Service Spa	5 Food & Beverage Outlets 78,000 SF of Meeting & Event Space 18-Hole Championship Golf Course Indoor & Outdoor Recreational Facilities Full-Service Spa	2 Food & Beverage Outlets 19,000 SF of Meeting & Event Space 18-Hole Public Golf Course Indoor & Outdoor Recreational Facilities Marina Development Lands	4 Food & Beverage Outlets 16,000 SF of Meeting & Event Space 18-Hole Public Golf Course Indoor & Outdoor Recreational Facilities Full-Service Spa 15-Run Ski & Snowboard Park Winery	4 Food & Beverage Outlets 67,000 SF of Meeting & Event Space Indoor & Outdoor Recreational Facilities Full-Service Spa Development Lands
Transaction Information							
Sale Date		March-17	March-17	November-18	January-19	Current	Listing
Sale Price		$194,970,000	$177,200,000	$223,300,000	$44,728,000	Confidential	$70,000,000
Sale Price Per Room		$1,026,158	$598,649	$678,723	$333,791	Confidential	$318,182
Real Property Rights	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple	Fee Simple
Seller		Walton Street Capital	LaSalle Hotel Properties	CW Capital Asset Management	Clevelands House Ltd. etc.	Hockley Valley Resort Limited	White Oaks Tennis World Inc.
Buyer		Ashford Prime	Dejia LLC	Xenia Hotels & Resorts	SmartCentres	Confidential	-
Investment Information							
Reported Cap Rate		6.4%	6.8%	4.4%	Confidential	Confidential	Confidential
Estimated NOI Per Room	$42,814	$65,674	$40,708	$29,864	Confidential	Confidential	Confidential

Compiled by Cushman & Wakefield ULC

Adjustment Process

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

Because an appraiser is expected to reflect the analytical processes and actions of typical buyers and sellers, the investment rationale of resort owners is an essential consideration. As specialists in the valuation of resorts, we find that typical buyers and sellers purchase properties based upon a thorough analysis of anticipated future economic benefits of property ownership rather than on historical sales data. The Direct Comparison Approach should therefore be used to provide a general range of values that will serve as a check against the value indicated by the Income Approach.

Real Property Rights Conveyed

All the sales utilized in this analysis involved the transfer of the fee simple interest. Therefore, no adjustments were required.

Financing Terms

The financial terms of a transaction can have an impact on the sale price of a property. A buyer who purchases an asset with favourable financing might pay a higher price, as the reduced cost of debt creates a favourable debt coverage ratio. A transaction involving above-market debt will typically involve a lower purchase price tied to the lower equity returns after debt service.

We have analyzed all of the transactions to account for atypical financing terms. To the best of our knowledge, all sales used in this analysis were accomplished with cash or market-oriented financing. Therefore, no adjustments were required.

Conditions of Sale

Adjustments for conditions of sale usually reflect the motivations of the buyer and the seller. In many situations the conditions of sale may significantly affect transaction prices. However, all sales used in this analysis are considered to be "arm’s-length" market transactions between both knowledgeable buyers and sellers on the open market. Therefore, no adjustments were required.

Market Conditions

The sales included in this analysis occurred between March 2017 and January 2019. A current sale and a current listing are also analyzed. The value of resorts has risen considerably over the last 3-4 years based on the increase in resort NOI levels and the compression of capitalization rates, which are driven by record low interest rates and good demand for resort investment properties.

Sales occurring prior to 2018 would require upward adjustment to reflect the growth in earnings and compression of capitalization rates.

Location

Location differences are largely reflected in the occupancy and average rate of a resort, hence the NOI of a property. Investors will, however, adjust their return expectations to reflect location, in terms of relative risk and local market characteristics.

Most sales are located in more established markets and closer to major population areas. Sale 3 is located in the Muskoka District, and is considered to have reasonably similar location characteristics with the subject property.

Physical Attributes & Condition

Each property has various physical traits that determine its appeal. These traits include size, age, condition and quality. The physical attributes and the condition of the resorts analyzed were considered.

NOI per Room

The economic characteristics of a property reflect its occupancy levels, operating expense ratios, tenant quality, etc. The financial performance of the respective properties is shown on a NOI per room basis as compared to the subject resort.

Adjustment Methodology

In comparing the comparable sales to the subject property, we prepared a relative comparison analysis. In this method, the appraiser analyzes the comparable sales to determine whether the comparable properties' investment characteristics are inferior, superior, or similar to those of the subject property. The appraiser will generally divide the comparable data into two groups, those that are superior overall and those that are inferior overall. The two groups will bracket the value of the property by indicating the probable range in values.

We believe this approach most accurately reflects the actions of investors in the market who use comparable sales in order to benchmark or confirm asset values.

Improved Hotel Sales Analysis Chart (As Is)

Property Name	Sale Price & Number of Rooms	Sale Price Per Room & Date	Real Property Rights Conveyed	Financing Terms	Conditions of Sale	Market Conditions	Location	Physical Attributes	Condition	NOI per Room	Overall Comparability
Subject Property	**-**	**-**	Fee Simple	Market	Market	Current				$42,814	**-**
Deerhurst Resort	409	**-**									
Improved Sale 1	$194,970,000	**$1,026,158**	Fee Simple	Market	Market	Inferior	Superior	Similar	Superior	Superior	Superior
Park Hyatt Beaver Creek Resort and Spa	190	Mar-17								$65,674	
Improved Sale 2	$177,200,000	**$598,649**	Fee Simple	Market	Market	Inferior	Superior	Superior	Similar	Inferior	Inferior
Lansdowne Resort & Spa	296	Mar-17								$40,708	
Improved Sale 3	$223,300,000	**$678,723**	Fee Simple	Market	Market	Similar	Superior	Superior	Similar	Inferior	Superior
Park Hyatt Aviara Resort, Golf Club & Spa	329	Nov-18								$29,864	
Improved Sale 4	$44,728,000	**$333,791**	Fee Simple	Market	Market	Similar	Similar	Similar	Inferior		Inferior
Clevelands House	134	Jan-19								Confidential	
Current Sale	Confidential	**Confidential**	Fee Simple	Market	Market	Similar	Superior	Similar	Similar		Inferior
Hockley Valley Resort	104	Current								Confidential	
Listing	$70,000,000	**$318,182**	Fee Simple	Market	Market	Similar	Superior	Similar	Similar		Inferior
White Oaks Resort & Spa	220	Listing								Confidential	
		STATISTICS									
	Low	$318,182									
	High	$1,026,158									
	Average	$591,101									

Compiled by Cushman & Wakefield ULC

The sales reflect unit prices ranging from $318,182 to $1,026,158 per room. Sales were adjusted for various factors including income level. In valuing the property through the Income Approach, the value of the property was estimated to be in the range of $683,000 and $714,000 per owned room.

Discussion of Comparable Resort Sales

- Sale 1 – The Park Hyatt Beaver Creek Resort and Spa sale occurred in early 2017. Market conditions have improved since the time of sale. The resort in Colorado was in very good condition and features extensive ski facilities (over 1,000 acres). This comparable is considered to be in a superior market with a superior product. At the time of sale, it generated significantly higher NOI per room than the subject. Overall, this sale is considered superior.
- Sale 1 – The Lansdowne Resort & Spa in Leesburg, Virginia also transacted in early 2017. Market conditions have improved since the time of sale. The resort was renovated in 2016 and maintained in good condition. The property offered extensive facilities including 45 holes of championship golf. The resort will continue to be managed by Destination Hotels, and the golf courses will continue to be managed by Troon Golf. This comparable is considered to be in a superior market with a superior product. However, it generated less NOI per room at the time of sale. This sale is considered inferior overall.
- Sale 2 – The Park Hyatt Aviara Resort, Golf Club & Spa, located in Carlsbad, California, sold in late 2018. The luxury resort was in good condition and offered extensive facilities, including a championship golf course and 78,000 SF of meeting space. Hyatt will continue to manage the branded property. The buyer acquired the property with renovation intentions. At the time of sale, the resort generated significantly less NOI per room than the subject. However, based on the location and amenities, this sale is considered superior overall.
- Sale 3 – The Clevelands House transacted in early 2019. The sale included the independent (non-branded) resort, a public golf course, a marina, and significant development lands. Located in the Muskoka District, the property was considered to be in reasonably good condition. It was acquired by SmartCentres, a Canadian REIT specializing in retail assets. Incoming ownership intends to add a residential development to the property, as well as potential future improvement of the resort facilities. Though income data is confidential, based on the product offering and quality, this sale is considered inferior overall.
- Current Sale – The Hockley Valley Resort is under contract for sale. It is located about 40 km from the Greater Toronto Area. The independent resort generally offers similar facilities as the subject, in addition to a ski/snowboard park and a winery. While transaction data is confidential, the price for this resort supports the value conclusions for the subject property.
- Listing – The White Oaks Resort & Spa is listed for sale. Located in Niagara-on-the-Lake, the independent resort is located about 60 km from the Greater Toronto Area. It is maintained in good condition. There are no golf facilities. Though income data is confidential, the guidance price for this resort supports higher values for the subject property.

Direct Comparison Approach Conclusion

Investors in assets similar to the subject typically use sales comparables as a test of reasonableness to the Income Approach value conclusion (i.e. is the value conclusion supported by the unadjusted range of comparable sales).

The Income Approach indicated a value in the range of $683,000 and $714,000 per room, which compares well with the comparables analyzed. The indicated value for the subject resort is near the high end of the comparable range. Based on our analysis, the market value for the resort is calculated as follows:

Direct Comparison Approach Conclusion

Methodology	Current Market Value (As Is)	Per Owned Room
Direct Comparison	$71,400,000	$700,000

Compiled by Cushman & Wakefield ULC

RECONCILIATION AND FINAL VALUE OPINION

Valuation Methodology Review and Reconciliation

The valuation approaches used in this analysis indicated the following:

Final Value Reconciliation		
Date of Value	Current Market Value (As Is) December 31, 2018	Per Owned Room
Direct Comparison Approach		
Direct Comparison	$71,400,000	$700,000
Income Approach		
Discounted Cash Flow	$69,700,000	$683,000
Direct Capitalization	$72,800,000	$714,000
Final Value Conclusion	**$71,500,000**	**$701,000**

Compiled by Cushman & Wakefield ULC

In our valuation of the subject property, we relied primarily on the Income Approach to value. The Direct Comparison Approach was applied and is considered to provide reasonable support to the conclusion of the Income Approach.

In our Income Approach to value, the subject property was valued by analyzing the local market for transient accommodations and developing a projection of income and expense that reflects the current and future anticipated income and expense trends over a 10-year holding period. The net income was then discounted to the date of value by an appropriate internal rate of return through a Discounted Cash Flow analysis. The Discounted Cash Flow method also allows the appraiser to reflect changes in performance due to new supply, renovations etc.

The value was also estimated through the Direct Capitalization method where the resort's current or reasonably anticipated net income was capitalized into an indication of value using rates derived from comparable sales and market surveys.

The Direct Comparison Approach reflects an opinion of value as indicated by the actual sales of resorts. In this approach, we searched the national and U.S. markets for transactions of similar property types. Several sales of comparable resorts were examined and this approach was useful in providing value parameters.

We have not utilized the Cost Approach to value in this analysis. The Cost Approach offers limited utility in the valuation of existing resorts. Along with the difficulty in accurately quantifying physical deterioration, it is our experience that knowledgeable purchasers of complex resort properties are more concerned with the economics of the investment.

Based on the agreed to Scope of Work and the Assumptions noted, it is our opinion that the "As Is" Current Market Value of the property, as of December 31, 2018, was as follows:

Value Conclusions (in Canadian Dollar)				
Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion	Value Per Owned Room
Current Market Value (As Is)	Fee Simple	December 31, 2018	$71,500,000	$701,000

Exposure Time and Marketing Time

Based on our review of national investor surveys, discussions with market participants and information gathered during the sales verification process, a reasonable exposure time for the subject property at the value concluded within this report would have been approximately 6 to 12 months. This assumes an active and professional marketing plan would have been employed by the current owner.

We believe, based on the assumptions employed in our analysis, as well as our selection of investment parameters for the subject, that our value conclusion represents a price achievable within 6 to 12 months.

Extraordinary Assumptions

For a definition of extraordinary assumptions please see the Glossary of Terms & Definitions. The use of extraordinary assumptions, if any, might have affected the assignment results. The appraisal is subject to the following assumptions.

- This appraisal assumes the existing 207 third party-owned non-Pavilion guest rooms will continue to be in the resort's rental pool.
- This appraisal assumes 80 third party-owned Lakeside Lodge guest rooms will enter the resort's rental pool in July 2019. Based on guidance from management, we have assumed a further 20 Lakeside Lodge units will enter the resort's rental pool in July 2020.
- In preparing this valuation, we have relied on operating statements and other verbal and written information provided to us by ownership/management and we assume these accurately reflect the operating performance of the resort.
- We were not provided with a Capital Plan for the subject resort beyond 2019 and renovation of meeting facilities in 2020 and 2021. We have assumed that any future capital requirements will be funded through the hotels FF&E reserve provision.

Hypothetical Conditions

For a definition of hypothetical conditions please see the Glossary of Terms & Definitions. The use of hypothetical conditions, if any, might have affected the assignment results. The appraisal is subject to the following conditions.

- This appraisal does not employ any hypothetical conditions.

ASSUMPTIONS AND LIMITING CONDITIONS

"Report" means the appraisal or consulting report and conclusions stated therein, to which these Assumptions and Limiting Conditions are annexed.

"Property" means the subject of the Report.

"C&W" means Cushman & Wakefield, Inc. or its subsidiary that issued the Report.

"Appraiser(s)" means the employee(s) of C&W who prepared and signed the Report.

The Report has been made subject to the following assumptions and limiting conditions:

- No opinion is intended to be expressed and no responsibility is assumed for the legal description or for any matters that are legal in nature or require legal expertise or specialized knowledge beyond that of a real estate appraiser. Title to the Property is assumed to be good and marketable and the Property is assumed to be free and clear of all liens unless otherwise stated. No survey of the Property was undertaken.
- The information contained in the Report or upon which the Report is based has been gathered from sources the Appraiser assumes to be reliable and accurate. The owner of the Property may have provided some of such information. Neither the Appraiser nor C&W shall be responsible for the accuracy or completeness of such information, including the correctness of estimates, opinions, dimensions, sketches, exhibits and factual matters. Any authorized user of the Report is obligated to bring to the attention of C&W any inaccuracies or errors that it believes are contained in the Report.
- The opinions are only as of the date stated in the Report. Changes since that date in external and market factors or in the Property itself can significantly affect the conclusions.
- The Report is to be used in whole and not in part. No part of the Report shall be used in conjunction with any other analyses. Publication of the Report or any portion thereof without the prior written consent of C&W is prohibited. Reference to the Appraisal Institute of Canada or to the AACI designation is prohibited. The Report may not be used by any person(s) other than the party(ies) to whom it is addressed or for purposes other than that for which it was prepared. No part of the Report shall be conveyed to the public through advertising, or used in any sales, promotion, offering or SEC material without C&W's prior written consent. Any authorized user(s) of this Report who provides a copy to, or permits reliance thereon by, any person or entity not authorized by C&W in writing to use or rely thereon, hereby agrees to indemnify and hold C&W, its affiliates and their respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorneys' fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the Report by any such unauthorized person(s) or entity(ies).
- The Appraiser shall not be required to give testimony in any court or administrative proceeding relating to the Property or the Appraisal.
- The Report assumes (a) responsible ownership and competent management of the Property; (b) there are no hidden or unapparent conditions of the Property, subsoil or structures that render the Property more or less valuable (no responsibility is assumed for such conditions or for arranging for engineering studies that may be required to discover them); (c) full compliance with all applicable federal, state and local zoning and environmental regulations and laws, unless noncompliance is stated, defined and considered in the Report; and (d) all required licenses, certificates of occupancy and other governmental consents have been or can be obtained and renewed for any use on which the value opinion contained in the Report is based.
- The physical condition of the improvements considered by the Report is based on visual inspection by the Appraiser or other person identified in the Report. C&W assumes no responsibility for the soundness of structural members or for the condition of mechanical equipment, plumbing or electrical components.
- The forecast potential gross income referred to in the Report may be based on lease summaries provided by the owner or third parties. The Report assumes no responsibility for the authenticity or completeness of lease information provided by others. C&W recommends that legal advice be obtained regarding the interpretation of lease provisions and the contractual rights of parties.

- The forecasts of income and expenses are not predictions of the future. Rather, they are the Appraiser's best opinions of current market thinking on future income and expenses. The Appraiser and C&W make no warranty or representation that these forecasts will materialize. The real estate market is constantly fluctuating and changing. It is not the Appraiser's task to predict or in any way warrant the conditions of a future real estate market; the Appraiser can only reflect what the investment community, as of the date of the Report, envisages for the future in terms of rental rates, expenses, and supply and demand.
- Unless otherwise stated in the Report, the existence of potentially hazardous or toxic materials that may have been used in the construction or maintenance of the improvements or may be located at or about the Property was not considered in arriving at the opinion of value. These materials (such as formaldehyde foam insulation, asbestos insulation and other potentially hazardous materials) may adversely affect the value of the Property. The Appraisers are not qualified to detect such substances. C&W recommends that an environmental expert be employed to determine the impact of these matters on the opinion of value.
- If the Report is submitted to a lender or investor with the prior approval of C&W, such party should consider this Report as only one factor together with its independent investment considerations and underwriting criteria, in its overall investment decision. Such lender or investor is specifically cautioned to understand all Extraordinary Assumptions and Hypothetical Conditions and the Assumptions and Limiting Conditions incorporated in this Report.
- The Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential damages be made.
- If the Report is referred to or included in any offering material or prospectus, the Report shall be deemed referred to or included for informational purposes only and C&W, its employees and the Appraiser have no liability to such recipients. C&W disclaims any and all liability to any party other than the party that retained C&W to prepare the Report.
- By use of this Report each party that uses this Report agrees to be bound by all of the Assumptions and Limiting Conditions, Hypothetical Conditions and Extraordinary Assumptions stated herein.
- The estimated operating results presented in this report are based on an evaluation of the overall economy, and neither take into account nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to at least offset these advances. We do not warrant that the estimates will be attained, but they have been prepared on the basis of information obtained during the course of this study and are intended to reflect the expectations of typical investors.
- Appraising resorts 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.
- Our financial analyses are based on estimates and assumptions which were developed in connection with this appraisal engagement. It is, however, inevitable that some assumptions will not materialize and that unanticipated events may occur which will cause actual achieved operating results to differ from the financial analyses contained in this report, and these differences may be material. It should be further noted that we are not responsible for the effectiveness of future management and marketing efforts upon which the projected results contained in this report may depend.

CERTIFICATION OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our impartial and unbiased professional analyses, opinions and conclusions.
- We have no past, present or prospective interest in the property that is the subject of this report and no personal and/or professional interest or conflict with respect to the parties involved with this assignment.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
- Our engagement in and compensation is not contingent upon developing or reporting predetermined results, the amount of value estimate, a conclusion favouring the client, or the occurrence of a subsequent event.
- Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with CUSPAP.
- We have the knowledge and experience to complete this assignment competently, and where applicable this report is co-signed in compliance with CUSPAP.
- Gaith Saqqa (AIC Candidate Member) has provided significant professional assistance to the persons signing this report.
- As of the date of this report, Vadess Johan, AACI, P.App and Brian Flood, AACI P.App., MRICS have fulfilled the requirements of the AIC's Continuing Professional Development Program.
- Vadess Johan, AACI, P.App and Brian Flood, AACI P.App., MRICS are members in good standing of the Appraisal Institute of Canada.
- Vadess Johan, AACI, P.App inspected the property on December 21, 2018. Brian Flood, AACI P.App., MRICS is familiar with the property and the local market.
- We have performed prior services involving the subject property within the three years immediately preceding the acceptance of the assignment.
- Cushman & Wakefield ULC's total liability arising out of or in connection with this agreement shall be limited in the aggregate to three times the total sum of fees and costs received by Cushman & Wakefield ULC under this agreement for the subject report, in accordance with position of Israeli Security Authority in Israel, in order of the appraiser to be considered independent.

Value Conclusions (in Canadian Dollar)

Appraisal Premise	Real Property Interest	Date of Value	Value Conclusion	Value Per Owned Room
Current Market Value (As Is)	Fee Simple	December 31, 2018	$71,500,000	$701,000





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February 19, 2019

GLOSSARY OF TERMS AND DEFINITIONS

The following definitions of pertinent terms are taken from Canadian Uniform Standards of Professional Appraisal Practice (effective January 1, 2018) published by the Standards Committee of the Appraisal Institute of Canada, and from The Appraisal of Real Estate, Third Canadian Edition (2010) published by The Appraisal Institute of Canada and the Appraisal Institute as well as other sources.

Cash Equivalency

An analytical process in which the sale price of a transaction with nonmarket financing or financing with unusual conditions or incentives is converted into a price expressed in terms of cash.

Current Market Value

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

Exposure Time

The estimated length of time the property interest being appraised would have been offered on the market before the hypothetical consummation of a sale at the estimated value on the effective date of the appraisal.

Extraordinary Assumption

An assumption, directly related to a specific assignment, which, if found to be false, could materially alter the appraiser's opinions or conclusions.

Fee Simple Interest

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the four powers of government: taxation, expropriation, police power, and escheat.

Hypothetical Condition

That which is contrary to what exists, but is supposed to exist for the purpose of analysis.

Intended Use

The use or uses of an appraiser's reported appraisal, review, consulting, or reserve fund planning assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment.

Intended User

The client and any other party as identified, by name or type, as users of the appraisal, consulting, review report, or reserve fund study, by the appraiser on communication with the client at the time of the assignment.

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to the contract rent specified in the lease plus the reversionary right when the lease expires.

Leasehold Interest

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

Market Value

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus.

Implicit in this definition are 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 their own best interests;
- A reasonable time is allowed for exposure in the market;
- Payment is made in cash in Canadian 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.

Marketing Time

The estimated length of time the property interest would have to be offered on the market before actual consummation of a sale at the estimated value after the effective date of the appraisal.

Prospective Value Opinion

An effective date beyond the date of the report.

Retrospective Value Opinion

An effective date prior to the date of the report.

Special, Unusual, or Extraordinary Assumption

Before completing the acquisition of a property, a prudent purchaser in the market typically exercises due diligence by making customary enquiries about the property. It is normal for a Valuer to make assumptions as to the most likely outcome of this due diligence process and to rely on actual information regarding such matters as provided by the client. Special, unusual, or extraordinary assumptions may be any additional assumptions relating to matters covered in the due diligence process, or may relate to other issues, such as the identity of the purchaser, the physical state of the property, the presence of environmental pollutants (e.g., ground water contamination), or the ability to redevelop the property.

ADDENDA CONTENTS

Addendum A: Photographs of Competitive Resort Properties
Addendum B: Legal Descriptions and Property Assessments & Taxes
Addendum C: Blank Rental Management Agreement
Addendum D: Letter of Engagement
Addendum E: Qualifications of the Appraisers

PHOTOGRAPHS OF COMPETITIVE HOTEL PROPERTIES

PHOTOGRAPHS OF COMPETITIVE RESORT PROPERTIES

PHOTOGRAPHS OF COMPETITIVE HOTEL PROPERTIES				
Facility	**Competitor 1 – Hidden Valley Resort**	**Competitor 2 – JW Marriott The Rosseau Muskoka Resort & Spa**	**Competitor 3 – Horseshoe Resort**	**Competitor 4 – The Westin Trillium House**
Exterior				
Guest Room				
Facility	**Competitor 5 – White Oaks Resort & Spa**			
Exterior				
Guest Room				

Source: Official Resort Websites

LEGAL DESCRIPTIONS AND PROPERTY ASSESSMENTS & TAXES

LEGAL DESCRIPTIONS AND PROPERTY ASSESSMENTS & TAXES

Individual Legal Descriptions, Assessments, and Taxes

Parcel Number	PIN	Legal Description	Location	Current Use	2018 Assessment	2018 Taxes
4442 020 00603000.0000	480820547	CHAFFEY CON 1 PT LOT 32 PLAN 4 PT BLK A RP 35R17256 PARTS 11 12 14 TO 17 PCL 29499 PARTS 24 TO 27 AND 40 TO 42 PCL 29499	75 PEN LK PT RD	Club Lands	$683,000	$11,168.14
4442 020 00603001.0000	480820515	CHAFFEY CON I PT LOT 31 RP 35R17257 PARTS 1 TO 3 9 TO 11 AND PT PARTS 12 AND 14 PCL29498 PARTS 37 38 AND 43 PCL 29498	27 PEN LK PT RD	Beach & BBQ Point	$333,500	$6,039.79
4442 020 00602900.0000	480820502	CHAFFEY CON 1 PT LOTS 29 TO 32 PT RD ALLOW RP 35R17246 PARTS 1 TO 16 RP 35R13027 PART 1 RP 35R12205 PARTS 1 TO 3 34 48 TO 62 RP 35R17256	1415 DEERHURST DR	Golf Lands	$1,904,000	$23,718.58
4442 020 00607519.0000	488200037	MUSKOKA CONDO PLAN 20 LEVEL 2 UNIT 19 PATIO BUILDING	N/A	Bayshore 001	$87,000	$1,575.60
4442 020 00607539.0000	488200059	MUSKOKA CONDO PLAN 20 LEVEL 3 UNIT 22 PATIO BUILDING	N/A	Bayshore 308	$18,200	$329.60
4442 020 00607540.0000	488200058	MUSKOKA CONDO PLAN 20 LEVEL 3 UNIT 21 PATIO BUILDING	N/A	Bayshore 306	$18,200	$329.60
4442 020 00607541.0000	488200057	MUSKOKA CONDO PLAN 20 LEVEL 3 UNIT 20 PATIO BUILDING	N/A	Bayshore 304	$18,200	$329.60
4442 020 00607542.0000	488200056	MUSKOKACONDO PLAN 20 LEVEL 3 UNIT 19 PATIO BUILDING	N/A	Bayshore 300	$37,250	$674.61
4442 020 00607561.0000	488200081	MUSKOKA CONDO PLAN 20 LEVEL 4 UNIT 21 PATIO BUILDING	N/A	Bayshore 408	$48,250	$873.83
4442 020 00607562.0000	488200080	MUSKOKA CONDO PLAN 20 LEVEL 4 UNIT 20 PATIO BUILDING	N/A	Bayshore 404	$49,250	$891.94
4442 020 00607563.0000	488200079	MUSKOKA CONDO PLAN 20 LEVEL 4 UNIT 19 PATIO BUILDING	N/A	Bayshore 400	$40,000	$724.42
4442 020 00607582.0000	488200060	MUSKOKA CONDO PLAN 20 LEVEL 3 UNIT 23	N/A	Bayshore 1 - 316	$21,800	$394.80
4442 020 00609600.0000	480820548	CHAFFEY CON 1 PT LOT 31 RP 35R11686 PART 13 PCL 30847 RECREATION COMPLEX	1235 DEERHURST DR	Pavilion Building	$10,957,000	$198,434.56
4442 020 00610000.0000	480820493	CHAFFEY CON 1 PT LOTS 27 TO 31 CON 2 PT LOTS 28 TO 31 PT RD ALLOW AND RP 35R14766 PARTS 1 TO 3 RP 35R14775 PT PART 4 RP 35R15395 PART I RP	249 DEERHURST HIGHLANDS DR	Highlands Golf Course	$4,051,013	$52,058.89
4442 020 01010800.0000	480820489	CON 2 PT LOTS 27 28 & 29 RP 35R17169 PARTS 1 & 2 PT PART 3	1180 HWY 60	Running Bear	$410,000	$6,658.56
4442 060 01712600.0000	480820503	BRUNEL CON 14 PT LOT 30 RP 35R17246 PART 17 RP 35R24757 PARTS 1 AND 2	401 CANAL RD	Golf Maintenance	$128,000	$1,140.01
Totals					**$18,804,663**	**$305,342.53**

BLANK RENTAL MANAGEMENT AGREEMENT

RENTAL MANAGEMENT AGREEMENT

LAKESIDE LODGE - DEERHURST RESORT

THIS AGREEMENT made as of the ____ day of _____, 20___.

B E T W E E N:

_____

(the "**Owner**")

- and -

SKYLINE DEERHURST RESORT INC.

(the "**Manager**")

WHEREAS:

A. The Owner is the owner of the condominium unit municipally known as Suite ___, Lakeside Lodge, Huntsville, Ontario and legally described as Unit _____, Level _____ Muskoka Standard Condominium Corporation No.____, Huntsville, Ontario (the "**Property**");

B. The Owner wishes to engage the Manager to manage the Property as a hotel unit as part of the Deerhurst Resort (the "**Resort**") in accordance with the terms of this Agreement.

NOW THEREFORE in consideration of the premises, mutual covenants and agreements contained herein, the sum of Ten Dollars ($10.00) and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties to this Agreement, the parties hereto agree as follows:

ARTICLE 1 - DEFINITIONS

1.1 Definitions

As used herein, the following terms shall have the following meanings:

(a) "**Adjusted Room Revenue**" means Gross Room Revenue less a Reservation Fee, a Sales and Marketing Fee and applicable taxes on the foregoing;

(b) "**Affiliate**" means, with respect to any Person, any other Person who directly or indirectly controls, is controlled by, or is under direct or indirect common control with, such Person, and includes any Person in like relation to an Affiliate. A Person is deemed to control another Person if such Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise; and the term "**controlled**" has a corresponding meaning;

(c) "**Agreement**" means this Rental Management Agreement;

(d) "**Business Day(s)**" means any day of the week excluding Saturday, Sunday and statutory holidays in the Province of Ontario;

(e) "**Commencement Date**" means the date on which the property first becomes available for rent, in complete and optimum operating condition according to the Manager's requirements and inspection;

(f) "**Emergency**" means a condition or circumstance occurring in or about the Property or within the building housing the Property that if not remedied immediately would, with reasonable certainty, result in damage to the Property, the building housing the Property, or other properties, or in physical injury, bodily harm or death to an individual;

(g) "**Gross Room Revenue"** means all leasing or rental amounts collected by the Manager specifically for use of the Property which shall exclude in all cases (i) resort amenity fees, (ii) refunds or rebates paid to rental guests, (iii) any amount paid by Deerhurst as travel, real estate or similar agent's commissions or fees incurred by Deerhurst to attract the rental guest paying the Gross Room Rental (iv) any amount paid to the Manager for any specific service which the Manager may provide in addition to the rental or leasing of the Property, including but not limited to those listed in Section 3.2(f), and (v) HST or other applicable taxes, if any, collected by the Manager in respect of the rental of the Property;

(h) "**Person**" includes any individual, partnership, trustee, trust, unincorporated association, corporation, firm, body corporate, joint venture, association or syndicate;

(i) "**Prime Rate**" means the rate of interest per annum established from time to time by the Royal Bank of Canada or its successors as a reference rate of interest for Canadian dollar demand loans made by it in Canada to commercial customers of varying degrees of creditworthiness and adjusted automatically upon any change in such rate of interest;

(j) "**Repair Costs**" means a repair service and/or inventory replacement that must be performed or undertaken in order to keep the property in high quality condition and available for a rental guest;

(k) "**Reservation Fee"** means a fee payable to the Manager in an amount equal to 10.5% of Gross Room Revenue for providing services required to secure reservations, including without limitation, operation of a reservation system, advertising (including e-commerce and e-media forms of advertisement), credit card commissions and associated costs, fees payable to other sale agencies or companies in accordance with normal business practice in the hospitality trade; and

(l) **"Sales and Marketing Fee"** a fee payable to the Manager in an amount equal to 13.5% of Gross Room Revenue for providing sales and marketing services, including without limitation, promotions and promotional discounts, on-site and off-site sales and marketing personnel, sale commissions and public relations and media exposure.

1.2 Validity of Provisions

If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of the Agreement, but this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein and the same shall be enforceable to the fullest extent permitted by law.

1.3 Governing Law

This Agreement shall be interpreted, governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable thereon and shall at all times be regarded as an Ontario contract, and the parties attorn to the jurisdiction of the courts of Ontario in respect of any matter relating to this Agreement.

1.4 Interpretation

The headings of the Articles, Sections and paragraphs of this Agreement are inserted solely for convenience of reference and are not a part of and are not intended to govern, limit or aid in the construction of any term or provision hereof. Where the context so requires, the use of the neuter gender shall include the masculine and feminine genders, and masculine gender shall include the feminine and neuter genders and the singular shall include the plural and vice versa. In all cases, the language in all parts of this Agreement shall be construed simply, according to its fair meaning and not strictly for or against any party.

ARTICLE 2 - APPOINTMENT AND TERM

2.1 Appointment and Acceptance

(a) The Owner hereby appoints the Manager and the Manager hereby accepts such appointment, as the exclusive manager of the Property as a hotel unit as part of Deerhurst Resort, with the sole and exclusive right to undertake and perform all of the Manager's duties as an independent contractor, upon and subject to the terms of this Agreement, without interference by the Owner or any of the Owner's officers, directors and/or employees.

(b) The Manager is hereby authorized to act as agent for the Owner for the purpose of carrying out the authority and responsibilities set forth in this Agreement. The Owner shall execute and provide the Manager any document or other evidence which may be reasonably required by the Manager to demonstrate to third parties the authority of the Manager described herein.

(c) The duties and obligations of the Manager under this Agreement extend only to the management of the Property as aforesaid, and not to the management or operation of any Person comprising the Owner in case the Owner is not an individual.

2.2 Other Businesses

The Owner acknowledges and agrees that the business of the Manager and its affiliates includes the ownership, development, acquisition, disposition and/or management of other real properties (residential, commercial, resorts and hotels) and that this Agreement shall not be construed to restrict the Manager or its affiliates from conducting such other businesses.

2.3 Term

The term of this Agreement (the "Term") shall commence upon the Manager's confirmation that the condition of the condominium unit meets its requirements for inclusion in the Deerhurst Rental Program and the unit has been released from interim occupancy. The terms of this agreement shall terminate two (2) years after the Commencement date.

The Agreement will automatically renew for a term of two (2) years unless either party gives notice on or before June 1, 2020 to terminate the Agreement. If either party gives such termination notice, both parties agree to honour any reservations made for the unit for the period up to June 1, 2020. If neither party elects to terminate this Agreement on or before the renewal, then the Agreement will automatically renew for a further term of two (2) years upon the same terms and conditions, including further rights of termination and automatic renewal.

ARTICLE 3 - MANAGER'S AND OWNER'S RESPONSIBILITIES

3.1 Standard of Care

The Manager shall, in consideration of the fees referred to below, perform its duties and exercise the powers and authorities herein granted in good faith. The Manager shall perform its duties and responsibilities hereunder in the same manner as would a prudent manager of comparable property in the same geographical proximity.

3.2 Manager Services and Owner Responsibilities

(a) The Manager shall have exclusive authority and responsibility during the Term for the management of the Property, including without limitation, with respect to the following: (i) marketing, leasing as part of Deerhurst Resort and advertising of the Property (including entering into contracts for leasing of the Property as a hotel unit), (ii) professional liability insurance coverage in accordance with the terms set out in this Agreement, (iii) guest services, housekeeping, general upkeep, cleaning services, linen replacement, laundry and cleaning supplies, (iv) accounting, book keeping and financial reporting to the Owner in accordance with the terms of this Agreement, (v) remitting HST collected on behalf of the Owner from rental of the Property to the taxing authorities and filing HST returns for the Owner with respect to HST on rent only, (vi) (vii) reservation, and (viii) replacement of items which are not listed in the attached **Schedule "A"** refurbishment schedule but nevertheless are required at the discretion of the Manager in order to maintain a certain standard of a hotel at the Property.

(b) Notwithstanding the Manager's performance of its duties herein, the Owner shall be responsible for (i) all matters and costs associated with the ownership of the Property, including, without limitation, payment of all realty taxes, mortgages, common fees, and utilities, (ii) the cost of property and furniture/fixtures/equipment ("**FF&E**") insurance coverage in accordance with the requirements set out in this Agreement, (iv) dealings with the condominium corporation, legal and tax advice and filing all required income and other tax returns, (v) ensuring cable, internet and telephone services are available at the Property at the Owner's cost, (vi) all costs of structural repair and replacements required for the Property, (vii) all costs of replacing FF&E in accordance with the refurbishment schedule attached as **Schedule "A"** and referred to in section **6.2 FF&E Provision.**

(c) The Manager shall have the right to take such steps as are reasonably necessary to make the Property fit for rental and all costs incurred by the Manager relating thereto (the "**Repair Costs**") shall be paid by the Owner to the Manager by deduction of revenue during the month of repair. A detailed summary of the repair shall be available to the owner and included with all revenue statements forthwith upon written request from the Manager, which request shall include a detailed summary of all such costs incurred by the Manager. If the repair exceeds two (2) nights rental the Manager shall notify the Owner for approval prior to proceeding. The Manager will take all reasonable steps to ensure that the rental guest leaves the property and its contents in the same condition as received, normal wear and tear expected. In the event of damage or breakage by a rental guest which is deemed due to negligence or misuse, the Manager shall take reasonable actions to resolve the breakage or damage either by repair, replacement or reimbursement to the Owner.

(d) The Manager may make expenditures required ("**Emergency Costs**") in situations or circumstances deemed in the good faith judgment of the Manager to be an Emergency related to the Property up to a maximum of $2,000 per Emergency. The Manager agrees in all such Emergencies to use its reasonable commercial efforts to contact the Owner to obtain approval prior to such expenditure, or if not possible before such expenditure, then as soon thereafter as reasonably possible.

(e) As part of keeping the Property in high quality condition as required, the Manager shall undertake a scheduled repairs and restorations of the interior of the Property from time to time, The Owner shall pay for the costs of such services and provide the owner of receipt of any charges incurred.

(f) The Manager shall have the right, as determined by it, in its sole, absolute and subjective discretion to arrange for services to guests of the hotel staying at the Property in addition to the rental of the Property, such as laundry, pay movie and video game rental, dry cleaning, as well as arrange for and supply food and beverages, recreation offerings, entertainment, special and room package combination offers. The Manager shall be responsible for any expenses incurred in connection therewith and shall be entitled to any income derived therefrom, which revenue shall not be included in Gross Room Revenue. Manager shall also be entitled to keep 100% of any revenue from telephone charges levied to guests using the Property.

(g) The Manager and the Owner agree that the Property shall be a non-smoking unit, that the Owner will not permit any smoking to take place within the Property at any time during the use thereof by the Owner or any of its guests and that the Manager will inform all occupants of the Property that have rented the Property through the Manager that smoking is not permitted at any time within the Property.

ARTICLE 4 - LEASING AND RENTAL RATES

4.1 Rental Rates

(a) The Manager shall establish from time to time, and at the Manager's sole, absolute and subjective discretion, rental rates (the "**Rack Rates**") for the Property.

(b) The Owner acknowledges and agrees that a key focus of the Manager is to promote a favourable guest experience that will encourage rental guests to return. The Manager may therefore establish special rates or reduced rates for the Property that vary from its established Rack Rates with a view to, inter alia, gaining guest satisfaction, encouraging length of stay and creating a desire to return. The Manager may also establish holiday rates, which may exceed regular Rack Rates.

(c) The Owner acknowledges and agrees that in order to achieve the highest occupancy percentages and average daily rates, a variety of pricing options are available to transient, wholesale, travel agents, tour operators, corporate and leisure travel groups and other guests. The Manager will use its best judgment, in its sole, absolute and subjective discretion, in an effort to secure consistent levels of occupancy and may therefore establish, without limitation: (i) package rates where a rental guest has the opportunity to enjoy lodging at Deerhurst Resort without purchasing individual services, such as meals, access to sports and other Deerhurst Resort facilities, etc., (ii) wholesale/tour operators/travel agents rates (iii) group or corporate rates which are negotiated separately in a manner that will optimize current and future sales yet taking into consideration length of stay, time of year, size of group, market conditions and other factors.

4.2 Rate Refund

The Owner agrees that the Manager may offer a refund or rebate of the rent paid to any rental guest due to weather conditions or other circumstances, if the Manager deems this action necessary to promote rental guest satisfaction. Rental guest transfers or refunds, as a result of the dissatisfaction of the rental guest, are to be made at the sole, absolute and subjective discretion of the Manager and shall be considered as a deduction to Gross Room Revenue.

4.3 Promotion

In order to promote the short-term occupancy of the Property and of Deerhurst Resort, the Manager shall have the right to allow persons to use the Property on a complimentary or rent reduced basis when such use (yet not exceeding seven (7) complimentary nights per year), in the Manager's sole, absolute and subjective discretion, may contribute to the success of the short-term occupancy of the Property or Deerhurst Resort. Such persons that may receive complimentary or rent reduced use of the Property may include, but are not limited to, employees of travel companies or airlines, returned guests, media, or the leaders of group occupancy packages.

4.4 No Representation

The Owner understands that the Manager does not warrant or represent that the Property will be utilized for any specific number of nights, or that any minimum amount of revenue will be produced. The Manager shall use diligence to ensure that rental guests pay their rent; however, it is understood that the Manager cannot guarantee the collection of rents.

ARTICLE 5 - USE BY OWNER

5.1 Owner Occupancy

(a) The Owner may reserve the Property for the Owner's personal use at any time and from time to time during the Term, subject to availability at the time such reservation is made. The Owner makes an advance reservation by completing and submitting to the Manager an Owner usage calendar, in the form attached hereto as **Schedule "B"**, no earlier than first day (1st) of December and no later than the thirty first (31st) day of January of each year indicating all dates when the Property will be occupied by the Owner, the Owner's family and the Owner's guests, being those persons to whom the Owner intends to make the Property available without charge. If the Owner fails to deliver the completed calendar to the Manager as required above, the Manager may assume that the Property is available for short-term rental occupancy for all dates during the year. The Owner shall not at any time charge or receive any rental or similar payments whatsoever in respect of the usage of the Property by the Owner's guests or other third parties.

(b) Notwithstanding the reservation requirements set forth above, if the Owner desires to personally use the Property on a date other than as set forth on the calendar, the Owner shall notify the Manager of the desire to personally use the Property. If the Manager has not received a tentative or confirmed reservation for the Property on the dates requested by the Owner, the Manager shall make every reasonable effort to accommodate such a request. If the Manager has received a tentative or confirmed reservation for use of the Property, the Manager may deny such request by the Owner and the Owner shall have no right to personally use the Property.

(c) The Owner shall ensure that the Manager, the Manager's agents and representatives and the renters of the Property shall have full, free and uninterrupted access to the Property**.** The Owner agrees to abide by the standard check-in and check-out times and procedures of Deerhurst. The Owner cannot change or place any locks at the exterior or interior of the Property except a lock at the storage closet located at the Property. The Owner understands that any personal property or possessions stored in or left in the Property should not be left unsecured and the Manager assumes no liability for the loss or damage thereto. The Owner further agrees not to leave or furnish the unit with items of a personal nature which includes but is not limited to unit décor items.

(d) The Owner shall not enter the Property, nor use any common areas appurtenant to the Property, nor permit any person, whether family member, repairman or the Owner's non-rental guest to do so, other than during previously reserved dates of occupancy by the Owner in accordance with the above, without prior written notification to, written approval of and coordination with the Manager.

5.2 Compliance

Any use of the Property by the Owner will comply with all applicable laws and the bylaws, as well as rules and regulations of the Resort. Owner also acknowledges that the Property is a unit in a condominium corporation, and as such, in addition to being governed by the provisions of this Agreement, the Owner's use of the Property will be subject to and governed by the provisions of the *Condominium Act* (the "Act") of the Province of Ontario, Canada, and the declaration, by-laws, cost-sharing and other agreements affecting the Condominium Corporation, as well as the rules of the Condominium Corporation in effect from time to time.

5.3 Housekeeping Services for Owner

(a) Notwithstanding anything else contained herein, the Manager shall not be required to provide any housekeeping or cleaning services to the Owner at any time that the Property is occupied by the Owner or any of its guests. Should the Owner require any housekeeping or cleaning services during owner occupancy, the Manager may provide such services if available at a cost.

(b) In addition, the Owner shall be charged a mandatory departure cleaning fee at the end of each period of use of the Property by the Owner or its guests pursuant.

(c) The Manager will carry out or arrange through Deerhurst an annual deep cleaning of the Unit, at the owner's expense and for a periodic refurbishing of the Unit, such as carpet cleaning and furniture and inventory replacement when, in the opinion of the Manager, this becomes necessary. The Owner agrees to correct and pay for any unsatisfactory conditions or deficiencies within or upon the Unit as designated in writing by the Manager.

ARTICLE 6 - COMPENSATION OF MANAGER

6.1 Management Fee

During the Term, as compensation for the services rendered by the Manager pursuant to this Agreement, the Owner shall pay to the Manager a management fee (the "**Management Fee**") in an amount equal to fifty percent (50%) of the Adjusted Room Revenue. The Owner hereby irrevocably authorizes and directs the Manager to deduct for its own account the Management Fee, Reservation Fee, Sales and Marketing Fee from the gross room rental. Repair Costs, Emergency Costs and Project Management Fees from the adjusted Room Revenue shall be deducted concurrently with distribution to the Owner in accordance with Section 7.2.

The parties acknowledge that all amounts collected from guests and all amounts payable under this Agreement are subject to all applicable HST or other sale taxes in place from time to time. In order to facilitate remittance of HST or other applicable sale taxes on suite revenue or otherwise by the Manager to the taxing authorities, the Owner acknowledges that the Owner must be a HST registrant as of the Commencement Date, must provide the Manager its registration number on or before execution of this Agreement and, concurrently with execution of this Agreement, must sign the joint election form attached as **Schedule "C"** authorizing the Manager to collect and remit such taxes on behalf of Owner.

6.2 FF&E Provision

The Owner shall pay the Manager a project management fee (the "**Project Management Fee**") equal to five percent (5%), plus applicable taxes, of the cost of the replacement or refurbishment of FF&E incurred by the Manager on behalf of the Owner in accordance with the refurbishment chart attached as **Schedule "A"** hereto.

ARTICLE 7 - DISTRIBUTIONS AND RECORDS

7.1 Books and Records

The Manager, at its own expense, shall maintain or cause to be maintained at its offices, true, accurate and adequate books and records in connection with the management of the Property. The Owner shall have the right at its own expense, once annually, upon reasonable notice to the Manager and during normal business hours to audit, examine, inspect and make copies of or extracts from the books of accounts for the Property maintained by the Manager pursuant to this Agreement. Such right may be exercised through any agent or employee designated in writing by the Owner, and the Owner shall bear all expenses in connection with such examination.

7.2 Reports and Distributions

The Manager shall distribute to the Owner the monthly Adjusted Room Revenue forty-five (45) days after the month end. In the event that the Adjusted Room Revenue available for distribution in respect of a particular month is not sufficient to cover the above fees and costs, the Owner shall be obliged to pay to the Manager from subsequent months adjusted rental revenue.

Together with distribution of Adjusted Room Revenue, the Manager shall also render to the Owner an unaudited leasing/rental activity report for the Property for the applicable month showing the rental revenue generated in respect of the Property, the Management Fee, Reservation Fee, Sales and Marketing Fee, any

Repair Costs, any Emergency Costs, any Project Management Fee, any other amount payable or paid pursuant to this Agreement and the amount distributed to the Owner.

ARTICLE 8 - INSURANCE

8.1 Comprehensive General Liability Insurance

(a) The Owner shall maintain liability insurance on the Property of not less than $5,000,000, or at such other amount as shall be agreed upon by the Owner and the Manager, acting reasonably. The Owner shall provide a certificate or binder of insurance to the Manager in that respect on or before the Commencement Date and thereafter each year upon renewal of the policy. Notwithstanding the foregoing, the Manager may, by written notice given at any time to the Owner, elect to obtain and maintain, or cause its Affiliate to obtain and maintain, on behalf of the Owner all insurance required to be maintained by the Owner hereunder and the Owner shall reimburse the Manager or the Affiliate for all costs of obtaining and maintaining such insurance upon receipt of an invoice therefor, and the Manager is hereby irrevocably authorized to set-off such amounts as against funds to be distributed to the Owner pursuant to the terms of Section 7.2 hereof.

(b) The Owner shall maintain all risks property insurance in an amount equal to the replacement cost of the contents of, and betterments/improvements to, the Property. The Owner will request the Owner's insurer to waive rights of subrogation under this insurance in favour of the Manager.

(c) The Owner hereby forever releases and discharges the Manager from all liability of every nature and kind whatsoever related to any hazard or peril or event whether or not covered by insurance. The Owner shall indemnify the Manager for any loss, claim, expense, fee or deductible in accordance with the terms hereof, and the Manager is hereby irrevocably authorized to set-off such amounts as against funds to be distributed to the Owner pursuant to the terms of Section 7.2 hereof.

8.2 Notice of Claim

The Manager shall notify the Owner in writing with as much specificity as the Owner shall require as soon as possible after receipt of a notice of an injury or damage occurring in, on, about or to the Property, or any claim against the Owner, the Manager and/o any entity to which the Manager may delegate management services pursuant to the provisions of this Agreement, which involves the Property. The Manager shall take no steps which might operate to inhibit the Owner from obtaining any protection afforded by any policies of insurance that might apply, or which might operate to prejudice the defense in any legal proceedings involving the Owner or the Property, or otherwise prevent the Owner from protecting the Owner against any such claim, demand or legal proceeding. The Manager shall fully co-operate with the Owner in the defense of any such claim, demand or legal proceeding. The Manager shall forward to the Owner forthwith upon receipt or service any legal document received or served upon the Manager in connection with such claim.

ARTICLE 9 - TERMINATION OF AGREEMENT

9.1 Termination without Cause

This Agreement may be terminated without cause by the Manager at any time upon giving the Owner at least ninety (90) days prior written notice of termination.

9.2 Sale by Owner

(a) In the event of a bona fide arm's length sale of the Unit, the new Owner will be given the option of terminating this Agreement on the latter of the expiration of one (1) year written notice from the new owner's date of purchase, or upon completion of outstanding guest reservation for the Unit. Upon receipt of the notice to terminate, the Manager will not accept any further reservations for occupancy subsequent to the termination date. In addition, the Manager reserves the right to reduce the notice period for termination upon the request of the new Owner. The Manager will not be required to make any adjustments as between the Owner and any transferee and the Manager will be deemed to have fully discharged its obligations hereunder if the Manager pays the distributions payable to either the Owner or the transferee in accordance with section 7.2, unless the Manager is in receipt of a written direction executed by both the Owner and transferee irrevocably directing such distributions at least ten (10) days prior to the distributions due date.

9.3 Termination with Cause

This Agreement may be terminated by either the Owner or the Manager at any time for the failure of a party to observe or perform any obligation under this Agreement, provided that the defaulting party has been given a period of thirty (30) days from receipt of a default notice to cure the default. In the event that the default is not cured within the said time frame, this Agreement may be terminated by written notice given by the non-defaulting party to the defaulting party and the effective date of such termination shall be the earlier of (i) the date set forth in such notice, and (ii) the thirtieth (30th) day following delivery of such notice, yet subject to all then tentative or confirmed reservation for the Property. For the purpose of this Section, "cause" shall include the Manager's determination, in its sole, absolute and subjective discretion, that the Property or the management, operation or rental thereof by the Manager has become or is likely to become detrimental to the reputation of the Manager's business of managing, operating and leasing properties.

9.4 Suspension of Rights on Default by Owner

In addition and without prejudice to any other recourse available to the Manager, if the Owner defaults in the performance of any of its obligations hereunder and fails to cure said default within the thirty (30) day period referred to in section 9.3 above, or should the Owner be adjudged bankrupt or become insolvent or make a voluntary assignment for the benefit of the Owner's creditors or otherwise take the benefit of any bankruptcy or insolvency legislation, the Manager may elect at its sole, absolute and subjective discretion, by written notice to the Owner, to suspend the rights of the Owner pursuant to this Agreement forthwith upon the receipt of such notice in which event, for the period during which the said default continues, the Owner shall not earn or be entitled to any distribution pursuant to Section 7.2 and all such distributions shall be for the account of the Manager (whether or not such default is ultimately cured). Such suspension of the rights of the Owner pursuant to this Agreement shall be terminated only when said default has been remedied to the Manager's satisfaction.

9.5 Effect of Termination on Accrued Rights

(a) Any termination of this Agreement shall terminate all rights and obligations under this Agreement except those with respect to amounts owing or remedies to which the parties are entitled at law or in equity.

(b) Termination of this Agreement shall in no way affect or impair any right which has accrued to any party hereto prior to the effective date of such termination, including without limitation to any guest who at the time has a tentative or confirmed reservation.

(c) Any provision providing for an indemnity which is contained herein shall survive the expiry and any termination of this Agreement and shall remain in full force and effect thereafter.

(d) Upon termination of this Agreement for any reason, the Manager shall promptly deliver to the Owner or its agent a final accounting reflecting the balance of Adjusted Room Revenue for the Property, or the amount owing to the Manager, as the case may be, as of the date of termination and, within ten (10) Business Days after delivery of such accounting, the Manager or Owner, as the case may be, shall pay the net amount owing to the other as set forth in such final accounting report.

ARTICLE 10 - INDEMNIFICATION AND CONFIDENTIALITY

10.1 Indemnification of Manager

The Owner shall indemnify and hold harmless the Manager and each affiliate, shareholder, subsidiary, officer, director and employee thereof (collectively for the purpose of this Section, the "**Releasees**"), against any loss, expense, damage, claim, liability, obligation, judgment or injury suffered or sustained by the Owner by reason of any act, omission or alleged act or omission by the Releasees arising out of their activities on behalf of the Owner or in furtherance of the interests of the Owner, including but not limited to any claim arising in respect of this Agreement or an agreement with a third party by which certain services hereof were delegated to another management company or any judgment, award, settlement, reasonable legal fees or other costs or expenses as incurred in connection with the defense of any actual or threatened actions, proceedings or claims, all costs of which shall be charged to and paid by the Owner as incurred; provided, however, that the acts, omissions or alleged acts or omissions subject to the indemnity referred to herein or upon which such actual or threatened actions, proceedings or claims are based were performed or omitted from being performed in good faith, were not fraudulent as to the Owner, and did not result from gross negligence of the Manager. The provisions of this Section shall survive termination of this Agreement.

10.2 Notice to Owner

The Manager shall notify the Owner immediately of any lawsuits, expropriation proceeding, rezoning or other governmental order or action or any threat thereof that becomes known to the Manager and which might adversely affect the Property or any interest of the Owner therein, provided that in the case of a threat thereof, actual steps to enforce such threat must become known to the Manager or in the Manager's reasonable judgment appear imminent.

10.3 Indemnification of Owner

The Manager shall indemnify and hold harmless the Owner and each affiliate, shareholder, officer, director and employee thereof, against any loss, expense, damage, claim, liability, obligation, judgment or injury, arising directly or indirectly, in whole or in part out of the gross negligence, bad faith or fraudulent act or omission of the Manager, or any of its affiliates, officers, directors, agents or employees, in connection with this Agreement or the Manager's services or work to be performed hereunder, including in respect of any judgment, award, settlement, reasonable professional fees or other costs or expenses incurred in connection with the defense of any actual or threatened actions, proceedings or claims which may be brought against the Owner as a result of the foregoing. The provisions of this Section shall survive the expiry and/or termination of this Agreement.

10.4 Confidentiality

The Manager shall not, either while this Agreement is in force or at any time thereafter, voluntarily disclose to any Person any information concerning the private internal affairs of the Owner. The Manager shall not, either while this Agreement is in force or thereafter, use any such information for its own benefit or to the detriment of the Owner and, to the extent that it is within the reasonable power of the Manager to do so, the Manager will ensure that no such information is disclosed or used by its officers, employees or agents. Additionally, the parties covenant and agree to keep in strict confidence the terms and provisions of this Agreement and to not disclose any financial or other term hereof to any third party.

Provided, however, that nothing in this Section shall preclude disclosure of such information by the Manager or the Owner (i) in pleadings, (ii) or as evidence in the course of any legal proceedings between the Manager and the Owner or any other legal proceedings under the circumstances whereby the Manager or the Owner is obligated by law to disclose such information, provided that the Manager or the Owner gives immediate written notice and details of such disclosure and the circumstances of such disclosure to the other one of them or (iii) as otherwise required by local or foreign laws applicable to the Manager or Owner or their in/direct parent companies. The provisions of this Section shall survive the expiry and/or termination of this Agreement.

ARTICLE 11 - GENERAL PROVISIONS

11.1 Notices

(a) Any notice, consent or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be effectively given and made if (i) delivered personally, (ii) sent by prepaid courier service or mail, or (iii) sent prepaid by fax or other similar means of electronic communication, provided evidence of receipt of such fax or other electronic communication is available, in each case to the applicable address set out below:

(i) If to the Manager, to:
Deerhurst Resort
1235 Deerhurst Drive
Huntsville, Ontario, Canada P1H 2E8

Attention: General Manager, Skyline Deerhurst Resort Inc.
Telephone: 705-789-7113
Fax: 705-789-5204

(ii) If to the Owner, to:

_____
_____
_____
Attention: _____
Telephone: _____
Fax: _____

(b) Any such communication so given or made shall be deemed to have been given or made and to have been received on the day of delivery if delivered, or on the day of faxing or sending by other means of recorded electronic communication, provided that such day in either event is a Business Day and the communication is so delivered, faxed or sent prior to 4:30 p.m. (local time at the place of receipt) on such day; otherwise, such communication shall be deemed to have been given and made and to have been received on the next following Business Day. Any such communication sent by mail shall be deemed to have been given and made and to have been received on the fifth (5^{th}) Business Day following the mailing thereof, provided however that no such communication shall be mailed during any actual or apprehended disruption of postal services.

(c) Any party may from time to time change its address for service by notice to the other party given in the manner provided for in this Section.

11.2 Status Report

Acknowledging that each party may find it necessary from time to time to establish or evidence to third parties, such as accountants, banks, mortgages or the like, certain information relating to the then current status or performance hereunder, each party agrees, upon the written request of the other, to furnish promptly a written statement (in recordable form, if requested) on the status of any matter pertaining to this Agreement or the Property to the best of the knowledge and belief of the party making such statement.

11.3 Entire Agreement

This Agreement constitutes the entire agreement between the parties with respect to the transactions contemplated by this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties, covenants, conditions or other agreements, express or implied, collateral, statutory or otherwise, including implied warranties or conditions of merchantability or fitness for a particular purpose, between the parties in connection with the subject matter of this Agreement, except as specifically set forth in this Agreement. The parties have not relied and are not relying on any other information, discussion or understanding in entering into and completing the transactions contemplated by this Agreement.

11.4 Time of Essence

Time is of the essence in the performance of this Agreement and of each provision hereof.

11.5 Waiver and Modification

No consent or waiver, expressed or implied by any party to or of any breach or default by any other party in the performance by such other party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default hereunder. Failure on the part of any party to complain of any act, or failure to act of any other party or to declare another party in default, regardless of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder.

11.6 Amendments

Neither this Agreement nor any provision hereof may be amended, waived, modified or discharged

except by an instrument in writing executed by the party against whom enforcement of such amendment, waiver, modification or discharge is sought.

11.7 Further Acts

The parties hereto agree to execute such further documents and do such other acts as may be reasonably necessary or desirable to carry out the obligations hereunder and to better effectuate the intent and purpose of this Agreement.

11.8 Successors

The provisions of this Agreement shall, subject to the terms and conditions hereof, be binding upon and endure to the benefit of the successors and assigns of each of the parties hereto.

11.9 No Representations

The Owner acknowledges that the Manager has made no representations or warranties with regard to any financial matter or projections relating to the Property and the rental or leasing thereof. Additionally, the Owner acknowledges that the Manager assumes no responsibility whatsoever for any potential restrictions on the term or type of rentals or leasing permitted in respect of the Property regardless of whether such restrictions are as a result of any current or future laws, legislation and/or by-laws, rules or regulations, amendment to existing rules and regulations and/or the adoption of new rules and regulations by the City of Barrie or Simcoe County or any other governmental authorities, the Condominium Corporation or any other reason not contemplated or referred to hereunder.

11.10 Permitted Actions by Manager

In addition to any other provision contained in this Agreement, the Manager shall have the right, upon giving notice to the Owner, to do any of the following in its sole and absolute discretion: (a) merge with, become acquired by or acquire any other Person or entity; (b) assign its rights, obligations and duties under this Agreement to an Affiliate or successor in title provided any assignee agrees to be bound by the terms of this Agreement; (c) subcontract all or any portion of its obligations and duties under this Agreement to another Person or entity, in which case the provisions herein shall apply and/or extend to such Person or entity, *mutandis mutatis*, and (d) contract with a third-party to provide or undertake the services, responsibilities and obligations of the Manager under this Agreement, or any portion hereof, provided that any such contractual delegation of the Manager's responsibilities shall not relieve the standards of service required in the Agreement.

11.11 No Partnership

Nothing in this Agreement shall be construed as creating a lease, partnership or joint venture agreement and nothing contained herein will constitute the landlord and tenant, partners or joint ventures. The Manager shall not be responsible for any loss or portion thereof arising out of or in connection with the ownership, maintenance, operation or rental of the Property.

11.12 Currency

Any reference in this Agreement to monetary amounts is expressed in Canadian Dollars.

11.13 Force Majeure

If either the Resort or Property is so damaged by fire, catastrophe, acts of God, civil commotion, war or other casualty as to render the Property unfit for rental purposes, as determined by the Manager, then all Property reservations that cannot be fulfilled due to the condition of the Resort or Property may be cancelled, and the obligations of the parties hereunder shall be temporarily abated until the Resort and/or Property is restored to an occupiable condition suitable for renting.

11.14 Joint and Several

If the Owner is comprised of more than one person, all of the covenants, agreements, duties, obligations and liabilities of the Owner under this Agreement are joint and several covenants, agreements, duties, obligations and liabilities of all persons comprising the Owner.

11.15 Counterparts and Fax Delivery

This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. An executed counterpart may be delivered by fax to the other party.

IN WITNESS WHEREOF, this Agreement has been executed by the parties as of the date set out above.

_____ _____

Witness Name: Owner
Witness Address:

_____ _____

Witness Name: Joint Tenant
Witness Address:

SKYLINE DEERHURST RESORT INC.

Per: _____
Jesse Hamilton, General Manager
A.S.O.

SCHEDULE "A"
REFURBISHMENT SCHEDULE

CHATTELS	ESTIMATED REPLACEMENT COST (varies based on unit type)	PURCHASE DATE	ESTIMATED REFURBISHMENT SCHEDULE DATE
Chest of drawers	$1,200 – $1,400	2018	10 years
Night tables	$500	2018	10 years
Coffee table	$800	2018	10 years
Dining table	$900 – $1100	2018	10 years
End table	$550	2018	5 years
Patio table	$600	2018	10 years
Head board	$900 - $1700	2018	10 years
Bedframe	$100 - $150	2018	10 years
Sofa bed	$1500 - $1800	2018	5 years
Chaise	$900	2018	8 years
Desk set	$1050	2018	8 years
4 patio chairs	$1000	2018	10 years
Counter stools	$225	2018	10 years
Mattress	$450 - $960	2018	8 years
Window coverings	$1000	2018	8 years
Fridge	$2100	2018	10 years
Cooktop	$1100	2018	10 years
Microwave	$425	2018	8 years
Dishwasher	$700	2018	8 years
Bathroom faucet	$95	2018	10 years
Kitchen faucet	$300	2018	10 years
Shower Head	$250	2018	10 years
Toilet	$150	2018	15 years
Kitchen Cabinets	$5,000	2018	12 years
Vanity	$1,000	2018	12 years
Throw Rugs	$200	2018	8 years
Counter / Desk Top	$4,000	2018	15 years
Bathroom Tiling	$400 - $450	2018	15 years
Flooring	$5,200	2018	15 years
Room Pendant	$130	2018	10 years
Bed Side Lamp	$150	2018	8 years
Living Room End Table Lamp	$200	2018	8 years
Desk Lamp	$75	2018	8 years
Ceiling Fixture	$300	2018	8 years

Initial _____

Bathroom Vanity Light	$95	2018	8 years
Living room décor	$600	2018	8 years
Wallpaper / Vinyl and paint	Varies on size of unit/color selection	2018	7 years
43" LCD TV	$630	2018	8 years
49" LCD TV	$745	2018	8 years
Digital clock radio	$94	2018	5 years
Safe		2018	15 years
Hair Dryer	$26	2018	3 years
Iron & Ironing Board	$64	2018	8 years
Toaster	$37	2018	5 years
Coffee Maker	$54	2018	5 years
Kettle	$37	2018	5 years
Pots, Pans, Service pieces	$665	2018	5 years
Set of 4 Plates, Cutlery & Cups	Varies on size of unit	2018	3 years

SCHEDULE "B"
OWNER USAGE CALENDAR
For the period from January 1 to December 31

January							**February**						
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29						
March							**April**						
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29	30					
May							**June**						
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29	30					
July							**August**						
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30	31					29	30	31				
September							**October**						
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30						29	30	31				
November							**December**						
1	2	3	4	5	6	7	1	2	3	4	5	6	7
8	9	10	11	12	13	14	8	9	10	11	12	13	14
15	16	17	18	19	20	21	15	16	17	18	19	20	21
22	23	24	25	26	27	28	22	23	24	25	26	27	28
29	30						29	30	31				

OWNER(S) NAME:_____

BUILDING AND UNIT NO.:_____

OWNER SIGNATURE_____

Office Use Only: Date Received _____

Initial _____

SCHEDULE "C"
HST JOINT ELECTION FORM

Canada Revenue Agency | Agence du revenu du Canada

Election and Revocation of an Election Between Agent and Principal

Protected B when completed

Use this form if you are a principal and a registrant, acting as an agent in making a taxable supply (not by auction) for the principal who has to collect tax on that supply, to jointly elect to have the agent account for the GST/HST on that supply. To make an election, complete parts A, B, C, D, and E. To revoke an election, complete parts A, B, and F. This election also applies to billing agents. For more information, see the back of this form.

Do not make this election for a supply if the only reason the supply is considered taxable is because the agent and principal have already made a different joint election in writing to have the supply considered taxable.

Part A – Principal's identification

Legal name	Business number (if applicable)
	R T

Part B – Identification of agent (must be a GST/HST registrant)

Legal name	Business number
Skyline Deerhurst Resort Inc	832910400 R T 0001

Part C – Election

☑ We, the principal and agent, jointly elect for the agent to account for the GST/HST on the supply or supplies described below instead of the principal. We understand that both parties to this election are jointly and severally, or solidarily, liable for certain GST/HST obligations as explained under "Joint liability" on the back of this form.

Describe the nature of the supply or supplies to which this election applies. (Any additional information can be attached on a separate sheet.)

Indicate the duration of this election (tick one box only):

☐ **One supply or multiple supplies** (Election in effect for one day.) — Date of transaction: Year Month Day

☑ **Ongoing supplies** (Election in effect from the effective date, until you jointly revoke it in writing.) — Effective date of election: Year Month Day

☐ **Supplies made for a specific period** (Election in effect from the effective date to the end date you specify, unless you jointly revoke it in writing.) — Effective from: Year Month Day to Year Month Day

Part D – Principal's certification of the election

I, _____ (print name), certify that the information given on this form and on any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am the principal or that I am authorized to sign on behalf of the principal.

Signature of principal or authorized person	Year Month Day

Part E – Certification of election by agent

I, _____ (print name), certify that the information given on this form and on any attached document is, to the best of my knowledge, true, correct, and complete in every respect, and that I am the agent or that I am authorized to sign on behalf of the agent.

Signature of agent or authorized person	Year Month Day

Part F – Revocation of election

Describe the nature of the supply or supplies to which this revocation applies. (Any additional information can be attached on a separate sheet.)

☐ Revocation of the election for the supply or certain supplies described in this part

or

☐ Revocation of the election for all supplies described in this part or in Part C

Effective date of the election: Year Month Day

Effective date of the revocation: Year Month Day

We, the agent and principal, jointly revoke the election we previously made for the agent to account for the GST/HST on the supply or certain supplies, as described in this part or on all supplies described in this part or in Part C of that election as indicated above.

Signature of principal or authorized person	Year Month Day

Signature of agent or authorized person	Year Month Day

Personal information is collected under the *Excise Tax Act* to administer tax, rebates, and elections. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source at **www.cra.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, Personal Information Bank CRA PPU 241.

(Vous pouvez obtenir ce formulaire en français à **www.arc.gc.ca/formulaires** ou en composant le **1-800-959-7775**.)

Canada

General information

General rule (without an election)

Under the general rule, a registrant principal has to collect and account for the GST/HST on a taxable supply (other than zero-rated) made for it by an agent, and the agent, if a registrant, has to collect and account for the GST/ HST on the services it provides to the principal that relate to the supply. This general rule applies when the principal and agent are both GST/HST registrants and the supply is taxable (other than a zero-rated supply) and is not a sale made by auction.

Joint election for an agent to account for the GST/HST

A joint election can be made between a supplier (the principal) and a registrant agent when the principal is required to collect and account for tax but prefers that the agent be responsible for doing so. The agent still has to charge and account for the GST/HST on the commission and services it provides to the principal that relate to the supply. For more information, see "Effect of the election" and "Joint liability" on this page.

Joint election for a billing agent to account for the GST/HST

Generally, a billing agent acts as agent for a supplier in charging and collecting the amount due (including tax) for a supply made by the supplier. However, the billing agent may not be acting as agent in making the supply itself.

A registrant billing agent acting as an agent for a supplier in charging and collecting the amount due for a supply is considered to be acting as an agent in making the supply but **only** for the purposes of this election. This means that a supplier (principal) and a billing agent can jointly elect for the billing agent to account for the GST/HST charged or collected on the supply instead of the principal.

Effect of the election

When this election is in effect for a supply that an agent makes for a principal, the following rules apply to the agent (including a billing agent) and principal:

- In calculating net tax, the agent has to account for any amount charged or collected for tax.
- The rules pertaining to refunds, credits, or adjustments of tax to a recipient apply to the agent, not to the principal.
- The rules pertaining to bad debt adjustments and recovery of bad debts apply to the agent, not to the principal.
- The agent and principal are jointly and severally, or solidarily, liable for certain GST/HST obligations as explained under "Joint liability."
- If the agent uses the quick method of accounting for calculating its net tax, the quick method rates do not apply to the supplies covered by this election. For more information on these rules, see Booklet RC4058, *Quick Method of Accounting for GST/HST*.
- The agent has to include the amount for the supply in the calculation of its threshold amount to determine the agent's reporting period. The principal does not include that amount in its threshold calculation.

Joint liability

The agent and the principal are jointly and severally, or solidarily, liable for all GST/HST obligations that result from:

- the tax becoming collectible;
- any failure to account for or pay a net tax amount that is reasonably attributable to the supply;
- any failure to account for or pay any overpayment of refund or interest received by the agent and that is reasonably attributable to the supply;
- the agent claiming a bad debt deduction to which the agent was not entitled or was in excess of the amount to which the agent was entitled, including any failure to pay the amount of any underpayment of net tax and interest resulting from claiming that deduction;
- after a refund, credit, or adjustment of tax to a recipient, the agent claiming an amount to which the agent was not entitled or was in excess of the amount to which the agent was entitled, including any failure to pay the amount of any underpayment of net tax and interest resulting from claiming that amount; and
- a recovery of all or part of a bad debt relating to the supply for which the agent had claimed a deduction, including any failure to pay the amount of any underpayment of net tax and interest resulting from that recovery.

Effect of a revocation

An agent and a principal can jointly revoke an election they previously made for a supply. The parties decide on the effective date of a revocation. The effective date can be earlier or later than the current date. If you revoke an election for a supply, the election is considered never to have been made for that supply and the general GST/HST rules will apply.

Books and records

Do not send us this form. The principal and agent must each keep a completed copy with their books and records while the election is in effect and for six years after the end of the year to which an election relates.

If this form is a revocation of an election, it must also be kept by each party for six years after the end of the year to which the revocation relates.

Do you need more information?

For more information on GST/HST, see Guide RC4022, *General Information for GST/HST Registrants*, go to **www.cra.gc.ca/gsthst**, or call **1-800-959-5525**.

LETTER OF ENGAGEMENT

Cushman & Wakefield ULC
161 Bay Street, Suite 1500, P.O. Box 602
Toronto, ON M5J 2S1
Tel 416-862-0611
Fax 416-359-2613
cushmanwakefield.com

November 20, 2018

Mr. Rob Waxman, CFO
Skyline Investments Inc.
Sun Life Financial Tower
150 King Street West, Suite 2108
Toronto, Ontario M5H 1J9

Dear Mr. Waxman,

Re: **Narrative Appraisal Report for the Fee Simple Interest in the Deerhurst Resort, located at 1235 Deerhurst Drive, Huntsville, ON, P1H 2E8**

Thank you for requesting our proposal for appraisal services related to the above noted property. We understand you require an estimate of current market value of the hotel for public reporting and financing purposes.

This proposal letter will become, upon your acceptance, our letter of engagement to provide the services outlined herein.

To facilitate timely completion of the report, please review the information request attached to this letter. We also draw your attention to the Indemnity Agreement attached to this letter that we ask you to review and sign.

Terms of Engagement

The Parties to this Agreement:	Cushman & Wakefield ULC and Skyline Investments herein at times referred to as "Client")
Confidentiality	All information and analysis and opinions pertaining to this report will be conducted on a **"Privileged and Confidential"** basis. The appraisal report will be prepared by an accredited appraiser (AACI) of Cushman & Wakefield ULC ("C&W ULC"). The accredited appraiser is a professional appraiser and is not a broker nor represents to be a broker of ("C&W ULC") or any other brokerage type firm. More specifically the professional does not have any present or prospective interest in the property that is the subject of this report, and has no personal interest or bias with respect to the parties involved. Our compensation is not contingent upon the reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value estimate, the attainment of a stipulated result, or the occurrence of a subsequent event.

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Scope of the Appraisal	Full Narrative report format, which will be prepared by Cushman & Wakefield ULC or its designated affiliate (herein at times "C&W ULC") In the process of preparing this appraisal, we will have: • inspected the subject property; • interviewed a representative of the owner; • reviewed all documentation pertaining to the property; • confirmed land use regulations; • prepared a competitive hotel market study containing a review of the historic performance of the competitive set, in addition to projections for market occupancy and Average Daily Rate, and a market penetration analysis/projections for the subject hotel; • estimated the highest and best use of the property; • examined market conditions and analyzed their potential effect on the property; • reviewed operating statements and a current budget pertaining to the property; • reviewed capital budgets related to property improvements, and premises leases and agreements; • estimated the value of the property through the Income Approach to value; estimated the value of the property through the Direct Comparison Approach to value; • reconciled values and prepared a Final Estimate of Value; and, • prepared a narrative report outlining our opinions and conclusions. • The appraisal report will be subject, but not necessarily limited to, the attached Contingent and Limiting Conditions, which we will ask you to read.
Intended Use:	The appraisal reports will be prepared for the purpose of substantiation of fair market value for public financial statement preparation in accordance with IFRS purposes and for mortgage financing purposes.
Rights Appraised:	Market value of the Fee Simple Interest. Additional rights: Going Concern Value
Property Appraised:	The property to be appraised is Deerhurst Resort. The property is located in Huntsville, ON.

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Date of Value:	The date of value is to be December 31, 2018
Intended Users:	The appraisal report and respective transmittal letter will be prepared for Skyline Investments Inc. and are intended only for the use specified below. In addition, we understand the reports are to be distributed to, and used by Mishorim Real Estate Investments Ltd., Brightman Almager Zohar & Co certified Professional Accountants and member of Deloitte Touche Tomatsu limited ('Deloitte') as part of their audit procedure. We understand that the appraisal reports will be included in the annual filings or any other required statutory filings with the securities authorities and stock exchanges in Israel and/or Canada by the client or by the client's public parent company. It may not be distributed to or relied upon by other persons or entities without prior written permission of Cushman & Wakefield ULC.
Anticipated Primary Methodology:	• Income Capitalization Approach (see Appendix A) • Direct Comparison Approach
Professional Staff:	Cushman & Wakefield ULC will assign the appraisal to our Hospitality & Gaming Group who specializes in the valuation of this type of real estate.
Fees and Additional Expenses:	Our professional fees will be $7,500. All out-of-pocket expenses and HST are additional and billed at cost. These typically include such items as staff travel, registry office fees, plans, document and data purchases, computer supplies and software, long distance, courier, fax, report production, and miscellaneous items. If the client is unable to provide a current and relevant STR report, we may be required to purchase such report directly from STR. These reports range in price from US$450 to over US$1,000 and the cost will be treated as an expense to this assignment. Any additional services required over and above the scope of work would be charged out at our appropriate hourly rate. Please note that the fee for this assignment is not contingent upon the conclusions reached.
Conflicts of Interest:	C&W adheres to a strict internal conflict of interest policy. If we discover in the preparation of our appraisal a conflict with this assignment we reserve the right to withdraw from the assignment without penalty.
Terms:	Invoices will be issued upon delivery of the draft report. Invoices are due and payable upon receipt of such reports. Interest will be charged at a rate of 1.5% per month on outstanding accounts, which will be calculated from the date of delivery.
Retainer:	No retainer required. To facilitate timely completion of this project, please ensure your retainer cheque is made payable to Cushman & Wakefield ULC and sent to the undersigned. Alternatively, you can wire the retainer to our office; wiring

CUSHMAN & WAKEFIELD

	instructions are attached to this letter. Please notify the undersigned by email when the wire transfer has been completed.
Report Copies:	The final report will be delivered electronically. Any additional hard copies will be charged at applicable rates.
Start Date:	The appraisal process will initiate upon receipt of signed agreement and the receipt of the property specific data.
Acceptance Date:	This proposal is subject to withdrawal if the engagement letter is not executed within four (4) business days.
Report Delivery/Timing:	Preliminary projections will be completed by January 15, 2019. The final report issued within one or two days of receipt of your comments on the draft report.
	If during the preparation of the report any outside architectural, engineering, soil tests, legal or other professional inputs become desirable and necessary adjuncts to our reports, you will be notified immediately. However, no expenditure or contractual agreement would be incurred or entered into, without your prior written authorization.

CUSHMAN & WAKEFIELD

Thank you for calling on us to provide our services and we look forward to working with you.

Sincerely,

Brian Flood, AACI P.App., MRICS
Vice President & Practice Leader
Hospitality & Gaming Group
Valuation & Advisory
Brian.flood@cushwake.com
+1 416.359.2387

Charles Suddaby, MRICS, CMC
Vice President, Hospitality & Gaming Group
Valuation & Advisory
charles.suddaby@ca.cushwake.com
Phone Office 416.359.2407
Fax 416.359.2613

AGREED:

CLIENT: Skyline Investments

By: _____ Date: Nov 28/18.

Robert Waxman, CFO

Title: CFO

E-mail Address/Phone & Fax Nos.: robw@skylineinvestments.com

CUSHMAN & WAKEFIELD

Information Needed to Complete Assignment

As part of the assignment, the following items are required, as may be applicable.

- Historic capital expenditures for 2016 and 2017; proposed capital expenditure budget for 2018 and upcoming years
- Detailed financial operating statements for 2016, 2017 and YTD 2018
- Detailed 2018 rolling forecast and 2019 budget, if available
- Market segmentation by occupied room night for 2017, and YTD 2018
- STAR report for December 2017 and August/September 2018
- Copy of 2017 property tax bills and assessments
- Copies of any other pertinent leases or agreements

CUSHMAN & WAKEFIELD

Conditions of Engagement

1) The Client and any Intended Users identified herein should consider the appraisal as only one factor together with its independent investment considerations and underwriting criteria in its overall investment decision. The appraisal cannot be used by any party or for any purpose other than as specified in this engagement letter.
2) The appraisal report will be subject to our standard Assumptions and Limiting Conditions, which will be incorporated into the appraisal. All users of the appraisal report are specifically cautioned to understand the standard Assumptions and Limiting Conditions as well as any Extraordinary Assumptions and Hypothetical Conditions which may be employed by the appraiser and incorporated into the appraisal.
3) The appraisal report or our name may not be used in any offering memoranda or other investment material without the prior written consent of C&W, which may be given at the sole discretion of C&W. Any such consent, if given, shall be conditioned upon our receipt of an indemnification agreement from a party satisfactory to us and in a form satisfactory to us. Furthermore, Client agrees to pay the fees of C&W's legal counsel for the review of the material which is the subject of the requested consent. If the appraisal is referred to or included in any offering material or prospectus, the appraisal shall be deemed referred to or included for informational purposes only and C&W, its employees and the appraiser have no liability to such recipients. C&W disclaims any and all liability with regard to the appraisal prepared pursuant to the engagement to any party other than the Intended User(s). Under no circumstances will C&W consent to the quote, reference or inclusion of the appraisal in connection with crowd funding activities. Further, crowd funding investors are specifically excluded from any class of Intended Users.
4) In the event the Client provides a copy of this appraisal to, or permits reliance thereon by, any person or entity not an identified Intended User at the time of the assignment and authorized by C&W in writing to use or rely thereon, Client hereby agrees to indemnify and hold C&W, its affiliates and the respective shareholders, directors, officers and employees, harmless from and against all damages, expenses, claims and costs, including attorney's fees, incurred in investigating and defending any claim arising from or in any way connected to the use of, or reliance upon, the appraisal by any such unauthorized person or entity.
5) The balance of the fee for the appraisal will be due upon delivery of a report. Payment of the fee is not contingent on the appraised value, outcome of the consultation report, a loan closing, or any other prearranged condition. Additional fees will be charged on an hourly basis for any work, which exceeds the scope of this proposal, including performing additional valuation scenarios, additional research and conference calls or meetings with any party, which exceed the time allotted by C&W for an assignment of this nature. If we are requested to stop working on this assignment, for any reason, prior to our completion of the appraisal, C&W will be entitled to bill the Client for the time expended to date at C&W's hourly rates for the personnel involved.
6) If C&W or any of its affiliates or any of their respective employees receives a subpoena or other judicial command to produce documents or to provide testimony involving this assignment in connection with a lawsuit or proceeding, C&W will use reasonable efforts to notify the Client of our receipt of same. However, if C&W or any of its affiliates are not a party to these proceedings, Client agrees to compensate C&W or its affiliate for the professional time and reimburse C&W or its affiliate for the actual expense that it incurs in responding to any such subpoena or judicial command, including attorneys' fees, if any, as they are incurred. C&W or its affiliate will be compensated at the then prevailing hourly rates of the personnel responding to the subpoena or command for testimony.
7) By signing this agreement Client expressly agrees that its sole and exclusive remedy for any and all losses or damages relating to this agreement or the appraisal shall be limited to the amount of five times the appraisal fee paid by the Client. In the event that the Client, or any other party entitled to do so, makes a claim against C&W or any of its affiliates or any of their respective officers or employees in connection with or in any way relating to this engagement or the appraisal, the maximum damages recoverable from C&W or any of its affiliates or their respective officers or employees shall be the amount of the monies actually collected by C&W or any of its affiliates for this assignment and under no circumstances shall any claim for consequential damages be made.
8) It is acknowledged that any opinions and conclusions expressed by the professionals of C&W or its affiliates during this assignment are representations made as employees and not as individuals. C&W's or its affiliate's responsibility is limited to the Client, and use of our product by third parties shall be solely at the risk of the Client and/or third parties.
9) The fees and expenses shall be due C&W as agreed in this letter. If it becomes necessary to place collection of the fees and expenses due C&W in the hands of a collection agent and/or an attorney (whether or not a legal action is filed) Client agrees to pay all fees and expenses including attorney's fees incurred by C&W in connection with the collection or attempted collection thereof.

Key Team Member Resumes



Brian Flood, AACI, P.App, MRICS Vice President | Practice Leader

Hospitality and Gaming

161 Bay Street, Suite 1500 | Toronto, ON M5J 2S1
Direct +1 416 359 2387
Fax + 1 416 359 2613
Email: brian.flood@cushwake.com | cushmanwakefield.com

Role & Responsibilities

Brian has provided advisory and valuation services to the hospitality industry for 30 years and leads the Hospitality & Gaming Group at Cushman & Wakefield ULC in Canada. His consulting practice includes market and feasibility studies, appraisals, development strategies, litigation support, and other services associated with the tourism and hospitality industries. He has completed projects across Canada and the Caribbean.

Work Experience

Brian brings 35 years of commercial real estate experience and has specialized in the valuation of hospitality assets for 30 years. Brian has completed assignments across a wide range of assets including major downtown hotels, resorts, conference centres, and limited service properties. He has acted for Canadian, Asian, European and US lenders, private owners, publicly traded companies, institutions, and government bodies. Both valuations and studies have been prepared for financing, accounting and regulatory purposes, due diligence, realty tax appeals, and litigation.

Prior to joining Cushman and Wakefield ULC, Brian was a Senior Managing Partner for CBRE Hotels, a national hotel valuation and advisory group based in Toronto. Prior to this, he was National Managing Director for Colliers International Realty Advisors, overseeing a team of 50 consultants in offices across Canada. Brian began his career in Hospitality valuation and consulting with Laventhol & Horwath, a leading international hotel consulting group.

In addition to his hotel practice, Brian has also served with the Appraisal Institute of Canada in a number of capacities. He chaired a committee which made recommendations leading to significant changes to the Institutes professional practice function. Brian was awarded a Presidential citation for his work in 2003.

Education

Brian completed the Education Program for the Appraisal Institute, receiving his AACI Designation in 1984. Since that time he has completed a number of continuing education programs at the University of Toronto and through various professional organizations including the Appraisal Institute of Canada and the CFA Society.

Brian has prepared and delivered several presentations for the Appraisal Institute of Canada on hospitality valuation and analysis and has lectured at Ryerson University in Toronto on Hotel investment analysis.

Memberships, Licenses and Professional Affiliations

Brian is a designated member (AACI, P.App.) of the Appraisal Institute of Canada (Certificate 2338) and is a member of the Royal Institution of Chartered Surveyors (Register Number 1210499).

CUSHMAN & WAKEFIELD



Charles Suddaby, CMC, MRICS Vice President | Practice Leader

161 Bay Street, Suite 1500 | Toronto, ON M5J 2S1
Direct +1 416 359 2407
charles.suddaby@cushwake.com | cushmanwakefield.com

Role & Responsibilities

Charles Suddaby has provided advisory and valuation services to the hospitality industry for 30 years and currently leads the Hospitality & Gaming Group at Cushman & Wakefield in Canada. His consulting practice includes market and feasibility studies, valuations and appraisals, development strategies, operational reviews, asset management, litigation support and other services associated with the tourism and hospitality industries. He has completed projects across Canada and the United States, throughout the Caribbean and in Europe, Russia, Africa and South America.

Work Experience

Mr. Suddaby commenced his career in the hotel industry in management positions with hotels in London, Bermuda and Toronto. He joined Laventhol & Horwath, one of the leading hospitality consulting firms, in 1982 and was admitted to partnership in 1989. In 1990, he joined Price Waterhouse as a partner, and for the next 5 years he led the firm's national Hospitality Consulting Services group, overseeing advisory and valuation assignments throughout much of the world.

Mr. Suddaby left Price Waterhouse in 1995 to establish his own hospitality consulting company. He joined Cushman & Wakefield in 2008 and currently oversees the firm's Canadian Hospitality & Gaming Group.

Education

Charles Suddaby received his formal education in the U.K., graduating from Ealing College's (Thames Valley University) hotel school. In addition to ongoing attendance at industry conferences and seminars, he has:

- Attended the Advanced Management Program for the Hospitality Industry (AMPHI) sponsored by the University of Guelph's School of Hospitality and Tourism Management.
- Attended the University of Windsor Law School's Dispute Resolution course on negotiation, mediation and arbitration.

Memberships, Licenses and Professional Affiliations

Mr. Suddaby is a member of the Canadian Association of Management Consultants, and a member of the Royal Institution of Chartered Surveyors.

Mr. Suddaby is a member of the International Society of Hospitality Consultants, which is a 'by invitation only' organization of approximately 180 hospitality consultants from around the world. He is member of the Board of Directors of Thornhill Golf & Country Club, and a former member of the Board of Directors of Bayview Golf & Country Club.

CUSHMAN & WAKEFIELD

Cushman & Wakefield's Valuation Team



V&A Canada

QUALITY ASSURANCE OVERSIGHT



Brian Kriter
Executive Managing Director
Toronto

VANCOUVER

Cindy Schoenaur, AACI
Danny Boyd, AACI, FRI,RI
Geoff Green, AACI
Tony Chau, AACI, CMA

CALGARY & EDMONTON

Danielle Houle, AACI
David Shum, AACI
Terrance Kong, AACI
Tom Hewitt, AACI
Tyler Fedun, AACI
Vicki Arista, MRICS, AACI
Jennifer Marshall
Sheena Kereliuk
Shirley Leung

TORONTO & OTTAWA

Brian Flood, AACI, MRICS
Caiti Morgan, AACI
Cameron McAlpine, AACI
Charles Suddaby, MRICS
Cheryl Farrow, AACI
Chris Tanner, AACI
Chris Vardon, AACI
Danny Ip, AACI, MRICS
Gary Williams, AACI
Lianne Weatherup, AACI
Michael Kaukonen, AACI
Peter Chan, AACI
Ryan Murphy, AACI
Andrew Browning
Brittany Slaney
Gaith Saqqa
Jeremy Ip
Jonathan Dunlap
Kathleen Leadbeater
Marc Delena
Patricia Lohmus
Vadess Johan
Vanessa Boland
William Bartlett
Dianne Rego
Kelsey Donahue
Kevin Hughes
Lindsay Jarvis
Maryanne Jarman

MONTREAL & HALIFAX

Eric Israel, AACI
Nicolas Tremblay, EA
Rocco Vecera, EA, AACI
Wayne MacDonald, AACI
Drew Channell
Yoel Dahan
Suzanne Bordeleau

CUSHMAN & WAKEFIELD



CUSHMAN & WAKEFIELD



Vadess Johan, AACI Senior Consultant

Hospitality and Gaming

161 Bay Street, Suite 1500 | Toronto, ON M5J 2S1
Email: vadess.johan@cushwake.com | cushmanwakefield.com

- Member of the Hospitality & Gaming Group based in Toronto
- Focused on developing financial models and preparing appraisal reports for Hotel, Resort, and other Hospitality assets



Gaith Saqqa Consultant

Hospitality and Gaming

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Email: gaith.saqqa@cushwake.com | cushmanwakefield.com

- Member of the Hospitality & Gaming Group based in Toronto
- Involved in research, analysis and appraisal projects for Hotel, Student Housing, and Seniors Housing assets across the country
- Currently pursuing the Accredited Appraiser Canadian Institute designation through the University of British Columbia



Vanessa Boland Consultant

Hospitality and Gaming

161 Bay Street, Suite 1500 | Toronto, ON M5J 2S1
Email: vanessa.boland@cushwake.com | cushmanwakefield.com

- Joins us from CBRE, where she spent the past 2 years working closely with Brian Flood on hospitality-related valuation assignments across Canada
- Graduated, on the Dean's list, from the Hospitality and Tourism Management Program at Ryerson University
- VP of Marketing for the Hospitality and Tourism Management Student Association at Ryerson
- Guest Service Agent at Ryerson Conference Services and Lodging



Lauren Arnold Consultant

Hospitality and Gaming

161 Bay Street, Suite 1500 | Toronto, ON M5J 2S1
Email: lauren.arnold@cushwake.com | cushmanwakefield.com

- Member of the Hospitality & Gaming Group based in Toronto
- Joined from CBRE/PKF where she worked for 4 years in hotel and hospitality valuation
- Involved in research, analysis, market/feasibility study and appraisal projects for Hotels, Resorts, and other Hospitality assets
- Currently pursuing the Accredited Appraiser Canadian Institute designation through the University of British Columbia

CUSHMAN & WAKEFIELD

Glossary of Terms and Definitions

Definition of Market Value:

The Uniform Standards of Professional Appraisal Practice (USPAP) adopted by the Appraisal Institute of Canada define market value as:

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 their own best interests;
- a reasonable time is allowed for exposure in the market;
- payment is made in cash in Canadian 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.

Reasonable Exposure Time:

Exposure time is always presumed to precede the effective date of the appraisal. It may be defined as:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. It is a retrospective estimate based upon an analysis of past events assuming a competitive and open market.

CUSHMAN & WAKEFIELD

Indemnity Agreement

To induce Cushman & Wakefield, Inc. or one or more of its subsidiaries or affiliates to consent to the reference to the appraisal report described in the annexed Exhibit "A" (the "Report") in the materials also described in Exhibit "A," the undersigned indemnitor(s) ("Indemnitor") agrees to the provisions of this Indemnity Agreement.

1. Indemnitor agrees to indemnify and hold harmless Cushman & Wakefield, Inc., its subsidiaries and affiliates and their respective directors, officers, employees, agents, contractors and controlling persons (each an "Indemnified Party") from and against any and all losses, claims, damages and liabilities, joint or several, to which any Indemnified Party may become subject in connection with or arising out of or relating to the reference to, or inclusion of, the Report, or portions thereof, or to Cushman & Wakefield, Inc. or one or more of its subsidiaries or affiliates, in the materials described in Exhibit "A," or any actions taken or omitted, services performed or matters contemplated by or in connection with the such inclusion or reference, and to reimburse each Indemnified Party promptly upon demand for expenses (including fees and expenses of legal counsel) as they are incurred in connection with the investigation of, preparation for or defense of any pending or threatened claim, or any litigation, proceeding or other action in respect thereof, including any amount paid in settlement of any litigation or other action (commenced or threatened), to which the Indemnitor shall have consented in writing (such consent not to be unreasonably withheld), whether or not any Indemnified Party is a party and whether or not liability resulted; provided, however, that the Indemnitor shall not be liable under the foregoing indemnity agreement in respect of any loss, claim, damage or liability to the extent that a court having competent jurisdiction shall have determined by a final judgment (not subject to further appeal) that such loss, claim, damage or liability resulted from the willful misconduct or gross negligence of such Indemnified Party.

2. An Indemnified Party shall have the right to retain separate legal counsel of its own choice to conduct the defense and all related matters in connection with any such litigation, proceeding or other action.

The Indemnitor shall pay the reasonable fees and expenses of such legal counsel and such legal counsel shall to the fullest extent consistent with its professional responsibilities cooperate with the Indemnitor and any legal counsel designated by the Indemnitor.

3. In the event that the indemnity provided for herein is unenforceable, then the Indemnitor shall contribute to amounts paid or payable by an Indemnified Party in respect of such Indemnified Party's expenses, losses, claims, damages and liabilities as to which the indemnity provided for herein is unavailable (i) in such proportion as appropriately reflects the relative benefits received by the Indemnitor, on the one hand, and Indemnified Party, on the other hand, in connection with the matters as to which such losses, claims, damages or liabilities relate, or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as appropriately reflects not only the relative benefits referred to in clause (i) but also the relative fault of the Indemnitor, on the one hand, and the Indemnified Party, on the other hand, as well as any other equitable considerations. The amount paid or payable by the party in respect of losses, claims, damages and liabilities referred to above shall be deemed to include any legal or other fees and expenses incurred in defending any litigation, proceeding or other action or claim.

4. It is hereby clarified that notwithstanding anything in this Indemnity Agreement, the Indemnity undertaking shall apply on the Indemnitor only in excess of an amount equal to five times of fees actually received by the Indemnified Party in connection with the Report.
5. All notices under this Agreement shall be in writing and shall be deemed to have been given when sent by certified mail, return receipt requested, postage prepaid, or when personally delivered.

CUSHMAN & WAKEFIELD

6. The liability of the Indemnitor hereunder, if more than one party, shall be joint and several, but subject to the Waiver and Release (attached).

7. Any provision of this Agreement which is prohibited or unenforceable shall not affect or invalidate the remaining provisions hereof which shall continue in full force and effect.

8. This Agreement shall be governed by, and construed in accordance with, the laws of the Province of Ontario applicable to contracts executed in and to be performed in that province.

This Agreement dated as of the 28 day of Nov, 2018 shall inure to the benefit of each Indemnified Party, its successors and assigns, and be binding upon Indemnitor and its successors and assigns.

Indemnitor(s):

By _____

SKYLINE INVESTMENTS INC.

Wiring Instructions: Cushman & Wakefield ULC. Commission Trust

Beneficiary's Name: Cushman & Wakefield ULC.

Beneficiary's Address:
161 Bay Street, Suite 1500
Toronto, ON
M5J 2S1

Beneficiary's Bank:
TD Canada Trust

Beneficiary's Bank Address:
TD Canada Trust
55 King Street West
Toronto, ON
M5K 1A2

Swift Address: **TDOMCATTTOR**
Institution Number: 0004
Transit Number: 10202
Account Name: Cushman & Wakefield ULC Comm Trust
Account Number: 0690 0417829

Authorized by:

_____

Title:

Note: Please notify us when you have wired the payment.

CUSHMAN & WAKEFIELD

Appendix A

SKYLINE INVESTMENTS

Appraisals 2018 YE
Engagement Orders

	Letter ID
A	**Letter 04**

— General requirements:

1 — Letter addressed to: Skyline Investments Inc. CFO.
2 — Deadlines - up to 15 calendar days from the cut-off period.
3 — IFRS compliance.
4 — Approval to publish: [Appraiser Name] will sign consent letter for publication if required by Israeli Security Authority regulations.
5 — "Appraiser Independence - the following wording is required:
[Appraiser Name] total liability arising out of or in connection with this agreement shall be limited in the aggregate to three times the total sum of fees and costs received by [Appraiser Name] under this agreement for the subject report. In accordance with the position of Israeli Security Authority in Israel, in order of the appraiser to be considered independent."
6 — Addressing the relevant components of the appraisal.
7 — The measurement requirements for each property are listed below in red letters.

Deerhurst Resort
Deerhurst Resort ··· [21.01] ··· (IAS 16 FMV)
1 — Fair value
2 — Residual value
3 — Economic useful life
4 — Proper allocation to various components
Deerhurst Resort - Villas ··· [21.11] ··· (IAS 16 FMV)
1 — Fair value
2 — Residual value
3 — Economic useful life
4 — Proper allocation to various components

QUALIFICATIONS OF THE APPRAISERS



Vadess Johan, AACI, P.App Senior Consultant

Hospitality & Gaming

161 Bay Street, Suite 1500 | Toronto, ON M5J 2S1
Direct +1 416 359 2374
Fax +1 416 359 2613
Email vadess.johan@cushwake.com | cushmanwakefield.com

Role & Responsibilities

Based in Toronto, Vadess is a Senior Consultant in the national Hospitality & Gaming Group. The Group is led by Mr. Charles Suddaby, CMC, MRICS, and Mr. Brian Flood, AACI, P.App, MRICS.

Vadess prepares appraisals and market/feasibility studies of hotel, resort, and hospitality assets. In 2017, he valued individual and portfolio assets worth over $3 billion.

Work Experience

Vadess joined Cushman & Wakefield in 2011. He previously worked with Fairmont Hotels & Resorts and Tourism Toronto. In his current role, he has covered various markets across Canada, including:

- Banff
- Calgary
- Charlottetown
- Edmonton
- Fredericton
- Halifax
- Hamilton
- Kelowna
- Kitchener/Waterloo
- London
- Mississauga
- Montreal
- Niagara Falls
- Ottawa
- Quebec City
- Regina
- Saint John
- Saskatoon
- St. John's
- Toronto
- Vancouver
- Victoria
- Windsor
- Winnipeg

Education

- University of British Columbia
  Postgraduate Certificate in Real Property Valuation
- Cornell University
  Advanced Certification in Real Estate and Hotel Investment
- Ryerson University
  Honours Bachelor of Commerce, Hospitality & Tourism Management

Professional Affiliations

- Appraisal Institute of Canada – Accredited Member (AACI, P.App)
- Hotel Association of Canada
- Royal Institute of Chartered Surveyors



Brian Flood, AACI, P.App, MRICS Vice President | Practice Leader

Hospitality and Gaming

161 Bay Street, Suite 1500 | Toronto, ON M5J 2S1
Direct +1 416 359 2387
Fax + 1 416 359 2613
Email: brian.flood@cushwake.com | cushmanwakefield.com

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RENAISSANCE CLEVELAND HOTEL

24 Public Square
Cleveland, Ohio 44113

APPRAISAL REPORT

Date of Report: March 28, 2019

Colliers File #: DTW180530



PREPARED FOR
Rob Waxman, CA CPA, CFA
Chief Financial Officer
Skyline Investments Inc.
150 King Street West Suite 2108
Toronto, Ontario M5H 1J9

PREPARED BY
COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

LETTER OF TRANSMITTAL

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES

2 Corporate Drive, Suite 300
Southfield, MI 48076 USA
MAIN248 540 1000
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March 28, 2019

Rob Waxman, CA CPA, CFA
Chief Financial Officer
Skyline Investments Inc.
150 King Street West
Suite 2108
Toronto, Ontario M5H 1J9

RE: Renaissance Cleveland Hotel
24 Public Square
Cleveland, Ohio 44113

Colliers File #: DTW180530

Mr. Waxman:

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

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

The appraisal is of the fee simple real estate and FF&E of the hotel owned by Skyline in compliance with IFRS ("International Financial Reporting Standards 13-fair value measurement). This will be further defined in the forthcoming report.

The subject property, commonly known as Renaissance Cleveland Hotel, is a 15-story, 491-room, full-service lodging facility built in 1918. The property was in good condition at the time of inspection. The subject property features all basic services for a property of this type, and offers amenities including a restaurant, lounge, fitness facility, indoor swimming pool, business center, sundries shop, meeting space, vending and ice machines. The hotel also features concierge and valet services.. The rooms are loaded off of interior corridors. The subject is located within the core of Central Business District (CBD) of Downtown Cleveland, and adjacent to the Public Square. The subject hotel is connected to the Tower City Center which has more than 100 stores and restaurants, a movie theater, Horseshoe Casino; and is also the hub for Cleveland's three rapid transit lines. On March 17, 1976, the tower was added to the National Register of Historic Places as the Union Terminal Group. A four-block area at the intersection of Superior Avenue and Ontario Street, the Public Square is within a walking distance of

Colliers International Valuation & Advisory Services, and certain of its subsidiaries, is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 500+ offices throughout more than 63 countries worldwide.

the Lake Erie waterfront, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science Center and all of the city's major sports venues, including the Cleveland Browns Stadium, Progressive Field and Quicken Loans Arena. The subject's neighborhood primarily comprises of a variety of commercial, retail and leisure/entertainment uses.

The purpose of this appraisal is to develop opinions of the As-Is Market Value and Residual Value of the subject property's fee simple interest. The following table conveys the final opinions of market value of the subject property that are developed within this appraisal report:

VALUE TYPE	INTEREST APPRAISED	DATE OF VALUE	VALUE
As-Is Market Value	Fee Simple	December 31, 2018	$58,100,000
OTHER CONCLUSIONS			**AS OF DECEMBER 31, 2018**
Residual Value			$60,600,000

Please note, there are no substantial differences in the concluded values of this report under Market Value or Fair Value, and therefore the use of Market Value in the context of the tables, schedules, and references in this report is equivalent to Fair Value.

CHANGES FROM 2017 APPRAISAL

A list of pertinent changes from the 2017 to 2018 (current) appraisals are as follows:

- Value difference from $53.4 million to $58.1 million
- ADR – down from $160.51 to $154.77 in Year 1, and from $180.98 to $175.72 in the Stabilized Year
- Occupancy – down from 64% to 61% in Year 1; however, up from 67% and 71% in Stabilized Year
- Increased parking revenue, due to most recent historical results.
- Similar other income; however, somewhat lower expenses from 2017 to 2018.
- NOI up from $5,026,027 to $5,206,518 in Year 1, and up $6,654,194 to $8,444,632 in the Stabilized Year.
- Capital Expenditures – $23.1 million in 2017 and $33.4 million 2018.
- FF&E – One additional year of effective age from 2017 to 2018, so lower value of FF&E from $9,206,000 to $7,370,000.
- OAR and Discount rates – 25 basis points higher from 2017 to 2018 on an As-Is basis. Similar rates from year-to-year on a stabilized basis.

Although there is a reduction of ADR and occupancy in Year 1, increased parking income and slightly lower expenses in the 2018 report has offset this factor. There is also ~$10 million additional in capital expenditures. On its own, additional expenditures would serve to decrease the value. Although, the subject will benefit from the significant renovation spending, and improve its overall penetration upon stabilization. The NOI in the stabilized year is significantly higher from 2017 to 2018, due to the benefits of the renovations take effect. Overall, the value increase year-to-year was $4.7 million.

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The analyses, opinions and conclusions communicated within this appraisal report were developed based upon the requirements and guidelines of the current Uniform Standards of Professional Appraisal Practice (USPAP), the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute.

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

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

EXTRAORDINARY ASSUMPTIONS

The subject property also includes the adjacent parking garage which operated by the hotel. For the purposes of this appraisal we have not provided a separate value for the garage at the request of the client.

HYPOTHETICAL CONDITIONS

Although we acknowledge that the subject hotel is subject to a ground lease on a 13,200-square foot land; the fixed rent payment of $15,750 per year is very minor. The client also requested a fee simple interest in the overall subject. Hence, we have appraised the overall subject under the fee simple estate premise.

RELIANCE LANGUAGE

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

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

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

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

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

Sincerely,

COLLIERS INTERNATIONAL
VALUATION & ADVISORY SERVICES



David Abraham, MAI, SRA
Associate Managing Director | Detroit
Valuation and Advisory
Certified General Real Estate Appraiser
State of Ohio License #2014001729
License Expiration Date: 4/29/2019
+1 248 226 1872
david.abraham@colliers.com

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CERTIFICATION OF APPRAISAL

ASSUMPTIONS & LIMITING CONDITIONS

ADDENDA
- STR
- Engagement Letter
- Valuation Glossary
- Qualifications of Appraiser
- Hospitality and Leisure Specialty Practice Brochure

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GENERAL INFORMATION

Property Name	Renaissance Cleveland Hotel
Property Type	Lodging & Hospitality - Luxury Hotel
Address	24 Public Square
City	Cleveland
State	Ohio
Zip Code	44113
County	Cuyahoga
Core Based Statistical Area (CBSA)	Cleveland-Elyria-Mentor, OH
Market	Cleveland-Akron
Submarket	Cleveland CBD
Longitude	-81.694471
Latitude	41.498611
Number Of Parcels	6
Assessor Parcels	101-23-007, 101-23-011B, 101-23-009, 101-23-010, 101-23-006B, 101-23-008

SITE INFORMATION

Land Area	**Acres**	**Square Feet**
Usable	2.16	93,979
Excess	0.00	0
Surplus	0.00	0
Total	**2.16**	**93,979**

Topography	Level at street grade
Shape	Irregular
Access	Good
Exposure	Good
Appeal	Good
Current Zoning	General Retail Business (GRB)
Flood Zone	Zone X (Unshaded)
Seismic Zone	Low Risk

IMPROVEMENT INFORMATION

Number Of Rooms	491
Gross Building Area SF (GBA)	873,000 SF
Number Of Buildings	1
Number Of Stories	15
Year Built	1918
Quality	Good
Condition	Good
Marketability	Good
Type Of Construction	Concrete, steel and masonry
Site Coverage Ratio	61.9%
Parking Type	Garage
Parking	304
Parking Spaces/Room	0.6

HIGHEST & BEST USE

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

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VALUATION SUMMARY

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	DECEMBER 31, 2018
INCOME CAPITALIZATION APPROACH	
Discounted Cash Flow (DCF)	**$58,100,000**
DCF $/Room	$118,330/Room
Holding Period	10 Years
Terminal Capitalization Rate	8.75%
Internal Rate of Return	10.75%
Direct Capitalization	**$56,300,000**
Direct Capitalization $/Room	$114,664/Room
Net Operating Income	$5,206,518
NOI $/Room	$10,604/Room
Capitalization Rate	9.25%
INCOME CONCLUSION	**$58,100,000**
Income Conclusion $/Room	$118,330/Room
SALES COMPARISON APPROACH	
SALES CONCLUSION	**$49,100,000**
Sales Conclusion $/Room	$100,000/Room
FINAL VALUE CONCLUSION	
FINAL VALUE	**$58,100,000**
Final $/Room	$118,330/Room
ALLOCATION OF PROPERTY COMPONENTS	
Land	$7,900,000
Real Property - Hotel	$40,190,000
Real Property - Retail	$2,640,000
Furniture, Fixtures and Equipment	$7,370,000
Business	$0
TOTAL	**$58,100,000**
OTHER CONCLUSIONS	
Residual Value	**$60,600,000**
Residual Value/Room	$123,422/Room

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VALUATION ASSUMPTIONS

VALUATION INDICES	AS-IS MARKET VALUE
Occupancy	61.0%
Average Daily Rate	$154.77
RevPAR	$94.41

CASH FLOW ASSUMPTIONS

Holding Period	10 Years
Inflation Rate	3.00%
Discount Rate	10.75%
Terminal Capitalization Rate	8.75%
Capitalization Rate, Prior to CapEx	6.40%

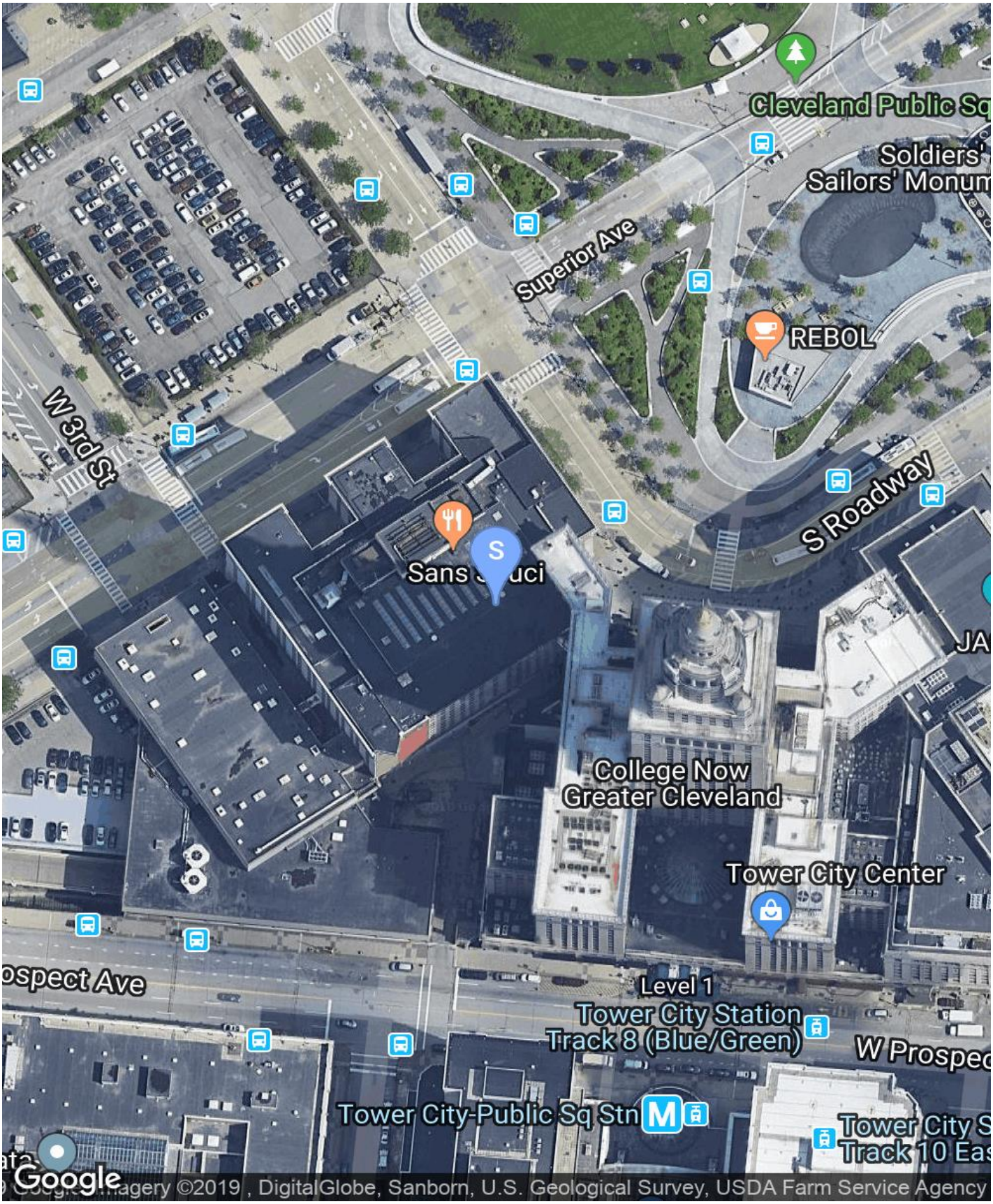
EXPOSURE TIME & MARKETING PERIOD

Exposure Time	12 Months or Less
Marketing Period	12 Months or Less

FF&E: VALUE AND DEPRECIATION

VALUATION INDICES	AS-IS MARKET VALUE
Replacement Cost New	$18,412,500
Per Room	$37,500
Elapsed Time (years)	6.0
Effective Age (years)	6.0
Useful Life (years)	10.0
Percent Depreciated	60.0%
Estimated Value	$7,370,000

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Cleveland Public Sq
Soldiers'
Sailors' Monum
Superior Ave
REBOL
W 3rd St
S Roadway
College Now
Greater Cleveland
Tower City Center
Level 1
Tower City Station
Track 8 (Blue/Green)
W Prospec
Tower City-Public Sq Stn
Tower City S
Track 10 Eas
Google
Imagery ©2019 , DigitalGlobe, Sanborn, U.S. Geological Survey, USDA Farm Service Agency



EXTERIOR



ENTRANCE



FRONT DESK



GUESTROOM



GUESTROOM



BATHROOM

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BUSINESS CENTER



CONCIERGE LEVEL



LOBBY



RESTAURANT



BOARD ROOM



BALLROOM

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BALLROOM



BALLROOM



LOBBY



MEETING ROOM



EXERCISE FACILITY

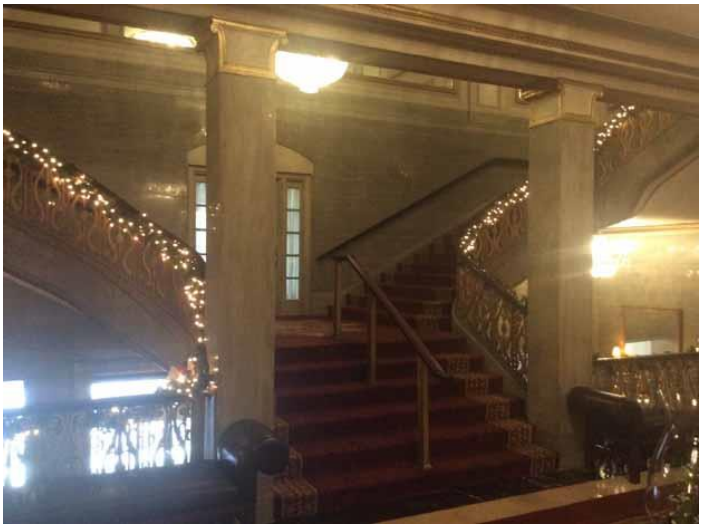


CORRIDOR

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LAUNDRY



STAIRWAY



MECHANICAL



KITCHEN



LAUNDRY



KITCHEN

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PROPERTY IDENTIFICATION

The subject property, commonly known as Renaissance Cleveland Hotel, is a 15-story, 491-room, full-service lodging facility built in 1918. The property was in good condition at the time of inspection. The subject property features all basic services for a property of this type, and offers amenities including a restaurant, lounge, fitness facility, indoor swimming pool, business center, sundries shop, meeting space, vending and ice machines. The hotel also features concierge and valet services.. The rooms are loaded off of interior corridors. The subject is located within the core of Central Business District (CBD) of Downtown Cleveland, and adjacent to the Public Square. The subject hotel is connected to the Tower City Center which has more than 100 stores and restaurants, a movie theater, Horseshoe Casino; and is also the hub for Cleveland's three rapid transit lines. On March 17, 1976, the tower was added to the National Register of Historic Places as the Union Terminal Group. A four-block area at the intersection of Superior Avenue and Ontario Street, the Public Square is within a walking distance of the Lake Erie waterfront, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science Center and all of the city's major sports venues, including the Cleveland Browns Stadium, Progressive Field and Quicken Loans Arena. The subject's neighborhood primarily comprises of a variety of commercial, retail and leisure/entertainment uses.

The subject leases about 8,968 square feet of office space on the 15th floor to MAC. The lease expire in March 2022. Summarized terms provided by the client indicted: Rent at $11/sf, growing by $0.50 every year to $13.00 for year 5. Base rent of $98,648 – year 1, growing to $116,584 year 5).

The subject leases about 3,000 square feet of office space on the ground floor to PNC. The lease expire in March 2027. Summarized terms provided by the client indicted: rent at $31/sf, Term 10 years + 2 5 year renewal options. Increases by 10% every 5 years. No free rent.

The arrangements of passive rental of Hotel from the owner to the operator are extremely rare in North America, explaining why, therefore it is not practical to look for a potential passive rental amount that a potential operator would be paying to the owners.

It is our understanding that the subject property includes ±37,000 sf of vacant space that is anticipated to be utilized for office or retail income. The owners indicated future plans call for a leasing plan for this space, but there currently are no active lease agreements in place with the exception of the above. In the event a plan is established, additional income is anticipated to be derived from the asset.

The subject is a Lodging & Hospitality (Luxury Hotel) property totaling 491 rooms. It is located on a site measuring 2.16 acres at 24 Public Square in Cleveland, Cuyahoga County, Ohio. The assessor’s parcel numbers are: 101-23-007, 101-23-011B, 101-23-009, 101-23-010, 101-23-006B, 101-23-008.

LEGAL DESCRIPTION

The legal description of the subject property is presented in the Addenda.

CLIENT IDENTIFICATION

The client of this specific assignment is Skyline Investments Inc..

PURPOSE

The purpose of this appraisal is to develop opinions of the As-Is Market Value and Residual Value of the subject property’s fee simple interest. **As mentioned, there are no substantial differences in the concluded values of this report under Market Value or Fair Value, and therefore the use of Market Value in the context of the tables, schedules, and references in this report is equivalent to Fair Value.**

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INTENDED USE

The intended use of this appraisal is for Financial Reporting.

INTENDED USERS

Skyline Investments Inc. is the only intended user of this report. Use of this report by third parties and other unintended users is not permitted.

This report must be used in its entirety. Reliance on any portion of the report independent of others, may lead the reader to erroneous conclusions regarding the property values. Unless approval is provided by the authors no portion of the report stands alone.

ASSIGNMENT DATES

Date of Report	March 28, 2019
Date of Inspection	December 19, 2018
Valuation Date - As-Is	December 31, 2018

COMPONENTS OF VALUE

The opinions of value include the Fee Simple interest in the land, the improvements thereto, and the contributory value of the furniture, fixtures and equipment. The appraisers assume that the hotel will be, and shall remain, open and operational throughout the holding period.

PROPERTY AND SALES HISTORY

Current Owner
Skyline Cleveland Renaissance LLC

Three-Year Sales History
The subject has not sold in the last three years.

Subject Sale Status
The subject is not currently listed for sale.

DEFINITIONS

This section summarizes the definitions of value, property rights appraised, and value scenarios that are applicable for this appraisal assignment. All other applicable definitions for this assignment are located in the Valuation Glossary section of the Addenda.

OPERATIONAL ASSUMPTIONS

Property Management

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

Franchise and Licensing

We assume that the subject could be sold free and clear of any and all franchise and licensing agreements that are currently in place, but that the hotel would continue to operate under its current (or similar) brand under the standard terms that are promulgated by the franchisor. Specifically, we project franchise fees (royalties) to be equal to 5.00% of rooms revenue annually throughout the holding period.

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General Assumptions

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

GROUND LEASE

The Renaissance Cleveland is subject to a ground lease on a parcel of land measuring approximately 13,200 square feet. The original 99-year ground lease, which commenced on January 2, 1913, referred to the premises as the plot of land measuring 100 feet by 100 feet with fixed annual rent of $15,000 per year, paid quarterly. On January 1, 1961, the lease was amended to refer to the premises as the plot of land measuring 132 feet by 100 feet, therefore increasing the fixed annual rental payments to $15,750 per year, paid on a quarterly basis. On August 30, 2010, the Hotel renewed the ground lease for another 99-year term, retaining the fixed rental payment of $15,750 per year, paid on a quarterly basis.

Half of the ground rent payments go to the Cleveland Foundation, while the other half of the rent payments are split amongst eleven individuals who have inherited a portion of the lease from the original lessors, Marie M. Ingersoll and Albert Y. Meriam. New ownership will have the latitude to explore buyout opportunities given that the lease encumbers such a small portion of the Hotel's total property.

RETAIL LEASE

The subject leases about 8,968 square feet of office space on the 15th floor to MAC. The lease expire in March 2022. Summarized terms provided by the client indicted: Rent at $11/sf, growing by $0.50 every year to $13.00 for year 5. Base rent of $98,648 – year 1, growing to $116,584 year 5).

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DEFINITION OF MARKET VALUE

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

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

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their own best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.[1]

Fair Value
IFRS 13, *Fair Value Measurement*, sets the standard for Fair Value as a market-based measurement, not an entity-specific measurement. Fair Value under IFRS 13 is defined as: “The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” IFRS 13 indicates that an entity must determine the following to arrive at an appropriate measure of fair value:

1. The asset or liability being measured (consistent with its unit of account)
2. The principal (or most advantageous) market in which an orderly transaction would take place for the asset or liability.
3. For a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis. The appropriate valuation technique(s) for the entity to use when measuring fair value, focusing on inputs a market participant would use when pricing the asset or liability.
4. Those assumptions that market participants would use when pricing the asset or liability.

Key definitions under IFRS 13, *Fair Value Measurement*:

Active market – A market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Exit price – The price that would be received to sell an asset or paid to transfer a liability.

Highest and best use – The use of a non-financial asset by market participants that would maximize the value of the asset or the group of assets and liabilities (e.g. a business) within which the asset would be used.

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

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Most advantageous market – The market that maximizes the amount that would be received to sell the asset or minimizes the amount that would be paid to transfer the liability, after taking into account transaction costs and transport costs.

Principal market – The market with the greatest volume and level of activity for the asset or liability.

Note: There are no substantial differences in the concluded values of this report under Market Value or Fair Value, and therefore the use of Market Value in the context of the tables, schedules, and references in this report is equivalent to Fair Value.

Residual Value
From IAS 16:

The residual value of an asset is the estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Useful life is:

(a) the period over which an asset is expected to be available for use by an entity; or

(b) the number of production or similar units expected to be obtained from the asset by an entity.

PROPERTY RIGHTS APPRAISED

The property rights appraised constitute the fee simple interest.

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INTRODUCTION

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

- The appraiser analyzed the regional and local area economic profiles including employment, population, household income, and real estate trends. The local area was further studied to assess the general quality and condition, and emerging development trends for the real estate market. The immediate market area was inspected and examined to consider external influences on the subject.
- The appraiser confirmed and analyzed legal and physical features of the subject property including sizes of the site and improvements, flood plain data, seismic zone, zoning, easements and encumbrances, access and exposure of the site, and construction materials and condition of the improvements. This process also included estimating the remaining economic life of the improvements, analysis of the subject's site coverage and parking ratios compared to market standards, a process to identify deferred maintenance and a conclusion of the subject's overall functional utility.
- The appraiser completed market analyses that included national, regional, local and competitive market overviews. The competitive set overviews analyzed supply/demand conditions using vacancy, supply change and ADR statistics. Conclusions were drawn regarding the subject property's competitive position given its physical and locational characteristics, the prevailing economic conditions and external influences.
- The appraiser conducted a Highest and Best Use analysis, determining the highest and best use of the subject property As-Vacant and As-Improved. The analysis considered legal, locational, physical and financial feasibility characteristics of the subject property. Development of the Highest and Best Use As-Improved explored potential alternative treatments of the property including demolition, expansion, renovation, conversion, and continued use "as-is."
- The appraiser confirmed and analyzed financial features of the subject property. This information as well as trends established by confirmed market indicators was used to forecast performance of the subject property.
- Selection of the valuation methods was based on the identifications required in USPAP relating to the intended use, intended users, definition and date of value, relevant property characteristics and assignment conditions. As a result, this appraisal developed the Income (Direct Capitalization & Discounted Cash Flow), Sales Comparison and Cost approaches to value. The resulting value indicators were reconciled within the Analysis of Value Conclusions section. The appraisal develops opinions of the As-Is Market Value and Residual Value of the subject property's fee simple interest.. The reasoning for including or excluding traditional approaches to value is developed within the Valuation Methodology section.
- Reporting of this appraisal is in an Appraisal Report format as required in USPAP Standard 2. The appraiser's analysis and conclusions are fully described within this document. Further, this report is in compliance with IFRS ("International Financial Reporting Standards 13-fair value measurement).
- We understand the Competency Rule of USPAP and the author of this report meets the standards.
- Ryan Korth, MAI and Brian Biggs, CPA, MAI provided significant real property appraisal assistance to appraiser signing this certification.

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SOURCES OF INFORMATION

The following sources were contacted to obtain relevant information:

SOURCES OF INFORMATION

ITEM	SOURCE
Tax Information	Cuyahoga County Tax Assessor
Zoning Information	City of Cleveland Zoning Code
Site Size Information	Cuyahoga County Tax Assessor
Building Size Information	Cuyahoga County Tax Assessor
New Construction	City of Cleveland / Cuyahoga County
Flood Map	Interflood
Demographics	Pitney Bowes/Gadberry Group - GroundView®
Comparable Information	See Comparable Datasheets for details
Legal Description	Cuyahoga County Tax Assessor
Other Property Data	RealQuest
Income/Expense Statements	Owner
STR Report	Source

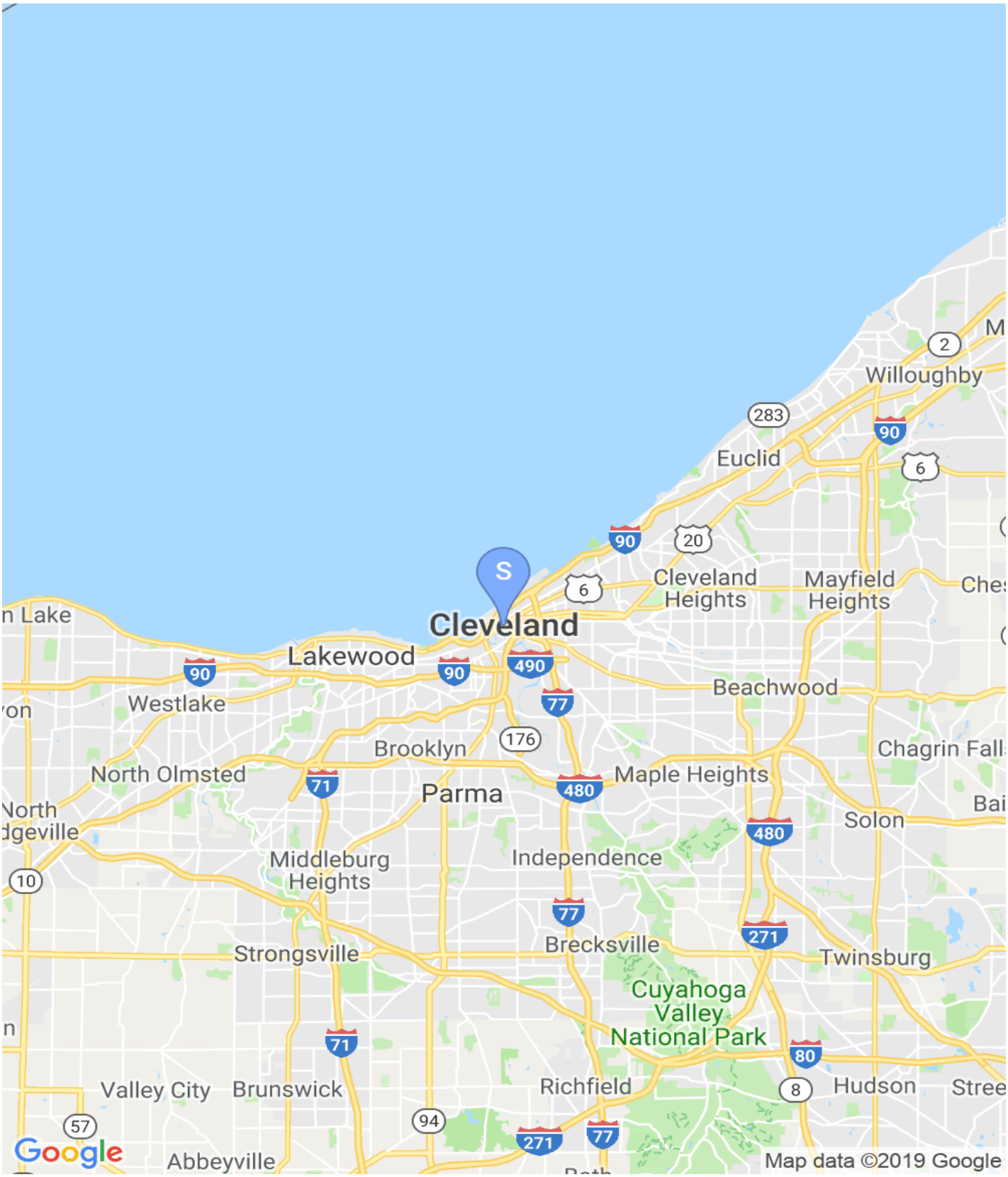
SUBJECT PROPERTY INSPECTION

The following table illustrates the Colliers International professionals involved with this appraisal report and their status related to the property inspection.

SUBJECT PROPERTY INSPECTION

APPRAISER	INSPECTED	EXTENT	DATE OF INSPECTION
David Abraham, MAI, SRA	Yes	Interior/Exterior	December 19, 2018

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S
Cleveland
Lakewood
Westlake
North Olmsted
Parma
Brooklyn
Maple Heights
Beachwood
Cleveland Heights
Mayfield Heights
Euclid
Willoughby
Independence
Brecksville
Strongsville
Middleburg Heights
Twinsburg
Cuyahoga Valley National Park
Richfield
Hudson
Solon
Valley City
Brunswick
Abbeyville
Google
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REGIONAL ANALYSIS



The Cleveland–Elyria, OH metropolitan area is located in the northeast portion of the state. The MSA consists of Cuyahoga, Geauga, Lake and Medina counties. According to the 2010 census, the metropolitan area's population was 2,077,240. The census ranked Greater Cleveland as the 29th most populous metropolitan area in the United States and the largest in Ohio.

Manufacturing has traditionally been the primary industry of the northeast Ohio region. Dubbed Polymer Valley, the Cleveland metropolitan area has the largest concentration of polymer companies in the United States, such as Goodyear Tire & Rubber Company, the world's largest tire company, which is headquartered in nearby Akron. The engineering and science fields are also supported by the manufacturing industry. More than 168 engineering companies are located in the Cleveland metropolitan area engaged in civil engineering, construction, and the growing field of information technology. Cleveland's research base for the biotechnology and biomedical industry has grown rapidly in recent years. More than 100 biotechnology firms are located in northeast Ohio, along with more than 100 research laboratories. The Cleveland Clinic Foundation has the nation's largest hospital-based department of biomedical engineering. Area colleges offer training in biomedical or bioscience technology; among them are Case Western Reserve University, Cleveland State University, Kent State University, Lakeland Community College, and the University of Akron. The transportation, healthcare, commercial banking, and finance/insurance are emerging as dominant sectors. Cleveland serves as headquarters to a group of companies on the Fortune 500 list, both industrial and non-industrial, including National City Corporation, Eaton Corporation, Parker Hannifin Corporation, Sherwin-Williams Company and KeyCorp.

The Port of Cleveland, the largest international general cargo port on Lake Erie and third largest port on the Great Lakes, serves more than 50 countries, shipping cargo to and receiving cargo from 120 ports around the world. The region is served by international, regional and county airports including the Cleveland Hopkins International Airport, Burke Lakefront Airport and Cuyahoga County Airport.

DEMOGRAPHIC ANALYSIS

The following is a demographic study of the region sourced by *Pitney Bowes/Gadberry Group - GroundView®*, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of geographical areas. Demographic changes are often highly correlated to changes in the underlying economic climate. Periods of economic uncertainty necessarily make demographic projections somewhat less reliable than projections in more stable periods. These projections are used as a starting point, but we also consider current and localized market knowledge in interpreting them within this analysis. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology, are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

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REGIONAL AREA DEMOGRAPHICS

YEAR	US	OH	CBSA	YEAR	US	OH	CBSA
POPULATION				**NUMBER OF HOUSEHOLDS**			
2010 Total Population	308,745,538	11,536,504	2,077,240	2016	120,355,207	4,692,697	865,033
2016 Total Population	324,035,643	11,635,388	2,058,821	2021	124,475,498	4,743,075	861,861
2021 Total Population	337,543,660	11,746,353	2,049,056	CAGR	0.7%	0.2%	(0.1%)
2010 - 2016 CAGR	0.8%	0.1%	(0.1%)	**AVERAGE HOUSEHOLD SIZE**			
2016 - 2021 CAGR	0.8%	0.2%	(0.1%)	2016	2.63	2.41	2.33
POPULATION DENSITY				2021	2.65	2.41	2.33
2016 Per Square Mile	90	282	1,022	CAGR	0.16%	(0.02%)	(0.03%)
2021 Per Square Mile	94	285	1,018	**HOUSING UNITS**			
MEDIAN AGE				Owner Occupied	78,448,660	3,169,116	577,647
2016	37.72	39.39	41.15	Renter Occupied	41,906,547	1,523,581	287,386
2021	38.74	40.40	42.08	**AVERAGE HOUSEHOLD INCOME**			
CAGR	0.54%	0.51%	0.45%	2016	$78,307	$69,161	$70,926
MEDIAN HOME VALUE				2021	$82,265	$72,701	$74,271
2016	$175,546	$129,570	$139,949	CAGR	1.0%	1.0%	0.9%
PER CAPITA INCOME				**MEDIAN HOUSEHOLD INCOME**			
2016	$29,828	$28,662	$30,447	2016	$55,497	$50,674	$51,245
2021	$31,085	$30,166	$31,927	2021	$59,208	$54,361	$54,989
CAGR	0.8%	1.0%	1.0%	CAGR	1.3%	1.4%	1.4%

Source: Pitney Bowes/Gadberry Group - GroundView®

Population

According to Pitney Bowes/Gadberry Group - GroundView®, a Geographic Information System (GIS) Company, the Cleveland-Elyria metropolitan area had a 2016 total population of 2,058,821 and experienced an annual growth rate decrease of 0.1%, which was lower than the Ohio annual growth rate of 0.1%. The metropolitan area accounted for 17.7% of the total Ohio population (11,635,388). Within the metropolitan area the population density was 1,022 people per square mile compared to the lower Ohio population density of 282 people per square mile and the lower United States population density of 90 people per square mile. The 2016 median age for the metropolitan area was 41.15, which was 8.34% older than the United States median age of 37.72 for 2016. The median age in the metropolitan area is anticipated to grow by 0.45% annually, increasing the median age to 42.08 by 2021.

Education

The Cleveland metropolitan area is home to a number of higher education institutions. The most prominent among these is Case Western Reserve University (CWRU), a world-renowned research and teaching institution located in University Circle. A private university with several prominent graduate programs, CWRU was ranked 37th in the nation in 2012 by U.S. News & World Report. CWRU has an enrollment of 4,661 undergraduates and 5,664 graduate students. Cleveland State University (CSU), based in downtown Cleveland, is part of the University System of Ohio, with 17,730 students and offering over 200 academic programs.

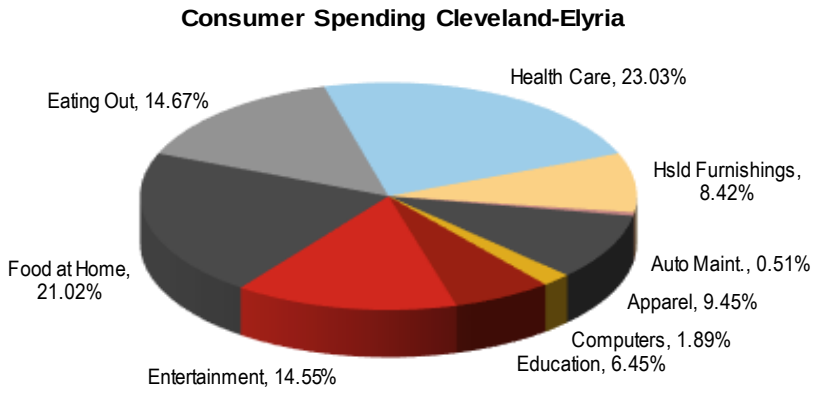
Household Trends

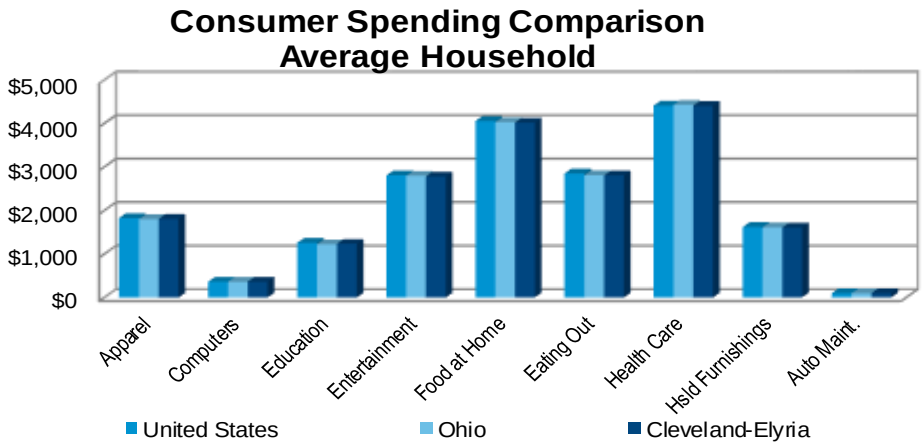
The 2016 number of households in the metropolitan area was 865,033. The number of households in the metropolitan area is projected to decrease by 0.1% annually, reducing the number of households to 861,861 by 2021. The 2016 average household size for the metropolitan area was 2.33, which was 11.27% smaller than the United States average household size of 2.63 for 2016. The average household size in the metropolitan area is anticipated to decrease by 0.03% annually, reducing the average household size to 2.33 by 2021. The Cleveland-Elyria metropolitan area had 287,386 renter occupied units, compared to the higher 1,523,581 in Ohio and the higher 41,906,547 in the United States.

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Income Trends

The 2016 median household income for the metropolitan area was $51,245, which was 7.7% lower than the United States median household income of $55,497. The median household income for the metropolitan area is projected to grow by 1.4% annually, increasing the median household income to $54,989 by 2021. As is often the case when the median household income levels are lower than the national average, the cost of living index is also lower. According to the American Chamber of Commerce Researchers Association (ACCRA) Cost of Living Index, the Cleveland-Elyria, OH MSA's cost of living is 98.7 compared to the national average score of 100. The ACCRA Cost of Living Index compares groceries, housing, utilities, transportation, health care and miscellaneous goods and services for over 300 urban areas.





EMPLOYMENT

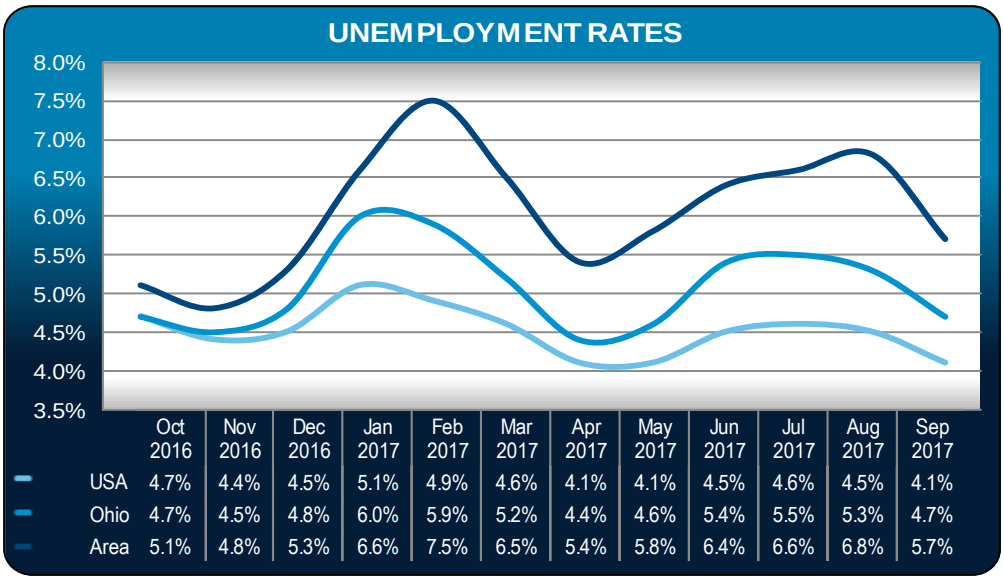
Total employment has decreased annually over the past decade in the state of Ohio by 0.5% and decreased annually by 0.7% in the area. From 2015 to 2016 unemployment has not experienced any change in Ohio and increased by 0.3% in the area. In the state of Ohio unemployment has decreased over the previous month by 0.6% and decreased by 1.1% in the area.

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EMPLOYMENT & UNEMPLOYMENT STATISTICS 2007 - 2016

	TOTAL EMPLOYMENT				UNEMPLOYMENT RATE		
	Ohio		Cleveland-Elyria, OH Metropolitan Statistical Area		United States*	Ohio	Cleveland-Elyria, OH Metropolitan Statistical Area
Year	Total	% Δ Yr Ago	Total	% Δ Yr Ago			
2007	5,657,718	0.6%	1,035,111	0.2%	4.6%	5.6%	5.5%
2008	5,580,843	(1.4%)	1,020,192	(1.4%)	5.8%	6.4%	6.0%
2009	5,297,098	(5.1%)	972,455	(4.7%)	9.3%	10.3%	8.6%
2010	5,247,050	(0.9%)	964,123	(0.9%)	9.6%	10.3%	8.4%
2011	5,261,238	0.3%	964,196	0.0%	8.9%	8.8%	7.3%
2012	5,284,001	0.4%	967,622	0.4%	8.1%	7.4%	6.5%
2013	5,288,320	0.1%	965,533	(0.2%)	7.4%	7.5%	6.8%
2014	5,367,282	1.5%	972,735	0.7%	6.2%	5.8%	6.0%
2015	5,412,759	0.8%	974,112	0.1%	5.3%	4.9%	5.0%
2016	5,430,790	0.3%	973,932	(0.0%)	4.9%	4.9%	5.3%
CAGR	**(0.5%)**	-	**(0.7%)**	-	-	-	-

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



The preceding chart depicts unemployment trends in the region, Ohio and the U.S. Overall levels of unemployment in the region experienced a general decline throughout 2017. By the end of September 2017, unemployment in the region was 1% higher than Ohio's and 1.6% higher than the national average.

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TOP EMPLOYERS

EMPLOYER NAME	EMPLOYEES	INDUSTRY
Cleveland Clinic	32,251	Healthcare/Social Assistance
University Hospitals	14,518	Healthcare/Social Assistance
U.S. Office of Personnel Management	11,254	Public Administration
Progressive Corp.	8,379	Finance/ Insurance
Cuyahoga County	7,776	Public Administration
Cleveland Metropolitan School District	6,953	Education
City of Cleveland	6,757	Public Administration
The MetroHealth System	5,823	Healthcare/Social Assistance
KeyCorp	4,812	Finance/ Insurance
Group Management Services Inc.	4,795	Professional/Scientific/Technical Services

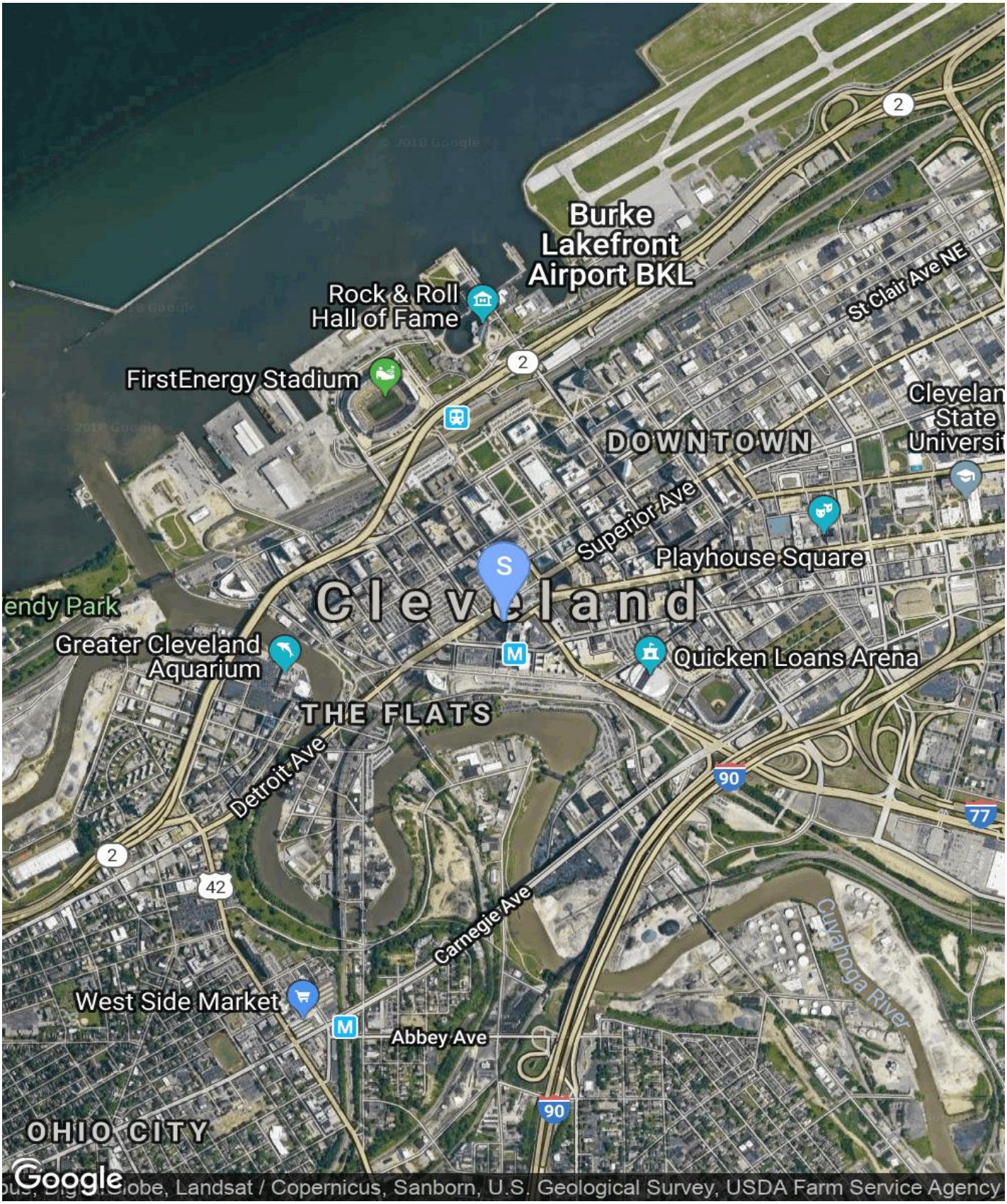
Source: http://www.crainscleveland.com

The preceding charts depicts the top employers for Cuyahoga County. The largest employer in the region is the Cleveland Clinic with 32,251 employees. Located in the county seat, Cleveland Clinic's main campus is comprised of 41 buildings and operates an additional 18 health centers in surrounding communities. University Hospitals has a workforce of 14,518 and is the second largest employer in the county. The hospital network operates 150 locations throughout the northeast portion of the state and manages 1,032 beds. The third largest employer in Cuyahoga County is the U.S. Office of Personnel Management, with 11,254 employees. An independent government agency, the Office of Personnel Management is responsible for the appearance of neutrality in the administrative law system.

SUMMARY

Boasting a strong and diverse economy, the Cleveland metropolitan area is home to nationally and globally renowned corporations serving as the backbone for the region's economy and its continued growth. The presence of a diverse group of industries contributes to its economic stability. It is anticipated that the area will continue to be a part of a growing regional economy, thus resulting in stable to moderately increasing property values and rental rates.

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Burke Lakefront Airport BKL
Rock & Roll Hall of Fame
FirstEnergy Stadium
St Clair Ave NE
DOWNTOWN
Superior Ave
Playhouse Square
Cleveland
Greater Cleveland Aquarium
Quicken Loans Arena
THE FLATS
Detroit Ave
Carnegie Ave
Cuyahoga River
West Side Market
Abbey Ave
OHIO CITY
Google
Landsat / Copernicus, Sanborn, U.S. Geological Survey, USDA Farm Service Agency

INTRODUCTION

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

LOCAL AREA PROFILE

The subject property is located in Cleveland, Ohio, within Cuyahoga County. The local area is urban in nature, as the subject is located in downtown Cleveland. The area has a mix of commercial uses, including retail, office, and as multi-family residential. The surrounding properties are predominantly mid-to- high-rise office and medical uses, as well as retail properties that are housed on ground floors of mid and high-rise buildings. The area is urban in nature and consists mostly of multi-family, office, and retail properties. Significant developments are discussed below.

The subject's local area is typical of the Cleveland CBD and is improved with a variety of uses, with the greatest concentration being multi-story office buildings, most of which have ground floor retail suites. The local area also is the home of the Quicken Loans Arena, which hosts many special events such as concerts and is also home to the Cleveland Cavaliers professional basketball team, and Progressive Field (formerly Jacobs Field), which houses the Cleveland Indians major league baseball team. Overall, the subject's immediate area is typical of the highly developed Cleveland CBD.

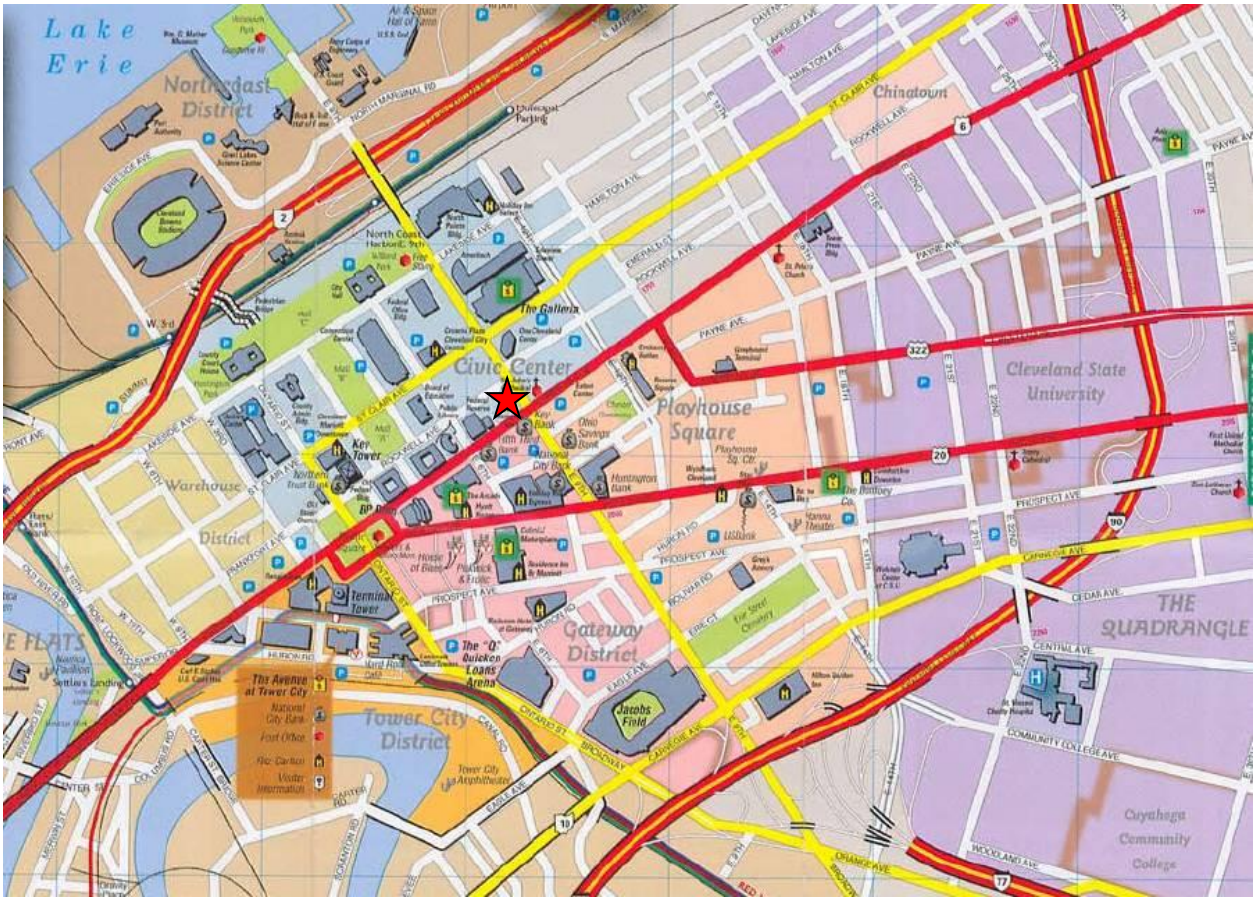
CENTRAL BUSINESS DISTRICT OVERVIEW

Since the subject property is part of Cleveland's Central Business District, the following section of this report is dedicated to analyzing the nuances of the various unique districts. We have utilized a culmination of sources to document the CBD environment. The most notable sources include CoStar Analytical software, the Downtown Cleveland Alliance, news publications, marketing brochures, interviews with owners and brokerage companies, appraisers, government officials, as well as our "in-house" database of property information collected over many years.

The below map includes various districts followed by a discussion of the most relevant districts to this appraisal report. In addition to the descriptions of the following districts, we have noted that various city organizations also describe various sub districts or planning areas throughout the CBD.

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CLEVELAND CBD MAP



CIVIC CENTER DISTRICT

The Civic Center District includes most of Cleveland and Cuyahoga County's public buildings and also contains Public Square which is considered the official center of Downtown Cleveland. One can find City Hall, the Justice Center Complex, City Police Headquarters, the Cuyahoga County and Cleveland Municipal Courts Tower, as well as the Correction Center and County Courthouse. Other notable buildings include the Cleveland Public Library main building, Federal Reserve Bank of Cleveland, the Howard M. Metzenbaum U.S. Courthouse and Cleveland Metropolitan School District administration building.

A fair amount of green space was reserved in the area in 1903 and is known as Public Malls A, B, and C, combined "The Malls". The dated convention center was previously located under Public Mall B, but recently underwent a massive renovation. The redevelopment of the convention center also spurred hotel development within the district, including a planned Drury Suites hotel within the former Cleveland School District Administration building.

Global Center for Health Innovation and Convention Center

The Global Center for Health Innovation and Convention Center is located on the corner of Mall Drive and St. Clair Avenue. The entire project cost approximately $465 million and opened in the summer of 2013. The building and its tenants are dedicated to showing off the latest medical technology. The center totals 95,000 square feet and has attracted tenants such as the Cleveland Clinic, GE Healthcare, Healthcare Information and Management Systems Society, University Hospitals, Johnson Controls and Philips Healthcare. Representatives from each of these tenants also sit on an advisory board for the building. Along with these tenant spaces there are two cafes and a junior ballroom within the building.

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The convention center is host to a 32,000 square foot ballroom which overlooks the lake and is complete with top-notch finishes. The underground exhibition hall has 30 foot tall ceilings and 17 underground loading docks. There are 30 smaller meeting rooms within the center. The Convention Center opened ahead of schedule in June of 2013 and hosted the National Senior Games as its first event in July 2013. The Convention Center combined with the Medical Innovation Center is an attempt to draw business traffic through Cleveland, specifically in the medical sector.

Adjacent to the Global Center for Health Innovation, the $272.0 Hilton Convention Center Hotel recently opened in May 2016 and has 32 stories and contain 600 rooms, banquet halls and amenities.

PLAYHOUSE SQUARE DISTRICT

This district is home to the nation's largest performing arts center outside of New York City. According to the Downtown Cleveland Alliance, over 1 million people visit the theaters and district every year drawn by Broadway shows, Shakespeare, Opera, plays, concerts and educational programming. The district is also known for its support of technology based companies with the Idea Center Building, Cleveland Public Broadcasting stations and the Hanna Tech Hotel being located within the district.

This neighborhood has had a tumultuous history since its birth in the 1920s. The most major periods of decline occurred in the 1950s and 1960s, when the theaters were almost closed and demolished. The Playhouse Square Association was formed in the 1970s to help preserve the neighborhood. Renovations to the theaters occurred for the next several years but continued to struggle as residents moved out of the area to the suburbs. Within the past several years the district has focused on renewing their public spaces resulting in a dramatic neighborhood transformation. This started with the makeover of Star Plaza in 2013 to provide outdoor gathering places. Other improvements made to the neighborhood include a 20 foot chandelier suspended over the East 14th Street and Euclid Avenue intersection, new and renovated signage, welcoming gateways and added outdoor lighting.

The district has also become home to several high-rise multifamily residential buildings within the past decade including Huron Square Apartments, Osborn Building, Reserve Square, and The Chesterfield. The Hanna building was converted to 102 apartment units by The K & D Group, which came online in the spring of 2013. There are also two large projects in the local area which converted significant vacant office inventories to residential developments.

As previously discussed the demand for residential units downtown has been growing and much of that is being met by the re-use of the vacant office space in the Playhouse Square District. This has made for a vibrant district which is attracting young professionals to the area.

NineTwelve District Overlay

The NineTwelve District is a new marketing term that has emerged in the past several years. This new district area captures a small part of the Civic Center District and the Playhouse Square District. Generally the boundaries of the area are East 9th Street, East 12th Street, Euclid Avenue and Lakeside Drive. Special attention is being paid to this area due to the influx of residential buildings found within its boundaries including several renovations of office buildings into multi-family properties. According to the Downtown Cleveland Alliance there are currently 3,200 residents in this neighborhood with 600 planned or under constructed and another 500 more in pre-planning. This mass of residential development was followed by jobs, restaurants and amenities that have helped to revitalize the area.

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PUBLIC SQUARE DISTRICT

This quadrant of the Central Business District is regarded as the city's epicenter, symbolic heart, and has hosted presidents, vast congregations of people, as well as numerous functions over the decades. The area was first laid out by Moses Cleveland which consists of a large open space divided into four quadrants by Ontario Street and Superior Avenue. Public Square has remained largely unchanged since. Public Square is also home to the Soldiers' and Sailors' Monument commemorating residents of Cuyahoga County that served in the Civil War, a statue of Moses Cleveland, founder of the city, Tom L. Johnson, the city's most famous mayor, and a public fountain. The most notable buildings in the Public Square district are the Terminal Tower, which is home to Tower City Center, 200 Public Square (the former BP Building renamed in 2005), as well as Key Tower.

- Key Tower is the tallest building in Cleveland, as well as the tallest in Ohio, and one of the tallest buildings in the United States. The tower is visible from as far as twenty miles outside of downtown Cleveland. The tower, developed by the R.E. Jacobs Group, was originally built as the Society Center and renamed when KeyCorp acquired Society Bank. The building is mostly occupied by Key Corporation with other notable large tenants being Squire Sanders & Dempsey, Thompson Hine, and Deloitte & Touche.
- BP Tower (200 Public Square) was built as the headquarters for Standard Oil of Ohio (Sohio), and renamed the BP Tower when Sohio merged with British Petroleum. The name has changed to the building's address as British Petroleum moved out of Cleveland. BP Tower is the third tallest building in Cleveland and Ohio.
- The Terminal Tower is the "grande dame" of Cleveland skyscrapers and the most significant landmark of downtown Cleveland. When it was built as part of the Van Sweringen brothers' Union Terminal station, it was the tallest building outside of New York City until 1967, when the Prudential Center was built in Boston. The related earthmoving required for the Union Terminal complex was the second largest excavation in history after the Panama Canal. Terminal Tower remains the second tallest building in Cleveland and Ohio.

Public Square Redevelopment Project

A bold transformation of the 10 acres that make up public square has been in the works since 2009. The LAND Studio, of Cleveland, in partnership with James Corner Field, of New York and also responsible for New York's High Line, proposed a dramatic redesign of the public space in 2012. They have since continued to refine the design of the site. The most drastic change is that the new space will act as one unified space with an elongated bridge over Superior Avenue and the termination of Ontario Street on the north and south sides of the park. Traffic headed north/south will be redirected around the square which will change to a one way circle. The south side of the park will be mainly hardscaped with a pavilion in the southwest corner and the Civil War Soldiers' and Sailors' monument in the southeast corner. The park will elevate in the middle to bridge Superior Avenue. The north side contains a sizeable green lawn which will feature somewhat of a hill feel as it grades back to street level from the bridge. The entire park will be surrounded by trees.

The $32 million dollar project was funded through a mixture of public and private entities. LAND Studio is the financial steward of the project. To date they have received $30 million of the needed funds from the following sources: The Cleveland Foundation, $8 million; The Gund Foundation, $5 million; KeyBank Foundation, $4 million; Northeast Ohio Regional Sewer District, $3 million; Kent H. Smith Charitable Trust, $1 million; and $9 million which was redirected tax increment financing from the former Higbee Building.

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HISTORIC WAREHOUSE DISTRICT

This was Cleveland's first neighborhood and was originally a residential area until it became a warehousing, distribution and shipping destination. Construction of many of the warehouses occurred between 1850 and the early 1900s. In the 1920s, the second largest garment manufacturing concentration in the United States was in the Warehouse District. The area experienced a decline after World War II as many of the warehouses were vacated. The Warehouse District, as well as many of the individual buildings, is listed on the National Register of Historic Places.

The area has since morphed into an entertainment, dining, and downtown living focal point with the restoration and conversion of the existing warehouse buildings. In terms of population, the Warehouse District is the largest downtown neighborhood and continues to attract a wide variety of shops, clubs, bars, and loft condos and apartments. Discussions of future development within the district include adding more housing units and expansion of the district towards Lake Erie.

Apartment buildings at the edge of a Warehouse District parking lot, form the first corner of a project that eventually might grow to 1,200 residences spanning two city blocks. Members of the Asher family have owned a sea of parking lots just northwest of Public Square for years. Now their family-run real estate company, Weston, Inc., is teaming up with Daniel Walsh, a well-known local banking executive who launched an apartment-investment business last year, to pursue a residential vision for one of the center city's largest blank spots. Their initial plan: 352 apartments, ground-level retail and parking spread between an eight-story building and a 23-story tower at the southeast corner of St. Clair Avenue and West Sixth Street. Their ultimate vision: More than 3 million square feet of development, with green spaces and patios lining the streets and rooftop enclaves where apartment-dwellers could swim, cook, lounge and walk their dogs. The first phase of construction would eliminate more than 200 parking spaces, in lots that Weston says are rarely full. The first apartment buildings would include 390 parking spaces and 22,000 square feet of retail. The complete, four-part project would comprise 1,200 garage spaces, roughly 400 more than exist today.

GATEWAY DISTRICT

One of the first revitalized areas of downtown Cleveland was the Gateway District. This is largely due to the Gateway Project which included Progressive Field, formerly known as Jacobs Field, and Quicken Loans Arena, or "The Q" is it is commonly known. Progressive Field is home the Major League Baseball's Cleveland Indians and Quicken Loans Arena is home to the National Basketball Association's Cleveland Cavaliers. The area also includes East 4th Street which is a major night life center, offering restaurants, concerts, comedy shows and a bowling alley.

Progressive Field

Previously called "The Jake" or Jacobs Field, Progressive Field is part of the Gateways Sports and Entertainment complex which lead the revitalization of the Gateway District. Along with Quicken Loans Arena, it was built to replace Cleveland Stadium, opening in 1994. Progressive Field is home to the Cleveland Indians of the American League. The building and land is owned by Cuyahoga County and operated by the Gateway Economic Development Corp.

The Indians played their first game in the stadium on April 4, 1994 when then-president Bill Clinton threw the ceremonial first pitch. Subsequent to opening, the Indians tickets became the hottest in Cleveland by selling out 455 straight games, setting a major league record. Demand for tickets was so high that the team sold out all 81 homes games before opening day on three separate occasions. Progressive Field is still considered a state-of-the-art venue and continues to provide a large draw to the Cleveland Central Business District. The stadium

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originally cost $175 million to construct and 1,000 seats were added in 1997 bringing it to the current capacity of 43,345. We feel that it is highly unlikely that the Cleveland Indians would be sold and moved to another city.

Quicken Loans Arena

The Quicken Loans Arena, also known as “The Q”, was known as Gund Arena until August 2005. “The Q” is a multipurpose arena and the current home of the Cleveland Cavaliers and the Lake Erie Monsters. In addition to the professional sports teams, the Quicken Loans Arena has hosted the Mid-American Conference’s men’s and women’s basketball tournaments since 2000. “MAC Madness” has provided an additional draw to the venue.

The $100.0 million arena opened in 1994 on the site, replacing the Coliseum at Richfield, with a concert by Billy Joel. The Cleveland Cavaliers then played their first game a few weeks thereafter. “The Q” has capacity for 20,562 for basketball games, including 2,000 in the club level seats, and 92 luxury suites. The venue is owned by the Gateway Economic Development Corp. and leased to the Cleveland Cavaliers.

Due to its recent construction and renovation, Quicken Loans Arena would still be considered a state-of-the-art arena with little likelihood of losing their anchor professional sports team, the Cleveland Cavaliers. In the summer of 2005, the Cavaliers majority owner Dan Gilbert (also the owner of Quicken Loans) renovated the arena by means of installing new seats, state-of-the-art scoreboards, video systems, sound systems, arena graphics, signage, security, locker rooms, and suite upgrades. “The Q” will continue to provide a large draw to Cleveland’s Central Business District and remain a focal point of the city especially given LeBron James return to the Cleveland Cavaliers.

It is our understanding that Quicken Loans Arena hosts over 300 events annually including those activities discussed above. Both the baseball stadium and the basketball arena are connected to Tower City Center, and RTA’s rail transit system, via an enclosed walkway.

NORTH COAST DISTRICT

The North Coast District is the tourist destination of Cleveland’s Central Business District. The district is home to the Rock & Roll Hall of Fame and Museum, Great Lakes Science Center, Steamship William G. Mather Maritime Museum, Burke Lakefront Airport, the Goodtime III and the U.S.S. Cod Museum. The district is also home to the city’s port, but there are plans to move the port west of the river to open up the area for housing and lakefront development. A new marina just north of the Rock & Roll Hall of Fame and Museum at North Coast Harbor opened over the summer for transient boaters, providing a flashy new transportation option for northeast Ohioans. One of the most notable attractions and destinations is Cleveland Browns Stadium.

Cleveland Browns Stadium

Home of the National Football League’s Cleveland Browns franchise, this stadium was constructed at a cost of a reported $283.0 million and is situated at the location of the former Cleveland Municipal Stadium. The stadium is generally utilized only for football games but the playing surface was constructed so it will also allow international soccer games.

The city chose to not sell the naming rights to the stadium but instead sold the naming rights to each of the four entrance gates. The stadium is known for its “Dawg Pound,” which is a special section of bleacher seats. The West Third Street station of Cleveland’s Waterfront light rail line serves the stadium.

The 73,200 seat stadium remains one of the most recent stadiums constructed in the nation and the reborn Cleveland Browns played their first game there in 1999 after Art Modell moved the former franchise to Baltimore to become the Ravens. The stadium would still be considered state-of-the-art and it is highly unlikely that the NFL franchise will be sold or moved in the near future.

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Lakefront

The Cleveland City Planning Commission completed plans for revitalization along Lake Erie in an attempt to stimulate national interest in the City of Cleveland as a place to live and work.

Plans were developed to move the Port of Cleveland from its current location to another lakefront location at East 55th Street. That move of the port would free up approximately 100 acres for development. The move is anticipated to take place far into the future. Costs for the projected move vary widely, with estimates anywhere from $500 million to $1 billion. Given the timeline and cost, the completion of such a tremendous project is still speculative at best.

Also, the Port land has been the subject of discussion for years. For instance, prior to their 2009 decision to move to the eastern Cleveland suburbs, Eaton Corporation had proposed moving to a 9-acre portion of the Port of Cleveland's land and developing a headquarters office tower and campus. The site had been tentatively priced at $11.44 million for the development, but the proposed project fell through as there were numerous concerns on the move of key Port components and on development restrictions on the site.

In December 2012 a new railroad loop was completed allowing trains to get up near the edge of the water. This connects the port to nearby main rail lines which connect throughout the Midwest. This led to additional business for the Port.

LOCATION DESCRIPTION

The benefit of a well-organized transportation network is to provide area residents, businesses and visitors with an enhanced location, easy access, physical attractiveness, and functionality. The subject site is considered to have good accessibility from major thoroughfares.

The hotel maintains excellent vehicular and pedestrian access that is considered superior to some of its nearby competitors. The hotel is conveniently accessible from all points around Cleveland with highway access only a few blocks away via the East 9th exit on Interstate 90, which serves as the area's major east-west thoroughfare connecting suburbs with downtown Cleveland and is the exit most used by visitors traveling from the east to the Rock & Roll Hall of Fame, Cleveland Browns Stadium, and the Great Lakes Science Center. Visitors from the west or south access the downtown area from Interstates 71 and 77, while driving past Quicken Loans Arena, Progressive Field, and Playhouse Square. Additionally, the hotel and its signage are clearly visible from St. Clair Avenue, which is among the most heavily trafficked streets by both vehicles and pedestrians.

Given its location, the hotel maintains superior accessibly to pedestrian traffic from the city's north coast area's most popular attractions, relative to the majority of hotels in the area. The centralized location allows for visitors of the adjacent Convention Center to conveniently access downtown attractions without the need of a vehicle, including popular restaurants and bars in the Historic Warehouse District and the Flats, located less than a mile from the hotel.

The Port of Cleveland also has the best heavy lift capacity on the Great Lakes. Port facilities include nine berths and 6,500 linear feet of dock space. Docks are maintained at a full seaway depth, which is 27 feet, with excellent access to interstate highways and rail.

Local area accessibility is generally good, relying on the following arteries:

Local: Route 6 (Superior Avenue) follows the Cleveland Memorial Shoreway into Downtown Cleveland, entering Downtown by crossing the Detroit-Superior Bridge. US 6 follows Superior Avenue through

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Public Square and the East Side of Cleveland before turning east onto Euclid Avenue in East Cleveland and Chardon Road in the city of Euclid.

Main Avenue - Main Avenue runs in a northeast and south direction through the Flats District. Main Avenue runs under the State Route 2 highway before terminating at Old River Road. Main Avenue changes names to West Lakeside Avenue once passing West 9th Street.

Regional: State Route 2 (Cleveland Memorial Shoreway) - SR 2 travels in a northeast and southwest direction in proximity to the subject. This elevated roadway continues northeast and runs along the lakefront before merging with Interstate 90 by Burke Lakefront Airport. To the southwest, SR 2 crosses the Cuyahoga River, and follows the Lake Erie lakefront. The highway ends at Lake Avenue, where it turns into Clifton Boulevard.

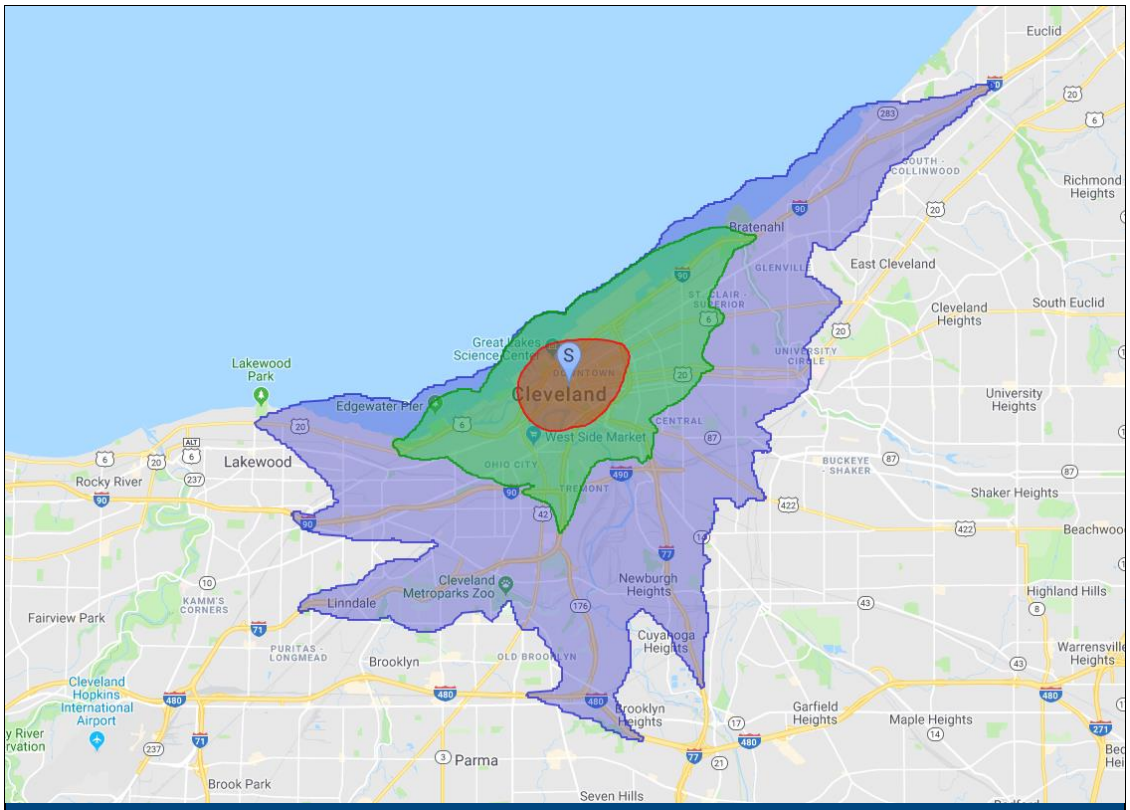
Interstate 90 - This regional roadway is located just east of the subject property, accessed via State Route 2. Interstate 90, near the subject, travels in a northeast and southwest direction. I-90 continues northeast through the eastern Cleveland suburbs. To the south/southwest, I-90 merges with Interstate 71 and then splits off and heads west at the I-90/I-71/I-490 interchange. I-90 then runs through the western Cleveland suburbs.

Air: The greater Cleveland area is serviced by the Cleveland Hopkins International Airport which is located approximately ±13.1 miles southwest of the subject site.

The subject benefits from its central location in the active downtown market. The hotel is located in the Civic Center District, which is home to the Federal Reserve Bank of Cleveland and other prominent public buildings, with the greatest concentration being multi-story office buildings, most of which have ground floor retail suites. The subject can be accessed from both Superior Avenue East (to the north) and Euclid Avenue (to the south). The local area also is the home of the Quicken Loans Arena, which hosts many special events such as concerts and is also home to the Cleveland Cavaliers professional basketball team, and Progressive Field (formerly Jacobs Field), which houses the Cleveland Indians major league baseball team. The greater Cleveland area is serviced by the Cleveland Hopkins International Airport which is located approximately 13.1 miles southwest of the subject. Overall, the subject's immediate area is typical of the highly developed Cleveland CBD.

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



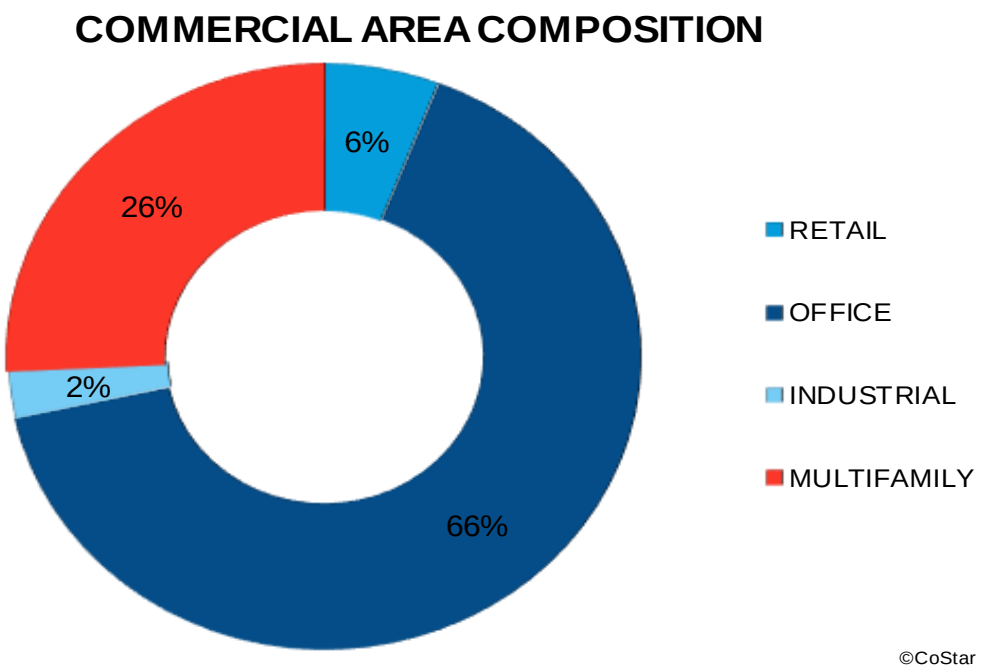
DRIVE TIMES FROM SUBJECT PROPERTY

IMMEDIATE AREA PROFILE

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

Predominant Land Uses

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



DEMOGRAPHIC PROFILE

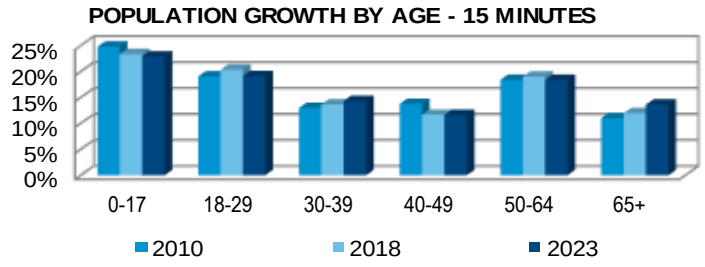
Below is a demographic study of the area, sourced by *Pitney Bowes/Gadberry Group - GroundView*®, an on-line resource center that provides information used to analyze and compare the past, present, and future trends of properties and geographical areas. Please note that our demographics provider sets forth income projections in constant dollars which, by definition, reflect projections after adjustment for inflation. We are aware of other prominent demographic data providers that project income in current dollars, which do not account for inflation. A simple comparison of projections for a similar market area made under the constant and current dollar methodologies can and likely will produce data points that vary, in some cases, widely. Further, all forecasts, regardless of demographer methodology (ies), are subjective in the sense that the reliability of the forecast is subject to modeling and definitional assumptions and procedures.

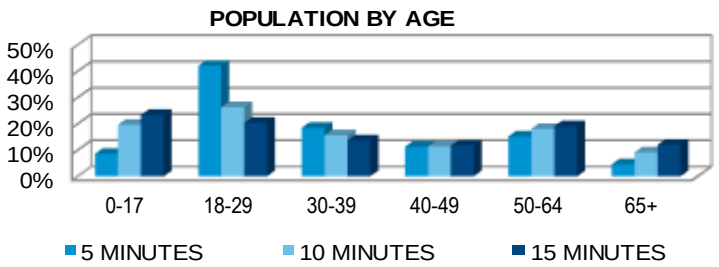
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LOCAL AREA DEMOGRAPHICS

DESCRIPTION	5 MINUTES	10 MINUTES	15 MINUTES	DESCRIPTION	5 MINUTES	10 MINUTES	15 MINUTES
POPULATION				**AVERAGE HOUSEHOLD INCOME**			
2000 Population	6,180	60,986	300,153	2018	$82,066	$56,066	$47,855
2010 Population	9,900	56,487	255,334	2023	$105,285	$72,225	$60,484
2018 Population	11,294	56,067	242,882	Change 2018-2023	28.29%	28.82%	26.39%
2023 Population	12,163	56,172	236,870	**MEDIAN HOUSEHOLD INCOME**			
Change 2000-2010	60.19%	(7.38%)	(14.93%)	2018	$54,151	$30,325	$30,062
Change 2010-2018	14.08%	(0.74%)	(4.88%)	2023	$69,074	$40,270	$37,258
Change 2018-2023	7.69%	0.19%	(2.48%)	Change 2018-2023	27.56%	32.79%	23.94%
POPULATION 65+				**PER CAPITA INCOME**			
2010 Population	490	4,854	28,130	2018	$60,389	$30,422	$22,583
2018 Population	512	5,100	29,052	2023	$81,467	$40,844	$29,395
2023 Population	653	5,800	32,330	Change 2018-2023	34.90%	34.26%	30.17%
Change 2010-2018	4.49%	5.07%	3.28%	**2018 HOUSEHOLDS BY INCOME**			
Change 2018-2023	27.54%	13.73%	11.28%	<$15,000	28.3%	32.0%	28.4%
NUMBER OF HOUSEHOLDS				$15,000-$24,999	6.2%	13.1%	15.1%
2000 Households	2,816	24,780	121,283	$25,000-$34,999	6.0%	9.1%	12.2%
2010 Households	4,832	25,051	108,902	$35,000-$49,999	5.8%	10.9%	13.4%
2018 Households	6,427	26,933	110,122	$50,000-$74,999	18.5%	12.9%	12.9%
2023 Households	7,412	27,997	110,327	$75,000-$99,999	9.6%	7.5%	7.2%
Change 2000-2010	71.59%	1.09%	(10.21%)	$100,000-$149,999	11.7%	7.1%	6.3%
Change 2010-2018	33.01%	7.51%	1.12%	$150,000-$199,999	4.2%	2.9%	2.1%
Change 2018-2023	15.33%	3.95%	0.19%	$200,000 or greater	9.6%	4.5%	2.2%
HOUSING UNITS (2018)				**MEDIAN HOME VALUE**	$234,698	$91,945	$73,067
Owner Occupied	444	6,083	41,941	**AVERAGE HOME VALUE**	$274,713	$154,833	$107,370
Renter Occupied	6,044	20,821	68,342	**HOUSING UNITS BY UNITS IN STRUCTURE**			
HOUSING UNITS BY YEAR BUILT				1, detached	145	6,081	46,860
Built 2010 or later	326	539	1,106	1, attached	169	1,963	7,253
Built 2000 to 2009	793	2,158	4,956	2	152	4,340	17,712
Built 1990 to 1999	374	1,351	3,822	3 or 4	102	2,234	7,293
Built 1980 to 1989	239	772	3,227	5 to 9	225	1,503	4,941
Built 1970 to 1979	472	1,543	6,262	10 to 19	221	992	4,696
Built 1960 to 1969	314	1,324	9,246	20 to 49	1,045	2,102	5,221
Built 1950 to 1959	574	2,051	11,857	50 or more	4,403	7,571	15,736
Built 1940 to 1949	190	1,457	9,199	Mobile home	0	85	507
Built 1939 or earlier	3,144	15,739	60,447	Boat, RV, van, etc.	27	31	65

Source: Pitney Bowes/Gadberry Group - GroundView®





Transportation Routes

Local transportation is provided by RTA (Greater Cleveland Regional Transit Authority). RTA services 59 municipalities including 38 cities, 19 villages and 2 townships. There are several stops in the subject property's immediate vicinity located along E. 9th Street and St. Clair Avenue.

Cuyahoga County Airport is a public use airport in northeastern Cuyahoga County, owned and operated by Cuyahoga County. The airport is located 10 miles east of downtown Cleveland and sits on the border of three cities: Highland Heights, Richmond Heights and Willoughby Hills. Cleveland Hopkins International is the city's major airport/international airport which has eight different airline carriers including United Airlines hub. Cleveland Hopkins International Airport is a public airport located nine miles southwest of the central business district of Cleveland, in Cuyahoga County. It is the largest airport in the state of Ohio. Located along the rolling shores of Lake Erie, Cleveland Burke Lakefront Airport is the region's business airport. It is operated by the City of Cleveland's Department of Port Control.

Community Services

Community services and facilities are readily available in the surrounding area. These include public services such as fire stations, hospitals, police stations, and schools (all ages). The subject property is located in the Cleveland Metropolitan School District School District. GreatSchools.org is an on-line tool that rates every school district on a scale of one to ten based on test scores. The chart details the subject's school district's rating, test scores, and graduation rate. It also compares the subject's rating to other area schools and the subject's graduation rate to state and national averages.

SCHOOL DISTRICTS

SCHOOL DISTRICT	GREATSCHOOLS RATING	NUMBER OF SCHOOLS					
		ELEMENTARY	MIDDLE	HIGH	PUBLIC	CHARTER	TOTAL
Cleveland Metropolitan School District	3	74	68	28	98	1	99

HIGH SCHOOLS

HIGH SCHOOLS	GREATSCHOOLS RATING	PARENT RATING	SCHOOL TYPE	GRADES SERVED	DISTANCE FROM SBJ.	CITY LOCATION	ENROLLMENT
Successtech Academy School	2	3	public	9-12	0.62 miles	Cleveland	200
Design Lab @ Jane Addams	2	-	public	9-12	1.49 miles	Cleveland	178
Jane Addams Business Careers High School	2	3	public	9-12	1.53 miles	Cleveland	364
Garrett Morgan School Of Science School	3	4	public	9-12	1.54 miles	Cleveland	325
New Technology West	2	-	public	9-11	1.55 miles	Cleveland	296
Max S Hayes High School	2	5	public	9-12	1.59 miles	Cleveland	633
New Technology Hs@East Tech	1	-	public	9-11	2.31 miles	Cleveland	175
East Technical High School	2	4	public	9-12	2.38 miles	Cleveland	495
Lincoln-West High School	2	3	public	9-12	2.40 miles	Cleveland	1,033
The School Of One	-	2	public	9-12	2.50 miles	Cleveland	268

Source: GreatSchools.com

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Residential Development

Residential users in the immediate area are primarily multi family residential.

Multi-Family Development

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

MULTIFAMILY SUMMARY

CLASS	PROPERTIES	NRA (SF)	AVG YR BLT
A	15	3,512,421	1999
B	28	7,046,556	1955
C	19	2,315,038	1924
TOTAL	**62**	**12,874,015**	**1956**

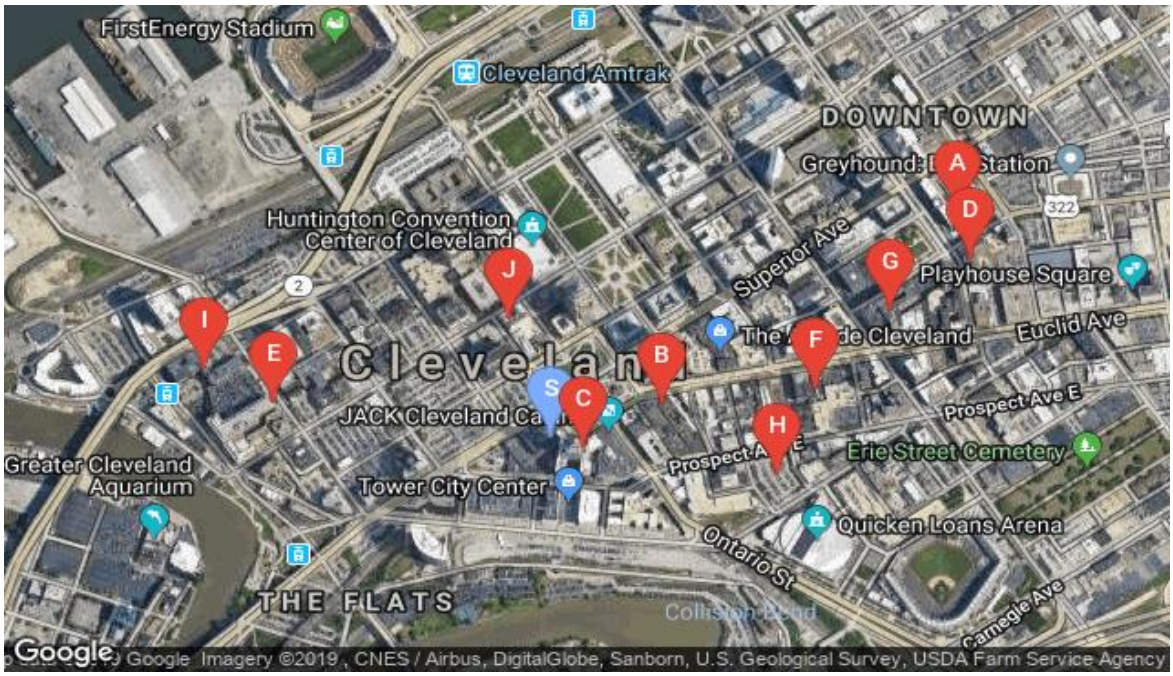
Source: CoStar

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

LARGEST MULTIFAMILY PROPERTIES

NAME	MAP PIN	CLASS	NRA (SF)	STORIES	YEAR BUILT
Reserve Square	A	B	1,267,139	23	1975
May Co.	B	B	741,505	8	1931
Residences at Terminal Tower	C	B	581,400	12	2019
The Sphere	D	A	568,907	20	1968
The Bingham	E	B	536,070	10	1915
The Residences at 668	F	A	480,892	8	2010
The Centennial	G	A	440,000	22	2021
NuCLEus	H	B	425,000	54	2021
The Archer	I	B	371,789	11	1909
Standard Building	J	B	350,000	21	1925

Source: CoStar



Retail Development

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

RETAIL SUMMARY

TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
General Retail	87	2,948,389	1927	85.8	$13.50
TOTAL	**87**	**2,948,389**	**1927**	**85.8**	**$13.50**

Source: CoStar

The following chart and map shows the subject property and the largest several retail properties in the immediate area from CoStar.

LARGEST SHOPPING CENTERS

NAME	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Flats East Bank	A	General Retail	630,000	100.0	-	N/Av
The Arcade	B	General Retail	383,589	98.1	1890	Withheld
Tow er City Center	C	General Retail	366,000	100.0	1990	N/Av
Cathedral Plaza	D	General Retail	187,500	100.0	1979	N/Av
FirstEnergy Pow erhouse Cafe	E	General Retail	135,501	100.0	1890	$14.50
Retail Building	F	General Retail	130,412	100.0	1887	N/Av
The Galleria at Erieview	G	General Retail	93,663	100.0	1987	N/Av
Fw Woolw orth Co.	H	General Retail	88,000	100.0	1951	N/Av
Sugar Warehouse	I	General Retail	68,814	100.0	1987	N/Av
Worthington Building	J	General Retail	54,773	78.6	1890	Withheld

Source: CoStar



Industrial Development

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

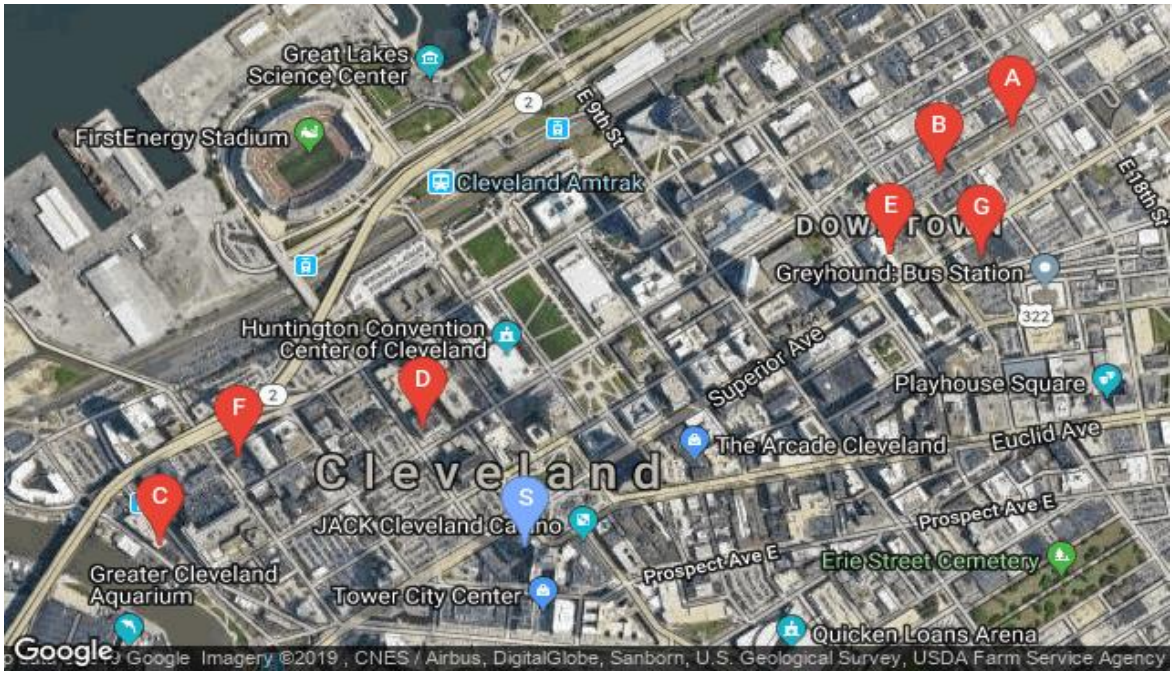
INDUSTRIAL SUMMARY					
TYPE	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
Industrial	38	813,449	1940	73.7	-
Flex	6	501,773	1937	83.3	-
TOTAL	**44**	**1,315,222**	**1940**	**75.0**	**$0.00**

Source: CoStar

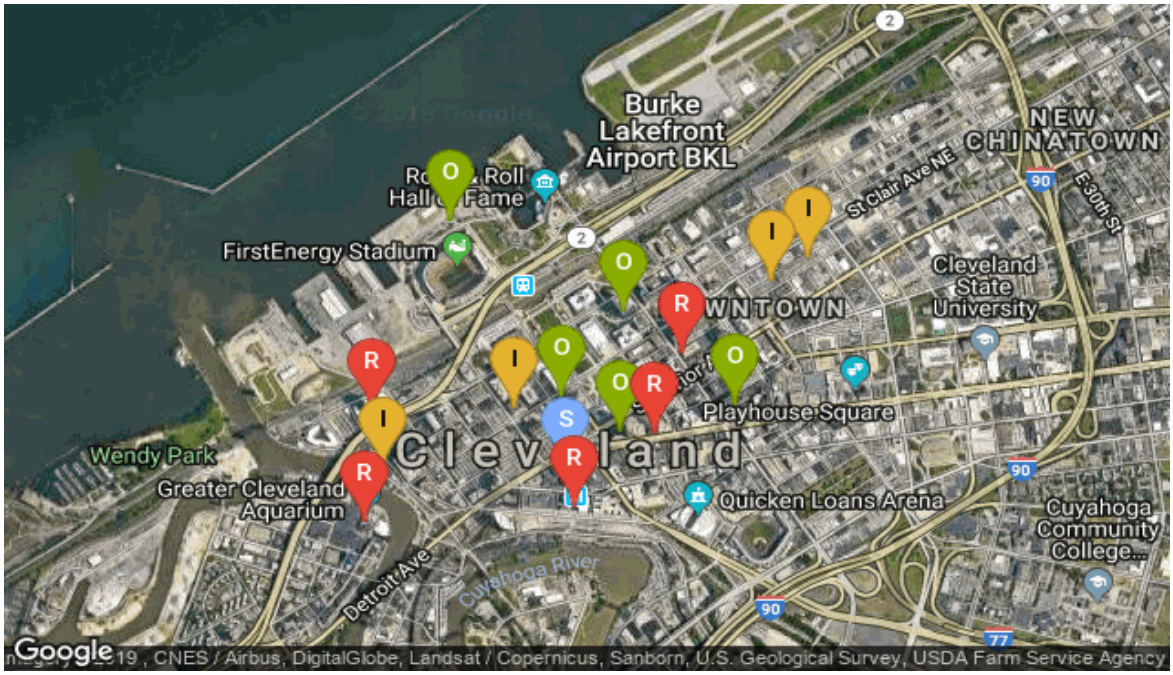
The following chart and map shows the subject property and the largest tracked industrial properties in the immediate area from CoStar.

LARGEST INDUSTRIAL PROPERTIES						
NAME	MAP PIN	TYPE	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Cleveland Technology Center	A	Flex	333,215	100.0	1920	N/Av
Cleveland Technology Ctr	B	Flex	125,000	0.0	1972	N/Av
Samsel Supply Co	C	Industrial	121,458	100.0	1900	N/Av
Port of Cleveland	D	Industrial	115,271	100.0	1995	N/Av
Bow ne	E	Industrial	54,340	100.0	1928	N/Av
Demolished	F	Industrial	46,204	0.0	1925	N/Av
Brinks Inc	G	Industrial	33,139	100.0	1935	N/Av

Source: CoStar



The following map shows the subject property and the five largest retail, office, and industrial properties in the immediate area from CoStar.



OFFICE MARKET ANALYSIS

Because the subject property is expected to command a significant amount of its revenue from commercial-oriented market segments, there is a strong correlation between commercial lodging demand and performance of office real estate in the area. As such, we have analyzed the local office market in an effort to ascertain reasonable lodging demand growth rates for the subject and the competitive market.

Below is a list of the various sections covered in the following Office Market Analysis:

- Cleveland Office Market
- CBD Office Submarket

CLEVELAND OFFICE MARKET

The following is an analysis of supply/demand trends in the Cleveland Office Market using information provided by CoStar, widely recognized as a credible source for tracking market statistics. The table below presents historical data for key market indicators.

CLEVELAND HISTORICAL STATISTICS (LAST TEN YEARS)

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2009	104,619,685 SF	394,762 SF	(595,076) SF	12.1%	$17.27/SF
2010	104,343,727 SF	335,284 SF	(339,038) SF	12.6%	$17.46/SF
2011	104,338,350 SF	281,992 SF	311,390 SF	12.4%	$17.04/SF
2012	104,526,744 SF	985,556 SF	135,920 SF	12.5%	$17.26/SF
2013	103,661,347 SF	900,103 SF	616,955 SF	11.6%	$17.18/SF
2014	103,444,390 SF	316,030 SF	513,318 SF	10.8%	$17.31/SF
2015	103,069,845 SF	53,113 SF	573,039 SF	9.7%	$17.34/SF
2016	103,664,707 SF	865,291 SF	1,593,652 SF	8.6%	$17.80/SF
2017	103,823,145 SF	323,187 SF	479,334 SF	8.1%	$17.93/SF
2018	104,277,795 SF	563,139 SF	337,515 SF	8.2%	$18.10/SF
CAGR	(0.0%)	-	-	-	0.5%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.
Source: Costar®

Over the past ten years the Cleveland Office market was somewhat strong where there was balance in prevailing Office supply/demand conditions. Over this time period the market inventory slightly increased by 4.8%. Further there was slight positive absorption (3.5% change), moderate decrease in the vacancy rate (-3.9% change) and minimal increase of the asking average rent (4.8% change).

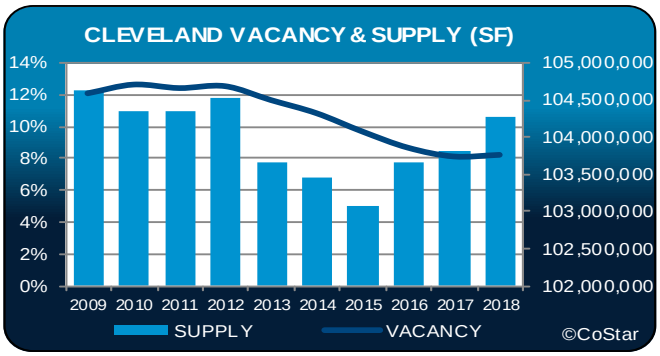
Analysis of the data indicates the Cleveland Office market has gone through three distinctive trends over the past ten years.

TEN YEAR HISTORICAL TREND ANALYSIS

PERIOD	ADDED SUPPLY	NET ABSORPTION	VACANCY	ASKING RENT
2009-2018	5,018,457 SF	3,627,009 SF	12.1%→8.2%	$17.27→$18.10
10 Yrs	*4.8%*	*3.5%*	*-3.9%*	*4.8%*
2009-2010	730,046 SF	(934,114) SF	12.1%→12.6%	$17.27→$17.46
2 Yrs	*0.7%*	*-0.9%*	*0.6%*	*1.1%*
2011-2011	281,992 SF	311,390 SF	12.4%→12.4%	$17.04→$17.04
1 Yrs	*0.3%*	*0.3%*	*0.0%*	*0.0%*
2012-2018	4,006,419 SF	4,249,733 SF	12.5%→8.2%	$17.26→$18.10
7 Yrs	*3.8%*	*4.1%*	*-4.3%*	*4.9%*

The two year period from 2009 to 2010 was highlighted with slightly increased supply, slight negative absorption, moderate increase of vacancy rates and increase of asking rent in the market. The next one year period from 2011 to 2011 featured slightly increased supply, slight positive absorption, stability of vacancy rates and stable of asking rent levels. The most recent seven year period from 2012 to 2018 featured increased supply, positive absorption, decrease of vacancy rates and increase of asking rent levels.

Over the past ten years the market had a compound annual growth rate (CAGR) of 0.0% per year. Vacancy has ranged from 8.1% to 12.6% with an average of 10.7%. Vacancy increased from 12.1% in 2009 to 12.6% in 2010, decreased from 12.4% in 2011 to 12.4% in 2011 and decreased from 12.5% in 2012 to 8.2% in 2018.

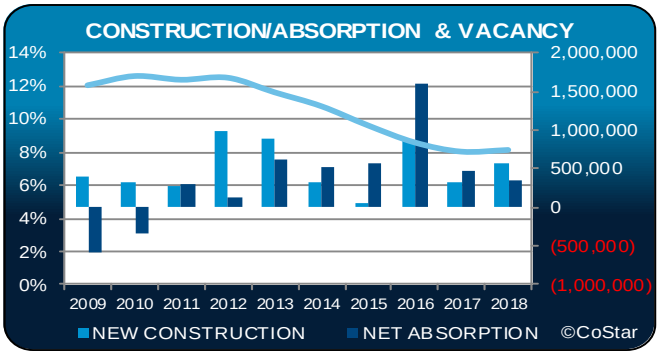


Over the past ten years asking rent has experienced a CAGR of 0.5%. Asking rent hit a low of $17.04/SF in 2011 and a high in 2018 at $18.10/SF.



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In the past ten years a total of 5,018,457 SF were added to the supply with 3,627,009 SF of net absorption achieved during the same period. Supply has slightly outpaced demand over the past ten years.



The following table summarizes the trailing four quarter performance of the Cleveland market.

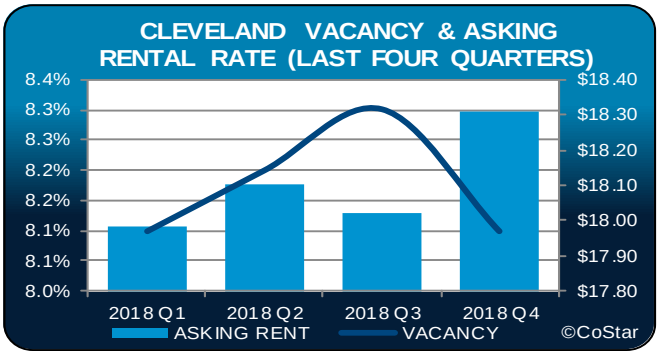
CLEVELAND TRAILING FOUR QUARTER PERFORMANCE

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2018 Q1	103,913,460 SF	117,034 SF	73,842 SF	8.1%	$17.98/SF
2018 Q2	104,226,185 SF	370,528 SF	103,688 SF	8.2%	$18.10/SF
2018 Q3	104,252,518 SF	50,300 SF	(5,664) SF	8.3%	$18.02/SF
2018 Q4	104,277,795 SF	25,277 SF	165,649 SF	8.1%	$18.31/SF

Source: Costar®

As of Q4 2018 the Cleveland market has a total Office inventory of 104,277,795 SF with 8,488,205 SF vacant indicating a current vacancy rate of 8.1%. There was 25,277 SF completed last quarter, whereas there was 563,139 SF added in the last year.

Over the past four quarters the Cleveland office market has experienced a moderate increase of supply. These key factors have resulted in positive net absorption, stability of vacancy rates and increase of asking rent in the marketplace.



Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

CLEVELAND MARKET TREND ANALYSIS

	Q4 2018	2018	Last 10
Total SF	104,277,795	104,277,795	103,976,974
Vacant SF	8,488,205	8,529,924	11,073,548
Market Vacancy	8.1%	8.2%	10.7%
Construction Grow th Rate	0.0%	0.5%	0.0%
Absorption Rate	0.2%	0.3%	0.3%
Average Asking Rent/SF	$18.31	$18.10	$17.47

Source: Costar®

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Vacancy

The Q4 2018 vacancy rate (8.1%) is consistent with last year (8.2%) and lower than the average vacancy over the past ten years (10.7%).

Supply

The inventory grew by 0.0% during Q4 2018, whereas the growth rate was 0.5% last year. Over the past ten years the Cleveland office market grew at a CAGR of 0.0%.

CLEVELAND OFFICE CONSTRUCTION ACTIVITY SUMMARY

STATUS	NO. OF PROJECTS	SIZE (SF)	% OF SUPPLY
Under Construction	10	222,359	0.2%

Source: Costar®

Absorption

During Q4 2018 net absorption was 0.2% and net absorption was 0.3% over the last year. The Cleveland office market has established an overall trend of stable, or generally positive, absorption over the past ten years.

CBD OFFICE SUBMARKET OVERVIEW

The following is an analysis of supply/demand trends in the CBD Office Submarket using information provided by CoStar. The table below presents historical data for key market indicators.

CBD HISTORICAL STATISTICS (LAST TEN YEARS)

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2009	33,805,162 SF	0 SF	(142,447) SF	16.4%	$17.86/SF
2010	33,595,090 SF	0 SF	(136,280) SF	16.3%	$18.27/SF
2011	33,358,598 SF	0 SF	14,928 SF	16.0%	$17.95/SF
2012	32,950,598 SF	0 SF	(595,536) SF	16.5%	$18.91/SF
2013	32,061,124 SF	834,077 SF	165,178 SF	15.4%	$18.80/SF
2014	31,931,451 SF	220,432 SF	205,930 SF	13.5%	$18.92/SF
2015	31,830,651 SF	0 SF	(35,151) SF	12.5%	$19.29/SF
2016	31,767,078 SF	0 SF	268,959 SF	11.7%	$19.38/SF
2017	31,767,078 SF	0 SF	680,153 SF	10.8%	$19.54/SF
2018	31,767,078 SF	0 SF	(70,528) SF	9.6%	$19.79/SF
CAGR	(0.6%)	-	-	-	1.0%

*Supply numbers based on information which is amended/updated on an on-going basis by Costar.
Source: Costar®

Over the past ten years the CBD Office market was somewhat strong where there was balance in prevailing Office supply/demand conditions. Over this time period the market inventory slightly increased by 3.1%. Further there was slight positive absorption (1.1% change), decrease in the vacancy rate (-6.8% change) and considerable increase of the asking average rent (10.8% change).

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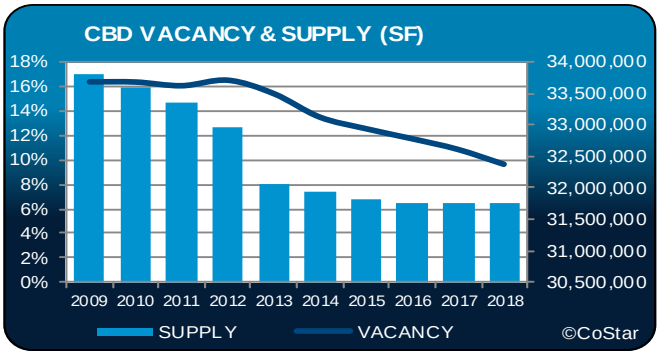
Analysis of the data indicates the CBD Office market has gone through three distinctive trends over the past ten years.

TEN YEAR HISTORICAL TREND ANALYSIS

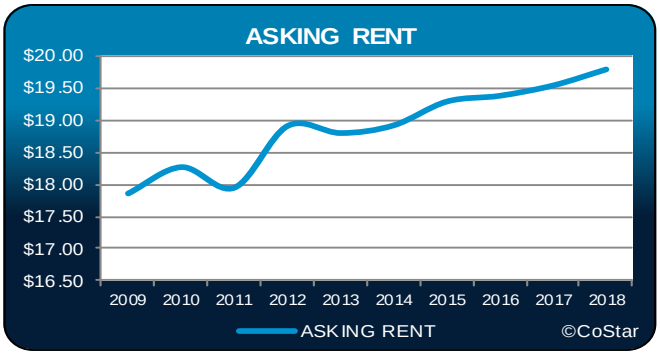
PERIOD	ADDED SUPPLY	NET ABSORPTION	VACANCY	ASKING RENT
2009-2018	1,054,509 SF	355,206 SF	16.4%→9.6%	$17.86→$19.79
10 Yrs	*3.1%*	*1.1%*	*-6.8%*	*10.8%*
2009-2011	0 SF	(263,799) SF	16.4%→16.0%	$17.86→$17.95
3 Yrs	*0.0%*	*-0.8%*	*-0.3%*	*0.5%*
2012-2012	0 SF	(595,536) SF	16.5%→16.5%	$18.91→$18.91
1 Yrs	*0.0%*	*-1.8%*	*0.0%*	*0.0%*
2013-2018	1,054,509 SF	1,214,541 SF	15.4%→9.6%	$18.80→$19.79
6 Yrs	*3.3%*	*3.8%*	*-5.8%*	*5.3%*

The three year period from 2009 to 2011 was highlighted with stable supply, slight negative absorption, moderate decrease of vacancy rates and minimal increase of asking rent in the market. The next one year period from 2012 to 2012 featured stable supply, significant negative absorption, stability of vacancy rates and stable of asking rent levels. The most recent six year period from 2013 to 2018 featured increased supply, positive absorption, decrease of vacancy rates and increase of asking rent levels.

Over the past ten years the market had a compound annual growth rate (CAGR) of -0.6% per year. Vacancy has ranged from 9.6% to 16.5% with an average of 13.9%. Vacancy decreased from 16.4% in 2009 to 16.0% in 2011, decreased from 16.5% in 2012 to 16.5% in 2012 and decreased from 15.4% in 2013 to 9.6% in 2018.

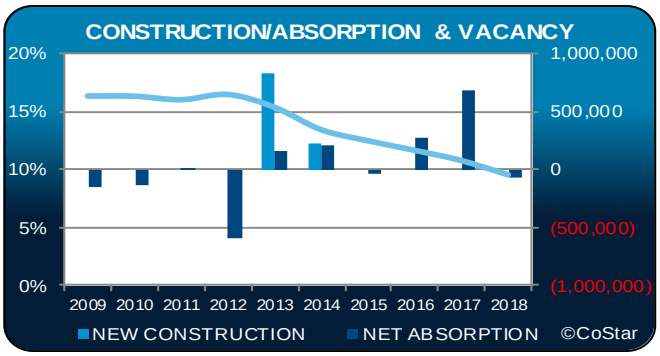


Over the past ten years asking rent has experienced a CAGR of 1.0%. Asking rent hit a low of $17.86/SF in 2009 and a high in 2018 at $19.79/SF.



In the past ten years a total of 1,054,509 SF were added to the supply with 355,206 SF of net absorption achieved during the same period. Supply has slightly outpaced demand over the past ten years.

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The following table summarizes the trailing four quarter performance of the CBD submarket.

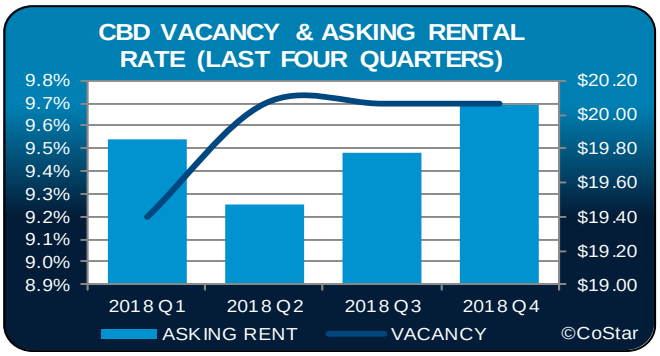
CBD TRAILING FOUR QUARTER PERFORMANCE

PERIOD	SUPPLY	NEW CONSTRUCTION	NET ABSORPTION	VACANCY	ASKING RENT
2018 Q1	31,767,078 SF	0 SF	81,091 SF	9.2%	$19.85/SF
2018 Q2	31,767,078 SF	0 SF	(144,690) SF	9.7%	$19.47/SF
2018 Q3	31,767,078 SF	0 SF	4,782 SF	9.7%	$19.78/SF
2018 Q4	31,767,078 SF	0 SF	(11,711) SF	9.7%	$20.06/SF

Source: Costar®

As of Q4 2018 the CBD market has a total Office inventory of 31,767,078 SF with 3,085,544 SF vacant indicating a current vacancy rate of 9.7%. There was no additional inventory delivered last quarter, nor were there any new deliveries in the last year.

Over the past four quarters the CBD office market has experienced no growth of supply. There was also negative net absorption, increase in vacancy rates and increase of asking rent in the marketplace.



Key supply/demand statistics for the most recent quarter, last year and historical averages are summarized below.

CBD MARKET TREND ANALYSIS

	Q4 2018	2018	Last 10
Total SF	31,767,078	31,767,078	32,483,391
Vacant SF	3,085,544	3,043,286	4,501,548
Market Vacancy	9.7%	9.6%	13.9%
Construction Grow th Rate	0.0%	0.0%	-0.6%
Absorption Rate	(0.0%)	(0.2%)	0.1%
Average Asking Rent/SF	$20.06	$19.79	$18.87

Source: Costar®

Vacancy

The Q4 2018 vacancy rate (9.7%) is consistent with last year (9.6%) and substantially lower than the average vacancy over the past ten years (13.9%).

Supply

There was no new inventory added during Q4 2018, nor were there any new deliveries in the last year.

CBD OFFICE CONSTRUCTION ACTIVITY SUMMARY

STATUS	NO. OF PROJECTS	SIZE (SF)	% OF SUPPLY
Under Construction	0	0	-

Source: Costar®

Absorption

During Q4 2018 net absorption was 0.0% and net absorption was -0.2% over the last year. The CBD office market has established an overall trend of stable, or generally positive, absorption over the past ten years.

Nearby Office Development

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

OFFICE SUMMARY

CLASS	PROPERTIES	NRA (SF)	AVG YR BLT	OCCUPANCY	AVG RENT
A	19	11,526,438	1988	83.0	$22.34
B	84	18,269,450	1926	70.9	$17.51
C	69	3,088,084	1921	83.8	$14.42
TOTAL	**172**	**32,883,972**	**1931**	**77.4**	**$16.80**

Source: CoStar

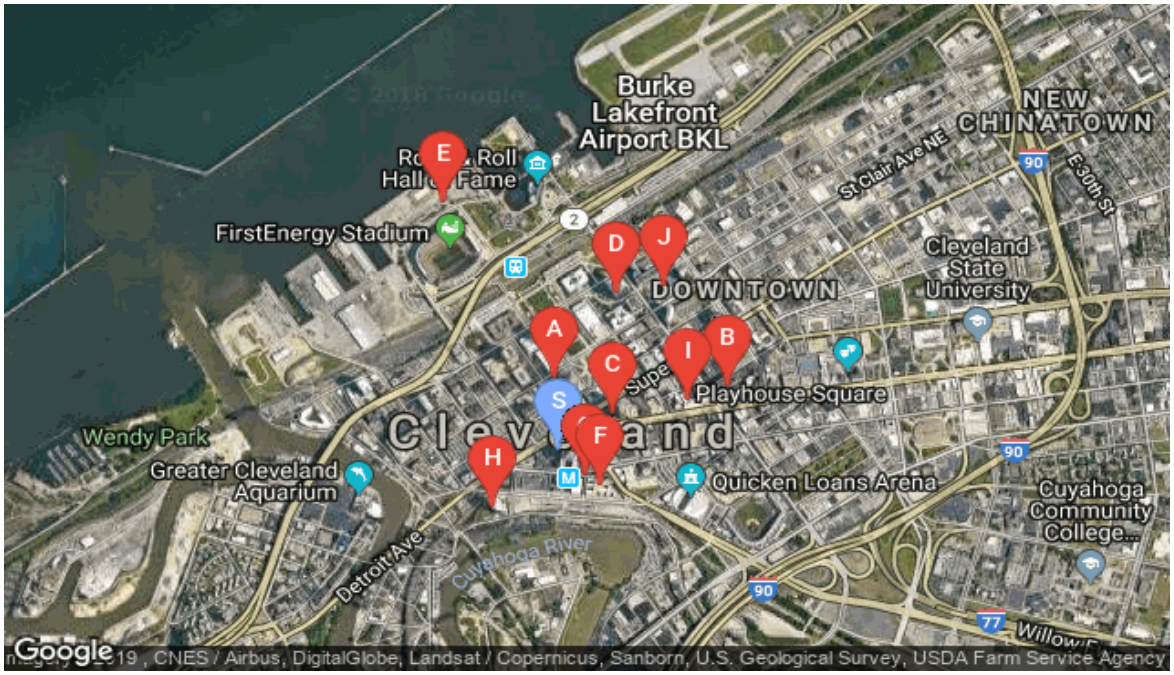
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The following chart and map shows the subject property and the largest tracked office properties in the immediate area from CoStar.

LARGEST OFFICE BUILDINGS

NAME	MAP PIN	CLASS	NRA (SF)	% LEASED	YEAR BUILT	AVG RENT
Key Center Tower	A	A	1,425,000	92.2	1991	$32.42
925 Euclid	B	B	1,310,000	100.0	1924	Withheld
200 Public Square	C	A	1,270,204	92.2	1985	$28.54
Federal Bldg	D	B	1,154,176	100.0	1966	N/Av
Harbor View	E	A	1,000,000	0.0	-	Withheld
Landmark Office Towers	F	B	900,000	100.0	1930	N/Av
Higbee Building	G	B	815,000	84.0	1931	$21.50
Carl B. Stokes U.S Courthouse	H	A	800,000	100.0	2002	N/Av
PNC Center	I	A	789,491	80.4	1980	Withheld
The Galleria At Erieview	J	A	760,339	100.0	1964	N/Av

Source: CoStar



Overall Office Market Summary and Commercial Hotel Demand Conclusion

Overall, we believe that the market will continue to support the local hotel market with sufficient corporate demand. We have taken the office market trends in the area into consideration when concluding future commercial demand growth, which will be discussed in greater detail later in this report.

LOCAL DEMAND GENERATORS

Lodging demand in the area is primarily comprised of commercial-oriented demand generators. Leisure demand is also a significant component of the local lodging industry.

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

COMMERCIAL DEMAND GENERATORS	
AT&T	IBM
American International Group (AIG)	IMG Sports Management
Case Western Reserve University	Kaiser Permanente
Charter One Bank	Key Bank
Chase Bank	Lesco Inc
Citizens Bank	Medical Mutual of Ohio
Cleveland Clinic	Merrill Lynch
Cliffs Natural Resources	Metro Health
Eaton Corporation	Ohio Savings Bank
Ernst & Young	PNC Bank
Federal Building	PNC Center
Federal Courthouse Tower	Penton Media
Federal Reserve Bank	Sherwin Williams
Fifth Third Bank	US Bank
Huntington Bank Building	University Hospitals

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

LEISURE DEMAND GENERATORS	
Case Western Reserve University	House of Blues
Cedar Point Amusement Park	International Expo Center
City Center	Metropark Zoo & Rainforest
Cleveland Browns Football	Nautica Entertainment Complex
Cleveland Browns Stadium	Nautica Queen
Cleveland Cavaliers Basketball	PlayhouseSquare
Cleveland Indians Baseball	Pro Football Hall of Fame
Cleveland Lake Erie Monsters	Progressive Field
Cleveland Museum of Art	Quicken Loans Arena
Cleveland State University	Rock-N-Roll Hall of Fame
Galleria at Erieview	Tower City Center
Goodtime III Cruise Excursion	University Circle
Great Lakes Science Center	Warehouse District/ West 6th Street

SUMMARY

Overall, the condition and appeal of the market area is generally good. There has been a significant amount of residential growth in the downtown market, as there has been a movement to renovate and convert older office buildings in the downtown area to multi-family residential. As a result, demand for parking has increased. Further growth is physically restricted by the lack of undeveloped sites, which has positive implications for the parking garage market. As demand continues to increase for these underdeveloped properties, property values are expected to appreciate in the subject's immediate market area.

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General Description Overall, the subject site is considered to be adequate for its intended use. The following summarizes key characteristics of the subject site:

Assessor Parcels See Multiple Parcel Chart For Breakdown

Land Area	**Acres**	**Square Feet**
Primary Parcel	2.16	93,979
Excess Land	0.00	0
Surplus Land	0.00	0
Total Land Area	**2.16**	**93,979**

Shape Irregular

Topography Level at street grade

Zoning General Retail Business (GRB)

Utilities Reportedly all available to the site

Conclusion Overall, the subject site is considered to be adequate for its intended use.

Accessibility Good

Exposure Good - Given the hotel's proximity to a variety of demand generators and major roadways, as well as the hotel's position in Cleveland downtown CBD, access is considered to be good. Visibility is also considered to be good given the property's multi-level construction and position along multiple major downtown roadways.

Seismic The subject is in a low risk zone.

Flood Zone Zone X (Unshaded). This is referenced by Community Number 390104, Panel Number 39035C0177E, dated December 03, 2010. Zone X (unshaded) is a moderate and minimal risk area. Areas of moderate or minimal hazard are studied based upon the principal source of flood in the area. However, buildings in these zones could be flooded by severe, concentrated rainfall coupled with inadequate local drainage systems. Local stormwater drainage systems are not normally considered in a community’s flood insurance study. The failure of a local drainage system can create areas of high flood risk within these zones. Flood insurance is available in participating communities, but is not required by regulation in these zones. Nearly 25-percent of all flood claims filed are for structures located within these zones. Minimal risk areas outside the 1-percent and .2-percent-annual-chance floodplains. No BFEs or base flood depths are shown within these zones. (Zone X (unshaded) is used on new and revised maps in place of Zone C.)

Easements During the on-site inspection, no adverse easements or encumbrances were noted. This appraisal assumes that there is no negative value impact on the subject improvements. If questions arise regarding easements, encroachments, or other encumbrances, further research is advised.

Soils A detailed soils analysis was not available for review. Based on the development of the subject, it appears the soils are stable and suitable for the existing improvements.

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Hazardous Waste

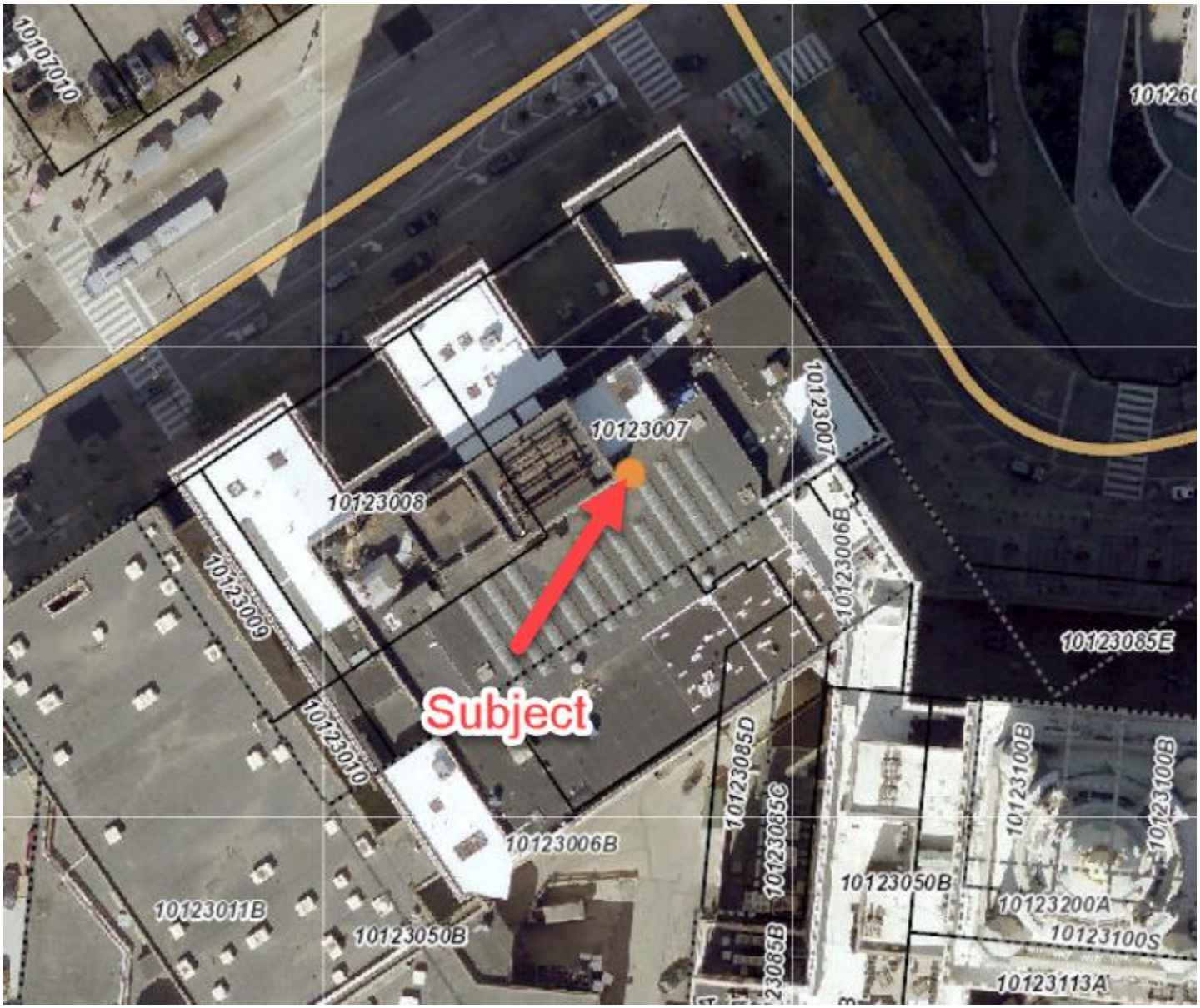
We have not conducted an independent investigation to determine the presence or absence of toxins on the subject property. If questions arise, the reader is strongly cautioned to seek qualified professional assistance in this matter. Please see the Assumptions and Limiting Conditions for a full disclaimer.

Conclusion

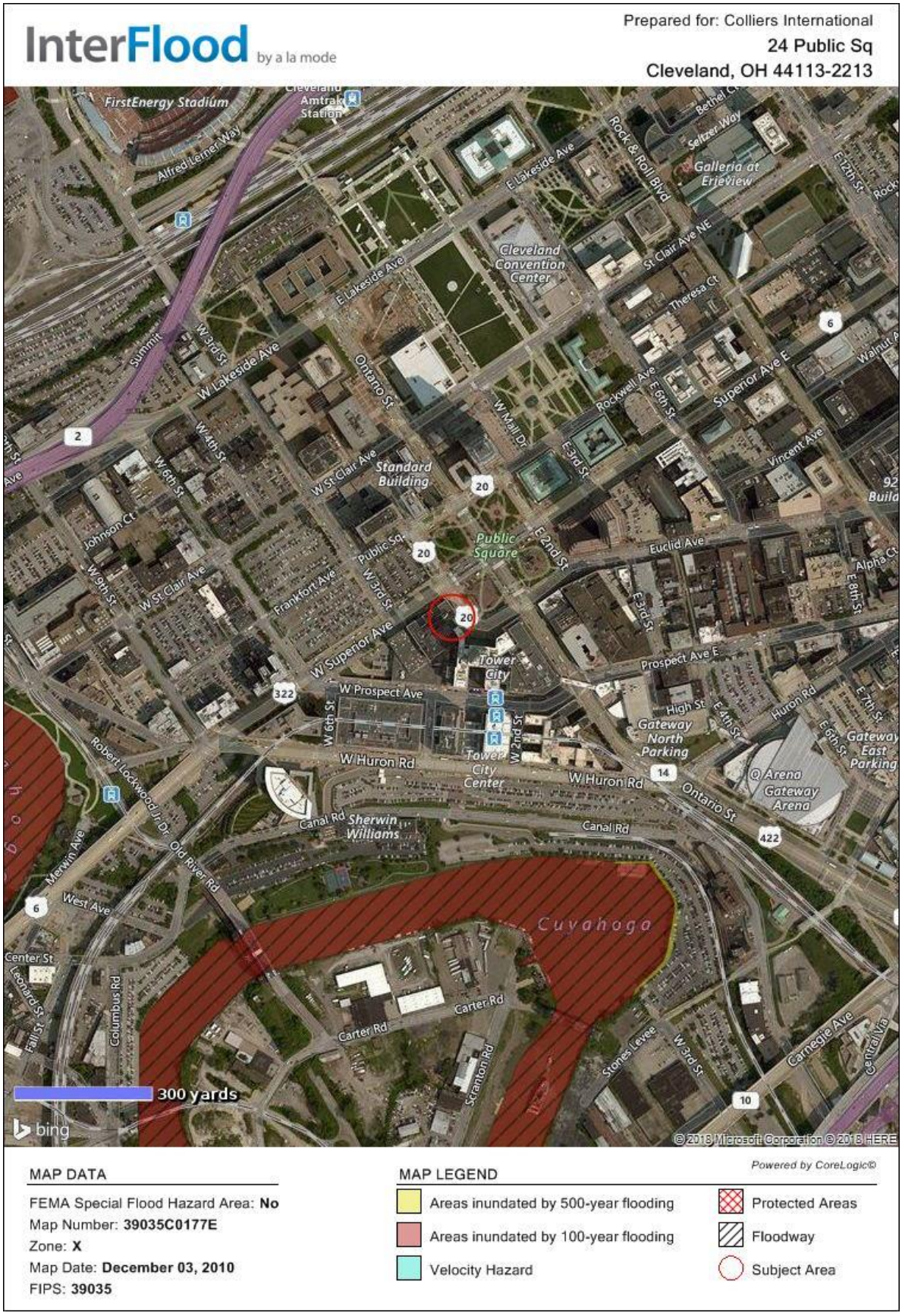
Overall, it is our opinion that the subject site is considered to be Good when measured against competing properties in the marketplace.

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PLAT MAP


10107010
10123007
10123008
10123009
10123010
10123006B
10123085E
Subject
10123085D
10123085C
10123100B
10123050B
10123011B
10123200A
10123100S
10123113A

FLOOD MAP


InterFlood by a la mode
Prepared for: Colliers International
24 Public Sq
Cleveland, OH 44113-2213
FirstEnergy Stadium
Cleveland Amtrak Station
Alfred Lerner Way
E Lakeside Ave
Rock & Roll Blvd
Galleria at Erieview
Cleveland Convention Center
St Clair Ave NE
Theresa Ct
Summit
W 3rd St
W Lakeside Ave
Ontario St
W Mall Dr
Rockwell Ave
E 6th St
Superior Ave E
Vincent Ave
W 4th St
W 6th St
W St Clair Ave
Standard Building
Johnson Ct
W 9th St
Public Sq
Public Square
E 2nd St
Euclid Ave
Frankfort Ave
W 3rd St
E 3rd St
E 8th St
W Superior Ave
Tower City
Prospect Ave E
W Prospect Ave
W 6th St
W 2nd St
High St
E 4th St
Huron Rd
E 7th St
Gateway North Parking
Gateway East Parking
Robert Lockwood Jr Dr
W Huron Rd
Tower City Center
Arena Gateway Arena
Ontario St
Canal Rd
Sherwin Williams
Old River Rd
Merwin Ave
West Ave
Cuyahoga
Center St
Leonard St
Fall St
Columbus Rd
Carter Rd
Scranton Rd
Stones Levee
Carnegie Ave
Central Via
300 yards
bing
© 2018 Microsoft Corporation © 2018 HERE
Powered by CoreLogic©
MAP DATA
FEMA Special Flood Hazard Area: No
Map Number: 39035C0177E
Zone: X
Map Date: December 03, 2010
FIPS: 39035
MAP LEGEND
Areas inundated by 500-year flooding
Areas inundated by 100-year flooding
Velocity Hazard
Protected Areas
Floodway
Subject Area

Introduction

The information presented below is a basic description of the existing improvements. This information is used in the valuation of the property. Reliance has been placed upon information provided by sources deemed dependable for this analysis. It is assumed that there are no hidden defects, and that all structural components are functional and operational, unless otherwise noted. If questions arise regarding the integrity of the improvements or their operational components, it may be necessary to consult additional professional resources.

Overview

The subject property, commonly known as Renaissance Cleveland Hotel, is a 15-story, 491-room, full-service lodging facility built in 1918. The property was in good condition at the time of inspection. The subject property features all basic services for a property of this type, and offers amenities including a restaurant, lounge, fitness facility, indoor swimming pool, business center, sundries shop, meeting space, vending and ice machines. The hotel also features concierge and valet services.. The rooms are loaded off of interior corridors. The subject is located within the core of Central Business District (CBD) of Downtown Cleveland, and adjacent to the Public Square. The subject hotel is connected to the Tower City Center which has more than 100 stores and restaurants, a movie theater, Horseshoe Casino; and is also the hub for Cleveland's three rapid transit lines. On March 17, 1976, the tower was added to the National Register of Historic Places as the Union Terminal Group. A four-block area at the intersection of Superior Avenue and Ontario Street, the Public Square is within a walking distance of the Lake Erie waterfront, the Rock and Roll Hall of Fame and Museum, the Great Lakes Science Center and all of the city's major sports venues, including the Cleveland Browns Stadium, Progressive Field and Quicken Loans Arena. The subject's neighborhood primarily comprises of a variety of commercial, retail and leisure/entertainment uses.

Originally built in 1918 as the 1,000-room Hotel Cleveland, the iconic Cleveland Property has since been renovated and rebranded as the Renaissance Cleveland. Having been built prior to the construction of the adjacent Terminal Tower, the Renaissance Cleveland became an integral part of the Tower City Center as the original owners and developers of the Hotel, the Van Sweringer brothers, reinforced the structure and dug a tunnel underneath the Hotel in the 1920s, which would later become the United States' first rapid transit system that directly connects the downtown area to the airport. Since the Hotel's opening in 1918, the Renaissance Cleveland has been a timeless piece of real estate in downtown Cleveland and has been visited by many of America's famous icons over the years such as Eliot Ness, Charles Lindbergh, President Harry Truman and First Lady Eleanor Roosevelt. The Hotel has benefited from strong ownership as approximately $23.7 million has been invested into the Property over the past eight and a half years. Recent upgrades include a $7.1 million renovation that encompassed renovations to the guestrooms, guest corridors, suites and club lounge, in addition to approximately $4.6 million spent to improve the physical structure, façade and mechanical systems since 2010. Located in downtown Cleveland's Tower City District, the Renaissance Cleveland offers direct indoor access to retail shopping, a movie theater, the Regional Transit Authority's(RTA's)

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light rail system, the Jack Casino and indoor walkway access which connects to Quicken Loans Arena, home of the NBA Cleveland Cavaliers.

It is our understanding that the subject property includes ±37,000 sf of vacant space that is anticipated to be utilized for office or retail income. The owners indicated future plans call for a leasing plan for this space, but there currently are no active lease agreements in place with the exception of the above. In the event a plan is established, additional income is anticipated to be derived from the asset.

Property Type	Lodging & Hospitality - Luxury Hotel
Number of Rooms	491
Gross Building Area (GBA)	873,000 SF
Number of Buildings	1
Number of Stories	15
Site Coverage Ratio	61.9%
Year Built	1918
Age/Life Analysis	
Actual Age	101 Years
Effective Age	36 Years
Economic Life	100 Years
Remaining Life	64 Years
Quality	Good
Condition	Good
Marketability	Good

Guestrooms Detail

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

GUEST ROOMS

ROOM TYPES	NUMBER OF ROOMS
Queen/queen	160
King	184
Queen	97
Hospitality suite	5
Executive suite	17
Deluxe suite	22
Whirlpool suite	5
Presidential suite	1
TOTAL NUMBER OF ROOMS	**491**

The Renaissance Cleveland features a total of 491 guestrooms and suites across the 15-story iconic building. Occupying ten percent of the total room inventory, the Renaissance Cleveland offers 50 suites, including five suites with whirlpools and one Presidential Suite. The guestrooms were last renovated in May 2012; the $7.1 million renovation included upgrades to the carpet, wall vinyl, bedding package, and all case goods with the exception of the desk, while also addressing the guest corridors and club lounge. Guestroom drapes, mattresses and bedspreads, carpeting and case goods are in good overall condition and comparable in terms of marketability relative to the competition. The spacious and inviting two-level Club Lounge is situated on the thirteen and fourteenth floors offering spectacular

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views of Public Square. With two floors of club level guestrooms, the Hotel caters to the robust network of Marriott Rewards customers. The Club Lounge, which offers breakfast and evening snacks Monday through Thursday, is offered complimentary for Gold and Platinum Marriott Rewards members or for an additional charge for non-elite guests.

Each of the guestrooms features a remote control flatscreen television with premium channel selection, telephone, desk with chair, dresser, nightstands, lamps and lounge chairs. Guestroom drapes, mattresses and bedspreads, carpeting and case goods are in good overall condition and comparable in terms of marketability relative to the competition.

Food and Beverage

The subject has one restaurant and one lounge area. The seating capacity of this space is presented in the following table:

FOOD & BEVERAGE CAPACITY

FACILITY	CAPACITY
Sans Souci	110
Lobby Court Bar	93
TOTAL NUMBER OF SEATS	**203**

Located off of the lobby, San Souci is a critically acclaimed restaurant serving Mediterranean-style cuisine for breakfast, lunch and dinner. Surrounded by accents and murals of the Provincial countryside, San Souci offers an acclaimed dining experience while overlooking Public Square. Inspired by a wine cellar, the restaurant offers one private dining room, perfect for intimate and personalized meal functions.

The Lobby Court Bar is open daily for hand-crafted cocktails using locally produced Cleveland Whiskey. The Lobby Court Bar is a full-service bar offering eclectic cocktails and a lighter fare dining menu.

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

Meeting Space

The Renaissance Cleveland boasts approximately 65,000 square feet of flexible meeting space across 34 rooms, located on the first, second, third and fourth floors of the Hotel. The Property's meeting facilities are equipped with the latest technology and allow for an array of AV requirements for groups' specific needs. The Renaissance Cleveland's abundance in meeting space positions the Property to be the premier large group Hotel in the CBD. Furthermore, the Hotel's strategic location just three blocks away the Cleveland Medical Mart and Convention Center will continue to enhance the Hotel's positioning in capturing group business and securing large room blocks from the Convention Center

At the time of our inspection, the subject's meeting and banquet space was in good condition and generally comparable relative to the competition. The following graphic summarizes this space:

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MEETING SPACE	
ROOM	**SQUARE FEET**
Ambassador Ballroom	3,293
Exhibit Hall	11,000
Gold	5,600
Whitehall Room	4,152
Grand Ballroom A & B	14,490
Grand Ballroom A - 9,090 sf	-
Grand Ballroom B - 5,400 sf	-
Grand Ballroom Balcony	8,100
Bush	1,050
Wade	494
Humphrey	666
Blossom	576
Brush	425
Carnegie Boardroom	828
Case, Garfield, or Hale	1,674
Doan	208
Holden	510
Hopkins	418
Owens	306
Rockefeller Boardroom	828
Severance	2,236
Stouffer Boardroom	846
Szell	252
Van Aken	760
Willey	320
Hanna	294
Van Sweringen	551
Indians	420
Browns	402
Force	390
Cavaliers	345
Superior Room	1,300
Shuckers	2,000
TOTAL SQUARE FEET	**64,734**

Other

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

OTHER PROPERTY FEATURES	
High-speed internet access	Swimming pool
Fitness room	Vending and ice machines
Concierge service	Business center
Valet parking	Sundries shop

Capital Expenditures

The subject property's facilities have been well maintained in recent years and the property's overall condition is considered to be good

Previous ownership has invested approximately $20.9 million since 2005. Despite these upgrades to modernize the Property, the Hotel has maintained its classical charm and grandeur; in particular, the grand staircase at the Superior Avenue entrance, which features ornate sculpted gray marble, looks much as it did in 1918. Upgrades included $7.1 million to the guestrooms, guestroom bathrooms, corridors and Club Lounge. Since 2005, ±$5.7 million has been allocated on upgrading the façade/exterior of the building, ± $1.9 million has been spent on

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renovations to the parking garage, ± $1.6 million was allocated towards mechanical systems at the Hotel, ± $1.3 million has been spent on upgrading the meeting spaces and ± $1.1 million was apportioned towards modernizing the elevators.

Most recently, capital expenditures were reported to be approximately $3,000,000 in 2017 and $10,000,000 in 2018.

The following table summarizes capital items that have recently been spent at the subject:

CAPITAL EXPENDITURES
Historical Capital Items

Item	Approx. Cost
2005 (Garage upgrades, façade, ballroom and other upgrades)	$3,172,646
2006 (Loading dock and other upgrades)	$397,267
2007 (Fire alarm system and other upgrades)	$1,055,531
2008 (Elevator modernization, façade, firm alarm, other upgrades)	$1,486,847
2009 (Façade, doors, elevator modernization, other upgrades)	$1,307,367
2010 (Façade, lobby/bar/promenade renovation, ballroom renovation, Brasserie renovation, porte cochere renovation, cooling tow er/escalator/chiller upgrades)	$3,196,367
2011 (Façade, LCD TVs, armoires, elevators, other upgrades)	$2,363,781
2012 (Guestrooms/corridors, bathroom upgrades, w ireless system, plumbing repairs, HVAC repairs, elevator, emergency generator, other upgrades)	$7,980,454
2017 Renovations	$3,000,000
2018 Renovations	$10,000,000
Total	**$33,960,260**
Per Room	$69,165

The subject property is slated to undergo renovations within the first year as part of a property improvement plan ("PIP"). The current owner indicated that they are still negotiating the PIP's cost budget with Marriott and the PIP's cost budget may change. We assume these upgrades are completed within the first 24 months of the projection period, they are completed in a very good workman like manner, and they are sufficient for the property to maintain its current brand affiliation throughout the holding period. The change is the total PIP's cost budget may have a significant impact on our projections and opined values.

The renovations will address the softgoods and casegoods in all guest units, corridors, public areas, meeting space, restaurant, back-of-the-house and exterior. A summary of the proposed upgrades is presented in the following table:

CAPITAL EXPENDITURES
Near-Term Commitments

Item	Approx. Cost
Completion of HVAC Modification	$2,128,951
Exhibit Hall / Roof Renovation	
Meeting/Public Space	$16,500,000
Future Guest Room Renovation Est @ $30K/RM	$14,775,000
Total	**$33,403,951**
Per Room	$68,032

Based on our experience in the valuation of lodging facilities that are undergoing major property improvement plans (namely Renaissance properties), we believe

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that the proposed upgrades will be sufficient to render the property fully competitive in the market.

Comparables within our files for similar renovations/conversions are presented below.

- $10,000/Key proposed renovation/conversion (Shilo->Red Lion)
- $30,000/Key renovation/conversion (Indy->County Inn & Suites)
- $25,000/Key proposed renovation/conversion (Quality Inn->Holiday Inn)
- $12,000/Key renovation/conversion (Days Inn->Red Lion)
- $18,000/Key renovation/conversion (Hometown->TPS)
- $21,000/Key PIP to maintain (Hampton Inn)
- $6,000/Key PIP to maintain (Hampton Inn)
- $25,000/Key renovation/conversion (Indy->Clarion)
- $9,000/Key renovation (Wyndham Garden)
- $17,000/Key renovation to brand standard (Wyndham Garden)
- $33,000/Key renovation to brand standard (Marriott)
- $23,000/Key renovation/conversion (Crowne Plaza->Doubletree)

As can be seen, the subject guest room renovation of $30,000 per room falls within the range of other hotel renovations, although at the higher end of the range.

The following table summarizes the timing of the above capital commitments. The ultimate timing of the disbursements governs the amount of total capital that will be deducted from our value conclusions within this report.

CAPITAL EXPENDITURES
Timing of Capital Disbursement

Item	Disbursement
Year 0 (Immediate)	$0
Year 1	$2,128,951
Year 2	$16,500,000
Year 3 and later	$14,775,000
Total	**$33,403,951**
Per Room	$68,032

In order to ensure that the subject property is maintained in a competitive position throughout the holding period, we deducted a reserve for replacement equal to 4.0% of total revenues per year. We believe our estimate of capital reserves should be adequate to account for all typical future capital expenditures throughout the holding period over and above the capital deduction indicated above.

Basic Construction Concrete, steel and masonry

Foundation Cast-in-place concrete foundation walls that include reinforced, concrete, column pads

Framing Structural steel grid system in-filled with a flat arch compression tile system topped with two inch or three inch topping slab, typical of the era. Columns are built-up steel sections consisting of plates and angles that have been bolted together.

Exterior Walls Architectural stone/brick and stone veneer

Roof Type Flat roofs finished with single-ply, elastomeric roofing membrane, insulated with rigid insulation boards

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Roof Cover	Sealed membrane
Insulation	Adequate
Plumbing	The plumbing system is assumed to be adequate for existing use and in compliance with local law and building codes. The plumbing system is typical of other properties in the area with a combination of PVC, steel, copper and cast iron piping throughout the building.
Heating & AC	Varies; adequate for market requirements
Lighting	Fluorescent and Incandescent
Electrical	The building has a master meter.
Interior Walls	Drywall
Ceilings	Drywall
Windows	Thermal windows in aluminum frames
Doors	Glass, wood, and metal
Flooring	Tile and carpet throughout
Vertical Transportation	Ten total elevators – six guest passenger and four service traction elevators. The property features an elevator system providing vertical transportation. It is understood that this system is adequate for the subject's operations. In addition, there are multiple stairwells.
Security	Security monitors
Fire Protection	Fully sprinklered
Site Imp's/Landscaping	The site improvements include minimal landscaping, curbing, signage, lighting and drainage.
Parking	304 on-site parking spaces. The subject has 304 parking spaces in the 127,000 square foot parking garage attached to the Hotel. The Hotel offers guests access to on-site self-parking or valet parking options. Managed by the Hotel, the parking operations have proven to be quite lucrative. Overnight self-parking is currently priced at $30, while valet parking is priced at $36 per night. To the best of our knowledge, the subject's parking requirements are adequate to conform to existing zoning requirements (including variances, etc.) as well as market requirements.
Deferred Maintenance	Curable physical deterioration refers to those items that are economically feasible to cure as of the effective date of the appraisal. This element of depreciation is commonly referred to as deferred maintenance and is measured as the cost of repairing or restoring the item to new or reasonably new condition. Please refer to the Capital Expenditures section of this report.
Hazardous Materials	This appraisal assumes that the improvements are constructed free of all hazardous waste and toxic materials, including (but not limited to) asbestos. Please refer to the Assumptions and Limiting Conditions section regarding this issue.

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***ADA* Compliance**	This analysis assumes that the subject complies with all ADA requirements. Please refer to the Assumptions and Limiting Conditions section regarding this issue.
Conclusion	The subject improvements are in good condition for their age and for the surrounding neighborhood.

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INTRODUCTION

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

The subject property is located within Cuyahoga County. The assessed value and property tax for the current year are summarized in the following table.

ASSESSMENT & TAXES

Tax Year	2018					Tax Rate	9.543797%
Assessment Ratio:	35.00%					Taxes Current	Yes
APN	**LAND**	**IMPV**	**PERSONAL**	**MARKET**	**EXEMPTIONS**	**ASSESSED**	**BASE TAX**
101-23-007	$1,698,500	$11,139,200	$0	$12,837,700	$0	$4,493,200	$428,822
101-23-011B	$2,511,000	$0	$0	$2,511,000	$0	$1,136,660	$108,481
101-23-009	$247,500	$0	$0	$247,500	$0	$86,630	$8,268
101-23-010	$99,000	$0	$0	$99,000	$0	$34,650	$3,307
101-23-006B	$1,741,900	$0	$0	$1,741,900	$0	$609,670	$58,186
101-23-008	$750,600	$0	$0	$750,600	$0	$262,710	$25,073
Totals	**$7,048,500**	**$11,139,200**	**$0**	**$18,187,700**	**$0**	**$6,623,520**	**$632,135**
Total/Room	**$14,355**	**$22,687**	**$0**	**$37,042**	**$0**	**$13,490**	**$1,287**

Source: Cuyahoga County Assessment & Taxation

SUBJECT PROPERTY ANALYSIS

The total assessment for the subject property is $6,623,520 or $13,490/Room. There are no exemptions in place. Total taxes for the property are $632,135 or $1,287/Room.

As part of the scope of work, we researched assessment and tax information related to the subject property. The following are key factors related to local assessment and taxation policy. Real property in Cuyahoga County is assessed at 100% of market value. The equalization rate for properties located within this municipality is 35% of market value, per State of Ohio law. Real property is reassessed every 6 years, with an update at the 3 year midpoint. The next scheduled reassessment date is 2018, as an update took place in 2015 for 2016 taxes (which appears in the chart above). Properties in Cuyahoga County are not automatically reassessed upon sale, conversion, renovation or demolition, due to the reassessment schedule. According to the staff representative at the Cuyahoga County Auditor's Office, real estate taxes for the subject property are current as of the date of this report.

In the State of Ohio, each County government is responsible for real estate assessments and taxation. Real estate is assessed on a six year revaluation schedule with a tri-annual reassessment. Therefore, the subject's courthouse valuation may change every three years. The sale of an individual parcel does not trigger a new assessment as is present is some states. However, in many jurisdictions, local school districts are active in tracking the real estate market; and filing assessment complaints with the County. These petitioned assessments can result in 'new' courthouse valuations; often times 70% to 100% of the individual sales price.

These actions by the individual school boards have not been consistent over the course of time within Ohio and vary in their veracity across the state. Once an assessment complaint is filed by the school board; a board of revision case can be tied up in litigation/negotiation for 1 to 3 years; depending on the backlog in the local jurisdiction. Because of the process involved; many market participants view and account for potential increase in real estate taxes differently. One approach is to estimate real estate taxes assuming the courthouse value

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would be equal to an independent appraised value or transaction price. Other participants may assume a certain percentage increase; while some assume no increase.

An additional consideration in downtown Cleveland is the recent actions of Cuyahoga County. Cuyahoga County currently offers tax abatements to developers in certain Community Reinvestment Areas (CRA), of which downtown Cleveland is one. The abatement consists of a temporary elimination of increased property taxes that are offered to developers to build or rehabilitate properties in the City of Cleveland. Based on the typical rate schedule, the abatement for development (rehabilitation) is 100% of the improvement for a period of 15 years.

According to the Cuyahoga County Assessor's Office, real estate taxes for the subject property are current as of the date of this report. However, we recommend performing a title and tax lien search to properly ascertain the situation of delinquent taxes, if any. If taxes are in fact delinquent, the marketability of the subject could be negatively impacted.

TAX COMPARABLES

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

TAX COMPARABLES

Property Name	Renaissance Cleveland Hotel	**Doubletree Cleveland Downtown Lakeside**	**Marriott Cleveland Downtown At Key Tower**	**Westin Cleveland Downtown**	**Crowne Plaza Cleveland @ Playhouse Square**			
Address	24 Public Square	1111 Lakeside Avenue East	1360 W Mall Drive	777 St Clair Avenue	1260 Euclid Avenue			
City, State	Cleveland OH	Cleveland OH	Cleveland OH	Cleveland OH	Cleveland OH			
Year Built	1918	1974	1991	1975	1995			
Rooms	491	379	400	484	205	**Low**	**High**	**Ave**
Assessed $	$6,623,520	$7,551,530	$8,509,730	$4,493,200	$13,644,440	$4,493,200	$13,644,440	$8,549,725
Assessed $/Rm	$13,490	$19,925	$21,274	$9,283	$66,558	$9,283	$66,558	$29,260
Total Taxes	$632,135	$720,703	$812,151	$428,822	$1,302,198	$428,822	$1,302,198	$815,968
Taxes Per Rm	$1,287	$1,902	$2,030	$886	$6,352	$886	$6,352	$2,793

The comparable properties reflect taxes ranging from $886 to $6,352/Room with an average of $2,793/Room. The taxes for the subject property are within this range.

HISTORICAL TAX

The subject has recently obtained a reduced assessed value and tax amount, due to a successful appeal with the Board of Revisions. The subject had filed a complaint in 2016, for the 2015 tax year, and received a reduction most of the parcels after a November 2016 hearing. The historic level taxes are displayed below. The current tax rate is displayed for presentation purposes.

HISTORIC ASSESSMENT LEVEL (PRIOR TO APPEAL)

Tax Year	**2014**					Tax Rate	9.543797%
Assessment Ratio:	35.00%					Taxes Current	Yes
APN	**LAND**	**IMPV**	**PERSONAL**	**MARKET**	**EXEMPTIONS**	**ASSESSED**	**BASE TAX**
101-23-007	$3,396,900	$22,018,900	$0	$25,415,800	$0	$8,895,530	$848,971
101-23-011B	$4,017,600	$2,688,600	$0	$6,706,200	$0	$2,347,170	$224,009
101-23-009	$495,000	$0	$0	$495,000	$0	$173,250	$16,535
101-23-010	$198,000	$0	$0	$198,000	$0	$69,300	$6,614
101-23-006B	$3,483,800	$0	$0	$3,483,800	$0	$1,219,330	$116,370
101-23-008	$1,501,200	$0	$0	$1,501,200	$0	$525,420	$50,145
Totals	**$13,092,500**	**$24,707,500**	**$0**	**$37,800,000**	**$0**	**$13,230,000**	**$1,262,644**
Total/Room	**$26,665**	**$50,321**	**$0**	**$76,986**	**$0**	**$26,945**	**$2,572**

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TAX PROJECTION

The total assessment for the subject property is $6,623,520 or $13,490/Room. There are no exemptions in place. Total taxes for the property are $632,135 or $1,287/Room. It has been determined that historical taxes are at market levels.

In order to ascertain the total tax burden on a going-forward basis, we have considered a variety of factors including the current condition of the property, the amount of capital that is expected to be committed to the physical plant and the FF&E in the short term, the assessment levels at comparable properties in the area and, most prominently, the expected operational performance of the property through the date of stabilization.

We observe that there is a fairly strong correlation between the trends of a hotel's certain operational metrics and those of its actual tax costs. This is because the value of the tangible components of a hotel are more elastic relative to other property types due to the seasonality and cyclical nature of its revenue sources, notwithstanding there is a higher propensity for intangible value to exist in a hotel which, in the subject's jurisdiction, is not taxed.

The most relevant line item of comparison, therefore, is house profit. It is at this level of the business activity of a hotel where all (or at least a substantial amount) of a property's intangible value has already been accounted for and stripped from the ownership position. (We call your attention to the reconciliation section of this document which describes the rationale behind the absence of any business value associated with this appraisal.) Any swings in operating activities by way of, for example, a renovation would have a commensurate impact on the property's market value. Therefore, there is an intuitive relationship between a hotel's taxable value and its operating characteristics.

Since the house profit line item calculation is dependent on a number of individual revenue and expense components—each of which possess the certain fixed and variable characteristics that will be discussed later in this report—it is logical to conclude that a portion of any of its dependent variables (tax expense in this case) will be variable. However, given the level of expenses that have already been deducted prior to the calculation of house profit, the majority of the tax expense as it relates to house profit will be fixed.

Although the current owner has successfully filed an appeal, a new owner would not anticipate the lower tax burden to carry forward. A hypothetical sale price this appraisal assumes would be significantly higher than the current implied market values. Therefore, we will project a higher tax burden, in line with assessment levels prior to the successful tax appeal. This tax burden is in-line with the tax comparables previously displayed. This amount will be projected in our income capitalization approach.

CONCLUSION

The following table summarizes our tax projection as measured against house profit over the first five projection years. Please note that, since we have modeled there to be some degree of fixed behavior in the tax burden projection, the nominal percentage change in the tax projection (or, the growth rate's disparity from the inflation rate of 3.0%) is tempered relative to the house profit line item.

TAX PROJECTION

PERIOD	YEAR	HOUSE PROFIT	%CHG	TAX PROJECTION*	%CHG
Year 1	2018/19	$7,137,533		$632,135	
Year 2	2019/20	$8,222,698	15.2%	$947,390	49.9%
Year 3	2020/21	$10,126,500	23.2%	$1,262,644	33.3%
Year 4	2021/22	$11,421,747	12.8%	$1,313,416	4.0%
Year 5	2022/23	$11,552,788	1.1%	$1,350,185	2.8%

*Note - The Fixed/Variable components of the tax expense line item have been modeled at 80% and 20% respectivly.

**Base Year House Profit has not yet been adjusted to account for market-oriented income and expenses.

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INTRODUCTION

Zoning requirements typically establish permitted and prohibited uses, building height, lot coverage, setbacks, parking and other factors that control the size and location of improvements on a site.

The property is zoned **GRB - General Retail Business** by the City of Cleveland.

> "General Retail Business" is defined an enterprise for profit for the convenience and service of, and dealing directly with, and accessible to, the ultimate consumer; neither injurious to adjacent premises or to the occupants thereof by reason of the emission of cinders, dust, fumes, noise, odors, refuse matter, smoke, vapor or vibrations; nor dangerous to life or property. It includes buildings or spaces necessary to a permitted use for making or storing articles to be sold at retail on the premises. Except as provided in division (b) of this section, it does not include any establishment which supplies a retail outlet other than that on the premises, or any building or use specifically mentioned as permitted only in a Semi-Industry or Industry District."

The zoning characteristics for the subject property are summarized below:

ZONING SUMMARY	
Municipality Governing Zoning	City of Cleveland Planning & Zoning Department
Current Zoning	General Retail Business (GRB)
Permitted Uses	Permitted uses within this district include hotel, office, retail, light industrial and various commercial uses
Prohibited Uses	Uses outside of those listed above
Current Use	Hotel
Is Current Use Legally Permitted?	Yes
Zoning Change	Not Likely

NOTES REGARDING CONFORMANCE

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

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

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

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

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ZONING CONCLUSIONS

Based on the interpretation of the zoning ordinance, the subject property is an outright permitted use that could be rebuilt if unintentionally destroyed.

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

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EXPOSURE TIME & MARKETING PERIOD

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

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

EXPOSURE TIME & MARKETING PERIOD

SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR
PriceWaterhouse Coopers					
Full-Service	3Q 18	3 to 9	6	6	6
Luxury	3Q 18	3 to 12	7	7	7
AVERAGE		**3 to 11**	**7**	**6**	**7**

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

Exposure Time Conclusion

The preceding information generally supports an exposure time range from 3 to 11 months for Lodging & Hospitality (Luxury Hotel) properties. The subject property is of good quality and is in good condition. Based on its overall physical and locational characteristics, the subject has average overall appeal to investors. Considering these factors, a reasonable estimate of exposure time for the subject property is 12 months or less.

Marketing Period Conclusion

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

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NATIONAL LODGING MARKET ANALYSIS

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

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

NATIONAL LODGING HIGHLIGHTS

Smith Travel Research Data

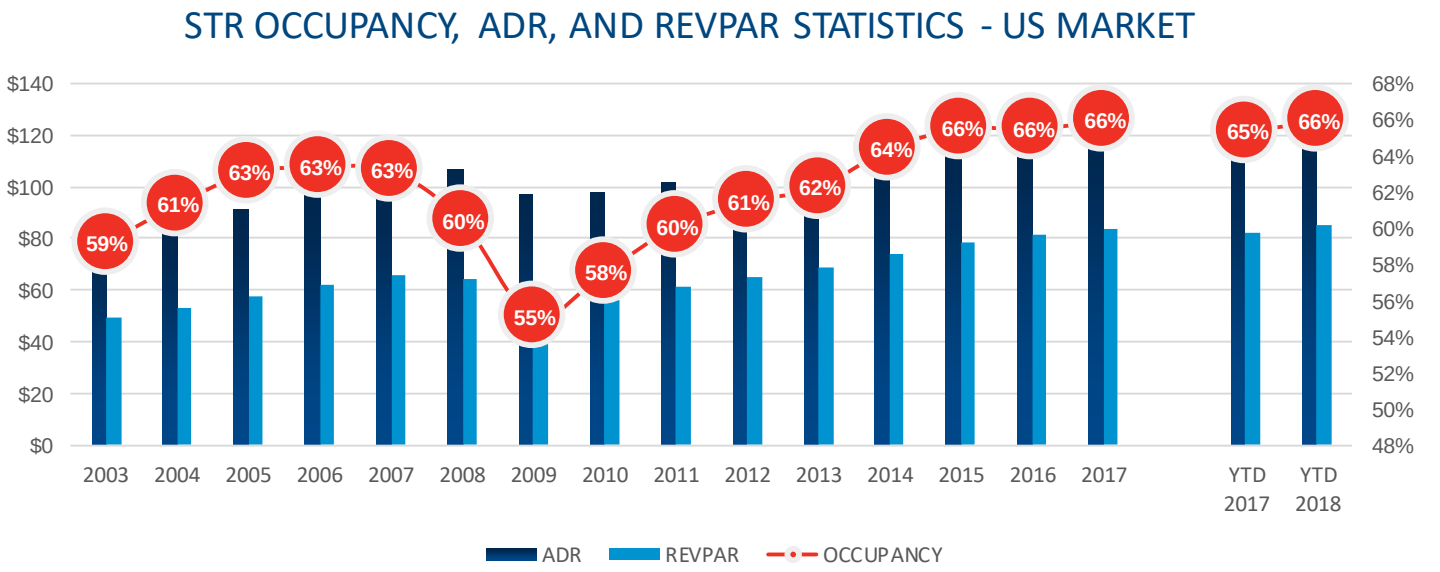
Smith Travel Research (STR) trends in the US hospitality market over the past 15 years are shown below.

STR SUPPLY, DEMAND, OCCUPANCY, ADR & REVPAR TRENDS - US MARKET

YEAR	ROOMS	SUPPLY	%CHG	DEMAND	%CHG	OCCUPANCY	%CHG	ADR	%CHG	REVPAR	%CHG
2003	4,389,972	1,602,339,780	-	948,463,191	-	59.2%	-	$82.83	-	$49.03	-
2004	4,410,565	1,609,856,225	0.5%	987,155,136	4.1%	61.3%	3.6%	$86.26	4.1%	$52.89	7.9%
2005	4,413,961	1,611,095,765	0.1%	1,016,609,518	3.0%	63.1%	2.9%	$90.95	5.4%	$57.39	8.5%
2006	4,439,785	1,620,521,525	0.6%	1,027,327,729	1.1%	63.4%	0.5%	$97.31	7.0%	$61.69	7.5%
2007	4,468,168	1,630,881,320	0.6%	1,030,858,746	0.3%	63.2%	(0.3%)	$103.55	6.4%	$65.45	6.1%
2008	4,586,277	1,673,991,105	2.6%	1,011,561,443	(1.9%)	60.4%	(4.4%)	$106.48	2.8%	$64.34	(1.7%)
2009	4,734,417	1,728,062,205	3.2%	952,266,656	(5.9%)	55.1%	(8.8%)	$97.47	(8.5%)	$53.71	(16.5%)
2010	4,827,455	1,762,021,075	2.0%	1,014,568,881	6.5%	57.6%	4.5%	$97.95	0.5%	$56.40	5.0%
2011	4,842,069	1,767,355,185	0.3%	1,062,135,606	4.7%	60.1%	4.4%	$101.57	3.7%	$61.04	8.2%
2012	4,848,248	1,769,610,520	0.1%	1,087,435,148	2.4%	61.5%	2.3%	$106.05	4.4%	$65.17	6.8%
2013	4,885,308	1,783,137,420	0.8%	1,110,527,243	2.1%	62.3%	1.3%	$110.31	4.0%	$68.70	5.4%
2014	4,923,033	1,796,907,045	0.8%	1,157,230,900	4.2%	64.4%	3.4%	$115.39	4.6%	$74.31	8.2%
2015	4,971,710	1,814,674,150	1.0%	1,189,614,896	2.8%	65.6%	1.8%	$119.97	4.0%	$78.65	5.8%
2016	5,039,952	1,839,582,480	1.4%	1,205,133,146	1.3%	65.5%	(0.1%)	$123.90	3.3%	$81.17	3.2%
2017	5,121,721	1,869,428,165	1.6%	1,233,203,792	2.3%	66.0%	0.7%	$126.69	2.3%	$83.57	3.0%
15-YEAR CAGR			1.0%		1.8%		0.7%		2.9%		3.6%
10-YEAR CAGR			`		1.6%		0.3%		2.4%		2.8%
5-YEAR CAGR			1.1%		2.5%		1.4%		3.6%		5.1%
YTD 2017	5,082,780	920,906,687	-	601,847,566	-	65.4%	-	$125.97	-	$82.33	-
YTD 2018	5,185,330	938,544,708	1.9%	618,890,534	2.8%	65.9%	0.9%	$129.34	2.7%	$85.29	3.6%

A graphic representation of ADR, occupancy, and RevPAR trends is below.

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Source: Smith Travel Research ®

In the early 2003 and 2004, occupancy rates and ADRs were increasing. Occupancy rates leveled out between 2005 and 2007 and ADR gains also slowed. The impact of the recession is indicated in the 2008 and 2009 data, with both ADRs and occupancies declining. Beginning in 2010 and extending to 2014, both indicators show annual gains. On a national basis, ADR growth was slightly to moderately in excess of inflation over this period. Over the 2015 to 2017 period, occupancy levels have been relatively flat, indicating the industry has entered into a mature stage of the cycle. ADR growth has also slowed. After hitting a post-recession peak gain of 4.6% in 2014, growth was 4.0% in 2015, 3.3% in 2016, and 2.3% in 2017.

For the first half of 2018, occupancy levels have been relatively flat as compared to 2017, with ADR growth of 2.7%.

Looking ahead to 2019, macroeconomic and industry fundamentals are expected to remain stable. Prior tot eh recent uncertainty, it was expected that strength in consumer spending and an uptick in corporate transient demand were anticipated to drive a slight increase in occupancy and ADR growth.

PwC Real Estate Investor Survey

The following data and information is taken from the 3rd Quarter 2018 PwC Real Estate Investor Survey (the most recent quarter with hotel data).

Overview

Strong economic indicators in the second quarter, coupled with accelerating group demand, suggest sustained momentum for the lodging sector through 2019. Solid economic fundamentals continued in the second quarter, generating strong demand for hotels that outpaced increases in supply and resulted in the highest second-quarter increase in average daily rate (ADR) since 2016. A year-over-year comparison for the second quarter shows U.S. RevPAR increasing 4.0%, led by ADR growth of 2.9%.

Looking ahead to 2019, hoteliers are expected to remain confident as increases in room rates remain a bigger driver of RevPAR growth. Consumer spending is forecast to increase due to lower personal tax rates and low unemployment. The industry is expected to continue to benefit from an improving economy stemming from the Tax Cuts and Jobs Act, as well as potentially higher group spending and greater commercial transient demand.

Supply

Increases in supply, long considered the Achilles heel for industry growth cycles, has been relatively tame during this recovery.

Supply growth for the U.S. lodging industry has been relatively tame during this recovery and is anticipated to increase at 2.0% for 2018 – its long-term average. This is up from 1.8% in 2017.

Of the seven chain-scale segments included in PwC's analysis, three are forecast to achieve supply growth above the industry average in 2018 while the rest are forecast to stay below it. The upscale segment is forecast to post the highest supply gain (+4.6%) while the economy segment is forecast to have the lowest (+0.1%).

For 2019, the U.S. lodging industry's supply growth is forecast to decelerate to 1.9%. As in 2018, three chain-scale segments are forecast to achieve supply growth above the industry average while the remainder are forecast to stay below it.

Demand

Continued growth in U.S. lodging demand led to a midyear year-to-date occupancy of 65.9%. Holiday shifts with Easter week ending on Sunday, April 1, contributed to a positive second-quarter RevPAR performance. Group demand increased 2.1% for the first half of this year compared to the same period in 2017. Commercial transient demand continued to increase, albeit at a slower pace than the prior year. As demand increases for both segments and continues to apply pressure on occupancy levels in many markets, our 2018 forecast anticipates an increase in pricing power for hotels, resulting in an ADR-driven RevPAR growth of 3.3%, driving improved cash flow for hotel operators.

For 2018, PwC's lodging outlook anticipates demand growing 2.7% for the industry and either holding steady or increasing in each chain-scale segment (between 0.0% in the economy chain-scale segment to 4.8% in the upscale chain-scale segment). Four of the seven chain-scale segments included in PwC's analysis are forecast to achieve demand growth above the industry average in 2018, including the luxury, upper-upscale, upscale, and upper-midscale segments.

For 2019, demand growth for the U.S. lodging industry is forecast to remain positive as a whole, but decelerate to 1.8%. Moreover, only three of the seven chain-scale segments included in PwC's analysis are forecast to achieve demand growth above the industry average in 2019, including upper upscale (+2.0%), upscale (+5.9%), and upper midscale (4.2%).

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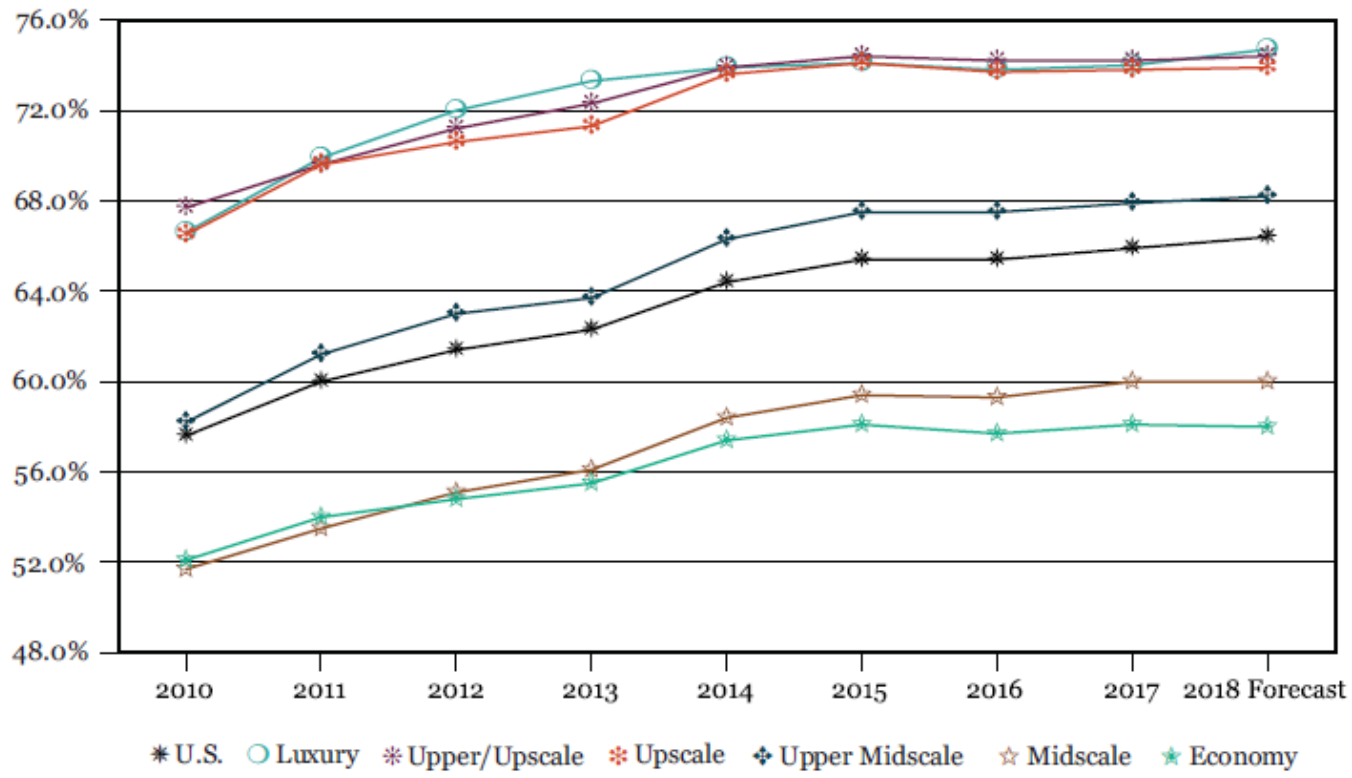
Occupancy

As shown in Exhibit L-1, all but one of the six chain-scale segments included in our analysis are forecast to see increases in annual occupancy in 2018, led by the upper-midscale segment with an increase of 0.7%.

For 2018, demand growth for most lodging segments is expected to stay ahead of supply growth, resulting in a slight rise in annual occupancy for the industry. Specifically, PwC forecasts the industry's occupancy level to increase to 66.4% in 2018 – a 0.7% change from the prior year.

Exhibit L-1

OCCUPANCY



Source: STR (2010 thru 2017); PwC (2018 Forecast)

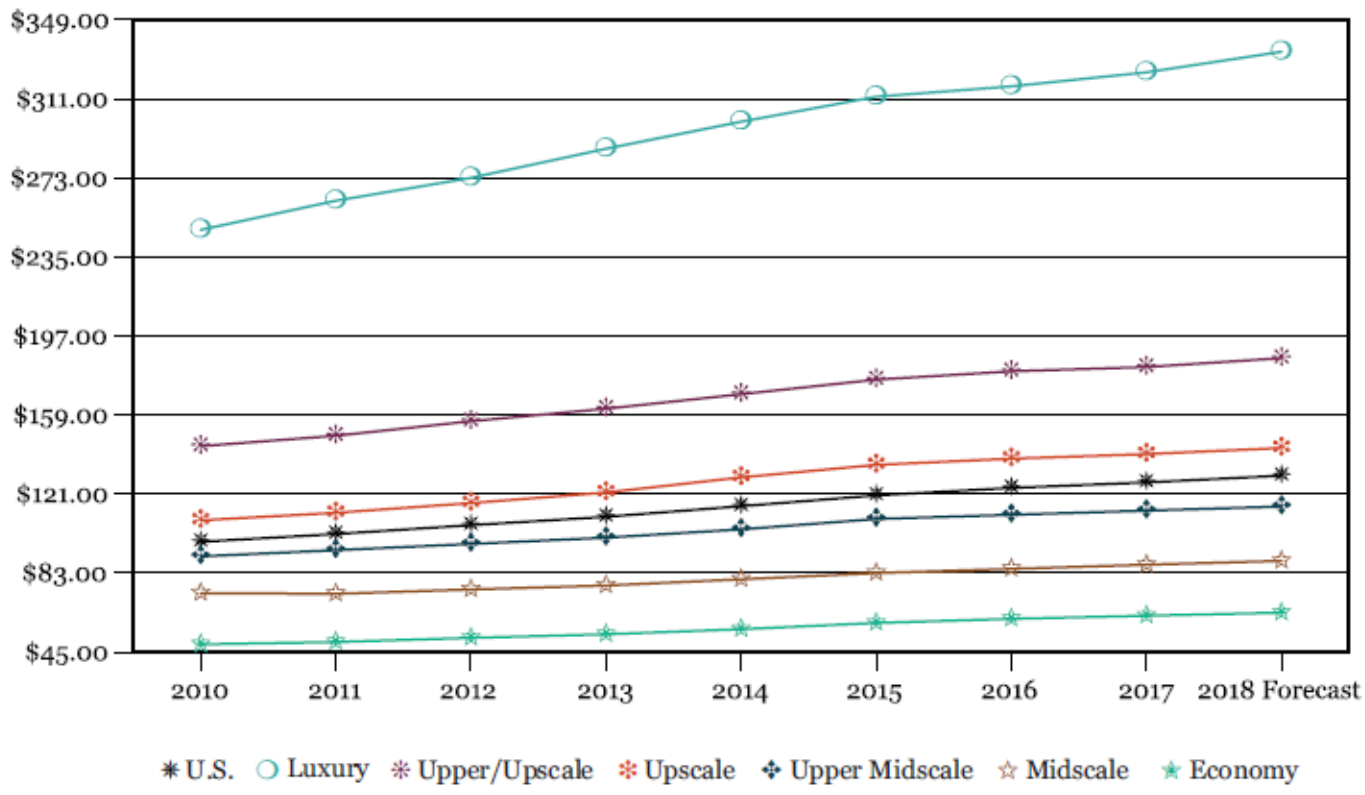
Average Daily Rate

As shown in Exhibit L-2, ADR growth is forecast for each chain-scale segment in 2018. In addition, the individual increases are forecast at higher rates than those realized in 2017 for each segment with the exception of the economy segment.

For 2018, PwC forecasts ADR for the U.S. lodging industry to rise 2.6% – slightly above the rate of 2.1% recorded in 2017. The luxury segment is expected to lead the industry's growth with an increase of 2.3%.

Exhibit L-2

AVERAGE DAILY RATE (ADR)



Source: STR (2010 thru 2017); PwC (2018 Forecast)

Investment Activity

U.S. hotel sales totaled $19.8 billion for the first half of 2018 – 37.5% above 2017's first half total, as per Real Capital Analytics. Deal activity in the U.S. hotel sector had been in retreat since 2015, but investors have recently reembraced the sector, acquiring both portfolios and single assets.

When looking more closely at hotel sales for the first half of 2018 compared to the first half of 2017, the full-service segment reported a volume increase of 51.2% while the limited-service segment reported a 16.6% increase. Strong portfolio activity helped spur this growth, but single asset sales also occurred.

The top-five metros in terms of sales volume for the first half 2018 are shown in Table NLH-1. Only one metro had the distinction of being in the top five for 2017 while four are new to the list.

Table NLH-1
2018 HOTEL SALES VOLUME
Top U.S. Metros

Metro	Total[(1)] Volume ($M)	Rank 2017
1. Manhattan	$1,695	2
2. Hawaii	$1,409	8
3. Phoenix	$1,090	9
4. San Francisco	$998	10
5. DC VA suburbs	$733	7

Source: Real Capital Analytics, Inc.; (1)first half

IBISWorld

The following is taken form the IBISWorld October 2018 Industry Report - 72111 Hotels & Motels in the US.

Current Performance

The Hotels and Motels industry has experienced robust growth over the five years to 2018. Hotels and motels primarily provide short-term lodging to consumers; however, many also offer other services and accommodations. This includes food and beverage services, conference room and convention accommodation and more. As per capita disposable income and consumer confidence have increased during the five-year period, all forms of short-term accommodation have experienced an increase in demand. Consumers increased spending on luxuries such as travel during the five-year period for both business and leisure purposes. Since destination hotels and motels rely heavily on domestic and foreign tourism, increases in domestic and international travel during the five-year period have substantially contributed to the industry's bottom line. For example, industry revenue grew 5.7% in 2014, when international travel into the United States spiked 7.2%. Consequently, revenue is expected to increase at an annualized rate of 4.4% to $193.7 billion over the five years to 2018. During the five-year period, arrivals from abroad have risen at an annualized rate of 1.3%, while domestic travel rates have increased an annualized 3.5% during the same period. The infusion of tourist dollars is expected to continue into 2018, benefiting hotels and motels and enabling them to increase room rates, which is anticipated to cause revenue to grow 3.7% in 2018 alone.

Industry Outlook

The Hotels and Motels industry is expected to experience even further growth over the five years to 2023, albeit at a slower pace. The industry will expand as a result of a growing global economy and anticipated continued increases in tourism and business travel rates. Over the five years to 2023, IBISWorld expects industry revenue to increase at an annualized rate of 1.7% to $211.1 billion. Nevertheless, as global markets are still experiencing significant volatility after recent events, particularly surrounding China's recent economic volatility and other potential geopolitical events, demand from international travel could potentially wane somewhat for industry operators within specific regions. Furthermore, recent volatility in commodity prices, a alarming levels of household debt in Canada and ongoing issues within the eurozone and trade tensions have also contributed to this uncertainty. These factors could potentially hamper demand from both international and domestic visitors over the next five years, as consumer confidence is expected to decline slightly during the outlook period. International families who would previously spend liberally on a trip overseas to the United States may postpone such plans, choose to travel domestically or alter their trips abroad to curtail spending, resulting in tempered growth for international tourist arrivals. A changing political climate may also have a lasting effect on tourism demand over the next five years, especially legislative changes that may dampen enthusiasm among many

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foreign tourists to visit the United States. Conversely, possible improvements in the overall US infrastructure and changes to the domestic tax policy could potentially benefit industry operators. As a result, operators must remain vigilant, offering deals when possible and encouraging consumers to travel to their establishments over others to maximize revenue growth.

CONCLUSION

Overall, the U.S. hotel industry enjoyed healthy growth since the end of the recession. Growth has slowed over the past several years. PwC was forecasting growth to moderate slightly while IBISWorld was more bullish in their growth projections. Both forecasts were completed in the 3rd Quarter 2018, prior to recent uncertainty in the financial markets and political arenas. The factors associated with the recent uncertainty could potentially hamper demand from both domestic and international travelers over the next five years. It now appears a more widespread economic slowdown is increasingly likely. However, a contraction in the industry is not expected.

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NATIONAL LUXURY/UPPER-UPSCALE LODGING SEGMENT

While many surveyed investors in the national luxury/upper-upscale lodging segment are keeping a close eye on the trade war's effect on foreign travel to the United States, others are focused on how interest rate trends, oil prices, Airbnb, and new supply may impact the performance of this lodging segment. "There's a lot to consider when investing in lodging now," says a participant.

Another concern noted by participants is the rising cost of operations amid declining non-room revenue. "Room rates are rising, but they are not rising enough in all cases to close the revenue gap created by slowing demand and declining non-room revenue, "comments an investor. Nevertheless, PwC forecasts solid RevPAR gains for the luxury chain-scale segment for 2018 and 2019 at 4.0% and 3.9%, respectively (see Table LUL-1).

By comparison, the U.S. RevPAR averages are 3.3% and 2.6%, respectively. Looking ahead over the next 12 months, most surveyed investors see property values rising – as much as 10.0% in this hotel segment; the average appreciation forecast is 2.9%.

Table LUL-1
LODGING FORECASTS

Segment	2018	Annual Change
Luxury		
Occupancy	74.7%	+ 1.0%
ADR	$333.63	+ 3.0%
RevPAR	$249.24	+ 4.0%
Upper Upscale		
Occupancy	74.4%	+ 0.3%
ADR	$186.32	+ 2.3%
RevPAR	$138.68	+ 2.6%

Source: *Hospitality Directions US, August 2018;* published by PwC

Table 35
NATIONAL LUXURY/UPPER-UPSCALE LODGING SEGMENT
Third Quarter 2018

	CURRENT	FIRST QUARTER 2018	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	6.25% – 12.00%	6.50% – 12.00%	6.50% – 12.00%	7.25% – 12.00%	8.00% – 12.00%
Average	9.45%	9.50%	9.53%	9.69%	10.28%
Change (Basis Points)		– 5	– 8	– 24	– 83
OVERALL CAP RATE (OAR)[a]					
Range	4.00% – 9.00%	4.00% – 9.00%	4.00% – 9.00%	4.75% – 9.00%	4.00% – 10.00%
Average	7.05%	7.05%	7.03%	6.98%	7.83%
Change (Basis Points)		0	+ 2	+ 7	– 78
RESIDUAL CAP RATE					
Range	5.50% – 9.50%	5.50% – 9.50%	5.50% – 9.50%	6.00% – 10.00%	6.00% – 12.00%
Average	7.33%	7.23%	7.18%	7.35%	8.50%
Change (Basis Points)		+ 10	+ 15	– 2	– 117
AVERAGE DAILY RATE[b]					
Range	0.00% – 5.00%	0.00% – 5.00%	0.00% – 5.00%	0.00% – 9.00%	0.00% – 10.00%
Average	2.80%	2.80%	3.00%	3.58%	3.90%
Change (Basis Points)		0	– 20	– 78	– 110
OPERATING EXPENSE[b]					
Range	0.00% – 4.00%	0.00% – 4.00%	0.00% – 4.00%	0.00% – 5.00%	0.00% – 5.00%
Average	2.60%	2.60%	2.60%	2.83%	2.83%
Change (Basis Points)		0	0	– 23	– 23
MARKETING TIME[c]					
Range	3 – 12	3 – 12	3 – 12	3 – 12	2 – 20
Average	6.8	6.8	6.8	6.0	7.4
Change (▼, ▲, =)		=	=	▲	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

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NATIONAL FULL-SERVICE LODGING SEGMENT

Investors in the national full-service lodging segment are closely watching the growth of supply and its potential impact on occupancy and ADR growth in the year ahead. “Demand remains healthy, but it could slip with more accommodation options entering the picture,” says a participant. Over the next six months, our surveyed investors are divided between occupancy either holding steady or declining in this sector.

In the upscale chain-scale segment, PwC forecasts overall demand to grow 4.8% in 2018 – well above the U.S. lodging industry’s forecast average of 2.7%. At the same time, upscale supply is forecast to increase 4.6%, resulting in a slight occupancy gain of 0.2% for the year. In the upper-midscale segment, demand growth is forecast to increase 4.5% in 2018 – just slightly ahead of supply and resulting in a mere 0.5% increase in annual occupancy.

Factors investors highlight as key influences on this market’s performance include gas prices, Airbnb trends, labor availability, and the overall health of the U.S. economy.

Table FSL-1
LODGING FORECASTS

Segment	2018	Annual Change
Upscale		
Occupancy	73.9%	+0.2%
ADR	$143.32	+2.2%
RevPAR	$105.90	+2.4%
Upper Midscale		
Occupancy	68.2%	+0.5%
ADR	$114.98	+1.8%
RevPAR	$78.46	+2.3%

Source: *Hospitality Directions US, August 2018*; published by PwC

Table 33
NATIONAL FULL-SERVICE LODGING SEGMENT
Third Quarter 2018

	CURRENT	FIRST QUARTER 2018	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	8.00% – 13.00%	8.00% – 13.50%	8.00% – 13.00%	8.50% – 13.00%	9.50% – 12.00%
Average	10.20%	10.33%	10.19%	10.48%	10.92%
Change (Basis Points)		– 13	+ 1	– 28	– 72
OVERALL CAP RATE (OAR)[a]					
Range	6.00% – 10.00%	6.00% – 10.00%	6.00% – 10.00%	6.00% – 10.00%	6.00% – 10.00%
Average	7.73%	7.73%	7.85%	7.60%	8.02%
Change (Basis Points)		0	– 12	+ 13	– 29
RESIDUAL CAP RATE					
Range	7.00% – 10.00%	7.00% – 10.00%	7.00% – 10.00%	6.50% – 10.00%	6.50% – 12.00%
Average	8.35%	8.35%	8.44%	8.18%	8.75%
Change (Basis Points)		0	– 9	+ 17	– 40
AVERAGE DAILY RATE[b]					
Range	(1.00%) – 7.00%	(2.00%) – 7.00%	(2.00%) – 7.00%	0.00% – 7.00%	0.00% – 6.00%
Average	3.10%	2.90%	2.75%	4.00%	3.67%
Change (Basis Points)		+ 20	+ 35	– 90	– 57
OPERATING EXPENSE[b]					
Range	0.00% – 4.00%	0.00% – 4.00%	1.00% – 4.00%	1.00% – 4.00%	1.00% – 4.00%
Average	2.80%	2.80%	2.92%	2.80%	2.96%
Change (Basis Points)		0	– 12	0	– 16
MARKETING TIME[c]					
Range	3 – 9	3 – 9	3 – 9	3 – 9	3 – 24
Average	6.2	6.0	6.3	6.9	9.0
Change (▼, ▲, =)		▲	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

NATIONAL LIMITED-SERVICE MIDSCALE & ECONOMY LODGING SEGMENT

Two key indictors hold steady this quarter for the national limited-service midscale & economy lodging segment, suggesting that our surveyed investors see this segment's near term performance staying relatively healthy. First, its average overall cap rate remains at 9.15% (see Table 34). Second, its average ADR change rate stays at 2.20%. Furthermore, most investors view this market as neutral – equally favoring buyers and sellers.

Concerns, however, do exist for this lodging segment among our participants. "We are concerned about what a market correction will do to values," says a participant. "New supply is a concern in certain markets," says another. In the midscale segment, PwC forecasts supply growth at 1.0% in 2018, slightly above its annual average over the past four years. For the economy segment, it forecasts supply growth at 0.1% for 2018 – the lowest annual rate since 2015.

Over the next 12 months, our investors are evenly split with their fore - casts of property value trends – half see declines of up to 5.0% and half see increases of up to 5.0%.

Table LSE-1
LODGING FORECASTS

Segment	2018	Annual Change
Midscale		
Occupancy	60.6%	+ 1.1%
ADR	$88.84	+ 2.2%
RevPAR	$53.84	+ 3.3%
Economy		
Occupancy	58.0%	– 0.1%
ADR	$63.93	+ 2.3%
RevPAR	$37.08	+ 2.3%

Source: *Hospitality Directions US, August 2018;* published by PwC

Table 34
NATIONAL LIMITED-SERVICE MIDSCALE & ECONOMY LODGING SEGMENT
Third Quarter 2018

	CURRENT	FIRST QUARTER 2018	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	8.50% – 13.00%	8.50% – 13.00%	8.50% – 13.00%	8.50% – 12.00%	9.00% – 12.00%
Average	10.50%	11.00%	11.00%	10.53%	10.56%
Change (Basis Points)		– 50	– 50	– 3	– 6
OVERALL CAP RATE (OAR)[a]					
Range	7.50% – 11.00%	7.50% – 11.00%	7.75% – 11.00%	7.50% – 10.00%	8.00% – 12.00%
Average	9.15%	9.15%	9.08%	8.78%	9.60%
Change (Basis Points)		0	+ 7	+ 37	– 45
RESIDUAL CAP RATE					
Range	7.75% – 11.00%	7.75% – 11.00%	7.75% – 11.00%	7.75% – 10.50%	8.00% – 11.00%
Average	9.38%	9.78%	9.83%	9.50%	9.50%
Change (Basis Points)		– 40	– 45	– 12	– 12
AVERAGE DAILY RATE[b]					
Range	(1.00%) – 5.00%	(1.00%) – 5.00%	(2.50%) – 4.00%	2.00% – 5.00%	2.00% – 6.00%
Average	2.20%	2.20%	2.30%	3.50%	3.40%
Change (Basis Points)		0	– 10	– 130	– 120
OPERATING EXPENSE[b]					
Range	2.50% – 3.00%	2.50% – 3.00%	2.50% – 3.00%	2.50% – 3.00%	1.00% – 3.00%
Average	2.95%	2.95%	2.95%	2.95%	2.75%
Change (Basis Points)		0	0	0	+ 20
MARKETING TIME[c]					
Range	2 – 12	2 – 12	2 – 12	2 – 12	2 – 12
Average	6.1	6.7	6.9	7.0	7.7
Change (▼, ▲, =)		▼	▼	▼	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

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NATIONAL SELECT-SERVICE LODGING SEGMENT

Over the next six months, most Survey participants expect ADR increases in the national select-service lodging segment. As shown in Table 36, they are using ADR change rates ranging from -1.00% to 8.00% and averaging 2.90%. This average is the second highest of the four lodging segments in our Survey – just behind the full-service segment at 3.10%.

In this lodging segment, investors are watching several macro factors, including supply growth, the health of the U.S. economy, gas price trends, and "the ability of ADR growth to cover wage and property tax increases if the industry should slip as a result of a downturn." Of these many concerns, new supply tops the list for most investors. As a portion of the U.S. hotel development pipeline, select service projects account for 63.0% of the total, according to Smith Travel Research.

Over the next 12 months, our investors are evenly split with their expectations of property value trends for this market – 50.0% see declines of up to 5.0% while 50.0% see increases of up to 5.0%.

Table SSL-1
EXPECTED VALUE CHANGE*
Survey Lodging Markets

Segment	Range	Average
Full Service	(3.0%) to 6.0%	+1.3%
Limited-Service Midscale & Economy	(5.0%) to 5.0%	+1.4%
Luxury/Upper Upscale	(3.0%) to 10.0%	+2.9%
Select Service	(5.0%) to 5.0%	−0.8%

* Over the next 12 months
Source: PwC Real Estate Investor Survey; 3Q 2018

Table 35
NATIONAL LUXURY/UPPER-UPSCALE LODGING SEGMENT
Third Quarter 2018

	CURRENT	FIRST QUARTER 2018	1 YEAR AGO	3 YEARS AGO	5 YEARS AGO
DISCOUNT RATE (IRR)[a]					
Range	6.25% – 12.00%	6.50% – 12.00%	6.50% – 12.00%	7.25% – 12.00%	8.00% – 12.00%
Average	9.45%	9.50%	9.53%	9.69%	10.28%
Change (Basis Points)		– 5	– 8	– 24	– 83
OVERALL CAP RATE (OAR)[a]					
Range	4.00% – 9.00%	4.00% – 9.00%	4.00% – 9.00%	4.75% – 9.00%	4.00% – 10.00%
Average	7.05%	7.05%	7.03%	6.98%	7.83%
Change (Basis Points)		0	+ 2	+ 7	– 78
RESIDUAL CAP RATE					
Range	5.50% – 9.50%	5.50% – 9.50%	5.50% – 9.50%	6.00% – 10.00%	6.00% – 12.00%
Average	7.33%	7.23%	7.18%	7.35%	8.50%
Change (Basis Points)		+ 10	+ 15	– 2	– 117
AVERAGE DAILY RATE[b]					
Range	0.00% – 5.00%	0.00% – 5.00%	0.00% – 5.00%	0.00% – 9.00%	0.00% – 10.00%
Average	2.80%	2.80%	3.00%	3.58%	3.90%
Change (Basis Points)		0	– 20	– 78	– 110
OPERATING EXPENSE[b]					
Range	0.00% – 4.00%	0.00% – 4.00%	0.00% – 4.00%	0.00% – 5.00%	0.00% – 5.00%
Average	2.60%	2.60%	2.60%	2.83%	2.83%
Change (Basis Points)		0	0	– 23	– 23
MARKETING TIME[c]					
Range	3 – 12	3 – 12	3 – 12	3 – 12	2 – 20
Average	6.8	6.8	6.8	6.0	7.4
Change (▼, ▲, =)		=	=	▲	▼

a. Rate on unleveraged, all-cash transactions b. Initial rate of change c. In months

DELOITTE 2018 TRAVEL AND HOSPITALITY INDUSTRY OUTLOOK

Key US Travel Industry Growth Drivers For 2018

Healthy economic indicators for consumer spending:

Current signals coming from the US economy indicate continued growth, which is projected to sustain a rate of 2.0–2.5 percent throughout 2018.8 Consumers are a key source of that strength. They continue to benefit from a strengthening labor market, low inflation, and rising incomes. Unemployment hit a record low of 4.2 percent in 2017, with an average of about 148,000 jobs added every month over the past year. Households are also enjoying rising wealth due to increasing housing prices and robust stock markets. These trends helped elevate consumer confidence, and, despite some uncertainty in the geopolitical and economic policymaking arenas, should help spur strong travel spending throughout 2018.

Intense airline competition:

Intense competition from low cost carriers and international airlines, along with low fuel prices, will likely continue to drive down fares in 2018. While a challenge for traditional airlines seeking larger margins, low fares may drive spending across other travel segments such as hotels and restaurants, as great deals on airfare often entice travelers to take trips.

Healthy corporate travel demand:

Strong economies drive business activity. 2018 is forecasted to be a robust year for corporate travel spending. Pending global uncertainties, corporate travel is expected to surge 6.1 percent, its highest rate of growth since 2011.

Spending shift from products to experiences:

Travel is outpacing demand for goods. Historical personal consumption expenditure (PCE) data reveals spending on durable goods— including cars, sofas, refrigerators, household appliances, and other typical mainstays of consumer life—has been dropping for a little over a decade. Even clothing and apparel spend is dipping. Instead, experiential spending on recreation, travel, and eating out is trending up.

Mitigate Risk, Plan for Success

While the stage seems set for a successful year ahead, 2017 was a stark reminder of the vulnerability of our large, but delicate, travel ecosystem. From severe hurricanes, wildfires, and earthquakes wreaking havoc in the United States, Mexico, and the Caribbean, to senseless and horrific attacks in Barcelona and Las Vegas, external events have the potential to cause a ripple effect of disturbances across the industry. Unwilling to sacrifice coveted getaways, travelers, along with the broader industry, have proven to be extremely resilient through trying times. Unfortunate events that occasionally shock the industry are often countered with consumers' strong desire to experience the world, and create meaningful memories with friends and family. However, given the unpredictability faced by travel brands, strategic enterprise risk management (ERM) must be inextricably linked with long-term growth strategies—with vigilance around evolving, high-profile forms of risk such as cybersecurity and food safety.

Innovation will inevitably spark growth and change across the sector in 2018. Established industry players should stay nimble, alert—and perhaps even a bit daring. Travel growth continues to attract waves of hopeful startups, each armed with bold ideas on how to change the status quo. The flood of capital investment into innovation across the global travel ecosystem should not be taken lightly. Over the past two years, travel startups raised a cumulative $30 billion in funding—almost totaling the amount raised over the past 10 years. The potential for one of these companies to completely change industry dynamics is likely not a matter of if, but a matter of when. We already have examples to point to in ground transportation and hospitality.

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Hospitality: Hurdles on the Track to Growth

While strong post-recession gains appear to be cooling off, the hotel sector is projected to sustain strong 5–6 percent growth throughout 2018, setting up the industry to hit a record-breaking $170 billion in gross bookings. Healthy business and leisure demand is helping the industry achieve strong fundamentals, including peaking average daily rates (ADR) (+2.4 percent 2017 YTD October) and revenue per available room (RevPAR) (+3.0 percent 2017 YTD October). Hovering around 66 percent, occupancy seems to have hit a peak.

Some industry analysts, however, consider the prolonged strength of the hotel sector to be a cause for concern. Historically, hotel performance has proven to be cyclic, with long runs of growth often followed by intense downturns. With the last down cycle occurring in 2010, some speculate soft market conditions to be imminent, particularly because cycles generally occur every 10 years. However, despite pockets of uncertainty, those bullish on future hotel performance seem to outnumber industry detractors.

While positive signals continue to emanate from the broader hotel industry, some local markets may continue to face significant hurdles in 2018. In New York and Chicago, for example, hotels are struggling to drive up room rates in a market flooded with new supply. In fact, since 2008, the number of hotels in New York City has grown 55 percent to 634 properties and 115,000 rooms. Already competing with a rise in private accommodation rentals, hoteliers aiming to keep their properties full must offer attractive rates. These local market conditions are weakening growth, and in order to cope with the oversupply issue, some hoteliers are resorting to cutbacks around service, maintenance, and even lobbying with city officials for property tax reform.

Breathing Life into the Midscale Experience

While the outlook for the hotel industry is generally positive, brands who fail to innovate risk losing market share. With just a few swipes in a travel app, today's consumers can compare more hotel and private accommodation options than ever before. Along with unprecedented choice, however, comes unprecedented expectations, and a traveler that does not favor "run-of-the-mill" hotel experiences. With hotel reviews and virtual tours at their fingertips, travelers can easily sniff out "big-box" properties that fail to offer something truly unique and memorable.

Hoteliers are quickly becoming more experience driven, but most are concentrating innovation up-market—leaving the midscale segment in desperate need of an experiential face-lift. If there is one segment that should capture the attention of hotel developers in 2018, it is midscale hotels. Forward-thinking hotel brands are already taking advantage of the opportunity to deliver travelers some of the look, feel, and experience of a pricey lifestyle hotel in an affordable package. Breathing new life into the midscale experience can include modern design aesthetics, better technology for connected travelers, innovation around F&B, and reimagined communal spaces.

Midscale hotels are also attractive from an investment angle. Compared to upscale and luxury hotels, midscale properties are cheaper to develop and do not require large staffs to operate. Midscale competition is poised to heat up in 2018. Awareness of the opportunity is growing, and forward-thinking hotel chains are launching new brands with increased cadence. A strong construction pipeline in the midscale segment suggests more value-driven lifestyle brands will hit the market in 2018.

IBIS WORLD INDUSTRY OUTLOOK

Historical and Current Performance

The Hotels and Motels industry has experienced robust growth over the five years to 2017. As per capita disposable income and consumer confidence have increased during the five-year period, all forms of short-term accommodation have experienced an increase in demand, as consumers increased spending on luxuries such as travel. Since destination hotels and motels rely heavily on domestic and foreign tourism, increases in domestic and international travel during the five-year period have substantially contributed to the industry's bottom line.

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For example, industry revenue grew 5.8% in 2014, when international travel into the United States spiked 7.1%. Consequently, revenue is expected to increase at an annualized rate of 4.7% to $185.2 billion over the five years to 2017. During the five-year period, arrivals from abroad have risen at an annualized rate of 5.2%, while domestic travel rates have increased an annualized 2.8% during the same period. The infusion of tourist dollars is expected to continue into 2017, benefiting hotels and motels and enabling them to increase room rates, which is anticipated to cause revenue to grow 3.6% this year alone.

Profit margins have grown over the past five years, as hotels and motels have increased their room rates to supplement fewer new rooms on the market, thanks to an uptick in demand. Hotels have also been hiring with increasing intensity to meet guests' higher expectations for service.

Industry employment has grown steadily by an annualized 2.5% to 1.6 million workers. A large proportion of industry employees work on a casual or part-time basis and this style of employment has increased over the past five years, as operators have sought to control costs.

Casual employees can work split shifts to cover peak periods and special tourist events. Conversely, full-time employees add to operators' fixed costs. Due to resurgent demand and widespread cost cutting, profit margins have increased and are expected to account for an estimated 16.2% of industry revenue in 2016.

Meanwhile, the number of industry enterprises has remained relatively flat over the past five years and is anticipated to grow at an annualized rate of 1.1% to 74,564 operators over the next five years.

Growth in hotel and motel locations has largely been confined to the industry's biggest players. For example, InterContinental Hotels Group opened 141 hotels in 2014 alone, targeting the midscale market through its Holiday Inn brand. This has only added to the high level of industry concentration, with the top four operators in the industry, Marriot International Inc., Hilton Worldwide Holdings Inc. and InterContinental Hotels Group PLC, now controlling 40.6% of industry revenue.

Technological Change and Growth

Technological innovations have increased labor productivity, lowered labor costs and enhanced customer service within the Hotels and Motels industry over the past five years. The industry has especially benefited from the widespread proliferation of the internet, which enables operators to gather information, manage reservations and remotely purchase supplies, thereby lowering overall costs. The information gathered by operators using internet technology also allows them to send better targeted promotions via e-mail, text message or social media. The internet has enabled major hotel chains to better and more frequently communicate with members of guest rewards programs, helping them attract and retain frequent travelers as customers. Also, most operators now allocate a portion of their unsold rooms to websites such as Lastminute.com and Priceline.com, which increases their occupancy rates and generates additional revenue. Bookings made through online travel agents accounted for 15.8% of all hotel bookings in 2016 according to research company TravelClick, compared with 35.3% of bookings made directly through a hotel's dedicated website (latest available data).

Industry Life Cycle

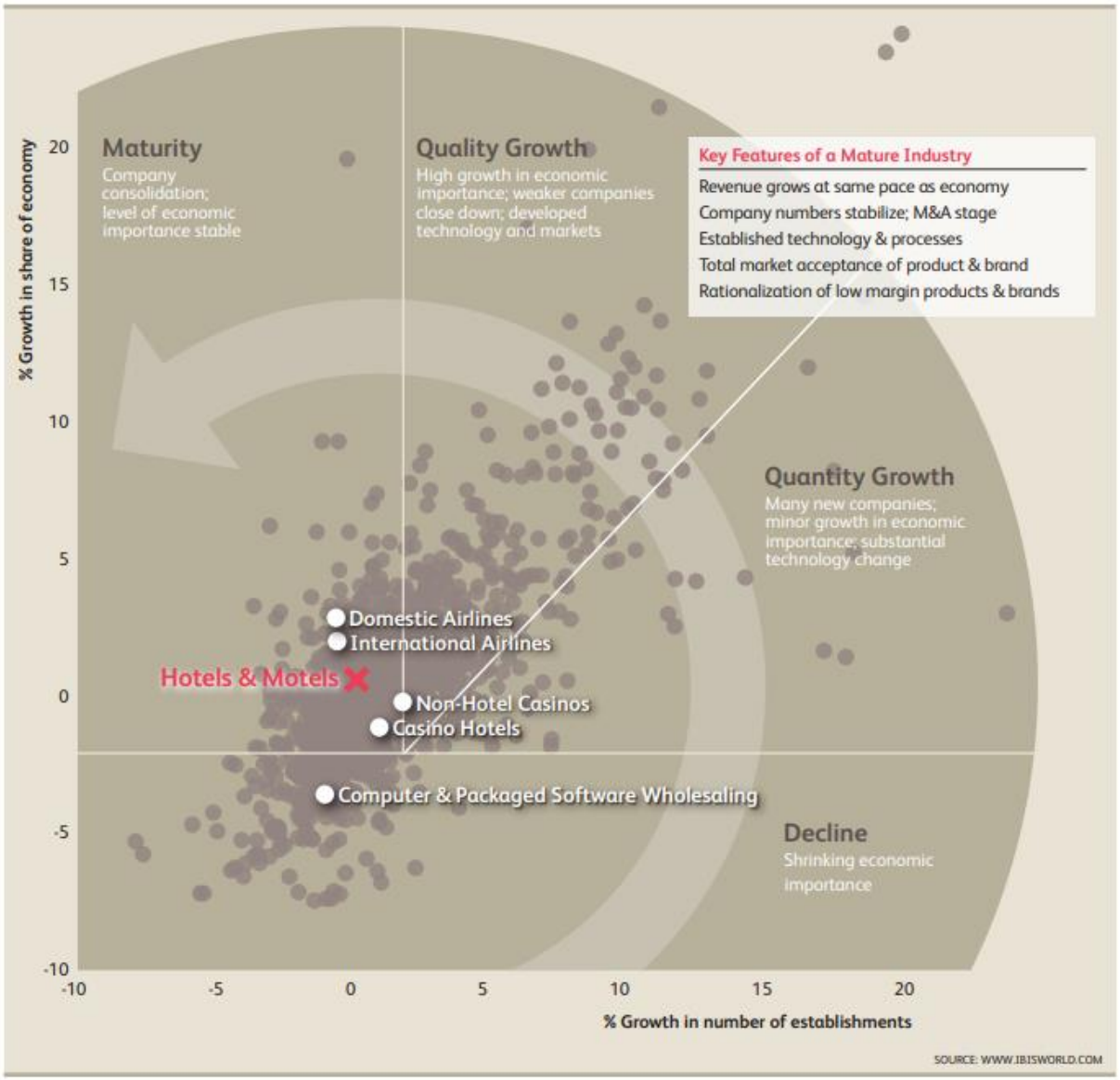
The Hotels and Motels industry is in the mature phase of its life cycle. As the industry is heavily dependent on tourism and aggregate consumption levels, overall increases in these drivers of demand have contributed to steady revenue growth over the long term. Over the 10 years to 2022, industry value added (IVA), which measures an industry's contribution to GDP, is forecast to grow at an annualized rate of 3.0%, above annualized GDP growth of 2.0% during the same period.

Domestic travel growth is expected to continue over the next five years, although at a slower rate than international tourism, due to businesses' travel needs and consumers' increased leisure time and income. The industry is also expected to increase investment in new hotels following a period of historically low development

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(a low was established in 2011 with only 346 new hotel openings, from a peak of 1,341 in 2008, according to Lodging Econometrics). However, many large operators are also seeking to expand their operations internationally into new growth markets, including countries and regions such as Latin America, Russia, Eastern Europe, China, India and the Middle East. With global operators focusing on emerging economies, this may tie up capital and restrict domestic investment.

Technology plays an increasingly important role in the industry and has contributed to the industry's growth. Direct bookings on the websites of major operators have increased rapidly over the past five years, emerging as the number one channel through which travelers book accommodation (35.3% of all bookings), according to TravelClick. The other channels, through which guests can book are via calls to a hotel's 800-number (13.8%); the Global Distribution System used by travel agents (15.8%); calls right to the hotel property and walk-in customers (19.1%) and online travel agents (16.0%). It is also increasingly common for hotel groups to release their excess rooms with short notice at deeply discounted prices to other web-based hotel accommodation sellers. Web-based bookings in all forms are expected to continue to expand rapidly.



Demand Determinants

Demand for hotel and motel accommodation is derived from both the domestic and international visitor market.

Domestic Travel

Business Travel (Individual and Group)

Business travel is greatly influenced by changes in economic growth, business confidence and corporate profit. Economic conditions directly affect the number of business trips taken, the length of stay and budgeted travel spending. Increasingly, technologies such as teleconferencing and conference calling can take the place of business travel.

IBISWorld estimates that business travelers account for about 18.2% of the spending on lodging accommodations.

Group Travel

IBISWorld estimates that group travelers account for about 12.3% of spending on tourist accommodation. This includes both corporate groups and SMERFE (Social/Sport, Military, Educational, Religious, Fraternal, and Entertainment/Ethnic), and tour-and-travel patronage.

Corporate groups tend to be less price sensitive than SMERFE groups.

Leisure Travel

An estimated 50.0% of revenue for the Hotels and Motels industry comes from domestic travelers, with about three out of every four trips taken for leisure purposes, according to the US Travel Association.

Most leisure travel is discretionary and therefore subject to broad economic trends, such as the onset of a recession or high fuel prices. For this reason, leisure travel declined significantly during the recession. However, vacation destinations and modes of transport can be easily substituted for less desirable alternatives when economic conditions are tough. The most common purposes for leisure travel by US domestic travelers are visiting relatives, shopping, visiting friends, fine dining and visiting beaches.

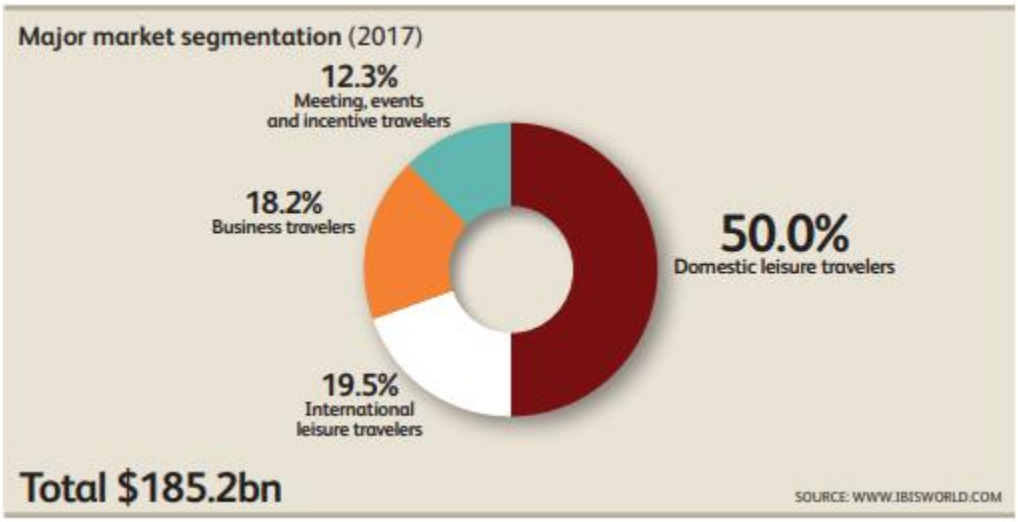
International Tourism

International tourism is one of the most competitive industries globally. International tourism is affected by factors similar to domestic travel as well as global economic conditions, especially changes in economic growth. Furthermore, particularly in major visitor-origin countries/regions, international tourism is affected by changes in the US dollar against other major currencies, which has an impact on the cost of travel, as well as the relative attractiveness of traveling to competing destinations.

Other factors, such as heightened geopolitical tensions including wars and terrorism (whether feared or actual), affect international travel plans. Promotional expenditures and activities, such as the holding of major or special events, on the part of governments and other organizations can raise awareness and interest in travel. Finally, supply factors are also of critical importance, including the availability of airline flights and seats at the times people want to travel, as well as accommodations to and at their selected destination.

The relative contribution of the above segments is shown below.

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Forecast

The Hotels and Motels industry is expected to experience another five years of consistent growth. The industry will expand as a result of a still-steady global economy, and tourism and business travel rates will increase. Over the five years to 2022, IBISWorld forecasts that revenue will increase at an annualized rate of 2.4% to $208.3 billion.

Nevertheless, as global markets are still experiencing significant volatility after recent events, particularly surrounding China's recent economic slowdown, demand from international travel could potentially wane somewhat for industry operators within specific regions.

Furthermore, recent volatility in commodity prices, coupled with alarming levels of household debt, as well as ongoing issues within the Eurozone, have also contributed to this uncertainty. These factors could potentially hamper demand from both international and domestic visitors over the next five years. Consumer confidence is expected to wane slightly over the five-year forecast. Families who otherwise would spend liberally on a trip may postpone such plans, choose to travel domestically, or alter their trips to curtail spending, resulting in tempered growth for international tourist arrivals. As a result, operators must remain vigilant, offering deals when possible and encouraging consumers to travel to their establishments over others to maximize revenue growth.

Economic Growth to Boost Demand

Over the next five years, the industry will benefit from improvements in the domestic and global economy as unemployment rates remain low and consumers begin to spend more freely, particularly on recreational activities such as vacations and traveling.

Consumer spending is expected to increase over the five years to 2022 at an annualized rate of 2.0%. Business spending is also forecast to increase in line with rising corporate profit, which will contribute to growth in demand for hotels and motels from the all-important corporate sector. Corporate profit is projected to rise an annualized 2.0% over the next five years, reaching $2.4 trillion, which is expected to further benefit industry operators during the five-year period.

As consumers earn higher incomes and businesses replenishing their budgets, travel spending is projected to increase over the next five years. In 2018, international arrivals are anticipated to rise 2.6%, while domestic travel is expected to grow 2.7%. IBISWorld expects that these rates will remain steady over the next five years, with international arrivals and domestic travel growing at annualized rates of 3.6% and 1.9%, respectively. With a greater number of tourists needing accommodation, hotels and motels are expected to benefit from an influx of tourist dollars and more business travel.

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People and Profit

The average industry profit margin is also anticipated to grow over the next five years in response to increasing demand for travel accommodation. The continued growth of higher-margin specialty operators, such as extended-stay boutique hotels, spa and health retreats and resorts, is expected to drive improvements in profitability.

Conversely, the low-cost hotel and motel segment is also anticipated to expand and grapple with more-intense price competition on room rates, as pressure has been placed on operators to lower costs. Employment levels will rise over the next five years in response to increased demand for accommodation, albeit more slowly than revenue. Operators will hire more workers to meet guests' service expectations but will continue to monitor costs closely. Over the next five years, employment is forecast to grow at an annualized rate of 1.9% to 1.8 million people.

CONCLUSION

Overall, the U.S. hotel industry enjoyed healthy growth over the past few years. The industry is expected to experience another five years of consistent growth. The industry will expand as a result of a still-steady global economy, and tourism and business travel rates will increase as a result of improved consumer confidence. Over the five years to 2021, IBISWorld forecasts that revenue will increase at an annualized rate of 2.5% to $191.6 billion.

However, changes in US political policies, volatility in investment markets and commodity prices, coupled with alarming levels of household debt, have contributed to recent uncertainty, and this could potentially hamper demand from both domestic and international travelers over the next five years. While currently high, consumer confidence is expected to wane slightly over the next few years. Families who otherwise would spend liberally on a trip may postpone such plans, choose to alter their trips to curtail spending, resulting in tempered growth in the leisure and international sectors. As a result, operators must remain vigilant, offering deals when possible and encouraging consumers to travel to their establishments over others to maximize revenue growth.

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SUPPLY ANALYSIS

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

Existing Competitive Supply

The subject property consists of a 491-room Full-Service hotel affiliated with Renaissance. The hotel is located in Cleveland, Ohio. The competitive supply tables on the following pages illustrate salient operating statistics for the subject property and its competitors. (Please note that this information was provided by third-party sources and could not be positively verified.)

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

COMPETITIVE PROPERTY FACILITIES OVERVIEW

PROPERTY NAME ADDRESS	RMS	YEAR OPEN	MEETING SF	MEETING SF/ROOM	SPACE UTILITY INDEX	FULL-SERVE RESTAURANT	BISTRO / LOUNGE	POOL / SPA	BUSINESS CENTER	FITNESS ROOM	OTHER
Renaissance Cleveland Hotel 24 Public Square, Cleveland, OH	491	1918	64,734	131.8	1.6	X	X	X	X	X	
Doubletree Cleveland Downtown Lakeside 1111 Lakeside Avenue East, Cleveland, OH	379	1974	10,000	26.4	5.5	X	X	X	X	X	Shuttle
Marriott Cleveland Downtown At Key Tower 1360 W Mall Drive, Cleveland, OH	400	1991	17,078	42.7	5.7	X	X	X	X	X	
Westin Cleveland Downtown 777 St Clair Avenue, Cleveland, OH	484	1975	20,000	41.3	8.0	X	X		X	X	
Crowne Plaza Cleveland @ Playhouse Square 1260 Euclid Avenue, Cleveland, OH	205	1995	13,079	63.8	2.2	X	X	X	X	X	
Hyatt Regency Cleveland at The Arcade 420 Superior Avenue East, Cleveland, OH	293	2001	7,073	24.1	7.1	X	X		X	X	

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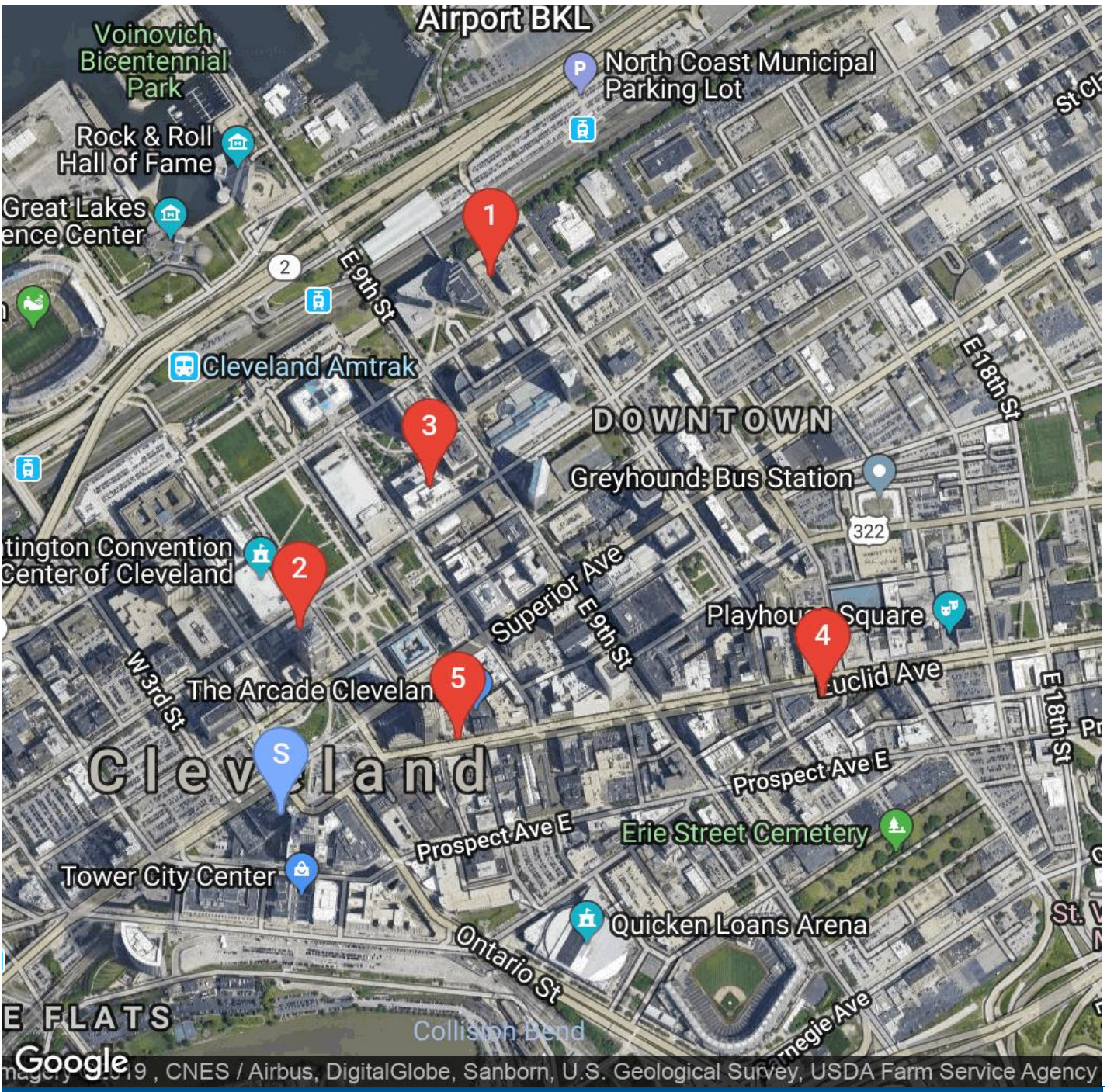
COMPETITIVE PROPERTIES - OPERATIONAL ANALYSIS

				ESTIMATED SEGMENTATION				ESTIMATED 2015				ESTIMATED 2016				ESTIMATED 2017			
PROPERTY NAME	ROOMS	COMPETITIVE	TYPE	COMMERCIAL	GROUP	LEISURE	EXTENDED-STAY	ROOMS	OCC	ADR	REVPAR	ROOMS	OCC	ADR	REVPAR	ROOMS	OCC	ADR	REVPAR
Renaissance Cleveland Hotel	491	100%	-	40%	35%	20%	5%	491	61.2%	$151.16	$92.51	491	63.7%	$155.92	$99.37	491	60.8%	$147.36	$89.62
Doubletree Cleveland Downtown Lakeside	379	100%	Primary	35%	25%	35%	5%	379	60%	$110.00	$66.00	379	60%	$115.00	$69.00	379	58%	$120.00	$69.60
Marriott Cleveland Downtown At Key Tower	400	100%	Primary	35%	35%	25%	5%	400	68%	$158.00	$107.44	400	69%	$170.00	$117.30	400	69%	$145.00	$100.05
Westin Cleveland Downtown	484	100%	Primary	25%	50%	20%	5%	484	66%	$160.00	$105.60	484	68%	$160.00	$108.80	484	66%	$150.00	$99.00
Crowne Plaza Cleveland @ Playhouse Square	205	100%	Primary	25%	20%	40%	15%	205	68%	$130.00	$88.40	205	69%	$130.00	$89.70	205	70%	$115.00	$80.50
Hyatt Regency Cleveland at The Arcade	293	100%	Primary	50%	25%	20%	5%	0	-	$141.00	-	220	78%	$141.00	$109.98	293	69%	$145.00	$100.05
TOTAL/AVERAGE INCLUDING SUBJECT	**2,252**			**33%**	**35%**	**26%**	**6%**	**1,959**	**64.3%**	**$145.10**	**$93.23**	**2,179**	**65.0%**	**$149.09**	**$96.87**	**2,252**	**64.8%**	**$139.86**	**$90.65**
TOTAL/AVERAGE EXCLUDING SUBJECT	**1,761**			**30%**	**35%**	**28%**	**6%**	**1,468**	**65.3%**	**$143.20**	**$93.48**	**1,688**	**65.3%**	**$147.16**	**$96.14**	**1,761**	**65.9%**	**$137.93**	**$90.93**

COMPETITIVE PROPERTIES - PENETRATION ANALYSIS

	ESTIMATED ROOM NIGHTS SOLD			SEGMENT PENETRATION INDICIES - 2017				PENETRATION INDICIES 2015				PENETRATION INDICIES 2016				PENETRATION INDICIES 2017			
PROPERTY NAME	2015	2016	2017	COMMERCIAL	GROUP	LEISURE	EXTENDED-STAY	ROOMS	OCC	ADR	REVPAR	ROOMS	OCC	ADR	REVPAR	ROOMS	OCC	ADR	REVPAR
Renaissance Cleveland Hotel	109,676	114,224	108,989	115.3%	92.9%	72.2%	76.8%	491	95.2%	104.2%	99.2%	491	98.1%	104.6%	102.6%	491	93.8%	105.4%	98.9%
Doubletree Cleveland Downtown Lakeside	83,001	83,001	80,234	96.2%	63.3%	120.4%	73.3%	379	93.4%	75.8%	70.8%	379	92.3%	77.1%	71.2%	379	89.5%	85.8%	76.8%
Marriott Cleveland Downtown At Key Tower	99,280	100,740	100,740	114.5%	105.4%	102.3%	87.2%	400	105.8%	108.9%	115.2%	400	106.2%	114.0%	121.1%	400	106.5%	103.7%	110.4%
Westin Cleveland Downtown	116,596	120,129	116,596	78.2%	144.1%	78.3%	83.4%	484	102.7%	110.3%	113.3%	484	104.7%	107.3%	112.3%	484	101.8%	107.2%	109.2%
Crowne Plaza Cleveland @ Playhouse Square	50,881	51,629	52,378	83.0%	61.1%	166.1%	265.3%	205	105.8%	89.6%	94.8%	205	106.2%	87.2%	92.6%	205	108.0%	82.2%	88.8%
Hyatt Regency Cleveland at The Arcade	0	47,018	73,792	163.5%	75.3%	81.9%	87.2%	0	0	97.2%	0	220	120.1%	94.6%	113.5%	293	106.5%	103.7%	110.4%
TOTAL/AVERAGE INCLUDING SUBJECT	**459,434**	**516,741**	**532,728**	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**1,959**	**100.0%**	**100.0%**	**100.0%**	**2,179**	**100.0%**	**100.0%**	**100.0%**	**2,252**	**100.0%**	**100.0%**	**100.0%**

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COMPETITOR KEY

COMP	DISTANCE	NAME	ADDRESS
SUBJECT	-	Renaissance Cleveland Hotel	24 Public Square, Cleveland, OH
No. 1	0.6 Miles	Doubletree Cleveland Dow ntow n Lakeside	1111 Lakeside Avenue East, Cleveland, OH
No. 2	0.2 Miles	Marriott Cleveland Dow ntow n At Key Tow er	1360 W Mall Drive, Cleveland, OH
No. 3	0.4 Miles	Westin Cleveland Dow ntow n	777 St Clair Avenue, Cleveland, OH
No. 4	0.6 Miles	Crow ne Plaza Cleveland @ Playhouse Square	1260 Euclid Avenue, Cleveland, OH
No. 5	0.2 Miles	Hyatt Regency Cleveland at The Arcade	420 Superior Avenue East, Cleveland, OH

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SUMMARY OF COMPETITION

Doubletree Cleveland Downtown Lakeside

Doubletree Cleveland Downtown Lakeside is a 379-room full-service property located at 1111 Lakeside Avenue East in Cleveland, Ohio. We interviewed individuals who are familiar with the target markets of this hotel and researched the facilities and amenities that are offered at this property (namely with respect to the inventory of meeting facilities, suites, etc.) We also reviewed the actual segmentation results of hotels that have a similar brand and service orientation and estimated that the hotel's market mix is 35 percent commercial, 25 percent group and 35 percent leisure. The remaining 5 percent of the property's overall demand is comprised of extended-stay patronage. Considering this property's overall market mix, location, service orientation, rate structure and overall condition, we believe this property has an overall competitive quotient of approximately 100 percent, which renders a weighted competitive unit count of 379 rooms. Overall, this property is considered to be a primary competitor. We note that this property's base year ADR of $120.00 was 19 percent lower than the subject's ADR during the base year. The overall occupancy and ADR penetration indices for Doubletree Cleveland Downtown Lakeside during the base year was 89 and 86, respectively. The hotel was previously operated as a Holiday Inn Select and was rebranded as a Doubletree in January 2009, following a lengthy, $20.0 million renovation. Cami Hotel Investments, an affiliate of The Hotel Group (Seattle, WA) purchased the property from Rock-Syl Associates for $11.2 million or $29,457 per room. The property is the closest hotel to the Rock and Roll Hall of Fame and the Great Lakes Science Center.

PHOTOGRAPH



Marriott Cleveland Downtown At Key Tower

Located at 1360 W Mall Drive in Cleveland, OH, Marriott Cleveland Downtown At Key Tower is a a 400-room, full-service property that is considered to be one of the subject's primary competitors. During our interviews with market representatives and review of the actual segmentation results of similar hotels that have similar brands and service orientations, we estimated that the hotel's market mix is 35 percent commercial, 35 percent group and 25 percent leisure. The remaining 5 percent of the property's overall demand is comprised of extended-stay patronage. Considering this property's overall market mix, location, service orientation, rate structure and overall condition, we believe this property has an overall competitive quotient of approximately 100 percent, which renders a weighted competitive unit count of 400 rooms. Overall, this property is considered to be a primary competitor. This property's base year ADR of $145.00 was about 2 percent lower than the subject's ADR during the base year. The occupancy index for Marriott Cleveland Downtown At Key Tower during the base year was 106 and the ADR index was 104. The 400 room hotel is part of a two-property development which also includes an adjacent office tower. The hotel and office are connected internally via a shared doorway. The property is reportedly owned by an entity known as Key Center Properties, LLC an affiliate of Wells Real Estate Funds. Both the hotel and the office were purchased in December 2005 and an allocated value of $35.0 million was placed on the hotel portion. An affiliate of the Jacobs Group retained a 50.0 percent interest in the property. Reportedly $19.0 million is currently being spent on hotel upgrades.

PHOTOGRAPH

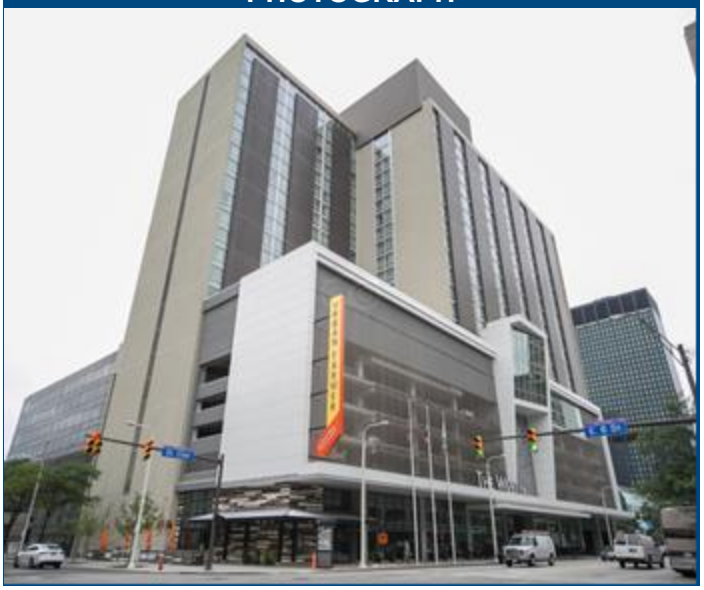


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Westin Cleveland Downtown

Located at 777 St Clair Avenue in Cleveland, OH, Westin Cleveland Downtown is a a 484-room, full-service property that is considered to be one of the subject's primary competitors. We investigated the target markets of this hotel and researched its facilities and amenities; we also reviewed the actual segmentation results of similar hotels in the area, and estimated that the hotel's market mix is 25 percent commercial, 50 percent group and 20 percent leisure. The remaining 5 percent of the property's overall demand is comprised of extended-stay patronage. Considering this property's overall market mix, location, service orientation, rate structure and overall condition, we believe this property has an overall competitive quotient of approximately 100 percent, which renders a weighted competitive unit count of 484 rooms. Overall, this property is considered to be a primary competitor. This property registered a base year ADR of $150.00, which was 2 percent higher than the subject's ADR during the base year. The overall occupancy and ADR penetration indices for Westin Cleveland Downtown during the base year was 102 and 107, respectively. The 484 room full service hotel that was formerly operated as a Crowne Plaza affiliate. The hotel was reportedly closed on November 13, 2011 and underwent a major renovation and rebranding which resulted in an affiliation as a Westin Hotel. The hotel is owned by a joint venture between Sage Hospitality and Optima Ventures. Subsequent to the redevelopment, the property offers a restaurant, lounge, meeting space, and a typical complement of back-of-the-house facilities. The hotel also includes a parking garage with a capacity of 284 cars located on floors 2-5. The hotel is designed as a 22-story structure in one building with ±509,630 square feet and is rectangular in shape with its primary entrance located on the north side Saint Claire Avenue adjacent to the Public Hall and secondary interior entrances from the east at the parking garage entrance as well as the Penton Building. A separate entrance into the parking garage is located just east of the main entrance. The hotel offers ±23,625 square feet of meeting space. The total redevelopment budget was estimated at $83.0 million.

PHOTOGRAPH



Crowne Plaza Cleveland @ Playhouse Square

Located at 1260 Euclid Avenue in Cleveland, OH, Crowne Plaza Cleveland @ Playhouse Square is a a 205-room, full-service property that is considered to be one of the subject's primary competitors. Based on our interviews with representatives in the market, a review of segmentation results of similar hotels in the region and a review of the facilities and amenities that are offered at this property (inventory of meeting facilities, suites, etc.), we estimated that the hotel's market mix is 25 percent commercial, 20 percent group and 40 percent leisure. The remaining 15 percent of the property's overall demand is comprised of extended-stay patronage. Considering this property's overall market mix, location, service orientation, rate structure and overall condition, we believe this property has an overall competitive quotient of approximately 100 percent, which renders a weighted competitive unit count of 205 rooms. Overall, this property is considered to be a primary competitor. We note that this property's base year ADR of $115.00 was 22 percent lower than the subject's ADR during the base year. The overall occupancy and ADR penetration indices for Crowne Plaza Cleveland @ Playhouse Square during the base year was 108 and 82, respectively. This 205 room full service hotel was constructed in 1995. The hotel features an on-site restaurant and bar/lounge. The hotel offers space for meetings and events. There is an on-site fitness center and business center.

PHOTOGRAPH



Hyatt Regency Cleveland at The Arcade

Located at 420 Superior Avenue East in Cleveland, OH, Hyatt Regency Cleveland at The Arcade is a a 293-room, full-service property that is considered to be one of the subject's primary competitors. During our interviews with market representatives and review of the actual segmentation results of similar hotels that have similar brands and service orientations, we estimated that the hotel's market mix is 50 percent commercial, 25 percent group and 20 percent leisure. The remaining 5 percent of the property's overall demand is comprised of extended-stay patronage. Considering this property's overall market mix, location, service orientation, rate structure and overall condition, we believe this property has an overall competitive quotient of approximately 100 percent, which renders a weighted competitive unit count of 293 rooms. Overall, this property is considered to be a primary competitor. This property's base year ADR of $145.00 was about 2 percent lower than the subject's ADR during the base year. The occupancy index for Hyatt Regency Cleveland at The Arcade during the base year was 106 and the ADR index was 104. The property also includes ±47,574 square feet of retail space which is leased to individual tenants. The retail space will be discussed later in this section. The hotel occupies ±1.4 acres in Cleveland's Central Business District. The hotel is part of redevelopment which took place in 2001. In 2001, the Hyatt Corporation in conjunction with the Related Companies redeveloped the Arcade into Cleveland's first Hyatt Regency hotel. The Hyatt Regency occupies the two towers and the top three floors of the atrium area. The two lower floors of the atrium area remain open to the public with retail merchants and a food court. In addition, the Hyatt's lobby and offices are located near the Superior Avenue entrance. It was the ninth property in the United States placed on the National Historic Landmark Registry and is also part of the National Trust of Historic Hotels of America. the property is designed with two towers along Euclid Avenue and Superior Avenue and are connected by the arcade. The Euclid Tower contains 97 guestrooms, the Superior tower contains 83 guestrooms, and the Arcade contains 113 guestrooms with inward facing guestrooms. Despite the architectural significance of the building in terms of hotel design the property exhibits significant amounts of functional obsolescence. Due to the layout of the towers the guestrooms feature a variety of types not designed with modern configurations. Management indicated the average guestroom size for all guestrooms is approximately ±373 square feet.

PHOTOGRAPH



STR TREND REPORT

STR, Inc. is an independent research firm that is acknowledged by experts within the lodging industry as a primary and reliable source of hotel operating information. STR currently tracks more than 50,000 hotels with over 6.8 million rooms.

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

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

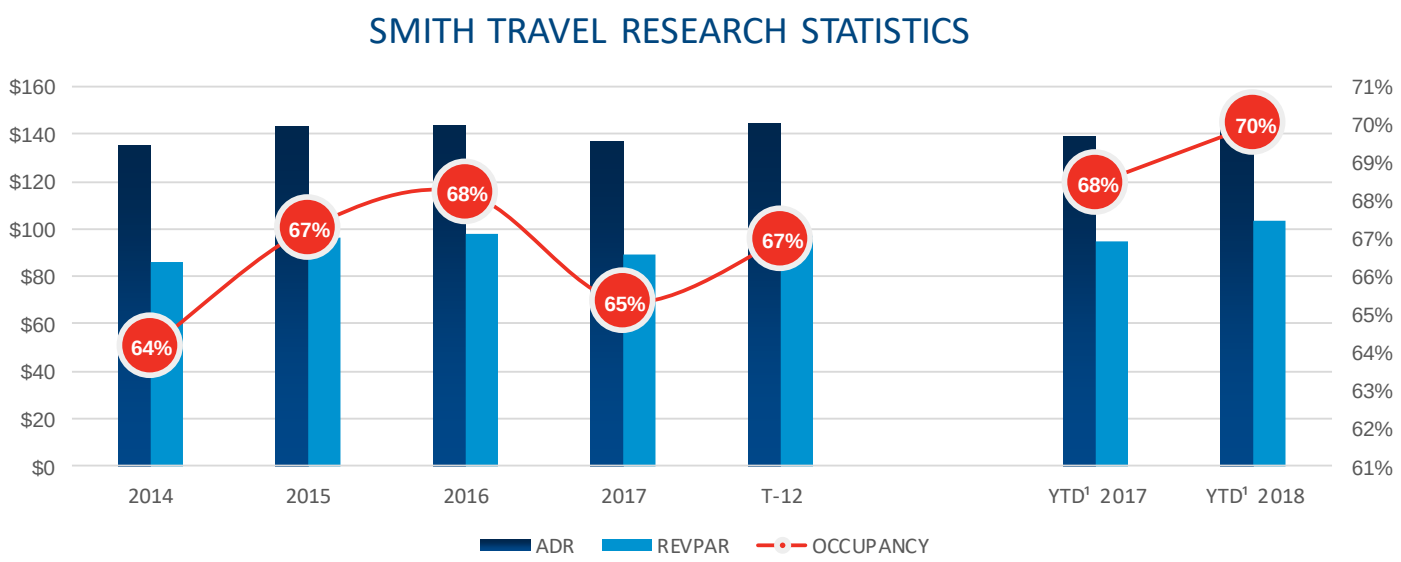
STR COMPARABLE MARKET SUPPLY, DEMAND, OCCUPANCY, ADR & REVPAR

YEAR	ROOMS	SUPPLY	%CHG	DEMAND	%CHG	OCCUPANCY	%CHG	ADR	%CHG	REVPAR	%CHG
2014	2,252	821,980	-	527,211	-	64.1%	-	$134.72	-	$86.41	-
2015	2,252	821,980	0.0%	552,805	4.9%	67.3%	4.9%	$142.96	6.1%	$96.15	11.3%
2016	2,252	821,980	0.0%	560,539	1.4%	68.2%	1.4%	$143.53	0.4%	$97.88	1.8%
2017	2,252	821,980	0.0%	536,899	(4.2%)	65.3%	(4.2%)	$136.88	(4.6%)	$89.41	(8.7%)
CAGR			(0.0%)		0.6%		0.6%		0.5%		1.1%
T-12	2,252	821,980	0.0%	550,333	2.5%	67.0%	2.5%	$144.61	5.6%	$96.82	8.3%
YTD[1] 2017	2,252	684,608	-	468,537	-	68.4%	-	$139.02	-	$95.14	-
YTD[1] 2018	2,252	684,608	0.0%	479,170	2.3%	70.0%	2.3%	$147.98	6.4%	$103.58	8.9%

Monthly Competitive Set Data Includes Subject Property
Source: Smith Travel Research ® [1]YTD Through October

As can be seen in the above charts, the market has experienced decreases in occupancy, ADR, and RevPAR in 2017. Although, this has recovered somewhat in 2018. The main reasons for this are significant events in 2016 that were unusual for the market area (further explained on the following pages), and the significant renovations at the subject. These factors placed downward pressure on the operating metrics. Similar to the trend that began to occur in 2018, the market performance will continue to increase from these additions. Further, the Marriott has been under renovation throughout 2018. This adds additional support for increasing market performance.

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Source: Smith Travel Research ®

As illustrated in the table above, occupancy generally increased over the trend history. In the most recent period (2017), occupancy declined by -4.2%. Year to date, the occupancy trend has grown by 2.3% to a level of 70%. During the same trend history, average rates generally increased over the trend history. In 2017, ADR declined by -4.6% to $136.88. Year to date, room rates have grown by 6.4% to $147.98. Overall, rooms revenue within the competitive set posted positive growth over the trend period achieving a RevPAR metric of $89.41 during 2017. Year-to-date, rooms revenue has grown with RevPAR changing by 8.9%.

Operating performance in the market during the last several years has been fluctuating. Cleveland has been an integral part of Ohio's economic landscape for years. However, the local economy has struggled over time due to its reliance on volatile industries such as automotive and manufacturing. Consequently the lodging market has struggled to grow until recently. The MSA has created fewer jobs during periods of economic expansion and lost significantly more during periods of recession than the country as a whole, one reason being the struggling auto manufacturing industry. While the healthcare and service industries are expected to grow, Cleveland must diversify its industries to grow its economy. The Cleveland Metro area has two industries that are proportionally higher than the rest of the country by a large amount. Manufacturing is disappearing, while healthcare, is slated to revitalize economic growth for the area. Cleveland is looking to diversify its economy by growing its technology sector. Community projects such as OneCommunity have placed Cleveland on the map in the tech world. The Cleveland Clinic is now the largest employer in the market. Area representatives have indicated that there is a temporary stagnation due to new supply additions in the downtown and perimeter areas, namely with the addition of the Hilton Cleveland Downtown Hotel. This property is located adjacent to the Huntington Convention Center of Cleveland and serves as its flagship hotel. This property enabled the convention center to induce more convention demand immediately upon opening, which mitigated the impact on the existing supply in the downtown core. We note that other limited-service and select-service hotels also recently entered the market. While these hotels are not competitive with the subject, they have siphoned some overflow demand prompting a cutback in rates. In general, area representatives anticipate that the market will see stable ADR growth with occupancy levels in the mid 60-percent range for 2019. In 2016, the local area benefited from large events such as the Republican National Convention, the World Series, and the NBA Finals. This is the reason for 2016 outperforming the other years in recent history. The subject market has historically been diversified in its demand base and generates demand on a midweek basis and residential development which brings foot traffic and weekend demand. The market has a diversity of hotels with most segments represented (ex. extended stay, select service, full service, and limited service). This segmentation removes a portion of the overlap some

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properties would have in marketing to non-core guests. In 2018, occupancy remained stable while revenues recovered. Going forward, the market should see ADR and RevPAR growth, in addition to moderate increases in occupancy from 2018.

ADDITIONS TO SUPPLY

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

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

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

DEMAND ANALYSIS

In our analysis of demand for the subject property's market, we have researched the various types of travelers that utilize the lodging facilities in the area. The total number of rooms occupied by these patrons during a specific year represents a market's total room night demand. We note that operators within the subject's market recognize multiple demand segments. We have estimated the distribution of accommodated hotel room night demand for the market as a whole and organized them into the following market segments:

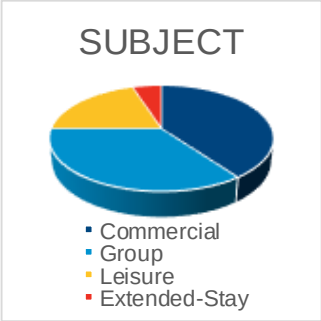
- Commercial
- Group
- Leisure
- Extended-Stay

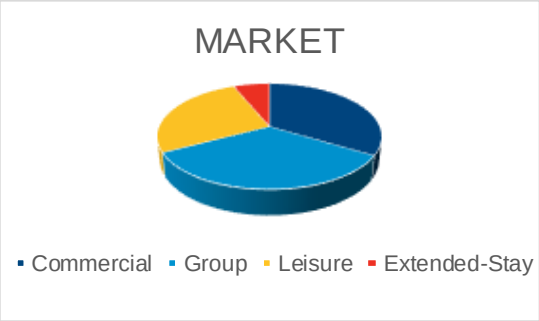
The professionals within the Hospitality and Leisure Group at Colliers International has appraised, evaluated and/or researched several thousand hotel properties throughout the United States. During the course of our fieldwork, we have found that obtaining actual segmentation figures by management at the vast majority of competing properties is difficult; oftentimes, the information that is given by property representatives is, for one reason or another, unreliable. While we have made an effort to determine the demand profile at each of the competitors, we have augmented our research with data collected from the industry. Specifically, based on our observations my market respondents and actual operating data, we have identified a correlation in the demand segmentation of hotels and their respective service classes. From this information, we have estimated the base segmentation for each service class and made additional qualitative adjustments in accordance with the hotel's size, suite inventory, total inventory of meeting space, etc.

The following table summarizes the approximate distribution of demand to the subject property and its competitive market for the 2018 base year.

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DISTRIBUTION OF DEMAND		
SEGMENT	**SUBJECT**	**MARKET**
Commercial	40%	34%
Group	35%	34%
Leisure	20%	27%
Extended-Stay	5%	6%
ROOM NIGHTS ACCOMMODATED	**108,989**	**423,739**





As shown, the subject's estimated market mix generally mirrors that of the market, aside from the commercial segment. We note the following characteristics of the subject:

- The subject is affiliated with Renaissance, and it is understood to capture a fairly high percentage of commercial demand relative to the other segments. Given the subject's degree of focus on attracting demand from this segment, the subject's commercial mix percentage is understood to be higher than the average of the market.
- The subject property features a somewhat higher amount of meeting space relative to the other competitors, totaling approximately 64,734 square feet. It is able to attract SMERFE (Social/Sport, Military, Educational, Religious, Fraternal, and Entertainment/Ethnic) and tour-and-travel patronage. For these reasons, the subject's meeting and group demand mix percentage is expected to be higher than the average of the market.
- Overall, the subject's leisure market mix was somewhat lower than the average of the competitive market, and a similar trend is projected on a going-forward basis.
- The subject's extended-stay mix percentage was similar as compared to the average of the competitive set, and should continue to be similar to the average on a going-forward basis.

As will be further discussed, we believe the subject will improve its competitive position in all market segments. As a result, the subject's market mix percentages will change somewhat, but still be generally similar to historical levels. The subject is expected to be most competitive in the Commercial segment upon stabilization.

The following subsections describe each of these primary segments, along with our assumptions pertaining to future growth rates in each.

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COMMERCIAL DEMAND

Commercial travelers are defined as business people attracted by businesses in the area. Most demand from the corporate segment is generated Sunday through Thursday nights, declines Friday and Saturday nights, and increases somewhat on Sundays. The typical duration of occupancy is one to three days and is characterized by single occupancy. Commercial travelers generally are not rate sensitive and provide a consistent level of demand at relatively high room rates. Commercial transient demand includes individuals visiting the companies in the immediate area or passing through town. Often, these types of travelers are influenced by quality of the hotel, brand loyalty, and location.

Corporate volume demand is generated by local firms and includes employees of the company or others doing business with the firm. Rates are often pre-negotiated with the hotel and are sometimes discounted in return for a high number of occupied rooms. These rates are called LNRs, or local negotiated rates.

Contract, or “Airline” demand as the name implies is demand generated via a fixed contract. In the case of hotels, this type of demand typically involves airline flight crews. The airlines will contract rooms in nearby lodging facilities for extended periods to ensure the availability of accommodations. Because they are able to guarantee a specific level of usage on a daily basis, airlines can usually negotiate deeply discounted room rates. This type of demand is advantageous because it provides a base level of occupancy over a long period that normally includes weekends and slow seasons; however, the occupancy benefit is offset by low room rates. Skilled hotel operators use contract demand to fill in during periods of slow occupancy and quickly displace this demand when higher-rated market segments offer better potential.

Cleveland was once home to several large companies, such as Officemax, BP and TRW. Those companies have closed their headquarters, leaving a large amount of office space in the MSA. Top demand generators which remain include: Cleveland Clinic, University Hospitals Health System, Progressive Corporation, Ford Motor Company, Key Corporation, National City Corporation, Metro Health System, Case Western University, Giant Eagle, Inc. and Group Management Services.

Key to most lodging markets success is the presence of a viable office market which will tend to support the commercial segment of demand. There is a rather active office market in and around Cleveland including Downtown and the Central Business District. While the market does benefit from demand sources other than occupied office space (leisure travelers, convention attendees, group travel, etc.) the historical relationship between occupied office space and occupied hotel rooms is relevant. In addition, the Ernst & Young Tower (completed in 2013) in downtown Cleveland is now fully occupied. Stronger rents in Cleveland’s CBD have helped support the 18-story development. Other tenants in the 480,000-square-foot tower include Wells Fargo, Gilbane Building Co., Tucker Ellis, CBRE Group, Northwestern Mutual, and the OM Group. The tower is a part of the first phase of the $500.0 million Flats East Bank project. Major components of the redevelopment also include a 150-room aLoft brand hotel, restaurants, apartments, a parking garage, health club, and a 1,200-foot riverfront boardwalk. It was estimated that the new office space has the potential to add ±30,000 room nights to the market.

The Hilton is anticipated to generate enough convention-oriented room nights to fill itself to capacity during most convention periods, namely spring and fall months. According to the General Manager of the hotel (Teri Agosta), the goal of the hotel will be for it to be fully self-contained, and to not “move demand around” from the existing market. While this may be the case at some point, we believe that the development of this hotel will attract convention and other demand that did not historically exist that would account for about 50% of its total available capacity, or about 70% to 75% of its total demand.

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Some of the largest generators of commercial room night demand in the Cleveland area reportedly include:

COMMERCIAL DEMAND GENERATORS	
AT&T	IBM
American International Group (AIG)	IMG Sports Management
Case Western Reserve University	Kaiser Permanente
Charter One Bank	Key Bank
Chase Bank	Lesco Inc
Citizens Bank	Medical Mutual of Ohio
Cleveland Clinic	Merrill Lynch
Cliffs Natural Resources	Metro Health
Eaton Corporation	Ohio Savings Bank
Ernst & Young	PNC Bank
Federal Building	PNC Center
Federal Courthouse Tower	Penton Media
Federal Reserve Bank	Sherwin Williams
Fifth Third Bank	US Bank
Huntington Bank Building	University Hospitals

Based on the latest growth trends in the local and national economies as well as our observations formed during the due diligence process, we have forecast commercial hotel demand in the subject market to grow in accordance with the table below.

COMMERCIAL SEGMENT GROWTH RATES	2017	2018	2019	2020	2021	2022
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*186,076*	194,449	200,282	204,288	208,374	208,374

GROUP DEMAND

Group travelers are defined as any group—typically part of the trade show and conference planning industry—occupying five or more rooms on a given night. This segment includes demand from corporate groups, associations, SMERFE organizations, trade associations, governments, professional networks and nonprofits. Most revenue in the industry comes from two key sources: business-to-business (B2B) events and business-to-consumer (B2C) events. This demand segment tends to be somewhat price sensitive.

B2B events are directly affected by corporate marketing budgets, as companies with higher marketing budgets spend more on promotional events. Consequently, rising US corporate profit margins in recent years resulted in larger marketing budgets and demand for trade show and conference planning services for B2B events. B2C revenue comes from consumer attendance at events like electronics and car shows and is therefore correlated with employment and disposable income. During this period, growth in disposable personal income helped propel greater attendance and revenue for B2C events.

While, in-person events are still relevant forms of advertising in an increasingly digitized world, the trade show and conference planning industry continues to face increasing competition from internet networking sites like Facebook and LinkedIn. However, trade show and conference planners have embraced new technologies, which have helped reduce wage costs and improve industry margins over the past five years. Consequently, average profit in this industry margin is currently near 8.0%, up significantly from 1.7% in 2010, according to IBISWorld.

We note that industry revenue is expected to increase at a comparatively healthy rate and remain at or above the $16 billion mark for each of the next two or three years, at a minimum. Demand will likely improve as companies continue to expand their marketing budgets and disposable income levels increase. Industry profit is projected to rise as new technologies, such as automated registration, enable operators to spend less on labor. However, technology may also pose a threat to the industry; the rising popularity of video conferencing and

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online events will serve as a substitute for live conferences for some patrons. Successful hotel meeting operators must leverage new technology as an asset, not as a replacement, for event attendance.

We note that there are key external drivers to the health of the trade show and conference planning industry which are correlated to the success of the group hotel demand segment:

Corporate profit - A decline in corporate profit causes event attendance to fall as companies cut unnecessary expenses. Conversely, growth in corporate profit often boosts demand for trade shows and events as companies create new products and increase their marketing efforts.

Domestic trips by US residents - Attendees often make domestic trips to attend conferences or trade shows; therefore, the industry is sensitive to changes in domestic travel patterns. These factors can be economic (e.g. gas prices) or a result of other trends, such as rising geopolitical tensions and fears of contagious diseases.

Per capita disposable income - Low per capita disposable income can hamper attendance to certain trade shows or conferences (e.g. auto shows).

Inbound trips by non- US residents - Domestic conferences, trade shows and conventions attract foreign visitors for both business and pleasure. While foreign attendees represent a small market for the industry, rising inbound trips by non-US residents aid industry demand.

Located in Downtown Cleveland, the Huntington Convention Center of Cleveland and Global Center for Health Innovation offers 390,000 total sq. ft. of prime space. Connected to the 600-room Hilton Cleveland Downtown and within walking distance of nearly 5,000 hotel rooms, Cleveland's convention center campus is a convenient location to host small executive meetings or large industry tradeshows.

The Huntington Convention Center offers 225,000 sq. ft. of exhibit space, more than 140,000 sq. ft. of meeting and event space, 30 breakout rooms and a 32,000 sq. ft. Grand Ballroom divisible into three spaces.

The Global Center connects meeting planners with 45 of the world's leading healthcare brands including GE Healthcare, Siemens, Philips, Cisco Systems and Cardinal Health. In addition to providing meeting planners with access to industry resources, the Global Center features three breakout rooms, an Executive Boardroom and 20,000 sq. ft. of ballroom and atrium space. It houses approximately 120,000 square feet of permanent showrooms for major medical manufacturers and service providers. Showrooms focused on cardiology, surgery, OB-GYN, imaging, orthopedics, sterilization, healthcare furnishings, patient care, healthcare IT and medical devices will fill the Medical Mart, paving the way for the newest generation of innovation and distribution in the healthcare sector. Cleveland MMCC is designed with approximately 300,000 square feet of high-quality exhibit space, featuring high ceilings and industry-standard column spacing. Suited to the needs of medical trade shows and conventions, the facility can host simultaneous events and is ideal for events that need to be paired with conferencing capabilities.

SMG, the nation's largest and most experienced convention center and facility management firm, assumed management operations for the Cuyahoga County-owned Global Center for Health Innovation and the Huntington Convention Center of Cleveland in December, 2013.

The appraisers recognize there is a specific degree of speculation in regards to the level of demand which will be created by the convention center and medical mart. However based on the past success of convention centers in cities such as Columbus and Pittsburgh we believe the center will be a positive for the City of Cleveland.

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Based on recent performance in the local, regional and national group-related market, we have forecast meeting and group hotel demand in the subject market to grow in accordance with the table below:

GROUP SEGMENT GROWTH RATES

	2017	2018	2019	2020	2021	2022
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*180,685*	188,816	194,480	198,370	202,337	202,337

LEISURE DEMAND

The Leisure, or FIT (Free Independent Traveler) demand segment consists of individual tourists and families visiting the attractions of a local market and/or passing through to other destinations. Leisure demand is most prominent Friday and Saturday nights, holiday periods and during the summer months. These peak periods are often negatively correlated with commercial and meeting and group demand. The spring is also a prime period for weddings and other social activities.

The health of hotel leisure demand is mostly dependent on trends in domestic leisure, international tourism and vacation travel:

Domestic leisure travel - Demand for hotel and motel accommodation is dependent on factors that affect travel, such as changes in household disposable income (which is influenced by changes in general employment growth) as well as movements in interest and tax rates. Changes in disposable income affect the number of trips a household takes as well as its expenditures while traveling, which in turn affects the growth and economic impact of the tourism industry. Also important is the price of fuel, which affects household disposable income, as well as general travel demand, flows and patterns. Changes in the availability of leisure time and any reluctance of people in the labor market to use their holiday leave (due to work and family commitments) also impact domestic travel. Holiday expenditure is also in competition with other leisure and recreational industries and competes for a share of household disposable income.

A longer-term influence on travel patterns is the cost of taking a domestic trip compared with an international one. The difference between the two is influenced by exchange rate movements, the availability of cheap airfares and holiday packages and the supply of airline seats. Finally, tourism promotions by private operators and federal and state governments (e.g. through TV programs and special sporting events) also stimulates travel. However, individual state government promotions typically influence domestic travel patterns to favor only their state, rather than the entire industry.

International tourism - International tourism is one of the most competitive industries globally. Such tourism is affected by factors similar to domestic travel as well as global economic conditions, especially changes in economic growth. Furthermore, particularly in major visitor-origin countries/regions, international tourism is affected by changes in the US dollar against other major currencies, which has an impact on the cost of travel, as well as the relative attractiveness of traveling to competing destinations.

Other factors, such as heightened geopolitical tensions including wars and terrorism (whether feared or actual), affect international travel plans. Promotional expenditures and activities, such as the holding of major or special events, on the part of governments and other organizations can raise awareness and interest in travel. Finally, supply factors are also of critical importance, including the availability of airline flights and seats at the times people want to travel, as well as accommodations to and at their selected destination.

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Vacation travel – Roughly half of revenue for the U.S. Lodging industry comes from domestic travelers, with about three out of every four trips taken for leisure purposes, according to the US Travel Association. Most leisure travel is discretionary and therefore subject to broad economic trends, such as the onset of a recession or high fuel prices. For this reason, leisure travel declines significantly during a recession. However, vacation destinations and modes of transport can be easily substituted for less desirable alternatives when economic conditions are tough. The most common purposes for leisure travel by U.S. domestic travelers are visiting relatives, shopping, visiting friends, fine dining and visiting beaches.

In the subject property's area, most leisure demand is generated by people who are visiting friends and relatives, or those who are taking advantage of the numerous recreational opportunities, and tourist attractions available in the Greater Cleveland area. These people may be traveling alone, or with families or tour groups. Leisure demand in the immediate area is evident due to available venues throughout Downtown. Despite the struggle of the City there are several venues and districts which lend to its viability as a leisure destinations. The Playhouse Theater District is one of the more prominent neighborhoods with restaurants and several theaters which perform traveling Broadway productions. The area is conveniently located near major leisure attractions such as Quicken Loans Area, Progressive Field, and Cleveland Browns Stadium, which are within walking distance of the subject property and many of the attractions are in proximity to a large portion of the local lodging market. Sports in the Cleveland area continue to have a major economic impact with over $200.0 million in revenue generates by the Cleveland Sports Commission. Annual sporting events outside the major teams include the Cleveland Marathon, Mid-American Conference college basketball tournament and the Firestone Golf Tournament. Major leisure attractions in the area include: Cleveland Art Museum, Rock and Roll Hall of Fame, Metropark Zoo & Rainforest, Playhouse Square Theater District, and Great Lakes Science Center.

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

LEISURE DEMAND GENERATORS	
Case Western Reserve University	House of Blues
Cedar Point Amusement Park	International Expo Center
City Center	Metropark Zoo & Rainforest
Cleveland Browns Football	Nautica Entertainment Complex
Cleveland Browns Stadium	Nautica Queen
Cleveland Cavaliers Basketball	PlayhouseSquare
Cleveland Indians Baseball	Pro Football Hall of Fame
Cleveland Lake Erie Monsters	Progressive Field
Cleveland Museum of Art	Quicken Loans Arena
Cleveland State University	Rock-N-Roll Hall of Fame
Galleria at Erieview	Tower City Center
Goodtime III Cruise Excursion	University Circle
Great Lakes Science Center	Warehouse District/ West 6th Street

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Based on the Regional Analysis of the tourism in the Cleveland area, along with the economic fluctuations occurring locally and in the nation and recent performance in the market, we have forecast leisure demand to change in accordance of the table below:

LEISURE SEGMENT GROWTH RATES

	2017	2018	2019	2020	2021	2022
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*134,093*	140,128	144,332	147,219	150,163	150,163

EXTENDED-STAY DEMAND

Extended-stay properties are defined as hotels, which cater to guests requiring accommodations for five nights or longer. True extended stay hotels offer features that are often unavailable at standard hotels. These features are intended to provide more home-like amenities. There are currently 27 extended stay chains in North America with at least seven hotels, representing over 2,000 properties. There is substantial variation among extended stay hotels with respect to quality and the amenities available. Some of the economy chains attract clientele who use the hotels as semi-permanent lodging.

Even though extended-stay demand typically favors hotels that are dedicated to long-term stays, we note that most transient-style hotels—particularly those with large guestroom layouts or suites with kitchens—also benefit from extended-stay patronage. Extended-stay travelers typically require self-serve laundry facilities and command discounts for extended room contracts, as well as units with kitchens that feature a sink, a refrigerator (usually full size), a microwave oven, and a stovetop. Some hotel kitchens (and most upscale ones) also feature dishwashers and conventional ovens.

Extended stay hotels are aimed at business travelers on extended assignments, families in the midst of a relocation, and others in need of temporary housing. Reserving a stay in an extended-stay hotel specifically differs slightly from booking a room at a transient-style hotel. A more personal approach is needed, as guests staying for extended periods want to ensure that the unit is to their liking. Guests more often ask about view, floor plan, floor where the suite is located, etc. Another reason a reservation agent is required to assist a guest with booking long-term stays is due to simple business reasons. Unlike hotels, where bookings are generally short stays and check in and check out dates are confirmed at the time the reservation is made, extended-stay hotels often try to accommodate guests who do not know their checkout date. Such stays include guests who wait for their home to be built or renovated. Accordingly, it can be difficult for extended-stay hotels to list availability on most common booking websites in advance. Specialized booking companies allow the extended-stay hotels to accept or decline a request, rather than simply accepting a confirmed booking, and allow communication of details of the stay with the guest before the reservation is confirmed. It is for this reason that hotels that are not dedicated to extended-stay programming capture some degree of demand from this segment.

Extended stay hotels generally have higher operating margins, lower occupancy break-even thresholds, and higher returns on capital than traditional hotels. This is primarily a result of the typically longer length of stay, lower guest turnover, and lower operating expenses. In addition, the extended stay market is one of the fastest growing and under-served segments of the U.S. lodging industry, with demand for extended stay lodging significantly exceeding the current and anticipated near-term supply of dedicated extended stay rooms.

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Based on the fluctuating trends in the local and national economy, we have forecast extended-stay demand in the subject market to grow in accordance with the rates illustrated in the table below.

EXTENDED-STAY SEGMENT GROWTH RATES

	2017	2018	2019	2020	2021	2022
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*31,874*	33,309	34,308	34,994	35,694	35,694

DORMANT DEMAND

The local market demand estimate is based on hotel occupancy levels; as such, it considers only those hotel rooms that were utilized by guests. Dormant demand accounts for guests who could not be accommodated by the existing competitive supply for a variety of reasons. Dormant demand can be divided into induced demand and bounced demand.

Induced Demand

Induced demand are room nights that are generated by the development of a new demand generator. This type of activity is considered to be an economic impact event, in that the presence of this new demand generator prompts certain business and property development to occur, thereby bolstering lodging demand into the area temporarily, for the long term, or permanently.

The following are examples of events which might induce new lodging demand to a hotel market:

› development of a convention or conference center
› opening of a new hotel
› expansion or development of a theme park
› implementation of a large-scale marketing consortium or a chamber of commerce
› expansion of an airport facility
› development of a major retail center
› completion of a public transportation facility

Because induced demand can be traced to one or more economic impact events, one can quantify these additional room nights by way of a build-up approach. The appraiser evaluates each generator to determine the number of room nights that will be introduced into the market, which is generally phased-in over time. The phasing-in of the induced demand often coincides with the opening of new hotel facilities which were prompted to be developed as a result of the economic impact event. In the case where induced demand is identified to be the direct result of a new supply addition, the demand phase-in would exactly match the timing of the opening of this property.

We believe that there will be economic development activity which will induce room nights into the market. We have considered the magnitude of the development and the propensity for it to impact the occupancy level in the marketplace which, in turn, will impact the subject's occupancy attainment, as well. Specifically, we anticipate that the following events will contribute to induced demand in the foreseeable future:

› Ancillary development that is expected to occur following the development of these new hotels in 2016, and recent renovations at the subject and competitors.

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More specifically, ancillary development would include the construction of new businesses and/or the expansion of existing demand generators. Additional economic impact factors such as an expanded workforce might also be induced, which would bode well for the development of the area. The following table illustrates our estimate of induced demand into the market as a result of these impact events, as well as the resulting phase-in of this demand:

INDUCED DEMAND ASSUMPTIONS

	INDUCED	DEMAND PHASE-IN RATE				
SEGMENT	NIGHTS	2018	2019	2020	2021	2022
Commercial	0	0%	0%	0%	0%	0%
Group	9,000	0%	25%	50%	100%	100%
Leisure	0	0%	0%	0%	0%	0%
Extended-Stay	0	0%	0%	0%	0%	0%
TOTAL NIGHTS INDUCED	**9,000**	**0**	**2,250**	**4,500**	**9,000**	**9,000**

Bounced Demand

Displaced, or “bounced” demand refers to individuals who have attempted to secure accommodations in the market but, due to one reason or another, were unsuccessful and either settle for less desirable (non-competitive) lodging options, stay outside of the market area or defer the trip altogether. Since this type of demand is not evident in the local market, it is excluded from the room nights that were tracked in historical periods.

Bounced demand is opportunistic, in that it could potentially be enjoyed by the local market when demand cycles shift or new hotels are constructed. However, there are a number of periods throughout the year that the vast majority of the properties in the competitive set will approach 100%. Under these circumstances, it would not be possible to accommodate the guests and the room nights are therefore not absorbed. Depending on the seasonality and/or weekly cycles within a market, bounced demand can be fairly significant. We note that in most markets, commercial-oriented bounced demand occurs most often during spring and autumn months and on Monday through Thursday.

Under most circumstances, a market that achieves an annual occupancy level in excess of 68% on average will experience a noticeable amount of bounced demand. Hotels will fill to capacity in the competitive market often enough that the number of patrons that are turned down are usually tracked by hotel operators. The higher the occupancy level at a hotel over this threshold, the greater the number of room nights that are turned away.

This type of demand is particularly important in circumstances where new supply additions are entering the market. If this is the case, it is reasonable to assume that this bounced demand will be absorbed, and thus an estimate of the amount of bounced demand should be made. Bounced demand is generally estimated as a percentage of base-year accommodated demand.

Although we believe that there may be some degree of bounced demand in some of the market segments during peak periods, we have accounted for this demand in our base demand growth rates. Therefore, we have modeled there to be no bounced demand in the subject’s market.

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MARKETWIDE OCCUPANCY PROJECTION

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

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

PROJECTION OF BASE ROOM NIGHT DEMAND & ANNUAL GROWTH

SEGMENT	2017	2018	2019	2020	2021	2022
COMMERCIAL						
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*186,076*	194,449	200,282	204,288	208,374	208,374
Induced Demand	-	0	0	0	0	0
Bounced	-	0	0	0	0	0
Total Market Segment Demand	***186,076***	**194,449**	**200,282**	**204,288**	**208,374**	**208,374**
GROUP						
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*180,685*	188,816	194,480	198,370	202,337	202,337
Induced Demand	-	0	2,250	4,500	9,000	9,000
Bounced	-	0	0	0	0	0
Total Market Segment Demand	***180,685***	**188,816**	**196,730**	**202,870**	**211,337**	**211,337**
LEISURE						
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*134,093*	140,128	144,332	147,219	150,163	150,163
Induced Demand	-	0	0	0	0	0
Bounced	-	0	0	0	0	0
Total Market Segment Demand	***134,093***	**140,128**	**144,332**	**147,219**	**150,163**	**150,163**
EXTENDED-STAY						
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*31,874*	33,309	34,308	34,994	35,694	35,694
Induced Demand	-	0	0	0	0	0
Bounced	-	0	0	0	0	0
Total Market Segment Demand	***31,874***	**33,309**	**34,308**	**34,994**	**35,694**	**35,694**
TOTAL						
Annual Growth	-	4.5%	3.0%	2.0%	2.0%	0.0%
Base Demand	*532,728*	556,702	573,402	584,871	596,568	596,568
Induced Demand	-	0	2,250	4,500	9,000	9,000
Bounced	-	0	0	0	0	0
Total Market Segment Demand	***532,728***	**556,702**	**575,652**	**589,371**	**605,568**	**605,568**
% Change	-	4.5%	3.4%	2.4%	2.7%	0.0%
MARKET STATISTICS						
Total Rooms Supply	*2,252*	2,252	2,252	2,252	2,252	2,252
Total Available Room Nights	*821,980*	821,980	821,980	821,980	821,980	821,980
% Change	-	0.0%	0.0%	0.0%	0.0%	0.0%
MARKETWIDE OCCUPANCY	***64.8%***	**67.7%**	**70.0%**	**71.7%**	**73.7%**	**73.7%**

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PROJECTION OF OCCUPANCY

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

SUBJECT PROPERTY'S OPERATING PERFORMANCE

The following table summarizes the subject property's historical occupancy, average daily room rate and corresponding RevPAR (occupancy multiplied by average rate) over the past few years.

SUBJECT'S HISTORICAL OPERATING STATISTICS

YEAR	ROOMS	SUPPLY	%CHG	DEMAND	%CHG	OCCUPANCY	%CHG	ADR	%CHG	REVPAR	%CHG
2013	491	179,215		114,257		63.8%		$142.61		$90.92	
2014	491	179,215	0.0%	110,051	(3.7%)	61.4%	(3.7%)	$146.54	2.8%	$89.99	(1.0%)
2015	491	179,215	0.0%	109,676	(0.3%)	61.2%	(0.3%)	$151.16	3.2%	$92.51	2.8%
2016	491	179,215	0.0%	114,224	4.1%	63.7%	4.1%	$155.92	3.1%	$99.37	7.4%
2017	491	179,215	0.0%	108,989	(4.6%)	60.8%	(4.6%)	$147.36	(5.5%)	$89.62	(9.8%)
TTM October 2018	491	179,215	0.0%	100,571	(7.7%)	56.1%	(7.7%)	$146.17	(0.8%)	$82.02	(8.5%)
YTD October 2017	491	179,215	-	113,371	-	63.3%	-	$148.98	-	$94.24	-
YTD October 2018	491	179,215	0.0%	103,264	(8.9%)	57.6%	(8.9%)	$147.74	(0.8%)	$85.13	(9.7%)

As can be seen, the subject had significant declines in all metrics in 2017 and 2018. These correspond to the renovations in both of these years. Beyond this, the subject has been undergoing renovations for over 10 years, with the last significant renovation in 2012 (prior to the 2017-2018 renovations). At the conclusion of the most recent work the subject will begin to increase operations, and stabilize.

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

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

OCCUPANCY PENETRATION INDEX

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

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Historical Penetration Indices by Segment

The following table illustrates the estimated 2018 base year penetration factors by market segment for the subject property and its competitors:

COMMERCIAL

PROPERTY	COMPETITOR TYPE	EST 2017 OCCUPANCY	SEGMT. PERCENT	WEIGHTED RM COUNT	FAIR SHARE	EST ROOMS OCCUPIED	MARKET SHARE	PENETRATION INDEX
Renaissance Cleveland Hotel	-	60.8%	40.0%	491	21.8%	43,596	23.4%	107.5%
Doubletree Cleveland Dow ntow n Lakeside	Primary	58.0%	35.0%	379	16.8%	28,082	15.1%	89.7%
Marriott Cleveland Dow ntow n At Key Tow er	Primary	69.0%	35.0%	400	17.8%	35,259	18.9%	106.7%
Westin Cleveland Dow ntow n	Primary	66.0%	25.0%	484	21.5%	29,149	15.7%	72.9%
Crow ne Plaza Cleveland @ Playhouse Square	Primary	70.0%	25.0%	205	9.1%	13,094	7.0%	77.3%
Hyatt Regency Cleveland at The Arcade	Primary	69.0%	50.0%	293	13.0%	36,896	19.8%	152.4%
TOTALS		**64.8%**	**34.9%**	**2,252**	**100.0%**	**186,076**	**100.0%**	**100.0%**

GROUP

Renaissance Cleveland Hotel	-	60.8%	35.0%	491	21.8%	38,146	21.1%	96.8%
Doubletree Cleveland Dow ntow n Lakeside	Primary	58.0%	25.0%	379	16.8%	20,059	11.1%	66.0%
Marriott Cleveland Dow ntow n At Key Tow er	Primary	69.0%	35.0%	400	17.8%	35,259	19.5%	109.9%
Westin Cleveland Dow ntow n	Primary	66.0%	50.0%	484	21.5%	58,298	32.3%	150.1%
Crow ne Plaza Cleveland @ Playhouse Square	Primary	70.0%	20.0%	205	9.1%	10,476	5.8%	63.7%
Hyatt Regency Cleveland at The Arcade	Primary	69.0%	25.0%	293	13.0%	18,448	10.2%	78.5%
TOTALS		**64.8%**	**33.9%**	**2,252**	**100.0%**	**180,685**	**100.0%**	**100.0%**

LEISURE

PROPERTY	COMPETITOR TYPE	EST 2017 OCCUPANCY	SEGMT. PERCENT	WEIGHTED RM COUNT	FAIR SHARE	EST ROOMS OCCUPIED	MARKET SHARE	PENETRATION INDEX
Renaissance Cleveland Hotel	-	60.8%	20.0%	491	21.8%	21,798	16.3%	74.6%
Doubletree Cleveland Dow ntow n Lakeside	Primary	58.0%	35.0%	379	16.8%	28,082	20.9%	124.4%
Marriott Cleveland Dow ntow n At Key Tow er	Primary	69.0%	25.0%	400	17.8%	25,185	18.8%	105.7%
Westin Cleveland Dow ntow n	Primary	66.0%	20.0%	484	21.5%	23,319	17.4%	80.9%
Crow ne Plaza Cleveland @ Playhouse Square	Primary	70.0%	40.0%	205	9.1%	20,951	15.6%	171.6%
Hyatt Regency Cleveland at The Arcade	Primary	69.0%	20.0%	293	13.0%	14,758	11.0%	84.6%
TOTALS		**64.8%**	**25.2%**	**2,252**	**100.0%**	**134,093**	**100.0%**	**100.0%**

EXTENDED-STAY

PROPERTY	COMPETITOR TYPE	EST 2017 OCCUPANCY	SEGMT. PERCENT	WEIGHTED RM COUNT	FAIR SHARE	EST ROOMS OCCUPIED	MARKET SHARE	PENETRATION INDEX
Renaissance Cleveland Hotel	-	60.8%	5.0%	491	21.8%	5,449	17.1%	78.4%
Doubletree Cleveland Dow ntow n Lakeside	Primary	58.0%	5.0%	379	16.8%	4,012	12.6%	74.8%
Marriott Cleveland Dow ntow n At Key Tow er	Primary	69.0%	5.0%	400	17.8%	5,037	15.8%	89.0%
Westin Cleveland Dow ntow n	Primary	66.0%	5.0%	484	21.5%	5,830	18.3%	85.1%
Crow ne Plaza Cleveland @ Playhouse Square	Primary	70.0%	15.0%	205	9.1%	7,857	24.6%	270.8%
Hyatt Regency Cleveland at The Arcade	Primary	69.0%	5.0%	293	13.0%	3,690	11.6%	89.0%
TOTALS		**64.8%**	**6.0%**	**2,252**	**100.0%**	**31,874**	**100.0%**	**100.0%**

TOTAL

PROPERTY	COMPETITOR TYPE	EST 2017 OCCUPANCY	SEGMT. PERCENT	WEIGHTED RM COUNT	FAIR SHARE	EST ROOMS OCCUPIED	MARKET SHARE	PENETRATION INDEX
Renaissance Cleveland Hotel	-	60.8%	100.0%	491	21.8%	108,989	20.5%	93.8%
Doubletree Cleveland Dow ntow n Lakeside	Primary	58.0%	100.0%	379	16.8%	80,234	15.1%	89.5%
Marriott Cleveland Dow ntow n At Key Tow er	Primary	69.0%	100.0%	400	17.8%	100,740	18.9%	106.5%
Westin Cleveland Dow ntow n	Primary	66.0%	100.0%	484	21.5%	116,596	21.9%	101.8%
Crow ne Plaza Cleveland @ Playhouse Square	Primary	70.0%	100.0%	205	9.1%	52,378	9.8%	108.0%
Hyatt Regency Cleveland at The Arcade	Primary	69.0%	100.0%	293	13.0%	73,792	13.9%	106.5%
TOTALS		**64.8%**	**100.0%**	**2,252**	**100.0%**	**532,728**	**100.0%**	**100.0%**

The previous tables illustrate the approximate existing room night demand in the various segments at each of the competitors. Future room night demand is calculated by multiplying by the subject property's fair share percentage with the projected penetration index. The room night demand projection figures are then divided by the total supply to arrive at the projected annual occupancy level for each projection year.

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The following subsections summarize the assumptions associated with our penetration index projection in each market segment.

COMMERCIAL DEMAND PENETRATION

The subject hotel is affiliated with Renaissance hotel chain, which is part of the portfolio of brands associated with Marriott Hotels and includes Marriott, Sheraton, JW Marriott, Courtyard by Marriott, aLoft, Element, and many others as a result of the Marriott-Starwood merger in 2016. The brand is recognized by business travelers throughout North America and other portions of the world for high-quality full service lodging accommodations, but does lack the overall distribution of Marriott, and Hilton, brands. The Marriott franchise is one of the most successful in the lodging industry.

The subject's competitive advantages includes its pending upgrades, good array of amenities, proximity to a variety of major demand generators, affiliation with Renaissance and good business services. Additionally a well appropriated concierge lounge is an operating advantage for the hotel.

Overall we have forecast the penetration index in the Commercial segment to increase to 118.0 percent into the stabilized year. Based on our estimated penetration levels, the stabilized commercial market mix will equate to roughly 41.9% percent.

GROUP DEMAND PENETRATION

The subject property offers a smaller amount of meeting space totaling 64,734 square feet, and it can attract small conferences, SMERFE and tour-and-travel patronage. Similar to the commercial segment, we forecast penetration levels for this segment to increase to a stabilized level of 95.0 percent. The group segment penetration index is projected to stabilize at 34.2% percent of the subject's business mix.

LEISURE DEMAND PENETRATION

The leisure traveler segment of the market is somewhat rate sensitive relative to the other segments and the subject's rate structure was above average in the marketplace during the base year. Overall, leisure penetration is expected to increase to a stabilized level of 74.0 percent, resulting in market segmentation of approximately 19.0% percent of occupied room nights.

EXTENDED-STAY DEMAND PENETRATION

The extended-stay travel segment is noted to generally be a stable segment, but we believe its fluctuations and growth rates will still be correlated to the commercial segment but to a lesser degree of volatility. The extended-stay segment is projected to increase to a stabilized level of 80.0 percent, resulting in market segmentation of approximately 4.9% percent of occupied room nights.

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

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SUBJECTS PROJECTED PENETRATION, MARKET SHARE & OCCUPANCY

SUBJECT PROPERTY FAIR SHARE	*2017*	2018	2019	2020	2021	2022
Market Room Supply	*2,252*	2,252	2,252	2,252	2,252	2,252
Subject Property Room Count	*491*	491	491	491	491	491
Fair Share	***21.8%***	**21.8%**	**21.8%**	**21.8%**	**21.8%**	**21.8%**

ROOM NIGHTS CAPTURED BY SUBJECT

SEGMENT	2017	2018	2019	2020	2021	2022
COMMERCIAL						
Fair Share	*21.8%*	21.8%	21.8%	21.8%	21.8%	21.8%
Penetration Index	*115.3%*	101.0%	106.0%	106.0%	111.0%	118.0%
Market Share	*25.1%*	22.0%	23.1%	23.1%	24.2%	25.7%
Total Market Segment Demand	*186,076*	194,449	200,282	204,288	208,374	208,374
Market Share	*25.1%*	22.0%	23.1%	23.1%	24.2%	25.7%
Segment Room Nights Accommodated	*46,784*	42,819	46,287	47,213	50,429	53,609
GROUP						
Fair Share	*21.8%*	21.8%	21.8%	21.8%	21.8%	21.8%
Penetration Index	*92.9%*	82.0%	86.0%	86.0%	90.0%	95.0%
Market Share	*20.3%*	17.9%	18.8%	18.8%	19.6%	20.7%
Total Market Segment Demand	*180,685*	188,816	196,730	202,870	211,337	211,337
Market Share	*20.3%*	17.9%	18.8%	18.8%	19.6%	20.7%
Segment Room Nights Accommodated	*36,611*	33,757	36,888	38,039	41,470	43,774
LEISURE						
Fair Share	*21.8%*	21.8%	21.8%	21.8%	21.8%	21.8%
Penetration Index	*72.2%*	64.0%	67.0%	67.0%	70.0%	74.0%
Market Share	*15.7%*	14.0%	14.6%	14.6%	15.3%	16.1%
Total Market Segment Demand	*134,093*	140,128	144,332	147,219	150,163	150,163
Market Share	*15.7%*	14.0%	14.6%	14.6%	15.3%	16.1%
Segment Room Nights Accommodated	*21,099*	19,553	21,084	21,506	22,918	24,227
EXTENDED-STAY						
Fair Share	*21.8%*	21.8%	21.8%	21.8%	21.8%	21.8%
Penetration Index	*76.8%*	68.0%	71.0%	71.0%	75.0%	80.0%
Market Share	*16.7%*	14.8%	15.5%	15.5%	16.4%	17.4%
Total Market Segment Demand	*31,874*	33,309	34,308	34,994	35,694	35,694
Market Share	*16.7%*	14.8%	15.5%	15.5%	16.4%	17.4%
Segment Room Nights Accommodated	*5,339*	4,938	5,311	5,417	5,837	6,226
TOTAL CAPTURE	***109,832***	**101,068**	**109,570**	**112,175**	**120,653**	**127,836**

SUBJECT PROPERTY PROJECTED OCCUPANCY

CALENDAR YEARS	*2017*	2018	2019	2020	2021	2022
Room Nights Accommodated	*109,832*	101,068	109,570	112,175	120,653	127,836
Available Room Nights	*179,215*	179,215	179,215	179,215	179,215	179,215
Occupancy	*61.3%*	56.4%	61.1%	62.6%	67.3%	71.3%
FISCAL YEAR ADJUSTMENT		**2018/19**	**2019/20**	**2020/21**	**2021/22 (Stabilized)**	**2022/23**
First Calendar Year %		0.27%	0.27%	0.27%	0.27%	0.27%
Second Calendar Year %		99.73%	99.73%	99.73%	99.73%	99.73%
Fiscalized Room Nights Accommodated		109,546	112,168	120,630	127,816	127,816
Fiscalized Room Nights Available		179,215	179,215	179,215	179,215	179,215
Occupancy		61.13%	62.59%	67.31%	71.32%	71.32%
ROUNDED OCCUPANCY		**61%**	**63%**	**67%**	**71%**	**71%**
Overall Market Share		19.0%	19.0%	19.9%	21.1%	21.1%
Overall Penetration Index		87.3%	87.3%	91.4%	96.8%	96.8%

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As illustrated in the table above, total capture at the subject is expected to continue to increase beyond the date of stabilization. However, since the stabilized occupancy level is intended to reflect the anticipated results of the property over its remaining economic life, we have selected 71 percent as the subject's stabilized occupancy as of December 31, 2021.

Overall, penetration levels for the subject property are estimated at 96.4 percent as of the stabilized value date, December 31, 2021. By comparison, the historical penetration level was approximately 94.1 percent during the 2018 base year.

PROJECTION OF AVERAGE DAILY RATE (ADR)

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

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

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

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

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

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HISTORICAL COMPETITIVE ADR (ESTIMATED)			
PROPERTY	**2015**	**2016**	**2017**
Renaissance Cleveland Hotel	**$151.16**	**$155.92**	**$147.36**
Doubletree Cleveland Downtown Lakeside	$110.00	$115.00	$120.00
Marriott Cleveland Downtown At Key Tower	$158.00	$170.00	$145.00
Westin Cleveland Downtown	$160.00	$160.00	$150.00
Crowne Plaza Cleveland @ Playhouse Square	$130.00	$130.00	$115.00
Hyatt Regency Cleveland at The Arcade	$141.00	$141.00	$145.00
Average Including Subject	$145.10	$149.09	$139.86
Average Excluding Subject	$143.20	$147.16	$137.93
Smith Travel Research Trend Report	$142.96	$143.53	$136.88
SUBJECT'S POSITIONED ADR			**$147.36**

As shown, the subject has achieved an average room rate of $147.36 during the base year. This is above the average of the competitive properties.

For additional context on rate potential, the following table illustrates the subject's recent ADR trends.

SUBJECT HISTORICAL ADR		
YEAR	**ADR**	**CAGR**
2013	$142.61	-
2014	$146.54	2.8%
2015	$151.16	3.2%
2016	$155.92	3.1%
2017	$147.36	(5.5%)
Average Year-Over-Year Growth Rate		0.9%
YTD October 2017	$148.98	-
YTD October 2018	$147.74	(0.8%)

Our interviews with management at the competitive properties in the Cleveland area indicated that most properties are budgeting moderate to lightly aggressive increases in room rates in 2019, mostly as a result of recently completed upgrades, absorption of new supply and/or accelerating corporate activity. At some properties, rate growth in some market segments is flat or only slightly positive in an effort to further enhance occupancy, although this is seemingly limited to some leisure segments during weekends and at properties that are less appealing than the subject. Area representatives have indicated that corporate contract rates are improving because negotiating power has continued to shift to hotel operators.

COMPARATIVE ANALYSIS: SUBJECT PROPERTY VS. COMPETITIVE MARKET

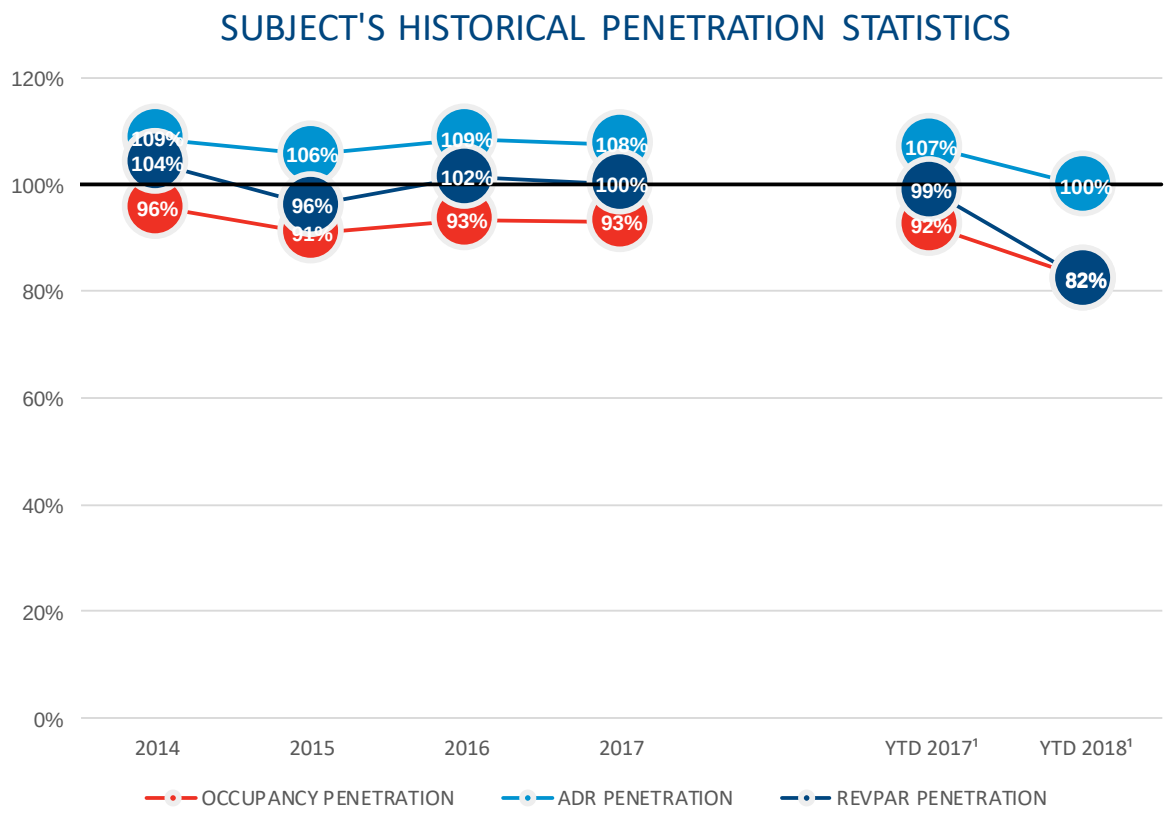
As discussed in this section, we have observed historical trends both within the competitive market and at the subject property. We have compared the subject's operating results (occupancy, ADR and RevPAR) with those of the market. The resulting penetration indices, together with the information we gathered during the due diligence period, are useful in predicting future trends and the ultimate competitive positioning of the subject property.

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The following table summarizes these historical trends:

COMPARATIVE ANALYSIS - SUBJECT PROPERTY VS. COMPETITIVE MARKET							
YEAR	MARKET STR	% CHG	SUBJECT	% CHG	PENETRATION INDEX	% CHG	PERFORMANCE
OCCUPANCY PENETRATION							
2014	64.1%	-	61.4%	-	95.7%	-	
2015	67.3%	*4.9%*	61.2%	*(0.3%)*	91.0%	*(4.7%)*	
2016	68.2%	*1.4%*	63.7%	*4.1%*	93.5%	*2.5%*	
2017	65.3%	*(4.2%)*	60.8%	*(4.6%)*	93.1%	*(0.4%)*	
YTD 2017[1]	68.4%	-	63.3%	-	92.4%	-	
YTD 2018[1]	70.0%	*2.3%*	57.6%	*(8.9%)*	82.3%	*(10.1%)*	
ADR PENETRATION							
2014	$134.72	-	$146.54	-	108.8%	-	
2015	$142.96	*6.1%*	$151.16	*3.2%*	105.7%	*(3.0%)*	
2016	$143.53	*0.4%*	$155.92	*3.1%*	108.6%	*2.9%*	
2017	$136.88	*(4.6%)*	$147.36	*(5.5%)*	107.7%	*(1.0%)*	
YTD 2017[1]	$139.02	-	$148.98	-	107.2%	-	
YTD 2018[1]	$147.98	*6.4%*	$147.74	*(0.8%)*	99.8%	*(7.3%)*	
REVPAR PENETRATION							
2014	$86.41	-	$89.99	-	104.1%	-	
2015	$96.15	*11.3%*	$92.51	*2.8%*	96.2%	*(7.9%)*	
2016	$97.88	*1.8%*	$99.37	*7.4%*	101.5%	*5.3%*	
2017	$89.41	*(8.7%)*	$89.62	*(9.8%)*	100.2%	*(1.3%)*	
YTD 2017[1]	$95.14	-	$94.24	-	99.1%	-	
YTD 2018[1]	$103.58	*8.9%*	$85.13	*(9.7%)*	82.2%	*(16.9%)*	

[1] Market is YTD through October, Subject is YTD through October Out Performing Market Under Performing Market



We have analyzed the STR data within the subject's competitive market, as previously discussed. Operating performance in the market during the last several years has been fluctuating. Cleveland has been an integral part of Ohio's economic landscape for years. However, the local economy has struggled over time due to its reliance on volatile industries such as automotive and manufacturing. Consequently the lodging market has struggled to grow until recently. The MSA has created fewer jobs during periods of economic expansion and lost significantly more during periods of recession than the country as a whole, one reason being the struggling auto manufacturing industry. While the healthcare and service industries are expected to grow, Cleveland must diversify its industries to grow its economy. The Cleveland Metro area has two industries that are proportionally higher than the rest of the country by a large amount. Manufacturing is disappearing, while healthcare, is slated to revitalize economic growth for the area. Cleveland is looking to diversify its economy by growing its technology sector. Community projects such as OneCommunity have placed Cleveland on the map in the tech world. The Cleveland Clinic is now the largest employer in the market. Area representatives have indicated that there is a temporary stagnation due to new supply additions in the downtown and perimeter areas, namely with the addition of the Hilton Cleveland Downtown Hotel. This property is located adjacent to the Huntington Convention Center of Cleveland and serves as its flagship hotel. This property enabled the convention center to induce more convention demand immediately upon opening, which mitigated the impact on the existing supply in the downtown core. We note that other limited-service and select-service hotels also recently entered the market. While these hotels are not competitive with the subject, they have siphoned some overflow demand prompting a cutback in rates. In general, area representatives anticipate that the market will see stable ADR growth with occupancy levels in the mid 60-percent range for 2019. In 2016, the local area benefited from large events such as the Republican National Convention, the World Series, and the NBA Finals. This is the reason for 2016 outperforming the other years in recent history. The subject market has historically been diversified in its demand base and generates demand on a midweek basis and residential development which brings foot traffic and weekend demand. The market has a diversity of hotels with most segments represented (ex. extended stay, select service, full service, and limited service). This segmentation removes a portion of the overlap some properties would have in marketing to non-core guests. In 2018, occupancy remained stable while revenues recovered. Going forward, the market should see ADR and RevPAR growth, in addition to moderate increases in occupancy from 2018. The Hotel's affiliation with Marriott International greatly benefits the property, as the Hotel is able to utilize Marriott's wide distribution network, strong reservation system and renowned Marriott Rewards program. The Marriott Rewards program allows guests to benefit from their brand loyalty across the globe. The Renaissance Cleveland benefits from Marriott's vast sales and marketing and reservation systems. The new ownership has the ability to capture strong future upside through a focused renovation of the meeting rooms and public spaces to significantly amplify meeting room utilization. Given the Property's prime location on Public Square, the Renaissance Cleveland has historically benefitted from an ADR premium above its competitive set. However, the subject has been undergoing significant renovations in 2017 and 2018. Therefore, recent trends reflect rates and occupancies effected by these renovations. Once complete, the subject should again outperform the competitive set in regards to ADR.

In 2016, market occupancy changed by 1.4 percent while the subject's occupancy changed by 4.1 percent. As a result of this relationship, the subject's occupancy penetration index improved by 2.5 points. During the same period, market room rates changed by 0.4 percent while the subject's ADR changed by 3.1 percent, accounting for an increase in the subject's penetration index of 2.9 points. Market RevPAR in this year changed by 1.8 percent while the subject's RevPAR changed by 7.4 percent rendering a RevPAR penetration index improvement of 5.3 points by the subject.

During 2017, market occupancy changed by -4.2 percent while the subject's occupancy changed by -4.6 percent. The subject's occupancy penetration index as a result of these trends improved by -0.4 points. In the same timeframe, market room rates changed by -4.6 percent while the subject's ADR changed by -5.5 percent; the

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subject's penetration index increased by -1 points. Market RevPAR in this year changed by -8.7 percent while the subject's RevPAR changed by -9.8 percent rendering a RevPAR penetration index improvement of -1.3 points by the subject. 2017 was a difficult year for the subject property as the macro economic environment added additional pressure on revenue. The subject was historically the market leader in group demand as a result of available meeting space, but with the addition of the Hilton the competitive landscape for group business has increased. Additionally, deficiencies such as the HVAC system had hindered the hotel's ability to sell to certain groups. This specific issue however, is being addressed in the current renovations at the subject.

Market occupancy changed by 2.3 percent in YTD 2018 while the subject's occupancy changed by -8.9 percent. As a result of this relationship, the subject's occupancy penetration index improved by -10.1 points. During the same period, market room rates changed by 6.4 percent while the subject's ADR changed by -0.8 percent, accounting for an increase in the subject's penetration index of -7.3 points. Market RevPAR in this year changed by 8.9 percent while the subject's RevPAR changed by -9.7 percent rendering a RevPAR penetration index improvement by the subject of -16.9 points. Based on the previously discussed renovations at the subject, there has been a negative impact on occupancy, ADR, and RevPAR. Once the renovations are complete, the subject will begin to see improvement in all metrics, based on past performance compared to the competitive set and increasing market conditions.

Looking forward, we believe the subject property will continue to benefit from its brand affiliation, and additional competitive advantages following the upgrades. The subject should begin outperforming the market in ADR and RevPAR once stabilized.

ADR GROWTH PROJECTIONS

Based on recent performance figures reported at the subject and within the market, we have posted room rates to grow as indicated in the table below. Please note that we have illustrated our projections first on a calendar year basis, then on a fiscal year basis which reflects a projection commencing on December 31, 2018:

SUBJECT PROJECTED ADR

PROJECTION YEAR	CALENDAR YEAR	GROWTH RATE	ADR	PROJECTION YEAR		FISCALIZED ADR PROJECTION	FISCALIZED GROWTH RATE
Current	2017	-	$147.36	-		$148.83	-
1	2018/19	1.0%	$148.84	2018/19		$154.77	4.0%
2	2019/20	4.0%	$154.79	2019/20		$162.51	5.0%
3	2020/21	5.0%	$162.53	2020/21		$172.25	6.0%
4	2021/22	6.0%	$172.28	2021/22	(Stabilized)	$175.72	2.0%
5	2022/23	2.0%	$175.73	2022/23		$179.23	2.0%
6	2023/24	2.0%	$179.24	2023/24		$182.82	2.0%
7	2024/25	2.0%	$182.83	2024/25		$186.47	2.0%
8	2025/26	2.0%	$186.48	2025/26		$190.20	2.0%
9	2026/27	2.0%	$190.21	2026/27		$194.01	2.0%
10	2027/28	2.0%	$194.02	2027/28		$197.89	2.0%
11	2028/29	2.0%	$197.90	2028/29		$201.84	2.0%

The operating performance of the subject hotel is projected in terms of annual guestroom occupancy and average daily room rate. We have cross-checked our ADR projections with historical levels in order to ascertain the risk characteristics of the anticipated economic benefits to the property. The following table compares historical ADR levels to projected levels, both on an actual basis, as well as an inflation-adjusted basis.

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SUBJECT INFLATION ADJUSTED ADR				
YEAR	PERSPECTIVE	ACTUAL ADR	ADJUSTED ADR	
2013	Historical	$142.61	$142.61	
2014	Historical	$146.54	$146.54	
2015	Historical	$151.16	$151.16	
2016	Historical	$155.92	$155.92	
2017	Historical	$147.36	$147.36	
2018/19	Projected	$154.77	$154.77	
2019/20	Projected	$162.51	$162.51	
2020/21	Projected	$172.25	$172.25	
2021/22	Projected	$175.72	$175.72	(Stabilized)
2022/23	Projected	$179.23	$179.23	
Difference between Stabilized ADR and Peak ADR		**$175.72**	**12.7%**	
Inflation Adjusted		**$175.72**	**12.7%**	

Please note that, for illustrative purposes, inflation for all years (both historical and projected) is estimated at 3.0 percent. We note that inflation for general goods and services was lower than 3.0 percent in recent years, but the inflation figure of 3.0 percent is intended to represent local inflation for lodging rates only.

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

PROJECTED ROOMS DEPARTMENT REVENUE						
		Year 1	Year 2	Year 3	(Stabilized)	Year 5
PROJECTION YEAR	***2017***	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Number of Days	*365*	365	365	365	365	365
Number of Rooms	*491*	491	491	491	491	491
Rounded Occupancy	*61%*	61%	63%	67%	71%	71%
Occupied Rooms (Rounded)	*109,832*	109,321	112,905	120,074	127,243	127,243
Average Rate	*$147.36*	$154.77	$162.51	$172.25	$175.72	$179.23
RevPAR	*$90.31*	$94.41	$102.38	$115.41	$124.76	$127.25
ROOMS DEPARTMENT REVENUE	***$16,185,181***	**$16,919,611**	**$18,348,192**	**$20,682,747**	**$22,359,140**	**$22,805,763**

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INTRODUCTION

The highest and best use of an improved property is defined as that reasonable and most probable use that will support its highest present value. The highest and best use, or most probable use, must be legally permissible, physically possible, financially feasible, and maximally productive. This section develops the highest and best use of the subject property As-Vacant and As-Improved.

AS-VACANT ANALYSIS

Legal Factors

The legal factors that possibly influence the highest and best use of the subject site are discussed in this section. Private restrictions, zoning, building codes, historic district controls, and environmental regulations are considered, if applicable to the subject site. Permitted uses of the subject's General Retail Business (GRB) zoning were listed in the Zoning Analysis section. Overall, legal factors support a broad range of hotel, office, and retail uses for the subject site.

Physical & Locational Factors

Regarding physical characteristics, the subject site is irregular in shape and has level topography with good access and good exposure. The immediate area is developed with similar CBD uses, including office, retail, residential, and hotels. Of the outright permitted uses, physical and locational features best support to hold as vacant until demand substantiates the development of a hotel or commercial structure. for the site's highest and best use as-vacant.

Feasibility Factors

The financial feasibility of those uses that meet the legal and physical tests discussed is analyzed further in this section. Supply and demand conditions affect the financial feasibility of possible uses. Indicators of feasibility, which typically indicate favorable or non-favorable supply and demand conditions, include construction financing and proposed projects. Financial feasibility factors generally support immediate development of the subject site.

As-Vacant Conclusion

Based on the previous discussion, the subject's highest and best use as-vacant is concluded to be to hold as vacant until demand substantiates the development of a hotel or commercial structure..

AS-IMPROVED ANALYSIS

Legal Factors

The subject's Lodging & Hospitality (Luxury Hotel) use (as-improved) is permitted outright by the GRB zoning. The subject is considered a legal, conforming use based on parking and density. The legal factors influencing the highest and best use of the property support the subject's use as-improved.

Physical & Locational Factors

The physical and location characteristics of the subject improvements have been previously discussed in this report. In summary, the subject's improvements were constructed in 1918 and have a remaining economic life of 64 years based on our estimate. The project is of good quality construction and in good condition, with adequate service amenities. The subject improvements as-improved are sufficiently supported by site features including its irregular shape, level topography, good access and good exposure. Further, the subject's location supports the subject improvements as-improved with similar and homogeneous developments present in the subject's immediate market area. Physical and location factors influencing the highest and best use of the property support the subject's use as-improved.

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Alternative Uses & Feasibility Factors

In addition to legal and physical considerations, analysis of the subject property as-improved requires the treatment of two important issues: 1) consideration of alternative uses for the property; and 2) the marketability of the most probable use. The five possible alternative treatments of the property are demolition, expansion, renovation, conversion, and the subject's use as-improved.

- **Demolition** The subject improvements contribute significant value above the current land value. Therefore, demolition is not applicable in this case.
- **Expansion** The subject property comprises approximately 2.16 acres (93,979 SF) and is improved with a **Lodging & Hospitality (Luxury Hotel)**. The subject site does not contain additional site area for expansion; therefore, expansion of the subject is not considered a viable option.
- **Renovation** The subject property is approximately 101years old and is in good condition. Renovation, in the form of capital expenditures, would not increase the RevPAR or value appreciably. For this reason, renovation is not appropriate.
- **Conversion** Conversion is neither appropriate nor applicable to this property.
- **Continued Use "As-Is"** The final option is the continued use of the property "As-Is." This is legal, physically possible, and financially feasible. Therefore, continued use, a **Lodging & Hospitality (Luxury Hotel)** is considered appropriate.

Among the five alternative uses, the subject's use as-improved is supported to be its Highest and Best Use.

Marketability Factors

As previously indicated in the Market Analysis, the subject property has good marketability. The condition of the property reflects good maintenance and appeal. In general apartment supply/demand conditions and immediate market area trends support viable short and long-term operations of the subject's use as-improved. Based on our analysis of the subject property and investigation of substitute properties in the marketplace, the subject is considered to have good overall buyer appeal with an above average competitive position if the asset was exposed to the open market and the property received adequate refurbishments from its reserve for replacement account.

As-Improved Conclusion

Legal, physical, and market considerations have been analyzed to evaluate the highest and best use of the property. This analysis is presented to evaluate the type of use that will generate the greatest level of future benefits possible from the property. Based on the previous discussion, the highest and best use of the subject property as-improved is concluded to be a lodging facility as it is currently improved and upgraded in line with brand standards..

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INTRODUCTION

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

INCOME APPROACH

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

- **Discounted Cash Flow (DCF)**
  The DCF analysis models a property's performance over a buyer's investment horizon from the date of acquisition through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at a rate reflective of the property's economic and physical risk profile.
- **Direct Capitalization**
  This method analyzes the relationship of one year's stabilized net operating income to total property value. The stabilized net operating income is capitalized at a rate that implicitly considers expected growth in cash flow and growth in property value over a buyer's investment horizon. The implied value may be adjusted to account for non-stabilized conditions or required capital expenditures to reflect an as is value.
- **Room Revenue Multiplier (RRM)**
  The RRM method analyzes the relationship of the room revenue a property generates with its sale price to arrive at a room revenue multiplier. The multipliers are extracted from comparables and market participants and an appropriate multiplier is then applied to the subject's room revenue to arrive at the indicated value.

Development of the Income Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique is developed. The subject is an investment property; therefore, the Income Approach represents the decision making process of knowledgeable buyers and sellers of this property type. Direct Capitalization and Discounted Cash Flow analysis are both applicable and developed within this analysis. The resulting opinions of value are reconciled into a final opinion of value by the Income Approach.

SALES COMPARISON APPROACH

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

Development of the Sales Comparison Approach is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that this valuation technique to be developed. Sufficient sales data is available to provide a credible value estimate by the Sales Comparison Approach. Based on this reasoning, the Sales Comparison Approach is presented within this appraisal.

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LAND VALUATION

Development of the subject site value is a specific scope requirement of this assignment. Characteristics specific to the subject property warrant that a site value is developed. Due to land value trends in the subject market area, the subject site is valued to test highest & best use considerations. Within the Site Valuation section, the subject is valued as one marketable economic site.

COST APPROACH (RESIDUAL VALUE)

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

Elements of the Cost Approach are utilized to provide an opinion of Residual Value. Based on the preceding information, the Cost Approach will be presented.

RECONCILIATION OF VALUE CONCLUSIONS

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

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

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

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

The Income (Direct Capitalization & Discounted Cash Flow), Sales Comparison and Cost approaches are used to value the subject property, which will be reconciled into the final opinions of market value in the Analysis of Value Conclusions section.

Additional value scenarios presented subsequent to the Analysis of Value Conclusions include: Residual Value.

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INTRODUCTION

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

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

METHODOLOGY

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

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

Direct Capitalization and Discounted Cash Flow analysis are both applicable and developed within this analysis. The resulting opinions of value are correlated into a final value when multiple methods are applied to the same scenario.

Based on the market for transient accommodations in the subject's area, we have forecast future Rooms departmental revenue for the subject. In this section of the report, we also provide an analysis of the actual historical performance, the performance of comparable properties and various industry averages in order to forecast all other revenues and expenses through a 10-year holding period. The projection begins on December 31, 2018.

REVIEW OF OPERATING STATEMENTS

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

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

- Calendar years 2012 through 2017
- Year-to-date 2017 and 2018 through October 31
- Trailing 12 months Ending October 31, 2018 (calculated)

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

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STATEMENT OF HISTORICAL OPERATIONS

RENAISSANCE CLEVELAND HOTEL

Calendar Year	2013
Through Month	December
Days Open	365
Number of Rooms	491
Occupied Rooms	114,257
Occupancy Rate	63.8%
Average Daily Room Rate (ADR)	$142.61
Revenue Per Available Room (RevPAR)	$90.92

DEPARTMENTAL REVENUES	$	RATIO	$ PAR	$ POR
Rooms	$16,293,625	55.5%	$33,185	$142.61
Food & Beverage	$11,277,000	38.4%	$22,967	$98.70
Parking	$1,327,000	4.5%	$2,703	$11.61
Other Income	$475,000	1.6%	$967	$4.16
Total Departmental Revenues	**$29,372,625**	**100.0%**	**$59,822**	**$257.08**
DEPARTMENTAL COSTS				
Rooms	$4,655,000	28.6%	$9,481	$40.74
Food & Beverage	$6,899,000	61.2%	$14,051	$60.38
Parking	$262,000	19.7%	$534	$2.29
Other Income	$174,000	36.6%	$354	$1.52
Total Departmental Costs	**$11,990,000**	**40.8%**	**$24,420**	**$104.94**
DEPARTMENTAL INCOME	**$17,382,625**	**59.2%**	**$35,402**	**$152.14**
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	$2,867,000	9.8%	$5,839	$25.09
Marketing	$2,424,000	8.3%	$4,937	$21.22
Royalty/Franchise Fees	$0	0.0%	$0	$0.00
Repairs & Maintenance	$1,989,000	6.8%	$4,051	$17.41
Utilities	$1,777,000	6.0%	$3,619	$15.55
Total Undist. Oper. Expenses	**$9,057,000**	**30.8%**	**$18,446**	**$79.27**
MANAGEMENT FEES				
Management Fee	$887,000	3.0%	$1,807	$7.76
Incentive Management Fee	$162,000	0.6%	$330	$1.42
Total Management Fees	**$1,049,000**	**3.6%**	**$2,136**	**$9.18**
HOUSE PROFIT	**$7,276,625**	**24.8%**	**$14,820**	**$63.69**
FIXED CHARGES				
Real Estate Taxes	$1,871,000	6.4%	$3,811	$16.38
Property Insurance	$299,000	1.0%	$609	$2.62
Reserves	$1,183,000	4.0%	$2,409	$10.35
Total Fixed Charges	**$3,353,000**	**11.4%**	**$6,829**	**$29.35**
Income/Rebate	$68,000	0.2%	$138	$0.60
NET OPERATING INCOME	**$3,991,625**	**13.6%**	**$8,130**	**$34.94**

OPERATING RATIOS	%
Food & Beverage to Rooms	69.2%
Parking to Rooms	8.1%
Other Income to Rooms	2.9%
Royalty/Franchise Fees to Rooms	0.0%

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STATEMENT OF HISTORICAL OPERATIONS

RENAISSANCE CLEVELAND HOTEL

Calendar Year	2014				2015			
Through Month	December				December			
Days Open	365				365			
Number of Rooms	491				491			
Occupied Rooms	110,051				109,676			
Occupancy Rate	61.4%				61.2%			
Average Daily Room Rate (ADR)	$146.54				$151.16			
Revenue Per Available Room (RevPAR)	$89.99				$92.51			
DEPARTMENTAL REVENUES	**$**	**RATIO**	**$ PAR**	**$ POR**	**$**	**RATIO**	**$ PAR**	**$ POR**
Rooms	$16,126,874	58.5%	$32,845	$146.54	$16,578,624	58.8%	$33,765	$151.16
Food & Beverage	$9,774,000	35.5%	$19,906	$88.81	$10,167,000	36.0%	$20,707	$92.70
Parking	$1,285,000	4.7%	$2,617	$11.68	$1,098,000	3.9%	$2,236	$10.01
Other Income	$377,000	1.4%	$768	$3.43	$362,000	1.3%	$737	$3.30
Total Departmental Revenues	**$27,562,874**	**100.0%**	**$56,136**	**$250.46**	**$28,205,624**	**100.0%**	**$57,445**	**$257.17**
DEPARTMENTAL COSTS								
Rooms	$4,606,000	28.6%	$9,381	$41.85	$4,631,000	27.9%	$9,432	$42.22
Food & Beverage	$6,393,000	65.4%	$13,020	$58.09	$6,447,000	63.4%	$13,130	$58.78
Parking	$204,000	15.9%	$415	$1.85	$188,000	17.1%	$383	$1.71
Other Income	$151,000	40.1%	$308	$1.37	$0	0.0%	$0	$0.00
Total Departmental Costs	**$11,354,000**	**41.2%**	**$23,124**	**$103.17**	**$11,266,000**	**39.9%**	**$22,945**	**$102.72**
DEPARTMENTAL INCOME	**$16,208,874**	**58.8%**	**$33,012**	**$147.29**	**$16,939,624**	**60.1%**	**$34,500**	**$154.45**
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$2,728,000	9.9%	$5,556	$24.79	$3,129,000	11.1%	$6,373	$28.53
Marketing	$2,244,000	8.1%	$4,570	$20.39	$2,275,000	8.1%	$4,633	$20.74
Royalty/Franchise Fees	$0	0.0%	$0	$0.00	$437,000	1.5%	$890	$3.98
Repairs & Maintenance	$1,981,000	7.2%	$4,035	$18.00	$1,904,000	6.8%	$3,878	$17.36
Utilities	$1,787,000	6.5%	$3,640	$16.24	$1,792,000	6.4%	$3,650	$16.34
Total Undist. Oper. Expenses	**$8,740,000**	**31.7%**	**$17,800**	**$79.42**	**$9,537,000**	**33.8%**	**$19,424**	**$86.96**
MANAGEMENT FEES								
Management Fee	$830,000	3.0%	$1,690	$7.54	$775,000	2.7%	$1,578	$7.07
Incentive Management Fee	$186,000	0.7%	$379	$1.69	$39,000	0.1%	$79	$0.36
Total Management Fees	**$1,016,000**	**3.7%**	**$2,069**	**$9.23**	**$814,000**	**2.9%**	**$1,658**	**$7.42**
HOUSE PROFIT	**$6,452,874**	**23.4%**	**$13,142**	**$58.64**	**$6,588,624**	**23.4%**	**$13,419**	**$60.07**
FIXED CHARGES								
Real Estate Taxes	$1,703,000	6.2%	$3,468	$15.47	$1,396,000	4.9%	$2,843	$12.73
Property Insurance	$224,000	0.8%	$456	$2.04	$235,000	0.8%	$479	$2.14
Reserves	$1,105,000	4.0%	$2,251	$10.04	$1,131,000	4.0%	$2,303	$10.31
Total Fixed Charges	**$3,032,000**	**11.0%**	**$6,175**	**$27.55**	**$2,762,000**	**9.8%**	**$5,625**	**$25.18**
Income/Rebate	$72,000	0.3%	$147	$0.65	$72,000	0.3%	$147	$0.66
NET OPERATING INCOME	**$3,492,874**	**12.7%**	**$7,114**	**$31.74**	**$3,898,624**	**13.8%**	**$7,940**	**$35.55**
OPERATING RATIOS	**%**				**%**			
Food & Beverage to Rooms	60.6%				61.3%			
Parking to Rooms	8.0%				6.6%			
Other Income to Rooms	2.3%				2.2%			
Royalty/Franchise Fees to Rooms	0.0%				2.6%			

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STATEMENT OF HISTORICAL OPERATIONS

RENAISSANCE CLEVELAND HOTEL

Calendar Year	2016				2017			
Through Month	December				December			
Days Open	365				365			
Number of Rooms	491				491			
Occupied Rooms	114,224				108,989			
Occupancy Rate	63.7%				60.8%			
Average Daily Room Rate (ADR)	$155.92				$147.36			
Revenue Per Available Room (RevPAR)	$99.37				$89.62			
DEPARTMENTAL REVENUES	**$**	**RATIO**	**$ PAR**	**$ POR**	**$**	**RATIO**	**$ PAR**	**$ POR**
Rooms	$17,809,358	64.3%	$36,272	$155.92	$16,060,954	62.5%	$32,711	$147.36
Food & Beverage	$8,478,000	30.6%	$17,267	$74.22	$7,817,472	30.4%	$15,922	$71.73
Parking	$1,097,000	4.0%	$2,234	$9.60	$1,343,311	5.2%	$2,736	$12.33
Other Income	$308,000	1.1%	$627	$2.70	$479,476	1.9%	$977	$4.40
Total Departmental Revenues	**$27,692,358**	**100.0%**	**$56,400**	**$242.44**	**$25,701,213**	**100.0%**	**$52,345**	**$235.81**
DEPARTMENTAL COSTS								
Rooms	$4,655,000	26.1%	$9,481	$40.75	$4,710,491	29.3%	$9,594	$43.22
Food & Beverage	$5,537,000	65.3%	$11,277	$48.47	$5,021,714	64.2%	$10,228	$46.08
Parking	$475,000	43.3%	$967	$4.16	$592,635	44.1%	$1,207	$5.44
Other Income	$27,000	8.8%	$55	$0.24	$0	0.0%	$0	$0.00
Total Departmental Costs	**$10,694,000**	**38.6%**	**$21,780**	**$93.62**	**$10,324,840**	**40.2%**	**$21,028**	**$94.73**
DEPARTMENTAL INCOME	**$16,998,358**	**61.4%**	**$34,620**	**$148.82**	**$15,376,373**	**59.8%**	**$31,316**	**$141.08**
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$2,544,000	9.2%	$5,181	$22.27	$2,272,041	8.8%	$4,627	$20.85
Marketing	$2,710,000	9.8%	$5,519	$23.73	$2,815,925	11.0%	$5,735	$25.84
Royalty/Franchise Fees	$889,000	3.2%	$1,811	$7.78	$801,296	3.1%	$1,632	$7.35
Repairs & Maintenance	$1,742,000	6.3%	$3,548	$15.25	$1,537,490	6.0%	$3,131	$14.11
Utilities	$2,192,000	7.9%	$4,464	$19.19	$1,959,561	7.6%	$3,991	$17.98
Total Undist. Oper. Expenses	**$10,077,000**	**36.4%**	**$20,523**	**$88.22**	**$9,386,313**	**36.5%**	**$19,117**	**$86.12**
MANAGEMENT FEES								
Management Fee	$692,000	2.5%	$1,409	$6.06	$514,005	2.0%	$1,047	$4.72
Incentive Management Fee	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Total Management Fees	**$692,000**	**2.5%**	**$1,409**	**$6.06**	**$514,005**	**2.0%**	**$1,047**	**$4.72**
HOUSE PROFIT	**$6,229,358**	**22.5%**	**$12,687**	**$54.54**	**$5,476,055**	**21.3%**	**$11,153**	**$50.24**
FIXED CHARGES								
Real Estate Taxes	$724,000	2.6%	$1,475	$6.34	($34,853)	(0.1%)	($71)	($0.32)
Property Insurance	$186,000	0.7%	$379	$1.63	$174,977	0.7%	$356	$1.61
Reserves	$1,111,000	4.0%	$2,263	$9.73	$1,027,955	4.0%	$2,094	$9.43
Total Fixed Charges	**$2,021,000**	**7.3%**	**$4,116**	**$17.69**	**$1,168,079**	**4.5%**	**$2,379**	**$10.72**
Income/Rebate	$72,000	0.3%	$147	$0.63	$0	0.0%	$0	$0.00
NET OPERATING INCOME	**$4,280,358**	**15.5%**	**$8,718**	**$37.47**	**$4,307,976**	**16.8%**	**$8,774**	**$39.53**
OPERATING RATIOS	**%**				**%**			
Food & Beverage to Rooms	47.6%				48.7%			
Parking to Rooms	6.2%				8.4%			
Other Income to Rooms	1.7%				3.0%			
Royalty/Franchise Fees to Rooms	5.0%				5.0%			

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STATEMENT OF HISTORICAL OPERATIONS

RENAISSANCE CLEVELAND HOTEL

Year to Date	2017				2018			
Through Month	October				October			
Days Open	304				304			
Number of Rooms	491				491			
Occupied Rooms	94,424				86,006			
Occupancy Rate	63.3%				57.6%			
Average Daily Room Rate (ADR)	$148.98				$147.74			
Revenue Per Available Room (RevPAR)	$94.24				$85.13			
DEPARTMENTAL REVENUES	**$**	**RATIO**	**$ PAR**	**$ POR**	**$**	**RATIO**	**$ PAR**	**$ POR**
Rooms	$14,067,321	63.6%	$28,650	$148.98	$12,706,424	61.5%	$25,879	$147.74
Food & Beverage	$6,667,334	30.1%	$13,579	$70.61	$6,278,729	30.4%	$12,788	$73.00
Parking	$1,111,659	5.0%	$2,264	$11.77	$1,503,638	7.3%	$3,062	$17.48
Other Income	$287,655	1.3%	$586	$3.05	$184,368	0.9%	$375	$2.14
Total Departmental Revenues	**$22,133,969**	**100.0%**	**$45,079**	**$234.41**	**$20,673,159**	**100.0%**	**$42,104**	**$240.37**
DEPARTMENTAL COSTS								
Rooms	$3,999,486	28.4%	$8,146	$42.36	$3,477,927	27.4%	$7,083	$40.44
Food & Beverage	$4,255,037	63.8%	$8,666	$45.06	$3,799,856	60.5%	$7,739	$44.18
Parking	$445,069	40.0%	$906	$4.71	$427,665	28.4%	$871	$4.97
Other Income	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Total Departmental Costs	**$8,699,592**	**39.3%**	**$17,718**	**$92.13**	**$7,705,448**	**37.3%**	**$15,693**	**$89.59**
DEPARTMENTAL INCOME	**$13,434,377**	**60.7%**	**$27,361**	**$142.28**	**$12,967,711**	**62.7%**	**$26,411**	**$150.78**
UNDISTRIBUTED OPERATING EXPENSES								
Administrative & General	$1,948,174	8.8%	$3,968	$20.63	$1,786,660	8.6%	$3,639	$20.77
Marketing	$2,392,665	10.8%	$4,873	$25.34	$2,198,085	10.6%	$4,477	$25.56
Royalty/Franchise Fees	$700,836	3.2%	$1,427	$7.42	$642,290	3.1%	$1,308	$7.47
Repairs & Maintenance	$1,277,683	5.8%	$2,602	$13.53	$1,207,687	5.8%	$2,460	$14.04
Utilities	$1,577,406	7.1%	$3,213	$16.71	$1,403,098	6.8%	$2,858	$16.31
Total Undist. Oper. Expenses	**$7,896,764**	**35.7%**	**$16,083**	**$83.63**	**$7,237,820**	**35.0%**	**$14,741**	**$84.15**
MANAGEMENT FEES								
Management Fee	$442,638	2.0%	$902	$4.69	$413,560	2.0%	$842	$4.81
Incentive Management Fee	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Total Management Fees	**$442,638**	**2.0%**	**$902**	**$4.69**	**$413,560**	**2.0%**	**$842**	**$4.81**
HOUSE PROFIT	**$5,094,975**	**23.0%**	**$10,377**	**$53.96**	**$5,316,331**	**25.7%**	**$10,828**	**$61.81**
FIXED CHARGES								
Real Estate Taxes	$751,997	3.4%	$1,532	$7.96	$718,501	3.5%	$1,463	$8.35
Property Insurance	$144,889	0.7%	$295	$1.53	$152,285	0.7%	$310	$1.77
Reserves	$885,212	4.0%	$1,803	$9.37	$826,926	4.0%	$1,684	$9.61
Total Fixed Charges	**$1,782,098**	**8.1%**	**$3,630**	**$18.87**	**$1,697,712**	**8.2%**	**$3,458**	**$19.74**
Income/Rebate	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
NET OPERATING INCOME	**$3,312,877**	**15.0%**	**$6,747**	**$35.08**	**$3,618,619**	**17.5%**	**$7,370**	**$42.07**
OPERATING RATIOS	**%**				**%**			
Food & Beverage to Rooms	47.4%				49.4%			
Parking to Rooms	7.9%				11.8%			
Other Income to Rooms	2.0%				1.5%			
Royalty/Franchise Fees to Rooms	5.0%				5.1%			

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STATEMENT OF HISTORICAL OPERATIONS

RENAISSANCE CLEVELAND HOTEL

Trailing 12-Month Period Ending	2018
Through Month	October
Days Open	365
Number of Rooms	491
Occupied Rooms	100,571
Occupancy Rate	56.1%
Average Daily Room Rate (ADR)	$146.17
Revenue Per Available Room (RevPAR)	$82.02

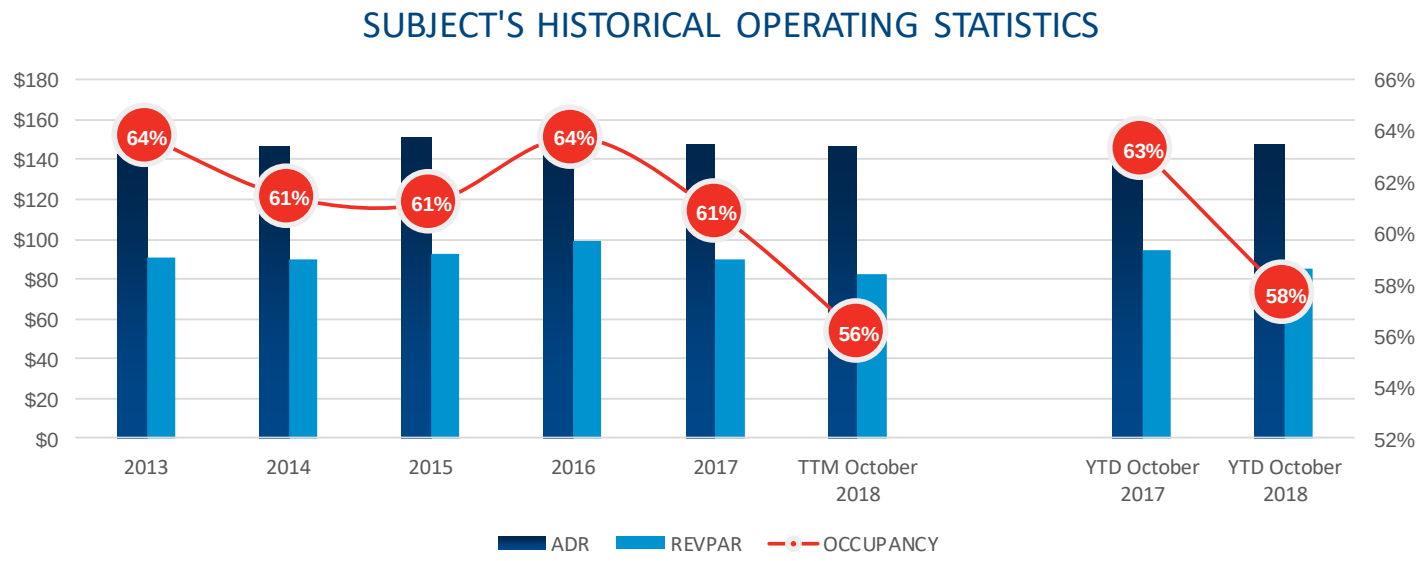
DEPARTMENTAL REVENUES	$	RATIO	$ PAR	$ POR
Rooms	$14,700,057	60.6%	$29,939	$146.17
Food & Beverage	$7,428,867	30.6%	$15,130	$73.87
Parking	$1,735,290	7.2%	$3,534	$17.25
Other Income	$376,189	1.6%	$766	$3.74
Total Departmental Revenues	**$24,240,403**	**100.0%**	**$49,369**	**$241.03**
DEPARTMENTAL COSTS				
Rooms	$4,188,932	28.5%	$8,531	$41.65
Food & Beverage	$4,566,533	61.5%	$9,300	$45.41
Parking	$575,231	33.1%	$1,172	$5.72
Other Income	$0	0.0%	$0	$0.00
Total Departmental Costs	**$9,330,696**	**38.5%**	**$19,003**	**$92.78**
DEPARTMENTAL INCOME	**$14,909,707**	**61.5%**	**$30,366**	**$148.25**
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	$2,110,527	8.7%	$4,298	$20.99
Marketing	$2,621,345	10.8%	$5,339	$26.06
Royalty/Franchise Fees	$742,750	3.1%	$1,513	$7.39
Repairs & Maintenance	$1,467,494	6.1%	$2,989	$14.59
Utilities	$1,785,253	7.4%	$3,636	$17.75
Total Undist. Oper. Expenses	**$8,727,369**	**36.0%**	**$17,775**	**$86.78**
MANAGEMENT FEES				
Management Fee	$484,927	2.0%	$988	$4.82
Incentive Management Fee	$0	0.0%	$0	$0.00
Total Management Fees	**$484,927**	**2.0%**	**$988**	**$4.82**
HOUSE PROFIT	**$5,697,411**	**23.5%**	**$11,604**	**$56.65**
FIXED CHARGES				
Real Estate Taxes	$632,135	2.6%	$1,287	$6.29
Property Insurance	$182,373	0.8%	$371	$1.81
Reserves	$969,669	4.0%	$1,975	$9.64
Total Fixed Charges	**$1,784,177**	**7.4%**	**$3,634**	**$17.74**
Income/Rebate	$0	0.0%	$0	$0.00
NET OPERATING INCOME	**$3,913,234**	**16.1%**	**$7,970**	**$38.91**

OPERATING RATIOS	%
Food & Beverage to Rooms	50.5%
Parking to Rooms	11.8%
Other Income to Rooms	2.6%
Royalty/Franchise Fees to Rooms	5.1%

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SUBJECT'S HISTORICAL OPERATING STATISTICS

YEAR	ROOMS	SUPPLY	%CHG	DEMAND	%CHG	OCCUPANCY	%CHG	ADR	%CHG	REVPAR	%CHG
2013	491	179,215		114,257		63.8%		$142.61		$90.92	
2014	491	179,215	0.0%	110,051	(3.7%)	61.4%	(3.7%)	$146.54	2.8%	$89.99	(1.0%)
2015	491	179,215	0.0%	109,676	(0.3%)	61.2%	(0.3%)	$151.16	3.2%	$92.51	2.8%
2016	491	179,215	0.0%	114,224	4.1%	63.7%	4.1%	$155.92	3.1%	$99.37	7.4%
2017	491	179,215	0.0%	108,989	(4.6%)	60.8%	(4.6%)	$147.36	(5.5%)	$89.62	(9.8%)
TTM October 2018	491	179,215	0.0%	100,571	(7.7%)	56.1%	(7.7%)	$146.17	(0.8%)	$82.02	(8.5%)
YTD October 2017	491	179,215	-	113,371	-	63.3%	-	$148.98	-	$94.24	-
YTD October 2018	491	179,215	0.0%	103,264	(8.9%)	57.6%	(8.9%)	$147.74	(0.8%)	$85.13	(9.7%)



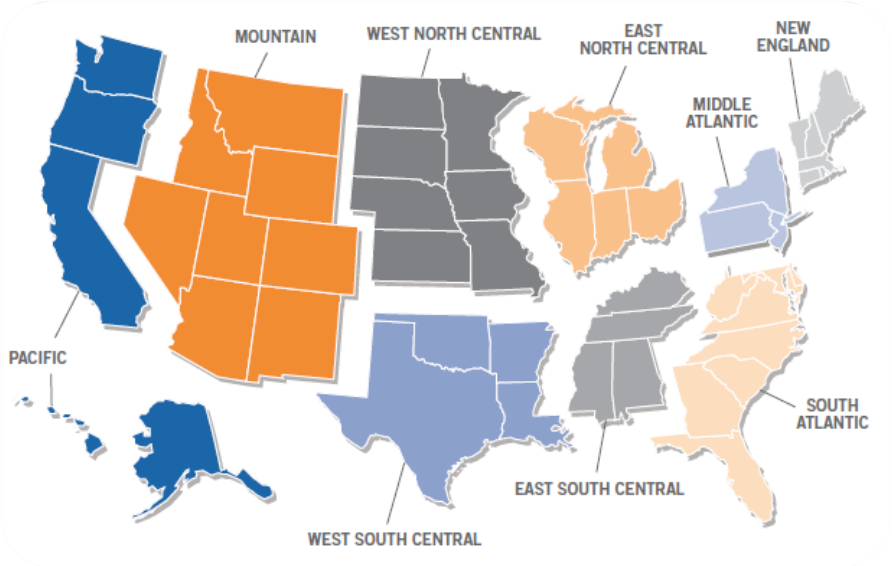
COMPARABLE OPERATING DATA AND INDUSTRY AVERAGES

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

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

STR HOST STUDY - ASSET CATEGORIES

CATEGORY	SUBJECT CLASSIFICATIONS (FULL SERVICE HOTELS)
Affiliation	Chain-Affiliated
Geographic Region	East North Central
Location	Urban
Price Category	Upscale Class



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

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SMITH TRAVEL RESEARCH - HOST REPORT

FULL SERVICE	CHAIN-AFFILIATED	EAST NORTH CENTRAL	URBAN	UPSCALE CLASS
Days Open	365	365	365	365
Number of Rooms	301	289	377	187
Occupied Rooms	82,317	75,337	104,948	50,244
Occupancy Rate	74.9%	71.3%	76.3%	73.8%
Average Daily Room Rate (ADR)	$192.14	$166.82	$212.98	$142.90
Revenue Per Available Room (RevPAR)	$143.94	$119.01	$162.56	$105.47

DEPARTMENTAL REVENUES	$	RATIO	$ PAR	$ POR	$	RATIO	$ PAR	$ POR	$	RATIO	$ PAR	$ POR	$	RATIO	$ PAR	$ POR
Rooms	$15,816,030	65.6%	$52,651	$192.14	$12,567,464	66.5%	$43,444	$166.82	$22,352,354	68.2%	$59,390	$212.98	$7,180,053	80.3%	$38,700	$142.90
Food & Beverage	$6,762,309	28.0%	$22,511	$82.15	$5,493,889	29.1%	$18,992	$72.92	$8,876,601	27.1%	$23,585	$84.58	$1,433,221	16.0%	$7,725	$28.53
Other Income	$1,549,279	6.4%	$5,157	$18.82	$845,006	4.5%	$2,921	$11.22	$1,552,233	4.7%	$4,124	$14.79	$333,078	3.7%	$1,795	$6.63
Total Departmental Revenues	**$24,127,618**	**100.0%**	**$80,147**	**$293.11**	**$18,906,359**	**100.0%**	**$65,357**	**$250.96**	**$32,781,187**	**100.0%**	**$87,099**	**$312.36**	**$8,946,353**	**100.0%**	**$48,221**	**$178.06**
DEPARTMENTAL COSTS																
Rooms	$4,056,284	25.6%	$13,503	$49.28	$3,468,243	27.6%	$11,989	$46.04	$6,062,980	27.1%	$16,109	$57.77	$1,701,224	23.7%	$9,170	$33.86
Food & Beverage	$4,798,567	71.0%	$15,974	$58.29	$3,889,129	70.8%	$13,444	$51.62	$6,616,518	74.5%	$17,580	$63.05	$1,080,881	75.4%	$5,826	$21.51
Other Income	$1,151,949	74.4%	$2,263	$8.26	$575,077	68.1%	$1,230	$4.72	$1,002,823	64.6%	$1,474	$5.29	$185,523	55.7%	$574	$2.12
Total Departmental Costs	**$10,006,800**	**41.5%**	**$33,240**	**$121.56**	**$7,932,449**	**42.0%**	**$27,418**	**$105.29**	**$13,682,321**	**41.7%**	**$36,321**	**$130.37**	**$2,967,629**	**33.2%**	**$15,912**	**$59.06**
DEPARTMENTAL INCOME	**$14,120,818**	**58.5%**	**$46,906**	**$171.54**	**$10,973,909**	**58.0%**	**$37,930**	**$145.66**	**$19,098,867**	**58.3%**	**$50,700**	**$181.98**	**$5,978,724**	**66.8%**	**$32,057**	**$118.99**
UNDISTRIBUTED OPERATING EXPENSES																
Administrative & General	$2,171,795	9.0%	$5,015	$18.30	$1,761,181	9.3%	$4,284	$16.45	$3,002,246	9.2%	$5,540	$19.87	$867,553	9.7%	$3,730	$13.77
Marketing	$1,671,611	6.9%	$5,565	$20.31	$1,357,829	7.2%	$4,694	$18.02	$2,262,206	6.9%	$6,011	$21.56	$606,484	6.8%	$3,269	$12.07
Royalty/Franchise Fees	$369,833	1.5%	$1,231	$4.49	$375,022	2.0%	$1,296	$4.98	$391,739	1.2%	$1,041	$3.73	$300,312	3.4%	$1,619	$5.98
Repairs & Maintenance	$980,814	4.1%	$3,265	$11.92	$861,515	4.6%	$2,978	$11.44	$1,298,925	4.0%	$3,451	$12.38	$378,184	4.2%	$2,038	$7.53
Utilities	$721,071	3.0%	$2,400	$8.76	$565,086	3.0%	$1,953	$7.50	$936,429	2.9%	$2,488	$8.92	$310,862	3.5%	$1,676	$6.19
Total Undist. Oper. Expenses	**$5,915,123**	**24.5%**	**$19,649**	**$71.86**	**$4,920,632**	**26.0%**	**$17,008**	**$65.31**	**$7,891,545**	**24.1%**	**$20,949**	**$75.19**	**$2,463,395**	**27.5%**	**$13,208**	**$49.03**
MANAGEMENT FEES																
Management Fee	$814,689	3.4%	$2,712	$9.90	$599,920	3.2%	$2,074	$7.96	$1,107,949	3.4%	$2,944	$10.56	$313,097	3.5%	$1,688	$6.23
HOUSE PROFIT	**$7,391,006**	**30.6%**	**$24,551**	**$89.79**	**$5,453,358**	**28.8%**	**$18,849**	**$72.39**	**$10,099,373**	**30.8%**	**$26,810**	**$96.23**	**$3,202,232**	**35.8%**	**$17,170**	**$63.73**
FIXED CHARGES																
Real Estate Taxes	$824,641	3.4%	$2,745	$10.02	$734,366	3.9%	$2,539	$9.75	$1,371,422	4.2%	$3,644	$13.07	$331,467	3.7%	$1,787	$6.60
Property Insurance	$237,227	1.0%	$790	$2.88	$135,449	0.7%	$468	$1.80	$290,594	0.9%	$772	$2.77	$90,412	1.0%	$487	$1.80
Reserves	$483,087	2.0%	$1,608	$5.87	$323,269	1.7%	$1,118	$4.29	$585,092	1.8%	$1,555	$5.58	$169,072	1.9%	$911	$3.37
Total Fixed Charges	**$1,544,954**	**6.4%**	**$5,132**	**$18.77**	**$1,193,085**	**6.3%**	**$4,124**	**$15.84**	**$2,247,108**	**6.9%**	**$5,965**	**$21.41**	**$590,950**	**6.6%**	**$3,169**	**$11.76**
NET OPERATING INCOME	**$5,846,052**	**24.2%**	**$19,419**	**$71.02**	**$4,260,273**	**22.5%**	**$14,725**	**$56.55**	**$7,852,265**	**24.0%**	**$20,844**	**$74.82**	**$2,611,282**	**29.2%**	**$14,001**	**$51.97**

OPERATING RATIOS	%	%	%	%
Food & Beverage to Rooms	42.8%	43.7%	39.7%	20.0%
Other Income to Rooms	9.8%	6.7%	6.9%	4.6%
Royalty/Franchise Fees to Rooms	2.3%	3.0%	1.8%	4.2%

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OPERATING COMPARABLES

Comparable Number	1				2				3				4				5				6			
Property Type	Full-Service				Full-Service				Full-Service				Full-Service				Full-Service				Full-Service			
Days Open	365				365				365				365				365				365			
Number of Rooms	262				304				222				174				472				184			
Occupied Rooms	70,878				76,191				60,977				42,694				73,174				46,928			
Occupancy Rate	74.1%				68.7%				75.3%				67.2%				42.5%				69.9%			
ADR	$138.96				$142.01				$134.48				$111.82				$72.64				$148.31			
RevPAR	$102.99				$97.51				$101.20				$75.17				$30.85				$103.63			
DEPT REVENUES	**$**	**RATIO**	**$ PAR**	**$ POR**	**$**	**RATIO**	**$ PAR**	**$ POR**	**$**	**RATIO**	**$ PAR**	**$ POR**	**$**	**RATIO**	**$ PAR**	**$ POR**	**$**	**RATIO**	**$ PAR**	**$ POR**	**$**	**RATIO**	**$ PAR**	**$ POR**
Rooms	$9,849,000	88.1%	$37,592	$138.96	$10,820,000	68.4%	$35,592	$142.01	$8,200,000	75.2%	$36,937	$134.48	$4,774,000	56.9%	$27,437	$111.82	$5,315,000	80.9%	$11,261	$72.64	$6,959,674	68.5%	$37,824	$148.31
Food & Beverage	$1,107,000	9.9%	$4,225	$15.62	$4,083,000	25.8%	$13,431	$53.59	$2,498,000	22.9%	$11,252	$40.97	$3,579,000	42.7%	$20,569	$83.83	$1,164,000	17.7%	$2,466	$15.91	$3,087,447	30.4%	$16,780	$65.79
Other Income	$226,000	2.0%	$863	$3.19	$927,000	5.9%	$3,049	$12.17	$213,000	2.0%	$959	$3.49	$36,000	0.4%	$207	$0.84	$87,000	1.3%	$184	$1.19	$120,309	1.2%	$654	$2.56
Total Departmental Revenue	**$11,182,000**	**100.0%**	**$42,679**	**$157.76**	**$15,830,000**	**100.0%**	**$52,072**	**$207.77**	**$10,911,000**	**100.0%**	**$49,149**	**$178.94**	**$8,389,000**	**100.0%**	**$48,213**	**$196.49**	**$6,566,000**	**100.0%**	**$13,911**	**$89.73**	**$10,167,430**	**100.0%**	**$55,258**	**$216.66**
DEPARTMENTAL COSTS																								
Rooms	$2,708,475	27.5%	$10,338	$38.21	$2,477,780	22.9%	$8,151	$32.52	$1,787,600	21.8%	$8,052	$29.32	$1,417,878	29.7%	$8,149	$33.21	$1,461,625	27.5%	$3,097	$19.97	$1,391,935	20.0%	$7,565	$29.66
Food & Beverage	$759,402	68.6%	$2,898	$10.71	$0	0.0%	$0	$0.00	$1,274,541	51.0%	$5,741	$20.90	$2,505,300	70.0%	$14,398	$58.68	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Other Income	$94,920	42.0%	$362	$1.34	$367,092	39.6%	$1,208	$4.82	$174,021	81.7%	$784	$2.85	$75,996	211.1%	$437	$1.78	$4,959	5.7%	$11	$0.07	$84,216	70.0%	$458	$1.79
Total Dept. Costs	**$3,562,797**	**31.9%**	**$13,598**	**$50.27**	**$2,844,872**	**18.0%**	**$9,358**	**$37.34**	**$3,236,162**	**29.7%**	**$14,577**	**$53.07**	**$3,999,174**	**47.7%**	**$22,984**	**$93.67**	**$1,466,584**	**22.3%**	**$3,107**	**$20.04**	**$1,476,151**	**14.5%**	**$8,023**	**$31.46**
DEPT. INCOME	**$7,619,203**	**68.1%**	**$29,081**	**$107.50**	**$12,985,128**	**82.0%**	**$42,714**	**$170.43**	**$7,674,838**	**70.3%**	**$34,571**	**$125.86**	**$4,389,826**	**52.3%**	**$25,229**	**$102.82**	**$5,099,416**	**77.7%**	**$10,804**	**$69.69**	**$8,691,279**	**85.5%**	**$47,235**	**$185.20**
UNDISTRIBUTED OPERATING EXPENSES																								
Administrative & General	$905,742	8.1%	$3,457	$12.78	$1,345,550	8.5%	$4,426	$17.66	$927,435	8.5%	$4,178	$15.21	$755,010	9.0%	$4,339	$17.68	$669,732	10.2%	$1,419	$9.15	$793,060	7.8%	$4,310	$16.90
Marketing	$1,196,474	10.7%	$4,567	$16.88	$1,234,740	7.8%	$4,062	$16.21	$763,770	7.0%	$3,440	$12.53	$486,562	5.8%	$2,796	$11.40	$479,318	7.3%	$1,016	$6.55	$1,057,413	10.4%	$5,747	$22.53
Royalty/Franchise Fees	$380,188	3.4%	$1,451	$5.36	$0	0.0%	$0	$0.00	$283,686	2.6%	$1,278	$4.65	$385,894	4.6%	$2,218	$9.04	$466,186	7.1%	$988	$6.37	$508,372	5.0%	$2,763	$10.83
Repairs & Maintenance	$592,646	5.3%	$2,262	$8.36	$569,880	3.6%	$1,875	$7.48	$349,152	3.2%	$1,573	$5.73	$444,617	5.3%	$2,555	$10.41	$361,130	5.5%	$765	$4.94	$427,032	4.2%	$2,321	$9.10
Utilities	$570,282	5.1%	$2,177	$8.05	$538,220	3.4%	$1,770	$7.06	$589,194	5.4%	$2,654	$9.66	$612,397	7.3%	$3,520	$14.34	$518,714	7.9%	$1,099	$7.09	$315,190	3.1%	$1,713	$6.72
Total UDOE	**$3,645,332**	**32.6%**	**$13,913**	**$51.43**	**$3,688,390**	**23.3%**	**$12,133**	**$48.41**	**$2,913,237**	**26.7%**	**$13,123**	**$47.78**	**$2,684,480**	**32.0%**	**$15,428**	**$62.88**	**$2,495,080**	**38.0%**	**$5,286**	**$34.10**	**$3,101,066**	**30.5%**	**$16,854**	**$66.08**
MANAGEMENT FEES																								
Management Fee	$190,094	1.7%	$726	$2.68	$474,900	3.0%	$1,562	$6.23	$349,152	3.2%	$1,573	$5.73	$234,892	2.8%	$1,350	$5.50	$164,150	2.5%	$348	$2.24	$254,186	2.5%	$1,381	$5.42
HOUSE PROFIT	**$3,783,777**	**33.8%**	**$14,442**	**$53.38**	**$8,821,838**	**55.7%**	**$29,019**	**$115.79**	**$4,412,449**	**40.4%**	**$19,876**	**$72.36**	**$1,470,454**	**17.5%**	**$8,451**	**$34.44**	**$2,440,186**	**37.2%**	**$5,170**	**$33.35**	**$5,336,027**	**52.5%**	**$29,000**	**$113.71**
FIXED CHARGES																								
Real Estate Taxes	$290,732	2.6%	$1,110	$4.10	$823,160	5.2%	$2,708	$10.80	$818,325	7.5%	$3,686	$13.42	$360,727	4.3%	$2,073	$8.45	$216,678	3.3%	$459	$2.96	$549,041	5.4%	$2,984	$11.70
Property Insurance	$67,092	0.6%	$256	$0.95	$110,810	0.7%	$365	$1.45	$54,555	0.5%	$246	$0.89	$151,002	1.8%	$868	$3.54	$164,150	2.5%	$348	$2.24	$71,172	0.7%	$387	$1.52
Reserves	$536,736	4.8%	$2,049	$7.57	$633,200	4.0%	$2,083	$8.31	$294,597	2.7%	$1,327	$4.83	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00	$0	0.0%	$0	$0.00
Total Fixed Charges	**$894,560**	**8.0%**	**$3,414**	**$12.62**	**$1,567,170**	**9.9%**	**$5,155**	**$20.57**	**$1,167,477**	**10.7%**	**$5,259**	**$19.15**	**$511,729**	**6.1%**	**$2,941**	**$11.99**	**$380,828**	**5.8%**	**$807**	**$5.20**	**$620,213**	**6.1%**	**$3,371**	**$13.22**
NET OPER. INCOME	**$2,889,217**	**25.8%**	**$11,028**	**$40.76**	**$7,254,668**	**45.8%**	**$23,864**	**$95.22**	**$3,244,972**	**29.7%**	**$14,617**	**$53.22**	**$958,725**	**11.4%**	**$5,510**	**$22.46**	**$2,059,358**	**31.4%**	**$4,363**	**$28.14**	**$4,715,814**	**46.4%**	**$25,629**	**$100.49**
OPERATING RATIOS		**%**				**%**				**%**				**%**				**%**				**%**		
Food & Beverage to Rooms		11.2%				37.7%				30.5%				75.0%				21.9%				44.4%		
Other Income to Rooms		2.3%				8.6%				2.6%				0.8%				1.6%				1.7%		
Franchise Fees to Rooms		3.9%				0.0%				3.5%				8.1%				8.8%				7.3%		

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FINANCIAL PROJECTIONS

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

UNDERLYING GROWTH ASSUMPTIONS

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

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

FIXED AND VARIABLE COST COMPONENTS

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

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

After a thorough review of the subject property's historical operating data, hotel industry averages, and the performance of comparable hotels, we have developed a 10-year projection of income and expense. Our projection begins on December 31, 2018 and, considering the current state of the competitive hotel market, we believe that the subject property will achieve stabilization by December 31, 2021.

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

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

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Summary of Fixed and Variable Components

DEPARTMENTAL REVENUES	% Fixed	% Variable	Dependent Variable
Rooms	0.0%	100.0%	Rooms
Food & Beverage	25.0%	75.0%	Rooms
Parking	50.0%	50.0%	Rooms
Other Income	50.0%	50.0%	Rooms
DEPARTMENTAL COSTS			
Rooms	60.0%	40.0%	Rooms
Food & Beverage	50.0%	50.0%	Food & Beverage
Parking	75.0%	25.0%	Parking
Other Income	75.0%	25.0%	Other Income
UNDISTRIBUTED OPERATING EXPENSES			
Administrative & General	75.0%	25.0%	Total Revenue
Marketing	60.0%	40.0%	Total Revenue
Repairs & Maintenance	75.0%	25.0%	Total Revenue
Utilities	75.0%	25.0%	Total Revenue
MANAGEMENT FEES			
Management Fee	0.0%	100.0%	Total Revenue
FIXED CHARGES			
Real Estate Taxes	80.0%	20.0%	Total Revenue
Property Insurance	100.0%	0.0%	Total Revenue
Reserves	0.0%	100.0%	Total Revenue

DEPARTMENTAL REVENUES

Room Revenues

The subject's projected room revenues are based on the anticipated occupancy and average daily rate (ADR) analysis that was presented earlier in this report. To reiterate, the following table summarizes our conclusions. Please note that occupied room nights are expressed *after* the occupancy level has been rounded to the nearest full percentage point.

PROJECTED ROOMS DEPARTMENT REVENUE

		Year 1	Year 2	Year 3 (Stabilized)		Year 5
PROJECTION YEAR	***2017***	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**
Number of Days	*365*	365	365	365	365	365
Number of Rooms	*491*	491	491	491	491	491
Rounded Occupancy	*61%*	61%	63%	67%	71%	71%
Occupied Rooms (Rounded)	*109,832*	109,321	112,905	120,074	127,243	127,243
Average Rate	*$147.36*	$154.77	$162.51	$172.25	$175.72	$179.23
RevPAR	*$90.31*	$94.41	$102.38	$115.41	$124.76	$127.25
ROOMS DEPARTMENT REVENUE	***$16,185,181***	**$16,919,611**	**$18,348,192**	**$20,682,747**	**$22,359,140**	**$22,805,763**

Food and Beverage Revenues

Most hotel operators seek to diversify their revenue through ancillary services that complement the rooms department. Many hotels have a full-service bar and restaurant that provides the average establishment with a fairly substantial percentage of annual revenue relative to rooms (i.e. in excess of 10.0 percent). In an increasingly competitive industry, some hotel operators have sought to position their restaurant as the hotel's main attraction with the aim of attracting travelers that would otherwise stay elsewhere. Conference room spaces are a growing revenue stream in the U.S. when considering a long-term trend, and many hotels market their ability to hold lucrative business conventions or meetings. For conferences that attract hundreds or thousands of attendees, hotels will offer lower bulk room rates and, very often, more than offset this discount with enhanced sales within the food-and-beverage department.

A fairly substantial portion of a hotel's restaurant and banquet rooms is, in most cases, self-generating; however, depending on the market, hotel restaurants and lounges also attract significant demand from local residents.

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Furthermore, meeting and banquet areas can facilitate income from sources that would not patronize the facility for any other reason, including the rooms department. Overall, we have observed that there is a relatively high percentage of variable components within in this department which are dependent upon occupancy.

In the case of the subject hotel, food and beverage revenue represents income from the operation of the restaurant, lounge, and meeting and banquet space. After considering the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's revenue from the Food & Beverage department will increase in the near term on a per-occupied-room basis, but then normalize with its variable components correlating to changes in the subject's future occupancy levels.

The following table outlines pertinent trends and assumptions associated with our projection of the Food and Beverage line item:

FOOD & BEVERAGE REVENUES

SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$1,107,000	9.9%	$4,225	$15.62
Comparable 2	$4,083,000	25.8%	$13,431	$53.59
Comparable 3	$2,498,000	22.9%	$11,252	$40.97
Comparable 4	$3,579,000	42.7%	$20,569	$83.83
Comparable 5	$1,164,000	17.7%	$2,466	$15.91
Comparable 6	$3,087,447	30.4%	$16,780	$65.79
STR HOST				
Full Service	$6,852,637	28.5%	$23,348	$85.56
Chain-Affiliated	$6,762,309	28.0%	$22,511	$82.15
East North Central	$5,493,889	29.1%	$18,992	$72.92
Urban	$8,876,601	27.1%	$23,585	$84.58
Upscale Class	$1,433,221	16.0%	$7,725	$28.53
HISTORICALS				
2013	$11,277,000	38.4%	$22,967	$98.70
2014	$9,774,000	35.5%	$19,906	$88.81
2015	$10,167,000	36.0%	$20,707	$92.70
2016	$8,478,000	30.6%	$17,267	$74.22
2017	$7,817,472	30.4%	$15,922	$71.73
2017 Year To Date	$6,667,334	30.1%	$13,579	$70.61
2018 Year To Date	$6,278,729	30.4%	$12,788	$73.00
2018 Trailing 12 Months	$7,428,867	30.6%	$15,130	$73.87
CONCLUSIONS				
Base Year	$7,442,218	30.7%	$15,157	$74.00
First Projection Year (2018/19)	$8,398,298	30.4%	$17,104	$76.82
Stabilized Year (2021/22)	$10,596,090	29.6%	$21,581	$83.27

Miscellaneous Departmental Revenues

In addition to the primary sources of revenue that are commonplace in lodging facilities, we have analyzed and prepared projections on various miscellaneous revenue categories. Specifically, these include garage parking revenues and retail rent.

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Garage Parking

As indicated previously, the subject utilizes a parking company for valet services. Therefore, as will be seen in the expense discussion, most of the revenue for this category is offset by the expense. The revenues projected have increased from historical results. This is due to increased occupancy in 2018, which is projected going forward. Also, the parking fee for the subject has increased significantly over the historical results.

PARKING REVENUES

SOURCE	$	RATIO	$ PAR	$ POR
HISTORICALS				
2013	$1,327,000	4.5%	$2,703	$11.61
2014	$1,285,000	4.7%	$2,617	$11.68
2015	$1,098,000	3.9%	$2,236	$10.01
2016	$1,097,000	4.0%	$2,234	$9.60
2017	$1,343,311	5.2%	$2,736	$12.33
2017 Year To Date	$1,111,659	5.0%	$2,264	$11.77
2018 Year To Date	$1,503,638	7.3%	$3,062	$17.48
2018 Trailing 12 Months	$1,735,290	7.2%	$3,534	$17.25
CONCLUSIONS				
Base Year	$1,734,841	7.2%	$3,533	$17.25
First Projection Year (2018/19)	$1,918,639	6.9%	$3,908	$17.55
Stabilized Year (2021/22)	$2,309,373	6.5%	$4,703	$18.15

Retail Space

As mentioned prior, the subject leases about 8,968 square feet of office space on the 15th floor to MAC. The lease expire in March 2022. Summarized terms provided by the client indicted: Rent at $11/sf, growing by $0.50 every year to $13.00 for year 5. Base rent of $98,648 – year 1, growing to $116,584 year 5).

The subject leases about 3,000 square feet of office space on the ground floor to PNC. The lease expire in March 2027. Summarized terms provided by the client indicted: rent at $31/sf, Term 10 years + 2 5 year renewal options. Increases by 10% every 5 years. No free rent.

It is our understanding that the subject property includes ±37,000 sf of vacant space that is anticipated to be utilized for office or retail income. The owners indicated future plans call for a leasing plan for this space, but there currently are no active lease agreements in place with the exception of the above. In the event a plan is established, additional income is anticipated to be derived from the asset.

The arrangements of passive rental of Hotel from the owner to the operator are extremely rare in North America, explaining why, therefore it is not practical to look for a potential passive rental amount that a potential operator would be paying to the owners.

Therefore, in the reconciliation of value, we have provided a value allocation for the retail component. This was derived by capitalizing the retail net income by an appropriate cap rate.

Other Income

Other income is inclusive of proceeds generated from sources other than the categories discussed above and typically include telecommunication, vending machines and other miscellaneous sources. Overall, we have observed that there is a moderate percentage of variable components in this department. After considering the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's revenue from the Other Income department will increase in the near term on a per-occupied-room basis, but then normalize with its variable components correlating to changes in the subject's future occupancy levels.

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The following table outlines pertinent trends and assumptions associated with our projection of the Other Income line item:

OTHER INCOME REVENUES				
SOURCE	**$**	**RATIO**	**$ PAR**	**$ POR**
COMPARABLES				
Comparable 1	$226,000	2.0%	$863	$3.19
Comparable 2	$927,000	5.9%	$3,049	$12.17
Comparable 3	$213,000	2.0%	$959	$3.49
Comparable 4	$36,000	0.4%	$207	$0.84
Comparable 5	$87,000	1.3%	$184	$1.19
Comparable 6	$120,309	1.2%	$654	$2.56
STR HOST				
Full Service	$1,640,593	6.8%	$5,590	$20.48
Chain-Affiliated	$1,549,279	6.4%	$5,157	$18.82
East North Central	$845,006	4.5%	$2,921	$11.22
Urban	$1,552,233	4.7%	$4,124	$14.79
Upscale Class	$333,078	3.7%	$1,795	$6.63
HISTORICALS				
2013	$475,000	1.6%	$967	$4.16
2014	$377,000	1.4%	$768	$3.43
2015	$362,000	1.3%	$737	$3.30
2016	$308,000	1.1%	$627	$2.70
2017	$479,476	1.9%	$977	$4.40
2017 Year To Date	$287,655	1.3%	$586	$3.05
2018 Year To Date	$184,368	0.9%	$375	$2.14
2018 Trailing 12 Months	$376,189	1.6%	$766	$3.74
CONCLUSIONS				
Base Year	$377,139	1.6%	$768	$3.75
First Projection Year (2018/19)	$417,095	1.5%	$849	$3.82
Stabilized Year (2021/22)	$502,038	1.4%	$1,022	$3.95

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DEPARTMENTAL EXPENSES

Departmental expenses are based on expense items that are attributable to a specific profit center.

Rooms Expenses

Rooms department expenses, in general, are costs associated with the various guest services ranging from reservation/registration activities to the settlement of guest accounts upon checkout. This department typically compromises a rooms division manager, assistant managers, registration clerks, cashiers, mail and information clerk, and uniform service personnel.

The various types of rooms departmental expenses include the following:

- Commissions expenses – This account includes payments by the hotel to authorized agents that bring room business to the hotel. Usually on a periodic basis, hotel managers and owners meet with these agents in order to reconcile monthly sales figures and authorize commission payment. This is usually transacted in the form of a percentage of room revenue.
- Reservation expenses – This expense account represents any payment to various agents contracting to bring potential room rental business to the hotel. These agents might have the form of central reservation offices (whether affiliate or non-affiliate) or online procuring entities such as Expedia, Travelocity or Egencia.
- Contract cleaning expenses – This expense account represents payment to contracting outside cleaning agencies. Some hotels (especially small and middle size hotels) might opt for contract cleaning because of its more efficient scale. If this is the case, these managers might not be prompted to have a housekeeping department, or it might keep housekeeping staff to minimum. Such expenses should be determined in light of the contract signed between both parties (i.e. the hotel from one side and the cleaning company from the other.)
- Laundry and dry cleaning expenses – This cost applies to outside laundry and dry cleaning costs for the Rooms department. In most of the cases, such contracts are signed to benefit more than one revenue generator. In this case, the Rooms department shall report the laundry and dry cleaning expenses related only to the Rooms Division department.
- Guest transportation expenses – These expenses include the cost of transporting guests from and to the hotel via various means of transportation (ex: Mini-buses, buses, limousines or Towncars). If the guest transportation volume costs are high and do not offer enough scale, then a separate department might be established.
- Linen expenses – This specific expense account includes the allocation of a portion of linen expenditure for a specific period of time.
- Other expenses – This account includes the various guest supplies provided free of charge to guests in their rooms. Some sub-accounts of guest supplies expenses might include newspaper, guest stationery, shoe cloth, coffee, writing supplies, toilet requisites, flowers, hangers, ice, complementary sundries, uniforms, cleaning supplies and items pertaining to the operation and maintenance of the business center, if any.

A number of components within this department—namely commissions—are dependent on occupancy alone, or occupancy *and* rate. Reservations is a similar expense and often accounts for the cost associated with a franchise reservation system; these systems typically bill hotel owners a percentage of rooms revenue. Many of the remaining items in the list above (such as operating supplies, uniforms or other operating expenses) are only slightly affected by changes in volume. Overall, we have observed that there is a relatively high percentage of variable components in this department and we have based our forecast accordingly.

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After considering the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's expenses from the Rooms department will increase in the near term on a percentage basis, but then normalize with its variable components correlating to changes in the subject's future occupancy levels.

The following table outlines pertinent trends and assumptions associated with our projection of the Rooms Expense line item:

ROOMS EXPENSES				
SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$2,708,475	27.5%	$10,338	$38.21
Comparable 2	$2,477,780	22.9%	$8,151	$32.52
Comparable 3	$1,787,600	21.8%	$8,052	$29.32
Comparable 4	$1,417,878	29.7%	$8,149	$33.21
Comparable 5	$1,461,625	27.5%	$3,097	$19.97
Comparable 6	$1,391,935	20.0%	$7,565	$29.66
STR HOST				
Full Service	$4,023,827	25.9%	$13,710	$50.24
Chain-Affiliated	$4,056,284	25.6%	$13,503	$49.28
East North Central	$3,468,243	27.6%	$11,989	$46.04
Urban	$6,062,980	27.1%	$16,109	$57.77
Upscale Class	$1,701,224	23.7%	$9,170	$33.86
HISTORICALS				
2013	$4,655,000	28.6%	$9,481	$40.74
2014	$4,606,000	28.6%	$9,381	$41.85
2015	$4,631,000	27.9%	$9,432	$42.22
2016	$4,655,000	26.1%	$9,481	$40.75
2017	$4,710,491	29.3%	$9,594	$43.22
2017 Year To Date	$3,999,486	28.4%	$8,146	$42.36
2018 Year To Date	$3,477,927	27.4%	$7,083	$40.44
2018 Trailing 12 Months	$4,188,932	28.5%	$8,531	$41.65
CONCLUSIONS				
Base Year	$4,189,516	28.5%	$8,533	$41.66
First Projection Year (2018/19)	$4,595,630	27.2%	$9,360	$42.04
Stabilized Year (2021/22)	$5,427,071	24.3%	$11,053	$42.65

Food and Beverage Expense

Food and beverage expenses consist of the items necessary for the operation of eating, drinking, and meeting facilities within the lodging facility. Major items of expense in the food and beverage department include payroll, flatware, glassware, uniforms, and the cost of goods sold pertaining to food and beverages. We observe that there is a relatively high degree of variability associated with this direct expense line item.

Based on the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's expenses from the Food & Beverage department will increase in the near term on a per-available-room basis, but then normalize with its variable components correlating to changes in the subject's future departmental income.

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The following table outlines pertinent trends and assumptions associated with our projection of the Food and Beverage expense line item:

FOOD & BEVERAGE EXPENSES				
SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$759,402	68.6%	$2,898	$10.71
Comparable 3	$1,274,541	51.0%	$5,741	$20.90
Comparable 4	$2,505,300	70.0%	$14,398	$58.68
STR HOST				
Full Service	$4,875,919	71.2%	$16,613	$60.88
Chain-Affiliated	$4,798,567	71.0%	$15,974	$58.29
East North Central	$3,889,129	70.8%	$13,444	$51.62
Urban	$6,616,518	74.5%	$17,580	$63.05
Upscale Class	$1,080,881	75.4%	$5,826	$21.51
HISTORICALS				
2013	$6,899,000	61.2%	$14,051	$60.38
2014	$6,393,000	65.4%	$13,020	$58.09
2015	$6,447,000	63.4%	$13,130	$58.78
2016	$5,537,000	65.3%	$11,277	$48.47
2017	$5,021,714	64.2%	$10,228	$46.08
2017 Year To Date	$4,255,037	63.8%	$8,666	$45.06
2018 Year To Date	$3,799,856	60.5%	$7,739	$44.18
2018 Trailing 12 Months	$4,566,533	61.5%	$9,300	$45.41
CONCLUSIONS				
Base Year	$4,614,175	62.0%	$9,398	$45.88
First Projection Year (2018/19)	$5,103,023	60.8%	$10,393	$46.68
Stabilized Year (2021/22)	$6,142,262	58.0%	$12,510	$48.27

Miscellaneous Expenses

This category considers those expenses incurred as a result of generating specific income items. Assuming a relatively even balance of fixed and variable components, our analysis of the various miscellaneous expenses for this area of the subject's business is outlined in the following table.

After considering the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's expenses from the Parking department will decrease in the near term on a percentage basis, but then normalize with its variable components correlating to changes in the subject's future departmental income.

PARKING EXPENSES				
SOURCE	$	RATIO	$ PAR	$ POR
HISTORICALS				
2013	$262,000	19.7%	$534	$2.29
2014	$204,000	15.9%	$415	$1.85
2015	$188,000	17.1%	$383	$1.71
2016	$475,000	43.3%	$967	$4.16
2017	$592,635	44.1%	$1,207	$5.44
2017 Year To Date	$445,069	40.0%	$906	$4.71
2018 Year To Date	$427,665	28.4%	$871	$4.97
2018 Trailing 12 Months	$575,231	33.1%	$1,172	$5.72
CONCLUSIONS				
Base Year	$572,498	33.0%	$1,166	$5.69
First Projection Year (2018/19)	$620,257	32.3%	$1,263	$5.67
Stabilized Year (2021/22)	$711,644	30.8%	$1,449	$5.59

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Other Expenses

This category considers those expenses incurred as a result of generating "Other Income". The telecommunications expenses associated with this line item includes telecommunications-related costs. Telecommunication expenses include the cost of local and long distance calls, salaries and wages for hotel operators, employee benefits, rental equipment, printing and stationary, the cost of house calls, and other operating costs.

Based on recent performance as well as the performance of comparable hotels and industry averages, we believe that our assumptions of operating ratios within the Other Income department are market-oriented and that its variable components will continue to correlate with fluctuations in the respective departmental line item figures throughout the projection period.

Our analysis of other expenses for the subject is outlined in the following table.

OTHER INCOME EXPENSES

SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$94,920	42.0%	$362	$1.34
Comparable 2	$367,092	39.6%	$1,208	$4.82
Comparable 3	$174,021	81.7%	$784	$2.85
Comparable 4	$75,996	211.1%	$437	$1.78
Comparable 5	$4,959	5.7%	$11	$0.07
Comparable 6	$84,216	70.0%	$458	$1.79
STR HOST				
Full Service	$1,189,831	72.5%	$2,453	$8.99
Chain-Affiliated	$1,151,949	74.4%	$2,263	$8.26
East North Central	$575,077	68.1%	$1,230	$4.72
Urban	$1,002,823	64.6%	$1,474	$5.29
Upscale Class	$185,523	55.7%	$574	$2.12
HISTORICALS				
2013	$174,000	36.6%	$354	$1.52
2014	$151,000	40.1%	$308	$1.37
2016	$27,000	8.8%	$55	$0.24
2017	$0	0.0%	$0	$0.00
2017 Year To Date	$0	0.0%	$0	$0.00
2018 Year To Date	$0	0.0%	$0	$0.00
2018 Trailing 12 Months	$0	0.0%	$0	$0.00
CONCLUSIONS				
Base Year	$0	0.0%	$0	$0.00
First Projection Year (2018/19)	$0	0.0%	$0	$0.00
Stabilized Year (2021/22)	$0	0.0%	$0	$0.00

UNDISTRIBUTED OPERATING EXPENSES

Undistributed, or "non-direct" operating expenses are costs shouldered by the overall hotel operation and not attributable to any one specific department or profit center.

Administrative and General

The administrative and general expense line item consists of payroll and related benefits for employees in operations management, sales and marketing, finance, legal, human resources and other support services, as well as general corporate and public company expenses. Most administrative and general expenses are relatively fixed. The exceptions are cash overages and shortages; commissions on credit card charges; provision for doubtful accounts, which are moderately affected by the number of transactions or total revenue; and salaries, wages, and benefits, which are very slightly influenced by volume.

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Based on the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's expenses from the Administrative & General department will increase in the near term on a per-available-room basis, but then normalize with its variable components correlating to changes in the subject's future total revenues.

The following table outlines pertinent trends and assumptions associated with our projection of the Administrative and General line item:

ADMINISTRATIVE & GENERAL EXPENSES				
SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$905,742	8.1%	$3,457	$12.78
Comparable 2	$1,345,550	8.5%	$4,426	$17.66
Comparable 3	$927,435	8.5%	$4,178	$15.21
Comparable 4	$755,010	9.0%	$4,339	$17.68
Comparable 5	$669,732	10.2%	$1,419	$9.15
Comparable 6	$793,060	7.8%	$4,310	$16.90
STR HOST				
Full Service	$2,183,248	9.1%	$5,238	$19.19
Chain-Affiliated	$2,171,795	9.0%	$5,015	$18.30
East North Central	$1,761,181	9.3%	$4,284	$16.45
Urban	$3,002,246	9.2%	$5,540	$19.87
Upscale Class	$867,553	9.7%	$3,730	$13.77
HISTORICALS				
2013	$2,867,000	9.8%	$5,839	$25.09
2014	$2,728,000	9.9%	$5,556	$24.79
2015	$3,129,000	11.1%	$6,373	$28.53
2016	$2,544,000	9.2%	$5,181	$22.27
2017	$2,272,041	8.8%	$4,627	$20.85
2017 Year To Date	$1,948,174	8.8%	$3,968	$20.63
2018 Year To Date	$1,786,660	8.6%	$3,639	$20.77
2018 Trailing 12 Months	$2,110,527	8.7%	$4,298	$20.99
CONCLUSIONS				
Base Year	$2,111,300	8.7%	$4,300	$20.99
First Projection Year (2018/19)	$2,281,712	8.3%	$4,647	$20.87
Stabilized Year (2021/22)	$2,613,860	7.3%	$5,324	$20.54

Marketing Expenses

Marketing expenses reflect a hotels expenditures associated with advertising and promotion activities. Expenses include salaries and wages, employee benefits, dues and subscriptions, operating supplies, postage, telephone, trade shows, travel and entertainment, advertising and merchandising expenses, other marketing activities, and applicable fees and commissions.

After considering the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's expenses from the Marketing department will increase in the near term on a per-available-room basis, but then normalize with its variable components correlating to changes in the subject's future total revenues.

The following table outlines pertinent trends and assumptions associated with our projection of the Marketing line item:

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MARKETING EXPENSES				
SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$1,196,474	10.7%	$4,567	$16.88
Comparable 2	$1,234,740	7.8%	$4,062	$16.21
Comparable 3	$763,770	7.0%	$3,440	$12.53
Comparable 4	$486,562	5.8%	$2,796	$11.40
Comparable 5	$479,318	7.3%	$1,016	$6.55
Comparable 6	$1,057,413	10.4%	$5,747	$22.53
STR HOST				
Full Service	$1,645,489	6.8%	$5,607	$20.54
Chain-Affiliated	$1,671,611	6.9%	$5,565	$20.31
East North Central	$1,357,829	7.2%	$4,694	$18.02
Urban	$2,262,206	6.9%	$6,011	$21.56
Upscale Class	$606,484	6.8%	$3,269	$12.07
HISTORICALS				
2013	$2,424,000	8.3%	$4,937	$21.22
2014	$2,244,000	8.1%	$4,570	$20.39
2015	$2,275,000	8.1%	$4,633	$20.74
2016	$2,710,000	9.8%	$5,519	$23.73
2017	$2,815,925	11.0%	$5,735	$25.84
2017 Year To Date	$2,392,665	10.8%	$4,873	$25.34
2018 Year To Date	$2,198,085	10.6%	$4,477	$25.56
2018 Trailing 12 Months	$2,621,345	10.8%	$5,339	$26.06
CONCLUSIONS				
Base Year	$2,651,400	10.9%	$5,400	$26.36
First Projection Year (2018/19)	$2,896,926	10.5%	$5,900	$26.50
Stabilized Year (2021/22)	$3,412,670	9.5%	$6,950	$26.82

Franchise Fee

The presence of an appropriate hotel franchise affiliation is critical in a property's ability to compete in a market, secure profits, achieve a certain market orientation and benefit from repeat accommodations. Because the value of a hotel is most often based on the cash flow it generates (as previously discussed), and that franchise fees can be significant relative to other expense categories, owners must maximize the benefits and services that the franchise affiliation offers.

Fees charged for by a hotel franchise company typically include the following:

› Royalty Fee – Usually based on a percentage of rooms revenue, the royalty fee represents compensation for the use of the brand's trade name, service marks and associated logos, good will and other franchise services.

› Advertising or Marketing Contribution Fee – This fee covers the cost of brandwide advertising and marketing placed in various types of media, the development and distribution of a brand directory, and marketing geared toward specific groups and segments.

› Reservation Fee – If the franchise brand utilizes reservation systems, the reservation fee supports the cost of operating and paying for the central office, telephone, computers and reservation personnel.

› Frequent Traveler Program – Some franchisors maintain incentive programs that reward guests for frequent stays; these programs are designed to encourage loyalty to the brand. The cost of administrating the program is financed by a frequent traveler assessment.

› Miscellaneous Fees – Depending on the franchise agreement, the franchisor may provide a separately charge for additional services such as training programs, travel agent commissions, global distribution system fees, computer hardware and software and software maintenance.

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According to the fees charged for the Renaissance affiliation, the franchise fees are projected to be equal to 5.0% of rooms revenue annually.

Please note that these only include royalty fees; advertising/marketing contribution fees have been included in marketing expenses and reservation fees have been included in rooms expenses, respectively. All other fees, depending on the nature of their use and application, have been included in the rooms, marketing and/or administrative and general line items, as appropriate.

ROYALTY/FRANCHISE FEES EXPENSES

SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$380,188	3.4%	$1,451	$5.36
Comparable 3	$283,686	2.6%	$1,278	$4.65
Comparable 4	$385,894	4.6%	$2,218	$9.04
Comparable 5	$466,186	7.1%	$988	$6.37
Comparable 6	$508,372	5.0%	$2,763	$10.83
STR HOST				
Full Service	$338,368	1.4%	$1,153	$4.22
Chain-Affiliated	$369,833	1.5%	$1,231	$4.49
East North Central	$375,022	2.0%	$1,296	$4.98
Urban	$391,739	1.2%	$1,041	$3.73
Upscale Class	$300,312	3.4%	$1,619	$5.98
HISTORICALS				
2015	$437,000	1.5%	$890	$3.98
2016	$889,000	3.2%	$1,811	$7.78
2017	$801,296	3.1%	$1,632	$7.35
2017 Year To Date	$700,836	3.2%	$1,427	$7.42
2018 Year To Date	$642,290	3.1%	$1,308	$7.47
2018 Trailing 12 Months	$742,750	3.1%	$1,513	$7.39
CONCLUSIONS				
Base Year	$735,003	3.0%	$1,497	$7.31
First Projection Year (2018/19)	$845,981	3.1%	$1,723	$7.74
Stabilized Year (2021/22)	$1,117,957	3.1%	$2,277	$8.79

Repairs and Maintenance

Property repairs and maintenance expenses are those costs that have been incurred for the administration, supervision, operation, maintenance, preservation, and protection of the hotel's physical plant. They include expenses normally incurred for such items as janitorial and on-site utility upkeep; repairs and ordinary or normal alterations of buildings, furniture and equipment, care of grounds; maintenance and operation of buildings and other plant facilities; security; earthquake and disaster preparedness; environmental safety; hazardous waste disposal; facility planning and management; and, central receiving. In our analysis, we have considered whether this cost level is adequate relative to the hotel's size, position in the market and service orientation. An inadequate amount of expenditures in this department could indicate that there are certain levels of deferred maintenance that need to be addressed.

Based on the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's expenses from the Repairs & Maintenance department will increase in the near term on a per-available-room basis, but then normalize with its variable components correlating to changes in the subject's future total revenues.

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The following table outlines pertinent trends and assumptions associated with our projection of the Property Operations and Maintenance line item:

REPAIRS & MAINTENANCE EXPENSES				
SOURCE	**$**	**RATIO**	**$ PAR**	**$ POR**
COMPARABLES				
Comparable 1	$592,646	5.3%	$2,262	$8.36
Comparable 2	$569,880	3.6%	$1,875	$7.48
Comparable 3	$349,152	3.2%	$1,573	$5.73
Comparable 4	$444,617	5.3%	$2,555	$10.41
Comparable 5	$361,130	5.5%	$765	$4.94
Comparable 6	$427,032	4.2%	$2,321	$9.10
STR HOST				
Full Service	$989,141	4.1%	$3,370	$12.35
Chain-Affiliated	$980,814	4.1%	$3,265	$11.92
East North Central	$861,515	4.6%	$2,978	$11.44
Urban	$1,298,925	4.0%	$3,451	$12.38
Upscale Class	$378,184	4.2%	$2,038	$7.53
HISTORICALS				
2013	$1,989,000	6.8%	$4,051	$17.41
2014	$1,981,000	7.2%	$4,035	$18.00
2015	$1,904,000	6.8%	$3,878	$17.36
2016	$1,742,000	6.3%	$3,548	$15.25
2017	$1,537,490	6.0%	$3,131	$14.11
2017 Year To Date	$1,277,683	5.8%	$2,602	$13.53
2018 Year To Date	$1,207,687	5.8%	$2,460	$14.04
2018 Trailing 12 Months	$1,467,494	6.1%	$2,989	$14.59
CONCLUSIONS				
Base Year	$1,473,000	6.1%	$3,000	$14.65
First Projection Year (2018/19)	$1,591,892	5.8%	$3,242	$14.56
Stabilized Year (2021/22)	$1,823,623	5.1%	$3,714	$14.33

Utilities

A hotel's utility costs generally include the cost of electricity, fuel, steam, and water. A large portion of a lodging facility's energy consumption is relatively fixed because public spaces receive constant lighting and climate control regardless of the utilization or occupancy of the property. The rooms themselves are highly variable in relationship to occupancy provide that the hotel operator implements sound energy-saving measures or, more importantly, the property is equipped with modern technology that better controls power usage.

After considering the performance of comparable hotels and industry averages, as well as what we believe would be expected by a potential investor of the subject property, we project the subject's expenses from the Utilities department will decrease in the near term on a per-available-room basis, but then normalize with its variable components correlating to changes in the subject's future total revenues.

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The following table illustrates our analysis of the subject's utility expense.

UTILITIES EXPENSES				
SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$570,282	5.1%	$2,177	$8.05
Comparable 2	$538,220	3.4%	$1,770	$7.06
Comparable 3	$589,194	5.4%	$2,654	$9.66
Comparable 4	$612,397	7.3%	$3,520	$14.34
Comparable 5	$518,714	7.9%	$1,099	$7.09
Comparable 6	$315,190	3.1%	$1,713	$6.72
STR HOST				
Full Service	$716,103	3.0%	$2,440	$8.94
Chain-Affiliated	$721,071	3.0%	$2,400	$8.76
East North Central	$565,086	3.0%	$1,953	$7.50
Urban	$936,429	2.9%	$2,488	$8.92
Upscale Class	$310,862	3.5%	$1,676	$6.19
HISTORICALS				
2013	$1,777,000	6.0%	$3,619	$15.55
2014	$1,787,000	6.5%	$3,640	$16.24
2015	$1,792,000	6.4%	$3,650	$16.34
2016	$2,192,000	7.9%	$4,464	$19.19
2017	$1,959,561	7.6%	$3,991	$17.98
2017 Year To Date	$1,577,406	7.1%	$3,213	$16.71
2018 Year To Date	$1,403,098	6.8%	$2,858	$16.31
2018 Trailing 12 Months	$1,785,253	7.4%	$3,636	$17.75
CONCLUSIONS				
Base Year	$1,620,300	6.7%	$3,300	$16.11
First Projection Year (2018/19)	$1,751,081	6.3%	$3,566	$16.02
Stabilized Year (2021/22)	$2,005,985	5.6%	$4,086	$15.76

Management Fees

A condition of this assignment is that the subject property is operated by a competent, third-party management company. We anticipate that upon a sale, a prudent investor would install a competent management company or, at a minimum, structure a management team that could operate the property to its maximum, albeit, practical level of profitability. Some companies provide management services alone, while others offer both management services and a brand name affiliation. When a management company has no brand identification, the property owner can often acquire a franchise that provides the appropriate recognition within the market. Management fees have typically equated to roughly 2.0 to 5.0 percent of total revenues.

It is important to note that we have not been engaged to evaluate the effectiveness of management and we are not responsible for future marketing efforts and other management actions upon which actual results may depend.

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We are assuming the subject could be sold free and clear of a management contract; accordingly, we have modeled there to be market-oriented base management fees of 3.0% of total revenues per year.

MANAGEMENT FEE EXPENSES

SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$190,094	1.7%	$726	$2.68
Comparable 2	$474,900	3.0%	$1,562	$6.23
Comparable 3	$349,152	3.2%	$1,573	$5.73
Comparable 4	$234,892	2.8%	$1,350	$5.50
Comparable 5	$164,150	2.5%	$348	$2.24
Comparable 6	$254,186	2.5%	$1,381	$5.42
STR HOST				
Full Service	$789,933	3.3%	$2,691	$9.86
Chain-Affiliated	$814,689	3.4%	$2,712	$9.90
East North Central	$599,920	3.2%	$2,074	$7.96
Urban	$1,107,949	3.4%	$2,944	$10.56
Upscale Class	$313,097	3.5%	$1,688	$6.23
HISTORICALS				
2013	$887,000	3.0%	$1,807	$7.76
2014	$830,000	3.0%	$1,690	$7.54
2015	$775,000	2.7%	$1,578	$7.07
2016	$692,000	2.5%	$1,409	$6.06
2017	$514,005	2.0%	$1,047	$4.72
2017 Year To Date	$442,638	2.0%	$902	$4.69
2018 Year To Date	$413,560	2.0%	$842	$4.81
2018 Trailing 12 Months	$484,927	2.0%	$988	$4.82
CONCLUSIONS				
Base Year	$727,628	3.0%	$1,482	$7.24
First Projection Year (2018/19)	$829,609	3.0%	$1,690	$7.59
Stabilized Year (2021/22)	$1,089,820	3.0%	$2,220	$8.56

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FIXED EXPENSES

Fixed expenses includes any expenses that relate to the ownership of the hotel, including property taxes, building and contents insurance, reserve for replacement and any applicable land, building, and equipment rent.

Property Taxes

A discussion of the subject's real estate tax burden was included in an earlier section of this report.

Our forecast of the subject's property taxes per annum is as follows.

REAL ESTATE TAXES EXPENSES

SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$290,732	2.6%	$1,110	$4.10
Comparable 2	$823,160	5.2%	$2,708	$10.80
Comparable 3	$818,325	7.5%	$3,686	$13.42
Comparable 4	$360,727	4.3%	$2,073	$8.45
Comparable 5	$216,678	3.3%	$459	$2.96
Comparable 6	$549,041	5.4%	$2,984	$11.70
STR HOST				
Full Service	$806,191	3.4%	$2,747	$10.07
Chain-Affiliated	$824,641	3.4%	$2,745	$10.02
East North Central	$734,366	3.9%	$2,539	$9.75
Urban	$1,371,422	4.2%	$3,644	$13.07
Upscale Class	$331,467	3.7%	$1,787	$6.60
HISTORICALS				
2013	$1,871,000	6.4%	$3,811	$16.38
2014	$1,703,000	6.2%	$3,468	$15.47
2015	$1,396,000	4.9%	$2,843	$12.73
2016	$724,000	2.6%	$1,475	$6.34
2017	($34,853)	(0.1%)	($71)	($0.32)
2017 Year To Date	$751,997	3.4%	$1,532	$7.96
2018 Year To Date	$718,501	3.5%	$1,463	$8.35
2018 Trailing 12 Months	$632,135	2.6%	$1,287	$6.29
CONCLUSIONS				
Base Year	$632,135	2.6%	$1,287	$6.29
First Projection Year (2018/19)	$632,135	2.3%	$1,287	$5.78
Stabilized Year (2021/22)	$1,313,416	3.7%	$2,675	$10.32

Insurance

The insurance expense category consists of the cost of insuring the hotel and its contents against damage or destruction by fire, weather, flood, breakage, etc. Furthermore, general liability income costs are also included in this category. Over the past several years, insurance costs for many hotels have fluctuated dramatically.

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We have projected the subject property's insurance expenses as follows.

PROPERTY INSURANCE EXPENSES				
SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$67,092	0.6%	$256	$0.95
Comparable 2	$110,810	0.7%	$365	$1.45
Comparable 3	$54,555	0.5%	$246	$0.89
Comparable 4	$151,002	1.8%	$868	$3.54
Comparable 5	$164,150	2.5%	$348	$2.24
Comparable 6	$71,172	0.7%	$387	$1.52
STR HOST				
Full Service	$239,468	1.0%	$816	$2.99
Chain-Affiliated	$237,227	1.0%	$790	$2.88
East North Central	$135,449	0.7%	$468	$1.80
Urban	$290,594	0.9%	$772	$2.77
Upscale Class	$90,412	1.0%	$487	$1.80
HISTORICALS				
2013	$299,000	1.0%	$609	$2.62
2014	$224,000	0.8%	$456	$2.04
2015	$235,000	0.8%	$479	$2.14
2016	$186,000	0.7%	$379	$1.63
2017	$174,977	0.7%	$356	$1.61
2017 Year To Date	$144,889	0.7%	$295	$1.53
2018 Year To Date	$152,285	0.7%	$310	$1.77
2018 Trailing 12 Months	$182,373	0.8%	$371	$1.81
CONCLUSIONS				
Base Year	$181,670	0.7%	$370	$1.81
First Projection Year (2018/19)	$192,734	0.7%	$393	$1.76
Stabilized Year (2021/22)	$210,605	0.6%	$429	$1.66

Reserves for Replacement

Reserves for replacement are funds set aside that provide for the periodic replacement of building components that wear out more rapidly than the building itself and therefore must be replaced during the building's economic life. These components are largely inclusive of furniture, fixtures, and equipment (FF&E), the replacement of which is generally funded from a hotel's cash flow. In theory, a sufficient amount of money is available to replace FF&E at the end of its useful life. In the event that the replacement fund is insufficient, a capital deduction at the point of a transaction (i.e. a property improvement plan) might be assessed to address the shortfall.

The items a hotel's reserve account address are considered to be short-lived components, since the average economic life is predominantly less than ten years. These components typically include the replacement of the roof, heating, ventilation, and air conditioning (HVAC) systems, parking lot resurfacing, etc. Note that replacement reserves do not include minor repairs and maintenance such as broken doorknobs or lightbulbs. These minor expenses are considered routine property operation and maintenance expenses, not irregular capital expenditures

Industry data indicates that a reserve for replacement of 2.0 percent to 5.0 percent of total hotel revenue is generally sufficient to provide for the replacement or total repair of FF&E.

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As discussed, the subject property's facilities have been well maintained in recent years and the property's overall condition is considered to be good. The subject property is slated to undergo significant capital improvements early in the projection period. Accordingly, we have applied a capital deduction from our final value conclusion of the amount which is in excess of reserves. Specifically, total capital costs (present value) for the upgrades are estimated at $2,128,951 , or $4,336 per room.

RESERVES EXPENSES				
SOURCE	$	RATIO	$ PAR	$ POR
COMPARABLES				
Comparable 1	$536,736	4.8%	$2,049	$7.57
Comparable 2	$633,200	4.0%	$2,083	$8.31
Comparable 3	$294,597	2.7%	$1,327	$4.83
STR HOST				
Full Service	$468,133	1.9%	$1,595	$5.84
Chain-Affiliated	$483,087	2.0%	$1,608	$5.87
East North Central	$323,269	1.7%	$1,118	$4.29
Urban	$585,092	1.8%	$1,555	$5.58
Upscale Class	$169,072	1.9%	$911	$3.37
HISTORICALS				
2013	$1,183,000	4.0%	$2,409	$10.35
2014	$1,105,000	4.0%	$2,251	$10.04
2015	$1,131,000	4.0%	$2,303	$10.31
2016	$1,111,000	4.0%	$2,263	$9.73
2017	$1,027,955	4.0%	$2,094	$9.43
2017 Year To Date	$885,212	4.0%	$1,803	$9.37
2018 Year To Date	$826,926	4.0%	$1,684	$9.61
2018 Trailing 12 Months	$969,669	4.0%	$1,975	$9.64
CONCLUSIONS				
Base Year	$970,170	4.0%	$1,976	$9.65
First Projection Year (2018/19)	$1,106,146	4.0%	$2,253	$10.12
Stabilized Year (2021/22)	$1,453,094	4.1%	$2,959	$11.42

In order to ensure that the subject property is maintained in a competitive position throughout the holding period, we deducted a reserve for replacement equal to 4.0% of total revenues per year. We believe our estimate of capital reserves should be adequate to account for all typical future capital expenditures throughout the holding period over and above the capital deduction indicated above.

PROJECTION OF INCOME AND EXPENSE

On the following pages we present our forecast of income and expense for the subject property on a detailed basis for the first few years of operation, along with a summary presentation of the same line items over the entire 10-year holding period. The projection begins December 31, 2018. As discussed, stabilization is anticipated to occur on or about December 31, 2021. The statements are expressed in future values for each projection year.

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DETAILED FORECAST OF INCOME AND EXPENSE - FIRST FIVE PROJECTION YEARS

Period	Trailing-12 Month	2018/19	2019/20	2020/21	2021/22 (Stabilized)	2022/23
Projection Year	-	1	2	3	4	5
Days Open	365	365	365	365	365	365
Number of Rooms	491	491	491	491	491	491
Occupied Rooms	100,571	109,321	112,905	120,074	127,243	127,243
Occupancy Rate	56.1%	61.0%	63.0%	67.0%	71.0%	71.0%
Average Daily Room Rate (ADR)	$146.17	$154.77	$162.51	$172.25	$175.72	$179.23
Revenue Per Available Room (RevPAR)	$82.02	$94.41	$102.38	$115.41	$124.76	$127.25

DEPARTMENTAL REVENUES	$	RATIO	$	RATIO	$	RATIO	$	RATIO	$	RATIO	$	RATIO
Rooms	$14,700,057	60.6%	$16,919,611	61.2%	$18,348,192	61.5%	$20,682,747	62.2%	$22,359,140	62.5%	$22,805,763	62.4%
Food & Beverage	$7,442,218	30.7%	$8,398,298	30.4%	$8,993,108	30.2%	$9,918,743	29.8%	$10,596,090	29.6%	$10,834,303	29.7%
Parking	$1,734,841	7.2%	$1,918,639	6.9%	$2,028,417	6.8%	$2,187,887	6.6%	$2,309,373	6.5%	$2,367,078	6.5%
Other Income	$377,139	1.6%	$417,095	1.5%	$440,960	1.5%	$475,628	1.4%	$502,038	1.4%	$514,582	1.4%
Total Departmental Revenues	**$24,254,255**	**100.0%**	**$27,653,643**	**100.0%**	**$29,810,676**	**100.0%**	**$33,265,004**	**100.0%**	**$35,766,640**	**100.0%**	**$36,521,726**	**100.0%**
Rooms	$4,189,516	28.5%	$4,595,630	27.2%	$4,833,562	26.3%	$5,166,567	25.0%	$5,427,071	24.3%	$5,568,121	24.4%
Food & Beverage	$4,614,175	62.0%	$5,103,023	60.8%	$5,395,001	60.0%	$5,819,146	58.7%	$6,142,262	58.0%	$6,295,741	58.1%
Parking	$572,498	33.0%	$620,257	32.3%	$647,305	31.9%	$682,460	31.2%	$711,644	30.8%	$731,210	30.9%
Total Departmental Costs	**$9,376,189**	**38.7%**	**$10,318,910**	**37.3%**	**$10,875,867**	**36.5%**	**$11,668,173**	**35.1%**	**$12,280,977**	**34.3%**	**$12,595,072**	**34.5%**
DEPARTMENTAL INCOME	**$14,878,067**	**61.3%**	**$17,334,734**	**62.7%**	**$18,934,809**	**63.5%**	**$21,596,832**	**64.9%**	**$23,485,663**	**65.7%**	**$23,926,654**	**65.5%**
UNDISTRIBUTED OPERATING EXPENSES												
Administrative & General	$2,111,300	8.7%	$2,281,712	8.3%	$2,377,545	8.0%	$2,506,667	7.5%	$2,613,860	7.3%	$2,685,725	7.4%
Marketing	$2,651,400	10.9%	$2,896,926	10.5%	$3,039,457	10.2%	$3,248,859	9.8%	$3,412,670	9.5%	$3,501,365	9.6%
Royalty/Franchise Fees	$735,003	3.0%	$845,981	3.1%	$917,410	3.1%	$1,034,137	3.1%	$1,117,957	3.1%	$1,140,288	3.1%
Repairs & Maintenance	$1,473,000	6.1%	$1,591,892	5.8%	$1,658,752	5.6%	$1,748,837	5.3%	$1,823,623	5.1%	$1,873,761	5.1%
Utilities	$1,620,300	6.7%	$1,751,081	6.3%	$1,824,627	6.1%	$1,923,721	5.8%	$2,005,985	5.6%	$2,061,137	5.6%
Total Undist. Oper. Expenses	**$8,591,003**	**35.4%**	**$9,367,591**	**33.9%**	**$9,817,791**	**32.9%**	**$10,462,221**	**31.5%**	**$10,974,096**	**30.7%**	**$11,262,277**	**30.8%**
MANAGEMENT FEES												
Management Fee	$727,628	3.0%	$829,609	3.0%	$894,320	3.0%	$1,008,110	3.0%	$1,089,820	3.0%	$1,111,589	3.0%
Total Management Fees	**$727,628**	**3.0%**	**$829,609**	**3.0%**	**$894,320**	**3.0%**	**$1,008,110**	**3.0%**	**$1,089,820**	**3.0%**	**$1,111,589**	**3.0%**
HOUSE PROFIT	**$5,559,436**	**22.9%**	**$7,137,533**	**25.8%**	**$8,222,698**	**27.6%**	**$10,126,500**	**30.4%**	**$11,421,747**	**31.9%**	**$11,552,788**	**31.6%**
FIXED CHARGES												
Real Estate Taxes	$632,135	2.6%	$632,135	2.3%	$947,390	3.2%	$1,262,644	3.8%	$1,313,416	3.7%	$1,350,185	3.7%
Property Insurance	$181,670	0.7%	$192,734	0.7%	$198,516	0.7%	$204,471	0.6%	$210,605	0.6%	$216,923	0.6%
Reserves	$970,170	4.0%	$1,106,146	4.0%	$1,192,427	4.0%	$1,344,147	4.0%	$1,453,094	4.1%	$1,482,119	4.1%
Total Fixed Charges	**$1,783,976**	**7.4%**	**$1,931,015**	**7.0%**	**$2,338,332**	**7.8%**	**$2,811,263**	**8.5%**	**$2,977,115**	**8.3%**	**$3,049,228**	**8.3%**
NET OPERATING INCOME	**$3,775,461**	**15.6%**	**$5,206,518**	**18.8%**	**$5,884,366**	**19.7%**	**$7,315,238**	**22.0%**	**$8,444,632**	**23.6%**	**$8,503,560**	**23.3%**
OPERATING RATIOS												
Food & Beverage to Rooms	50.6%		49.6%		49.0%		48.0%		47.4%		47.5%	
Parking to Rooms	11.8%		11.3%		11.1%		10.6%		10.3%		10.4%	
Other Income to Rooms	2.6%		2.5%		2.4%		2.3%		2.2%		2.3%	
Royalty/Franchise Fees to Rooms	5.0%		5.0%		5.0%		5.0%		5.0%		5.0%	

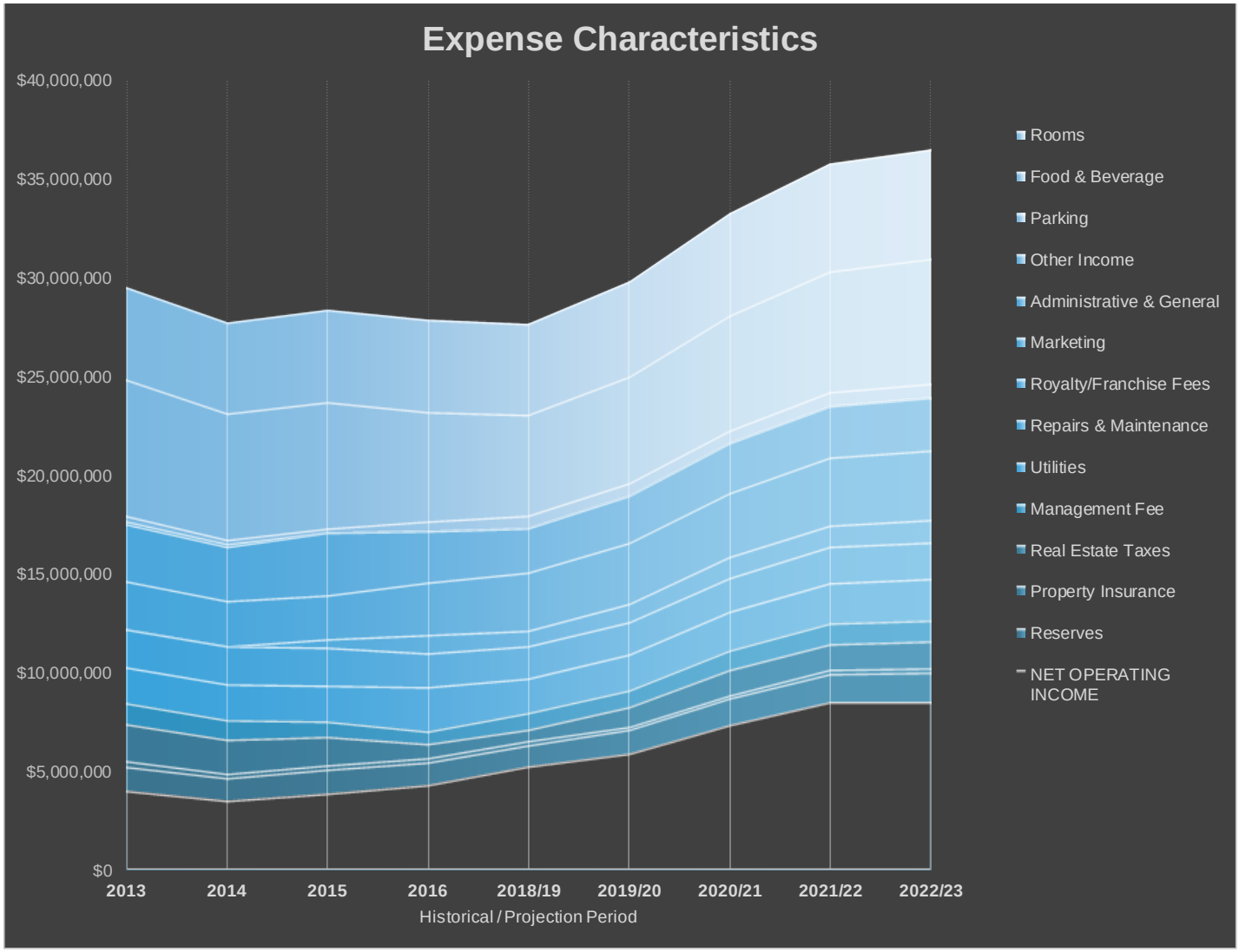
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TEN-YEAR PROJECTION OF INCOME AND EXPENSE

Period	Trailing-12 Month		2018/19		2019/20		2020/21		2021/22 (Stabilized)		2022/23		2023/24		2024/25		2025/26		2026/27		2027/28	
Projection Year	-		1		2		3		4		5		6		7		8		9		10	
Days Open	365		365		365		365		365		365		365		365		365		365		365	
Number of Rooms	491		491		491		491		491		491		491		491		491		491		491	
Occupied Rooms	100,571		109,321		112,905		120,074		127,243		127,243		127,243		127,243		127,243		127,243		127,243	
Occupancy Rate	56.1%		61.0%		63.0%		67.0%		71.0%		71.0%		71.0%		71.0%		71.0%		71.0%		71.0%	
Average Daily Room Rate (ADR)	$146.17		$154.77		$162.51		$172.25		$175.72		$179.23		$182.82		$186.47		$190.20		$194.01		$197.89	
Revenue Per Available Room (RevPAR)	$82.02		$94.41		$102.38		$115.41		$124.76		$127.25		$129.80		$132.39		$135.04		$137.75		$140.50	
DEPARTMENTAL REVENUES	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**	**$**	**RATIO**
Rooms	$14,700,057	60.6%	$16,919,611	61.2%	$18,348,192	61.5%	$20,682,747	62.2%	$22,359,140	62.5%	$22,805,763	62.4%	$23,262,565	62.4%	$23,727,002	62.3%	$24,201,619	62.2%	$24,686,414	62.2%	$25,180,117	62.1%
Food & Beverage	$7,442,218	30.7%	$8,398,298	30.4%	$8,993,108	30.2%	$9,918,743	29.8%	$10,596,090	29.6%	$10,834,303	29.7%	$11,078,320	29.7%	$11,327,291	29.7%	$11,582,182	29.8%	$11,843,055	29.8%	$12,109,515	29.9%
Parking	$1,734,841	7.2%	$1,918,639	6.9%	$2,028,417	6.8%	$2,187,887	6.6%	$2,309,373	6.5%	$2,367,078	6.5%	$2,426,291	6.5%	$2,486,905	6.5%	$2,549,082	6.6%	$2,612,849	6.6%	$2,678,169	6.6%
Other Income	$377,139	1.6%	$417,095	1.5%	$440,960	1.5%	$475,628	1.4%	$502,038	1.4%	$514,582	1.4%	$527,454	1.4%	$540,632	1.4%	$554,148	1.4%	$568,011	1.4%	$582,211	1.4%
Total Departmental Revenues	**$24,254,255**	**100.0%**	**$27,653,643**	**100.0%**	**$29,810,676**	**100.0%**	**$33,265,004**	**100.0%**	**$35,766,640**	**100.0%**	**$36,521,726**	**100.0%**	**$37,294,630**	**100.0%**	**$38,081,830**	**100.0%**	**$38,887,031**	**100.0%**	**$39,710,330**	**100.0%**	**$40,550,012**	**100.0%**
Rooms	$4,189,516	28.5%	$4,595,630	27.2%	$4,833,562	26.3%	$5,166,567	25.0%	$5,427,071	24.3%	$5,568,121	24.4%	$5,712,959	24.6%	$5,861,416	24.7%	$6,013,820	24.8%	$6,170,256	25.0%	$6,330,680	25.1%
Food & Beverage	$4,614,175	62.0%	$5,103,023	60.8%	$5,395,001	60.0%	$5,819,146	58.7%	$6,142,262	58.0%	$6,295,741	58.1%	$6,453,230	58.3%	$6,614,447	58.4%	$6,779,819	58.5%	$6,949,422	58.7%	$7,123,154	58.8%
Parking	$572,498	33.0%	$620,257	32.3%	$647,305	31.9%	$682,460	31.2%	$711,644	30.8%	$731,210	30.9%	$751,323	31.0%	$771,978	31.0%	$793,208	31.1%	$815,028	31.2%	$837,441	31.3%
Total Departmental Costs	**$9,376,189**	**38.7%**	**$10,318,910**	**37.3%**	**$10,875,867**	**36.5%**	**$11,668,173**	**35.1%**	**$12,280,977**	**34.3%**	**$12,595,072**	**34.5%**	**$12,917,512**	**34.6%**	**$13,247,842**	**34.8%**	**$13,586,848**	**34.9%**	**$13,934,705**	**35.1%**	**$14,291,274**	**35.2%**
DEPARTMENTAL INCOME	**$14,878,067**	**61.3%**	**$17,334,734**	**62.7%**	**$18,934,809**	**63.5%**	**$21,596,832**	**64.9%**	**$23,485,663**	**65.7%**	**$23,926,654**	**65.5%**	**$24,377,118**	**65.4%**	**$24,833,988**	**65.2%**	**$25,300,183**	**65.1%**	**$25,775,625**	**64.9%**	**$26,258,738**	**64.8%**
UNDISTRIBUTED OPERATING EXPENSES																						
Administrative & General	$2,111,300	8.7%	$2,281,712	8.3%	$2,377,545	8.0%	$2,506,667	7.5%	$2,613,860	7.3%	$2,685,725	7.4%	$2,759,602	7.4%	$2,835,467	7.4%	$2,913,445	7.5%	$2,993,588	7.5%	$3,075,910	7.6%
Marketing	$2,651,400	10.9%	$2,896,926	10.5%	$3,039,457	10.2%	$3,248,859	9.8%	$3,412,670	9.5%	$3,501,365	9.6%	$3,592,443	9.6%	$3,685,796	9.7%	$3,781,632	9.7%	$3,880,002	9.8%	$3,980,880	9.8%
Royalty/Franchise Fees	$735,003	3.0%	$845,981	3.1%	$917,410	3.1%	$1,034,137	3.1%	$1,117,957	3.1%	$1,140,288	3.1%	$1,163,128	3.1%	$1,186,350	3.1%	$1,210,081	3.1%	$1,234,321	3.1%	$1,259,006	3.1%
Repairs & Maintenance	$1,473,000	6.1%	$1,591,892	5.8%	$1,658,752	5.6%	$1,748,837	5.3%	$1,823,623	5.1%	$1,873,761	5.1%	$1,925,304	5.2%	$1,978,233	5.2%	$2,032,636	5.2%	$2,088,549	5.3%	$2,145,984	5.3%
Utilities	$1,620,300	6.7%	$1,751,081	6.3%	$1,824,627	6.1%	$1,923,721	5.8%	$2,005,985	5.6%	$2,061,137	5.6%	$2,117,834	5.7%	$2,176,056	5.7%	$2,235,899	5.7%	$2,297,404	5.8%	$2,360,582	5.8%
Total Undist. Oper. Expenses	**$8,591,003**	**35.4%**	**$9,367,591**	**33.9%**	**$9,817,791**	**32.9%**	**$10,462,221**	**31.5%**	**$10,974,096**	**30.7%**	**$11,262,277**	**30.8%**	**$11,558,312**	**31.0%**	**$11,861,903**	**31.1%**	**$12,173,693**	**31.3%**	**$12,493,864**	**31.5%**	**$12,822,363**	**31.6%**
MANAGEMENT FEES																						
Management Fee	$727,628	3.0%	$829,609	3.0%	$894,320	3.0%	$1,008,110	3.0%	$1,089,820	3.0%	$1,111,589	3.0%	$1,133,855	3.0%	$1,156,492	3.0%	$1,179,626	3.0%	$1,203,255	3.0%	$1,227,319	3.0%
Total Management Fees	**$727,628**	**3.0%**	**$829,609**	**3.0%**	**$894,320**	**3.0%**	**$1,008,110**	**3.0%**	**$1,089,820**	**3.0%**	**$1,111,589**	**3.0%**	**$1,133,855**	**3.0%**	**$1,156,492**	**3.0%**	**$1,179,626**	**3.0%**	**$1,203,255**	**3.0%**	**$1,227,319**	**3.0%**
HOUSE PROFIT	**$5,559,436**	**22.9%**	**$7,137,533**	**25.8%**	**$8,222,698**	**27.6%**	**$10,126,500**	**30.4%**	**$11,421,747**	**31.9%**	**$11,552,788**	**31.6%**	**$11,684,951**	**31.3%**	**$11,815,594**	**31.0%**	**$11,946,865**	**30.7%**	**$12,078,505**	**30.4%**	**$12,209,056**	**30.1%**
FIXED CHARGES																						
Real Estate Taxes	$632,135	2.6%	$632,135	2.3%	$947,390	3.2%	$1,262,644	3.8%	$1,313,416	3.7%	$1,350,185	3.7%	$1,387,998	3.7%	$1,426,853	3.7%	$1,466,805	3.8%	$1,507,885	3.8%	$1,550,106	3.8%
Property Insurance	$181,670	0.7%	$192,734	0.7%	$198,516	0.7%	$204,471	0.6%	$210,605	0.6%	$216,923	0.6%	$223,431	0.6%	$230,134	0.6%	$237,038	0.6%	$244,149	0.6%	$251,474	0.6%
Reserves	$970,170	4.0%	$1,106,146	4.0%	$1,192,427	4.0%	$1,344,147	4.0%	$1,453,094	4.1%	$1,482,119	4.1%	$1,511,806	4.1%	$1,541,990	4.0%	$1,572,834	4.0%	$1,604,341	4.0%	$1,636,426	4.0%
Total Fixed Charges	**$1,783,976**	**7.4%**	**$1,931,015**	**7.0%**	**$2,338,332**	**7.8%**	**$2,811,263**	**8.5%**	**$2,977,115**	**8.3%**	**$3,049,228**	**8.3%**	**$3,123,236**	**8.4%**	**$3,198,976**	**8.4%**	**$3,276,678**	**8.4%**	**$3,356,375**	**8.5%**	**$3,438,005**	**8.5%**
NET OPERATING INCOME	**$3,775,461**	**15.6%**	**$5,206,518**	**18.8%**	**$5,884,366**	**19.7%**	**$7,315,238**	**22.0%**	**$8,444,632**	**23.6%**	**$8,503,560**	**23.3%**	**$8,561,715**	**23.0%**	**$8,616,617**	**22.6%**	**$8,670,187**	**22.3%**	**$8,722,130**	**22.0%**	**$8,771,051**	**21.6%**
OPERATING RATIOS																						
Food & Beverage to Rooms	50.6%		49.6%		49.0%		48.0%		47.4%		47.5%		47.6%		47.7%		47.9%		48.0%		48.1%	
Parking to Rooms	11.8%		11.3%		11.1%		10.6%		10.3%		10.4%		10.4%		10.5%		10.5%		10.6%		10.6%	
Other Income to Rooms	2.6%		2.5%		2.4%		2.3%		2.2%		2.3%		2.3%		2.3%		2.3%		2.3%		2.3%	
Royalty/Franchise Fees to Rooms	5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%		5.0%	

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The following is a graphical analysis of the subject property's historical and projected expense characteristics. The top of the graph represents total revenue, while the bottom represents net operating income.



As illustrated, there are generally moderate modifications that have been applied to the subject's expense line items. As discussed earlier in this report, we have compared the subject's actual operating levels with comparable operating statements and industry averages. In instances where these line items were not consistent with industry norms, or were omitted altogether, we have applied the adjustments in our projections.

The following sections discuss how this cash flow (net operating income) projection is converted into market value for the subject property.

DISCOUNTED CASH FLOW (DCF)

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

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

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INVESTMENT MARKET ANALYSIS

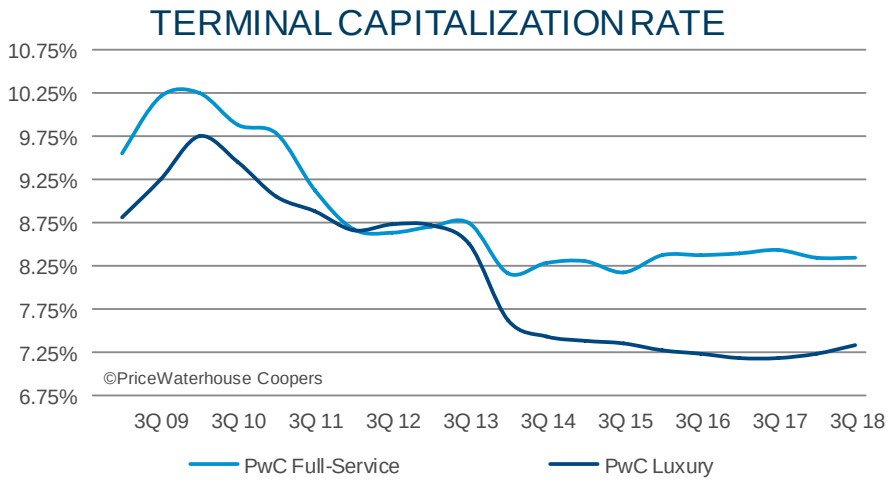
Investor Surveys

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

Development of Terminal OAR (Terminal Capitalization Rate)

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

Investor surveys, discussions with market participants and the subject's investment characteristics were considered in developing our opinion of Terminal OAR. The following graph provides a historical illustration of terminal rate statistics as surveyed by investors that we considered to be relevant to the subject property.



As can be seen, capitalization rates have generally followed a declining trend over the past several years, with a mostly stable trend over the last few years.

Taking all factors into consideration, the following table summarizes the various terminal rate indicators and provides the final terminal capitalization rate conclusion.

TERMINAL CAPITALIZATION RATE CONCLUSION

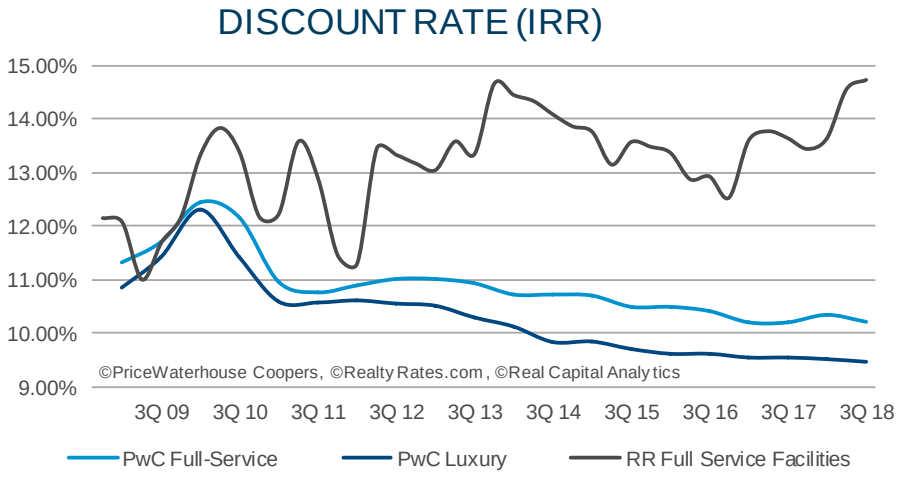
SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR
PriceWaterhouse Coopers					
Full-Service	3Q 18	7.00% to 10.00%	8.35%	8.35%	8.44%
Going-In Vs Terminal Spread			*62 bps*	*62 bps*	*59 bps*
Luxury	3Q 18	5.50% to 9.50%	7.33%	7.23%	7.18%
Going-In Vs Terminal Spread			*28 bps*	*18 bps*	*15 bps*
Market Participant Interview	Current	7.75% to 10.00%	8.75%	-	-
AVERAGE		6.75% to 9.83%	8.14%	7.79%	7.81%
MARKET VALUE AS-IS CONCLUSION			8.75%		
MARKET VALUE UPON STABILIZATION CONCLUSION			8.50%		

Development of Discount Rate (IRR)

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

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

Investor surveys, discussions with market participants and the subject's investment characteristics were considered in developing our opinions of Discount Rates. The following graph provides a historical illustration of discount rate statistics as surveyed by investors that we considered to be relevant to the subject property.



The discount rate has generally followed a similar trend to that of the OAR over the past several years.

CONSIDERATION OF INVESTMENT PARAMETERS

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

The following paragraphs summarize information that we believe is consistent with the observations held by the potential investor pool of commercial real estate assets, particularly with respect to the trends that influence demand for hotels and motels overall. Except where noted, the following section references the year-end 2018 *IBISWorld Industry Report: Hotels & Motels in the U.S.*

Salient Industry Observations

While the Hotels and Motels industry is highly susceptible to changes in the global economic environment, the industry has experienced robust growth over the five years to 2018. Increases in travel spending, corporate profit and consumer spending have driven industry revenue growth in each year since 2013. Strong economic growth during the latter half of the five-year period and rising domestic and international travel rates have provided boosts to industry performance. As a result, the Hotels and Motels industry has outperformed the broader economy over the past five years, driven by a combination of high demand from leisure and business travelers

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and international tourists. Over the five years to 2018, IBISWorld expects industry revenue to grow at an annualized rate of 4.4% to $193.9 billion as consumer confidence and spending spike, raising revenue 3.2% in 2018 alone.

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

Over the five years to 2023, IBISWorld projects that the industry will continue expanding, albeit at a more moderate pace, with particularly strong growth in the extended-stay hotels, boutique hotels, spa and health retreats and resorts segments. As demand picks up, the number of industry employees is anticipated to rise at an annualized rate of 1.5% to 1.8 million workers during the five-year period. Industry players are also expected to continue expanding abroad into emerging economies such as Asia, Eastern Europe and South America. These foreign markets will somewhat detract from domestic investment, as they offer higher growth prospects for industry operators.

Consequently, industry revenue is forecast to increase at an annualized rate of 1.6% to $209.8 billion over the five years to 2023.

Subject Property Considerations

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

- The subject's room rate structure is above average in the marketplace. In recent quarters, the market and the subject have experienced healthy gains due to improved strength in the local corporations. We believe the subject will be able to post increases in ADR prior to the date of stabilization, with gains approximately representative of inflation each year thereafter.
- The subject property is currently owned on a fee simple basis with no known encumbering characteristics which would substantially and negatively impact its marketability.
- Part of the reason hotel assets command higher returns relative to other asset classes is the fact that a sizable portion of the asset’s overall value is comprised by furniture, fixtures and equipment. Based on our review of the subject, we have concluded that the value of the FF&E as new is approximately $37,500 per unit, or a total replacement cost of $18,412,500. Although hotel FF&E typically have a useful life of five to ten years, depreciation of these assets occurs at a much faster rate than straight-line and depreciate immediately upon being placed into service. As will be further discussed, we conclude that the contributory value of the subject’s FF&E is considerably depreciated relative to its installation cost and has an effective age of 6.0 years with an economic life of 10.0 years. Such velocity in the depreciation of this component, along with the human labor required to maintain not only the FF&E but most public areas of the property, causes prudent investors to require higher rates of return.
- As will be further discussed, we have researched various hotel transactions in the region. The following table summarizes this transaction information:

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CAPITALIZATION RATE COMPARABLES (OAR)												
	NAME	ADDRESS	CITY	ST	SALE DATE	YR BLT	ROOMS	SALE PRICE	$/RM	NOI	NOI/RM	CAP RATE
1	Hotel Indigo	263 W Grandview Pky	Traverse City	MI	Aug-18	2016	107	$26,050,000	$243,458	$2,581,555	$24,127	9.91%
2	Marriott Schaumburg	50 N Martingale Rd	Schaumburg	IL	Jan-18	1984	398	$35,500,000	$89,196	$2,598,600	$6,529	7.32%
3	The Hotel Minneapolis	401 South Second Avenue	Minneapolis	MN	Nov-17	1906	222	$46,000,000	$207,207	$2,852,000	$12,847	6.20%
4	AC Hotel Atlanta Dow ntow n	101 Andrew Young International Boulevard NW	Atlanta	GA	Jul-17	1985	255	$57,500,000	$225,490	$4,485,000	$17,588	7.80%
5	Crow ne Plaza Atlanta Perimeter at Ravina	4355 Ashfrd Dunw oody Road NE	Atlanta	GA	Jun-17	1986	495	$88,700,000	$179,192	$4,967,200	$10,035	5.60%
6	Dallas/Addison Marriott Quorum by the Galleria	14901 Dallas Parkw ay	Dallas	TX	Jun-17	1982	547	$81,000,000	$148,080	$6,723,000	$12,291	8.30%
7	Embassy Suites By Hilton Columbus Dublin	5100 Upper Metro Place	Dublin	OH	Jan-17	2000	284	$46,690,000	$164,401	$3,735,200	$13,152	8.00%
8	Embassy Suites Cincinnati RiverCenter	10 East Rivercenter Boulevard	Covington	KY	Jan-17	1991	227	$41,890,000	$184,537	$3,351,200	$14,763	8.00%
9	Embassy Suites Hotel Cleveland Rockside	5800 Rockside Woods Boulevard	Independence	OH	Jan-17	2001	271	$35,420,000	$130,701	$2,833,600	$10,456	8.00%
LOW					Jan-17							5.60%
HIGH					Aug-18							9.91%
AVERAGE					Jul-17							7.68%

Taking all factors into consideration, the following table summarizes the various discount rate indicators and provides the final discount rate conclusion.

DISCOUNT RATE (IRR) CONCLUSIONS								
SOURCE	QUARTER	RANGE				AVG	LAST Q	LAST YR
PriceWaterhouse Coopers								
Full-Service	3Q 18	8.00%	to	13.00%		10.20%	10.33%	10.19%
Capitalization Vs Discount Spread						*247 bps*	*260 bps*	*234 bps*
Luxury	3Q 18	6.25%	to	12.00%		9.45%	9.50%	9.53%
Capitalization Vs Discount Spread						*240 bps*	*245 bps*	*250 bps*
RealtyRates.com								
Full Service Facilities	3Q 18	8.01%	to	17.30%		14.71%	14.54%	13.63%
Capitalization Vs Discount Spread						*341 bps*	*330 bps*	*267 bps*
AVERAGE		7.13%	to	12.50%		11.45%	11.46%	11.12%
MARKET VALUE AS-IS CONCLUSION						10.75%		
MARKET VALUE UPON STABILIZATION CONCLUSION						10.50%		

IMPLIED DIRECT CAPITALIZATION METRIC

After considering all of the physical characteristics of the subject and the risk profile associated with its anticipated economic benefits, we have concluded that this property has an overall rating that is good when measured against other properties in this marketplace. In general, we believe that the subject investment would command a discount rate of 10.75% and a terminal capitalization rate of 8.75%.

The following table provides the most recent survey results from investors and our independent market participant interview.

CAPITALIZATION RATE SURVEYS (OAR)								
SOURCE	QUARTER	RANGE				AVG	LAST Q	LAST YR
PriceWaterhouse Coopers								
Full-Service	3Q 18	6.00%	to	10.00%		7.73%	7.73%	7.85%
Luxury	3Q 18	4.00%	to	9.00%		7.05%	7.05%	7.03%
RealtyRates.com								
Full Service Facilities	3Q 18	5.21%	to	14.69%		11.30%	11.24%	10.96%
Real Capital Analytics								
Full-Service	3Q 18	-		-		7.60%	8.21%	7.55%
AVERAGE		**5.07%**	**to**	**11.23%**		**8.69%**	**8.56%**	**8.35%**

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

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DISCOUNTED CASH FLOW ANALYSIS

The DCF analysis models a property's performance over a buyer's investment horizon from the current as is status of the property, to projected stabilization of operations and through the projected sale of the property at the end of the holding period. Net cash flows from property operations and the reversion are discounted at rates reflective of the property's economic and physical risk profile. Support for rent and expense growth rates, as well as our assumptions applied in the DCF are presented next.

DCF ASSUMPTIONS

CASH FLOW SOFTWARE	COLLIERS INTERNATIONAL EXCEL MODEL
Base Scenario	As-Is Market Value
Calendar or Fiscal Analysis	Fiscal
Cash Flow Start Date	December 2018
Stabilized Date	December 31, 2021 (Year 4)
Reversion Year	2028/29
Investment Holding Period	10 Years
Analysis Projection Period	11 Years
Internal Rate of Return	10.75%
Terminal Capitalization Rate	8.75%
Reversionary Sales Cost	2.00%
Basis Point Spread (OAR stab vs. OAR in)	25 bps

PRESENT VALUE OF CASH FLOW

AS-IS MARKET VALUE

YEAR	PERIOD		NOI		DISCOUNT FACTOR @ 10.75%	PRESENT VALUE	CASH-ON-CASH RETURN	COMPOSITION OF VALUE
1	2018/19		$5,206,518	x	0.9029	$4,701,145	8.96%	8.09%
2	2019/20		$5,884,366	x	0.8153	$4,797,469	10.13%	8.26%
3	2020/21		$7,315,238	x	0.7362	$5,385,143	12.59%	9.27%
4	2021/22	(Stabilized)	$8,444,632	x	0.6647	$5,613,139	14.53%	9.66%
5	2022/23		$8,503,560	x	0.6002	$5,103,664	14.64%	8.79%
6	2023/24		$8,561,715	x	0.5419	$4,639,791	14.74%	7.99%
7	2024/25		$8,616,617	x	0.4893	$4,216,292	14.83%	7.26%
8	2025/26		$8,670,187	x	0.4418	$3,830,704	14.92%	6.60%
9	2026/27		$8,722,130	x	0.3989	$3,479,597	15.01%	5.99%
10	2027/28		$8,771,051	x	0.3602	$3,159,470	15.10%	5.44%
PRESENT VALUE OF CASH FLOW			**$78,696,014**			**$44,926,414**	**13.54%**	**77.35%**
REVERSIONARY YEAR 11 NOI			$9,034,182					
PROPERTY RESALE @ 8.75%			$103,247,795					
COST OF SALE @ 2.00%			($2,064,956)					
PRESENT VALUE OF REVERSION			$101,182,839		0.36022	$36,447,648		62.75%
TOTAL PRESENT VALUE (CASH FLOW + REVERSION)						**$81,374,062**		
VALUE PRIOR TO CAPITAL DEDUCTIONS						**$81,400,000**		

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LESS CAPITAL DEDUCTIONS

YEAR	PERIOD	CAPEX	RESERVES	CAPEX OVER RESERVES	DISCOUNT	PV OF CAPEX
0	Immediate	$0	$0	$0	1.0000	$0
1	2018/19	$2,128,951	$1,106,146	$1,022,805	0.9029	$923,526
2	2019/20	$16,500,000	$1,192,427	$15,307,573	0.8153	$12,480,123
3	2020/21	$14,775,000	$1,344,147	$13,430,853	0.7362	$9,887,179
TOTAL CAPITAL DEDUCTION		$33,403,951				**($23,290,828)**
COMPOSITION OF VALUE						-40.10%
TIF ABATEMENT BALANCE						$0
INDICATED VALUE						$58,083,235
INDICATED AS-IS MARKET VALUE (ROUNDED)					**$118,330/Room**	**$58,100,000**

VALUATION ANALYSIS

ANALYSIS PERIOD	HISTORICAL TRAILING-12 MONTH	FIRST 2018/19	STABILIZED 2021/22	STABILIZED DEFLATED TO 2018/19
PROJECTION PERIOD	**-**	**1**	**4**	**2018/19**
Room Revenue Multiplier	3.95	3.43	2.60	2.84
Gross Revenue Multiplier	2.40	2.10	1.62	1.78
Net Operating Income*	$3,677,779	$5,206,518	$8,444,632	$7,728,035
Implied Capitalization Rate, Prior to Capital Deduction	4.52%	6.40%	10.38%	9.50%
Capitalization Rate, After Capital Deduction	6.33%	8.96%	14.53%	13.30%

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

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DIRECT CAPITALIZATION METHOD

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

Development of Capitalization Rate

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

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

Comparable Sales

The following table presents a summary of the comparable sales used ahead in the Sales Comparison Approach, and the capitalization rates from each of those sales.

CAPITALIZATION RATE COMPARABLES (OAR)

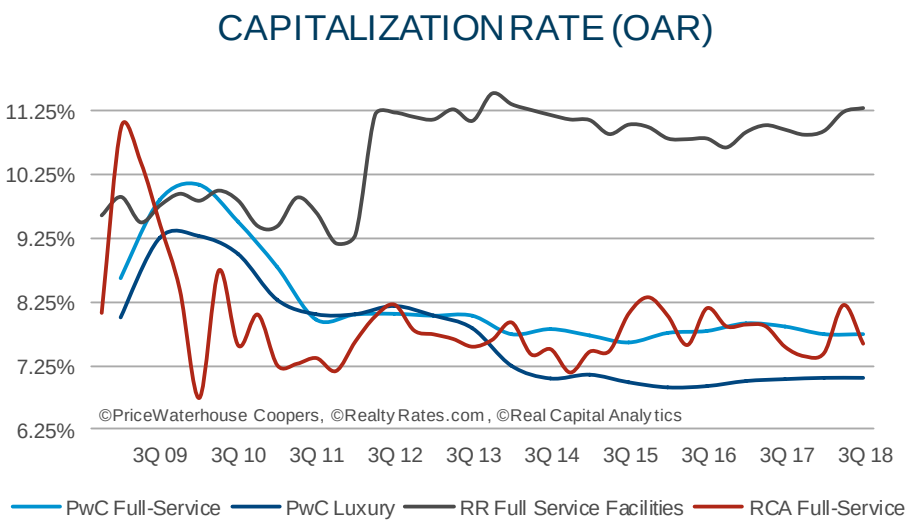
	NAME	ADDRESS	CITY	ST	SALE DATE	YR BLT	ROOMS	SALE PRICE	$/RM	NOI	NOI/RM	CAP RATE
1	Hotel Indigo	263 W Grandview Pky	Traverse City	MI	Aug-18	2016	107	$26,050,000	$243,458	$2,581,555	$24,127	9.91%
2	Marriott Schaumburg	50 N Martingale Rd	Schaumburg	IL	Jan-18	1984	398	$35,500,000	$89,196	$2,598,600	$6,529	7.32%
3	The Hotel Minneapolis	401 South Second Avenue	Minneapolis	MN	Nov-17	1906	222	$46,000,000	$207,207	$2,852,000	$12,847	6.20%
4	AC Hotel Atlanta Downtown	101 Andrew Young International Boulevard NW	Atlanta	GA	Jul-17	1985	255	$57,500,000	$225,490	$4,485,000	$17,588	7.80%
5	Crowne Plaza Atlanta Perimeter at Ravina	4355 Ashfrd Dunwoody Road NE	Atlanta	GA	Jun-17	1986	495	$88,700,000	$179,192	$4,967,200	$10,035	5.60%
6	Dallas/Addison Marriott Quorum by the Galleria	14901 Dallas Parkway	Dallas	TX	Jun-17	1982	547	$81,000,000	$148,080	$6,723,000	$12,291	8.30%
7	Embassy Suites By Hilton Columbus Dublin	5100 Upper Metro Place	Dublin	OH	Jan-17	2000	284	$46,690,000	$164,401	$3,735,200	$13,152	8.00%
8	Embassy Suites Cincinnati RiverCenter	10 East Rivercenter Boulevard	Covington	KY	Jan-17	1991	227	$41,890,000	$184,537	$3,351,200	$14,763	8.00%
9	Embassy Suites Hotel Cleveland Rockside	5800 Rockside Woods Boulevard	Independence	OH	Jan-17	2001	271	$35,420,000	$130,701	$2,833,600	$10,456	8.00%
LOW					Jan-17							**5.60%**
HIGH					Aug-18							**9.91%**
AVERAGE					Jul-17							**7.68%**

Investor Surveys

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

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The following graph provides a historical illustration of capitalization rate statistics as surveyed by investors that we considered to be relevant to the subject property.



The following table provides the most recent survey results from investors and our independent market participant interview.

CAPITALIZATION RATE SURVEYS (OAR)

SOURCE	QUARTER	RANGE	AVG	LAST Q	LAST YR
PriceWaterhouse Coopers					
Full-Service	3Q 18	6.00% to 10.00%	7.73%	7.73%	7.85%
Luxury	3Q 18	4.00% to 9.00%	7.05%	7.05%	7.03%
RealtyRates.com					
Full Service Facilities	3Q 18	5.21% to 14.69%	11.30%	11.24%	10.96%
Real Capital Analytics					
Full-Service	3Q 18	- -	7.60%	8.21%	7.55%
AVERAGE		**5.07% to 11.23%**	**8.69%**	**8.56%**	**8.35%**

Mortgage Equity Technique

To allow for equity build-up and property appreciation over the projected holding period, investors in real estate will use the Mortgage Equity Technique to determine an appropriate overall rate to apply to stabilized net income.

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

MORTGAGE EQUITY ASSUMPTIONS

Loan Amortization Period	25 Years
Interest Rate	4.00%
Loan-to-Value Ratio	65%
Mortgage Constant	0.06334
Equity Yield Rate	19.00%
Projection Period	10 Years
Annual Appreciation/Depreciation	4.00%/Year
Total Appreciation/Depreciation	48.02%
Sinking Fund Factor	4.05%
Percentage of Loan Paid Off	28.64%

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MORTGAGE EQUITY CALCULATION					
Mortgage Component	65%	x	6.33%	=	4.12%
Equity Component	35%	x	19.00%	=	6.65%
Indicated Rate					10.77%
Less: LTV x %Loan Paid Off x Sinking Fund Factor					0.75%
Simple Rate					10.01%
Less: Appreciation/Depreciation x Sinking Fund Factor					1.94%
INDICATED CAPITALIZATION RATE					**8.07%**

Capitalization Rate Conclusion

Taking all factors into consideration, the following table summarizes the various capitalization rate indicators and provides the final capitalization rate conclusion that would be applied to the first *stabilized* year.

CAPITALIZATION RATE CONCLUSION (OAR)					
SOURCE	**QUARTER**	**RANGE**			**AVG**
Comparable Sales		5.60%	to	9.91%	7.52%
Investor Surveys	3Q 18	5.07%	to	11.23%	8.69%
Mortgage Equity Technique					8.07%
AVERAGE		5.34%	to	10.57%	8.10%
CAPITALIZATION CONCLUSION					**8.50%**

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Direct Capitalization – Consideration of the Stabilized Year

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

STABILIZED YEAR STATEMENT OF OPERATIONS

Period	**2021/22**			
Projection Year	**4**			
Days Open	**365**			
Number of Rooms	**491**			
Occupied Rooms	**127,243**			
Occupancy Rate	**71.0%**			
Average Daily Room Rate (ADR)	**$175.72**			
Revenue Per Available Room (RevPAR)	**$124.76**			
DEPARTMENTAL REVENUES	**$**	**RATIO**	**$ PAR**	**$ POR**
Rooms	$22,359,140	62.5%	$45,538	$175.72
Food & Beverage	$10,596,090	29.6%	$21,581	$83.27
Parking	$2,309,373	6.5%	$4,703	$18.15
Other Income	$502,038	1.4%	$1,022	$3.95
Total Departmental Revenues	**$35,766,640**	**100.0%**	**$72,844**	**$281.09**
Rooms	$5,427,071	24.3%	$11,053	$42.65
Food & Beverage	$6,142,262	58.0%	$12,510	$48.27
Parking	$711,644	30.8%	$1,449	$5.59
Total Departmental Costs	**$12,280,977**	**34.3%**	**$25,012**	**$96.52**
DEPARTMENTAL INCOME	**$23,485,663**	**65.7%**	**$47,832**	**$184.57**
UNDISTRIBUTED OPERATING EXPENSES				
Administrative & General	$2,613,860	7.3%	$5,324	$20.54
Marketing	$3,412,670	9.5%	$6,950	$26.82
Royalty/Franchise Fees	$1,117,957	3.1%	$2,277	$8.79
Repairs & Maintenance	$1,823,623	5.1%	$3,714	$14.33
Utilities	$2,005,985	5.6%	$4,086	$15.76
Total Undist. Oper. Expenses	**$10,974,096**	**30.7%**	**$22,351**	**$86.25**
MANAGEMENT FEES				
Management Fee	$1,089,820	3.0%	$2,220	$8.56
Total Management Fees	**$1,089,820**	**3.0%**	**$2,220**	**$8.56**
HOUSE PROFIT	**$11,421,747**	**31.9%**	**$23,262**	**$89.76**
FIXED CHARGES				
Real Estate Taxes	$1,313,416	3.7%	$2,675	$10.32
Property Insurance	$210,605	0.6%	$429	$1.66
Reserves	$1,453,094	4.1%	$2,959	$11.42
Total Fixed Charges	**$2,977,115**	**8.3%**	**$6,063**	**$23.40**
NET OPERATING INCOME	**$8,444,632**	**23.6%**	**$17,199**	**$66.37**
OPERATING RATIOS				
Food & Beverage to Rooms	47.4%			
Parking to Rooms	10.3%			
Other Income to Rooms	2.2%			
Royalty/Franchise Fees to Rooms	5.0%			

To recap, we have considered all aspects of the subject property that would influence the overall rate. Our analysis suggests that a capitalization rate of 8.50% during this projection year represents reasonable investor criteria under market conditions anticipated to exist during the selected stabilized year of operations.

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

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DIRECT CAPITALIZATION METHOD			
PROSPECTIVE VALUE UPON STABILIZATION			
NET OPERATING INCOME			$8,444,632
SENSITIVITY ANALYSIS		**PER ROOM**	**VALUE**
Lowest Range	8.00%	$214,986	$105,557,902
Low Range	8.25%	$208,471	$102,359,177
Probable	**8.50%**	**$202,339**	**$99,348,613**
High Range	8.75%	$196,558	$96,510,081
Highest Range	9.00%	$191,098	$93,829,246
INDICATED PROSPECTIVE MARKET VALUE		**$202,339**	**$99,348,613**
INDICATED PROSPECTIVE MARKET VALUE (ROUNDED)		**$202,240**	**$99,300,000**

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

PRESENT VALUE CALCULATION		
	PER ROOM	**VALUE**
PROSPECTIVE VALUE UPON STABILIZATION	**$202,240**	**$99,300,000**
Stabilization Year		4
Resulting Holding Period		3
Spread over Primary Discount Rate		400 bps
Interim Discount Rate		14.75%
CALCULATION OF AS IS MARKET VALUE		
Year 1 Cash Flow		**$5,206,518**
Year 2 Cash Flow		**$5,884,366**
Year 3 Cash Flow		**$7,315,238**
Present Value of Interim Cash Flows at 14.75% IRR	**$28,203**	**$13,847,498**
Present Value of Stabilized Market Value at 14.75% IRR	**$133,847**	**$65,719,033**
SUBTOTAL	**$162,050**	**$79,566,532**
TOTAL CAPITAL DEDUCTION	($47,435)	($23,290,828)
INDICATED MARKET VALUE AS-IS	**$114,614**	**$56,275,704**
INDICATED MARKET VALUE AS-IS (ROUNDED)	**$114,664**	**$56,300,000**

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Test of Reasonableness

Based on the selected discount rate or overall property yield, we have performed an analysis that assumes a leverage structure whereby, based on an assumed market yield rate for a mortgage position in the subject hotel, a yield to the equity position can be tested for reasonableness. The following table illustrates that, based upon the assumed debt structure of the subject hotel's market value as concluded by the discounted cash flow method, an equity investor would yield roughly 19.00%over a ten-year holding period. Based upon a review of the previously described hotel investor surveys, and our continuous discussions with active hotel equity and debt investors, the derived equity yield rate over a ten year holding period appears to be reasonable, and provides further support for our selected overall yield rate of 10.75%.

INTERNAL RATE OF RETURN CALCULATIONS

YEAR	PERIOD		NOI	DEBT SERVICE	CASH FLOW TO EQUITY	DEBT COVERAGE RATIO	CASH-ON-CASH RETURN
Initial Investment (Prior to CapEx)			($81,400,000)	($52,910,000)	($28,490,000)	-	-
1	2018/19		$5,206,518	$3,351,342	$1,855,176	1.55	6.5%
2	2019/20		$5,884,366	$3,351,342	$2,533,024	1.76	8.9%
3	2020/21		$7,315,238	$3,351,342	$3,963,896	2.18	13.9%
4	2021/22	(Stabilized)	$8,444,632	$3,351,342	$5,093,290	2.52	17.9%
5	2022/23		$8,503,560	$3,351,342	$5,152,218	2.54	18.1%
6	2023/24		$8,561,715	$3,351,342	$5,210,374	2.55	18.3%
7	2024/25		$8,616,617	$3,351,342	$5,265,276	2.57	18.5%
8	2025/26		$8,670,187	$3,351,342	$5,318,845	2.59	18.7%
9	2026/27		$8,722,130	$3,351,342	$5,370,789	2.60	18.9%
10	2027/28		$110,217,021	$41,107,598	$69,109,423	-	-
IRR			**10.76%**	**3.94%**	**18.93%**		
IRR ROUNDED			**10.75%**	**4.00%**	**19.00%**		

NOTES **Year 10 NOI Column** = Year 10 NOI + Net Sale Procedes
Year 10 Debt Service Column = Year 10 Debt Service Payment + Mortgage Balance
Year 10 Cash Flow To Equity Column = Year 10 NOI to Equity + Net Sales Proceeds - Mortgage Balance

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RECONCILIATION OF INCOME APPROACH VALUES

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

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	DECEMBER 31, 2018
INCOME CAPITALIZATION APPROACH	
Discounted Cash Flow (DCF)	**$58,100,000**
DCF $/Room	$118,330/Room
Holding Period	10 Years
Terminal Capitalization Rate	8.75%
Internal Rate of Return	10.75%
Direct Capitalization	**$56,300,000**
Direct Capitalization $/Room	$114,664/Room
Net Operating Income	$5,206,518
NOI $/Room	$10,604/Room
Capitalization Rate	9.25%
INCOME CONCLUSION	**$58,100,000**
Income Conclusion $/Room	$118,330/Room

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

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INTRODUCTION

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

UNIT OF COMPARISON

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

COMPARABLE SELECTION

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

PRESENTATION

The following Sales Summation Table, Location Map and datasheets summarize the improved sales data. Following these items, the comparable sales are adjusted for applicable elements of comparison and the opinion of value by the Sales Comparison Approach is concluded.

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SALES COMPARABLE SUMMATION TABLE

Property Information | **Transaction Information**

No.	Property Name Address, City, State	Umbrella Co.	Orientation	Property Name	Address	City	ST	Part of Port-folio?	Rms	Yr. Built	Grantor	Grantee	Sale Date	Sale Price	$/Unit	OAR
S	Renaissance Cleveland Hotel - 24 Public Square Cleveland, OH	Renaissance	Full-Service	Renaissance Cleveland Hotel	24 Public Square	Cleveland	OH	-	491	1918	-	-	-	-	-	-
1	Hotel Indigo - 263 W Grandview Pky Traverse City, MI	Indigo	Select-Service	Hotel Indigo	263 W Grandview Pky	Traverse City	MI	No	107	2016	Hadidi Capital	Procaccianti Hotel REIT Inc	Aug-18	$26,050,000	$243,458	9.91%
2	Marriott Schaumburg - 50 N Martingale Rd Schaumburg, IL	Marriott	Full-Service	Marriott Schaumburg	50 N Martingale Rd	Schaumburg	IL	No	398	1984	Investcorp International, Inc.	ASA Properties/Middleton Partners	Jan-18	$35,500,000	$89,196	7.32%
3	The Hotel Minneapolis - 401 South Second Avenue Minneapolis, MN	Marriott	Full-Service	The Hotel Minneapolis	401 South Second Avenue	Minneapolis	MN	No	222	1906	Chesapeake Lodging Trust	KHP Capital Partners, L.P.	Nov-17	$46,000,000	$207,207	6.20%
4	AC Hotel Atlanta Downtown - 101 Andrew Young International Boulevard NW Atlanta, GA	AC Hotel by Marriott	Select-Service	AC Hotel Atlanta Downtown	101 Andrew Young International Boulevard NW	Atlanta	GA	No	255	1985	Peachtree Hotel Group	The Summit Group, Inc.	Jul-17	$57,500,000	$225,490	7.80%
5	Crowne Plaza Atlanta Perimeter at Ravina - 4355 Ashfrd Dunwoody Road NE Atlanta, GA	Crowne Plaza	Full-Service	Crowne Plaza Atlanta Perimeter at Ravina	4355 Ashfrd Dunwoody Road NE	Atlanta	GA	No	495	1986	Ashford Hospitality Trust, Inc.	Hospitality Properties Trust	Jun-17	$88,700,000	$179,192	5.60%
6	Dallas/Addison Marriott Quorum by the Galleria - 14901 Dallas Parkway Dallas, TX	Marriott	Full-Service	Dallas/Addison Marriott Quorum by the Galleria	14901 Dallas Parkway	Dallas	TX	No	547	1982	Wheellock Street Capital, LLC	Deason Capital Services, LLC	Jun-17	$81,000,000	$148,080	8.30%
7	Embassy Suites By Hilton Columbus Dublin - 5100 Upper Metro Place Dublin, OH	Embassy Suites	Full-Service	Embassy Suites By Hilton Columbus Dublin	5100 Upper Metro Place	Dublin	OH	Yes	284	2000	The Blackstone Group LP	American Hotel Income Properties	Jan-17	$46,690,000	$164,401	8.00%
8	Embassy Suites Cincinnati RiverCenter - 10 East Rivercenter Boulevard Covington, KY	Embassy Suites	Full-Service	Embassy Suites Cincinnati RiverCenter	10 East Rivercenter Boulevard	Covington	KY	Yes	227	1991	The Blackstone Group LP	American Hotel Income Properties	Jan-17	$41,890,000	$184,537	8.00%
9	Embassy Suites Hotel Cleveland Rockside - 5800 Rockside Woods Boulevard Independence , OH	Embassy Suites	Full-Service	Embassy Suites Hotel Cleveland Rockside	5800 Rockside Woods Boulevard	Independence	OH	Yes	271	2001	The Blackstone Group LP	American Hotel Income Properties	Jan-17	$35,420,000	$130,701	8.00%

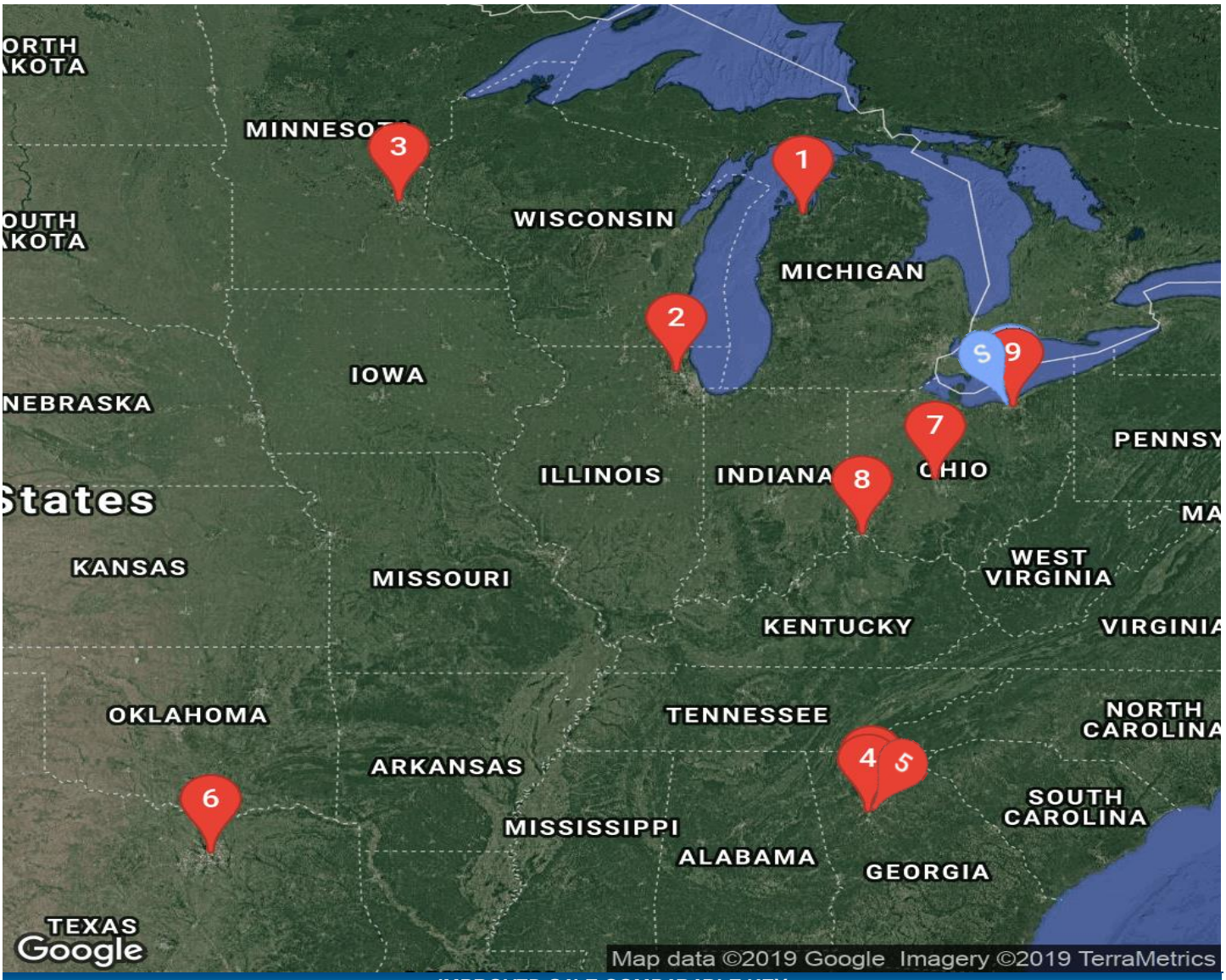
TRANSACTIONAL SUMMARY - IMPROVED SALES

Range Level	Sale Date	Sale Price	$/Unit	OAR
Low	Jan-17	$26,050,000	$89,196	5.60%
Average	Jul-17	$50,972,222	$174,696	7.68%
High	Aug-18	$88,700,000	$243,458	9.91%

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SALES LOCATION MAP

IMPROVED SALE MAP



IMPROVED SALE COMPARABLE KEY

COMP	DISTANCE	NAME	ADDRESS	SALE DATE	OAR	$/ROOM
SUBJECT	-	Renaissance Cleveland Hotel	24 Public Square, Cleveland, OH	-	-	$180,000
No. 1	300.4 Miles	Hotel Indigo	263 W Grandview Pky, Traverse City, MI	8/15/2018	9.91%	$243,458
No. 2	328.6 Miles	Marriott Schaumburg	50 N Martingale Rd, Schaumburg, IL	1/31/2018	7.32%	$89,196
No. 3	629.4 Miles	The Hotel Minneapolis	401 South Second Avenue, Minneapolis, MN	11/1/2017	6.20%	$207,207
No. 4	554.6 Miles	AC Hotel Atlanta Dow ntow n	101 Andrew Young International Boulevard NW, Atlanta, GA	7/1/2017	7.80%	$225,490
No. 5	543.1 Miles	Crow ne Plaza Atlanta Perimeter at Ravina	4355 Ashfrd Dunw oody Road NE, Atlanta, GA	6/1/2017	5.60%	$179,192
No. 6	1018.2 Miles	Dallas/Addison Marriott Quorum by the Galleria	14901 Dallas Parkw ay, Dallas, TX	6/1/2017	8.30%	$148,080
No. 7	140.0 Miles	Embassy Suites By Hilton Columbus Dublin	5100 Upper Metro Place, Dublin, OH	1/1/2017	8.00%	$164,401
No. 8	250.0 Miles	Embassy Suites Cincinnati RiverCenter	10 East Rivercenter Boulevard, Covington, KY	1/1/2017	8.00%	$184,537
No. 9	9.7 Miles	Embassy Suites Hotel Cleveland Rockside	5800 Rockside Woods Boulevard, Independence , OH	1/1/2017	8.00%	$130,701

IMPROVED SALE TRANSACTION NOTES

Improved Sale 1

Hotel Indigo was acquired by Procaccianti Hotel REIT Inc in August 2018 from Hadidi Capital for a total consideration of $26,050,000. This amounts to an acquisition price of $243,458 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale is reported to be approximately 9.91%. This sale, which is located at 263 W Grandview Pky in Traverse City, is a select-service hotel that features 107 guest units. This property was constructed in 2016. The hotel was affiliated with the Indigo brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 10.1%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject (demographic characteristics, market size, etc.) and that its age, quality and condition collectively is superior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale (access, visibility, parking, site shape, etc.) is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Improved Sale 2

Marriott Schaumburg was acquired by ASA Properties/Middleton Partners in January 2018 from Investcorp International, Inc. for a total consideration of $35,500,000. This amounts to an acquisition price of $89,196 per room. This sale involved a single-asset transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0% annual adjustment factor into the date of stabilization, has been increased by a total of about 11.7%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject and that its age, quality and condition collectively is similar. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. The overall capitalization rate at the time of sale is reported to be approximately 7.32%. This sale, which is located at 50 N Martingale Rd in Schaumburg, is a full-service hotel that features 398 guest units. This property was constructed in 1984. This sale involved a hotel that was affiliated with the Marriott brand at the time of transaction. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Improved Sale 3

The Hotel Minneapolis was acquired by KHP Capital Partners, L.P. in November 2017 from Chesapeake Lodging Trust for a total consideration of $46,000,000. This amounts to an acquisition price of $207,207 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale is reported to be approximately 6.20%. This sale, which is located at 401 South 2nd Avenue in Minneapolis, is a full-service hotel that features 222 guest units. This property was constructed in 1906. The hotel was affiliated with the Marriott brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0 annual adjustment factor into the date of stabilization, has been increased by a total of about 6.4%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject (demographic characteristics, market size, etc.)

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and that its age, quality and condition collectively is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale (access, visibility, parking, site shape, etc.) is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Improved Sale 4

AC Hotel Atlanta Downtown was acquired by The Summit Group, Inc. in July 2017 from Peachtree Hotel Group for a total consideration of $57,500,000. This amounts to an acquisition price of $225,490 per room. This sale involved a single-asset transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0 annual adjustment factor into the date of stabilization, has been increased by a total of about 7.4%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are superior relative to that of the subject and that its age, quality and condition collectively is similar. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. The overall capitalization rate at the time of sale is reported to be approximately 7.80%. This sale, which is located at 101 Andrew Young Internationa Boulevard NW in Atlanta, is a select-service hotel that features 255 guest units. This property was constructed in 1985. This sale involved a hotel that was affiliated with the AC Hotel by Marriott brand at the time of transaction. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally superior relative to the subject.

Improved Sale 5

Crowne Plaza Atlanta Perimeter at Ravinia was acquired by Hospitality Properties Trust in June 2017 from Ashford Hospitality Trust, Inc. for a total consideration of $88,700,000. This amounts to an acquisition price of $179,192 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale is reported to be approximately 5.60%. This sale, which is located at 4355 Ashford Dunwoody Road NE in Atlanta, is a full-service hotel that features 495 guest units. This property was constructed in 1986. The hotel was affiliated with the Crowne Plaza brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0 annual adjustment factor into the date of stabilization, has been increased by a total of about 7.5%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject and that its age, quality and condition collectively is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally similar relative to the subject.

Improved Sale 6

Dallas/Addison Marriott Quorum by the Galleri was acquired by Deason Capital Services, LLC in June 2017 from Wheelock Street Capital, LLC for a total consideration of $81,000,000. This amounts to an acquisition price of $148,080 per room. This sale involved a single-asset transaction. The overall capitalization rate at the time of sale is reported to be approximately 8.30%. This sale, which is located at 14901 Dallas Parkway in Dallas, is a full-service hotel that features 547 guest units. This property was constructed in 1982. This sale involved a hotel that was affiliated with the Marriott brand at the time of transaction. The interest conveyed was reported to be

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fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0 annual adjustment factor into the date of stabilization, has been increased by a total of about 7.6%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are inferior relative to that of the subject and that its age, quality and condition collectively is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally inferior relative to the subject.

Improved Sale 7

Embassy Suites By Hilton Columbus Dublin was acquired by American Hotel Income Properties REIT in January 2017 from The Blackstone Group LP for a total consideration of $46,690,000. This amounts to an acquisition price of $164,401 per room. This property sold as part of a portfolio; the price reportedly represents the market-oriented, arm's-length purchase price. The overall capitalization rate at the time of sale is reported to be approximately 8.00%. This sale, which is located at 5100 Upper Metro Place in Dublin, is a full-service hotel that features 284 guest units. This property was constructed in 2000. The hotel was affiliated with the Embassy Suites brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0 annual adjustment factor into the date of stabilization, has been increased by a total of about 8.8%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are inferior relative to that of the subject and that its age, quality and condition collectively is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally inferior relative to the subject.

Improved Sale 8

Embassy Suites Cincinnati RiverCenter was acquired by American Hotel Income Properties REIT in January 2017 from The Blackstone Group LP for a total consideration of $41,890,000. This amounts to an acquisition price of $184,537 per room. This property sold as part of a portfolio; the price reportedly represents the market-oriented, arm's-length purchase price. The overall capitalization rate at the time of sale is reported to be approximately 8.00%. This sale, which is located at 10 East Rivercenter Boulevard in Covington, is a full-service hotel that features 227 guest units. This property was constructed in 1991. This sale involved a hotel that was affiliated with the Embassy Suites brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0 annual adjustment factor into the date of stabilization, has been increased by a total of about 8.8%. Regarding property adjustments, it is our opinion that this particular sale had locational characteristics that are similar relative to that of the subject and that its age, quality and condition collectively is superior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it larger in size relative to the subject, thereby requiring an upward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally similar relative to the subject.

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Improved Sale 9

Embassy Suites Hotel Cleveland Rockside was acquired by American Hotel Income Properties REIT in January 2017 from The Blackstone Group LP for a total consideration of $35,420,000. This amounts to an acquisition price of $130,701 per room. This property sold as part of a portfolio; the price reportedly represents the market-oriented, arm's-length purchase price. The overall capitalization rate at the time of sale is reported to be approximately 8.00%. This sale, which is located at 5800 Rockside Woods Boulevard in Independence, is a full-service hotel that features 271 guest units. This property was constructed in 2001. The hotel was affiliated with the Embassy Suites brand at the time of transaction. The interest conveyed was reported to be fee simple and the conditions of sale are understood to be arms-length. Financing terms are reported to be market-oriented and market conditions, after accounting for a 3.0 annual adjustment factor into the date of stabilization, has been increased by a total of about 8.8%. When considering the property adjustments, it is our opinion that this particular sale had locational characteristics that are inferior relative to that of the subject and that its age, quality and condition collectively is inferior. Qualitative adjustments were applied to each of the sales for these factors, as appropriate. This property's guestroom inventory renders it smaller in size relative to the subject, thereby requiring a downward adjustment. Utility for this sale is understood to be similar, thereby warranting no adjustment. Other adjustments, if applicable, were also applied. After making all quantitative and qualitative adjustments, it is our opinion that this sale was generally inferior relative to the subject.

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OVERVIEW

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

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

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

ADJUSTMENT PROCESS

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

Transactional Adjustments

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

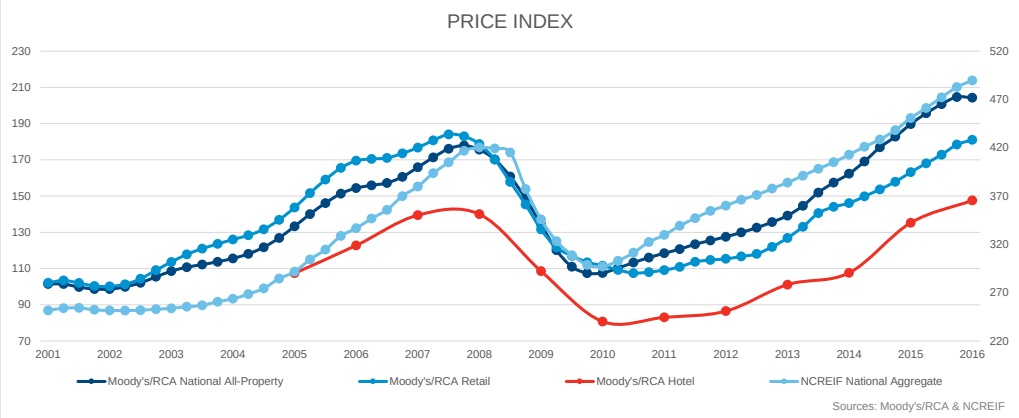
As discussed earlier, certain qualitative adjustments to the comparable sales were considered and made when warranted. The sequence for transactional adjustments is reviewed below:

Property Rights Transferred	The valuation of the subject property was completed on a Fee Simple basis. If warranted, leased fee, leasehold and/or partial interest sales were adjusted accordingly.
Conditions of Sale	This adjustment accounts for extraordinary motivation on the part of the buyer or seller often associated with distressed sales. Adjustments are applied as appropriate.
Financing Terms	The subject property was valued on a cash equivalent basis. Adjustments were made to the comparables involving financing terms atypical of the marketplace.
Market Conditions	The appraisers considered making an adjustment for market conditions (a time adjustment). The time adjustment is an average estimate between the date of transaction and the prospective date of value upon stabilization. We have considered local, regional and national trends for property price indexes, including the Moody's/RCA Commercial Property Price Index (CPPI) and National Council of Real Estate Investment Fiduciaries (NCREIF). CPPI is a periodic same price change index of U.S. commercial investment properties.

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The CPPI uses advanced repeat-sale regression analytics to measure price changes in U.S. commercial real estate. Similarly, NCREIF also compiles a property price index based on a large pool of individual commercial real estate properties. The NCREIF Property Price Index is a quarterly time series composite total rate of return measure of investment performance of said commercial real estate properties acquired in the private market for investment purposes only. We have compared these trends with the CPPI trendline for hotels.

The following graph displays the CPPI and NCREIF indexes between 2001 and 2016.



As indicated, the market has changed over the time period on a national scale for all commercial property, as well as for hotel properties. In addition, we note that market conditions have also changed as evidenced by the selected comparable sales. Accordingly, an annual adjustment factor of 3.0%% was applied to all sales.

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

TRANSACTIONAL ADJUSTMENTS

NO.	UNIT PRICE	PROPERTY RIGHTS CONVEYED	CONDITIONS OF SALE	FINANCING TERMS	MARKET CONDITIONS*	SUBTOTAL
1	$243,458	Fee Simple	Arms-Length	Market	Inferior	$268,134
2	$89,196	Fee Simple	Arms-Length	Market	Inferior	$99,672
3	$207,207	Fee Simple	Arms-Length	Market	Inferior	$233,093
4	$225,490	Fee Simple	Arms-Length	Market	Inferior	$255,938
5	$179,192	Fee Simple	Arms-Length	Market	Inferior	$203,830
6	$148,080	Fee Simple	Arms-Length	Market	Inferior	$168,441
7	$164,401	Fee Simple	Arms-Length	Market	Inferior	$189,045
8	$184,537	Fee Simple	Arms-Length	Market	Inferior	$212,199
9	$130,701	Fee Simple	Arms-Length	Market	Inferior	$150,293

*Market Conditions Adjustment Factor (annual): 3.0%
Date of Value for Sales Adjustment Purposes: December 31, 2021

Property Adjustments

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

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

PROPERTY ADJUSTMENTS

NO.	SUBTOTAL VALUE /ROOM	LOCATION	SIZE	AGE, QUALITY & CONDITION	UTILITY	OTHER	ADJUSTED UNIT PRICE
1	$268,134	Similar	Smaller	Superior	Similar	Similar	$174,287
2	$99,672	Similar	Smaller	Similar	Similar	Similar	$94,688
3	$233,093	Superior	Smaller	Similar	Similar	Similar	$186,474
4	$255,938	Superior	Smaller	Similar	Similar	Similar	$217,547
5	$203,830	Superior	Similar	Similar	Similar	Similar	$183,447
6	$168,441	Superior	Similar	Similar	Similar	Similar	$151,597
7	$189,045	Similar	Smaller	Similar	Similar	Similar	$170,141
8	$212,199	Similar	Smaller	Similar	Similar	Similar	$190,979
9	$150,293	Similar	Smaller	Similar	Similar	Similar	$135,264

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

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Conclusion

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

PERCENT ADJUSTMENT METHOD SUMMARY				
Unadjusted Unit Range		$89,196	to	$243,458
Adjusted Unit Range		$94,688	to	$217,547
Rounded Adjusted Unit Range		**$95,000**	**to**	**$218,000**
Indicated Value Per Unit				**$180,000**
Number of Units				491
Indicated Prospective Value				$88,380,000
Rounded to Nearest	**$100,000**			**$88,400,000**
Per Unit				**$180,041**

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

PRESENT VALUE CALCULATION		
	PER ROOM	**VALUE**
PROSPECTIVE STABILIZED MARKET VALUE	**$180,041**	**$88,400,000**
Stabilization Year		4
Resulting Holding Period		3
Spread over Primary Discount Rate		25 bps
Interim Discount Rate		14.75%
CALCULATION OF AS IS MARKET VALUE		
Year 1 Cash Flow		$5,206,518
Year 2 Cash Flow		$5,884,366
Year 3 Cash Flow		$7,315,238
Present Value of Interim Cash Flows at 14.75% IRR	$28,203	$13,847,498
Present Value of Stabilized Market Value at 14.75% IRR	$119,155	$58,505,161
SUBTOTAL	**$147,358**	**$72,352,660**
Less: Near-term capital commitment (NPV)	-$47,435	-$23,290,828
INDICATED MARKET VALUE AS IS	$99,922	$49,061,832
INDICATED MARKET VALUE AS-IS (ROUNDED)	**$100,000**	**$49,100,000**

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INTRODUCTION

We have opted to employ the ground lease approach to land value. Several hotels have been constructed on leased land over the past 50 years. The Hospitality and Leisure Group of Colliers International maintains a database of hotel land leases. The following chart details land leases for hotels that are similar in terms of size, location, and nature to the subject property. As such, we have relied on these leases to forecast the economic ground rent for the subject.

Comparable Ground Leases

	Stabilized Deflated							
	Total Revenue	Room Revenue	Food Revenue	Beverage Revenue	Other Income	Sub Rents	Total Rent	% of Total Revenue
Subject Property	**$29,810,676**	**$18,348,192**	**$8,993,108**	**$0**	**$2,469,377**	**$0**		
Hotel 1								
Ground Lease	3.50%							
Applied to the Subject	$1,043,374						**$1,043,374**	**3.50%**
Hotel 2								
Ground Lease	2.00%							
Applied to the Subject	$596,214						**$596,214**	**2.00%**
						Total	**$0**	**0.00%**
Hotel 3								
Ground Lease		5.00%		2.00%				
Applied to the Subject		$917,410		$0			**$917,410**	**3.08%**
Hotel 3								
Ground Lease								
Tier 1 = $0 - $300		5.00%		2.00%				
Applied to the Subject		$15		$0			$15	
Tier 2 = $300 - $500		5.00%		3.00%				
Applied to the Subject		$10		$0			$10	
Tier 3 = $500 +		5.00%		4.00%				
Applied to the Subject		$54,885		($20)			$54,865	
Tier 4 = $0 +								
Applied to the Subject							$0	
						Total	**$54,890**	**0.18%**
Hotel 4								
Ground Lease	5.00%							
Applied to the Subject	$1,490,534						**$1,490,534**	**5.00%**
Hotel 5								
Ground Lease		6.25%	2.50%	2.50%	2.00%			
Applied to the Subject		$1,146,762	$224,828	$0	$49,388		**$1,420,977**	**4.77%**
Hotel 6								
Ground Lease	5.00%							
Applied to the Subject	$1,490,534						**$1,490,534**	**5.00%**
Hotel 7								
Ground Lease	3.00%							
Applied to the Subject	$894,320						**$894,320**	**3.00%**
Hotel 8								
Ground Lease		6.00%	3.00%	3.00%	5.00%			
Applied to the Subject		$1,100,891	$269,793	$0	$123,469		**$1,494,154**	**5.01%**
Hotel 9								
Ground Lease		7.00%	1.00%	5.00%	7.00%			
Applied to the Subject		$1,284,373	$89,931	$0	$172,856		**$1,547,161**	**5.19%**
Hotel 10								
Ground Lease		7.00%	4.00%	4.00%	3.00%			
Applied to the Subject		$1,284,373	$359,724	$0	$74,081		**$1,718,179**	**5.76%**

As shown, the comparable ground rent formulae, when applied to the subject's forecasted revenues show an economic rental percentage generally ranging from 2.0% to 7.0% of total revenue. Based on the subject site's location and income-producing characteristics of the existing property, we have utilized an economic ground rent of 2.00%**%** of total revenues.

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Economic Ground Rent Calculation

Based on the revenue projections set forth for the subject property as part of this appraisal, the following chart shows how the economic ground rent has been calculated based on deflated, stabilized total revenues.

Economic Ground Rent	
Stabilized Total Revenue	$29,810,676
Economic Rentalpercentage	2.00%
Economic Ground Rent	$596,214

Land Capitalization

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 ground leases where rent is tied to revenue, the landlord is also protected from the adverse effects of inflation.

While few surveys of hotel land capitalization rates exist, several surveys speak to overall capitalization rates for hotels. However, downward adjustments would need to be applied to the improved hotel cap rate indications, as cap rates for land should be lower than cap rates for improved properties, as land does not depreciate. Further, we have specifically analyzed Realty Rates Investor Survey (4Q 2018), which indicates a range of land cap rates for lodging facilities from 3.15% to 16.47%, with an average of 7.93%.

Based on the aforementioned risk factors, the current cost of long-term capital and the characteristics of the subject and its competitive market, it is our opinion that an appropriate risk-adjusted land only overall capitalization rate of 7.50% is appropriate.

Applying the indicated capitalization rate to the subject property's economic ground rent results in the following estimate of land value.

Land Value Calculation				
Economic Ground Rent / Capitalization Rate	=	$596,214 / 7.50%	=	$7,949,514
Estimated Land Value (Rounded)				**$7,900,000**
Per Room:				$16,089.61
Percent of Market Value:				16.5%
Per Square Foot of Building Area:				$21.85
Per Square Foot of Land Area:				$129.54

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INTRODUCTION

As indicated previously, elements of the Cost Approach are utilized to provide an opinion of Residual Value. Residual Value is discussed in IAS 16, *Property, Plant, and Equipment*. We have referenced information from IFRS.org, that states the following:

"*IAS 16 establishes principles for recognising property, plant and equipment as assets, measuring their carrying amounts, and measuring the depreciation charges and impairment losses to be recognised in relation to them…"*

Further, the following discusses the relationship between residual value and this standard:

"Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life. Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately…"

In order to arrive at the residual value, we have valued the property using the Cost Approach. This includes estimating the current cost to construct a reproduction of (or replacement for) the existing structure, including an entrepreneurial incentive or profit; deducting depreciation from the total cost; and adding the estimated land value.

Residual Value - Depreciation Discussion

The main factor in determining the Residual Value is the application of depreciation. As the Residual Value is the value of the subject at the end of its useful life, this indicates that the subject would be fully depreciated. However, 100% depreciation is rarely appropriate, as there will still be contributory value to long-lived components, such as frame and foundations, etc.

In order to quantify the appropriate depreciation, tables from Marshall & Swift Valuation Service as referenced. Specifically, the tables in Section 97 show maximum depreciation at 80%. **For this reason, we have utilized 80.0% depreciation for all improvement types in the following analysis.**

REPLACEMENT COST ANALYSIS

The following cost approach to value was developed based on replacement cost analysis. Replacement Cost is defined as: The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout.[2]

Replacement cost includes both direct and indirect costs. Direct costs are expenditures for labor and materials used in the construction of improvements (also known as hard costs). Indirect costs are expenditures for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract (also known as soft costs). Indirect costs often include real property taxes during construction, professional fees, permanent financing fees, leasing commissions, working capital, marketing costs and contingency.

Replacement Cost New (Building)

This section calculates the replacement cost new of the subject building improvements by estimating total direct and indirect costs to which an entrepreneurial profit incentive is applied. One source was selected to support direct and indirect costs: Marshall Valuation Service. This selection is appropriate considering the scope and intended use of the appraisal, and given that the subject improvements are over five years old.

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

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Marshall Valuation Service

Marshall Valuation Service is a comprehensive appraisal guide widely used throughout the United States for developing replacement costs and depreciated values of buildings and other improvements, and is largely considered the authority on building costs.

The table on the following page outlines the process we applied for developing replacement cost new of the subject building improvements with Marshall Valuation Service. First, the subject components were researched to identify the applicable base building costs per square foot. Next, the base building costs were adjusted for square foot refinements, height and size refinements, and current and local cost multipliers to determine an estimate of direct costs. After determining direct costs using Marshall Valuation Service, we then analyzed market evidence to estimate indirect costs. Finally, an appropriate developer's profit was applied to provide an indication of the replacement cost new.

REPLACEMENT COST NEW (BUILDING)

MARSHALL VALUATION SERVICE DIRECT COST		
Number of Buildings	1	
Gross Building Area	873,000 SF	**1**
MVS Building Type		Hotel
Number of Stories		15
MVS Section/Page/Class		11/25/A
MVS Publication Date		Dec-18
Quality Rating		Good/Excellent
Component SF (Gross)		873,000
Base Cost (Per SF)		**$235.00**
SQUARE FOOT REFINEMENTS		
Heating and Cooling		$2.75
Fire Sprinklers		$2.25
Elevators		$0.00
Subtotal		**$240.00**
HEIGHT & SIZE REFINEMENTS		
Number of Stories Multiplier		1.030
Height Per Story Multiplier		1.000
Area/Perimeter Multiplier		0.946
Subtotal		**$233.73**
COST MULTIPLIERS		
Current Cost Multiplier		1.00
Local Multiplier		1.04
DIRECT COSTS PER SF		**$243.08**
Indirect Cost (% of Direct)[1]	10%	10%
INDIRECT COST PER SF		$24.31
DIRECT & INDIRECT TOTAL PER SF		**$267.38**
CALCULATION OF REPLACEMENT COST NEW WITH PROFIT		
Component SF (Gross)		873,000
Direct & Indirect Total		$233,426,559
ENTREPRENEURIAL PROFIT %[1]	5%	5%
Entrepreneurial Profit $		$11,671,328
FINAL TOTAL REPLACEMENT COST NEW		**$245,097,887**

[1]Colliers International Estimate

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Based on our research, indirect costs are typically 10% to 25% of direct cost for this type of development in the marketplace. Considering the size and project characteristics, we have estimated indirect costs at 10% of direct costs.

Entrepreneurial profit and overhead compensates the developer for project risk and management. It is unlikely that a developer would proceed with a development unless adequate profit is available to justify the effort. Based on anecdotal evidence provided by developers of similar Luxury Hotel projects, profit is typically based on a percentage of replacement cost, generally 5% to 25%, depending upon project size, location, marketability and risk. An entrepreneurial profit and overhead allocation of 5% was used in this analysis.

The replacement cost new as developed with Marshall Valuation Service is summarized in the following table.

REPLACEMENT COST NEW SUMMARY (BUILDING)

MARSHALL VALUATION SERVICE			
Direct & Indirect Costs		$233,426,559	$267.38/SF
Entrepreneurial Profit	@5%	$11,671,328	$13.37/SF
TOTAL REPLACEMENT COST NEW (RCN)		**$245,097,887**	**$280.75/SF**

Building Replacement Cost New Conclusion (Building)

The following table summarizes the indicators that were used to estimate the replace cost new of the subject building improvements and the reconciled conclusion.

REPLACEMENT COST NEW ESTIMATES CONCLUSION (BUILDING)

APPROACH	TOTAL	$/ROOM	$/SF
Marshall Valuation Service Cost Estimate	$245,097,887	$499,181	$281
CONCLUDED REPLACEMENT COST NEW (BUILDING)	$245,097,887	$499,181	$281

The analysis supports a range for replacement cost new of the building improvements of $280.75/SF. Primary weight was placed on the Marshall Valuation Services cost estimate in the reconciled conclusion of $281.

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Depreciation Analysis (Building)

The following table details the depreciation estimate developed for the subject building improvements.

DEPRECIATION ANALYSIS (BUILDING)

	1
Component Description	Hotel
TOTAL REPLACEMENT COST NEW	**$245,097,887**
LESS: Physical Curable	$0
LESS: Functional Curable	$0
LESS: Functional Incurable	$0
Subtotal Adjusted Replacement Cost New	$245,097,887
Age/Life Analysis	
Economic Life	100
Effective Age	80
Remaining Economic Life	20
Percent Depreciated	80.0%
LESS: Age/Life Depreciation	($196,078,309)
Adjusted Replacement Cost New	$49,019,577
LESS: Economic Obsolescence (External) 0%	$0
Depreciated Replacement Cost New (Building)	**$49,019,577**

Our analysis of depreciation reflects physical and functional curable prior to consideration of physical and functional incurable items, which are treated as components of the age-life analysis. If applicable, economic obsolescence was independently estimated and deducted. For this analysis it is assumed that economic obsolescence was allocated solely to the improvements. The depreciation analysis for the subject building improvements is summarized in the following table.

DEPRECIATION ANALYSIS SUMMARY (BUILDING)

APPROACH	TOTAL	$/UNIT	$/SF
TOTAL REPLACEMENT COST NEW	**$245,097,887**	**$499,181**	**$281**
LESS: Physical Curable	$0	$0	$0
LESS: Functional Curable	$0	$0	$0
LESS: Functional Incurable	$0	$0	$0
LESS: Age/Life Depreciation	($196,078,309)	($399,345)	-$225
LESS: Economic Obsolescence (External)	$0	$0	$0
Depreciated Replacement Cost New (Building)	**$49,019,577**	**$99,836**	**$56**

Site Improvements Replacement Cost

The replacement cost new of the subject site improvements is presented in the following table.

SITE IMPROVEMENTS REPLACEMENT COST NEW

ITEM	UNITS	AREA	RCN	TOTAL RCN	INDIRECT 10%	ADJUSTED RCN	PROFIT 5%	TOTAL RCN
Site Improvements	SF	35,779	$5.00	$178,895	$17,890	$196,785	$9,839	$206,624

The site improvements area was calculated based on the subject useable land area less the footprint of the building, or 35,779 SF. The replacement cost new was estimated at $5.00/SF with support from Marshall Valuation Service. Allocations for indirect costs of 10% and profit of 5% were carried forward from the conclusions made within the analysis of building improvements.

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The following table shows the estimated depreciation and the resulting depreciated replacement cost for the subject site improvements.

SITE IMPROVEMENTS DEPRECIATION

ITEM	RCN	PHYS CURABLE	FUNCT CURABLE	ADJ TOTAL	ECON LIFE	EFF AGE	DEPREC %	AGE/LIFE DEPREC	ADJ TOTAL	ECON OBS 0%	DEPREC COST
Site Improvements	$206,624	$0	$0	$206,624	15	12	80%	($165,299)	$41,325	$0	$41,325

Depreciation for physical and functional curable was noted in the schedule above. If applicable, economic obsolescence is independently estimated and deducted.

Furniture, Fixtures and Equipment

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

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

FF&E Cost New by Property Type

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

Source: HVS Development Cost Survey

Part of the reason hotel assets command higher returns relative to other asset classes is the fact that a sizable portion of the asset's overall value is comprised by furniture, fixtures and equipment. Based on our review of the subject, we have concluded that the value of the FF&E as new is approximately $37,500 per unit, or a total replacement cost of $18,412,500. As indicated previously, we have utilized 80.0% depreciation in this analysis.

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RESIDUAL VALUE CONCLUSION

The Residual Value analysis and conclusion are presented in the following table.

RESIDUAL VALUE CONCLUSION			
IMPROVEMENTS (BUILDING)			
Direct & Indirect Costs			$233,426,559
PLUS: Entrepreneurial Profit			$11,671,328
LESS: Total Depreciation (80% Depreciation)			($196,078,309)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (BUILDING)			$49,019,577
IMPROVEMENTS (SITE)			
Direct & Indirect Costs			$196,785
PLUS: Entrepreneurial Profit			$9,839
LESS: Total Depreciation (80% Depreciation)			($165,299)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS (SITE)			$41,325
SUMMARY (ALL IMPROVEMENTS)			
Adjusted Costs/Cost New			$233,623,343
PLUS: Total Entrepreneurial Profit			$11,681,167
TOTAL REPLACEMENT COST NEW			$245,304,511
LESS: Total Depreciation			($196,243,608)
TOTAL DEPRECIATED VALUE OF IMPROVEMENTS			$49,060,902
PLUS: Land Value (Primary Site)			$7,900,000
PLUS: Depreciated Value of FF&E (80% Depreciation)			$3,682,500
RESIDUAL VALUE	**$123,422/Room**	**$69/SF**	**$60,600,000**
			Rounded to nearest $100,000

INTRODUCTION

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

As addressed earlier in this report, the cost approach has limited reliability in the valuation of existing hotels. We find there is considerable difficulty in accurately quantifying physical deterioration, and it is our experience that experienced purchasers of complex hotel properties are more concerned with the economics of the investment. Hence, we have not placed any emphasis on the Cost Approach for the market value conclusion, but have utilized it to determine Residual Value.

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

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

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

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PRESENTATION OF VALUE CONCLUSIONS

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

ANALYSIS OF VALUE CONCLUSIONS

VALUATION INDICES	AS-IS MARKET VALUE
INTEREST APPRAISED	FEE SIMPLE
DATE OF VALUE	DECEMBER 31, 2018
Sales Comparison Approach	$49,100,000
Income Approach	$58,100,000
FINAL VALUE CONCLUSION	**$58,100,000**
$/Room	$118,330/Room
Exposure Time	12 Months or Less
Marketing Period	12 Months or Less
OTHER CONCLUSIONS	**AS OF DECEMBER 31, 2018**
Residual Value	$60,600,000

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CONTRIBUTORY VALUE OF THE FURNITURE, FIXTURES AND EQUIPMENT

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

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

FF&E Cost New by Property Type

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

Source: HVS Development Cost Survey

Part of the reason hotel assets command higher returns relative to other asset classes is the fact that a sizable portion of the asset's overall value is comprised by furniture, fixtures and equipment. Based on our review of the subject, we have concluded that the value of the FF&E as new is approximately $37,500 per unit, or a total replacement cost of $18,412,500. Although hotel FF&E typically have a useful life of five to ten years, depreciation of these assets occurs at a much faster rate than straight-line and depreciate immediately upon being placed into service. As illustrated in the following table, we conclude that the contributory value of the subject's FF&E is considerably depreciated relative to its installation cost and has an effective age of 6.0 years with an economic life of 7.0 years. Such velocity in the depreciation of this component, along with the human labor required to maintain not only the FF&E but most public areas of the property, causes prudent investors to require higher rates of return.

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

FF&E: VALUE AND DEPRECIATION

VALUATION INDICES	AS-IS MARKET VALUE
Replacement Cost New	$18,412,500
Per Room	$37,500
Elapsed Time (years)	6.0
Effective Age (years)	6.0
Useful Life (years)	10.0
Percent Depreciated	60.0%
Estimated Value	$7,370,000

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

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

Going Concern Overview

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

Definition

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

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

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

Accounting

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

The going concern principle allows the company to defer some of its prepaid expenses until future accounting periods. The going concern assumption is a fundamental principle in the preparation of financial statements. Under the going concern assumption, an entity is ordinarily viewed as continuing in business for the foreseeable future with neither the intention nor the necessity of liquidation, ceasing trading or seeking protection from creditors pursuant to laws or regulations. Accordingly, unless the going concern assumption is inappropriate in the circumstances of the entity, assets and liabilities are recorded on the basis that the entity will be able to realize its assets, discharge its liabilities, and obtain refinancing (if necessary) in the normal course of business.

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

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

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

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

Assumption

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

Auditing

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

Responsibilities

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

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

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

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

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

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

Procedures

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

- Analytical procedures
- Review of subsequent events
- Review of compliance with the terms of debt and loan agreements
- Reading of minutes of meetings of stockholders, board of directors, and important committees of the board
- Inquiry of an entity's legal counsel about litigation, claims, and assessments
- Confirmation with related and third parties of the details of arrangements to provide or maintain financial support

Conditions and Events

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

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

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

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

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

Management's Plans

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

Plans to dispose of assets

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

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

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

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

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

Financial Statement Effects

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

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

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

Use in Risk Management

If a public company and a private company reports that its auditors have doubts about its ability to continue as a going concern, investors may take that as a sign of increased risk, although an emphasis of matter paragraph in an audit report does not necessarily indicate that a company is on the verge of insolvency. Despite this, some fund managers may be required to sell the stock to maintain an appropriate level of risk in their portfolios. A negative judgment may also result in the breach of bank loan covenants or lead a debt rating firm to lower the rating on the company's debt, making the cost of existing debt increase and/or preventing the company from obtaining additional debt financing. Because of such responses to expressed concerns by auditors, in the 1970s, the American Institute of Certified Public Accountants' Cohen commission concluded that an auditor's expression of uncertainty about the entity's ability to continue as a going concern "tends to be a self-fulfilling prophecy. The auditor's expression of uncertainty about the company's ability to continue may contribute to making its failure a certainty." Businesses should also communicate with business advisors as well as their auditors in the time of trouble. Communication can let advisors and auditors help when needed. They can help business review their internal risk management along with other internal controls.

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Applicability to Hotels

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

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

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

We note the following:

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

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

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VALUE COMPONENTS AND APPROACHES TO VALUE APPLIED

The acquired value components of real estate typically include tangible assets and intangible assets. In the following paragraphs, the applicable tangible and intangible assets are discussed.

Tangible Assets
Tangible assets that may exist in the acquisition of a business combination include:

- Land
- Building Improvements
- Site Improvements
- Tenant Improvements
- Personal Property (Furniture, Fixtures and Equipment)

The tangible assets applicable to the subject property include land, site improvements, building improvement, and furniture, fixtures, and equipment

Intangible Assets
Intangible assets that may exist in the acquisition of a business combination include:

- Service Contracts
- Favorable Purchase Contracts
- Trade Names
- Management Agreement
- Franchise Agreement
- Advance Bookings
- (Above) Below Market Debt

Client management did not identify any intangibles related to service contracts, favorable purchase contracts, trade names, management agreement, franchise agreement, advanced bookings, or (above) below market debt for our analysis.

Tangible or Real Property Assets (IAS 16, Property, Plant and Equipment)
Tangible assets include land, building improvements, site improvements, tenant improvements and, if applicable, personal property comprising furniture, fixtures and equipment (FF&E). Under IAS 16, generally tangible assets are measured at cost, unless the tangible asset is acquired in exchange for another asset (whether similar or dissimilar) in which the cost should be measured at Fair Value (IFRS 3 and 13). Tangible assets are depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.

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Depreciation and Asset Lives

Asset lives provided by Colliers International Valuation & Advisory Services are suggestions for Client implementation. As such, we do not opine on asset lives for any of the assets.

The as vacant value represents the tangible asset value associated with the real property asset categories including: Land, Site Improvements, Building and FF&E (if applicable). In the following section, we show the asset and the theory behind the estimation of a remaining useful life.

Tangible Asset Remaining Life

Land:	Perpetuity
Building:	Based upon the effective age of the building compared to its overall expected useful life
Site Improvements and FF&E:	Based upon weighted average effective age and expected lives of the site improvements

ALLOCATION OF PROPERTY COMPONENTS

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

ALLOCATION OF PROPERTY COMPONENTS	
Land	$7,900,000
Real Property - Hotel	$40,190,000
Real Property - Retail	$2,640,000
Furniture, Fixtures and Equipment	$7,370,000
Business	$0
TOTAL	**$58,100,000**

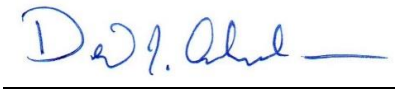
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We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions of the signer are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- The signer of this report have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- David Abraham, MAI, SRA has performed no services, as an appraiser or in any other capacity regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
- The signer are not biased with respect to the property that is the subject of this report or to the parties involved with this assignment.
- The engagement in this assignment was not contingent upon developing or reporting predetermined results.
- The compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- The reported analysis, opinions, and conclusions were developed, and this report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice* and the *Code of Professional Ethics and Standards of Professional Appraisal* Practice of the Appraisal Institute.
- David Abraham, MAI, SRA inspected the property that is the subject of this report.
- Ryan Korth, MAI and Brian Biggs, CPA, MAI provided significant real property appraisal assistance to appraiser signing this certification.

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

As of the date of this report David Abraham, MAI, SRA completed the continuing education program for Designated Members of the Appraisal Institute.



March 28, 2019
Date

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

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

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

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

› An on-site inspection of the subject property was conducted. No evidence of asbestos materials on-site was noted. A Phase 1 Environmental Assessment was not provided for this analysis. This analysis assumes that no asbestos or other hazardous materials are stored or found in or on the subject property. If evidence of hazardous materials of any kind occurs, the reader should seek qualified professional assistance. If hazardous materials are discovered and if future market conditions indicate an impact on value and increased perceived risk, a revision of the concluded values may be necessary.

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

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

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STR
Engagement Letter
Valuation Glossary
Qualifications of Appraiser
Hospitality and Leisure Specialty Practice Brochure

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STR # 10328 / Created November 19, 2018

Monthly STAR Report : Renaissance Cleveland Hotel

For the Month of: October 2018

Currency: US Dollar / Competitive Set Data Excludes Subject Property

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

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

October 2018

	Occupancy (%)			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	59.0	72.9	80.9	150.56	156.87	96.0	88.83	114.38	77.7
Year To Date	57.6	70.0	82.3	147.73	147.98	99.8	85.13	103.58	82.2
Running 3 Month	58.8	77.9	75.5	151.19	154.52	97.8	88.96	120.38	73.9
Running 12 Month	56.1	67.0	83.8	146.17	144.61	101.1	82.02	96.82	84.7

October 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	-8.6	1.0	-9.5	-9.7	1.7	-11.2	-17.4	2.8	-19.7
Year To Date	-8.9	2.3	-10.9	-0.8	6.4	-6.8	-9.7	8.9	-17.0
Running 3 Month	-12.9	3.3	-15.6	-4.8	6.3	-10.5	-17.1	9.8	-24.5
Running 12 Month	-6.9	2.1	-8.8	-2.6	4.5	-6.8	-9.3	6.7	-15.0

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

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

Occupancy (%)

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Renaissance Cleveland Hotel	59.0	-8.6	57.6	-8.9	58.8	-12.9	56.1	-6.9
Market: Cleveland, OH	67.2	5.4	64.8	5.1	71.1	7.1	62.3	4.7
Market Class: Upper Upscale Class	72.7	5.8	68.3	4.5	75.2	6.6	65.6	4.7
Submarket: Cleveland CBD/Independence, O	73.0	6.2	69.2	4.4	75.6	5.1	66.5	4.5
Submarket Scale: Upscale Chains	73.7	5.5	70.1	4.0	76.6	4.4	67.5	4.5
Competitive Set: Competitors	72.9	1.0	70.0	2.3	77.9	3.3	67.0	2.1

Supply

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Renaissance Cleveland Hotel	0.0	0.0	0.0	0.0
Market: Cleveland, OH	1.0	0.6	0.7	0.8
Market Class: Upper Upscale Class	0.0	0.0	0.0	0.0
Submarket: Cleveland CBD/Independence, O	-0.8	-0.2	-0.8	-0.1
Submarket Scale: Upscale Chains	0.0	0.0	0.0	0.0
Competitive Set: Competitors	0.0	0.0	0.0	0.0

Average Daily Rate

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Renaissance Cleveland Hotel	150.56	-9.7	147.73	-0.8	151.19	-4.8	146.17	-2.6
Market: Cleveland, OH	111.66	0.4	108.14	1.8	112.03	2.5	106.66	1.0
Market Class: Upper Upscale Class	154.34	-2.9	147.80	2.8	152.72	1.2	145.32	1.5
Submarket: Cleveland CBD/Independence, O	143.96	0.4	137.52	5.5	143.96	5.3	134.84	3.8
Submarket Scale: Upscale Chains	156.09	0.3	149.17	6.1	155.08	5.3	146.01	4.2
Competitive Set: Competitors	156.87	1.7	147.98	6.4	154.52	6.3	144.61	4.5

Demand

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Renaissance Cleveland Hotel	-8.6	-8.9	-12.9	-6.9
Market: Cleveland, OH	6.5	5.7	7.9	5.5
Market Class: Upper Upscale Class	5.8	4.5	6.6	4.7
Submarket: Cleveland CBD/Independence, O	5.3	4.2	4.2	4.4
Submarket Scale: Upscale Chains	5.5	4.0	4.4	4.5
Competitive Set: Competitors	1.0	2.3	3.3	2.1

RevPAR

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Renaissance Cleveland Hotel	88.83	-17.4	85.13	-9.7	88.96	-17.1	82.02	-9.3
Market: Cleveland, OH	75.00	5.8	70.07	7.0	79.60	9.8	66.44	5.7
Market Class: Upper Upscale Class	112.25	2.8	100.93	7.4	114.86	7.9	95.37	6.3
Submarket: Cleveland CBD/Independence, O	105.13	6.6	95.22	10.2	108.79	10.6	89.64	8.5
Submarket Scale: Upscale Chains	115.07	5.8	104.51	10.3	118.73	9.9	98.55	8.8
Competitive Set: Competitors	114.38	2.8	103.58	8.9	120.38	9.8	96.82	6.7

Revenue

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Renaissance Cleveland Hotel	-17.4	-9.7	-17.1	-9.3
Market: Cleveland, OH	6.9	7.6	10.6	6.6
Market Class: Upper Upscale Class	2.8	7.4	7.9	6.3
Submarket: Cleveland CBD/Independence, O	5.8	10.0	9.7	8.4
Submarket Scale: Upscale Chains	5.8	10.3	9.9	8.8
Competitive Set: Competitors	2.8	8.9	9.8	6.7

Census/Sample - Properties & Rooms

	Census		Sample		Sample %
	Properties	Rooms	Properties	Rooms	Rooms
Market: Cleveland, OH	208	24497	165	22200	90.6
Market Class: Upper Upscale Class	15	4170	14	4113	98.6
Submarket: Cleveland CBD/Independence, O	36	7103	33	6859	96.6
Submarket Scale: Upscale Chains	21	5204	21	5204	100.0
Competitive Set: Competitors	5	1761	5	1761	100.0

Pipeline

Market: Cleveland, OH

Under Construction		Planning	
Properties	Rooms	Properties	Rooms
5	568	13	1188

See Help page for pipeline definitions.

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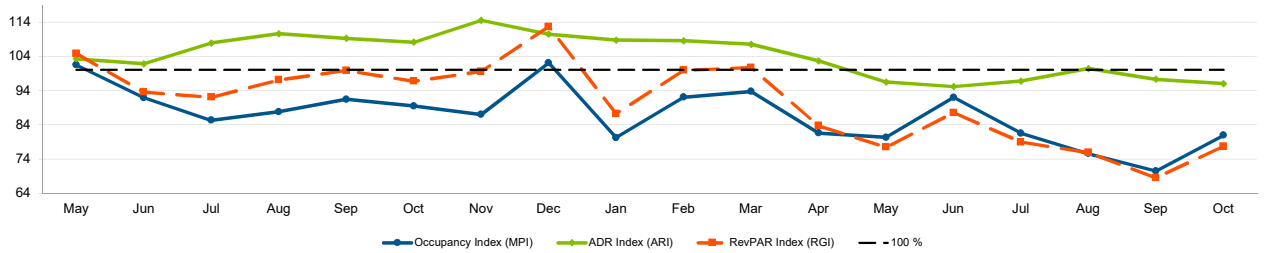
Tab 4 - Competitive Set Report

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

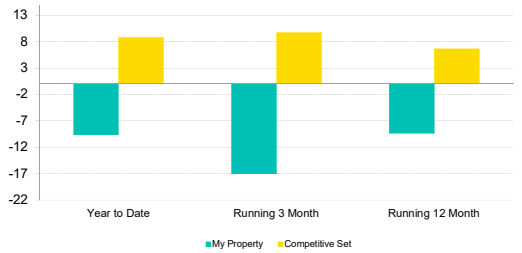
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

Monthly Indexes



RevPAR Percent Change



Occupancy (%)	2017								2018										Year To Date			Running 3 Month			Running 12 Month		
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property	69.3	64.9	63.7	67.8	70.4	64.6	49.8	47.4	39.6	50.7	62.2	58.2	59.4	69.3	60.1	60.8	56.7	59.0	67.4	63.3	57.6	71.6	67.5	58.8	63.8	60.3	56.1
Competitive Set	68.3	70.6	74.6	77.2	77.0	72.2	57.3	46.5	49.3	55.1	66.4	71.4	74.0	75.4	73.7	80.4	80.5	72.9	71.6	68.4	70.0	77.8	75.4	77.9	68.2	65.6	67.0
Index (MPI)	101.5	91.9	85.3	87.8	91.4	89.4	87.0	102.0	80.2	92.0	93.7	81.5	80.3	92.0	81.5	75.6	70.4	80.9	94.2	92.4	82.3	92.0	89.5	75.5	93.5	91.9	83.8
Rank	4 of 6	5 of 6	5 of 6	5 of 6	5 of 6	6 of 6	5 of 6	3 of 6	5 of 6	5 of 6	5 of 6	6 of 6	6 of 6	5 of 6	6 of 6	6 of 6	6 of 6	6 of 6	6 of 6	5 of 6	6 of 6	6 of 6	5 of 6	6 of 6	6 of 6	6 of 6	5 of 6	6 of 6
% Chg																											
My Property	-15.6	-14.1	-12.7	-5.0	-9.8	-1.5	-2.5	18.9	-15.4	-20.1	4.6	-7.1	-14.3	6.9	-5.6	-10.4	-19.4	-8.6	4.8	-6.1	-8.9	-1.3	-5.6	-12.9	2.2	-5.5	-6.9
Competitive Set	-6.6	-8.5	5.1	-2.1	-4.1	-2.7	-6.1	11.1	-5.9	-2.8	-1.2	6.0	8.3	6.8	-1.3	4.1	4.5	1.0	1.7	-4.4	2.3	-0.8	-3.0	3.3	1.5	-3.9	2.1
Index (MPI)	-9.6	-6.1	-17.0	-3.0	-5.9	1.3	3.9	7.0	-10.1	-17.8	5.8	-12.3	-20.9	0.1	-4.4	-13.9	-22.9	-9.5	3.1	-1.8	-10.9	-0.5	-2.7	-15.6	0.7	-1.7	-8.8
Rank	6 of 6	4 of 6	5 of 6	4 of 6	5 of 6	4 of 6	3 of 6	2 of 6	5 of 6	5 of 6	3 of 6	6 of 6	6 of 6	4 of 6	4 of 6	6 of 6	6 of 6	5 of 6	3 of 6	4 of 6	5 of 6	4 of 6	5 of 6	5 of 6	3 of 6	4 of 6	5 of 6

ADR	2017								2018										Year To Date			Running 3 Month			Running 12 Month		
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property	143.75	158.03	152.04	153.79	156.39	166.67	141.64	132.16	122.84	131.71	151.79	149.08	146.46	157.48	151.17	149.41	153.83	150.56	155.16	148.97	147.73	160.87	158.82	151.19	153.91	150.10	146.17
Competitive Set	139.22	155.25	140.94	139.08	143.17	154.18	123.75	119.69	113.00	121.37	141.25	145.24	151.87	165.52	156.22	148.86	158.17	156.87	144.84	139.02	147.98	148.90	145.31	154.52	142.71	138.42	144.61
Index (ARI)	103.2	101.8	107.9	110.6	109.2	108.1	114.5	110.4	108.7	108.5	107.5	102.6	96.4	95.1	96.8	100.4	97.3	96.0	107.1	107.2	99.8	108.0	109.3	97.8	107.8	108.4	101.1
Rank	3 of 6	4 of 6	3 of 6	2 of 6	3 of 6	3 of 6	2 of 6	1 of 6	2 of 6	2 of 6	2 of 6	4 of 6	4 of 6	4 of 6	4 of 6	3 of 6	4 of 6	4 of 6	3 of 6	3 of 6	4 of 6	3 of 6	4 of 6	4 of 6	3 of 6	2 of 6	4 of 6
% Chg																											
My Property	4.2	-2.3	-25.1	4.3	1.9	-9.5	-19.0	-3.5	-10.0	-4.6	6.3	9.8	1.9	-0.4	-0.6	-2.9	-1.6	-9.7	2.0	-4.0	-0.8	0.3	-1.3	-4.8	2.2	-2.5	-2.6
Competitive Set	-5.6	-0.5	-23.5	-0.7	-5.6	-0.8	-13.4	-2.3	-11.4	-1.7	9.8	11.6	9.1	6.6	10.8	7.0	10.5	1.7	-0.2	-4.0	6.4	-2.7	-2.4	6.3	-0.2	-3.0	4.5
Index (ARI)	10.3	-1.7	-2.0	5.1	8.0	-8.8	-6.5	-1.2	1.6	-2.9	-3.2	-1.7	-6.6	-6.5	-10.3	-9.2	-11.0	-11.2	2.3	0.0	-6.8	3.1	1.2	-10.5	2.4	0.5	-6.8
Rank	1 of 6	3 of 6	4 of 6	3 of 6	2 of 6	5 of 6	4 of 6	3 of 6	4 of 6	4 of 6	5 of 6	4 of 6	5 of 6	6 of 6	6 of 6	6 of 6	6 of 6	6 of 6	1 of 6	3 of 6	6 of 6	1 of 6	3 of 6	6 of 6	1 of 6	2 of 6	6 of 6

RevPAR	2017								2018										Year To Date			Running 3 Month			Running 12 Month		
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property	99.65	102.50	96.79	104.27	110.05	107.60	70.60	62.66	48.60	66.76	94.39	86.82	87.02	109.17	90.82	90.78	87.21	88.83	104.58	94.24	85.13	115.12	107.28	88.96	98.18	90.48	82.02
Competitive Set	95.12	109.59	105.20	107.41	110.24	111.28	70.93	55.62	55.74	66.85	93.74	103.72	112.37	124.74	115.13	119.67	127.31	114.38	103.69	95.14	103.58	115.78	109.63	120.38	97.40	90.76	96.82
Index (RGI)	104.8	93.5	92.0	97.1	99.8	96.7	99.5	112.6	87.2	99.9	100.7	83.7	77.4	87.5	78.9	75.9	68.5	77.7	100.9	99.1	82.2	99.4	97.8	73.9	100.8	99.7	84.7
Rank	3 of 6	4 of 6	4 of 6	4 of 6	4 of 6	4 of 6	4 of 6	2 of 6	4 of 6	3 of 6	3 of 6	4 of 6	4 of 6	4 of 6	5 of 6	6 of 6	6 of 6	5 of 6	4 of 6	4 of 6	4 of 6	4 of 6	4 of 6	6 of 6	4 of 6	4 of 6	4 of 6
% Chg																											
My Property	-12.0	-16.0	-34.6	-0.9	-8.0	-10.8	-21.0	14.7	-23.8	-23.8	11.2	2.0	-12.7	6.5	-6.2	-12.9	-20.8	-17.4	7.0	-9.9	-9.7	-1.0	-6.8	-17.1	4.5	-7.8	-9.3
Competitive Set	-11.8	-9.0	-19.6	-2.8	-9.4	-3.5	-18.7	8.5	-16.6	-4.5	8.5	18.4	18.1	13.8	9.4	11.4	15.5	2.8	1.5	-8.2	8.9	-3.4	-5.3	9.8	1.3	-6.8	6.7
Index (RGI)	-0.2	-7.7	-18.7	2.0	1.6	-7.6	-2.8	5.7	-8.6	-20.2	2.4	-13.8	-26.1	-6.4	-14.3	-21.9	-31.4	-19.7	5.4	-1.8	-17.0	2.6	-1.6	-24.5	3.1	-1.1	-15.0
Rank	5 of 6	5 of 6	5 of 6	3 of 6	4 of 6	3 of 6	3 of 6	3 of 6	5 of 6	5 of 6	3 of 6	6 of 6	6 of 6	5 of 6	6 of 6	6 of 6	6 of 6	6 of 6	2 of 6	5 of 6	6 of 6	2 of 6	4 of 6	6 of 6	2 of 6	4 of 6	6 of 6

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Tab 5 - Response Report

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None
For the Month of: October 2018 Date Created: November 19, 2018

This Year

Oct 8th - Columbus Day
Oct 10th - Hurricane Michael - Landfall
Oct 31st - Halloween

Last Year

Oct 7th - Hurricane Nate - Landfall
Oct 9th - Columbus Day
Oct 31st - Halloween

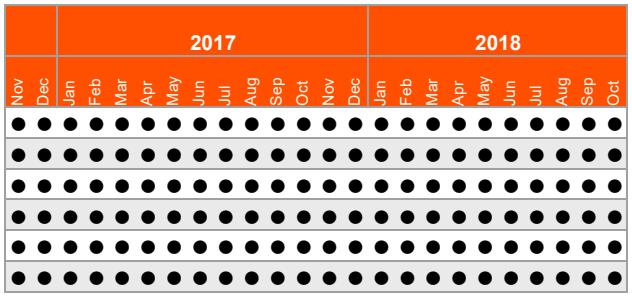
October 2018 (This Year)

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			

October 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				

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
10328	Renaissance Cleveland Hotel	Cleveland, OH	44113-2222	(216) 696-5600	491	191812
355	Doubletree Cleveland Downtown Lakeside	Cleveland, OH	44114-1130	(216) 241-5100	379	197412
10193	Marriott Cleveland Downtown At Key Tower	Cleveland, OH	44114-1300	(216) 696-9200	400	199110
14028	Westin Cleveland Downtown	Cleveland, OH	44114-1711	(216) 771-7700	484	197506
15546	Crowne Plaza Cleveland @ Playhouse Square	Cleveland, OH	44115-1837	(216) 615-7500	205	199506
42043	Hyatt Regency Cleveland at The Arcade	Cleveland, OH	44114-1208	(216) 575-1234	293	200105
					2252	



Data received:

○ = Monthly Only
● = Monthly & Daily

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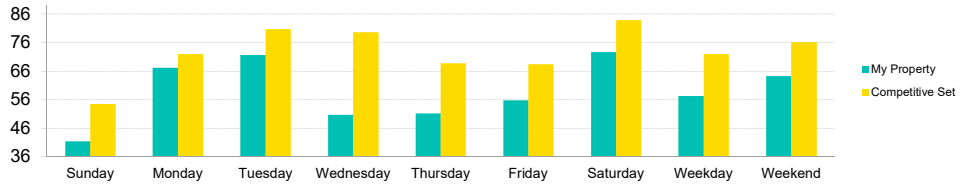
Tab 6 - Day of Week and Weekday/Weekend Report

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

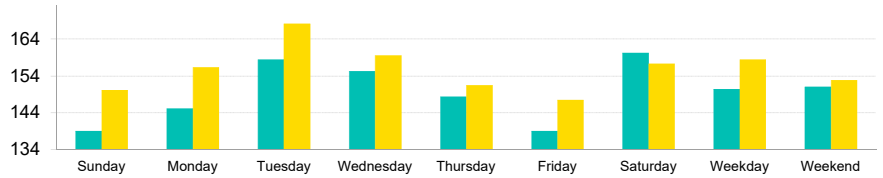
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

Current Month Occupancy



Current Month ADR



		Occupancy (%)						Average Daily Rate						RevPAR					
		My Property		Competitive Set		Index (MPI)		My Property		Competitive Set		Index (ARI)		My Property		Competitive Set		Index (RGI)	
Day of Week	Time Period		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg
Sunday	Current Month	41.3	31.3	54.5	4.5	75.8	25.7	139.03	-7.5	150.11	7.1	92.6	-13.6	57.42	21.5	81.76	11.9	70.2	8.7
	Year To Date	33.3	1.7	46.6	1.4	71.5	0.4	132.69	-4.4	136.49	5.8	97.2	-9.6	44.20	-2.7	63.63	7.3	69.5	-9.3
	Running 3 Month	38.2	5.9	58.2	5.3	65.8	0.5	130.74	-7.5	142.04	7.3	92.0	-13.8	50.00	-2.1	82.60	12.9	60.5	-13.3
	Running 12 Month	33.1	1.0	45.8	2.8	72.3	-1.7	135.55	-3.2	134.77	5.0	100.6	-7.8	44.90	-2.2	61.76	7.9	72.7	-9.4
Monday	Current Month	67.1	7.4	71.9	-2.4	93.3	10.1	145.09	-15.5	156.34	1.8	92.8	-16.9	97.35	-9.2	112.40	-0.7	86.6	-8.6
	Year To Date	50.7	-9.5	65.3	-0.2	77.6	-9.3	142.08	-4.7	143.91	3.9	98.7	-8.3	72.03	-13.8	94.02	3.7	76.6	-16.8
	Running 3 Month	57.4	-8.8	72.4	-1.6	79.3	-7.3	141.61	-10.5	149.65	4.6	94.6	-14.4	81.28	-18.3	108.30	2.9	75.1	-20.6
	Running 12 Month	48.1	-8.7	62.1	0.5	77.4	-9.2	140.39	-5.7	141.05	2.8	99.5	-8.3	67.50	-13.9	87.62	3.4	77.0	-16.7
Tuesday	Current Month	71.6	-1.7	80.6	1.1	88.8	-2.8	158.38	-12.1	168.10	1.8	94.2	-13.7	113.41	-13.7	135.57	2.9	83.7	-16.1
	Year To Date	63.0	-14.6	75.7	-0.7	83.3	-14.0	150.74	-2.3	152.85	5.7	98.6	-7.6	95.04	-16.6	115.64	5.0	82.2	-20.5
	Running 3 Month	69.4	-14.9	85.2	1.2	81.5	-15.9	160.39	-4.7	163.38	6.9	98.2	-10.8	111.34	-18.9	139.16	8.1	80.0	-25.0
	Running 12 Month	60.0	-12.5	71.9	-0.7	83.5	-11.9	148.20	-6.1	149.40	2.6	99.2	-8.5	89.00	-17.9	107.49	1.9	82.8	-19.4
Wednesday	Current Month	50.6	-40.6	79.5	-9.3	63.7	-34.5	155.22	-7.6	159.55	-7.6	97.3	0.0	78.60	-45.1	126.77	-16.2	62.0	-34.5
	Year To Date	63.1	-11.4	77.1	1.5	81.9	-12.7	155.19	1.5	153.02	5.0	101.4	-3.3	97.93	-10.1	117.94	6.5	83.0	-15.6
	Running 3 Month	63.1	-24.0	85.6	1.1	73.8	-24.8	161.64	-0.3	158.09	1.2	102.2	-1.5	102.01	-24.2	135.26	2.3	75.4	-26.0
	Running 12 Month	60.0	-9.4	73.1	1.4	82.1	-10.6	152.12	-2.0	149.42	1.5	101.8	-3.4	91.31	-11.2	109.21	2.9	83.6	-13.7
Thursday	Current Month	51.0	-20.8	68.6	1.5	74.3	-22.0	148.30	-8.9	151.43	-2.6	97.9	-6.5	75.63	-27.9	103.90	-1.1	72.8	-27.1
	Year To Date	54.4	-0.4	68.6	6.9	79.4	-6.8	145.10	-0.5	148.27	6.7	97.9	-6.7	78.95	-0.8	101.65	14.1	77.7	-13.1
	Running 3 Month	55.2	-10.7	79.0	9.1	69.8	-18.2	149.88	-3.4	154.89	5.9	96.8	-8.8	82.70	-13.8	122.44	15.5	67.5	-25.4
	Running 12 Month	52.2	1.4	64.6	6.3	80.9	-4.7	142.74	-1.6	144.40	5.2	98.9	-6.5	74.54	-0.3	93.22	11.9	80.0	-10.9
Friday	Current Month	55.7	-14.2	68.2	2.7	81.6	-16.4	139.05	-12.6	147.44	2.8	94.3	-15.0	77.41	-25.0	100.63	5.5	76.9	-29.0
	Year To Date	62.6	-8.7	72.6	4.0	86.2	-12.2	145.71	1.6	147.07	9.4	99.1	-7.1	91.20	-7.2	106.83	13.7	85.4	-18.4
	Running 3 Month	57.0	-6.3	75.8	7.9	75.1	-13.1	141.77	-4.5	149.84	10.1	94.6	-13.2	80.75	-10.4	113.62	18.8	71.1	-24.6
	Running 12 Month	63.0	-3.3	69.6	4.0	90.6	-7.0	143.65	0.5	143.10	8.3	100.4	-7.2	90.51	-2.8	99.57	12.6	90.9	-13.7
Saturday	Current Month	72.6	-6.1	83.8	3.9	86.6	-9.6	160.17	-1.2	157.25	12.0	101.9	-11.7	116.27	-7.2	131.78	16.3	88.2	-20.3
	Year To Date	76.1	-12.0	83.9	2.4	90.7	-14.1	152.82	0.9	148.93	8.2	102.6	-6.8	116.31	-11.2	124.93	10.8	93.1	-19.9
	Running 3 Month	71.2	-16.7	88.6	1.7	80.4	-18.0	159.48	-2.6	158.13	10.2	100.9	-11.6	113.61	-18.9	140.16	12.0	81.1	-27.6
	Running 12 Month	76.2	-10.0	81.4	1.3	93.6	-11.2	152.47	-0.3	145.68	6.6	104.7	-6.5	116.24	-10.3	118.62	8.1	98.0	-17.0
Weekday/Weekend																			
Weekday	Current Month	57.2	-8.1	71.8	0.2	79.6	-8.3	150.39	-11.0	158.34	-0.2	95.0	-10.9	86.04	-18.3	113.75	0.1	75.6	-18.3
(Sun-Thu)	Year To Date	53.0	-8.1	66.7	1.9	79.4	-9.7	146.76	-1.9	147.94	5.4	99.2	-6.9	77.78	-9.8	98.72	7.4	78.8	-16.0
	Running 3 Month	56.8	-13.1	76.2	2.8	74.5	-15.5	151.00	-5.3	154.61	4.9	97.7	-9.7	85.72	-17.7	117.82	7.8	72.8	-23.6
	Running 12 Month	50.7	-6.8	63.5	1.9	79.8	-8.5	144.90	-4.0	144.67	3.2	100.2	-6.9	73.52	-10.5	91.93	5.1	80.0	-14.9
Weekend	Current Month	64.1	-9.8	76.0	3.3	84.4	-12.7	151.00	-6.1	152.85	7.8	98.8	-12.9	96.84	-15.3	116.20	11.4	83.3	-23.9
(Fri-Sat)	Year To Date	69.4	-10.5	78.3	3.1	88.6	-13.3	149.61	1.2	148.07	8.7	101.0	-7.0	103.76	-9.5	115.88	12.2	89.5	-19.3
	Running 3 Month	64.1	-12.4	82.2	4.5	77.9	-16.1	151.61	-3.7	154.31	10.1	98.3	-12.5	97.18	-15.6	126.89	15.0	76.6	-26.6
	Running 12 Month	69.6	-7.1	75.5	2.5	92.2	-9.4	148.48	-0.1	144.49	7.4	102.8	-6.9	103.37	-7.2	109.10	10.1	94.8	-15.7
Total	Current Month	59.0	-8.6	72.9	1.0	80.9	-9.5	150.56	-9.7	156.87	1.7	96.0	-11.2	88.83	-17.4	114.38	2.8	77.7	-19.7
	Year To Date	57.6	-8.9	70.0	2.3	82.3	-10.9	147.73	-0.8	147.98	6.4	99.8	-6.8	85.13	-9.7	103.58	8.9	82.2	-17.0
	Running 3 Month	58.8	-12.9	77.9	3.3	75.5	-15.6	151.19	-4.8	154.52	6.3	97.8	-10.5	88.96	-17.1	120.38	9.8	73.9	-24.5
	Running 12 Month	56.1	-6.9	67.0	2.1	83.8	-8.8	146.17	-2.6	144.61	4.5	101.1	-6.8	82.02	-9.3	96.82	6.7	84.7	-15.0

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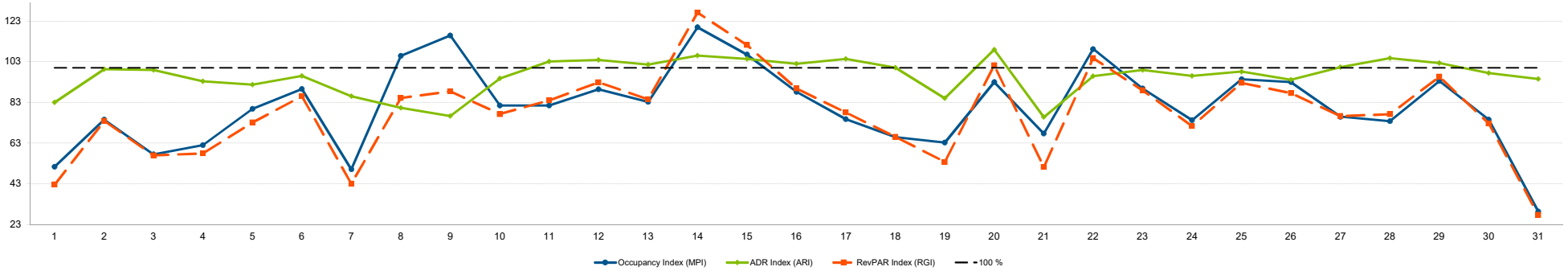
Tab 7 - Daily Data for the Month

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Daily Competitive Set Data Excludes Subject Property

Daily Indexes for the Month of October



Occupancy (%)	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	Tu	We
October	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
My Property	39.9	65.8	52.3	52.3	62.3	84.9	41.3	83.5	86.2	62.7	53.2	61.3	78.6	67.0	75.8	70.9	55.0	48.3	42.2	80.2	28.7	78.4	84.7	61.3	50.7	57.4	47.3	28.5	58.7	51.3	22.4
Competitive Set	77.6	88.3	91.0	84.4	78.1	94.8	82.5	78.8	74.3	76.9	65.2	68.5	94.4	55.9	71.2	80.4	73.5	73.1	66.7	86.3	42.4	71.8	94.3	82.5	53.7	61.7	62.2	38.7	62.7	68.9	76.3
Index (MPI)	51.4	74.5	57.5	62.0	79.8	89.6	50.1	105.9	115.9	81.5	81.5	89.4	83.2	119.9	106.5	88.1	74.8	66.0	63.2	93.0	67.7	109.2	89.8	74.3	94.4	93.0	76.0	73.7	93.5	74.5	29.4
% Chg																															
My Property	-4.9	47.5	-27.2	-38.2	-25.4	4.3	11.5	0.2	-13.1	-36.9	63.1	54.4	22.5	143.7	6.9	-28.0	-35.4	-29.3	-50.1	-17.6	-36.8	-15.0	-6.3	-27.5	-29.7	11.0	-28.8	102.9	146.2	61.5	-65.8
Competitive Set	8.5	20.3	1.3	-1.2	-7.2	1.6	38.8	-7.5	-23.5	-20.2	33.1	12.7	33.8	15.2	-18.6	-17.3	-5.3	37.8	4.4	-8.5	-26.6	-18.2	4.6	-4.2	-34.8	8.8	-2.9	10.4	74.8	71.8	5.4
Index (MPI)	-12.3	22.6	-28.1	-37.5	-19.6	2.6	-19.6	8.3	13.6	-20.9	22.5	37.0	-8.4	111.5	31.3	-12.8	-31.8	-48.6	-52.2	-9.9	-13.8	4.0	-10.4	-24.3	8.0	2.0	-26.7	83.8	40.8	-6.0	-67.6

ADR	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	Tu	We
October	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
My Property	133.70	162.58	163.27	154.34	145.88	162.99	142.05	131.57	131.06	144.45	145.71	142.37	164.32	143.42	150.30	154.49	149.32	142.98	119.71	158.82	106.38	148.52	179.95	158.17	143.06	136.15	139.29	148.07	151.36	156.09	153.07
Competitive Set	161.04	163.78	164.94	165.21	159.12	169.68	165.19	163.79	171.76	152.44	141.27	137.10	161.75	135.29	143.98	151.58	143.10	142.94	140.86	145.81	140.42	154.83	181.81	164.75	145.81	144.65	138.78	141.40	147.84	160.19	162.06
Index (ARI)	83.0	99.3	99.0	93.4	91.7	96.1	86.0	80.3	76.3	94.8	103.1	103.8	101.6	106.0	104.4	101.9	104.3	100.0	85.0	108.9	75.8	95.9	99.0	96.0	98.1	94.1	100.4	104.7	102.4	97.4	94.5
% Chg																															
My Property	-5.9	2.6	1.7	-7.7	-13.1	-2.1	-12.3	-26.2	-26.8	-14.9	-2.8	3.4	11.6	-0.5	-13.6	-24.1	-7.0	-7.2	-25.8	-8.9	-31.2	-17.4	4.8	-8.8	-14.2	-9.7	-4.6	10.2	6.9	5.2	2.8
Competitive Set	12.5	8.9	-5.5	-5.1	-7.5	10.7	9.3	-5.4	-11.7	-23.2	-2.7	7.9	25.4	3.7	-10.2	-12.7	-13.2	1.3	1.8	0.5	-1.0	4.0	19.7	11.1	-3.7	16.4	8.9	19.0	19.7	23.0	3.3
Index (ARI)	-16.3	-5.8	7.6	-2.7	-6.1	-11.5	-19.8	-22.0	-17.1	10.8	-0.2	-4.2	-11.0	-4.0	-3.8	-13.1	7.2	-8.4	-27.1	-9.4	-30.5	-20.6	-12.4	-17.9	-10.9	-22.5	-12.4	-7.4	-10.7	-14.5	-0.5

RevPAR	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	Tu	We
October	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31
My Property	53.37	106.95	85.46	80.79	90.92	138.43	58.73	109.87	112.91	90.62	77.45	87.28	129.18	96.10	113.88	109.50	82.11	69.02	50.47	127.44	30.55	116.46	152.46	96.96	72.55	78.20	65.82	42.22	88.78	80.11	34.29
Competitive Set	125.01	144.62	150.14	139.41	124.24	160.81	136.30	129.10	127.67	117.30	92.17	93.97	152.75	75.60	102.45	121.89	105.14	104.55	93.91	125.85	59.57	111.13	171.49	135.93	78.33	89.29	86.29	54.68	92.77	110.34	123.59
Index (RGI)	42.7	74.0	56.9	57.9	73.2	86.1	43.1	85.1	88.4	77.3	84.0	92.9	84.6	127.1	111.2	89.8	78.1	66.0	53.7	101.3	51.3	104.8	88.9	71.3	92.6	87.6	76.3	77.2	95.7	72.6	27.7
% Chg																															
My Property	-10.4	51.3	-26.0	-43.0	-35.2	2.1	-2.2	-26.0	-36.4	-46.3	58.5	59.6	36.8	142.6	-7.7	-45.3	-39.9	-34.3	-63.0	-25.0	-56.5	-29.8	-1.8	-33.9	-39.6	0.2	-32.1	123.6	163.1	69.9	-64.9
Competitive Set	22.1	31.0	-4.4	-6.3	-14.2	12.5	51.8	-12.5	-32.4	-38.7	29.6	21.6	67.8	19.4	-26.9	-27.8	-17.9	39.6	6.3	-8.1	-27.3	-14.9	25.2	6.5	-37.2	26.6	5.8	31.3	109.3	111.4	8.9
Index (RGI)	-26.6	15.5	-22.6	-39.1	-24.5	-9.3	-35.5	-15.5	-5.8	-12.4	22.3	31.3	-18.5	103.1	26.3	-24.2	-26.9	-52.9	-65.2	-18.3	-40.1	-17.5	-21.6	-37.9	-3.8	-20.9	-35.8	70.2	25.7	-19.6	-67.7

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Tab 8 - Segmentation at a Glance - My Property vs. Competitive Set

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None
For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

October 2018

	Transient			Group			Contract			Total		
			% Chg			% Chg			% Chg			% Chg
Occupancy (%)	My Property	26.9	-16.0	My Property	25.9	-5.3	My Property	6.1	19.8	My Property	59.0	-8.6
	Comp set	39.1	4.7	Comp set	27.9	-6.4	Comp set	5.8	18.4	Comp set	72.9	1.0
	Index (MPI)	68.9	-19.8	Index (MPI)	92.8	1.3	Index (MPI)	104.7	1.2	Index (MPI)	80.9	-9.5
ADR	My Property	173.12	-10.2	My Property	142.48	-5.8	My Property	85.42	-0.2	My Property	150.56	-9.7
	Comp set	168.65	0.7	Comp set	156.48	2.7	Comp set	79.72	24.7	Comp set	156.87	1.7
	Index (ARI)	102.6	-10.8	Index (ARI)	91.1	-8.3	Index (ARI)	107.1	-20.0	Index (ARI)	96.0	-11.2
RevPAR	My Property	46.65	-24.6	My Property	36.96	-10.7	My Property	5.22	19.6	My Property	88.83	-17.4
	Comp set	66.00	5.4	Comp set	43.73	-3.9	Comp set	4.65	47.6	Comp set	114.38	2.8
	Index (RGI)	70.7	-28.4	Index (RGI)	84.5	-7.1	Index (RGI)	112.1	-19.0	Index (RGI)	77.7	-19.7

Year To Date

	Transient			Group			Contract			Total		
			% Chg			% Chg			% Chg			% Chg
Occupancy (%)	My Property	33.9	-3.7	My Property	18.8	-21.7	My Property	5.0	21.0	My Property	57.6	-8.9
	Comp set	39.7	-2.9	Comp set	25.2	4.7	Comp set	5.1	47.2	Comp set	70.0	2.3
	Index (MPI)	85.3	-0.8	Index (MPI)	74.5	-25.2	Index (MPI)	98.0	-17.8	Index (MPI)	82.3	-10.9
ADR	My Property	160.09	-2.0	My Property	141.91	2.1	My Property	85.31	0.7	My Property	147.73	-0.8
	Comp set	156.15	7.5	Comp set	149.15	7.6	Comp set	78.10	16.0	Comp set	147.98	6.4
	Index (ARI)	102.5	-8.8	Index (ARI)	95.1	-5.1	Index (ARI)	109.2	-13.2	Index (ARI)	99.8	-6.8
RevPAR	My Property	54.24	-5.6	My Property	26.66	-20.0	My Property	4.23	21.8	My Property	85.13	-9.7
	Comp set	62.01	4.3	Comp set	37.61	12.7	Comp set	3.95	70.8	Comp set	103.58	8.9
	Index (RGI)	87.5	-9.5	Index (RGI)	70.9	-29.0	Index (RGI)	107.0	-28.6	Index (RGI)	82.2	-17.0

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Tab 9 - Segmentation Occupancy Analysis

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Occupancy (%)									Percent Change (%)											
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
2017	May	42.7	37.7	39.3	23.5	27.4	25.2	3.2	3.2	3.2	69.3	68.3	67.7	28.2	3.7	-7.0	-48.6	-21.6	-11.4	3.0	72.7	65.2	-15.6	-6.6	-6.8
	Jun	42.3	41.3	42.1	18.4	26.2	23.9	4.1	3.1	3.2	64.9	70.6	69.2	7.0	11.1	6.4	-45.7	-31.4	-14.6	100.3	74.0	79.4	-14.1	-8.5	-0.2
	Jul	35.4	49.4	44.3	23.1	21.4	22.9	5.2	3.9	3.5	63.7	74.6	70.7	33.1	38.1	32.1	-47.5	-36.5	-36.6	123.6	149.5	92.4	-12.7	5.1	-1.1
	Aug	40.1	49.0	46.0	22.5	23.1	22.8	5.2	5.2	3.8	67.8	77.2	72.6	-4.1	1.0	-1.0	-15.8	-19.1	-6.8	81.1	165.3	85.9	-5.0	-2.1	-0.5
	Sep	42.5	39.4	40.3	22.3	33.3	27.6	5.6	4.4	3.2	70.4	77.0	71.1	34.9	13.6	8.6	-48.3	-23.2	-17.9	68.0	87.7	47.8	-9.8	-4.1	-2.5
	Oct	32.1	37.4	36.0	27.4	29.9	29.6	5.1	4.9	3.7	64.6	72.2	69.2	-11.1	-7.8	-9.3	3.0	-4.9	9.3	76.8	120.8	68.0	-1.5	-2.7	0.4
	Nov	31.0	37.7	37.4	14.1	14.9	15.9	4.7	4.7	3.7	49.8	57.3	57.0	6.6	-1.7	-1.6	-24.9	-27.5	-5.3	48.2	122.4	95.9	-2.5	-6.1	0.6
	Dec	35.0	33.6	35.8	9.1	8.5	8.5	3.3	4.4	3.8	47.4	46.5	48.0	19.2	15.9	13.3	28.2	-22.1	0.5	-3.3	126.6	84.1	18.9	11.1	14.2
2018	Jan	28.1	34.3	35.2	6.8	10.9	12.9	4.7	4.1	3.7	39.6	49.3	51.7	31.8	16.2	22.6	-69.7	-47.8	-39.7	53.8	110.9	74.4	-15.4	-5.9	-0.8
	Feb	30.2	37.9	36.3	16.3	13.1	17.3	4.2	4.1	3.6	50.7	55.1	57.2	-1.2	5.4	1.2	-46.3	-32.5	-8.5	60.4	201.7	91.3	-20.1	-2.8	0.9
	Mar	37.5	40.6	40.5	20.8	21.1	21.7	3.9	4.7	3.7	62.2	66.4	65.9	33.7	-12.0	3.5	-28.2	17.0	-2.0	59.5	56.1	83.6	4.6	-1.2	4.1
	Apr	35.5	39.9	38.5	20.2	26.6	23.3	2.6	4.9	3.5	58.2	71.4	65.3	-4.0	-7.2	-0.5	-5.2	26.1	-2.9	-41.7	51.5	49.1	-7.1	6.0	0.4
	May	39.6	43.1	42.1	17.4	26.3	24.1	2.3	4.6	3.5	59.4	74.0	69.7	-7.1	14.4	7.0	-25.8	-4.1	-4.3	-25.8	42.7	9.8	-14.3	8.3	2.9
	Jun	35.0	39.5	41.6	29.4	30.3	31.1	5.0	5.5	4.4	69.3	75.4	77.1	-17.4	-4.3	-1.3	59.9	15.7	30.2	20.6	78.6	38.4	6.9	6.8	11.4
	Jul	30.5	39.9	40.4	23.4	28.2	27.7	6.2	5.6	4.8	60.1	73.7	72.9	-13.9	-19.3	-8.7	1.3	32.1	20.8	20.2	44.1	36.5	-5.6	-1.3	3.1
	Aug	41.9	43.8	47.2	12.2	31.3	26.5	6.7	5.4	4.7	60.8	80.4	78.4	4.4	-10.6	2.7	-45.7	35.6	16.1	28.1	3.3	25.2	-10.4	4.1	8.1
	Sep	33.4	38.8	38.9	15.4	35.7	30.7	7.8	5.9	5.4	56.7	80.5	75.1	-21.3	-1.3	-3.6	-30.8	7.5	11.5	40.1	34.9	68.6	-19.4	4.5	5.5
	Oct	26.9	39.1	39.5	25.9	27.9	28.5	6.1	5.8	4.9	59.0	72.9	73.0	-16.0	4.7	9.8	-5.3	-6.4	-3.6	19.8	18.4	34.6	-8.6	1.0	5.4
Year To Date																									
2016		35.1	40.4	40.5	29.2	29.0	25.5	3.1	2.2	2.1	67.4	71.6	68.1	17.7	10.1	-0.1	-6.6	-9.3	-0.9	-3.9	26.7	-10.9	4.8	1.7	-0.8
2017		35.2	40.9	39.1	24.0	24.1	23.9	4.1	3.4	2.9	63.3	68.4	65.8	0.2	1.2	-3.6	-17.8	-17.0	-6.3	31.6	59.6	35.4	-6.1	-4.4	-3.4
2018		33.9	39.7	40.1	18.8	25.2	24.4	5.0	5.1	4.2	57.6	70.0	68.7	-3.7	-2.9	2.6	-21.7	4.7	2.3	21.0	47.2	45.9	-8.9	2.3	4.4
Running 3 Month																									
2016		36.5	41.3	41.1	32.0	34.3	28.3	3.0	2.2	2.1	71.6	77.8	71.6	5.8	5.5	-5.3	-7.2	-7.4	-4.4	-13.1	-1.7	-15.9	-1.3	-0.8	-5.3
2017		38.2	41.9	40.8	24.1	28.7	26.6	5.3	4.8	3.6	67.5	75.4	71.0	4.6	1.5	-0.9	-24.8	-16.4	-5.9	75.0	122.7	67.1	-5.6	-3.0	-0.8
2018		34.1	40.6	41.9	17.9	31.6	28.6	6.9	5.7	5.0	58.8	77.9	75.5	-10.7	-3.2	2.8	-25.7	10.2	7.2	29.5	17.8	41.2	-12.9	3.3	6.4
Running 12 Month																									
2016		33.9	39.6	40.0	26.8	26.4	23.5	3.1	2.2	2.2	63.8	68.2	65.7	16.6	10.0	0.9	-10.5	-10.7	-1.4	-9.0	33.4	-6.7	2.2	1.5	-0.2
2017		34.2	39.7	38.3	22.1	22.7	22.0	4.0	3.2	2.7	60.3	65.6	63.1	0.9	0.2	-4.1	-17.3	-14.2	-6.4	27.0	46.9	24.2	-5.5	-3.9	-4.0
2018		33.7	39.0	39.5	17.6	23.0	22.4	4.8	5.0	4.1	56.1	67.0	66.0	-1.3	-1.7	3.0	-20.6	1.2	1.7	21.0	55.3	51.2	-6.9	2.1	4.6

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Tab 10 - Segmentation ADR Analysis

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Average Daily Rate												Percent Change (%)											
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
2017	May	158.16	143.21	148.29	125.66	142.05	147.98	83.65	67.85	70.90	143.75	139.22	144.52	-2.0	-6.9	0.6	0.7	-1.5	5.9	4.4	-15.3	-0.2	4.2	-5.6	1.5
	Jun	162.07	154.12	154.48	165.35	166.99	165.95	84.47	71.15	72.17	158.03	155.25	154.64	-11.9	-3.3	-1.1	17.2	6.7	4.6	11.8	-12.8	6.0	-2.3	-0.5	-0.2
	Jul	172.32	149.61	154.74	136.01	134.21	136.84	84.94	67.71	73.17	152.04	140.94	144.91	1.4	-0.8	-0.1	-40.7	-40.2	-44.1	4.5	-22.9	-5.7	-25.1	-23.5	-27.0
	Aug	166.99	148.67	150.55	146.25	135.78	141.00	85.06	63.64	72.70	153.79	139.08	143.49	2.9	1.3	1.0	11.7	2.1	2.8	1.1	-17.7	0.9	4.3	-0.7	0.4
	Sep	170.72	155.83	154.20	146.93	138.59	151.60	85.47	64.24	79.34	156.39	143.17	149.81	2.8	0.8	-1.9	-1.8	-9.7	-3.6	1.8	-13.1	10.1	1.9	-5.6	-3.1
	Oct	192.77	167.56	166.72	151.19	152.34	160.66	85.57	63.92	70.88	166.67	154.18	159.06	5.2	5.5	2.4	-22.9	-2.8	-0.6	1.8	-15.9	2.2	-9.5	-0.8	-0.2
	Nov	143.35	131.02	134.86	156.47	123.57	137.09	85.20	65.93	73.95	141.64	123.75	131.49	-23.9	-11.3	-12.1	-7.3	-12.2	-7.6	1.1	-11.7	4.1	-19.0	-13.4	-11.8
	Dec	133.39	127.60	131.46	144.35	113.30	127.18	85.42	71.47	76.00	132.16	119.69	126.35	-4.9	0.6	0.9	-3.0	-5.2	-0.2	1.3	-3.4	6.8	-3.5	-2.3	-0.4
2018	Jan	130.25	120.64	127.19	118.26	105.47	118.91	85.11	69.01	74.54	122.84	113.00	121.36	-12.5	-9.8	-8.8	-10.3	-14.8	-9.5	1.2	-8.3	6.6	-10.0	-11.4	-9.0
	Feb	142.40	127.81	135.44	123.85	118.85	127.49	85.09	70.09	77.92	131.71	121.37	129.43	-6.8	-2.9	-2.4	-3.1	6.0	5.4	1.0	-2.8	14.1	-4.6	-1.7	-0.8
	Mar	164.81	147.88	150.88	140.77	141.63	136.92	85.15	82.12	78.70	151.79	141.25	142.25	3.6	10.2	7.8	6.6	14.1	9.5	1.5	16.2	9.3	6.3	9.8	7.3
	Apr	160.57	153.43	153.21	136.74	145.75	149.26	87.48	75.20	73.28	149.08	145.24	147.54	12.5	16.8	10.5	1.8	6.5	6.7	3.6	10.3	1.9	9.8	11.6	7.9
	May	152.49	159.88	154.56	140.99	150.79	153.85	85.22	82.23	77.80	146.46	151.87	150.45	-3.6	11.6	4.2	12.2	6.2	4.0	1.9	21.2	9.7	1.9	9.1	4.1
	Jun	172.39	171.08	164.09	151.98	174.06	169.50	85.50	79.19	77.96	157.48	165.52	161.34	6.4	11.0	6.2	-8.1	4.2	2.1	1.2	11.3	8.0	-0.4	6.6	4.3
	Jul	167.59	169.86	159.93	147.33	152.23	154.86	85.19	79.26	78.13	151.17	156.22	152.65	-2.7	13.5	3.4	8.3	13.4	13.2	0.3	17.1	6.8	-0.6	10.8	5.3
	Aug	160.80	164.21	156.35	145.63	139.00	145.62	84.98	81.22	78.33	149.41	148.86	148.01	-3.7	10.5	3.8	-0.4	2.4	3.3	-0.1	27.6	7.8	-2.9	7.0	3.2
	Sep	172.59	169.63	164.28	148.14	158.83	158.80	85.13	78.88	76.61	153.83	158.17	155.71	1.1	8.9	6.5	0.8	14.6	4.7	-0.4	22.8	-3.4	-1.6	10.5	3.9
	Oct	173.12	168.65	163.59	142.48	156.48	155.70	85.42	79.72	76.46	150.56	156.87	154.62	-10.2	0.7	-1.9	-5.8	2.7	-3.1	-0.2	24.7	7.9	-9.7	1.7	-2.8
Year To Date																									
2016		160.80	145.11	147.77	155.87	149.29	158.37	84.96	79.94	72.74	155.16	144.84	149.38	-5.8	-4.2	-0.1	11.3	5.9	14.9	-11.9	-10.1	-4.3	2.0	-0.2	5.5
2017		163.29	145.31	149.05	138.94	138.58	143.55	84.73	67.31	72.41	148.97	139.02	143.68	1.6	0.1	0.9	-10.9	-7.2	-9.4	-0.3	-15.8	-0.5	-4.0	-4.0	-3.8
2018		160.09	156.15	153.59	141.91	149.15	150.29	85.31	78.10	77.04	147.73	147.98	147.71	-2.0	7.5	3.0	2.1	7.6	4.7	0.7	16.0	6.4	-0.8	6.4	2.8
Running 3 Month																									
2016		170.33	152.89	155.88	157.36	148.75	152.81	84.05	75.68	71.13	160.87	148.90	152.14	-2.3	-5.9	1.7	2.3	1.5	7.1	-2.3	-18.6	-7.6	0.3	-2.7	3.8
2017		175.64	156.53	156.54	148.35	142.65	151.93	85.36	63.91	74.02	158.82	145.31	150.67	3.1	2.4	0.4	-5.7	-4.1	-0.6	1.6	-15.5	4.1	-1.3	-2.4	-1.0
2018		167.85	167.34	161.05	144.80	151.52	153.64	85.17	79.91	77.11	151.19	154.52	152.66	-4.4	6.9	2.9	-2.4	6.2	1.1	-0.2	25.0	4.2	-4.8	6.3	1.3
Running 12 Month																									
2016		159.11	143.30	145.99	155.30	146.92	155.75	85.43	81.07	72.94	153.91	142.71	147.02	-5.9	-4.2	-0.3	12.1	6.6	14.4	-13.1	-8.9	-5.4	2.2	-0.2	4.8
2017		163.37	144.36	148.09	141.29	137.96	143.32	84.67	68.05	72.25	150.10	138.42	143.13	2.7	0.7	1.4	-9.0	-6.1	-8.0	-0.9	-16.1	-0.9	-2.5	-3.0	-2.6
2018		156.47	152.07	150.43	142.98	146.66	148.78	85.31	76.66	76.73	146.17	144.61	145.24	-4.2	5.3	1.6	1.2	6.3	3.8	0.8	12.7	6.2	-2.6	4.5	1.5

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Tab 11 - Segmentation RevPAR Analysis

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		RevPAR												Percent Change (%)											
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
2017	May	67.47	54.02	58.33	29.54	38.93	37.22	2.64	2.17	2.26	99.65	95.12	97.82	25.6	-3.5	-6.5	-48.3	-22.8	-6.2	7.6	46.3	64.9	-12.0	-11.8	-5.4
	Jun	68.63	63.61	65.07	30.36	43.78	39.66	3.50	2.21	2.30	102.50	109.59	107.04	-5.7	7.5	5.2	-36.3	-26.8	-10.7	124.0	51.6	90.2	-16.0	-9.0	-0.4
	Jul	60.96	73.87	68.53	31.44	28.69	31.34	4.39	2.63	2.55	96.79	105.20	102.43	35.0	37.0	32.0	-68.9	-62.0	-64.6	133.7	92.4	81.4	-34.6	-19.6	-27.8
	Aug	66.93	72.79	69.22	32.90	31.31	32.13	4.44	3.31	2.75	104.27	107.41	104.11	-1.3	2.3	0.0	-5.9	-17.4	-4.2	83.0	118.2	87.6	-0.9	-2.8	-0.1
	Sep	72.48	61.34	62.21	32.78	46.08	41.81	4.79	2.81	2.55	110.05	110.24	106.56	38.7	14.5	6.6	-49.3	-30.6	-20.9	71.1	63.2	62.6	-8.0	-9.4	-5.5
	Oct	61.84	62.62	60.00	41.39	45.50	47.53	4.36	3.15	2.59	107.60	111.28	110.11	-6.4	-2.7	-7.1	-20.6	-7.6	8.7	79.9	85.7	71.7	-10.8	-3.5	0.3
	Nov	44.50	49.42	50.49	22.13	18.41	21.75	3.97	3.09	2.77	70.60	70.93	75.00	-18.9	-12.8	-13.5	-30.4	-36.4	-12.4	49.9	96.5	103.9	-21.0	-18.7	-11.3
	Dec	46.74	42.82	47.03	13.12	9.67	10.79	2.81	3.13	2.86	62.66	55.62	60.69	13.3	16.6	14.4	24.4	-26.2	0.3	-2.0	118.8	96.7	14.7	8.5	13.8
2018	Jan	36.58	41.39	44.73	8.02	11.53	15.28	4.00	2.82	2.76	48.60	55.74	62.78	15.4	4.9	11.8	-72.9	-55.6	-45.5	55.6	93.4	85.9	-23.8	-16.6	-9.7
	Feb	43.06	48.40	49.14	20.13	15.57	22.07	3.57	2.88	2.79	66.76	66.85	73.99	-7.9	2.4	-1.2	-47.9	-28.5	-3.6	62.1	193.4	118.2	-23.8	-4.5	0.1
	Mar	61.75	60.01	61.07	29.34	29.89	29.73	3.30	3.84	2.89	94.39	93.74	93.68	38.6	-3.0	11.6	-23.4	33.5	7.3	61.9	81.4	100.7	11.2	8.5	11.7
	Apr	56.93	61.24	59.02	27.65	38.83	34.84	2.24	3.65	2.55	86.82	103.72	96.41	8.0	8.3	10.0	-3.5	34.3	3.6	-39.6	67.0	51.9	2.0	18.4	8.3
	May	60.43	68.98	65.06	24.59	39.64	37.03	2.00	3.75	2.73	87.02	112.37	104.82	-10.4	27.7	11.5	-16.7	1.8	-0.5	-24.4	73.0	20.5	-12.7	18.1	7.2
	Jun	60.27	67.58	68.20	44.62	52.78	52.74	4.28	4.39	3.45	109.17	124.74	124.39	-12.2	6.2	4.8	47.0	20.6	33.0	22.1	98.8	49.6	6.5	13.8	16.2
	Jul	51.04	67.71	64.69	34.48	42.98	42.85	5.29	4.44	3.72	90.82	115.13	111.27	-16.3	-8.3	-5.6	9.7	49.8	36.7	20.6	68.7	45.8	-6.2	9.4	8.6
	Aug	67.31	71.85	73.85	17.79	43.46	38.54	5.68	4.37	3.72	90.78	119.67	116.10	0.6	-1.3	6.7	-45.9	38.8	19.9	27.9	31.8	34.9	-12.9	11.4	11.5
	Sep	57.66	65.90	63.91	22.87	56.75	48.82	6.68	4.66	4.15	87.21	127.31	116.88	-20.5	7.4	2.7	-30.2	23.1	16.8	39.6	65.7	62.8	-20.8	15.5	9.7
	Oct	46.65	66.00	64.66	36.96	43.73	44.41	5.22	4.65	3.76	88.83	114.38	112.84	-24.6	5.4	7.8	-10.7	-3.9	-6.5	19.6	47.6	45.2	-17.4	2.8	2.5
Year To Date																									
2016		56.44	58.64	59.86	45.50	43.32	40.34	2.64	1.72	1.56	104.58	103.69	101.75	10.9	5.5	-0.1	4.0	-4.0	13.9	-15.4	13.9	-14.8	7.0	1.5	4.7
2017		57.44	59.44	58.22	33.33	33.38	34.26	3.47	2.32	2.10	94.24	95.14	94.58	1.8	1.4	-2.7	-26.7	-22.9	-15.1	31.3	34.4	34.7	-9.9	-8.2	-7.1
2018		54.24	62.01	61.53	26.66	37.61	36.69	4.23	3.95	3.25	85.13	103.58	101.47	-5.6	4.3	5.7	-20.0	12.7	7.1	21.8	70.8	55.2	-9.7	8.9	7.3
Running 3 Month																									
2016		62.17	63.12	64.12	50.41	51.01	43.26	2.55	1.65	1.51	115.12	115.78	108.90	3.4	-0.7	-3.7	-5.1	-6.0	2.3	-15.1	-20.0	-22.2	-1.0	-3.4	-1.7
2017		67.03	65.63	63.82	35.72	40.91	40.47	4.53	3.10	2.63	107.28	109.63	106.93	7.8	4.0	-0.5	-29.1	-19.8	-6.4	77.8	88.1	73.8	-6.8	-5.3	-1.8
2018		57.20	67.94	67.51	25.90	47.88	43.87	5.85	4.56	3.87	88.96	120.38	115.25	-14.7	3.5	5.8	-27.5	17.0	8.4	29.2	47.3	47.1	-17.1	9.8	7.8
Running 12 Month																									
2016		53.94	56.78	58.34	41.58	38.85	36.57	2.66	1.77	1.61	98.18	97.40	96.53	9.7	5.4	0.6	0.4	-4.8	12.8	-20.8	21.6	-11.8	4.5	1.3	4.6
2017		55.85	57.29	56.78	31.27	31.30	31.49	3.35	2.18	1.98	90.48	90.76	90.25	3.6	0.9	-2.7	-24.8	-19.4	-13.9	25.9	23.3	23.0	-7.8	-6.8	-6.5
2018		52.80	59.34	59.39	25.14	33.66	33.26	4.09	3.81	3.18	82.02	96.82	95.83	-5.5	3.6	4.6	-19.6	7.6	5.6	21.9	75.0	60.5	-9.3	6.7	6.2

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Tab 12 - Segmentation Index Analysis

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Indexes												Percent Change (%)									
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR
2017	May	113.1	110.4	124.9	85.8	88.5	75.9	98.9	123.3	122.0	101.5	103.2	104.8	23.6	5.3	30.1	-34.5	2.3	-33.0	-40.4	23.2	-26.5	-9.6	10.3	-0.2
	Jun	102.6	105.2	107.9	70.0	99.0	69.4	133.7	118.7	158.7	91.9	101.8	93.5	-3.7	-8.9	-12.3	-20.8	9.8	-13.0	15.1	28.3	47.8	-6.1	-1.7	-7.7
	Jul	71.7	115.2	82.5	108.1	101.3	109.6	133.1	125.5	167.0	85.3	107.9	92.0	-3.6	2.3	-1.4	-17.4	-0.8	-18.0	-10.4	35.6	21.5	-17.0	-2.0	-18.7
	Aug	81.9	112.3	92.0	97.6	107.7	105.1	100.3	133.7	134.0	87.8	110.6	97.1	-5.1	1.6	-3.6	4.1	9.4	13.9	-31.7	22.9	-16.1	-3.0	5.1	2.0
	Sep	107.9	109.6	118.2	67.1	106.0	71.1	127.8	133.0	170.1	91.4	109.2	99.8	18.8	2.0	21.2	-32.8	8.8	-26.9	-10.5	17.1	4.8	-5.9	8.0	1.6
	Oct	85.8	115.0	98.8	91.7	99.2	91.0	103.4	133.9	138.4	89.4	108.1	96.7	-3.5	-0.3	-3.9	8.3	-20.7	-14.1	-19.9	21.0	-3.1	1.3	-8.8	-7.6
	Nov	82.3	109.4	90.1	94.9	126.6	120.2	99.2	129.2	128.2	87.0	114.5	99.5	8.5	-14.3	-7.0	3.5	5.7	9.4	-33.4	14.5	-23.7	3.9	-6.5	-2.8
	Dec	104.4	104.5	109.1	106.4	127.4	135.6	75.1	119.5	89.7	102.0	110.4	112.6	2.8	-5.4	-2.8	64.5	2.4	68.5	-57.3	4.9	-55.2	7.0	-1.2	5.7
2018	Jan	81.9	108.0	88.4	62.0	112.1	69.5	114.9	123.3	141.8	80.2	108.7	87.2	13.4	-3.0	10.0	-42.0	5.3	-38.9	-27.1	10.4	-19.5	-10.1	1.6	-8.6
	Feb	79.9	111.4	89.0	124.1	104.2	129.3	102.0	121.4	123.8	92.0	108.5	99.9	-6.3	-4.0	-10.0	-20.4	-8.5	-27.2	-46.8	3.9	-44.8	-17.8	-2.9	-20.2
	Mar	92.3	111.5	102.9	98.8	99.4	98.2	82.8	103.7	85.9	93.7	107.5	100.7	52.0	-6.0	42.9	-38.6	-6.6	-42.6	2.2	-12.7	-10.8	5.8	-3.2	2.4
	Apr	88.8	104.7	93.0	75.9	93.8	71.2	52.7	116.3	61.3	81.5	102.6	83.7	3.5	-3.7	-0.3	-24.9	-4.4	-28.2	-61.5	-6.1	-63.9	-12.3	-1.7	-13.8
	May	91.9	95.4	87.6	66.4	93.5	62.0	51.4	103.6	53.3	80.3	96.4	77.4	-18.8	-13.6	-29.9	-22.6	5.7	-18.2	-48.0	-15.9	-56.3	-20.9	-6.6	-26.1
	Jun	88.5	100.8	89.2	96.8	87.3	84.5	90.3	108.0	97.5	92.0	95.1	87.5	-13.7	-4.2	-17.3	38.2	-11.8	21.9	-32.5	-9.1	-38.6	0.1	-6.5	-6.4
	Jul	76.4	98.7	75.4	82.9	96.8	80.2	111.0	107.5	119.3	81.5	96.8	78.9	6.6	-14.3	-8.7	-23.3	-4.5	-26.8	-16.6	-14.3	-28.5	-4.4	-10.3	-14.3
	Aug	95.7	97.9	93.7	39.1	104.8	40.9	124.4	104.6	130.1	75.6	100.4	75.9	16.9	-12.8	1.9	-60.0	-2.7	-61.1	24.0	-21.7	-2.9	-13.9	-9.2	-21.9
	Sep	86.0	101.7	87.5	43.2	93.3	40.3	132.7	107.9	143.2	70.4	97.3	68.5	-20.3	-7.1	-26.0	-35.6	-12.0	-43.3	3.8	-18.9	-15.8	-22.9	-11.0	-31.4
	Oct	68.9	102.6	70.7	92.8	91.1	84.5	104.7	107.1	112.1	80.9	96.0	77.7	-19.8	-10.8	-28.4	1.3	-8.3	-7.1	1.2	-20.0	-19.0	-9.5	-11.2	-19.7
Year To Date																									
2016		86.9	110.8	96.2	100.6	104.4	105.0	144.5	106.3	153.5	94.2	107.1	100.9	6.9	-1.7	5.1	3.0	5.1	8.3	-24.2	-2.1	-25.7	3.1	2.3	5.4
2017		86.0	112.4	96.6	99.6	100.3	99.8	119.1	125.9	150.0	92.4	107.2	99.1	-1.0	1.4	0.4	-1.0	-4.0	-4.9	-17.5	18.5	-2.3	-1.8	0.0	-1.8
2018		85.3	102.5	87.5	74.5	95.1	70.9	98.0	109.2	107.0	82.3	99.8	82.2	-0.8	-8.8	-9.5	-25.2	-5.1	-29.0	-17.8	-13.2	-28.6	-10.9	-6.8	-17.0
Running 3 Month																									
2016		88.4	111.4	98.5	93.4	105.8	98.8	139.3	111.1	154.7	92.0	108.0	99.4	0.3	3.8	4.1	0.2	0.8	1.0	-11.5	20.0	6.1	-0.5	3.1	2.6
2017		91.0	112.2	102.1	84.0	104.0	87.3	109.5	133.6	146.2	89.5	109.3	97.8	3.0	0.7	3.7	-10.1	-1.7	-11.6	-21.4	20.3	-5.5	-2.7	1.2	-1.6
2018		83.9	100.3	84.2	56.6	95.6	54.1	120.4	106.6	128.3	75.5	97.8	73.9	-7.8	-10.6	-17.6	-32.6	-8.1	-38.0	10.0	-20.2	-12.2	-15.6	-10.5	-24.5
Running 12 Month																									
2016		85.5	111.0	95.0	101.3	105.7	107.0	142.9	105.4	150.6	93.5	107.8	100.8	5.9	-1.7	4.1	0.2	5.1	5.4	-31.7	-4.6	-34.9	0.7	2.4	3.1
2017		86.1	113.2	97.5	97.6	102.4	99.9	123.6	124.4	153.8	91.9	108.4	99.7	0.7	1.9	2.6	-3.7	-3.1	-6.7	-13.5	18.1	2.1	-1.7	0.5	-1.1
2018		86.5	102.9	89.0	76.6	97.5	74.7	96.4	111.3	107.2	83.8	101.1	84.7	0.4	-9.1	-8.7	-21.5	-4.8	-25.3	-22.1	-10.6	-30.3	-8.8	-6.8	-15.0

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Tab 13 - Segmentation Ranking Analysis

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Ranking												Percent Change (%)									
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR
2017	May	3 of 6	1 of 6	2 of 6	5 of 6	4 of 6	5 of 6	4 of 6	1 of 6	4 of 6	4 of 6	3 of 6	3 of 6	2 of 5	2 of 5	2 of 5	5 of 5	2 of 5	5 of 5	2 of 5	2 of 5	2 of 5	6 of 6	1 of 6	5 of 6
	Jun	3 of 6	4 of 6	2 of 6	4 of 6	4 of 6	3 of 6	2 of 6	2 of 6	2 of 6	5 of 6	4 of 6	4 of 6	2 of 5	5 of 5	4 of 5	4 of 5	2 of 5	5 of 5	2 of 5	1 of 5	2 of 5	4 of 6	3 of 6	5 of 6
	Jul	6 of 6	1 of 6	5 of 6	2 of 6	4 of 6	3 of 6	2 of 6	2 of 6	2 of 6	5 of 6	3 of 6	4 of 6	2 of 5	3 of 5	2 of 5	4 of 5	3 of 5	4 of 5	2 of 5	1 of 5	1 of 5	5 of 6	4 of 6	5 of 6
	Aug	5 of 6	1 of 6	5 of 6	3 of 6	2 of 6	3 of 6	2 of 6	2 of 6	2 of 6	5 of 6	2 of 6	4 of 6	3 of 5	2 of 5	3 of 5	3 of 5	2 of 5	2 of 5	2 of 5	4 of 5	2 of 5	4 of 6	3 of 6	3 of 6
	Sep	2 of 6	1 of 6	2 of 6	5 of 6	4 of 6	4 of 6	2 of 6	2 of 6	2 of 6	5 of 6	3 of 6	4 of 6	2 of 5	1 of 5	1 of 5	4 of 5	2 of 5	5 of 5	1 of 5	3 of 5	1 of 5	5 of 6	2 of 6	4 of 6
	Oct	5 of 6	1 of 6	3 of 6	4 of 6	4 of 6	3 of 6	2 of 6	2 of 6	2 of 6	6 of 6	3 of 6	4 of 6	3 of 5	3 of 5	4 of 5	4 of 5	5 of 5	4 of 5	1 of 5	3 of 5	1 of 5	4 of 6	5 of 6	3 of 6
	Nov	5 of 6	2 of 6	4 of 6	2 of 6	1 of 6	2 of 6	3 of 6	2 of 6	3 of 6	5 of 6	2 of 6	4 of 6	2 of 5	5 of 5	3 of 5	2 of 5	3 of 5	3 of 5	2 of 5	3 of 5	2 of 5	3 of 6	4 of 6	3 of 6
	Dec	3 of 6	3 of 6	3 of 6	3 of 6	1 of 6	3 of 6	4 of 6	3 of 6	4 of 6	3 of 6	1 of 6	2 of 6	2 of 5	5 of 5	3 of 5	3 of 5	3 of 5	2 of 5	5 of 5	3 of 5	4 of 5	2 of 6	3 of 6	3 of 6
2018	Jan	5 of 6	2 of 6	4 of 6	5 of 6	3 of 6	5 of 6	3 of 6	2 of 6	3 of 6	5 of 6	2 of 6	4 of 6	2 of 5	3 of 5	2 of 5	5 of 5	3 of 5	5 of 5	1 of 5	2 of 5	1 of 5	5 of 6	4 of 6	5 of 6
	Feb	5 of 6	2 of 6	4 of 6	2 of 6	3 of 6	2 of 6	3 of 6	2 of 6	3 of 6	5 of 6	2 of 6	3 of 6	5 of 5	5 of 5	5 of 5	3 of 5	4 of 5	4 of 5	4 of 5	4 of 5	4 of 5	5 of 6	4 of 6	5 of 6
	Mar	5 of 6	1 of 6	3 of 6	5 of 6	3 of 6	4 of 6	4 of 6	4 of 6	4 of 6	5 of 6	2 of 6	3 of 6	1 of 6	5 of 6	1 of 6	6 of 6	6 of 6	6 of 6	2 of 6	4 of 6	2 of 6	3 of 6	5 of 6	3 of 6
	Apr	4 of 6	2 of 6	4 of 6	4 of 6	4 of 6	5 of 6	5 of 6	3 of 6	5 of 6	6 of 6	4 of 6	4 of 6	3 of 6	4 of 6	4 of 6	5 of 6	4 of 6	6 of 6	6 of 6	2 of 6	6 of 6	6 of 6	4 of 6	6 of 6
	May	5 of 6	4 of 6	4 of 6	5 of 6	4 of 6	4 of 6	5 of 6	4 of 6	5 of 6	6 of 6	4 of 6	4 of 6	6 of 6	6 of 6	6 of 6	6 of 6	1 of 6	4 of 6	6 of 6	4 of 6	6 of 6	6 of 6	5 of 6	6 of 6
	Jun	5 of 6	4 of 6	4 of 6	3 of 6	5 of 6	3 of 6	5 of 6	3 of 6	4 of 6	5 of 6	4 of 6	4 of 6	6 of 6	4 of 6	6 of 6	1 of 6	6 of 6	2 of 6	4 of 6	4 of 6	4 of 6	4 of 6	6 of 6	5 of 6
	Jul	5 of 6	4 of 6	5 of 6	4 of 6	4 of 6	4 of 6	4 of 6	3 of 6	3 of 6	6 of 6	4 of 6	5 of 6	4 of 6	6 of 6	5 of 6	5 of 6	5 of 6	5 of 6	4 of 6	4 of 6	4 of 6	4 of 6	6 of 6	6 of 6
	Aug	4 of 6	4 of 6	4 of 6	6 of 6	3 of 6	6 of 6	2 of 6	3 of 6	2 of 6	6 of 6	3 of 6	6 of 6	2 of 6	6 of 6	3 of 6	6 of 6	4 of 6	6 of 6	3 of 6	5 of 6	4 of 6	6 of 6	6 of 6	6 of 6
	Sep	5 of 6	3 of 6	6 of 6	6 of 6	4 of 6	6 of 6	1 of 6	3 of 6	1 of 6	6 of 6	4 of 6	6 of 6	6 of 6	6 of 6	6 of 6	6 of 6	5 of 6	6 of 6	4 of 6	5 of 6	4 of 6	6 of 6	6 of 6	6 of 6
	Oct	6 of 6	3 of 6	5 of 6	3 of 6	4 of 6	4 of 6	4 of 6	3 of 6	4 of 6	6 of 6	4 of 6	5 of 6	6 of 6	6 of 6	6 of 6	3 of 6	5 of 6	4 of 6	4 of 6	6 of 6	4 of 6	5 of 6	6 of 6	6 of 6
Year To Date																									
2016		4 of 5	2 of 5	3 of 5	3 of 5	3 of 5	3 of 5	2 of 5	3 of 5	2 of 5	6 of 6	3 of 6	4 of 6	1 of 5	5 of 5	2 of 5	3 of 5	1 of 5	1 of 5	3 of 5	4 of 5	3 of 5	3 of 6	1 of 6	2 of 6
2017		6 of 6	1 of 6	4 of 6	3 of 6	4 of 6	3 of 6	2 of 6	2 of 6	2 of 6	5 of 6	3 of 6	4 of 6	2 of 5	2 of 5	2 of 5	3 of 5	5 of 5	4 of 5	1 of 5	2 of 5	2 of 5	4 of 6	3 of 6	5 of 6
2018		6 of 6	3 of 6	5 of 6	5 of 6	4 of 6	5 of 6	4 of 6	3 of 6	4 of 6	6 of 6	4 of 6	4 of 6	4 of 6	6 of 6	5 of 6	6 of 6	6 of 6	6 of 6	4 of 6	5 of 6	4 of 6	5 of 6	6 of 6	6 of 6
Running 3 Month																									
2016		4 of 5	3 of 5	3 of 5	4 of 5	3 of 5	3 of 5	2 of 5	3 of 5	2 of 5	6 of 6	3 of 6	4 of 6	3 of 5	2 of 5	3 of 5	2 of 5	3 of 5	2 of 5	3 of 5	3 of 5	2 of 5	4 of 6	1 of 6	2 of 6
2017		4 of 6	1 of 6	3 of 6	3 of 6	4 of 6	4 of 6	2 of 6	2 of 6	2 of 6	5 of 6	4 of 6	4 of 6	2 of 5	2 of 5	3 of 5	4 of 5	4 of 5	4 of 5	1 of 5	4 of 5	1 of 5	5 of 6	3 of 6	4 of 6
2018		5 of 6	4 of 6	6 of 6	6 of 6	4 of 6	6 of 6	2 of 6	3 of 6	2 of 6	6 of 6	4 of 6	6 of 6	6 of 6	6 of 6	6 of 6	6 of 6	6 of 6	6 of 6	4 of 6	5 of 6	4 of 6	5 of 6	6 of 6	6 of 6
Running 12 Month																									
2016		4 of 5	2 of 5	3 of 5	3 of 5	3 of 5	3 of 5	2 of 5	3 of 5	2 of 5	6 of 6	3 of 6	4 of 6	2 of 5	4 of 5	2 of 5	3 of 5	1 of 5	2 of 5	3 of 5	4 of 5	3 of 5	3 of 6	1 of 6	2 of 6
2017		6 of 6	1 of 6	4 of 6	4 of 6	4 of 6	3 of 6	2 of 6	2 of 6	2 of 6	5 of 6	2 of 6	4 of 6	3 of 5	2 of 5	1 of 5	4 of 5	5 of 5	4 of 5	2 of 5	2 of 5	2 of 5	4 of 6	2 of 6	4 of 6
2018		6 of 6	3 of 6	4 of 6	5 of 6	4 of 6	5 of 6	3 of 6	3 of 6	4 of 6	6 of 6	4 of 6	4 of 6	4 of 6	6 of 6	5 of 6	6 of 6	6 of 6	6 of 6	4 of 6	5 of 6	4 of 6	5 of 6	6 of 6	6 of 6

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Tab 14 - Segmentation Day Of Week - Current Month

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Current Month												Percent Change (%)											
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
Occupancy (%)																								
Sunday	20.4	33.2	30.0	14.7	15.7	17.1	6.2	5.6	5.2	41.3	54.5	52.3	-2.1	3.1	10.9	123.9	3.0	19.9	53.4	18.5	45.6	31.3	4.5	16.6
Monday	21.7	42.9	43.2	38.0	22.4	24.9	7.4	6.6	5.2	67.1	71.9	73.3	-38.0	22.3	15.4	68.0	-32.7	-11.9	53.0	23.9	42.5	7.4	-2.4	5.7
Tuesday	30.0	45.6	45.1	35.3	29.2	32.4	6.3	5.9	4.9	71.6	80.6	82.4	-21.0	23.9	9.9	16.4	-23.0	-3.7	38.1	16.0	38.1	-1.7	1.1	5.3
Wednesday	25.5	40.9	40.8	19.3	32.8	32.5	5.9	5.8	4.7	50.6	79.5	78.0	-27.2	-2.1	-1.1	-56.7	-19.5	-23.1	2.4	12.2	33.9	-40.6	-9.3	-10.4
Thursday	26.0	33.7	36.9	19.7	28.7	27.4	5.3	6.2	4.8	51.0	68.6	69.1	-12.1	-7.9	12.1	-34.1	10.9	-12.9	7.0	20.9	36.7	-20.8	1.5	1.8
Weekday	24.9	39.8	39.7	26.1	26.1	27.3	6.3	6.0	5.0	57.2	71.8	71.9	-21.4	9.7	10.8	0.9	-14.2	-7.2	30.8	18.7	39.1	-8.1	0.2	4.6
Friday	23.8	30.3	34.1	25.0	32.9	31.8	6.9	5.0	4.9	55.7	68.2	70.9	-9.9	-11.2	13.0	-22.3	18.1	-1.6	9.5	11.8	48.6	-14.2	2.7	7.6
Saturday	41.7	44.1	43.7	26.5	34.0	32.7	4.4	5.7	4.8	72.6	83.8	81.3	3.2	-5.5	2.2	-15.1	16.0	11.5	-23.2	20.9	51.9	-6.1	3.9	7.9
Weekend	32.7	37.2	38.9	25.8	33.5	32.3	5.6	5.3	4.9	64.1	76.0	76.1	-2.0	-7.9	6.7	-18.7	17.0	4.6	-6.2	16.5	50.2	-9.8	3.3	7.8
Total	26.9	39.1	39.5	25.9	27.9	28.5	6.1	5.8	4.9	59.0	72.9	73.0	-16.0	4.7	9.8	-5.3	-6.4	-3.6	19.8	18.4	34.6	-8.6	1.0	5.4
ADR																								
Sunday	156.34	153.71	152.78	137.60	165.43	154.59	85.97	85.51	77.96	139.03	150.11	145.87	-4.3	-1.1	-0.6	-7.6	25.3	3.1	0.2	37.6	9.5	-7.5	7.1	0.0
Monday	169.70	165.80	161.65	142.49	159.78	155.25	85.97	83.70	77.54	145.09	156.34	153.55	-10.5	-2.9	-2.9	-12.1	6.7	-6.1	0.2	26.6	5.7	-15.5	1.8	-4.7
Tuesday	192.58	184.21	175.24	142.20	161.24	163.16	85.97	77.48	74.97	158.38	168.10	164.57	-9.8	1.4	-1.8	-6.9	-0.8	-5.1	0.2	19.2	3.1	-12.1	1.8	-3.7
Wednesday	176.25	176.92	167.21	148.60	151.53	161.73	85.97	82.62	76.57	155.22	159.55	159.46	-15.3	-5.5	-8.3	1.0	-11.8	-6.8	0.2	34.3	3.9	-7.6	-7.6	-8.2
Thursday	162.39	162.43	160.34	146.41	154.41	155.89	85.97	77.48	73.30	148.30	151.43	152.48	-16.5	-4.2	-4.9	1.5	0.5	-3.1	0.2	23.7	-5.9	-8.9	-2.6	-4.9
Weekday	173.93	170.62	164.88	143.42	157.44	159.01	85.97	81.33	76.15	150.39	158.34	156.54	-11.4	-1.5	-3.5	-5.0	0.3	-4.6	0.2	27.8	3.5	-11.0	-0.2	-4.6
Friday	150.37	151.32	151.48	142.84	155.11	147.90	85.97	72.80	75.30	139.05	147.44	144.58	-17.9	-0.8	-0.1	-7.1	6.9	1.2	0.2	15.8	-0.5	-12.6	2.8	-0.4
Saturday	178.30	171.84	165.14	143.98	151.13	149.20	85.97	81.12	79.44	160.17	157.25	153.65	-1.3	13.8	7.2	-5.3	11.9	7.1	0.2	17.3	-2.2	-1.2	12.0	5.8
Weekend	168.16	163.47	159.15	143.43	153.09	148.56	85.97	77.25	77.35	151.00	152.85	149.42	-7.4	7.8	4.0	-6.2	9.4	4.0	0.2	16.9	-1.3	-6.1	7.8	2.9
Total	173.12	168.65	163.59	142.48	156.48	155.70	85.42	79.72	76.46	150.56	156.87	154.62	-10.2	0.7	-1.9	-5.8	2.7	-3.1	-0.2	24.7	7.9	-9.7	1.7	-2.8
RevPAR																								
Sunday	31.85	51.07	45.78	20.20	25.92	26.39	5.37	4.76	4.09	57.42	81.76	76.25	-6.3	2.0	10.3	106.9	29.1	23.6	53.8	63.1	59.4	21.5	11.9	16.6
Monday	36.83	71.07	69.78	54.20	35.77	38.70	6.32	5.56	4.00	97.35	112.40	112.48	-44.5	18.9	12.1	47.6	-28.2	-17.3	53.4	56.9	50.6	-9.2	-0.7	0.7
Tuesday	57.83	83.96	79.11	50.16	47.04	52.79	5.42	4.57	3.65	113.41	135.57	135.54	-28.7	25.7	8.0	8.4	-23.6	-8.6	38.4	38.3	42.4	-13.7	2.9	1.4
Wednesday	44.91	72.29	68.20	28.62	49.68	52.60	5.07	4.80	3.60	78.60	126.77	124.40	-38.3	-7.5	-9.4	-56.3	-29.0	-28.3	2.7	50.8	39.2	-45.1	-16.2	-17.7
Thursday	42.24	54.77	59.14	28.86	44.34	42.73	4.54	4.78	3.55	75.63	103.90	105.43	-26.6	-11.7	6.6	-33.1	11.5	-15.6	7.2	49.5	28.6	-27.9	-1.1	-3.2
Weekday	43.22	67.82	65.44	37.44	41.02	43.34	5.38	4.90	3.77	86.04	113.75	112.56	-30.4	8.0	6.9	-4.1	-13.9	-11.4	31.1	51.7	43.9	-18.3	0.1	-0.2
Friday	35.75	45.91	51.69	35.77	51.10	47.05	5.90	3.61	3.71	77.41	100.63	102.44	-26.0	-11.9	12.9	-27.8	26.3	-0.4	9.8	29.5	47.9	-25.0	5.5	7.2
Saturday	74.36	75.74	72.22	38.11	51.41	48.83	3.80	4.63	3.82	116.27	131.78	124.87	1.9	7.6	9.5	-19.6	29.8	19.5	-23.0	41.8	48.5	-7.2	16.3	14.2
Weekend	55.05	60.83	61.95	36.94	51.26	47.94	4.85	4.12	3.76	96.84	116.20	113.66	-9.2	-0.7	10.9	-23.8	28.0	8.8	-5.9	36.1	48.2	-15.3	11.4	10.9
Total	46.65	66.00	64.66	36.96	43.73	44.41	5.22	4.65	3.76	88.83	114.38	112.84	-24.6	5.4	7.8	-10.7	-3.9	-6.5	19.6	47.6	45.2	-17.4	2.8	2.5

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Tab 15 - Segmentation Day Of Week - Year to Date

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Year To Date												Percent Change (%)											
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
Occupancy (%)																								
Sunday	20.4	26.8	26.7	8.0	14.7	13.9	4.9	5.1	4.4	33.3	46.6	45.0	8.0	-2.9	8.4	-20.4	-2.5	7.5	29.4	54.6	53.9	1.7	1.4	11.3
Monday	30.2	38.2	39.9	15.4	21.1	20.6	5.1	6.0	4.3	50.7	65.3	64.9	-2.3	-0.9	4.1	-27.3	-9.7	-8.0	28.6	70.3	50.0	-9.5	-0.2	1.9
Tuesday	34.9	43.6	45.0	23.3	26.6	27.3	4.9	5.4	4.3	63.0	75.7	76.6	-10.7	-3.1	0.4	-23.8	-3.2	-3.4	15.4	47.2	47.4	-14.6	-0.7	0.8
Wednesday	37.3	43.6	45.5	21.1	28.0	27.4	4.8	5.4	4.2	63.1	77.1	77.1	0.0	-4.8	0.9	-28.6	5.5	-1.6	8.1	53.4	44.3	-11.4	1.5	1.7
Thursday	32.3	36.4	37.9	17.4	27.1	25.1	4.7	5.1	4.2	54.4	68.6	67.2	13.2	-2.0	8.7	-21.7	16.2	7.2	22.8	39.3	44.2	-0.4	6.9	9.8
Weekday	31.0	37.8	39.1	17.1	23.5	22.9	4.9	5.4	4.3	53.0	66.7	66.3	0.4	-2.6	4.1	-24.7	1.6	-0.2	20.5	52.9	47.9	-8.1	1.9	4.5
Friday	34.6	39.8	39.6	22.8	28.7	26.7	5.2	4.1	4.3	62.6	72.6	70.6	-9.8	-3.6	4.5	-12.2	12.8	4.0	22.5	32.9	54.7	-8.7	4.0	6.4
Saturday	47.5	49.3	47.3	23.5	30.3	27.8	5.1	4.3	4.1	76.1	83.9	79.2	-11.6	-4.2	-1.8	-17.7	10.9	4.0	22.1	35.0	46.6	-12.0	2.4	2.0
Weekend	41.0	44.6	43.5	23.2	29.5	27.2	5.1	4.2	4.2	69.4	78.3	74.9	-10.8	-3.9	1.0	-15.1	11.8	4.0	22.3	33.9	50.6	-10.5	3.1	4.0
Total	33.9	39.7	40.1	18.8	25.2	24.4	5.0	5.1	4.2	57.6	70.0	68.7	-3.7	-2.9	2.6	-21.7	4.7	2.3	21.0	47.2	45.9	-8.9	2.3	4.4
ADR																								
Sunday	138.97	141.21	139.82	145.92	148.42	149.49	85.41	77.47	73.88	132.69	136.49	136.42	-7.3	4.8	1.6	5.6	12.3	5.8	0.2	16.8	4.2	-4.4	5.8	1.7
Monday	150.54	151.94	149.99	144.41	147.25	151.89	85.44	81.52	77.57	142.08	143.91	145.79	-7.7	4.2	0.8	2.8	7.4	3.9	0.0	19.9	6.8	-4.7	3.9	0.9
Tuesday	165.87	162.18	158.90	142.08	152.79	155.95	83.61	77.61	77.13	150.74	152.85	153.25	-4.2	7.0	1.9	1.8	6.8	4.0	-2.1	12.9	6.1	-2.3	5.7	1.8
Wednesday	170.63	163.51	160.64	143.47	150.55	155.40	86.35	81.40	78.42	155.19	153.02	154.25	-0.8	7.5	3.1	3.3	3.6	3.4	1.1	20.1	8.9	1.5	5.0	2.5
Thursday	155.50	157.47	153.30	141.98	149.25	152.97	85.40	77.26	75.84	145.10	148.27	148.30	-2.5	8.6	3.2	2.5	6.2	4.7	0.1	14.3	5.5	-0.5	6.7	3.0
Weekday	158.41	156.57	153.83	143.18	149.90	153.66	85.24	79.17	76.58	146.76	147.94	148.77	-4.3	6.6	2.1	2.8	6.8	4.2	-0.2	16.9	6.3	-1.9	5.4	1.9
Friday	157.96	154.04	148.52	140.80	147.52	145.24	85.43	75.61	75.80	145.71	147.07	142.87	4.4	11.6	5.6	-0.1	7.9	6.6	0.1	12.3	4.3	1.6	9.4	5.0
Saturday	165.80	157.20	155.03	141.23	145.87	145.16	85.39	76.17	77.44	152.82	148.93	147.54	1.4	9.4	4.5	1.9	8.7	8.1	0.0	13.1	6.5	0.9	8.2	4.8
Weekend	162.50	155.79	152.06	141.02	146.67	145.20	85.41	75.90	76.60	149.61	148.07	145.34	2.5	10.3	4.9	0.9	8.3	7.4	0.1	12.7	5.4	1.2	8.7	4.8
Total	160.09	156.15	153.59	141.91	149.15	150.29	85.31	78.10	77.04	147.73	147.98	147.71	-2.0	7.5	3.0	2.1	7.6	4.7	0.7	16.0	6.4	-0.8	6.4	2.8
RevPAR																								
Sunday	28.29	37.87	37.33	11.69	21.80	20.83	4.22	3.96	3.22	44.20	63.63	61.39	0.1	1.8	10.1	-16.0	9.5	13.8	29.7	80.5	60.3	-2.7	7.3	13.2
Monday	45.47	57.97	59.87	22.17	31.12	31.35	4.39	4.93	3.34	72.03	94.02	94.55	-9.8	3.2	4.9	-25.3	-3.0	-4.5	28.7	104.3	60.2	-13.8	3.7	2.8
Tuesday	57.88	70.79	71.57	33.10	40.66	42.53	4.07	4.19	3.33	95.04	115.64	117.43	-14.5	3.7	2.2	-22.4	3.3	0.5	13.0	66.1	56.5	-16.6	5.0	2.6
Wednesday	63.60	71.37	73.04	30.21	42.16	42.62	4.12	4.42	3.33	97.93	117.94	118.99	-0.8	2.3	4.0	-26.3	9.3	1.7	9.2	84.2	57.1	-10.1	6.5	4.2
Thursday	50.18	57.27	58.13	24.76	40.45	38.38	4.02	3.93	3.21	78.95	101.65	99.72	10.3	6.3	12.1	-19.7	23.4	12.3	22.9	59.2	52.1	-0.8	14.1	13.1
Weekday	49.17	59.16	60.10	24.44	35.28	35.19	4.16	4.29	3.29	77.78	98.72	98.58	-3.9	3.8	6.2	-22.6	8.5	3.9	20.3	78.8	57.3	-9.8	7.4	6.5
Friday	54.66	61.37	58.86	32.12	42.39	38.72	4.42	3.07	3.25	91.20	106.83	100.83	-5.8	7.6	10.4	-12.3	21.7	10.9	22.6	49.2	61.3	-7.2	13.7	11.7
Saturday	78.70	77.44	73.31	33.26	44.20	40.29	4.35	3.29	3.18	116.31	124.93	116.78	-10.4	4.8	2.6	-16.1	20.5	12.5	22.1	52.6	56.1	-11.2	10.8	6.9
Weekend	66.68	69.40	66.09	32.69	43.30	39.51	4.38	3.18	3.21	103.76	115.88	108.81	-8.6	6.0	5.9	-14.3	21.1	11.7	22.4	50.9	58.7	-9.5	12.2	9.0
Total	54.24	62.01	61.53	26.66	37.61	36.69	4.23	3.95	3.25	85.13	103.58	101.47	-5.6	4.3	5.7	-20.0	12.7	7.1	21.8	70.8	55.2	-9.7	8.9	7.3

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Tab 16 - Segmentation Day Of Week - Running 3 Month

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Running 3 Month												Percent Change (%)											
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
Occupancy (%)																								
Sunday	23.2	32.6	31.7	8.2	19.9	16.3	6.9	5.7	5.1	38.2	58.2	53.1	0.9	-4.1	6.7	-5.9	19.7	13.0	55.0	22.4	46.5	5.9	5.3	11.6
Monday	27.9	40.0	42.2	21.6	25.7	23.2	7.9	6.6	5.2	57.4	72.4	70.6	-21.5	-1.1	3.3	-3.1	-7.4	-4.8	54.2	24.5	45.4	-8.8	-1.6	2.6
Tuesday	37.6	43.7	46.3	25.2	35.4	33.1	6.7	6.1	5.1	69.4	85.2	84.6	-18.9	-1.7	-0.1	-15.8	2.1	5.0	25.2	20.3	43.2	-14.9	1.2	3.8
Wednesday	37.9	41.5	44.8	18.5	38.3	34.1	6.7	5.8	5.0	63.1	85.6	83.9	-5.1	-6.3	-0.5	-50.1	7.9	-1.1	11.5	19.3	36.8	-24.0	1.1	0.9
Thursday	35.9	39.2	42.6	12.8	34.1	28.3	6.4	5.7	5.0	55.2	79.0	75.9	14.5	1.9	16.6	-49.5	18.3	1.6	27.5	11.2	42.5	-10.7	9.1	11.7
Weekday	32.6	39.4	41.6	17.3	30.8	27.1	6.9	6.0	5.1	56.8	76.2	73.8	-8.0	-2.4	4.5	-30.2	7.1	1.9	33.2	19.4	42.8	-13.1	2.8	5.4
Friday	30.9	39.3	41.5	19.1	31.8	28.3	6.9	4.7	5.0	57.0	75.8	74.9	-7.5	0.6	14.0	-11.6	18.9	7.5	21.8	6.3	51.6	-6.3	7.9	13.3
Saturday	44.9	47.6	48.6	19.9	35.8	31.3	6.5	5.3	4.9	71.2	88.6	84.9	-21.3	-9.5	-3.6	-13.9	18.4	15.1	19.0	19.5	51.0	-16.7	1.7	4.8
Weekend	37.9	43.4	45.1	19.5	33.8	29.8	6.7	5.0	5.0	64.1	82.2	79.9	-16.2	-5.2	3.7	-12.8	18.6	11.3	20.4	12.9	51.3	-12.4	4.5	8.6
Total	34.1	40.6	41.9	17.9	31.6	28.6	6.9	5.7	5.0	58.8	77.9	75.5	-10.7	-3.2	2.8	-25.7	10.2	7.2	29.5	17.8	41.2	-12.9	3.3	6.4
ADR																								
Sunday	140.41	149.16	145.94	141.39	148.14	150.11	85.42	79.75	75.83	130.74	142.04	140.46	-7.8	2.9	1.6	0.4	17.4	2.4	-0.8	28.0	5.8	-7.5	7.3	0.9
Monday	156.54	160.16	154.74	143.02	149.67	153.40	85.48	86.19	78.54	141.61	149.65	148.67	-9.4	2.0	-1.1	-5.7	8.7	-1.4	-0.7	31.6	5.7	-10.5	4.6	-2.1
Tuesday	185.96	178.88	169.43	143.31	158.63	162.46	80.99	80.35	76.54	160.39	163.38	161.07	-2.1	8.6	1.6	-3.9	5.6	1.9	-6.0	20.8	3.2	-4.7	6.9	0.8
Wednesday	180.44	172.97	164.71	150.89	153.74	161.92	85.45	80.83	77.18	161.64	158.09	158.41	-3.5	2.9	-0.9	2.0	-0.2	1.4	-0.8	26.1	6.0	-0.3	1.2	-0.7
Thursday	161.07	169.00	161.16	150.87	151.27	157.11	85.40	78.95	76.81	149.88	154.89	154.09	-5.9	5.0	2.1	1.2	6.9	3.3	-0.9	27.0	4.1	-3.4	5.9	2.0
Weekday	167.84	167.04	160.22	145.89	152.93	158.23	84.60	81.35	76.99	151.00	154.61	153.75	-5.6	4.4	0.4	-1.8	5.9	1.5	-1.8	26.7	4.9	-5.3	4.9	0.0
Friday	152.80	161.72	151.90	144.17	145.55	147.57	85.45	79.47	76.85	141.77	149.84	145.21	-3.7	11.8	6.6	-3.2	7.2	5.1	-0.7	25.7	2.4	-4.5	10.1	5.0
Saturday	176.94	175.70	165.28	144.40	146.17	149.29	85.36	80.53	79.55	159.48	158.13	154.41	-0.1	14.3	6.6	-3.2	6.6	5.8	-0.9	24.9	5.9	-2.6	10.2	4.9
Weekend	167.08	169.38	159.12	144.29	145.88	148.47	85.41	80.03	78.18	151.61	154.31	150.10	-1.9	13.0	6.2	-3.2	6.9	5.5	-0.8	25.3	4.1	-3.7	10.1	4.8
Total	167.85	167.34	161.05	144.80	151.52	153.64	85.17	79.91	77.11	151.19	154.52	152.66	-4.4	6.9	2.9	-2.4	6.2	1.1	-0.2	25.0	4.2	-4.8	6.3	1.3
RevPAR																								
Sunday	32.55	48.66	46.22	11.59	29.41	24.50	5.87	4.53	3.88	50.00	82.60	74.60	-7.0	-1.3	8.4	-5.5	40.5	15.7	53.7	56.6	55.0	-2.1	12.9	12.5
Monday	43.60	64.11	65.30	30.89	38.46	35.59	6.80	5.72	4.10	81.28	108.30	104.99	-28.9	0.9	2.2	-8.6	0.7	-6.1	53.1	63.7	53.7	-18.3	2.9	0.5
Tuesday	69.84	78.13	78.48	36.09	56.11	53.83	5.41	4.92	3.92	111.34	139.16	136.23	-20.6	6.7	1.5	-19.1	7.7	7.1	17.6	45.3	47.7	-18.9	8.1	4.6
Wednesday	68.31	71.71	73.85	27.96	58.83	55.19	5.75	4.71	3.82	102.01	135.26	132.86	-8.4	-3.6	-1.4	-49.0	7.7	0.2	10.6	50.4	45.0	-24.2	2.3	0.2
Thursday	57.87	66.33	68.63	19.33	51.63	44.46	5.49	4.47	3.84	82.70	122.44	116.93	7.7	7.0	19.1	-48.9	26.5	4.9	26.4	41.3	48.3	-13.8	15.5	14.0
Weekday	54.64	65.88	66.61	25.21	47.07	42.90	5.86	4.87	3.91	85.72	117.82	113.42	-13.1	1.9	4.9	-31.5	13.4	3.4	30.8	51.4	49.8	-17.7	7.8	5.4
Friday	47.27	63.53	63.10	27.61	46.36	41.79	5.87	3.73	3.87	80.75	113.62	108.77	-10.9	12.5	21.5	-14.4	27.5	13.0	20.9	33.7	55.2	-10.4	18.8	19.0
Saturday	79.36	83.60	80.39	28.67	52.33	46.75	5.57	4.24	3.91	113.61	140.16	131.05	-21.4	3.5	2.7	-16.7	26.1	21.7	18.0	49.2	60.0	-18.9	12.0	10.0
Weekend	63.32	73.56	71.75	28.14	49.34	44.27	5.72	3.98	3.89	97.18	126.89	119.91	-17.8	7.2	10.2	-15.6	26.7	17.4	19.5	41.5	57.5	-15.6	15.0	13.9
Total	57.20	67.94	67.51	25.90	47.88	43.87	5.85	4.56	3.87	88.96	120.38	115.25	-14.7	3.5	5.8	-27.5	17.0	8.4	29.2	47.3	47.1	-17.1	9.8	7.8

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Tab 17 - Segmentation Day Of Week - Running 12 Month

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Running 12 Month												Percent Change (%)											
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
Occupancy (%)																								
Sunday	20.7	27.3	26.7	7.7	13.6	12.9	4.7	4.9	4.3	33.1	45.8	43.9	6.7	-1.3	8.1	-20.8	-1.3	10.1	28.0	56.4	57.2	1.0	2.8	12.1
Monday	29.8	37.2	39.3	13.3	19.0	18.7	5.0	5.9	4.3	48.1	62.1	62.2	0.8	-0.8	5.0	-30.9	-9.4	-7.3	29.2	79.1	56.3	-8.7	0.5	3.2
Tuesday	35.2	42.8	44.6	20.2	23.9	24.5	4.7	5.3	4.3	60.0	71.9	73.3	-6.0	-2.3	1.2	-25.9	-5.7	-3.8	16.4	58.3	54.9	-12.5	-0.7	1.5
Wednesday	36.6	42.7	44.8	18.7	25.1	24.7	4.7	5.3	4.2	60.0	73.1	73.7	3.1	-3.5	1.8	-29.6	2.1	-2.2	12.5	62.7	49.8	-9.4	1.4	2.3
Thursday	31.8	35.0	37.1	15.9	24.5	22.7	4.5	5.0	4.1	52.2	64.6	63.9	15.7	-1.0	9.0	-21.2	11.7	5.7	17.6	48.6	48.2	1.4	6.3	9.7
Weekday	30.9	37.0	38.5	15.1	21.2	20.7	4.7	5.3	4.2	50.7	63.5	63.4	3.1	-1.9	4.5	-26.4	-0.5	-0.6	20.5	61.0	53.2	-6.8	1.9	5.0
Friday	35.2	38.9	38.9	22.9	26.7	24.8	4.9	4.0	4.2	63.0	69.6	67.9	-4.6	-0.7	5.4	-5.6	7.1	3.8	22.9	41.8	58.4	-3.3	4.0	7.0
Saturday	46.8	49.2	46.5	24.5	27.9	26.4	4.9	4.2	4.0	76.2	81.4	77.0	-11.4	-2.1	-2.0	-12.1	3.1	2.4	22.7	42.7	53.0	-10.0	1.3	1.4
Weekend	41.0	44.1	42.7	23.7	27.3	25.6	4.9	4.1	4.1	69.6	75.5	72.4	-8.6	-1.5	1.3	-9.1	5.0	3.0	22.8	42.3	55.7	-7.1	2.5	3.9
Total	33.7	39.0	39.5	17.6	23.0	22.4	4.8	5.0	4.1	56.1	67.0	66.0	-1.3	-1.7	3.0	-20.6	1.2	1.7	21.0	55.3	51.2	-6.9	2.1	4.6
ADR																								
Sunday	140.54	139.64	139.53	152.92	146.30	148.81	85.45	76.04	73.88	135.55	134.77	135.87	-6.8	3.9	1.9	9.9	12.3	5.8	0.1	13.5	4.5	-3.2	5.0	1.8
Monday	147.77	148.75	147.52	144.41	145.12	150.72	85.47	79.46	76.97	140.39	141.05	143.66	-8.8	3.0	0.1	2.2	7.4	3.7	0.0	16.4	6.5	-5.7	2.8	0.2
Tuesday	160.49	157.97	155.33	141.91	150.30	154.61	83.89	76.58	76.96	148.20	149.40	150.54	-8.6	4.4	-0.5	-1.7	3.1	2.0	-2.0	10.6	5.9	-6.1	2.6	-0.5
Wednesday	164.96	158.50	156.69	143.57	148.97	154.36	86.25	78.93	77.83	152.12	149.42	151.43	-3.9	3.7	0.4	-0.3	1.0	1.7	0.8	15.6	8.5	-2.0	1.5	0.1
Thursday	150.82	152.72	149.60	142.87	146.42	151.38	85.44	76.48	76.16	142.74	144.40	145.48	-4.4	6.5	1.9	2.5	6.2	4.6	0.0	11.7	5.9	-1.6	5.2	2.1
Weekday	154.46	152.57	150.78	144.07	147.66	152.43	85.30	77.58	76.36	144.90	144.67	146.37	-6.7	4.2	0.5	1.3	5.1	3.1	-0.2	13.7	6.2	-4.0	3.2	0.4
Friday	153.04	149.18	144.79	141.77	144.58	143.33	85.46	74.99	76.01	143.65	143.10	140.03	2.0	9.9	5.1	0.2	8.1	6.2	-0.4	9.5	4.7	0.5	8.3	4.5
Saturday	164.61	153.01	151.98	142.73	143.52	143.49	85.43	74.65	76.84	152.47	145.68	145.15	0.4	6.9	2.8	0.6	8.7	7.5	0.0	9.5	5.8	-0.3	6.6	3.4
Weekend	159.64	151.32	148.70	142.27	144.04	143.41	85.45	74.81	76.41	148.48	144.49	142.75	0.9	8.2	3.7	0.4	8.4	6.8	-0.2	9.5	5.2	-0.1	7.4	3.8
Total	156.47	152.07	150.43	142.98	146.66	148.78	85.31	76.66	76.73	146.17	144.61	145.24	-4.2	5.3	1.6	1.2	6.3	3.8	0.8	12.7	6.2	-2.6	4.5	1.5
RevPAR																								
Sunday	29.16	38.09	37.25	11.71	19.93	19.19	4.03	3.75	3.15	44.90	61.76	59.59	-0.6	2.5	10.1	-12.9	10.9	16.4	28.1	77.5	64.2	-2.2	7.9	14.1
Monday	43.99	55.34	57.94	19.26	27.59	28.15	4.25	4.69	3.27	67.50	87.62	89.36	-8.0	2.2	5.1	-29.5	-2.7	-3.8	29.3	108.5	66.4	-13.9	3.4	3.5
Tuesday	56.42	67.54	69.24	28.60	35.87	37.81	3.98	4.08	3.28	89.00	107.49	110.32	-14.0	2.0	0.6	-27.1	-2.7	-1.8	14.1	75.1	64.0	-17.9	1.9	1.0
Wednesday	60.45	67.66	70.13	26.78	37.34	38.15	4.07	4.22	3.26	91.31	109.21	111.54	-1.0	0.0	2.3	-29.8	3.1	-0.6	13.4	88.2	62.5	-11.2	2.9	2.4
Thursday	48.01	53.52	55.45	22.66	35.86	34.33	3.87	3.84	3.15	74.54	93.22	92.92	10.6	5.4	11.1	-19.2	18.7	10.5	17.6	66.0	56.9	-0.3	11.9	12.0
Weekday	47.65	56.47	58.05	21.82	31.34	31.55	4.04	4.12	3.22	73.52	91.93	92.82	-3.7	2.2	5.0	-25.5	4.6	2.5	20.2	82.9	62.8	-10.5	5.1	5.4
Friday	53.84	57.97	56.38	32.46	38.57	35.54	4.22	3.04	3.17	90.51	99.57	95.09	-2.7	9.1	10.8	-5.5	15.8	10.2	22.4	55.3	65.9	-2.8	12.6	11.8
Saturday	77.02	75.36	70.71	35.03	40.10	37.93	4.19	3.16	3.07	116.24	118.62	111.72	-11.1	4.7	0.8	-11.5	12.1	10.0	22.7	56.3	61.9	-10.3	8.1	4.8
Weekend	65.43	66.66	63.55	33.74	39.34	36.74	4.20	3.10	3.12	103.37	109.10	103.40	-7.8	6.6	5.0	-8.7	13.9	10.1	22.5	55.8	63.9	-7.2	10.1	7.9
Total	52.80	59.34	59.39	25.14	33.66	33.26	4.09	3.81	3.18	82.02	96.82	95.83	-5.5	3.6	4.6	-19.6	7.6	5.6	21.9	75.0	60.5	-9.3	6.7	6.2

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Tab 18 - Additional Revenue ADR Analysis (TrevPOR)

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Revenue Per Rooms Sold												Percent Change (%)										Ranking			
		Room			F&B			Other			Total (TrevPOR**)			Room			F&B			Other			Total (TrevPOR**)				My Prop vs. Comp Set			
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	Room	F&B	Other	Total
2017	May	143.75	139.22	144.52	72.10	72.06		11.05	7.92		222.38	224.51		4.2	-5.6	1.5	3.6	2.9		27.8	3.7		-1.5	2.0		3 of 6			
	Jun	158.03	155.25	154.64	56.88	62.24		11.84	7.86		223.97	224.74		-2.3	-0.5	-0.2	-20.5	-1.3		18.5	-8.8		-5.7	-0.8		4 of 6			
	Jul	152.04	140.94	144.91	51.20	57.84		12.51	9.46		204.64	212.21		-25.1	-23.5	-27.0	-29.4	-24.4		-0.5	-6.0		-24.1	-25.5		3 of 6			
	Aug	153.79	139.08	143.49	54.82	60.62		11.41	8.68		205.31	212.79		4.3	-0.7	0.4	-11.5	3.8		37.7	19.5		-2.4	2.0		2 of 6			
	Sep	156.39	143.17	149.81	58.07	67.97		9.54	8.05		210.78	225.83		1.9	-5.6	-3.1	-18.9	-4.7		-5.7	-4.9		-9.7	-3.7		3 of 6			
	Oct	166.67	154.18	159.06	61.68	71.59		12.49	10.50		228.35	241.16		-9.5	-0.8	-0.2	-11.9	2.5		12.2	13.3		-3.5	1.1		3 of 6			
	Nov	141.64	123.75	131.49	56.61	59.91		10.58	8.93		190.93	200.32		-19.0	-13.4	-11.8	-20.9	-9.3		-19.0	-17.0		-16.0	-11.3		2 of 6			
	Dec	132.16	119.69	126.35	62.34	68.37		10.11	9.88		192.14	204.60		-3.5	-2.3	-0.4	-22.6	6.4		-27.0	14.5		-11.4	2.4		1 of 6			
2018	Jan	122.84	113.00	121.36	38.32	48.64		8.44	6.97		159.77	176.98		-10.0	-11.4	-9.0	-35.4	-13.6		-12.4	-6.8		-18.7	-10.2		2 of 6			
	Feb	131.71	121.37	129.43	45.50	50.21		9.02	6.43		175.89	186.07		-4.6	-1.7	-0.8	-37.2	-16.2		-15.3	-19.6		-14.9	-6.2		2 of 6			
	Mar	151.79	141.25	142.25	40.21	47.61		9.90	9.10		191.37	198.96		6.3	9.8	7.3	-23.2	-12.9		-11.6	8.8		-0.4	1.7		2 of 6			
	Apr	149.08	145.24	147.54	52.91	60.40		8.26	7.63		206.41	215.57		9.8	11.6	7.9	0.1	3.8		-1.2	-12.5		7.9	5.8		4 of 6			
	May	146.46	151.87	150.45	52.55	62.08		9.26	7.68		213.67	220.21		1.9	9.1	4.1	-27.1	-13.9		-16.3	-3.1		-3.9	-1.9		4 of 6			
	Jun	157.48	165.52	161.34	57.58	64.82		10.68	8.99		233.79	235.14		-0.4	6.6	4.3	1.2	4.1		-9.7	14.4		4.4	4.6		4 of 6			
	Jul	151.17	156.22	152.65	44.90	50.41		9.50	8.03		210.62	211.10		-0.6	10.8	5.3	-12.3	-12.8		-24.0	-15.1		2.9	-0.5		4 of 6			
	Aug	149.41	148.86	148.01	48.42	57.99		10.70	8.77		207.98	214.77		-2.9	7.0	3.2	-11.7	-4.3		-6.2	1.0		1.3	0.9		3 of 6			
	Sep	153.83	158.17	155.71	55.97	68.51		9.55	8.45		223.68	232.67		-1.6	10.5	3.9	-3.6	0.8		0.2	5.0		6.1	3.0		4 of 6			
	Oct	150.56	156.87	154.62	65.17	73.83		9.69	8.95		231.73	237.40		-9.7	1.7	-2.8	5.7	3.1		-22.5	-14.8		1.5	-1.6		4 of 6			
Year To Date																													
2016		155.16	144.84	149.38	65.32	65.22		9.73	8.55		219.89	223.14		2.0	-0.2	5.5	-1.9	-2.2		4.7	3.0		-0.5	3.0		3 of 6			
2017		148.97	139.02	143.68	58.74	62.42		10.93	8.55		208.70	214.66		-4.0	-4.0	-3.8	-10.1	-4.3		12.4	0.0		-5.1	-3.8		3 of 6			
2018		147.73	147.98	147.71	50.82	59.10		9.57	8.20		208.37	215.00		-0.8	6.4	2.8	-13.5	-5.3		-12.5	-4.2		-0.2	0.2		4 of 6			
Running 3 Month																													
2016		160.87	148.90	152.14	67.80	66.40		9.82	8.31		226.52	226.86		0.3	-2.7	3.8	-2.3	5.6		9.5	11.8		-2.1	4.6		3 of 6			
2017		158.82	145.31	150.67	58.11	66.63		11.14	9.07		214.56	226.38		-1.3	-2.4	-1.0	-14.3	0.3		13.5	9.1		-5.3	-0.2		4 of 6			
2018		151.19	154.52	152.66	56.25	66.56		9.99	8.72		220.76	227.94		-4.8	6.3	1.3	-3.2	-0.1		-10.3	-3.8		2.9	0.7		4 of 6			
Running 12 Month																													
2016		153.91	142.71	147.02	65.67	66.11		9.66	8.68		218.04	221.82		2.2	-0.2	4.8	-3.0	-2.6		2.6	0.5		-0.9	2.3		3 of 6			
2017		150.10	138.42	143.13	60.90	62.80		11.25	8.72		210.57	214.65		-2.5	-3.0	-2.6	-7.3	-5.0		16.5	0.4		-3.4	-3.2		2 of 6			
2018		146.17	144.61	145.24	51.91	59.73		9.67	8.35		206.19	213.32		-2.6	4.5	1.5	-14.8	-4.9		-14.1	-4.2		-2.1	-0.6		4 of 6			

** TrevPOR = Total revenue per occupied room (sum of Room, F&B, and Other revenue divided by total occupied rooms).

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Tab 19 - Additional Revenue RevPAR Analysis (TrevPAR)

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Revenue Per Rooms Available												Percent Change (%)										Ranking			
		Room			F&B			Other			Total (TrevPAR**)			Room			F&B			Other			Total (TrevPAR**)			My Prop vs. Comp Set			
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	Room	F&B	Other	Total
2017	May	99.65	95.12	97.82	49.26	48.78		7.55	5.36		151.94	151.96		-12.0	-11.8	-5.4	-3.3	-4.1		19.3	-3.4		-8.0	-4.9		3 of 6			
	Jun	102.50	109.59	107.04	40.15	43.08		8.36	5.44		158.10	155.56		-16.0	-9.0	-0.4	-27.2	-1.6		8.4	-9.0		-13.8	-1.1		4 of 6			
	Jul	96.79	105.20	102.43	38.21	40.88		9.33	6.69		152.74	150.00		-34.6	-19.6	-27.8	-25.8	-25.2		4.6	-7.0		-20.1	-26.3		4 of 6			
	Aug	104.27	107.41	104.11	42.33	43.98		8.81	6.29		158.55	154.39		-0.9	-2.8	-0.1	-13.4	3.2		34.8	18.9		-4.5	1.5		4 of 6			
	Sep	110.05	110.24	106.56	44.71	48.35		7.34	5.73		162.29	160.63		-8.0	-9.4	-5.5	-22.2	-7.0		-9.5	-7.2		-13.4	-6.0		4 of 6			
	Oct	107.60	111.28	110.11	44.51	49.56		9.02	7.27		164.81	166.94		-10.8	-3.5	0.3	-14.3	3.0		9.2	13.8		-6.1	1.6		4 of 6			
	Nov	70.60	70.93	75.00	32.44	34.17		6.06	5.09		109.43	114.26		-21.0	-18.7	-11.3	-25.7	-8.8		-23.9	-16.5		-21.2	-10.8		4 of 6			
	Dec	62.66	55.62	60.69	28.97	32.84		4.70	4.74		89.29	98.28		14.7	8.5	13.8	-14.0	21.5		-18.9	30.8		-1.6	17.0		2 of 6			
2018	Jan	48.60	55.74	62.78	18.90	25.16		4.16	3.61		78.81	91.55		-23.8	-16.6	-9.7	-39.2	-14.3		-17.5	-7.5		-23.5	-10.9		4 of 6			
	Feb	66.76	66.85	73.99	25.06	28.70		4.97	3.68		96.88	106.37		-23.8	-4.5	0.1	-39.0	-15.5		-17.7	-18.9		-17.3	-5.4		3 of 6			
	Mar	94.39	93.74	93.68	26.69	31.35		6.57	5.99		127.00	131.03		11.2	8.5	11.7	-24.1	-9.3		-12.7	13.3		-1.6	5.9		3 of 6			
	Apr	86.82	103.72	96.41	37.79	39.47		5.90	4.99		147.40	140.87		2.0	18.4	8.3	6.2	4.2		4.7	-12.2		14.4	6.3		4 of 6			
	May	87.02	112.37	104.82	38.88	43.25		6.85	5.35		158.10	153.42		-12.7	18.1	7.2	-21.1	-11.3		-9.3	-0.2		4.1	1.0		4 of 6			
	Jun	109.17	124.74	124.39	43.40	49.97		8.05	6.93		176.19	181.29		6.5	13.8	16.2	8.1	16.0		-3.6	27.4		11.4	16.5		4 of 6			
	Jul	90.82	115.13	111.27	33.09	36.74		7.00	5.85		155.23	153.87		-6.2	9.4	8.6	-13.4	-10.1		-25.0	-12.4		1.6	2.6		5 of 6			
	Aug	90.78	119.67	116.10	38.93	45.49		8.60	6.88		167.20	168.47		-12.9	11.4	11.5	-8.0	3.4		-2.4	9.2		5.5	9.1		6 of 6			
	Sep	87.21	127.31	116.88	45.05	51.42		7.69	6.34		180.05	174.64		-20.8	15.5	9.7	0.8	6.4		4.7	10.8		10.9	8.7		6 of 6			
	Oct	88.83	114.38	112.84	47.52	53.88		7.06	6.53		168.97	173.25		-17.4	2.8	2.5	6.8	8.7		-21.7	-10.1		2.5	3.8		5 of 6			
Year To Date																													
2016		104.58	103.69	101.75	46.76	44.43		6.96	5.82		157.41	152.01		7.0	1.5	4.7	-0.2	-3.0		6.4	2.2		1.2	2.2		4 of 6			
2017		94.24	95.14	94.58	40.20	41.09		7.48	5.63		142.83	141.30		-9.9	-8.2	-7.1	-14.0	-7.5		7.5	-3.3		-9.3	-7.0		4 of 6			
2018		85.13	103.58	101.47	35.57	40.60		6.70	5.63		145.84	147.70		-9.7	8.9	7.3	-11.5	-1.2		-10.5	0.0		2.1	4.5		4 of 6			
Running 3 Month																													
2016		115.12	115.78	108.90	52.72	47.53		7.63	5.95		176.13	162.37		-1.0	-3.4	-1.7	-3.1	0.0		8.6	5.9		-2.9	-1.0		4 of 6			
2017		107.28	109.63	106.93	43.84	47.29		8.40	6.44		161.88	160.65		-6.8	-5.3	-1.8	-16.8	-0.5		10.1	8.2		-8.1	-1.1		4 of 6			
2018		88.96	120.38	115.25	43.82	50.25		7.79	6.59		171.99	172.09		-17.1	9.8	7.8	-0.1	6.3		-7.3	2.3		6.2	7.1		6 of 6			
Running 12 Month																													
2016		98.18	97.40	96.53	44.82	43.41		6.59	5.70		148.81	145.64		4.5	1.3	4.6	-1.5	-2.8		4.2	0.3		0.6	2.1		4 of 6			
2017		90.48	90.76	90.25	39.93	39.60		7.38	5.50		138.08	135.35		-7.8	-6.8	-6.5	-10.9	-8.8		11.9	-3.6		-7.2	-7.1		4 of 6			
2018		82.02	96.82	95.83	34.75	39.41		6.48	5.51		138.05	140.76		-9.3	6.7	6.2	-13.0	-0.5		-12.3	0.2		0.0	4.0		4 of 6			

** TrevPAR = Total revenue per available room (sum of Room, F&B, and Other revenue divided by total available rooms).

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Tab 20 - Segmentation Response Report

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None
For the Month of: October 2018 Date Created: November 19, 2018

This Year

Oct 8th - Columbus Day
Oct 10th - Hurricane Michael - Landfall
Oct 31st - Halloween

Last Year

Oct 7th - Hurricane Nate - Landfall
Oct 9th - Columbus Day
Oct 31st - Halloween

October 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			

October 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				

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
10328	Renaissance Cleveland Hotel	Cleveland, OH	44113-2222	(216) 696-5600	491	191812
355	Doubletree Cleveland Downtown Lakeside	Cleveland, OH	44114-1130	(216) 241-5100	379	197412
10193	Marriott Cleveland Downtown At Key Tower	Cleveland, OH	44114-1300	(216) 696-9200	400	199110
14028	Westin Cleveland Downtown	Cleveland, OH	44114-1711	(216) 771-7700	484	197506
15546	Crowne Plaza Cleveland @ Playhouse Square	Cleveland, OH	44115-1837	(216) 615-7500	205	199506
42043	Hyatt Regency Cleveland at The Arcade	Cleveland, OH	44114-1208	(216) 575-1234	293	200105
					2252	

		2017												2018									
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s
				B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B
B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B
B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B
B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B
B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B	B

Data received:

s = Segmentation (Transient, Group, Contract) Only
r = Additional Revenue Only
B = Both Segmentation & Additional Revenue

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Tab 21 - Monthly Performance at a Glance - My Property vs. Competitive Set - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

October 2018

	Occupancy (%)			ADR			RevPAR		
	My Prop	Comp Set	Index (MPI)	My Prop	Comp Set	Index (ARI)	My Prop	Comp Set	Index (RGI)
Current Month	59.0			150.56			88.83		
Year To Date	57.6			147.73			85.13		
Running 3 Month	58.8			151.19			88.96		
Running 12 Month	56.1			146.17			82.02		

October 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	-8.6			-9.7			-17.4		
Year To Date	-8.9			-0.8			-9.7		
Running 3 Month	-12.9			-4.8			-17.1		
Running 12 Month	-6.9			-2.6			-9.3		

For competitive set data please contact us to upgrade to the STAR program.

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Tab 22 - STAR Summary - My Property vs. Comp Set and Industry Segments - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

Occupancy (%)

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Renaissance Cleveland Hotel	59.0	-8.6	57.6	-8.9	58.8	-12.9	56.1	-6.9
Market: Cleveland, OH	67.2	5.4	64.8	5.1	71.1	7.1	62.3	4.7
Market Class: Upper Upscale Class	72.7	5.8	68.3	4.5	75.2	6.6	65.6	4.7
Submarket: Cleveland CBD/Independence, O	73.0	6.2	69.2	4.4	75.6	5.1	66.5	4.5
Submarket Scale: Upscale Chains	73.7	5.5	70.1	4.0	76.6	4.4	67.5	4.5
Competitive Set: Competitors	For competitive set data please contact us to upgrade to the STAR program.							

Supply

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Renaissance Cleveland Hotel	0.0	0.0	0.0	0.0
Market: Cleveland, OH	1.0	0.6	0.7	0.8
Market Class: Upper Upscale Class	0.0	0.0	0.0	0.0
Submarket: Cleveland CBD/Independence, O	-0.8	-0.2	-0.8	-0.1
Submarket Scale: Upscale Chains	0.0	0.0	0.0	0.0
Competitive Set: Competitors				

Average Daily Rate

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Renaissance Cleveland Hotel	150.56	-9.7	147.73	-0.8	151.19	-4.8	146.17	-2.6
Market: Cleveland, OH	111.66	0.4	108.14	1.8	112.03	2.5	106.66	1.0
Market Class: Upper Upscale Class	154.34	-2.9	147.80	2.8	152.72	1.2	145.32	1.5
Submarket: Cleveland CBD/Independence, O	143.96	0.4	137.52	5.5	143.96	5.3	134.84	3.8
Submarket Scale: Upscale Chains	156.09	0.3	149.17	6.1	155.08	5.3	146.01	4.2
Competitive Set: Competitors	For competitive set data please contact us to upgrade to the STAR program.							

Demand

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Renaissance Cleveland Hotel	-8.6	-8.9	-12.9	-6.9
Market: Cleveland, OH	6.5	5.7	7.9	5.5
Market Class: Upper Upscale Class	5.8	4.5	6.6	4.7
Submarket: Cleveland CBD/Independence, O	5.3	4.2	4.2	4.4
Submarket Scale: Upscale Chains	5.5	4.0	4.4	4.5
Competitive Set: Competitors				

RevPAR

	Current Month	% Chg	Year to Date	% Chg	Running 3 Month	% Chg	Running 12 Month	% Chg
Renaissance Cleveland Hotel	88.83	-17.4	85.13	-9.7	88.96	-17.1	82.02	-9.3
Market: Cleveland, OH	75.00	5.8	70.07	7.0	79.60	9.8	66.44	5.7
Market Class: Upper Upscale Class	112.25	2.8	100.93	7.4	114.86	7.9	95.37	6.3
Submarket: Cleveland CBD/Independence, O	105.13	6.6	95.22	10.2	108.79	10.6	89.64	8.5
Submarket Scale: Upscale Chains	115.07	5.8	104.51	10.3	118.73	9.9	98.55	8.8
Competitive Set: Competitors	For competitive set data please contact us to upgrade to the STAR program.							

Revenue

	Month % Chg	YTD % Chg	Run 3 Mon % Chg	Run 12 Mon % Chg
Renaissance Cleveland Hotel	-17.4	-9.7	-17.1	-9.3
Market: Cleveland, OH	6.9	7.6	10.6	6.6
Market Class: Upper Upscale Class	2.8	7.4	7.9	6.3
Submarket: Cleveland CBD/Independence, O	5.8	10.0	9.7	8.4
Submarket Scale: Upscale Chains	5.8	10.3	9.9	8.8
Competitive Set: Competitors				

Census/Sample - Properties & Rooms

	Census		Sample		Sample %
	Properties	Rooms	Properties	Rooms	Rooms
Market: Cleveland, OH	208	24497	165	22200	90.6
Market Class: Upper Upscale Class	15	4170	14	4113	98.6
Submarket: Cleveland CBD/Independence, O	36	7103	33	6859	96.6
Submarket Scale: Upscale Chains	21	5204	21	5204	100.0
Competitive Set: Competitors	0	0	0	0	0.0

Pipeline

Market: Cleveland, OH

Under Construction		Planning	
Properties	Rooms	Properties	Rooms

See Help page for pipeline definitions.

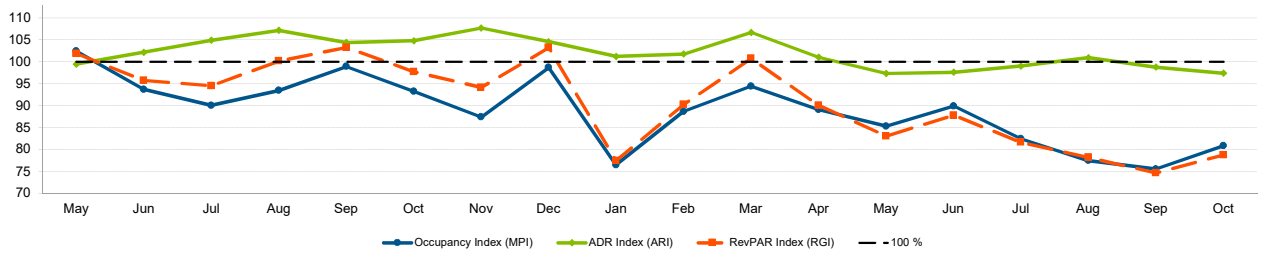
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Tab 23 - Competitive Set Report - Comp Set 2

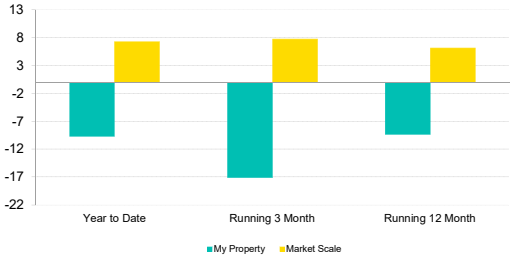
Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None
For the Month of: October 2018 Date Created: November 19, 2018

Market Scale: Cleveland, OH Upper Upscale Chains

Monthly Indexes



RevPAR Percent Change



Occupancy (%)	2017								2018										Year To Date			Running 3 Month			Running 12 Month		
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property	69.3	64.9	63.7	67.8	70.4	64.6	49.8	47.4	39.6	50.7	62.2	58.2	59.4	69.3	60.1	60.8	56.7	59.0	67.4	63.3	57.6	71.6	67.5	58.8	63.8	60.3	56.1
Market Scale	67.7	69.2	70.7	72.6	71.1	69.2	57.0	48.0	51.7	57.2	65.9	65.3	69.7	77.1	72.9	78.4	75.1	73.0	68.1	65.8	68.7	71.6	71.0	75.5	65.7	63.1	66.0
Index (MPI)	102.4	93.7	90.1	93.4	98.9	93.3	87.4	98.7	76.5	88.7	94.4	89.1	85.3	89.9	82.4	77.5	75.5	80.8	98.9	96.1	83.9	100.0	95.2	77.9	97.2	95.6	85.0
Rank																											
% Chg																											
My Property	-15.6	-14.1	-12.7	-5.0	-9.8	-1.5	-2.5	18.9	-15.4	-20.1	4.6	-7.1	-14.3	6.9	-5.6	-10.4	-19.4	-8.6	4.8	-6.1	-8.9	-1.3	-5.6	-12.9	2.2	-5.5	-6.9
Market Scale	-6.8	-0.2	-1.1	-0.5	-2.5	0.4	0.6	14.2	-0.8	0.9	4.1	0.4	2.9	11.4	3.1	8.1	5.5	5.4	-0.8	-3.4	4.4	-5.3	-0.8	6.4	-0.2	-4.0	4.6
Index (MPI)	-9.4	-13.9	-11.8	-4.5	-7.5	-1.9	-3.0	4.1	-14.7	-20.9	0.4	-7.5	-16.7	-4.0	-8.5	-17.1	-23.6	-13.3	5.6	-2.9	-12.7	4.2	-4.8	-18.1	2.4	-1.6	-11.0
Rank																											

ADR	2017								2018										Year To Date			Running 3 Month			Running 12 Month		
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property	143.75	158.03	152.04	153.79	156.39	166.67	141.64	132.16	122.84	131.71	151.79	149.08	146.46	157.48	151.17	149.41	153.83	150.56	155.16	148.97	147.73	160.87	158.82	151.19	153.91	150.10	146.17
Market Scale	144.52	154.64	144.91	143.49	149.81	159.06	131.49	126.35	121.36	129.43	142.25	147.54	150.45	161.34	152.65	148.01	155.71	154.62	149.38	143.68	147.71	152.14	150.67	152.66	147.02	143.13	145.24
Index (ARI)	99.5	102.2	104.9	107.2	104.4	104.8	107.7	104.6	101.2	101.8	106.7	101.0	97.3	97.6	99.0	100.9	98.8	97.4	103.9	103.7	100.0	105.7	105.4	99.0	104.7	104.9	100.6
Rank																											
% Chg																											
My Property	4.2	-2.3	-25.1	4.3	1.9	-9.5	-19.0	-3.5	-10.0	-4.6	6.3	9.8	1.9	-0.4	-0.6	-2.9	-1.6	-9.7	2.0	-4.0	-0.8	0.3	-1.3	-4.8	2.2	-2.5	-2.6
Market Scale	1.5	-0.2	-27.0	0.4	-3.1	-0.2	-11.8	-0.4	-9.0	-0.8	7.3	7.9	4.1	4.3	5.3	3.2	3.9	-2.8	5.5	-3.8	2.8	3.8	-1.0	1.3	4.8	-2.6	1.5
Index (ARI)	2.7	-2.1	2.6	3.9	5.2	-9.3	-8.1	-3.2	-1.1	-3.8	-0.9	1.8	-2.1	-4.5	-5.6	-5.8	-5.4	-7.1	-3.3	-0.2	-3.5	-3.3	-0.3	-6.0	-2.5	0.2	-4.0
Rank																											

RevPAR	2017								2018										Year To Date			Running 3 Month			Running 12 Month		
	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	2016	2017	2018	2016	2017	2018	2016	2017	2018
My Property	99.65	102.50	96.79	104.27	110.05	107.60	70.60	62.66	48.60	66.76	94.39	86.82	87.02	109.17	90.82	90.78	87.21	88.83	104.58	94.24	85.13	115.12	107.28	88.96	98.18	90.48	82.02
Market Scale	97.82	107.04	102.43	104.11	106.56	110.11	75.00	60.69	62.78	73.99	93.68	96.41	104.82	124.39	111.27	116.10	116.88	112.84	101.75	94.58	101.47	108.90	106.93	115.25	96.53	90.25	95.83
Index (RGI)	101.9	95.8	94.5	100.2	103.3	97.7	94.1	103.2	77.4	90.2	100.8	90.0	83.0	87.8	81.6	78.2	74.6	78.7	102.8	99.6	83.9	105.7	100.3	77.2	101.7	100.2	85.6
Rank																											
% Chg																											
My Property	-12.0	-16.0	-34.6	-0.9	-8.0	-10.8	-21.0	14.7	-23.8	-23.8	11.2	2.0	-12.7	6.5	-6.2	-12.9	-20.8	-17.4	7.0	-9.9	-9.7	-1.0	-6.8	-17.1	4.5	-7.8	-9.3
Market Scale	-5.4	-0.4	-27.8	-0.1	-5.5	0.3	-11.3	13.8	-9.7	0.1	11.7	8.3	7.2	16.2	8.6	11.5	9.7	2.5	4.7	-7.1	7.3	-1.7	-1.8	7.8	4.6	-6.5	6.2
Index (RGI)	-7.0	-15.7	-9.5	-0.8	-2.6	-11.1	-10.9	0.8	-15.7	-23.9	-0.5	-5.8	-18.5	-8.3	-13.6	-21.9	-27.7	-19.4	2.2	-3.0	-15.8	0.8	-5.1	-23.1	-0.1	-1.4	-14.6
Rank																											

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Tab 24 - Response Report - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None
For the Month of: October 2018 Date Created: November 19, 2018

This Year

Oct 8th - Columbus Day
Oct 10th - Hurricane Michael - Landfall
Oct 31st - Halloween

Last Year

Oct 7th - Hurricane Nate - Landfall
Oct 9th - Columbus Day
Oct 31st - Halloween

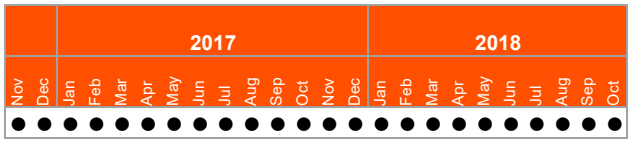
October 2018 (This Year)

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			

October 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				

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
10328	Renaissance Cleveland Hotel	Cleveland, OH	44113-2222	(216) 696-5600	491	191812
					491	



Data received:

○ = Monthly Only
● = Monthly & Daily

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Tab 25 - Day of Week and Weekday/Weekend Report - Comp Set 2

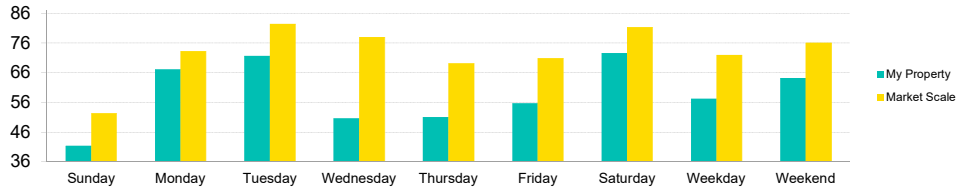
Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

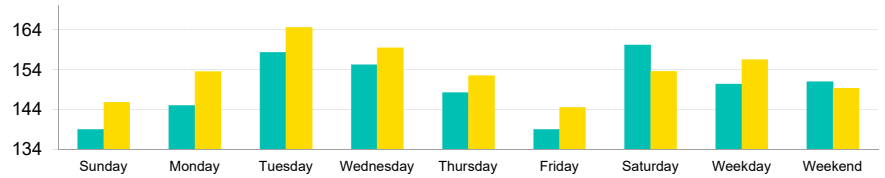
For the Month of: October 2018 Date Created: November 19, 2018

Market Scale: Cleveland, OH Upper Upscale Chains

Current Month Occupancy



Current Month ADR



		Occupancy (%)						Average Daily Rate						RevPAR					
		My Property		Market Scale		Index (MPI)		My Property		Market Scale		Index (ARI)		My Property		Market Scale		Index (RGI)	
Day of Week	Time Period		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg		% Chg
Sunday	Current Month	41.3	31.3	52.3	16.6			139.03	-7.5	145.87	0.0			57.42	21.5	76.25	16.6		
	Year To Date	33.3	1.7	45.0	11.3			132.69	-4.4	136.42	1.7			44.20	-2.7	61.39	13.2		
	Running 3 Month	38.2	5.9	53.1	11.6			130.74	-7.5	140.46	0.9			50.00	-2.1	74.60	12.5		
	Running 12 Month	33.1	1.0	43.9	12.1			135.55	-3.2	135.87	1.8			44.90	-2.2	59.59	14.1		
Monday	Current Month	67.1	7.4	73.3	5.7			145.09	-15.5	153.55	-4.7			97.35	-9.2	112.48	0.7		
	Year To Date	50.7	-9.5	64.9	1.9			142.08	-4.7	145.79	0.9			72.03	-13.8	94.55	2.8		
	Running 3 Month	57.4	-8.8	70.6	2.6			141.61	-10.5	148.67	-2.1			81.28	-18.3	104.99	0.5		
	Running 12 Month	48.1	-8.7	62.2	3.2			140.39	-5.7	143.66	0.2			67.50	-13.9	89.36	3.5		
Tuesday	Current Month	71.6	-1.7	82.4	5.3			158.38	-12.1	164.57	-3.7			113.41	-13.7	135.54	1.4		
	Year To Date	63.0	-14.6	76.6	0.8			150.74	-2.3	153.25	1.8			95.04	-16.6	117.43	2.6		
	Running 3 Month	69.4	-14.9	84.6	3.8			160.39	-4.7	161.07	0.8			111.34	-18.9	136.23	4.6		
	Running 12 Month	60.0	-12.5	73.3	1.5			148.20	-6.1	150.54	-0.5			89.00	-17.9	110.32	1.0		
Wednesday	Current Month	50.6	-40.6	78.0	-10.4			155.22	-7.6	159.46	-8.2			78.60	-45.1	124.40	-17.7		
	Year To Date	63.1	-11.4	77.1	1.7			155.19	1.5	154.25	2.5			97.93	-10.1	118.99	4.2		
	Running 3 Month	63.1	-24.0	83.9	0.9			161.64	-0.3	158.41	-0.7			102.01	-24.2	132.86	0.2		
	Running 12 Month	60.0	-9.4	73.7	2.3			152.12	-2.0	151.43	0.1			91.31	-11.2	111.54	2.4		
Thursday	Current Month	51.0	-20.8	69.1	1.8			148.30	-8.9	152.48	-4.9			75.63	-27.9	105.43	-3.2		
	Year To Date	54.4	-0.4	67.2	9.8			145.10	-0.5	148.30	3.0			78.95	-0.8	99.72	13.1		
	Running 3 Month	55.2	-10.7	75.9	11.7			149.88	-3.4	154.09	2.0			82.70	-13.8	116.93	14.0		
	Running 12 Month	52.2	1.4	63.9	9.7			142.74	-1.6	145.48	2.1			74.54	-0.3	92.92	12.0		
Friday	Current Month	55.7	-14.2	70.9	7.6			139.05	-12.6	144.58	-0.4			77.41	-25.0	102.44	7.2		
	Year To Date	62.6	-8.7	70.6	6.4			145.71	1.6	142.87	5.0			91.20	-7.2	100.83	11.7		
	Running 3 Month	57.0	-6.3	74.9	13.3			141.77	-4.5	145.21	5.0			80.75	-10.4	108.77	19.0		
	Running 12 Month	63.0	-3.3	67.9	7.0			143.65	0.5	140.03	4.5			90.51	-2.8	95.09	11.8		
Saturday	Current Month	72.6	-6.1	81.3	7.9			160.17	-1.2	153.65	5.8			116.27	-7.2	124.87	14.2		
	Year To Date	76.1	-12.0	79.2	2.0			152.82	0.9	147.54	4.8			116.31	-11.2	116.78	6.9		
	Running 3 Month	71.2	-16.7	84.9	4.8			159.48	-2.6	154.41	4.9			113.61	-18.9	131.05	10.0		
	Running 12 Month	76.2	-10.0	77.0	1.4			152.47	-0.3	145.15	3.4			116.24	-10.3	111.72	4.8		
Weekday/Weekend																			
Weekday (Sun-Thu)	Current Month	57.2	-8.1	71.9	4.6			150.39	-11.0	156.54	-4.6			86.04	-18.3	112.56	-0.2		
	Year To Date	53.0	-8.1	66.3	4.5			146.76	-1.9	148.77	1.9			77.78	-9.8	98.58	6.5		
	Running 3 Month	56.8	-13.1	73.8	5.4			151.00	-5.3	153.75	0.0			85.72	-17.7	113.42	5.4		
	Running 12 Month	50.7	-6.8	63.4	5.0			144.90	-4.0	146.37	0.4			73.52	-10.5	92.82	5.4		
Weekend (Fri-Sat)	Current Month	64.1	-9.8	76.1	7.8			151.00	-6.1	149.42	2.9			96.84	-15.3	113.66	10.9		
	Year To Date	69.4	-10.5	74.9	4.0			149.61	1.2	145.34	4.8			103.76	-9.5	108.81	9.0		
	Running 3 Month	64.1	-12.4	79.9	8.6			151.61	-3.7	150.10	4.8			97.18	-15.6	119.91	13.9		
	Running 12 Month	69.6	-7.1	72.4	3.9			148.48	-0.1	142.75	3.8			103.37	-7.2	103.40	7.9		
Total	Current Month	59.0	-8.6	73.0	5.4			150.56	-9.7	154.62	-2.8			88.83	-17.4	112.84	2.5		
	Year To Date	57.6	-8.9	68.7	4.4			147.73	-0.8	147.71	2.8			85.13	-9.7	101.47	7.3		
	Running 3 Month	58.8	-12.9	75.5	6.4			151.19	-4.8	152.66	1.3			88.96	-17.1	115.25	7.8		
	Running 12 Month	56.1	-6.9	66.0	4.6			146.17	-2.6	145.24	1.5			82.02	-9.3	95.83	6.2		

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Tab 26 - Daily Data for the Month - Comp Set 2

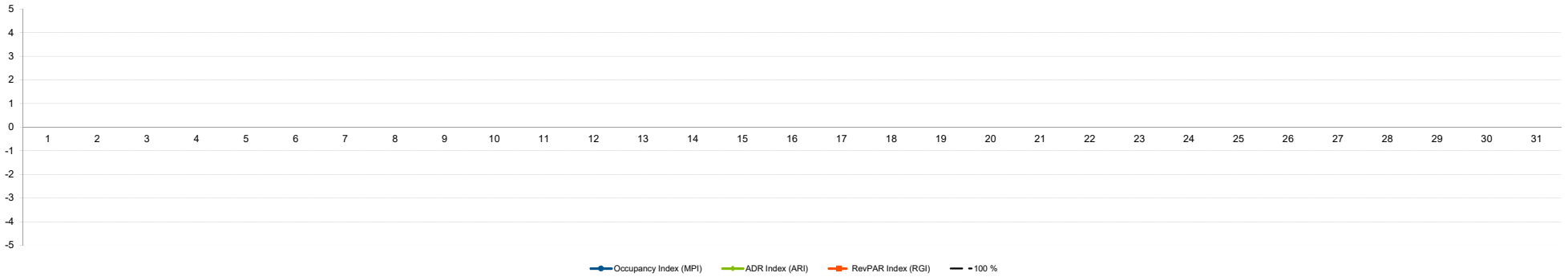
Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018

Daily Indexes for the Month of October



	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	Tu	We
Occupancy (%)	**October**																														
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**	**31**
My Property	39.9	65.8	52.3	52.3	62.3	84.9	41.3	83.5	86.2	62.7	53.2	61.3	78.6	67.0	75.8	70.9	55.0	48.3	42.2	80.2	28.7	78.4	84.7	61.3	50.7	57.4	47.3	28.5	58.7	51.3	22.4
Market Scale	71.3	86.1	82.5	75.7	75.5	91.0	69.4	83.8	84.6	84.5	71.5	74.8	87.7	62.8	71.0	83.0	76.8	70.9	70.9	83.4	41.8	76.9	90.7	81.2	59.7	63.5	64.3	36.0	64.8	69.0	66.7
Index (MPI)																															
% Chg																															
My Property	-4.9	47.5	-27.2	-38.2	-25.4	4.3	11.5	0.2	-13.1	-36.9	63.1	54.4	22.5	143.7	6.9	-28.0	-35.4	-29.3	-50.1	-17.6	-36.8	-15.0	-6.3	-27.5	-29.7	11.0	-28.8	102.9	146.2	61.5	-65.8
Market Scale	14.0	21.3	-1.7	-3.9	-9.0	6.8	41.4	4.8	-11.7	-10.2	29.4	31.2	28.5	30.4	-9.7	-12.4	-8.1	7.8	1.6	-2.2	-15.8	-11.2	2.1	-6.7	-17.4	17.7	2.3	18.7	65.4	68.9	-3.1
Index (MPI)																															

	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	Tu	We
ADR	**October**																														
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**	**31**
My Property	133.70	162.58	163.27	154.34	145.88	162.99	142.05	131.57	131.06	144.45	145.71	142.37	164.32	143.42	150.30	154.49	149.32	142.98	119.71	158.82	106.38	148.52	179.95	158.17	143.06	136.15	139.29	148.07	151.36	156.09	153.07
Market Scale	150.12	164.31	161.96	161.38	152.14	163.36	159.30	160.43	163.32	153.17	144.64	140.54	157.58	140.91	147.79	155.75	153.67	153.67	143.15	149.30	138.45	157.83	177.77	167.00	147.94	140.86	138.85	135.80	148.17	158.00	160.25
Index (ARI)																															
% Chg																															
My Property	-5.9	2.6	1.7	-7.7	-13.1	-2.1	-12.3	-26.2	-26.8	-14.9	-2.8	3.4	11.6	-0.5	-13.6	-24.1	-7.0	-7.2	-25.8	-8.9	-31.2	-17.4	4.8	-8.8	-14.2	-9.7	-4.6	10.2	6.9	5.2	2.8
Market Scale	1.5	6.0	-4.9	-5.7	-5.6	6.6	7.4	-9.1	-15.1	-20.2	-6.1	4.3	12.6	-4.0	-11.5	-13.4	-6.2	1.9	-0.9	-0.6	-5.9	-3.7	8.3	1.8	-7.3	8.6	6.2	5.4	15.9	16.1	3.1
Index (ARI)																															

	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	Tu	We
RevPAR	**October**																														
	1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**	**14**	**15**	**16**	**17**	**18**	**19**	**20**	**21**	**22**	**23**	**24**	**25**	**26**	**27**	**28**	**29**	**30**	**31**
My Property	53.37	106.95	85.46	80.79	90.92	138.43	58.73	109.87	112.91	90.62	77.45	87.28	129.18	96.10	113.88	109.50	82.11	69.02	50.47	127.44	30.55	116.46	152.46	96.96	72.55	78.20	65.82	42.22	88.78	80.11	34.29
Market Scale	107.05	141.51	133.68	122.11	114.81	148.74	110.56	134.40	138.23	129.49	103.39	105.15	138.21	88.53	104.95	129.32	117.98	108.97	101.47	124.56	57.81	121.45	161.32	135.61	88.33	89.40	89.29	48.90	96.02	109.07	106.86
Index (RGI)																															
% Chg																															
My Property	-10.4	51.3	-26.0	-43.0	-35.2	2.1	-2.2	-26.0	-36.4	-46.3	58.5	59.6	36.8	142.6	-7.7	-45.3	-39.9	-34.3	-63.0	-25.0	-56.5	-29.8	-1.8	-33.9	-39.6	0.2	-32.1	123.6	163.1	69.9	-64.9
Market Scale	15.7	28.6	-6.5	-9.4	-14.1	13.9	51.9	-4.7	-25.0	-28.4	21.5	36.9	44.7	25.2	-20.0	-24.1	-13.7	9.8	0.7	-2.8	-20.8	-14.5	10.6	-5.0	-23.4	27.8	8.7	25.0	91.8	96.1	-0.1
Index (RGI)																															

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Tab 27 - Segmentation at a Glance - My Property vs. Competitive Set - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None
For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

October 2018

	Transient		% Chg	Group		% Chg	Contract		% Chg	Total		% Chg
Occupancy (%)	My Property	26.9	-16.0	My Property	25.9	-5.3	My Property	6.1	19.8	My Property	59.0	-8.6
	Comp set			Comp set			Comp set			Comp set		
	Index (MPI)			Index (MPI)			Index (MPI)			Index (MPI)		
ADR	My Property	173.12	-10.2	My Property	142.48	-5.8	My Property	85.42	-0.2	My Property	150.56	-9.7
	Comp set			Comp set			Comp set			Comp set		
	Index (ARI)			Index (ARI)			Index (ARI)			Index (ARI)		
RevPAR	My Property	46.65	-24.6	My Property	36.96	-10.7	My Property	5.22	19.6	My Property	88.83	-17.4
	Comp set			Comp set			Comp set			Comp set		
	Index (RGI)			Index (RGI)			Index (RGI)			Index (RGI)		

Year To Date

	Transient		% Chg	Group		% Chg	Contract		% Chg	Total		% Chg
Occupancy (%)	My Property	33.9	-3.7	My Property	18.8	-21.7	My Property	5.0	21.0	My Property	57.6	-8.9
	Comp set			Comp set			Comp set			Comp set		
	Index (MPI)			Index (MPI)			Index (MPI)			Index (MPI)		
ADR	My Property	160.09	-2.0	My Property	141.91	2.1	My Property	85.31	0.7	My Property	147.73	-0.8
	Comp set			Comp set			Comp set			Comp set		
	Index (ARI)			Index (ARI)			Index (ARI)			Index (ARI)		
RevPAR	My Property	54.24	-5.6	My Property	26.66	-20.0	My Property	4.23	21.8	My Property	85.13	-9.7
	Comp set			Comp set			Comp set			Comp set		
	Index (RGI)			Index (RGI)			Index (RGI)			Index (RGI)		

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Tab 28 - Segmentation Occupancy Analysis - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Occupancy (%)												Percent Change (%)											
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
2017	May	42.7		39.3	23.5		25.2	3.2		3.2	69.3		67.7	28.2		-7.0	-48.6		-11.4	3.0		65.2	-15.6		-6.8
	Jun	42.3		42.1	18.4		23.9	4.1		3.2	64.9		69.2	7.0		6.4	-45.7		-14.6	100.3		79.4	-14.1		-0.2
	Jul	35.4		44.3	23.1		22.9	5.2		3.5	63.7		70.7	33.1		32.1	-47.5		-36.6	123.6		92.4	-12.7		-1.1
	Aug	40.1		46.0	22.5		22.8	5.2		3.8	67.8		72.6	-4.1		-1.0	-15.8		-6.8	81.1		85.9	-5.0		-0.5
	Sep	42.5		40.3	22.3		27.6	5.6		3.2	70.4		71.1	34.9		8.6	-48.3		-17.9	68.0		47.8	-9.8		-2.5
	Oct	32.1		36.0	27.4		29.6	5.1		3.7	64.6		69.2	-11.1		-9.3	3.0		9.3	76.8		68.0	-1.5		0.4
	Nov	31.0		37.4	14.1		15.9	4.7		3.7	49.8		57.0	6.6		-1.6	-24.9		-5.3	48.2		95.9	-2.5		0.6
	Dec	35.0		35.8	9.1		8.5	3.3		3.8	47.4		48.0	19.2		13.3	28.2		0.5	-3.3		84.1	18.9		14.2
2018	Jan	28.1		35.2	6.8		12.9	4.7		3.7	39.6		51.7	31.8		22.6	-69.7		-39.7	53.8		74.4	-15.4		-0.8
	Feb	30.2		36.3	16.3		17.3	4.2		3.6	50.7		57.2	-1.2		1.2	-46.3		-8.5	60.4		91.3	-20.1		0.9
	Mar	37.5		40.5	20.8		21.7	3.9		3.7	62.2		65.9	33.7		3.5	-28.2		-2.0	59.5		83.6	4.6		4.1
	Apr	35.5		38.5	20.2		23.3	2.6		3.5	58.2		65.3	-4.0		-0.5	-5.2		-2.9	-41.7		49.1	-7.1		0.4
	May	39.6		42.1	17.4		24.1	2.3		3.5	59.4		69.7	-7.1		7.0	-25.8		-4.3	-25.8		9.8	-14.3		2.9
	Jun	35.0		41.6	29.4		31.1	5.0		4.4	69.3		77.1	-17.4		-1.3	59.9		30.2	20.6		38.4	6.9		11.4
	Jul	30.5		40.4	23.4		27.7	6.2		4.8	60.1		72.9	-13.9		-8.7	1.3		20.8	20.2		36.5	-5.6		3.1
	Aug	41.9		47.2	12.2		26.5	6.7		4.7	60.8		78.4	4.4		2.7	-45.7		16.1	28.1		25.2	-10.4		8.1
	Sep	33.4		38.9	15.4		30.7	7.8		5.4	56.7		75.1	-21.3		-3.6	-30.8		11.5	40.1		68.6	-19.4		5.5
	Oct	26.9		39.5	25.9		28.5	6.1		4.9	59.0		73.0	-16.0		9.8	-5.3		-3.6	19.8		34.6	-8.6		5.4
Year To Date																									
2016		35.1		40.5	29.2		25.5	3.1		2.1	67.4		68.1	17.7		-0.1	-6.6		-0.9	-3.9		-10.9	4.8		-0.8
2017		35.2		39.1	24.0		23.9	4.1		2.9	63.3		65.8	0.2		-3.6	-17.8		-6.3	31.6		35.4	-6.1		-3.4
2018		33.9		40.1	18.8		24.4	5.0		4.2	57.6		68.7	-3.7		2.6	-21.7		2.3	21.0		45.9	-8.9		4.4
Running 3 Month																									
2016		36.5		41.1	32.0		28.3	3.0		2.1	71.6		71.6	5.8		-5.3	-7.2		-4.4	-13.1		-15.9	-1.3		-5.3
2017		38.2		40.8	24.1		26.6	5.3		3.6	67.5		71.0	4.6		-0.9	-24.8		-5.9	75.0		67.1	-5.6		-0.8
2018		34.1		41.9	17.9		28.6	6.9		5.0	58.8		75.5	-10.7		2.8	-25.7		7.2	29.5		41.2	-12.9		6.4
Running 12 Month																									
2016		33.9		40.0	26.8		23.5	3.1		2.2	63.8		65.7	16.6		0.9	-10.5		-1.4	-9.0		-6.7	2.2		-0.2
2017		34.2		38.3	22.1		22.0	4.0		2.7	60.3		63.1	0.9		-4.1	-17.3		-6.4	27.0		24.2	-5.5		-4.0
2018		33.7		39.5	17.6		22.4	4.8		4.1	56.1		66.0	-1.3		3.0	-20.6		1.7	21.0		51.2	-6.9		4.6

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Tab 29 - Segmentation ADR Analysis - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Average Daily Rate												Percent Change (%)											
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
2017	May	158.16		148.29	125.66		147.98	83.65		70.90	143.75		144.52	-2.0		0.6	0.7		5.9	4.4		-0.2	4.2		1.5
	Jun	162.07		154.48	165.35		165.95	84.47		72.17	158.03		154.64	-11.9		-1.1	17.2		4.6	11.8		6.0	-2.3		-0.2
	Jul	172.32		154.74	136.01		136.84	84.94		73.17	152.04		144.91	1.4		-0.1	-40.7		-44.1	4.5		-5.7	-25.1		-27.0
	Aug	166.99		150.55	146.25		141.00	85.06		72.70	153.79		143.49	2.9		1.0	11.7		2.8	1.1		0.9	4.3		0.4
	Sep	170.72		154.20	146.93		151.60	85.47		79.34	156.39		149.81	2.8		-1.9	-1.8		-3.6	1.8		10.1	1.9		-3.1
	Oct	192.77		166.72	151.19		160.66	85.57		70.88	166.67		159.06	5.2		2.4	-22.9		-0.6	1.8		2.2	-9.5		-0.2
	Nov	143.35		134.86	156.47		137.09	85.20		73.95	141.64		131.49	-23.9		-12.1	-7.3		-7.6	1.1		4.1	-19.0		-11.8
	Dec	133.39		131.46	144.35		127.18	85.42		76.00	132.16		126.35	-4.9		0.9	-3.0		-0.2	1.3		6.8	-3.5		-0.4
2018	Jan	130.25		127.19	118.26		118.91	85.11		74.54	122.84		121.36	-12.5		-8.8	-10.3		-9.5	1.2		6.6	-10.0		-9.0
	Feb	142.40		135.44	123.85		127.49	85.09		77.92	131.71		129.43	-6.8		-2.4	-3.1		5.4	1.0		14.1	-4.6		-0.8
	Mar	164.81		150.88	140.77		136.92	85.15		78.70	151.79		142.25	3.6		7.8	6.6		9.5	1.5		9.3	6.3		7.3
	Apr	160.57		153.21	136.74		149.26	87.48		73.28	149.08		147.54	12.5		10.5	1.8		6.7	3.6		1.9	9.8		7.9
	May	152.49		154.56	140.99		153.85	85.22		77.80	146.46		150.45	-3.6		4.2	12.2		4.0	1.9		9.7	1.9		4.1
	Jun	172.39		164.09	151.98		169.50	85.50		77.96	157.48		161.34	6.4		6.2	-8.1		2.1	1.2		8.0	-0.4		4.3
	Jul	167.59		159.93	147.33		154.86	85.19		78.13	151.17		152.65	-2.7		3.4	8.3		13.2	0.3		6.8	-0.6		5.3
	Aug	160.80		156.35	145.63		145.62	84.98		78.33	149.41		148.01	-3.7		3.8	-0.4		3.3	-0.1		7.8	-2.9		3.2
	Sep	172.59		164.28	148.14		158.80	85.13		76.61	153.83		155.71	1.1		6.5	0.8		4.7	-0.4		-3.4	-1.6		3.9
	Oct	173.12		163.59	142.48		155.70	85.42		76.46	150.56		154.62	-10.2		-1.9	-5.8		-3.1	-0.2		7.9	-9.7		-2.8
Year To Date																									
2016		160.80		147.77	155.87		158.37	84.96		72.74	155.16		149.38	-5.8		-0.1	11.3		14.9	-11.9		-4.3	2.0		5.5
2017		163.29		149.05	138.94		143.55	84.73		72.41	148.97		143.68	1.6		0.9	-10.9		-9.4	-0.3		-0.5	-4.0		-3.8
2018		160.09		153.59	141.91		150.29	85.31		77.04	147.73		147.71	-2.0		3.0	2.1		4.7	0.7		6.4	-0.8		2.8
Running 3 Month																									
2016		170.33		155.88	157.36		152.81	84.05		71.13	160.87		152.14	-2.3		1.7	2.3		7.1	-2.3		-7.6	0.3		3.8
2017		175.64		156.54	148.35		151.93	85.36		74.02	158.82		150.67	3.1		0.4	-5.7		-0.6	1.6		4.1	-1.3		-1.0
2018		167.85		161.05	144.80		153.64	85.17		77.11	151.19		152.66	-4.4		2.9	-2.4		1.1	-0.2		4.2	-4.8		1.3
Running 12 Month																									
2016		159.11		145.99	155.30		155.75	85.43		72.94	153.91		147.02	-5.9		-0.3	12.1		14.4	-13.1		-5.4	2.2		4.8
2017		163.37		148.09	141.29		143.32	84.67		72.25	150.10		143.13	2.7		1.4	-9.0		-8.0	-0.9		-0.9	-2.5		-2.6
2018		156.47		150.43	142.98		148.78	85.31		76.73	146.17		145.24	-4.2		1.6	1.2		3.8	0.8		6.2	-2.6		1.5

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Tab 30 - Segmentation RevPAR Analysis - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		RevPAR												Percent Change (%)											
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
2017	May	67.47		58.33	29.54		37.22	2.64		2.26	99.65		97.82	25.6		-6.5	-48.3		-6.2	7.6		64.9	-12.0		-5.4
	Jun	68.63		65.07	30.36		39.66	3.50		2.30	102.50		107.04	-5.7		5.2	-36.3		-10.7	124.0		90.2	-16.0		-0.4
	Jul	60.96		68.53	31.44		31.34	4.39		2.55	96.79		102.43	35.0		32.0	-68.9		-64.6	133.7		81.4	-34.6		-27.8
	Aug	66.93		69.22	32.90		32.13	4.44		2.75	104.27		104.11	-1.3		0.0	-5.9		-4.2	83.0		87.6	-0.9		-0.1
	Sep	72.48		62.21	32.78		41.81	4.79		2.55	110.05		106.56	38.7		6.6	-49.3		-20.9	71.1		62.6	-8.0		-5.5
	Oct	61.84		60.00	41.39		47.53	4.36		2.59	107.60		110.11	-6.4		-7.1	-20.6		8.7	79.9		71.7	-10.8		0.3
	Nov	44.50		50.49	22.13		21.75	3.97		2.77	70.60		75.00	-18.9		-13.5	-30.4		-12.4	49.9		103.9	-21.0		-11.3
	Dec	46.74		47.03	13.12		10.79	2.81		2.86	62.66		60.69	13.3		14.4	24.4		0.3	-2.0		96.7	14.7		13.8
2018	Jan	36.58		44.73	8.02		15.28	4.00		2.76	48.60		62.78	15.4		11.8	-72.9		-45.5	55.6		85.9	-23.8		-9.7
	Feb	43.06		49.14	20.13		22.07	3.57		2.79	66.76		73.99	-7.9		-1.2	-47.9		-3.6	62.1		118.2	-23.8		0.1
	Mar	61.75		61.07	29.34		29.73	3.30		2.89	94.39		93.68	38.6		11.6	-23.4		7.3	61.9		100.7	11.2		11.7
	Apr	56.93		59.02	27.65		34.84	2.24		2.55	86.82		96.41	8.0		10.0	-3.5		3.6	-39.6		51.9	2.0		8.3
	May	60.43		65.06	24.59		37.03	2.00		2.73	87.02		104.82	-10.4		11.5	-16.7		-0.5	-24.4		20.5	-12.7		7.2
	Jun	60.27		68.20	44.62		52.74	4.28		3.45	109.17		124.39	-12.2		4.8	47.0		33.0	22.1		49.6	6.5		16.2
	Jul	51.04		64.69	34.48		42.85	5.29		3.72	90.82		111.27	-16.3		-5.6	9.7		36.7	20.6		45.8	-6.2		8.6
	Aug	67.31		73.85	17.79		38.54	5.68		3.72	90.78		116.10	0.6		6.7	-45.9		19.9	27.9		34.9	-12.9		11.5
	Sep	57.66		63.91	22.87		48.82	6.68		4.15	87.21		116.88	-20.5		2.7	-30.2		16.8	39.6		62.8	-20.8		9.7
	Oct	46.65		64.66	36.96		44.41	5.22		3.76	88.83		112.84	-24.6		7.8	-10.7		-6.5	19.6		45.2	-17.4		2.5
Year To Date																									
2016		56.44		59.86	45.50		40.34	2.64		1.56	104.58		101.75	10.9		-0.1	4.0		13.9	-15.4		-14.8	7.0		4.7
2017		57.44		58.22	33.33		34.26	3.47		2.10	94.24		94.58	1.8		-2.7	-26.7		-15.1	31.3		34.7	-9.9		-7.1
2018		54.24		61.53	26.66		36.69	4.23		3.25	85.13		101.47	-5.6		5.7	-20.0		7.1	21.8		55.2	-9.7		7.3
Running 3 Month																									
2016		62.17		64.12	50.41		43.26	2.55		1.51	115.12		108.90	3.4		-3.7	-5.1		2.3	-15.1		-22.2	-1.0		-1.7
2017		67.03		63.82	35.72		40.47	4.53		2.63	107.28		106.93	7.8		-0.5	-29.1		-6.4	77.8		73.8	-6.8		-1.8
2018		57.20		67.51	25.90		43.87	5.85		3.87	88.96		115.25	-14.7		5.8	-27.5		8.4	29.2		47.1	-17.1		7.8
Running 12 Month																									
2016		53.94		58.34	41.58		36.57	2.66		1.61	98.18		96.53	9.7		0.6	0.4		12.8	-20.8		-11.8	4.5		4.6
2017		55.85		56.78	31.27		31.49	3.35		1.98	90.48		90.25	3.6		-2.7	-24.8		-13.9	25.9		23.0	-7.8		-6.5
2018		52.80		59.39	25.14		33.26	4.09		3.18	82.02		95.83	-5.5		4.6	-19.6		5.6	21.9		60.5	-9.3		6.2

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Tab 31 - Segmentation Index Analysis - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Indexes												Percent Change (%)											
		Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month		Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR
2017	May																								
	Jun																								
	Jul																								
	Aug																								
	Sep																								
	Oct																								
	Nov																								
	Dec																								
2018	Jan																								
	Feb																								
	Mar																								
	Apr																								
	May																								
	Jun																								
	Jul																								
	Aug																								
	Sep																								
	Oct																								

Year To Date																									
2016																									
2017																									
2018																									

Running 3 Month																									
2016																									
2017																									
2018																									

Running 12 Month																									
2016																									
2017																									
2018																									

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Tab 32 - Segmentation Ranking Analysis - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Ranking												Percent Change (%)											
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
Current Month	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR	Occ	ADR	RevPAR
2017 May																								
Jun																								
Jul																								
Aug																								
Sep																								
Oct																								
Nov																								
Dec																								
2018 Jan																								
Feb																								
Mar																								
Apr																								
May																								
Jun																								
Jul																								
Aug																								
Sep																								
Oct																								

Year To Date																								
2016																								
2017																								
2018																								

Running 3 Month																								
2016																								
2017																								
2018																								

Running 12 Month																								
2016																								
2017																								
2018																								

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Tab 33 - Segmentation Day Of Week - Current Month - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Current Month									Percent Change (%)								
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
Occupancy (%)																								
Sunday	20.4	30.0	14.7	17.1	6.2	5.2	41.3	52.3					-2.1	10.9	123.9	19.9	53.4	45.6	31.3	16.6				
Monday	21.7	43.2	38.0	24.9	7.4	5.2	67.1	73.3					-38.0	15.4	68.0	-11.9	53.0	42.5	7.4	5.7				
Tuesday	30.0	45.1	35.3	32.4	6.3	4.9	71.6	82.4					-21.0	9.9	16.4	-3.7	38.1	38.1	-1.7	5.3				
Wednesday	25.5	40.8	19.3	32.5	5.9	4.7	50.6	78.0					-27.2	-1.1	-56.7	-23.1	2.4	33.9	-40.6	-10.4				
Thursday	26.0	36.9	19.7	27.4	5.3	4.8	51.0	69.1					-12.1	12.1	-34.1	-12.9	7.0	36.7	-20.8	1.8				
Weekday	24.9	39.7	26.1	27.3	6.3	5.0	57.2	71.9					-21.4	10.8	0.9	-7.2	30.8	39.1	-8.1	4.6				
Friday	23.8	34.1	25.0	31.8	6.9	4.9	55.7	70.9					-9.9	13.0	-22.3	-1.6	9.5	48.6	-14.2	7.6				
Saturday	41.7	43.7	26.5	32.7	4.4	4.8	72.6	81.3					3.2	2.2	-15.1	11.5	-23.2	51.9	-6.1	7.9				
Weekend	32.7	38.9	25.8	32.3	5.6	4.9	64.1	76.1					-2.0	6.7	-18.7	4.6	-6.2	50.2	-9.8	7.8				
Total	26.9	39.5	25.9	28.5	6.1	4.9	59.0	73.0					-16.0	9.8	-5.3	-3.6	19.8	34.6	-8.6	5.4				
ADR																								
Sunday	156.34	152.78	137.60	154.59	85.97	77.96	139.03	145.87					-4.3	-0.6	-7.6	3.1	0.2	9.5	-7.5	0.0				
Monday	169.70	161.65	142.49	155.25	85.97	77.54	145.09	153.55					-10.5	-2.9	-12.1	-6.1	0.2	5.7	-15.5	-4.7				
Tuesday	192.58	175.24	142.20	163.16	85.97	74.97	158.38	164.57					-9.8	-1.8	-6.9	-5.1	0.2	3.1	-12.1	-3.7				
Wednesday	176.25	167.21	148.60	161.73	85.97	76.57	155.22	159.46					-15.3	-8.3	1.0	-6.8	0.2	3.9	-7.6	-8.2				
Thursday	162.39	160.34	146.41	155.89	85.97	73.30	148.30	152.48					-16.5	-4.9	1.5	-3.1	0.2	-5.9	-8.9	-4.9				
Weekday	173.93	164.88	143.42	159.01	85.97	76.15	150.39	156.54					-11.4	-3.5	-5.0	-4.6	0.2	3.5	-11.0	-4.6				
Friday	150.37	151.48	142.84	147.90	85.97	75.30	139.05	144.58					-17.9	-0.1	-7.1	1.2	0.2	-0.5	-12.6	-0.4				
Saturday	178.30	165.14	143.98	149.20	85.97	79.44	160.17	153.65					-1.3	7.2	-5.3	7.1	0.2	-2.2	-1.2	5.8				
Weekend	168.16	159.15	143.43	148.56	85.97	77.35	151.00	149.42					-7.4	4.0	-6.2	4.0	0.2	-1.3	-6.1	2.9				
Total	173.12	163.59	142.48	155.70	85.42	76.46	150.56	154.62					-10.2	-1.9	-5.8	-3.1	-0.2	7.9	-9.7	-2.8				
RevPAR																								
Sunday	31.85	45.78	20.20	26.39	5.37	4.09	57.42	76.25					-6.3	10.3	106.9	23.6	53.8	59.4	21.5	16.6				
Monday	36.83	69.78	54.20	38.70	6.32	4.00	97.35	112.48					-44.5	12.1	47.6	-17.3	53.4	50.6	-9.2	0.7				
Tuesday	57.83	79.11	50.16	52.79	5.42	3.65	113.41	135.54					-28.7	8.0	8.4	-8.6	38.4	42.4	-13.7	1.4				
Wednesday	44.91	68.20	28.62	52.60	5.07	3.60	78.60	124.40					-38.3	-9.4	-56.3	-28.3	2.7	39.2	-45.1	-17.7				
Thursday	42.24	59.14	28.86	42.73	4.54	3.55	75.63	105.43					-26.6	6.6	-33.1	-15.6	7.2	28.6	-27.9	-3.2				
Weekday	43.22	65.44	37.44	43.34	5.38	3.77	86.04	112.56					-30.4	6.9	-4.1	-11.4	31.1	43.9	-18.3	-0.2				
Friday	35.75	51.69	35.77	47.05	5.90	3.71	77.41	102.44					-26.0	12.9	-27.8	-0.4	9.8	47.9	-25.0	7.2				
Saturday	74.36	72.22	38.11	48.83	3.80	3.82	116.27	124.87					1.9	9.5	-19.6	19.5	-23.0	48.5	-7.2	14.2				
Weekend	55.05	61.95	36.94	47.94	4.85	3.76	96.84	113.66					-9.2	10.9	-23.8	8.8	-5.9	48.2	-15.3	10.9				
Total	46.65	64.66	36.96	44.41	5.22	3.76	88.83	112.84					-24.6	7.8	-10.7	-6.5	19.6	45.2	-17.4	2.5				

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Tab 34 - Segmentation Day Of Week - Year to Date - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Year To Date												Percent Change (%)											
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
Occupancy (%)																								
Sunday	20.4	26.7		8.0	13.9		4.9	4.4		33.3	45.0		8.0	8.4		-20.4	7.5		29.4	53.9		1.7	11.3	
Monday	30.2	39.9		15.4	20.6		5.1	4.3		50.7	64.9		-2.3	4.1		-27.3	-8.0		28.6	50.0		-9.5	1.9	
Tuesday	34.9	45.0		23.3	27.3		4.9	4.3		63.0	76.6		-10.7	0.4		-23.8	-3.4		15.4	47.4		-14.6	0.8	
Wednesday	37.3	45.5		21.1	27.4		4.8	4.2		63.1	77.1		0.0	0.9		-28.6	-1.6		8.1	44.3		-11.4	1.7	
Thursday	32.3	37.9		17.4	25.1		4.7	4.2		54.4	67.2		13.2	8.7		-21.7	7.2		22.8	44.2		-0.4	9.8	
Weekday	31.0	39.1		17.1	22.9		4.9	4.3		53.0	66.3		0.4	4.1		-24.7	-0.2		20.5	47.9		-8.1	4.5	
Friday	34.6	39.6		22.8	26.7		5.2	4.3		62.6	70.6		-9.8	4.5		-12.2	4.0		22.5	54.7		-8.7	6.4	
Saturday	47.5	47.3		23.5	27.8		5.1	4.1		76.1	79.2		-11.6	-1.8		-17.7	4.0		22.1	46.6		-12.0	2.0	
Weekend	41.0	43.5		23.2	27.2		5.1	4.2		69.4	74.9		-10.8	1.0		-15.1	4.0		22.3	50.6		-10.5	4.0	
Total	33.9	40.1		18.8	24.4		5.0	4.2		57.6	68.7		-3.7	2.6		-21.7	2.3		21.0	45.9		-8.9	4.4	
ADR																								
Sunday	138.97	139.82		145.92	149.49		85.41	73.88		132.69	136.42		-7.3	1.6		5.6	5.8		0.2	4.2		-4.4	1.7	
Monday	150.54	149.99		144.41	151.89		85.44	77.57		142.08	145.79		-7.7	0.8		2.8	3.9		0.0	6.8		-4.7	0.9	
Tuesday	165.87	158.90		142.08	155.95		83.61	77.13		150.74	153.25		-4.2	1.9		1.8	4.0		-2.1	6.1		-2.3	1.8	
Wednesday	170.63	160.64		143.47	155.40		86.35	78.42		155.19	154.25		-0.8	3.1		3.3	3.4		1.1	8.9		1.5	2.5	
Thursday	155.50	153.30		141.98	152.97		85.40	75.84		145.10	148.30		-2.5	3.2		2.5	4.7		0.1	5.5		-0.5	3.0	
Weekday	158.41	153.83		143.18	153.66		85.24	76.58		146.76	148.77		-4.3	2.1		2.8	4.2		-0.2	6.3		-1.9	1.9	
Friday	157.96	148.52		140.80	145.24		85.43	75.80		145.71	142.87		4.4	5.6		-0.1	6.6		0.1	4.3		1.6	5.0	
Saturday	165.80	155.03		141.23	145.16		85.39	77.44		152.82	147.54		1.4	4.5		1.9	8.1		0.0	6.5		0.9	4.8	
Weekend	162.50	152.06		141.02	145.20		85.41	76.60		149.61	145.34		2.5	4.9		0.9	7.4		0.1	5.4		1.2	4.8	
Total	160.09	153.59		141.91	150.29		85.31	77.04		147.73	147.71		-2.0	3.0		2.1	4.7		0.7	6.4		-0.8	2.8	
RevPAR																								
Sunday	28.29	37.33		11.69	20.83		4.22	3.22		44.20	61.39		0.1	10.1		-16.0	13.8		29.7	60.3		-2.7	13.2	
Monday	45.47	59.87		22.17	31.35		4.39	3.34		72.03	94.55		-9.8	4.9		-25.3	-4.5		28.7	60.2		-13.8	2.8	
Tuesday	57.88	71.57		33.10	42.53		4.07	3.33		95.04	117.43		-14.5	2.2		-22.4	0.5		13.0	56.5		-16.6	2.6	
Wednesday	63.60	73.04		30.21	42.62		4.12	3.33		97.93	118.99		-0.8	4.0		-26.3	1.7		9.2	57.1		-10.1	4.2	
Thursday	50.18	58.13		24.76	38.38		4.02	3.21		78.95	99.72		10.3	12.1		-19.7	12.3		22.9	52.1		-0.8	13.1	
Weekday	49.17	60.10		24.44	35.19		4.16	3.29		77.78	98.58		-3.9	6.2		-22.6	3.9		20.3	57.3		-9.8	6.5	
Friday	54.66	58.86		32.12	38.72		4.42	3.25		91.20	100.83		-5.8	10.4		-12.3	10.9		22.6	61.3		-7.2	11.7	
Saturday	78.70	73.31		33.26	40.29		4.35	3.18		116.31	116.78		-10.4	2.6		-16.1	12.5		22.1	56.1		-11.2	6.9	
Weekend	66.68	66.09		32.69	39.51		4.38	3.21		103.76	108.81		-8.6	5.9		-14.3	11.7		22.4	58.7		-9.5	9.0	
Total	54.24	61.53		26.66	36.69		4.23	3.25		85.13	101.47		-5.6	5.7		-20.0	7.1		21.8	55.2		-9.7	7.3	

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Tab 35 - Segmentation Day Of Week - Running 3 Month - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Running 3 Month												Percent Change (%)											
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
Occupancy (%)																								
Sunday	23.2	31.7		8.2	16.3		6.9	5.1		38.2	53.1		0.9	6.7		-5.9	13.0		55.0	46.5		5.9	11.6	
Monday	27.9	42.2		21.6	23.2		7.9	5.2		57.4	70.6		-21.5	3.3		-3.1	-4.8		54.2	45.4		-8.8	2.6	
Tuesday	37.6	46.3		25.2	33.1		6.7	5.1		69.4	84.6		-18.9	-0.1		-15.8	5.0		25.2	43.2		-14.9	3.8	
Wednesday	37.9	44.8		18.5	34.1		6.7	5.0		63.1	83.9		-5.1	-0.5		-50.1	-1.1		11.5	36.8		-24.0	0.9	
Thursday	35.9	42.6		12.8	28.3		6.4	5.0		55.2	75.9		14.5	16.6		-49.5	1.6		27.5	42.5		-10.7	11.7	
Weekday	32.6	41.6		17.3	27.1		6.9	5.1		56.8	73.8		-8.0	4.5		-30.2	1.9		33.2	42.8		-13.1	5.4	
Friday	30.9	41.5		19.1	28.3		6.9	5.0		57.0	74.9		-7.5	14.0		-11.6	7.5		21.8	51.6		-6.3	13.3	
Saturday	44.9	48.6		19.9	31.3		6.5	4.9		71.2	84.9		-21.3	-3.6		-13.9	15.1		19.0	51.0		-16.7	4.8	
Weekend	37.9	45.1		19.5	29.8		6.7	5.0		64.1	79.9		-16.2	3.7		-12.8	11.3		20.4	51.3		-12.4	8.6	
Total	34.1	41.9		17.9	28.6		6.9	5.0		58.8	75.5		-10.7	2.8		-25.7	7.2		29.5	41.2		-12.9	6.4	
ADR																								
Sunday	140.41	145.94		141.39	150.11		85.42	75.83		130.74	140.46		-7.8	1.6		0.4	2.4		-0.8	5.8		-7.5	0.9	
Monday	156.54	154.74		143.02	153.40		85.48	78.54		141.61	148.67		-9.4	-1.1		-5.7	-1.4		-0.7	5.7		-10.5	-2.1	
Tuesday	185.96	169.43		143.31	162.46		80.99	76.54		160.39	161.07		-2.1	1.6		-3.9	1.9		-6.0	3.2		-4.7	0.8	
Wednesday	180.44	164.71		150.89	161.92		85.45	77.18		161.64	158.41		-3.5	-0.9		2.0	1.4		-0.8	6.0		-0.3	-0.7	
Thursday	161.07	161.16		150.87	157.11		85.40	76.81		149.88	154.09		-5.9	2.1		1.2	3.3		-0.9	4.1		-3.4	2.0	
Weekday	167.84	160.22		145.89	158.23		84.60	76.99		151.00	153.75		-5.6	0.4		-1.8	1.5		-1.8	4.9		-5.3	0.0	
Friday	152.80	151.90		144.17	147.57		85.45	76.85		141.77	145.21		-3.7	6.6		-3.2	5.1		-0.7	2.4		-4.5	5.0	
Saturday	176.94	165.28		144.40	149.29		85.36	79.55		159.48	154.41		-0.1	6.6		-3.2	5.8		-0.9	5.9		-2.6	4.9	
Weekend	167.08	159.12		144.29	148.47		85.41	78.18		151.61	150.10		-1.9	6.2		-3.2	5.5		-0.8	4.1		-3.7	4.8	
Total	167.85	161.05		144.80	153.64		85.17	77.11		151.19	152.66		-4.4	2.9		-2.4	1.1		-0.2	4.2		-4.8	1.3	
RevPAR																								
Sunday	32.55	46.22		11.59	24.50		5.87	3.88		50.00	74.60		-7.0	8.4		-5.5	15.7		53.7	55.0		-2.1	12.5	
Monday	43.60	65.30		30.89	35.59		6.80	4.10		81.28	104.99		-28.9	2.2		-8.6	-6.1		53.1	53.7		-18.3	0.5	
Tuesday	69.84	78.48		36.09	53.83		5.41	3.92		111.34	136.23		-20.6	1.5		-19.1	7.1		17.6	47.7		-18.9	4.6	
Wednesday	68.31	73.85		27.96	55.19		5.75	3.82		102.01	132.86		-8.4	-1.4		-49.0	0.2		10.6	45.0		-24.2	0.2	
Thursday	57.87	68.63		19.33	44.46		5.49	3.84		82.70	116.93		7.7	19.1		-48.9	4.9		26.4	48.3		-13.8	14.0	
Weekday	54.64	66.61		25.21	42.90		5.86	3.91		85.72	113.42		-13.1	4.9		-31.5	3.4		30.8	49.8		-17.7	5.4	
Friday	47.27	63.10		27.61	41.79		5.87	3.87		80.75	108.77		-10.9	21.5		-14.4	13.0		20.9	55.2		-10.4	19.0	
Saturday	79.36	80.39		28.67	46.75		5.57	3.91		113.61	131.05		-21.4	2.7		-16.7	21.7		18.0	60.0		-18.9	10.0	
Weekend	63.32	71.75		28.14	44.27		5.72	3.89		97.18	119.91		-17.8	10.2		-15.6	17.4		19.5	57.5		-15.6	13.9	
Total	57.20	67.51		25.90	43.87		5.85	3.87		88.96	115.25		-14.7	5.8		-27.5	8.4		29.2	47.1		-17.1	7.8	

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Tab 36 - Segmentation Day Of Week - Running 12 Month - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

	Running 12 Month									Percent Change (%)								
	Transient			Group			Contract			Total			Transient			Group			Contract			Total		
	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale
Occupancy (%)																								
Sunday	20.7	26.7		7.7	12.9		4.7	4.3		33.1	43.9		6.7	8.1		-20.8	10.1		28.0	57.2		1.0	12.1	
Monday	29.8	39.3		13.3	18.7		5.0	4.3		48.1	62.2		0.8	5.0		-30.9	-7.3		29.2	56.3		-8.7	3.2	
Tuesday	35.2	44.6		20.2	24.5		4.7	4.3		60.0	73.3		-6.0	1.2		-25.9	-3.8		16.4	54.9		-12.5	1.5	
Wednesday	36.6	44.8		18.7	24.7		4.7	4.2		60.0	73.7		3.1	1.8		-29.6	-2.2		12.5	49.8		-9.4	2.3	
Thursday	31.8	37.1		15.9	22.7		4.5	4.1		52.2	63.9		15.7	9.0		-21.2	5.7		17.6	48.2		1.4	9.7	
Weekday	30.9	38.5		15.1	20.7		4.7	4.2		50.7	63.4		3.1	4.5		-26.4	-0.6		20.5	53.2		-6.8	5.0	
Friday	35.2	38.9		22.9	24.8		4.9	4.2		63.0	67.9		-4.6	5.4		-5.6	3.8		22.9	58.4		-3.3	7.0	
Saturday	46.8	46.5		24.5	26.4		4.9	4.0		76.2	77.0		-11.4	-2.0		-12.1	2.4		22.7	53.0		-10.0	1.4	
Weekend	41.0	42.7		23.7	25.6		4.9	4.1		69.6	72.4		-8.6	1.3		-9.1	3.0		22.8	55.7		-7.1	3.9	
Total	33.7	39.5		17.6	22.4		4.8	4.1		56.1	66.0		-1.3	3.0		-20.6	1.7		21.0	51.2		-6.9	4.6	
ADR																								
Sunday	140.54	139.53		152.92	148.81		85.45	73.88		135.55	135.87		-6.8	1.9		9.9	5.8		0.1	4.5		-3.2	1.8	
Monday	147.77	147.52		144.41	150.72		85.47	76.97		140.39	143.66		-8.8	0.1		2.2	3.7		0.0	6.5		-5.7	0.2	
Tuesday	160.49	155.33		141.91	154.61		83.89	76.96		148.20	150.54		-8.6	-0.5		-1.7	2.0		-2.0	5.9		-6.1	-0.5	
Wednesday	164.96	156.69		143.57	154.36		86.25	77.83		152.12	151.43		-3.9	0.4		-0.3	1.7		0.8	8.5		-2.0	0.1	
Thursday	150.82	149.60		142.87	151.38		85.44	76.16		142.74	145.48		-4.4	1.9		2.5	4.6		0.0	5.9		-1.6	2.1	
Weekday	154.46	150.78		144.07	152.43		85.30	76.36		144.90	146.37		-6.7	0.5		1.3	3.1		-0.2	6.2		-4.0	0.4	
Friday	153.04	144.79		141.77	143.33		85.46	76.01		143.65	140.03		2.0	5.1		0.2	6.2		-0.4	4.7		0.5	4.5	
Saturday	164.61	151.98		142.73	143.49		85.43	76.84		152.47	145.15		0.4	2.8		0.6	7.5		0.0	5.8		-0.3	3.4	
Weekend	159.64	148.70		142.27	143.41		85.45	76.41		148.48	142.75		0.9	3.7		0.4	6.8		-0.2	5.2		-0.1	3.8	
Total	156.47	150.43		142.98	148.78		85.31	76.73		146.17	145.24		-4.2	1.6		1.2	3.8		0.8	6.2		-2.6	1.5	
RevPAR																								
Sunday	29.16	37.25		11.71	19.19		4.03	3.15		44.90	59.59		-0.6	10.1		-12.9	16.4		28.1	64.2		-2.2	14.1	
Monday	43.99	57.94		19.26	28.15		4.25	3.27		67.50	89.36		-8.0	5.1		-29.5	-3.8		29.3	66.4		-13.9	3.5	
Tuesday	56.42	69.24		28.60	37.81		3.98	3.28		89.00	110.32		-14.0	0.6		-27.1	-1.8		14.1	64.0		-17.9	1.0	
Wednesday	60.45	70.13		26.78	38.15		4.07	3.26		91.31	111.54		-1.0	2.3		-29.8	-0.6		13.4	62.5		-11.2	2.4	
Thursday	48.01	55.45		22.66	34.33		3.87	3.15		74.54	92.92		10.6	11.1		-19.2	10.5		17.6	56.9		-0.3	12.0	
Weekday	47.65	58.05		21.82	31.55		4.04	3.22		73.52	92.82		-3.7	5.0		-25.5	2.5		20.2	62.8		-10.5	5.4	
Friday	53.84	56.38		32.46	35.54		4.22	3.17		90.51	95.09		-2.7	10.8		-5.5	10.2		22.4	65.9		-2.8	11.8	
Saturday	77.02	70.71		35.03	37.93		4.19	3.07		116.24	111.72		-11.1	0.8		-11.5	10.0		22.7	61.9		-10.3	4.8	
Weekend	65.43	63.55		33.74	36.74		4.20	3.12		103.37	103.40		-7.8	5.0		-8.7	10.1		22.5	63.9		-7.2	7.9	
Total	52.80	59.39		25.14	33.26		4.09	3.18		82.02	95.83		-5.5	4.6		-19.6	5.6		21.9	60.5		-9.3	6.2	

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Tab 37 - Additional Revenue ADR Analysis (TrevPOR) - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Revenue Per Rooms Sold												Percent Change (%)										Ranking			
		Room			F&B			Other			Total (TrevPOR**)			Room			F&B			Other			Total (TrevPOR**)				My Prop vs. Comp Set			
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	Room	F&B	Other	Total
2017	May	143.75		144.52			72.06			7.92			224.51	4.2		1.5			2.9			3.7			2.0				
	Jun	158.03		154.64			62.24			7.86			224.74	-2.3		-0.2			-1.3			-8.8			-0.8				
	Jul	152.04		144.91			57.84			9.46			212.21	-25.1		-27.0			-24.4			-6.0			-25.5				
	Aug	153.79		143.49			60.62			8.68			212.79	4.3		0.4			3.8			19.5			2.0				
	Sep	156.39		149.81			67.97			8.05			225.83	1.9		-3.1			-4.7			-4.9			-3.7				
	Oct	166.67		159.06			71.59			10.50			241.16	-9.5		-0.2			2.5			13.3			1.1				
	Nov	141.64		131.49			59.91			8.93			200.32	-19.0		-11.8			-9.3			-17.0			-11.3				
	Dec	132.16		126.35			68.37			9.88			204.60	-3.5		-0.4			6.4			14.5			2.4				
2018	Jan	122.84		121.36			48.64			6.97			176.98	-10.0		-9.0			-13.6			-6.8			-10.2				
	Feb	131.71		129.43			50.21			6.43			186.07	-4.6		-0.8			-16.2			-19.6			-6.2				
	Mar	151.79		142.25			47.61			9.10			198.96	6.3		7.3			-12.9			8.8			1.7				
	Apr	149.08		147.54			60.40			7.63			215.57	9.8		7.9			3.8			-12.5			5.8				
	May	146.46		150.45			62.08			7.68			220.21	1.9		4.1			-13.9			-3.1			-1.9				
	Jun	157.48		161.34			64.82			8.99			235.14	-0.4		4.3			4.1			14.4			4.6				
	Jul	151.17		152.65			50.41			8.03			211.10	-0.6		5.3			-12.8			-15.1			-0.5				
	Aug	149.41		148.01			57.99			8.77			214.77	-2.9		3.2			-4.3			1.0			0.9				
	Sep	153.83		155.71			68.51			8.45			232.67	-1.6		3.9			0.8			5.0			3.0				
	Oct	150.56		154.62			73.83			8.95			237.40	-9.7		-2.8			3.1			-14.8			-1.6				
Year To Date																													
2016		155.16		149.38			65.22			8.55			223.14	2.0		5.5			-2.2			3.0			3.0				
2017		148.97		143.68			62.42			8.55			214.66	-4.0		-3.8			-4.3			0.0			-3.8				
2018		147.73		147.71			59.10			8.20			215.00	-0.8		2.8			-5.3			-4.2			0.2				
Running 3 Month																													
2016		160.87		152.14			66.40			8.31			226.86	0.3		3.8			5.6			11.8			4.6				
2017		158.82		150.67			66.63			9.07			226.38	-1.3		-1.0			0.3			9.1			-0.2				
2018		151.19		152.66			66.56			8.72			227.94	-4.8		1.3			-0.1			-3.8			0.7				
Running 12 Month																													
2016		153.91		147.02			66.11			8.68			221.82	2.2		4.8			-2.6			0.5			2.3				
2017		150.10		143.13			62.80			8.72			214.65	-2.5		-2.6			-5.0			0.4			-3.2				
2018		146.17		145.24			59.73			8.35			213.32	-2.6		1.5			-4.9			-4.2			-0.6				

** TrevPOR = Total revenue per occupied room (sum of Room, F&B, and Other revenue divided by total occupied rooms).

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Tab 38 - Additional Revenue RevPAR Analysis (TrevPAR) - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600

STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None

Market Scale: Cleveland, OH Upper Upscale Chains

For the Month of: October 2018 Date Created: November 19, 2018 Monthly Competitive Set Data Excludes Subject Property

		Revenue Per Rooms Available									Percent Change (%)									Ranking			
		Room			F&B			Other			Total (TrevPAR**)			Room			F&B			Other			Total (TrevPAR**)			My Prop vs. Comp Set			
Current Month		My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	My Prop	Comp Set	Market Scale	Room	F&B	Other	Total
2017	May	99.65		97.82			48.78			5.36			151.96	-12.0		-5.4			-4.1			-3.4			-4.9				
	Jun	102.50		107.04			43.08			5.44			155.56	-16.0		-0.4			-1.6			-9.0			-1.1				
	Jul	96.79		102.43			40.88			6.69			150.00	-34.6		-27.8			-25.2			-7.0			-26.3				
	Aug	104.27		104.11			43.98			6.29			154.39	-0.9		-0.1			3.2			18.9			1.5				
	Sep	110.05		106.56			48.35			5.73			160.63	-8.0		-5.5			-7.0			-7.2			-6.0				
	Oct	107.60		110.11			49.56			7.27			166.94	-10.8		0.3			3.0			13.8			1.6				
	Nov	70.60		75.00			34.17			5.09			114.26	-21.0		-11.3			-8.8			-16.5			-10.8				
	Dec	62.66		60.69			32.84			4.74			98.28	14.7		13.8			21.5			30.8			17.0				
2018	Jan	48.60		62.78			25.16			3.61			91.55	-23.8		-9.7			-14.3			-7.5			-10.9				
	Feb	66.76		73.99			28.70			3.68			106.37	-23.8		0.1			-15.5			-18.9			-5.4				
	Mar	94.39		93.68			31.35			5.99			131.03	11.2		11.7			-9.3			13.3			5.9				
	Apr	86.82		96.41			39.47			4.99			140.87	2.0		8.3			4.2			-12.2			6.3				
	May	87.02		104.82			43.25			5.35			153.42	-12.7		7.2			-11.3			-0.2			1.0				
	Jun	109.17		124.39			49.97			6.93			181.29	6.5		16.2			16.0			27.4			16.5				
	Jul	90.82		111.27			36.74			5.85			153.87	-6.2		8.6			-10.1			-12.4			2.6				
	Aug	90.78		116.10			45.49			6.88			168.47	-12.9		11.5			3.4			9.2			9.1				
	Sep	87.21		116.88			51.42			6.34			174.64	-20.8		9.7			6.4			10.8			8.7				
	Oct	88.83		112.84			53.88			6.53			173.25	-17.4		2.5			8.7			-10.1			3.8				
Year To Date																													
2016		104.58		101.75			44.43			5.82			152.01	7.0		4.7			-3.0			2.2			2.2				
2017		94.24		94.58			41.09			5.63			141.30	-9.9		-7.1			-7.5			-3.3			-7.0				
2018		85.13		101.47			40.60			5.63			147.70	-9.7		7.3			-1.2			0.0			4.5				
Running 3 Month																													
2016		115.12		108.90			47.53			5.95			162.37	-1.0		-1.7			0.0			5.9			-1.0				
2017		107.28		106.93			47.29			6.44			160.65	-6.8		-1.8			-0.5			8.2			-1.1				
2018		88.96		115.25			50.25			6.59			172.09	-17.1		7.8			6.3			2.3			7.1				
Running 12 Month																													
2016		98.18		96.53			43.41			5.70			145.64	4.5		4.6			-2.8			0.3			2.1				
2017		90.48		90.25			39.60			5.50			135.35	-7.8		-6.5			-8.8			-3.6			-7.1				
2018		82.02		95.83			39.41			5.51			140.76	-9.3		6.2			-0.5			0.2			4.0				

** TrevPAR = Total revenue per available room (sum of Room, F&B, and Other revenue divided by total available rooms).

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Tab 39 - Segmentation Response Report - Comp Set 2

Renaissance Cleveland Hotel 24 Public Sq Cleveland, OH 44113-2222 Phone: (216) 696-5600
STR # 10328 ChainID: CLEBR MgtCo: Aimbridge Hospitality Owner: None
For the Month of: October 2018 Date Created: November 19, 2018

This Year

Oct 8th - Columbus Day
Oct 10th - Hurricane Michael - Landfall
Oct 31st - Halloween

Last Year

Oct 7th - Hurricane Nate - Landfall
Oct 9th - Columbus Day
Oct 31st - Halloween

October 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			

October 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				

STR#	Name	City, State	Zip	Phone	Rooms	Open Date
10328	Renaissance Cleveland Hotel	Cleveland, OH	44113-2222	(216) 696-5600	491	191812
					491	

	2017												2018									
Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s	s

Data received:

s = Segmentation (Transient, Group, Contract) Only
r = Additional Revenue Only
B = Both Segmentation & Additional Revenue

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PROFESSIONAL SERVICE AGREEMENT

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November 26, 2018

Brian R. Biggs, CPA, MAI
Valuation Service Director
Direct +1 512.539.3007
brian.biggs@colliers.com

Rob Waxman, CA CPA, CFA
Chief Financial Officer
Skyline Investments Inc.
150 King Street West, Suite 2108
Toronto, Ontario M5H 1J9

RE: Appraisal of Renaissance Cleveland Hotel

Dear Mr. Waxman:

Thank you for considering Colliers International Valuation & Advisory Services, LLC for the assignment identified in the below stated Professional Service Agreement. Please sign one copy of the agreement and return it to me, thereby indicating your authorization for us to proceed with this assignment and your acceptance of the attached Terms and Conditions.

PROFESSIONAL SERVICE AGREEMENT

("Agreement")

Project	Renaissance Cleveland Hotel ("Property")
Location	24 Public Square, Cleveland, OH 44113
Project Description	Renaissance Cleveland Ohio Hotel
Parties	Colliers International Valuation & Advisory Services, LLC ("CIVAS") and Skyline Investments Inc. (herein at times referred to as "Client")
Intended User	The appraisal will be prepared for Skyline Investments Inc. Intended users include the Client and their auditors. No other users are intended. **It should be noted that if this engagement is directly with the owner of the Property, the Appraisal will not be accepted by federally insured lenders due to FIRREA Compliance, limiting the use of this report. Should this potentially impact your source of lenders, we recommend engagement be directed by a Federally Insured Lender.** **The appraiser will sign a letter of consent for publication on Magna, a public portal in Israel, as such publication may be required by Israeli securities regulations.**
Intended Use	The report to be performed under this Agreement ("Appraisal") is intended only for use Financial Reporting. The report is not intended for any other use.
Purpose	Market Value and Residual Value for Financial Reporting purposes in accordance with IFRS
Type of Appraisal	CIVAS will produce an Appraisal Report in which the appraiser's analysis and conclusions will be fully described within this document.
Rights Appraised	Fee Simple
Date of Value	December 31, 2018

Colliers International Valuation & Advisory Services, and certain of its subsidiaries, is an independently owned and operated business and a member firm of Colliers International Property Consultants, an affiliation of independent companies with over 500+ offices throughout more than 63 countries worldwide.

PROFESSIONAL SERVICE AGREEMENT

CONTINUED

Scope of Work	CIVAS and/or its designated affiliate will provide the Appraisal in accordance with USPAP, FIRREA, and the Code of Ethics and Certifications Standards of the Appraisal Institute and State Licensing Laws. CIVAS will research relevant market data and perform analysis to the extent necessary to produce credible appraisal results. Based on our discussions with the Client, the Client has requested the following valuation scenarios: **As Is, Upon Stabilization and values and allocations as specified in Appendix A**. CIVAS anticipates developing the following valuation approaches: › Sales Comparison Approach › Income Capitalization Approach › Land Value An interior/exterior observation of the subject property will be performed. **Please note if it's a requirement per the client's underwriting guidelines to analyze and report all approaches to value, this will be performed although some approaches may be limited in application.** The scope of work will be included in the Appraisal. A copy of the Assumptions and Limiting Conditions, which appear in the Appraisal, is available upon request.
Delivery	Draft Appraisal: Delivery by January 15, 2019 Final Appraisal: Delivered five (5) days after completion of client review and authorization to deliver final report(s).
Professional Fee	$
Expenses	Fees include all associated expenses; associated expenses
No. of Reports	One (1) Electronic Draft Appraisal and One (1) Electronic Final Appraisal. No printed copies will be delivered to the client
Retainer	A 100% retainer is required prior to our proceeding.
Payment Terms	CIVAS will invoice Client for the Appraisal in its entirety at the delivery of the draft appraisal Final payment is due and payable within five (5) business days upon delivery of the electronic copy of the Final Appraisal or within thirty (30) days of your receipt of our Draft Appraisal, whichever is sooner. If a Draft Appraisal is requested, the fee is considered earned upon delivery of our Draft Appraisal.
Acceptance Date	These specifications are subject to modification if this Agreement is not accepted within three (3) business days from the date of this letter.

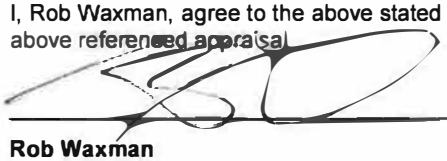
Terms and Conditions
The attached Terms and Conditions and Specific Property Data Request are deemed a part of this Agreement as though set forth in full herein. The information we need will be provided under separate cover.

Reliance Language – Non-Lender Client

The Appraisal is for the sole use of the Client; however, Client may provide only complete, final copies of the Appraisal report in its entirety (but not component parts) to third parties who shall review such reports in connection with the stated Intended Use. CIVAS is not required to explain or testify as to appraisal results other than to respond to the Client for routine and customary questions. Please note that our consent to allow the Appraisal prepared by CIVAS or portions of such Appraisal, to become part of or be referenced in any public offering, the granting of such consent will be at our sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS, by a party satisfactory to CIVAS. CIVAS hereby expressly grants to client the right to copy the Appraisal and distribute it to employees of client and to your accountants/auditors in its entirety (but not component parts) without the need to provide CIVAS with an Indemnification Agreement and/or Non-Reliance letter.

If you have questions regarding the enclosed, please feel free to contact me. CIVAS appreciates this opportunity to be of service to you on this assignment and looks forward to serving you. If you have additional questions, please contact us.

I, Rob Waxman, agree to the above stated terms and authorize Colliers International Valuation & Advisory Services, LLC to prepare the above referenced appraisal.



Date: Nov 28/18

Rob Waxman
Chief Financial Officer
Skyline Investments Inc

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CONTINUED

Respectfully,

Colliers International Valuation & Advisory Services, LLC



Brian R Biggs, CPA, MAI
Valuation Services Director
Direct +1 512.539.3007
brian.biggs@colliers.com

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TERMS AND CONDITIONS

"T&C"

1) The Appraisal will be subject to Colliers International Valuation & Advisory Services, LLC's ("CIVAS") Assumptions and Limiting Conditions that are incorporated into each appraisal, and any Extraordinary Assumptions and Hypothetical Conditions that may be incorporated into each appraisal.

2) Any capitalized, non-defined words shall have the same meaning as defined in the Agreement to which these T&Cs are attached.

3) Client is defined as the party signing the Agreement and shall be responsible for payment of the fees stipulated in the Agreement. Payment of the fee for the Appraisal is not contingent on the appraised value(s) or the outcome of the report(s). Additional fees will be charged on an hourly basis for any work that may exceed the scope of this proposal, including performing additional valuation scenarios, additional research, and conference calls, meetings, deposition preparation, deposition, trial testimony or travel that may exceed the time allotted by CIVAS for an assignment of this nature. If CIVAS is requested to cease working on the Appraisal for any reason prior to the completion of the appraisal(s), CIVAS will be entitled to bill the Client for the time spent to date at CIVAS' hourly rates for the personnel involved. The Client will be billed a minimum $500 or at a rate of $250 per hour for associate time, $300 per hour for valuation services director, $400 per hour for managing director, and $450 per hour for executive managing director. If the Client delays completion of the assignment beyond ninety (90) days, the fee may be renegotiated. This may result in the total fee exceeding the original agreed fee agreed upon cost.

4) Client agrees to pay all fees and expenses, including attorney's fees, incurred by CIVAS in connection with the collection or attempted collection of the fees and expenses. In the event Client fails to make payments when due and payable, the amount due shall bear interest at 1.5% per month or the maximum rate permitted in the state in which the CIVAS office executing the Agreement is located, whichever is lesser.

5) The fee is due upon delivery of the final report or within thirty (30) days of your receipt of the draft report, whichever is sooner. If a draft is requested, the fee is considered earned upon delivery of our draft report.

6) In the event that either party commences any legal action relating to the provisions of the Agreement, including collection, the prevailing party shall be entitled to its actual attorneys' fees and costs. The Agreement shall be governed by and construed in accordance with the laws of the state where the CIVAS office executing the Agreement is located. The venue of any action arising out of the Agreement shall be the county where the CIVAS office executing the Agreement is located. Client will have up to thirty (30) days from receipt of the Draft Appraisal to review and communicate its review to CIVAS. CIVAS reserves the right to bill Client for additional appraisal efforts that may arise from the Client not responding within with this time period.

7) CIVAS does not make any representation or warranty, express or implied, as to the accuracy or completeness of the information or the state of affairs of the Property furnished to CIVAS by Client.

8) CIVAS shall have no responsibility for legal matters, questions of survey or title, soil or subsoil conditions, engineering, or other similar technical matters. The Appraisal will not constitute a survey of the Property analyzed.

9) Client shall provide CIVAS with such materials with respect to the Appraisal as requested by CIVAS and which are in the possession or under the control of Client. Client shall provide CIVAS with sufficient access to the Property to be analyzed and hereby grants permission for entry, unless discussed in advance to the contrary.

10) The data gathered in the course of the Appraisal (except data furnished by Client) and the Appraisal prepared pursuant to the Agreement are, and will remain, the property of CIVAS. With respect to data provided by Client, such data shall be confidential, and CIVAS shall not disclose any information identified as confidential furnished to CIVAS. Notwithstanding the foregoing, CIVAS is authorized by Client to disclose all or any portion of the Appraisal and the related data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable CIVAS to comply with the Bylaws and Regulations of such Institute as now or hereafter in effect.

11) Unless specifically noted, CIVAS does not assume any duty to analyze or examine the Property or adjacent property for the possible presence of toxic and/or hazardous substances or materials (including but not exclusive to asbestos, PCB transformers, or other toxic, hazardous, or contaminated substances and/or underground storage tanks (hazardous material), or the cost of encapsulation or removal thereof) and accepts no liability regarding the issue. If such materials exist, CIVAS defers to the expertise of professionals specifically trained in analyzing the cost to remediate, which will not be a part of the appraisal fee proposal. The Appraisal will contain a comprehensive disclaimer to this effect.

12) CIVAS understands that there is no major or significant deferred maintenance in the Property which would require the expertise of a professional cost estimator or contractor. If such repairs are needed, the estimates are to be prepared by others, and are not a part of the fee contemplated in the Agreement.

13) Client acknowledges that CIVAS is being retained hereunder as an independent contractor to perform the services described herein and nothing in the Agreement shall be deemed to create any other relationship between Client and CIVAS. The Agreement shall be deemed concluded and the services hereunder completed upon delivery to Client of the Appraisal discussed herein.

14) Client agrees that its only remedy for losses or damages relating to the Agreement shall be limited to the amount of **three times** the appraisal fee paid by the Client and in no circumstances shall CIVAS be liable for any losses or damages in excess of this amount. Should the Client, or any other entitled party, make a claim against CIVAS, its directors, officers, employees and other affiliates and shareholders, relating to this engagement or the appraisal(s), the maximum damages recoverable from CIVAS, its directors, officers, employees and other affiliates and shareholders, shall be the amount of funds actually collected by CIVAS under the Agreement, and no claim shall be made for any consequential or punitive damages.

15) If CIVAS or any of its employees receives a subpoena or other judicial notification to produce documents or provide testimony involving the Appraisal in connection with a lawsuit or related proceeding, CIVAS will notify the Client of receipt of the subpoena or notification. However, if CIVAS is not part of the lawsuit or proceedings, Client agrees to compensate CIVAS for the professional

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time required and to reimburse CIVAS for the expenses incurred in responding to any such subpoena or judicial notification, including any attorneys' fees, as they are incurred. CIVAS is to be compensated at the prevailing hourly rates of the personnel responding to the subpoena or command for testimony.

16) If expert witness testimony is required in connection with the Appraisal, the following hourly rates will apply. The Client will be billed at the rate of $250 per hour for associate time, $350 per hour for valuation services director, $400 per hour for managing director, and $450 per hour for executive managing director. The hourly billings pertain to court preparation, waiting and travel time, document review and preparation (excludes appraisal report) and all meetings related to court testimony.

17) Client shall indemnify and hold CIVAS, its parent, subsidiaries, affiliates, its officers, directors, employees and agents ("CIVAS Indemnities"), fully harmless against all losses, damages, claims, and expenses of any kind whatsoever (including costs and reasonable attorneys' fees), sustained or incurred by a third party as a result of the negligence or intentional acts or omissions of Client (including any failure to perform any duty imposed by law), any misrepresentation, distortion or if Client fails to provide complete and accurate information to CIVAS, for which recovery is sought against the CIVAS Indemnities by that third party; however, such obligation to defend and indemnify shall not apply to the extent caused by the negligent act or willful misconduct of CIVAS. Client shall indemnify and hold CIVAS Indemnities harmless from any claims, expenses, judgments or other items or costs arising as a result of the Client's failure or the failure of any of the Client's agents to provide a complete copy of the Appraisal to any third party. LIMITATION OF LIABILITY. EXCEPT FOR THE INDEMNIFICATION PROVISION ABOVE, ANYTHING IN THE AGREEMENT TO THE CONTRARY NOTWITHSTANDING, UNDER NO CIRCUMSTANCES WHATSOEVER SHALL EITHER PARTY BE LIABLE TO THE OTHER FOR ANY SPECIAL, CONSEQUENTIAL, PUNITIVE, OR INCIDENTAL DAMAGES OF ANY KIND WHATSOEVER.

18) The Appraisal and the name Colliers International Valuation & Advisory Services may not be used in any marketing or investment material or offering memoranda without CIVAS' prior written consent. CIVAS, its employees and appraisers have no liability to any recipients of any prepared material, and disclaim all liability to any party other than the Client.

19) Unless CIVAS consents in writing, the Appraisal cannot be used by any party or for any purpose other than the Client for the purposes specified in the Agreement. Should the Client provide a copy of this Appraisal to any person or entity not authorized by CIVAS in writing, Client hereby agrees to hold CIVAS, its directors, officers, employees and other affiliates and shareholders, harmless from all damages, expenses, claims and costs, including any attorney's fees. The Client acknowledges that any opinions and conclusions expressed by the professionals of CIVAS pursuant to the Agreement are made as employees and not as individuals. CIVAS' responsibility is limited to the Client, and the use of the Appraisal or related product by third parties shall be solely at the risk of the Client and/or third parties.

20) The use of this appraisal shall be used only for the purpose as set forth in the Intended Use section of the Agreement. In the event that the client wishes to use this report or portions of this report for any other purpose such as, to become part of or be referenced in, any offering or other material intended for the review of others, or to be submitted to others, will be at the Client's sole and absolute discretion and, if given, will be on condition that CIVAS will be provided with an Indemnification Agreement and/or Non-Reliance letter, in a form and content satisfactory to CIVAS and the Client, by a party satisfactory to CIVAS and the Client. CIVAS does consent to Client submission of the complete Appraisal to rating agencies, loan participants or your accountants/auditors without the need to provide us with an Indemnification Agreement and/or Non-Reliance letter.

21) Client and its affiliates, rating agencies and a limited number of investors involved in the securitization, may use and rely upon CIVAS report in connection with a planned loan securitization involving the Property including, without limitation, utilizing selected information in the Appraisal in the offering documents relating to the securitization and CIVAS agrees to cooperate in answering reasonable questions by any of the above parties in connection with the securitization.

Client agrees that it will not file, use, or permit or cause to be used in any offering documents or any other document any portion or extract of the Appraisal, or any reference to the Appraisal, without first (i) having provided the portion or portions of an offering document or other document to CIVAS for review and (ii) having obtained the prior written consent of CIVAS to any such filing, use, amendment or modification, which consent shall not be unreasonably withheld. CIVAS shall have the right to require Client to include in any offering document or other document disclosure concerning the conditions, qualifications and assumptions of the appraisal and such other disclosure concerning the Appraisal as CIVAS shall reasonably require.

Client can use the appraised value without attribution to the Appraisal, and selected information in the Appraisal, provided Client agrees that it has complied and at all times will comply, and will use Client's best efforts to cause any underwriters to comply, with all applicable Federal and state securities laws in connection with any offering, and offering document and any use of the Appraisal. Client further agrees that neither any offering document nor any other document used in connection with any offering will contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not misleading regarding the Appraisal, or any portion or extract thereof, or any reference to the Appraisal.

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Letter ID — Appraiser — colliers Measurement date 2018/12/31

Letter 04

— General requirements:

1 — Letter addressed to: Skyline Investments Inc. CFO.
2 — Deadlines - up to 15 calendar days from the cut-off period.
3 — IFRS compliance.
4 — Approval to publish: [Appraiser Name] will sign consent letter for publication if required by Israeli Security Authority regulations.
5 — "Appraiser independence - the following wording is required:
[Appraiser Name] total liability arising out of or in connection with this agreement shall be limited in the aggregate to three times the total sum of fees and costs received by [Appraiser Name] under this agreement for the subject report. In accordance with the position of Israeli Security Authority in Israel, in order of the appraiser to be considered independent."
6 — Addressing the relevant components of the appraisal.
7 — The measurement requirements for each property are listed below in red letters.

Renaissance Hotel

Ranalssance PPE ··· [99.03] ··· (IAS 16 FMV)

1 — Fair value
2 — Residual value
3 — Economic useful life
4 — Proper allocation to various components

Commercial retail ··· [99.05] ··· (IAS 40)

1 — Fair value
2 — Residual value
3 — Economic useful life
4 — Proper allocation to various components

Appendix A

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

The Dictionary of Real Estate Appraisal, Sixth Edition, Appraisal Institute, Chicago, Illinois, 2015 *(Dictionary).*

Uniform Standards of Professional Appraisal Practice, 2018-2019 Edition (USPAP).

The Appraisal of Real Estate, Fourteenth Edition, Appraisal Institute, Chicago, Illinois, 2013 *(14th Edition)*.

Absolute Net Lease

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

Ad Valorem Tax

A real estate tax based on the assessed value of the property, which is not necessarily equivalent to its market value. *(14th Edition)*

Aggregate of Retail Values (ARV)

The sum of the separate and distinct market value opinions for each of the units in a condominium; subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called *sum of the retail values*. *(Dictionary)*

Arm's-length Transaction

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

As-Is Market Value

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

Assessed Value

The value of a property according to the tax rolls in ad valorem taxation; may be higher or lower than market value, or based on an assessment ratio that is a percentage of market value. *(14th Edition)*

Average Daily Room Rate (ADR)

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

Band of Investment

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

Cash-Equivalent Price

The price of a property with nonmarket financing expressed as the price that would have been paid in an all-cash sale. *(Dictionary)*

Common Area

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

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Contract Rent

The actual rental income specified in a lease. *(14th Edition)*

Cost Approach

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, including an entrepreneurial incentive; deducting depreciation from the total cost; and adding the estimated land value. Adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. *(14th Edition)*

Curable Functional Obsolescence

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

Debt Coverage Ratio (DCR)

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

Deferred Maintenance

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

Depreciation

In appraisal, a loss in 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. *(Dictionary)*

Direct Costs

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

Discounted Cash Flow (DCF) Analysis

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

Discount Rate

A rate of return on capital used to convert future payments or receipts into present value; usually considered to be a synonym for *yield rate*. *(Dictionary)*

Disposition Value

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

1. Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.

2. The property is subjected to market conditions prevailing as of the date of valuation.

3. Both the buyer and seller are acting prudently and knowledgeably.

4. The seller is under compulsion to sell.

5. The buyer is typically motivated.

6. Both parties are acting in what they consider their best interests.

7. An adequate marketing effort will be made during the exposure time.

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8. Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

9. The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

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

Easement

The right to use another's land for a stated purpose. Access or right-of-way easements may be acquired by private parties or public utilities. Governments may be the beneficiaries of easements placed on privately owned land that is dedicated to conservation, open space, or preservation. *(14th Edition)*

Economic Life

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

Effective Age

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

Effective Date

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

Effective Gross Income (EGI)

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

Effective Gross Income Multiplier (EGIM)

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

Effective Rent

The rental rate net of financial concessions such as periods of free rent during the lease term and above or below-market tenant improvements (TIs). *(14th Edition)*

Eminent Domain

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

Entrepreneurial Incentive

The amount an entrepreneur expects to receive for his or her contribution to a project. Entrepreneurial incentive may be distinguished from entrepreneurial profit (often called *developer's profit*) in that it is the expectation of future profit as opposed to the profit actually earned on a development or improvement. *(Dictionary)*

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Entrepreneurial Profit

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

Excess Land

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

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. Due to the higher risk inherent in the receipt of excess rent, it may be calculated separately and capitalized or discounted at a higher rate in the income capitalization approach. *(14th Edition)*

Expense Stop

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

Exposure Time

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; Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. *(Dictionary)*

External Obsolescence

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

Extraordinary Assumption

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

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

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Fair Market Value

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

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

Feasibility Analysis

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

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power and escheat. *(Dictionary)*

Floor Area Ratio (FAR)

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

Functional Obsolescence

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

Functional Utility

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

Furniture, Fixtures, and Equipment (FF&E)

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

Going-concern

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

Going-concern Value

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

Gross Building Area (GBA)

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

Gross Leasable Area (GLA) - Commercial

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

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Gross Living Area (GLA) - Residential

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

Highest & Best Use

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

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis. Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. *(USPAP)*

Income Capitalization Approach

In the income capitalization approach, an appraiser analyzes a property's capacity to generate future benefits and capitalizes the income into an indication of present value. The principle of anticipation is fundamental to this approach. Techniques and procedures from this approach are used to analyze comparable sales data and to measure obsolescence in the cost approach. (*14th Edition)*

Incurable Functional Obsolescence

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

Indirect Costs

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

Insurable Replacement Cost

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

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Interim Use

The temporary use to which a site or improved property is put until a different use becomes maximally productive. *(Dictionary)*

Investment Value

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

Liquidation Value

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

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

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

Leased Fee Interest

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

Leasehold Interest

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

Legally Nonconforming Use

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

Market Area

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

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the lease agreement, including permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs). *(14th Edition)*

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Market Study

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

Market Value (Interagency Guidelines)

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

1. buyer and seller are typically motivated;

2. both parties are well informed or well advised, and acting in what they consider their own best interests;

3. a reasonable time is allowed for exposure in the open market;

4. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and

5. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(Interagency Appraisal and Evaluation Guidelines, December 10, 2010, Federal Register, Volume 75 Number 237, Page 77472)

Marketability Analysis

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

Neighborhood Analysis

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

Net Operating Income (NOI)

The actual or anticipated net income that remains after all operating expenses are deducted from effective gross income but before mortgage debt service and book depreciation are deducted. Note: This definition mirrors the convention used in corporate finance and business valuation for EBITDA (earnings before interest, taxes, depreciation, and amortization). *(14th Edition)*

Obsolescence

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

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Off-site Costs

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

On-site Costs

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

Overage Rent

The percentage rent paid over and above the guaranteed minimum rent or base rent; calculated as a percentage of sales in excess of a specified breakeven sales volume. *(14th Edition)*

Overall Capitalization Rate (OAR)

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

Parking Ratio

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

Potential Gross Income (PGI)

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

Potential Gross Income Multiplier (PGIM)

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

Present Value (PV)

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

Prospective Opinion of Value

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

Qualitative Adjustment

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

Quantitative Adjustment

A numerical (dollar or percentage) adjustment to the indicated value of the comparable property to account for the effect of a difference between two properties on value. *(Dictionary)*

Rentable Area

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

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Replacement Cost

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

Reproduction Cost

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

Retrospective Value Opinion

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

Sales Comparison Approach

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

Scope of Work

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

The extent to which the property is identified;

The extent to which tangible property is inspected;

The type and extent of data researched; and

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

Shopping Center Types

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

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

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

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Shopping Center Types (cont.)

Super-Regional Center: A large center of 600,000 to 2.0 million square feet anchored by three or more full-line department stores. This type of center is typically supported by a population area of 300,000 people. *(14th Edition)*

Superadequacy

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

Surplus Land

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

Tenant Improvements (TIs)

1. Fixed improvements to the land or structures installed for use by a lessee.

2. The original installation of finished tenant space in a construction project; subject to periodic change for succeeding tenants. *(Dictionary)*

Triple Net Lease

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

Usable Area

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

Useful Life

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

Vacancy and Collection Loss

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

Yield Capitalization

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



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EDUCATION AND QUALIFICATIONS

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BUSINESS EXPERIENCE

David Abraham serves as the Associate Managing Director of Colliers International's Southfield (Detroit), Michigan office, which provides valuation and advisory services throughout the state of Michigan. He represents clients on a national basis and has provided real estate appraisal and consulting services since 1983. Recently, Mr. Abraham has focused on both apartment and hospitality valuation and has completed the valuation of over 30 hotel properties as well as over 5,000 multi-family housing units in the past 18 months.

Mr. Abraham is a Designated member of the Appraisal Institute, holding the MAI and SRA designations. He is experienced in the valuation easements, takings and partial interests, and has served as an expert witness in a variety of valuation cases involving commercial, industrial and residential properties. Mr. Abraham is regularly retained for his expertise in performing hotel valuations, market studies, and feasibility analyses, or to serve in an expert witness capacity for hotel and multi-family properties as well as matters regarding litigation, condemnation or tax appeals.

PROFESSIONAL MEMBERSHIPS AND ACCREDITATIONS

Designated Member of the Appraisal Institute, MAI and SRA designation

Certified General Appraiser – Michigan #1201000512

Certified General Appraiser – Ohio #ACGO.2014001729

APPRAISAL INSTITUTE COURSES

Appraisal Principals, Appraisal Institute Course 110

Appraisal Procedures, Appraisal Institute Course 120

Basic & Advanced Income Capitalization, Appraisal Institute Courses 310 & 510

Highest & Best Use & Market Analysis, Appraisal Institute Course 520

Advanced Sales Comparison & Cost Approaches, Appraisal Institute Course 530

Report Writing and Valuation Analysis, Appraisal Institute Course 540

Subdivision Valuation, Appraisal Institute

Advanced Spreadsheet Modeling for Valuation Applications, Appraisal Institute

Practical Regression Using Microsoft Excel, Appraisal Institute

The Appraiser as an Expert Witness: Preparation & Testimony, Appraisal Institute

OTHER RELATED COURSES

Trends in the Lodging Industry, Oct. 2012

7-Hr National USPAP (Uniform Standards of Professional Appraisal Practice), May 2013

Business Practices & Ethics, June 2013

Farm & Ranch Valuation, American Soc. of Farm Managers & Rural Appraisers

Appraising Troubled Properties, AI

STATE OF OHIO
DIVISION OF REAL ESTATE
AND PROFESSIONAL LICENSING

AN APPRAISER LICENSE/CERTIFICATE
has been issued under ORC Chapter 4763 to:

NAME: David John Abraham
LIC/CERT NUMBER: 2014001729
LIC LEVEL: Cert. General R. E. Appraiser - Out of State
CURRENT ISSUE DATE: 03/29/2018
EXPIRATION DATE: 04/29/2019
USPAP DUE DATE: 04/29/2020



Colliers International
Valuation & Advisory Services

Services Offered

Single Asset Valuation
Portfolio Valuation
Institutional Asset Valuation
Loan Pool Valuation
Appraisal Review
Appraisal Management
Lease and Cost Analysis
Insurance Valuation
Arbitration & Consulting
Feasibility Studies
Investment Analysis
Highest and Best Use Studies
Tax Appeals
Litigation Support
Segregated-Cost Analysis

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Manufactured Housing
Net Lease
Hospitality
Health Care
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Telecommunications

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

Colliers Valuation & Advisory Services' reports are designed to deliver insight into a property's fundamentals, its competition and the overall market dynamics affecting value. A solid valuation report can be a strategic asset for investors, lenders and owners, provided that it addresses both a property's unique characteristics and the most current market conditions.

Commitment to high-end client service, coupled with Colliers International's unparalleled market intelligence and resources, differentiates us as the firm of choice in the real estate industry.

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INFORMATION

Today's business climate places valuation in a more pivotal position than ever before. All our appraisals are evaluated and approved by an experienced review team to ensure our clients receive concise and timely appraisals. With clear, prompt reporting and a comprehensive, big picture approach, Colliers International's Valuation and Advisory reports give our clients the information they need to make better business decisions.

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