61-63 Crosby Street, Floor 3
New York, NY 10012

June 4, 2020

Mr. Amir Richulsky
Sapir Corp.
52 Menachem Begin Way
Tel Aviv, Israel 6713700

Re: Bowery File No. JOB-2005263888
NoMo SoHo Hotel
264-Room Hotel
9 Crosby Street
New York, NY 10013

Dear Mr. Richulsky:

In accordance with your request, we have completed an updated appraisal report in letter format of NoMo SoHo Hotel, a 264-Room Hotel at 9 Crosby Street in New York, NY for the purpose of advancing an updated opinion of the As Is Fair Value of the Fee Simple Interest in the subject as of March 31, 2020.

The client and intended user is Sapir Corp. The Intended Use is to aid the Company in the preparation of the prospectus and/or financial statements to be published in the Tel Aviv Stock Exchange in 2020. We confirm that we have given our full consent to the inclusion of the valuation in its entirety within the Company Prospectus to be published in the Tel Aviv Stock Exchange in 2020 and any Draft Prospectus to be published or disclosed to the Israeli Security Authority. We also consent to the inclusion of this valuation within periodic reporting. This letter has been prepared in compliance with IFRS 13 (International Financial Reporting Standards 13-fair value measurement). The depth of analysis discussed in this letter is specific to the needs of the client. The report is intended only for use in the preparation of financial statements.

To report the assignment results, we use the Appraisal Report option of Standard Rule 2-2(a) of USPAP. We previously appraised the subject property for Sapir Corp. with the same intended users and intended use on March 19, 2020 with an effective date of December 31, 2019. This prior appraisal was prepared under the Appraisal Report option of Standard Rule 2-2(a) of USPAP. We incorporate by reference the detailed description, subject photos, property analysis, neighborhood description, zoning, tax analysis and highest and best use analysis included within this report and have updated the market analysis, income approach including a DCF analysis, and value conclusion. To fully understand this updated appraisal report, the reader is advised to reference these sections of our prior appraisal report date March 19, 2020. Given the current Coronavirus pandemic, the hotel is operating at a very low occupancy and the food and beverage operations have been closed with delivery/takeout options available beginning in late May 2020.

The hotel has not been re-inspected. We have relied on information obtained from the property owner and our prior inspection dated March 2, 2020 regarding the condition. Based on our conversation with the owner the condition of the building is unchanged.

The subject is a 26-story, 264-key hotel completed in 2011. The subject contains a gross building area of 121,165 square feet. In addition to hotel rooms, the subject contains a 5,000 SF restaurant known as Nomo Kitchen, which is located in a greenhouse space, a lobby bar, nightclub space located off the lobby, a meeting room on the second floor, and a meeting room/private dining room located in the lobby. The gallery and terrace offer 2,500 SF of meeting space.

In May 2016, new management arrived and made several improvements, including adding one key (a PH unit with private outdoor space that was completed during 2017), opening a nightclub, refurbishment of the lobby, restaurant, and common areas with new furnishings, art, decor, walls and flooring, added revenue in the form of an amenity fee (started at $25 per room per night, which has increased to $40 per room per night), and lowered expenses. However, in mid-2017, a new Revenue Manager was hired, and the hotel saw a downward trend in ADR. After recognizing the mismanagement of the hotel, ownership replaced the management company in September 2018. The hotel is now managed by Highgate, a premier hospitality management company. Highgate has made various improvements in the hotel's operations, including an increase in occupancy, and has tried to develop additional business from its association with Preferred Hotels & Resorts.

Market participants would embark on a renovation that ownership estimates at $15 million. The renovation plan would include the addition of revenue generating F&B outlets, moving the lobby to the ground level as well as refreshing the guest rooms. Further, the penthouse space will be used for events only and thus, one unit will be removed from the room count.

The subject property has not sold subsequent to the effective date of our prior appraisal and we are not aware of any current bids, offers, or options to purchase for this asset.

The subject property is located on the west side of Lafayette Street through to the east side of Crosby Street between Howard and Grand Streets in the Soho section of Manhattan, New York. The subject site is identified on the New York City tax assessment maps as Block 233, Lot 2 and contains 14,470 square feet. The property is situated in a M1-5B zone.

We inquired whether the hotel has a Business Interruption insurance policy. Ownership reported that they are in the process of examining their policy. Thus, our valuation as of March 31, 2020 does not include any insurance proceeds. We note that hotel ownership was approved for a $2.9 million Paycheck Protection Program (PPP) loan through the government, which was received on March 8, 2020. As the government has extended time for loan recipients to spend the funds and qualify for forgiveness of the loan to 24 weeks, we will apply the full PPP loan proceeds in our cash flow.

Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformance with the Standards of Professional Practice and Code of Professional Ethics of the Appraisal Institute, and the Uniform Standard of Professional Appraisal Practice (USPAP) and IFRS 13.

The Scope of Work performed to complete this appraisal report involved an updated analysis of the overall economy, the national and local hotel market, including an analysis of the subject hotel's competitive set. The valuation scope is limited to the Income Capitalization Approach, which is considered the most meaningful valuation approach appropriate for the subject property type and is typically considered the primarily approach used by market participants. Occupancy, ADR, F&B and other revenue, operating expenses and the capitalization rate were forecasted based upon analysis through April 2020 and information provided by area professionals, including appraisers, hotel operators and owners. The Cost Approach was not considered necessary for credible results due to the age and condition of the subject improvements, as well as the fact that this approach is typically not used or considered a reliable indicator of value by market participants. Given there are no hotels sales during this pandemic, the Sales Comparison Approach was not considered necessary for credible results.

After carefully considering all available information and factors affecting value, our opinion of value is:

Final Value Opinion

Value	**Interest Appraised**	**Date of Value**	**Conclusion**
Fair Value As Is	Fee Simple	March 31, 2020	$204,300,000

The above final value conclusion considers an exposure time of six months to twelve months. This conclusion is predicated on interviews with local brokers and other real estate industry sources, on information obtained in the verification process of recent sale transactions for similar properties, and our analysis of supply and demand forces in the local market.

The value conclusions are subject to the following **Extraordinary Assumptions**[1] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions:

•The appraisal assumes that ownership embarks on a renovation plan in 2020/2021, which includes renovating the restaurant and lobby, installing new F&B outlets, at a total budget of $15 million. Any significant change to the plan, timing or budget might impact the values herein.

•In following government orders to self-isolate as part of an effort to contain the spread of the COVID-19 virus, we were unable to conduct an inspection of the subject property. We have therefore relied on an inspection performed on March 2, 2020 when we previously appraised the subject property. It is an Extraordinary Assumption of this report, that the condition of the subject property, as well as all mechanical systems, are unchanged since our inspection conducted on March 2, 2020.

•As of the date of this report, NYC is on pause until June 7, 2020. A phased reopening is slated to begin on June 8, 2020, once NYC meets certain benchmarks. It is an Extraordinary Assumption of this report that NYC's economy will begin its phased reopening on June 8, 2020.

The value conclusions are based on the following **Hypothetical Conditions**[2] that may affect the assignment results:

•None.

The opinions of value expressed herein are subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

The global outbreak of a "novel coronavirus" known as COVID-19 was officially declared a pandemic by the World Health Organization (WHO) on March 11, 2020. It is currently unknown what direct, or indirect, effect this event may have on the national economy, the local economy, or the market in which the subject property is located. The reader is cautioned and reminded that the conclusions presented in this appraisal report apply only as of the effective date(s) indicated. The appraiser makes no representation as to the effect on the subject property of this event, or any event, subsequent to the effective date of the appraisal.

Valuation Uncertainty

We note that in a letter from the International Valuations Standards Council (IVSC), dated March 30, 2020, the IVSC states that "if the valuation date coincides with economic or political crises or immediately follows such an event, significant valuation uncertainty arises because the only inputs and metrics available for the valuation are likely to relate to the market before the event occurred and therefore have limited relevance to the situation on the valuation date. The impact of the event on the attitude of market participants, and therefore prices, will not be known during its immediate aftermath. Because of this, uncertainty caused by market disruption is rarely quantifiable."

Further, it is important to note that IVSC points out that, "Valuation uncertainty should not be confused with risk. Risk is the exposure that the owner of an asset has to potential future gains or losses. Risk can be caused by various factors affecting either the asset itself or the market in which it trades." Therefore, risks are considered by informed buyers and sellers and typically reflected in market prices.

Since the coronavirus pandemic began, economies all over the world have come to a halt. There are many unanswered questions that remain including:

- How long will the pandemic last? When it does slow down, will it be due to an effective vaccine and/or treatment?
- How long will the related restrictions remain in place?

---

[1] The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.

[2] The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.

- How/when will the economy reopen? When it does reopen, will all businesses reopen?
- What will be the overall impact on our economy?

In addition to the lack of clarity in the economic outlook, the necessary social distancing during this pandemic poses more questions as to the return of the hospitality industry in general.

In order to support our forecast, we have spoken to various market participants and researched local, national and international government policies and experiences regarding current and proposed phased-in business reopening and social distancing regulations to gain further insights into investor expectations.

COVID-19 and its Effect on Commercial Real Estate

The emergence of the novel Coronavirus and the ensuing global pandemic is a challenge unlike any other we've faced in our lifetimes. While the initial economic consequences have cut quickly and deeply, the full effect on our economy and what the consequences may be on commercial real estate is yet to be seen.

With information changing daily, the full picture of how the pandemic is shaping the real estate market is still coming into focus. However, we can look at historical data to understand how the market responded to previous external shocks. Additionally, we can look at the evolving social and demographic trends that may shed additional light on how property valuations may be impacted.

Summary & Key Takeaways

- In an attempt to counter and control the pandemic, governments halted unnecessary travel and ordered residents to shelter-in-place. To mitigate the loss of revenue from drops in consumption, companies reacted with mass layoffs. With no source of revenue, businesses and residents struggled to pay bills.
- Given the lack of liquidity, decreased demand, and an uncertain future, nearly all sectors will experience some state of turbulence; however, retail and hospitality will be most impacted.

The State of the Economy Prior to the Pandemic

Economic, consumer and financial foundations were solid prior to the pandemic.

- Total employment was at record levels and since 2018, there were more job openings than the number of people unemployed.
- Retail Sales were at a record high, incomes were rising, and household debt was on the decline.
- U.S. Bank Reserves were up to $1.7T from $44B pre-GFC (Global Financial Crisis), corporate profits were near an all-time high, and corporate cash on hand was at a record level.
- Overall, construction as a share of stock has declined over the past year for most sectors, compressing vacancy rates to near all-time lows.

However, as the date of this report, over 42 million have filed for unemployment since mid-March, with a record 20.5 million jobs cut in April 2020 alone, with 1.6 million in New York State. The unemployment rate is 14.7% as of May 8, 2020. GDP has fallen 4.8% and several retailers including J. Crew, Pier 1 Imports and Modell's Sporting Goods have filed for bankruptcy. While some of these retailers were already struggling, more are expected to follow suit.

National Hotel Market Update

Entering 2020, the overall outlook was that values would remain stable in the near term, followed by moderate increases; however, the sector may now experience the largest drops in value in recent history. Restrictions on travel, business activity, and individual movement are having an unprecedented impact on the sector. All relevant metrics, such as occupancy, ADR, and RevPAR, have plummeted since the start of the pandemic. This impact, along with the related effects on the economy, will have a significant impact on hotel values. We believe scenarios such as those outlined below, will likely affect the market and property-level fundamentals:

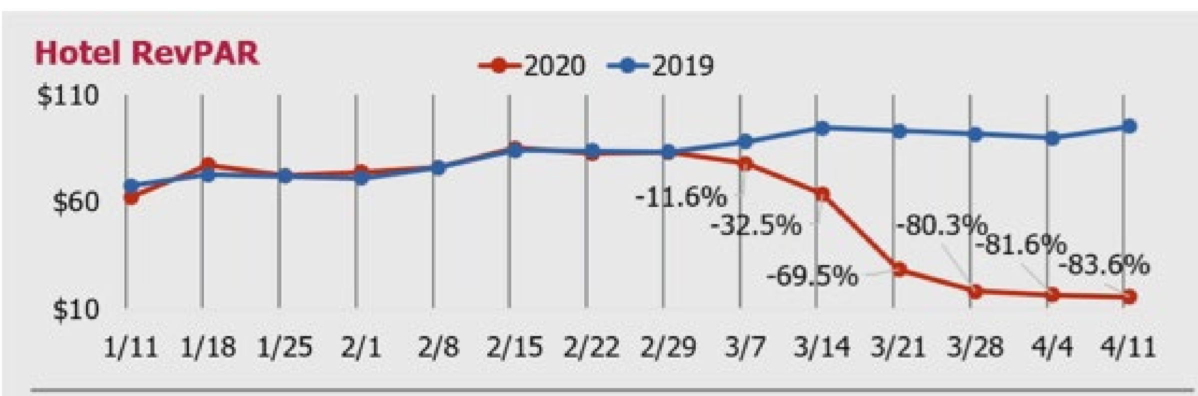
- Markets with excess supply, elevated construction levels, and service-oriented industries are expected to see large value decreases
- Properties that are dependent on business, group, or international travel such as those in gateway markets and near airports are expected to see weak fundamentals
- Less vulnerable hotels include budget, economy, and extended stay

Nationwide occupancy dropped to 22.6% as of the week ended March 28, 2020 and has remained in the 22% to 26% range each week through the week ended April 25, 2020. This figure was worse for the top 25 markets in the U.S. The national ADR for the week ended April 25th was 42.9% down compared to the prior year resulting in a RevPAR decline of 78.4% to $19.14. According to STR's Jan Freitag, this is expected to be the "new normal" until the number of new COVID-19 cases show a significant slowdown.

U.S. hotels have already lost more than $15 billion in room revenue and rapidly accelerating, as reported by American Hotel & Lodging Association (AHLA). AHLA stated that hotels are on pace to lose more than $500 million in room revenue per day based on current and future reported occupancy rates.

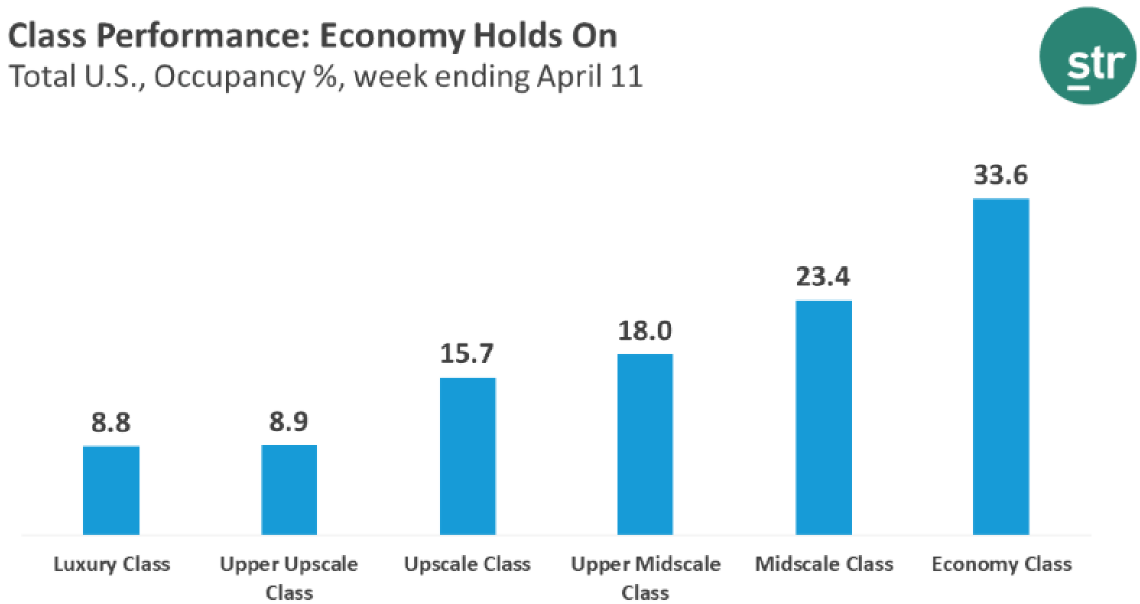
Many hotels have suspended all operations in order to mitigate losses and some that are open have been adding to their occupancy by working with municipalities to house COVID-19 patients or those that have been exposed to the virus, health care workers and even a portion of the homeless population.

The following chart, presented by HVS with data provided by STR, summarizes the U.S. hotel RevPAR on a weekly basis through April 11, 2020.



Source: HVS, with data provided by STR

The 83.6% decline in RevPAR for the week ending April 11, 2020 is the worst RevPAR decline ever reported in STR's 35-year history. The chart below illustrates the total U.S. occupancy % by class for the week ending April 11, 2020.

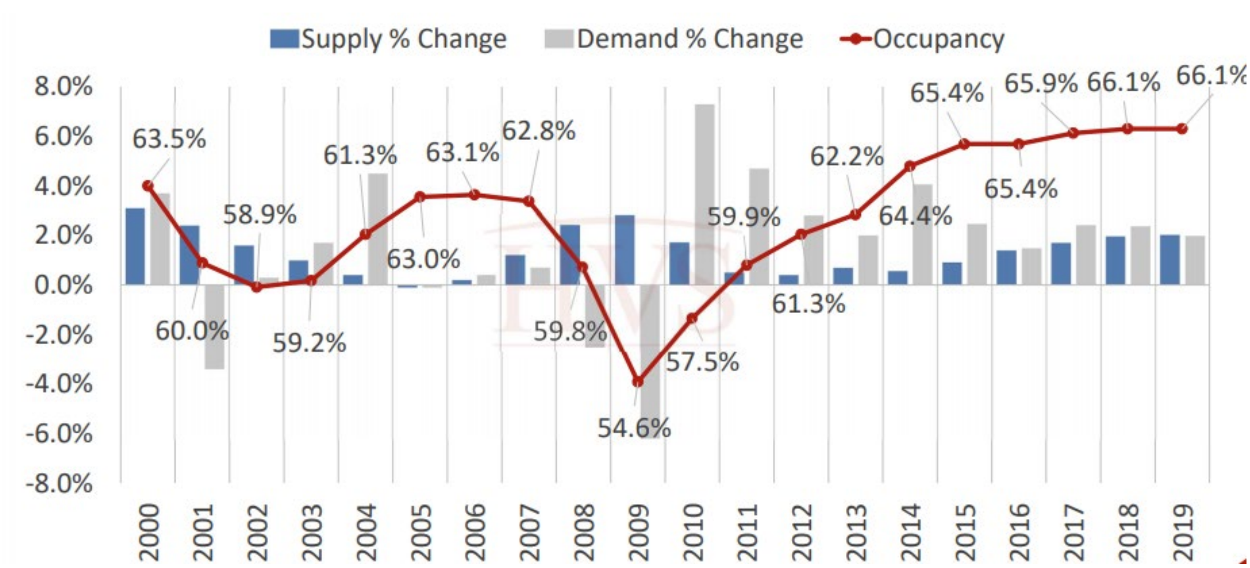


Source: STR

As shown above, the luxury and upper upscale class are most affected with the lowest occupancy below 9.0%, while economy is the lease affected with 33.6% occupancy.

The U.S. lodging market has proven to be resilient in past downturns and shocking events such as 9/11. Jan Freitag of STR stated that “2020 will be the worst year on record for occupancy … We do, however, expect the industry to begin to recover once the economy reignites and travel resumes.” The following chart shows the U.S. lodging market trends through prior cycles.

U.S. Lodging Market Trends Through Prior Cycles



Source: HVS, with data provided by STR

It is important to note that U.S. hotels are entering this industry recession in a much more profitable position than past recessions. Occupancy levels were at a record high in 2019 and according to CBRE's April 14, 2020 report "Viewpoint: Hotel - Expectations for the Year Ahead", profit margins in U.S. hotels are 450 bps greater than the long-run average. While we anticipate a challenging future for the industry, we believe travel will recover quickly and return to and outpace pre-COVID levels once a vaccine is developed.

New York City Hotel Market Update

New York City's hotel market has been one of the hardest hit markets as the city has had the most virus cases compared to anywhere in the country. Occupancy in NYC hotels have dropped more than 80%. Some New York City hotels have found alternative ways to increase occupancy by converting their hotels into coronavirus quarantines, emergency housing for first responders, those infected with the virus and the homeless. On April 13, 2020, the New York City mayor Bill De Blasio announced plans to use 6,000 vacated hotel rooms as homeless shelters.

The following chart, presented by LWHA, summarizes the New York City hotel market RevPAR change on a weekly basis compared with the same period in the prior year.

New York City Hotel Market RevPAR declines per week (2020 compared with same period 2019)

Period	**RevPAR % Change**
March 1 - 7	-16.8%
March 8-14	-54.6%
March 15 - 21	-86.5%

Source: Dan Lesser, LWHA

After speaking with and listening to leading hotel experts both in the U.S. and in New York City via one-on-one conversations and webinars, one thing is clear: the future is uncertain. Hotels are either closed or operating with minimal occupancy. There are no buyers and no sellers active in the current hospitality market and debt is unavailable. Thus, determining a market value as of March 31, 2020 is difficult to say the least. It is unknown how long the pandemic will last, how long the related restrictions will remain in place and what will be the overall impact on our economy. As of the date of this letter, the New York City economy remains shut down but it is anticipated we will enter phase 1 of re-opening on June 8.

The Subject Property Update

The property owner provided the March and April 2020 STR reports, which are summarized below. We have also summarized the subject's competitive set. We note that the competitive set data was insufficient in April.

Summary of April 2020 STR Report

	April 2019			**April 2020**		
	Occupancy	**ADR**	**RevPAR**	**Occupancy**	**ADR**	**RevPAR**
Subject	88.70%	$285.12	$252.83	1.90%	$166.76	$3.12
% Change				*-97.9%*	*-41.5%*	*-98.8%*

Summary of March 2020 STR Report

	March 2019			March 2020		
	Occupancy	**ADR**	**RevPAR**	**Occupancy**	**ADR**	**RevPAR**
Subject	90.50%	$222.82	$201.69	25.10%	$199.86	$50.23
% Change				*-72.3%*	*-10.3%*	*-75.1%*
Competitive Set	84.10%	$283.48	$238.33	28.00%	$253.09	$70.93
% Change				*-66.7%*	*-10.7%*	*-70.2%*
Subject vs. Competitive Set				-0.03 pp	($53.23)	($20.70)
				-10.4%	-21.0%	-29.2%

Hotel	**Address**	**Zip Code**	**# of Rooms**	**Date Opened**
SoHo Grand Hotel	107 Rivington Street	10002	353	1996
Sixty SoHo	190 Allen Street	10002	97	2001
The Roxy Hotel TriBeCa	25 Cooper Square	10003	201	2000
The Standard East Village	180 Ludlow Street	10002	144	2008
Hotel Hugo SoHo	50 Bowery	10013	122	2014

Source: STR

As summarized above, the subject had an occupancy of 1.90% in April and 26.4% in March compared to 88.7% and 90.5%, respectively, in the prior year. We note that March was only partially affected by COVID-19.

We also present the following chart that summarizes the March and April performance of the subject, the overall New York market, the Upper Upscale class, the subject's submarkets along with the competitive set.

	April 2020		
	Occupancy	**ADR**	**RevPAR**
Subject	1.90%	$166.76	$3.12
Market: New York, NY	35.90%	$127.73	$45.81
Market Class: Upper Upscale	30.40%	$138.62	$42.11
Submarket: Village/Soho/Tribeca, NY	24.40%	$121.07	$29.55
Submarket Scale: Independents	23.70%	$119.02	$28.19
Competitive Set	Data is insufficient		

	March 2020		
	Occupancy	**ADR**	**RevPAR**
Subject	25.10%	$199.86	$50.23
Market: New York, NY	34.50%	$180.06	$62.15
Market Class: Upper Upscale	27.70%	$214.70	$59.58
Submarket: Village/Soho/Tribeca, NY	29.20%	$217.72	$63.54
Submarket Scale: Independents	27.80%	$231.69	$64.30
Competitive Set	28.00%	$253.09	$70.93

As illustrated above, the subject hotel is in line with its overall market and submarkets in terms of occupancy for the month of March. We reiterate that the month of March was only partially affected by COVID-19 and thus, April's much lower results were expected.

Projection Assumptions

NYC has extended the stay at home order through June 7, 2020 with its Phase 1 reopening set for June 8, 2020. While hotels have been allowed to remain open, we do not know when NYC will permit the reopening of restaurants and bars. Restaurant and bars will likely have new occupancy restrictions to consider as well.

For purposes of this update, we assume that NYC restaurants and bars will be reopened in July with restrictions on occupancy; thus, we have phased in the subject's hotel occupancy and F&B income. We assume some restrictions will be in place until a vaccine is developed and distributed, which we assume will be in 2021. On Friday, May 22, the hotel began offering takeout from its restaurant with all the major delivery apps including Uber Eats, Caviar and Grubhub. This allowed ownership to bring back some of its kitchen staff.

As a hotel would have a certain level of expenses whether open or closed, we assume that the subject hotel stays open during 2020; however, with very low occupancy and lower ADR for the remainder of the year, resulting in an EBITDA that is a fraction of our previous projection. We assume that the hotel's performance will improve during the second half of 2020, make a comeback in 2021 and 2022 with stabilized occupancy by Year 3 and stabilized ADR by Year 4.

We present the 2019 performance and the owner's 2020 budget (pre-COVID-19) along with our DCF assumptions as of 12/31/19 and revised as of 3/31/20. We note that we have modeled a monthly forecast for Year 1 occupancy and ADR that can be found in the Addenda.

Summary of Bowery DCF Assumptions

	Actual 2019 Performance	**Owner's 2020 Budget***	**Owner's 2020 Budget****	**Bowery Assumptions as of 12/31/19 (Yr 1 begin 1/1/20)**	**Bowery Assumptions as of 3/31/20 (Yr 1 begin 4/1/20)**
Occupancy Year 1	88.90%	88.53%	39.10%	88.5%	49.4%
Occupancy Year 2				75.0%	75.0%
Occupancy Year 3+				86.0%	86.0%
ADR Year 1	$270.91	$281.13	$199.34	$281.00	$218.01
ADR Year 2				$289.43	$280.00
ADR Year 3				$361.79	$350.00
ADR Year 4				$379.88	$375.00
ADR Growth Year 5+				3%	3%
RevPAR Year 1	$240.81	$248.87	$77.92	$248.69	$107.65
RevPAR Growth Year 2				-13%	95%
RevPAR Growth Year 3				43%	43%
RevPAR Growth Year 4+				5%	7%
Assumption of Renovation Budget				$15,000,000	$15,000,000
PPP Foregiven Loan Proceeds				N/A	$2,900,000
Total Revenue Year 1	$33,675,598	$35,604,591	$10,476,239	$35,573,939	$13,796,063
EBITDA (NOI) Year 1	$5,252,603	$5,927,213	($8,477,171)	$6,602,335	($1,372,611)
Net Cash Flow after Renovation Yr 1				$4,602,335	($472,611)
EBITDA (NOI) Year 2				$6,917,825	$6,454,389
Net Cash Flow after Renovation Yr 2				($6,082,175)	($6,545,611)
EBITDA (NOI) Year 3				$10,839,016	$10,572,377
Terminal Cap Rate				5.00%	5.00%
Discount Rate				6.75%	6.75%
Value				**$210,000,000**	**$204,300,000**

**Owner's 2020 Budget, pre-COVID-19; **Owner's 2020 Budget, Reforecast*

Bowery Assumptions as of March 31, 2020

Occupancy & ADR	Our Year 1 monthly projections can be found in the Addenda. Based on ownership's reported occupancy and ADR in April, we have applied an occupancy of 1.9% and an ADR of $167. In May, we have applied 2.0% occupancy and ADR in $175. We assume business will slowly increase for the remainder of Year 1 (ending March 31, 2021). Overall, our Year 1 occupancy is projected at 49.4% and ADR is projected at $218, both well below previous years. In Year 2, we project ADR to increase to $280.00 which is in line with our previous Year 1 projection, $350.00 in Year 3, $375.00 in Year 4 and 3% per annum thereafter. We assume the hotel will reach 75.0% occupancy in Year 2 and will return to our previous projection of 86.0% by Year 3 and remain at that level throughout the projection period.
F&B Revenue	In Year 1, we project a significant drop in F&B income than what we previously projected. By Year 2, we re-establish our original Year 1 projections of $8,700,000. We assume the renovation will occur at the end of Year 1 and into Year 2. We expect that a significant portion of income will be derived from the bars and restaurant following the renovation. The renovations to the existing restaurant and to add revenue-generating venues is expected to be completed by the end of Year 2. Therefore, we maintain our growth projections of the F&B revenue and project growth of 25% in Year 3 to $10,875,000, 15% in Year 4 to $12,506,250 and 5% in Year 5 to $13,131,563 as the income from the new venues is stabilizing. We project the F&B revenue to grow by 3% thereafter.
Other Income	In Year 1, we project half the income that we previously projected. By Year 2, we re-establish our original Year 1 projections of $2,845,000, the majority of which is the amenity fee. We project Other Income to grow by 3% annually thereafter.
Operating Expenses	In Year 1, we projected a drastically lower occupancy and thus for variable expenses, we have kept operating expenses generally in line on a POR basis, which is higher on a percentage of revenue basis. We have considered that the hotel would need to rethink its cleaning practices. However, as the hotel already has housekeeping and maintenance staff in place, we do not expect these expenses to show a significant difference. In order to account for any increased expense related to this, in Year 1 we have projected Property Maintenance expense as a higher percentage of revenue. In Year 2 and thereafter, we have maintained operating expenses as a percentage of revenues and on a POR basis in line with our previous projections.
Fixed Expenses	We have adjusted real estate taxes to reflect three remaining months in the 2019/2020 tax amount. We have not made any changes in insurance expense or management fees.
Reserves	We lowered the FF&E reserve during the renovation in Years 1 and 2 to 2.0% and increase it to 4.0% in Year 3 and throughout the remainder of the projection period.
PPP Loan Proceeds	As the government has extended time for loan recipients to spend the funds and qualify for forgiveness of the loan to 24 weeks, we will apply the full PPP loan proceeds of $2.9 million in our cash flow.
Renovation Cost	We have included the renovation cost of $15 million, with $2,000,000 allocated to Year 1 and $13,000,000 allocated to Year 2.

Terminal Capitalization Rate	No change: 5.00%. Our rates were well supported in our referenced appraisal with an effective date of December 31, 2019. There is no evidence to support a change in rate as of March 31, 2020.
Discount Rate	No change: 6.75%. Our rates were well supported in our referenced appraisal with an effective date of December 31, 2019. There is no evidence to support a change in rate as of March 31, 2020.

Our DCF model as of March 31, 2020 is presented on the following pages:

	1			2			3			4		
Year Beginning	04/01/20			04/01/21			04/01/22			04/01/23		
Hotel Rooms	264			264			263			263		
Available Nights	365			365			365			366		
Available Room Nights	96,360			96,360			95,995			96,258		
Occupancy	47,583	49.4%		72,270	75.0%		82,556	86.0%		82,782	86.0%	
ADR		$218.01			$280.00			$350.00			$375.00	
ADR Growth					28.4%			25.0%			7.1%	
RevPAR		$107.65			$210.00			$301.00			$322.50	
RevPAR Growth Yr/Yr (%)					95.1%			43.3%			7.1%	
Revenue		%	POR		%	POR		%	POR		%	POR
Total Room Revenue	$10,373,563	75.2%	$218.01	$20,235,600	63.7%	$280.00	$28,894,495	67.7%	$350.00	$31,043,205	66.7%	$375.00
F&B Revenue	$2,000,000	14.5%	$42.03	$8,700,000	27.4%	$34.00	$10,875,000	25.5%	$34.00	$12,506,250	26.9%	$34.00
Other Operated Depts	$1,422,500	10.3%	$29.89	$2,845,000	9.0%	$39.37	$2,930,350	6.9%	$35.50	$3,018,261	6.5%	$36.46
Total Revenue	$13,796,063	100.0%	$289.93	$31,780,600	100.0%	$439.75	$42,699,845	100.0%	$517.22	$46,567,716	100.0%	$562.54
Departmental Expenses												
Rooms Expense	$5,186,781	50.0%	$109.00	$7,082,460	35.0%	$98.00	$8,957,293	31.0%	$108.50	$9,623,394	31.0%	$116.25
Food/Beverage	$1,960,000	98.0%	$41.19	$6,090,000	70.0%	$84.27	$8,156,250	75.0%	$98.80	$9,379,688	75.0%	$113.31
Other Operated Depts	$113,800	8.0%	$2.39	$227,600	8.0%	$3.15	$234,428	8.0%	$2.84	$241,461	8.0%	$2.92
Total Dept Expenses	$7,260,581	52.6%	$152.59	$13,400,060	113.0%	$185.42	$17,347,971	114.0%	$210.14	$19,244,542	114.0%	$232.47
Total Dept Profit	$6,535,481	47.4%	$137.35	$18,380,540	57.8%	$254.33	$25,351,874	59.4%	$307.09	$27,323,174	58.7%	$330.06
Undistributed Op Expenses												
Administrative & General	$1,586,547	11.5%	$33.34	$2,701,351	8.5%	$37.38	$3,415,988	8.0%	$41.38	$3,725,417	8.0%	$45.00
Sales and Marketing	$827,764	6.0%	$17.40	$1,430,127	4.5%	$19.79	$1,707,994	4.0%	$20.69	$1,862,709	4.0%	$22.50
Property Maintenance	$965,724	7.0%	$20.30	$1,589,030	5.0%	$21.99	$1,921,493	4.5%	$23.28	$2,095,547	4.5%	$25.31
Energy/Utilities	$344,902	2.5%	$7.25	$635,612	2.0%	$8.79	$640,498	1.5%	$7.76	$698,516	1.5%	$8.44
Total Operating Expenses	$3,724,937	27.0%	$78.28	$6,356,120	20.0%	$87.95	$7,685,972	18.0%	$93.10	$8,382,189	18.0%	$101.26
Gross Operating Profit	$2,810,544	20.4%	$59.07	$12,024,420	37.8%	$166.38	$17,665,901	41.4%	$213.99	$18,940,985	40.7%	$228.81
Fixed Expenses												
Real Estate Taxes	$3,398,352	24.6%	$71.42	$3,883,151	12.2%	$53.73	$4,003,750	9.4%	$48.50	$4,083,825	8.8%	$49.33
Insurance	$95,000	0.7%	$2.00	$97,850	0.3%	$1.35	$100,786	0.2%	$1.22	$103,809	0.2%	$1.25
Management Fee	$413,882	3.0%	$8.70	$953,418	3.0%	$13.19	$1,280,995	3.0%	$15.52	$1,397,031	3.0%	$16.88
Replacement Reserve	$275,921	2.0%	$5.80	$635,612	2.0%	$8.79	$1,707,994	4.0%	$20.69	$1,862,709	4.0%	$22.50
Total Fixed Expenses	$4,183,155	30.3%	$87.91	$5,570,031	17.5%	$77.07	$7,093,525	16.6%	$85.92	$7,447,374	16.0%	$89.96
Total Expenses	$15,168,673	109.9%	$318.78	$25,326,211	79.7%	$350.44	$32,127,468	75.2%	$389.16	$35,074,105	75.3%	$423.69
NOI	($1,372,611)	-9.9%	-$28.85	$6,454,389	20.3%	$89.31	$10,572,377	24.8%	$128.06	$11,493,610	24.7%	$138.84
PPP Loan Proceeds	$2,900,000											
Renovation Cost	($2,000,000)			($13,000,000)								
Net Cash Flow	($472,611)			($6,545,611)			$10,572,377			$11,493,610		

	5			6			7			8		
Year Beginning	04/01/24			04/01/25			04/01/26			04/01/27		
Hotel Rooms	263			263			263			263		
Available Nights	365			365			365			366		
Available Room Nights	95,995			95,995			95,995			96,258		
Occupancy	82,556	86.0%		82,556	86.0%		82,556	86.0%		82,782	86.0%	
ADR		$386.25			$397.84			$409.77			$422.07	
ADR Growth		3.0%			3.0%			3.0%			3.0%	
RevPAR		$332.18			$342.14			$352.40			$362.98	
RevPAR Growth Yr/Yr (%)		3.0%			3.0%			3.0%			3.0%	
Revenue		%	POR		%	POR		%	POR		%	POR
Total Room Revenue	$31,887,139	66.3%	$386.25	$32,843,753	66.3%	$397.84	$33,829,066	66.3%	$409.77	$34,939,401	66.3%	$422.07
F&B Revenue	$13,131,563	27.3%	$34.00	$13,525,509	27.3%	$34.00	$13,931,275	27.3%	$34.00	$14,349,213	27.2%	$34.00
Other Operated Depts	$3,108,808	6.5%	$37.66	$3,202,073	6.5%	$38.79	$3,298,135	6.5%	$39.95	$3,397,079	6.4%	$41.04
Total Revenue	$48,127,510	100.0%	$582.97	$49,571,335	100.0%	$600.46	$51,058,475	100.0%	$618.47	$52,685,692	100.0%	$636.44
Departmental Expenses												
Rooms Expense	$9,885,013	31.0%	$119.74	$10,181,564	31.0%	$123.33	$10,487,010	31.0%	$127.03	$10,831,214	31.0%	$130.84
Food/Beverage	$9,848,672	75.0%	$119.30	$10,144,132	75.0%	$122.88	$10,448,456	75.0%	$126.56	$10,761,910	75.0%	$130.00
Other Operated Depts	$248,705	8.0%	$3.01	$256,166	8.0%	$3.10	$263,851	8.0%	$3.20	$271,766	8.0%	$3.28
Total Dept Expenses	$19,982,390	114.0%	$242.05	$20,581,861	114.0%	$249.31	$21,199,317	114.0%	$256.79	$21,864,890	114.0%	$264.13
Total Dept Profit	$28,145,120	58.5%	$340.92	$28,989,474	58.5%	$351.15	$29,859,158	58.5%	$361.68	$30,820,802	58.5%	$372.31
Undistributed Op Expenses												
Administrative & General	$3,850,201	8.0%	$46.64	$3,965,707	8.0%	$48.04	$4,084,678	8.0%	$49.48	$4,214,855	8.0%	$50.92
Sales and Marketing	$1,925,100	4.0%	$23.32	$1,982,853	4.0%	$24.02	$2,042,339	4.0%	$24.74	$2,107,428	4.0%	$25.46
Property Maintenance	$2,165,738	4.5%	$26.23	$2,230,710	4.5%	$27.02	$2,297,631	4.5%	$27.83	$2,370,856	4.5%	$28.64
Energy/Utilities	$721,913	1.5%	$8.74	$743,570	1.5%	$9.01	$765,877	1.5%	$9.28	$790,285	1.5%	$9.55
Total Operating Expenses	$8,662,952	18.0%	$104.93	$8,922,840	18.0%	$108.08	$9,190,526	18.0%	$111.33	$9,483,425	18.0%	$114.56
Gross Operating Profit	$19,482,168	40.5%	$235.99	$20,066,634	40.5%	$243.07	$20,668,633	40.5%	$250.36	$21,337,378	40.5%	$257.75
Fixed Expenses												
Real Estate Taxes	$4,165,502	8.7%	$50.46	$4,248,812	8.6%	$51.47	$4,333,788	8.5%	$52.50	$4,420,464	8.4%	$53.40
Insurance	$106,923	0.2%	$1.30	$110,131	0.2%	$1.33	$113,435	0.2%	$1.37	$116,838	0.2%	$1.41
Management Fee	$1,443,825	3.0%	$17.49	$1,487,140	3.0%	$18.01	$1,531,754	3.0%	$18.55	$1,580,571	3.0%	$19.09
Replacement Reserve	$1,925,100	4.0%	$23.32	$1,982,853	4.0%	$24.02	$2,042,339	4.0%	$24.74	$2,107,428	4.0%	$25.46
Total Fixed Expenses	$7,641,351	15.9%	$92.56	$7,828,936	15.8%	$94.83	$8,021,316	15.7%	$97.16	$8,225,300	15.6%	$99.36
Total Expenses	$36,286,692	75.4%	$439.54	$37,333,638	75.3%	$452.22	$38,411,159	75.2%	$465.28	$39,573,615	75.1%	$478.05
NOI	$11,840,818	24.6%	$143.43	$12,237,697	24.7%	$148.24	$12,647,316	24.8%	$153.20	$13,112,077	24.9%	$158.39

	9			10			11		
Year Beginning	04/01/28			04/01/29			04/01/30		
Hotel Rooms	263			263			263		
Available Nights	365			365			365		
Available Room Nights	95,995			95,995			95,995		
Occupancy	82,556	86.0%		82,556	86.0%		82,556	86.0%	
ADR		$434.73			$447.77			$461.20	
ADR Growth		3.0%			3.0%			3.0%	
RevPAR		$373.87			$385.08			$396.63	
RevPAR Growth Yr/Yr (%)		3.0%			3.0%			3.0%	
Revenue		%	POR		%	POR		%	POR
Total Room Revenue	$35,889,256	66.3%	$434.73	$36,965,934	66.3%	$447.77	$38,074,912	66.3%	$461.20
F&B Revenue	$14,779,689	27.3%	$34.00	$15,223,080	28.1%	$34.00	$15,679,772	28.9%	$34.00
Other Operated Depts	$3,498,991	6.5%	$42.38	$3,603,961	6.7%	$43.65	$3,712,080	6.9%	$44.96
Total Revenue	$54,167,936	100.0%	$656.14	$55,792,975	100.0%	$675.82	$57,466,764	100.0%	$696.10
Departmental Expenses									
Rooms Expense	$11,125,669	31.0%	$134.77	$11,459,439	31.0%	$138.81	$11,803,223	31.0%	$142.97
Food/Beverage	$11,084,767	75.0%	$134.27	$11,417,310	75.0%	$138.30	$11,759,829	75.0%	$142.45
Other Operated Depts	$279,919	8.0%	$3.39	$288,317	8.0%	$3.49	$296,966	8.0%	$3.60
Total Dept Expenses	$22,490,356	114.0%	$272.43	$23,165,066	114.0%	$280.60	$23,860,018	114.0%	$289.02
Total Dept Profit	$31,677,581	58.5%	$383.71	$32,627,908	58.5%	$395.22	$33,606,745	58.5%	$407.08
Undistributed Op Expenses									
Administrative & General	$4,333,435	8.0%	$52.49	$4,463,438	8.0%	$54.07	$4,597,341	8.0%	$55.69
Sales and Marketing	$2,166,717	4.0%	$26.25	$2,231,719	4.0%	$27.03	$2,298,671	4.0%	$27.84
Property Maintenance	$2,437,557	4.5%	$29.53	$2,510,684	4.5%	$30.41	$2,586,004	4.5%	$31.32
Energy/Utilities	$812,519	1.5%	$9.84	$836,895	1.5%	$10.14	$862,001	1.5%	$10.44
Total Operating Expenses	$9,750,229	18.0%	$118.10	$10,042,735	18.0%	$121.65	$10,344,017	18.0%	$125.30
Gross Operating Profit	$21,927,352	40.5%	$265.61	$22,585,173	40.5%	$273.57	$23,262,728	40.5%	$281.78
Fixed Expenses									
Real Estate Taxes	$4,508,873	8.3%	$54.62	$4,599,051	8.2%	$55.71	$4,691,032	8.2%	$56.82
Insurance	$120,343	0.2%	$1.46	$123,953	0.2%	$1.50	$127,672	0.2%	$1.55
Management Fee	$1,625,038	3.0%	$19.68	$1,673,789	3.0%	$20.27	$1,724,003	3.0%	$20.88
Replacement Reserve	$2,166,717	4.0%	$26.25	$2,231,719	4.0%	$27.03	$2,298,671	4.0%	$27.84
Total Fixed Expenses	$8,420,972	15.5%	$102.00	$8,628,512	15.5%	$104.52	$8,841,377	15.4%	$107.10
Total Expenses	$40,661,556	75.1%	$492.53	$41,836,314	75.0%	$506.76	$43,045,413	74.9%	$521.41
NOI	$13,506,380	24.9%	$163.60	$13,956,661	25.0%	$169.06	$14,421,351	25.1%	$174.69

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 10-Year Period

Analysis Period	For Year Beginning	Annual Cash Flow	P.V. of Cash Flow 6.75%
1	4/1/20	($472,611)	($442,727)
2	4/1/21	($6,545,611)	($5,744,000)
3	4/1/22	$10,572,377	$8,690,984
4	4/1/23	$11,493,610	$8,850,849
5	4/1/24	$11,840,818	$8,541,660
6	4/1/25	$12,237,697	$8,269,750
7	4/1/26	$12,647,316	$8,006,140
8	4/1/27	$13,112,077	$7,775,502
9	4/1/28	$13,506,380	$7,502,880
10	4/1/29	$13,956,661	$7,262,777
Total Cash Flow		$92,348,715	$58,713,816
Property Resale after 3% Cost of Sale		$279,774,208	$145,589,092
Total Property Present Value			$204,302,909
As Is Value (Rounded)			$204,300,000

By Year 4, our stabilized year, the implied cap rate equates to 5.6%. Our value is $204,300,000 as of March 31, 2020.

Final Value Opinion

Value	**Interest Appraised**	**Date of Value**	**Conclusion**
Fair Value As Is	Fee Simple	March 31, 2020	$204,300,000

The above final value conclusion considers an exposure time of six months to twelve months. This conclusion is predicated on interviews with local brokers and other real estate industry sources, on information obtained in the verification process of recent sale transactions for similar properties, and our analysis of supply and demand forces in the local market.

The value conclusions are subject to the following **Extraordinary Assumptions**[3] that may affect the assignment results. If the assumption is found to be false as of the effective date of the appraisal, we reserve the right to modify our value conclusions:

•The appraisal assumes that ownership embarks on a renovation plan in 2020/2021, which includes renovating the restaurant and lobby, installing new F&B outlets, at a total budget of $15 million. Any significant change to the plan, timing or budget might impact the values herein.

[3] *The definition of Extraordinary Assumptions can be found in the Glossary of Terms, which is located in the Addenda.*

•In following government orders to self-isolate as part of an effort to contain the spread of the COVID-19 virus, we were unable to conduct an inspection of the subject property. We have therefore relied on an inspection performed on March 2, 2020 when we previously appraised the subject property. It is an Extraordinary Assumption of this report, that the condition of the subject property, as well as all mechanical systems, are unchanged since our inspection conducted on March 2, 2020.

•As of the date of this report, NYC is on pause until June 7, 2020. A phased reopening is slated to begin on June 8, 2020, once NYC meets certain benchmarks. It is an Extraordinary Assumption of this report that NYC's economy will begin its phased reopening on June 8, 2020.

The value conclusions are based on the following **Hypothetical Conditions**[4] that may affect the assignment results:

•None.

The opinions of value expressed herein are subject to the certification, assumptions and limiting conditions, and all other information contained in the following written appraisal report.

Thank you for the opportunity to serve you.

Sincerely,

Michelle Zell, MAI
Senior Vice President
NY Cert. No. 46000049921
michelle.zell@boweryvaluation.com
(917) 533-3141

Maren Lewis
Vice President
maren.lewis@boweryvaluation.com
(917) 748-5387

---

[4] *The definition of Hypothetical Conditions can be found in the Glossary of Terms, which is located in the Addenda.*

Certification

We certify to the best of our knowledge:

- 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 personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- We 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.
- We have performed services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding the agreement to perform this assignment. We have appraised the property on March 19, 2020 with an effective date of December 31, 2019.
- 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 this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Maren Lewis made a personal inspection of the property that is the subject of this report on March 2, 2020. Michelle Zell, MAI, has inspected the property that is the subject of this report for previous appraisals.
- No one provided significant real property appraisal assistance to the person 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.
- The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute.
- As of the date of this report, Michelle Zell, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.
- We have experience in appraising properties similar to the subject and are in compliance with the Competency Rule of USPAP.

Michelle Zell, MAI
Senior Vice President
NY State Cert. No. 46000049921
michelle.zell@boweryvaluation.com
(917) 533-3141

Maren Lewis
Vice President
maren.lewis@boweryvaluation.com
(917) 748-5387

Addenda

Glossary of Terms

Unless otherwise noted, *The Dictionary of Real Estate Appraisal*, 6th edition (Chicago: Appraisal Institute, 2015) is the source of the following definitions.

Absorption Short term capture; the process whereby any specific commodity is occupied, leased, and/or sold to an end user.

Absorption Period The actual or expected period from the time a property is initially offered for lease, purchase or use by its eventual users until all portions have been sold or stabilized occupancy has been achieved. Although marketing may begin before the completion of construction, most forecasters consider the absorption period to begin after completion of construction. Also referred to as sell-out period.

Absorption Rate The rate at which properties for sale or lease have been or are expected to be successfully marketed in a given area: usually used in forecasting sales or listing activity. (see also Capture Rate)

As Is Fair Value 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 (i.e. an exit price). That definition of fair value emphasizes that fair value is a market-based measurement, not an entity-specific measurement. When measuring fair value, an entity uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. As a result, an entity's intention to hold an asset or to settle or otherwise fulfil a liability is not relevant when measuring fair value. The IFRS explains that a fair value measurement requires an entity to determine the following:

(a) the particular asset or liability being measured;

(b) 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;

(c) the market in which an orderly transaction would take place for the asset or liability; and

(d) the appropriate valuation technique(s) to use when measuring fair value. The valuation technique(s) used should maximize the use of relevant observable inputs and minimize unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability (according to IFRS-13).

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, according to the Interagency Appraisal and Evaluation Guidelines (Federal Deposit Insurance Corporation: 2010). Note: The use of the "as is" phrase is specific to appraisal regulations pursuant to FIRREA applying to appraisals prepared for regulated lenders in the United States.

Bulk Value Historically this term has been used incorrectly to express a specific "type" of value. Actually, bulk sale value is the "market value" for a group of lots under a specific valuation scenario and not a separate definition of value. For convenience in this seminar the term "bulk value" has been used to describe the "bulk value scenario". (See Bulk Value Scenario). Historically, bulk value has sometimes been referred to as the present value of the sellout, bulk sale value, lump-sum bulk value or wholesale value. In subdivision analysis, this is the market value of a group of lots to one purchaser.

Bulk Value Scenario This valuation scenario has as its premise the valuation of a group of lots or units to one purchaser. The scenario is based on the presumption of a transaction where a group of lots are to be sold to one purchaser as one sales transaction. The value estimate must reflect this bulk sale scenario and recognize that the only way the purchaser can earn a profit on the investment is to eventually sell the lots or units over time to eventual end users. The bulk sale scenario considers the absorption period needed to market the lot inventory over time with appropriate deductions and discounts for holding and sales costs and profit.

Capture Rate The estimated percentage of the total potential market for a specific type of property (e.g., office space, retail space, single family homes) that is currently absorbed by existing facilities or is forecast to be absorbed by proposed facilities: short term capture is referred to as absorption; long term capture is referred to as share of the market.

Condominium A multiunit structure, or a unit within such a structure, with a condominium form of ownership.

Deferred Maintenance Items of wear and tear on a property that should be fixed now to protect the value or income-producing ability of the property, such as a broken window, a dead tree, a leak in the roof, or a faulty roof that must be completely replaced. These items are almost always curable.

Depreciation 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 improvements on the same date.

Developer's Profit The profit anticipated by the developer of a subdivision. See Developer's Fee.

Developer's Fee A term subject to various interpretations. Many appraisers associate a developer's fee with payment for overseeing the development of a project from inception to completion and include it among the direct and indirect costs of development. Other use the term interchangeably with entrepreneurial profit, equating it with compensation for the time, energy and experience a developer invests in a project, as well as, a reward for the risk the developer takes.

Development The transformation of formerly raw land into improved property through the application of labor, capital and entrepreneurship. Development may also include the marketing of the real estate product.

Development Cost In subdivision analysis, development costs are usually the direct and indirect costs associated with the construction phase of the subdivision development. Direct costs are costs associated with the physical improvements to the land and indirect costs are representative of engineering, surveying, attorney's fees and other indirect costs associated directly with subdivision construction and/or development.

Direct Capitalization A method used to convert an estimate of a single year's net operating income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor. This technique employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered. Yield and value change are implied, but not identified overall. This method is most useful when the property is already operating on a stabilized basis, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).

Discounted Cash Flow The procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analysis specifics the quantity and timing of the reversion, and discounts each to its present value at a specified yield rate.

Effective Date (1) The date on which the appraisal or review applies. (2) In a lease document, the date upon which the lease goes into effect.

Effective Gross Income The anticipated income from all operations of real property adjusted for vacancy and collection losses.

Entitlement In the context of ownership, use and/or development of real property, the rights to receive governmental approval for annexation, zoning, utility extensions, construction permits and occupancy/use permits. The approval period is usually finite and may require the owner and/or developer to pay impact and/or user fees in addition to other costs to secure the entitlement. Entitlements may be transferable, subject to covenants or government protocols, may constitute vested rights and may represent an enhancement to a property's value.

Entrepreneur One who assumes the risk and management of a business or enterprise in exchange for possible gains a promoter who initiates development.

Entrepreneurial Incentive A market-derived figure that represents the amount and entrepreneur expects to receive for his or her contribution to a project and risk.

Entrepreneurial Profit (1) 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. (2) In economics, the actual return on successful management practices, often identified with coordination, the fourth factor of production following land, labor, and capital; also called entrepreneurial return or entrepreneurial reward.

Equity Dividend The portion of net income that remains after debt service is paid; this is returned to the equity position.

Exposure Time (1) The time a property remains on the market. (2) 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. Note: Exposure time is a retrospective.

Extraordinary Assumption An assumption, directly related to a specific assignment, as of the effective date of the assignment results, which, if found to be false, could alter the appraiser's opinions or conclusions.

Fee Simple Interest	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.
Financial Feasibility	An analysis to determine which of those uses deemed possible and legal can provide a net return to the owner of the site.
Gross Building Area	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.
Gross Proceeds	In subdivision discounted cash flow analysis, this is the gross receipts generated from lot or unit sales over the absorption period. It can consider income from ancillary sources and is representative of total income generated from unit or lot sales over time. Typically, this is the same as gross sellout plus any ancillary income, if any.
Gross Sellout	This is the aggregate of the individual retail prices of a group of lots or units typically sold over a holding or absorption period and may also be referred to as the sum of the retail values, gross retail value, aggregate of retail values, gross sellout value or gross retail value.
Highest and Best Use	(1) 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. (2) The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid, according to David Parker's International Valuation Standards (John Wiley & Sons, Ltd: 2016). (3) The highest and most profitable use for which the property is adaptable and needed or likely to be needed in the reasonably near future, according to the Uniform Appraisal Standards for Federal Land Acquisitions (The Appraisal Foundation: 2016).
Holding and Sales Costs	Costs associated with a holding period needed to achieve permitting, project approvals or the absorption of unit inventory over time. Holding and sales costs include items such as real estate taxes, insurance, brokers' commissions, administrative costs, marketing and promotional expenses, together with other expenses depending upon the individual development and/or property.
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.
Insurable Value	A type of value for insurance purposes.
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 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.
Legally Permissible Use	An investigation into existing zoning regulations, lease terms, and deed restrictions on the site to determine which uses are legally permitted.
Line Item Profit	In subdivision valuation analysis, this is a deduction for profit as an expense in the discounted cash flow analysis over the absorption period. Line Item Profit is estimated in conjunction with the selection of the discount rate used to calculate the present value of the net proceeds.

Marketing Time	An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal.
Market Rent	The most probable rent that property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations, term, concessions, renewal and purchase options, and tenant improvements (TIs).
Net Operating Income	The anticipated net income remaining after all operating expenses are deducted from effective gross income.
Net Proceeds	In subdivision discounted cash flow analysis, net proceeds are gross revenues less holding and sales costs and any line item profit associated with a subdivision project.
Net Rentable Area	For office or retail buildings, the tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to the areas below. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. Alternatively, the amount of space on which the rent is based; calculated according to local practice.
Physically Possible Use	An analysis to determine those uses of the subject which can be deemed physically possible.
Potential Gross Income	The total potential income attributable to the real property at full occupancy before operating expenses are deducted. It may refer to the level of rental income prevailing in the market or that contractually determine by existing leases.
Profit	1) The amount by which the proceeds of a transaction exceeds its cost; 2) In theoretical economics, the residual share of the product of an enterprise that accrues to the entrepreneur after paying interest for capital, rent for land and wages for labor and management; 3) Accounting, an increase in wealth that results from the operation of an enterprise. Gross profit usually is the selling price minus costs: items such as selling and operating expenses are deducted from gross profit to indicate net profit.
Profit Motive	The desire to earn a favorable financial return on a business venture.
Property Rights Appraised	The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires.
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 being 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 yet achieved sellout or a stabilized level of long-term occupancy.
Replacement Costs	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.
Replacement Cost for Insurance Purposes	The estimated cost, at current prices as of the effective date of valuation, of a substitute for the building being valued, using modern materials and current standards, design, and layout for insurance coverage purposes guaranteeing that damaged property is replaced with new property (i.e., depreciation is not deducted).

Reproduction Costs	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, super-adequacies, and obsolescence of the subject building.
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".
Reversion	A lump-sum benefit an investor expects to receive upon the termination of the investment.
Sell-Out Period	The sell out period is the same as the absorption period. See Absorption Period.
Stabilized Income	(1) An estimate of income, either current or forecasted, that presumes the property is at stabilized occupancy. (2) The forecast of the subject property's yearly average income (or average- equivalent income) expected for the economic life of the subject property. (3) Projected income that is subject to change but has been adjusted to reflect an equivalent, stable annual income.
Stabilized Occupancy	(1) The occupancy of a property that would be expected at a particular point in time, considering its relative competitive strength and supply and demand conditions at the time, and presuming it is priced at market rent and has had reasonable market exposure. A property is at stabilized occupancy when it is capturing its appropriate share of market demand. (2) An expression of the average or typical occupancy that would be expected for a property over a specified projection period or over its economic life.
Subdivision	A tract of land that has been divided into lots or blocks with streets, roadways, open areas, and other facilities appropriate to its development as residential, commercial, or industrial sites.
Subdivision Development Method	A method of estimating land value when subdivision and development are the highest and best use of the parcel of land being appraised. When all direct and indirect costs and entrepreneurial incentive are deducted from an estimate of the anticipated gross sales price of the finished lots resultant net sales proceeds are then discounted to present value at a market-derived rate over the development and absorption period to indicate the value of the raw land. Also, may be called Development Procedure.
Sum of Retail Values	This is the aggregate of the individual retail prices of a group of lots or units typically sold over a holding or absorption period. Historically this has also been called: gross retail value, aggregate of retail values, gross sellout, gross sellout value or gross retail value. The recommended terminology is the sum of the retail values.

Yield Capitalization

The capitalization method used to convert future benefits into present value by discounting each future benefit at an appropriate yield rate. This method explicitly considers a series of cash flows (net income over a holding period) over time together with any reversion value or resale proceeds. Since this technique explicitly reflects the investment's income pattern, it is especially suited to multi-tenant properties with varying leasing schedules as well as properties that are not operating at stabilized occupancy, according to The Appraisal of Real Estate, 14th Edition (Appraisal Institute: 2013).

Allocation of Value

There are potentially four components that constitute the total value of an asset: real property including land and improvements, personal property including furniture, fixtures & equipment (FF&E) and intangibles (goodwill, branding, and business value). In this case, we have been asked to allocate the value of each component which makes up the subject hotel condominium unit, including 1) the underlying land; 2) the improvements; 3) furniture, fixtures and equipment and 4) intangible value attributable to the business operation and goodwill. Each component will be analyzed.

Allocation of Hotel Component Value

Replacement Cost New of FF&E	$8,500,000
Average Total Useful Life (Years)	11
Useful Life Remaining (Years)	7
Depreciation of FF&E	36%
Depreciated Value of FF&E, rounded	**$5,400,000**
Value Attributable To Business/Intangibles	**$0**
Real Property Value Allocation, Rounded	
Final Value of the Total Assets of the Business	$204,300,000
Value Attibutable to FF&E	$5,400,000
Value Attributable to Business/Intangibles	$0
Value Attributable to Real Property	$198,900,000
Final Value Allocation	
Value Attributable to Real Property	$198,900,000
Value Attibutable to FF&E	$5,400,000
Value Attributable to Business/Intangibles	$0
Total Assets of the Business	**$204,300,000**

Furniture, Fixtures and Equipment

According to Marshall & Swift Cost Valuation Service, furniture, fixtures and equipment typically range from 18.5% to 31% of total hard construction costs. A replacement cost analysis indicates the cost of the furniture, fixtures and equipment for the subject hotel to be approximately $8,500,000, or $28,912 per room, which is typical of assets of this type. The replacement cost is calculated below:

Hotels: Full Service - Section 11, Page 25, Class B Good, manual dated November 2018.				
Base Unit Cost New PSF				$202.00
Add Sprinklers			+	$2.81
Adjusted Base Unit Cost New PSF				$204.81
Current Cost Multiplier		1.06		
Height Multiplier		1.115		
Local Multiplier	x	1.45		
Total Multiplier			x	1.71
Adjusted Replacement Cost New PSF				$350.99
Area			x	121,165
Replacement Cost New				$42,528,208
Furniture Fixtures & Equipment		20.00%		$8,505,642

According to Marshall & Swift, hotels from the same scale have a useful life of 60 years. The table below summarizes the useful life of the building improvements and FF&E for 4 major hotel groups:

Hotel group	FF&E useful life (yrs)
Starwood	3-10
Hyatt	3-20
Melia	3-18
Rezidor	5-20

Buildings in New York City tend to last significantly longer than their useful life and the subject received a refreshing of décor, common areas and the restaurant, which extends the useful life. We project a useful life of 11 years for the FF&E. We apply straight line depreciation. The building is 9 years old, but some FF&E has been replaced since the hotel opening. We estimate that there are approximately 7 years remaining. After depreciation, the value of FF&E is $5,400,000, rounded.

Intangible Business Value

Intangible business value for a hotel is comprised of various components, including goodwill, branding, and other items such as cash flows from future bookings and pre-sold events. We do not ascribe a separate business value as we have already deducted a market-oriented management fee. We also note that the in-place management agreement can be terminated. Thus, the value attributable to business/intangibles value is $0.

Real Property Value Allocation

After allocating a portion of the value to the FF&E and business value, the remaining portion is attributable to the real property, after depreciation. Thus the value attributable to the real property is $198,900,000 , rounded, which equates to $753,409 per key of the hotel component after depreciation. As the subject is a luxury hotel, this appears reasonable.

Bowery Year 1 ADR and Occupancy Projection

	2020 April	2020 May	2020 June	2020 July	2020 August	2020 September	2020 October	2020 November	2020 December	2021 January	2021 February	2021 March	Year 1
Hotel Units	264	264	264	264	264	264	264	264	264	264	264	264	264
Available Nights	30	31	30	31	31	30	31	30	31	31	28	31	365
Available Room Nights	7,920	8,184	7,920	8,184	8,184	7,920	8,184	7,920	8,184	8,184	7,392	8,184	96,360
Occupancy	1.9%	2.0%	5.0%	30.0%	40.0%	55.0%	70.0%	70.0%	75.0%	75.0%	85.0%	85.0%	49.4%
Occupied Room Nights	150	164	396	2,455	3,274	4,356	5,729	5,544	6,138	6,138	6,283	6,956	47,583
ADR	$167	$175	$200	$200	$200	$225	$225	$225	$300	$165	$190	$220	$218
ADR Growth													
RevPAR	$3.17	$3.50	$10.00	$60.00	$80.00	$123.75	$157.50	$157.50	$225.00	$123.75	$161.50	$187.00	$107.65
RevPAR Growth Yr/Yr (%)													
Room Revenue	$25,093	$28,644	$79,200	$491,040	$654,720	$980,100	$1,288,980	$1,247,400	$1,841,400	$1,012,770	$1,193,808	$1,530,408	$10,373,563

We also present the monthly ADR and occupancy in 2019/2020 as a means of comparison to our projected monthly ADR in Year 1:

	April	May	June	July	August	September	October	November	December	January	February	March	2019
2019 ADR	$285.12	$308.00	$285.87	$238.65	$227.62	$347.18	$333.80	$288.85	$319.46	$170.19	$192.63	$222.82	$270.91
2020 ADR										$165.13	$197.49	$199.86	
Year 1 Projection	$166.75	$175.00	$200.00	$200.00	$200.00	$225.00	$225.00	$225.00	$300.00	$165.00	$190.00	$220.00	$218.01
Year 1 Projection vs 2019	-41.5%	-43.2%	-30.0%	-16.2%	-12.1%	-35.2%	-32.6%	-22.1%	-6.1%	-3.0%	-1.4%	-1.3%	-19.5%

	April	May	June	July	August	September	October	November	December	January	February	March	2019
2019 Occupancy	88.7%	92.6%	92.2%	88.2%	91.7%	91.3%	95.2%	86.5%	90.4%	72.9%	86.3%	90.5%	88.9%
2020 Occupancy										77.0%	83.1%	60.3%	
Year 1 Projection	1.9%	2.0%	5.0%	30.0%	40.0%	55.0%	70.0%	70.0%	75.0%	75.0%	85.0%	85.0%	49.4%

Source: STR March 2020 report

Historical Performance and 2020 Budget (pre-COVID-19) with Bowery Year 1 Proforma

Year	Historical 2016		Historical 2017		Historical 2018		Historical 2019		Owner Budget 2020		Bowery Proforma 2020	
Hotel Units	264		264		264		264		264		264	
Available Nights	366		365		365		365		366		365	
Available Room Nights	96,258		96,174		96,360		96,360		96,624		96,360	
Occupancy	86.5%		84.2%		85.3%		88.9%		88.5%		49.4%	
Occupied Room Nights	83,264		81,014		82,175		85,652		85,537		47,583	
ADR	$308.08		$279.63		$288.45		$270.91		$281.13		$218.01	
RevPAR	$266.49		$235.55		$245.98		$240.81		$248.87		$107.65	
Revenue		%		%		%		%		%		%
Total Room Revenue	$25,651,605	76.5%	$22,653,766	69.9%	$23,703,078	70.2%	$23,204,038	68.9%	$24,047,028	67.5%	$10,373,563	75.2%
F&B Revenue	$7,510,741	22.4%	$8,047,266	24.8%	$8,090,598	24.0%	$7,551,513	22.4%	$8,710,040	24.5%	$2,000,000	14.5%
Other Operated Depts	$379,060	1.1%	$1,716,950	5.3%	$1,969,791	5.8%	$2,920,047	8.7%	$2,847,523	8.0%	$1,422,500	10.3%
Total Revenue	$33,541,405	100.0%	$32,417,982	100.0%	$33,763,467	100.0%	$33,675,598	100.0%	$35,604,591	100.0%	$13,796,063	100.0%
Departmental Expenses												
Rooms	$9,573,052	37.3%	$9,717,542	42.9%	$10,058,663	42.4%	$10,173,197	43.8%	$10,221,539	42.5%	$5,186,781	50.0%
F&B	$6,211,343	82.7%	$6,111,334	75.9%	$6,008,476	74.3%	$5,815,568	77.0%	$6,065,489	69.6%	$1,960,000	98.0%
Other Operated Depts	$234,509	61.9%	$191,940	11.2%	$155,531	7.9%	$222,254	7.6%	$247,404	8.7%	$113,800	8.0%
Total	$16,018,904	47.8%	$16,020,817	49.4%	$16,222,671	48.0%	$16,211,019	48.1%	$16,534,432	46.4%	$7,260,581	52.6%
Gross Operating Income	$17,522,501.13	52.2%	$16,397,165.67	50.6%	$17,540,796	52.0%	$17,464,579	51.9%	$19,070,159	53.6%	$6,535,481	47.4%
Undistributed Expenses												
Administrative & General	$2,877,294	8.6%	$2,648,300	8.2%	$2,846,283	8.4%	$3,017,713	9.0%	$3,179,787	8.9%	$1,586,547	11.5%
Sales and Marketing	$1,268,521	3.8%	$1,066,612	3.3%	$1,348,034	4.0%	$1,400,417	4.2%	$1,615,896	4.5%	$827,764	6.0%
Property Maintenance	$1,601,281	4.8%	$1,493,390	4.6%	$1,606,077	4.8%	$1,771,949	5.3%	$1,776,911	5.0%	$965,724	7.0%
Energy/Utilities	$669,259	2.0%	$679,505	2.1%	$662,258	2.0%	$672,427	2.0%	$712,435	2.0%	$344,902	2.5%
Total	$6,416,355	19.1%	$5,887,806	18.2%	$6,462,652	19.1%	$6,862,506	20.4%	$7,285,029	20.5%	$3,724,937	27.0%
GOP	$11,106,147	33.1%	$10,509,359	32.4%	$11,078,144	32.8%	$10,602,073	31.5%	$11,785,130	33.1%	$2,810,544	20.4%
Fixed Expenses												
Real Estate Taxes	$1,509,236	4.5%	$2,038,461	6.3%	$2,303,195	6.8%	$2,813,943	8.4%	$3,279,895	9.2%	$3,398,352	24.6%
Insurance	$230,530	0.7%	$211,977	0.7%	$133,951	0.4%	$139,195	0.4%	$93,357	0.3%	$95,000	0.7%
Other Income	($12,298)	0.0%	($13,919)	0.0%	($9,138)	0.0%		0.0%		0.0%		0.0%
Management Fee	$503,431	1.5%	$485,934	1.5%	$681,458	2.0%	$1,009,883	3.0%	$1,061,282	3.0%	$413,882	3.0%
Miscellaneous	$60,380	0.2%	$5,075	0.0%	$340,869	1.0%	$39,920	0.1%	$8,340	0.0%		0.0%
Total	$2,291,279	6.8%	$2,727,528	8.4%	$3,450,335	10.2%	$4,002,941	11.9%	$4,442,874	12.5%	$3,907,234	28.3%
NOI before FF&E Reserve	**$8,814,868**	**26.3%**	**$7,781,832**	**24.0%**	**$7,627,807**	**22.6%**	**$6,599,132**	**19.6%**	**$7,342,256**	**20.6%**	**($1,096,689)**	**-7.9%**
FF&E Reserve	$0	0.0%	$0	0.0%	$0	0.0%	$1,346,529	4.0%	$1,415,043	4.0%	$275,921	2.0%
NOI after FF&E Reserve	**$8,814,868**	**26.3%**	**$7,781,832**	**24.0%**	**$7,627,807**	**22.6%**	**$5,252,603**	**15.6%**	**$5,927,213**	**16.6%**	**($1,372,611)**	**-9.9%**
Operating Expense Ratio		73.7%		76.0%		77.4%		84.4%		79.4%		107.9%

Year	Historical 2016		Historical 2017		Historical 2018		Historical 2019		Owner Budget 2020		Bowery Proforma 2020	
	PAR	POR	PAR	POR	PAR	POR	PAR	POR	PAR	POR	PAR	POR
Total Room Revenue	$266.49	$308.08	$235.55	$279.63	$245.98	$288.45	$240.81	$270.91	$248.87	$281.13	$107.65	$218.01
F&B Revenue	$78.03	$90.20	$83.67	$99.33	$83.96	$98.46	$78.37	$88.17	$90.14	$101.83	$20.76	$42.03
Misc Revenue	$3.94	$4.55	$17.85	$21.19	$20.44	$23.97	$30.30	$34.09	$29.47	$33.29	$14.76	$29.89
Total Revenue	$348.45	$402.83	$337.08	$400.15	$350.39	$410.87	$349.48	$393.17	$368.49	$416.25	$143.17	$289.93
Departmental Expenses												
Rooms	$99.45	$114.97	$101.04	$119.95	$104.39	$122.41	$105.57	$118.77	$105.79	$119.50	$53.83	$109.00
F&B	$64.53	$74.60	$63.54	$75.44	$62.35	$73.12	$60.35	$67.90	$62.77	$70.91	$20.34	$41.19
Other	$2.44	$2.82	$2.00	$2.37	$1.61	$1.89	$2.31	$2.59	$2.56	$2.89	$1.18	$2.39
Total	$166.42	$192.39	$166.58	$197.75	$168.35	$197.42	$168.23	$189.27	$171.12	$193.30	$75.35	$152.59
Gross Operating Income	$182.04	$210.45	$170.49	$202.40	$182.03	$213.46	$181.24	$203.90	$197.36	$222.95	$67.82	$137.35
Undistributed Expenses												
A&G	$29.89	$34.56	$27.54	$32.69	$29.54	$34.64	$31.32	$35.23	$32.91	$37.17	$16.46	$33.34
Marketing	$13.18	$15.23	$11.09	$13.17	$13.99	$16.40	$14.53	$16.35	$16.72	$18.89	$8.59	$17.40
Property Maintenance	$16.64	$19.23	$15.53	$18.43	$16.67	$19.54	$18.39	$20.69	$18.39	$20.77	$10.02	$20.30
Energy / Utilities	$6.95	$8.04	$7.07	$8.39	$6.87	$8.06	$6.98	$7.85	$7.37	$8.33	$3.58	$7.25
Total	$66.66	$77.06	$61.22	$72.68	$67.07	$78.64	$71.22	$80.12	$75.40	$85.17	$38.66	$78.28
GOP	$115.38	$133.38	$109.27	$129.72	$114.97	$134.81	$110.03	$123.78	$121.97	$137.78	$29.17	$59.07
Fixed Expenses												
Real Estate Taxes	$15.68	$18.13	$21.20	$25.16	$23.90	$28.03	$29.20	$32.85	$33.94	$38.34	$35.27	$71.42
Insurance	$2.39	$2.77	$2.20	$2.62	$1.39	$1.63	$1.44	$1.63	$0.97	$1.09	$0.99	$2.00
Management Fee	$5.23	$6.05	$5.05	$6.00	$7.07	$8.29	$10.48	$11.79	$10.98	$12.41	$4.30	$8.70
Miscellaneous	$0.63	$0.73	$0.05	$0.06	$3.54	$4.15	$0.41	$0.47	$0.09	$0.10	$0.00	$0.00
Total	$23.80	$27.52	$28.36	$33.67	$35.81	$41.99	$41.54	$46.73	$45.98	$51.94	$40.55	$82.11
NOI	$91.58	$105.87	$80.91	$96.06	$79.16	$92.82	$68.48	$77.05	$75.99	$85.84	-$11.38	-$23.05

Sensitivity Analysis

Cap Rate

% Change	**0.50 pp**	**0.25 pp**	**DCF**	**-0.25 pp**	**-0.50 pp**
	5.50%	5.25%	5.00%	4.75%	4.50%
Value	$191,100,000	$197,400,000	$204,300,000	$212,000,000	$220,500,000

Occupancy Rate

% Change	**-4.0 pp**	**-2.0 pp**	**Year 3+ DCF**	**2.0 pp**	**4.0 pp**
	82.00%	84.00%	86.00%	88.00%	90.00%
Value	$192,900,000	$198,600,000	$204,300,000	$210,000,000	$215,700,000

ADR

% Change	**-10%**	**-5%**	**Year 3 DCF**	**5%**	**10%**
	$315.00	$332.50	$350.00	$367.50	$385.00
Value	$179,700,000	$192,000,000	$204,300,000	$216,600,000	$228,900,000

Discount Rate

% Change	**0.50 pp**	**0.25 pp**	**DCF**	**-0.25 pp**	**-0.50 pp**
	7.25%	7.00%	6.75%	6.50%	6.25%
Value	$195,800,000	$200,000,000	$204,300,000	$208,700,000	$213,200,000

Provided Documents

2020 Reforecast

	Actual January	*Actual* February	*Actual* March	*Forecast5* April	*Forecast5* *May*	*Forecast5* June	*Forecast5* July	*Forecast5* August	*Forecast5* September	*Forecast5* October	*Forecast5* November	*Forecast5* December	*2020* *Projected*
Occupied Rooms	**6,301**	**6,138**	**2,057**	**100**	**125**	**396**	**2,455**	**3,274**	**3,960**	**4,501**	**3,960**	**4,501**	**37,768**
Available Rooms	**8,184**	**7,656**	**8,184**	**7,920**	**8,184**	**7,920**	**8,184**	**8,184**	**7,920**	**8,184**	**7,920**	**8,184**	**96,624**
Occupancy	**77.0%**	**80.2%**	**25.1%**	**1.3%**	**1.5%**	**5.0%**	**30.0%**	**0.4%**	**50.0%**	**0.6%**	**0.5%**	**0.6%**	**0.4%**
ADR	**165.13**	**197.49**	**199.86**	**185.00**	**208.00**	**202.02**	**143.19**	**136.57**	**225.66**	**247.01**	**216.64**	**239.60**	**199.34**
REVPAR	**127.13**	**158.33**	**50.23**	**2.34**	**3.18**	**10.10**	**42.95**	**54.63**	**112.83**	**135.85**	**108.32**	**131.77**	**77.92**
GOPAR	**206.77**	**256.45**	**79.23**	**(77.50)**	**(78.00)**	**(78.08)**	**(83.23)**	**(73.96)**	**(27.65)**	**(2.88)**	**(32.24)**	**(8.61)**	**(45.09)**
REVENUE													
Rooms	1,040,471	1,212,174	409,781	18,500	26,000	80,000	351,531	447,130	893,614	1,111,792	857,894	1,078,440	7,528,656
Food & Beverage	425,356	563,865	167,681	0	0	0	58,877	79,110	111,750	133,899	113,323	142,340	1,794,211
Other Operating Departments	20,056	14,765	7,368	335	80	469	7,733	9,612	11,202	12,478	11,402	12,678	108,482
Miscellaneous Income	206,294	172,543	63,569	8,785	9,360	15,594	63,979	83,119	99,100	111,544	99,099	111,545	1,044,891
Total Revenue	**1,692,178**	**1,963,347**	**648,398**	**27,620**	**35,440**	**96,063**	**482,121**	**618,971**	**1,115,665**	**1,369,712**	**1,081,719**	**1,345,002**	**10,476,239**
			680,818	29,001	37,212		506,227	649,920	1,171,448	1,438,198	1,135,805	1,412,252	
DEPARTMENTAL EXPENSES							**470,909**	**604,576**	**1,089,719**	**1,337,858**	**1,056,563**	**1,313,723**	
							15,191	**19,502**	**36,324**	**43,157**	**35,219**	**42,378**	
Rooms	813,329	804,323	587,366	284,882	316,711	330,476	556,168	586,103	637,761	676,441	637,530	671,825	6,902,916
Food & Beverage	437,111	418,877	268,608	39,471	45,951	42,469	180,270	205,098	221,714	243,485	224,354	244,954	2,572,362
Other Operating Department	17,061	12,103	8,616	4,028	912	1,199	7,559	9,200	10,575	11,659	10,575	11,659	105,143
Total Departmental Expenses	**1,267,501**	**1,235,303**	**864,590**	**328,381**	**363,574**	**374,144**	**743,997**	**800,400**	**870,049**	**931,585**	**872,459**	**928,438**	**9,580,422**
Total Departmental Profit	**424,676**	**728,044**	**(216,189)**	**(300,761)**	**(328,134)**	**(278,081)**	**(261,877)**	**(181,429)**	**245,617**	**438,128**	**209,260**	**416,564**	**895,818**

	Actual January	Actual February	Actual March	Forecast5 April	Forecast5 May	Forecast5 June	Forecast5 July	Forecast5 August	Forecast5 September	Forecast5 October	Forecast5 November	Forecast5 December	2020 Projected
UNDISTRIBUTED OPERATING EXPENSES													
Admistrative and General	198,725	200,938	136,537	89,937	84,646	94,724	137,200	150,984	155,646	173,400	164,210	181,621	1,768,567
IT/Telecom	34,308	30,241	29,661	29,419	29,419	29,419	29,419	29,419	29,419	29,419	29,419	29,419	358,978
Sales and Marketing	155,326	138,078	103,225	74,069	70,977	84,138	104,601	102,117	116,168	105,255	123,095	123,132	1,300,180
Property Operations and Maint.	140,406	146,810	116,891	86,531	92,470	97,634	105,192	98,710	113,809	121,088	115,430	117,157	1,352,128
Utilities	48,112	50,642	37,707	33,049	32,699	34,374	42,904	42,608	49,575	32,534	32,409	35,737	472,349
Total Undistributed Expenses	**576,877**	**566,710**	**424,020**	**313,004**	**310,210**	**340,289**	**419,316**	**423,837**	**464,616**	**461,696**	**464,563**	**487,064**	**5,252,201**
Gross Operating Profit	**(152,201)**	**161,335**	**(640,209)**	**(613,765)**	**(638,344)**	**(618,370)**	**(681,192)**	**(605,266)**	**(218,999)**	**(23,568)**	**(255,303)**	**(70,500)**	**(4,356,383)**
OTHER EXPENSES													
Management Fees	50,766	58,899	19,452	1,018	1,426	6,217	17,477	20,969	36,587	44,169	35,307	43,115	335,401
Income	0	0	0	0	0	0	0	0	0	0	0	0	0
Personal and Other Expenses	1,341	695	498	695	695	695	695	695	695	695	695	695	8,789
Real Estate	253,574	253,574	254,444	253,272	253,272	253,272	294,177	294,177	294,177	294,177	294,177	294,177	3,286,471
Insurance	8,535	8,535	8,535	7,780	7,780	7,780	7,780	7,780	7,780	7,780	7,780	7,780	95,624
Owner's Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Other Expenses	**314,216**	**321,703**	**282,929**	**262,764**	**263,172**	**267,964**	**320,129**	**323,621**	**339,239**	**346,820**	**337,959**	**345,767**	**3,726,286**
EBITDA before FF&E Reserve	**(466,417)**	**(160,369)**	**(923,139)**	**(876,529)**	**(901,516)**	**(886,334)**	**(1,001,322)**	**(928,887)**	**(558,238)**	**(370,388)**	**(593,262)**	**(416,268)**	**(8,082,669)**
FF&E Reserve	67,687	78,532	25,936	1,105	0	0	0	24,759	44,627	54,788	43,269	53,800	394,503
EBITDA after FF&E Reserve/NOI	**(534,104)**	**(238,901)**	**(949,075)**	**(877,634)**	**(901,516)**	**(886,334)**	**(1,001,322)**	**(953,646)**	**(602,865)**	**(425,177)**	**(636,531)**	**(470,068)**	**(8,477,171)**
FIXED CHARGES													
Interest Expense	582,785	582,785	545,186	607,272	0	0	0	582,785	582,785	563,986	582,785	563,986	5,194,355
Depreciation & Amortization	424,006	424,097	424,558	472,951	472,951	472,951	472,951	472,951	472,951	472,951	472,951	472,951	5,529,220
Other Non-Operating Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Fixed & Other Charges	**1,006,792**	**1,006,882**	**969,744**	**1,080,223**	**472,951**	**472,951**	**472,951**	**1,055,736**	**1,055,736**	**1,036,937**	**1,055,736**	**1,036,937**	**10,723,575**
Income Before Taxes	**(1,473,208)**	**(1,167,250)**	**(1,892,883)**	**(1,956,752)**	**(1,374,467)**	**(1,359,285)**	**(1,474,273)**	**(1,984,623)**	**(1,613,974)**	**(1,407,325)**	**(1,648,998)**	**(1,453,205)**	**(18,806,244)**
Other Taxes & Assessments	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Taxes	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net Income (Loss)	**(1,473,208)**	**(1,167,250)**	**(1,892,883)**	**(1,956,752)**	**(1,374,467)**	**(1,359,285)**	**(1,474,273)**	**(1,984,623)**	**(1,613,974)**	**(1,407,325)**	**(1,648,998)**	**(1,453,205)**	**(18,806,244)**

April 2020

	April 2020						YEAR TO DATE					
	ACTUAL	%	BUDGET	%	LAST YEAR	%	ACTUAL	%	BUDGET	%	LAST YEAR	%
Occupied Rooms	**148**		**7,030**		**7,023**		**14,644**		**27,531**		**26,778**	
Available Rooms	**7,920**		**7,920**		**7,920**		**31,944**		**31,944**		**31,680**	
Occupancy	**1.9%**		**88.8**		**88.7**		**45.8**		**86.2**		**84.5**	
ADR	**166.75**		**300.10**		**285.12**		**183.59**		**221.72**		**220.24**	
Rooms REVPAR	**3.12**		**266.38**		**252.83**		**84.16**		**191.09**		**186.16**	
Total REVPAR	**5.07**		**363.32**		**347.93**		**135.99**		**295.35**		**286.32**	
OPERATING REVENUE												
Rooms	24,680	61.5%	2,109,700	73.3%	2,002,420	72.7%	2,688,435	61.9%	6,104,293	64.7%	5,897,626	65.0%
Food and Beverage	(210)	(0.5%)	543,883	18.9%	526,004	19.1%	1,154,701	26.6%	2,469,496	26.2%	2,315,729	25.5%
Other Operating Departments	352	0.9%	22,902	0.8%	20,362	0.7%	42,845	1.0%	88,291	0.9%	85,125	0.9%
Miscellaneous Income	15,306	38.1%	201,038	7.0%	206,822	7.5%	458,072	10.5%	772,447	8.2%	772,153	8.5%
TOTAL OPERATING REVENUE	**40,127**	**100.0%**	**2,877,524**	**100.0%**	**2,755,609**	**100.0%**	**4,344,052**	**100.0%**	**9,434,527**	**100.0%**	**9,070,633**	**100.0%**
DEPARTMENTAL EXPENSES												
Rooms	293,650	1,189.8%	829,286	39.3%	801,418	40.0%	2,498,668	92.9%	3,292,915	53.9%	3,212,047	54.5%
Food and Beverage	55,021	(26,144.2%)	471,899	86.8%	469,347	89.2%	1,179,617	102.2%	1,953,938	79.1%	1,851,111	79.9%
Other Operating Departments	4,670	1,328.4%	20,730	90.5%	18,134	89.1%	42,450	99.1%	78,336	88.7%	74,422	87.4%
TOTAL DEPARTMENTAL EXPENSES	**353,341**	**880.6%**	**1,321,915**	**45.9%**	**1,288,900**	**46.8%**	**3,720,735**	**85.7%**	**5,325,189**	**56.4%**	**5,137,580**	**56.6%**
TOTAL DEPARTMENTAL PROFIT	**(313,214)**	**(780.6%)**	**1,555,608**	**54.1%**	**1,466,709**	**53.2%**	**623,318**	**14.3%**	**4,109,338**	**43.6%**	**3,933,053**	**43.4%**

UNDISTRIBUTED OPERATING EXPENSES												
Administrative and General	88,460	220.5%	229,215	8.0%	228,988	8.3%	624,659	14.4%	866,947	9.2%	921,924	10.2%
Information and Telecommunication Systems	25,728	64.1%	30,530	1.1%	30,405	1.1%	119,938	2.8%	122,120	1.3%	130,935	1.4%
Sales and Marketing	73,556	183.3%	121,156	4.2%	119,371	4.3%	470,185	10.8%	546,143	5.8%	489,276	5.4%
Property Operation and Maint.	96,037	239.3%	152,556	5.3%	123,194	4.5%	500,143	11.5%	597,275	6.3%	520,647	5.7%
Utilities	27,731	69.1%	48,842	1.7%	37,919	1.4%	164,192	3.8%	202,356	2.1%	193,703	2.1%
TOTAL UNDISTRIBUTED EXPENSES	**311,512**	**776.3%**	**582,299**	**20.2%**	**539,877**	**19.6%**	**1,879,118**	**43.3%**	**2,334,840**	**24.7%**	**2,256,485**	**24.9%**
GROSS OPERATING PROFIT	**(624,725)**	**(1,556.9%)**	**973,309**	**33.8%**	**926,833**	**33.6%**	**(1,255,801)**	**(28.9%)**	**1,774,498**	**18.8%**	**1,676,568**	**18.5%**
Management Fees	1,204	3.0%	86,326	3.0%	82,704	3.0%	130,321	3.0%	283,036	3.0%	271,784	3.0%
INCOME BEFORE NON-OPERATING INCOME & EXPENSES	**(625,929)**	**(1,559.9%)**	**886,984**	**30.8%**	**844,129**	**30.6%**	**(1,386,121)**	**(31.9%)**	**1,491,462**	**15.8%**	**1,404,785**	**15.5%**
NON-OPERATING INCOME AND EXPENSES												
Rent	2,427	6.0%	695	0.0%	1,005	0.0%	4,961	0.1%	2,780	0.0%	3,647	0.0%
Property and Other Taxes	253,574	631.9%	252,472	8.8%	217,873	7.9%	1,015,166	23.4%	1,009,888	10.7%	871,491	9.6%
Insurance	8,535	21.3%	7,780	0.3%	11,865	0.4%	34,141	0.8%	31,119	0.3%	45,617	0.5%
Other	0	0.0%	0	0.0%	(7,500)	(0.3%)	0	0.0%	0	0.0%	24,436	0.3%
TOTAL NON-OPERATING INCOME & EXPENSES	**264,536**	**659.2%**	**260,947**	**9.1%**	**223,243**	**8.1%**	**1,054,268**	**24.3%**	**1,043,787**	**11.1%**	**945,191**	**10.4%**
EBITDA BEFORE FF&E RESERVE	**(890,465)**	**(2,219.1%)**	**626,037**	**21.8%**	**620,887**	**22.5%**	**(2,440,389)**	**(56.2%)**	**447,675**	**4.7%**	**459,594**	**5.1%**
FF&E Reserve	**1,605**	**4.0%**	**115,101**	**4.0%**	**110,224**	**4.0%**	**173,760**	**4.0%**	**377,381**	**4.0%**	**362,331**	**4.0%**
EBITDA AFTER FF&E RESERVE	**(892,070)**	**(2,223.1%)**	**510,936**	**17.8%**	**510,662**	**18.5%**	**(2,614,150)**	**(60.2%)**	**70,294**	**0.7%**	**97,263**	**1.1%**

2020 Budget (pre-COVID-19)

NOMO SOHO Parent
Summary Operating Budget
2020
Currency - Local

02/26/20
10:46:PM

	Budget YearTotal 2020	%	2019 Projected	%	Variance	%	Budget YearTotal 2019	%	Variance	%
Occupied Rooms	**85,537**		**85,836**		**(299)**		**84,511**		**1,026**	
Available Rooms	**96,624**		**96,360**		**264**		**96,360**		**264**	
Occupancy	**88.53%**		**89.08%**		**(0.55%)**		**87.70%**		**0.82%**	
ADR	**281.13**		**272.27**		**8.86**		**302.93**		**(21.80)**	
Rooms REVPAR	**248.87**		**242.53**		**6.34**		**265.68**		**(16.81)**	
Total REVPAR	**368.49**		**350.73**		**17.75**		**389.97**		**(21.49)**	
OPERATING REVENUE										
Rooms	24,047,028	67.54%	23,370,233	69.15%	676,795	2.90%	25,600,920	68.13%	(1,553,892)	(6.07%)
Food & Beverage	8,710,040	24.46%	7,493,742	22.17%	1,216,298	16.23%	9,038,415	24.05%	(328,375)	(3.63%)
Other Operating Departments	274,893	0.77%	262,080	0.78%	12,813	4.89%	231,982	0.62%	42,911	18.50%
Miscellaneous Income	2,572,630	7.23%	2,670,639	7.90%	(98,009)	(3.67%)	2,706,395	7.20%	(133,765)	(4.94%)
Total Operating Revenue	**35,604,590**	**100.00%**	**33,796,694**	**100.00%**	**1,807,897**	**5.35%**	**37,577,711**	**100.00%**	**(1,973,121)**	**(5.25%)**
DEPARTMENTAL EXPENSES										
Rooms	10,221,539	42.51%	10,027,672	42.91%	193,866	1.93%	10,218,616	39.92%	2,923	0.03%
Food & Beverage	6,065,489	69.64%	5,812,180	77.56%	253,309	4.36%	6,294,044	69.64%	(228,555)	(3.63%)
Other Operating Departments	247,404	90.00%	237,323	90.55%	10,080	4.25%	195,599	84.32%	51,805	26.49%
Total Departmental Expenses	**16,534,431**	**46.44%**	**16,077,176**	**47.57%**	**457,255**	**2.84%**	**16,708,259**	**44.46%**	**(173,828)**	**(1.04%)**
Total Departmental Profit	**19,070,159**	**53.56%**	**17,719,518**	**52.43%**	**1,350,641**	**7.62%**	**20,869,452**	**55.54%**	**(1,799,293)**	**(8.62%)**
UNDISTRIBUTED OPERATING EXPENSES										
Administrative and General	2,813,428	7.90%	2,689,123	7.96%	124,306	4.62%	2,812,129	7.48%	1,299	0.05%
Information & Telecommunication System	366,359	1.03%	346,405	1.02%	19,954	5.76%	313,249	0.83%	53,110	16.95%
Sales and Marketing	1,615,896	4.54%	1,437,415	4.25%	178,481	12.42%	1,613,459	4.29%	2,437	0.15%
Property Operations and Maint.	1,776,911	4.99%	1,726,676	5.11%	50,236	2.91%	1,848,887	4.92%	(71,976)	(3.89%)
Utilities	712,435	2.00%	692,355	2.05%	20,080	2.90%	682,056	1.82%	30,380	4.45%
Total Undistributed Expenses	7,285,031	**20.46%**	**6,891,974**	**20.39%**	**393,057**	**5.70%**	**7,269,781**	**19.35%**	**15,251**	**0.21%**

NOMO SOHO Parent
Summary Operating Budget
2020
Currency - Local

02/26/20
10:46:PM

	Budget YearTotal 2020	%	2019 Projected	%	Variance	%	Budget YearTotal 2019	%	Variance	%
Gross Operating Profit	**11,785,128**	**33.10%**	**10,827,544**	**32.04%**	**957,585**	**8.84%**	**13,599,672**	**36.19%**	**(1,814,543)**	**(13.34%)**
Management Fees	1,061,282	2.98%	1,013,519	3.00%	47,764	4.71%	1,131,970	3.01%	(70,688)	(6.24%)
Income Before Non Operating Income & Expense	**10,723,846**	**30.12%**	**9,814,025**	**29.04%**	**909,821**	**9.27%**	**12,467,702**	**33.18%**	**(1,743,856)**	**(13.99%)**
NON-OPERATING INCOME & EXPENSES										
Income	0	0.00%	0	0.00%	0	0.00%	(6,500)	(0.02%)	6,500	(100.00%)
Rent	8,340	0.02%	5,491	0.02%	2,849	51.87%	4,680	0.01%	3,660	78.21%
Property and Other Taxes	3,279,895	9.21%	3,150,986	9.32%	128,909	4.09%	2,905,278	7.73%	374,617	12.89%
Insurance	93,357	0.26%	126,640	0.37%	(33,283)	(26.28%)	126,139	0.34%	(32,782)	(25.99%)
Other	0	0.00%	31,713	0.09%	(31,713)	(100.00%)	0	0.00%	0	0.00%
Total Non Operating Income & Expenses	**3,381,592**	**9.50%**	**3,314,831**	**9.81%**	**66,762**	**2.01%**	**3,029,597**	**8.06%**	**351,995**	**11.62%**
EBITDA before FF&E Reserve	**7,342,253**	**20.62%**	**6,499,194**	**19.23%**	**843,059**	**12.97%**	**9,438,104**	**25.12%**	**(2,095,851)**	**(22.21%)**
FF&E Reserve	**1,415,043**	**3.97%**	**1,351,373**	**4.00%**	**63,670**	**4.71%**	**1,509,293**	**4.02%**	**(94,250)**	**(6.24%)**
EBITDA after FF&E Reserve	**5,927,210**	**16.65%**	**5,147,821**	**15.23%**	**779,389**	**15.14%**	**7,928,811**	**21.10%**	**(2,001,601)**	**(25.24%)**
INTEREST , DEPRECIATION AND AMORTIZATION										
Interest Expense	7,169,727	20.14%	6,597,455	19.52%	572,272	8.67%	10,115,328	26.92%	(2,945,601)	(29.12%)
Depreciation & Amortization	5,795,412	16.28%	5,696,107	16.85%	99,305	1.74%	5,795,412	15.42%	0	0.00%
Total Interest,Depreciation and Amortization	**12,965,139**	**36.41%**	**12,293,561**	**36.38%**	**671,577**	**5.46%**	**15,910,740**	**42.34%**	**(2,945,601)**	**(18.51%)**
Income Before Taxes	**(5,622,885)**	**(15.79%)**	**(5,794,367)**	**(17.14%)**	**171,482**	**(2.96%)**	**(6,472,636)**	**(17.22%)**	**849,750**	**(13.13%)**

NOMO SOHO Parent
Actual/Forecast/Budget
Year-2019

	2019 Projected	2019 Budget	Variance	2018 Actual	Variance	Previous Forecast	Variance	2017 Actual
Occupied Rooms	**85,652**	**84,511**	**1,141**	**82,175**	**3,477**	**85,269**	**383**	**81,012**
Available Rooms	**96,360**	**96,360**	**0**	**96,360**	**0**	**96,360**	**0**	**96,360**
Occupancy	**88.9**	**87.7**	**1.2**	**85.3**	**3.6**	**88.5**	**0.4**	**84.1**
ADR	**270.91**	**302.93**	**(32.02)**	**288.45**	**(17.54)**	**271.27**	**(0.36)**	**279.68**
REVPAR	**240.81**	**265.68**	**(24.87)**	**245.98**	**(5.18)**	**240.04**	**0.76**	**235.14**
GOPAR	**110.03**	**145.08**	**(35.06)**	**114.97**	**(4.94)**	**109.21**	**0.82**	**109.11**
REVENUE								
Rooms	23,204,038	25,600,920	(2,396,882)	23,703,078	(499,040)	23,130,727	73,311	22,657,831
Food & Beverage	7,551,513	9,193,037	(1,641,524)	8,090,598	(539,085)	7,496,979	54,534	8,047,266
Other Operating Departments	251,613	231,982	19,631	208,789	42,824	253,445	(1,832)	130,729
Miscellaneous Income	2,668,434	2,706,395	(37,961)	1,761,002	907,432	2,635,462	32,972	1,530,837
Total Revenue	**33,675,598**	**37,732,333**	**(4,056,736)**	**33,763,467**	**(87,869)**	**33,516,612**	**158,985**	**32,366,663**
DEPARTMENTAL EXPENSES								
Rooms	10,173,197	10,142,592	30,605	10,058,663	114,534	10,083,471	89,726	9,717,542
Food & Beverage	5,815,568	6,200,593	(385,025)	6,008,476	(192,908)	5,838,053	(22,484)	6,111,334
Other Operating Department	222,254	195,599	26,656	155,531	66,723	225,727	(3,473)	136,556
Total Departmental Expenses	**16,211,020**	**16,538,784**	**(327,765)**	**16,222,671**	**(11,651)**	**16,147,251**	**63,769**	**15,965,432**
Total Departmental Profit	**17,464,578**	**21,193,549**	**(3,728,971)**	**17,540,796**	**(76,218)**	**17,369,361**	**95,217**	**16,401,231**
EXPENSES								
Admistrative and General	2,692,562	2,864,978	(172,417)	2,492,139	200,423	2,694,107	(1,545)	2,345,863
IT/Telecom	325,151	296,137	29,014	354,144	(28,993)	341,191	(16,040)	302,437
Sales and Marketing	1,400,417	1,600,396	(199,978)	1,348,034	52,383	1,398,429	1,989	1,066,612
Property Operations and Maint.	1,771,949	1,769,945	2,003	1,606,077	165,872	1,736,327	35,621	1,493,390
Utilities	672,427	682,056	(9,629)	662,258	10,169	676,170	(3,743)	679,505
Total Undistributed Expenses	**6,862,506**	**7,213,512**	**(351,006)**	**6,462,653**	**399,853**	**6,846,223**	**16,282**	**5,887,806**
Gross Operating Profit	**10,602,072**	**13,980,037**	**(3,377,965)**	**11,078,143**	**(476,071)**	**10,523,138**	**78,934**	**10,513,425**
OTHER EXPENSES								
Management Fees	1,009,883	1,131,970	(122,087)	681,458	328,425	1,005,113	4,770	485,934
Income	0	(6,500)	6,500	(9,138)	9,137	0	0	(13,919)
Personal and Other Expenses	8,207	4,680	3,527	2,010	6,196	7,336	871	0
Real Estate	2,813,943	2,905,278	(91,335)	2,303,195	510,749	2,813,870	73	2,038,461
Insurance	139,195	126,139	13,055	133,951	5,243	132,601	6,593	211,977
Owner's Expense	31,713	0	31,713	338,859	(307,146)	31,713	0	0
Total Other Expenses	**4,002,940**	**4,161,567**	**(158,627)**	**3,450,336**	**552,604**	**3,990,633**	**12,307**	**2,722,453**
EBITDA before FF&E Reserve	**6,599,132**	**9,818,470**	**(3,219,338)**	**7,627,807**	**(1,028,674)**	**6,532,505**	**66,627**	**7,790,972**
FF&E Reserve	1,346,529	1,509,293	(162,764)	0	1,346,529	1,340,170	6,359	0
EBITDA after FF&E Reserve/NOI	**5,252,603**	**8,309,177**	**(3,056,574)**	**7,627,807**	**(2,375,204)**	**5,192,335**	**60,268**	**7,790,972**
FIXED CHARGES								
Interest Expense	7,093,806	10,115,328	(3,021,522)	11,433,387	(4,339,581)	7,145,668	(51,862)	8,742,785
Depreciation & Amortization	5,638,933	5,795,412	(156,479)	5,796,108	(157,175)	5,803,606	(164,673)	6,079,645
Total Fixed & Other Charges	**12,732,739**	**15,910,740**	**(3,178,001)**	**17,229,494**	**(4,496,756)**	**12,949,274**	**(216,535)**	**14,822,430**
Income Before Taxes	**(6,133,606)**	**(6,092,270)**	**(41,336)**	**(9,601,688)**	**3,468,081**	**(6,416,768)**	**283,162**	**(7,031,458)**
Other Taxes & Assessments	0	0	0	57,790	(57,790)	0	0	0
Total Taxes	**0**	**0**	**0**	**(57,790)**	**57,790**	**0**	**0**	**0**
Net Income (Loss)	**(6,133,606)**	**(6,092,270)**	**(41,336)**	**(9,543,898)**	**3,410,292**	**(6,416,768)**	**283,162**	**(7,031,458)**

Contingent & Limiting Conditions

1. Any legal description or plats reported herein are assumed to be accurate. Any sketches, surveys, plats, photographs, drawings or other exhibits are included only to assist the intended user to better understand and visualize the subject property, the environs, and the competitive data. We have made no survey of the property and assume no responsibility in connection with such matters.
2. The appraiser has not conducted any engineering or architectural surveys in connection with this appraisal assignment. Information reported pertaining to dimensions, sizes, and areas is either based on measurements taken by the appraiser or the appraiser's staff or was obtained or taken from referenced sources and is considered reliable. No responsibility is assumed for the costs of preparation or for arranging geotechnical engineering, architectural, or other types of studies, surveys, or inspections that require the expertise of a qualified professional.
3. No responsibility is assumed for matters legal in nature. Title is assumed to be good and marketable and in fee simple unless otherwise stated in the report. The property is considered to be free and clear of existing liens, easements, restrictions, and encumbrances, except as stated.
4. Unless otherwise stated herein, it is assumed there are no encroachments or violations of any zoning or other regulations affecting the subject property and the utilization of the land and improvements is within the boundaries or property lines of the property described and that there are no trespasses or encroachments.
5. Bowery Real Estate Systems, Inc. assumes there are no private deed restrictions affecting the property which would limit the use of the subject property in any way.
6. It is assumed the subject property is not adversely affected by the potential of floods; unless otherwise stated herein.
7. It is assumed all water and sewer facilities (existing and proposed) are or will be in good working order and are or will be of sufficient size to adequately serve any proposed buildings.
8. Unless otherwise stated within the report, the depiction of the physical condition of the improvements described herein is based on visual inspection. No liability is assumed for the soundness of structural members since no engineering tests were conducted. No liability is assumed for the condition of mechanical equipment, plumbing, or electrical components, as complete tests were not made. No responsibility is assumed for hidden, unapparent or masked property conditions or characteristics that were not clearly apparent during our inspection.
9. If building improvements are present on the site, no significant evidence of termite damage or infestation was observed during our physical inspection, unless so stated in the report. No termite inspection report was available, unless so stated in the report. No responsibility is assumed for hidden damages or infestation.
10. Any proposed or incomplete improvements included in this report are assumed to be satisfactorily completed in a workmanlike manner or will be thus completed within a reasonable length of time according to plans and specifications submitted.
11. No responsibility is assumed for hidden defects or for conformity to specific governmental requirements, such as fire, building, safety, earthquake, or occupancy codes, except where specific professional or governmental inspections have been completed and reported in the appraisal report.
12. Responsible ownership and competent property management are assumed.
13. The appraisers assume no responsibility for any changes in economic or physical conditions which occur following the effective date of value within this report that would influence or potentially affect the analyses, opinions, or conclusions in the report. Any subsequent changes are beyond the scope of the report.

14. The value estimates reported herein apply to the entire property. Any proration or division of the total into fractional interests will invalidate the value estimates, unless such proration or division of interests is set forth in the report.
15. Any division of the land and improvement values estimated herein is applicable only under the program of utilization shown. These separate valuations are invalidated by any other application.
16. Unless otherwise stated in the report, only the real property is considered, so no consideration is given to the value of personal property or equipment located on the premises or the costs of moving or relocating such personal property or equipment.
17. Unless otherwise stated, it is assumed that there are no subsurface oil, gas or other mineral deposits or subsurface rights of value involved in this appraisal, whether they are gas, liquid, or solid. Nor are the rights associated with extraction or exploration of such elements considered; unless otherwise stated. Unless otherwise stated it is also assumed that there are no air or development rights of value that may be transferred.
18. Any projections of income and expenses, including the reversion at time of resale, are not predictions of the future. Rather, they are our best estimate of current market thinking of what future trends will be. No warranty or representation is made that these projections will materialize. The real estate market is constantly fluctuating and changing. It is not the task of an appraiser to estimate the conditions of a future real estate market, but rather to reflect what the investment community envisions for the future in terms of expectations of growth in rental rates, expenses, and supply and demand. The forecasts, projections, or operating estimates contained herein are based on current market conditions, anticipated short-term supply and demand factors, and a continued stable economy. These forecasts are, therefore, subject to changes with future conditions.
19. Unless subsoil opinions based upon engineering core borings were furnished, it is assumed there are no subsoil defects present, which would impair development of the land to its maximum permitted use or would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.
20. Bowery Real Estate Systems, Inc. representatives are not experts in determining the presence or absence of hazardous substances, defined as all hazardous or toxic materials, wastes, pollutants or contaminants (including, but not limited to, asbestos, PCB, UFFI, or other raw materials or chemicals) used in construction or otherwise present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such substances or for loss as a result of the presence of such substances. Appraisers are not qualified to detect such substances. The client is urged to retain an expert in this field.
21. We are not experts in determining the habitat for protected or endangered species, including, but not limited to, animal or plant life (such as bald eagles, gophers, tortoises, etc.) that may be present on the property. We assume no responsibility for the studies or analyses which would be required to determine the presence or absence of such species or for loss as a result of the presence of such species. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent endangered species impact studies, research, and investigation that may be provided.
22. No environmental impact studies were either requested or made in conjunction with this analysis. The appraiser hereby reserves the right to alter, amend, revise, or rescind any of the value opinions based upon any subsequent environmental impact studies, research, and investigation that may be provided.
23. The appraisal is based on the premise that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless otherwise stated in the report; further, that all applicable zoning, building, and use regulations and restrictions of all types have been complied with unless otherwise stated in the report; further, it is assumed that all required licenses, consents, permits, or other legislative or administrative authority, local, state, federal and/or private entity or organization have been or can be obtained or renewed for any use considered in the value estimate.

24. Neither all nor any part of the contents of this report or copy thereof, shall be conveyed to the public through advertising, public relations, news, sales, or any other media, without the prior written consent and approval of the appraisers. This limitation pertains to any valuation conclusions, the identity of the analyst or the firm and any reference to the professional organization of which the appraiser is affiliated or to the designations thereof.
25. Although the appraiser has made, insofar as is practical, every effort to verify as factual and true all information and data set forth in this report, no responsibility is assumed for the accuracy of any information furnished the appraiser either by the client or others. If for any reason, future investigations should prove any data to be in substantial variance with that presented in this report, the appraiser reserves the right to alter or change any or all analyses, opinions, or conclusions and/or estimates of value.
26. If this report has been prepared in a so-called "public non-disclosure" state, real estate sales prices and other data, such as rents, prices, and financing, are not a matter of public record. If this is such a "non-disclosure" state, although extensive effort has been expended to verify pertinent data with buyers, sellers, brokers, lenders, lessors, lessees, and other sources considered reliable, it has not always been possible to independently verify all significant facts. In these instances, the appraiser may have relied on verification obtained and reported by appraisers outside of our office. Also, as necessary, assumptions and adjustments have been made based on comparisons and analyses using data in the report and on interviews with market participants. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.

Qualifications

Michelle Zell, MAI

Senior Vice President

Experience

Michelle Zell is a Senior Vice President at Bowery Valuation, who joined the firm in October 2019. She has worked in the real estate appraisal industry for 16 years.

Ms. Zell has appraised multi-family, condominium and cooperative apartment buildings, retail properties, office buildings, restaurants, industrial properties, hotels, and vacant land properties in New York, New Jersey, Connecticut, Pennsylvania, Texas, and Florida. Ms. Zell specializes in managing large portfolios, appraising large scale existing and proposed developments, appraisals for EB-5 financing, market studies, and appraisals for litigation and condemnation proceedings.

Ms. Zell performs and manages appraisals for Israeli bond issuances in excess of $1B, and has extensive experience with the Israeli bond market since 2012. She specializes in serving a liaison between the appraisers, the audit firms and the Israeli Security Authority.

Significant appraisal assignments include Peter Cooper Village/Stuyvesant Town, a rental apartment complex in New York City with 12,000 units, the condominium conversion of The Apthorp and the Belnord, two large scale prewar landmarked developments in Manhattan, 70 Pine Street, the 1M square foot former AIG headquarters converted to rental apartments, hotel, private club, restaurant and retail space, 701 7th Avenue, a proposed hotel and retail development located in Times Square and valued at $2B, market rent determination for Bell Works- the former Ball Labs in Holmdel, NJ, and multiple large developments for EB-5 financing including The Armature Works in Washington DC (a proposed mixed use retail, apartment and hotel development), 1 Journal Square (a proposed mixed use development in Jersey City), The Retail at Nassau Coliseum (proposed retail and entertainment complex adjacent to Nassau Coliseum), and Pacific Park (a proposed development of 15 land parcels to be developed with high rise residential, condominium, office and school buildings).

Before joining Bowery, Ms. Zell served as a Senior Appraiser at BBG (formerly Leitner Group) in New York City from 2003 through October 2019.

Education

Cornell University	Bachelor of Science
Emory University	Master of Public Health

Certifications & Professional Designations

Appraisal Institute	MAI, Designated Member
	Currently certified by the Appraisal Institute's voluntary program of continuing education for its designated members.
Certified General Real Estate Appraiser	New York (#46-49921) Florida (#RZ4135) Texas (#TX 1380938G)

Publications

Ms. Zell published an article about the mainstreaming of alternative lending in GlobeSt.com, dated August 5, 2019. https://www.globest.com/2019/08/05/the-mainstreaming-of-alternative-lending/

Maren Lewis

Vice President

Experience

Maren Lewis is a Vice President at Bowery Valuation who joined the firm in October 2019. She has worked in the real estate appraisal industry for 3 years.

Ms. Lewis has appraised multifamily rental buildings, condo and cooperative buildings, developable land, ground up construction sites, retail properties, hotels and special-use properties, such as schools and other community facility properties primarily in the New York metro area.

Prior to joining Bowery, Ms. Lewis served as a Valuation Associate at BBG, Inc. based in New York City.

Prior to her time at BBG Inc., Ms. Lewis worked for the Hotel Finance Group at Credit Agricole Corporate and Investment Bank, formerly known as Credit Lyonnais, for 8 years as a Credit Analyst and Junior Relationship Manager. In this role, she prepared detailed credit recommendations to senior management, including designing and creating detailed financial projection models and assisting in the process to structure and execute corporate and asset-backed financing opportunities for single assets and hotel companies. Additionally, this role included arranging for all due diligence requirements and monitoring the financial performance on a monthly basis.

Prior to Credit Lyonnais, Ms. Lewis worked in the Kenneth Leventhal Real Estate Group at Ernst & Young, LLP. In this consulting group, she valued real estate portfolios and performed market studies, including research of economic and demographic trends, assessment of market supply and demand, interviews of market participants, and analysis of historical market and segment performance.

Education

Cornell University, School of Hotel Administration	Bachelor of Science with a focus on the hospitality industry and a concentration in finance, 1997
Appraisal Institute	Basic Appraisal Principles Basic Appraisal Procedures Real Estate Finance, Statistics and Valuation Modeling General Appraiser Market Analysis and Highest and Best Use General Appraiser Sales Comparison Approach General Appraiser Income Approach Part 1 General Appraiser Income Approach Part 2 General Appraiser Report Writing and Case Studies Using HP 12C Calculator Fair Housing, Fair Lending and Environmental Issues

Licenses

UNIQUE ID NUMBER
46000049921

State of New York
Department of State
DIVISION OF LICENSING SERVICES

FOR OFFICE USE ONLY
Control No. 115542

PURSUANT TO THE PROVISIONS OF ARTICLE 6E OF THE EXECUTIVE LAW AS IT RELATES TO R. E. APPRAISERS.

EFFECTIVE DATE

MO.	DAY	YR.
05	09	19

EXPIRATION DATE

MO.	DAY	YR.
05	08	21

ZELL MICHELLE R
C/O BBG INC
112 MADISON AVE
11TH FL
NEW YORK, NY 10016

HAS BEEN DULY CERTIFIED TO TRANSACT BUSINESS AS A R. E. GENERAL APPRAISER

In Witness Whereof, The Department of State has caused its official seal to be hereunto affixed.

ROSSANA ROSADO
SECRETARY OF STATE

DOS-1099 (Rev. 3/01)