

HOTEL MARKET ANALYSIS  
AND FEASIBILITY STUDY  
FOR THE CITY OF GASTONIA  
GASTON COUNTY, NORTH CAROLINA 28052

FOR:

MS. BRENDA DANIELS  
MANAGER, ECONOMIC DEVELOPMENT  
ELECTRICITIES OF NORTH CAROLINA, INC  
1427 MEADOW WOOD BOULEVARD  
RALEIGH, NC 27604

DATE OF REPORT: AUGUST 5, 2014

BY:

WILLIAMS APPRAISERS INC.  
POST OFFICE BOX 33786  
RALEIGH, NORTH CAROLINA 27636

PREPARED BY:

JOHN M. MCBRAYER  
CERTIFIED GENERAL APPRAISER NC #A5723

ROBERT A. MACEDA  
REGISTERED APPRAISER TRAINEE NC #T5308

August 5, 2014

Ms. Brenda Daniels  
Manager, Economic Development  
ElectriCities of North Carolina, Inc  
1427 Meadow Wood Boulevard  
Raleigh, North Carolina 27604

Re: Hotel Market Analysis and Feasibility Study for the City of Gastonia, Gaston County, NC  
28052

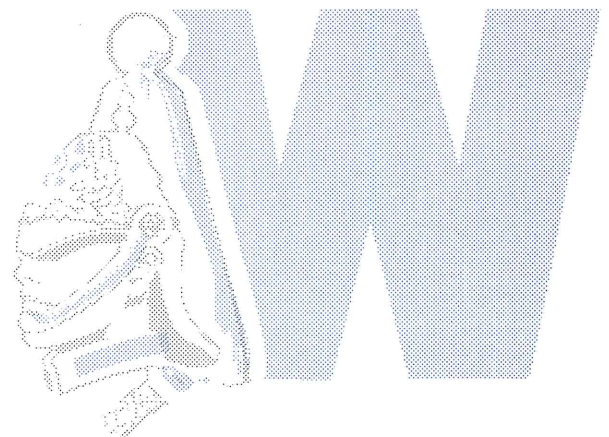
Dear Ms. Daniels,

In response to your engagement letter dated July 2, 2014, we have performed a market analysis and have determined the feasibility of developing a lodging facility within the jurisdiction of the City of Gastonia, Gaston County, North Carolina.

The client and intended user of this report is Ms. Brenda Daniels of ElectriCities of North Carolina, Inc., and assigns. The purpose of this report is to provide an opinion of the market analysis and feasibility of developing a lodging facility within the jurisdiction of the town. This report is based on market occupancies and the prevailing economic conditions observed on August 5, 2014, the effective date of the report. It is our understanding that the intended use of this report is for internal decision-making and planning purposes by the City of Gastonia.

The City of Gastonia is located in central Gaston County, approximately 20 miles west of Charlotte and 10 miles east of the City of Kings Mountain, in central North Carolina. Economic development in the region is influenced by the social, economic, governmental and environmental characteristics of the Charlotte-Concord-Gastonia Metropolitan Statistical Area. Situated adjacent to Interstate 85, the City enjoys good regional access.

Although the area is traditionally known for its manufacturing, the Gaston County workforce is transitioning to a diversified mix of employers from several different sectors, with education and health services, public administration and manufacturing being the most significant sectors. Gaston County and the City of Gastonia have continued to experience relative economic stability over the past years despite periodic national and local economic downturns.



The 50.7 square mile city is the County Seat, has a historic downtown district and Interstate 85 runs along the central area of the City. Since the interstate opened in 1965, the majority of new development in the City has been near the interstate capitalizing on the 102,000+ vehicles a day traveling through the on the Interstate on a daily basis. The city population as of 2014 is estimated at approximately 72,000 and the community supports restaurants, retail stores, and a growing central business district with retail and office uses.

We also note that Gastonia is well located in respect to its proximity to other communities along the Interstate 85 corridor. Located approximately 20 miles west of the City of Charlotte and 10 miles east of the City of Kings Mountain, the City of Gastonia is the only moderately sized municipality for this 30-mile stretch along the interstate. Gastonia is currently home to a diverse mix of hotels, including several economy and midscale hotels, which primarily cater to the I-85 traveler; as well as several midscale and upper midscale hotels which reported a strong commercial market segment. These midscale and greater hotels were the primary focus of our existing primary market analysis.

In collecting the data necessary to form an opinion of feasibility, the appraisers have personally examined the national, state and local market economics for such a facility, including existing and proposed supply of hotels, as well as local and regional demand generators. Market data from other hotel properties on a national basis and within the subject's competitive market is obtained both from the appraiser's own primary research within the local market and from both *Price Waterhouse Coopers' Hospitality and Leisure Group* and *Smith Travel Research*, a Nashville, Tennessee firm specializing in providing market information for hotel/motel properties. We have also reviewed regional and national hotel operating data published in the most recent *TRENDS in the Hotel Industry-2014*, published by PKF Consulting.

During the course of our investigation we collected data on numerous regional lodging facilities, which constitute lodging supply within the City of Gastonia. We subsequently analyzed and narrowed our selection of properties and supply generators to those we felt were most applicable to our market analysis and feasibility study.

In analyzing the data, we have focused on the hotels considered most competitive with a proposed hotel in the market and have analyzed occupancy rates, average daily rates (ADR), amenities, market segmentation, and competitive indices. We have reported the results of our analyses in the form of a narrative report.

Please note that the value opinions expressed in this report have been developed within the context of the following extraordinary assumptions.

### **Financial Analysis**

Our report does not attempt to analyze potential room revenues, either gross or net, for a hypothetical hotel facility. It is beyond the scope of this assignment to generate cash flow projections for such a property. Feasibility is determined as it relates to relative level of occupancy achieved by the proposed hotel property only. We have estimated a market room rate for the subject based upon those achieved by competing facilities. If cash flow projections are desired, we recommend that the client obtain our services or those of other competent hospitality consultants as an additional assignment.

Subject to the conditions and explanations contained in the following report, and based on our analysis of the market, together with our experience performing similar market studies, we have arrived at the following conclusion.

**As of the date of this report, August 5, 2014, it is our opinion that a hotel facility within the jurisdiction of Gastonia, NC is feasible provided a development and construction period of 12 to 24 months.**

**80 to 100 ROOM, LIMITED SERVICE, UPPER MIDSOURCE, FLAG HOTEL  
ESTIMATED AVERAGE DAILY RATE (ADR) RANGE: \$90.00 to \$100.00**

The following report presents the data, analyses and other materials that give support to our conclusions. Within the report we provide a definition of *Market Share*, *Demand Generator*, *Competitive Index*, and other hotel-specific terms used.

Please note that our opinions are not based on a requested conclusion and are not meant to infer a market value of a specific lodging facility. We recommend that any party interested in developing a lodging facility within the specified market area seek the services of a Certified General Appraiser who is knowledgeable of the regional market and is competent to conduct a valuation of a proposed hotel property.


Though an opinion of value is not a component of this assignment, the analysis, opinions and conclusions, where applicable, were developed and this consulting report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under the Uniform Standards of Professional Appraisal Practice (USPAP) 2014 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation in Washington DC.

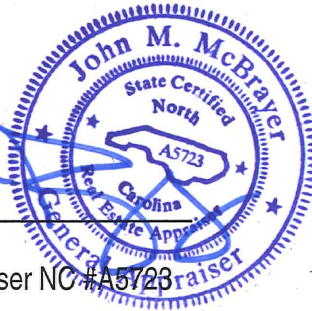
This letter of transmittal precedes our full narrative consulting report, further describing the market and containing the reasoning and most pertinent data leading our final conclusions. Your attention is directed to the "Certificate of Appraisal", "Hypothetical Conditions", "Extraordinary Assumptions", "General Assumptions", and "General Limiting Conditions" which are considered usual for this type of assignment and have been included within the text of this report.

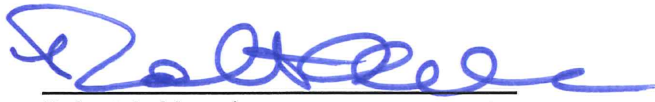


It was a pleasure preparing this consulting report for you. Please contact us if you have unanswered questions regarding our report or if we can be of further assistance in the interpretation of our findings and opinions.

Respectfully Submitted,

  
John M. McBrayer  
Certified General Appraiser NC #A5723





  
Robert A. Maceda  
Registered Appraiser Trainee NC #T5308

## CERTIFICATE OF APPRAISAL

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

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions and our personal, impartial, and unbiased professional analyses.
- 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 no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement of 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.
- In accordance with the Conduct Section of the Ethics Rule within the Uniform Standards of Professional Appraisal Practice (USPAP), the appraiser has disclosed to the client any services regarding the subject property performed by the appraiser within the three year period immediately preceding the acceptance of the assignment. In the case of the subject property, the appraiser has not performed any services applicable to the subject for the client within the preceding three years.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) 2014 Edition as promulgated by the Appraisal Standards Board of the Appraisal Foundation in Washington DC and in conformity with the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- No one provided significant real property appraisal assistance to the persons signing this report.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- As of the date of this report, John McBrayer has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members.

  
John M. McBrayer  
Certified General Appraiser NC #A5723



  
Robert A. Maceda  
Registered Appraiser Trainee NC#T5308

## **INTRODUCTION**

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## **EXECUTIVE SUMMARY OF SALIENT FACTS**

|                            |  |
|----------------------------|--|
| File Number:               | C14201   |
| Location of Market:        | The subject market is defined as those primary competing flag hotels generally within the City of Gastonia, Gaston County, North Carolina. |
| Street Address:            | 145 South Marietta Street, Gastonia, North Carolina 28052. Site is a portion of the Gastonia Conference Center                             |
| Type of Property:          | Lodging Facility   |
| Purpose of Report:         | Market Study and Feasibility Analysis  |
| Date of Report:            | August 5, 2014   |
| Hotel Size/Type Indicated: | 80 to 100 ROOM, UPPER MIDSCALE, LIMITED SERVICE, FLAG HOTEL  |
| ADR Range:                 | \$90.00 to \$100.00  |

## **DEFINITIONS**

*Source: Hotels & Motels Valuations and Market Studies by Stephen Rushmore, MAI and Erich Baum, Copyright 2001, The Appraisal Institute. Hotel/Motel Valuation and Investment Seminar, Glossary, Author – Stephen Rushmore, MAI.*

### **Actual Market Share**

The percentage share of the total hotel room night demand actually captured by a particular hotel. The actual market share for an individual hotel is calculated by dividing the number of room nights captured by the total number of room nights in the market.

### **Average Rate**

The weighted average of rooms sold at the various stated rates, such as commercial, group, or tourist. It is calculated by dividing the property's gross rooms revenue by the number of rooms occupied by the number of for a given period of time. When calculated on a daily basis, it is known as Average Daily Rate (ADR).

### **Base Year**

The year that serves as a benchmark for all future projections. The base year is generally the last calendar year completed before fieldwork begins.

### **Competitive Index**

A number that reflects the relative competitiveness of a hotel. The competitive index of a hotel is calculated by dividing the number of room nights accommodated within a particular market segment by the property's room count. The result is the number of days per year that a guest room is actually occupied by a specific type of traveler. By comparing the competitive indexes of several hotels, an appraiser can evaluate the competitiveness of each property.

### **Demand Generator**

Anything that creates or attracts hotel room night demand. Some examples of demand generators may include office parks, convention centers, scenic attractions, shopping malls, regional hospitals, sporting events, universities, military bases, airports, and convenient stopping points along a highway.

### **Fair Market Share (Market Share)**

A hotel's average percentage share of the total area's room night demand. Fair market share is calculated by dividing a hotel's rooms count by the total number of competitive rooms in the market. This benchmark is used to determine whether a property is capturing more or less than its appropriate share of total market demand.

### **Hotel Unit**

The smallest rentable accommodation that provides a guest with a bedroom, a bathroom, and lockable access to a public corridor or the exterior of the facility. A hotel unit is also referred to as a *room* or a *key*.



**Penetration**

The percentage relationship between the market share of a hotel and its fair share. When a hotel is capturing more than its average market share, the penetration is greater than 100 percent.

**Room Night**

A unit of hotel demand representing one hotel room occupied by one or more people for one night. A family of four occupying a hotel room for one night is considered one room night. That same family of four occupying two hotel rooms for one night is considered two room nights.

**Unaccommodated Demand**

The portion of latent hotel room night demand that cannot be accommodated in the market area because there are not sufficient new hotel rooms available to absorb it. Unless new hotel rooms are introduced into the market area, latent demand will remain unaccommodatable.

## **EXTRAORDINARY ASSUMPTIONS**

This report has been made with the following extraordinary assumptions. *We caution the reader that our analysis is based on information available at the time of engagement and changes to our assumptions may significantly affect our conclusions of value.*

### **Financial Analysis**

Our report does not attempt to analyze potential room revenues, either gross or net, for a hypothetical hotel facility. It is beyond the scope of this assignment to generate cash flow projections for such a property. Feasibility is determined as it relates to relative level of occupancy achieved by the proposed hotel property only. We have estimated a market room rate for the subject based upon those achieved by competing facilities. If cash flow projections are desired, we recommend that the client obtain our services or those of other competent hospitality consultants as an additional assignment.

### **Addressee**

This report is addressed to Brenda Daniels, of ElectriCities of North Carolina, Inc., and assigns.

Special conditions of the report include our agreement that it may be relied upon by Ms. Daniels in decision-making. Please note however, that, in the absence of a written update specifically signed with original signatures and delivered by the undersigned appraiser, the report refers to conditions prevailing as of the effective date of the report.

## **HYPOTHETICAL CONDITIONS**

There are no hypothetical conditions affecting our analysis of the subject property.

## **GENERAL ASSUMPTIONS**

This appraisal report has been made with the following general assumptions:

1. No responsibility is assumed for the legal description provided or for matters pertaining to legal or title considerations. Title to the property is assumed to be good and marketable unless otherwise stated.
2. The property is appraised free and clear of any or all liens or encumbrances unless otherwise stated.
3. Responsible ownership and competent property management are assumed.
4. The information furnished by others is believed to be reliable, but no warranty is given for its accuracy.
5. All engineering studies are assumed to be correct. The plot plans and illustrative material in this report are included only to help the reader visualize the property.
6. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less valuable. No responsibility is assumed for such conditions or for obtaining the engineering studies that may be required to discover them.
7. It is assumed that the property is in full compliance with all applicable federal, state, and local environmental regulations and laws unless the lack of compliance is stated, described, and considered in the appraisal report.
8. It is assumed that the property conforms to all applicable zoning and use regulations and restrictions unless nonconformity has been identified, described and considered in the appraisal report.
9. It is assumed that the use of the land and improvements is confined within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in this report.
10. It is assumed that all required licenses, certificates of occupancy, consents and other legislative or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the opinion of value contained in this report is based.

11. Unless otherwise stated in this report, the existence of hazardous materials, which may or may not be present on the property, was not observed by the appraiser. The appraiser has no knowledge of the existence of such materials on the or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea formaldehyde foam insulation and other potentially hazardous materials may affect the value of the property. The value estimated is predicated on the assumption that there is no such material on or in the property that would cause a loss in value. No responsibility is assumed for such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.
12. The appraiser is not a land surveyor, nor an expert in flood zone determination. While general information relating to flood zones is included in our report for informative purposes, no formal determination is made of flood zone hazards as they affect the subject property.

Although our value estimate is predicated on a general overview of the FEMA FIRM Maps, the relative scale and detail of these maps is not sufficiently precise for us, as appraisers, to give a certified opinion about flood conditions. No responsibility is assumed, therefore for the presence or absence of such conditions or for any expertise or engineering knowledge required to discover them. The intended user is urged to retain an expert in this field, if desired.

## **GENERAL LIMITING CONDITIONS**

This appraisal report has been made with the following general limiting conditions:

1. Any allocation of the total value estimated in this report between the land and the improvements applies only under the stated program of utilization. The separate values allocated to the land and buildings must not be used in conjunction with any other appraisal and are invalid if so used.
2. Possession of this report, or a copy thereof, does not carry with it the right of publication.
3. The appraiser, by reason of this appraisal, is not required to provide further consultation or testimony or to be in attendance in court with reference to the property in question unless arrangements have been previously made.
4. If oral testimony is required at any time, a summary of the oral report will be placed on the workfile within a reasonable time after the issuance of the oral report, in compliance USPAP Standard Rules 2-2 (b) and 2-4, and with the Record-Keeping Section (Page 9) of the USPAP Ethics Rule.
5. Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraiser, or the firm with which the appraiser is connected) shall be disseminated to the public through advertising, public relations, news, sales, or other media without the prior written consent and approval of the appraiser.
6. No significant change is assumed in the supply and demand patterns indicated in the report. The study assumes market conditions as observed as of the current date of our market research stated in the letter of transmittal. These market conditions are believed to be correct; however, the consultants assume no liability should market conditions materially change because of unusual or unforeseen circumstances.
7. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. In the case of improved property, we will not be responsible for conducting a specific compliance survey and analysis of this property to determine whether or not it is in conformity with the various detailed requirements of ADA. It is possible that a compliance survey of the property, together with a detailed analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the value of the property. Since we have no direct evidence relating to this issue, we have not considered possible non-compliance with the requirements of ADA in estimating the value of the property.

## OVERVIEW OF CONSULTING ASSIGNMENT

### PURPOSE OF CONSULTING ASSIGNMENT

The purpose of this consulting assignment is to provide a market analysis and an estimate as to the feasibility of developing a hotel facility within the jurisdiction of the City of Gastonia in Gaston County, NC.

### CLIENT AND INTENDED USERS

The intended users of this report are Ms. Brenda Daniels, of Electricities of North Carolina, Inc., and assigns. Use of this report by others is not the intent of the appraiser.

### INTENDED USE

The intended use of this report is for internal decision-making and planning purposes by the City of Gastonia.

### EFFECTIVE DATE OF THE REPORT

This report is based on market occupancies and the prevailing economic conditions observed on August 5, 2014, the effective date of the report.

### DATE OF THE REPORT

The date of this report is August 5, 2014.

### FORM OF THE REPORT

Though an opinion of value is not a component of this assignment, the analysis, opinions and conclusions, where applicable, were developed and this consulting report has been prepared in conformance with (and the use of this report is subject to) all regulations issued under the Uniform Standards of Professional Appraisal Practice (USPAP 2014 Edition) promulgated by the Appraisal Standards Board of the Appraisal Foundation in Washington D.C.

### SCOPE OF ASSIGNMENT

In collecting the data necessary to form an opinion of feasibility, the appraisers have personally examined the national, state and local market economics for such a facility, including existing and proposed supply of hotels, as well as local and regional demand generators. Market data from other hotel properties on a national basis and within the subject's competitive market is obtained both from the appraiser's own primary research within the local market and from both *Price Waterhouse Coopers' Hospitality and Leisure Group* and *Smith Travel Research*, a Nashville, Tennessee firm specializing in providing market information for hotel/motel properties. We have also reviewed regional and national hotel operating data published in the most recent *TRENDS in the Hotel Industry 2014*, published by PKF Consulting.

In analyzing the data, we have focused on the hotels considered most competitive with a proposed hotel in the market and have analyzed occupancy rates, average daily rates (ADR), amenities, market segmentation, and competitive indices. We have reported the results of our analyses in the form of a narrative report.

#### COMPETENCY OF CONSULTANTS

The consultants' specific qualifications are included within the Addenda to the report. These qualifications serve as evidence of our competence for the completion of this consulting assignment in compliance with the *Competency Provision* contained within the Uniform Standards of Professional Appraisal Practice, as promulgated by the Appraisal Standards Board of the Appraisal Foundation. The consultants' knowledge and experience, combined with their professional qualifications, are commensurate with the complexity of this assignment, based on the following:

- Professional experience
- Educational background and training
- Business, professional, academic affiliations and activities

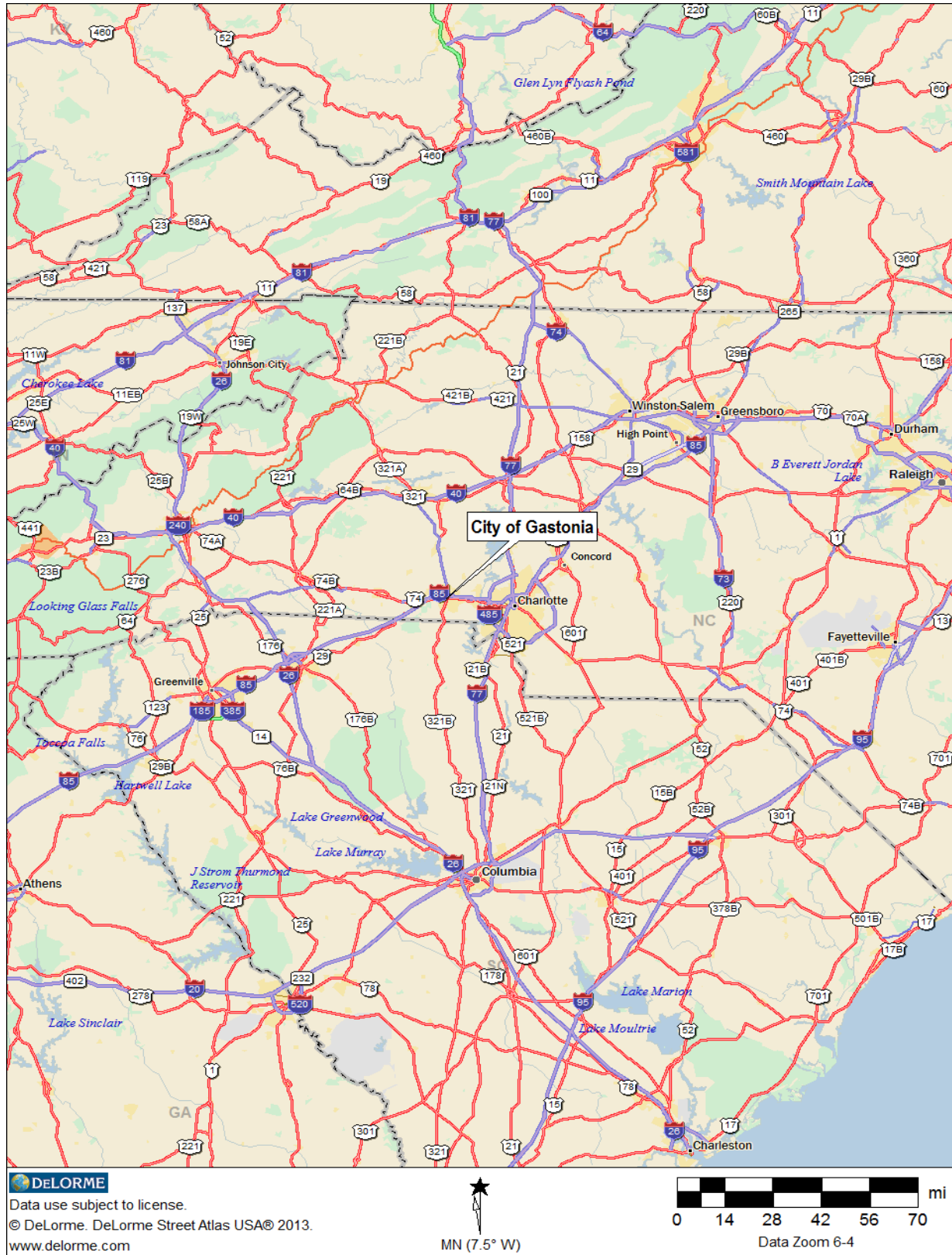
The consultants have previously provided consultation and value estimates for properties of this type throughout the region.

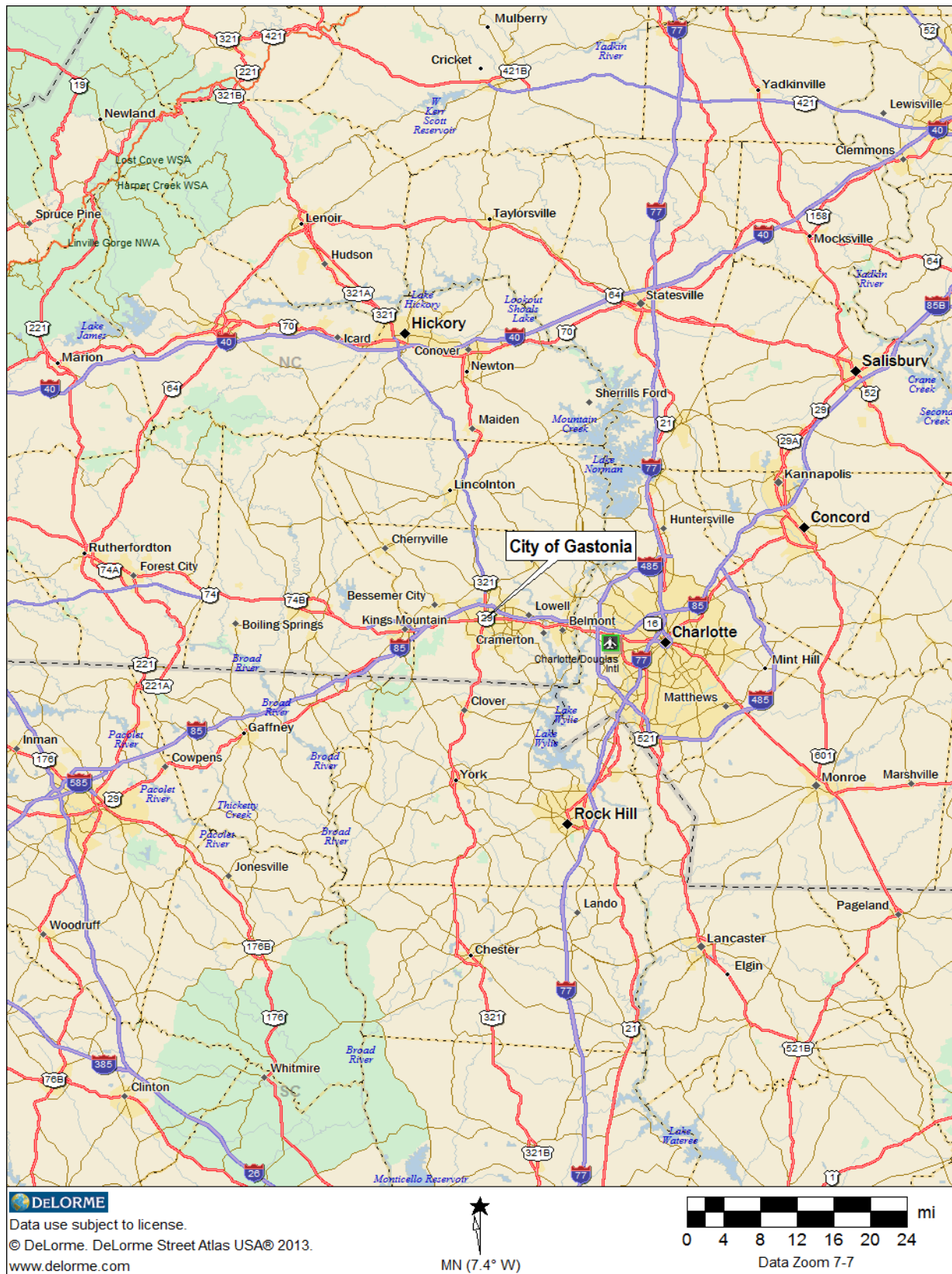


## **GEOGRAPHIC MARKET ANALYSIS**

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## SUBJECT REGIONAL MAPS





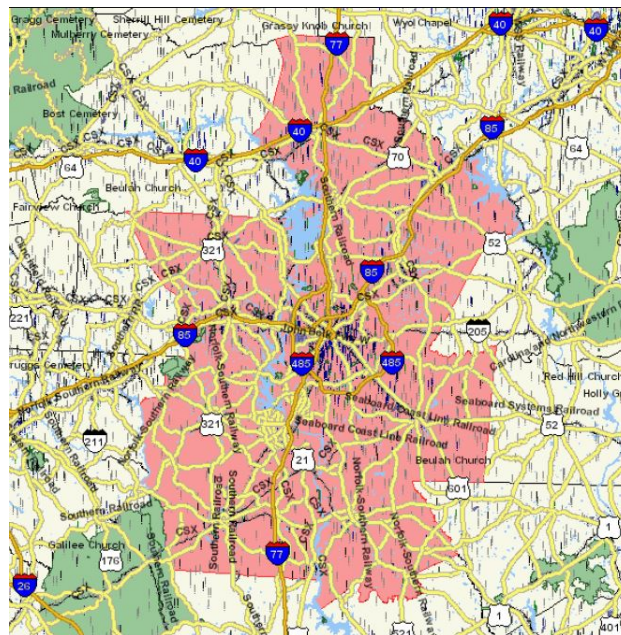
## Geographic Market Analysis

### Introduction

Economic development in the region is influenced by the social, economic, governmental and environmental characteristics of the Charlotte-Concord-Gastonia Metropolitan Statistical Area. The area is also known as the Metrolina or Charlotte Metro. The area consists of seven counties located in the State of North Carolina and three counties located in the State of South Carolina.

### Influences on Market Value

The subject's market value is influenced by the social, economic, governmental and environmental characteristics of the Charlotte-Concord-Gastonia Statistical Area. A map of the statistical area is below.



### Regional

Primary forces are those that influence the region's demographic trends. They include such factors as population density, employment status, quality of education, availability of health care and the overall quality of life that can be found within the region.

A summary of the population in the Charlotte-Concord-Gastonia, NC MSA and Gaston County are listed below.

| Population Estimates, 2014       |           |
|----------------------------------|-----------|
| Charlotte-Concord-Gastonia M.S.A | 2,337,694 |
| Gaston County                    | 209,549   |
| Source: US Census Bureau         |           |

The relative stability of the economy has positively impacted the demographic trends of the region. While job growth typically drives population growth, this area draws a workforce from a larger area than its population boundaries.

The following table is a summary of population data within the region, compared to North Carolina and the USA.

| Area                               | Population Growth Trends |                  |               |                 |                                 |                                 |                                 |
|------------------------------------|--------------------------|------------------|---------------|-----------------|---------------------------------|---------------------------------|---------------------------------|
|                                    | 2000<br>(Census)         | 2010<br>(Census) | 2014<br>(Est) | 2019<br>(Proj.) | %Change<br>2000-10 <sup>1</sup> | %Change<br>2010-14 <sup>1</sup> | %Change<br>2014-19 <sup>1</sup> |
| City of Gastonia                   | 68,340                   | 71,741           | 72,110        | 74,187          | 4.98%                           | 0.51%                           | 2.88%                           |
| Gaston County                      | 190,694                  | 206,086          | 209,549       | 215,860         | 8.07%                           | 1.68%                           | 3.01%                           |
| Charlotte MSA                      | 1,717,675                | 2,217,012        | 2,337,694     | 2,483,899       | 29.07%                          | 5.44%                           | 6.25%                           |
| North Carolina                     | 8,049,313                | 9,535,483        | 9,894,333     | 10,369,588      | 18.46%                          | 3.76%                           | 4.80%                           |
| USA                                | 281,421,906              | 308,745,538      | 317,199,353   | 328,309,464     | 9.71%                           | 2.74%                           | 3.50%                           |
| Source: US Census Bureau, Claritas |                          |                  |               |                 |                                 |                                 |                                 |

In parallel with the region's population growth, the number of households has experienced a slightly positive rate of growth, as shown below.

| Area   | Household Growth Trends |                |                |                 |                                 |                                 |                                 |
|--|-------------------------|----------------|----------------|-----------------|---------------------------------|---------------------------------|---------------------------------|
|  | 2000<br>Census          | 2010<br>Census | 2014<br>(Est.) | 2019<br>(Proj.) | %Change<br>2000-10 <sup>1</sup> | %Change<br>2010-14 <sup>1</sup> | %Change<br>2014-19 <sup>1</sup> |
| City of Gastonia   | 26,844                  | 27,908         | 28,129         | 29,036          | 3.96%                           | 0.79%                           | 3.22%                           |
| Gaston County  | 74,070                  | 79,867         | 81,195         | 83,671          | 7.83%                           | 1.66%                           | 3.05%                           |
| Charlotte MSA  | 929,093                 | 1,140,573      | 1,186,181      | 1,245,869       | 22.76%                          | 4.00%                           | 5.03%                           |
| North Carolina   | 3,132,039               | 3,745,155      | 3,895,324      | 4,090,231       | 19.58%                          | 4.01%                           | 5.00%                           |
| Sources: US Census Bureau, American Community Survey Profile, Claritas, Inc. |                         |                |                |                 |                                 |                                 |                                 |

The Gaston County and the MSA's rate of growth, while lower than North Carolina, have exhibited a positive influence on the demand for the area's commercial real estate. As more households are established within a market, the demand increases for infrastructure and commercial properties to support the population increase.



## **GASTON COUNTY**

Gaston County is bordered by York County (South Carolina) to the south, Cleveland County to the west, Lincoln County to the north and Mecklenburg County to the east. The county is divided into fifteen cities and towns: Belmont, Bessemer City, Cherryville, Cramerton, Dallas, Dellview, Gastonia, High Shoals, Kings Mountain (partial), Lowell, McAdenville, Mount Holly, Randle, Spencer Mountain and Stanley. As of the 2010 Census, the population was 206,086.

The population in this area is estimated to change from 206,086 to 209,549, resulting in an increase of 1.68% between 2010 and the current year. Over the next five years, the population is projected to grow by 3.01%. The population growth in the United States is estimated to increase from 308,745,538 to 317,199,353, resulting in a growth of 2.7% between 2010 and the current year. Over the next five years, the national population is projected to grow by 3.5%.

The number of households in the United States is estimated to change from 116,716,292 to 120,163,305, resulting in an increase of 3.0% between 2010 and the current year. Over the next five years, the number of households is projected to increase by 3.7%. The number of households in this area is estimated to change from 79,867 to 81,195, resulting in an increase of 1.66% between 2010 and the current year. Over the next five years, the number of households is projected to increase by 3.05%.

The average household income in this area is projected to increase 7.2% over the next five years, from \$54,873 to \$58,826. The United States is projected to have an 11.7% increase in average household income. The current year estimated per capita income for this area is \$22,503, compared to an estimate of \$25,933 for the United States.

Currently, it is estimated that 3.6% of the population age 25 and over in this area had earned a Master's, Professional, or Doctorate Degree and 10.8% had earned a Bachelor's Degree. In comparison, for the United States, it is estimated that for the population over age 25, 7.3% had earned a Masters, Professional, and Doctorate Degree, while 17.7% had earned a Bachelor's Degree.

Most of the dwellings in this area (74.6%) are estimated to be Owner-Occupied for the current year. For the entire country the majority of the housing units are Owner-Occupied (65.0%).

In Gaston County, 84.6% of the labor force is estimated to be employed. The employment status of this labor force is as follows: 0.4% are in the Armed Forces, 57.3% are employed civilians, 6.6% are unemployed civilians, and 35.7% are not in the labor force. For the United States, 89.7% of the labor force is estimated to be employed. The employment status of this labor force is as follows: 0.4% are in the Armed Forces, 57.3% are employed civilians, 6.6% are unemployed civilians, and 35.7% are not in the labor force.

The occupational classifications are as follows: 28.7% have occupation type blue collar, 53.4% are white collar, and 17.8% are service & farm workers. For the United States, the occupational classifications are as follows: 20.4% have occupation type blue collar, 60.7% are white collar, and 18.9% are Service & farm workers.

For the civilian employed population age 16 and over in this area, it is estimated that they are employed in the following occupational categories: 1.1% are in Architecture and Engineering, 1.2% are in Arts, Entertainment and Sports, 3.4% are in Business and Financial Operations, 1.7% are in Computers and Mathematics, 5.2% are in Education, Training and Libraries, 5.3% are in Healthcare Practitioners and Technicians, 2.8% are in Healthcare Support, 0.3% are in Life, Physical and Social Sciences, 7.5% are in Management, 12.9% are in Office and Administrative Support, 2.1% are in Community and Social Services, 5.6% are in Food Preparation and Serving, 0.9% are in Legal Services, 0.9% are in Protective Services, 11.7% are in Sales and Related Services, 3.3% are in Personal Care Services, 3.2% are in Building and Grounds Maintenance, 4.9% are in Construction and Extraction, 0.1% are in Farming, Fishing and Forestry, 5.2% are in Maintenance and Repair, 11.3% are in Production, 7.3% are in Transportation and Moving.

For the civilian employed population age 16 and over in the United States, it is estimated that they are employed in the following occupational categories: 1.8% are in Architecture and Engineering, 1.9% are in Arts, Entertainment and Sports, 4.7% are in Business and Financial Operations, 2.5% are in Computers and Mathematics, 6.1% are in Education, Training and Libraries, 5.5% are in Healthcare Practitioners and Technicians, 2.5% are in Healthcare Support, 0.9% are in Life, Physical and Social Sciences, 9.6% are in Management, 13.7% are in Office and Administrative Support, 1.7% are in Community and Social Services, 5.7% are in Food Preparation and Serving, 1.2% are in Legal Services, 2.3% are in Protective Services, 11.0% are in Sales and Related Services, 3.6% are in Personal Care Services, 4.0% are in Building and Grounds Maintenance, 5.1% are in Construction and Extraction, 0.7% are in Farming, Fishing and Forestry, 3.3% are in Maintenance and Repair, 5.9% are in Production, 6.1% are in Transportation and Moving.



## **THE CITY OF GASTONIA**

The City of Gastonia, the County Seat of Gaston County, was incorporated in 1877. The population in this area is estimated to change from 71,741 to 72,110, resulting in an increase of 0.5% between 2010 and the current year. Over the next five years, the population is projected to increase by 2.9%. The population in the United States is estimated to change from 308,745,538 to 317,199,353, resulting in a growth of 2.7% between 2010 and the current year. Over the next five years, the population is projected to grow by 3.5%.

The current year median age for this population is 38.8, while the average age is 39.1. Five years from now, the median age is projected to be 38.6. The current year median age for the United States is 37.7, while the average age is 38.5. Five years from now, the median age is projected to be 38.6.

The number of households in this area is estimated to change from 27,908 to 28,129, resulting in an increase of 0.8% between 2010 and the current year. Over the next five years, the number of households is projected to increase by 3.2%. The number of households in the United States is estimated to change from 116,716,292 to 120,163,305, resulting in an increase of 3.0% between 2010 and the current year. Over the next five years, the number of households is projected to increase by 3.7%.

## **Regional**

Primary forces are those that influence the region's demographic trends. They include such factors as population, employment status, quality of education, availability of health care and the overall quality of life that can be found within the region.

A summary of the forecasted population growth in North Carolina, Gaston County, and the City of Gastonia were presented previously. Overall, the relative stability and the transitioning employment base of the local economy have positively impacted the demographic trends of the city and the region. Since population typically drives demand for new services we see modest demand for the area's commercial real estate in the short run.

There has been several commercial real estate developments completed within the last year, or currently are under construction, within or near the City of Gastonia.

Notable projects include the proposed "Artspace" to be located at the southeast quadrant of South Street and Franklin Boulevard in downtown Gastonia. The City owned site is currently utilized as a parking lot. If approved by the City Council the site will be sold to the non-profit organization Artspace, who intends on developing the site with a 4-story 60,000 square foot building, with living and working space for approximately 40 artists. Caromont Health is also reportedly interested in leasing ground level retail space for a wellness center. The sale of the site will be considered by the City Council in August 2014.

Within the last 12 months two employers; Pacific Coast Feather Company and Owens Corning announced plans to bring approximately 250 jobs to Gaston County.

### **Higher Education**

There are two places of higher learning within Gaston County. Belmont Abbey College is a private, liberal arts college located in the Town of Belmont. The college is associated with the Roman Catholic Church. The school was founded in 1876 and in 2014 had a total undergraduate enrollment of 1,706 students.

Gaston College is a public community college, with the main campus located in the Town of Dallas, with satellite campuses located in the Town of Lincolnton (Lincoln County) and City of Belmont. The school has an average annual enrollment of 5,000 students pursuing college transfer degrees, two year associate degrees and approximately 16,000 students enrolled in continuing education and personal enrichment programs.

Residents of Gaston County also attend and potentially commute to several colleges and universities located in the City of Charlotte, they include: Johnson C. Smith University, Queens University of Charlotte, The Art Institute of Charlotte, Johnson & Wales University and the University of North Carolina at Charlotte.

### **Lifestyle**

Gastonia is known as the cultural and educational center of Gaston County, as well as the county seat. Attractions within the City of Gastonia include downtown Gastonia which was placed on the National Register of Historic Places. The historic central business district consists of approximately 49 acres with approximately 1.1 million square feet of space, located primarily between Long Avenue and Franklin Boulevard. There are numerous locally owned shops, art galleries, restaurants and offices lining the streets of downtown Gastonia. In an effort to revitalize the downtown core the City of Gastonia has offered numerous incentives for business to locate in downtown Gastonia. The IDEAL program, which stands for Investment in Downtown Economic Assistance and Livability, is a program that offers financial assistance to new and existing businesses and property owners located in Downtown Gastonia. The incentive is available for most uses and offers reimbursement of up to 50% of respective upfit expenses, architectural design services and façade improvements.

Within the City of Gastonia there are several attractions including the Schiele Museum of Natural History and the American Military Museum.

The Gastonia County Conference Center was built in 2011 at a cost of approximately \$10 million and is located on the west side of South Marietta Street in downtown Gastonia. The 30,000 square foot, LEED certified building can accommodate over 450 meeting attendees and 300 attendees for a seated banquet function. The center features ten meeting rooms and a 5,100 square foot ballroom. The conference center is owned by the City of Gastonia and is currently managed by an independent firm the "Wilderman Group". According to public records the center had an operating deficit of \$206,000 in fiscal year 2013-2014, a 26% improvement from the operating deficit of \$279,000 in fiscal year 2012-2013. Reportedly the management agreement is currently being negotiated for a new two year contract to begin in the Fall of 2014. Per the City Council the agreement will likely contain more short term benchmarks. The management agreement sets a "loss limit" of approximately \$185,000 per annum, with the management group responsible for all losses over the loss limit.

We spoke with Mr. Bill Owen, General Manager of the facility. *Mr. Owen reported that while the facility is currently operating at a deficit, sales activity of the center has continued to improve as the center gains market awareness and exposure. He reported strong Monday through Friday conference business, with the majority of attendees locally based. Existing clients that hold monthly, quarterly or annual meetings at the center include McDonalds, BB&T, Edward Jones and several trade associations and real estate firms. He stated that when the center opened he was directed to focus on local commercial convention business and is in the process of searching for a second sales manager who will focus primarily on Social activities (weddings, banquets, reunions).*

The general consensus among City Officials and others we spoke too was that a downtown based hotel, located near the convention center would be an asset to the Conference center, broadening the potential client mix in both the business and social sectors. There are currently no acceptable downtown based hotel accommodations located within walking distance of the conference center and attendees requiring overnight accommodations often will stay at one of the hotels located along the I-85 Corridor (see Primary Supply Analysis, Page 51).

Gastonia is also home to several annual events and festivals including "Party at the Pavilion" a summer concert series with one free concert held in May, June, July (includes 4<sup>th</sup> of July activities) and August. The concerts are held at the Centennial Rotary Pavilion in Downtown Gastonia.

Sims Legion Park is a 3,000-seat baseball stadium located on North Marietta Street in north Gastonia. The stadium was renovated in 2011 and is the home of the "Gastonia Grizzlies" a collegiate summer baseball team that plays in the Coastal Plain League. The stadium hosted 29 home games in 2012 with an average attendance of approximately 2,000 fans per game.

Other regional attractions that are nearby include Daniel Stowe Botanical Garden located 12 miles to the southeast in Belmont, Crowders Mountain State Park located 9 miles to the southwest in Gastonia, US National Whitewater Center located 16 miles to the east in Charlotte, Gaston County Museum located 4 miles to the north in Dallas, Christmas Town, USA located 9 miles to the northwest in McAdenville and Kings Mountain National Military Park located 21 miles to the southwest in Blacksburg, South Carolina. We note that the City of Charlotte is approximately 20 miles to the east of downtown Gastonia, there are numerous museums, theaters, sporting events, festivals and events held in and around the City of Charlotte.

The City of Gastonia community calendar is filled with events that include historical tours, live music, fairs and festivals and numerous holiday events.

Based on the City history and its attraction as a point of interest there is ample opportunity for all types of travelers to be entertained while visiting Gastonia.

#### *Healthcare*

Caromont Regional Medical Center or "Gaston Memorial Hospital" is a 435-bed hospital located in the northeast area of the City of Gastonia. Services offered include emergency services, outpatient and inpatient surgery, diagnostic imaging, pediatrics, birthing center, rehabilitation, aquatic therapy & exercise, and cardiac rehab.

## Economic

According to The Appraisal of Real Estate, Twelfth Edition, "the relevance of economic influences to the appraisal process, relates to the financial capacity of a market area's occupants to rent or own property, maintain it in an attractive and desirable condition, and renovate or rehabilitate it as appropriate." In order to determine the economic condition of the region, we have researched items such as median household income, home ownership, unemployment, and employment by industry.

### *Median household Income*

This is one of the primary demographic indicators of the regional economy's strength or weaknesses. Income drives the effective demand for commercial real estate. Typically, a market with a high median household income is indicative of economic vitality and a high standard of regional living.

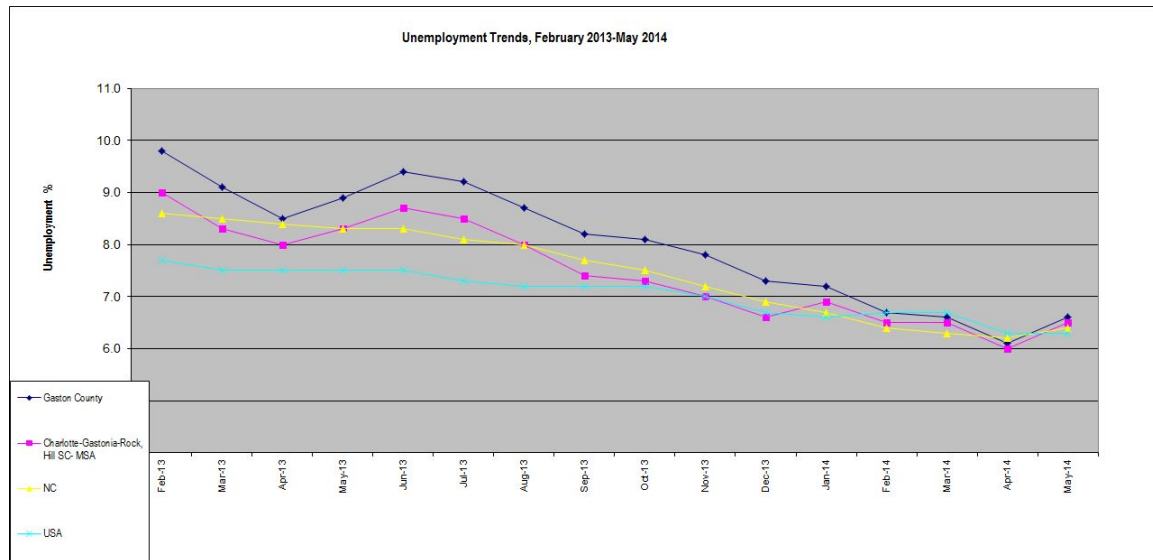
The following table is a summary of the median household income levels within the City of Gastonia, Gaston County, North Carolina, and the USA.

| Median Household Income Estimates  |          |          |         |
|--|----------|----------|---------|
|  | 2000     | 2014     | %Change |
| Area   | Census   | (Est.)   | 2000-14 |
| Gastonia   | \$37,480 | \$36,673 | -2.15%  |
| Gaston County  | \$39,846 | \$40,436 | 1.48%   |
| North Carolina   | \$39,585 | \$45,049 | 13.8%   |
| USA  | \$42,728 | \$51,579 | 20.7%   |
| Sources: US Census Bureau, American Community Survey Profile, Claritas, Inc. |          |          |         |

While the most recent economic recession that began in the Fall of 2008 created substantial job losses, resulting in a lower median household income nationally, the regions median household income maintained its growth, at its historical level slightly below the state and the United States levels. This is a definitive indicator of a stable economy and bodes well for the commercial real estate market within the Gaston County area. We do note that household income within the City of Gastonia is significantly below the County and State average. This is likely attributable to an older population base as well as the local employment base being dominated by low to moderate paying manufacturing and retail jobs.

### Industries and Employment

The following graph is a summary of the historical unemployment rates within Gaston County, the Charlotte-Concord-Gastonia MSA, North Carolina, and USA.



The average annual unemployment rate for Gaston County has maintained a level slightly above the national unemployment rate and the State of North Carolina unemployment rate for the last 16 months. The MSA, as well as Gaston County unemployment rate has trended downward toward the statewide unemployment rate over the last six months. We anticipate unemployment within Gaston County and the MSA to continue to improve.

We note that several organizations including the North Carolina Department of Commerce, Gaston County, the Gaston County Economic Development Commission and the City of Gastonia have been working together to attract major corporations to the area. Within the last 12 months two employers; Pacific Coast Feather Company and Owens Corning announced plans to bring approximately 250 jobs to Gaston County.

The following table provides a list of the top twenty-five employers in Gaston County according to the NC Employment Security Commission.

| Top 25 Employers in Gaston County, 1 <sup>st</sup> Quarter 2013 |                                   |                  |
|---|-----------------------------------|------------------|
| Company Name  | Industry                          | Employment Range |
| Gaston County Schools   | Education & Health Services       | 1,000+           |
| Caromont Health   | Education & Health Services       | 1,000+           |
| Freightliner Corp   | Manufacturing                     | 1,000+           |
| County Of Gaston  | Public Administration             | 1,000+           |
| Wal-Mart Associates Inc.  | Trade, Transportation & Utilities | 1,000+           |
| American & Efird LLC  | Manufacturing                     | 1,000+           |
| Fka Wix Filtration Corp   | Manufacturing                     | 1,000+           |
| City Of Gastonia  | Public Administration             | 500-999          |
| Gaston College  | Education & Health Services       | 500-999          |
| Pharr Yarns Inc.  | Manufacturing                     | 500-999          |
| Dole Fresh Vegetables Inc.                                      | Manufacturing                     | 500-999          |
| Food Lion   | Trade, Transportation & Utilities | 500-999          |
| NC Advance Stores Co Inc.                                       | Trade, Transportation & Utilities | 250-499          |
| Bi Lo LLC   | Trade, Transportation & Utilities | 250-499          |
| Century Employer Organization                                   | Professional & Business Services  | 250-499          |
| Industrial Fabricators Inc.                                     | Manufacturing                     | 250-499          |
| At&T Services Inc.  | Information                       | 250-499          |
| Lowes Home Centers Inc.   | Trade, Transportation & Utilities | 250-499          |
| General Mills Restaurants Inc.                                  | Leisure & Hospitality             | 250-499          |
| Barrett Business Services Inc.                                  | Professional & Business Services  | 250-499          |
| Belmont Abbey College   | Education & Health Services       | 250-499          |
| Gaston County Family YMCA                                       | Other Services                    | 250-499          |
| McDonald's Restaurants Of NC Inc.                               | Leisure & Hospitality             | 250-499          |
| Holy Angels Inc.  | Education & Health Services       | 250-499          |
| Stabilus, Inc.  | Manufacturing                     | 250-499          |

Over the past several years the region has undergone significant transitions in its employment mix. The workforce is diversified and the largest employers come from several different sectors, with, education and health services, public administration and manufacturing being the most significant sectors. Although the area is historically known as an area heavily influenced by manufacturing, the preceding table indicates the area is transitioning to a more diversified employment base.

### Governmental

This influence relates to laws and regulation, along with the area's rates of property taxation. Also of relevance is the relationship between private sector businesses and the public sector.

### Property Taxes

In analyzing the cities property tax rates we have compared the tax rates for the City of Gastonia with the tax rates of the other major municipalities near Gaston County and compared Gaston County to other counties which border it. The comparative data is shown in the following table.

| County/<br>Municipality | 2013-2014<br>Tax Rate | Yr. of Last<br>Reval. | County        | City/Town   | Sales<br>Assess<br>Ratio | Effective<br>Tax Rate |
|-------------------------|-----------------------|-----------------------|---------------|-------------|--------------------------|-----------------------|
| Cabarrus                | 0.70                  | 2012                  | 0.70          |             | 0.9965                   | 0.6976                |
| Cleveland               | \$0.72                | 2008                  | 0.72          |             | 1.0529                   | \$0.76                |
| <b>Gaston</b>           | <b>\$0.87</b>         | <b>2007</b>           | <b>0.87</b>   |             | <b>1.058</b>             | <b>\$0.92</b>         |
| Lincoln                 | \$0.60                | 2011                  | 0.60          |             | 1.0723                   | \$0.64                |
| Mecklenburg             | \$0.82                | 2011                  | 0.82          |             | 1.00                     | \$0.82                |
|                         |                       |                       |               |             |                          |                       |
| <b>Gastonia</b>         | <b>\$0.87</b>         | <b>2007</b>           | <b>\$0.87</b> | <b>0.53</b> |                          | <b>\$1.40</b>         |
| Charlotte               | \$0.78                | 2011                  | \$0.82        | 0.4687      |                          | \$1.28                |
| Concord                 | \$0.70                | 2012                  | \$0.70        | 0.48        |                          | \$1.18                |

Gastonia's tax rates are in the upper range of municipalities in the region. The higher than average tax rate limits the ability of attracting corporations considering relocation or expansion in the county.

The economic development policies of the county and municipal governments have positively impacted real estate development over the past decade. While the base tax rate is above other Counties and Municipalities in the region, Gaston County and the City of Gastonia have offered several incentives in an effort to expand the tax base.

Developers generally find a favorable response to applications with approval fees and impact fees generally in line with other major urban areas.

### Environmental

For the purpose of this analysis, environmental influences include such factors as accessibility of transportation within the region, the adequacy of public utilities and the attractiveness of routes into and out of the area.

### Highways

With approximately 78,000 miles of highways, North Carolina has one of the largest, state-maintained highway systems in the country. Several Interstate highways intersect the Charlotte-Concord-Gastonia region, giving the area excellent access to many east coast destinations and permitting the area to be within two days trucking distance of over 60% of the U.S. industrial base.



Interstate 85 bisects the City of Gastonia and is a major east-west corridor proving regional access to the area. Interstate 85 provides direct access to Interstate 485, the beltway that loops around the City of Charlotte approximately 13 miles to the east. Interstate 77 is also accessible via I-85 approximately 21 miles to the east. The north-south highway provides direct access to the City of Columbia (South Carolina) approximately 90 miles to the south and to the north the municipalities of Huntersville (15 miles), Mooresville (28 miles) and Statesville (40 miles). US Highway 74, known as Andrew Jackson Highway is a primary regional corridor that bisects the central area of the City of Gastonia. The highway runs parallel to Interstate 85 in the area surrounding Gastonia and provides direct access to the Town of Kings Mountain (12 miles west) and the City of Charlotte (20 miles east). US Highway 321 is a north-south highway that bisects the City of Gastonia. The highway provides direct access to the State of South Carolina (8 miles south) and the Town of Lincolnton (15 miles north) and the City of Hickory (35 miles north).

Given its accessibility to major highways traffic counts in the area are significant and it's considered a good location to position businesses related to the distribution of goods since many metropolitan areas can be reached via trucking service in one day.

#### *Air*

The primary airport in the regional area is Charlotte Douglas International Airport, located 15 miles to the east in the City of Charlotte. Gastonia Municipal Airport is located approximately 5 miles south of downtown Gastonia. The City owned airport is a general aviation facility with no general public passenger flights offered at the facility.

#### **Conclusion**

Located in western North Carolina, Gaston County and the City of Gastonia have continued to experience relative economic stability over the past decade despite national and local economic downturns. Unemployment has trended slightly higher than the national and MSA averages, however several businesses have recently located in the region replacing many of the manufacturing jobs which were lost in the recession that began in 2008. The City of Gastonia has worked to reposition the City into a diverse business friendly community in order to grow the economic base. Extensive efforts have also been put towards strengthening downtown Gastonia as a destination with various annual events and a strong cultural presence in respect to the arts and cultural resources.

## **NATIONAL LODGING MARKET SUPPLY AND DEMAND ANALYSIS**

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## **UNITED STATES HOTEL MARKET OVERVIEW**

PricewaterhouseCoopers' Hospitality & Leisure Consulting Practice lodging demand forecast calls for increased recovery in 2014. Overall, the outlook anticipates modest increases in occupancy, RevPar and Average Daily Rate for 2014. Occupancy is anticipated to increase by 2.1% to 63.5%, Average Daily Rate is anticipated to increase by 4.3% to \$115.06 and nominal RevPar is anticipated to increase by 6.5% to \$73.08. RevPar is anticipated to surpass its historical peak in 2007, indicating that the hotel industry is returning to pre-recession stability.

### **Room Starts**

The volume of room starts has gradually increased in 2014 as the hotel industry has recovered from the recession that began in 2008. Projects under construction are expected to reach completion and result in supply growth of 1.0%, less than the 15 year average growth rate of 2.2%.

In 2014, average room supply grew the most in the upscale lodging segment, which posted a year-over-year increase of 3.5%. The luxury segment trailed them with a 1.4% average increase in room supply, while the independent hotel segment reported a growth rate of 0.5%. Other hotel segments reported minimal increases in supply with the upper upscale segment reporting a 1.3% increase, the upper midscale segment reporting a 1.0% increase and the economy segment reporting a 0.3% increase. The only segment to report a reduction in supply is the midscale segment, which reported a 0.3% reduction in supply.

The lack of hotel development activity can be attributed to hotel operators and developers seeking out existing properties for less than replacement cost and the lack of available financing for speculative hotel development.

### **Investment Activity**

Sales activity in the lodging industry increased to approximately \$16.9 Billion in 2013, a 30% increase from 2012 according to STR Analytics. The percent of transactions involving distressed assets dropped to 7% last year, compared to 2012 when struggling properties were included in about 13% of transactions. Price per room averaged close to \$192,000 in 2013, similar to 2012.

Sales Activity through the first five months of 2014 has increased to \$8.3 Billion, a 4% increase over the first five months of 2013. Sales Volume is anticipated to be approximately \$25 Billion in 2014. Sales activity in the lodging industry has increased over the first five months of 2014 due to the loosening of lending requirements, continued anticipation of improvement of the general economy, an expected increase in average daily rate (ADR) and RevPAR growth and anticipated demand outpacing increase to the supply.

### **Performance Trends**

Overall occupancy for the lodging industry was 63.5% for the first five months of 2014, a 2.1% increase from the same period in 2013. Occupancy levels increased in each chain-scale segment over this time period. Occupancy levels ranged from a 2.9% increase in the upper midscale sector to 0.5% in the luxury sector.

The overall ADR for the lodging industry was \$115.06 for the first five months of 2014, according to Smith Travel Research. Improvement in ADR was reported in all chain scale segments over the past year and had increased by 4.3% over the previous period. The percentage increase of ADR by segment class consisted of a 5.8% increase in the luxury segment, 4.9% increase in the upper upscale segment, 4.2% in the upscale segment, 3.1% in the upper midscale segment, 3.3% in the midscale segment, 3.8% in the economy segment, and 4.3% in the independent segment.

The U.S. Lodging Industry has seen an increase in the supply of mid-scale hotels without food and beverage over the last several years. Limited-service hotels which are often classified as economy, midscale and upper midscale seem to do well, especially during economic downturns when travelers closely watch their spending habits making this segment more attractive to investors. The change in market share over the last Lodging Census, 2000-2010, are shown in the following table.

| Change to Total U.S. Lodging Industry Market Share, 2000-2010 |          |
|---|----------|
| Segment   | % change |
| Luxury  | 0.9      |
| Upper Upscale   | 0.4      |
| Upscale   | 3.8      |
| Upper Midscale  | 0.6      |
| Midscale  | -1.1     |
| Economy   | -1.2     |
| Independent   | -2.5     |

### **National Economy/Limited-Service Lodging Segment**

The three chain scales (economy, midscale and upper midscale) that comprise the economy/Limited-Service Segment continue to perform very similarly. All three of the scales reported growth in respect to occupancy, ADR and RevPar.

#### **Economy**

RevPAR performance in the economy segment has generally traced a weaker than average path. Results through the first five months of 2014 were better than anticipated, in particular showing a 2.0% increase in occupancy to 56.1%, 3.8% increase in ADR to \$56.31 and 5.9% increase in RevPar to \$31.56. Supply within the sector contracted by 1.0% in 2013 and is forecasted to increase by approximately 0.3% in 2014.

#### **Midscale**

Year-over-year comparisons in the midscale segment are still being slightly impacted by the reclassification of Best Western properties (Best Western Plus properties to upper midscale, and Best Western Premier properties to upscale). Results through the first five months of 2014 were better than anticipated, in particular showing a 2.4% increase in occupancy to 57.2%, 3.3% increase in ADR to \$79.17 and 5.8% increase in RevPar to \$45.30. Supply within the sector increased by 1.2% in 2013 and is forecasted to decrease by approximately 0.3% in 2014.

### Upper Midscale

The upper midscale segment held ADR levels during the recession better than the industry overall, but experienced greater declines in occupancy. Upper midscale hotels are expected to drive ADR increases in 2014 but also look to capture increased levels of demand. In some cases, upper midscale hotels may benefit as upscale hotels set higher transient rates, causing more price sensitive leisure and, in some cases, business travelers, to return to upper midscale hotels. Reporting of results for the upper midscale segment is still being impacted by the substantial number of Best Western properties that moved from the Best Western core affiliation, which is classified by Smith Travel Research in the midscale segment, to the Best Western Plus designation, which is classified as upper midscale. Results through the first five months of 2014 were better than anticipated, in particular showing a 2.9% increase in occupancy to 65.7%, 3.1% increase in ADR to \$103.49 and 6.1% increase in RevPar to \$67.95. Supply within the sector increased by 1.0% in 2013 and is forecasted to decrease by approximately 2.6% in 2014.

A summary of lodging data for all economic indicators for 2014 and 2015 (forecasted) for all scales follows.

**Table 3: Chain scale summary, percentage change from prior year**

| Chain scale        | 2014   |        |           |     |        | 2015   |        |           |     |        |
|--------------------|--------|--------|-----------|-----|--------|--------|--------|-----------|-----|--------|
|                    | Demand | Supply | Occupancy | ADR | RevPAR | Demand | Supply | Occupancy | ADR | RevPAR |
| Luxury             | 1.9    | 1.4    | 0.5       | 5.8 | 6.3    | 1.3    | 1.1    | 0.3       | 6.0 | 6.3    |
| Upper upscale      | 3.1    | 1.3    | 1.7       | 4.9 | 6.7    | 1.7    | 1.4    | 0.3       | 6.4 | 6.8    |
| Upscale            | 5.5    | 3.5    | 1.9       | 4.2 | 6.2    | 3.4    | 3.0    | 0.4       | 5.9 | 6.3    |
| Upper midscale     | 3.9    | 1.0    | 2.9       | 3.1 | 6.1    | 4.7    | 2.6    | 2.1       | 3.5 | 5.7    |
| Midscale           | 2.1    | (0.3)  | 2.4       | 3.3 | 5.8    | 2.6    | 0.5    | 2.1       | 3.2 | 5.3    |
| Economy            | 2.3    | 0.3    | 2.0       | 3.8 | 5.9    | 2.6    | 0.4    | 2.2       | 3.5 | 5.7    |
| Independent hotels | 2.2    | 0.5    | 1.7       | 4.3 | 6.1    | 1.2    | 0.5    | 0.7       | 5.6 | 6.3    |
| US total           | 3.1    | 1.0    | 2.1       | 4.3 | 6.5    | 2.5    | 1.3    | 1.3       | 5.1 | 6.4    |

Source: PwC

There has been discussion in the past about whether or not there is enough value added to an independent hotel to justify paying the franchise and royalty fees associated with carrying recognizable flag. The cost associated with a national hotel name can reach as high as 10-15% of the property's total revenue.

Survey findings also indicate that 82 percent of travelers who plan their trips online now also book reservations online. That indicates more than 64 million Americans bought or reserved an airline ticket, hotel room, rental car or package tour online, up from 70 percent in 2004. With more consumers and travelers booking travel reservations online it's likely that being associated with a recognizable chain lodging facility is even more desirable. Although the franchise fees are a large expense, it has been estimated that the flag drives as much as 20% of the property's bookings. Additionally the recognition of a flag makes the prospective projects more appealing to potential customers as well as potential lenders who will finance the development projects.

### **National Hotel Market Summary**

The national hotel industry appears to have recovered from the economic recession that began in 2008. In 2013, both occupancy and inflation adjusted Average Daily Rate had reached mid 2005 levels. The changes in lodging industry market share show the supply of lodging moving towards the mid-scale sector due to the lower volatility in occupancy in recessionary environments.

We anticipate the national hotel market to continue to improve, with continued annual gains in occupancy, ADR and RevPar due to the general continued improvement in respect to economic conditions, as well as a general lack of new hotel development on a nationwide basis.

## STATE LODGING MARKET SUPPLY AND DEMAND ANALYSIS

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## STATE AND REGIONAL HOTEL MARKET OVERVIEW

State and regional tourism/hotel data in the following table indicates that the state and regional hotel industry has been consistent with the national market. This data is collected by NC State University, North Carolina Department of Commerce Division of Tourism, and Smith Travel Research.

| NC Travel Tracker Summary-Year End 2013 |            |        |
|---|------------|--------|
| Categories                              | 2013       | 2012   |
| Airport Deplanements                    | 28,409,372 | 3.8%   |
| Airport Enplanements                    | 28,417,947 | 3.8%   |
| Hotel/Motel Occupancy                   | 58.3%      | 1.7%   |
| Average Daily Room Rate                 | \$86.72    | 2.3%   |
| Revenue Per Available Room              | \$50.78    | 3.9%   |
| Welcome Centers                         | 7,085,686  | -3.0%  |
| State Parks                             | 13,945,168 | -4.7%  |
| National Parks                          | 15,809,690 | -10.2% |
| Regional Visitor Centers                | 2,303,680  | 3.1%   |

The North Carolina occupancy rate reported for year-end 2013 was 58.3%. On the state level, occupancy rates increased by 1.7% as of year-end 2013 from year-end 2012, while room rates rose 2.3% to \$86.72. RevPAR also increased by 3.9% or \$50.78 per available room from 2012.

The North Carolina Department of Commerce also provides a breakdown of Hotel/Motel statistics in the coastal, piedmont, and mountain submarkets. As seen in the table below, the regional hotel market occupancy was down in each marketing region. This is consistent with information obtained from our own survey of hotels in the surrounding region, which we consider to be competitors. The following table summarizes the reported statistics for North Carolinas three major marketing regions.

| North Carolina Travel Tracker Marketing Regions Summaries for Year End 2013 |           |                  |            |                  |            |                  |
|---|-----------|------------------|------------|------------------|------------|------------------|
| Regions   | Coast     | Change from 2012 | Piedmont   | Change from 2012 | Mountains  | Change from 2012 |
| Airport Deplanements  | 907,253   | -4.90%           | 27,171,747 | 4.00%            | 338,947    | 7.20%            |
| Airport Enplanements  | 904,868   | -6.10%           | 27,165,599 | 4.10%            | 338,905    | 6.70%            |
| Hotel/Motel Occupancy   | 56.4%     | -0.90%           | 59.4%      | 2.10%            | 57.4%      | 4.60%            |
| Average Daily Room Rate   | \$84.33   | 1.70%            | \$85.65    | 1.90%            | \$99.26    | 5.20%            |
| Rev. Per Available Room   | \$46.09   | 0.50%            | \$51.41    | 3.70%            | \$57.00    | 10.0%            |
| Welcome Centers   | 2,589,205 | -5.50%           | 2,587,681  | -2.40%           | 1,908,800  | -0.2%            |
| Regional Visitor Centers  | 1,870,689 | 4.70%            | 330,091    | -1.90%           | 102,900    | -7.20%           |
| State Parks   | 5,345,875 | 7.30%            | 6,915,843  | -4.50%           | 1,683,450  | -3.70%           |
| National Parks  | 3,413,347 | -5.50%           | 557,744    | 78.0%            | 11,838,599 | -14.10%          |



## Tourism Overview

In 2012, the latest available reporting period, domestic travelers spent \$20.2 billion across the state, an increase of 4.1% over the \$19.4 billion spent in 2011. In addition, tourism expenditures supported an estimated 193,610 jobs in 2012. The tourism industry contributed \$4.56 billion to the state's payroll in 2012. Traveler spending generated over \$3.03 billion in tax receipts, \$1.42 billion in federal taxes, \$1 billion in state taxes and \$597.3 million in local tax revenue. Approximately 50 million visitors traveled to North Carolina, ranking sixth in person-trip volume by state behind California, Florida, Texas, Pennsylvania, New York and Pennsylvania. Approximately 65.5% of North Carolina person trips, around 30 million visitors, spend one or more nights in the state. Approximately 44% stay in hotels, motels, and B&B's. Annual tourism expenditures for the state over the last ten years are summarized in the following table:

| North Carolina Tourism Revenues, billions |         |         |         |         |         |         |         |         |         |         |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 2002                                      | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    | 2011    | 2012    |
| \$12.45                                   | \$12.63 | \$13.25 | \$14.21 | \$15.40 | \$16.51 | \$16.86 | \$15.62 | \$17.02 | \$18.41 | \$19.41 |
| Source: NC Dept. of Commerce              |         |         |         |         |         |         |         |         |         |         |

\*As of the day of this report preliminary information was not yet available for 2013, the chart reflects tourism revenue through 2012, the most recent information available.

## Western Region

The following table provides a snapshot of the Charlotte Regional Partnership Tourism statistics for 2012, the most recent reporting period.

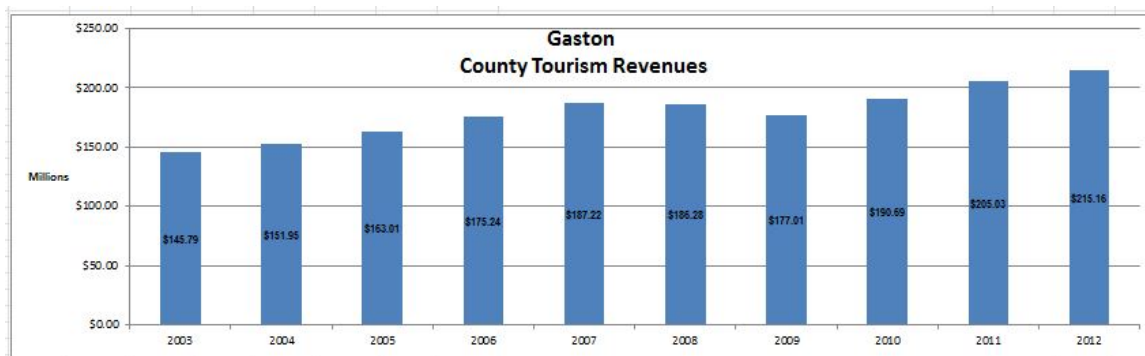
| 2012 County Tourism Statistics, Charlotte Regional Partnership |                            |                               |                       |                           |                                     |                                     |
|--|----------------------------|-------------------------------|-----------------------|---------------------------|-------------------------------------|-------------------------------------|
| County   | Expenditures<br>(millions) | Percent Change<br>(2011-2012) | Payroll<br>(millions) | Employment<br>(thousands) | State Tax<br>Receipts<br>(millions) | Local Tax<br>Receipts<br>(millions) |
| Alexander  | 17.50                      | 2.8%                          | 2.48                  | 0.11                      | 0.95                                | 0.70                                |
| Anson  | 16.0                       | 2.6%                          | 1.88                  | 0.10                      | 0.91                                | 0.38                                |
| Cabarrus   | 362.97                     | 6.7%                          | 77.27                 | 3.94                      | 20.27                               | 6.33                                |
| Catawba  | 220.74                     | 2.4%                          | 38.54                 | 2.08                      | 11.87                               | 6.45                                |
| Cleveland  | 92.44                      | 4.8%                          | 12.81                 | 0.65                      | 5.28                                | 1.57                                |
| <b>Gaston</b>  | <b>215.16</b>              | <b>4.9%</b>                   | <b>32.73</b>          | <b>1.74</b>               | <b>11.98</b>                        | <b>3.48</b>                         |
| Iredell  | 205.73                     | 5.8%                          | 30.65                 | 1.66                      | 11.06                               | 6.23                                |
| Lincoln  | 47.80                      | 5.2%                          | 7.42                  | 0.36                      | 2.57                                | 1.38                                |
| Mecklenburg  | 4,404.86                   | 7.0%                          | 1,432.54              | 45.12                     | 205.71                              | 107.28                              |
| Rowan  | 137.74                     | 5.5%                          | 21.70                 | 1.21                      | 7.16                                | 4.44                                |
| Stanly   | 69.24                      | 2.7%                          | 8.75                  | 0.46                      | 3.91                                | 2.00                                |
| Union  | 108.62                     | 7.3%                          | 16.29                 | 0.89                      | 5.88                                | 1.94                                |
| Total/ Av.   | 5,898.79                   | 5.3%                          | 1,683.06              | 58.32                     | 287.55                              | 142.18                              |
| State Totals   | 19,409.81                  | 5.4%                          | 4,391.60              | 193.58                    | 970.49                              | 578.99                              |
| Source: NC Dept. of Commerce                                   |                            |                               |                       |                           |                                     |                                     |

## Gaston County

Domestic tourism in Gaston County generated an economic impact of \$215.16 million in 2012. This was a 4.9% increase from 2011, which is less than, though consistent with the 5.4% state wide increase. In 2012, Gaston County ranked 18<sup>th</sup> in travel impact among North Carolina's 100 Counties. More than 1,740 jobs in Gaston County were directly attributable to travel and tourism. Travel generated \$32.73 million in payroll in 2012. State and local tax revenues from travel to Gaston County amounted to \$15.46 million. This represents a \$74.12 tax saving to each county resident.

Area attractions include the Schiele Museum of Natural History, Daniel Stowe Botanical Garden, U.S. National Whitewater Center and Crowders Mountain State Park.

Annual tourism expenditures for Gaston County over the last ten years are summarized in the following table.



As with the state tourism expenditures, Gaston County tourism expenditures have increased steadily with a decreased noticed in 2009. The reduction can be attributed to the economic recession which began in the Fall of 2008. The state as a whole also saw a reduction in tourism expenditures in 2009, with increases in 2010 and 2011. We expect the Gaston County statistics to continue to trend along with the state statistics and would anticipate tourism in the county to increase in the long run.

## **PRIMARY LODGING MARKET SUPPLY AND DEMAND ANALYSIS**

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### **Primary Lodging Market Supply and Demand Analysis**

After analyzing the national and state supply and demand for hotel properties, investigation is focused on the economic environment surrounding the subject area of Gaston County and the City of Gastonia. We will first examine the sources of demand for room nights in the local area, followed by an analysis of the existing and proposed supply of hotel rooms in the subject's primary market.

### **LOCAL DEMAND ANALYSIS**

Choosing a geographic area upon which local demand analysis is concentrated requires an objective examination of the community as well as the interaction of the subject's community with other cities and towns in the region. One must consider the inter-temporal substitution consumers will make in the future as well as the relative competition other communities' exhibit based on their infrastructure and amenities.

Consumer preference will vary depending upon a number of variables but typically one will make accommodation choices based on their convenience to their destination, restaurants, and ease of access to the interstate or other major highways.

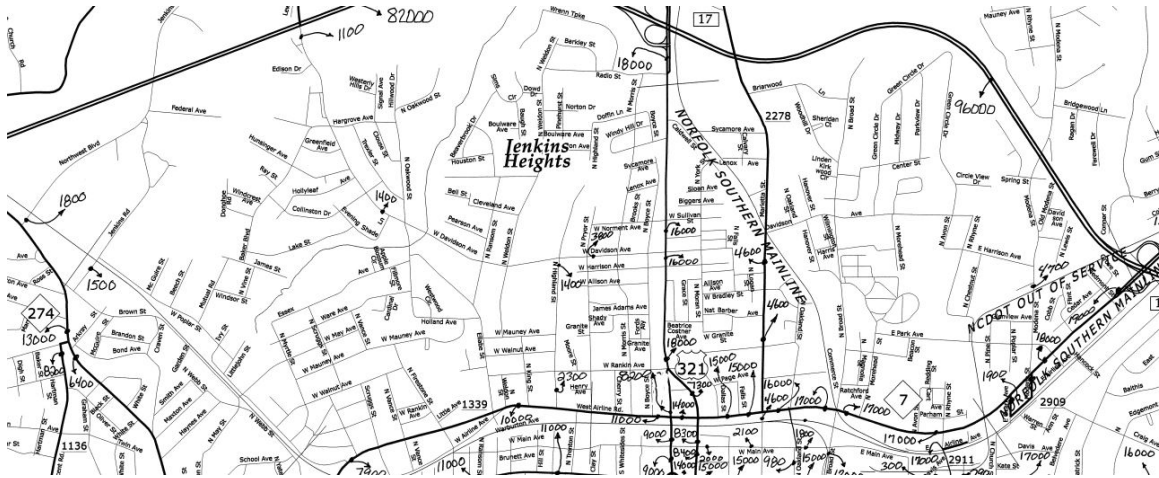
While leisure travel to Gastonia and Gaston County contributes to local demand for room nights in the area, an examination of travel and occupancy patterns in the primary market reveals the majority of demand seen by hotels is related to the commercial segment. A detailed discussion of the market segmentation can be found on pages 67-72.

Taking these and other factors into consideration, we estimate the vast majority of any proposed hotels competitors will be found within a few miles of the I-85 Corridor, which bisects the City of Gastonia. While the City of Charlotte, located approximately 20 miles to the east along the I-85 Corridor has numerous hotels, the City is generally considered a separate economic entity and in our opinion would not be considered by the typical hotel guest if traveling through or to a Gastonia destination.

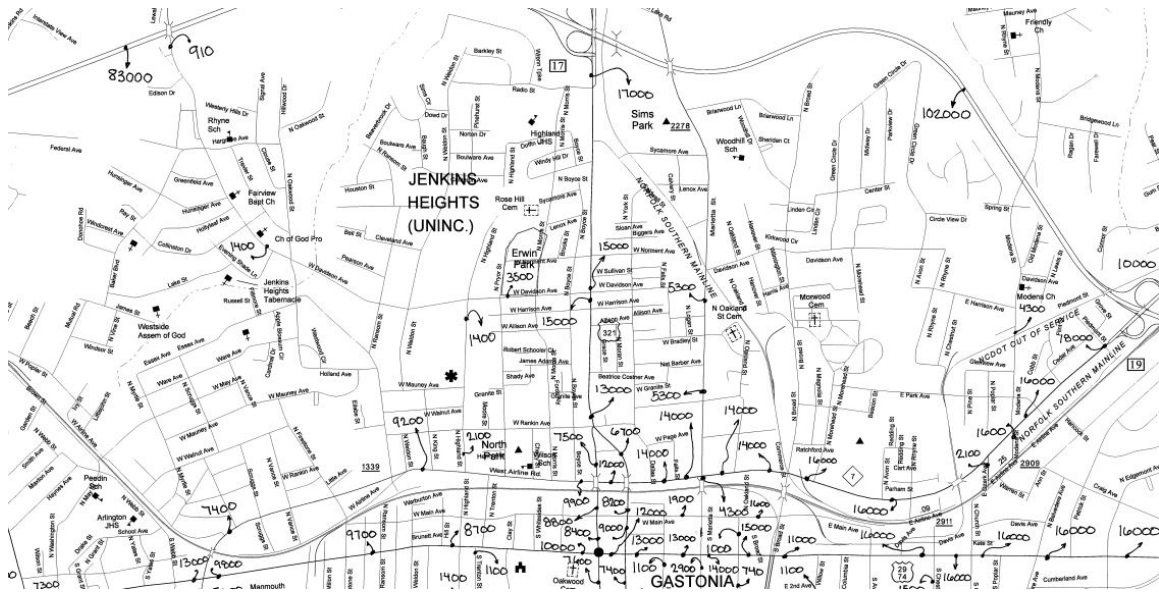
This rationale leads one to examine the historic traffic counts along I-85 and their interaction with hotel occupancy rates. The following pages show traffic count estimates collected by the NC Department of Transportation from 2008 to 2012 in the Gastonia region. A search of the North Carolina Department of Transportation did not reveal any existing roadway construction. We do note that the "Garden Parkway", also known as the Gaston East-West Connector, a proposed toll road running from I-85 west of Gastonia to I-485 near the Charlotte-Douglas International Airport is currently in the planning stages. The status of the proposed highway is currently uncertain due to the Strategic Transportation Investments Bill that was signed into law in June 2013.



## NC Dept. of Transportation GIS Traffic Survey Map 2010



## NC Dept. of Transportation GIS Traffic Survey Map 2012



The following table summarizes the average traffic counts along I-85 and US 321 within the immediate area of Gastonia.

| Traffic Counts, Occupancy, Supply and Demand 2008-2012 |                     |                     |              |               |          |            |
|--|---------------------|---------------------|--------------|---------------|----------|------------|
| Year   | I-85 east of US 321 | I-85 west of US 321 | I-85 Average | Occupancy (%) | Δ Supply | Δ Demand % |
| 2008   | 89,000              | 78,000              | 83,500       | 61.4          | N/A      | N/A        |
| 2010   | 96,000              | 82,000              | 89,000       | 60.2          | 0.00%    | 11.5%      |
| 2012   | 102,000             | 83,000              | 92,500       | 68.9          | 0.00%    | 3.8%       |

\*Average consists of average of east and west bound average daily count for east and west bound lanes of I-85 within the immediate vicinity of exit #17 (US 321/Chester Street).

The average daily traffic count along I-85 has steadily increased over the four year traffic study period. The average traffic count along I-85 has increased from a low of 83,500 vehicles a day in 2008 to a high of 92,500 vehicles a day in 2012, a 10.80% increase. We note the occupancy rate decreased in 2010, though there has been a 12.2% overall increase in occupancy between 2008 and 2012. We attribute some of the improvement in overall hotel occupancy to the increased traffic count of Interstate 85, though it is difficult to determine how much of the improvement can be attributed to the increasing traffic count, as the last available map for the corridor was published approximately two years ago.

The subject City of Gastonia appears to be at a locational advantage located approximately 20 miles west of the City of Charlotte. The closest City along the I-85 corridor with multiple hotel accommodations is the City of Kings Mountain located approximately 10 miles to the west, though the existing supply is limited, consisting of two economy class and one upper midscale class hotel. Further to the southwest along Interstate 85, there are several hotels in the Town of Gaffney, SC; located approximately 30 miles southwest of the City of Gastonia.

The City of Gastonia appears to be well positioned to cater to the overnight leisure market, and is within the range of a day's drive of the following metro areas: Atlanta (220 miles southeast), Birmingham (370 miles southwest), Mobile, AL (555 miles southwest), Nashville (387 miles west), Louisville (420 miles northwest), Cincinnati (450 miles northwest) and Indianapolis (560 miles northwest).

### Other Demand Sources

There are other sources of demand that cannot be quantified, or in some cases, identified. As such, the above total is only a segment of the actual demand for lodging that likely exists in the Gastonia region. It is extremely difficult to survey an entire market to estimate total market demand because patrons do not originate from within the subject market.

We may refer to demand outside the surveyed demand as latent demand. Examples are seasonal festivals, weddings, and family reunions that come to the area or travelers on secondary routes through the City of Gastonia. The number and types of latent demand sources are almost limitless. In nonmetropolitan communities the identifiable sources of local demand generators typically comprise only a fraction of the potential total demand, once latent demand is considered.



City officials cited several sources of latent demand within the City of Gastonia. They include a lack of satisfactory hotel rooms within the immediate area of downtown Gastonia for guests attending events and festivals, as well as other weddings and funerals held at one of the local churches. Several individuals we spoke with have formed the opinion that a downtown hotel would significantly improve the overall performance of the Gastonia Conference Center.

### **Conclusion – Demand Generators**

We have analyzed the historic traffic patterns along the I-85 corridor providing demand estimates from the travel sector for the Gastonia region. The location of the City of Gastonia is unique in respect to the amount of overall hotel rooms, proximity to I-85 and overall class of hotels within the immediate area. In addition, based on comments of interviewees, there is clearly a significant amount of latent demand for accommodations located near the Gastonia Conference Center, especially in the areas of commercial and leisure travel, and recent population growth in Gaston County.

### **HOTEL SUPPLY ANALYSIS**

This section of the report presents a qualitative and quantitative analysis of the primary market area, with respect to lodging facilities near Gastonia. To evaluate the existing and future supply of hotel facilities in the subject market, we conducted the following steps:

- Identified all area lodging facilities within a designated geographic area and surveyed facilities to gain information regarding construction date, flag affiliation, current and historical rate structures, current and historical occupancy levels, market orientation, and property amenities.
- Identified and obtained all possible information regarding additional hotel units currently under construction or projects which may be proposed for the foreseeable future.
- Analyzed the surveyed properties to quantitatively and qualitatively select those facilities that we felt were the most competitive with a proposed hotel in the subject's primary market.
- For the selected properties in the subject's primary market, we calculated each facility's fair share and penetration rate for three market segments: commercial, group, and tourist segments.

### **Primary Hotel Competition – Existing**

A thorough understanding of the subject's primary competition is an integral component of the supply and demand relationship. The consultants initially examined data on approximately fifteen hotels and motels within the City of Gastonia. Out of these surveyed properties, we analyzed and selected six existing hotels as being in the subject's primary market.

Significant research and data support a traveler's preference to obtain accommodations in a recognizable chain hotel. The following quote supports this fact. *Independents are facing a revolution in consumer communications, compounded by the competitive threat from global brands, driving up marketing and technology costs significantly, said Peter Cass, President and CEO of Preferred Hotels & Resorts Worldwide, Inc. The success--indeed the survival--of independent hotels is likely to depend on capturing the required additional resources to compete in this consumer-focused environment.*

The hotel industry estimates 20-25% of chain hotel revenues are attributable to their recognizable flag. With the increase in Internet travel sites, online hotel bookings, and various travel reward programs it will be increasingly difficult for independents to remain competitive. Additionally chain hotels exhibit less room rate volatility than their independent competitors. This has been studied in a recent article entitled "*Chain Hotels versus Independent Hotels: An Analysis of Branding, Room Revenue & Volatility.*" The findings of this article conclude chain affiliated hotels have historically been less volatile than independent hotels. The lower volatility exhibited by chain hotels is due primarily to a lower volatility in room rate while the difference in occupancy volatility is not as evident.

For this reason we did not consider local motels such as the Hill Top Motel in Gastonia, Mid-Town Motor Inn in Gastonia, Red Carpet Inn & Suites in Gastonia, Express Inn and Suites in Gastonia and Affordable Suites of America in Gastonia as comparables in our primary market and did not obtain information from them on room rates, occupancy and the market segmentation of their clients since we do not consider independent hotels to be competitors with more recognized flag hotels.

We also excluded several economy class hotels in our primary market survey, as when considering the existing supply of hotels in the City of Gastonia the economy class appears to be oversupplied. We also note that an economy class hotel association with the Gaston County Conference Center would not be appropriate. We did not consider the Budget Inn located in Gastonia, the Days Inn located in Gastonia, Value Place located in Gastonia and the Super 8 located in Gastonia.

The following table lists the properties included in our estimated primary supply of hotel competition.

| EXISTING HOTEL PRIMARY MARKET AREA SURVEY STATISTICS |                                  |         |              |  |         |
|--|----------------------------------|---------|--------------|--|---------|
| GASTONIA, NORTH CAROLINA                             |                                  |         |              |  |         |
| Number   | Property                         | # Rooms | Location     | Estimated Drive/Distance from Gastonia CBD |         |
|  |                                  |         |              | Miles                                      | Minutes |
| 1  | Holiday Inn Express              | 81      | Gastonia, NC | 2.1  | 4       |
| 2  | Courtyard by Marriott            | 130     | Gastonia, NC | 2.5  | 5       |
| 3  | Best Western Plus, Executive Inn | 63      | Gastonia, NC | 2.5  | 5       |
| 4  | Fairfield Inn                    | 89      | Gastonia, NC | 2.5  | 5       |
| 5  | Hampton Inn                      | 107     | Gastonia, NC | 2.5  | 5       |
| 6  | Comfort Suites                   | 109     | Gastonia, NC | 2.6  | 5       |
| Total / Average                                      |                                  | 96.5    |              | 2.5  | 4.8     |

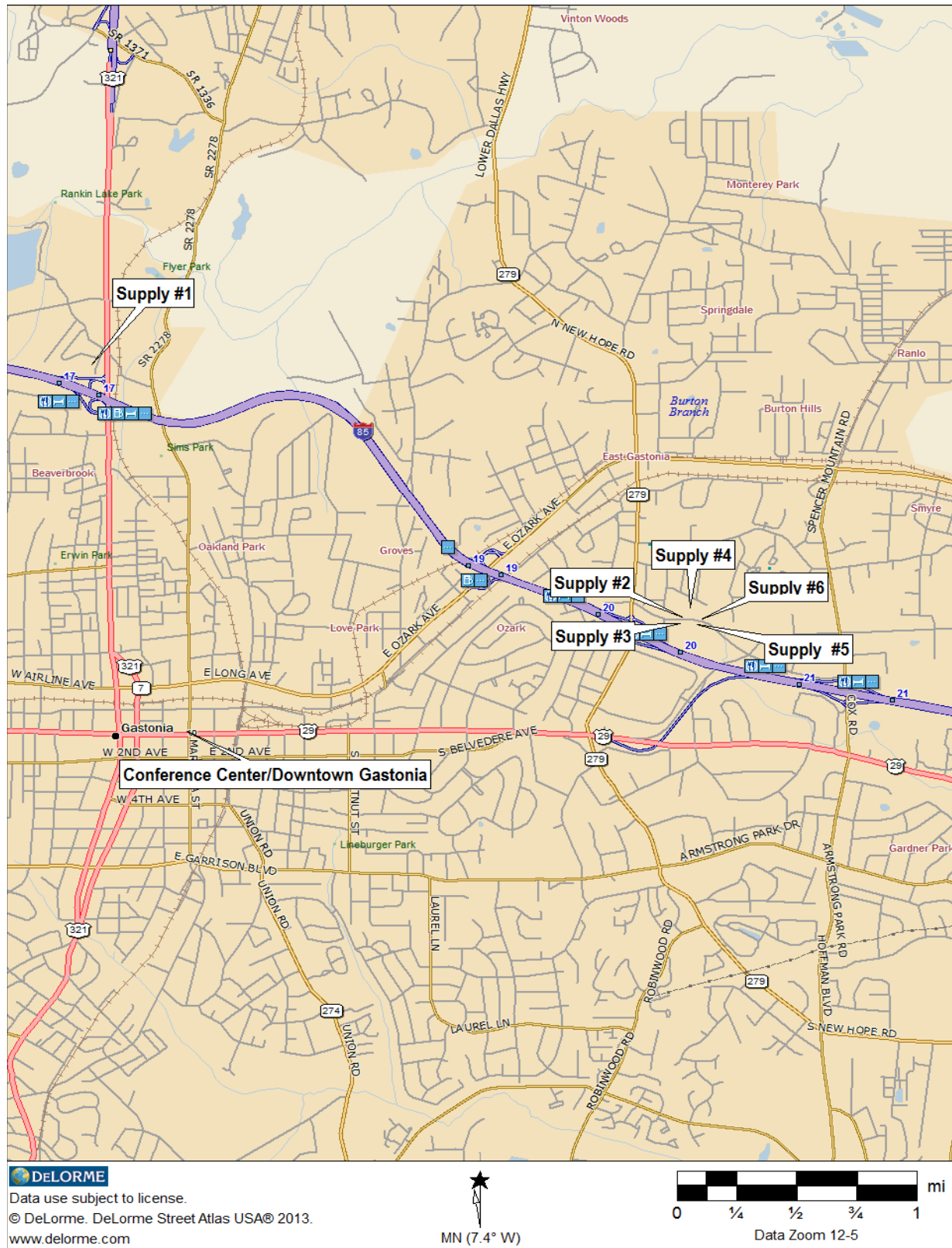
Source: Williams Appraisers, Inc, Smith Travel Research

For our sample that report data to Smith Travel Research and based on location, age, chain scale, etc., competition to a prospective hotel entering the market is listed in the table above. It should be noted that the type of report used to obtain data is the Smith Travel Research Custom Trends Report. To verify our interpretation of Days of Week Analysis and hotel occupant mix we consulted a representative from the Gaston County Division of Tourism.

The primary market contains 579 rooms in six hotels at an average of about 96 rooms per hotel. We note that all of the hotels are located in the City of Gastonia, with all but one of the hotels located in northeast Gastonia, along Remount Road. The largest of the facility is the Courtyard by Marriot. The average estimated distance to downtown Gastonia is about 2.5 miles while the average estimated drive time is around 5 minutes. These estimates were obtained using a computer based mapping system and directions route finder. A location map and detailed description of each hotel and selected comments from some of the survey participants follow.

Additionally, several Bed and Breakfast are located in within the competitive area, though not within the City limits of Gastonia. These are Robin's Nest Bed & Breakfast in Mount Holly, the Victorian Villa Bed & Breakfast Inn located in Charlotte and White Rose Manor Bed & Breakfast located in Lincolnton. These bed and breakfast properties range from four to five rooms and include breakfast, afternoon tea or wine, and sometimes an evening dinner service. Although bed and breakfast contribute to the supply of rooms, they typically cater to a different patron than the segment of the market being considered for the feasibility of an additional lodging establishment in the Gastonia, NC area.

## HOTEL SURVEY LOCATION MAP



## Primary Market Hotel/Motels

### Primary Supply Hotel # 1



|  |   |
|--|---|
| Property:                                | Holiday Inn Express   |
| Address:                                 | 1911 Broadcast Street, Gastonia, NC 28052   |
| Hotel type:                              | Upper Midscale  |
| Year built:                              | 2005  |
| Condition:                               | Average   |
| Stories:                                 | 4   |
| Type of Exterior Finish:                 | Masonry   |
| Guest Room Entrance (Interior/Exterior): | Interior  |
| Number of rooms:                         | 81  |
| Facilities:                              | Indoor Pool, Small Fitness Center, Small Business Center                                    |
| Guest Room Amenities:                    | Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool |
| Estimated ADR (Last 12 months):          | \$85  |
| Estimated mean occupancy:                | 65%   |
| Estimated Business Mix:                  |   |
| Commercial:                              | 50%   |
| Leisure/Transient:                       | 45%   |
| Group/Meeting:                           | 5%  |
| Survey Date:                             | 07/2014   |
| Phone number:                            | (704) 884-3300  |

**Comments:** This hotel is located on the east side of Broadcast Street, on the east side of North Chester Street, which is Exit #17 of Interstate 85, in Gastonia, North Carolina. The property is bound to the south by a "Motel 6" and to the west an exterior entrance "Red Carpet Inn & Suites". The area surrounding the hotel consists of primarily industrial uses located along Tulip Drive approximately 0.5 miles to the northwest, with limited restaurant and retail properties in the immediate area.

The representative stated that the patrons are fairly split between the commercial and leisure segments. Occupancy was reported to be in the 60% to 70% range for the trailing 12 months.

**Primary Supply Hotel # 2**



|  |   |
|--|---|
| Property:                                | Courtyard by Marriott-Gastonia  |
| Address:                                 | 1856 Remount Road, Gastonia, NC 28054   |
| Hotel type:                              | Upscale   |
| Year built:                              | 2001  |
| Condition:                               | Good  |
| Stories:                                 | 4   |
| Type of Exterior Finish:                 | Masonry   |
| Guest Room Entrance (Interior/Exterior): | Interior  |
| Number of rooms:                         | 130   |
| Facilities:                              | Indoor Pool, Fitness Center, Business Center, 2,500 SF Meeting Space                        |
| Guest Room Amenities:                    | Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool |
| Estimated ADR (Last 12 months):          | \$110   |
| Estimated mean occupancy:                | 80%   |
| Estimated Business Mix:                  |   |
| Commercial:                              | 80%   |
| Leisure/Transient:                       | 15%   |
| Group/Meeting:                           | 5%  |
| Survey Date:                             | 07/2014   |
| Phone number:                            | (704) 852-4411  |

**Comments:** This hotel is located on the north side of Remount Road, approximately 0.2 miles east of North New Hope Road in Gastonia, North Carolina. Remount Road runs parallel to Interstate 85 and New Hope Road is identified as Exit #20 on Interstate 85. The hotel has several competitive hotel properties located nearby, including Comfort Suites, Best Western Plus Executive Inn, Hampton Inn, Comfort Suites and Fairfield Inn. There are several amenities in the vicinity including several restaurants. Eastridge Mall is located approximately 0.6 miles south of the property via New Hope Road.

The representative stated that the majority of patrons are in the commercial segment, with the hotel often selling out on Mondays through Thursdays. Room rates ranged from approximately \$114 to \$140 a night during the week, with Fridays and Saturdays ranging from \$89 to \$119 a night. The representative confirmed with the consultants that the hotel was likely the busiest hotel in the City of Gastonia and during strong demand they will often sell out, sending potential patrons to the Fairfield Inn, which is owned by the same ownership group as the Courtyard by Marriott.

**Primary Supply Hotel # 3**



|  |   |
|--|---|
| Property:                                | Best Western Plus Executive Inn-Gastonia  |
| Address:                                 | 360 Best Western Court, Gastonia, NC 28054  |
| Hotel type:                              | Midscale  |
| Year built:                              | 1986/Re-affiliated & Remodel 2003   |
| Condition:                               | Average   |
| Stories:                                 | 2   |
| Type of Exterior Finish:                 | Masonry   |
| Guest Room Entrance (Interior/Exterior): | Interior  |
| Number of rooms:                         | 63  |
| Facilities:                              | Small Outdoor Pool, Fitness Center, Business Center   |
| Guest Room Amenities:                    | Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool |
| Estimated ADR (Last 12 months):          | \$75  |
| Estimated mean occupancy:                | 60%   |
| Estimated Business Mix:                  |   |
| Commercial:                              | 40%   |
| Leisure/Transient:                       | 60%   |
| Group/Meeting:                           | 0%  |
| Survey Date:                             | 07/2014   |
| Phone number:                            | (704) 868-2000  |

**Comments:** This hotel is located on the south side of Remount Road, approximately 0.2 miles east of North New Hope Road in Gastonia, North Carolina. Remount Road runs parallel to Interstate 85 and New Hope Road is identified as Exit #20 on Interstate 85. The hotel has several competitive hotel properties located nearby, including Comfort Suites, Courtyard by Marriot, Hampton Inn, Comfort Suites and Fairfield Inn. There are several amenities in the vicinity including several restaurants. Eastridge Mall is located approximately 0.6 miles south of the property via New Hope Road.

The representative stated that the majority of patrons are in the leisure/transient segment, either visiting locally or traveling through via I-85. Occupancy was reported to be approximately 50% to 60% for the trailing 12 months.



**Primary Supply Hotel # 4**



|  |   |
|--|---|
| Property:                                | Fairfield Inn   |
| Address:                                 | 1860 Remount Road, Gastonia, NC 28054   |
| Hotel type:                              | Upper Midscale  |
| Year built:                              | 1997  |
| Condition:                               | Good  |
| Stories:                                 | 4   |
| Type of Exterior Finish:                 | Masonry   |
| Guest Room Entrance (Interior/Exterior): | Interior  |
| Number of rooms:                         | 89  |
| Facilities:                              | Indoor Pool, Fitness Center, Business Center, 450 SF Meeting Space                          |
| Guest Room Amenities:                    | Cable TV, coffee maker, microwave oven, Iron, internet, continental breakfast, outdoor pool |
| Estimated ADR (Last 12 months):          | \$90  |
| Estimated mean occupancy:                | 70%   |
| Estimated Business Mix:                  |   |
| Commercial:                              | 70%   |
| Leisure/Transient:                       | 25%   |
| Group/Meeting:                           | 5%  |
| Survey Date:                             | 07/2014   |
| Phone number:                            | (704) 867-5073  |

**Comments:** This hotel is located on the north side of Remount Road, approximately 0.2 miles east of North New Hope Road in Gastonia, North Carolina. Remount Road runs parallel to Interstate 85 and New Hope Road is identified as Exit #20 on Interstate 85. The hotel has several competitive hotel properties located nearby, including Comfort Suites, Courtyard by Marriot, Hampton Inn, Comfort Suites and Best Western Plus Executive Inn. There are several amenities in the vicinity including several restaurants. Eastridge Mall is located approximately 0.6 miles south of the property via New Hope Road.

The representative stated that the majority of patrons are in the commercial segment, with strong occupancy and average daily rates during the weekdays. The hotel is owned by the same ownership group as the Courtyard by Marriot.



**Primary Supply Hotel # 5**



|  |   |
|--|---|
| Property:                                | Hampton Inn   |
| Address:                                 | 1859 Remount Road, Gastonia, NC 28054   |
| Hotel type:                              | Upper Midscale  |
| Year built:                              | 1990  |
| Condition:                               | Good  |
| Stories:                                 | 5   |
| Type of Exterior Finish:                 | Masonry   |
| Guest Room Entrance (Interior/Exterior): | Interior  |
| Number of rooms:                         | 107   |
| Facilities:                              | Indoor Pool, Fitness Center, Business Center, 460 SF Meeting Space                  |
| Guest Room Amenities:                    | Cable TV, coffee maker, microwave oven, Iron, internet, hot breakfast, outdoor pool |
| Estimated ADR (Last 12 months):          | \$85  |
| Estimated mean occupancy:                | 70%   |
| Estimated Business Mix:                  |   |
| Commercial:                              | 70%   |
| Leisure/Transient:                       | 20%   |
| Group/Meeting:                           | 10%   |
| Survey Date:                             | 07/2014   |
| Phone number:                            | (704) 866-9090  |

**Comments:** This hotel is located on the north side of Remount Road, approximately 0.2 miles east of North New Hope Road in Gastonia, North Carolina. Remount Road runs parallel to Interstate 85 and New Hope Road is identified as Exit #20 on Interstate 85. The hotel has several competitive hotel properties located nearby, including Comfort Suites, Courtyard by Marriot, Fairfield Inn, Comfort Suites and Best Western Plus Executive Inn. There are several amenities in the vicinity including several restaurants. Eastridge Mall is located approximately 0.6 miles south of the property via New Hope Road.

The representative stated that the majority of patrons are in the commercial segment, with the hotel often selling out on Mondays through Thursdays. Room rates ranged from approximately \$109 to \$139 a night during the week. Group activity was reported to be strong in the summer months and primarily consisted of youth sports teams attending local tournaments and family reunions.

**Primary Supply Hotel # 6**



|  |   |
|--|---|
| Property:                                | Comfort Suites  |
| Address:                                 | 1874 Remount Road, Gastonia, NC 28054   |
| Hotel type:                              | Upper Midscale  |
| Year built:                              | 1996  |
| Condition:                               | Good  |
| Stories:                                 | 5   |
| Type of Exterior Finish:                 | Masonry   |
| Guest Room Entrance (Interior/Exterior): | Interior  |
| Number of rooms:                         | 109   |
| Facilities:                              | Outdoor Pool, Fitness Center, Business Center, 1,100 SF Meeting Space               |
| Guest Room Amenities:                    | Cable TV, coffee maker, microwave oven, Iron, internet, hot breakfast, outdoor pool |
| Estimated ADR (Last 12 months):          | \$85  |
| Estimated mean occupancy:                | 70%   |
| Estimated Business Mix:                  |   |
| Commercial:                              | 65%   |
| Leisure/Transient:                       | 30%   |
| Group/Meeting:                           | 5%  |
| Survey Date:                             | 07/2014   |
| Phone number:                            | (704) 865-6688  |

**Comments:** This hotel is located on the north side of Remount Road, approximately 0.2 miles east of North New Hope Road in Gastonia, North Carolina. Remount Road runs parallel to Interstate 85 and New Hope Road is identified as Exit #20 on Interstate 85. The hotel has several competitive hotel properties located nearby, including Comfort Suites, Courtyard by Marriot, Fairfield Inn, Comfort Suites and Best Western Plus Executive Inn. There are several amenities in the vicinity including several restaurants. Eastridge Mall is located approximately 0.6 miles south of the property via New Hope Road.

The representative stated that the majority of patrons are in the commercial segment. Occupancy was reported to be approximately 70% for the trailing 12 months.

## MARKET SEGMENTATION

The following table represents data collected and analyzed as a result of recent surveys of the hotels making up the subject's primary market.

| EXISTING HOTEL PRIMARY MARKET AREA SURVEY STATISTICS<br>GASTONIA, NORTH CAROLINA |                       |            |              |           |                                  |         |          |
|--|-----------------------|------------|--------------|-----------|----------------------------------|---------|----------|
| Number   | Property              | #<br>Rooms | Occupancy, % | Estimated | Estimated Market Segmentation, % |         |          |
|  |                       |            |              | ADR       | Commercial                       | Leisure | Meetings |
| 1  | Holiday Inn Express   | 81         | 65.00%       | \$85      | 50                               | 45      | 5        |
| 2  | Courtyard by Marriott | 130        | 80.00%       | \$110     | 80                               | 15      | 5        |
| 3  | Best Western Plus     | 63         | 60.00%       | \$75      | 40                               | 60      | 0        |
| 4  | Fairfield Inn         | 89         | 70.00%       | \$90      | 70                               | 25      | 5        |
| 5  | Hampton Inn           | 107        | 70.00%       | \$85      | 70                               | 20      | 10       |
| 6  | Comfort Suites        | 109        | 70.00%       | \$85      | 65                               | 30      | 5        |
| Total / Average  |                       | 579/96     | 69.17%       | \$88      | 63%                              | 33%     | 5%       |

In analyzing demand within a specific market, individual segments are considered based on the nature of travel present in the area. Four primary demand classifications occur in most markets including commercial, meeting and group, leisure, and airline/contract demand. Because of the distance between Gastonia and the nearest major airport, Charlotte-Douglas International, airline demand is insignificant and this classification was eliminated from our report.

Based upon our study of the demand generators of the competitive hotel market, we project the market segmentation of the proposed hotel as follows.

### Commercial Demand Segment

Commercial demand arises from individuals who are conducting business and visiting various firms in the subject's market area. Commercial/corporate demand is strongest Monday through Thursday nights, declining significantly on Friday and Saturday, and increasing slightly Sunday. Commercial/corporate travelers' typical length of stay ranges from one to three days, and this demand is relatively constant throughout the year, although some declines may be noticed in November and December through the early part of January, during the summer, and during other holiday periods. As one can tell by the Smith Travel Research data provided in the addenda the occupancy profile as calculated by Day of Week analysis does fit the profile of strong commercial demand. Occupancy within the market for the last 12 months based on days of the week ranges from a low of 44.4% on Sundays, increasing to 72.1% on Mondays, 83.1% on Tuesdays, 81.7% on Wednesdays, and decreasing to 67.8% on Thursdays. Occupancy on weekend nights is significantly less than the weekday occupancy rate, with 63.3% on Fridays and 66.5% on Saturdays.

Commercial/corporate travelers generally are less rate-sensitive and represent a very desirable market that provides a relatively consistent level of demand at higher average room rates. Further supporting the presence of strong commercial demand in the market is the average daily rate by day for the trailing 12 months. The Average daily rate ranges from \$81.67 to \$85.90 for Mondays through Thursdays and for Fridays through Sundays the range is reduced to \$76.16 to \$77.99.

Commercial/corporate demand in the subject's market area is generated by the existing businesses, government entities and hospitals in Gastonia. All of the hotels within the subject's primary market reported strong commercial demand, with the highest commercial demand reported by the Courtyard by Marriott, Fairfield Inn and Hampton Inn.

After analyzing the initial demand in the Gastonia market, we anticipate approximately 70% of room demand for the subject hotel would most likely come from commercial sources, as the existing market currently consists of approximately 63% of room demand from commercial sources. When considering the potential affiliation of the subject hotel with the Gastonia Conference Center it is likely that the subject hotel would have a higher than average level of commercial demand, though consistent with the existing commercial market leaders including the Courtyard by Marriott, Fairfield Inn and Hampton Inn.

We estimate commercial demand will grow modestly; say 3% per annum in the initial years as this segment becomes aware of the new accommodations, depending on the flag affiliation and amenities offered. This market segment should level off in the 70% range, comparable to that of hotel survey participants due to its proximity to the major employment centers in the area.

#### **Group and Meeting Demand Segment**

Meeting and group demand includes groups who reserve blocks of rooms for corporate or other meetings, seminars, trade association shows, and other similar gatherings of ten or more persons. Group meetings and convention demand is typically strongest during the spring and fall months with some demand occurring in the winter. The summer months have historically represented the slowest period for this market segment. Meeting and group travelers typically average a length of stay in the range of three to five days. Unlike commercial groups, who typically gather only during the weekday, some groups have many of their functions during the weekend days.

Although room rates for meeting and group patronage may be typically discounted, hotels accommodating this demand benefit from the use of public facilities, conference rooms, and profits generated from food and beverage functions and recreational amenities offered.

The meeting and group segment is influenced by both commercial and leisure group travel. Hotels within the subject's primary market that have a significant level of accommodated group/meeting demand include the Hampton Inn. We note that while the Hampton Inn reported the highest level of meeting and group demand, there does not appear to be a dominate leader in the market. The subject hotel appears to have a significant opportunity to establish a strong meeting and group segment presence via a potential affiliation with the Gastonia Conference Center. While the existing management of the Conference Center reported minimal conference activity requiring overnight stays, we have assumed that the presence of a hotel adjacent to the conference center will enhance the marketability of the Conference Center to groups requiring large blocks of rooms for meetings and conferences, as well as groups for weddings and family reunions.

After analyzing demand within the Gastonia market we estimate that 10% to 15% of room demand for the subject hotel will come from group or meeting-oriented sources. This is significantly higher than other hotels within the subject's primary market, though the City and County have continued to market and revitalize the downtown area of Gastonia bringing the general area as a viable destination for conventions or regional meetings. We also cite the various youth sports tournaments held in the area, the large amount of churches in the community that are hosting weddings and funerals and the increased activity at the Gaston County Conference Center. The group and meeting segment appears to be a viable demand segment.

### **Leisure Demand Segment**

The leisure demand segment consists of individual tourists and families visiting the attractions of a local market and/or passing through en route to other destinations. These travelers are typically more rate sensitive, as they are spending personal discretionary income. Leisure demand is strongest Friday and Saturday nights, holiday periods, and during the summer and fall months. These peak periods generally are negatively correlated with commercial and meeting and group demand. Proof on leisure demand exists based the Day of Week analysis included in the addenda. For the trailing 12 month period Friday is the 6<sup>th</sup> busiest night and Saturday is the 5<sup>th</sup> busiest night of the week.

Occupancy rates for the market area range from a high of 68.4% in May 2014 to a low of 67.2% in November 2013 and January 2014. It appears that the historical occupancy rates are very stable, remaining consistent throughout the year.

Leisure demand is tied to the overall economic health of the subject's region and the nation as a whole. In the case of the Gastonia and the Gaston County region, there is a significant attraction to the area for vacationing, festivals, athletic tournaments and family gatherings as well as friends and families visiting for holidays, weddings and funerals.

It appears that a significant portion of the leisure demand for all of the surveyed properties is driven from the I-85 traveler.

Several of the hotels within the subject's primary market are positioned for the leisure travel market segment. Hotels that appear to derive the majority of their demand from the leisure segment include the Best Western Plus and the Holiday Inn Express.

We anticipate approximately 15% of room demand for the subject hotel will come from this leisure segment. We note that the potential hotel site is located in downtown Gastonia, approximately 1.8 miles south of Interstate 85 (Exit 17) via Chester Street (US 321) and approximately 1.7 miles southwest of Interstate 85 (Exit 19) via Long Avenue and Ozark Avenue. Due to the distance from the Interstate in order for the subject hotel to capture a portion of the leisure segment it is critical that the subject hotel be affiliated with a recognizable hotel operator, as well as be professionally marketed via commonly used travel booking websites, signage along the respective exits along Interstate 85 and potentially the use of billboards in order for potential guests to be aware of the presence of the subject hotel. We also note that the subject hotel would likely be promoted via efforts of City and County Officials in their efforts to continue to revitalize the downtown area of City of Gastonia as a destination center.

### **Unaccommodated Segment**

Unaccommodated demand is defined as excess demand that was not realized due to the lack of hotel room supply in the existing market. When demand such as special tourist events, new employers, or new road systems change the guest profile of a certain segment, the existing lodging facilities experience shortages of rooms. Conversely, when existing hotels are closed or repositioned for different demand segmentation, lodging shortages occur. During prolonged periods of 100% occupancies, with hotels turning away guests, unaccommodated demand is said to exist. If the trend becomes more than a seasonal event, more hotel rooms are usually required.

Based on our interviews with people in the area, a level of unaccommodated demand appears to be a segment in this market, though not on a significant level. We note that there are several economy class hotels and independent owned hotels in the City of Gastonia that were excluded from our analysis. At periods of peak demand we have assumed that these facilities will see spikes in occupancy. We also note that there are several midscale and upper scale hotel facilities located approximately 10 miles west in the City of Kings Mountain and approximately 15 miles to the east in the City of Charlotte.

### **Primary Hotel Competition – Proposed**

In addition to the existing supply of hotel rooms in the subject's primary market, we have also investigated new or planned hotel construction in the area. Based upon a survey of public planning officials in the surrounding counties and specific towns within the subject's geographic market and coupled by difficulty obtaining credit due to the financial crisis, as well as general equity requirements for speculative hotel development, no hotels (other than the proposed project described below) are planned for the foreseeable future within the subject's market area.

The renovation and conversion of the "Lawyers Building", a 21,934 square foot office building constructed in 1918 to a 35-room boutique hotel. As of July 2014 the project appears to have been delayed. The proposed hotel facility is located at 168 West Main Avenue in Downtown Gastonia, approximately 0.2 miles north (1 City block) of the subject hotel site. The project was granted approval by Gaston County and the City of Gastonia for approximately \$1,127,200 in economic incentives over a ten year period in August 2013. The total cost of renovating the building is reportedly \$3.2 million. As of July 2014 it does not appear that the project had begun construction and the developer has reportedly had difficulty in attaining financing for the project. We also note that the developer intends on not affiliating the proposed hotel with a national hotel operator.

As reported in the local media the developer intended on seeking out state tax credits for renovating the historic building and the tax credit program is due to expire in December 2014. As of July 2014 the State of North Carolina budget was being negotiated between the House and Senate, the tax preservation credit is reportedly going to be extended to 2020 though modified from a 20% credit for income producing properties to a 15% credit for spending up to \$10 million.

If the renovation project is completed it will compete directly with the subject hotel, though we note that the project will not be affiliated with a national hotel operator and we have assumed will not be considered a partner of the Gastonia Conference Center if the subject hotel would be developed.

## **MARKET PENETRATION**

Supply and demand characteristics for the subject market have been analyzed and discussed in the previous sections of this report. Market segments were identified and analyzed for each of the hotels in the subject's primary market. In this section of our study, we develop our analysis of feasibility for the proposed hotel and report our results.

Given a market level room rate, a proposed hotel development is feasible if its projected occupancy in the first years of operation is at or near a stabilized level. It is our experience, supported by historical occupancy trends in the subject market, that lodging construction occurs when the aggregate market occupancy is above 55%, as has been the case within the subject market. Hotel construction typically ceases when aggregate occupancy levels dip below stabilized levels. This assumes that the proposed hotel would be equally as competitive as those in its market and is just one of many factors that assist in determining feasibility.

The recognized method of projecting occupancy levels for a proposed hotel facility and its primary market is through the use of market penetration analysis. This method of occupancy projection first determines each existing hotel's competitive advantage with respect to market segments based upon market share measured in room nights captured within the segments. Next penetration rates are estimated for the competitive property based upon knowledge of local market conditions and anticipated strengths of the facility design. Finally, using the subject's estimated penetration rates, projected room nights are calculated for each market segment, the room nights are totaled for the subject and its competitors.

We have conducted an extensive survey of demand sources in the City of Gastonia and surrounding communities that would potentially contribute to demand for a hotel. We use an estimate of 100% market share, meaning the proposed hotel will consume 100% of its fair share of the demand seen by the market in the initial year of business. If a proposed hotel could theoretically be opened today our assessment of future growth over the next two years would be approximately 1% to 3% and is based on the PKF Consulting U.S Hotel Market Summary May 2014 where they project occupancy to increase by 2.0% in 2014 and 2.2% in 2015. This estimate is useful only if one desires to forecast future demand based on these initial surveys which would be prudent to ascertain proposed developments profitability in its initial years.

### **Estimated Performance - Occupancy**

The unit of measure in evaluating market share is the penetration ratio. This is defined as a hotel's percentage of demand in a given segment divided by its portion, or fair share of total room supply. If all properties within a market were equal in quality, location, and rate structure, each could be expected to attract demand in proportion to its size, thereby achieving a penetration ratio of 100 percent. A property that has a competitive advantage in attracting demand from a given segment of the market can be expected to penetrate that segment at a rate that is greater than 100 %; the same property may achieve relatively low penetration in a segment in which it is at a competitive disadvantage.

The table illustrates penetration levels by segment for each of the proposed hotels primary competition.



| Historic Penetration by Market Segment |            |                |               |                     |                |                |                    |
|--|------------|----------------|---------------|---------------------|----------------|----------------|--------------------|
| Commercial Property                    | Room Count | Fair Share     | Occupancy, %  | Market Segmentation | Rooms Occupied | Market Share   | Penetration Factor |
| Holiday Inn Express                    | 81         | 13.99%         | 65.00%        | 50.00%              | 9,609          | 10.52%         | 75.18%             |
| Courtyard by Marriot                   | 130        | 22.45%         | 80.00%        | 80.00%              | 30,368         | 33.24%         | 148.05%            |
| Best Western Plus                      | 63         | 10.88%         | 60.00%        | 40.00%              | 5,519          | 6.04%          | 55.52%             |
| Fairfield Inn                          | 89         | 15.37%         | 70.00%        | 70.00%              | 15,918         | 17.42%         | 113.35%            |
| Hampton Inn                            | 107        | 18.48%         | 70.00%        | 70.00%              | 19,137         | 20.95%         | 113.35%            |
| Comfort Suites                         | 109        | 18.83%         | 70.00%        | 65.00%              | 18,102         | 19.81%         | 105.25%            |
| <b>Total/ Average</b>                  | <b>579</b> | <b>100.00%</b> | <b>69.17%</b> | <b>62.50%</b>       | <b>91,358</b>  | <b>100.00%</b> | <b>101.78%</b>     |
| Meeting and Group Property             | Room Count | Fair Share     | Occupancy, %  | Market Segmentation | Rooms Occupied | Market Share   | Penetration Factor |
| Holiday Inn Express                    | 81         | 13.99%         | 65.00%        | 5.00%               | 961            | 1.05%          | 7.52%              |
| Courtyard by Marriot                   | 130        | 22.45%         | 80.00%        | 5.00%               | 1,898          | 2.08%          | 9.25%              |
| Best Western Plus                      | 63         | 10.88%         | 60.00%        | 0.00%               | 0              | 0.00%          | 0.00%              |
| Fairfield Inn                          | 89         | 15.37%         | 70.00%        | 5.00%               | 1,137          | 1.24%          | 8.10%              |
| Hampton Inn                            | 107        | 18.48%         | 70.00%        | 10.00%              | 2,734          | 2.99%          | 16.19%             |
| Comfort Suites                         | 109        | 18.83%         | 70.00%        | 5.00%               | 1,392          | 1.52%          | 8.10%              |
| <b>Total/ Average</b>                  | <b>579</b> | <b>100.00%</b> | <b>69.17%</b> | <b>5.00%</b>        | <b>7,309</b>   | <b>100.00%</b> | <b>8.19%</b>       |
| Leisure Property                       | Room Count | Fair Share     | Occupancy, %  | Market Segmentation | Rooms Occupied | Market Share   | Penetration Factor |
| Holiday Inn Express                    | 81         | 13.99%         | 65.00%        | 45.00%              | 8,648          | 9.47%          | 67.66%             |
| Courtyard by Marriot                   | 130        | 22.45%         | 80.00%        | 15.00%              | 5,694          | 6.23%          | 27.76%             |
| Best Western Plus                      | 63         | 10.88%         | 60.00%        | 60.00%              | 8,278          | 9.06%          | 83.28%             |
| Fairfield Inn                          | 89         | 15.37%         | 70.00%        | 25.00%              | 5,685          | 6.22%          | 40.48%             |
| Hampton Inn                            | 107        | 18.48%         | 70.00%        | 20.00%              | 5,468          | 5.98%          | 32.39%             |
| Comfort Suites                         | 109        | 18.83%         | 70.00%        | 30.00%              | 8,355          | 9.15%          | 48.58%             |
| <b>Total/ Average</b>                  | <b>579</b> | <b>100.00%</b> | <b>69.17%</b> | <b>32.50%</b>       | <b>47,506</b>  | <b>100.00%</b> | <b>50.02%</b>      |

As shown in the previous table, the commercial segment leader is the Courtyard by Marriot, followed by the Fairfield Inn and the Hampton Inn, though the primary market segment within the overall market is the commercial segment. The leisure segment leader is the Best Western Plus, followed by the Holiday Inn Express. The Meeting and Group segment is the least clearly defined segment, with the Hampton Inn considered the leader.

### Historical Trends – Primary Market

Smith Travel Research (STR), an independent research firm who is recognized by the lodging industry as the standard source of reliable data for the hotel industry, provides operating statistics on local markets throughout the nation. The following table summarizes our analysis of the trends in lodging demand for the subject's primary market since 2011.

| Historical Trends of Key Variables for the Gastonia Submarket 2011-YTD 2014 |               |                 |          |            |              |             |
|---|---------------|-----------------|----------|------------|--------------|-------------|
|   | Occupancy (%) | Δ Occupancy (%) | ADR (\$) | Δ ADR %    | RevPAR (\$)  | Δ RevPAR %  |
| 2011  | 66.4          | 10.3            | 74.53    | 4.5        | 49.46        | 15.2        |
| 2012  | 68.9          | 3.8             | 80.28    | 7.7        | 55.32        | 11.8        |
| 2013  | 67.3          | -2.3            | 80.28    | 0.0        | 54.06        | -2.3        |
| YTD 2014  | 69.0          | 3.8             | 84.73    | 3.5        | 58.48        | 7.4         |
|   | Supply        | Δ Supply %      | Demand   | Δ Demand % | Revenue (\$) | Δ Revenue % |
| 2011  | 211,335       | 0.0%            | 140,245  | 10.1       | 10,452,356   | 15.0        |
| 2012  | 211,335       | 0.0%            | 145,619  | 3.8        | 11,690,553   | 11.8        |
| 2013  | 211,335       | 0.0%            | 142,309  | -2.3       | 11,424,670   | -2.3        |
| YTD 2014  | 87,429        | 0.0%            | 60,342   | 3.8        | 5,112,715    | 7.4         |



It is our experience that development occurs in a market when occupancy rates have stabilized over 50%. In the above table, the subject market occupancy rates have fluctuated from a low of 66.4% in 2011 to a high of 69.0% for 2014 year to date.

Forecasts for 2015 call for an increase in occupancy nationally, with demand anticipated increasing by 1.3% to 64.3%, Average Daily Rate is anticipated to increase by 5.1% to \$120.88 and nominal RevPar is anticipated to increase by 6.4% to \$77.74.

Since 2011 there has not been any change in supply in the primary market. RevPAR, because it accounts for both occupancy and average rate together, provides the best overall measure of revenue generating results for a single property or a group of hotels. As evident from the table above our sample of hotels had significantly increasing RevPAR in 2011 and 2012, but exhibited a decline in RevPAR growth in 2013, though through May 2014 year to date RevPar is at a three year high. We note the average daily rate from our surveyed hotels in the area is slightly higher than what is reported by Smith Travel Research. However, because the sample size is larger and Smith Travel Research data comes from formal reports submitted by participating hotels, we believe the average daily rate of \$84.73 reported by Smith Travel Research is a more reliable indicator of the average daily rate of the market.

The occupancy reported by Smith Travel Research for May 2014 year to date was 69.0%, a 3.8% increase than reported in May 2013 year to date, as well as a three year high.

## **DESCRIPTION OF THE PROPOSED SITE**

### **Location**

The subject site is located at the northwest quadrant of the intersection of South Marietta Street and West Franklin Avenue in Gastonia, Gaston County, North Carolina. Its street address is 145 South Marietta Street, Gastonia, NC 28052.

### **Legal Description**

The subject parcel is identified by the Gaston County Tax Office as PIN 3545-87-5770.

### **Size and Shape**

The subject site totals approximately 1.69 acres, or 73,616 square feet, and is rectangular in shape. Approximately 1 acre or 43,560 square feet of the subject site is improved with a three story parking deck and the 30,000 square foot Gastonia Conference Center. The remaining area located to the south of the improvements is currently improved with an asphalt paved parking lot. The hotel site area is to be located to the immediate south of the improvements on the asphalt parking lot. The site area is approximately 0.505 acres or 22,000 square feet and is rectangular in shape. We have assumed that 100% of the 22,000 square foot site area is considered usable area and the parking deck located to the north will be available to the hotel patrons. A copy of the GIS aerial photograph is included following this section.

### **Topography**

The topography of the site is best characterized as relatively level.

### **Frontage and Exposure**

The subject site has approximately 200 linear feet of frontage along the north side of West Franklin Avenue and approximately 110 linear feet of frontage along the west side of South Marietta Street. Considering the proposed use of the subject property, the site enjoys adequate frontage and exposure.

### **Utilities and Services**

The site is served by all public utilities.

### **Zoning**

The subject site is zoned CBD (Central Business District) by the City of Gastonia. The CBD is designed to accommodate the uses found in a central city location and to encourage high intensity, compact, urban development in a pedestrian-oriented setting. Retail, office, personal service, and institutional uses normally found in a central business district are allowed. In order to encourage more efficient building usage and to take advantage of the area's centralized location, second-story residential uses are permitted, as are high-density residential developments. Signage requirements shall be specifically tailored for a downtown setting. The proposed hotel use appears to be a conforming use.

### **Street Improvements**

South Marietta Street, located immediately to the east of the subject is an asphalt paved, two lane (with center turn lane) north-south corridor with enclosed storm drainage, curb and gutter. There is a sidewalk on the east and west sides of the roadway. West Franklin Avenue, located immediately to the south of the subject is asphalt paved four lane (with center turn lane) east-west regional corridor with enclosed storm drainage, curb and gutter. There is a sidewalk on the north and south sides of the roadway. The intersection of West Franklin Avenue and South Marietta Street is signalized with devoted turn lanes from the respective roadways, providing good access to the site.

### **Access**

Two existing curb cuts located along the southwest area and northeast area provide direct access to the site. We note that it appears that the curb cut located along South Marietta Street would be eliminated if a hotel was built. There are two ingress/egress driveways located to the north along South Marietta Street that provide access to the parking deck.

### **Soil and Subsoil Conditions**

The appraiser did not take soil surveys at the subject site. By observation of the surrounding development, we note that the site soil and subsoil appears to be adequate to support improvements but no responsibility is taken for inspecting or making definitive statements about soil conditions. A visual inspection of the surface of the site indicated no unusual subsoil conditions that would result in reduced load bearing capacity, atypical drainage conditions, or other conditions that would result in excessive site preparation costs. However, we caution that no responsibility is taken for inspecting or making definitive statements about subsoil conditions.

### **Easements**

No title report was made available for our inspection. An inspection of the subject site did not reveal any detrimental easements. Other easements include typical utility easements that do not negatively affect the subject property.

### **Flood Map and Riparian Buffers**

The subject site is identified on FEMA Flood Map 3710354500J, dated September 28, 2007. . The subject is located in an area designated X, outside the 500 year floodplain.

### **Hazardous or Toxic Materials**

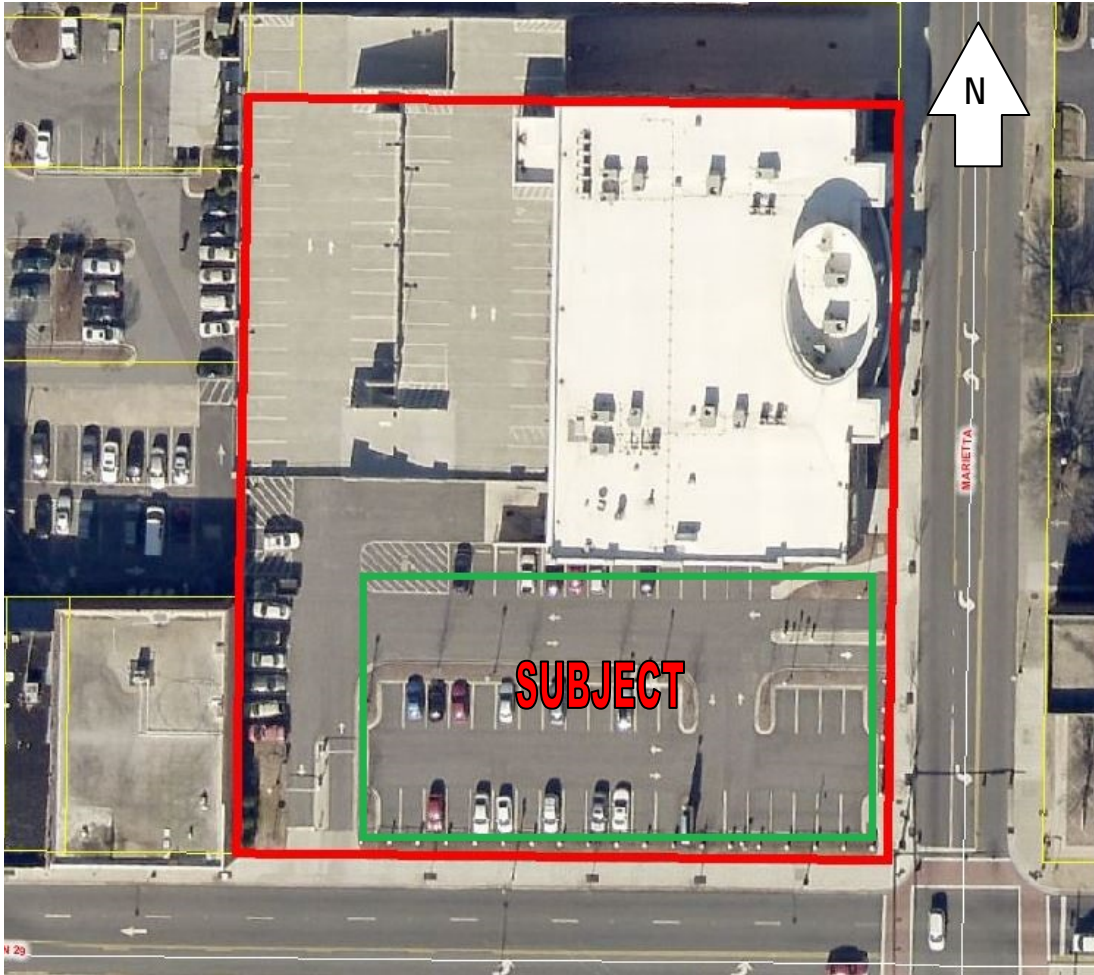
By observation, we observed no hazardous or toxic materials on the property and none came to our attention.

### **Site Conclusion**

With an estimated site area of approximately 0.505 acres or 22,000 square feet the site is significantly smaller than other hotel sites in the market. We note that we have assumed that the three story parking deck would be available to the hotel patrons, leaving the majority of the rectangular shaped site for the improvements. The site appears to be adequate for a three to five story hotel improvement, with good access via the existing curb cut along West Franklin Avenue and the two curb cuts located to the north that provide ingress/egress to the parking deck.

The subject site appears to be well suited for a number of possible uses, including the proposed hotel use.

GIS AERIAL PHOTOGRAPH (2013)



**SITE PHOTOGRAPHS**



**VIEW OF THE SUBJECT FROM WEST BOUNDARY LOOKING EAST**



**VIEW OF THE SUBJECT FROM NORTHWEST BOUNDARY LOOKING EAST**

## **FEASIBILITY ANALYSIS**

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## **FEASIBILITY ANALYSIS**

An accurate hotel market analysis calls for a careful investigation of the dynamics that affect the demand within the primary market area. These factors are as follows.

- 1) The location of the prospective subject site relative to the market area and tourist attractions
- 2) The growth of demand within the market area
- 3) The sources and strength of transient travel
- 4) Current and future travel patterns
- 5) The location of competitive properties and their physical and operational characteristics
- 6) Special conditions and trends

Using the collection of geographic and demographic trends found in the preceding sections of the study we will discuss each of the factors that affect the feasibility of a lodging facility in downtown Gastonia.

With respect to location, the primary distinction between hotels is typically whether they are located downtown, suburban, located near an airport, or some other special destination such as a resort or tourist attraction. Most hotels appeal to overlapping market segments which are difficult to delineate when assessing a property's market potential.

It is likely that sufficient demand exists in the Gastonia area to support an additional hotel. A new facility would depend on capturing market share from the outlying areas as well as capturing some market share from the existing establishments currently in town. For example, the commercial segment, which typically is less price sensitive, tends to value short commutes to conduct their business and amenities nearby such as restaurants and retail. Additionally, since tourist attractions and points of interest are located in and around Gastonia, tourists would likely view a new hotel as a primary source of supply when traveling through the region.

There are several reasons to believe the Gastonia area has seen increasing demand for lodging in recent years. Through conversations with City of Gastonia Officials, there is a general lack of available local hotels within the general downtown area for visitors attending events, weddings and funerals in the downtown area of the City of Gastonia.

The modest population increase in the City of Gastonia and Gaston County will boost the demand for lodging in the segment of travel and leisure for family gatherings and holiday visitations to name a few.

Hotel demand is not generated by the existence of a hotel itself in most cases, but is generated by local businesses, convention centers, tourist attractions and other draws that bring travelers to a location. Unlike other types of real estate which respond to relatively local demand, hotels cater to patrons outside of the market area. Most patrons like to stay in an area near their intended destination where complimentary real estate is established such as restaurants and retail.

It has become exceedingly difficult to obtain traditional long-term financing without a nationally known franchise affiliation or flag. There are certainly instances where independent limited-service hotels are capable of being financed, but they typically fall in the category of very small properties or have some type of intangible name associated with them. Reportedly, age is becoming increasingly important to many lenders. They are often hesitant to finance properties over twenty years of age. For these reasons any newly developed facility should be affiliated with a recognizable franchise or "flag" affiliation.

One of the most obvious differences in property design is interior versus exterior corridors. Few hotels today are constructed with exterior corridors. There are only a limited number of franchises available for properties with this design. There are some exceptions, where exterior corridor properties are desirable. Examples can be found in the Southwest where drive up one-story properties have exterior entrances. There are also a few examples of franchise companies allowing a combination of both interior and exterior corridor rooms in a specific property. Despite these exceptions, the major flags are phasing out exterior corridor properties and replacing them with interior corridor properties.

Franchise companies are downgrading properties with older designs to a lower-tier with lower price points. This is illustrated by La Quinta, who converted older exterior corridor La Quinta properties to a sister Baymont Inn flag before it sold ownership of the Baymont brand to Cendant.

### **Conclusion**

Supply and demand characteristics for the subject market have been analyzed and discussed in the previous sections of this report. Market segments were identified and analyzed for each of the hotels in the subject's primary market. In this section of our study, we developed our analysis of feasibility for the proposed hotel and report our results.

Given a market level room rate, a proposed hotel development is feasible if its projected occupancy in the first years of operation is at or near a stabilized level. It is our experience, supported by historical occupancy a trend in the subject market, that lodging construction occurs when the aggregate market occupancy is above 50%. Hotel construction typically ceases when aggregate occupancy levels dip below stabilized levels. Due to the density of competing properties primarily catering to the commercial segment, the improving performance in the market in respect to increasing ADR and RevPar, the lack of competing hotels within the commercial and meeting segment and increases in demand for travelers to Gastonia it appears that the reported occupancy within the competitive set is a good indicator of hotel development feasibility in this market.

The majority of the competitive properties are upper midscale class hotels (Holiday Inn Express, Fairfield Inn, Hampton Inn and Comfort Suites), with one midscale class hotel (Best Western-Plus) and one upscale class hotel (Courtyard by Marriot). The estimated market segmentation of the hotels included in the market area survey reported commercial segmentation of approximately 63%, leisure segmentation of 33% and meeting/group segmentation of approximately 5%. All of the surveyed hotels are located along the Interstate 85 corridor, with five of the six properties grouped near each other on Remount Road.



These five properties appear to be well positioned within the City of Gastonia with the Gaston Memorial Hospital located approximately 0.7 miles to the west and general proximity to the major commercial corridors that consist of medium density retail development along New Hope Road and Andrew Jackson Highway to the south. While it appears that these properties may be at a locational advantage we note the strong occupancy, average daily rate and market segmentation of the Holiday Inn Express located off of Exit 17 of Interstate 85, approximately two miles to the west of the aforementioned group of hotels located along Remount Road. The strong overall performance of the Holiday Inn Express indicates that performance of the hotels is not due to a locational advantage, as the area surrounding the Holiday Inn Express is primarily industrial with a limited amount of amenities nearby. The subject hotel site is located 1.8 miles south of Interstate 85 (Exit 17) via Chester Street (US 321) and approximately 1.7 miles southwest of Interstate 85 (Exit 19) via Long Avenue and Ozark Avenue.

Due to the distance from the Interstate in order for the subject hotel to capture a portion of the leisure segment it is critical that the subject hotel be affiliated with a recognizable hotel operator, as well as be professionally marketed via commonly used travel booking websites, signage along the respective exits along Interstate 85 and potentially the use of billboards in order for potential guests to be aware of the presence of the subject hotel. We also note that the subject hotel would likely be promoted via efforts of City and County Officials in their efforts to continue to revitalize the downtown area of City of Gastonia as a destination center. As approximately 63% of the market is the commercial segment we have formed the opinion that the commercial guest sector would likely welcome a downtown based hotel, if effectively made aware via marketing efforts, especially as the downtown area continues to add to the existing amenities of restaurants and retail uses in and around downtown Gastonia.

The advantage of being located along Interstate 85, as well as the lack of competitive properties in the general area, should continue to positively impact population growth and tourism in the City of Gastonia. This allows the City of Gastonia to capitalize on their history and proximity to the interstate as tourists pass through the region.

As previously noted, the unit of measure in evaluating market share is the penetration ratio. This is defined as a hotel's percentage of demand in a given segment divided by its portion, or fair share of total room supply. If all properties within a market were equal in quality, location, and rate structure, each could be expected to attract demand in proportion to its size, thereby achieving a penetration ratio of 100 percent. A property that has a competitive advantage in attracting demand from a given segment of the market can be expected to penetrate that segment at a rate that is greater than 100%; the same property may achieve relatively low penetration in a segment in which it is at a competitive disadvantage.

The hotels within the primary market were selected due to their location, class and somewhat similar market competitiveness. Average Daily Rates (ADR) for these properties ranged from \$75.00 to \$110.00 per night, with an average of approximately \$88.00 per night. It is anticipated the proposed hotel should be able to attain an ADR level similar to the competitive level of the surveyed. While expectations for hotel properties in some markets call for above inflationary increases, because of the new supply in the local market, we estimate the subject should attain only inflationary increases until sufficient market share has been captured.

We have selected an ADR range for the subject of approximately \$90.00 to \$100.00 per night, to establish a competitive price in the marketplace, assuming a development occurs within the next 12 to 24 months. If a hotel is developed within the City of Gastonia we highly recommend a minimum hotel class of "upper midscale" that will compete directly with the properties included in the existing market survey. We also recommend an aggressive marketing campaign to inform all potential guests of the hotel including the commercial and leisure sectors. The subject hotel facility is uniquely positioned to capture a significant portion of the group and meeting sector, as there is no clear leader within the market and the hotel would be located adjacent to the newly constructed 30,000 square foot Gastonia Conference Center. We highly recommend a strong partnership with the Gaston Conference Center as well as direct marketing to potential patrons of the group and meeting segment.

Subject to the conditions and explanations contained in the following report, and based on our analysis of the market, together with our experience performing similar market studies, our conclusion is as follows:

**As of the date of this report, August 5, 2014, it is our opinion that a hotel facility within the jurisdiction of Gastonia, NC is feasible provided a development and construction period of 12 to 24 months.**

**80 to 100 ROOM, LIMITED SERVICE, UPPER MIDSCALE, FLAG HOTEL  
ESTIMATED AVERAGE DAILY RATE (ADR) RANGE: \$90.00 to \$100.00**

## **ADDENDA**

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**APPRAISER'S QUALIFICATIONS**

**ROBERT A. MACEDA**  
Registered Appraiser Trainee NC # T5308

---

Robert A. Maceda is a Registered Appraiser Trainee in the State of North Carolina.

Bob has been involved in the appraisal of real estate since 2009. His experience appraising includes all types of commercial properties including office, retail, multi-family, warehouse and industrial, institutional, apartments, townhome and subdivision analysis, special use properties and vacant land.

In addition to his appraisal background, Bob has several years of experience in underwriting commercial real estate loans. Bob graduated from Robert Morris University with a Bachelor of Science in Business Administration with a concentration in Finance in 2005.

Listed below is a partial list of real estate education completed by Bob during his real estate career:

Basic Appraisal Principles  
Basic Appraisal Procedures  
Residential Market Analysis & Highest and Best Use  
USPAP-15 Hour & 7 Hour Update(s)  
Appraisal Case Law II  
Income Approach  
Mortgage Fraud  
Business Practices and Ethics

General Appraiser Income Approach I (AI)  
General Appraiser Income Approach II (AI)  
General Appraiser Sales Comparison Approach (AI)  
General Appraiser Market Analysis and Highest & Best Use (AI)  
Real Estate Finance Statistics & Valuation (AI)  
General Appraiser Site Valuation and Cost Approach (AI)

**JOHN M. MCBRAYER**  
**Certified General Appraiser NC # A5723**

---

John McBrayer is a Certified General Appraiser in the State of North Carolina and the Principal of Williams Appraisers, Inc. in Raleigh, North Carolina ([www.williamsappraisers.com](http://www.williamsappraisers.com)). In addition to North Carolina, John is certified to appraise in South Carolina. Since joining Williams Appraisers in 2002, he has appraised a wide variety of properties for institutional lenders, government entities and individuals in the Triangle and throughout North Carolina, South Carolina and Virginia including office, retail, warehouse and industrial, hotel/motel, townhome and subdivision analysis, special use properties and vacant land. He has also prepared feasibility and impact studies for various property types, including hotel/motel, mixed-use development and environmentally contaminated properties.

In addition to traditional appraisal and consulting services, Williams Appraisers, Inc. provides appraisal services in real estate tax appeals, divorce and family disputes, donation of conservation easements, bankruptcy and other real estate-related arbitrations and mediations. John has been qualified as an expert witness for real estate in several North Carolina and Federal courts for litigation services.

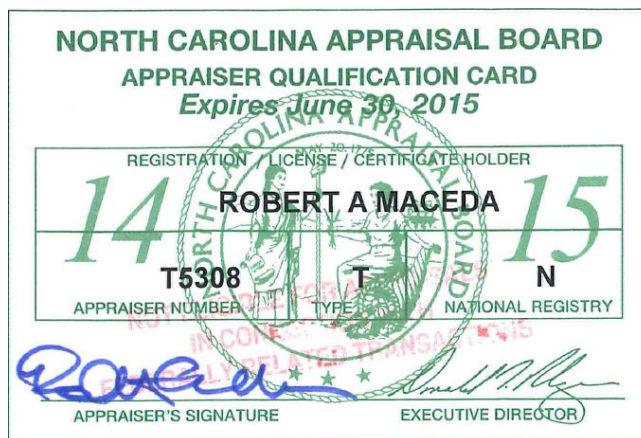
A graduate of Tulane University with a Bachelor's of Science in Economics, John began his career in commercial and residential real estate with Century Development and Jones Lang Wootton, USA (now Jones Lang LaSalle) in Houston, Texas and later as a principal of Coldwell Banker GSM Realty in Tennessee. He has held real estate licenses in Texas, Tennessee and North Carolina.

Listed below is a partial list of various real estate continuing education courses for appraisal, brokerage and property management disciplines completed by John during his real estate career:

Separating Real Property, Personal Property  
& Intangible Business Assets  
Land and Site Valuation  
Sustainability: Greening Real Estate  
Valuation of Conservation Easements  
510 Advanced Income Capitalization  
520 Highest & Best Use / Market Analysis  
530 Advanced Cost and Sales Approaches  
USPAP and Updates  
Introduction to Real Estate Appraisal  
Valuation Principles and Procedures  
Applied Residential Property Valuation  
Advanced Income Property Valuation

Applied Income Property Valuation  
Valuation of Income Property  
Real Estate Investments  
Real Estate Finance  
Design & Operation of Office Buildings I & II  
Managerial Accounting & Finance  
Insurance & Risk Management  
Real Estate Law  
Real Estate Investment & Finance  
Administration of Real Property  
Long Range Management Plan  
Introduction to Income Property Appraisal  
Management of Office Buildings  
Managing Real Estate as an Investment

## APPRAISER CERTIFICATIONS



GENERAL REFERENCES

|   |   |
|---|---|
| <b>BB&amp;T</b><br>RE Appraisal Department<br>2713 Forest Hills Road<br>Wilson, NC 27893<br>252-296-7062                  | <b>Wells Fargo RETECHS</b><br>Denny Johnson, MAI<br>301 S. Tryon Street TL-8<br>Charlotte, NC 28255<br>704-383-1962           |
| <b>PNC Bank</b><br>Appraisal Department<br>1900 E. Ninth Street<br>Cleveland OH 41444<br>216-222-6057                     | <b>First Citizens Bank &amp; Trust</b><br>Centralized Appraisal<br>16 E. Rowan Street<br>Raleigh, NC 27609<br>919-716-2369    |
| <b>SunTrust Bank</b><br>Scott McCreary<br>2323 Operations Drive<br>Durham, NC 27705<br>919-425-6462                       | <b>Regions Bank</b><br>Kenneth Hummel, MAI<br>11100 Riverchase Drive<br>Richmond, VA 23233<br>804-564-2230                    |
| <b>Paragon Bank</b><br>Jim Fielding/Martin Borden<br>3605 Glenwood Avenue, Suite 100<br>Raleigh, NC 27612<br>919-788-7770 | <b>Fifth Third Bank</b><br>Appraisal Department<br>38 Fountain Square Plaza MD 1090Y2<br>Cincinnati, OH 25236<br>513-534-7189 |
| <b>VantageSouth Bank</b><br>Daniel Neu<br>7961 Market Street<br>Wilmington, NC<br>910-686-5118                            | <b>North State Bank</b><br>Brenda Smith<br>6200 Falls of Neuse Road<br>Raleigh, NC 27609<br>919-630-1115                      |
| <b>Four Oaks Bank and Trust</b><br>Jerry Thornton<br>PO Box 274<br>Clayton, NC 27520<br>919-553-2323                      | <b>First Federal Bank</b><br>Locke Godwin<br>200 E. Divine Street<br>Dunn, NC 28334<br>910-891-2813                           |
| <b>TrustAtlantic Bank</b><br>Tom Quinn<br>4801 Glenwood Ave. Suite 500<br>Raleigh, NC 27612<br>919-277-8715               | <b>Fidelity Bank</b><br>Appraisal Department<br>100 South Main Street<br>Fuquay Varina, NC<br>919-567-6702                    |
| <b>Cindy Wiggins-Tiede</b><br>Community Investment Corporation<br>PO Box 19999<br>Raleigh, NC 27619<br>919-781-7979       | <b>NewCentury Bank</b><br>David Ivey<br>107 E. Broad Street<br>Dunn, NC<br>910-897-3613                                       |

## CLIENTS

### Partial Institutional Client List

|                             |                               |
|-----------------------------|-------------------------------|
| AmSouth Bank                | Mechanics & Farmers Bank, NC  |
| Bank of America             | Medalist Capital              |
| BankOne                     | Monarch Financial Services    |
| Branch Bank & Trust, NC     | NC Mortgage Funding           |
| California Bank & Trust, CA | New Century Bank              |
| Capital Advisors Group, NC  | NewBridge Bank                |
| Capital Bank, NC            | NewDominion Bank              |
| Capstone Bank, NC           | North State Bank, NC          |
| Cardinal State Bank, NC     | Paragon Bank, NC              |
| Carolina Savings Bank, NC   | Patriot State Bank, NC        |
| Central Carolina Bank, NC   | PNC Bank                      |
| Cigna Financial             | Providence Bank, NC           |
| CIT Small Business          | Providian Insurance Group     |
| Citizens Bank               | Randolph Bank                 |
| CommunityOne Bank, NC       | RBC Centura                   |
| Compass Bank                | Regions Bank                  |
| Crescent State Bank, NC     | Research Triangle, Inc.       |
| Fidelity Bank, NC           | RTP Federal Credit Union      |
| First Bank, NC              | Southeast Financial, NC       |
| First Capital Mortgage, NC  | Southern Bank and Trust       |
| First Charter Bank          | Southern Community Bank       |
| First Citizens Bank, NC     | Southern National Bank, NC    |
| First Federal Bank, NC      | SouthTrust Bank               |
| First One Bank              | Stancorp Mortgage Investors   |
| First South Bank, NC        | Sterling South Bank, NC       |
| Four Oaks Bank, NC          | Stewart Title                 |
| GMAC Commercial Lending     | SunTrust                      |
| HomeTown Bank               | Truliant Federal Credit Union |
| HomeTrust Bank, NC          | TIAA-CREEF                    |
| HVB Group, NY               | VantageSouth Bank             |
| KeySource Commercial Bank   | Wells Fargo Bank              |
| M & T Bank, Buffalo, NY     | Xenith Bank, VA               |

*Note: We are currently State Certified in NC, SC, and VA. The above clients represent local, regional, national, and international assignments.*



### Partial Non-Institutional Client List

|  |   |
|--|---|
| Allstate Appraisal                         | Maupin Taylor                                 |
| Ammons, Inc.                               | Morgan Reeves Gilchrist                       |
| Anthony & Company, NC                      | MV Communities, Inc.                          |
| Anthony Allenton                           | NC Community Foundation                       |
| B Banks Law Firm                           | Poyner Spruill                                |
| Battle Winslow Scott & Wiley               | Property Reserve Inc.                         |
| Beasley Enterprises                        | RDU Airport Authority                         |
| Bennett Deal Sawyer, LLC                   | Regency Development Services                  |
| Boylan Development                         | Research Triangle Corporation                 |
| Capcount USA                               | Richardson Corporation                        |
| Childress Klein                            | Ross-Civello Properties                       |
| City of Raleigh                            | Salvation Army                                |
| CMC Hotels                                 | Sanford Law Firm, NC                          |
| Cranfill, Summer & Hartzog, LLC            | Sperry Van Ness                               |
| Creedmoor Partners                         | Stam Fordham & Danchi, PA                     |
| Crosland                                   | State Employees of NC                         |
| Crossin Dannis, Inc.                       | Strategic Technologies                        |
| Cumalander, Adock & McGraw                 | Taylor Woodrow                                |
| Cushman Wakefield                          | The Pantry, Inc.                              |
| Davis, Sturges & Thomlinson, LLP           | Thomas Ferguson & Mullins, LLP                |
| Dewitt Corporation                         | Thomas Worth, Attorney at Law                 |
| DHIC, Inc.                                 | Town of Ahoskie                               |
| Dilweg Properties                          | Town of Carrboro                              |
| Edminsten & Webb Law Firm                  | Town of Chapel Hill                           |
| ElectricCities, Inc.                       | Town of Edenton                               |
| Emmett Boney Haywood, Attorney at Law      | Town of Holly Springs                         |
| Ernst & Young                              | Town of LaGrange                              |
| First American Hotels/Welcome Hotels, Inc. | Town of Louisburg                             |
| First Oakland Properties                   | Town of Mebane                                |
| Fore Property Company, DC                  | Town of Scotland Neck                         |
| Fuller Becton Slifkin & Bell               | Trademark Properties                          |
| Green Hawk Corporation                     | Trinity Advisors                              |
| Halifax County                             | Van Winkle Buck Well Starnes & Davis, PA      |
| Highwoods Properties                       | Vandeventer Black, LP                         |
| Holt York Darris & High, LP                | Wake County Facilities/Public Schools/Revenue |
| Howell Law Firm                            | Wallis & Morton, PA                           |
| International Paper Realty                 | Waste Industries                              |
| Kerr Drugs                                 | Wil-Dor, Inc.                                 |
| Keystone Corporation, NC                   | Winslow Properties, Inc.                      |
| Kilpatrick Stockton, LLP                   | Wyrick Robbin Yates Ponton, LLC               |
| Kirk Kirk Howell Cutter & Thomas, LLP      | York Properties                               |
| Manning Fulton Skinner                     | Young Moore Henderson, PA                     |

ENGAGEMENT LETTER



JUL. 2. 2014 11:29AM

ELECTRICITIES OF NC

NO. 9362 P. 1

C14201



Williams Appraisers Inc  
PO Box 33786  
Raleigh, NC 27607  
Tel. 919-424-1900  
Fax. 919-424-1922  
<http://www.williamsappraisers.com>

To: Ms. Brenda Daniels  
Manager, Economic Development  
ElectriCities  
1427 Meadow Wood Boulevard  
Raleigh, NC 27604

Via Email  
bdaniels@electricities.org

From: John McBrayer (919) 334-6740 / [john@williamsappraisers.com](mailto:john@williamsappraisers.com)

Receiver's Phone/Fax: 760-6363

Date: July 2, 2014

Property: Hotel Market Feasibility Study for the City of Gastonia, North Carolina to determine the feasibility of a lodging facility. Our report will include a Supply and Demand Analysis, both of which will address National, State and the Primary Markets, and a Feasibility Analysis, including conclusions for the appropriate size and rate structure of a proposed hotel, if justified. The report will be in compliance with the Uniform Standards of Professional Appraisal Practice (USPAP).

Type of Report: Feasibility Study

Due Date: Four (4) weeks from date of engagement

Appraisal Fee: \$5,500

Payment Terms: Due on Completion of Report

Proposed by: John McBrayer (Digital Signature)

July 2, 2014

Date

Accepted by:

Signature

7-2-14

Date

Brenda Daniels

Print Name



PLEASE COMPLETE THE FOLLOWING AND RETURN ENGAGEMENT VIA EMAIL or FAX TO (919) 424-1922:

Report should be addressed to:

Report should be invoiced to:

Contact names and phone:

Same as above

Same as above

Kristy Crisp  
City of Gastonia  
704-842-5105  
[kristyc@cityofgastonia.com](mailto:kristyc@cityofgastonia.com)

Number of copies requested: 2 plus pdf copy

## SMITH TRAVEL RESEARCH REPORT

United States  
735 East Main Street  
Hendersonville  
TN 37075  
Phone: +1 (615) 824 8664  
Fax: +1 (615) 824 3848  
www.str.com

United Kingdom  
Blue Fin Building  
110 Southwark Street  
London SE1 0TA  
Phone: +44 (0)20 7922 1930  
Fax: +44 (0)20 7922 1931  
www.strglobal.com



### Gastonia, NC Selected Properties (Downtown)

January 2008 to May 2014  
Currency: USD - US Dollar

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Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

# TABLE 2. DOWNTOWN

Gastonia, NC Selected Properties (Downtown)  
Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Occupancy (%) | January | February | March | April | May  | June | July | August | September | October | November | December | Total Year | May '14 |
|---------------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|------------|---------|
| 2008          | 53.7    | 62.2     | 65.6  | 69.0  | 69.7 | 69.6 | 67.9 | 63.6   | 59.3      | 58.0    | 50.0     | 47.1     | 61.4       | 63      |
| 2009          | 45.2    | 57.5     | 51.0  | 53.3  | 55.9 | 61.5 | 57.0 | 53.6   | 55.3      | 59.0    | 55.9     | 51.8     | 58.0       | 57      |
| 2010          | 44.3    | 58.0     | 60.3  | 60.1  | 64.8 | 67.8 | 74.2 | 61.0   | 64.4      | 59.3    | 62.9     | 59.9     | 60.2       | 67      |
| 2011          | 53.2    | 61.6     | 69.4  | 77.9  | 77.0 | 77.7 | 68.4 | 67.0   | 63.4      | 69.1    | 62.9     | 54.2     | 68.4       | 67      |
| 2012          | 48.7    | 67.4     | 79.1  | 71.6  | 70.2 | 76.3 | 73.2 | 73.1   | 72.8      | 73.2    | 65.2     | 54.2     | 68.9       | 67      |
| 2013          | 55.0    | 68.7     | 65.9  | 69.9  | 73.0 | 70.8 | 71.9 | 71.6   | 67.8      | 73.6    | 63.9     | 58.0     | 67.3       | 66      |
| 2014          | 53.7    | 71.1     | 70.2  | 75.3  | 75.2 | 70.3 | 69.4 | 65.4   | 63.8      | 66.4    | 59.3     | 51.2     | 63.0       | 66      |
| Avg           | 50.5    | 63.8     | 65.9  | 68.1  | 69.0 | 70.3 | 69.4 | 65.4   | 63.8      | 66.4    | 59.3     | 51.2     | 63.0       | 63      |

| ADR (\$) | January | February | March | April | May   | June  | July  | August | September | October | November | December | Total Year | May '14 |
|----------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|------------|---------|
| 2008     | 80.79   | 82.52    | 82.56 | 82.55 | 86.45 | 82.22 | 82.46 | 82.61  | 80.68     | 81.59   | 76.93    | 73.17    | 81.53      | 83.1    |
| 2009     | 75.88   | 76.54    | 76.75 | 74.47 | 75.47 | 75.75 | 71.39 | 73.00  | 75.12     | 73.10   | 69.99    | 68.62    | 73.87      | 75.1    |
| 2010     | 70.58   | 72.59    | 71.50 | 72.07 | 72.97 | 71.27 | 71.91 | 72.90  | 71.25     | 69.96   | 69.27    | 67.55    | 71.33      | 72.1    |
| 2011     | 70.31   | 71.32    | 74.18 | 74.50 | 76.76 | 76.22 | 75.52 | 77.08  | 76.42     | 74.38   | 74.11    | 70.87    | 74.53      | 73.1    |
| 2012     | 75.51   | 75.57    | 76.34 | 76.34 | 79.57 | 76.97 | 77.97 | 84.63  | 100.03    | 78.70   | 77.20    | 75.34    | 80.28      | 76.1    |
| 2013     | 78.15   | 83.03    | 86.14 | 81.43 | 80.36 | 79.87 | 79.09 | 80.43  | 79.30     | 79.61   | 79.07    | 76.15    | 80.28      | 81.1    |
| 2014     | 81.53   | 86.82    | 87.28 | 85.00 | 82.38 | 77.04 | 76.50 | 76.82  | 81.01     | 76.47   | 74.61    | 72.07    | 84.1       | 78.1    |
| Avg      | 76.33   | 78.63    | 80.09 | 78.60 | 79.34 | 77.04 | 76.50 | 76.82  | 81.01     | 76.47   | 74.61    | 72.07    | 77.13      | 78.1    |

| RevPAR (\$) | January | February | March | April | May   | June  | July  | August | September | October | November | December | Total Year | May '14 |
|-------------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|------------|---------|
| 2008        | 43.35   | 51.35    | 54.14 | 56.93 | 57.68 | 53.97 | 55.96 | 54.77  | 47.06     | 53.05   | 38.45    | 34.46    | 50.10      | 52.1    |
| 2009        | 34.29   | 43.37    | 38.12 | 39.69 | 42.21 | 40.56 | 40.66 | 38.12  | 42.27     | 42.37   | 36.31    | 32.28    | 39.86      | 38.1    |
| 2010        | 31.26   | 42.14    | 43.15 | 43.26 | 47.84 | 48.32 | 53.39 | 44.46  | 43.86     | 41.51   | 38.73    | 35.01    | 42.92      | 41.1    |
| 2011        | 36.81   | 50.91    | 52.65 | 52.90 | 59.16 | 59.19 | 59.16 | 51.63  | 48.45     | 51.43   | 46.58    | 36.08    | 49.46      | 50.1    |
| 2012        | 43.02   | 57.03    | 56.81 | 55.94 | 59.88 | 57.68 | 57.68 | 57.68  | 57.68     | 57.68   | 50.33    | 40.83    | 55.32      | 52.1    |
| 2013        | 43.04   | 61.74    | 61.27 | 64.02 | 61.92 | 56.56 | 56.87 | 51.61  | 53.74     | 58.57   | 50.56    | 42.67    | 54.06      | 54.1    |
| 2014        | 38.58   | 50.15    | 52.79 | 53.56 | 54.72 | 54.14 | 52.35 | 51.57  | 51.69     | 50.76   | 43.48    | 36.88    | 48.61      | 49.1    |
| Avg         | 38.58   | 50.15    | 52.79 | 53.56 | 54.72 | 54.14 | 52.35 | 51.57  | 51.69     | 50.76   | 43.48    | 36.88    | 48.61      | 49.1    |

| Supply | January | February | March  | April  | May    | June   | July   | August | September | October | November | December | Total Year | May '14 |
|--------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|------------|---------|
| 2008   | 18,011  | 16,268   | 18,011 | 17,430 | 18,011 | 17,430 | 18,011 | 18,011 | 17,430    | 18,011  | 17,430   | 18,011   | 212,065    | 87.7    |
| 2009   | 18,011  | 16,268   | 18,011 | 17,430 | 18,011 | 17,430 | 18,011 | 18,011 | 17,430    | 18,011  | 17,430   | 18,011   | 212,065    | 87.7    |
| 2010   | 18,011  | 16,268   | 18,011 | 17,430 | 18,011 | 17,430 | 18,011 | 18,011 | 17,430    | 18,011  | 17,430   | 18,011   | 212,065    | 87.7    |
| 2011   | 17,949  | 16,212   | 17,949 | 17,370 | 17,949 | 17,370 | 17,949 | 17,949 | 17,370    | 17,949  | 17,370   | 17,949   | 211,759    | 87.7    |
| 2012   | 17,949  | 16,212   | 17,949 | 17,370 | 17,949 | 17,370 | 17,949 | 17,949 | 17,370    | 17,949  | 17,370   | 17,949   | 211,335    | 87.4    |
| 2013   | 17,949  | 16,212   | 17,949 | 17,370 | 17,949 | 17,370 | 17,949 | 17,949 | 17,370    | 17,949  | 17,370   | 17,949   | 211,335    | 87.4    |
| 2014   | 17,949  | 16,212   | 17,949 | 17,370 | 17,949 | 17,370 | 17,949 | 17,949 | 17,370    | 17,949  | 17,370   | 17,949   | 211,335    | 87.4    |
| Avg    | 17,976  | 16,236   | 17,976 | 17,396 | 17,976 | 17,400 | 17,980 | 17,970 | 17,390    | 17,970  | 17,390   | 17,970   | 211,649    | 87.5    |

| Demand | January | February | March  | April  | May    | June   | July   | August | September | October | November | December | Total Year | May '14 |
|--------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|------------|---------|
| 2008   | 9,665   | 10,122   | 11,812 | 12,019 | 12,016 | 12,223 | 12,223 | 11,942 | 10,167    | 11,711  | 8,711    | 8,481    | 130,309    | 55.6    |
| 2009   | 8,139   | 9,346    | 9,180  | 9,288  | 10,074 | 10,713 | 10,258 | 9,652  | 9,808     | 10,439  | 9,042    | 8,473    | 114,412    | 46.0    |
| 2010   | 7,976   | 9,433    | 10,869 | 10,467 | 11,817 | 11,817 | 13,371 | 10,947 | 11,181    | 10,650  | 9,302    | 9,302    | 127,412    | 50.4    |
| 2011   | 9,551   | 9,993    | 12,453 | 13,523 | 13,813 | 13,489 | 11,923 | 12,022 | 11,013    | 12,410  | 10,918   | 9,137    | 140,245    | 59.3    |
| 2012   | 8,749   | 10,921   | 14,193 | 12,445 | 12,603 | 13,603 | 13,141 | 13,126 | 12,645    | 13,146  | 11,319   | 9,728    | 145,619    | 58.9    |
| 2013   | 9,880   | 11,136   | 11,837 | 12,147 | 13,106 | 12,301 | 12,907 | 12,856 | 11,771    | 13,204  | 11,107   | 10,057   | 142,309    | 58.1    |
| 2014   | 9,638   | 11,329   | 12,600 | 13,084 | 13,491 | 12,227 | 12,304 | 11,758 | 11,098    | 11,927  | 10,195   | 9,196    | 133,384    | 60.3    |
| Avg    | 9,085   | 10,356   | 11,949 | 11,853 | 12,397 | 12,227 | 12,304 | 11,758 | 11,098    | 11,927  | 10,195   | 9,196    | 133,384    | 55.5    |

| Revenue (\$) | January | February | March     | April     | May       | June      | July      | August    | September | October   | November | December | Total Year | May '14 |
|--------------|---------|----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|----------|----------|------------|---------|
| 2008         | 780,914 | 838,312  | 975,458   | 992,258   | 1,038,810 | 940,823   | 1,007,265 | 986,530   | 820,251   | 955,439   | 670,123  | 620,590  | 10,623,785 | 4,622.3 |
| 2009         | 617,594 | 715,317  | 704,571   | 691,716   | 700,206   | 715,374   | 704,571   | 686,800   | 738,800   | 763,109   | 632,824  | 581,427  | 8,452,690  | 3,489.5 |
| 2010         | 692,970 | 685,465  | 777,093   | 754,336   | 883,492   | 844,224   | 961,566   | 790,374   | 700,166   | 720,166   | 628,391  | 583,416  | 9,083,012  | 3,643.8 |
| 2011         | 671,514 | 712,607  | 923,718   | 1,007,398 | 1,060,324 | 1,029,193 | 900,965   | 926,713   | 841,641   | 923,527   | 879,795  | 779,588  | 11,408,625 | 4,441.8 |
| 2012         | 650,676 | 895,976  | 1,143,127 | 974,076   | 907,890   | 1,047,080 | 1,094,526 | 1,140,793 | 1,064,617 | 1,094,617 | 979,795  | 779,588  | 11,408,625 | 4,441.8 |

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# TABLE 1: SELECTED PROPERTIES (DOWNTOWN) DATA BY MONTH

Gastonia, NC. Selected Properties (Downtown)

Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Occupancy | January | February | March | April | May   | June | July  | August | September | October | November | December | Total Year | May Y |
|-----------|---------|----------|-------|-------|-------|------|-------|--------|-----------|---------|----------|----------|------------|-------|
| 2009      | -15.8   | -7.7     | -22.3 | -22.7 | -16.2 | -6.4 | -16.1 | -19.2  | -3.5      | -10.9   | 3.8      | -0.1     | -12.2      | -17   |
| 2010      | -2.0    | 1.0      | 18.4  | 12.7  | 15.9  | 10.3 | 30.3  | 13.8   | 14.4      | 2.4     | 7.8      | 10.2     | 11.5       | 9     |
| 2011      | -20.2   | 6.2      | 15.0  | 29.6  | 18.7  | 14.5 | -10.5 | 9.8    | -1.5      | 16.5    | 12.4     | -1.8     | 10.3       | 18    |
| 2012      | -12.9   | 5.3      | 14.0  | -3.0  | -3.8  | -0.8 | 10.2  | 8.2    | 14.8      | 5.9     | 3.7      | 6.5      | 3.8        | -0    |
| 2013      | -2.4    | 2.4      | -16.6 | -2.4  | -2.4  | -3.6 | -1.8  | -2.1   | -6.9      | 0.4     | -1.9     | 3.4      | -2.3       | -1    |
| 2014      | 7.7     | 3.5      | 14.4  | 7.7   | 2.9   | 1.4  | 2.4   | 2.3    | 3.5       | 2.9     | 5.2      | 3.6      | 2.2        | 2     |
| Avg       | 0.7     | 2.4      | 2.5   | 2.8   | 2.8   | 2.0  | 2.4   | 2.3    | 3.5       | 2.9     | 5.2      | 3.6      | 2.2        | 2     |

| ADR  | January | February | March | April | May   | June | July  | August | September | October | November | December | Total Year | May Y |
|------|---------|----------|-------|-------|-------|------|-------|--------|-----------|---------|----------|----------|------------|-------|
| 2009 | -6.1    | -7.2     | -7.0  | -9.8  | -12.7 | -7.9 | -13.4 | -1.6   | -5.2      | -10.4   | -9.0     | -6.2     | -9.4       | -8    |
| 2010 | -7.0    | -5.2     | -6.8  | -3.2  | -2.0  | -5.9 | 5.0   | -0.1   | -5.2      | 3.3     | 7.0      | -1.9     | -3.4       | -4    |
| 2011 | -0.4    | -1.8     | 3.7   | 3.4   | 3.8   | 6.9  | 5.7   | 5.7    | 7.3       | 6.3     | 7.0      | 4.9      | 4.5        | 4     |
| 2012 | 7.4     | 6.0      | 8.6   | 5.2   | 3.1   | 1.0  | 3.2   | 9.8    | 30.9      | 5.8     | 4.2      | 6.3      | 7.7        | 5     |
| 2013 | 3.5     | 9.9      | 6.9   | 3.9   | 1.5   | 3.8  | 1.4   | -5.0   | -20.7     | 1.2     | 2.4      | 1.1      | -0.0       | 4     |
| 2014 | 4.7     | 4.6      | 1.3   | 4.4   | 2.5   | 3.8  | 1.4   | -5.0   | -20.7     | 1.2     | 2.4      | 1.1      | -0.0       | 3     |
| Avg  | 0.4     | 1.0      | 1.1   | 0.6   | -0.6  | -0.4 | -0.6  | -0.2   | 1.1       | -0.3    | 0.7      | 0.9      | -0.1       | 0     |

| RevPAR | January | February | March | April | May   | June  | July  | August | September | October | November | December | Total Year | May Y |
|--------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|------------|-------|
| 2009   | -20.9   | -14.4    | -27.7 | -30.3 | -26.8 | -13.7 | -27.3 | -28.6  | -10.2     | -20.1   | -5.6     | -6.3     | -20.4      | -24   |
| 2010   | -8.8    | -4.2     | 10.3  | 9.1   | 13.6  | 3.8   | 31.3  | 13.7   | 8.5       | -2.0    | 6.7      | 8.5      | 7.7        | 4     |
| 2011   | 19.7    | 4.3      | 19.3  | 34.0  | 23.2  | 22.5  | -8.0  | 16.1   | 5.6       | 23.9    | 20.3     | 13.2     | 15.2       | 20    |
| 2012   | -1.6    | 15.8     | 23.8  | -3.2  | -5.9  | 1.8   | 13.8  | 19.9   | 50.3      | 12.1    | 8.0      | 13.2     | 11.8       | 5     |
| 2013   | 16.9    | 12.0     | -10.8 | 1.5   | 5.6   | -6.2  | -0.4  | -6.9   | -26.2     | 1.6     | 0.5      | 4.5      | -2.3       | 3     |
| 2014   | 2.1     | 8.3      | 7.9   | 12.4  | 5.5   | 1.6   | 2.3   | 2.8    | 5.6       | 3.1     | 6.0      | 4.6      | 2.4        | 2     |
| Avg    | 1.2     | 3.6      | 3.8   | 3.9   | 2.5   | 1.6   | 2.3   | 2.8    | 5.6       | 3.1     | 6.0      | 4.6      | 2.4        | 2     |

| Supply | January | February | March | April | May  | June | July | August | September | October | November | December | Total Year | May Y |
|--------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|------------|-------|
| 2009   | 0.0     | 0.0      | 0.0   | 0.0   | 0.0  | 0.0  | 0.0  | 0.0    | 0.0       | 0.0     | 0.0      | 0.0      | 0.0        | 0     |
| 2010   | 0.0     | 0.0      | 0.0   | 0.0   | 0.0  | 0.0  | 0.0  | 0.0    | 0.0       | 0.0     | 0.0      | 0.0      | 0.0        | 0     |
| 2011   | 0.3     | -0.3     | -0.3  | -0.3  | -0.3 | -0.3 | -0.3 | -0.3   | -0.3      | -0.3    | -0.3     | -0.3     | -0.1       | 0     |
| 2012   | 0.0     | 0.0      | 0.0   | 0.0   | 0.0  | 0.0  | 0.0  | 0.0    | 0.0       | 0.0     | 0.0      | 0.0      | 0.0        | 0     |
| 2013   | 0.0     | 0.0      | 0.0   | 0.0   | 0.0  | 0.0  | 0.0  | 0.0    | 0.0       | 0.0     | 0.0      | 0.0      | 0.0        | 0     |
| 2014   | 0.0     | 0.0      | 0.0   | 0.0   | 0.0  | 0.0  | 0.0  | 0.0    | 0.0       | 0.0     | 0.0      | 0.0      | 0.0        | 0     |
| Avg    | -0.1    | -0.1     | -0.1  | -0.1  | -0.1 | -0.1 | -0.1 | -0.1   | -0.1      | -0.1    | -0.1     | -0.1     | -0.1       | -0    |

| Demand | January | February | March | April | May   | June | July  | August | September | October | November | December | Total Year | May Y |
|--------|---------|----------|-------|-------|-------|------|-------|--------|-----------|---------|----------|----------|------------|-------|
| 2009   | -15.8   | -7.7     | -22.3 | -22.7 | -16.2 | -6.4 | -16.1 | -19.2  | -3.5      | -10.9   | 3.8      | -0.1     | -12.2      | -17   |
| 2010   | -2.0    | 1.0      | 18.4  | 12.7  | 15.9  | 10.3 | 30.3  | 13.4   | 14.0      | 2.0     | 7.4      | 9.8      | 11.4       | 9     |
| 2011   | 19.7    | 5.8      | 14.6  | 29.2  | 18.3  | 14.1 | -10.8 | 9.8    | -1.5      | 16.5    | 12.4     | -1.8     | 10.1       | 17    |
| 2012   | -8.4    | 9.3      | 14.0  | -8.0  | -8.8  | 0.8  | 10.2  | 8.2    | 14.8      | 5.9     | 3.7      | 6.5      | 3.8        | -0    |
| 2013   | 12.9    | 2.0      | -16.6 | -2.4  | 4.0   | -9.6 | -1.8  | -2.1   | -6.9      | 0.4     | -1.9     | 3.4      | -2.3       | -1    |
| 2014   | -2.4    | 3.5      | 6.4   | 7.7   | 2.9   | 1.4  | 2.4   | 2.3    | 3.4       | 2.8     | 5.1      | 3.6      | 2.2        | 2     |
| Avg    | 0.7     | 2.3      | 2.4   | 2.8   | 2.7   | 1.9  | 2.4   | 2.2    | 3.4       | 2.8     | 5.1      | 3.6      | 2.2        | 2     |

| Revenue | January | February | March | April | May   | June  | July  | August | September | October | November | December | Total Year | May Y |
|---------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|------------|-------|
| 2009    | -20.9   | -14.4    | -27.7 | -30.3 | -26.8 | -13.7 | -27.3 | -28.6  | -10.2     | -20.1   | -5.6     | -6.3     | -20.4      | -24   |
| 2010    | -8.8    | -4.2     | 10.3  | 9.1   | 13.6  | 3.8   | 31.3  | 13.7   | 8.5       | -2.0    | 6.3      | 8.1      | 7.5        | 4     |
| 2011    | 19.3    | 4.0      | 18.9  | 33.5  | 22.8  | 22.1  | -8.4  | 16.1   | 5.6       | 23.9    | 20.3     | 13.2     | 15.0       | 20    |
| 2012    | -1.6    | 15.8     | 23.8  | -3.2  | -5.9  | 1.8   | 13.8  | 19.9   | 50.3      | 12.1    | 8.0      | 13.2     | 11.8       | 5     |
| 2013    | 16.9    | 12.0     | -10.8 | 1.5   | 5.6   | -6.2  | -0.4  | -6.9   | -26.2     | 1.6     | 0.5      | 4.5      | -2.3       | 3     |
| 2014    | 2.1     | 8.3      | 7.9   | 12.4  | 5.5   | 1.6   | 2.3   | 2.8    | 5.5       | 3.0     | 5.9      | 4.5      | 2.3        | 2     |
| Avg     | 1.2     | 3.6      | 3.7   | 3.8   | 2.5   | 1.6   | 2.3   | 2.8    | 5.5       | 3.0     | 5.9      | 4.5      | 2.3        | 2     |

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## Trend Report: Downtown Properties

Gastonia, NC Selected Properties (Downtown)

Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

|         | Jan 09 | Feb 09 | Mar 09 | Apr 09 | May 09 | Jun 09 | Jul 09 | Aug 09 | Sep 09 | Oct 09 | Nov 09 | Dec 09 | Total Year | May YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -15.8  | -7.7   | -22.3  | -22.7  | -16.2  | -6.4   | -16.1  | -19.2  | -3.5   | -10.9  | 3.8    | -0.1   | -12.2      | -17.3   |
| ADR     | -6.1   | -7.2   | -7.0   | -9.8   | -12.7  | -7.9   | -13.4  | -11.6  | -6.9   | -10.4  | -8.0   | -6.2   | -9.4       | -8.7    |
| RevPAR  | -20.9  | -14.4  | -27.7  | -30.3  | -26.8  | -13.7  | -27.3  | -28.6  | -10.2  | -20.1  | -5.6   | -6.3   | -20.4      | -24.5   |
| Supply  | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0        | 0.0     |
| Demand  | -13.8  | -17.7  | -22.3  | -22.7  | -16.2  | -6.4   | -16.1  | -19.2  | -3.5   | -10.9  | 3.8    | -0.1   | -12.2      | -17.3   |
| Revenue | -20.9  | -14.4  | -27.7  | -30.3  | -26.8  | -13.7  | -27.3  | -28.6  | -10.2  | -20.1  | -5.6   | -6.3   | -20.4      | -24.5   |

|         | Jan 10 | Feb 10 | Mar 10 | Apr 10 | May 10 | Jun 10 | Jul 10 | Aug 10 | Sep 10 | Oct 10 | Nov 10 | Dec 10 | Total Year | May YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -2.0   | 1.0    | 18.4   | 12.7   | 15.9   | 10.3   | 30.3   | 13.3   | 14.4   | 2.4    | 7.8    | 10.2   | 11.3       | 9.6     |
| ADR     | -7.0   | -5.2   | -6.8   | -3.2   | -2.0   | -5.9   | 0.7    | -0.1   | -5.2   | -4.3   | -1.0   | -4.7   | -4.7       | -4.7    |
| RevPAR  | -8.8   | -4.2   | 10.3   | 9.1    | 13.6   | 3.8    | 31.3   | 13.7   | 8.5    | -2.0   | 6.7    | 8.5    | 7.7        | 4.9     |
| Supply  | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | -0.3   | -0.3   | -0.3   | -0.3   | -0.3   | -0.1       | 0.0     |
| Demand  | -2.0   | 1.0    | 18.4   | 12.7   | 15.9   | 10.3   | 30.3   | 13.4   | 14.0   | 2.0    | 7.4    | 9.8    | 11.4       | 9.6     |
| Revenue | -8.8   | -4.2   | 10.3   | 9.1    | 13.6   | 3.8    | 31.3   | 13.3   | 8.1    | -2.4   | 6.3    | 8.1    | 7.5        | 4.4     |

|         | Jan 11 | Feb 11 | Mar 11 | Apr 11 | May 11 | Jun 11 | Jul 11 | Aug 11 | Sep 11 | Oct 11 | Nov 11 | Dec 11 | Total Year | May YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | 20.2   | 6.2    | 15.0   | 29.6   | 18.7   | 14.5   | -10.5  | 9.8    | -1.5   | 16.5   | 12.4   | -1.8   | 10.3       | 18.1    |
| ADR     | -0.4   | -1.8   | 3.7    | 3.4    | 3.8    | 6.9    | 5.0    | 5.7    | 7.3    | 6.3    | 7.0    | 4.9    | 4.5        | 2.1     |
| RevPAR  | 19.7   | 4.3    | 19.3   | 34.0   | 22.2   | 22.5   | -6.0   | 16.1   | 5.6    | 23.9   | 20.3   | 3.0    | 15.2       | 20.5    |
| Supply  | -0.3   | -0.3   | -0.3   | -0.3   | -0.3   | -0.3   | -0.3   | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | -0.2       | -0.3    |
| Demand  | 19.7   | 5.8    | 14.6   | 29.2   | 18.3   | 14.1   | -10.8  | 9.8    | -1.5   | 16.5   | 12.4   | -1.8   | 10.1       | 17.6    |
| Revenue | 19.3   | 4.0    | 18.9   | 33.5   | 22.8   | 22.1   | -6.4   | 16.1   | 5.6    | 23.9   | 20.3   | 3.0    | 15.0       | 20.1    |

|         | Jan 12 | Feb 12 | Mar 12 | Apr 12 | May 12 | Jun 12 | Jul 12 | Aug 12 | Sep 12 | Oct 12 | Nov 12 | Dec 12 | Total Year | May YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -3.4   | 9.3    | 14.0   | -3.0   | -3.8   | 0.8    | 10.2   | 9.2    | 14.8   | 5.9    | 3.7    | 6.5    | 3.8        | -0.7    |
| ADR     | -1.4   | 14.6   | 23.3   | 3.2    | 3.1    | 1.0    | 3.2    | 9.8    | 30.9   | 5.8    | 4.2    | 6.3    | 7.7        | 5.9     |
| RevPAR  | -1.6   | 15.8   | 23.8   | -0.2   | -0.7   | 1.8    | 13.8   | 19.9   | 50.3   | 12.1   | 8.0    | 13.2   | 11.8       | 5.2     |
| Supply  | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0        | 0.0     |
| Demand  | -8.4   | 9.3    | 14.0   | -3.0   | -3.8   | 0.8    | 10.2   | 9.2    | 14.8   | 5.9    | 3.7    | 6.5    | 3.8        | -0.7    |
| Revenue | -1.6   | 15.8   | 23.8   | -0.2   | -0.7   | 1.8    | 13.8   | 19.9   | 50.3   | 12.1   | 8.0    | 13.2   | 11.8       | 5.2     |

|         | Jan 13 | Feb 13 | Mar 13 | Apr 13 | May 13 | Jun 13 | Jul 13 | Aug 13 | Sep 13 | Oct 13 | Nov 13 | Dec 13 | Total Year | May YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | 12.9   | 2.0    | -16.6  | -2.4   | 4.0    | -9.6   | -1.8   | -2.1   | -6.9   | 0.4    | -1.9   | 3.4    | -2.3       | -4.4    |
| ADR     | 3.5    | 9.9    | 6.9    | 3.9    | 1.5    | 3.8    | 1.4    | -5.0   | -20.7  | 1.2    | 2.4    | 1.1    | -2.3       | -4.8    |
| RevPAR  | 16.9   | 12.0   | -10.8  | 1.5    | 5.6    | -6.2   | -0.4   | -6.9   | -26.2  | 1.6    | 0.5    | 4.5    | -2.3       | -3.4    |
| Supply  | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0        | 0.0     |
| Demand  | 12.9   | 2.0    | -16.6  | -2.4   | 4.0    | -9.6   | -1.8   | -2.1   | -6.9   | 0.4    | -1.9   | 3.4    | -2.3       | -4.4    |
| Revenue | 16.9   | 12.0   | -10.8  | 1.5    | 5.6    | -6.2   | -0.4   | -6.9   | -26.2  | 1.6    | 0.5    | 4.5    | -2.3       | -3.4    |

|         | Jan 14 | Feb 14 | Mar 14 | Apr 14 | May 14 | Jun 14 | Jul 14 | Aug 14 | Sep 14 | Oct 14 | Nov 14 | Dec 14 | Total Year | May YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -2.4   | 3.5    | 6.4    | 7.7    | 2.9    |        |        |        |        |        |        |        |            | 3.8     |
| ADR     | 4.7    | 4.6    | 1.3    | 4.4    | 2.5    |        |        |        |        |        |        |        |            | 3.5     |
| RevPAR  | 2.1    | 8.3    | 7.9    | 12.4   | 5.5    |        |        |        |        |        |        |        |            | 7.4     |
| Supply  | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |        |        |        |        |        |        |        |            | 0.0     |
| Demand  | -2.4   | 3.5    | 6.4    | 7.7    | 2.9    |        |        |        |        |        |        |        |            | 3.8     |
| Revenue | 2.1    | 8.3    | 7.9    | 12.4   | 5.5    |        |        |        |        |        |        |        |            | 7.4     |

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TABLE 10: SELECTED PROPERTIES (DOWNTOWN)

Gastonia, NC Selected Properties (Downtown)  
Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Occupancy (%) | January | February | March | April | May  | June | July | August | September | October | November | December |
|---------------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|
| 2009          | 67.2    | 69.4     | 68.4  | 68.2  | 68.4 | 67.9 | 67.8 | 67.7   | 67.3      | 67.3    | 67.2     | 67.3     |
| 2010          | 67.2    | 69.4     | 68.4  | 68.2  | 68.4 | 67.9 | 67.8 | 67.7   | 67.3      | 67.3    | 67.2     | 67.3     |
| 2011          | 67.2    | 69.4     | 68.4  | 68.2  | 68.4 | 67.9 | 67.8 | 67.7   | 67.3      | 67.3    | 67.2     | 67.3     |
| 2012          | 67.2    | 69.4     | 68.4  | 68.2  | 68.4 | 67.9 | 67.8 | 67.7   | 67.3      | 67.3    | 67.2     | 67.3     |
| 2013          | 67.2    | 69.4     | 68.4  | 68.2  | 68.4 | 67.9 | 67.8 | 67.7   | 67.3      | 67.3    | 67.2     | 67.3     |
| 2014          | 67.2    | 69.4     | 68.4  | 68.2  | 68.4 | 67.9 | 67.8 | 67.7   | 67.3      | 67.3    | 67.2     | 67.3     |

| ADR (\$) | January | February | March | April | May   | June  | July  | August | September | October | November | December |
|----------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|
| 2009     | 81.23   | 80.78    | 80.32 | 79.66 | 78.63 | 78.03 | 77.00 | 76.08  | 75.60     | 74.75   | 74.21    | 73.87    |
| 2010     | 81.23   | 80.78    | 80.32 | 79.66 | 78.63 | 78.03 | 77.00 | 76.08  | 75.60     | 74.75   | 74.21    | 73.87    |
| 2011     | 81.23   | 80.78    | 80.32 | 79.66 | 78.63 | 78.03 | 77.00 | 76.08  | 75.60     | 74.75   | 74.21    | 73.87    |
| 2012     | 81.23   | 80.78    | 80.32 | 79.66 | 78.63 | 78.03 | 77.00 | 76.08  | 75.60     | 74.75   | 74.21    | 73.87    |
| 2013     | 81.23   | 80.78    | 80.32 | 79.66 | 78.63 | 78.03 | 77.00 | 76.08  | 75.60     | 74.75   | 74.21    | 73.87    |
| 2014     | 81.23   | 80.78    | 80.32 | 79.66 | 78.63 | 78.03 | 77.00 | 76.08  | 75.60     | 74.75   | 74.21    | 73.87    |

| RevPAR (\$) | January | February | March | April | May   | June  | July  | August | September | October | November | December |
|-------------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|
| 2009        | 49.33   | 48.76    | 47.48 | 46.07 | 44.76 | 44.15 | 42.85 | 41.52  | 41.12     | 40.22   | 40.04    | 39.86    |
| 2010        | 49.33   | 48.76    | 47.48 | 46.07 | 44.76 | 44.15 | 42.85 | 41.52  | 41.12     | 40.22   | 40.04    | 39.86    |
| 2011        | 49.33   | 48.76    | 47.48 | 46.07 | 44.76 | 44.15 | 42.85 | 41.52  | 41.12     | 40.22   | 40.04    | 39.86    |
| 2012        | 49.33   | 48.76    | 47.48 | 46.07 | 44.76 | 44.15 | 42.85 | 41.52  | 41.12     | 40.22   | 40.04    | 39.86    |
| 2013        | 49.33   | 48.76    | 47.48 | 46.07 | 44.76 | 44.15 | 42.85 | 41.52  | 41.12     | 40.22   | 40.04    | 39.86    |
| 2014        | 49.33   | 48.76    | 47.48 | 46.07 | 44.76 | 44.15 | 42.85 | 41.52  | 41.12     | 40.22   | 40.04    | 39.86    |

| Supply | January | February | March   | April   | May     | June    | July    | August  | September | October | November | December |
|--------|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|
| 2009   | 212,065 | 212,065  | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065   | 212,065 | 212,065  | 212,065  |
| 2010   | 212,065 | 212,065  | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065   | 212,065 | 212,065  | 212,065  |
| 2011   | 212,065 | 212,065  | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065   | 212,065 | 212,065  | 212,065  |
| 2012   | 212,065 | 212,065  | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065   | 212,065 | 212,065  | 212,065  |
| 2013   | 212,065 | 212,065  | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065   | 212,065 | 212,065  | 212,065  |
| 2014   | 212,065 | 212,065  | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065 | 212,065   | 212,065 | 212,065  | 212,065  |

| Demand | January | February | March   | April   | May     | June    | July    | August  | September | October | November | December |
|--------|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|
| 2009   | 125,763 | 125,007  | 125,375 | 122,644 | 120,702 | 119,975 | 118,010 | 115,720 | 115,361   | 114,089 | 114,420  | 114,412  |
| 2010   | 125,763 | 125,007  | 125,375 | 122,644 | 120,702 | 119,975 | 118,010 | 115,720 | 115,361   | 114,089 | 114,420  | 114,412  |
| 2011   | 125,763 | 125,007  | 125,375 | 122,644 | 120,702 | 119,975 | 118,010 | 115,720 | 115,361   | 114,089 | 114,420  | 114,412  |
| 2012   | 125,763 | 125,007  | 125,375 | 122,644 | 120,702 | 119,975 | 118,010 | 115,720 | 115,361   | 114,089 | 114,420  | 114,412  |
| 2013   | 125,763 | 125,007  | 125,375 | 122,644 | 120,702 | 119,975 | 118,010 | 115,720 | 115,361   | 114,089 | 114,420  | 114,412  |
| 2014   | 125,763 | 125,007  | 125,375 | 122,644 | 120,702 | 119,975 | 118,010 | 115,720 | 115,361   | 114,089 | 114,420  | 114,412  |

| Revenue (\$) | January    | February   | March      | April     | May       | June      | July      | August    | September | October   | November  | December  |
|--------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2009         | 10,460,565 | 10,340,610 | 10,070,023 | 9,769,514 | 9,490,990 | 9,361,868 | 9,086,289 | 8,804,333 | 8,720,882 | 8,598,552 | 8,491,253 | 8,465,080 |
| 2010         | 10,460,565 | 10,340,610 | 10,070,023 | 9,769,514 | 9,490,990 | 9,361,868 | 9,086,289 | 8,804,333 | 8,720,882 | 8,598,552 | 8,491,253 | 8,465,080 |
| 2011         | 10,460,565 | 10,340,610 | 10,070,023 | 9,769,514 | 9,490,990 | 9,361,868 | 9,086,289 | 8,804,333 | 8,720,882 | 8,598,552 | 8,491,253 | 8,465,080 |
| 2012         | 10,460,565 | 10,340,610 | 10,070,023 | 9,769,514 | 9,490,990 | 9,361,868 | 9,086,289 | 8,804,333 | 8,720,882 | 8,598,552 | 8,491,253 | 8,465,080 |
| 2013         | 10,460,565 | 10,340,610 | 10,070,023 | 9,769,514 | 9,490,990 | 9,361,868 | 9,086,289 | 8,804,333 | 8,720,882 | 8,598,552 | 8,491,253 | 8,465,080 |
| 2014         | 10,460,565 | 10,340,610 | 10,070,023 | 9,769,514 | 9,490,990 | 9,361,868 | 9,086,289 | 8,804,333 | 8,720,882 | 8,598,552 | 8,491,253 | 8,465,080 |

High value is boxed. Low value is boxed and italicized.

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Tab 6 - Twelve Month Moving Average with Percent Change

Gastonia, NC Selected Properties (Downtown)  
 Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Date   | Occupancy |       | ADR       |       | RevPer    |       | Supply    |       | Demand    |       | Revenue    |       |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|------------|-------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year  | % Chg |
| Jan 09 | 60.7      |       | 81.23     |       | 49.33     |       | 212,065   |       | 128,783   |       | 10,480,565 |       |
| Feb 09 | 60.4      |       | 80.78     |       | 48.76     |       | 212,065   |       | 128,007   |       | 10,340,610 |       |
| Mar 09 | 59.1      |       | 80.32     |       | 47.49     |       | 212,065   |       | 125,375   |       | 10,070,023 |       |
| Apr 09 | 57.8      |       | 79.66     |       | 46.07     |       | 212,065   |       | 122,644   |       | 9,769,514  |       |
| May 09 | 56.9      |       | 78.63     |       | 44.76     |       | 212,065   |       | 120,702   |       | 9,490,990  |       |
| Jun 09 | 56.6      |       | 78.03     |       | 44.15     |       | 212,065   |       | 119,975   |       | 9,361,868  |       |
| Jul 09 | 55.6      |       | 77.00     |       | 42.85     |       | 212,065   |       | 118,010   |       | 9,086,289  |       |
| Aug 09 | 54.6      |       | 76.08     |       | 41.52     |       | 212,065   |       | 115,720   |       | 8,804,333  |       |
| Sep 09 | 54.4      |       | 75.60     |       | 41.12     |       | 212,065   |       | 115,361   |       | 8,720,882  |       |
| Oct 09 | 53.8      |       | 74.75     |       | 40.22     |       | 212,065   |       | 114,089   |       | 8,528,552  |       |
| Nov 09 | 54.0      |       | 74.21     |       | 40.04     |       | 212,065   |       | 114,420   |       | 8,491,253  |       |
| Dec 09 | 55.0      | -12.2 | 73.87     | -9.4  | 39.86     | -20.4 | 212,065   | 0.0   | 114,412   | -12.2 | 8,452,090  | -20.4 |
| Jan 10 | 53.9      | -11.3 | 73.50     | -9.5  | 39.60     | -19.7 | 212,065   | 0.0   | 114,249   | -11.3 | 8,397,466  | -19.7 |
| Feb 10 | 53.9      | -10.7 | 73.18     | -9.4  | 39.46     | -19.1 | 212,065   | 0.0   | 114,346   | -10.7 | 8,367,574  | -19.1 |
| Mar 10 | 54.7      | -7.4  | 72.74     | -9.4  | 39.80     | -16.2 | 212,065   | 0.0   | 116,035   | -7.4  | 8,440,096  | -16.2 |
| Apr 10 | 55.3      | -4.4  | 72.54     | -8.9  | 40.09     | -13.0 | 212,065   | 0.0   | 117,214   | -4.4  | 8,502,713  | -13.0 |
| May 10 | 56.0      | -1.6  | 72.43     | -7.9  | 40.58     | -9.3  | 212,065   | 0.0   | 118,817   | -1.6  | 8,605,919  | -9.3  |
| Jun 10 | 56.5      | -0.0  | 72.02     | -7.7  | 40.73     | -7.7  | 212,065   | 0.0   | 119,921   | -0.0  | 8,636,640  | -7.7  |
| Jul 10 | 58.0      | 4.3   | 72.06     | -6.4  | 41.81     | -2.4  | 212,065   | 0.0   | 123,034   | 4.3   | 8,865,880  | -2.4  |
| Aug 10 | 58.6      | 7.5   | 72.06     | -5.3  | 42.26     | 1.8   | 212,003   | -0.0  | 124,329   | 7.4   | 8,959,310  | 1.8   |
| Sep 10 | 59.3      | 9.0   | 71.75     | -5.1  | 42.55     | 3.5   | 211,943   | -0.1  | 125,702   | 9.0   | 9,019,181  | 3.4   |
| Oct 10 | 59.4      | 10.5  | 71.49     | -4.4  | 42.48     | 5.6   | 211,881   | -0.1  | 125,913   | 10.4  | 9,001,097  | 5.1   |
| Nov 10 | 59.8      | 10.8  | 71.42     | -3.8  | 42.68     | 6.6   | 211,821   | -0.1  | 126,583   | 10.6  | 9,041,048  | 6.1   |
| Dec 10 | 60.2      | 11.5  | 71.33     | -3.4  | 42.92     | 7.7   | 211,759   | -0.1  | 127,412   | 11.4  | 9,088,012  | 7.1   |
| Jan 11 | 60.9      | 13.1  | 71.30     | -3.0  | 43.44     | 9.7   | 211,697   | -0.2  | 128,987   | 12.9  | 9,196,556  | 9.1   |
| Feb 11 | 61.2      | 13.5  | 71.21     | -2.7  | 43.58     | 10.5  | 211,641   | -0.2  | 129,537   | 13.3  | 9,223,758  | 10.1  |
| Mar 11 | 62.0      | 13.3  | 71.46     | -1.8  | 44.29     | 11.3  | 211,579   | -0.2  | 131,121   | 13.0  | 9,370,383  | 11.1  |
| Apr 11 | 63.4      | 14.8  | 71.72     | -1.1  | 45.50     | 13.5  | 211,519   | -0.3  | 134,177   | 14.5  | 9,623,445  | 13.1  |
| May 11 | 64.5      | 15.1  | 72.04     | -0.5  | 46.44     | 14.4  | 211,457   | -0.3  | 136,313   | 14.7  | 9,820,277  | 14.1  |
| Jun 11 | 65.3      | 15.4  | 72.52     | 0.7   | 47.33     | 16.2  | 211,397   | -0.3  | 137,985   | 15.1  | 10,006,246 | 15.1  |
| Jul 11 | 64.6      | 11.4  | 72.84     | 1.1   | 47.06     | 12.6  | 211,335   | -0.3  | 136,537   | 11.0  | 9,945,075  | 12.1  |
| Aug 11 | 65.1      | 11.0  | 73.20     | 1.6   | 47.67     | 12.8  | 211,335   | -0.3  | 137,612   | 10.7  | 10,073,784 | 12.1  |
| Sep 11 | 65.0      | 9.7   | 73.62     | 2.6   | 47.88     | 12.5  | 211,335   | -0.3  | 137,444   | 9.3   | 10,118,754 | 12.1  |
| Oct 11 | 65.9      | 10.8  | 73.97     | 3.5   | 48.72     | 14.7  | 211,335   | -0.3  | 139,204   | 10.6  | 10,296,836 | 14.1  |
| Nov 11 | 66.4      | 11.2  | 74.31     | 4.0   | 49.37     | 15.7  | 211,335   | -0.2  | 140,410   | 10.9  | 10,433,203 | 15.1  |
| Dec 11 | 66.4      | 10.3  | 74.53     | 4.3   | 49.46     | 15.2  | 211,335   | -0.2  | 140,245   | 10.1  | 10,452,356 | 15.1  |
| Jan 12 | 66.0      | 8.3   | 74.88     | 5.0   | 49.41     | 13.7  | 211,335   | -0.1  | 139,443   | 8.1   | 10,441,517 | 13.1  |
| Feb 12 | 66.4      | 8.5   | 75.19     | 5.6   | 49.94     | 14.6  | 211,335   | -0.1  | 140,371   | 8.4   | 10,554,126 | 14.1  |
| Mar 12 | 67.2      | 8.5   | 75.81     | 6.1   | 50.98     | 15.1  | 211,335   | -0.1  | 142,111   | 8.4   | 10,773,545 | 15.1  |
| Apr 12 | 66.7      | 5.2   | 76.16     | 6.2   | 50.83     | 11.7  | 211,335   | -0.1  | 141,033   | 5.1   | 10,741,123 | 11.1  |
| May 12 | 66.2      | 2.6   | 76.37     | 6.0   | 50.53     | 8.8   | 211,335   | -0.1  | 139,823   | 2.6   | 10,678,628 | 8.1   |
| Jun 12 | 66.2      | 1.4   | 76.45     | 5.4   | 50.62     | 6.9   | 211,335   | -0.0  | 139,937   | 1.4   | 10,697,515 | 6.1   |
| Jul 12 | 66.8      | 3.4   | 76.67     | 5.3   | 51.21     | 8.8   | 211,335   | 0.0   | 141,155   | 3.4   | 10,821,686 | 8.1   |
| Aug 12 | 67.3      | 3.4   | 77.36     | 5.7   | 52.08     | 9.3   | 211,335   | 0.0   | 142,259   | 3.4   | 11,005,762 | 9.1   |
| Sep 12 | 68.1      | 4.7   | 79.43     | 7.9   | 54.08     | 12.9  | 211,335   | 0.0   | 143,891   | 4.7   | 11,429,038 | 12.1  |
| Oct 12 | 68.1      | 0.0   | 79.43     | 0.0   | 54.08     | 0.0   | 211,335   | 0.0   | 143,891   | 0.0   | 11,429,038 | 0.0   |

**Tab 6 - Twelve Month Moving Average with Percent Change**

Gastonia, NC Selected Properties (Downtown)  
Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Date   | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue    |       |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|------------|-------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year  | % Chg |
| Nov 12 | 68.6      | 3.3   | 80.02     | 7.7   | 54.91     | 11.2  | 211,335   | 0.0   | 145,028   | 3.3   | 11,605,209 | 11.2  |
| Dec 12 | 68.9      | 3.8   | 80.28     | 7.7   | 55.32     | 11.8  | 211,335   | 0.0   | 145,619   | 3.8   | 11,690,553 | 11.8  |
| Jan 13 | 69.4      | 5.2   | 80.42     | 7.4   | 55.85     | 13.0  | 211,335   | 0.0   | 146,750   | 5.2   | 11,802,026 | 13.0  |
| Feb 13 | 69.5      | 4.7   | 80.98     | 7.7   | 56.32     | 12.8  | 211,335   | 0.0   | 146,965   | 4.7   | 11,901,339 | 12.8  |
| Mar 13 | 68.4      | 1.8   | 81.45     | 7.4   | 55.73     | 9.3   | 211,335   | 0.0   | 144,609   | 1.8   | 11,777,803 | 9.3   |
| Apr 13 | 68.3      | 2.3   | 81.71     | 7.3   | 55.80     | 9.8   | 211,335   | 0.0   | 144,311   | 2.3   | 11,791,953 | 9.8   |
| May 13 | 68.5      | 3.6   | 81.81     | 7.1   | 56.06     | 10.9  | 211,335   | 0.0   | 144,814   | 3.6   | 11,847,382 | 10.9  |
| Jun 13 | 67.9      | 2.6   | 82.10     | 7.4   | 55.75     | 10.1  | 211,335   | 0.0   | 143,512   | 2.6   | 11,782,769 | 10.1  |
| Jul 13 | 67.8      | 1.5   | 82.21     | 7.2   | 55.74     | 8.8   | 211,335   | 0.0   | 143,278   | 1.5   | 11,778,957 | 8.8   |
| Aug 13 | 67.7      | 0.5   | 81.83     | 5.8   | 55.37     | 6.3   | 211,335   | 0.0   | 143,008   | 0.5   | 11,702,157 | 6.3   |
| Sep 13 | 67.3      | -1.2  | 80.00     | 0.7   | 53.80     | -0.5  | 211,335   | 0.0   | 142,134   | -1.2  | 11,370,720 | -0.5  |
| Oct 13 | 67.3      | -1.7  | 80.08     | 0.4   | 53.88     | -1.3  | 211,335   | 0.0   | 142,192   | -1.7  | 11,387,274 | -1.3  |
| Nov 13 | 67.2      | -2.1  | 80.23     | 0.3   | 53.90     | -1.8  | 211,335   | 0.0   | 141,980   | -2.1  | 11,391,721 | -1.8  |
| Dec 13 | 67.3      | -2.3  | 80.28     | -0.0  | 54.06     | -2.3  | 211,335   | 0.0   | 142,309   | -2.3  | 11,424,670 | -2.3  |
| Jan 14 | 67.2      | -3.2  | 80.53     | 0.1   | 54.14     | -3.1  | 211,335   | 0.0   | 142,067   | -3.2  | 11,441,171 | -3.1  |
| Feb 14 | 67.4      | -3.1  | 80.86     | -0.2  | 54.50     | -3.2  | 211,335   | 0.0   | 142,460   | -3.1  | 11,517,503 | -3.1  |
| Mar 14 | 67.8      | -1.0  | 80.98     | -0.6  | 54.88     | -1.5  | 211,335   | 0.0   | 143,223   | -1.0  | 11,597,625 | -1.5  |
| Apr 14 | 68.2      | -0.1  | 81.30     | -0.5  | 55.46     | -0.6  | 211,335   | 0.0   | 144,160   | -0.1  | 11,720,578 | -0.5  |
| May 14 | 68.4      | -0.2  | 81.49     | -0.4  | 55.73     | -0.6  | 211,335   | 0.0   | 144,545   | -0.2  | 11,778,663 | -0.4  |

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Gastonia, NC Selected Properties (Downtown)  
Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Occupancy (%) |      |      |      |      |      |      |  |  |  | Total Month |
|---------------|------|------|------|------|------|------|--|--|--|-------------|
| Sun           | Mon  | Tue  | Wed  | Thu  | Fri  | Sat  |  |  |  |             |
| Jun - 13      | 46.1 | 80.2 | 86.9 | 85.4 | 70.3 | 63.3 |  |  |  | 73.97       |
| Jul - 13      | 52.1 | 71.4 | 83.5 | 81.2 | 62.6 | 71.2 |  |  |  | 71.9        |
| Aug - 13      | 46.9 | 75.5 | 86.9 | 81.3 | 69.6 | 70.5 |  |  |  | 71.6        |
| Sep - 13      | 44.3 | 69.4 | 83.0 | 84.0 | 69.2 | 61.4 |  |  |  | 67.8        |
| Oct - 13      | 47.0 | 70.8 | 85.6 | 86.9 | 71.2 | 73.0 |  |  |  | 73.6        |
| Nov - 13      | 41.3 | 76.8 | 79.2 | 77.9 | 68.6 | 55.8 |  |  |  | 63.9        |
| Dec - 13      | 36.6 | 52.2 | 62.5 | 65.8 | 59.7 | 59.7 |  |  |  | 56.0        |
| Jan - 14      | 38.4 | 66.9 | 81.0 | 64.0 | 50.8 | 36.5 |  |  |  | 53.7        |
| Feb - 14      | 41.8 | 76.6 | 83.6 | 88.9 | 80.9 | 67.0 |  |  |  | 71.1        |
| Mar - 14      | 46.4 | 77.8 | 90.7 | 88.7 | 70.4 | 54.4 |  |  |  | 70.2        |
| Apr - 14      | 42.8 | 76.9 | 89.4 | 90.2 | 69.5 | 74.4 |  |  |  | 75.3        |
| May - 14      | 49.7 | 73.3 | 87.9 | 88.5 | 71.9 | 71.7 |  |  |  | 75.2        |
| Total Year    | 44.4 | 72.1 | 83.1 | 81.7 | 67.8 | 63.3 |  |  |  | 66.5        |

| ADR        |       |       |       |       |       |       |  |  |  | Total Month |
|------------|-------|-------|-------|-------|-------|-------|--|--|--|-------------|
| Sun        | Mon   | Tue   | Wed   | Thu   | Fri   | Sat   |  |  |  |             |
| Jun - 13   | 76.59 | 84.16 | 84.14 | 80.81 | 74.46 | 73.75 |  |  |  | 79.97       |
| Jul - 13   | 77.27 | 79.13 | 82.11 | 83.34 | 74.46 | 72.08 |  |  |  | 76.08       |
| Aug - 13   | 76.57 | 83.06 | 84.45 | 84.04 | 80.85 | 70.13 |  |  |  | 76.08       |
| Sep - 13   | 76.93 | 81.41 | 82.33 | 85.13 | 79.95 | 73.13 |  |  |  | 79.30       |
| Oct - 13   | 77.06 | 81.53 | 85.51 | 83.58 | 79.40 | 73.72 |  |  |  | 79.61       |
| Nov - 13   | 73.69 | 82.58 | 86.31 | 84.29 | 78.96 | 71.72 |  |  |  | 79.07       |
| Dec - 13   | 71.62 | 80.00 | 82.02 | 81.99 | 77.53 | 69.37 |  |  |  | 76.15       |
| Jan - 14   | 76.98 | 84.68 | 87.02 | 85.12 | 81.63 | 73.01 |  |  |  | 81.83       |
| Feb - 14   | 80.46 | 87.74 | 88.90 | 88.60 | 90.59 | 90.33 |  |  |  | 86.82       |
| Mar - 14   | 84.10 | 87.56 | 89.88 | 90.24 | 84.61 | 75.44 |  |  |  | 87.28       |
| Apr - 14   | 80.34 | 84.79 | 91.35 | 87.68 | 83.32 | 80.62 |  |  |  | 85.00       |
| May - 14   | 77.30 | 84.74 | 87.98 | 85.72 | 83.02 | 78.56 |  |  |  | 82.38       |
| Total Year | 77.99 | 83.42 | 85.90 | 85.45 | 81.67 | 76.34 |  |  |  | 81.49       |

| RevPAR     |       |       |       |       |       |       |  |  |  | Total Month |
|------------|-------|-------|-------|-------|-------|-------|--|--|--|-------------|
| Sun        | Mon   | Tue   | Wed   | Thu   | Fri   | Sat   |  |  |  |             |
| Jun - 13   | 35.20 | 66.64 | 73.14 | 70.51 | 56.82 | 51.00 |  |  |  | 56.56       |
| Jul - 13   | 40.28 | 56.54 | 68.54 | 67.68 | 48.96 | 53.35 |  |  |  | 56.87       |
| Aug - 13   | 36.87 | 62.70 | 73.38 | 66.34 | 56.15 | 53.56 |  |  |  | 57.61       |
| Sep - 13   | 35.00 | 56.52 | 66.32 | 71.53 | 54.92 | 44.89 |  |  |  | 53.74       |
| Oct - 13   | 36.22 | 57.69 | 71.46 | 72.62 | 56.51 | 54.06 |  |  |  | 58.57       |
| Nov - 13   | 36.40 | 63.46 | 66.34 | 65.68 | 54.17 | 40.03 |  |  |  | 50.56       |
| Dec - 13   | 36.26 | 48.74 | 57.23 | 58.34 | 49.32 | 40.55 |  |  |  | 42.07       |
| Jan - 14   | 30.32 | 56.63 | 70.53 | 54.51 | 41.26 | 26.66 |  |  |  | 43.14       |
| Feb - 14   | 33.60 | 68.99 | 74.35 | 79.69 | 73.90 | 60.48 |  |  |  | 61.74       |
| Mar - 14   | 38.98 | 68.09 | 81.50 | 80.07 | 59.59 | 42.68 |  |  |  | 61.27       |
| Apr - 14   | 34.41 | 65.17 | 81.69 | 79.05 | 57.88 | 59.94 |  |  |  | 64.02       |
| May - 14   | 38.38 | 62.13 | 77.31 | 75.87 | 59.71 | 56.34 |  |  |  | 61.92       |
| Total Year | 34.60 | 60.16 | 71.39 | 69.84 | 55.33 | 48.31 |  |  |  | 55.73       |

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| Three Year Occupancy (%) |                 |                 |            |      |      |      |      |      |      | Total Yr |
|--------------------------|-----------------|-----------------|------------|------|------|------|------|------|------|----------|
| Jun 11 - May 12          | Jun 12 - May 13 | Jun 13 - May 14 | Total 3 Yr | Sun  | Mon  | Tue  | Wed  | Thu  | Fri  | Sat      |
| 66.6                     | 68.6            | 65.3            | 66.8       | 42.7 | 67.1 | 79.6 | 79.3 | 65.3 | 63.2 | 65.6     |
| 68.6                     | 65.3            | 66.8            | 68.3       | 45.9 | 72.3 | 82.2 | 81.7 | 70.0 | 62.9 | 64.2     |
| 65.3                     | 66.8            | 65.3            | 65.8       | 44.4 | 70.6 | 81.8 | 81.0 | 67.7 | 63.1 | 63.4     |

| Three Year ADR  |                 |                 |            |       |       |       |       |       |       | Total Yr |
|-----------------|-----------------|-----------------|------------|-------|-------|-------|-------|-------|-------|----------|
| Jun 11 - May 12 | Jun 12 - May 13 | Jun 13 - May 14 | Total 3 Yr | Sun   | Mon   | Tue   | Wed   | Thu   | Fri   | Sat      |
| 81.8            | 81.4            | 79.9            | 80.7       | 72.89 | 78.49 | 86.14 | 79.89 | 76.82 | 71.69 | 71.64    |
| 81.4            | 79.9            | 81.8            | 81.0       | 76.72 | 83.82 | 86.82 | 85.85 | 83.10 | 76.86 | 75.88    |
| 79.9            | 81.4            | 81.8            | 80.7       | 77.99 | 82.03 | 85.90 | 85.45 | 81.67 | 76.34 | 76.16    |

| Three Year RevPAR |                 |                 |            |       |       |       |       |       |       | Total Yr |
|-------------------|-----------------|-----------------|------------|-------|-------|-------|-------|-------|-------|----------|
| Jun 11 - May 12   | Jun 12 - May 13 | Jun 13 - May 14 | Total 3 Yr | Sun   | Mon   | Tue   | Wed   | Thu   | Fri   | Sat      |
| 50.5              | 56.0            | 55.7            | 54.1       | 31.16 | 52.66 | 63.81 | 63.36 | 50.16 | 45.31 | 47.02    |
| 56.0              | 55.7            | 54.1            | 53.9       | 36.16 | 60.83 | 70.56 | 70.48 | 58.14 | 47.68 | 48.72    |
| 55.7              | 54.1            | 56.0            | 55.3       | 34.60 | 60.16 | 71.39 | 69.84 | 55.33 | 48.31 | 50.62    |

Tab 8 - Raw Data

Gastonia, NC Selected Properties (Downtown)  
 Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Date   | Occupancy | This Year | % Chg | ADR   | This Year | % Chg  | RevPar | This Year | % Chg     | Supply | This Year | % Chg | Demand | This Year | % Chg | Revenue | This Year | % Chg | Census Props | Census Rooms | Census & Sample % | % Rooms STAR Participants |
|--------|-----------|-----------|-------|-------|-----------|--------|--------|-----------|-----------|--------|-----------|-------|--------|-----------|-------|---------|-----------|-------|--------------|--------------|-------------------|---------------------------|
| Jan 08 | 53.7      | 80.79     | 43.35 | 80.79 | 43.35     | 18,011 | 18,011 | 9,665     | 780,814   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Feb 08 | 62.2      | 82.52     | 51.35 | 82.52 | 51.35     | 16,268 | 16,268 | 10,122    | 835,312   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Mar 08 | 65.6      | 82.56     | 54.14 | 82.56 | 54.14     | 18,011 | 18,011 | 11,812    | 975,158   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Apr 08 | 69.0      | 82.55     | 56.93 | 82.55 | 56.93     | 17,430 | 17,430 | 12,019    | 992,228   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| May 08 | 66.7      | 86.45     | 57.68 | 86.45 | 57.68     | 18,011 | 18,011 | 12,016    | 1,038,810 | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jun 08 | 65.6      | 82.22     | 53.97 | 82.22 | 53.97     | 17,430 | 17,430 | 11,440    | 940,625   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jul 08 | 67.9      | 82.46     | 55.96 | 82.46 | 55.96     | 18,011 | 18,011 | 12,223    | 1,007,905 | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Aug 08 | 66.3      | 82.61     | 54.77 | 82.61 | 54.77     | 18,011 | 18,011 | 11,942    | 986,530   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Sep 08 | 58.3      | 80.68     | 47.06 | 80.68 | 47.06     | 17,430 | 17,430 | 10,167    | 820,251   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Oct 08 | 65.0      | 81.58     | 53.05 | 81.58 | 53.05     | 18,011 | 18,011 | 11,711    | 955,439   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Nov 08 | 50.0      | 76.93     | 38.45 | 76.93 | 38.45     | 17,430 | 17,430 | 8,711     | 670,123   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Dec 08 | 47.1      | 73.17     | 34.46 | 73.17 | 34.46     | 18,011 | 18,011 | 8,481     | 620,590   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jan 09 | 45.2      | 75.88     | 34.29 | 75.88 | 34.29     | 18,011 | 18,011 | 8,139     | 617,594   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Feb 09 | 57.5      | 76.54     | 43.97 | 76.54 | 43.97     | 16,268 | 16,268 | 9,346     | 715,357   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Mar 09 | 51.0      | 76.75     | 39.12 | 76.75 | 39.12     | 18,011 | 18,011 | 9,180     | 704,571   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Apr 09 | 53.3      | 74.47     | 39.69 | 74.47 | 39.69     | 17,430 | 17,430 | 9,288     | 691,719   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| May 09 | 55.9      | 75.47     | 42.21 | 75.47 | 42.21     | 18,011 | 18,011 | 10,074    | 780,286   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jun 09 | 61.5      | 75.75     | 46.56 | 75.75 | 46.56     | 17,430 | 17,430 | 10,713    | 811,503   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jul 09 | 57.0      | 71.39     | 40.66 | 71.39 | 40.66     | 18,011 | 18,011 | 10,258    | 732,326   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Aug 09 | 53.6      | 73.00     | 39.12 | 73.00 | 39.12     | 18,011 | 18,011 | 9,652     | 704,574   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Sep 09 | 56.3      | 75.12     | 42.27 | 75.12 | 42.27     | 17,430 | 17,430 | 9,808     | 736,800   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Oct 09 | 58.0      | 73.10     | 42.37 | 73.10 | 42.37     | 18,011 | 18,011 | 10,439    | 763,109   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Nov 09 | 51.9      | 69.99     | 36.31 | 69.99 | 36.31     | 17,430 | 17,430 | 9,042     | 632,824   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Dec 09 | 47.0      | 68.62     | 32.28 | 68.62 | 32.28     | 18,011 | 18,011 | 8,473     | 581,427   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jan 10 | 44.3      | 70.58     | 31.26 | 70.58 | 31.26     | 18,011 | 18,011 | 7,976     | 562,970   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Feb 10 | 58.0      | 72.59     | 42.14 | 72.59 | 42.14     | 16,268 | 16,268 | 9,443     | 685,465   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Mar 10 | 60.3      | 71.50     | 43.15 | 71.50 | 43.15     | 18,011 | 18,011 | 10,869    | 777,093   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Apr 10 | 60.1      | 72.07     | 43.28 | 72.07 | 43.28     | 17,430 | 17,430 | 10,467    | 754,336   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| May 10 | 64.8      | 73.95     | 47.94 | 73.95 | 47.94     | 18,011 | 18,011 | 11,677    | 863,492   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jun 10 | 67.8      | 71.27     | 48.32 | 71.27 | 48.32     | 17,430 | 17,430 | 11,817    | 796,671   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jul 10 | 74.2      | 71.91     | 53.39 | 71.91 | 53.39     | 18,011 | 18,011 | 13,371    | 842,224   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Aug 10 | 61.0      | 72.90     | 44.46 | 72.90 | 44.46     | 17,949 | 17,949 | 13,371    | 961,566   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Sep 10 | 64.4      | 71.25     | 45.86 | 71.25 | 45.86     | 17,370 | 17,370 | 10,947    | 798,004   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Oct 10 | 59.3      | 69.96     | 41.51 | 69.96 | 41.51     | 17,949 | 17,949 | 10,650    | 745,025   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Nov 10 | 55.9      | 69.27     | 38.73 | 69.27 | 38.73     | 17,370 | 17,370 | 9,712     | 672,775   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Dec 10 | 51.8      | 67.55     | 35.01 | 67.55 | 35.01     | 17,949 | 17,949 | 9,302     | 628,391   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jan 11 | 53.2      | 70.31     | 37.41 | 70.31 | 37.41     | 17,949 | 17,949 | 9,551     | 671,514   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Feb 11 | 61.6      | 71.32     | 43.96 | 71.32 | 43.96     | 16,212 | 16,212 | 9,993     | 712,667   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Mar 11 | 69.4      | 74.18     | 51.46 | 74.18 | 51.46     | 17,949 | 17,949 | 12,453    | 923,718   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Apr 11 | 77.9      | 74.50     | 58.00 | 74.50 | 58.00     | 17,370 | 17,370 | 13,523    | 1,007,398 | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| May 11 | 77.0      | 76.76     | 59.07 | 76.76 | 59.07     | 17,949 | 17,949 | 13,813    | 1,060,324 | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jun 11 | 77.7      | 76.22     | 59.19 | 76.22 | 59.19     | 17,370 | 17,370 | 13,489    | 1,028,193 | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Jul 11 | 66.4      | 75.52     | 50.16 | 75.52 | 50.16     | 17,949 | 17,949 | 11,923    | 900,395   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Aug 11 | 67.0      | 77.08     | 51.63 | 77.08 | 51.63     | 17,949 | 17,949 | 12,022    | 926,713   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Sep 11 | 63.4      | 76.42     | 48.45 | 76.42 | 48.45     | 17,370 | 17,370 | 11,013    | 841,641   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Oct 11 | 69.1      | 74.38     | 51.43 | 74.38 | 51.43     | 17,949 | 17,949 | 12,410    | 923,107   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |
| Nov 11 | 62.9      | 74.11     | 46.58 | 74.11 | 46.58     | 17,370 | 17,370 | 10,918    | 809,142   | 6      | 581       | 100.0 |        |           |       |         |           |       |              |              |                   |                           |

Tab 8 - Raw Data

Gastonia, NC Selected Properties (Downtown)  
 Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Date   | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       | Census & Sample % |              | % Rooms STAR Participants |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-------------------|--------------|---------------------------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props      | Census Rooms |                           |
| Jan 12 | 48.7      | -8.4  | 75.51     | 7.4   | 36.81     | -1.6  | 17,949    | 0.0   | 8,749     | -3.4  | 660,675   | -1.6  | 6                 | 579          | 100.0                     |
| Feb 12 | 67.4      | 9.3   | 75.57     | 6.0   | 50.91     | 15.8  | 16,212    | 0.0   | 10,921    | 9.3   | 825,276   | 15.8  | 6                 | 579          | 100.0                     |
| Mar 12 | 79.1      | 14.0  | 80.54     | 8.6   | 63.69     | 23.8  | 17,949    | 0.0   | 14,193    | 14.0  | 1,143,137 | 23.8  | 6                 | 579          | 100.0                     |
| Apr 12 | 71.6      | -8.0  | 78.34     | 5.2   | 56.13     | -3.2  | 17,370    | 0.0   | 12,445    | -8.0  | 974,976   | -3.2  | 6                 | 579          | 100.0                     |
| May 12 | 70.2      | -8.8  | 79.17     | 3.1   | 55.59     | -5.9  | 17,949    | 0.0   | 12,603    | -8.8  | 997,829   | -5.9  | 6                 | 579          | 100.0                     |
| Jun 12 | 78.3      | 0.8   | 76.97     | 1.0   | 60.28     | 1.8   | 17,370    | 0.0   | 13,603    | 0.8   | 1,047,080 | 1.8   | 6                 | 579          | 100.0                     |
| Jul 12 | 73.2      | 10.2  | 77.97     | 3.2   | 57.08     | 13.8  | 17,949    | 0.0   | 13,141    | 10.2  | 1,024,566 | 13.8  | 6                 | 579          | 100.0                     |
| Aug 12 | 73.1      | 9.2   | 84.63     | 9.8   | 61.89     | 19.9  | 17,949    | 0.0   | 13,126    | 9.2   | 1,110,789 | 19.9  | 6                 | 579          | 100.0                     |
| Sep 12 | 72.8      | 14.8  | 100.03    | 30.9  | 72.82     | 50.3  | 17,370    | 0.0   | 12,645    | 14.8  | 1,264,917 | 50.3  | 6                 | 579          | 100.0                     |
| Oct 12 | 73.2      | 5.9   | 78.70     | 5.8   | 57.64     | 12.1  | 17,949    | 0.0   | 13,146    | 5.9   | 1,034,638 | 12.1  | 6                 | 579          | 100.0                     |
| Nov 12 | 65.2      | 3.7   | 77.20     | 4.2   | 50.30     | 8.0   | 17,370    | 0.0   | 11,319    | 3.7   | 873,782   | 8.0   | 6                 | 579          | 100.0                     |
| Dec 12 | 54.2      | 6.5   | 75.34     | 6.3   | 40.83     | 13.2  | 17,949    | 0.0   | 9,728     | 6.5   | 732,888   | 13.2  | 6                 | 579          | 100.0                     |
| Jan 13 | 55.0      | 12.9  | 78.15     | 3.5   | 43.02     | 16.9  | 17,949    | 0.0   | 9,880     | 12.9  | 772,148   | 16.9  | 6                 | 579          | 100.0                     |
| Feb 13 | 68.7      | 2.0   | 83.03     | 9.9   | 57.03     | 12.0  | 16,212    | 0.0   | 11,136    | 2.0   | 924,589   | 12.0  | 6                 | 579          | 100.0                     |
| Mar 13 | 65.9      | -16.6 | 86.14     | 6.9   | 56.81     | -10.8 | 17,949    | 0.0   | 11,837    | -16.6 | 1,019,601 | -10.8 | 6                 | 579          | 100.0                     |
| Apr 13 | 69.9      | -2.4  | 81.43     | 3.9   | 56.94     | 1.5   | 17,370    | 0.0   | 12,147    | -2.4  | 989,126   | 1.5   | 6                 | 579          | 100.0                     |
| May 13 | 73.0      | 4.0   | 80.36     | 1.5   | 58.68     | 5.6   | 17,949    | 0.0   | 13,106    | 4.0   | 1,053,258 | 5.6   | 6                 | 579          | 100.0                     |
| Jun 13 | 70.8      | -9.6  | 79.87     | 3.8   | 56.56     | -6.2  | 17,370    | 0.0   | 12,301    | -9.6  | 982,467   | -6.2  | 6                 | 579          | 100.0                     |
| Jul 13 | 71.9      | -1.8  | 79.09     | 1.4   | 56.87     | -0.4  | 17,949    | 0.0   | 12,907    | -1.8  | 1,020,754 | -0.4  | 6                 | 579          | 100.0                     |
| Aug 13 | 71.6      | -2.1  | 80.43     | -5.0  | 57.61     | -6.9  | 17,949    | 0.0   | 12,856    | -2.1  | 1,033,989 | -6.9  | 6                 | 579          | 100.0                     |
| Sep 13 | 67.8      | -6.9  | 79.30     | -20.7 | 53.74     | -26.2 | 17,370    | 0.0   | 11,771    | -6.9  | 933,480   | -26.2 | 6                 | 579          | 100.0                     |
| Oct 13 | 73.6      | 0.4   | 79.61     | 1.2   | 58.57     | 1.6   | 17,949    | 0.0   | 13,204    | 0.4   | 1,051,192 | 1.6   | 6                 | 579          | 100.0                     |
| Nov 13 | 63.9      | -1.9  | 79.07     | 2.4   | 50.56     | 0.5   | 17,370    | 0.0   | 11,107    | -1.9  | 878,229   | 0.5   | 6                 | 579          | 100.0                     |
| Dec 13 | 56.0      | 3.4   | 76.15     | 1.1   | 42.67     | 4.5   | 17,949    | 0.0   | 10,057    | 3.4   | 785,837   | 4.5   | 6                 | 579          | 100.0                     |
| Jan 14 | 53.7      | -2.4  | 81.83     | 4.7   | 43.94     | 2.1   | 17,949    | 0.0   | 9,638     | -2.4  | 788,649   | 2.1   | 6                 | 579          | 100.0                     |
| Feb 14 | 71.1      | 3.5   | 86.82     | 4.6   | 61.74     | 8.3   | 16,212    | 0.0   | 11,529    | 3.5   | 1,000,921 | 8.3   | 6                 | 579          | 100.0                     |
| Mar 14 | 70.2      | 6.4   | 87.28     | 1.3   | 61.27     | 7.9   | 17,949    | 0.0   | 12,600    | 6.4   | 1,099,723 | 7.9   | 6                 | 579          | 100.0                     |
| Apr 14 | 75.3      | 7.7   | 85.00     | 4.4   | 64.02     | 12.4  | 17,370    | 0.0   | 13,084    | 7.7   | 1,112,079 | 12.4  | 6                 | 579          | 100.0                     |
| May 14 | 75.2      | 2.9   | 82.38     | 2.5   | 61.92     | 5.5   | 17,949    | 0.0   | 13,491    | 2.9   | 1,111,343 | 5.5   | 6                 | 579          | 100.0                     |

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Tab 9 - Classic

Gastonia, NC Selected Properties (Downtown)  
Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Date         | Occupancy | ADR   | RevPar    | Supply  | Demand    | Revenue    | Census & Sample % | % Rooms STAR Participants |
|--------------|-----------|-------|-----------|---------|-----------|------------|-------------------|---------------------------|
|              | This Year | % Chg | This Year | % Chg   | This Year | % Chg      | Census Props      | Census Rooms              |
| Jan 08       | 53.7      | 80.79 | 43.35     | 18.011  | 9.665     | 780,814    | 6                 | 581                       |
| Feb 08       | 62.2      | 82.52 | 51.35     | 16.268  | 10.122    | 835,312    | 6                 | 581                       |
| Mar 08       | 65.6      | 82.56 | 54.14     | 18.011  | 11.812    | 975,158    | 6                 | 581                       |
| Apr 08       | 69.0      | 82.55 | 56.93     | 17.430  | 12.019    | 992,228    | 6                 | 581                       |
| May 08       | 66.7      | 86.45 | 57.68     | 18.011  | 12.016    | 1,038,810  | 6                 | 581                       |
| Jun 08       | 65.6      | 82.22 | 53.97     | 17.430  | 11.440    | 940,625    | 6                 | 581                       |
| Jul 08       | 67.9      | 82.46 | 55.96     | 18.011  | 12.223    | 1,007,905  | 6                 | 581                       |
| Aug 08       | 66.3      | 82.61 | 54.77     | 18.011  | 11.942    | 986,530    | 6                 | 581                       |
| Sep 08       | 58.3      | 80.68 | 47.06     | 17.430  | 10.167    | 820,251    | 6                 | 581                       |
| Oct 08       | 65.0      | 81.58 | 53.05     | 18.011  | 11.711    | 955,439    | 6                 | 581                       |
| Nov 08       | 50.0      | 76.93 | 38.45     | 17.430  | 8.711     | 670,123    | 6                 | 581                       |
| Dec 08       | 47.1      | 73.17 | 34.46     | 18.011  | 8.481     | 620,580    | 6                 | 581                       |
| May YTD 2009 | 63.4      | 83.08 | 52.89     | 87.731  | 55.634    | 4,623,322  |                   |                           |
| Total 2008   | 61.4      | 81.53 | 50.10     | 212.065 | 130.309   | 10,623,785 |                   |                           |
| Jan 09       | 45.2      | 75.88 | 34.29     | 18.011  | 8.139     | 617,594    | 6                 | 581                       |
| Feb 09       | 57.5      | 76.54 | 43.97     | 16.268  | 9.346     | 715,357    | 6                 | 581                       |
| Mar 09       | 51.0      | 76.75 | 39.12     | 18.011  | 9.180     | 704,571    | 6                 | 581                       |
| Apr 09       | 53.3      | 74.47 | 39.69     | 17.430  | 9.288     | 691,719    | 6                 | 581                       |
| May 09       | 55.9      | 75.47 | 42.21     | 18.011  | 10.074    | 760,286    | 6                 | 581                       |
| Jun 09       | 61.5      | 75.75 | 46.56     | 17.430  | 10.713    | 811,503    | 6                 | 581                       |
| Jul 09       | 57.0      | 71.39 | 40.66     | 18.011  | 10.258    | 732,326    | 6                 | 581                       |
| Aug 09       | 53.6      | 73.00 | 39.12     | 18.011  | 9.852     | 704,574    | 6                 | 581                       |
| Sep 09       | 56.3      | 75.12 | 42.27     | 17.430  | 9.808     | 736,800    | 6                 | 581                       |
| Oct 09       | 58.0      | 73.10 | 42.37     | 18.011  | 10.439    | 763,109    | 6                 | 581                       |
| Nov 09       | 51.9      | 69.99 | 36.31     | 17.430  | 9.042     | 632,824    | 6                 | 581                       |
| Dec 09       | 47.0      | 68.62 | 32.28     | 18.011  | 8.473     | 581,427    | 6                 | 581                       |
| May YTD 2009 | 59.5      | 75.81 | 39.78     | 87.731  | 48.027    | 3,689,527  |                   |                           |
| Total 2009   | 54.0      | 73.87 | 39.85     | 212.065 | 114.412   | 8,452,090  |                   |                           |
| Jan 10       | 44.3      | 70.58 | 31.26     | 18.011  | 7.976     | 562,970    | 6                 | 581                       |
| Feb 10       | 58.0      | 72.59 | 42.14     | 16.268  | 9.443     | 685,465    | 6                 | 581                       |
| Mar 10       | 60.3      | 71.50 | 43.15     | 18.011  | 10.869    | 777,093    | 6                 | 581                       |
| Apr 10       | 60.1      | 72.07 | 43.28     | 17.430  | 10.467    | 754,336    | 6                 | 581                       |
| May 10       | 64.8      | 73.95 | 47.94     | 18.011  | 11.677    | 863,492    | 6                 | 581                       |
| Jun 10       | 67.8      | 71.27 | 48.32     | 17.430  | 11.817    | 842,224    | 6                 | 581                       |
| Jul 10       | 74.2      | 71.91 | 53.39     | 18.011  | 13.371    | 961,566    | 6                 | 581                       |
| Aug 10       | 61.0      | 72.90 | 44.46     | 17.949  | 10.947    | 796,004    | 6                 | 579                       |
| Sep 10       | 64.4      | 71.25 | 45.86     | 17.370  | 11.181    | 796,671    | 6                 | 579                       |
| Oct 10       | 59.3      | 69.96 | 41.51     | 17.949  | 10.650    | 745,025    | 6                 | 579                       |
| Nov 10       | 55.9      | 69.27 | 38.73     | 17.370  | 9.712     | 672,775    | 6                 | 579                       |
| Dec 10       | 51.8      | 67.55 | 35.01     | 17.949  | 9.302     | 628,391    | 6                 | 579                       |
| May YTD 2010 | 57.5      | 72.24 | 41.53     | 87.731  | 50.432    | 3,643,356  |                   |                           |
| Total 2010   | 69.2      | 71.33 | 42.32     | 212.065 | 127.412   | 9,088,012  |                   |                           |
| Jan 11       | 53.2      | 70.31 | 37.41     | 17.949  | 9.551     | 671,514    | 6                 | 579                       |
| Feb 11       | 61.6      | 71.32 | 43.96     | 16.212  | 9.993     | 712,667    | 6                 | 579                       |
| Mar 11       | 69.4      | 74.18 | 51.46     | 17.949  | 12.453    | 923,718    | 6                 | 579                       |
| Apr 11       | 77.9      | 74.50 | 58.00     | 17.370  | 13.523    | 1,007,398  | 6                 | 579                       |
| May 11       | 77.0      | 76.76 | 59.07     | 17.949  | 13.813    | 1,060,324  | 6                 | 579                       |
| Jun 11       | 77.7      | 76.22 | 59.19     | 17.370  | 13.489    | 1,028,193  | 6                 | 579                       |
| Jul 11       | 68.4      | 75.52 | 50.16     | 17.949  | 11.923    | 900,395    | 6                 | 579                       |
| Aug 11       | 67.0      | 77.08 | 51.63     | 17.949  | 12.022    | 926,713    | 6                 | 579                       |
| Sep 11       | 63.4      | 76.42 | 48.45     | 17.370  | 11.013    | 841,641    | 6                 | 579                       |
| Oct 11       | 69.1      | 74.38 | 51.43     | 17.949  | 12.410    | 923,107    | 6                 | 579                       |
| Nov 11       | 62.9      | 74.11 | 46.58     | 17.370  | 10.918    | 809,142    | 6                 | 579                       |

**Tab 9 - Classic**

Gastonia, NC Selected Properties (Downtown)  
Job Number: 603153\_SADIM Staff: MB Created: July 16, 2014

| Date         | Occupancy |       |        | ADR       |       |       | RevPer    |       |         | Supply    |            |       | Demand    |       |            | Revenue   |            |       | Census & Sample % |              |                           |
|--------------|-----------|-------|--------|-----------|-------|-------|-----------|-------|---------|-----------|------------|-------|-----------|-------|------------|-----------|------------|-------|-------------------|--------------|---------------------------|
|              | This Year | % Chg | % Chg  | This Year | % Chg | % Chg | This Year | % Chg | % Chg   | This Year | % Chg      | % Chg | This Year | % Chg | % Chg      | This Year | % Chg      | % Chg | Census Props      | Census Rooms | % Rooms STAR Participants |
| Dec 11       | 50.9      | -1.8  | 70.87  | 4.9       | 36.08 | 3.0   | 17,949    | 0.0   | 9,137   | -1.8      | 647,544    | 3.0   | 59,335    | 17.6  | 4,375,621  | 20.1      | 10,452,366 | 45.0  | 6                 | 579          | 100.0                     |
| May YTD 2011 | 67.9      | 18.1  | 73.75  | 2.1       | 50.05 | 20.5  | 87,428    | -0.3  | 59,335  | 17.6      | 4,375,621  | 20.1  | 59,335    | 17.6  | 4,375,621  | 20.1      | 10,452,366 | 45.0  | 6                 | 579          | 100.0                     |
| Total 2011   | 66.4      | 10.3  | 74.53  | 4.5       | 49.46 | 15.2  | 211,335   | -0.2  | 140,245 | 10.1      | 10,452,366 | 45.0  | 140,245   | 10.1  | 10,452,366 | 45.0      |            |       | 6                 | 579          | 100.0                     |
| Jan 12       | 48.7      | -8.4  | 75.51  | 7.4       | 36.81 | -1.6  | 17,949    | 0.0   | 8,749   | -8.4      | 660,675    | -1.6  | 8,749     | -8.4  | 660,675    | -1.6      |            |       | 6                 | 579          | 100.0                     |
| Feb 12       | 67.4      | 9.3   | 75.57  | 6.0       | 50.91 | 15.8  | 17,949    | 0.0   | 10,921  | 9.3       | 825,276    | 15.8  | 10,921    | 9.3   | 825,276    | 15.8      |            |       | 6                 | 579          | 100.0                     |
| Mar 12       | 79.1      | 14.0  | 80.54  | 8.6       | 63.69 | 23.8  | 17,949    | 0.0   | 14,193  | 14.0      | 1,143,137  | 23.8  | 14,193    | 14.0  | 1,143,137  | 23.8      |            |       | 6                 | 579          | 100.0                     |
| Apr 12       | 71.6      | -8.0  | 78.34  | 5.2       | 56.13 | -3.2  | 17,949    | 0.0   | 12,445  | -8.0      | 974,976    | -3.2  | 12,445    | -8.0  | 974,976    | -3.2      |            |       | 6                 | 579          | 100.0                     |
| May 12       | 70.2      | -8.8  | 79.17  | 3.1       | 55.59 | -5.9  | 17,949    | 0.0   | 12,603  | -8.8      | 997,829    | -5.9  | 12,603    | -8.8  | 997,829    | -5.9      |            |       | 6                 | 579          | 100.0                     |
| Jun 12       | 78.3      | 0.8   | 76.97  | 1.0       | 60.28 | 1.8   | 17,949    | 0.0   | 13,603  | 0.8       | 1,047,080  | 1.8   | 13,603    | 0.8   | 1,047,080  | 1.8       |            |       | 6                 | 579          | 100.0                     |
| Jul 12       | 73.2      | 10.2  | 77.97  | 3.2       | 57.08 | 13.8  | 17,949    | 0.0   | 13,141  | 10.2      | 1,024,566  | 13.8  | 13,141    | 10.2  | 1,024,566  | 13.8      |            |       | 6                 | 579          | 100.0                     |
| Aug 12       | 73.1      | 9.2   | 84.63  | 9.8       | 61.89 | 19.9  | 17,949    | 0.0   | 13,126  | 9.2       | 1,110,789  | 19.9  | 13,126    | 9.2   | 1,110,789  | 19.9      |            |       | 6                 | 579          | 100.0                     |
| Sep 12       | 72.8      | 14.8  | 100.03 | 30.9      | 72.82 | 50.3  | 17,949    | 0.0   | 12,645  | 14.8      | 1,264,917  | 50.3  | 12,645    | 14.8  | 1,264,917  | 50.3      |            |       | 6                 | 579          | 100.0                     |
| Oct 12       | 73.2      | 5.9   | 78.70  | 5.8       | 57.64 | 12.1  | 17,949    | 0.0   | 13,146  | 5.9       | 1,034,638  | 12.1  | 13,146    | 5.9   | 1,034,638  | 12.1      |            |       | 6                 | 579          | 100.0                     |
| Nov 12       | 65.2      | 3.7   | 77.20  | 4.2       | 50.30 | 8.0   | 17,949    | 0.0   | 11,319  | 3.7       | 873,782    | 8.0   | 11,319    | 3.7   | 873,782    | 8.0       |            |       | 6                 | 579          | 100.0                     |
| Dec 12       | 54.2      | 6.5   | 75.34  | 6.3       | 40.83 | 13.2  | 17,949    | 0.0   | 9,728   | 6.5       | 732,888    | 13.2  | 9,728     | 6.5   | 732,888    | 13.2      |            |       | 6                 | 579          | 100.0                     |
| May YTD 2012 | 67.4      | -0.7  | 78.12  | 5.9       | 52.64 | 5.2   | 87,429    | 0.0   | 58,911  | -0.7      | 4,801,883  | 5.2   | 58,911    | -0.7  | 4,801,883  | 5.2       |            |       | 6                 | 579          | 100.0                     |
| Total 2012   | 68.9      | 3.8   | 80.28  | 7.7       | 55.92 | 11.8  | 211,335   | 0.0   | 145,619 | 3.8       | 11,690,553 | 11.8  | 145,619   | 3.8   | 11,690,553 | 11.8      |            |       | 6                 | 579          | 100.0                     |
| Jan 13       | 55.0      | 12.9  | 78.15  | 3.5       | 43.02 | 16.9  | 17,949    | 0.0   | 9,880   | 12.9      | 772,148    | 16.9  | 9,880     | 12.9  | 772,148    | 16.9      |            |       | 6                 | 579          | 100.0                     |
| Feb 13       | 68.7      | 2.0   | 83.03  | 9.9       | 57.03 | 12.0  | 18,212    | 0.0   | 11,136  | 2.0       | 924,589    | 12.0  | 11,136    | 2.0   | 924,589    | 12.0      |            |       | 6                 | 579          | 100.0                     |
| Mar 13       | 65.9      | -16.6 | 86.14  | 6.9       | 56.81 | -10.8 | 17,949    | 0.0   | 11,837  | -16.6     | 1,019,601  | -10.8 | 11,837    | -16.6 | 1,019,601  | -10.8     |            |       | 6                 | 579          | 100.0                     |
| Apr 13       | 68.9      | -2.4  | 81.43  | 3.9       | 56.94 | 1.5   | 17,949    | 0.0   | 12,147  | -2.4      | 988,126    | 1.5   | 12,147    | -2.4  | 988,126    | 1.5       |            |       | 6                 | 579          | 100.0                     |
| May 13       | 73.0      | 4.0   | 80.36  | 1.5       | 58.68 | 5.6   | 17,949    | 0.0   | 13,106  | 4.0       | 1,053,258  | 5.6   | 13,106    | 4.0   | 1,053,258  | 5.6       |            |       | 6                 | 579          | 100.0                     |
| Jun 13       | 70.8      | -9.6  | 79.87  | 3.8       | 56.56 | -6.2  | 17,949    | 0.0   | 12,301  | -9.6      | 982,467    | -6.2  | 12,301    | -9.6  | 982,467    | -6.2      |            |       | 6                 | 579          | 100.0                     |
| Jul 13       | 71.9      | -1.8  | 79.09  | 1.4       | 56.87 | -0.4  | 17,949    | 0.0   | 12,907  | -1.8      | 1,020,754  | -0.4  | 12,907    | -1.8  | 1,020,754  | -0.4      |            |       | 6                 | 579          | 100.0                     |
| Aug 13       | 71.6      | -2.1  | 80.43  | -5.0      | 57.61 | -6.9  | 17,949    | 0.0   | 12,856  | -2.1      | 1,033,989  | -6.9  | 12,856    | -2.1  | 1,033,989  | -6.9      |            |       | 6                 | 579          | 100.0                     |
| Sep 13       | 67.8      | -6.9  | 79.30  | -20.7     | 53.74 | -26.2 | 17,949    | 0.0   | 11,771  | -6.9      | 983,480    | -26.2 | 11,771    | -6.9  | 983,480    | -26.2     |            |       | 6                 | 579          | 100.0                     |
| Oct 13       | 73.6      | 0.4   | 79.61  | 1.2       | 58.57 | 1.6   | 17,949    | 0.0   | 13,204  | 0.4       | 1,051,192  | 1.6   | 13,204    | 0.4   | 1,051,192  | 1.6       |            |       | 6                 | 579          | 100.0                     |
| Nov 13       | 63.9      | -1.9  | 79.07  | 2.4       | 50.56 | 0.5   | 17,949    | 0.0   | 11,107  | -1.9      | 878,229    | 0.5   | 11,107    | -1.9  | 878,229    | 0.5       |            |       | 6                 | 579          | 100.0                     |
| Dec 13       | 56.0      | 3.4   | 76.15  | 1.1       | 42.67 | 4.5   | 17,949    | 0.0   | 10,057  | 3.4       | 785,837    | 4.5   | 10,057    | 3.4   | 785,837    | 4.5       |            |       | 6                 | 579          | 100.0                     |
| May YTD 2013 | 68.5      | -1.4  | 81.90  | 4.8       | 54.43 | 3.4   | 87,428    | 0.0   | 58,106  | -1.4      | 4,758,722  | 3.4   | 58,106    | -1.4  | 4,758,722  | 3.4       |            |       | 6                 | 579          | 100.0                     |
| Total 2013   | 67.3      | -2.3  | 80.28  | -0.0      | 54.06 | -2.3  | 211,335   | 0.0   | 142,300 | -2.3      | 11,424,670 | -2.3  | 142,300   | -2.3  | 11,424,670 | -2.3      |            |       | 6                 | 579          | 100.0                     |
| Jan 14       | 53.7      | -2.4  | 81.83  | 4.7       | 43.94 | 2.1   | 17,949    | 0.0   | 9,638   | -2.4      | 788,649    | 2.1   | 9,638     | -2.4  | 788,649    | 2.1       |            |       | 6                 | 579          | 100.0                     |
| Feb 14       | 71.1      | 3.5   | 86.82  | 4.6       | 61.74 | 8.3   | 18,212    | 0.0   | 11,529  | 3.5       | 1,000,921  | 8.3   | 11,529    | 3.5   | 1,000,921  | 8.3       |            |       | 6                 | 579          | 100.0                     |
| Mar 14       | 70.2      | 6.4   | 87.28  | 1.3       | 61.27 | 7.9   | 17,949    | 0.0   | 12,600  | 6.4       | 1,099,723  | 7.9   | 12,600    | 6.4   | 1,099,723  | 7.9       |            |       | 6                 | 579          | 100.0                     |
| Apr 14       | 75.3      | 7.7   | 85.00  | 4.4       | 64.02 | 12.4  | 17,949    | 0.0   | 13,084  | 7.7       | 1,112,079  | 12.4  | 13,084    | 7.7   | 1,112,079  | 12.4      |            |       | 6                 | 579          | 100.0                     |
| May 14       | 75.2      | 2.9   | 82.38  | 2.5       | 61.92 | 5.5   | 17,949    | 0.0   | 13,491  | 2.9       | 1,111,343  | 5.5   | 13,491    | 2.9   | 1,111,343  | 5.5       |            |       | 6                 | 579          | 100.0                     |
| May YTD 2014 | 69.0      | 3.8   | 84.73  | 3.5       | 58.48 | 7.4   | 87,429    | 0.0   | 60,342  | 3.8       | 5,112,745  | 7.4   | 60,342    | 3.8   | 5,112,745  | 7.4       |            |       | 6                 | 579          | 100.0                     |

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Y - (Chg in Rms) Property has experienced a reduction or drop during the time period of the report

## Methodology

### Methodology

While virtually every chain in the United States provides STR with data on almost all of their properties, there are still some hotels that don't submit data. But we've got you covered. Every year we examine guidebook listings and hotel directories for information on hotels that don't provide us with data. We don't stop there. We call each hotel in our database every year to obtain "published" rates for multiple categories. Based on this information we group all hotels - those that report data and those that don't - into groupings based off of price level and geographic proximity. We then estimate the non-respondents based off of nearby hotels with similar price levels. Similarly, we sometimes obtain monthly data from a property, but not daily data. We use a similar process. We take the monthly data that the property has provided, and distribute it to the individual days based on the revenue and demand distribution patterns of similar hotels in the same location. We believe it imperative to perform this analysis in order to provide interested parties with our best estimate of total lodging demand and room revenue on their areas of interest. Armed with this information a more informed decision can be made.

### Glossary

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| <b>ADR (Average Daily Rate)</b><br>Room revenue divided by rooms sold, displayed as the average rental rate for a single room.   | <b>Open Date</b><br>Date the property opened as a lodging establishment.   |
| <b>Affiliation Date</b><br>Date the property affiliated with current chain/flag  | <b>Percent Change</b><br>Amount of growth, up, flat, or down from the same period last year (month, ytd, three months, twelve months). Calculated as $((TY-LY)/LY) * 100$ .                                  |
| <b>Census (Properties and Rooms)</b><br>The number of properties and rooms that exist within the selected property set or segment.   | <b>Revenue (Room Revenue)</b><br>Total room revenue generated from the sale or rental of rooms.  |
| <b>Change in Rooms</b><br>Indicator of whether or not an individual hotel has added or removed rooms from their inventory.   | <b>RevPAR (Revenue Per Available Room)</b><br>Room revenue divided by rooms available  |
| <b>Exchange Rate</b><br>The factor used to convert revenue from U.S. Dollars to the local currency. The exchange rate data is obtained from Oanda.com. Any aggregated number in the report (YTD, Running 3 month, Running 12 month) uses the exchange rate of each relative month when calculating the data. | <b>Sample % (Rooms)</b><br>The % of rooms from which STR receives data. Calculated as $(\text{Sample Rooms}/\text{Census Rooms}) * 100$ .  |
| <b>Extended Historical Trend</b><br>Data on selected properties or segments starting in 2000.  | <b>Standard Historical Trend</b><br>Data on selected properties or segments starting in 2005.  |
| <b>Demand (Rooms Sold)</b><br>The number of rooms sold (excludes complimentary rooms).   | <b>STR Code</b><br>Smith Travel Research's proprietary numbering system. Each hotel in the lodging census has a unique STR code.   |
| <b>Full Historical Trend</b><br>Data on selected properties or segments starting in 1987.  | <b>Supply (Rooms Available)</b><br>The number of rooms times the number of days in the period.   |
| <b>Occupancy</b><br>Rooms sold divided by rooms available. Occupancy is always displayed as a percentage of rooms occupied.  | <b>Twelve Month Moving Average</b><br>The value of any given month is computed by taking the value of that month and the values of the eleven preceding months, adding them together and dividing by twelve. |
|  | <b>Year to Date</b>  |

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## LICENSE

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"Agreement" means these Standard Terms and Conditions and any additional terms specifically set out in writing in the document(s) (if any) to which these Standard Terms and Conditions are attached or in which they are incorporated by reference, and, if applicable, any additional terms specifically set out in writing in any Schedule attached hereto.

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## MISCELLANEOUS

"Liquidated Damages." In the event of a violation of Section 1.5 of these Standard Terms and Conditions, Licensee shall be required to pay STR an amount equal to the sum of (i) the highest aggregate price that STR, in accordance with its then-current published prices, could have charged the unauthorized recipients for the Licensed Materials that are the subject of the violation, and (ii) the full price of the lowest level of republishing rights that licensee would have been required to purchase from STR in order to have the right to make the unauthorized distribution, regardless of whether Licensee has previously paid for any lower level of republishing rights, and (iii) ten percent (15%) of the total of the previous two items. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

"Survival." The provisions of this Agreement shall survive the expiration or termination of this Agreement for any reason.

"Entire Agreement." This Agreement shall be brought exclusively in a court of competent jurisdiction located in Nashville, Tennessee, and the parties expressly consent to personal jurisdiction thereof. The parties agree to waive any objections to venue.

"Assignment." Licensee is prohibited from assigning this Agreement or delegating any of its duties under this Agreement without the prior written consent of STR.

### 11. Force Majeure.

"Force Majeure." In the event of a force majeure event, the parties shall be excused from performance of their obligations under this Agreement for a period of time of transmission (provided, however, that notice delivered by facsimile transmission shall only be effective if such notice is also delivered by hand or deposited in the United States mail, postage prepaid, registered, certified express mail or by courier service within two (2) business days after its delivery by facsimile transmission); iii) when delivered by a courier service or by express mail, at the time of receipt; or iv) five (5) business days after being posted in the United States mail, postage prepaid, registered or certified mail, addressed (in any such case) to the addresses listed on the first page of this Agreement or to such other address as either party may notify the other in writing.

"Waiver." No waiver of any breach of this Agreement will be deemed to constitute a waiver of any subsequent breach of the same or any other provision.

"Entire Agreement." This Agreement constitutes the entire agreement of the parties with respect to the matters described herein, superseding in all respects any and all prior proposals, negotiations, understandings and other agreements, oral or written, between the parties.

"Amendment." This Agreement may be amended only by the written agreement of both parties.

ty be entitled.

**11 Injunctive Relief.** The parties agree that, in addition to any other rights or remedies which the other or STR may have, any party alleging breach or threatened breach of this Agreement will be entitled to such equitable and injunctive relief as may be available from any court of competent jurisdiction to restrain the other from breaching or threatening to breach any of the provisions of this Section, without posting bond or other surety.

**12 Notice of Unauthorized Access.** Licensee shall notify STR immediately upon Licensee's becoming aware of any facts indicating that a third party may have obtained or may be about to obtain unauthorized access to the Licensed Materials, and shall fully cooperate with STR in its efforts to mitigate the damages caused by any such breach or potential breach.

**13 Conflicting Provisions.** In the event that any provision of these Standard Terms and Conditions directly conflicts with any other provision of the Agreement, the conflicting terms of such other provision shall control.

**14 Remedies.** In addition to any other rights or remedies that STR may have, in the event of any termination by STR on account of a breach by Licensee, STR may, without refund, immediately terminate and discontinue any right of Licensee to receive additional Licensed Materials from STR.