



**Horwath HTL**  
*Hotel, Tourism and Leisure*

## **Feasibility Study**

**Proposed Upper-Midscale Hotel  
Washington, North Carolina**

The Global Leader in Hospitality Consulting

**November 4, 2021**

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

**Reference:     Hotel Market & Feasibility Study  
                     Proposed Upper-Midscale Hotel  
                     Washington, North Carolina**

Dear Ms. Daniels,

Per your request, we have analyzed the City of Washington, North Carolina lodging market as it pertains to a proposed hotel. Our analysis indicates that a 50-room, upper-midscale soft brand/ boutique hotel should attain a Year 1 occupancy rate of 50.9% with an ADR of  $\pm$ \$107.00 and stabilize in Year 3 at 61.5% with an ADR of  $\pm$ \$122.00.

We have used a Marshall Valuation Services Cost of \$5,639,724 or approximately \$113,000 $\pm$  per key. With an entrepreneurial investment of \$200,000 and subsidized land cost of \$0, we estimate all-in project costs of \$5,800,000. Based on this information, the proposed subject property is forecast to produce an un-leveraged IRR of  $\pm$ 9.0%. This return is within the average risk-adjusted expectations of investors based on accepted market returns for similar hotel investments.

The subject property could achieve higher returns if it can be built for less than \$113,000 per key or if tax or other investment incentives are provided.

Our findings and conclusions are explained in detail in the body of this report.

**November 4, 2021**  
**Ms. Brenda Daniels**  
**ElectriCities of North Carolina, Inc.**

**Confidentiality**

In accordance with our standard practice, we must state that this report is confidential and for the use only by the client and intended user for the purpose to which it refers. No responsibility to any third parties is accepted and neither the whole nor any part nor any reference thereto may be published in any document, statement or circular or in communication with third parties without our prior written approval of the form and context in which it will appear.

We hereby certify that we have no undisclosed interest in the property and that our employment and compensation are not contingent upon our findings.

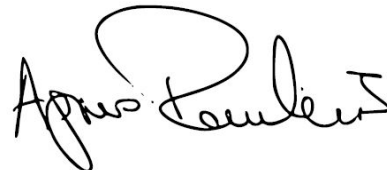
We trust that the report provides you with the information you require, but please do not hesitate to contact us if we can be of further assistance.

Respectfully submitted,

For and on behalf of Horwath HTL



Michael P. Cummings, MAI, ISHC  
Managing Director



Agnès Pierre-Louis, MBA  
Director

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# Legal Information

## Disclaimer

The enclosed report pertains to the financial feasibility of the subject property. The scope of the work is described in the body of the report.

We have no obligation to update our findings and conclusions for changes in market conditions that may occur subsequent to our fieldwork. Any such changes in market conditions will affect the validity of our estimates. Since changes in market conditions are likely to occur, it is expressly understood that we have no obligation to revise the report or the analysis of prospective conditions subsequent to the submission of our findings.

Our report is based on assumptions and estimates that are subject to uncertainty and variation. All information provided by others has been accepted without audit or verification and is assumed to be correct. In addition, we have made assumptions as to the future behavior of consumers and the general economy, which are uncertain.

## Copyright Notice

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## Assumptions and Limiting Conditions

1. The consultants certify that, to the best of our knowledge and belief, the statements contained in this report, subject to the limiting conditions set forth below, are correct. Information in this report was furnished from sources believed to be reliable and, when possible, has been validated by third party data. This report has been made in conformity with the accepted practices of the Appraisal Institute.
2. The global outbreak of Covid-19 was officially declared a pandemic by the World Health Organization in 2020. The reader is cautioned and reminded that the conclusions presented in this report apply only as of the effective date(s) indicated. The consultants make no representation as to the effect on the subject property of any unforeseen event subsequent to the effective date of the report.
3. While vaccines now are widely available, particularly in the US, vaccination rates vary, and consensus on how best to fully contain the outbreak has yet to be reached. That said, our analysis cautiously assumes the economic recovery will continue even as certain Covid-related limitations on travel, especially international travel, remain in effect. Also emerging as a concern is the advent of new Covid variants and the uncertainty accompanying them.
4. Disclosure of the contents of this feasibility report is governed by the By-Laws and Regulations of the Appraisal Institute.
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 he is connected, or any reference to the Appraisal Institute or the MAI or SRA Designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media, or any other public means of communication without the prior written consent and approval of the undersigned.
6. For the purposes of this feasibility report, we assume it is possible to build the subject for the cost stated herein. If engineering, title search, zoning approvals, environmental approvals, or other tests/reports indicate the site is not suitable for development or that additional costs will be incurred, the analysis herein may be significantly affected.
7. Plats, maps, and other exhibits in this report are used merely to help the reader visualize the property and its surroundings, and no responsibility is assumed for their cartographic accuracy.
8. The value estimates reported herein are under the purpose and land-use premise stated and may not represent market value. They are not valid for any other purpose or premise and must not be used in conjunction with any other report, appraisal, or intended use.
9. Any projections, forecasts, etc., regarding future patterns of income and/or expenses, prices/values, etc. represent the consultants' best estimates of investor anticipations with respect to these items, based on information available at the date of analysis. Such information includes forecasts/projections published by recognized sources such as economists, financial publications, investor surveys, etc. Economic trends can affect future behavior of income, expenses, values, etc. Changes in these items caused by future occurrences could result in returns different from those established in this report. We cannot accept responsibility for economic variables in the future that could not have been known or anticipated at the date of analysis (inflation rates, economic upswings or downturns, fiscal policy changes, etc.).

10. All mechanical equipment proposed in the building(s) is assumed to be in average to good working order, unless otherwise stated and treated elsewhere in the report.
11. The Americans with Disabilities Act (ADA) became effective January 26, 1992 setting strict and specific standards for disabled access to and within most commercial and public buildings. Unless otherwise stated, this report assumes a prototype design will be constructed that meets or exceeds ADA standards.
12. The indicated values are subject to the completion of the property in accordance with the forecast construction budget and other project information which has been provided by the developer. We assume the construction will be completed with quality materials in a workmanlike, timely and quality manner.
13. The estimated income and expense results are based upon competent, efficient management and responsible ownership. Other than as set forth in this report, we assume no significant change in the competitive position of the competitive facilities (supply) in the area.
14. If applicable to the subject's market, a Trend Response Report from STR has been utilized to verify and augment our primary market research. Sole reliance is not made upon the STR data provided, specifically in instances when a period of non-reporting has occurred in one or more of the properties in the sample set. Due to the methodology used by STR, this situation may result in skewed data as the average of the reporting properties is assumed for the entire sample, including any non-reporting property or properties.

## Definitions

| Text                                    | Description   |
|---|---|
| Basic Market Analysis                   | An inferred method of market analysis that analyzes current and historical market conditions and closely mirrors the level of due diligence conducted by market participants. This level of market analysis includes an evaluation of the subject's overall market capture rate relative to competitive hotels preselected on the subject property's STR STAR report if available. This level of market analysis is applicable for existing hotels in an established market.  |
| Comprehensive Level I Market Analysis   | An inferred method of market analysis that uses current and historical general market conditions to <i>infer</i> future supply and demand conditions. Direct sampling and interviews of competitive properties are employed to generate market data and a STR STAR report or CUSTOM TREND report is utilized. This level of analysis is most applicable for existing and proposed properties in an established hotel market.  |
| Comprehensive Level II Market Analysis  | A method of market analysis that analyzes current and historical market conditions, but additionally includes fundamental analysis to <i>forecast</i> subject-specific supply, demand, absorption and capture over the property's holding period. Direct sampling and interviews of competitive properties are employed to generate market data and a STR STAR report or CUSTOM TREND report is utilized. This level of analysis is applicable for existing and proposed properties in an established hotel market.   |
| Comprehensive Level III Market Analysis | A fundamental method of market analysis that analyzes current and historical market conditions, but additionally includes fundamental analysis to <i>forecast</i> subject-specific supply, demand, absorption and capture over the property's holding period. Direct sampling and interviews of competitive properties are employed to generate market data and a STR CUSTOM TREND report is purchased. Additionally, specific demand generators are surveyed to quantify their level of demand and determine the optimal property size, product type and level of amenities suited for the market. This level of market analysis is most applicable for proposed properties in unestablished markets.  |
| Market Value                            | <p>Market Value, as used in this report, is defined as: "The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition are the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:</p> <p>Buyer and seller are typically motivated;</p> <p>Both parties are well informed or well advised, and acting in what they consider their own best interests;</p> <p>A reasonable time is allowed for exposure in the open market;</p> <p>Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and,</p> <p>The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale."<sup>1</sup></p> |

<sup>1</sup> Chapter 12, Code of Federal Regulation, Part 34.42(f).

|  |  |
|--|--|
| Market Value “As Is”   | An estimate of the market value of a property in the condition observed upon inspection and as it physically and legally exists without hypothetical conditions, assumptions, or qualifications as of the date the appraisal is prepared.  |
| Prospective Future Value “At Completion of Construction”       | The prospective future value of a property is at a point in time when all improvements have been physically constructed. The value presented assumes all proposed construction, conversion, or rehabilitation is hypothetically completed, or under other specified hypothetical conditions, as of the future date when such construction completion is projected to occur. With regard to properties wherein anticipated market conditions indicate that stabilized occupancy is not likely as of the date of completion, this estimate of value shall reflect the market value of the property in its then “as is” leased state. |
| Prospective Future Value “At Stabilized Operational Occupancy” | The value presented assumes the property has attained the optimum level of long-term occupancy, which an income-producing real estate project is expected to achieve under competent management after exposure for leasing in the open market for a reasonable period of time at terms and conditions comparable to competitive offerings.   |
| Retrospective Value  | An opinion of value as of a specified historic date.   |
| Fee Simple Estate  | Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of police power, escheat, taxation, and eminent domain.  |
| Leased Fee Interest  | An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.  |
| Leasehold Interest   | The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions.  |
| Going Concern  | A business having the ability to continue functioning as a business entity in the future. In accounting, a business is considered to be a going concern if it is likely to continue functioning 12 months into the future.   |
| Extraordinary Assumption                                       | An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser’s opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.  |
| Hypothetical Condition   | That is which contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis.  |

# Executive Summary

## **Project Summary**

A proposed 50-room soft brand/boutique hotel is contemplated for the City of Washington, North Carolina. The proposed hotel will be positioned as an upper-midscale property. Our research indicates that the 50-room soft brand/ boutique hotel would be a suitable product for this market.

## **Client and Intended User**

The client and intended user of this feasibility study is Ms. Brenda Daniels. Ms. Daniels authorized the preparation of this feasibility study by proposal letter accepted June 24, 2021. Any use of this report by third parties is unauthorized without the written consent of the Client and Horwath HTL.

## **Client's Intended Use**

Financial analysis and decision making as they pertain to the development of the subject property and to provide supporting documentation for financing.

## **Date of Report**

November 4, 2021

## **Occupancy Projection**

Using projections for the subject's demand and considering overall market supply and demand forecasts, the proposed subject is projected to achieve a Year 1 occupancy rate of 50.9% and stabilize at 61.5% in Year 3.

## **Revenue Projection**

According to the STR Custom Trend Report, the competitive set offered an average daily rate of \$101.30 for the Covid-impacted 12-month period ending August 2021, up 1.5% from a \$99.84 ADR the previous, mostly pre-Covid, TTM. Considering the subject will be a new-construction, purpose-built, upper-midscale, soft brand/boutique hotel, we estimate a Year 1 ADR for the subject of \$107.00, increasing in Year 2 to \$120.00 and \$122 in Year 3. After that, the subject's ADR is forecast to grow at an annual rate of 2.5%.

Noting the food and beverage operation will be at the discretion of the developer, we have not projected any food & beverage revenue for the subject. Miscellaneous income has been estimated at \$1.00 per occupied room night for a combined per occupied room night revenue of ±\$108. Accordingly, total revenue for Year 1 is projected at \$1,003,239, and total expenses are projected at \$711,493 or 71% of total revenue, resulting in a Year 1 Net Operating Income estimated at \$291,746 or 29.1% of total revenue.

## Reversion Estimate

A reversion price estimate has been calculated using a Terminal Capitalization Rate of 8.0% as follows:

|                                |                    |
|--------------------------------|--------------------|
| Net Operating Income at Year 8 | \$537,772          |
| Out-Going Capitalization Rate  | 8.0%               |
| Indicated Resale Price         | \$6,722,153        |
| Sale Costs @ 2.5%              | \$168,054          |
| <b>Net Proceeds from Sale</b>  | <b>\$6,554,099</b> |

## IRR Projection

On the basis of the following cash flow projections, including the above reversion price after-sale costs, and assuming land costs are subsidized, the subject's implied free-and-clear IRR equals **±9.0%**, which is marginally within the risk-adjusted expectations of investors in the market. (See below.)

| Year          | 1         | 2         | 3         | 4         | 5         | 6         | 7           |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| (\$5,800,000) |           |           |           |           |           |           |             |
|               | \$291,746 | \$425,474 | \$461,221 | \$475,697 | \$490,590 | \$505,910 | \$521,669   |
|               |           |           |           |           |           |           | \$6,554,099 |
| (\$5,800,000) | \$291,746 | \$425,474 | \$461,221 | \$475,697 | \$490,590 | \$505,910 | \$7,075,768 |

Note: Figures may not add due to rounding.

## Scope of Work & Methodology

*The scope of this feasibility study includes the investigations necessary to gather sufficient data from which to derive an opinion of the proposed subject's prospective operations and encompasses the necessary research and analysis to prepare a report in accordance with its intended use, the Standards of Professional Practice of the Appraisal Institute, the Uniform Standards of Professional Appraisal Practice and our General Principles.*

This Hotel Study report provides a presentation of information based upon provided documentation, an inspection of the subject site and its marketplace.

The scope of the hotel study includes the investigations necessary to gather sufficient data from which to derive an opinion of market conditions and trends, and it encompasses the necessary research and analysis to prepare a report in accordance with its intended use.

The subject market data is based upon information provided by STR; city, county, and state officials and/or websites; market participants; and by area demand generators. Hotel properties of all types in the market were explored to determine existing/proposed hotel inventory, supply/demand, and the marketability of properties within or most proximate to the proposed hotel's classification. A thorough research effort was conducted to extract market data to be used in the hotel study. To the best of our ability, the research, analysis, and interpretation of the information in the marketplace were completed in accordance with sound analytical principles, and the opinions and conclusions are considered to be reasonable and reliable.

At the Client's request, the report focuses on identifying an appropriate hotel chain scale and asset class rather than recommending a specific brand or brand family. Additionally, we were asked to determine the number of additional rooms, support amenities, and price points the market could support, discuss specific demand generators, and identify and prioritize potential locations for a hotel. This hotel study report provides a presentation of information based upon provided documentation, an inspection of the subject site(s), and its/their marketplace.

## Identification of Site

This study has identified that an upper-midscale soft-branded boutique hotel would be the most appropriate product for the City of Washington, Beaufort County, North Carolina market area. Commercial land uses in the City of Washington are concentrated in three general areas: the highway interchange and surrounding areas, a commercial strip along the North Carolina Avenue, and the downtown/waterfront area.

The two largest branded upper-midscale hotels in the City of Washington: the Hampton Inn and the Fairfield Inn and Suites are located in the highway interchange area. The properties are direct competitors, even if the Fairfield Inn and Suites is considered superior as it is a newer building. Both hotels attract a mix of business and leisure guests and promote convenience and comfort. While access to highways remains an essential feature to drive business in the submarket, our research revealed that the City of Washington has the potential to grow its leisure tourism base. Leisure transient visitors increasingly seek to experience their location, and thus a hotel site in the highway interchange area would not be our initial recommendation.

Carolina Avenue, which lines Washington Square mall and merges into Bridge Street, is composed mainly of big-box stores, convenience retail and services, fast-casual dining, low-rise economy and business motels. Most businesses along Carolina Avenue are in the mature to declining stages of their respective retail life cycles. Considering the lodging needs and preferences identified during our interviews and research, Carolina Avenue is not being recommended as an area in which to build a new upper-midscale or upscale hotel.

The city has recently completed a Streetscape project which has enhanced the downtown area around Main Street and the waterfront. This area is the subject of new investments and the center of community life. We have identified this area as the most desirable location to support a proposed 50-room upper-midscale soft-brand/boutique hotel. Based on our investment analysis, the feasibility of the proposed hotel development would rely on subsidized land costs, and we have thus only considered publicly owned land for the project. The City of Washington identified a parcel on 401 W 3rd Street as ready for development. The proposed site is described below with comments on its suitability for a hotel asset.

### **401 West 3<sup>rd</sup> Street**

The proposed site, 401 W 3rd Street, is 3.38 acres and is bordered by Bridge Street to the west, 3rd Street to the north, Van Norden to the east, and W 2nd Street to the south. According to city officials, a police station with parking is planned on the southwest corner of the parcel. The northeast corner of the property, with a total of roughly 1.70 acres, is available for hotel use.

### 401 West 3rd Street



The Beaufort County Assessor's office identifies the 3.38- acre property as Parcel ID #18040 and PIN # 5675-79-3303. The property is zoned commercial and is vacant. According to city officials, the entire site, which used to be the location of a bottling plant, has been cleared by an environmental study. Like most of the downtown waterfront area, the site is within the 500-year flood plain.

### View of the site from Bridge Street



**View of the site from W 2<sup>nd</sup> Street**



**View from the site towards the Pamlico River Bridge**



The proposed site displays various strengths making it suitable for hotel development. The parcel is located within a ten-minute walk to Main Street and Waterfront Park, which is the center of commercial and community activity. The parcel borders an arterial street that links the city to communities across the Pamlico River Bridge and provides good visibility and accessibility.

Further considerations that would enhance the suitability of a site for hotel use would be the proximity to the waterfront and downtown. Waterfront views and walkable neighborhoods are desirable features for leisure customers and are likely to contribute to ADR growth.

## Client

The client for this hotel study is Ms. Brenda Daniels of ElectriCities of North Carolina, Inc., who authorized its preparation by acceptance of a proposal letter.

## Intended User

This report is intended for use only by Brenda Daniels. Any use of this report by third parties is unauthorized without the written consent of the Client and Horwath HTL.

## Client's Intended Use

The report is intended for use only by ElectriCities of North Carolina, Inc. and the City of Washington, North Carolina. Use of this report by others is not intended by the consultants.

## Effective Dates of Analysis

The subject market area and proposed site were considered as of October 12, 2021, and this date will serve as the effective date of our analysis. Based upon information provided by the client and our analysis of the market, the project is expected to be completed by September 1, 2023, and we forecast it to reach a stabilized level of occupancy by September 1, 2025.

## Improvement Description

Based on our interviews and analysis of the City of Washington market, a proposed upper-midscale soft-brand/boutique hotel with 50 guestrooms would best represent the type, cost, amenities, and price point suited to the current and near-term lodging demand. Major hotel companies endeavor to position their soft-brand collections as adaptably sized and individually designed to reflect the unique history or story of their building and/or location—e.g.

While no building plans have been provided, the Client has requested that the consultants recommend for consideration an asset class and type of hotel—independent or chain affiliated, deemed suitable for the subject market. As of the date of our analysis, an upper-midscale soft-brand/boutique hotel has been identified as being the most suitable for the in-the-path-of-growth City of Washington market. Considering the amenities, number of rooms, and price point being recommended, the following soft brands and one size-flexible hard brand should be considered: Ascend Hotel Collection by Choice, Cobblestone Hotel & Suites' MainStreet Model (a local history-influenced flexible hard brand), Delta Hotels by Marriott, Tapestry Collection by Hilton, Trademark Collection by Wyndham, Tribute Portfolio by Marriott. A typical soft-brand/boutique hotel will feature a scaled bar and grill or restaurant and lounge capable of meeting the needs of its leisure and commercial guests.

Our cost projections are based Marshall Valuation Service's estimates for a brick veneer or EIFS exterior, 50-room limited-service hotel with good guestroom and public area furnishings, attractive floor coverings, finishes, lighting and plumbing fixtures, and our cost estimate for a scaled bar and grill.

## Market Area Overview

*This analysis summarizes important demographic trends that influence real estate values in a defined area.*

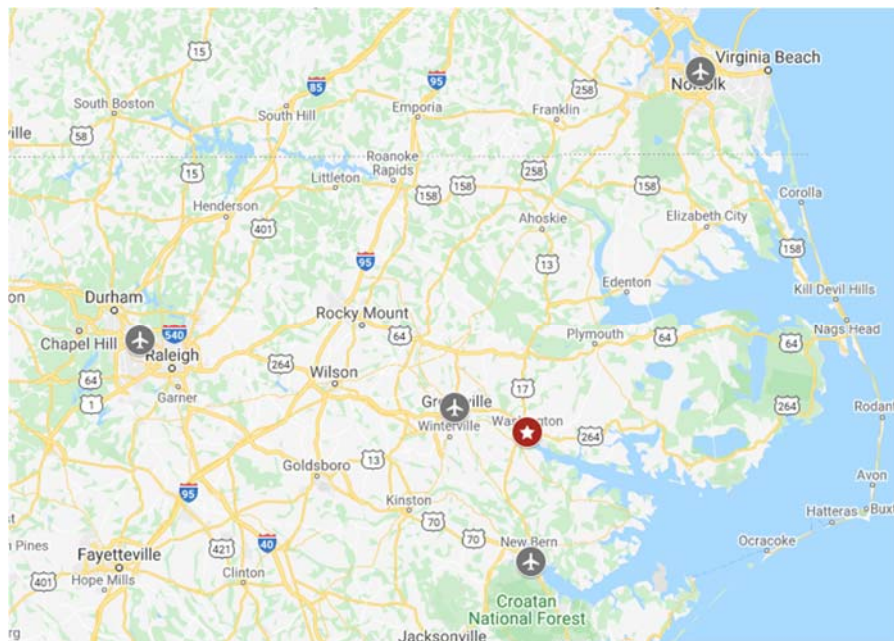
This analysis attempts to highlight important facets of the area economy and illustrates past, current, and future growth trends. The general area has first been studied to gain insight from a macro level, and then the market area has been studied with regard to surrounding land uses and growth patterns.

### The City of Washington, Beaufort County, North Carolina

The City of Washington is the county seat of Beaufort County, North Carolina, the United States, located on the northern bank of the Pamlico River. It is commonly known as "Original Washington" or "Little Washington" to distinguish it from Washington D.C. The closest major city is Greenville, approximately 20 miles to the west.

The City of Washington has a history of shipping and waterfront development. During the Revolutionary War, the city was one of the principal supply ports in the region. Its waterfront location made it an economic center of agriculture, fishing, and commerce trades. The city's central business district was destroyed by fire in 1900. In the next decade, the rebuilding of the downtown area led to the beautiful Victorian architecture that has become a hallmark of downtown Washington. Today, the city is known for its historically significant commercial downtown, stately homes, and vintage commercial buildings of Main Street.

### Area Map



## Ground Transportation

The City of Washington is located at the intersection of Route 17 and Route 264, making it accessible throughout most of the State. U.S. Route 17 (US 17) is a north-south highway known as the Coastal Highway in the southeastern half of the state and the Ocean Highway in other areas. The route enters the state from South Carolina near Calabash and leaves in the Great Dismal Swamp National Wildlife Refuge in Virginia. U.S. Route 264 (US 264) is an east-west United States highway that runs 215.7 miles (347.1 km) from Raleigh to Manns Harbor, entirely in North Carolina. In 2013 the city completed the 6.8-mile Highway 17 Bypass around Washington, which helped relieve congestions on US 17.

We note that there is no public transportation that connects the City of Washington to a metropolitan area. The vast majority of visitors to Washington arrive by automobile.

## Air Access

Airport passenger counts are typically important indicators of lodging demand. Depending on the type of service provided by a particular airfield, a sizable percentage of arriving passengers may require hotel accommodations. Trends showing changes in passenger counts also reflect local business activity and the area's overall economic health.

While no commercial airports are located in Beaufort County, the City of Washington is within driving distance to two regional and international airports.

**Pitt -Greenville Airport (PGV)**– roughly 22 miles northwest, Pitt–Greenville Airport is a public airport located two miles north of the central business district of Greenville, North Carolina. PGV has two runways and carries roughly 91,000 passengers a year. The longest runway can accommodate aircrafts as large as the Boeing 757, and its general aviation service includes about 70 private crafts. American Airlines suspended services to PGV in October 2020 due to the Covid-19 pandemic and resumed in January 2021. American Airlines is Greenville's only commercial airline.

**Coastal Carolina Regional Airport (EWN)**– approximately 40 miles South, Coastal Carolina Regional Airport is a commercial airport located three miles southeast of the central business district of New Bern, a city in Craven County, North Carolina. EWN serves approximately 215,000 passengers annually.

**Raleigh International Airport (RDU)**, located roughly 125 miles from the subject site, is the closest international airport to Washington. Passenger traffic was recorded at around 14.2 million in 2019.

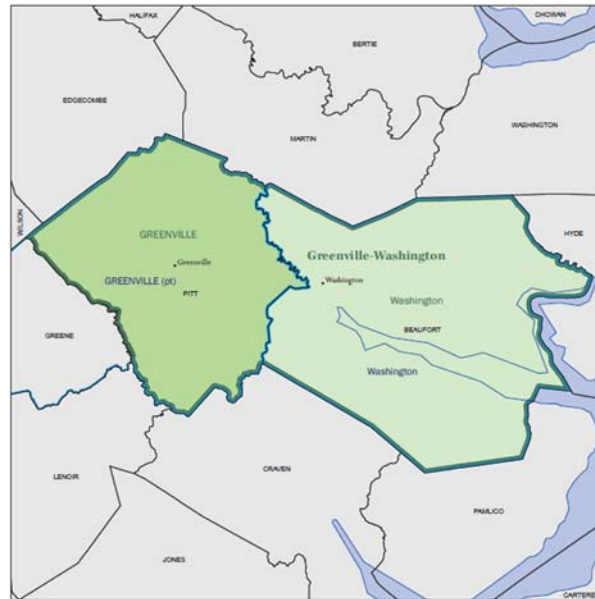
**Norfolk International Airport (ORF)** is approximately 135 miles northeast of Washington. ORF provided service to nearly four million passengers in 2019, with non-stop flights to over 30 major airports.

We note that Washington operates a city airport, the **Washington Warren Field Airport (OCW)**, accommodating private planes.

## Population

Beaufort County, NC, is located 110 miles east of Raleigh, NC and 22 miles east of Greenville, NC, and is a part of the Greenville-Washington Combined Statistical Area (GWCSA) pictured below.

### Greenville-Washington Combined Statistical Area (GWCSA),



Combined as the GWCSA, Beaufort and Pitt Counties have a population of over 220,000 and a workforce of over 107,000. GWCSA population has been growing over the last ten years. East Carolina University, located in Greenville, along with its medical school and associated hospitals, accounts for much of the area's recent growth. While Beaufort County and the City of Washington have recorded an overall population decline over ten years, many residents feel that the post covid demand for suburban living is likely to reverse the trend.

Population data for key regions are summarized in the table below.

| Area                   | 2010          | 2019          | Growth       |
|------------------------|---------------|---------------|--------------|
| <b>Washington City</b> | <b>9,845</b>  | <b>9,497</b>  | <b>-3.5%</b> |
| Beaufort County        | 47,784        | 46,994        | -1.7%        |
| <b>Greenville</b>      | <b>84,711</b> | <b>93,400</b> | <b>10.3%</b> |
| Pitt County            | 168,176       | 180,742       | 7.5%         |

Source: U.S. Census Bureau

The unemployment rate in the GWCSA in May 2021 was reported at 4.5%

Washington's median household income is lower than the county's and the state's. Based on the 2019 American Community Survey, the per capita income in the City of Washington is \$24,652.

### Income Comparison (dollars)

|                                | National | North Carolina | Pitt County | Beaufort County | Washington City |
|--------------------------------|----------|----------------|-------------|-----------------|-----------------|
| <b>Median Household Income</b> | \$62,843 | \$54,602       | \$47,437    | \$45,212        | \$32,196        |
| <b>Per Capita Income</b>       | \$34,103 | \$30,783       | \$27,155    | \$27,504        | \$24,652        |

Source: U.S Census Bureau – Area Community Survey, 2019

## Economy

Historically, as with much of the State of North Carolina, manufacturing has been the base of Beaufort County's local economy. While the number and share of persons engaging in manufacturing employment have decreased over the years, manufacturing remains a primary activity. In addition, Beaufort County is home to significant mining operations near Aurora, responsible for producing a large amount of the phosphoric acid commonly used in soft drinks and other beverages.

According to the Beaufort County Government, the primary reasons companies locate their business in Beaufort County include:

- Competitive tax rate
- Solid Business climate
- Highly Capable Workforce (17% of the private workforce is engaged in manufacturing)
- Three airports located between 30 to 120 minutes from Beaufort County provide daily flights via major air carriers.
- Major deepwater ports within 120 minutes of Beaufort County

Tourism is viewed as a growing sector as families and retirees increasingly seek to experience nature and live in less congested areas. The City of Washington offers the attraction of small-town coastal living within proximity to a major city.

## Employment

The characteristics of an area's workforce provide an indication of the type and amount of transient visitation likely to be generated by local businesses. Employment categories such as finance, insurance, and real estate (FIRE); wholesale trade; and services produce a considerable number of visitors who are not particularly rated sensitive. The government sector often generates transient room nights, but per-diem reimbursement allowances often limit the accommodations selection to budget and mid-priced lodging facilities. Contributions from manufacturing, construction, transportation, communications, and public utilities (TCPU) employers can also be important lodging demand generators, depending upon the company type.

According to the Beaufort County Government, approximately 25% of the industry in Beaufort County is engaged in manufacturing activities. Over 150 manufacturing establishments are located in GWCSA and employ roughly 8,500 people. These manufacturers produce many products such as air filters, boats, electric motors, lift trucks, pharmaceuticals, plastic parts, metal fabrications, retail store fixtures, and truck bodies. The surrounding counties are also home to manufacturing companies, including biomedical, textile, paper, lumber plants, and the state-of-the-art medical facilities located in nearby Pitt County.

The following table shows employment segmentation for the United States, North Carolina County, and Beaufort County.

### Employment by Industry

| Industry   | U.S.   | North Carolina | Beaufort County |
|--|--------|----------------|-----------------|
| Agriculture, forestry, fishing and hunting, and mining           | 1.80%  | 1.30%          | 1.40%           |
| Construction   | 6.60%  | 7.00%          | 6.70%           |
| <b>Manufacturing</b>   | 10.10% | 12.40%         | <b>12.40%</b>   |
| Wholesale trade  | 2.60%  | 2.50%          | 2.60%           |
| <b>Retail trade</b>  | 11.20% | 11.50%         | <b>11.90%</b>   |
| Transportation and warehousing, and utilities                    | 5.40%  | 4.70%          | 4.30%           |
| Information  | 2.00%  | 1.70%          | 1.80%           |
| Finance and insurance, and real estate                           | 6.60%  | 6.50%          | 6.30%           |
| Professional, scientific, management, and administrative         | 11.60% | 10.90%         | 10.30%          |
| <b>Educational services, health care &amp; social assistance</b> | 23.10% | 22.90%         | <b>23.40%</b>   |
| Arts, entertainment, recreation, and hospitality                 | 9.70%  | 9.60%          | 9.60%           |
| Other services, except public administration                     | 4.90%  | 4.90%          | 4.90%           |
| Public administration  | 4.60%  | 4.20%          | 4.40%           |

Source: U.S Census Bureau – Area Community Survey, 2019

Aside from the manufacturing companies, some of the largest employers in Beaufort County are healthcare services and public administration.

The table below lists the top employers in Beaufort County.

| Company Name                      | Industry   | Class          | Employee Range |
|-----------------------------------|--|----------------|----------------|
| Beaufort County Schools           | Educational Services   | Public Sector  | 500-999        |
| Nutrien                           | Manufacturing  | Private Sector | 500-999        |
| Vidant Medical Center             | Health Care and Social Assistance  | Public Sector  | 500-999        |
| County Of Beaufort                | Public Administration  | Public Sector  | 250-499        |
| Innovative Employer Solutions Inc | Administrative and Support and Waste Management and Remediation Services | Private Sector | 250-499        |
| Food Lion                         | Retail Trade   | Private Sector | 250-499        |
| Wal-Mart Associates Inc.          | Retail Trade   | Private Sector | 250-499        |
| City Of Washington                | Public Administration  | Public Sector  | 250-499        |
| Beaufort County Community College | Educational Services   | Public Sector  | 250-499        |
| Precisionaire                     | Wholesale Trade  | Private Sector | 250-499        |

Source: NC Department of Commerce

## Recreation/Tourism

Tourism and city officials agree that Washington's geographic location and natural assets are its primary draws for tourism.

**Goose Creek State Park**, located 12 miles from the Washington city center, is ranked as the number one attraction in Washington on Tripadvisor. The 1,672-acre park is known for harboring a variety of ecosystems, is a haven for birdwatching, and offers over eight miles of hiking trails.

The **Pamlico River** provides a scenic crossway to the county. The river offers residents and visitors the chance to explore boating, kayaking, fishing, and other recreational activities along the creeks and streams connected to the Pamlico River. The **Washington city waterfront** has been recently enhanced and offers scenic walks along the river and with retail and restaurants nearby is the center of community and tourism activity. To further capitalize on its waterfront location, the city is expanding the number of boat slips available.

### Washington City Waterfront



The **North Carolina Estuarium** is the world's first estuarium, an interactive center that was opened in 1998. "Estuaries, where salt water and fresh water mix, form a unique habitat that's especially important for a lot of the ocean's fish species."

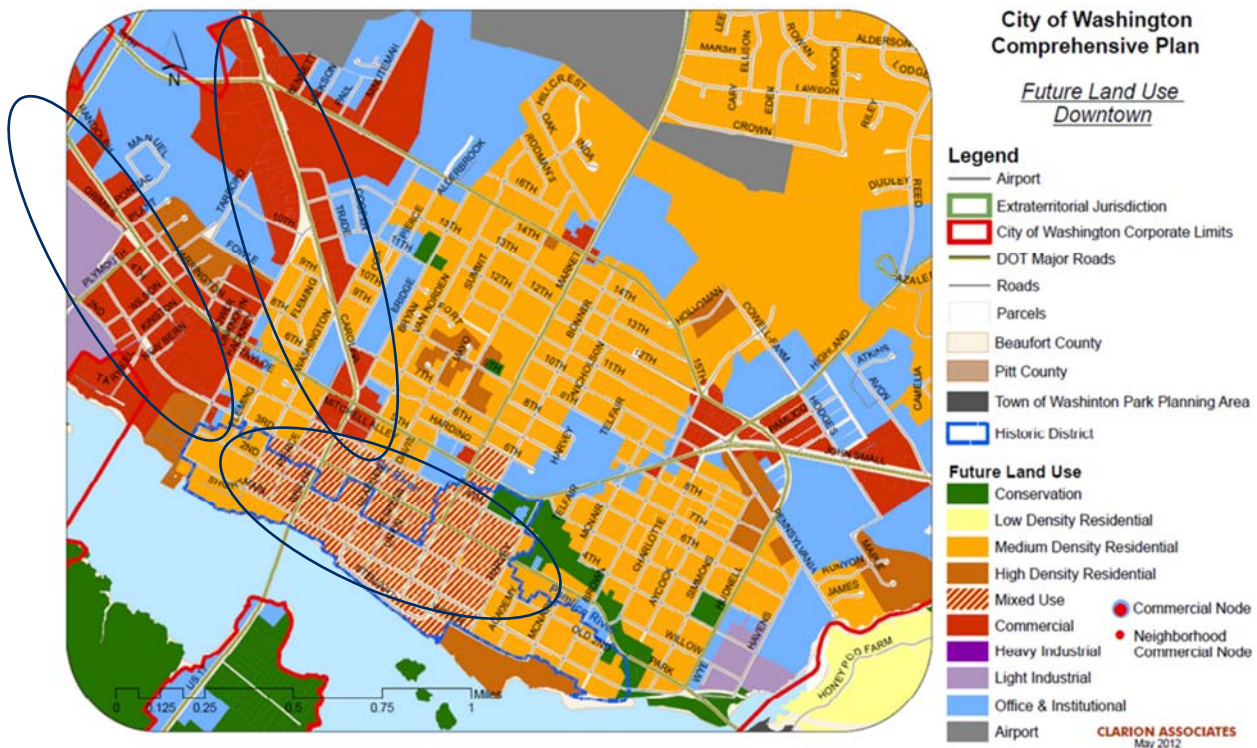
Part of Washington's appeal is also in discovering its history through its Victorian-era homes and commercial buildings in the area designated as the **Washington Historic District**. Composed of the waterfront business district and surrounding neighborhoods, the Historic District displays examples of revival, colonial, Greek, federal, traditional cottages, and other architectural styles. Washington's historic district is listed on the National Register of Historic Places and is one of the largest commercial and historic residential districts in North Carolina.

## Historic District Home



## Market Area

As mentioned earlier in the report, most of Washington's commercial development is located within three main areas: the highway interchange and surrounding areas, the commercial strip along North Carolina Avenue, and the downtown/waterfront area, which is zoned as mixed-use. The following map illustrated the city's land use by zoning type.



Source: Washington Comprehensive Plan 2013

## Market Area Description

### Interchange Overlay and surrounding area

The interchange overlay districts are areas of highway interchanges. The interchange areas are critical gateways to the community and usually benefit from greater traffic count. Traditionally, land near interchanges generate more substantial development interest and command high prices. The most recent and hotel developments, namely the Hampton Inn and the Fairfield Inn and Suites, are located within the interchange overlay area. Other popular commercial uses are gas stations and convenience retail.

### Central Business District along Carolina Avenue

The business corridor that runs from Washington Square Mall to the Pamlico River, along Carolina Avenue, contains a mix of midscale and economy retail businesses, offices, entertainment facilities, restaurants, and lodging. Most of Washington's lodging establishments are located along this corridor, including the Washington Motel, Days Inn, Magnuson Hotel, Sunset Inn, Quality Inn, and Econo Lodge.

### Washington Harbor District

The Washington Harbor District comprises the downtown waterfront area. In 2013, the city developed a revitalization strategy to position Washington as a distinct active community and enhance the city's economic activity.

The Downtown Washington and the Waterfront revitalization strategy included:

- Improvement of the backs of buildings facing the waterfront
- Overlook and fountains at/ near the waterfront
- Increased pedestrian connections between downtown and the waterfront
- Enhanced gateways to the downtown area
- Revisiting parking strategies for downtown.

As part of Washington's reinvestment strategy, The City of Washington began planning the Streetscape Infrastructure Project in 2016. The Streetscape Plan ultimately helped visualize how Main & Market streets should be designed to better serve pedestrian needs for connectivity to commerce and the waterfront and create a distinct experience in historic downtown Washington after updated infrastructure. Implementation of the project began in March 2020 and was recently completed.

According to residents and city officials, the Main Street streetscape project has helped attract investment to the area, with new retail and restaurants opening their doors. While we noticed that many outlets operate on limited schedules, closing one or two days a week, tenants are confident that business will expand to serve a full schedule.

The **Bridge Harbor Marina** project is a new project planned on the south bank of the Pamlico River, close to the Pamlico River Bridge.

The project is composed of five essential parts:

1. The Bridge Harbor Club House
2. 152 Wet slips with Boat Lifts and 3 Fuel Docks
3. A 272 Slip Dry Stack Facility
4. A 40\*118' Repair & Office Building attached to the Dry Stack Facility
5. Wedding Venue Pole Building – 40\*60
6. Parking and Boat Launch and hauling on West side of Bus 17

### Bridge Harbor Marina, Conceptual Rendering



Source: City of Washington, NC

The Marina's Clubhouse will include a full-service restaurant on the third floor with a seating capacity for over 200 guests inside and over 100 outside. The fourth floor is planned to contain a banquet and conference hall with a capacity of 245. According to the City manager, the project has been approved by city planning, and is in the process of obtaining environmental permits. The Marina project is expected to open in 2024.

### Environmental Risks

Washington City is located in the low coastal plain province of North Carolina, along the Tar/Pamlico River banks. The city's terrain averages about ten feet above sea level and generally slopes from the north and west towards the south and east, ranging from level to four percent. The low-lying land and proximity to surface water make flooding due to storm surge from ocean overwash associated with hurricanes or other tropical weather events a considerable threat for city residents. Hurricane Matthew in October 2016 and hurricane Florence in Sept 2018 both brought catastrophic flooding to Eastern North Carolina.

The map below depicts flood hazard areas as defined by the North Carolina Flood Risk Information System (FIPS). Zone AE depicted in blue refers to floodplain areas, those areas with a one percent annual chance of flooding. Flooding risks are highest near the downtown and waterfront areas of the city.



Source: North Carolina Flood Risk Information System

## Market Area Conclusion

Through its origins as a supply and trading port, Washington and Beaufort County's economies evolved to rely on manufacturing. However, like many small towns in America over the last decade, the city has struggled with population growth as much of the workforce migrated to larger cities. In an effort to revitalize the community and the economy, The City of Washington has been investing in its infrastructure and recently completed a downtown revitalization program. Such investments, along with the post covid trend to seek out less crowded living spaces and nature experiences, are likely to drive the city's future tourism development.

# Hotel Market Trends & Analysis

*The following analysis will examine the overall U.S. economy, hotel supply and demand trends, and other factors that influence the hotel investment market.*

## National Economic Trends and Future Outlook

*The paragraphs which follow discuss historical U.S. economic trends and the future U.S. economic outlook. The resources consulted by the authors during the preparation of this discussion include the Associated Press (AP News), Bank of America, Bloomberg, Bureau of Economic Analysis (BEA), Bureau of Labor Statistics (BLS), Center on Budget and Policy Priorities (CBPP), Cision PR Newswire, CNBC, CNN, Conference Board, Congressional Budget Office (CBO), CoStar Economy, Federal Open Market Committee (FOMC), Federal Reserve Bank of St. Louis, First Trust Advisors, Forbes, Fortune, Fox News, Goldman Sachs, Harvard Business Review, Hospitality Insights, Impact Data Source, Institute for Supply Management (ISM), International Monetary Fund (IMF), JPMorgan, Kiplinger, Marcus Millichap, Money Talks News (MTN), Morgan Stanley, Nashville Business Journal, National Association for Business Economics (NABE), National Bureau of Economic Research (NBER), Navy Federal Credit Union, Oxford Economics, Pew Research, PNC Financial Services Group, Rand Corporation, Sky News, Slate, Statista, The Atlantic, The Balance, The Hill, Trading Economics, US News, Wall Street Journal, Washington Post, and World Economic Forum.*

**Introduction** – Midway through Q2 21, the on-again, off-again nature of the economic recovery has been rocky. Short periods of unexpectedly robust growth in GDP, jobs, personal income, consumer spending and unmet consumer demand have been followed by what is hoped will prove to be only intermittent periods of backsliding in such critical areas as jobs, personal income, production and inflation. For example, as the relatively weak production side of the economy struggles to overcome supply-chain damage to meet consumer demand, stimulus-induced personal income grew at a record rate in March before nosediving in April, a somewhat expected but nonetheless troubling development exacerbated by the steepest year-over-year rise in the Consumer Price Index since September 2008.

In the wake of massive government spending, near-record household savings, relaxed restrictions on social distancing, a large-scale vaccine rollout and a loose monetary policy, consumer spending, which accounts for 70 percent of U.S. GDP, has been the engine driving the economic recovery.

To be sure, the U.S. economy is recovering rapidly from its near-disastrous March-April 2020 Covid contractions. But is it sustainable?

- Over the 14-month period since pre-Covid February 2020, U.S. money supply (M2) increased by an astounding 30%, from \$15.47 trillion to \$20.11 trillion.
- April retail sales were 17.9% higher than pre-Covid February 2020, the fastest gain for any 14-month period since 1978-79, a period of double-digit inflation versus the 3.1% increase in consumer prices since February 2020.

- With consumers awash in cash, demand for cars and trucks rarely has been higher—retail spending on motor vehicles was up 33.1% in April versus pre-Covid February 2020.
- On the other hand, motor vehicle production in April was down 18.1% versus pre-Covid February 2020 and prices for new and used vehicles have skyrocketed. New cars are largely unavailable due to the microchip shortage and year-over-year used car prices jumped by an average of 16.8%, or \$3,296, as even rental car companies are in the market for pre-owned vehicles.
- Though retail sales overall have soared, the production side of the economy has not. Manufacturing production in April was 2.7% less than in February 2020, principally due to damaged supply chains and a slow-to-return labor force.

**Conclusion:** Were it not for the production side of the economy remaining mired in difficulty—in April versus pre-Covid February 2020, motor vehicle production was down 18.1% and overall manufacturing production was down 2.7%—the surge in retail sales likely would have been far greater. As it stands now, it seems that it is inflation that is unstoppable.

**Gross Domestic Product (GDP)** – Following the shortest and deepest recession on record, the U.S. economy, as measured by quarter-over-quarter annualized GDP growth, trended upward for the three quarters ended Q1 21, though Q3 20's record-setting pace was succeeded by a respectable but comparatively lackluster Q4 20 performance. Looking more closely at Q4 20, month-over-month GDP growth rates slowed to +0.6% in October, declined -0.8% in November, and remained flat in December amidst fears of a Covid resurgence and the re-imposition of restrictions following a Thanksgiving holiday of ill-advised pre-vaccine travel and non-immediate-family indoor gatherings.

#### Q/Q Annualized GDP Growth Rates: 2020 and Q1 2021

(Target Range: +2 to +3 percent)

|       |        |
|-------|--------|
| Q1 20 | -5.0%  |
| Q2 20 | -31.4% |
| Q3 20 | +33.4% |
| Q4 20 | +4.3%  |
| Q1 21 | +6.4%  |

Source: U.S. Bureau of Economic Analysis (BEA)

After a strong 6.4% first quarter 2021 annualized growth rate, economic activity is returning to pre-pandemic levels and Fed forecasts are for continued y/y GDP growth but at decelerating rates.

#### Y/Y GDP Growth Rate Forecasts: 2021 and Beyond

|       |       |
|-------|-------|
| 2021  | +6.5% |
| 2022  | +3.3% |
| 2023  | +2.2% |
| 2024+ | +1.8% |

Source: Federal Reserve Board's Open Market Committee (FOMC)

Following the near-disastrous March-April 2020 Covid contraction, swiftly approved government spending went a long way toward keeping the economy intact while multiple vaccines were being developed. GDP growth in Q1 21, particularly March, can be attributed to these actions and to significant numbers of households getting vaccinated and re-engaging in more economic activity as restrictions eased, businesses re-opened and domestic travel—business and leisure—ticked up.

Pent-up demand, ready access to billions of dollars of pandemic-induced savings, and huge direct deposits into personal bank accounts led to a surge in consumer spending. The recovery, however, promises to be a bumpy one.

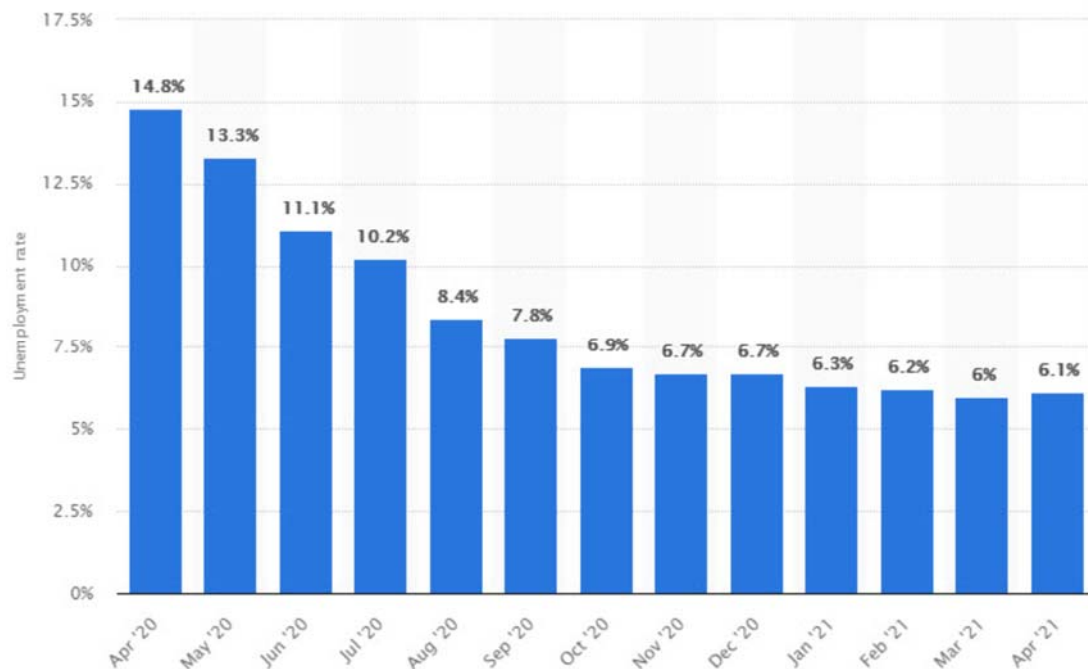
- On the one hand, personal income in March rose by an impressive 21.1%—the largest monthly increase since records have been kept (1959).
- On the other hand, personal income in April declined 13.1%, or \$3.2 trillion, as the effects of March’s stimulus checks waned.
- Also in April, disposable personal income, after tax and other withholdings, declined 14.6% and personal savings dropped by nearly half, from 28% to 14.9%, but remained sufficiently high to keep month-over-month consumer spending in positive territory—up by a modest 0.5%.

**Jobs** – By the end of Q1 21, the U.S. had added back 14 million nonfarm payroll jobs, or 62% of the 22.4 million lost in the pandemic. The monthly unemployment rate has declined steadily from its April 2020 apex of 14.8% to its Covid-era nadir of 6.0% in March 2021. However, the pace of new hires is slowing as the Covid-impacted economy continues to find new, less labor-intensive ways to do business. The 6.1% unemployment rate for April, up 0.1 percentage points over March, reflects the first uptick in a year of near-steady declines. While this directional turn may yet prove to be an aberration, the number of long-term unemployed (looking for 27+ weeks) and newly laid off unemployed (in the past 5 weeks) remains high at 4.2 and 2.4 million respectively.

Based on the pace of hiring from January to March, forecasters anticipated one million new jobs would be created in April. Instead, seasonally adjusted nonfarm payrolls rose by only 266,000, one of the biggest monthly forecasting misses on record, and the unemployment rate increased, albeit modestly, for the first time in 12 months. At 6.1 percent, or 9.8 million persons, April unemployment remained virtually unchanged from 6.0 percent in March but was higher than the projected 5.8 percent.

On the other hand, unadjusted nonfarm payrolls increased by  $\pm 1$  million each month of Q1 21, a milestone only ever reached during this recovery. And while the seasonally adjusted April jobs report was disappointing, non-seasonally adjusted job gains continued the Q1 trend and increased by  $\pm 1$  million as well, led by leisure and hospitality (331,000), restaurants and bars (187,000), arts, entertainment and recreation (90,000), and hotels (54,000).

### U.S. Monthly Unemployment – April 2020 to April 2021



Data Source: U.S. Bureau of Labor Statistics and Statista 2021

Assuming the vaccine rollout continues apace as the \$1.9 trillion American Rescue Plan is fully deployed during the remainder of 2021, there will be plenty of positions to fill. Somewhat disconcerting, however, is that many businesses, particularly though not exclusively in the services sector, already are reporting difficulty finding workers. In April there were 1.1 unemployed workers available for every job opening, suggesting that, unlike previous recessions, a shortage in labor supply is as problematic as a shortage in labor demand—jobs are available, but people either don't want to work or are unable to work.

So long as supplemental unemployment checks continue to be paid while companies, particularly those in leisure and hospitality, strive to reopen during the peak-demand summer months, and so long as half of the four million workers who left the labor force during the pandemic do not return to the workforce, as is expected, the labor supply problem will worsen. In March, the manufacturing sector alone—which already has been hampered by supply-chain problems, had its recovery further impeded by labor shortages as it sought to fill more new positions than the already robust 53,000 it settled for. That said, unemployment projections are for continued improvement.

### Unemployment Rate Projections: 2021 and Beyond

|       |      |
|-------|------|
| 2021  | 4.5% |
| 2022  | 3.9% |
| 2023  | 3.5% |
| 2024+ | 4.0% |

Source: Federal Reserve Board's Open Market Committee (FOMC)

**Inflation** – Consumer spending is the biggest factor behind economic growth in the U.S. In March as in 2020, federal stimulus and supplemental unemployment checks helped fuel an economic revival by boosting month-over-month personal income by a record 21.1%—the largest monthly increase on record.

Inflation is running hot and seems unstoppable. In April versus a year ago, producer prices were up 6.2%, the Consumer Price Index (CPI) was up 4.2%, the Bureau of Economic Analysis (BEA) price index rose 3.6%, the biggest increase since 2008, and the core BEA price index, which excludes volatile food and energy prices, gained 3.1%, the biggest monthly gain since 1992. Also in April, core PCE (personal consumption expenditures, excluding volatile food and energy prices) rose 3.1%, among the highest monthly gains in 29 years. Core PCE is the Fed's most relied upon inflation index, so these near-record price increases must be taken seriously, especially as American incomes nosedived in April. Extreme price increases—e.g., automobiles, homes, household durables and lumber—already are threatening consumer spending, as seen in the declining consumer sentiment index for May. Investors worry that if this continues the Fed will be forced to curb its easy money policies.

What is behind these steep price increases across such a broad spectrum of indexes? Some point to the massive, 18% year-over-year increase in M2 money supply to an all-time high in April, subscribing to the theoretical and seemingly logical belief that “inflation is too much money chasing too few goods.” Empirically, however, over the past decade central banks have increased money supply numerous times—mostly via quantitative easing (*purchasing bonds and other assets on the open market to stimulate lending and investment*) without seeing a rise in inflation. The Fed chair even went so far recently as to say that we must “unlearn” the idea that money growth causes inflation.

Accordingly, the Fed maintains these near-record price increases are (a) transitory, insofar as they are a function of overstated year-over-year comparisons with April 2020, a period when prices were falling during the onset of the Covid-19 crisis, and (b) temporary, to the extent they are a function of Covid-related supply chain problems currently being remedied. Once supply again meets demand, prices are expected to normalize, especially as the heady effects of the most recent round of stimulus checks wear off.

Inflation concerns aside, the March and April reports on business from the Institute for Supply Management (ISM®) are encouraging. They suggest optimism and confidence among purchasing managers that economic activity will continue to increase through the remainder of 2021. In the 11<sup>th</sup> straight month of growth, the Services Purchasing Managers' Index (PMI®) for March set an all-time record of 63.7%, dipping only slightly in April to 62.7%. As services were particularly hard hit by the pandemic, these are promising results for a full recovery for a major segment of the economy.

While purchasing activity is strong, price increases are of concern. In April, the ISM® Services Prices Paid Index surged 39.4% year-over-year and 3.8% month-over-month to 76.80 from 55.10 and 74.00, respectively. Damaged supply chains and depleted inventories resulting from Covid lockdowns and stay-at-home orders have created supply shortages which place upward pressure on prices, especially during periods of robust demand. Money supply growth and base-year comparison arguments notwithstanding, price spikes of this magnitude clearly suggest inflationary pressure is mounting and overshadowing the recovery.

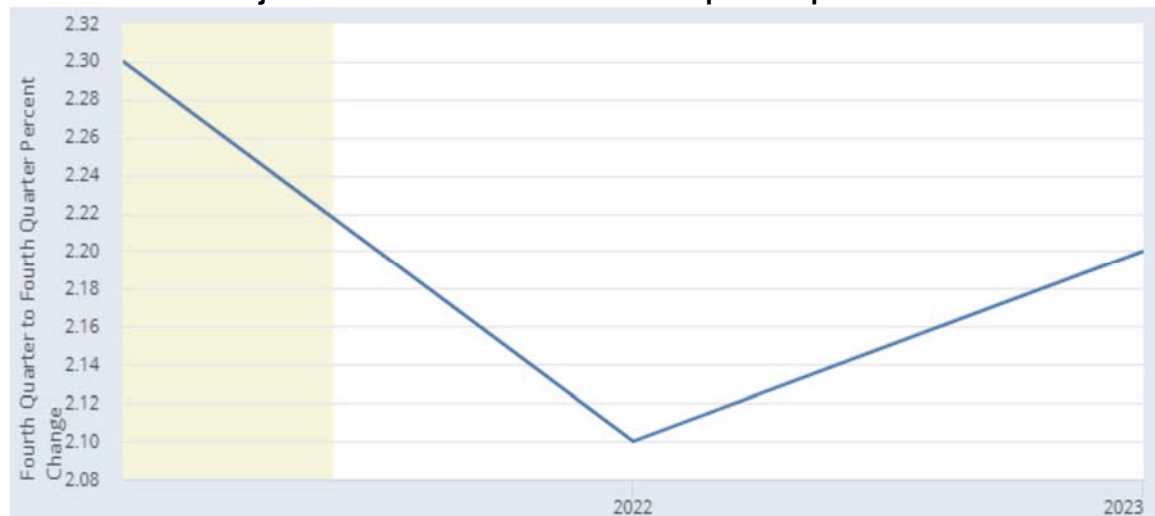
**United States Annual Inflation Rates (2011 to 2021)**



Source: CoinNews Media Group, LLC

Looking ahead, the FOMC's summary of economic projections for personal consumption expenditures (PCE) are for core PCE to rise 2.3% this year, 2.1% in 2022, and 2.2% in 2023—all manageable but still above the Fed's core inflation target of 2%. (See graph below.)

**FOMC Projections for Core Personal Consumption Expenditures**



Note: Core PCE excludes volatile food and energy inflation rates.

Source: FRED, Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

## Historical Lodging Industry Trends and Future Outlook

The history of the lodging industry is characterized by periods of rapid expansion and development, followed by periods of adjustment and recovery. The paragraphs which follow discuss historical and current industry supply and demand, occupancy rates, average daily rates (ADRs), and revenues per available room (RevPARs). The principal resources used for the following discussion on national lodging industry trends include: AHLA, Business Traveler USA, CBRE Econometric Advisors, Cleveland Research Company, Cornell Center for Hospitality Research (CHR), CoStar, Deloitte LLP, Horwath HTL, The Highland Group, Hotel Business, Hospitality Insights, Hospitality Net, Hotel News Now (HNN), Hotels Magazine, Hotel Online, Kalibri Labs, Linchpin SEO, Lodging, Reuters, STR, Today's Hotelier (by AAHOA), Tourism Economics, Tripadvisor, Yahoo Finance.

The post-Great Recession period of 2010 through 2019 saw the U.S. hotel industry experience 10 consecutive years of RevPAR growth. However, pre-pandemic 2019 was showing signs of an industry-wide slowdown: year-over-year occupancy rates remained flat at 66.1% and ADR increased by only 1.0%, well below the then 2.3% inflation rate, and the resultant 0.9 percent RevPAR growth rate—well below the 3.2 percent average—was the lowest since the recovery began in 2010. These 2019 harbingers of what a non-pandemic 2020 might have looked like are tempered by viewing the data from a different perspective. Rates of growth notwithstanding, 2019 posted the highest numbers ever benchmarked by STR: \$131.21 ADR, \$86.76 RevPAR, 1.9 billion rooms supply, and 1.3 billion rooms sold.

For the nine-year period of 2010-2018, inclusive, rooms supply growth lagged demand growth. During this state of “positive disequilibrium,” year-over-year ADR increases were the norm. Then, for the first time in a decade, the industry entered a state of “negative disequilibrium.” In 2019, supply grew 2.0%, narrowly exceeding the 1.9% growth in demand. Typically, whenever supply growth equals or exceeds demand growth, ADR becomes the sole determinant of RevPAR gains, and for the six pre-Covid quarters ended December 2019, this single RevPAR driver's growth rate was sluggish. Year-over-year, 2019's ADR growth rate lagged the rate of inflation by 56%, meaning hotel revenue growth did not keep pace with rising wages and other operating costs.

As seen below, demand growth exceeded room supply growth from 2011 through 2018. While 2018's +2.0 percent supply growth rate remained constant in 2019, for the first time since the Great Recession of 2007-2009 it outpaced waning demand growth. Pre-pandemic 2019's 1.9 percent growth in demand represents a year-over-year negative change of minus 24% from the 2.5 percent growth rate of 2018. In other words, demand was beginning to trend down prior to Covid-19.

The year-over-year rate of change in room supply grew steadily from 0.5 percent in 2011-2012 to 2.0 percent in 2018 and 2019. While relatively strong, U.S. supply growth remained manageable through mid to late 2019, when an uneven amount of new inventory was coming online and troubling signs of crowding out were beginning to emerge, especially in the limited-service sector generally and in upper-upscale asset classes in urban markets.

During Covid-2020, growth rates for room supply and demand declined precipitously, causing a rapid deceleration in pricing power (see below). While alarming, little could be done beyond scaling back and cutting costs, as the root cause, Covid-19, was random rather than systemic.

The aforementioned pre-pandemic 2019 negative disequilibrium became a full-blown crisis in 2020, as seen below in the key performance indicators (KPIs):

- Room supply growth declined from a positive 2.0% in 2019 to a minus 3.6% in 2020. \*
- Demand growth decelerated from an already waning +1.9% in 2019 to a blisteringly negative -35.7% in 2020. \*
- Occupancy rates fell -33.3% in 2020 from a 23-year record high of 66.2% in 2018 and still strong 66.0% in 2019. \*
- ADR (aka pricing power) decreased -21.3% from a 24-year record high of \$131.13 in 2019 to an eight-year low of \$103.25 in 2020. \*
- RevPAR, which arguably is the most important performance metric, plunged -47.5% from a 24-year record high of \$86.64 in 2019 to \$45.48 in 2020. \*

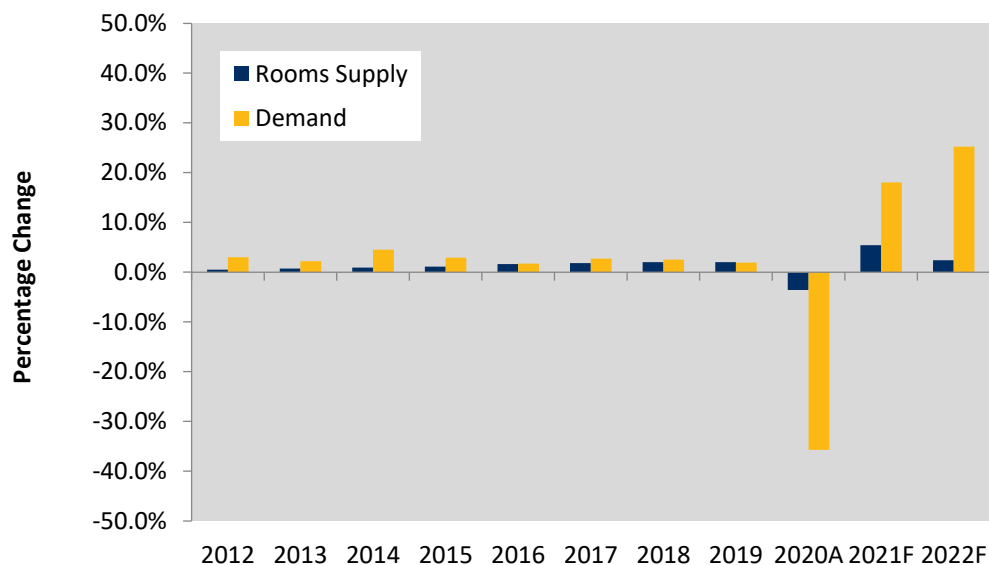
\* Source: CoStar, STR and Tourism Economics.

### Room Supply and Demand

As illustrated in the graph below, demand growth outpaced supply growth from the back end of the financial crisis in 2011 through 2018. As stated above, in 2019, 2.0% supply growth exceeded 1.9% demand growth, the first state of negative disequilibrium since the Great Recession. This situation was greatly exacerbated by the Covid pandemic: rooms supply decreased -3.6% but demand decreased -35.7%. Looking ahead, the outlook is positive:

- 2021 Forecast – 5.4% supply growth, 18.0% demand growth
- 2022 Forecast – 2.4% supply growth, 25.2% demand growth

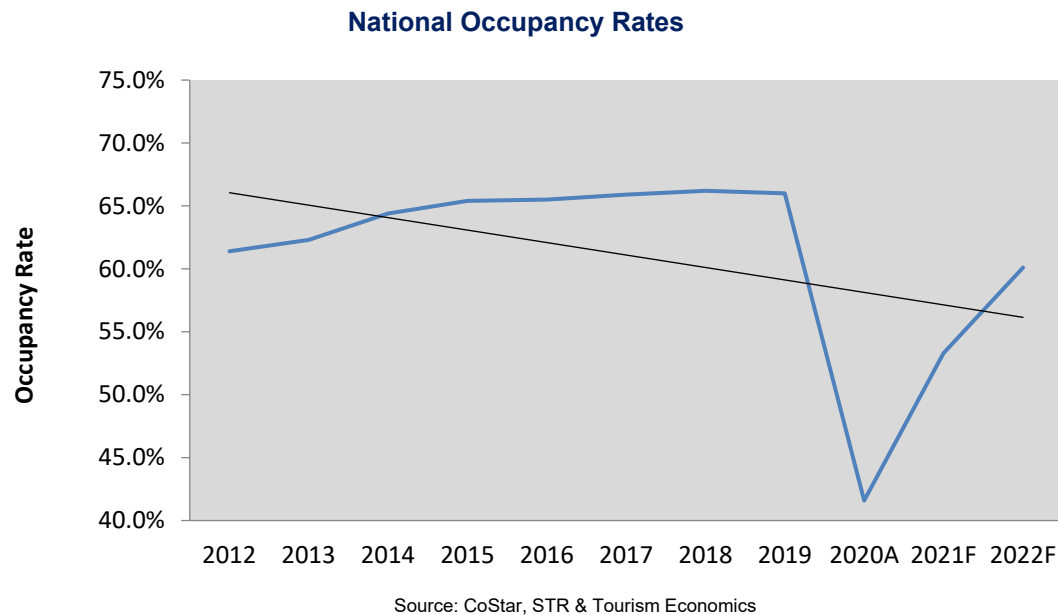
### Lodging Industry Supply and Demand Growth



Source: CoStar, STR & Tourism Economics

## Occupancy

As illustrated above, year-over-year room night demand growth surpassed room night supply growth for the seven years ended 2018, when occupancy rates peaked at a best-ever 66.2% before declining moderately to 66.0% in 2019. Then, during the Covid pandemic year of 2020, occupancy rates plunged to 41.6%, an alarming -37% year-over-year decline.



As with supply and demand growth depicted in the preceding section, the outlook going forward is for strengthening occupancy growth:

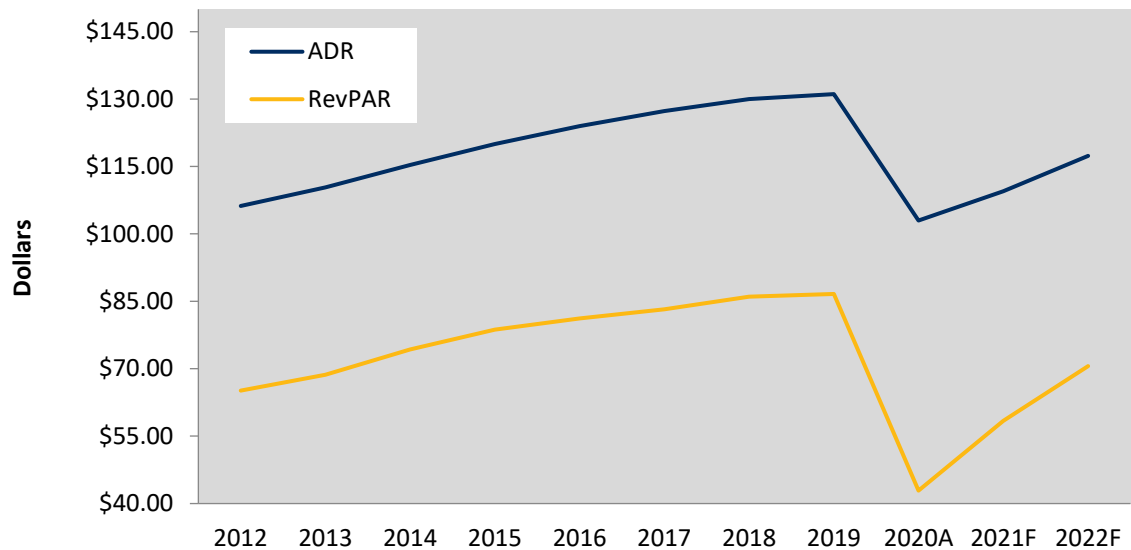
- 2021 Forecast – 53.3% occupancy, a 28.1% y/y positive change
- 2022 Forecast – 60.1% occupancy, a 12.8% y/y positive change

## ADR and RevPAR

Two important hotel performance indicators are average daily rate (ADR) and revenue per available room (RevPAR). As seen below, for the eight years ended in 2019, ADRs increased at a compound annual growth rate of 3.1 percent, from \$106.21 in 2012 to \$131.21 in 2019. During this same period, RevPAR increased at a compound annual growth rate of 4.2 percent, from \$65.10 in 2012 to \$86.64 in 2019. From 2012 through 2015, RevPAR growth was simultaneously occupancy- and ADR-driven. From 2016 through 2019, RevPAR growth was overwhelmingly ADR-driven.

RevPAR increased annually from 2012 through pre-pandemic 2019, when it grew at a rapidly weakening year-over-year rate only 0.8%, the lowest growth rate since the Great Recession. Then in Covid-year 2020, RevPAR growth plummeted -50.5%, from \$86.64 to \$42.88.

#### National ADR and RevPAR



Source: CoStar, STR & Trading Economics

Consistent with supply, demand and occupancy growth rates as depicted above, the outlook for ADR and RevPAR growth is strong:

- 2021 ADR Forecast – \$109.47, a 6.3% increase over \$103.00 for 2020 actual
- 2021 RevPAR Forecast – \$58.39, a 36.2% increase over \$42.88 for 2020 actual
- 2022 ADR Forecast – \$117.34, a 7.2% increase over the \$109.47 forecast for 2021
- 2022 RevPAR Forecast – \$70.57, a 20.9% increase over the \$58.39 forecast for 2021

## Local Lodging Trends –

The following paragraphs give an overview of the current and historical market conditions to *infer* future supply and demand conditions.

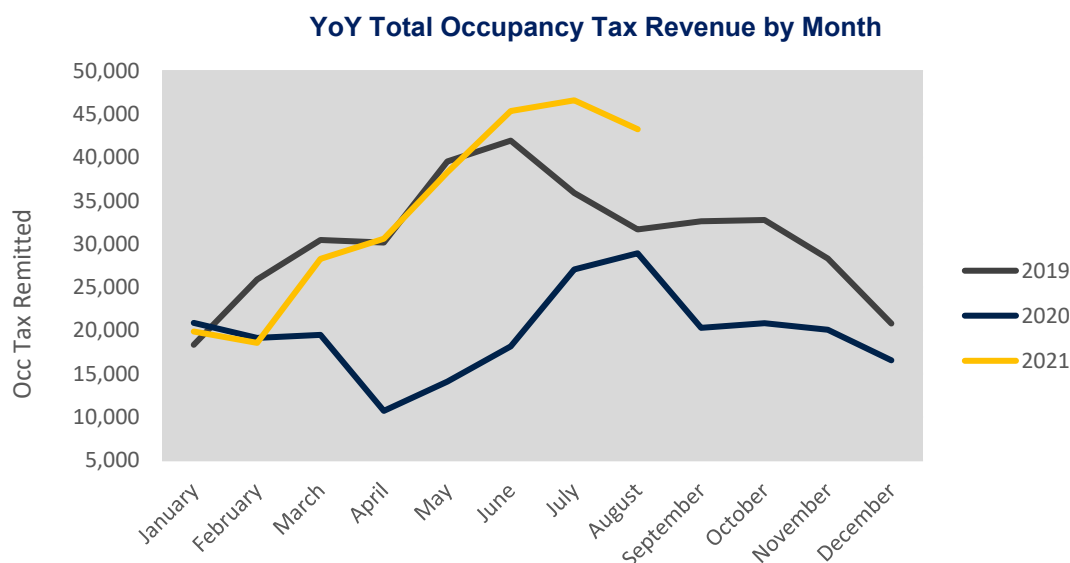
### Supply Summary

To properly evaluate the competitive lodging market, several supply factors have been considered in our analysis to include historic expansion, determining which existing lodging facilities are most competitive with the subject, and potential new competition.

#### Historical Supply

The Washington hotel market is comprised of roughly ten hotels with just under 500 guestrooms. The majority of the hotel inventory is within the economy to midscale category and located along Carolina Avenue. The Upper Midscale properties, including the Hampton Inn and the Fairfield Inn and Suites, both with 86 keys, are located in the Interchange Overlay Area and comprise the most significant and most recent additions to the city's inventory. Two bed & breakfast properties with a total of nine rooms are located within the downtown/ waterfront area: Elmwood 1820 Bed & Breakfast Inn and the When Pigs Fly Inn. Elmwood 1820 Bed & Breakfast Inn is the only property that can be categorized in the Upper Upscale service class. We note that roughly a dozen properties are listed as short-term rentals within the downtown and historic district.

The accommodation sector's performance can be analyzed through the City's occupancy tax. An occupancy tax of six percent of gross rental receipts is levied on all tourist accommodations, including Bed & Breakfast and short-term rentals. The graph below depicts year-over-year occupancy tax by month for 2019, 2020, and the first eight months of 2021.



Historical occupancy tax collection reflects a Covid slump from March 2020 to April 2020. Washington's lodging properties then experienced a gradual rebound in visitation, leading to a peak in August. Occupancy tax declines again during the remainder of the year. April 2021 marks the first month since the start of the pandemic where occupancy tax collection surpasses 2019 levels. While the growth in tourism

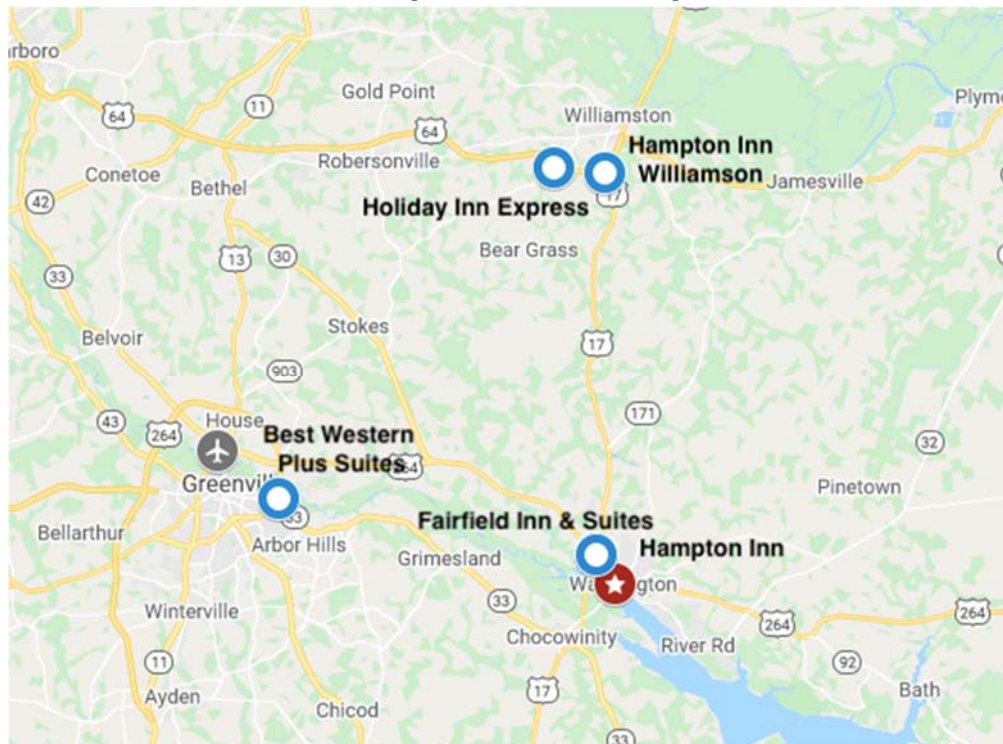
activity continues into the summer months, occupancy tax revenues begin to decline in late July as the school year begins. Nevertheless, August 2021 year-to-date occupancy tax collection is up 6.7% compared to the same period in 2019.

### *Existing Supply*

Our market supply analysis involved studying the competitive lodging facilities with which the subject hotel will directly compete for demand. Based on our research, the Hampton Inn and the Fairfield Inn and Suites would be the only competitors of the proposed upper-midscale hotel within the city limits. However, to determine the competitive hotel supply, we analyze hotel demand sources and identify those characteristics upon which guests or others arranging for third-party accommodation base their decisions of hotel selection. While the degree of competitiveness varies, several factors, including room rate, relative location, amenities, level of service, quality of guest rooms, and similar market positioning, make a hotel a competitor.

We expect the proposed hotel to compete with regional properties categorized in the upper-midscale service category. The selected properties are located within 20 miles of Washington and comprise between 70 to 100 guestrooms. A map depicting the location of each competitor is displayed below.

### **Competitive Set Map**



Salient information on the primary competitors has been compiled from our earlier on-site and recent telephone interviews with management and other sources and is included in the following section.

### Competitive Supply Comparable 1



The Best Western Plus Suites – Greenville is located at 2310 Greenville Blvd NE, on the outskirts of Greenville. The property, which includes 70 guestrooms, was built in 1999 and affiliated in 2011 and is in good condition. Amenities include complimentary breakfast, an outdoor pool, a fitness facility, and a meeting room for 40 delegates. Current rack rates at the hotel range from \$109- \$157 per night.

### Competitive Supply Comparable 2



The Hampton Inn Washington is located at 208 W 15<sup>th</sup> St. Built in 2002, the property is in good condition and offers 86 guestrooms. Amenities include complimentary breakfast, a 925 square-foot meeting room, a fitness room, and an indoor pool. Current rack rates at the property range from \$111 - \$162 per night.

### Competitive Supply Comparable 3



The Hampton Inn Williamston is located at 1099 Hampton Ct. The hotel was built in 2002, offers 78 guestrooms, and is in good condition. Amenities include a meeting room of 650 square feet, an outdoor swimming pool, and an exercise room. Rack rates range from \$78-\$99.

#### Competitive Supply Comparable 4



The Holiday Inn Express Williamston is located at 1071 Cantle Ct in Williamston. The property is across from the Senator Bob Martin Eastern Agricultural Center, which hosts horse shows and events throughout the year. The hotel was built in 2003 and is currently renovating its 100 guestrooms. Amenities include complimentary breakfast, an outdoor pool, and a fitness facility. The meeting facility is 1,600 square feet. Current rack rates at the property range from \$84-\$125.

#### Competitive Supply Comparable 5



The Fairfield Inn & Suites in Washington city is located at 2090 W 15<sup>th</sup> St and is across the street from the Hampton Inn. The Fairfield Inn & Suites opened in summer 2017 and is the newest property of the competitive set. The hotel offers 86 guestrooms and is in good condition. Amenities include complimentary breakfast, a 920 square-foot meeting room, sundry shop, business center, exercise facility, and an indoor swimming pool. Rack rates range from \$97 -\$139.

#### *Supply Forecast*

We have researched the area for future additions to the hotel supply that would potentially impact the proposed subject facility and its competitive set. Based on our research, no competitive branded hotels are proposed or scheduled for rebranding in the submarket area.

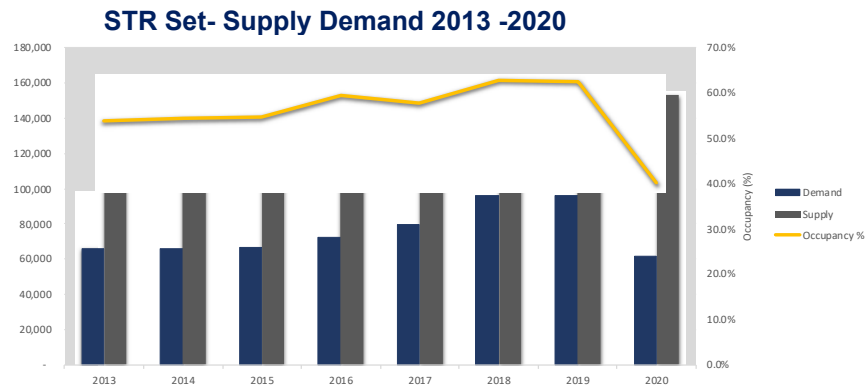
We note that 22 upscale rooms are planned to open in Washington's downtown area over the next few years. The Mulberry House Brewery, located at 189 W. Main Street, is adding 18 rooms to its restaurant building and anticipates opening in spring 2022. Across the street, The Hackney restaurant, located 192 W Main St, also has plans to build 14 rooms, although the project has reportedly been delayed due to the pandemic.

## Competitive Demand Analysis

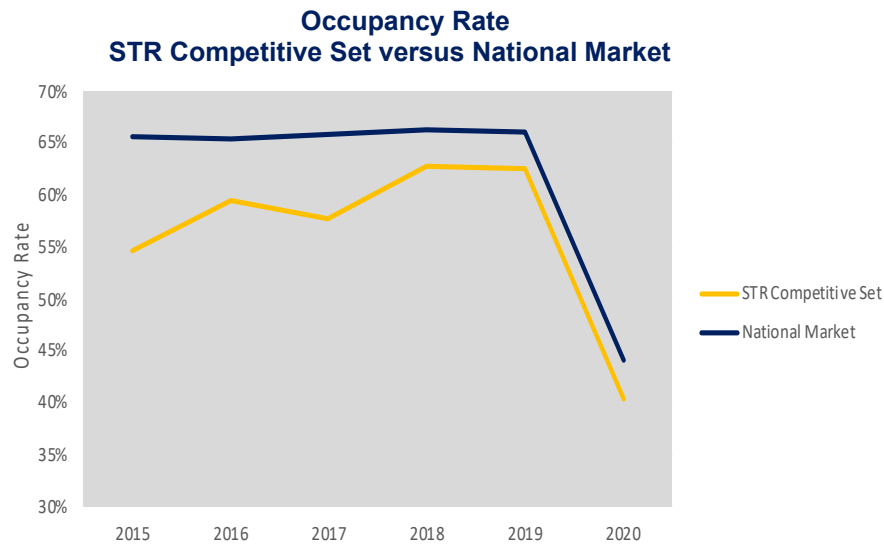
This section focuses on the historical/existing demand in the competitive submarket and is the basis for future demand projections.

### Historical/Existing Demand

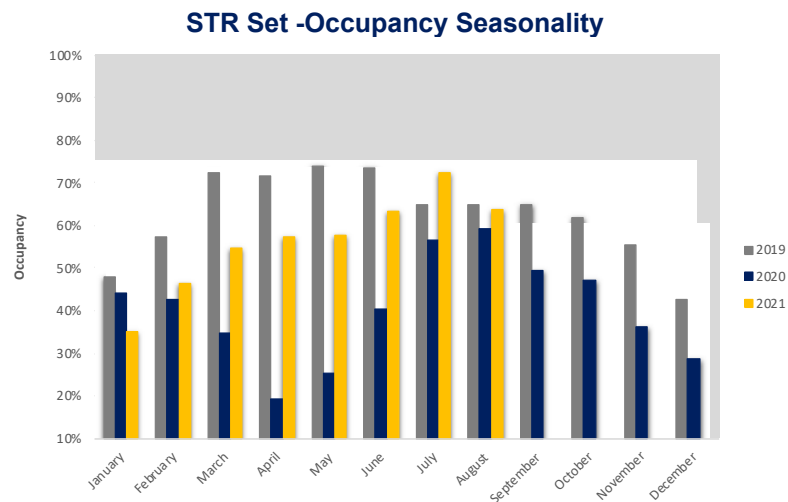
In the competitive market, supply was relatively stable until the opening of the 86-key Fairfield Inn and Suites in July 2017. Room demand peaked in 2018 and dropped considerably in 2020 following the outbreak of Covid-19. Also, we note that pre- and post-hurricane activity, including Matthew in October 2016 and Florence in September 2018, have likely had spontaneous impacts on demand.



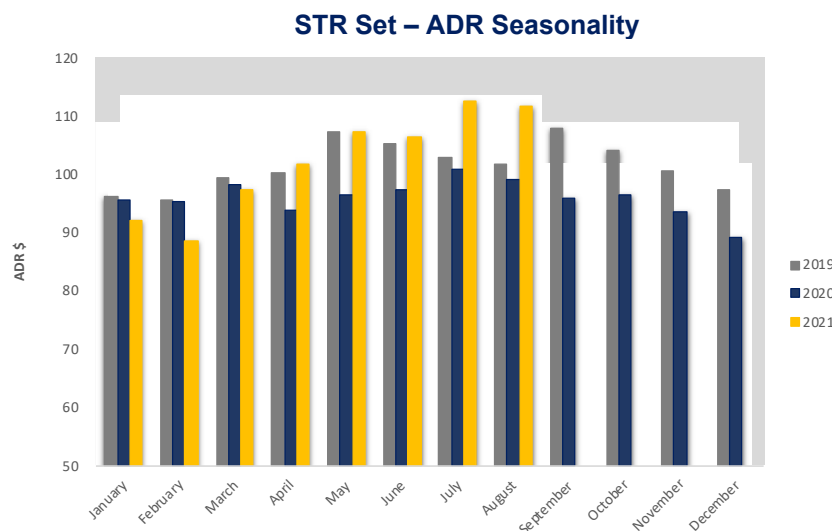
To better understand the submarket's occupancy performance, we have compared it to national hotel occupancy averages over five years. While the competitive-set properties have consistently achieved lower occupancy levels than the national average, the performance gap has narrowed in the last couple of years. In 2020, the overall average occupancy for the STR set properties was down by 35.6% compared to 33% nationwide.



The graphs below show occupancy and ADR seasonality for 2019, 2020, and the first eight months of 2021. In 2019 and over a typical year, the STR set's performance is most robust between March and June and lowest during the winter months. In the five years leading to 2020, the market averages 55% to 63% yearly occupancy rates, with a peak of 66% to 74% in late spring and a low ranging from 36% to 50% in December.

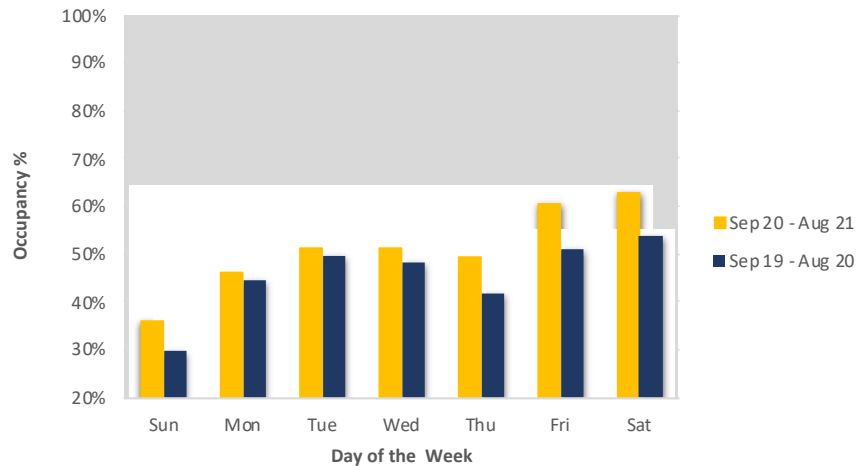


We note that historically the STR properties have struggled to grow rate. Over the five years before 2020, the compound annual growth rate was close to the inflation rate, at 2.7%. The pandemic suppressed ADR in 2020, resulting in a year-over-year decrease of 5.3%. While losses in ADR were still being reported in the first few months of 2021, the competitive set properties began recording year-over-year increases in ADR as of last April. The recent surge in demand, mainly from a transient leisure clientele, has resulted in ADR performance above 2019 levels from April to August 2021.

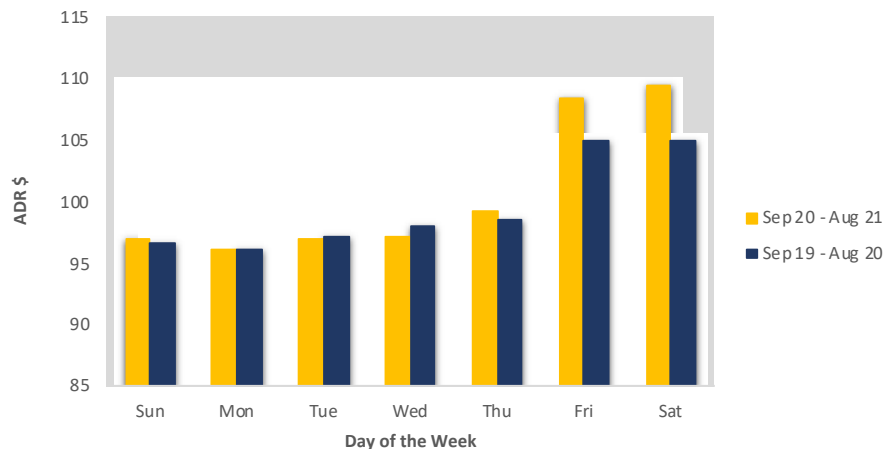


Overall, the STR competitive set properties are recording occupancy levels between 36% and 58% throughout the week and 62%-64% on weekends. Sunday nights typically record the lowest occupancy levels. ADR is highest on Friday and Saturday nights, signaling leisure demand in the market. ADR on weekends attains a premium of roughly ten percent over weekdays.

**STR Set- Day of the Week Occupancy**



**STR Set – Day of the Week ADR**



## Market Penetration

Market penetration is calculated by dividing the property's actual market share by its fair share. The actual market share is the percentage of one lodging facility's occupied room nights divided by the total occupied room nights in the identified market. A fair share percentage is calculated by dividing one lodging facility's available rooms by the total available rooms of all competitors. From this formula, the following chart shows the overall estimated occupancy and penetration levels of the competitors.

**Competitive Supply Penetration Rates – TTM 2021**

| Comp. | Property                                  | Rooms      | Est'd TTM-2021 Occupancy | Penetration Rate Estimate |
|-------|---|------------|--------------------------|---------------------------|
| 1     | Best Western Plus Inn & Suites Greenville | 70         | 50-55%                   | 1.04                      |
| 2     | Hampton Inn Washington                    | 86         | 45-50%                   | 0.94                      |
| 3     | Hampton Inn Williamston                   | 78         | 50-55%                   | 1.02                      |
| 4     | Holiday Inn Express Williamson            | 100        | 50-55%                   | 1.00                      |
| 5     | Fairfield Inn & Suites Washington         | 86         | 50-55%                   | 1.02                      |
|       | <b>Total/Average</b>                      | <b>342</b> | <b>51.1%</b>             | <b>1.00</b>               |

## Accommodated Demand & Market Segmentation

The subject's accommodated demand may be analyzed by applicable market segment (transient, commercial, group, and extended stay). We have additionally conducted in-person interviews with hotel managers of the subject's competitive set. In addition, data taken from statistical reports and office files were also used in segmenting these properties

- **Transient** - This category has historically included persons visiting friends and family, on a getaway, visiting local attractions and landmarks, or passing through the area in the spring, summer, or fall months and on weekends and holidays, primarily to access the Inner Banks. ADR for the segment is typically the highest when compared to other visitor types.
- **Commercial** - This segment of demand emanates from corporate or institutional visitors, government officials, engineers, consultants, contractors, and other business-related travel to the area. This segment regularly seeks accommodations Monday through Thursday. The average stay in the local market for commercial guests is typically two to three nights. The primary source of commercial demand includes employers and contractors from manufacturing companies in the region.
- **Group** – The group demand segment includes blocks of a minimum of 10 rooms used to accommodate commercial groups, association business, corporate meetings, or special occasion leisure travel such as weddings. Typically, these groups will require blocks of rooms in conjunction with meeting facilities and negotiate room rates based on the number of nights and blocks of rooms needed.
- **Extended Stay** - This segment includes extended-stay demand, which is defined as long-term stays of five nights or more. This demand may take the form of commercial, group, or leisure individuals who are using the room for an extended period. Extended stay business is often driven by corporate demand for contracted workers.

Commercial and group demand has significantly slowed in the last 12 months for most of the nation, including the regional submarket. All properties interviewed reported that corporate demand had ramped up over the last couple of months but had not yet reached 2019 levels. The table below summarizes estimates of the market segmentation by visitor type over the last 12 months, which is then translated into room nights.

| Segment       | Demand | Room Nights |
|---------------|--------|-------------|
| Transient     | 60.0%  | 47,011      |
| Commercial    | 30.0%  | 23,505      |
| Group         | 5.0%   | 3,918       |
| Extended Stay | 5.0%   | 3,918       |
| Totals        | 100.0% | 78,351      |

## Demand Forecast-Market

Increases in demand can occur from three sources: unaccommodated demand, induced demand, and general growth within the market. Each of these demand classifications is discussed in the following paragraphs.

### *Unaccommodated*

Unaccommodated demand refers to individuals who are unable to secure accommodations in the market because all the local hotels are filled. These travelers must defer their trips, settle for less desirable accommodations, or stay in properties located outside the market area. Because this demand did not yield occupied room nights, it is not included in the estimate of historical accommodated room night demand. If additional lodging facilities are expected to enter the market, it is reasonable to assume that these guests will be able to secure hotel rooms in the future, and it is, therefore, necessary to quantify this demand.

Unaccommodated demand is further indicated if the market is at all seasonal, with distinct high and low seasons; such seasonality indicates that although year-end occupancy may not average in excess of 70 percent, the market may sell out many nights during the year. This unaccommodated demand may be quantified by looking at the number of days occupancy is in excess of the 80th percentile. According to STR, there are no signs of unaccommodated local demand in the submarket area.

### *Induced Demand*

Similar to the concept of unaccommodated demand, it is apparent that the inducement of demand occurs when a new product is added that attracts guests who previously stayed outside the competitive set due to brand loyalty or simply because the type of accommodations they preferred were unavailable in the market area. Based on our research and interviews with market participants, the Fairfield Inn and Suites, which opened in 2017, provided a real “lift” in visitation to the city. Before the Fairfield Inn and Suites’ presence, the accommodation inventory was mainly composed of economy class properties and was perceived as dated.

The new supply of boutique accommodation anticipated in the downtown area is expected to attract new leisure visitors and support the investments that have been made around Main Street. Also, as proposed, a new 50-key soft brand/boutique hotel that can capture the city's character will add a higher class of accommodation to Washington and further encourage transient visitors to extend their stay. We recommended an upper-midscale to upscale property, preferably with views on the waterfront to allow visitors to experience the city's natural assets from the rooms. We also suggested an affiliation to a chain as a soft brand to support the proposed hotel's market visibility and distribution. A soft brand will also allow the developer to incorporate local designs and concepts that are more likely to generate press for the city, as visitors are increasingly seeking more experiential accommodation.

Based on the preceding information, we forecast the subject to induce a high rate of demand at 20% of its rooms supply, or 3,650 room nights. Half of this demand room nights have been allocated to fiscal 2024, the subject's first year, and half in fiscal 2025.

### *Market Growth*

The following discussions outline the projections for each market segment pertaining to the growth of room night demand within the competitive submarket.

The STR Custom Trend Report indicates competitive demand is up 12.1% for the trailing 12-month period ending August 2021. This significant increase in demand for the competitive properties directly results from a demand surge over the last couple of months as drive-to vacations replaced flying over the summer. During our interviews, the consensus expressed among the market property managers was overall corporate, and group demand had not yet fully recovered from the effects of the pandemic. However, as vaccine distribution continues and the impact of the Delta variant appears to lessen, commercial demand will continue to recover. We have forecast an increase in demand of six to eight percent over the next two years, driven mainly by the recovery of commercial demand. In fiscal 2024, competitive occupancy is forecast to decline by -4.4% as new supply from the opening of the proposed subject outpaces demand growth. In fiscal 2025, the new supply in the market is expected to have stimulated demand, and occupancy is forecast to increase by 6.4% and stabilize a year later at a market occupancy rate of 60.1%.

Using our projections for room night demand and the previously discussed competitive supply forecast, the resulting market occupancy is detailed in the following table.

### Market Demand by Segment Forecast

| Fiscal Year                         | Fiscal 20      | Fiscal 21      | Fiscal 22      | Fiscal 23      | Fiscal 24      | Fiscal 25      | Fiscal 26+     |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Room Night Demand by Segment</b> |                |                |                |                |                |                |                |
| <b>Transient</b>                    |                |                |                |                |                |                |                |
| Unaccommodated Demand               |                |                | 0              | 0              | 0              | 0              | 0              |
| Induced Demand                      |                |                | 460            | 0              | 1,278          | 1,278          | 0              |
| Market Demand Growth                |                |                | 470            | 959            | 1,956          | 2,085          | 2,775          |
| Total                               | 34,175         | 47,011         | 47,941         | 48,899         | 52,133         | 55,496         | 58,270         |
| <b>Commercial</b>                   |                |                |                |                |                |                |                |
| Unaccommodated Demand               |                |                | 0              | 0              | 0              | 0              | 0              |
| Induced Demand                      |                |                | 131            |                | 365            | 365            | 0              |
| Market Demand Growth                |                |                | 1,175          | 992            | 1,290          | 1,373          | 1,460          |
| Total                               | 21,598         | 23,505         | 24,812         | 25,804         | 27,460         | 29,198         | 30,658         |
| <b>Group</b>                        |                |                |                |                |                |                |                |
| Unaccommodated Demand               |                |                | 0              | 0              | 0              | 0              | 0              |
| Induced Demand                      |                |                | 0              |                | 183            | 183            | 0              |
| Market Demand Growth                |                |                | 1,175          | 2,546          | 382            | 410            | 440            |
| Total                               | 7,538          | 3,918          | 5,093          | 7,639          | 8,204          | 8,796          | 9,236          |
| <b>Extended Stay</b>                |                |                |                |                |                |                |                |
| Unaccommodated Demand               |                |                | 0              | 0              | 0              | 0              | 0              |
| Induced Demand                      |                |                | 0              | 0              | 0              | 0              | 0              |
| Market Demand Growth                |                |                | 1,175          | 2,546          | 382            | 401            | 421            |
| Total                               | 6,405          | 3,918          | 5,093          | 7,639          | 8,021          | 8,422          | 8,843          |
| <b>Total Room Night Demand</b>      | <b>69,716</b>  | <b>78,351</b>  | <b>82,938</b>  | <b>89,982</b>  | <b>95,817</b>  | <b>101,912</b> | <b>107,008</b> |
| Growth                              |                |                | 5.9%           | 8.5%           | 6.5%           | 6.4%           | 5.0%           |
| <b>Total Room Night Supply</b>      | <b>153,300</b> | <b>153,300</b> | <b>155,490</b> | <b>159,870</b> | <b>178,120</b> | <b>178,120</b> | <b>178,120</b> |
| Growth                              |                |                | 1.4%           | 2.8%           | 11.4%          | 0.0%           | 0.0%           |
| <b>Overall Market Occupancy</b>     | <b>45.5%</b>   | <b>51.1%</b>   | <b>53.3%</b>   | <b>56.3%</b>   | <b>53.8%</b>   | <b>57.2%</b>   | <b>60.1%</b>   |
| Growth                              |                |                | 4.4%           | 5.5%           | -4.4%          | 6.4%           | 5.0%           |

### Demand Forecast-Subject

In our analysis of anticipated occupancy at the subject property, we have considered the recent occupancy levels at the most competitive properties in the market. To accurately project the subject's occupancy rate over the holding period, we have forecast the subject's penetration level within each of the previously defined market segments.

As previously discussed, the competitors achieved penetration levels ranging from 0.94 to 1.02 in the TTM 2021. We anticipate that the proposed hotel will have a good location near the waterfront and the downtown commercial district, which has recently been enhanced and seen new business interest. We estimated that the conveniently- located upper-midscale boutique property would stimulate the interest of transient travelers and have forecast penetration at 105% in this segment.

The proposed soft brand affiliation will support commercial penetration as branding companies are typically efficient at negotiating commercial and government contracts across regions. We have therefore forecast 100% penetration in the corporate and extended stay segment at stabilization. We estimate a 95% penetration rate in the group's segment as larger properties tend to capture more group business.

Using these projections for the proposed subject's demand by segment and considering overall market supply and demand forecasts, the resulting occupancy over the holding period is summarized below. We have estimated lower penetrations rates in the opening year as the property ramps up its operation and establishes its presence in the market. The subject's resulting occupancy rate is estimated at 50.9% in Year 1 and 58.5% in Year 2 and 61.5% in the following years, with a stabilized penetration rate of 1.02.

The following table depicts this forecast along with the information and projections made in the preceding sections of this analysis.

### Proposed Subject's Demand and Occupancy Forecast

| Fiscal Year                                    | Year 1  | Year 2  | Year 3  | Year 4  | Year 5+ |
|--|---------|---------|---------|---------|---------|
| <b>Total Room Night Supply</b>                 | 178,120 | 178,120 | 178,120 | 178,120 | 178,120 |
| <b>Subject's Fair Share</b>                    | 50.2%   | 50.2%   | 50.2%   | 50.2%   | 50.2%   |
| <b>Total Transient Demand</b>                  | 52,133  | 55,496  | 58,270  | 58,270  | 58,270  |
| Subject Fair Share                             | 26,173  | 27,862  | 29,255  | 29,255  | 29,255  |
| Subject Penetration                            | 95.0%   | 105.0%  | 105.0%  | 105.0%  | 105.0%  |
| Subject Demand Captured (Market Share)         | 24,865  | 29,255  | 30,717  | 30,717  | 30,717  |
| Subject's Percentage of Total Mix              | 54.7%   | 55.9%   | 55.9%   | 55.9%   | 55.9%   |
| <b>Total Commercial Demand</b>                 | 27,460  | 29,198  | 30,658  | 30,658  | 30,658  |
| Subject Fair Share                             | 13,786  | 14,659  | 15,392  | 15,392  | 15,392  |
| Subject Penetration                            | 95.0%   | 100.0%  | 100.0%  | 100.0%  | 100.0%  |
| Subject Demand Captured (Market Share)         | 13,097  | 14,659  | 15,392  | 15,392  | 15,392  |
| Subject's Percentage of Total Mix              | 28.8%   | 28.0%   | 28.0%   | 28.0%   | 28.0%   |
| <b>Total Group Demand</b>                      | 8,204   | 8,796   | 9,236   | 9,236   | 9,236   |
| Subject Fair Share                             | 4,119   | 4,416   | 4,637   | 4,637   | 4,637   |
| Subject Penetration                            | 90.0%   | 95.0%   | 95.0%   | 95.0%   | 95.0%   |
| Subject Demand Captured (Market Share)         | 3,707   | 4,195   | 4,405   | 4,405   | 4,405   |
| Subject's Percentage of Total Mix              | 8.1%    | 8.0%    | 8.0%    | 8.0%    | 8.0%    |
| <b>Total Extended Stay Demand</b>              | 8,021   | 8,422   | 8,843   | 8,843   | 8,843   |
| Subject Fair Share                             | 4,027   | 4,228   | 4,440   | 4,440   | 4,440   |
| Subject Penetration                            | 95.0%   | 100.0%  | 100.0%  | 100.0%  | 100.0%  |
| Subject Demand Captured (Market Share)         | 3,826   | 4,228   | 4,440   | 4,440   | 4,440   |
| Subject's Percentage of Total Mix              | 8.4%    | 8.1%    | 8.1%    | 8.1%    | 8.1%    |
| Subject's Total Demand Captured (Market Share) | 45,494  | 52,337  | 54,954  | 54,954  | 54,954  |
| Subject's Room Supply                          | 89,425  | 89,425  | 89,425  | 89,425  | 89,425  |
| <b>Subject's Projected Occupancy</b>           | 50.9%   | 58.5%   | 61.5%   | 61.5%   | 61.5%   |
| Overall Market Occupancy                       | 53.8%   | 57.2%   | 60.1%   | 60.1%   | 60.1%   |
| Subject's Actual Market Share                  | 47.5%   | 51.4%   | 51.4%   | 51.4%   | 51.4%   |
| <b>Subject's Penetration Level</b>             | 0.95    | 1.02    | 1.02    | 1.02    | 1.02    |

## Average Daily Rate Forecast

The previously identified competitors offered average daily rates (ADR) in TTM 2021, ranging from ±\$90.00 to ±\$110.00 and averaged \$101.30 per occupied room night (STR). The Fairfield Inn and Suites, the newest property in the submarket, and the Best Western Plus Suites located in the suburbs of Greenville are likely to command the highest rate premiums.

To estimate the market growth rates, we also considered the national and competitive set historical growth rates. This data is provided in the following table.

| Period        | 2015     | 2016     | 2017     | 2018     | 2019     | 2020     |
|---------------|----------|----------|----------|----------|----------|----------|
| National ADR  | \$120.01 | \$122.97 | \$126.72 | \$129.83 | \$131.21 | \$103.25 |
| Growth        | 4.4%     | 3.1%     | 2.1%     | 2.4%     | 1.0%     | -21.3%   |
| Submarket ADR | \$92.47  | \$96.09  | \$99.78  | \$102.73 | \$101.93 | \$96.54  |
| Growth        | - - -    | 3.9%     | 3.8%     | 3.0%     | -0.8%    | -5.3%    |

Source: STR and Horwath HTL

The competitors have reported ADR growth at a compound annual rate of 2.7% from 2015 to 2020. Competitive ADR decreased in 2020 but at around one-quarter of the industry average. While the competitive market recorded a decrease in ADR throughout most of the 2020 calendar year due to the Covid-19 pandemic, a strong rebound in leisure travel as of April 2021 has enabled the selected hotels to drive August-year-to-date ADR above the 2019 level for the respective period. The competitive set properties are recording an increase in ADR of 1.5% for the 2021 fiscal year. Based on our research and historical ADR growth in the market, we forecast an ADR market growth rate of 2.5% percent as of the fiscal year 2024 and over the projection period.

The subject is expected to open in September 2023 and will be positioned in the upper-midscale service class. A soft brand will enable the proposed hotel to offer a distinct design and experience, likely to command rate premiums with transient guests. We predict a penetration rate of 100% in this segment in Year 1, and as the property becomes established in Year 2, we estimate a penetration rate of 115% in Year 2 and beyond. We forecast a penetration rate of 100% in all other segments at stabilization. The subject's resulting ADR rate is expected to average ±\$107 in Year 1, ±\$120 in Year 2, and ±\$122 in Year 3.

## Financial Analysis – Internal Rate of Return

This feasibility study estimates the internal rate of return on investment in the proposed 50-key soft brand/ boutique hotel. Fundamental to the estimates of operating results is an assumption of competent and efficient management at the property. Among the primary duties of management is the maintenance of the quality of the facility and the execution of appropriate marketing efforts.

The detailed discussion of room revenues in this section is followed by a description of other revenue sources and expense categories. The Uniform System of Accounts for Hotels, as adopted by the American Hotel & Motel Association, has been used in the classification of revenues and expenses in this report for comparison purposes. Certain expenses typically shown in audited financial reports are considered capital-related and are not included in this operating forecast. These expenses consist of depreciation, interest expense, amortization, capital gains (losses), and income taxes.

### Basis of Assumptions

In order to accurately estimate the subject's potential income, we have surveyed the competing facilities relative to their location, amenities, nearby restaurants, occupancy rates, and average daily/weekly rates. The estimate of future operating results is based on a projected stabilized occupancy and average daily rate. These are estimates of investor expectations that could be achieved in a typical year with proper marketing, as shown in the Lodging Trends section of this report.

In the Projected Income and Expense statement, we have used actual income and expense ratios from four comparable properties as a means of forecasting major operating expenses. These statements have been reconstructed on the following page for the reader's reference. Due to the confidential nature of the operating statements, individual identifications of the comparable hotels are kept in the consultants' files.

The use of the stabilized year of operations is important, as it provides an estimate of the annual operating results in current dollars as if it were operating at a level considered representative of its long-term potential. If stabilization is projected to occur in a year other than Year 1, there will be some differences in the stabilized year income and expense statement in relation to the projected Year 1 income statement. These differences primarily are due to differing bases for some expense categories, with expenses variously based on the number of occupied rooms, the number of available rooms and/or a percentage of departmental or total revenues.

We also have considered the anticipated effects of inflation, business development, and occupancy levels for the projection period. The underlying rationale and assumptions used in preparing these estimates are presented in the paragraphs that follow the stabilized-year income and expense statement.

## Expense Comparables

|   | Host Report 2020 <sup>1</sup> |          |          | Comparable A |          |          | Comparable B |          |          | Comparable C |          |          |
|---|-------------------------------|----------|----------|--------------|----------|----------|--------------|----------|----------|--------------|----------|----------|
|   | %                             | (POR)    | (/Room)  | %            | (POR)    | (/Room)  | %            | (POR)    | (/Room)  | %            | (POR)    | (/Room)  |
| <b>Revenues</b>                         |                               |          |          |              |          |          |              |          |          |              |          |          |
| Room Sales                              | 97.4%                         | \$104.48 | \$28,219 | 97.7%        | \$101.65 | \$27,232 | 99.4%        | \$111.34 | \$29,830 | 99.4%        | \$108.79 | \$26,286 |
| Food and Beverage                       | 0.0%                          | \$0.00   | \$0      | 0.0%         | \$0.00   | 0        | 0.0%         | \$0.00   | 0        | 0.0%         | \$0.00   | 0        |
| Other Operated Departments              | 1.7%                          | \$1.83   | \$493    | 0.0%         | \$0.00   | 0        | 0.0%         | \$0.00   | 0        | 0.0%         | \$0.00   | 0        |
| Miscellaneous Income                    | 0.9%                          | \$0.96   | \$259    | 2.3%         | \$2.42   | 648      | 0.6%         | \$0.70   | 188      | 0.6%         | \$0.65   | 157      |
| <b>Total Revenues</b>                   | 100.0%                        | \$107.26 | \$28,971 | 100.0%       | \$104.06 | \$27,880 | 100.0%       | \$112.05 | \$30,018 | 100.0%       | \$109.44 | \$26,443 |
| <b>Departmental Expenses</b>            |                               |          |          |              |          |          |              |          |          |              |          |          |
| Room Expense                            | 23.3%                         | \$24.34  | \$6,573  | 24.3%        | \$24.68  | \$6,612  | 23.8%        | \$26.49  | \$7,098  | 25.1%        | \$27.35  | \$6,608  |
| Food and Beverage                       | ---                           | \$0.00   | \$0      | 0.0%         | \$0.00   | 0        | ---          | \$0.00   | 0        | ---          | \$0.00   | 0        |
| Other Operated Departments              | 131.4%                        | \$2.40   | \$648    | 0.0%         | \$1.98   | 531      | ---          | \$0.86   | 230      | ---          | \$1.71   | 413      |
| <b>Undistributed Expenses</b>           |                               |          |          |              |          |          |              |          |          |              |          |          |
| Administration & General                | 9.1%                          | \$9.71   | \$2,622  | 8.4%         | \$8.79   | \$2,354  | 9.4%         | \$10.57  | \$2,833  | 8.9%         | \$9.71   | \$2,347  |
| Sales & Marketing                       | 9.9%                          | \$10.57  | \$2,856  | 13.2%        | \$13.77  | 3,690    | 12.5%        | \$13.98  | 3,745    | 12.2%        | \$13.38  | 3,234    |
| Property Operation & Maintenance        | 5.2%                          | \$5.61   | \$1,516  | 5.0%         | \$5.17   | 1,384    | 4.4%         | \$4.90   | 1,314    | 4.8%         | \$5.21   | 1,258    |
| Utilities                               | 4.1%                          | \$4.45   | \$1,202  | 4.1%         | \$4.30   | 1,153    | 3.4%         | \$3.84   | 1,028    | 4.4%         | \$4.82   | 1,165    |
| <b>Management Fees</b>                  | 3.6%                          | \$3.88   | \$1,048  | 4.0%         | \$4.16   | 1,115    | 3.0%         | \$3.34   | 895      | 4.0%         | \$4.38   | 1,059    |
| <b>Fixed Expenses</b>                   |                               |          |          |              |          |          |              |          |          |              |          |          |
| Other                                   | 0.0%                          | \$0.00   | \$0      | 0.0%         | \$0.00   | \$0      | 0.0%         | \$0.00   | \$0      | 0.0%         | \$0.00   | \$0      |
| Property & Other Taxes                  | 4.0%                          | \$4.91   | \$1,326  | 4.1%         | \$4.22   | 1,130    | 3.2%         | \$3.58   | 959      | 2.6%         | \$2.86   | 692      |
| Insurance                               | 1.1%                          | \$1.23   | \$332    | 0.9%         | \$0.91   | 245      | 0.5%         | \$0.59   | 157      | 1.7%         | \$1.81   | 437      |
| <b>Reserve for Replacements</b>         | 1.7%                          | \$1.82   | \$492    | 1.9%         | \$2.02   | \$542    | 4.0%         | \$4.45   | \$1,193  | 0.0%         | \$0.00   | \$0      |
| <b>Total Expenses</b>                   | 64.3%                         | \$68.92  | \$18,615 | 67.3%        | \$70.01  | \$18,756 | 64.8%        | \$72.61  | \$19,453 | 65.1%        | \$71.24  | \$17,213 |
| <b>Net Operating Income<sup>2</sup></b> | 35.7%                         | \$38.34  | \$10,356 | 32.7%        | \$34.06  | \$9,124  | 35.2%        | \$39.43  | \$10,565 | 34.9%        | \$38.20  | \$9,230  |

NOTES:

<sup>1</sup> 2020 "Host Report," Suburban Limited Service Hotels.

<sup>2</sup> Income before deducting depreciation, interest, amortization and income taxes.

## Analysis of Revenues

Revenue sources for hotels typically include room sales, food and beverage, telephone, minor operated departments, and rentals, and other income.

### Rooms Revenue

There are two major factors to estimate when considering the rooms revenue for the income statement: the average daily room rate and a projection of the occupancy curve for the facility. Various features of a particular hotel affect the rate and occupancy levels that can be achieved. These include proximity to local demand generators, rate structure in relation to the competitive market, seasonality, supply of competitive properties, and the different hotel amenities that are offered.

#### *Occupancy Rate*

As discussed in the Lodging Trends section of this report, we have estimated the projected room occupancy for the anticipated projection period. We also have identified the competitive supply in the market and related their estimated operating statistics to the subject property. Based on our estimate of penetration levels within each demand segment, we have estimated that the proposed subject hotel will attain a Year 1 occupancy rate of 50.9% and reach a stabilized level of operation in Year 3 at 61.5%. These estimates are based on the occupancy levels and absorption rates in the competitive market over the last few years and the local market's current supply and demand factors.

#### *Average Daily/Weekly Rate*

As discussed in the Lodging Trends section, and for projection purposes, we believe the subject upper-midscale property will be able to attain an estimated average daily rate of  $\pm\$107$  in Year 1,  $\pm\$120$  in Year 2, and  $\pm\$122$  in Year 3 with increases of 2.5% annually over the remainder of the projection period. All other revenue and costs are projected to increase at the inflation rate of 2.0%.

### Food and Beverage (F&B) Revenue

The food revenue category includes the income derived from the sale of food and non-alcoholic beverages such as coffee, milk, tea, and soft drinks. The beverage category covers the sale of beer, wine, and other alcoholic beverages.

The food and beverage component of the proposed hotel will be at the developer's discretion. As the scale of service offered is unknown, we have not forecast revenue from this source.

### Other-Operated Departments Revenue

When operated by the hotel, minor-operated departments cover income received for telephones, parking and storage services, recreation or health club fees, swimming pool charges, barber/ beauty/gift shop revenue, and the like. The subject will not generate significant other department revenue, and no revenue has been forecast from this source.

## Miscellaneous Income

Miscellaneous Income typically includes revenue from meeting rooms, sundry shop, movie rentals, and a number of other services provided by a hotel. The following table summarizes the miscellaneous income generated from comparable hotels on a net basis.

| Expense Comp       | HOST   | A      | B      | C      | Forecast |
|--------------------|--------|--------|--------|--------|----------|
| % of Total Revenue | 0.9%   | 2.3%   | 0.6%   | 0.6%   | 0.9%     |
| \$ POR             | \$0.96 | \$2.42 | \$0.70 | \$0.65 | \$1.0    |
| \$ Per Room        | \$259  | \$648  | \$188  | \$157  | \$186    |

The subject will generate other revenue from its sundry shop, meeting room, guest laundry, and other miscellaneous items. Based on the comparables, we have forecast miscellaneous income at \$1.00 per occupied room

## Total Revenue

Total revenue for Year 1 is projected at \$1,003,239 or ±\$108 per occupied room night.

## Analysis of Operating Expenses

On a line-by-line basis, we have considered each expense category and estimated the appropriate level of expense for the subject. The following is a detailed explanation of each expense category.

**Departmental Expenses** - Departmental expenses consist of rooms, food, beverage, telephone, minor operated departments and rentals/other expenses. Each applicable category will be analyzed below.

### Rooms

Consistent with the itemization of expenses in STR's HOST Report, rooms department expenses include front desk and housekeeping salaries/wages/benefits, satellite/cable television fees, cleaning supplies, guest supplies, linens and uniforms, front desk supplies/postage, reservations expenses, travel agent commissions and other expenses attributed to the rooms operation. These departmental costs are largely occupancy sensitive.

| Expense Comp       | HOST    | A       | B       | C       | Forecast |
|--------------------|---------|---------|---------|---------|----------|
| % of Dept. Revenue | 23.3%   | 24.3%   | 23.8%   | 25.1%   | 25.7%    |
| \$ POR             | \$24.34 | \$24.68 | \$26.49 | \$27.35 | \$27.50  |
| \$ Per Room        | \$6,573 | \$6,612 | \$7,098 | \$6,608 | \$5,029  |

The comparables indicate a rooms expense between \$24.34 and \$27.35 per occupied room night. Considering the emerging upward pressure on hospitality wages during the recovery, we forecast a rooms expense of \$27.50 per occupied room night or about 25.7% of room revenue.

## Food and Beverage Expenses

Food and beverage expenses are largely a variable expense. The following comparable percentages are shown for illustrative purposes only.

| Expense Comp       | HOST  | A     | B     | C     | Forecast |
|--------------------|-------|-------|-------|-------|----------|
| % of Total Revenue | 79.2% | 88.8% | 77.4% | 81.7% | ---      |

Food and beverage operations will be determined by the developer; accordingly, we have considered them a “break-even” component in our analysis. As no revenue has been forecast, no expense forecast is warranted.

## Other Operated Department Expenses

Expenses within this category typically are a function of department revenue, which is dependent upon the services offered at a given facility. For the subject, this expense represents its telephone and internet service.

| Expense Comp       | HOST   | A      | B      | C      | Forecast |
|--------------------|--------|--------|--------|--------|----------|
| % of Dept. Revenue | 131.4% | 0.0%   | ---    | ---    | ---      |
| \$ POR             | \$2.40 | \$1.98 | \$0.86 | \$1.71 | \$2.24   |
| \$ Per Room        | \$648  | \$531  | \$230  | \$413  | \$410    |

Based on the expense of the comparables and the upper-midscale nature of the proposed subject, we have forecast this expense at \$410 per room.

**Undistributed Operating Expenses** - Undistributed operating expenses consist of administrative and general, marketing, energy, property operation/maintenance, and franchise fees. Each of these categories will be analyzed in the following paragraphs.

## Administrative and General

Administrative and general (A&G) expenses include items such as the salaries/wages/benefits for the general manager and other administrative persons, accounting and legal expenses, bad debt and bank charges, office equipment/service/supplies, credit card commissions, permits, and licenses, postage, security charges, and travel/entertainment.

| Expense Comp       | HOST    | A       | B       | C       | Forecast |
|--------------------|---------|---------|---------|---------|----------|
| % of Total Revenue | 9.1%    | 8.4%    | 9.4%    | 8.9%    | 9.2%     |
| \$ POR             | \$9.71  | \$8.79  | \$10.57 | \$9.71  | \$9.94   |
| \$ Per Room        | \$2,622 | \$2,354 | \$2,833 | \$2,347 | \$1,817  |

The comparables indicate administrative and general expenses between 8.4% and 9.4% of total revenue. Based on the comparables, we have forecast a market-oriented administrative and general expense of 9.2% of total revenue.

## Sales & Marketing

Marketing expenses include a broad spectrum of advertising and promotional expenses, brand royalty fees, and national marketing fees charged by the brand. Typical local marketing expenses include salaries for the sales and reservation staff, marketing employee benefits, media advertising, outdoor advertising, promotional expenses, directories, travel and entertainment, dues and subscriptions, yellow pages advertising, printing and stationery, postage, and other smaller items.

| Expense Comp       | HOST    | A       | B       | C       | Forecast |
|--------------------|---------|---------|---------|---------|----------|
| % of Total Revenue | 9.9%    | 13.2%   | 12.5%   | 12.2%   | 12.9%    |
| \$ POR             | \$10.57 | \$13.77 | \$13.98 | \$13.38 | \$13.96  |
| \$ Per Room        | \$2,856 | \$3,690 | \$3,746 | \$3,234 | \$2,553  |

It is anticipated the proposed subject upper-midscale soft-brand/boutique hotel will be affiliated with a top-tier brand family commanding a royalty fee of 5.0% and a national marketing fee of 3.0% of room revenue. It is noted that soft brand hotels are more reliant on local marketing and typically have more moderate franchise fee schedules. Additionally, we have forecast a combined franchise rewards/local marketing expense of 3.0% of total revenue for a combined sales and marketing expense of approximately 12.9% of total revenue.

## Property Operation and Maintenance

Portions of the costs within this category are fixed and represent salaries, wages, and related expenses. They also include maintenance costs related to the operations of public areas within the property.

| Expense Comp       | HOST    | A       | B       | C       | Forecast |
|--------------------|---------|---------|---------|---------|----------|
| % of Total Revenue | 5.2%    | 5.0%    | 4.4%    | 4.8%    | 4.0%     |
| \$ POR             | \$5.61  | \$5.17  | \$4.90  | \$5.21  | \$4.23   |
| \$ Per Room        | \$1,516 | \$1,384 | \$1,314 | \$1,258 | \$790    |

Noting that this expense category often includes some capital expenditures and considering we have used a replacement reserve of 4.0% later in this analysis, we have forecast a property operation and maintenance cost of 4.0% of total revenue in Year 1 and following.

## Utilities

Energy expenses consist of electric, water, and sewer service and other fuel charges. A portion of utility expenses are fixed and a portion is dependent on room occupancy.

| Expense Comp       | HOST    | A       | B       | C       | Forecast |
|--------------------|---------|---------|---------|---------|----------|
| % of Total Revenue | 4.1%    | 4.1%    | 3.4%    | 4.4%    | 4.5%     |
| \$ POR             | \$4.45  | \$4.30  | \$3.84  | \$4.82  | \$4.86   |
| \$ Per Room        | \$1,202 | \$1,153 | \$1,028 | \$1,165 | \$889    |

Based on the expense of the comparables, we have forecast a utility expense of 4.5% of total revenue.

**Fixed Charges** - The fixed expenses category includes rent, real estate and personal property taxes, insurance premiums, management fees, replacement reserves, and capital improvements.

## Management Fees

In the hotel management industry, a management fee of 2.0% to 5.0% of total revenues is typical. Recognizing the nature of the subject's asset class and the location in which the hotel will operate, we have projected 3.0% of total revenues as a reasonable market-oriented management fee. This reflects the need for professional and adaptable management for an upper- midscale property such as the subject.

## Real Estate Taxes

Beaufort County and the City of Washington reassess real property every eight years at fair market value. Real property is then taxed at 100% of its assessed value.

The tax rate includes Washington Property Tax Rate at \$0.53 per \$100 valuation and the Beaufort County Property Tax Rate at \$0.625 per \$100 valuation. The tax rate for the subject property will be \$1.155 per \$100 of assessed value.

Based on a review of similar hotels in area, which range between \$23,339 (Quality Inn, opened 1993) and \$57,612 (Hampton Inn, opened in 2002) per room, we have estimated the subject's tax assessment at \$2,900,000 or \$58,000 per room. Based on this, the subject's real estate tax liability is projected at \$33,495 for Year 1 with 2.0% annual inflation after that.

## Personal Property Taxes

Taxable personal property is assessed in North Carolina based on 100% of the original cost by year of acquisition. The county then applies the North Carolina Department of Revenue (NCDOR) trending schedules to the original cost to reach a current replacement cost new, to which it applies a straight-line depreciation method to derive taxable market value. For most hotel tangible personal property, say 70%, NCDOR assumes a 10-year life (5 years for TVs) commencing at 90% Year 1 and depreciating to a minimum of 25% of replacement cost in Year 8 and following.

Using an upper-midscale hotel FF&E cost estimate of \$16,000 per key, or approximately \$800,000, and assuming 70%, or \$11,200 per key, represents taxable personal property, by applying the same tax rate as in the section above to 90% of the derived original cost, the proposed hotel's Year 1 personal property tax liability is projected at \$9,513.

The combined real and personal property tax liability is \$41,811 in Year 1.

## Insurance

Insurance expenses included under fixed charges represent insurance premiums to be paid for property and casualty insurance.

| Expense Comp       | HOST   | A      | B      | C      | Forecast |
|--------------------|--------|--------|--------|--------|----------|
| % of Total Revenue | 1.1%   | 0.9%   | 0.5%   | 1.7%   | 1.6%     |
| \$ POR             | \$1.23 | \$0.91 | \$0.59 | \$1.81 | \$1.78   |
| \$ Per Room        | \$332  | \$245  | \$157  | \$437  | \$325    |

The expense comparables show a wide range from \$157 to \$437 per room. Some may reflect allocated premiums based on a multi-property, multi-state purchase of coverages made available to franchisees or clients of large management companies. Based on this, we have forecast an insurance expense of \$325 per room, or \$16,250.

## Replacement Reserves

An expensive component of the operation of a full-service property such as the proposed subject is the maintenance of quality case goods, carpeting, bedding, public area furnishings, fitness equipment, and other short-lived items. As the proposed subject property will be catering mainly to transient clients, we have used a replacement reserve of 4.0% of total revenues throughout the projection period. We believe most respondents in this segment actually do reserve, however, based upon our experience, this has rarely been enough to cover needed replacements

## Total Expenses

Incorporating all of the expense estimates outlined above into the operating statement, total expenses for Year 1 are projected at \$711,493 or 70.9% of total revenue.

## Net Operating Income & Year 1 Summary

The exhibit on the following page summarizes all revenue and expense estimates described in this section. The Year 1 Net Operating Income to be generated by the subject is estimated at \$291,746 to include deductions for replacement reserves.

**Year 1 Operating Forecast  
Proposed Hotel  
Washington, NC**

|   |                    |               |                 |                 |
|---|--------------------|---------------|-----------------|-----------------|
| Number of Rooms                         |                    |               |                 | 50              |
| Available Room Nights                   |                    |               |                 | 18,250          |
| Occupancy Rate                          |                    |               |                 | 50.9%           |
| Occupied Room Nights                    |                    |               |                 | 9,289           |
| Average Daily Rate {ADR}                |                    |               |                 | \$107.00        |
| <b>Revenues</b>                         |                    |               |                 |                 |
| Rooms                                   | \$993,950          | 99.1%         | \$107.00        | \$19,879        |
| Food & Beverage                         | 0                  | 0.0%          | 0.00            | 0               |
| Other Operated Departments              | 0                  | 0.0%          | 0.00            | 0               |
| Miscellaneous Income                    | 9,289              | 0.9%          | 1.00            | 186             |
| Other                                   | 0                  | 0.0%          | 0.00            | 0               |
| <b>Total Revenues</b>                   | <b>\$1,003,239</b> | <b>100.0%</b> | <b>\$108.00</b> | <b>\$20,065</b> |
| <b>Department Expenses</b>              |                    |               |                 |                 |
| Rooms                                   | \$255,454          | 25.7%         | \$27.50         | \$5,109         |
| Food & Beverage                         | 0                  | 0.0%          | 0.00            | 0               |
| Other Operated Departments              | 20,500             | ---           | 2.21            | 410             |
| Miscellaneous                           | 0                  | 0.0%          | 0.00            | 0               |
| <b>Total Department Expenses</b>        | <b>\$275,954</b>   | <b>27.5%</b>  | <b>\$29.71</b>  | <b>\$5,519</b>  |
| <b>Total Department Income</b>          | <b>\$727,285</b>   | <b>72.5%</b>  | <b>\$78.29</b>  | <b>\$14,546</b> |
| <b>Undistributed Operating Expenses</b> |                    |               |                 |                 |
| Administrative & General                | \$92,298           | 9.2%          | \$9.94          | \$1,846         |
| Sales & Marketing                       | 129,678            | 12.9%         | 13.96           | 2,594           |
| Property Operation & Maintenance        | 40,130             | 4.0%          | 4.32            | 803             |
| Utilities                               | 45,146             | 4.5%          | 4.86            | 903             |
| <b>Total Undistributed Expenses</b>     | <b>\$307,251</b>   | <b>30.6%</b>  | <b>\$33.08</b>  | <b>\$6,145</b>  |
| <b>Gross Operating Profit</b>           | <b>\$420,033</b>   | <b>41.9%</b>  | <b>\$45.22</b>  | <b>\$8,401</b>  |
| <b>Management Fees</b>                  | <b>30,097</b>      | <b>3.0%</b>   | <b>3.24</b>     | <b>602</b>      |
| <b>Income Before Fixed Expenses</b>     | <b>\$389,936</b>   | <b>38.9%</b>  | <b>41.98</b>    | <b>7,799</b>    |
| <b>Fixed Expenses</b>                   |                    |               |                 |                 |
| Rent                                    | \$0                | 0.0%          | \$0.00          | \$0             |
| Property & Other Taxes                  | 41,811             | 4.2%          | 4.50            | 836             |
| Insurance                               | 16,250             | 1.6%          | 1.75            | 325             |
| <b>Total Fixed Expenses</b>             | <b>\$58,061</b>    | <b>5.8%</b>   | <b>\$6.25</b>   | <b>\$1,161</b>  |
| <b>Replacement Reserve</b>              | <b>\$40,130</b>    | <b>4.0%</b>   | <b>\$4.32</b>   | <b>\$803</b>    |
| <b>Total Expenses</b>                   | <b>\$711,493</b>   | <b>70.9%</b>  | <b>\$76.59</b>  | <b>\$14,230</b> |
| <b>Net Operating Income</b>             | <b>\$291,746</b>   | <b>29.1%</b>  | <b>\$31.41</b>  | <b>\$5,835</b>  |

## Internal Rate of Return (IRR)

Hotel and resort properties typically require higher internal rates of return than typical investment real estate, such as office buildings, shopping centers, apartment complexes, etc. This is due to the fact that the risk level is generally perceived as being greater, largely due to the labor component and uncertainty associated with hospitality operations. Investors recognize the uncertainty as a higher risk factor requiring a higher yield on investment. Hotel and resort properties are subject to constant changes in customer tastes and require significant expenditures to continually update. Such continually changing tastes and investor recognition of the higher risk level translates into an appropriately higher rate of return expectation than other forms of investment real estate. In addition, financing on these properties is not always readily available.

Investment parameters have been based on the results of surveys of investment criteria, which have been published by several hotel and real estate consulting companies. The nature, complexity, and location of the proposed subject property, the current desirability of hotel investments, and the level of risk involved indicate a rate of return that should be similar to the prevailing expectations of investors for this type of investment-grade property. The hotel investor surveys indicate a seven-year holding period as being typical. Therefore, the table on the following page summarizes the proposed subject's projected cash flow over a seven-year period.

**Cash Flow Projection**  
**Proposed Upper-Midscale Boutique Hotel**  
**City of Washington, NC**

|   | Year 1             | Year 2             | Year 3             | Year 4             | Year 5             | Year 6             | Year 7             | Year 8             |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Number of Rooms</b>                                  | 50                 | 50                 | 50                 | 50                 | 50                 | 50                 | 50                 | 50                 |
| <b>Available Room Nights</b>                            | 18,250             | 18,250             | 18,250             | 18,250             | 18,250             | 18,250             | 18,250             | 18,250             |
| <b>Occupancy Rate</b>                                   | 50.9%              | 58.5%              | 61.5%              | 61.5%              | 61.5%              | 61.5%              | 61.5%              | 61.5%              |
| <b>Occupied Room Nights</b>                             | 9,289              | 10,676             | 11,224             | 11,224             | 11,224             | 11,224             | 11,224             | 11,224             |
| <b>Average Daily Rate (ADR)</b>                         | \$107.00           | \$119.79           | \$122.18           | \$125.23           | \$128.37           | \$131.57           | \$134.86           | \$138.24           |
| <b>Revenues</b>   |                    |                    |                    |                    |                    |                    |                    |                    |
| Rooms   | \$993,950          | \$1,278,908        | \$1,371,318        | \$1,406,601        | \$1,440,741        | \$1,476,759        | \$1,513,678        | \$1,551,520        |
| Food & Beverage   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Other Operated Departments                              | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Miscellaneous Income                                    | 9,289              | 10,890             | 11,677             | 11,911             | 12,149             | 12,392             | 12,640             | 12,893             |
| Other   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| <b>Total Revenues</b>                                   | <b>\$1,003,239</b> | <b>\$1,289,798</b> | <b>\$1,382,995</b> | <b>\$1,417,511</b> | <b>\$1,452,890</b> | <b>\$1,489,151</b> | <b>\$1,526,318</b> | <b>\$1,564,413</b> |
| <b>Department Expenses</b>                              |                    |                    |                    |                    |                    |                    |                    |                    |
| Rooms   | \$255,454          | \$299,469          | \$321,123          | \$327,545          | \$334,096          | \$340,778          | \$347,594          | \$354,545          |
| Food & Beverage   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| Other Operated Departments                              | 20,500             | 20,910             | 21,328             | 21,755             | 22,190             | 22,634             | 23,086             | 23,548             |
| Miscellaneous   | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  | 0                  |
| <b>Total Department Expenses</b>                        | <b>\$275,954</b>   | <b>\$320,379</b>   | <b>\$342,451</b>   | <b>\$349,300</b>   | <b>\$356,286</b>   | <b>\$363,412</b>   | <b>\$370,680</b>   | <b>\$378,093</b>   |
| <b>Total Department Income</b>                          | <b>\$727,285</b>   | <b>\$969,419</b>   | <b>\$1,040,544</b> | <b>\$1,068,212</b> | <b>\$1,096,604</b> | <b>\$1,125,740</b> | <b>\$1,155,638</b> | <b>\$1,186,319</b> |
| <b>Undistributed Expenses</b>                           |                    |                    |                    |                    |                    |                    |                    |                    |
| Administrative & General                                | \$92,298           | \$118,661          | \$127,236          | \$130,411          | \$133,666          | \$137,002          | \$140,421          | \$143,926          |
| Sales & Marketing                                       | 129,678            | 166,803            | 178,855            | 183,324            | 187,904            | 192,598            | 197,410            | 202,342            |
| Property Operation & Maintenance                        | 40,130             | 51,592             | 55,320             | 56,700             | 58,116             | 59,566             | 61,053             | 62,577             |
| Utilities   | 45,146             | 58,041             | 62,235             | 63,788             | 65,380             | 67,012             | 68,684             | 70,399             |
| <b>Total Undistributed Expenses</b>                     | <b>\$307,251</b>   | <b>\$395,097</b>   | <b>\$423,645</b>   | <b>\$434,223</b>   | <b>\$445,065</b>   | <b>\$456,178</b>   | <b>\$467,568</b>   | <b>\$479,243</b>   |
| <b>Gross Operating Income</b>                           | <b>\$420,033</b>   | <b>\$574,322</b>   | <b>\$616,899</b>   | <b>\$633,988</b>   | <b>\$651,539</b>   | <b>\$669,551</b>   | <b>\$688,070</b>   | <b>\$707,076</b>   |
| <b>Management Fees</b>                                  | <b>\$30,097</b>    | <b>\$38,694</b>    | <b>\$41,490</b>    | <b>\$42,525</b>    | <b>\$43,587</b>    | <b>\$44,675</b>    | <b>\$45,790</b>    | <b>\$46,932</b>    |
| <b>Income Before Fixed Charges</b>                      | <b>\$389,936</b>   | <b>\$535,628</b>   | <b>\$575,409</b>   | <b>\$591,463</b>   | <b>\$607,952</b>   | <b>\$624,887</b>   | <b>\$642,280</b>   | <b>\$660,144</b>   |
| <b>Fixed Expenses</b>                                   |                    |                    |                    |                    |                    |                    |                    |                    |
| Rent  | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                | \$0                |
| Property & Other Taxes                                  | \$41,811           | \$41,987           | \$41,962           | \$41,821           | \$41,657           | \$41,470           | \$41,259           | \$41,129           |
| Insurance   | 16,250             | 16,575             | 16,907             | 17,245             | 17,590             | 17,941             | 18,300             | 18,666             |
| <b>Total Fixed Expenses</b>                             | <b>\$58,061</b>    | <b>\$58,562</b>    | <b>\$58,869</b>    | <b>\$59,065</b>    | <b>\$59,246</b>    | <b>\$59,411</b>    | <b>\$59,559</b>    | <b>\$59,795</b>    |
| <b>Replacement Reserve</b>                              | <b>\$40,130</b>    | <b>\$51,592</b>    | <b>\$55,320</b>    | <b>\$56,700</b>    | <b>\$58,116</b>    | <b>\$59,566</b>    | <b>\$61,053</b>    | <b>\$62,577</b>    |
| <b>Total Expenses</b>                                   | <b>\$711,493</b>   | <b>\$864,324</b>   | <b>\$921,774</b>   | <b>\$941,814</b>   | <b>\$962,300</b>   | <b>\$983,242</b>   | <b>\$1,004,649</b> | <b>\$1,026,641</b> |
| <b>Net Operating Income</b>                             | <b>\$291,746</b>   | <b>\$425,474</b>   | <b>\$461,221</b>   | <b>\$475,697</b>   | <b>\$490,590</b>   | <b>\$505,910</b>   | <b>\$521,669</b>   | <b>\$537,772</b>   |
| <b>Capital Improvements</b>                             | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           | <b>0</b>           |
| <b>Cash Flow Before Debt Service &amp; Depreciation</b> | <b>\$291,746</b>   | <b>\$425,474</b>   | <b>\$461,221</b>   | <b>\$475,697</b>   | <b>\$490,590</b>   | <b>\$505,910</b>   | <b>\$521,669</b>   | <b>\$537,772</b>   |

\*F&B is recommended but discretionary. Without developer input, we are treating it on a break-even basis

## Construction Costs

Three methods for estimating the replacement cost are the Comparative-Unit, Unit-in-Place and Quantity Survey. The Comparative-Unit method and the Quantity Survey Method will be utilized in estimating the Replacement Cost New of the proposed subject building.

### Comparative-Unit Method-Marshall Valuation Service

As we have not been provided plans detailing the square footage for the proposed subject hotel, we have estimated the cost to construct an upper-midscale soft-brand/boutique hotel by employing the unit-in-place method utilizing Marshall Valuation Services' cost manual. Based on this information, considering our cost analysis assumes three stories comprising 50 rooms, a small meeting facility, and a modest allowance for an appropriately scaled food and beverage component (which for now will be assumed to operate at breakeven), we have utilized a building square footage estimate of 27,500 square feet or 550 square feet per room.

The estimated cost to construct a 27,500-square foot, good cost quality, Class D, 50-room hotel, including FF&E but excluding land and incentives, is estimated at \$5,639,724, or \$112,794 per room, which equates to \$205.08 per square foot, as detailed in the exhibit on the following page. This replacement cost estimate for the proposed upper-midscale soft-brand/boutique hotel includes allowances for contractor's overhead and profit but does not include an allowance for entrepreneurial incentive for a developer, which is the primary motivation for developing a property.

### Quantity Survey Method- Marshall Valuation Service

Note: As no construction cost estimate for the proposed subject has been provided by a prospective developer, the quantity survey method has not been developed.

### Entrepreneurial Incentive

The amount of entrepreneurial incentive "represents the economic reward sufficient to motivate an entrepreneur to accept the risk of the project and to invest the time and money necessary to see the project through completion."<sup>2</sup> This is different than entrepreneurial profit, which cannot be measured until it is achieved. Entrepreneurial profit can be achieved through gain on a sale (sale price less development cost) or additional returns on an investment in an operating entity. Whether the entrepreneur actually realizes a profit depends on how successful he or she has been in selecting the site, constructing the improvements, attracting the proper demand segments, negotiating corporate and group rates, and on how well he or she has analyzed the market demand for the property.

The entrepreneurial incentive for a hotel project such as the proposed subject typically is anticipated to range between \$200,000 and \$750,000. Incentive targets are influenced by many factors, with location, demand/supply, and construction quality representing the most important issues. Given the modest size of the project and the town-buffered risks of developing a property like the proposed subject in an emerging lodging market, an entrepreneurial incentive of \$200,000 is considered reasonable.

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<sup>2</sup> Appraisal Institute, The Dictionary of Real Estate Appraisal, 6th Edition (Chicago, 2015), Page 76

## Replacement Cost New Comparative-Unit Method

| Marshall Valuation Service   |                  |             |             |
|--|------------------|-------------|-------------|
| Section 11, Page 22  |                  |             |             |
| Hotels, Class D, Good Cost Quality                                   |                  |             |             |
| Base Rate Per Square Foot  |                  | \$132.00    |             |
| Adjustment for HVAC System   |                  | (4.43)      |             |
| Adjustment for Sprinkler   |                  | 3.00        |             |
| Adjustment for Kitchen (Small bar & grill)                           |                  | 5.00        |             |
| Adjustment for Number of Stories                                     |                  | 0.00        |             |
| Subtotal   |                  | \$135.58    |             |
| Height and Size Refinements  |                  |             |             |
| Height Multiplier  | 1.000            |             |             |
| Area Multiplier  | 1.000            | 1.000       |             |
| Subtotal   |                  | \$135.58    |             |
| Cost Multipliers   |                  |             |             |
| Current Cost Multiplier  | 1.230            |             |             |
| Local Cost Multiplier  | 0.870            | 1.070       |             |
| Adjusted Base Cost Per Square Foot                                   |                  | \$145.08    |             |
| <b>Direct Costs</b>  |                  |             |             |
| Gross Building Area (Square Feet)                                    |                  | 27,500      |             |
| Adjusted Base Cost Per Square Foot                                   |                  | \$145.08    |             |
| Replacement Cost - Hotel Improvements                                |                  |             | \$3,989,667 |
| Replacement Cost - Furniture, Fixtures and Equipment                 |                  | \$800,000   |             |
| Replacement Cost - Other Improvements                                |                  |             |             |
| Parking Area   | \$75,000         |             |             |
| Swimming Pool/Deck/Fencing (no pool)                                 | 0                |             |             |
| Canopy   | 52,228           |             |             |
| Exterior Signs   | 50,000           |             |             |
| Landscaping  | 35,000           | 212,228     |             |
| Cost Multipliers   |                  |             |             |
| Current Cost Multiplier  | 1.230            |             |             |
| Local Cost Multiplier  | 0.870            | 1.0701      | 1,083,186   |
| Total Direct Costs   |                  |             | \$5,072,853 |
| <b>Indirect Costs</b>  |                  |             |             |
| Architect and Engineering Fees                                       | Included in Base |             |             |
| Legal and Accounting   | Included in Base |             |             |
| Taxes and Construction Interest                                      | Included in Base |             |             |
| Environmental Impact/Tap/Municipal Fees                              | \$75,000         |             |             |
| Appraisal/Legal/Environmental/Certification                          | 37,500           |             |             |
| Financing Fees   | 152,186          |             |             |
| Pre-Opening Marketing/Management                                     | 50,000           |             |             |
| Franchise Fees   | 50,000           |             |             |
| Initial Supplies   | 50,000           |             |             |
| Contingencies/Miscellaneous (retaining wall, silo removal, grading)  | 152,186          |             |             |
| Total Indirect Costs   |                  |             | \$566,871   |
| <b>Total Development Cost</b>  |                  |             |             |
| Replacement Cost New of Improvements - Excluding Developer Incentive |                  | \$5,639,724 |             |
| Cost Per Hotel Unit  |                  | \$112,794   |             |
| Cost Per Square Foot   |                  | \$205.08    |             |

<sup>1</sup> A modest allowance has been made for a recommended small bar & grill though no revenue or expense have been forecast: is being left to the developer's discretion.

#### Replacement Cost New Plus Incentive

|   |                    |
|---|--------------------|
| Replacement Cost New of Improvements - Excluding Incentive        | \$5,639,724        |
| Plus: Entrepreneurial Incentive                                   | 200,000            |
| <b>Replacement Cost New of Improvements - Including Incentive</b> | <b>\$5,889,724</b> |

## Conclusion

This analysis is based on a typical ownership position, which would include land and be a before-tax, free-and-clear ownership of the property in fee simple. In the below analysis, land costs are \$0 to reflect a development incentive.

#### Cost Summary Including Land

|                                   |                    |
|-----------------------------------|--------------------|
| Total Replacement Cost New        | \$5,639,724        |
| Entrepreneurial Incentive         | 200,000            |
| Plus: Land (currently city-owned) | \$0                |
| Total Cost Estimate               | \$5,889,724        |
| <b>Rounded</b>                    | <b>\$5,800,000</b> |

Based on this information, we conclude an all-in project cost of **\$5,800,000**.

## Free and Clear IRR

This analysis is based on a typical ownership position, which would be before-tax, free-and-clear ownership of the property. The IRR calculation is based on a total investment of \$5,800,000. The reversionary value is estimated by capitalizing the estimated 8<sup>th</sup>-year cash flow at an appropriate overall capitalization rate. The selection of an appropriate Terminal Capitalization Rate has been based on the results of surveys of investment criteria published by various real estate research groups. One such survey is the PwC Real Estate Investor Survey for national hotels and is summarized in the following table. The actual reports are copyright protected and cannot be reproduced.

**PwC Real Estate Investor Survey for National Hotels**

| Identification                | Overall Rate   | Terminal Rate |
|-------------------------------|----------------|---------------|
| <i>Midscale &amp; Economy</i> |                |               |
| Prevailing Range              | 7.00%-11.00%   | 8.00%-11.00%  |
| Average                       | 9.18%          | 9.10%         |
| <i>Select-Service</i>         |                |               |
| Prevailing Range              | 7.00%-11.00%   | 7.00%-10.50%  |
| Average                       | 8.50%          | 8.68%         |
| <i>Full-Service</i>           |                |               |
| Prevailing Range              | 6.00 – 10.00%% | 7.50%-10.00%  |
| Average                       | 8.05%          | 8.65%         |
| <i>Luxury/Upper-Upscale</i>   |                |               |
| Prevailing Range              | 4.00%-9.50%    | 5.75%-10.0%   |
| Average                       | 7.50%          | 7.83%         |

Source: PwC Real Estate Investor Survey™, 1st Quarter 2021

Based on these definitions, the proposed subject would fall into the select-service category, which reports Terminal Capitalization rates between 7.00% and 10.50% with an average of 8.68%. The subject is a proposed upper-midscale soft brand/boutique hotel, essentially a limited-service hotel with a recommended bar & grill component. The property will be located in an area that has currently received investment and is expected to expand its tourism appeal. The Reversion price will be calculated using a Terminal Capitalization Rate of 8.0%. From the indicated reversionary value, a cost of sale is then deducted to arrive at the cash flow from termination of the investment

|                                |                    |
|--------------------------------|--------------------|
| Net Operating Income at Year 8 | \$537,772          |
| Out-Going Capitalization Rate  | 8.00%              |
| Indicated Resale Price         | \$6,722,153        |
| Sale Costs @ 2.5%              | \$168,054          |
| <b>Net Proceeds from Sale</b>  | <b>\$6,554,099</b> |

Using the above information, we may now project the subject's unleveraged, free-and-clear internal rate of return, as shown in the following table.

| Year          | 1         | 2         | 3         | 4         | 5         | 6         | 7           |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| (\$5,800,000) |           |           |           |           |           |           |             |
|               | \$291,746 | \$425,474 | \$461,221 | \$475,697 | \$490,590 | \$505,910 | \$521,669   |
|               |           |           |           |           |           |           | \$6,554,099 |
| (\$5,800,000) | \$291,746 | \$425,474 | \$461,221 | \$475,697 | \$490,590 | \$505,910 | \$7,075,768 |

Note: Figures may not add due to rounding.

On the basis of this cash flow, the subject's implied free-and-clear IRR equals **±9.0%**.

# Conclusion

## Free-and-Clear IRR

The free-and-clear investment in the subject property implies an IRR of **±9.0%**. The 1<sup>st</sup> quarter 2021 PwC survey indicates required discount rates (IRRs) for select-service investment category currently range from 7.0% to 11.0%, with an average of 8.50%. Therefore, the indicated unleveraged return of **±9.0%** for the proposed subject hotel is within the average risk-adjusted expectations of investors based on accepted market returns for similar hotel investments. **We note that the project IRR has been calculated assuming land costs at \$0 and will be subsidized by the city.**

## Investment Caveats

The conclusions in this report are based on the preceding revenue and expense projections and the assumptions stated herein. Any investment decision must be considered in the context of the risk of the investment. The salient considerations of the investment in the proposed hotel can be summarized as follows:

The subject hotel is proposed; therefore, the improvements have not been built. This analysis is based on the premise that the property can be developed with a total investment of \$5,800,000, including incentives, but excluding land, as we have assumed it will be subsidized. If the improvements, including site work, construction, FF&E, financing, and other indirect costs, cannot be completed within budget, the estimated internal rate of return would be diminished; conversely, if savings can be achieved, the rate of return will be increased. The indicated return on this estimated total investment is marginally acceptable based on market expectations.

Although we have estimated an internal rate of return for this investment, this is not an appraisal, and no value estimate or opinions of value have been concluded.

## Analysts' Certification

1. We certify that, to the best of our knowledge and belief, the statements of fact contained in this report are true and correct.
2. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased, professional analyses, opinions and conclusions.
3. We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
4. We have no bias with respect to the property that is the subject of this report or to the parties involved in this assignment.
5. Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. 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 market study.
7. Our analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).
8. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
9. No one other than the undersigned have provided professional assistance in the preparation of this report and the analyses herein.
10. As of the date of this report, Michael P. Cummings, MAI, ISHC has completed the requirements under the continuing education program of the Appraisal Institute for Designated Members and Affiliates.
11. The consultants have performed within the context of the competency provision of the Uniform Standards of Professional Appraisal Practice.
12. Our contractual arrangement with the Client does not authorize the out-of-context quoting from or partial reprinting of this report, nor does it permit all or any part of this report to be disseminated to the general public by the use of media for public communication without our written consent.



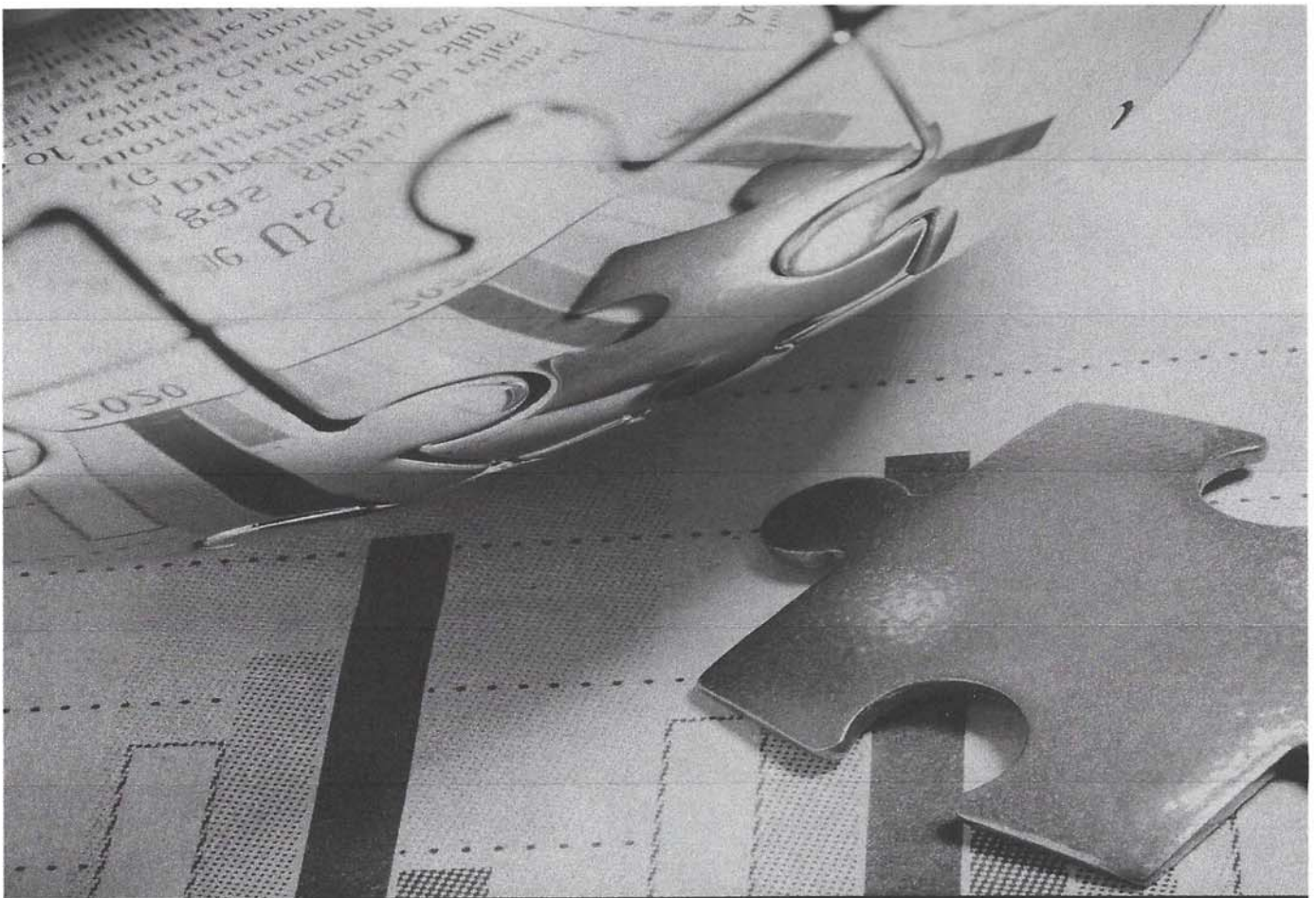
Michael P. Cummings, MAI, ISHC  
Managing Director



Agnès Pierre-Louis, MBA  
Director

# Addenda

## Engagement Letter



**Horwath HTL**

*Hotel, Tourism and Leisure*

## **Feasibility Study Proposal**

**Proposed Best Western GLō Hotel  
Vacant Lot at GWR+G9 (near 401 3<sup>rd</sup> St)  
Washington, North Carolina 27889**

*The Global Leader in Hospitality Consulting*



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Main +1 (757) 623 1400  
[www.horwathhtl.com](http://www.horwathhtl.com)

June 17, 2021

Ms. Brenda Daniels  
ElectriCities of North Carolina, Inc.  
1427 Meadow Wood Boulevard  
Raleigh, North Carolina 27604  
919.760.6363 Work  
919.218.7027 Mobile

**Via Email: [bdaniels@electricities.org](mailto:bdaniels@electricities.org)**

Re: Feasibility Study  
Proposed Best Western GLō Boutique Hotel  
Vacant Lot at GWWR+G9 Washington, NC (near 401 W 3<sup>rd</sup> Street)  
Washington, Beaufort County, North Carolina 27889

Dear Ms. Daniels,

We are pleased to submit this proposal for professional services in connection with a Feasibility Study and Market Analysis for the above referenced property. This study will assist you in your analysis of this project for investment and financing purposes and as the foundation for estimating future revenues and expenses. The study would include:

#### **Area Review**

We will gather and summarize relevant, demographic data regarding the market area to document the economic environment of the market. We will examine key economic factors that influence demand for rooms, meetings, and food/beverage sales. Specific emphasis will be given to the trends in the market segments which potentially comprise the principal target markets for the type and class of hotel being proposed.

### **Primary Research**

We will perform primary market research to gather the most recent and pertinent data about the area's hotel market. This will include an inspection and interviews at competitive facilities and discussions with managers and marketing staff knowledgeable about the competitive market for the type and class of hotel being proposed. Those we might interview could include:

- Town/City/County officials in economic development and zoning
- Business Leaders, CVB and Chamber representatives
- Hotel developers
- Managers or marketing personnel of hotels deemed to be competitive with or comparable to the type and class of hotel being proposed
- Corporate and association meeting coordinators

Our survey of hotels in the market area deemed to be competitive with or comparable to the type and class of hotel being proposed will address the type of facilities, amenities available, published room rates and food and beverage offerings.

### **Supply and Demand Analysis**

Based on our market research, we will estimate potential growth in the demand for and the supply of hotels in the local market area deemed to be competitive with or comparable to the type and class of hotel being proposed. We will analyze the market's historical performance and describe the characteristics of each of the principal segments of demand. Then, based on our analysis of the demographics and the economics of the market from which the proposed hotel will attract guests, we will estimate the future performance of the overall market.

Following the above-referenced analysis, we will compare the proposed hotel type and class to the competitive supply based on such identifiable attributes demanded of market participants as location; proximity to demand generators, retail, entertainment and dining amenities; accessibility, affordability, ambiance and product quality. We will then establish the theoretical "fair share" ratio and forecast the expected capture/penetration rate for the proposed hotel type and class vis à vis the competitive supply.

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Ms. Brenda Daniels  
ElectriCities of North Carolina, Inc.  
June 17, 2021

### Operating Analysis

We will develop a statement of projected occupancy, average daily rate, meeting room revenue, food and beverage revenue, and ancillary department revenues which the proposed hotel type and class would be able to achieve in this market. Anticipated expenses will be estimated based on a line-by-line comparison with comparable hotel operations. By deducting the anticipated expenses from the projected revenues, expected cash flows are estimated.

### Projected Development Costs

During our inspection of the market, we will determine or estimate the projected parcel size and acquisition cost of commercial sites deemed viable for the type and class of hotel being proposed. Additionally, if a developer has been confirmed and provides a construction budget comprising direct and indirect costs, we will compare it with our estimated budget using area-adjusted cost data obtained from Marshall Valuation Services.

### Internal Rate of Return Analysis

Once the development costs and expected cash flows are estimated for the type and class of hotel being proposed, a discounted cash flow analysis is used to estimate the internal rate of return (IRR) of the investment. The internal rate of return of the investment will then be compared to rates of return being achieved by typical investors in similar developments.

### Fee and Timetable

Professional fees are based on the anticipated time of the individuals assigned to the engagement, plus direct expenses. Our fee for and date of delivery of the report will be as follows:

Feasibility Study and Market Analysis ..... **\$8,500** (base fee plus direct expenses)<sup>1</sup>

Delivery of the report will be **8-10 weeks** from the date of engagement.

<sup>1</sup>Typically travel-related expenses and the cost of a Custom STR Trend Report

A retainer of **60% of the total base fee** is required for work to commence, and the balance is due and payable upon delivery of the completed report.

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Ms. Brenda Daniels  
ElectriCities of North Carolina, Inc.  
June 17, 2021

In the event the Client cancels this agreement before a report is tendered, then Client agrees to pay Consultant/Appraiser, at Consultant/Appraiser's then existing external billing rates, for all time and expenses expended on the project, giving over and above that to which the retainer has been applied. Fareed & Cummings, LLC (dba Horwath HTL) is authorized to commence work upon the signing of the agreement. If this account is turned over to an attorney or collection agency, all charges including reasonable attorney's fees and/or court costs will be added to the balance due and be paid by the Client. The parties hereby agree to confer jurisdiction and venue in the State and Federal Courts situate in the City of Norfolk, Virginia.

It is agreed that the liability of Fareed & Cummings LLC to the Client is limited to the amount of the fee paid for the completion of the consulting/appraisal assignment. Fareed & Cummings LLC limits its responsibility to the Client and any use of the appraisal by third parties shall be at the risk of the Client and/or said third parties. The Client, by the execution of this agreement, acknowledges that he has read and agrees to the terms and conditions of this contract.

The concluded evaluation and analysis in the report will be the opinion of Fareed & Cummings LLC and the fee or the payment thereof is in no way contingent upon any particular conclusions. The fee for this appraisal or study is for the service rendered and not necessarily for the time spent on the physical report. This agreement is subject to receipt of this fully executed document and the information requested on or before **10 days from the date of this proposal.**

### **Limitations of the Study**

1. The conclusions reached will be based on our knowledge of the hotel market in the competitive area as of the time of completion of our fieldwork.
2. As in all studies of this type, the estimated annual operating results, if included, are based upon competent and efficient management and presume no significant change in the competitive position of the competitive facilities in the area from that set forth in our study.
3. Estimated operating results are also based on an evaluation of the present general economy of the area and do not take into account, or make provisions for, the effect of any sharp rise or decline in local or general economic conditions which may occur. To the extent that wages and other operating expenses may advance over the economic life of the property, it is expected that rates, fees and related services will be adjusted to offset such advances.
4. The prospective financial information included in our reports will be based on estimates, assumptions and information developed from our research of the market and knowledge of the industry. The sources of information and bases of the estimates and assumptions would be stated in the reports. Some assumptions inevitably would not materialize, and unanticipated events and circumstances may occur; therefore, actual results achieved during the period covered by the prospective financial analysis would vary from the estimates, and the variations may be material. Our reports will contain a statement to that effect.
5. The terms of this engagement are such that we have no obligation to revise the report or the prospective financial information to reflect events or conditions which occur subsequent to the date of the report, which will be the day we complete our fieldwork. However, we will be available to discuss the necessity for revision in view of changes in the economic or market factors affecting the project.
6. Our report and the prospective financial information included therein will be intended solely for your information and in support of financing or securing a developer. Neither the report nor its contents may be referred to or quoted in any offering circular or registration statement, prospectus, sales brochure, loan, appraisal or other agreement or document without our prior consent, which will be granted only upon meeting certain conditions. Our report will contain a statement to that effect.
7. Any drafts or preliminary information communicated to you during the course of the assignment are for internal management use only and may not be disclosed to any outside third parties without our prior written consent.
8. Further, we will neither evaluate management's effectiveness nor be responsible for future marketing efforts and other management actions upon which actual results would depend, and we would so state in our report.

Page 6  
Ms. Brenda Daniels  
ElectriCities of North Carolina, Inc.  
June 17, 2021

Brenda Daniels  
Manager, Economic Development

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Signature:

*Brenda Daniels 6/17/21*

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Michael P. Cummings, MAI, ISHC

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June 17, 2021

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## STR – Custom Trend Report

Trend # 1291771\_SADIM / Created October 12, 2021

# Trend Report - Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)

January 2013 to August 2021    Currency : USD - US Dollar



|   |    |
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Tab 2 - Data by Measure

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)

Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Occupancy (%) |         |          |       |       |      |      |      |        |           |         |          |          |      | Total Year | Aug YTD |
|---------------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|------|------------|---------|
|               | January | February | March | April | May  | June | July | August | September | October | November | December |      |            |         |
| 2013          | 39.9    | 45.9     | 47.8  | 56.4  | 60.3 | 64.5 | 65.3 | 60.2   | 57.2      | 60.1    | 53.2     | 35.8     | 53.9 | 55.1       |         |
| 2014          | 35.4    | 44.8     | 52.4  | 62.2  | 61.4 | 62.9 | 64.6 | 61.5   | 60.2      | 63.0    | 47.5     | 36.1     | 54.4 | 55.7       |         |
| 2015          | 33.4    | 45.3     | 51.7  | 66.2  | 62.9 | 62.6 | 65.4 | 59.7   | 59.2      | 62.9    | 50.5     | 36.1     | 54.7 | 56.0       |         |
| 2016          | 42.0    | 48.2     | 65.1  | 64.8  | 63.7 | 66.9 | 65.9 | 60.5   | 64.7      | 67.8    | 62.4     | 41.2     | 59.5 | 59.7       |         |
| 2017          | 45.3    | 51.9     | 64.8  | 62.2  | 65.8 | 68.6 | 55.8 | 63.2   | 62.2      | 62.0    | 54.8     | 39.3     | 57.8 | 59.8       |         |
| 2018          | 41.5    | 49.9     | 60.8  | 72.0  | 63.4 | 70.4 | 61.2 | 59.8   | 74.1      | 85.9    | 63.8     | 49.5     | 62.7 | 59.9       |         |
| 2019          | 47.7    | 57.4     | 72.6  | 71.6  | 73.9 | 73.4 | 64.9 | 64.7   | 64.8      | 61.7    | 55.3     | 42.7     | 62.6 | 65.8       |         |
| 2020          | 44.0    | 42.5     | 34.7  | 19.1  | 25.3 | 40.5 | 56.4 | 59.1   | 49.4      | 47.3    | 36.0     | 28.5     | 40.3 | 40.3       |         |
| 2021          | 35.0    | 46.3     | 54.6  | 57.3  | 57.7 | 63.4 | 72.6 | 63.9   |           |         |          |          |      | 56.4       |         |
| Avg           | 40.6    | 48.1     | 56.0  | 58.7  | 58.9 | 63.5 | 63.4 | 61.5   | 61.6      | 63.9    | 52.9     | 38.8     | 55.7 | 56.5       |         |

| ADR (\$) |         |          |       |        |        |        |        |        |           |         |          |          |        | Total Year | Aug YTD |
|----------|---------|----------|-------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|--------|------------|---------|
|          | January | February | March | April  | May    | June   | July   | August | September | October | November | December |        |            |         |
| 2013     | 79.57   | 81.66    | 85.09 | 85.43  | 87.94  | 85.21  | 86.91  | 89.20  | 89.33     | 87.49   | 87.74    | 78.98    | 85.88  | 85.56      |         |
| 2014     | 83.15   | 85.68    | 87.82 | 89.30  | 91.52  | 90.54  | 91.46  | 90.07  | 90.33     | 91.94   | 89.17    | 85.86    | 89.38  | 89.20      |         |
| 2015     | 88.36   | 88.63    | 88.67 | 96.54  | 95.31  | 90.38  | 94.57  | 94.54  | 91.60     | 93.59   | 92.13    | 90.02    | 92.47  | 92.66      |         |
| 2016     | 89.22   | 90.06    | 93.43 | 94.27  | 98.29  | 95.22  | 95.86  | 97.06  | 101.57    | 101.39  | 98.16    | 93.24    | 96.09  | 94.57      |         |
| 2017     | 91.86   | 94.49    | 97.07 | 99.66  | 103.55 | 101.11 | 101.83 | 99.70  | 104.43    | 101.86  | 99.36    | 96.29    | 99.78  | 99.15      |         |
| 2018     | 94.76   | 94.84    | 97.89 | 102.92 | 103.01 | 102.78 | 100.37 | 98.80  | 113.59    | 110.34  | 103.36   | 99.77    | 102.73 | 99.91      |         |
| 2019     | 96.11   | 95.58    | 99.52 | 100.24 | 107.22 | 105.20 | 102.79 | 101.87 | 107.89    | 103.96  | 100.46   | 97.40    | 101.93 | 101.50     |         |
| 2020     | 95.51   | 95.43    | 98.27 | 93.82  | 96.37  | 97.38  | 100.79 | 99.26  | 95.92     | 96.41   | 93.54    | 89.14    | 96.54  | 97.65      |         |
| 2021     | 92.18   | 88.49    | 97.49 | 101.84 | 107.34 | 106.45 | 112.60 | 111.60 |           |         |          |          |        | 103.81     |         |
| Avg      | 90.87   | 91.05    | 94.65 | 96.88  | 99.85  | 97.98  | 99.32  | 98.66  | 100.74    | 99.63   | 96.41    | 92.50    | 96.36  | 96.63      |         |

| RevPAR (\$) |         |          |       |       |       |       |       |        |           |         |          |          |       | Total Year | Aug YTD |
|-------------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|-------|------------|---------|
|             | January | February | March | April | May   | June  | July  | August | September | October | November | December |       |            |         |
| 2013        | 31.75   | 37.44    | 40.64 | 48.17 | 53.05 | 55.00 | 56.74 | 53.66  | 51.14     | 52.57   | 46.64    | 28.24    | 46.28 | 47.14      |         |
| 2014        | 29.42   | 38.36    | 46.00 | 55.56 | 56.18 | 56.97 | 59.07 | 55.39  | 54.39     | 57.92   | 42.36    | 30.96    | 48.59 | 49.70      |         |
| 2015        | 29.48   | 40.17    | 45.83 | 63.93 | 59.98 | 56.62 | 61.80 | 56.44  | 54.25     | 58.86   | 46.56    | 32.48    | 50.57 | 51.85      |         |
| 2016        | 37.48   | 43.38    | 60.83 | 61.12 | 62.58 | 63.71 | 63.19 | 58.75  | 65.67     | 68.77   | 61.27    | 38.38    | 57.14 | 56.49      |         |
| 2017        | 41.63   | 49.04    | 62.91 | 62.04 | 68.19 | 69.40 | 56.86 | 63.02  | 64.99     | 63.15   | 54.41    | 37.89    | 57.68 | 59.25      |         |
| 2018        | 39.37   | 47.37    | 59.53 | 74.06 | 65.29 | 72.35 | 61.45 | 59.10  | 84.22     | 94.73   | 65.97    | 49.34    | 64.43 | 59.86      |         |
| 2019        | 45.89   | 54.89    | 72.21 | 71.80 | 79.21 | 77.19 | 66.68 | 65.94  | 69.91     | 64.13   | 55.54    | 41.62    | 63.77 | 66.81      |         |
| 2020        | 42.03   | 40.58    | 34.11 | 17.93 | 24.40 | 39.42 | 56.84 | 58.70  | 47.36     | 45.58   | 33.71    | 25.43    | 38.87 | 39.32      |         |
| 2021        | 32.29   | 40.98    | 53.22 | 58.36 | 61.95 | 67.46 | 81.70 | 71.32  |           |         |          |          |       | 58.59      |         |
| Avg         | 36.93   | 43.82    | 53.01 | 56.85 | 58.85 | 62.23 | 62.96 | 60.68  | 62.08     | 63.63   | 50.99    | 35.89    | 53.68 | 54.55      |         |

| Supply |         |          |        |        |        |        |        |        |           |         |          |          |         | Total Year | Aug YTD |
|--------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|---------|------------|---------|
|        | January | February | March  | April  | May    | June   | July   | August | September | October | November | December |         |            |         |
| 2013   | 10,354  | 9,352    | 10,354 | 10,020 | 10,354 | 10,020 | 10,354 | 10,354 | 10,020    | 10,354  | 10,020   | 10,354   | 121,910 | 81,162     |         |
| 2014   | 10,354  | 9,352    | 10,354 | 10,020 | 10,354 | 10,020 | 10,354 | 10,354 | 10,020    | 10,354  | 10,020   | 10,354   | 121,910 | 81,162     |         |
| 2015   | 10,354  | 9,352    | 10,354 | 10,020 | 10,354 | 10,020 | 10,354 | 10,354 | 10,020    | 10,354  | 10,020   | 10,354   | 121,910 | 81,162     |         |
| 2016   | 10,354  | 9,352    | 10,354 | 10,020 | 10,354 | 10,020 | 10,354 | 10,354 | 10,020    | 10,354  | 10,020   | 10,354   | 121,910 | 81,162     |         |
| 2017   | 10,354  | 9,352    | 10,354 | 10,020 | 10,354 | 10,020 | 13,020 | 13,020 | 12,600    | 13,020  | 12,600   | 13,020   | 137,734 | 86,494     |         |
| 2018   | 13,020  | 11,760   | 13,020 | 12,600 | 13,020 | 12,600 | 13,020 | 13,020 | 12,600    | 13,020  | 12,600   | 13,020   | 153,300 | 102,060    |         |
| 2019   | 13,020  | 11,760   | 13,020 | 12,600 | 13,020 | 12,600 | 13,020 | 13,020 | 12,600    | 13,020  | 12,600   | 13,020   | 153,300 | 102,060    |         |
| 2020   | 13,020  | 11,760   | 13,020 | 12,600 | 13,020 | 12,600 | 13,020 | 13,020 | 12,600    | 13,020  | 12,600   | 13,020   | 153,300 | 102,060    |         |
| 2021   | 13,020  | 11,760   | 13,020 | 12,600 | 13,020 | 12,600 | 13,020 | 13,020 |           |         |          |          |         | 102,060    |         |
| Avg    | 11,539  | 10,422   | 11,539 | 11,167 | 11,539 | 11,167 | 11,835 | 11,835 | 11,310    | 11,687  | 11,310   | 11,687   | 135,659 | 91,042     |         |

| Demand |         |          |       |       |       |       |       |        |           |         |          |          |        | Total Year | Aug YTD |
|--------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|--------|------------|---------|
|        | January | February | March | April | May   | June  | July  | August | September | October | November | December |        |            |         |
| 2013   | 4,131   | 4,288    | 4,945 | 5,650 | 6,246 | 6,467 | 6,760 | 6,229  | 5,736     | 6,221   | 5,326    | 3,702    | 65,701 | 44,716     |         |
| 2014   | 3,663   | 4,187    | 5,423 | 6,234 | 6,355 | 6,305 | 6,688 | 6,368  | 6,033     | 6,523   | 4,760    | 3,733    | 66,272 | 45,223     |         |
| 2015   | 3,454   | 4,239    | 5,352 | 6,635 | 6,516 | 6,277 | 6,767 | 6,181  | 5,934     | 6,512   | 5,064    | 3,736    | 66,667 | 45,421     |         |
| 2016   | 4,350   | 4,505    | 6,741 | 6,497 | 6,592 | 6,704 | 6,825 | 6,267  | 6,479     | 7,023   | 6,255    | 4,262    | 72,500 | 48,481     |         |
| 2017   | 4,692   | 4,854    | 6,710 | 6,237 | 6,818 | 6,878 | 7,270 | 8,230  | 7,841     | 8,072   | 6,900    | 5,123    | 79,625 | 51,689     |         |
| 2018   | 5,409   | 5,874    | 7,918 | 9,067 | 8,252 | 8,869 | 7,972 | 7,788  | 9,342     | 11,178  | 8,042    | 6,439    | 96,150 | 61,149     |         |
| 2019   | 6,216   | 6,753    | 9,448 | 9,025 | 9,618 | 9,245 | 8,446 | 8,427  | 8,164     | 8,031   | 6,966    | 5,564    | 95,903 | 67,178     |         |
| 2020   | 5,729   | 5,001    | 4,519 | 2,408 | 3,297 | 5,101 | 7,343 | 7,699  | 6,222     | 6,156   | 4,541    | 3,715    | 61,731 | 41,097     |         |
| 2021   | 4,561   | 5,446    | 7,108 | 7,220 | 7,514 | 7,985 | 9,447 | 8,321  |           |         |          |          |        | 57,602     |         |
| Avg    | 4,689   | 5,016    | 6,463 | 6,553 | 6,801 | 7,092 | 7,502 | 7,279  | 6,969     | 7,465   | 5,982    | 4,534    | 75,569 | 51,395     |         |

| Revenue (\$) |         |          |         |         |           |         |           |         |           |           |          |          |            |           |
|--------------|---------|----------|---------|---------|-----------|---------|-----------|---------|-----------|-----------|----------|----------|------------|-----------|
|              | January | February | March   | April   | May       | June    | July      | August  | September | October   | November | December | Total Year | Aug YTD   |
| 2013         | 328,709 | 350,172  | 420,769 | 482,659 | 549,290   | 551,078 | 587,510   | 555,620 | 512,405   | 544,275   | 467,316  | 292,368  | 5,642,171  | 3,825,807 |
| 2014         | 304,588 | 358,749  | 476,236 | 556,673 | 581,637   | 570,877 | 611,656   | 573,552 | 544,941   | 599,708   | 424,469  | 320,511  | 5,923,597  | 4,033,968 |
| 2015         | 305,205 | 375,693  | 474,538 | 640,558 | 621,044   | 567,293 | 639,925   | 584,340 | 543,559   | 609,466   | 466,543  | 336,312  | 6,164,476  | 4,208,596 |
| 2016         | 388,106 | 405,706  | 629,825 | 612,470 | 647,958   | 638,364 | 654,234   | 608,251 | 658,044   | 712,061   | 613,963  | 397,393  | 6,966,375  | 4,584,914 |
| 2017         | 431,023 | 458,651  | 651,363 | 621,591 | 706,022   | 695,427 | 740,338   | 820,532 | 818,842   | 822,205   | 685,615  | 493,270  | 7,944,879  | 5,124,947 |
| 2018         | 512,550 | 557,106  | 775,081 | 933,216 | 850,057   | 911,594 | 800,133   | 769,460 | 1,061,154 | 1,233,372 | 831,249  | 642,434  | 9,877,406  | 6,109,197 |
| 2019         | 597,423 | 645,484  | 940,219 | 904,626 | 1,031,255 | 972,573 | 868,204   | 858,490 | 880,817   | 834,915   | 699,822  | 541,957  | 9,775,785  | 6,818,274 |
| 2020         | 547,177 | 477,225  | 444,075 | 225,916 | 317,720   | 496,746 | 740,112   | 764,217 | 596,786   | 593,477   | 424,780  | 331,148  | 5,959,379  | 4,013,188 |
| 2021         | 420,450 | 481,901  | 692,928 | 735,312 | 806,538   | 849,970 | 1,063,721 | 928,642 |           |           |          |          |            | 5,979,462 |
| Avg          | 426,137 | 456,743  | 611,670 | 634,780 | 679,058   | 694,880 | 745,093   | 718,123 | 702,069   | 743,685   | 576,720  | 419,424  | 7,281,759  | 4,966,484 |

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

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)

Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Occupancy |         |          |       |       |       |       |       |        |           |         |          |          |       |       | Total Year | Aug YTD |
|-----------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|-------|-------|------------|---------|
|           | January | February | March | April | May   | June  | July  | August | September | October | November | December |       |       |            |         |
| 2014      | -11.3   | -2.4     | 9.7   | 10.3  | 1.7   | -2.5  | -1.1  | 2.2    | 5.2       | 4.9     | -10.6    | 0.8      | 0.9   | 1.1   |            |         |
| 2015      | -5.7    | 1.2      | -1.3  | 6.4   | 2.5   | -0.4  | 1.2   | -2.9   | -1.6      | -0.2    | 6.4      | 0.1      | 0.6   | 0.4   |            |         |
| 2016      | 25.9    | 6.3      | 26.0  | -2.1  | 1.2   | 6.8   | 0.9   | 1.4    | 9.2       | 7.8     | 23.5     | 14.1     | 8.7   | 6.7   |            |         |
| 2017      | 7.9     | 7.7      | -0.5  | -4.0  | 3.4   | 2.6   | -15.3 | 4.4    | -3.8      | -8.6    | -12.3    | -4.4     | -2.8  | 0.0   |            |         |
| 2018      | -8.3    | -3.8     | -6.2  | 15.6  | -3.8  | 2.5   | 9.7   | -5.4   | 19.1      | 38.5    | 16.6     | 25.7     | 8.5   | 0.3   |            |         |
| 2019      | 14.9    | 15.0     | 19.3  | -0.5  | 16.6  | 4.2   | 5.9   | 8.2    | -12.6     | -28.2   | -13.4    | -13.6    | -0.3  | 9.9   |            |         |
| 2020      | -7.8    | -25.9    | -52.2 | -73.3 | -65.7 | -44.8 | -13.1 | -8.6   | -23.8     | -23.3   | -34.8    | -33.2    | -35.6 | -38.8 |            |         |
| 2021      | -20.4   | 8.9      | 57.3  | 199.8 | 127.9 | 56.5  | 28.7  | 8.1    |           |         |          |          |       | 40.2  |            |         |
| Avg       | -0.6    | 0.9      | 6.5   | 19.0  | 10.5  | 3.1   | 2.1   | 0.9    | -1.2      | -1.3    | -3.5     | -1.5     | -2.9  | 2.5   |            |         |

| ADR  |         |          |       |       |       |      |      |        |           |         |          |          |            |         |
|------|---------|----------|-------|-------|-------|------|------|--------|-----------|---------|----------|----------|------------|---------|
|      | January | February | March | April | May   | June | July | August | September | October | November | December | Total Year | Aug YTD |
| 2014 | 4.5     | 4.9      | 3.2   | 4.5   | 4.1   | 6.3  | 5.2  | 1.0    | 1.1       | 5.1     | 1.6      | 8.7      | 4.1        | 4.3     |
| 2015 | 6.3     | 3.4      | 1.0   | 8.1   | 4.1   | -0.2 | 3.4  | 5.0    | 1.4       | 1.8     | 3.3      | 4.8      | 3.4        | 3.9     |
| 2016 | 1.0     | 1.6      | 5.4   | -2.4  | 3.1   | 5.4  | 1.4  | 2.7    | 10.9      | 8.3     | 6.5      | 3.6      | 3.9        | 2.1     |
| 2017 | 3.0     | 4.9      | 3.9   | 5.7   | 5.3   | 6.2  | 6.2  | 2.7    | 2.8       | 0.5     | 1.2      | 3.3      | 3.8        | 4.8     |
| 2018 | 3.2     | 0.4      | 0.8   | 3.3   | -0.5  | 1.7  | -1.4 | -0.9   | 8.8       | 8.3     | 4.0      | 3.6      | 3.0        | 0.8     |
| 2019 | 1.4     | 0.8      | 1.7   | -2.6  | 4.1   | 2.4  | 2.4  | 3.1    | -5.0      | -5.8    | -2.8     | -2.4     | -0.8       | 1.6     |
| 2020 | -0.6    | -0.2     | -1.3  | -6.4  | -10.1 | -7.4 | -1.9 | -2.6   | -11.1     | -7.3    | -6.9     | -8.5     | -5.3       | -3.8    |
| 2021 | -3.5    | -7.3     | -0.8  | 8.6   | 11.4  | 9.3  | 11.7 | 12.4   |           |         |          |          |            | 6.3     |
| Avg  | 1.9     | 1.1      | 1.7   | 2.4   | 2.7   | 2.9  | 3.4  | 2.9    | 1.3       | 1.6     | 1.0      | 1.9      | 1.7        | 2.5     |

| RevPAR |         |          |       |       |       |       |       |        |           |         |          |          |            |         |
|--------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|------------|---------|
|        | January | February | March | April | May   | June  | July  | August | September | October | November | December | Total Year | Aug YTD |
| 2014   | -7.3    | 2.4      | 13.2  | 15.3  | 5.9   | 3.6   | 4.1   | 3.2    | 6.3       | 10.2    | -9.2     | 9.6      | 5.0        | 5.4     |
| 2015   | 0.2     | 4.7      | -0.4  | 15.1  | 6.8   | -0.6  | 4.6   | 1.9    | -0.3      | 1.6     | 9.9      | 4.9      | 4.1        | 4.3     |
| 2016   | 27.2    | 8.0      | 32.7  | -4.4  | 4.3   | 12.5  | 2.2   | 4.1    | 21.1      | 16.8    | 31.6     | 18.2     | 13.0       | 8.9     |
| 2017   | 11.1    | 13.1     | 3.4   | 1.5   | 9.0   | 8.9   | -10.0 | 7.3    | -1.0      | -8.2    | -11.2    | -1.3     | 0.9        | 4.9     |
| 2018   | -5.4    | -3.4     | -5.4  | 19.4  | -4.3  | 4.2   | 8.1   | -6.2   | 29.6      | 50.0    | 21.2     | 30.2     | 11.7       | 1.0     |
| 2019   | 16.6    | 15.9     | 21.3  | -3.1  | 21.3  | 6.7   | 8.5   | 11.6   | -17.0     | -32.3   | -15.8    | -15.6    | -1.0       | 11.6    |
| 2020   | -8.4    | -26.1    | -52.8 | -75.0 | -69.2 | -48.9 | -14.8 | -11.0  | -32.2     | -28.9   | -39.3    | -38.9    | -39.0      | -41.1   |
| 2021   | -23.2   | 1.0      | 56.0  | 225.5 | 153.9 | 71.1  | 43.7  | 21.5   |           |         |          |          |            | 49.0    |
| Avg    | 1.3     | 1.9      | 8.5   | 24.3  | 16.0  | 7.2   | 5.8   | 4.0    | 0.9       | 1.3     | -1.8     | 1.0      | -0.8       | 5.5     |

| Supply |         |          |       |       |      |      |      |        |           |         |          |          |      |      | Total Year | Aug YTD |
|--------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|------|------|------------|---------|
|        | January | February | March | April | May  | June | July | August | September | October | November | December |      |      |            |         |
| 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  | 0.0  |            |         |
| 2015   | 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  |            |         |
| 2016   | 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  |            |         |
| 2017   | 0.0     | 0.0      | 0.0   | 0.0   | 0.0  | 0.0  | 25.7 | 25.7   | 25.7      | 25.7    | 25.7     | 25.7     | 13.0 | 6.6  |            |         |
| 2018   | 25.7    | 25.7     | 25.7  | 25.7  | 25.7 | 25.7 | 0.0  | 0.0    | 0.0       | 0.0     | 0.0      | 0.0      | 11.3 | 18.0 |            |         |
| 2019   | 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  |            |         |
| 2020   | 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  |            |         |
| 2021   | 0.0     | 0.0      | 0.0   | 0.0   | 0.0  | 0.0  | 0.0  | 0.0    |           |         |          |          |      | 0.0  |            |         |
| Avg    | 3.2     | 3.2      | 3.2   | 3.2   | 3.2  | 3.2  | 3.2  | 3.2    | 3.7       | 3.7     | 3.7      | 3.7      | 3.5  | 3.1  |            |         |

| Demand |         |          |       |       |       |       |       |        |           |         |          |          |       |       | Total Year | Aug YTD |
|--------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|-------|-------|------------|---------|
|        | January | February | March | April | May   | June  | July  | August | September | October | November | December |       |       |            |         |
| 2014   | -11.3   | -2.4     | 9.7   | 10.3  | 1.7   | -2.5  | -1.1  | 2.2    | 5.2       | 4.9     | -10.6    | 0.8      | 0.9   | 1.1   |            |         |
| 2015   | -5.7    | 1.2      | -1.3  | 6.4   | 2.5   | -0.4  | 1.2   | -2.9   | -1.6      | -0.2    | 6.4      | 0.1      | 0.6   | 0.4   |            |         |
| 2016   | 25.9    | 6.3      | 26.0  | -2.1  | 1.2   | 6.8   | 0.9   | 1.4    | 9.2       | 7.8     | 23.5     | 14.1     | 8.7   | 6.7   |            |         |
| 2017   | 7.9     | 7.7      | -0.5  | -4.0  | 3.4   | 2.6   | 6.5   | 31.3   | 21.0      | 14.9    | 10.3     | 20.2     | 9.8   | 6.6   |            |         |
| 2018   | 15.3    | 21.0     | 18.0  | 45.4  | 21.0  | 28.9  | 9.7   | -5.4   | 19.1      | 38.5    | 16.6     | 25.7     | 20.8  | 18.3  |            |         |
| 2019   | 14.9    | 15.0     | 19.3  | -0.5  | 16.6  | 4.2   | 5.9   | 8.2    | -12.6     | -28.2   | -13.4    | -13.6    | -0.3  | 9.9   |            |         |
| 2020   | -7.8    | -25.9    | -52.2 | -73.3 | -65.7 | -44.8 | -13.1 | -8.6   | -23.8     | -23.3   | -34.8    | -33.2    | -35.6 | -38.8 |            |         |
| 2021   | -20.4   | 8.9      | 57.3  | 199.8 | 127.9 | 56.5  | 28.7  | 8.1    |           |         |          |          |       | 40.2  |            |         |
| Avg    | 2.3     | 4.0      | 9.5   | 22.8  | 13.6  | 6.4   | 4.8   | 4.3    | 2.4       | 2.1     | -0.3     | 2.0      | 0.7   | 5.6   |            |         |

| Revenue |         |          |       |       |       |       |       |        |           |         |          |          |  |            |         |
|---------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|--|------------|---------|
|         | January | February | March | April | May   | June  | July  | August | September | October | November | December |  | Total Year | Aug YTD |
| 2014    | -7.3    | 2.4      | 13.2  | 15.3  | 5.9   | 3.6   | 4.1   | 3.2    | 6.3       | 10.2    | -9.2     | 9.6      |  | 5.0        | 5.4     |
| 2015    | 0.2     | 4.7      | -0.4  | 15.1  | 6.8   | -0.6  | 4.6   | 1.9    | -0.3      | 1.6     | 9.9      | 4.9      |  | 4.1        | 4.3     |
| 2016    | 27.2    | 8.0      | 32.7  | -4.4  | 4.3   | 12.5  | 2.2   | 4.1    | 21.1      | 16.8    | 31.6     | 18.2     |  | 13.0       | 8.9     |
| 2017    | 11.1    | 13.1     | 3.4   | 1.5   | 9.0   | 8.9   | 13.2  | 34.9   | 24.4      | 15.5    | 11.7     | 24.1     |  | 14.0       | 11.8    |
| 2018    | 18.9    | 21.5     | 19.0  | 50.1  | 20.4  | 31.1  | 8.1   | -6.2   | 29.6      | 50.0    | 21.2     | 30.2     |  | 24.3       | 19.2    |
| 2019    | 16.6    | 15.9     | 21.3  | -3.1  | 21.3  | 6.7   | 8.5   | 11.6   | -17.0     | -32.3   | -15.8    | -15.6    |  | -1.0       | 11.6    |
| 2020    | -8.4    | -26.1    | -52.8 | -75.0 | -69.2 | -48.9 | -14.8 | -11.0  | -32.2     | -28.9   | -39.3    | -38.9    |  | -39.0      | -41.1   |
| 2021    | -23.2   | 1.0      | 56.0  | 225.5 | 153.9 | 71.1  | 43.7  | 21.5   |           |         |          |          |  |            | 49.0    |
| Avg     | 4.4     | 5.1      | 11.6  | 28.1  | 19.0  | 10.5  | 8.7   | 7.5    | 4.6       | 4.7     | 1.4      | 4.6      |  | 2.9        | 8.6     |

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Tab 4 - Percent Change from Previous Year - Detail by Year

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)

Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

|         | 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 | Aug YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -11.3  | -2.4   | 9.7    | 10.3   | 1.7    | -2.5   | -1.1   | 2.2    | 5.2    | 4.9    | -10.6  | 0.8    | 0.9        | 1.1     |
| ADR     | 4.5    | 4.9    | 3.2    | 4.5    | 4.1    | 6.3    | 5.2    | 1.0    | 1.1    | 5.1    | 1.6    | 8.7    | 4.1        | 4.3     |
| RevPAR  | -7.3   | 2.4    | 13.2   | 15.3   | 5.9    | 3.6    | 4.1    | 3.2    | 6.3    | 10.2   | -9.2   | 9.6    | 5.0        | 5.4     |
| 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  | -11.3  | -2.4   | 9.7    | 10.3   | 1.7    | -2.5   | -1.1   | 2.2    | 5.2    | 4.9    | -10.6  | 0.8    | 0.9        | 1.1     |
| Revenue | -7.3   | 2.4    | 13.2   | 15.3   | 5.9    | 3.6    | 4.1    | 3.2    | 6.3    | 10.2   | -9.2   | 9.6    | 5.0        | 5.4     |

|         | Jan 15 | Feb 15 | Mar 15 | Apr 15 | May 15 | Jun 15 | Jul 15 | Aug 15 | Sep 15 | Oct 15 | Nov 15 | Dec 15 | Total Year | Aug YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -5.7   | 1.2    | -1.3   | 6.4    | 2.5    | -0.4   | 1.2    | -2.9   | -1.6   | -0.2   | 6.4    | 0.1    | 0.6        | 0.4     |
| ADR     | 6.3    | 3.4    | 1.0    | 8.1    | 4.1    | -0.2   | 3.4    | 5.0    | 1.4    | 1.8    | 3.3    | 4.8    | 3.4        | 3.9     |
| RevPAR  | 0.2    | 4.7    | -0.4   | 15.1   | 6.8    | -0.6   | 4.6    | 1.9    | -0.3   | 1.6    | 9.9    | 4.9    | 4.1        | 4.3     |
| 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  | -5.7   | 1.2    | -1.3   | 6.4    | 2.5    | -0.4   | 1.2    | -2.9   | -1.6   | -0.2   | 6.4    | 0.1    | 0.6        | 0.4     |
| Revenue | 0.2    | 4.7    | -0.4   | 15.1   | 6.8    | -0.6   | 4.6    | 1.9    | -0.3   | 1.6    | 9.9    | 4.9    | 4.1        | 4.3     |

|         | Jan 16 | Feb 16 | Mar 16 | Apr 16 | May 16 | Jun 16 | Jul 16 | Aug 16 | Sep 16 | Oct 16 | Nov 16 | Dec 16 | Total Year | Aug YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | 25.9   | 6.3    | 26.0   | -2.1   | 1.2    | 6.8    | 0.9    | 1.4    | 9.2    | 7.8    | 23.5   | 14.1   | 8.7        | 6.7     |
| ADR     | 1.0    | 1.6    | 5.4    | -2.4   | 3.1    | 5.4    | 1.4    | 2.7    | 10.9   | 8.3    | 6.5    | 3.6    | 3.9        | 2.1     |
| RevPAR  | 27.2   | 8.0    | 32.7   | -4.4   | 4.3    | 12.5   | 2.2    | 4.1    | 21.1   | 16.8   | 31.6   | 18.2   | 13.0       | 8.9     |
| 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  | 25.9   | 6.3    | 26.0   | -2.1   | 1.2    | 6.8    | 0.9    | 1.4    | 9.2    | 7.8    | 23.5   | 14.1   | 8.7        | 6.7     |
| Revenue | 27.2   | 8.0    | 32.7   | -4.4   | 4.3    | 12.5   | 2.2    | 4.1    | 21.1   | 16.8   | 31.6   | 18.2   | 13.0       | 8.9     |

|         | Jan 17 | Feb 17 | Mar 17 | Apr 17 | May 17 | Jun 17 | Jul 17 | Aug 17 | Sep 17 | Oct 17 | Nov 17 | Dec 17 | Total Year | Aug YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | 7.9    | 7.7    | -0.5   | -4.0   | 3.4    | 2.6    | -15.3  | 4.4    | -3.8   | -8.6   | -12.3  | -4.4   | -2.8       | 0.0     |
| ADR     | 3.0    | 4.9    | 3.9    | 5.7    | 5.3    | 6.2    | 6.2    | 2.7    | 2.8    | 0.5    | 1.2    | 3.3    | 3.8        | 4.8     |
| RevPAR  | 11.1   | 13.1   | 3.4    | 1.5    | 9.0    | 8.9    | -10.0  | 7.3    | -1.0   | -8.2   | -11.2  | -1.3   | 0.9        | 4.9     |
| Supply  | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 25.7   | 25.7   | 25.7   | 25.7   | 25.7   | 25.7   | 13.0       | 6.6     |
| Demand  | 7.9    | 7.7    | -0.5   | -4.0   | 3.4    | 2.6    | 6.5    | 31.3   | 21.0   | 14.9   | 10.3   | 20.2   | 9.8        | 6.6     |
| Revenue | 11.1   | 13.1   | 3.4    | 1.5    | 9.0    | 8.9    | 13.2   | 34.9   | 24.4   | 15.5   | 11.7   | 24.1   | 14.0       | 11.8    |

|         | Jan 18 | Feb 18 | Mar 18 | Apr 18 | May 18 | Jun 18 | Jul 18 | Aug 18 | Sep 18 | Oct 18 | Nov 18 | Dec 18 | Total Year | Aug YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -8.3   | -3.8   | -6.2   | 15.6   | -3.8   | 2.5    | 9.7    | -5.4   | 19.1   | 38.5   | 16.6   | 25.7   | 8.5        | 0.3     |
| ADR     | 3.2    | 0.4    | 0.8    | 3.3    | -0.5   | 1.7    | -1.4   | -0.9   | 8.8    | 8.3    | 4.0    | 3.6    | 3.0        | 0.8     |
| RevPAR  | -5.4   | -3.4   | -5.4   | 19.4   | -4.3   | 4.2    | 8.1    | -6.2   | 29.6   | 50.0   | 21.2   | 30.2   | 11.7       | 1.0     |
| Supply  | 25.7   | 25.7   | 25.7   | 25.7   | 25.7   | 25.7   | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 11.3       | 18.0    |
| Demand  | 15.3   | 21.0   | 18.0   | 45.4   | 21.0   | 28.9   | 9.7    | -5.4   | 19.1   | 38.5   | 16.6   | 25.7   | 20.8       | 18.3    |
| Revenue | 18.9   | 21.5   | 19.0   | 50.1   | 20.4   | 31.1   | 8.1    | -6.2   | 29.6   | 50.0   | 21.2   | 30.2   | 24.3       | 19.2    |

|         | Jan 19 | Feb 19 | Mar 19 | Apr 19 | May 19 | Jun 19 | Jul 19 | Aug 19 | Sep 19 | Oct 19 | Nov 19 | Dec 19 | Total Year | Aug YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | 14.9   | 15.0   | 19.3   | -0.5   | 16.6   | 4.2    | 5.9    | 8.2    | -12.6  | -28.2  | -13.4  | -13.6  | -0.3       | 9.9     |
| ADR     | 1.4    | 0.8    | 1.7    | -2.6   | 4.1    | 2.4    | 2.4    | 3.1    | -5.0   | -5.8   | -2.8   | -2.4   | -0.8       | 1.6     |
| RevPAR  | 16.6   | 15.9   | 21.3   | -3.1   | 21.3   | 6.7    | 8.5    | 11.6   | -17.0  | -32.3  | -15.8  | -15.6  | -1.0       | 11.6    |
| 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  | 14.9   | 15.0   | 19.3   | -0.5   | 16.6   | 4.2    | 5.9    | 8.2    | -12.6  | -28.2  | -13.4  | -13.6  | -0.3       | 9.9     |
| Revenue | 16.6   | 15.9   | 21.3   | -3.1   | 21.3   | 6.7    | 8.5    | 11.6   | -17.0  | -32.3  | -15.8  | -15.6  | -1.0       | 11.6    |

|         | Jan 20 | Feb 20 | Mar 20 | Apr 20 | May 20 | Jun 20 | Jul 20 | Aug 20 | Sep 20 | Oct 20 | Nov 20 | Dec 20 | Total Year | Aug YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -7.8   | -25.9  | -52.2  | -73.3  | -65.7  | -44.8  | -13.1  | -8.6   | -23.8  | -23.3  | -34.8  | -33.2  | -35.6      | -38.8   |
| ADR     | -0.6   | -0.2   | -1.3   | -6.4   | -10.1  | -7.4   | -1.9   | -2.6   | -11.1  | -7.3   | -6.9   | -8.5   | -5.3       | -3.8    |
| RevPAR  | -8.4   | -26.1  | -52.8  | -75.0  | -69.2  | -48.9  | -14.8  | -11.0  | -32.2  | -28.9  | -39.3  | -38.9  | -39.0      | -41.1   |
| 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  | -7.8   | -25.9  | -52.2  | -73.3  | -65.7  | -44.8  | -13.1  | -8.6   | -23.8  | -23.3  | -34.8  | -33.2  | -35.6      | -38.8   |
| Revenue | -8.4   | -26.1  | -52.8  | -75.0  | -69.2  | -48.9  | -14.8  | -11.0  | -32.2  | -28.9  | -39.3  | -38.9  | -39.0      | -41.1   |

|         | Jan 21 | Feb 21 | Mar 21 | Apr 21 | May 21 | Jun 21 | Jul 21 | Aug 21 | Sep 21 | Oct 21 | Nov 21 | Dec 21 | Total Year | Aug YTD |
|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|------------|---------|
| Occ     | -20.4  | 8.9    | 57.3   | 199.8  | 127.9  | 56.5   | 28.7   | 8.1    |        |        |        |        |            | 40.2    |
| ADR     | -3.5   | -7.3   | -0.8   | 8.6    | 11.4   | 9.3    | 11.7   | 12.4   |        |        |        |        |            | 6.3     |
| RevPAR  | -23.2  | 1.0    | 56.0   | 225.5  | 153.9  | 71.1   | 43.7   | 21.5   |        |        |        |        |            | 49.0    |
| Supply  | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    | 0.0    |        |        |        |        |            | 0.0     |
| Demand  | -20.4  | 8.9    | 57.3   | 199.8  | 127.9  | 56.5   | 28.7   | 8.1    |        |        |        |        |            | 40.2    |
| Revenue | -23.2  | 1.0    | 56.0   | 225.5  | 153.9  | 71.1   | 43.7   | 21.5   |        |        |        |        |            | 49.0    |

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Tab 5 - Twelve Month Moving Average

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)

Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Occupancy (%) |         |          |       |       |      |      |      |        |           |         |          |          |
|---------------|---------|----------|-------|-------|------|------|------|--------|-----------|---------|----------|----------|
|               | January | February | March | April | May  | June | July | August | September | October | November | December |
| 2014          | 53.5    | 53.4     | 53.8  | 54.3  | 54.4 | 54.3 | 54.2 | 54.3   | 54.6      | 54.8    | 54.3     | 54.4     |
| 2015          | 54.2    | 54.2     | 54.2  | 54.5  | 54.6 | 54.6 | 54.7 | 54.5   | 54.4      | 54.4    | 54.7     | 54.7     |
| 2016          | 55.4    | 55.6     | 56.8  | 56.7  | 56.7 | 57.1 | 57.1 | 57.2   | 57.6      | 58.1    | 59.0     | 59.5     |
| 2017          | 59.8    | 60.0     | 60.0  | 59.8  | 60.0 | 60.1 | 59.2 | 59.5   | 59.4      | 59.0    | 58.3     | 57.8     |
| 2018          | 57.2    | 57.0     | 56.8  | 57.7  | 57.6 | 57.9 | 58.4 | 58.1   | 59.1      | 61.1    | 61.9     | 62.7     |
| 2019          | 63.2    | 63.8     | 64.8  | 64.8  | 65.7 | 65.9 | 66.2 | 66.7   | 65.9      | 63.8    | 63.1     | 62.6     |
| 2020          | 62.2    | 61.1     | 57.9  | 53.6  | 49.4 | 46.7 | 46.0 | 45.5   | 44.3      | 43.1    | 41.5     | 40.3     |
| 2021          | 39.5    | 39.8     | 41.5  | 44.6  | 47.4 | 49.3 | 50.6 | 51.0   |           |         |          |          |

| ADR (\$) |         |          |        |        |        |        |        |        |           |         |          |          |
|----------|---------|----------|--------|--------|--------|--------|--------|--------|-----------|---------|----------|----------|
|          | January | February | March  | April  | May    | June   | July   | August | September | October | November | December |
| 2014     | 86.12   | 86.39    | 86.60  | 86.96  | 87.30  | 87.82  | 88.28  | 88.36  | 88.46     | 88.89   | 89.00    | 89.38    |
| 2015     | 89.68   | 89.86    | 89.93  | 90.65  | 91.02  | 91.01  | 91.32  | 91.74  | 91.86     | 92.02   | 92.23    | 92.47    |
| 2016     | 92.47   | 92.55    | 92.93  | 92.71  | 93.00  | 93.45  | 93.58  | 93.81  | 94.71     | 95.47   | 95.94    | 96.09    |
| 2017     | 96.23   | 96.49    | 96.83  | 97.30  | 97.79  | 98.34  | 98.91  | 99.15  | 99.48     | 99.56   | 99.65    | 99.78    |
| 2018     | 99.90   | 99.86    | 99.90  | 100.24 | 100.24 | 100.43 | 100.31 | 100.23 | 101.25    | 102.28  | 102.58   | 102.73   |
| 2019     | 102.75  | 102.73   | 102.81 | 102.57 | 102.97 | 103.19 | 103.38 | 103.61 | 103.03    | 102.27  | 102.05   | 101.93   |
| 2020     | 101.93  | 102.04   | 102.11 | 102.08 | 101.18 | 100.39 | 100.14 | 99.84  | 98.51     | 97.65   | 97.05    | 96.54    |
| 2021     | 96.31   | 95.68    | 95.70  | 96.41  | 97.55  | 98.50  | 100.00 | 101.30 |           |         |          |          |

1.5%

| RevPAR (\$) |         |          |       |       |       |       |       |        |           |         |          |          |
|-------------|---------|----------|-------|-------|-------|-------|-------|--------|-----------|---------|----------|----------|
|             | January | February | March | April | May   | June  | July  | August | September | October | November | December |
| 2014        | 46.08   | 46.15    | 46.61 | 47.22 | 47.48 | 47.64 | 47.84 | 47.99  | 48.26     | 48.71   | 48.36    | 48.59    |
| 2015        | 48.59   | 48.73    | 48.72 | 49.41 | 49.73 | 49.70 | 49.93 | 50.02  | 50.01     | 50.09   | 50.44    | 50.57    |
| 2016        | 51.25   | 51.49    | 52.77 | 52.54 | 52.76 | 53.34 | 53.46 | 53.65  | 54.59     | 55.43   | 56.64    | 57.14    |
| 2017        | 57.50   | 57.93    | 58.11 | 58.18 | 58.66 | 59.13 | 58.55 | 58.99  | 59.06     | 58.70   | 58.11    | 57.68    |
| 2018        | 57.17   | 56.89    | 56.70 | 57.82 | 57.75 | 58.19 | 58.58 | 58.25  | 59.83     | 62.51   | 63.46    | 64.43    |
| 2019        | 64.99   | 65.56    | 66.64 | 66.45 | 67.63 | 68.03 | 68.48 | 69.06  | 67.88     | 65.28   | 64.42    | 63.77    |
| 2020        | 63.44   | 62.34    | 59.11 | 54.68 | 50.03 | 46.92 | 46.09 | 45.47  | 43.62     | 42.04   | 40.25    | 38.87    |
| 2021        | 38.05   | 38.08    | 39.70 | 43.02 | 46.21 | 48.52 | 50.63 | 51.70  |           |         |          |          |

| Supply |         |          |         |         |         |         |         |         |           |         |          |          |
|--------|---------|----------|---------|---------|---------|---------|---------|---------|-----------|---------|----------|----------|
|        | January | February | March   | April   | May     | June    | July    | August  | September | October | November | December |
| 2014   | 121,910 | 121,910  | 121,910 | 121,910 | 121,910 | 121,910 | 121,910 | 121,910 | 121,910   | 121,910 | 121,910  | 121,910  |
| 2015   | 121,910 | 121,910  | 121,910 | 121,910 | 121,910 | 121,910 | 121,910 | 121,910 | 121,910   | 121,910 | 121,910  | 121,910  |
| 2016   | 121,910 | 121,910  | 121,910 | 121,910 | 121,910 | 121,910 | 121,910 | 121,910 | 121,910   | 121,910 | 121,910  | 121,910  |
| 2017   | 121,910 | 121,910  | 121,910 | 121,910 | 121,910 | 121,910 | 124,576 | 127,242 | 129,822   | 132,488 | 135,068  | 137,734  |
| 2018   | 140,400 | 142,808  | 145,474 | 148,054 | 150,720 | 153,300 | 153,300 | 153,300 | 153,300   | 153,300 | 153,300  | 153,300  |
| 2019   | 153,300 | 153,300  | 153,300 | 153,300 | 153,300 | 153,300 | 153,300 | 153,300 | 153,300   | 153,300 | 153,300  | 153,300  |
| 2020   | 153,300 | 153,300  | 153,300 | 153,300 | 153,300 | 153,300 | 153,300 | 153,300 | 153,300   | 153,300 | 153,300  | 153,300  |
| 2021   | 153,300 | 153,300  | 153,300 | 153,300 | 153,300 | 153,300 | 153,300 | 153,300 |           |         |          |          |

| Demand |         |          |        |        |         |         |         |         |           |         |          |          |
|--------|---------|----------|--------|--------|---------|---------|---------|---------|-----------|---------|----------|----------|
|        | January | February | March  | April  | May     | June    | July    | August  | September | October | November | December |
| 2014   | 65,233  | 65,132   | 65,610 | 66,194 | 66,303  | 66,141  | 66,069  | 66,208  | 66,505    | 66,807  | 66,241   | 66,272   |
| 2015   | 66,063  | 66,115   | 66,044 | 66,445 | 66,606  | 66,578  | 66,657  | 66,470  | 66,371    | 66,360  | 66,664   | 66,667   |
| 2016   | 67,563  | 67,829   | 69,218 | 69,080 | 69,156  | 69,583  | 69,641  | 69,727  | 70,272    | 70,783  | 71,974   | 72,500   |
| 2017   | 72,842  | 73,191   | 73,160 | 72,900 | 73,126  | 73,300  | 73,745  | 75,708  | 77,070    | 78,119  | 78,764   | 79,625   |
| 2018   | 80,342  | 81,362   | 82,570 | 85,400 | 86,834  | 88,825  | 89,527  | 89,085  | 90,586    | 93,692  | 94,834   | 96,150   |
| 2019   | 96,957  | 97,836   | 99,366 | 99,324 | 100,690 | 101,066 | 101,540 | 102,179 | 101,001   | 97,854  | 96,778   | 95,903   |
| 2020   | 95,416  | 93,664   | 88,735 | 82,118 | 75,797  | 71,653  | 70,550  | 69,822  | 67,880    | 66,005  | 63,580   | 61,731   |
| 2021   | 60,563  | 61,008   | 63,597 | 68,409 | 72,626  | 75,510  | 77,614  | 78,236  |           |         |          |          |

| Revenue (\$) |           |            |            |            |            |            |            |            |            |            |           |           |
|--------------|-----------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-----------|-----------|
|              | January   | February   | March      | April      | May        | June       | July       | August     | September  | October    | November  | December  |
| 2014         | 5,618,050 | 5,626,627  | 5,682,094  | 5,756,108  | 5,788,455  | 5,808,254  | 5,832,400  | 5,850,332  | 5,882,868  | 5,938,301  | 5,895,454 | 5,923,597 |
| 2015         | 5,924,214 | 5,941,158  | 5,939,460  | 6,023,345  | 6,062,752  | 6,059,168  | 6,087,437  | 6,098,225  | 6,096,843  | 6,106,601  | 6,148,675 | 6,164,476 |
| 2016         | 6,247,377 | 6,277,390  | 6,432,677  | 6,404,589  | 6,431,503  | 6,502,574  | 6,516,883  | 6,540,794  | 6,655,279  | 6,757,874  | 6,905,294 | 6,966,375 |
| 2017         | 7,009,292 | 7,062,237  | 7,083,775  | 7,092,896  | 7,150,960  | 7,208,023  | 7,294,127  | 7,506,408  | 7,667,206  | 7,777,350  | 7,849,002 | 7,944,879 |
| 2018         | 8,026,406 | 8,124,861  | 8,248,579  | 8,560,204  | 8,704,239  | 8,920,406  | 8,980,201  | 8,929,129  | 9,171,441  | 9,582,608  | 9,728,242 | 9,877,406 |
| 2019         | 9,962,279 | 10,050,657 | 10,215,795 | 10,187,205 | 10,368,403 | 10,429,382 | 10,497,453 | 10,586,483 | 10,406,146 | 10,007,689 | 9,876,262 | 9,775,785 |
| 2020         | 9,725,539 | 9,557,280  | 9,061,136  | 8,382,426  | 7,668,891  | 7,193,064  | 7,064,972  | 6,970,699  | 6,686,668  | 6,445,230  | 6,170,188 | 5,959,379 |
| 2021         | 5,832,652 | 5,837,328  | 6,086,181  | 6,595,577  | 7,084,395  | 7,437,619  | 7,761,228  | 7,925,653  |            |            |           |           |

High value is boxed.

Low value is boxed and italicized.

# Tab 6 - Twelve Month Moving Average with Percent Change

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date   | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg |
| Jan 14 | 53.5      |       | 86.12     |       | 46.08     |       | 121,910   |       | 65,233    |       | 5,618,050 |       |
| Feb 14 | 53.4      |       | 86.39     |       | 46.15     |       | 121,910   |       | 65,132    |       | 5,626,627 |       |
| Mar 14 | 53.8      |       | 86.60     |       | 46.61     |       | 121,910   |       | 65,610    |       | 5,682,094 |       |
| Apr 14 | 54.3      |       | 86.96     |       | 47.22     |       | 121,910   |       | 66,194    |       | 5,756,108 |       |
| May 14 | 54.4      |       | 87.30     |       | 47.48     |       | 121,910   |       | 66,303    |       | 5,788,455 |       |
| Jun 14 | 54.3      |       | 87.82     |       | 47.64     |       | 121,910   |       | 66,141    |       | 5,808,254 |       |
| Jul 14 | 54.2      |       | 88.28     |       | 47.84     |       | 121,910   |       | 66,069    |       | 5,832,400 |       |
| Aug 14 | 54.3      |       | 88.36     |       | 47.99     |       | 121,910   |       | 66,208    |       | 5,850,332 |       |
| Sep 14 | 54.6      |       | 88.46     |       | 48.26     |       | 121,910   |       | 66,505    |       | 5,882,868 |       |
| Oct 14 | 54.8      |       | 88.89     |       | 48.71     |       | 121,910   |       | 66,807    |       | 5,938,301 |       |
| Nov 14 | 54.3      |       | 89.00     |       | 48.36     |       | 121,910   |       | 66,241    |       | 5,895,454 |       |
| Dec 14 | 54.4      | 0.9   | 89.38     | 4.1   | 48.59     | 5.0   | 121,910   | 0.0   | 66,272    | 0.9   | 5,923,597 | 5.0   |
| Jan 15 | 54.2      | 1.3   | 89.68     | 4.1   | 48.59     | 5.4   | 121,910   | 0.0   | 66,063    | 1.3   | 5,924,214 | 5.4   |
| Feb 15 | 54.2      | 1.5   | 89.86     | 4.0   | 48.73     | 5.6   | 121,910   | 0.0   | 66,115    | 1.5   | 5,941,158 | 5.6   |
| Mar 15 | 54.2      | 0.7   | 89.93     | 3.8   | 48.72     | 4.5   | 121,910   | 0.0   | 66,044    | 0.7   | 5,939,460 | 4.5   |
| Apr 15 | 54.5      | 0.4   | 90.65     | 4.2   | 49.41     | 4.6   | 121,910   | 0.0   | 66,445    | 0.4   | 6,023,345 | 4.6   |
| May 15 | 54.6      | 0.5   | 91.02     | 4.3   | 49.73     | 4.7   | 121,910   | 0.0   | 66,606    | 0.5   | 6,062,752 | 4.7   |
| Jun 15 | 54.6      | 0.7   | 91.01     | 3.6   | 49.70     | 4.3   | 121,910   | 0.0   | 66,578    | 0.7   | 6,059,168 | 4.3   |
| Jul 15 | 54.7      | 0.9   | 91.32     | 3.5   | 49.93     | 4.4   | 121,910   | 0.0   | 66,657    | 0.9   | 6,087,437 | 4.4   |
| Aug 15 | 54.5      | 0.4   | 91.74     | 3.8   | 50.02     | 4.2   | 121,910   | 0.0   | 66,470    | 0.4   | 6,098,225 | 4.2   |
| Sep 15 | 54.4      | -0.2  | 91.86     | 3.8   | 50.01     | 3.6   | 121,910   | 0.0   | 66,371    | -0.2  | 6,096,843 | 3.6   |
| Oct 15 | 54.4      | -0.7  | 92.02     | 3.5   | 50.09     | 2.8   | 121,910   | 0.0   | 66,360    | -0.7  | 6,106,601 | 2.8   |
| Nov 15 | 54.7      | 0.6   | 92.23     | 3.6   | 50.44     | 4.3   | 121,910   | 0.0   | 66,664    | 0.6   | 6,148,675 | 4.3   |
| Dec 15 | 54.7      | 0.6   | 92.47     | 3.4   | 50.57     | 4.1   | 121,910   | 0.0   | 66,667    | 0.6   | 6,164,476 | 4.1   |
| Jan 16 | 55.4      | 2.3   | 92.47     | 3.1   | 51.25     | 5.5   | 121,910   | 0.0   | 67,563    | 2.3   | 6,247,377 | 5.5   |
| Feb 16 | 55.6      | 2.6   | 92.55     | 3.0   | 51.49     | 5.7   | 121,910   | 0.0   | 67,829    | 2.6   | 6,277,390 | 5.7   |
| Mar 16 | 56.8      | 4.8   | 92.93     | 3.3   | 52.77     | 8.3   | 121,910   | 0.0   | 69,218    | 4.8   | 6,432,677 | 8.3   |
| Apr 16 | 56.7      | 4.0   | 92.71     | 2.3   | 52.54     | 6.3   | 121,910   | 0.0   | 69,080    | 4.0   | 6,404,589 | 6.3   |
| May 16 | 56.7      | 3.8   | 93.00     | 2.2   | 52.76     | 6.1   | 121,910   | 0.0   | 69,156    | 3.8   | 6,431,503 | 6.1   |
| Jun 16 | 57.1      | 4.5   | 93.45     | 2.7   | 53.34     | 7.3   | 121,910   | 0.0   | 69,583    | 4.5   | 6,502,574 | 7.3   |
| Jul 16 | 57.1      | 4.5   | 93.58     | 2.5   | 53.46     | 7.1   | 121,910   | 0.0   | 69,641    | 4.5   | 6,516,883 | 7.1   |
| Aug 16 | 57.2      | 4.9   | 93.81     | 2.2   | 53.65     | 7.3   | 121,910   | 0.0   | 69,727    | 4.9   | 6,540,794 | 7.3   |
| Sep 16 | 57.6      | 5.9   | 94.71     | 3.1   | 54.59     | 9.2   | 121,910   | 0.0   | 70,272    | 5.9   | 6,655,279 | 9.2   |
| Oct 16 | 58.1      | 6.7   | 95.47     | 3.7   | 55.43     | 10.7  | 121,910   | 0.0   | 70,783    | 6.7   | 6,757,874 | 10.7  |
| Nov 16 | 59.0      | 8.0   | 95.94     | 4.0   | 56.64     | 12.3  | 121,910   | 0.0   | 71,974    | 8.0   | 6,905,294 | 12.3  |
| Dec 16 | 59.5      | 8.7   | 96.09     | 3.9   | 57.14     | 13.0  | 121,910   | 0.0   | 72,500    | 8.7   | 6,966,375 | 13.0  |
| Jan 17 | 59.8      | 7.8   | 96.23     | 4.1   | 57.50     | 12.2  | 121,910   | 0.0   | 72,842    | 7.8   | 7,009,292 | 12.2  |
| Feb 17 | 60.0      | 7.9   | 96.49     | 4.3   | 57.93     | 12.5  | 121,910   | 0.0   | 73,191    | 7.9   | 7,062,237 | 12.5  |
| Mar 17 | 60.0      | 5.7   | 96.83     | 4.2   | 58.11     | 10.1  | 121,910   | 0.0   | 73,160    | 5.7   | 7,083,775 | 10.1  |
| Apr 17 | 59.8      | 5.5   | 97.30     | 4.9   | 58.18     | 10.7  | 121,910   | 0.0   | 72,900    | 5.5   | 7,092,896 | 10.7  |
| May 17 | 60.0      | 5.7   | 97.79     | 5.2   | 58.66     | 11.2  | 121,910   | 0.0   | 73,126    | 5.7   | 7,150,960 | 11.2  |
| Jun 17 | 60.1      | 5.3   | 98.34     | 5.2   | 59.13     | 10.8  | 121,910   | 0.0   | 73,300    | 5.3   | 7,208,023 | 10.8  |
| Jul 17 | 59.2      | 3.6   | 98.91     | 5.7   | 58.55     | 9.5   | 124,576   | 2.2   | 73,745    | 5.9   | 7,294,127 | 11.9  |
| Aug 17 | 59.5      | 4.0   | 99.15     | 5.7   | 58.99     | 10.0  | 127,242   | 4.4   | 75,708    | 8.6   | 7,506,408 | 14.8  |
| Sep 17 | 59.4      | 3.0   | 99.48     | 5.0   | 59.06     | 8.2   | 129,822   | 6.5   | 77,070    | 9.7   | 7,667,206 | 15.2  |

# Tab 6 - Twelve Month Moving Average with Percent Change

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date   | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue    |       |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|------------|-------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year  | % Chg |
| Oct 17 | 59.0      | 1.6   | 99.56     | 4.3   | 58.70     | 5.9   | 132,488   | 8.7   | 78,119    | 10.4  | 7,777,350  | 15.1  |
| Nov 17 | 58.3      | -1.2  | 99.65     | 3.9   | 58.11     | 2.6   | 135,068   | 10.8  | 78,764    | 9.4   | 7,849,002  | 13.7  |
| Dec 17 | 57.8      | -2.8  | 99.78     | 3.8   | 57.68     | 0.9   | 137,734   | 13.0  | 79,625    | 9.8   | 7,944,879  | 14.0  |
| Jan 18 | 57.2      | -4.2  | 99.90     | 3.8   | 57.17     | -0.6  | 140,400   | 15.2  | 80,342    | 10.3  | 8,026,406  | 14.5  |
| Feb 18 | 57.0      | -5.1  | 99.86     | 3.5   | 56.89     | -1.8  | 142,808   | 17.1  | 81,362    | 11.2  | 8,124,861  | 15.0  |
| Mar 18 | 56.8      | -5.4  | 99.90     | 3.2   | 56.70     | -2.4  | 145,474   | 19.3  | 82,570    | 12.9  | 8,248,579  | 16.4  |
| Apr 18 | 57.7      | -3.5  | 100.24    | 3.0   | 57.82     | -0.6  | 148,054   | 21.4  | 85,400    | 17.1  | 8,560,204  | 20.7  |
| May 18 | 57.6      | -4.0  | 100.24    | 2.5   | 57.75     | -1.5  | 150,720   | 23.6  | 86,834    | 18.7  | 8,704,239  | 21.7  |
| Jun 18 | 57.9      | -3.6  | 100.43    | 2.1   | 58.19     | -1.6  | 153,300   | 25.7  | 88,825    | 21.2  | 8,920,406  | 23.8  |
| Jul 18 | 58.4      | -1.3  | 100.31    | 1.4   | 58.58     | 0.0   | 153,300   | 23.1  | 89,527    | 21.4  | 8,980,201  | 23.1  |
| Aug 18 | 58.1      | -2.3  | 100.23    | 1.1   | 58.25     | -1.3  | 153,300   | 20.5  | 89,085    | 17.7  | 8,929,129  | 19.0  |
| Sep 18 | 59.1      | -0.5  | 101.25    | 1.8   | 59.83     | 1.3   | 153,300   | 18.1  | 90,586    | 17.5  | 9,171,441  | 19.6  |
| Oct 18 | 61.1      | 3.7   | 102.28    | 2.7   | 62.51     | 6.5   | 153,300   | 15.7  | 93,692    | 19.9  | 9,582,608  | 23.2  |
| Nov 18 | 61.9      | 6.1   | 102.58    | 2.9   | 63.46     | 9.2   | 153,300   | 13.5  | 94,834    | 20.4  | 9,728,242  | 23.9  |
| Dec 18 | 62.7      | 8.5   | 102.73    | 3.0   | 64.43     | 11.7  | 153,300   | 11.3  | 96,150    | 20.8  | 9,877,406  | 24.3  |
| Jan 19 | 63.2      | 10.5  | 102.75    | 2.8   | 64.99     | 13.7  | 153,300   | 9.2   | 96,957    | 20.7  | 9,962,279  | 24.1  |
| Feb 19 | 63.8      | 12.0  | 102.73    | 2.9   | 65.56     | 15.2  | 153,300   | 7.3   | 97,836    | 20.2  | 10,050,657 | 23.7  |
| Mar 19 | 64.8      | 14.2  | 102.81    | 2.9   | 66.64     | 17.5  | 153,300   | 5.4   | 99,366    | 20.3  | 10,215,795 | 23.8  |
| Apr 19 | 64.8      | 12.3  | 102.57    | 2.3   | 66.45     | 14.9  | 153,300   | 3.5   | 99,324    | 16.3  | 10,187,205 | 19.0  |
| May 19 | 65.7      | 14.0  | 102.97    | 2.7   | 67.63     | 17.1  | 153,300   | 1.7   | 100,690   | 16.0  | 10,368,403 | 19.1  |
| Jun 19 | 65.9      | 13.8  | 103.19    | 2.8   | 68.03     | 16.9  | 153,300   | 0.0   | 101,066   | 13.8  | 10,429,382 | 16.9  |
| Jul 19 | 66.2      | 13.4  | 103.38    | 3.1   | 68.48     | 16.9  | 153,300   | 0.0   | 101,540   | 13.4  | 10,497,453 | 16.9  |
| Aug 19 | 66.7      | 14.7  | 103.61    | 3.4   | 69.06     | 18.6  | 153,300   | 0.0   | 102,179   | 14.7  | 10,586,483 | 18.6  |
| Sep 19 | 65.9      | 11.5  | 103.03    | 1.8   | 67.88     | 13.5  | 153,300   | 0.0   | 101,001   | 11.5  | 10,406,146 | 13.5  |
| Oct 19 | 63.8      | 4.4   | 102.27    | -0.0  | 65.28     | 4.4   | 153,300   | 0.0   | 97,854    | 4.4   | 10,007,689 | 4.4   |
| Nov 19 | 63.1      | 2.0   | 102.05    | -0.5  | 64.42     | 1.5   | 153,300   | 0.0   | 96,778    | 2.0   | 9,876,262  | 1.5   |
| Dec 19 | 62.6      | -0.3  | 101.93    | -0.8  | 63.77     | -1.0  | 153,300   | 0.0   | 95,903    | -0.3  | 9,775,785  | -1.0  |
| Jan 20 | 62.2      | -1.6  | 101.93    | -0.8  | 63.44     | -2.4  | 153,300   | 0.0   | 95,416    | -1.6  | 9,725,539  | -2.4  |
| Feb 20 | 61.1      | -4.3  | 102.04    | -0.7  | 62.34     | -4.9  | 153,300   | 0.0   | 93,664    | -4.3  | 9,557,280  | -4.9  |
| Mar 20 | 57.9      | -10.7 | 102.11    | -0.7  | 59.11     | -11.3 | 153,300   | 0.0   | 88,735    | -10.7 | 9,061,136  | -11.3 |
| Apr 20 | 53.6      | -17.3 | 102.08    | -0.5  | 54.68     | -17.7 | 153,300   | 0.0   | 82,118    | -17.3 | 8,382,426  | -17.7 |
| May 20 | 49.4      | -24.7 | 101.18    | -1.7  | 50.03     | -26.0 | 153,300   | 0.0   | 75,797    | -24.7 | 7,668,891  | -26.0 |
| Jun 20 | 46.7      | -29.1 | 100.39    | -2.7  | 46.92     | -31.0 | 153,300   | 0.0   | 71,653    | -29.1 | 7,193,064  | -31.0 |
| Jul 20 | 46.0      | -30.5 | 100.14    | -3.1  | 46.09     | -32.7 | 153,300   | 0.0   | 70,550    | -30.5 | 7,064,972  | -32.7 |
| Aug 20 | 45.5      | -31.7 | 99.84     | -3.6  | 45.47     | -34.2 | 153,300   | 0.0   | 69,822    | -31.7 | 6,970,699  | -34.2 |
| Sep 20 | 44.3      | -32.8 | 98.51     | -4.4  | 43.62     | -35.7 | 153,300   | 0.0   | 67,880    | -32.8 | 6,686,668  | -35.7 |
| Oct 20 | 43.1      | -32.5 | 97.65     | -4.5  | 42.04     | -35.6 | 153,300   | 0.0   | 66,005    | -32.5 | 6,445,230  | -35.6 |
| Nov 20 | 41.5      | -34.3 | 97.05     | -4.9  | 40.25     | -37.5 | 153,300   | 0.0   | 63,580    | -34.3 | 6,170,188  | -37.5 |
| Dec 20 | 40.3      | -35.6 | 96.54     | -5.3  | 38.87     | -39.0 | 153,300   | 0.0   | 61,731    | -35.6 | 5,959,379  | -39.0 |
| Jan 21 | 39.5      | -36.5 | 96.31     | -5.5  | 38.05     | -40.0 | 153,300   | 0.0   | 60,563    | -36.5 | 5,832,652  | -40.0 |
| Feb 21 | 39.8      | -34.9 | 95.68     | -6.2  | 38.08     | -38.9 | 153,300   | 0.0   | 61,008    | -34.9 | 5,837,328  | -38.9 |
| Mar 21 | 41.5      | -28.3 | 95.70     | -6.3  | 39.70     | -32.8 | 153,300   | 0.0   | 63,597    | -28.3 | 6,086,181  | -32.8 |
| Apr 21 | 44.6      | -16.7 | 96.41     | -5.5  | 43.02     | -21.3 | 153,300   | 0.0   | 68,409    | -16.7 | 6,595,577  | -21.3 |
| May 21 | 47.4      | -4.2  | 97.55     | -3.6  | 46.21     | -7.6  | 153,300   | 0.0   | 72,626    | -4.2  | 7,084,395  | -7.6  |
| Jun 21 | 49.3      | 5.4   | 98.50     | -1.9  | 48.52     | 3.4   | 153,300   | 0.0   | 75,510    | 5.4   | 7,437,619  | 3.4   |

# Tab 6 - Twelve Month Moving Average with Percent Change

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date   | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg |
| Jul 21 | 50.6      | 10.0  | 100.00    | -0.1  | 50.63     | 9.9   | 153,300   | 0.0   | 77,614    | 10.0  | 7,761,228 | 9.9   |
| Aug 21 | 51.0      | 12.1  | 101.30    | 1.5   | 51.70     | 13.7  | 153,300   | 0.0   | 78,236    | 12.1  | 7,925,653 | 13.7  |

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Tab 7 - Day of Week Analysis

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)

Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Occupancy (%) |      |      |      |      |      |      |      | Total Month |
|---------------|------|------|------|------|------|------|------|-------------|
|               | Sun  | Mon  | Tue  | Wed  | Thu  | Fri  | Sat  |             |
| Sep - 20      | 37.0 | 41.5 | 48.6 | 47.2 | 45.2 | 59.4 | 67.4 | 49.4        |
| Oct - 20      | 30.2 | 39.3 | 48.1 | 48.0 | 46.8 | 55.0 | 58.9 | 47.3        |
| Nov - 20      | 25.9 | 36.6 | 39.3 | 38.6 | 35.5 | 40.4 | 38.5 | 36.0        |
| Dec - 20      | 21.1 | 28.7 | 31.1 | 29.1 | 26.1 | 32.1 | 31.3 | 28.5        |
| Jan - 21      | 29.6 | 36.4 | 39.3 | 39.1 | 31.9 | 33.2 | 37.1 | 35.0        |
| Feb - 21      | 35.7 | 53.5 | 57.6 | 53.9 | 46.7 | 36.5 | 40.2 | 46.3        |
| Mar - 21      | 32.9 | 45.2 | 51.9 | 56.0 | 56.5 | 68.5 | 73.9 | 54.6        |
| Apr - 21      | 37.2 | 46.6 | 52.3 | 54.6 | 54.4 | 74.8 | 77.5 | 57.3        |
| May - 21      | 38.7 | 43.2 | 51.8 | 50.2 | 60.7 | 79.8 | 81.9 | 57.7        |
| Jun - 21      | 42.9 | 57.0 | 60.4 | 61.0 | 57.5 | 82.7 | 83.5 | 63.4        |
| Jul - 21      | 59.9 | 61.4 | 71.4 | 73.3 | 67.7 | 85.5 | 84.0 | 72.6        |
| Aug - 21      | 41.0 | 61.7 | 65.9 | 66.7 | 62.4 | 77.5 | 78.1 | 63.9        |
| Total Year    | 35.8 | 46.0 | 51.5 | 51.2 | 49.2 | 60.6 | 62.9 | 51.0        |

| Three Year Occupancy (%) |      |      |      |      |      |      |      | Total Year |
|--------------------------|------|------|------|------|------|------|------|------------|
|                          | Sun  | Mon  | Tue  | Wed  | Thu  | Fri  | Sat  |            |
| Sep 18 - Aug 19          | 41.3 | 64.4 | 73.2 | 73.1 | 62.9 | 75.5 | 75.9 | 66.7       |
| Sep 19 - Aug 20          | 29.6 | 44.6 | 49.6 | 48.4 | 41.9 | 51.1 | 53.9 | 45.5       |
| Sep 20 - Aug 21          | 35.8 | 46.0 | 51.5 | 51.2 | 49.2 | 60.6 | 62.9 | 51.0       |
| Total 3 Yr               | 35.6 | 51.6 | 58.1 | 57.6 | 51.4 | 62.4 | 64.3 | 54.4       |

| ADR        |        |        |        |        |        |        |        | Total Month |
|------------|--------|--------|--------|--------|--------|--------|--------|-------------|
|            | Sun    | Mon    | Tue    | Wed    | Thu    | Fri    | Sat    |             |
| Sep - 20   | 92.06  | 93.12  | 93.43  | 92.98  | 93.05  | 101.20 | 101.82 | 95.92       |
| Oct - 20   | 94.09  | 94.18  | 96.14  | 94.84  | 92.81  | 98.32  | 100.82 | 96.41       |
| Nov - 20   | 92.62  | 93.03  | 92.48  | 92.26  | 93.23  | 94.82  | 96.24  | 93.54       |
| Dec - 20   | 84.85  | 87.00  | 90.23  | 90.58  | 89.93  | 88.09  | 91.20  | 89.14       |
| Jan - 21   | 89.16  | 90.37  | 88.30  | 90.07  | 90.63  | 97.50  | 97.41  | 92.18       |
| Feb - 21   | 88.61  | 86.07  | 86.04  | 86.12  | 84.29  | 96.24  | 96.13  | 88.49       |
| Mar - 21   | 94.98  | 94.05  | 95.42  | 95.22  | 97.48  | 100.57 | 102.33 | 97.49       |
| Apr - 21   | 96.49  | 95.15  | 95.88  | 96.90  | 98.60  | 109.64 | 109.37 | 101.84      |
| May - 21   | 99.06  | 97.05  | 97.10  | 99.26  | 108.19 | 120.16 | 115.32 | 107.34      |
| Jun - 21   | 101.95 | 100.94 | 100.00 | 100.95 | 101.32 | 115.14 | 118.28 | 106.45      |
| Jul - 21   | 105.92 | 106.64 | 108.21 | 106.69 | 112.58 | 118.28 | 121.24 | 112.60      |
| Aug - 21   | 105.89 | 103.03 | 105.93 | 108.39 | 106.55 | 123.03 | 125.24 | 111.60      |
| Total Year | 96.91  | 96.10  | 96.90  | 97.21  | 99.17  | 108.46 | 109.39 | 101.30      |

| Three Year ADR  |       |        |        |        |        |        |        | Total Year |
|-----------------|-------|--------|--------|--------|--------|--------|--------|------------|
|                 | Sun   | Mon    | Tue    | Wed    | Thu    | Fri    | Sat    |            |
| Sep 18 - Aug 19 | 98.06 | 100.67 | 100.79 | 101.42 | 102.28 | 109.44 | 109.13 | 103.61     |
| Sep 19 - Aug 20 | 96.68 | 96.17  | 97.22  | 97.98  | 98.57  | 104.95 | 104.91 | 99.84      |
| Sep 20 - Aug 21 | 96.91 | 96.10  | 96.90  | 97.21  | 99.17  | 108.46 | 109.39 | 101.30     |
| Total 3 Yr      | 97.29 | 98.01  | 98.62  | 99.21  | 100.28 | 107.90 | 108.05 | 101.83     |

98.68107.979.4%

| RevPAR     |       |       |       |       |       |        |        | Total Month |
|------------|-------|-------|-------|-------|-------|--------|--------|-------------|
|            | Sun   | Mon   | Tue   | Wed   | Thu   | Fri    | Sat    |             |
| Sep - 20   | 34.09 | 38.69 | 45.38 | 43.88 | 42.10 | 60.12  | 68.67  | 47.36       |
| Oct - 20   | 28.40 | 37.06 | 46.24 | 45.56 | 43.40 | 54.03  | 59.39  | 45.58       |
| Nov - 20   | 23.95 | 34.02 | 36.33 | 35.64 | 33.07 | 38.27  | 37.06  | 33.71       |
| Dec - 20   | 17.91 | 24.98 | 28.10 | 26.37 | 23.44 | 28.29  | 28.56  | 25.43       |
| Jan - 21   | 26.35 | 32.90 | 34.71 | 35.19 | 28.92 | 32.37  | 36.12  | 32.29       |
| Feb - 21   | 31.61 | 46.06 | 49.55 | 46.44 | 39.38 | 35.13  | 38.67  | 40.98       |
| Mar - 21   | 31.27 | 42.54 | 49.48 | 53.28 | 55.12 | 68.84  | 75.59  | 53.22       |
| Apr - 21   | 35.92 | 44.33 | 50.13 | 52.90 | 53.63 | 82.05  | 84.80  | 58.36       |
| May - 21   | 38.35 | 41.92 | 50.34 | 49.81 | 65.62 | 95.91  | 94.45  | 61.95       |
| Jun - 21   | 43.69 | 57.50 | 60.38 | 61.63 | 58.26 | 95.19  | 98.77  | 67.46       |
| Jul - 21   | 63.43 | 65.51 | 77.23 | 78.18 | 76.18 | 101.10 | 101.78 | 81.70       |
| Aug - 21   | 43.36 | 63.53 | 69.82 | 72.26 | 66.46 | 95.34  | 97.80  | 71.32       |
| Total Year | 34.72 | 44.20 | 49.88 | 49.80 | 48.83 | 65.69  | 68.82  | 51.70       |

| Three Year RevPAR |       |       |       |       |       |       |       | Total Year |
|-------------------|-------|-------|-------|-------|-------|-------|-------|------------|
|                   | Sun   | Mon   | Tue   | Wed   | Thu   | Fri   | Sat   |            |
| Sep 18 - Aug 19   | 40.54 | 64.81 | 73.82 | 74.12 | 64.38 | 82.66 | 82.81 | 69.06      |
| Sep 19 - Aug 20   | 28.64 | 42.93 | 48.24 | 47.38 | 41.33 | 53.61 | 56.54 | 45.47      |
| Sep 20 - Aug 21   | 34.72 | 44.20 | 49.88 | 49.80 | 48.83 | 65.69 | 68.82 | 51.70      |
| Total 3 Yr        | 34.60 | 50.60 | 57.28 | 57.11 | 51.52 | 67.33 | 69.49 | 55.41      |

Tab 8 - Raw Data

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date   | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       | Census & Sample % |              |                           |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-------------------|--------------|---------------------------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props      | Census Rooms | % Rooms STAR Participants |
| Jan 13 | 39.9      |       | 79.57     |       | 31.75     |       | 10,354    |       | 4,131     |       | 328,709   |       | 4                 | 334          | 100.0                     |
| Feb 13 | 45.9      |       | 81.66     |       | 37.44     |       | 9,352     |       | 4,288     |       | 350,172   |       | 4                 | 334          | 100.0                     |
| Mar 13 | 47.8      |       | 85.09     |       | 40.64     |       | 10,354    |       | 4,945     |       | 420,769   |       | 4                 | 334          | 100.0                     |
| Apr 13 | 56.4      |       | 85.43     |       | 48.17     |       | 10,020    |       | 5,650     |       | 482,659   |       | 4                 | 334          | 100.0                     |
| May 13 | 60.3      |       | 87.94     |       | 53.05     |       | 10,354    |       | 6,246     |       | 549,290   |       | 4                 | 334          | 100.0                     |
| Jun 13 | 64.5      |       | 85.21     |       | 55.00     |       | 10,020    |       | 6,467     |       | 551,078   |       | 4                 | 334          | 100.0                     |
| Jul 13 | 65.3      |       | 86.91     |       | 56.74     |       | 10,354    |       | 6,760     |       | 587,510   |       | 4                 | 334          | 100.0                     |
| Aug 13 | 60.2      |       | 89.20     |       | 53.66     |       | 10,354    |       | 6,229     |       | 555,620   |       | 4                 | 334          | 100.0                     |
| Sep 13 | 57.2      |       | 89.33     |       | 51.14     |       | 10,020    |       | 5,736     |       | 512,405   |       | 4                 | 334          | 100.0                     |
| Oct 13 | 60.1      |       | 87.49     |       | 52.57     |       | 10,354    |       | 6,221     |       | 544,275   |       | 4                 | 334          | 100.0                     |
| Nov 13 | 53.2      |       | 87.74     |       | 46.64     |       | 10,020    |       | 5,326     |       | 467,316   |       | 4                 | 334          | 100.0                     |
| Dec 13 | 35.8      |       | 78.98     |       | 28.24     |       | 10,354    |       | 3,702     |       | 292,368   |       | 4                 | 334          | 100.0                     |
| Jan 14 | 35.4      | -11.3 | 83.15     | 4.5   | 29.42     | -7.3  | 10,354    | 0.0   | 3,663     | -11.3 | 304,588   | -7.3  | 4                 | 334          | 100.0                     |
| Feb 14 | 44.8      | -2.4  | 85.68     | 4.9   | 38.36     | 2.4   | 9,352     | 0.0   | 4,187     | -2.4  | 358,749   | 2.4   | 4                 | 334          | 100.0                     |
| Mar 14 | 52.4      | 9.7   | 87.82     | 3.2   | 46.00     | 13.2  | 10,354    | 0.0   | 5,423     | 9.7   | 476,236   | 13.2  | 4                 | 334          | 100.0                     |
| Apr 14 | 62.2      | 10.3  | 89.30     | 4.5   | 55.56     | 15.3  | 10,020    | 0.0   | 6,234     | 10.3  | 556,673   | 15.3  | 4                 | 334          | 100.0                     |
| May 14 | 61.4      | 1.7   | 91.52     | 4.1   | 56.18     | 5.9   | 10,354    | 0.0   | 6,355     | 1.7   | 581,637   | 5.9   | 4                 | 334          | 100.0                     |
| Jun 14 | 62.9      | -2.5  | 90.54     | 6.3   | 56.97     | 3.6   | 10,020    | 0.0   | 6,305     | -2.5  | 570,877   | 3.6   | 4                 | 334          | 100.0                     |
| Jul 14 | 64.6      | -1.1  | 91.46     | 5.2   | 59.07     | 4.1   | 10,354    | 0.0   | 6,688     | -1.1  | 611,656   | 4.1   | 4                 | 334          | 100.0                     |
| Aug 14 | 61.5      | 2.2   | 90.07     | 1.0   | 55.39     | 3.2   | 10,354    | 0.0   | 6,368     | 2.2   | 573,552   | 3.2   | 4                 | 334          | 100.0                     |
| Sep 14 | 60.2      | 5.2   | 90.33     | 1.1   | 54.39     | 6.3   | 10,020    | 0.0   | 6,033     | 5.2   | 544,941   | 6.3   | 4                 | 334          | 100.0                     |
| Oct 14 | 63.0      | 4.9   | 91.94     | 5.1   | 57.92     | 10.2  | 10,354    | 0.0   | 6,523     | 4.9   | 599,708   | 10.2  | 4                 | 334          | 100.0                     |
| Nov 14 | 47.5      | -10.6 | 89.17     | 1.6   | 42.36     | -9.2  | 10,020    | 0.0   | 4,760     | -10.6 | 424,469   | -9.2  | 4                 | 334          | 100.0                     |
| Dec 14 | 36.1      | 0.8   | 85.86     | 8.7   | 30.96     | 9.6   | 10,354    | 0.0   | 3,733     | 0.8   | 320,511   | 9.6   | 4                 | 334          | 100.0                     |
| Jan 15 | 33.4      | -5.7  | 88.36     | 6.3   | 29.48     | 0.2   | 10,354    | 0.0   | 3,454     | -5.7  | 305,205   | 0.2   | 4                 | 334          | 100.0                     |
| Feb 15 | 45.3      | 1.2   | 88.63     | 3.4   | 40.17     | 4.7   | 9,352     | 0.0   | 4,239     | 1.2   | 375,693   | 4.7   | 4                 | 334          | 100.0                     |
| Mar 15 | 51.7      | -1.3  | 88.67     | 1.0   | 45.83     | -0.4  | 10,354    | 0.0   | 5,352     | -1.3  | 474,538   | -0.4  | 4                 | 334          | 100.0                     |
| Apr 15 | 66.2      | 6.4   | 96.54     | 8.1   | 63.93     | 15.1  | 10,020    | 0.0   | 6,635     | 6.4   | 640,558   | 15.1  | 4                 | 334          | 100.0                     |
| May 15 | 62.9      | 2.5   | 95.31     | 4.1   | 59.98     | 6.8   | 10,354    | 0.0   | 6,516     | 2.5   | 621,044   | 6.8   | 4                 | 334          | 100.0                     |
| Jun 15 | 62.6      | -0.4  | 90.38     | -0.2  | 56.62     | -0.6  | 10,020    | 0.0   | 6,277     | -0.4  | 567,293   | -0.6  | 4                 | 334          | 100.0                     |
| Jul 15 | 65.4      | 1.2   | 94.57     | 3.4   | 61.80     | 4.6   | 10,354    | 0.0   | 6,767     | 1.2   | 639,925   | 4.6   | 4                 | 334          | 100.0                     |
| Aug 15 | 59.7      | -2.9  | 94.54     | 5.0   | 56.44     | 1.9   | 10,354    | 0.0   | 6,181     | -2.9  | 584,340   | 1.9   | 4                 | 334          | 100.0                     |
| Sep 15 | 59.2      | -1.6  | 91.60     | 1.4   | 54.25     | -0.3  | 10,020    | 0.0   | 5,934     | -1.6  | 543,559   | -0.3  | 4                 | 334          | 100.0                     |
| Oct 15 | 62.9      | -0.2  | 93.59     | 1.8   | 58.86     | 1.6   | 10,354    | 0.0   | 6,512     | -0.2  | 609,466   | 1.6   | 4                 | 334          | 100.0                     |
| Nov 15 | 50.5      | 6.4   | 92.13     | 3.3   | 46.56     | 9.9   | 10,020    | 0.0   | 5,064     | 6.4   | 466,543   | 9.9   | 4                 | 334          | 100.0                     |
| Dec 15 | 36.1      | 0.1   | 90.02     | 4.8   | 32.48     | 4.9   | 10,354    | 0.0   | 3,736     | 0.1   | 336,312   | 4.9   | 4                 | 334          | 100.0                     |
| Jan 16 | 42.0      | 25.9  | 89.22     | 1.0   | 37.48     | 27.2  | 10,354    | 0.0   | 4,350     | 25.9  | 388,106   | 27.2  | 4                 | 334          | 100.0                     |
| Feb 16 | 48.2      | 6.3   | 90.06     | 1.6   | 43.38     | 8.0   | 9,352     | 0.0   | 4,505     | 6.3   | 405,706   | 8.0   | 4                 | 334          | 100.0                     |
| Mar 16 | 65.1      | 26.0  | 93.43     | 5.4   | 60.83     | 32.7  | 10,354    | 0.0   | 6,741     | 26.0  | 629,825   | 32.7  | 4                 | 334          | 100.0                     |
| Apr 16 | 64.8      | -2.1  | 94.27     | -2.4  | 61.12     | -4.4  | 10,020    | 0.0   | 6,497     | -2.1  | 612,470   | -4.4  | 4                 | 334          | 100.0                     |
| May 16 | 63.7      | 1.2   | 98.29     | 3.1   | 62.58     | 4.3   | 10,354    | 0.0   | 6,592     | 1.2   | 647,958   | 4.3   | 4                 | 334          | 100.0                     |
| Jun 16 | 66.9      | 6.8   | 95.22     | 5.4   | 63.71     | 12.5  | 10,020    | 0.0   | 6,704     | 6.8   | 638,364   | 12.5  | 4                 | 334          | 100.0                     |
| Jul 16 | 65.9      | 0.9   | 95.86     | 1.4   | 63.19     | 2.2   | 10,354    | 0.0   | 6,825     | 0.9   | 654,234   | 2.2   | 4                 | 334          | 100.0                     |
| Aug 16 | 60.5      | 1.4   | 97.06     | 2.7   | 58.75     | 4.1   | 10,354    | 0.0   | 6,267     | 1.4   | 608,251   | 4.1   | 4                 | 334          | 100.0                     |
| Sep 16 | 64.7      | 9.2   | 101.57    | 10.9  | 65.67     | 21.1  | 10,020    | 0.0   | 6,479     | 9.2   | 658,044   | 21.1  | 4                 | 334          | 100.0                     |
| Oct 16 | 67.8      | 7.8   | 101.39    | 8.3   | 68.77     | 16.8  | 10,354    | 0.0   | 7,023     | 7.8   | 712,061   | 16.8  | 4                 | 334          | 100.0                     |
| Nov 16 | 62.4      | 23.5  | 98.16     | 6.5   | 61.27     | 31.6  | 10,020    | 0.0   | 6,255     | 23.5  | 613,963   | 31.6  | 4                 | 334          | 100.0                     |
| Dec 16 | 41.2      | 14.1  | 93.24     | 3.6   | 38.38     | 18.2  | 10,354    | 0.0   | 4,262     | 14.1  | 397,393   | 18.2  | 4                 | 334          | 100.0                     |
| Jan 17 | 45.3      | 7.9   | 91.86     | 3.0   | 41.63     | 11.1  | 10,354    | 0.0   | 4,692     | 7.9   | 431,023   | 11.1  | 4                 | 334          | 100.0                     |

Tab 8 - Raw Data

Custom Trend: Washington NC Upper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date   | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       | Census & Sample % |              |                           |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-------------------|--------------|---------------------------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props      | Census Rooms | % Rooms STAR Participants |
| Feb 17 | 51.9      | 7.7   | 94.49     | 4.9   | 49.04     | 13.1  | 9,352     | 0.0   | 4,854     | 7.7   | 458,651   | 13.1  | 4                 | 334          | 100.0                     |
| Mar 17 | 64.8      | -0.5  | 97.07     | 3.9   | 62.91     | 3.4   | 10,354    | 0.0   | 6,710     | -0.5  | 651,363   | 3.4   | 4                 | 334          | 100.0                     |
| Apr 17 | 62.2      | -4.0  | 99.66     | 5.7   | 62.04     | 1.5   | 10,020    | 0.0   | 6,237     | -4.0  | 621,591   | 1.5   | 4                 | 334          | 100.0                     |
| May 17 | 65.8      | 3.4   | 103.55    | 5.3   | 68.19     | 9.0   | 10,354    | 0.0   | 6,818     | 3.4   | 706,022   | 9.0   | 4                 | 334          | 100.0                     |
| Jun 17 | 68.6      | 2.6   | 101.11    | 6.2   | 69.40     | 8.9   | 10,020    | 0.0   | 6,878     | 2.6   | 695,427   | 8.9   | 4                 | 334          | 100.0                     |
| Jul 17 | 55.8      | -15.3 | 101.83    | 6.2   | 56.86     | -10.0 | 13,020    | 25.7  | 7,270     | 6.5   | 740,338   | 13.2  | 5                 | 420          | 100.0                     |
| Aug 17 | 63.2      | 4.4   | 99.70     | 2.7   | 63.02     | 7.3   | 13,020    | 25.7  | 8,230     | 31.3  | 820,532   | 34.9  | 5                 | 420          | 100.0                     |
| Sep 17 | 62.2      | -3.8  | 104.43    | 2.8   | 64.99     | -1.0  | 12,600    | 25.7  | 7,841     | 21.0  | 818,842   | 24.4  | 5                 | 420          | 100.0                     |
| Oct 17 | 62.0      | -8.6  | 101.86    | 0.5   | 63.15     | -8.2  | 13,020    | 25.7  | 8,072     | 14.9  | 822,205   | 15.5  | 5                 | 420          | 100.0                     |
| Nov 17 | 54.8      | -12.3 | 99.36     | 1.2   | 54.41     | -11.2 | 12,600    | 25.7  | 6,900     | 10.3  | 685,615   | 11.7  | 5                 | 420          | 100.0                     |
| Dec 17 | 39.3      | -4.4  | 96.29     | 3.3   | 37.89     | -1.3  | 13,020    | 25.7  | 5,123     | 20.2  | 493,270   | 24.1  | 5                 | 420          | 100.0                     |
| Jan 18 | 41.5      | -8.3  | 94.76     | 3.2   | 39.37     | -5.4  | 13,020    | 25.7  | 5,409     | 15.3  | 512,550   | 18.9  | 5                 | 420          | 100.0                     |
| Feb 18 | 49.9      | -3.8  | 94.84     | 0.4   | 47.37     | -3.4  | 11,760    | 25.7  | 5,874     | 21.0  | 557,106   | 21.5  | 5                 | 420          | 100.0                     |
| Mar 18 | 60.8      | -6.2  | 97.89     | 0.8   | 59.53     | -5.4  | 13,020    | 25.7  | 7,918     | 18.0  | 775,081   | 19.0  | 5                 | 420          | 100.0                     |
| Apr 18 | 72.0      | 15.6  | 102.92    | 3.3   | 74.06     | 19.4  | 12,600    | 25.7  | 9,067     | 45.4  | 933,216   | 50.1  | 5                 | 420          | 100.0                     |
| May 18 | 63.4      | -3.8  | 103.01    | -0.5  | 65.29     | -4.3  | 13,020    | 25.7  | 8,252     | 21.0  | 850,057   | 20.4  | 5                 | 420          | 100.0                     |
| Jun 18 | 70.4      | 2.5   | 102.78    | 1.7   | 72.35     | 4.2   | 12,600    | 25.7  | 8,869     | 28.9  | 911,594   | 31.1  | 5                 | 420          | 100.0                     |
| Jul 18 | 61.2      | 9.7   | 100.37    | -1.4  | 61.45     | 8.1   | 13,020    | 0.0   | 7,972     | 9.7   | 800,133   | 8.1   | 5                 | 420          | 100.0                     |
| Aug 18 | 59.8      | -5.4  | 98.80     | -0.9  | 59.10     | -6.2  | 13,020    | 0.0   | 7,788     | -5.4  | 769,460   | -6.2  | 5                 | 420          | 100.0                     |
| Sep 18 | 74.1      | 19.1  | 113.59    | 8.8   | 84.22     | 29.6  | 12,600    | 0.0   | 9,342     | 19.1  | 1,061,154 | 29.6  | 5                 | 420          | 100.0                     |
| Oct 18 | 85.9      | 38.5  | 110.34    | 8.3   | 94.73     | 50.0  | 13,020    | 0.0   | 11,178    | 38.5  | 1,233,372 | 50.0  | 5                 | 420          | 100.0                     |
| Nov 18 | 63.8      | 16.6  | 103.36    | 4.0   | 65.97     | 21.2  | 12,600    | 0.0   | 8,042     | 16.6  | 831,249   | 21.2  | 5                 | 420          | 100.0                     |
| Dec 18 | 49.5      | 25.7  | 99.77     | 3.6   | 49.34     | 30.2  | 13,020    | 0.0   | 6,439     | 25.7  | 642,434   | 30.2  | 5                 | 420          | 100.0                     |
| Jan 19 | 47.7      | 14.9  | 96.11     | 1.4   | 45.89     | 16.6  | 13,020    | 0.0   | 6,216     | 14.9  | 597,423   | 16.6  | 5                 | 420          | 100.0                     |
| Feb 19 | 57.4      | 15.0  | 95.58     | 0.8   | 54.89     | 15.9  | 11,760    | 0.0   | 6,753     | 15.0  | 645,484   | 15.9  | 5                 | 420          | 100.0                     |
| Mar 19 | 72.6      | 19.3  | 99.52     | 1.7   | 72.21     | 21.3  | 13,020    | 0.0   | 9,448     | 19.3  | 940,219   | 21.3  | 5                 | 420          | 100.0                     |
| Apr 19 | 71.6      | -0.5  | 100.24    | -2.6  | 71.80     | -3.1  | 12,600    | 0.0   | 9,025     | -0.5  | 904,626   | -3.1  | 5                 | 420          | 100.0                     |
| May 19 | 73.9      | 16.6  | 107.22    | 4.1   | 79.21     | 21.3  | 13,020    | 0.0   | 9,618     | 16.6  | 1,031,255 | 21.3  | 5                 | 420          | 100.0                     |
| Jun 19 | 73.4      | 4.2   | 105.20    | 2.4   | 77.19     | 6.7   | 12,600    | 0.0   | 9,245     | 4.2   | 972,573   | 6.7   | 5                 | 420          | 100.0                     |
| Jul 19 | 64.9      | 5.9   | 102.79    | 2.4   | 66.68     | 8.5   | 13,020    | 0.0   | 8,446     | 5.9   | 868,204   | 8.5   | 5                 | 420          | 100.0                     |
| Aug 19 | 64.7      | 8.2   | 101.87    | 3.1   | 65.94     | 11.6  | 13,020    | 0.0   | 8,427     | 8.2   | 858,490   | 11.6  | 5                 | 420          | 100.0                     |
| Sep 19 | 64.8      | -12.6 | 107.89    | -5.0  | 69.91     | -17.0 | 12,600    | 0.0   | 8,164     | -12.6 | 880,817   | -17.0 | 5                 | 420          | 100.0                     |
| Oct 19 | 61.7      | -28.2 | 103.96    | -5.8  | 64.13     | -32.3 | 13,020    | 0.0   | 8,031     | -28.2 | 834,915   | -32.3 | 5                 | 420          | 100.0                     |
| Nov 19 | 55.3      | -13.4 | 100.46    | -2.8  | 55.54     | -15.8 | 12,600    | 0.0   | 6,966     | -13.4 | 699,822   | -15.8 | 5                 | 420          | 100.0                     |
| Dec 19 | 42.7      | -13.6 | 97.40     | -2.4  | 41.62     | -15.6 | 13,020    | 0.0   | 5,564     | -13.6 | 541,957   | -15.6 | 5                 | 420          | 100.0                     |
| Jan 20 | 44.0      | -7.8  | 95.51     | -0.6  | 42.03     | -8.4  | 13,020    | 0.0   | 5,729     | -7.8  | 547,177   | -8.4  | 5                 | 420          | 100.0                     |
| Feb 20 | 42.5      | -25.9 | 95.43     | -0.2  | 40.58     | -26.1 | 11,760    | 0.0   | 5,001     | -25.9 | 477,225   | -26.1 | 5                 | 420          | 100.0                     |
| Mar 20 | 34.7      | -52.2 | 98.27     | -1.3  | 34.11     | -52.8 | 13,020    | 0.0   | 4,519     | -52.2 | 444,075   | -52.8 | 5                 | 420          | 100.0                     |
| Apr 20 | 19.1      | -73.3 | 93.82     | -6.4  | 17.93     | -75.0 | 12,600    | 0.0   | 2,408     | -73.3 | 225,916   | -75.0 | 5                 | 420          | 100.0                     |
| May 20 | 25.3      | -65.7 | 96.37     | -10.1 | 24.40     | -69.2 | 13,020    | 0.0   | 3,297     | -65.7 | 317,720   | -69.2 | 5                 | 420          | 100.0                     |
| Jun 20 | 40.5      | -44.8 | 97.38     | -7.4  | 39.42     | -48.9 | 12,600    | 0.0   | 5,101     | -44.8 | 496,746   | -48.9 | 5                 | 420          | 100.0                     |
| Jul 20 | 56.4      | -13.1 | 100.79    | -1.9  | 56.84     | -14.8 | 13,020    | 0.0   | 7,343     | -13.1 | 740,112   | -14.8 | 5                 | 420          | 100.0                     |
| Aug 20 | 59.1      | -8.6  | 99.26     | -2.6  | 58.70     | -11.0 | 13,020    | 0.0   | 7,699     | -8.6  | 764,217   | -11.0 | 5                 | 420          | 100.0                     |
| Sep 20 | 49.4      | -23.8 | 95.92     | -11.1 | 47.36     | -32.2 | 12,600    | 0.0   | 6,222     | -23.8 | 596,786   | -32.2 | 5                 | 420          | 100.0                     |
| Oct 20 | 47.3      | -23.3 | 96.41     | -7.3  | 45.58     | -28.9 | 13,020    | 0.0   | 6,156     | -23.3 | 593,477   | -28.9 | 5                 | 420          | 100.0                     |
| Nov 20 | 36.0      | -34.8 | 93.54     | -6.9  | 33.71     | -39.3 | 12,600    | 0.0   | 4,541     | -34.8 | 424,780   | -39.3 | 5                 | 420          | 100.0                     |
| Dec 20 | 28.5      | -33.2 | 89.14     | -8.5  | 25.43     | -38.9 | 13,020    | 0.0   | 3,715     | -33.2 | 331,148   | -38.9 | 5                 | 420          | 100.0                     |
| Jan 21 | 35.0      | -20.4 | 92.18     | -3.5  | 32.29     | -23.2 | 13,020    | 0.0   | 4,561     | -20.4 | 420,450   | -23.2 | 5                 | 420          | 100.0                     |
| Feb 21 | 46.3      | 8.9   | 88.49     | -7.3  | 40.98     | 1.0   | 11,760    | 0.0   | 5,446     | 8.9   | 481,901   | 1.0   | 5                 | 420          | 100.0                     |

# Tab 8 - Raw Data

Custom Trend: Washington NC Upper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date   | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       | Census & Sample % |              |                           |
|--------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-------------------|--------------|---------------------------|
|        | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props      | Census Rooms | % Rooms STAR Participants |
| Mar 21 | 54.6      | 57.3  | 97.49     | -0.8  | 53.22     | 56.0  | 13,020    | 0.0   | 7,108     | 57.3  | 692,928   | 56.0  | 5                 | 420          | 100.0                     |
| Apr 21 | 57.3      | 199.8 | 101.84    | 8.6   | 58.36     | 225.5 | 12,600    | 0.0   | 7,220     | 199.8 | 735,312   | 225.5 | 5                 | 420          | 100.0                     |
| May 21 | 57.7      | 127.9 | 107.34    | 11.4  | 61.95     | 153.9 | 13,020    | 0.0   | 7,514     | 127.9 | 806,538   | 153.9 | 5                 | 420          | 100.0                     |
| Jun 21 | 63.4      | 56.5  | 106.45    | 9.3   | 67.46     | 71.1  | 12,600    | 0.0   | 7,985     | 56.5  | 849,970   | 71.1  | 5                 | 420          | 100.0                     |
| Jul 21 | 72.6      | 28.7  | 112.60    | 11.7  | 81.70     | 43.7  | 13,020    | 0.0   | 9,447     | 28.7  | 1,063,721 | 43.7  | 5                 | 420          | 100.0                     |
| Aug 21 | 63.9      | 8.1   | 111.60    | 12.4  | 71.32     | 21.5  | 13,020    | 0.0   | 8,321     | 8.1   | 928,642   | 21.5  | 5                 | 420          | 100.0                     |

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Tab 9 - Classic

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date         | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       | Census & Sample % |              |                           |
|--------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-------------------|--------------|---------------------------|
|              | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props      | Census Rooms | % Rooms STAR Participants |
| Jan 13       | 39.9      |       | 79.57     |       | 31.75     |       | 10,354    |       | 4,131     |       | 328,709   |       | 4                 | 334          | 100.0                     |
| Feb 13       | 45.9      |       | 81.66     |       | 37.44     |       | 9,352     |       | 4,288     |       | 350,172   |       | 4                 | 334          | 100.0                     |
| Mar 13       | 47.8      |       | 85.09     |       | 40.64     |       | 10,354    |       | 4,945     |       | 420,769   |       | 4                 | 334          | 100.0                     |
| Apr 13       | 56.4      |       | 85.43     |       | 48.17     |       | 10,020    |       | 5,650     |       | 482,659   |       | 4                 | 334          | 100.0                     |
| May 13       | 60.3      |       | 87.94     |       | 53.05     |       | 10,354    |       | 6,246     |       | 549,290   |       | 4                 | 334          | 100.0                     |
| Jun 13       | 64.5      |       | 85.21     |       | 55.00     |       | 10,020    |       | 6,467     |       | 551,078   |       | 4                 | 334          | 100.0                     |
| Jul 13       | 65.3      |       | 86.91     |       | 56.74     |       | 10,354    |       | 6,760     |       | 587,510   |       | 4                 | 334          | 100.0                     |
| Aug 13       | 60.2      |       | 89.20     |       | 53.66     |       | 10,354    |       | 6,229     |       | 555,620   |       | 4                 | 334          | 100.0                     |
| Sep 13       | 57.2      |       | 89.33     |       | 51.14     |       | 10,020    |       | 5,736     |       | 512,405   |       | 4                 | 334          | 100.0                     |
| Oct 13       | 60.1      |       | 87.49     |       | 52.57     |       | 10,354    |       | 6,221     |       | 544,275   |       | 4                 | 334          | 100.0                     |
| Nov 13       | 53.2      |       | 87.74     |       | 46.64     |       | 10,020    |       | 5,326     |       | 467,316   |       | 4                 | 334          | 100.0                     |
| Dec 13       | 35.8      |       | 78.98     |       | 28.24     |       | 10,354    |       | 3,702     |       | 292,368   |       | 4                 | 334          | 100.0                     |
| Aug YTD 2013 | 55.1      |       | 85.56     |       | 47.14     |       | 81,162    |       | 44,716    |       | 3,825,807 |       |                   |              |                           |
| Total 2013   | 53.9      |       | 85.88     |       | 46.28     |       | 121,910   |       | 65,701    |       | 5,642,171 |       |                   |              |                           |
| Jan 14       | 35.4      | -11.3 | 83.15     | 4.5   | 29.42     | -7.3  | 10,354    | 0.0   | 3,663     | -11.3 | 304,588   | -7.3  | 4                 | 334          | 100.0                     |
| Feb 14       | 44.8      | -2.4  | 85.68     | 4.9   | 38.36     | 2.4   | 9,352     | 0.0   | 4,187     | -2.4  | 358,749   | 2.4   | 4                 | 334          | 100.0                     |
| Mar 14       | 52.4      | 9.7   | 87.82     | 3.2   | 46.00     | 13.2  | 10,354    | 0.0   | 5,423     | 9.7   | 476,236   | 13.2  | 4                 | 334          | 100.0                     |
| Apr 14       | 62.2      | 10.3  | 89.30     | 4.5   | 55.56     | 15.3  | 10,020    | 0.0   | 6,234     | 10.3  | 556,673   | 15.3  | 4                 | 334          | 100.0                     |
| May 14       | 61.4      | 1.7   | 91.52     | 4.1   | 56.18     | 5.9   | 10,354    | 0.0   | 6,355     | 1.7   | 581,637   | 5.9   | 4                 | 334          | 100.0                     |
| Jun 14       | 62.9      | -2.5  | 90.54     | 6.3   | 56.97     | 3.6   | 10,020    | 0.0   | 6,305     | -2.5  | 570,877   | 3.6   | 4                 | 334          | 100.0                     |
| Jul 14       | 64.6      | -1.1  | 91.46     | 5.2   | 59.07     | 4.1   | 10,354    | 0.0   | 6,688     | -1.1  | 611,656   | 4.1   | 4                 | 334          | 100.0                     |
| Aug 14       | 61.5      | 2.2   | 90.07     | 1.0   | 55.39     | 3.2   | 10,354    | 0.0   | 6,368     | 2.2   | 573,552   | 3.2   | 4                 | 334          | 100.0                     |
| Sep 14       | 60.2      | 5.2   | 90.33     | 1.1   | 54.39     | 6.3   | 10,020    | 0.0   | 6,033     | 5.2   | 544,941   | 6.3   | 4                 | 334          | 100.0                     |
| Oct 14       | 63.0      | 4.9   | 91.94     | 5.1   | 57.92     | 10.2  | 10,354    | 0.0   | 6,523     | 4.9   | 599,708   | 10.2  | 4                 | 334          | 100.0                     |
| Nov 14       | 47.5      | -10.6 | 89.17     | 1.6   | 42.36     | -9.2  | 10,020    | 0.0   | 4,760     | -10.6 | 424,469   | -9.2  | 4                 | 334          | 100.0                     |
| Dec 14       | 36.1      | 0.8   | 85.86     | 8.7   | 30.96     | 9.6   | 10,354    | 0.0   | 3,733     | 0.8   | 320,511   | 9.6   | 4                 | 334          | 100.0                     |
| Aug YTD 2014 | 55.7      | 1.1   | 89.20     | 4.3   | 49.70     | 5.4   | 81,162    | 0.0   | 45,223    | 1.1   | 4,033,968 | 5.4   |                   |              |                           |
| Total 2014   | 54.4      | 0.9   | 89.38     | 4.1   | 48.59     | 5.0   | 121,910   | 0.0   | 66,272    | 0.9   | 5,923,597 | 5.0   |                   |              |                           |
| Jan 15       | 33.4      | -5.7  | 88.36     | 6.3   | 29.48     | 0.2   | 10,354    | 0.0   | 3,454     | -5.7  | 305,205   | 0.2   | 4                 | 334          | 100.0                     |
| Feb 15       | 45.3      | 1.2   | 88.63     | 3.4   | 40.17     | 4.7   | 9,352     | 0.0   | 4,239     | 1.2   | 375,693   | 4.7   | 4                 | 334          | 100.0                     |
| Mar 15       | 51.7      | -1.3  | 88.67     | 1.0   | 45.83     | -0.4  | 10,354    | 0.0   | 5,352     | -1.3  | 474,538   | -0.4  | 4                 | 334          | 100.0                     |
| Apr 15       | 66.2      | 6.4   | 96.54     | 8.1   | 63.93     | 15.1  | 10,020    | 0.0   | 6,635     | 6.4   | 640,558   | 15.1  | 4                 | 334          | 100.0                     |
| May 15       | 62.9      | 2.5   | 95.31     | 4.1   | 59.98     | 6.8   | 10,354    | 0.0   | 6,516     | 2.5   | 621,044   | 6.8   | 4                 | 334          | 100.0                     |
| Jun 15       | 62.6      | -0.4  | 90.38     | -0.2  | 56.62     | -0.6  | 10,020    | 0.0   | 6,277     | -0.4  | 567,293   | -0.6  | 4                 | 334          | 100.0                     |
| Jul 15       | 65.4      | 1.2   | 94.57     | 3.4   | 61.80     | 4.6   | 10,354    | 0.0   | 6,767     | 1.2   | 639,925   | 4.6   | 4                 | 334          | 100.0                     |
| Aug 15       | 59.7      | -2.9  | 94.54     | 5.0   | 56.44     | 1.9   | 10,354    | 0.0   | 6,181     | -2.9  | 584,340   | 1.9   | 4                 | 334          | 100.0                     |
| Sep 15       | 59.2      | -1.6  | 91.60     | 1.4   | 54.25     | -0.3  | 10,020    | 0.0   | 5,934     | -1.6  | 543,559   | -0.3  | 4                 | 334          | 100.0                     |
| Oct 15       | 62.9      | -0.2  | 93.59     | 1.8   | 58.86     | 1.6   | 10,354    | 0.0   | 6,512     | -0.2  | 609,466   | 1.6   | 4                 | 334          | 100.0                     |
| Nov 15       | 50.5      | 6.4   | 92.13     | 3.3   | 46.56     | 9.9   | 10,020    | 0.0   | 5,064     | 6.4   | 466,543   | 9.9   | 4                 | 334          | 100.0                     |
| Dec 15       | 36.1      | 0.1   | 90.02     | 4.8   | 32.48     | 4.9   | 10,354    | 0.0   | 3,736     | 0.1   | 336,312   | 4.9   | 4                 | 334          | 100.0                     |
| Aug YTD 2015 | 56.0      | 0.4   | 92.66     | 3.9   | 51.85     | 4.3   | 81,162    | 0.0   | 45,421    | 0.4   | 4,208,596 | 4.3   |                   |              |                           |
| Total 2015   | 54.7      | 0.6   | 92.47     | 3.4   | 50.57     | 4.1   | 121,910   | 0.0   | 66,667    | 0.6   | 6,164,476 | 4.1   |                   |              |                           |
| Jan 16       | 42.0      | 25.9  | 89.22     | 1.0   | 37.48     | 27.2  | 10,354    | 0.0   | 4,350     | 25.9  | 388,106   | 27.2  | 4                 | 334          | 100.0                     |
| Feb 16       | 48.2      | 6.3   | 90.06     | 1.6   | 43.38     | 8.0   | 9,352     | 0.0   | 4,505     | 6.3   | 405,706   | 8.0   | 4                 | 334          | 100.0                     |
| Mar 16       | 65.1      | 26.0  | 93.43     | 5.4   | 60.83     | 32.7  | 10,354    | 0.0   | 6,741     | 26.0  | 629,825   | 32.7  | 4                 | 334          | 100.0                     |
| Apr 16       | 64.8      | -2.1  | 94.27     | -2.4  | 61.12     | -4.4  | 10,020    | 0.0   | 6,497     | -2.1  | 612,470   | -4.4  | 4                 | 334          | 100.0                     |
| May 16       | 63.7      | 1.2   | 98.29     | 3.1   | 62.58     | 4.3   | 10,354    | 0.0   | 6,592     | 1.2   | 647,958   | 4.3   | 4                 | 334          | 100.0                     |
| Jun 16       | 66.9      | 6.8   | 95.22     | 5.4   | 63.71     | 12.5  | 10,020    | 0.0   | 6,704     | 6.8   | 638,364   | 12.5  | 4                 | 334          | 100.0                     |
| Jul 16       | 65.9      | 0.9   | 95.86     | 1.4   | 63.19     | 2.2   | 10,354    | 0.0   | 6,825     | 0.9   | 654,234   | 2.2   | 4                 | 334          | 100.0                     |
| Aug 16       | 60.5      | 1.4   | 97.06     | 2.7   | 58.75     | 4.1   | 10,354    | 0.0   | 6,267     | 1.4   | 608,251   | 4.1   | 4                 | 334          | 100.0                     |
| Sep 16       | 64.7      | 9.2   | 101.57    | 10.9  | 65.67     | 21.1  | 10,020    | 0.0   | 6,479     | 9.2   | 658,044   | 21.1  | 4                 | 334          | 100.0                     |
| Oct 16       | 67.8      | 7.8   | 101.39    | 8.3   | 68.77     | 16.8  | 10,354    | 0.0   | 7,023     | 7.8   | 712,061   | 16.8  | 4                 | 334          | 100.0                     |
| Nov 16       | 62.4      | 23.5  | 98.16     | 6.5   | 61.27     | 31.6  | 10,020    | 0.0   | 6,255     | 23.5  | 613,963   | 31.6  | 4                 | 334          | 100.0                     |

Tab 9 - Classic

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date         | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       | Census & Sample % |              |                           |
|--------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-------------------|--------------|---------------------------|
|              | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props      | Census Rooms | % Rooms STAR Participants |
| Dec 16       | 41.2      | 14.1  | 93.24     | 3.6   | 38.38     | 18.2  | 10,354    | 0.0   | 4,262     | 14.1  | 397,393   | 18.2  | 4                 | 334          | 100.0                     |
| Aug YTD 2016 | 59.7      | 6.7   | 94.57     | 2.1   | 56.49     | 8.9   | 81,162    | 0.0   | 48,481    | 6.7   | 4,584,914 | 8.9   |                   |              |                           |
| Total 2016   | 59.5      | 8.7   | 96.09     | 3.9   | 57.14     | 13.0  | 121,910   | 0.0   | 72,500    | 8.7   | 6,966,375 | 13.0  |                   |              |                           |
| Jan 17       | 45.3      | 7.9   | 91.86     | 3.0   | 41.63     | 11.1  | 10,354    | 0.0   | 4,692     | 7.9   | 431,023   | 11.1  | 4                 | 334          | 100.0                     |
| Feb 17       | 51.9      | 7.7   | 94.49     | 4.9   | 49.04     | 13.1  | 9,352     | 0.0   | 4,854     | 7.7   | 458,651   | 13.1  | 4                 | 334          | 100.0                     |
| Mar 17       | 64.8      | -0.5  | 97.07     | 3.9   | 62.91     | 3.4   | 10,354    | 0.0   | 6,710     | -0.5  | 651,363   | 3.4   | 4                 | 334          | 100.0                     |
| Apr 17       | 62.2      | -4.0  | 99.66     | 5.7   | 62.04     | 1.5   | 10,020    | 0.0   | 6,237     | -4.0  | 621,591   | 1.5   | 4                 | 334          | 100.0                     |
| May 17       | 65.8      | 3.4   | 103.55    | 5.3   | 68.19     | 9.0   | 10,354    | 0.0   | 6,818     | 3.4   | 706,022   | 9.0   | 4                 | 334          | 100.0                     |
| Jun 17       | 68.6      | 2.6   | 101.11    | 6.2   | 69.40     | 8.9   | 10,020    | 0.0   | 6,878     | 2.6   | 695,427   | 8.9   | 4                 | 334          | 100.0                     |
| Jul 17       | 55.8      | -15.3 | 101.83    | 6.2   | 56.86     | -10.0 | 13,020    | 25.7  | 7,270     | 6.5   | 740,338   | 13.2  | 5                 | 420          | 100.0                     |
| Aug 17       | 63.2      | 4.4   | 99.70     | 2.7   | 63.02     | 7.3   | 13,020    | 25.7  | 8,230     | 31.3  | 820,532   | 34.9  | 5                 | 420          | 100.0                     |
| Sep 17       | 62.2      | -3.8  | 104.43    | 2.8   | 64.99     | -1.0  | 12,600    | 25.7  | 7,841     | 21.0  | 818,842   | 24.4  | 5                 | 420          | 100.0                     |
| Oct 17       | 62.0      | -8.6  | 101.86    | 0.5   | 63.15     | -8.2  | 13,020    | 25.7  | 8,072     | 14.9  | 822,205   | 15.5  | 5                 | 420          | 100.0                     |
| Nov 17       | 54.8      | -12.3 | 99.36     | 1.2   | 54.41     | -11.2 | 12,600    | 25.7  | 6,900     | 10.3  | 685,615   | 11.7  | 5                 | 420          | 100.0                     |
| Dec 17       | 39.3      | -4.4  | 96.29     | 3.3   | 37.89     | -1.3  | 13,020    | 25.7  | 5,123     | 20.2  | 493,270   | 24.1  | 5                 | 420          | 100.0                     |
| Aug YTD 2017 | 59.8      | 0.0   | 99.15     | 4.8   | 59.25     | 4.9   | 86,494    | 6.6   | 51,689    | 6.6   | 5,124,947 | 11.8  |                   |              |                           |
| Total 2017   | 57.8      | -2.8  | 99.78     | 3.8   | 57.68     | 0.9   | 137,734   | 13.0  | 79,625    | 9.8   | 7,944,879 | 14.0  |                   |              |                           |
| Jan 18       | 41.5      | -8.3  | 94.76     | 3.2   | 39.37     | -5.4  | 13,020    | 25.7  | 5,409     | 15.3  | 512,550   | 18.9  | 5                 | 420          | 100.0                     |
| Feb 18       | 49.9      | -3.8  | 94.84     | 0.4   | 47.37     | -3.4  | 11,760    | 25.7  | 5,874     | 21.0  | 557,106   | 21.5  | 5                 | 420          | 100.0                     |
| Mar 18       | 60.8      | -6.2  | 97.89     | 0.8   | 59.53     | -5.4  | 13,020    | 25.7  | 7,918     | 18.0  | 775,081   | 19.0  | 5                 | 420          | 100.0                     |
| Apr 18       | 72.0      | 15.6  | 102.92    | 3.3   | 74.06     | 19.4  | 12,600    | 25.7  | 9,067     | 45.4  | 933,216   | 50.1  | 5                 | 420          | 100.0                     |
| May 18       | 63.4      | -3.8  | 103.01    | -0.5  | 65.29     | -4.3  | 13,020    | 25.7  | 8,252     | 21.0  | 850,057   | 20.4  | 5                 | 420          | 100.0                     |
| Jun 18       | 70.4      | 2.5   | 102.78    | 1.7   | 72.35     | 4.2   | 12,600    | 25.7  | 8,869     | 28.9  | 911,594   | 31.1  | 5                 | 420          | 100.0                     |
| Jul 18       | 61.2      | 9.7   | 100.37    | -1.4  | 61.45     | 8.1   | 13,020    | 0.0   | 7,972     | 9.7   | 800,133   | 8.1   | 5                 | 420          | 100.0                     |
| Aug 18       | 59.8      | -5.4  | 98.80     | -0.9  | 59.10     | -6.2  | 13,020    | 0.0   | 7,788     | -5.4  | 769,460   | -6.2  | 5                 | 420          | 100.0                     |
| Sep 18       | 74.1      | 19.1  | 113.59    | 8.8   | 84.22     | 29.6  | 12,600    | 0.0   | 9,342     | 19.1  | 1,061,154 | 29.6  | 5                 | 420          | 100.0                     |
| Oct 18       | 85.9      | 38.5  | 110.34    | 8.3   | 94.73     | 50.0  | 13,020    | 0.0   | 11,178    | 38.5  | 1,233,372 | 50.0  | 5                 | 420          | 100.0                     |
| Nov 18       | 63.8      | 16.6  | 103.36    | 4.0   | 65.97     | 21.2  | 12,600    | 0.0   | 8,042     | 16.6  | 831,249   | 21.2  | 5                 | 420          | 100.0                     |
| Dec 18       | 49.5      | 25.7  | 99.77     | 3.6   | 49.34     | 30.2  | 13,020    | 0.0   | 6,439     | 25.7  | 642,434   | 30.2  | 5                 | 420          | 100.0                     |
| Aug YTD 2018 | 59.9      | 0.3   | 99.91     | 0.8   | 59.86     | 1.0   | 102,060   | 18.0  | 61,149    | 18.3  | 6,109,197 | 19.2  |                   |              |                           |
| Total 2018   | 62.7      | 8.5   | 102.73    | 3.0   | 64.43     | 11.7  | 153,300   | 11.3  | 96,150    | 20.8  | 9,877,406 | 24.3  |                   |              |                           |
| Jan 19       | 47.7      | 14.9  | 96.11     | 1.4   | 45.89     | 16.6  | 13,020    | 0.0   | 6,216     | 14.9  | 597,423   | 16.6  | 5                 | 420          | 100.0                     |
| Feb 19       | 57.4      | 15.0  | 95.58     | 0.8   | 54.89     | 15.9  | 11,760    | 0.0   | 6,753     | 15.0  | 645,484   | 15.9  | 5                 | 420          | 100.0                     |
| Mar 19       | 72.6      | 19.3  | 99.52     | 1.7   | 72.21     | 21.3  | 13,020    | 0.0   | 9,448     | 19.3  | 940,219   | 21.3  | 5                 | 420          | 100.0                     |
| Apr 19       | 71.6      | -0.5  | 100.24    | -2.6  | 71.80     | -3.1  | 12,600    | 0.0   | 9,025     | -0.5  | 904,626   | -3.1  | 5                 | 420          | 100.0                     |
| May 19       | 73.9      | 16.6  | 107.22    | 4.1   | 79.21     | 21.3  | 13,020    | 0.0   | 9,618     | 16.6  | 1,031,255 | 21.3  | 5                 | 420          | 100.0                     |
| Jun 19       | 73.4      | 4.2   | 105.20    | 2.4   | 77.19     | 6.7   | 12,600    | 0.0   | 9,245     | 4.2   | 972,573   | 6.7   | 5                 | 420          | 100.0                     |
| Jul 19       | 64.9      | 5.9   | 102.79    | 2.4   | 66.68     | 8.5   | 13,020    | 0.0   | 8,446     | 5.9   | 868,204   | 8.5   | 5                 | 420          | 100.0                     |
| Aug 19       | 64.7      | 8.2   | 101.87    | 3.1   | 65.94     | 11.6  | 13,020    | 0.0   | 8,427     | 8.2   | 858,490   | 11.6  | 5                 | 420          | 100.0                     |
| Sep 19       | 64.8      | -12.6 | 107.89    | -5.0  | 69.91     | -17.0 | 12,600    | 0.0   | 8,164     | -12.6 | 880,817   | -17.0 | 5                 | 420          | 100.0                     |
| Oct 19       | 61.7      | -28.2 | 103.96    | -5.8  | 64.13     | -32.3 | 13,020    | 0.0   | 8,031     | -28.2 | 834,915   | -32.3 | 5                 | 420          | 100.0                     |
| Nov 19       | 55.3      | -13.4 | 100.46    | -2.8  | 55.54     | -15.8 | 12,600    | 0.0   | 6,966     | -13.4 | 699,822   | -15.8 | 5                 | 420          | 100.0                     |
| Dec 19       | 42.7      | -13.6 | 97.40     | -2.4  | 41.62     | -15.6 | 13,020    | 0.0   | 5,564     | -13.6 | 541,957   | -15.6 | 5                 | 420          | 100.0                     |
| Aug YTD 2019 | 65.8      | 9.9   | 101.50    | 1.6   | 66.81     | 11.6  | 102,060   | 0.0   | 67,178    | 9.9   | 6,818,274 | 11.6  |                   |              |                           |
| Total 2019   | 62.6      | -0.3  | 101.93    | -0.8  | 63.77     | -1.0  | 153,300   | 0.0   | 95,903    | -0.3  | 9,775,785 | -1.0  |                   |              |                           |
| Jan 20       | 44.0      | -7.8  | 95.51     | -0.6  | 42.03     | -8.4  | 13,020    | 0.0   | 5,729     | -7.8  | 547,177   | -8.4  | 5                 | 420          | 100.0                     |
| Feb 20       | 42.5      | -25.9 | 95.43     | -0.2  | 40.58     | -26.1 | 11,760    | 0.0   | 5,001     | -25.9 | 477,225   | -26.1 | 5                 | 420          | 100.0                     |
| Mar 20       | 34.7      | -52.2 | 98.27     | -1.3  | 34.11     | -52.8 | 13,020    | 0.0   | 4,519     | -52.2 | 444,075   | -52.8 | 5                 | 420          | 100.0                     |
| Apr 20       | 19.1      | -73.3 | 93.82     | -6.4  | 17.93     | -75.0 | 12,600    | 0.0   | 2,408     | -73.3 | 225,916   | -75.0 | 5                 | 420          | 100.0                     |
| May 20       | 25.3      | -65.7 | 96.37     | -10.1 | 24.40     | -69.2 | 13,020    | 0.0   | 3,297     | -65.7 | 317,720   | -69.2 | 5                 | 420          | 100.0                     |
| Jun 20       | 40.5      | -44.8 | 97.38     | -7.4  | 39.42     | -48.9 | 12,600    | 0.0   | 5,101     | -44.8 | 496,746   | -48.9 | 5                 | 420          | 100.0                     |
| Jul 20       | 56.4      | -13.1 | 100.79    | -1.9  | 56.84     | -14.8 | 13,020    | 0.0   | 7,343     | -13.1 | 740,112   | -14.8 | 5                 | 420          | 100.0                     |
| Aug 20       | 59.1      | -8.6  | 99.26     | -2.6  | 58.70     | -11.0 | 13,020    | 0.0   | 7,699     | -8.6  | 764,217   | -11.0 | 5                 | 420          | 100.0                     |

Tab 9 - Classic

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| Date         | Occupancy |       | ADR       |       | RevPar    |       | Supply    |       | Demand    |       | Revenue   |       | Census & Sample % |              |                           |
|--------------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-----------|-------|-------------------|--------------|---------------------------|
|              | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | This Year | % Chg | Census Props      | Census Rooms | % Rooms STAR Participants |
| Sep 20       | 49.4      | -23.8 | 95.92     | -11.1 | 47.36     | -32.2 | 12,600    | 0.0   | 6,222     | -23.8 | 596,786   | -32.2 | 5                 | 420          | 100.0                     |
| Oct 20       | 47.3      | -23.3 | 96.41     | -7.3  | 45.58     | -28.9 | 13,020    | 0.0   | 6,156     | -23.3 | 593,477   | -28.9 | 5                 | 420          | 100.0                     |
| Nov 20       | 36.0      | -34.8 | 93.54     | -6.9  | 33.71     | -39.3 | 12,600    | 0.0   | 4,541     | -34.8 | 424,780   | -39.3 | 5                 | 420          | 100.0                     |
| Dec 20       | 28.5      | -33.2 | 89.14     | -8.5  | 25.43     | -38.9 | 13,020    | 0.0   | 3,715     | -33.2 | 331,148   | -38.9 | 5                 | 420          | 100.0                     |
| Aug YTD 2020 | 40.3      | -38.8 | 97.65     | -3.8  | 39.32     | -41.1 | 102,060   | 0.0   | 41,097    | -38.8 | 4,013,188 | -41.1 |                   |              |                           |
| Total 2020   | 40.3      | -35.6 | 96.54     | -5.3  | 38.87     | -39.0 | 153,300   | 0.0   | 61,731    | -35.6 | 5,959,379 | -39.0 |                   |              |                           |
| Jan 21       | 35.0      | -20.4 | 92.18     | -3.5  | 32.29     | -23.2 | 13,020    | 0.0   | 4,561     | -20.4 | 420,450   | -23.2 | 5                 | 420          | 100.0                     |
| Feb 21       | 46.3      | 8.9   | 88.49     | -7.3  | 40.98     | 1.0   | 11,760    | 0.0   | 5,446     | 8.9   | 481,901   | 1.0   | 5                 | 420          | 100.0                     |
| Mar 21       | 54.6      | 57.3  | 97.49     | -0.8  | 53.22     | 56.0  | 13,020    | 0.0   | 7,108     | 57.3  | 692,928   | 56.0  | 5                 | 420          | 100.0                     |
| Apr 21       | 57.3      | 199.8 | 101.84    | 8.6   | 58.36     | 225.5 | 12,600    | 0.0   | 7,220     | 199.8 | 735,312   | 225.5 | 5                 | 420          | 100.0                     |
| May 21       | 57.7      | 127.9 | 107.34    | 11.4  | 61.95     | 153.9 | 13,020    | 0.0   | 7,514     | 127.9 | 806,538   | 153.9 | 5                 | 420          | 100.0                     |
| Jun 21       | 63.4      | 56.5  | 106.45    | 9.3   | 67.46     | 71.1  | 12,600    | 0.0   | 7,985     | 56.5  | 849,970   | 71.1  | 5                 | 420          | 100.0                     |
| Jul 21       | 72.6      | 28.7  | 112.60    | 11.7  | 81.70     | 43.7  | 13,020    | 0.0   | 9,447     | 28.7  | 1,063,721 | 43.7  | 5                 | 420          | 100.0                     |
| Aug 21       | 63.9      | 8.1   | 111.60    | 12.4  | 71.32     | 21.5  | 13,020    | 0.0   | 8,321     | 8.1   | 928,642   | 21.5  | 5                 | 420          | 100.0                     |
| Aug YTD 2021 | 56.4      | 40.2  | 103.81    | 6.3   | 58.59     | 49.0  | 102,060   | 0.0   | 57,602    | 40.2  | 5,979,462 | 49.0  |                   |              |                           |

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Tab 10 - Response Report

Custom Trend: Washington NC Uper Midscale Trend (USD) - 6 years (+additional 2 years)  
Job Number: 1291771\_SADIM    Staff: GS    Created: October 12, 2021

| STR Code | Name of Establishment               | City & State   | Zip Code | Class                | Aff Date | Open Date | Rooms | Chg in Rms | Chg in Rms 1 | Chg in Rms 2 | Chg in Rms 3 | 2019 |   |   |   |   |   |   |   |   |   |   |   | 2020 |   |   |   |   |   |   |   |   |   |   |   | 2021 |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
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|          |                                     |                |          |                      |          |           |       |            |              |              |              | J    | F | M | A | M | J | J | A | S | O | N | D | J    | F | M | A | M | J | J | A | S | O | N | D | J    | F | M | A | M | J | J | A | S | O | N | D |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |  |
| 38327    | Best Western Plus Suites Greenville | Greenville, NC | 27858    | Upper Midscale Class | Apr 2011 | Aug 1999  | 70    |            |              |              |              | •    | • | • | • | • | • | • | • | • | • | • | • | •    | • | • | • | • | • | • | • | • | • | • | • | •    | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • | • |  |

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**3.3 Governing Law; Jurisdiction and venue.** This Agreement shall be governed by the substantive laws of the State of Tennessee, without regard to its or any other jurisdiction's laws governing conflicts of law. Any claims or actions regarding or arising out of 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

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

venture relationship.

at the 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 or 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 deposited 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.

**3.7 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.

**3.8 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.

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

the provisions of this Agreement, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or proceeding, in addition to any other relief to which it or they may be entitled.

**3.11 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.

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## Qualifications of Analyst

**Michael Cummings, MAI, ISHC**

**Managing Director – Horwath HTL**

Michael Cummings, MAI joined the company in 2017 and is the managing director of the Norfolk and New York City offices for Horwath HTL. He previously held the positions of principal and managing director of the Norfolk office of Hotel & Club Associates, having joined that company in 1999. This national company offers market studies, feasibility studies, appraisals, investment analysis and counseling for golf and country clubs, existing and proposed hotels, resorts, and mixed-use real estate developments. He has completed over five hundred going concern hotel appraisals and consulting assignments within the past 36 months.

**EDUCATION:**

**Old Dominion University**

Bachelor of Science Business Administration Finance

**Cornell University - School of Hotel Administration**

Advanced Hotel Investments

**Appraisal Institute Courses:**

- Exam 1 A-1, Real Estate Appraisal Principals
- Exam 1 B-A, Capitalization Theory and Techniques
- Course 120, Appraisal Procedures
- Course 310, Basic Income Capitalization
- Course 400, National USPAP Update
- Course 410, Standards of Professionals Practice, Part A
- Course 420, Standards of Professional Practice, Part B
- Course 420, Business Practices and Ethics
- Course 430, Standards of Professional Practice, Part C
- Course 430BDM: Appraisal Curriculum Overview
- Course 510, Advance Income Capitalization
- Course 550, Advance Applications
- Course 540, Report Writing and Valuation Analysis
- Fundamentals of Separating Real Property, Personal Property, and Intangible Business Assets:

## **SEMINARS**

- Construction Details & Trends
- Standards & Ethics for Professionals-USPAP
- Land & Site Valuation
- Foundations in Sustainability: Greening the Real Estate & Appraisal Industries
- Ad Valorem Tax Consultation
- Online Analyzing Operating Expenses
- Local Builders Cost Seminar
- Appraising Distressed Commercial Real Estate
- Appraising Troubled Properties
- The Internet and Appraising
- Small Hotel/Motel Valuation
- Real Estate Disclosure
- The Appraiser as an Expert Witness
- Comprehensive Appraisal Workshop
- Condemnation Valuation
- Appraising Distressed Property: Here We Go Again
- Forecasting Revenue
- Evaluating Commercial Construction
- Standards & Ethics for Professionals-7 Hour USPAP Update Course
- Uniform Appraisal Standards for Federal Land Acquisitions
- Introducing Valuation for Financial Reporting

## **MEMBERSHIPS/LICESNES**

- MAI, Member Appraisal Institute (Certificate #11794)
- International Society of Hospitality Consultants
- Member of Hampton Roads Chapter Appraisal Institute
- Licensed Certified General Real Estate Appraiser in the States of:  
AL, AR, AZ, CA, CO, DE, GA, IL, IA, KY, LA, MD, MI, MS, MO,  
NC, NJ, NY, OH, PA, SC, TN, TX, VA, WV, DC.

## **PROFESSIONAL ACTIVITIES**

### **Appraisal Institute**

- Associates Member Guidance Subcommittee-National 2002, 2003
- Board of Directors- Hampton Roads Chapter 2005-2008
- President-Hampton Roads Chapter 2009
- Leadership Development and Advisory Council 2003, 2005-2006
- Discussion Leader – LDAC 2007
- Admissions and Designation Qualifications Committee- Committee Member 2008-2010
- Vice-Chair- Admissions and Designation Qualifications Committee -2011
- Education Committee 2012-2013
- E-Demo Advisor
- Demonstration Report Grader

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