

FEASIBILITY STUDY



SUBJECT PROPERTY

Proposed Upper Midscale Hotel
Interstate 10 Interchange with Exit #16 Yacht Club Drive & Gex Drive
Northern Side of Interchange

CLIENT

City of Diamondhead
5000 Diamondhead Circle
Diamondhead, MS 39525

EFFECTIVE DATES

January 1, 2024 – As Complete
January 1, 2026 – As Stabilized





May 21, 2021

Michael Reso
City Manager
5000 Diamondhead Circle
Diamondhead, MS 39525

Re: Proposed Limited-Service Hotel, Diamondhead, MS 39525

Mr. Reso:

I am pleased to present my feasibility study for the subject property, which includes opinions of the value for the subject “As Complete” and “As Stabilized.” The subject property is valued under the going-concern premise for the prospective value indications “As Complete” and “As Stabilized,” that it will continue operating well into the future, or indefinitely.

This report was prepared in conformance with the requirements of Financial Institutions Reform, Recovery, and Enforcement Act (FIRREA); the Interagency Appraisal and Evaluation Guidelines; the Uniform Standards of Professional Appraisal Practice (USPAP); client requirements; and the Mississippi Appraiser Licensing and Certification Board.

This report was prepared for use by the City of Diamondhead, MS in determining the feasibility in the proposed development.

The subject property is appraised under the following extraordinary assumptions. If any of these are proven to be incorrect, their use might have affected the assignment results.

- **The subject property will be built as described and in the timeframe noted in this report.**
- **The subject property can be built for the figures shown in the cost approach.**
- **Market conditions will not dramatically change from what they are today.**



- **The site will have adequate access and visibility within the marketplace.**

Market Value “As Complete”: \$ 6,500,000

This value includes \$1,870,000 in furniture, fixtures, and equipment (FF&E) and \$0 in business component value. This value assumes 6 months market exposure ending on the effective date for this value indication.

Market Value “As Stabilized”: \$ 8,500,000

This value includes \$1,496,000 in furniture, fixtures, and equipment (FF&E) and \$0 in business component value. This value assumes 6 months market exposure ending on the effective date for this value indication.

Thank you for the opportunity to be of service. If you have any questions concerning the report, please do not hesitate to contact me at 205-382-0616 or adam@coreha.com.

Sincerely,



Adam Cowart, MAI
Certified General Real Property Appraiser
Mississippi License # GA-1267
Expires: December 31, 2021

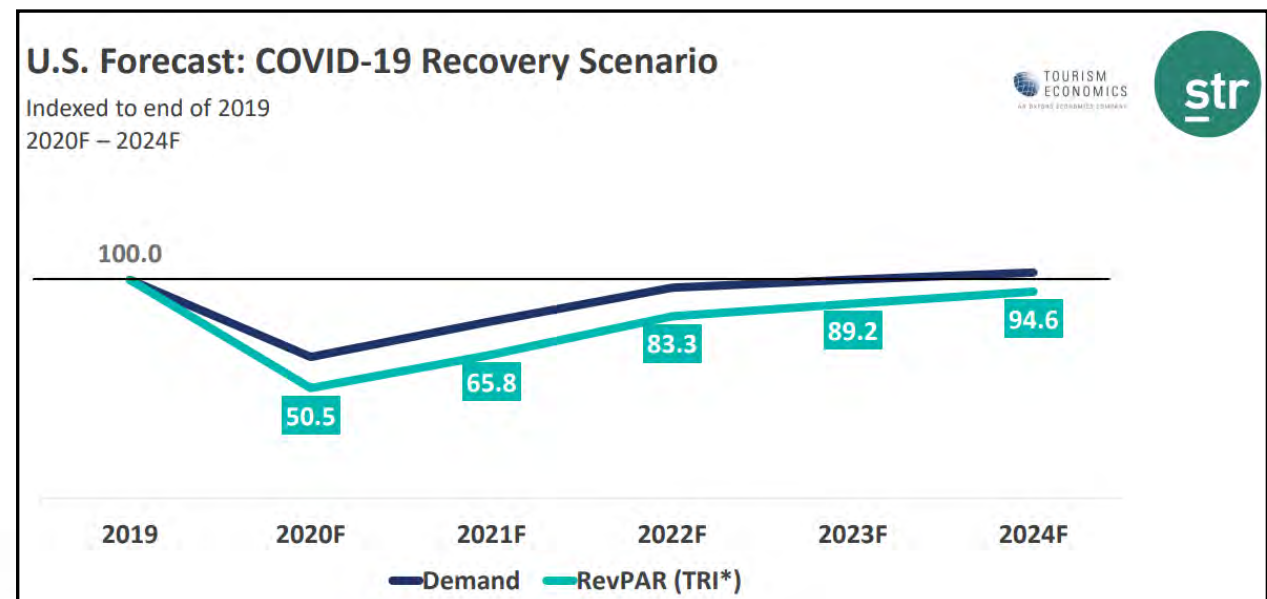
Coronavirus or COVID-19 Discussion

The Coronavirus impacted the hospitality market very quickly and that has added unprecedented uncertainty across the economy, but in the travel industry specifically. This outbreak started in China at the beginning of the year and began to impact the United States by mid-March 2020, however recent figures in most markets and segments within the industry indicate the impact is diminishing rapidly or has already gone away.

Below are the most recent forecasts available for the post-COVID recovery however it is important to note the recovery has varied by a market's ability to accommodate travelers with adequate facilities for safety, security, and the ability to social distance.

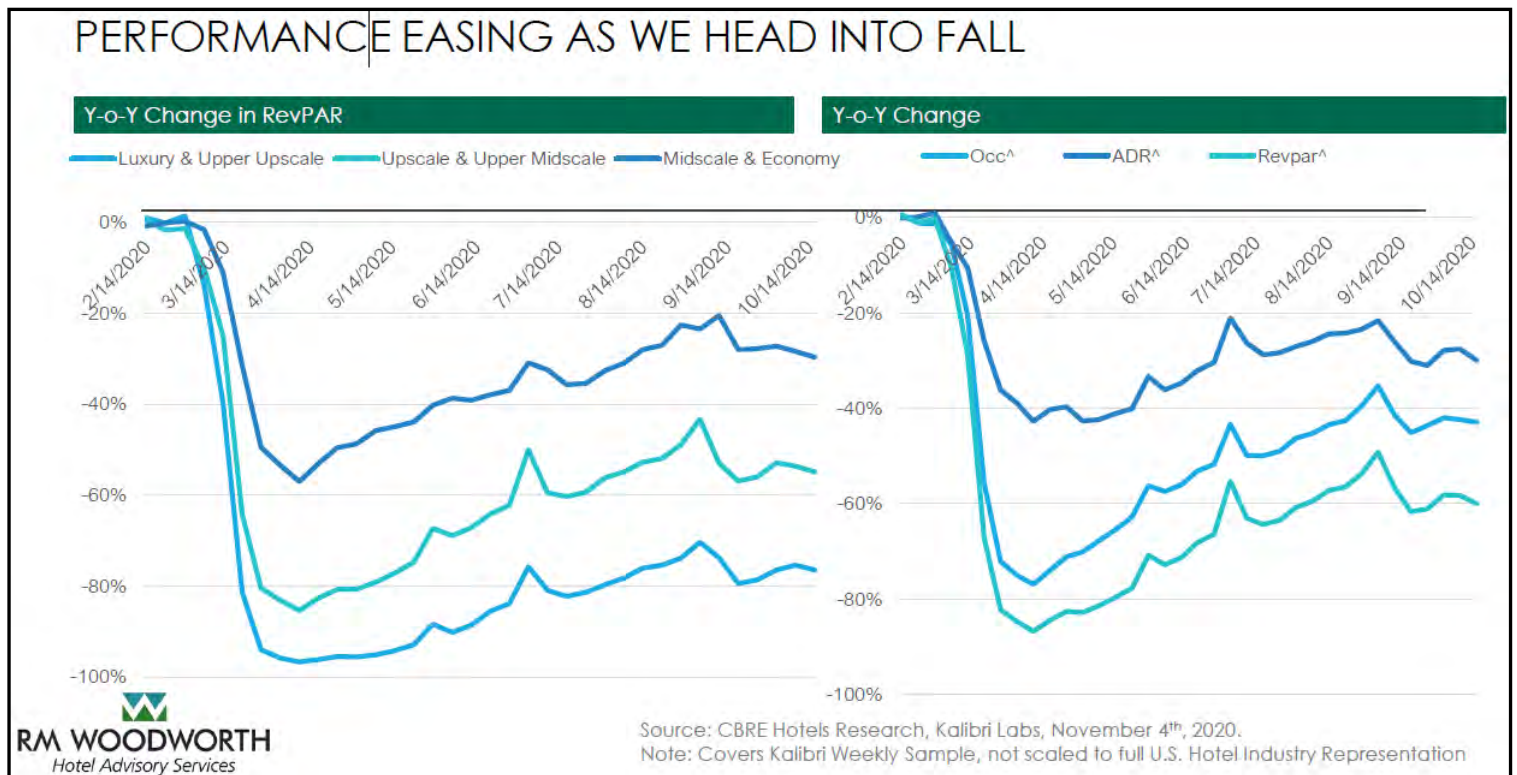
CBRE HOTELS – Q3 2020 BASELINE FORECAST							
Year	Occ	ΔOcc	ADR	ΔADR	RevPAR	ΔRevPAR	RevPAR % of 2019
2018	67%	-0.4%	\$ 130.53	2.2%	\$ 86.84	1.8%	
2019	67%	0.4%	\$ 131.17	0.5%	\$ 87.65	0.9%	100%
2020	42%	-37.4%	\$ 102.94	-21.5%	\$ 43.06	-50.9%	49%
2021	50%	19.7%	\$ 101.65	-1.3%	\$ 50.89	18.2%	58%
2022	57%	14.4%	\$ 111.06	9.3%	\$ 63.60	25.0%	73%
2023	64%	11.4%	\$ 121.35	9.3%	\$ 77.40	21.7%	88%
2024	67%	5.3%	\$ 134.07	10.5%	\$ 90.01	16.3%	103%
2025	67%	-0.2%	\$ 144.99	8.1%	\$ 97.13	7.9%	111%

Source: CBRE Hotels Research, Kalibri Labs, 11/19/2020 – <https://pip.cbrehotels.com>.



As more data has been released by STR and CBRE regarding the actual observed impacts, it has become evident that certain hotels are impacted more than others. Hotel demand has been most impacted at the upper scales (upper upscale and luxury) and the least impacted in the economy segment where many of those properties have either fully recovered or were not impacted significantly.

The slide below was excerpted from a recent presentation by RM Woodworth Hotel Advisory Services. This demonstrates the differences in performance by hotel type noted above, and also highlights the upward trend in hotel performance since March 2020.



Coronavirus or COVID-19: Conclusion

The competitive set was negatively impacted by COVID in 2020, but it was already trending down before with slight declines in occupancy beginning in August 2019 and decreasing until COVID hit in mid-March 2020. While it is difficult to identify reasons for the pre-COVID declines, it likely had more to do with new supply opening along I-10 in neighboring markets. The continued impact of new supply has been accounted for in future projections. Because the competitive market has improved quickly in recent months and the expected recovery will put Occupancy and RevPAR in “normal” pre-COVID levels within a few more months, the risk associated with COVID is nearly gone and any lingering affects not accounted for will surely be gone before the subject hotel opens.

CERTIFICATION

I certify that to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinion, and conclusions are limited only by the reported assumptions and limited conditions and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and no personal interest or bias with respect to the parties involved.
4. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
5. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
6. This appraisal assignment was not based on a requested minimum valuation, a specific valuation, or the approval of a loan.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinion, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Uniform Standards of Professional Appraisal Practice.
9. Daniel Riley made a personal inspection of the subject property. Adam Cowart did not make a personal inspection of the subject property.
10. Daniel Riley provided significant real property appraisal assistance to the persons signing this certification.
11. This assignment was made subject to regulations of the applicable state regulatory board. The undersigned state licensed real estate appraisers have met the requirements that allow this report to be regarded as a “certified appraisal.”
12. I certify that, to the best of my knowledge and belief, the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

13. My state registration or certification has not been revoked, suspended, canceled, or restricted.
14. I have not provided services of any kind, related to the subject property within the past three years.



Adam Cowart, MAI
Certified General Real Property Appraiser
Mississippi License # GA-1267
Expires: December 31, 2021

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 FINANCIAL FEASIBILITY 83

APPENDIX

1. Signed Engagement Letter
2. Income Supporting Data
3. Qualifications

EXECUTIVE SUMMARY

Client:	City of Diamondhead, MS
Intended User(s):	City of Diamondhead, MS
Intended Use:	Determining feasibility in the proposed development.
Effective Date(s):	January 1, 2024– As Complete January 1, 2026– As Stabilized
Identification of the Subject Property:	Proposed Upper Midscale Hotel Interstate 10 Interchange with Exit #16 Yacht Club Drive & Gex Drive Northern Side of Interchange Tax Parcel #: TBD
Land:	Approximate 2-acre site located on the northern side of the Interstate 10/Exit 16 interchange (parcel must be at least 1.5 acres per design and construction requirements for suburban locations)
Improvements:	80-90-room upper midscale hotel affiliated with a top-tier brand that is part of Marriott, Hilton, or IHG families. The hotel is assumed to be complete by January 1, 2024.
Property Interest Appraised:	Fee simple

<u>Prospective Market Value - “As Complete”</u> Land & Improvements: \$ 4,630,000 Furniture, Fixtures & Equipment: \$ 1,870,000 Business Component Value: <u>\$ 0</u> Market Value: \$ 6,500,000 Exposure Time: 6 months Value Date: January 1, 2024	
<u>Prospective Market Value - “As Stabilized”</u> Land & Improvements: \$ 7,004,000 Furniture, Fixtures & Equipment: \$ 1,496,000 Business Component Value: <u>\$ 0</u> Market Value: \$ 8,500,000 Exposure Time: 6 months Value Date: January 1, 2026	

SCOPE OF WORK

CLIENT, INTENDED USER & INTENDED USE

The client and intended user is the City of Diamondhead, MS. It is intended for use by the City of Diamondhead and any potential developers in determining the feasibility in the proposed development. A copy of the engagement agreement is included in Appendix 1.

IDENTIFICATION OF THE SUBJECT PROPERTY

Proposed Upper Midscale Hotel
Interstate 10 Interchange with Exit #16 Yacht Club Drive & Gex Drive
Northern Side of Interchange
Tax Parcel #: TBD

PROPERTY INTEREST APPRAISED

The subject property is appraised as a fee simple interest.

OWNERSHIP & SALE HISTORY

There is no specific site identified, therefore there is no sale history to describe.

PURPOSE OF THE ASSIGNMENT

The purpose of this assignment is to estimate market value for the fee simple interest in subject property “As Complete” and “As Stabilized.”

Market Value Defined

“Market Value” is defined by the United States Treasury Department, Comptroller of the Currency 12 CFR part 34.42(f) 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

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

Reasonable exposure time is the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal under normal conditions. Reasonable exposure is estimated to be 6 months for both reported value indications.

EFFECTIVE DATE(S)

The effective dates of this appraisal are:

January 1, 2024 – As Complete

January 1, 2026 – As Stabilized

PROPERTY INSPECTION

Daniel Riley personally inspected potential subject sites on March 31, 2021. Adam Cowart did not personally inspect the subject property.

VALUATION APPROACHES USED

I used the Cost Approach and Income Approaches to value in this assignment. The Sales Comparison Approach is not necessary to provide a credible opinion of value.

NON-REALTY COMPONENTS

This appraisal includes the furniture fixtures, and equipment (FF&E) used in the hotel. FF&E is described in the report.

FRANCHISE ASSUMPTIONS

The subject property will be affiliated with an upper-midscale franchise in the Marriott, Hilton, or IHG system. This could include a wide variety of franchises or operation within the limited-service or extended-stay segments.

We have identified a Home2 Suites as the example to use in this analysis, because it is the most likely selection by a developer. However, this could be interchanged with a wide variety of brands that include but is not limited to; Hampton Inn, Holiday Inn Express, and Fairfield Inn.

We are assuming a prototype design with 80 to 90 rooms.

MANAGEMENT ASSUMPTIONS

The subject property is being appraised under the assumption that it will be operated under the supervision of competent management.

GOING-CONCERN ASSUMPTIONS

The subject property is appraised as a going concern, an open and operating business.

GENERAL ASSUMPTIONS

1. Title to the appraised property interest is good and marketable.
2. The subject property interest is free and clear of all liens or encumbrances unless stated in the report.
3. The subject property is evaluated as a going-concern, an open and operating business.
4. The subject property will be operated by competent management under the direction of experienced ownership.
5. There are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less value if known.
6. The subject property is in full compliance with all applicable federal, state, and local regulations, laws, ordinances, and similar requirements.
7. All necessary licenses, certificates, permits, consents, and authorizations are in place and can be renewed without unusual conditions.
8. The subject improvements are confined within the boundaries of the subject property and no encroachment or trespass exists.
9. There are no encroachments or trespass from adjacent properties onto the subject property.
10. There are no easements, restrictions, or other limitations on the use of the subject property that are not evident from inspection or shown on documents provided by the client.
11. There are no hazardous substances, materials, or conditions on the subject property or in such proximity to the subject property that its marketability would be affected.
12. The subject property will be in full compliance with all applicable provisions of the American with Disabilities Act (ADA).
13. The subject property will be in full compliance with all applicable life/safety requirements.
14. All data and information compiled and considered in developing this appraisal are assumed to be correct, but are not guaranteed.
15. Financial forecasts are developed to simulate the analysis process of market participants and are not guaranteed future occurrences.
16. There are no delinquent property taxes or assessments of any type.

EXTRAORDINARY ASSUMPTIONS

The subject property is appraised under the following extraordinary assumptions. If any of these are proven to be incorrect, their use might have affected the assignment results.

- The subject property will be built as described and in the timeframe noted in this report.
- The subject property can be built for the figures shown in the cost approach.
- Market conditions will not dramatically change from what they are today.
- The site will have adequate access and visibility within the marketplace.

HYPOTHETICAL CONDITIONS

None

MARKET CONDITIONS

DIAMONDHEAD, MISSISSIPPI

Diamondhead is located on elevated topography adjacent to the diverse ecosystem formed by the East Pearl River and the Mississippi Gulf Coast. It is located approximately 50 miles east of New Orleans, Louisiana and 20 miles west of Gulfport, Mississippi. It is part of the Gulfport-Biloxi Metropolitan Statistical Area and has an estimated 2020 population of 9,370 per the US Census Bureau.

The Diamondhead Corporation, created in 1969 to develop resorts throughout the Southeast stretching from North Carolina to Texas, began development of the master planned community of Diamondhead on a 5,700-acre site purchased from the Gex family. The master plan provided for over 10,000 parcels of land and by 1973, 3,700 of the lots had been sold and 60 homes and 100 condominiums had been built. Infrastructure was developed, the Pines Golf Course was built, and the town had grown to include the marina and yacht club, the airport/runway was built, and more homes built. By 1977, an additional 360 condominiums were built and by 1980, the population had increased to over 1,000 residents. In 1985, the property owner's association (POA) was created and by the 1990s, casino gambling was legalized in Hancock County and two casinos were built. NASA expanded its operations shortly thereafter and the population had grown to nearly 6,000 people by 2000. Hurricane Katrina struck the Mississippi Gulf Coast in 2005 and the aftermath left Diamondhead in a state of disarray without electrical power for a month.

Population Trends								
Census	City of Diamondhead	% Change	Hancock County	% Change	Harrison County	% Change	St. Tammany Parish	% Change
1980	1,011	-	24,537	-	157,665	-	110,869	-
1990	2,661	163.2%	31,760	29.4%	165,365	4.9%	144,508	30.3%
2000	5,912	122.2%	42,967	35.3%	189,601	14.7%	191,268	32.4%
2010	8,425	42.5%	43,929	2.2%	187,105	-1.3%	233,740	22.2%
2020 (est.)	9,370	11.2%	47,632	8.4%	208,080	11.2%	260,419	11.4%

Source: US Census Bureau

Diamondhead has experienced significant population growth since the 1990s, growing over 2,200% since 1990. Population growth in the city has outpaced the surrounding region and the estimated 2020 population is expected to achieve 9,370 people and is expected to continue this growth trend by nearly 4% over the next five-year period.

Diamondhead and many of the cities along the Gulf Coast became focal points of the “Mississippi Renaissance” that would come to represent the recovery following the storm. Within weeks, the local population expanded from 6,500 before the storm to over 9,000 because it was one of the only areas along the coast with habitable homes and open stores. A housing boom followed the damage as part of the recovery efforts and homes being built were priced much higher than were previously available in the immediate area. Demographics shifted dramatically following the recovery effort.

The city filed incorporation documents in 2008 and the City of Diamondhead was established in 2012 and a council-manager form of government was instituted.

Minimal commercial and residential growth has occurred in the City of Diamondhead since its incorporation, however the current government appears to be “setting the stage” for smart and controlled growth initiatives that should ensure the city’s growth potential in the next development boom cycle. The City of Diamondhead is considered by many observers to be one of, if not the most attractive community along the Mississippi Gulf Coast today.

Analysis of demographic data for the City of Diamondhead shows a growing community with lots of opportunities for future economic development. With over 40% population growth between 2000 and 2010, the City of Diamondhead outpaced growth trends for both Hancock County and the State of Mississippi and while growth slowed between 2010 and 2019, the city is expected to grow 4% over the next five years. Plans are currently being discussed in terms of future annexation of neighboring areas and the city is positioned for future commercial and residential development to help achieve this growth.

When compared to surrounding communities, Diamondhead offers advantages such as its highly educated population which translates into higher wages and income. In fact, Diamondhead has the highest median household income at \$69,000 per year and some of the highest housing values in the region. The city is home to a large number of highly skilled and educated workers, including a large number of scientists and engineers employed at the Stennis Space Center located just west of town. Additionally, current trends indicate demand is present for more than 400 housing units over the next 10 years with more than 800 additional units by 2040.

Stronger economic conditions in the 2010s provided growth and development in the region and the City of Diamondhead finds itself in discussions today to annex additional land for future growth (Kapalama Drive and Eastern Gateway Areas), continue to develop its infrastructure and set goals for future developments, and a revitalization of older buildings into more modern structures with an improved quality of life.

Town Center & Aloha District Redevelopment

The existing Town Center for the City of Diamondhead is located adjacent to Interstate 10 at Exit 16 Yacht Club Drive and has been a center for retail trade for decades but has some challenges in its layout and design. The buildings are aging in some cases, parcels are choppy, and movement within town is restricted by a maze of roadways that does not support a welcoming environment conducive to a reduced traffic environment.

Officials have redesigned portions of the town layout and have separated the developments into two main sections with the western side of Gex Drive (Yacht Club Drive north of Interstate 10) being known as Town Center and the eastern side of this area known as the Aloha District. Both redevelopment projects will fundamentally transform the City of Diamondhead even if a portion of the plans are put in place.

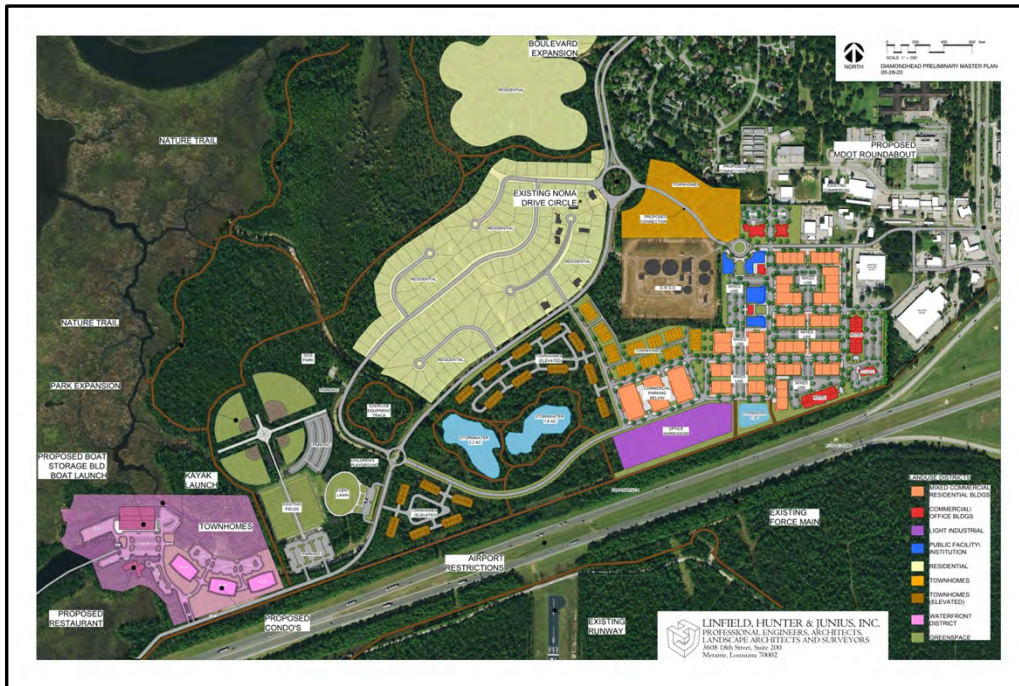
The Town Center project is the largest redevelopment of the two proposals and carries with it the greatest risk but also the greatest reward if/when the project is complete. This project will impact the western portion of town stretching from Gex Road west through the existing water & sewer facilities on Park Ten Drive and well beyond. Buildings will be demolished, roadways will be redesigned and rerouted to accommodate a walkable Town Center area with mixed-use buildings supporting retail and single and multi-family residential uses within the same properties. Funding for this project could come from multiple sources including both private and public funds and grants.

The Aloha District project is likely the most viable of the two projects and will impact the existing retail district along W Aloha Drive east of Gex Road. The project establishes a “main street” concept with retail, restaurants, and entertainment surrounding a series of multi-family residential up top and commercial shops down below in a mixed-use environment similar to the concept for the Town Center redevelopment. The goal is to provide a more pedestrian-friendly environment for both residents and visitors to enjoy. The primary feature of this redevelopment is to establish a more homogenous look and design to the existing buildings while developing modern, mixed-use facilities within the

existing infrastructure, maximizing density of the commercial district in this region.

Renderings below indicate only a small portion of the current plans and developments within the City but likely represent the largest capital investment and impact on the community.

Town Center Redevelopment Master Plan



Town Center Mixed Use Concept



Aloha District Redevelopment



Waterfront Development

Redevelopment of the existing marina and boat launch area is another development project local officials would like to complete. This project would redesign the waterfront area with the inclusion of green space and an amphitheater like facility for community entertainment. Existing facilities would likely be reworked in this project and the intent would be to create a pedestrian-friendly but commercially viable marina complete with restaurants and entertainment facilities.

The southern side of Interstate 10 is “ear marked” for future casino or resort development and reportedly at least one operator has optioned land nearby (although this contract may have expired). This may or may not materialize in the next five or even ten years but the possibility exists for additional casino development along the Gulf Coast and this site could be amongst the suitable opportunities.

Waterfront Redevelopment Concept Plan



Stennis Space Center

The John C. Stennis Space Center (SSC) is a NASA rocket testing facility the banks of the Pearl River at the Mississippi–Louisiana border. It is NASA's largest rocket engine test facility. There are over 30 local, state, national, international, private, and public companies and agencies using SSC for their rocket testing facilities.

With the end of the Apollo and Shuttle programs, use of the base decreased in the 1990s, with economic impact to the surrounding communities. Over the years other government organizations and commercial entities have moved to and left from the facility, in the balance providing a major economic benefit to the communities.

In 2005, the center was home to over 30 government agencies and private companies. By far the largest of these were elements of the United States Navy with some 3,500 personnel, which was far larger than the NASA civil servant contingent. Some of the prominent resident agencies include:

US National Oceanic and Atmospheric Administration

- The National Data Buoy Center (NDBC) is a part of the National Oceanic and Atmospheric Administration's (NOAA) National Weather Service (NWS). NDBC designs, develops, operates, and maintains a network of data collecting buoys and coastal stations.
- National Centers for Environmental Information
- National Marine Fisheries Service, Southeast Region, Field Office Stennis Space Center
- Office of Ocean Exploration and Research

US Geological Survey

- The US Geological Survey Hydrologic Instrumentation Facility

United States Navy

- The Naval Meteorology and Oceanography Command (NAVMETOCOM) or NMOC, serves as the operational arm of the Naval Oceanography Program. Headquartered at the SSC, NMOC is a third echelon command

reporting to Naval Information Dominance Forces (NAVIDFOR), previously United States Fleet Forces Command (USFLTFORCOM).

- A branch of the Naval Research Laboratory
- The Naval Oceanographic Office (NAVOCEANO) comprises approximately 1,000 civilian, military and contract personnel responsible for providing oceanographic products and services to all elements within the Department of Defense.
- The Department of the Navy, Office of Civilian Human Resources, Stennis Operations Center
- Navy Special Boat Team 22 and NAVSCIATTS (Naval Small Craft Instruction and Technical Training School).

University/Education

- Mississippi State University
 - High Performance Computing Collaboratory
 - Geosystems Research Institute
 - Northern Gulf Institute
- The University of Southern Mississippi
 - High Performance Visualization Center
 - Department of Marine Science

Commercial

- Rolls-Royce Outdoor Engine Testing Centre
- United Launch Alliance engine testing
- The Lockheed Martin Mississippi Space and Technology Center

INFINITY Science Center

The INFINITY Science Center is a non-profit museum that hosts the NASA visitor center for John C. Stennis Space Center. The 72,000 sq.-foot facility is located adjacent to the Mississippi Welcome Center near the MS/LA border.

The themes of the center's interactive exhibits include Mississippi Natural History, NASA, space, planets, stars, weather, Earth science, space travel and exploration. Displays include the Apollo 4 command module, a full-sized International Space

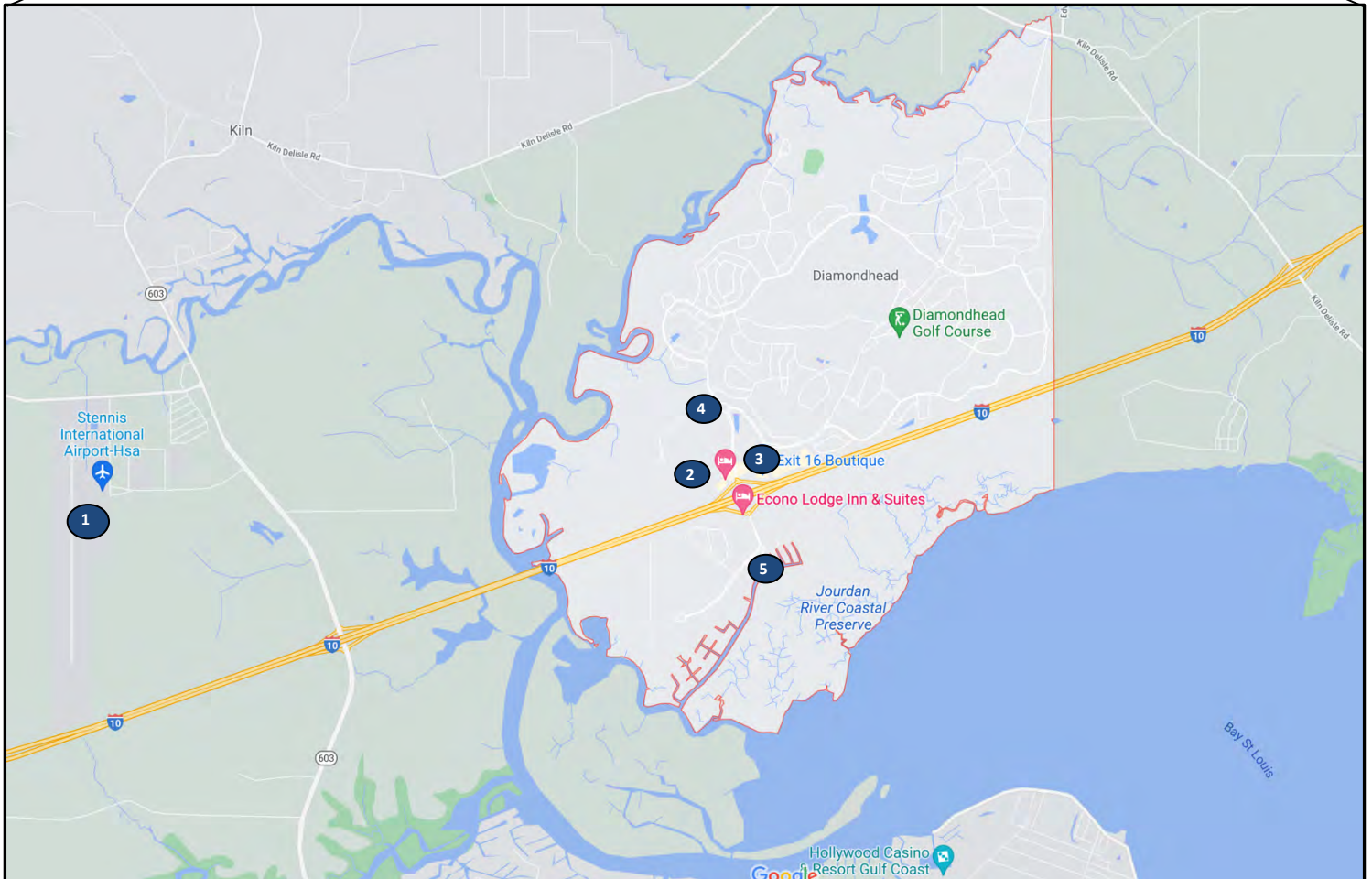
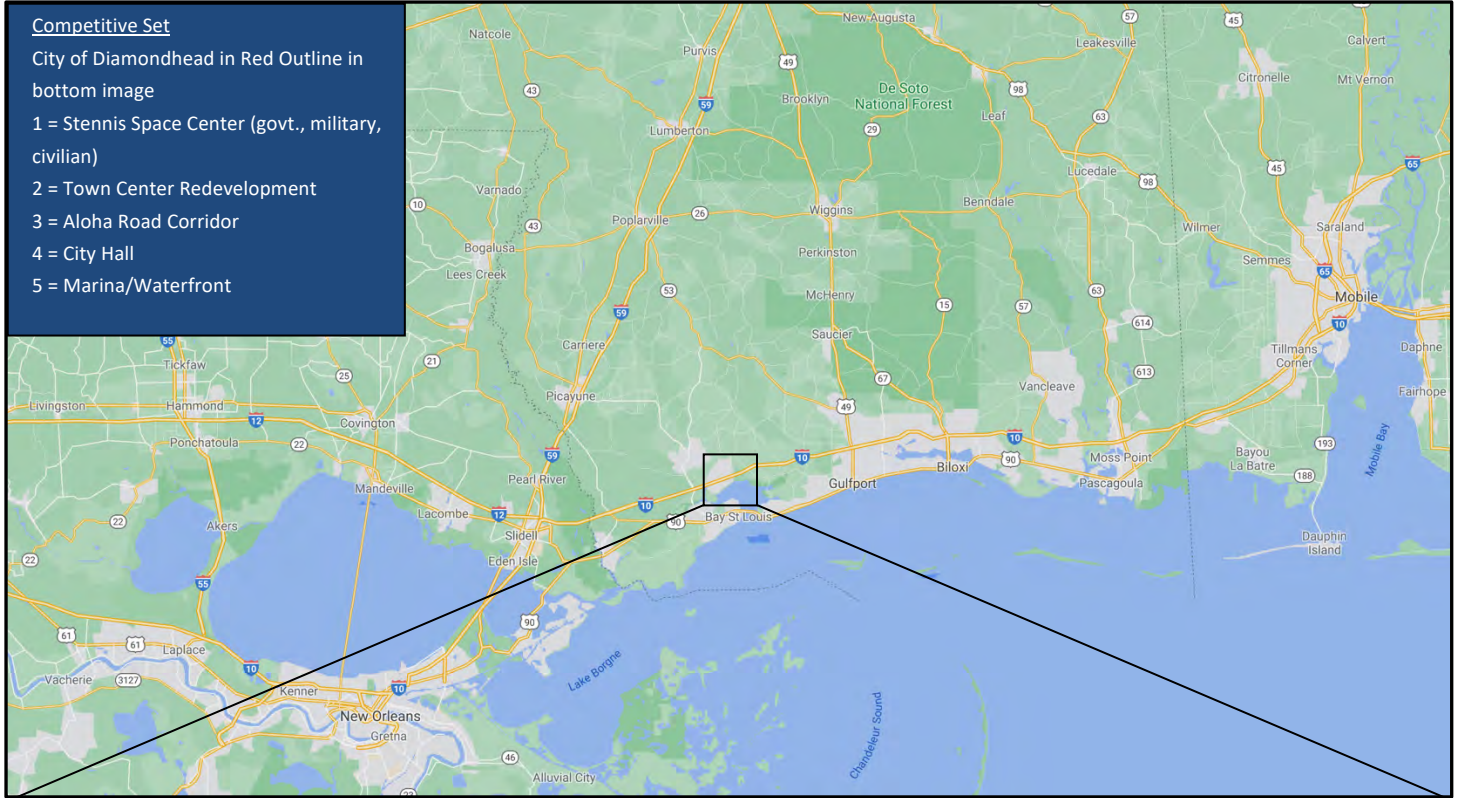
Station module, a cutaway model of the Orion spacecraft, and components from a space-flown RS-25 Space Shuttle Main Engine. Outdoor displays include an F-1 rocket engine, a tsunami buoy, U.S. Navy riverine training boat and the Apollo 19 Saturn V first stage rocket booster (acquired from NASA Michoud Assembly).



Competitive Set

City of Diamondhead in Red Outline in bottom image

- 1 = Stennis Space Center (govt., military, civilian)
- 2 = Town Center Redevelopment
- 3 = Aloha Road Corridor
- 4 = City Hall
- 5 = Marina/Waterfront



NATIONAL HOTEL MARKET TRENDS

Note that this is written to reflect conditions immediately pre-COVID 19. The impact of COVID was discussed earlier in the letter of transmittal.

The United States lodging industry experienced significant turmoil as a result of the Great Recession in 2008-2009, but 2018 marked the 9th consecutive year of recovery and RevPAR growth, with most markets having surpassed previous peaks. The hotel industry is currently operating at all-time highs based on all revenue metrics.

As of late 2019, the industry appears to be at or near the top of the cycle, and possibly at an inflection point. September 2019 marked the 3rd month in the last 115 to post a year-over-year RevPAR decline; and the 2nd month in (the last 4 months of) 2019.

Demand growth has been steady, but declining, and is currently at about 2% - approximately in balance with supply growth. In the next year or two, supply growth is expected to outpace demand growth, driving an overall decline in occupancy. ADR growth rates have also fallen; from about 4% to 5% through 2016, but declining to 2% in the last two years; and to about 1.5% for TTM 2019.

The generally outlook for the next year is very weak RevPAR growth driven by ADR (with stable to slightly declining occupancy). As discussed on the next page, data providers have continually reduced their projections, and CBRE is calling for a minor downturn in 2021 with return to growth by 2022.

While a minor downturn appears increasingly possible, it is not expected to be anything like the last cycle. The economy remains on steady footing and hotel demand seems stable. ***Supply growth during the current cycle has been more muted than in past cycles:*** in 1998-1999, it peaked at 4.0% (of existing supply on annual basis); and it peaked at 3% in 2008-2009. Most projections call for supply growth peaking near current levels of about 2%.

From a value perspective, slowing growth projections are being offset in part by very low interest rates, which are putting downward pressure on cap rates.

Recent Hotel Industry Data Provider Projections

The data on the following pages was excerpted from recent presentations and publications by STR, PwC and CBRE.

Smith Travel Research (STR)

STR's three most recent forecasts are shown below, in time order. The left graphic is from early 2019; the middle from September 2019; and the right from January 2020. Note that while supply and demand expectations are similar, ADR and RevPAR expectations have fallen. Overall, the forecast calls for 2020 to be flat, with slightly growth in demand, ADR and RevPAR in 2020.

Outlook		
	2019 Forecast	2020 Forecast
Supply	+1.9%	+1.9%
Demand	+1.9%	+1.7%
Occupancy	0.0%	-0.2%
ADR	+2.3%	+2.2%
RevPAR	+2.3%	+1.9%

Source: STR/Tourism Economics

Outlook		
Metric	2019 Forecast	2020 Forecast
Supply	1.9%	1.9%
Demand	2.1%	1.6%
Occupancy	0.2%	-0.3%
ADR	1.4%	1.4%
RevPAR	1.6%	1.1%

Outlook		
Metric	2020 Forecast	2021 Forecast
Supply	1.9%	1.9%
Demand	1.6%	1.7%
Occupancy	-0.3%	-0.1%
ADR	0.3%	0.6%
RevPAR	0.0%	0.5%

Quote from article published 10/30/2019: *“The RevPAR upcycle is now in its 115th month, and 112 of those months had positive RevPAR change. So, I wonder if it's time to retire the term “upcycle” if RevPAR is declining, as it did in September. The long-run monthly RevPAR growth chart now looks like this, but the header needs a qualifier (“three small interruptions”) and so it may be time to come up with a better descriptor.”*

CBRE:

The table below is from an April 2019 presentation by CBRE. Their forecast was lowered slightly in September 2019: supply growth for 2020 lowered to 2.1%; driving 0.8% decline in occupancy; and lower RevPAR growth of 1.2% in 2020.

	Long Run Average	2017	2018	2019F	2020F	2021F	2022F
Supply	1.8%	1.7%	2.0%	1.9%	1.8%	1.8%	1.7%
Demand	2.0%	2.5%	2.5%	1.9%	1.2%	-0.1%	2.5%
Occupancy	62.3%	65.9%	66.2%	66.2%	65.8%	64.6%	65.1%
ADR	3.0%	2.2%	2.4%	2.6%	2.6%	1.3%	0.6%
RevPAR	3.3%	2.9%	2.9%	2.5%	2.0%	-0.6%	1.4%

PwC: Hospitality Directions US, January 2020

Economic and political headwinds expected to impact the US lodging industry: “Looking ahead to 2020, our US lodging outlook shows continued deceleration in RevPAR growth, driven by steady economic fundamentals including continued strength in consumer spending during a presidential election year; a modest uptick in business investment; and phase 1 of a new trade agreement with China. Lodging supply is expected to grow at a rate slightly above the longterm average; however, an expected boost to lodging demand from the upcoming presidential election should help mitigate potential declines in occupancy. Overall, RevPAR in 2020 is expected to increase at a decelerating pace, driven entirely by tepid ADR growth. “

PwC Projections: as of January 2020:

Table 1: US outlook (January 27, 2020)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Demand growth	7.3%	4.6%	2.7%	1.9%	4.0%	2.5%	1.5%	2.4%	2.4%	2.0%	2.1%
Supply growth	1.7%	0.4%	0.3%	0.5%	0.6%	0.9%	1.4%	1.7%	2.0%	2.0%	2.2%
Room starts, % change	-39.1%	57.9%	26.1%	26.6%	35.4%	14.7%	14.7%	-3.9%	8.1%	-10.3%	-4.6%
Occupancy	57.6%	60.0%	61.4%	62.3%	64.4%	65.4%	65.4%	65.9%	66.1%	66.1%	66.1%
% change	5.6%	4.2%	2.4%	1.4%	3.4%	1.5%	0.1%	0.7%	0.4%	0.0%	-0.1%
Average daily rate	\$98.04	\$101.76	\$106.05	\$110.06	\$115.20	\$120.42	\$124.07	\$126.83	\$129.99	\$131.20	\$132.25
% change	-0.1%	3.8%	4.2%	3.8%	4.7%	4.5%	3.0%	2.2%	2.5%	0.9%	0.8%
RevPAR	\$56.46	\$61.05	\$65.14	\$68.53	\$74.16	\$78.71	\$81.17	\$83.55	\$85.97	\$86.77	\$87.39
% change	5.4%	8.1%	6.7%	5.2%	8.2%	6.1%	3.1%	2.9%	2.9%	0.9%	0.7%
GDP, % change Q4/Q4	2.6%	1.6%	1.5%	2.6%	2.9%	1.9%	2.0%	2.8%	2.5%	2.3%	2.2%
Inflation, % change	1.7%	2.5%	1.9%	1.3%	1.5%	0.2%	1.0%	1.8%	2.1%	1.4%	1.9%

Source: STR; Bureau of Economic Analysis; IHS-Markit (forecast released January 2020); MHC Construction Analysis System; PwC

Table 2: Chain scale outlook, percentage change from prior year

Chain scale	2019					2020				
	Demand	Supply	Occupancy	ADR	RevPAR	Demand	Supply	Occupancy	ADR	RevPAR
Luxury	(0.3)	0.5	(0.8)	2.1	1.3	0.0	0.1	(0.1)	2.3	2.2
Upper upscale	1.4	1.9	(0.5)	1.4	0.9	1.9	2.3	(0.4)	1.4	1.0
Upscale	4.0	4.9	(0.8)	0.3	(0.5)	4.4	5.0	(0.6)	0.3	(0.3)
Upper midscale	2.9	3.4	(0.5)	0.3	(0.2)	3.0	3.4	(0.4)	0.1	(0.3)
Midscale	2.1	2.8	(0.7)	(0.4)	(1.1)	2.1	2.5	(0.4)	(0.6)	(1.0)
Economy	(0.7)	(1.2)	0.6	(0.3)	0.3	0.1	(0.3)	0.4	(0.4)	(0.0)
Independent hotels	1.9	1.2	0.7	1.5	2.2	1.2	1.0	0.2	1.2	1.3
US total	2.0	2.0	0.0	0.9	0.9	2.1	2.2	-0.1	0.8	0.7

Source: PwC, based on STR data

Lodging Conference Recap: October 2019

In an October 1, 2019 article published on www.hotelnewsnow.com to recap the 2019 Lodging Conference, editor Stephanie Ricca of HNN summarized the mood of the conference as:

I really did hear the audience let out a collective sigh of relief when Bernard Baumohl, chief global economist of The Economic Outlook Group, said, “We’re at a pivotal moment, and we’ve achieved something quite special, growing for more than 10 years. Fundamentals of the economy still look great.” He went on to cite factors like low unemployment, rising wages, strong consumer spending and ample capital, saying that “these are not the kind of symptoms of an economy that’s approaching a peak.”

Still, data analysts, owners and brand executives who took the stage on Day One found plenty to talk about. Uncertainty still plagues the mood of the industry, and while performance growth is happening, factors like converging supply-and-demand numbers and limping average daily rate growth give hoteliers pause.

All industry players—owners, brands, management companies—remain hungry for their piece of the pie. They’re satisfied to hear that consumer spending is still high, and they’ll be taking that to the bank as long as they can.

The good mood rolled along into the second day of The Lodging Conference, as many speakers talked about lessons learned since the Great Recession. The prevailing sentiment is that the industry today is more mature and equipped to handle whatever scenarios come next.

Conclusion

As of January 2020, the hotel industry remains near all-time high levels in all metrics. Uncertainty about where the cycle goes from here is high, with weak performance in 2019 and increasing indications the cycle may be at or near an inflection point.

The general mood of the industry is cautious optimism. Any downturn that comes in the next two years is widely projected to be minor, and forecasters are already projecting increasing demand and ADR growth by 2022. Supply growth remains in-check (much lower than the previous two cycles), and only slightly above the long term average growth rate of 1.8%.

COMPETITIVE MARKET ANALYSIS

The subject's competitive market includes eight hotels and are comprised of properties located on exits to the east and west along Interstate 10 ranging from Slidell, LA to Pascagoula/Moss Point, MS. These were selected because of their locations along the interstate, relative building age and condition, and current branding/segmentation within the upper midscale transient and extended stay segments. The properties are representative of the offerings from the Hilton, Marriott, and IHG brand families and are amongst the most likely candidates for developers in the market today.

The hotels in this report provide a very strong indication for the subject's operating potential. They range in size from 77 to 143 rooms, averaging 99. They range in age from 5 to 23 years, averaging 10 years.

The competitive survey is completed for the Year End 2019. Although this is now several years old, it is more relevant for projecting the subject's future outlook because it reflects pre-COVID-19 market conditions. Trying to draw a meaningful indication about long-term trends from the last year's performance is impossible given the multitude of forces at play.

The competitive hotels operated with occupancy from 60% to 75%, averaging 70%. The survey resulted in ADR indications ranging from \$90 to \$130 and averaging \$100, for the same period. Market demand is allocated 57% to interstate, 23% to extended stay, and 10% each for leisure and terminal corporate segments. It is important to note that a large part of interstate travel is actually corporate travelers passing through to different market locations.

A copy of the competitive market survey is located on the next page. Summaries of each of the competitors with a photo and a location map are located on the following pages.

Competitive Market Survey

Property	Rooms	Built	Age	Estimated Market Segmentation					Estimated Operating Performance							
				1	2	3	4	Total	Occ %	Index	Rooms per Day	Share	ADR	Index	RevPAR	Index
Home2 Suites I-10, Gulfport, MS	107	2016	5	50%	30%	10%	10%	100%	75%	1.07	80	14%	\$105	1.04	\$79	1.11
Hampton Inn & Suites I-10, Gulfport, MS	143	2014	7	60%	20%	10%	10%	100%	75%	1.07	107	19%	\$95	0.94	\$71	1.01
Courtyard Biloxi North, D'Iberville, MS	125	2010	11	60%	20%	10%	10%	100%	70%	1.00	88	16%	\$95	0.94	\$67	0.94
Home2 Suites Biloxi North, D'Iberville, MS	100	2012	9	50%	30%	10%	10%	100%	75%	1.07	75	13%	\$130	1.29	\$98	1.38
Hampton Inn, Moss Point, MS	77	2007	14	60%	20%	10%	10%	100%	65%	0.93	50	9%	\$95	0.94	\$62	0.87
Holiday Inn Express & Suites, Ocean Springs, MS	77	2009	12	60%	20%	10%	10%	100%	60%	0.85	46	8%	\$100	0.99	\$60	0.85
Hampton Inn, Slidell, LA	81	1998	23	60%	20%	10%	10%	100%	70%	1.00	57	10%	\$90	0.89	\$63	0.89
Holiday Inn Express , Slidell, LA	81	2016	5	60%	20%	10%	10%	100%	65%	0.93	53	9%	\$90	0.89	\$59	0.83
Totals/Average	791		10	57%	23%	10%	10%	100%	70%		556	100%	\$101		\$71	
STR Survey	791								70%		552		\$101		\$70	

Market segmentation and operating performance estimates as of TTM December 31, 2019

STR data includes same competitive set for twelve months ending TTM December 2019

Average age of competitors is based on a rooms-weighted computation.

Market Segments:

- 1 Interstate
- 2 Extended stay
- 3 Leisure
- 4 Corporate

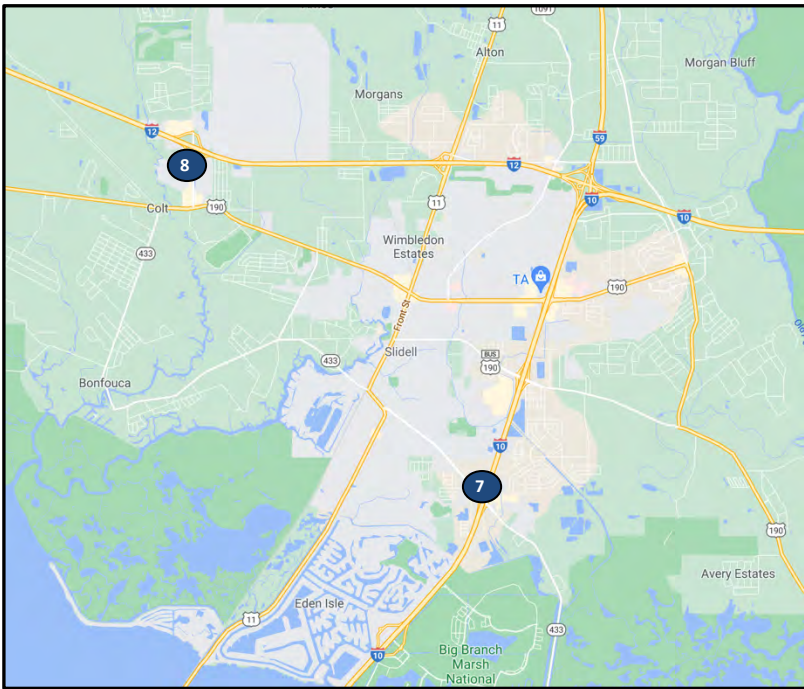
Definitions:

Occ % - Occupancy percentage (Total rooms occupied divided by total rooms available; total rooms available = room count x 365)

Rooms per Day = Room Count x Occ %

ADR - Average daily room rate (Total room revenue divided by rooms occupied)

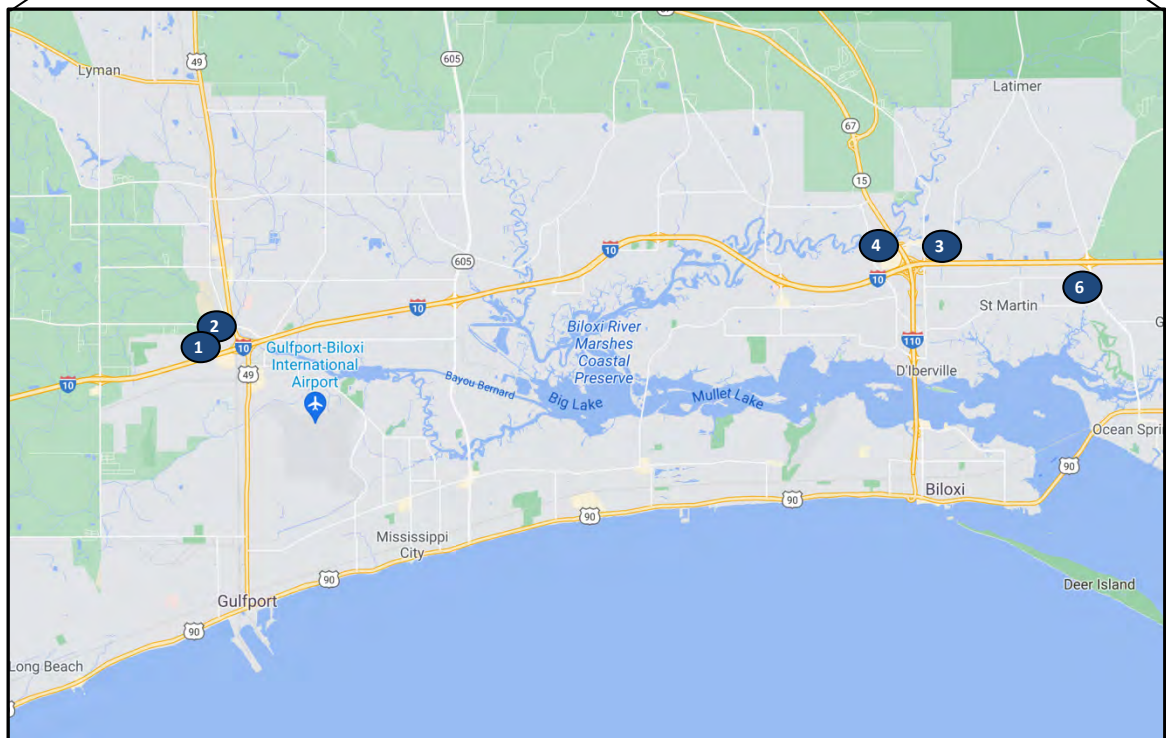
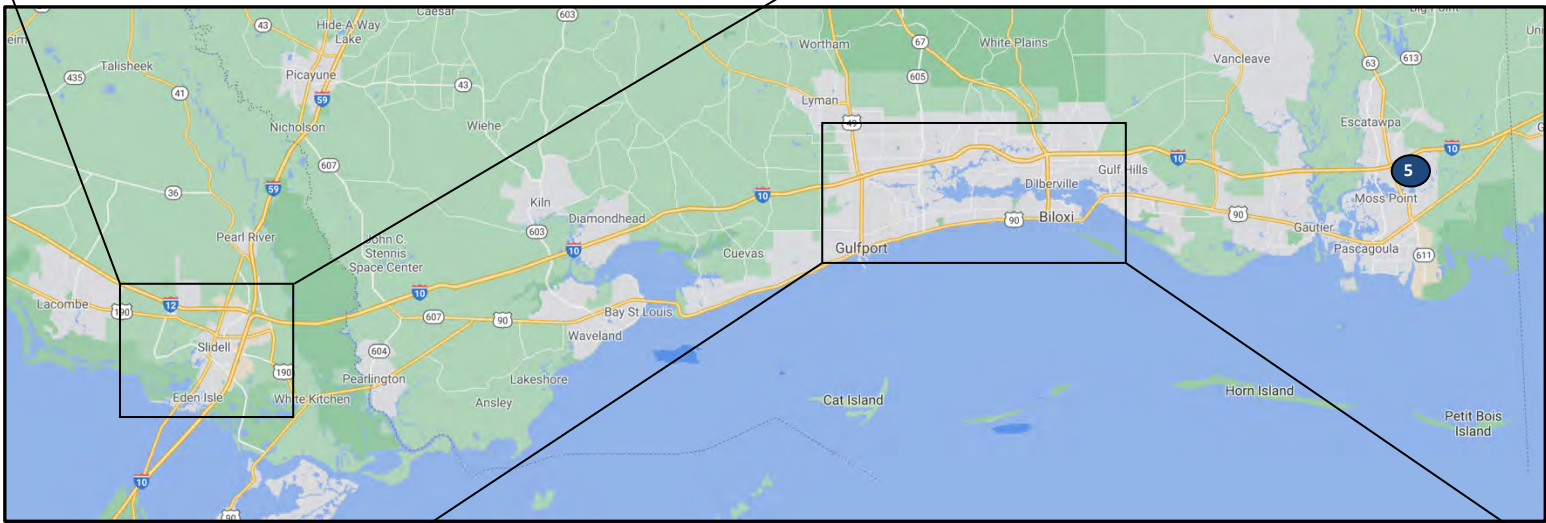
RevPAR - Room revenue per available room (Total room revenue divided by total rooms available)



Competitor Map

Competitive Set Locations

- 1 = Home2 Suites I-10 Gulfport, MS
- 2 = Hampton Inn & Suites I-10 Gulfport, MS
- 3 = Courtyard Biloxi North D'Iberville, MS
- 4 = Home2 Suites Biloxi North D'Iberville, MS
- 5 = Hampton Inn Moss Point, MS
- 6 = Holiday Inn Express & Suites Ocean Springs, MS
- 7 = Hampton Inn Slidell, LA
- 8 = Holiday Inn Express Slidell, LA



Competitor Summary

Competitor 1

Competitor 2

Competitor 3

Competitor 4



Property Name:	Holiday Inn Express	Hampton Inn	Hampton Inn	Courtyard by Marriott
Address:	1255 Frontage Rd	56460 Frank Pichon Jr. Road	6730 Highway 63 North	11471 Cinema Drive
City:	Slidell	Slidell	Moss Point	D'Iberville
County:	St. Tammany	St. Tammany	Jackson	Harrison
State:	LA	LA	MS	MS
Zip Code:	70460	70458	39563	39540
Parcel Number:	N/A	1241125281	20118111.000	1408K-01-001.009

Physical Characteristics

Year Built:	2016	1998	2007	2010
Number of Rooms:	81	81	77	125
Design:	limited-service	limited-service	limited-service	limited-service
Construction:	masonry	masonry	masonry	masonry
Corridors:	interior	interior	interior	interior
# Stories:	4	3	3	5
Operating Segment:	Upper Midscale	Upper Midscale	Upper Midscale	Upper Midscale
Amenities:	Outdoor pool Business center Fitness center	Outdoor pool Business center Fitness center	Outdoor pool Fitness center Business center	Restaurant Lounge Indoor pool Fitness center Business center Fitness Facility

Competitor Summary

Competitor 5

Competitor 6

Competitor 7

Competitor 8



Property Name:	Home2 Suites Biloxi North D'Iberville	Home2 Suites Gulfport	Holiday Inn Express and Suites Biloxi Ocean Springs	Hampton Inn and Suites Gulfport
Address:	3810 Promenade Parkway	15600 Daniel Boulevard	7301 Washington Avenue	15580 Daniel Boulevard
City:	D'Iberville	Gulfport	Ocean Springs	Gulfport
County:	Harrison	Harrison	Jackson	Harrison
State:	MS	MS	MS	MS
Zip Code:	39540	39503	39564	39503
Parcel Number:	1308H-03-001.005	0809D-02-002.001	03612360.100	

Physical Characteristics

Year Built:	2012	2016	2009	2014
Number of Rooms:	100	107	77	143
Design:	limited-service	limited-service	limited-service	limited-service
Construction:	Masonry	Masonry	Wood	Masonry
Corridors:	Interior	Interior	interior	Interior
# Stories:	5	4	4	5
Operating Segment:	Upper Midscale	Upper Midscale	Upper Midscale	Upper Midscale
Amenities:	Outdoor pool Business Center Fitness Facility Guest Laundry	Guest Laundry Fitness Facility Outdoor Pool	Outdoor pool Fitness center Business center	Business Center Fitness Facility

Competitive Market Supply

There have been no changes to the competitive market supply shown on the preceding pages since the Holiday Inn Express in Slidell, LA opened in May 2016. Prior to that, the Home2 Suites in Gulfport, MS opened in February 2016 and the competitive supply had not increased since mid-2012. The chart below shows recently opened supply and new projects currently under construction, scheduled to open soon, or have been postponed. None of the supply below would have meaningful impact on the subject.

Hotel Name	Location	Location Type	# of Rooms	Year Built/Status
Pearl Hotel	Bay St. Louis, MS	Waterfront	59	2020
Hotel Legends	Biloxi, MS	Waterfront	132	2020
Hampton Inn & Suites	D'Iberville, MS	Interstate	89	2020
La Quinta Inn & Suites	Biloxi, MS	Interstate	66	U/C
Hilton Garden Inn	Biloxi, MS	Urban	100	May 2021
Hotel Whiskey	Pass Christian	Beachfront	TBD	U/C
Comfort Suites	Biloxi, MS	Interstate	110	U/C
Holiday Inn Resort	Gulfport, MS	Beachfront	152	U/C
Country Inn & Suites	Slidell, LA	Interstate	73	U/C
Bay Town Inn & Suites	Bay St. Louis, MS	Beachfront	TBD	U/C
Silver Slipper Hotel expansion	Bay St. Louis, MS	Waterfront	TBD	Postponed

The existing properties located to the west in Slidell, LA likely do a better job of capturing the corporate and extended stay business from NASA and its neighbors at the Stennis Space Center since those travelers seem to prefer the Marriott Rewards System. Properties located to the east of Diamondhead likely cater more to leisure and vacationing travelers based on their location and seem to command an ADR premium ranging from \$10-\$20 higher on average than properties located along the state border on the Louisiana side.

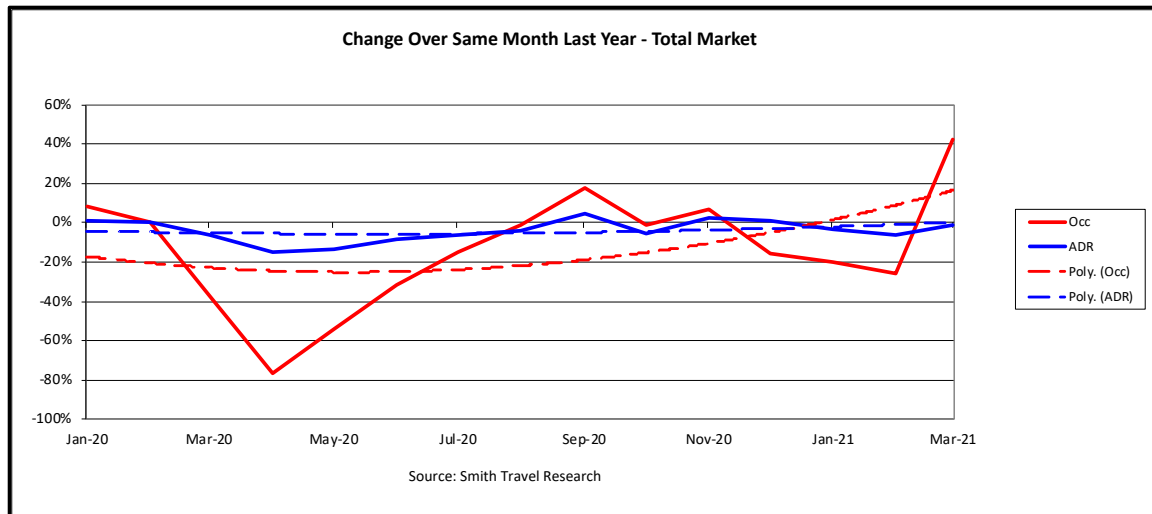
There are no properties currently under construction that will directly compete with the proposed subject hotel within this market area; however this could change with strong post COVID recovery.

The subject is projected to open at the beginning of 2024. This will cause competitive supply to increase from 791 to 876 rooms. I am not projecting any other new supply at this time, but that is always a risk in any market and is considered in the valuation metrics selected later in the report.

Competitive Market Demand

Competitive market demand experienced its largest single year of growth in 2016 at 27%,

following 19% growth the preceding year. Demand continued to increase through 2018 before it fell -3% in 2019. Last year's -19% decline was driven by COVID, which hit in March 2020 and caused the market to bottom out in April 2020. This is illustrated in the following chart.



Competitive market demand has experienced double-digit year-over-year declines since April 2020, while ADR is down only 4% over this period. RevPAR fell from \$70.26 in 2019 to \$54.71 in 2020, likely the largest single year decline for this market on record. Declines have continued through March 2021, but with more wide spread vaccine distribution and easing of travel restrictions, this should begin to recovery quickly.

Leisure travel demand has been the relative bright spot in the hotel industry over the past year, which should lead the recovery. This is driven by people being locked at home for so long and wanting to get out, which they can also afford based on savings and government stimulus money. This leisure growth will be a catalyst for other segments to grow and potentially lead to other larger development projects, which could be aided by left over money that is going to be spent from the Deepwater Horizon BP oil spill that took place in 2010. This bodes well for the subject's competitive set.

I am projecting 2021 to see a large increase over last year and then for 2022 to generally be slightly higher than 2019, reflecting "normal" market conditions. Underling demand is projected for each of the three major segments below.

Interstate business, extended stay, and leisure travelers are expected to rebound 15% and

corporate travelers are expected to rebound 10% in 2021.

Interstate and extended stay demand is projected to increase 7% and 8% respectively in 2022, 2% in 2023, and 1% in 2024 while leisure is projected to increase 7% in 2022 and 1% thereafter. Corporate travelers are expected to increase 5% in 2022 and 2023 and 1% in 2024.

In addition to underlying demand growth, new hotels will induce some demand, primarily by offering rooms when all other hotels are sold out. The subject could possibly pull some demand away from condominiums in neighboring leisure markets and other extended stay properties currently attracting business from NASA and other tenants at Stennis by offering a suite-style room with small kitchen.

Induced demand is considered as a percent of annual supply, with most estimates ranging from 25-75%. I have reconciled this to 40% for the subject. This demand is primarily going to be induced by offering accommodations during peak times.

Name	Induced Demand	
	Subject	Total
# Rooms	85	85
Supply	31,025	31,025
% Induced	40%	40%
Induced	12,410	12,410

Induced demand is assumed to be absorbed 75% in Year 1 (2024) and 25% in Year 2 (2025).

Competitive market supply and demand projections are shown on the following chart.

Accommodated Demand Projections										
Fiscal Year	2019	2020	2021P	2022P	2023P	2024P*	2025P	2026P	2027P	2028P
Interstate										
Occupied Room Nights	100,651	81,836	94,112	101,641	103,674	105,641	105,951	105,951	105,951	105,951
Latent Demand	1,241	1,241	1,241	1,241	1,241	310	-	-	-	-
Accommodated Demand Growth		-18.7%	15.0%	8.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%
Extended stay										
Occupied Room Nights	60,391	49,102	56,467	60,985	62,204	70,272	72,754	72,754	72,754	72,754
Latent Demand	9,928	9,928	9,928	9,928	9,928	2,482	-	-	-	-
Accommodated Demand Growth		-18.7%	15.0%	8.0%	2.0%	1.0%	0.0%	0.0%	0.0%	0.0%
Leisure										
Occupied Room Nights	20,130	16,367	18,822	20,140	20,341	21,476	21,786	21,786	21,786	21,786
Latent Demand	1,241	1,241	1,241	1,241	1,241	310	-	-	-	-
Accommodated Demand Growth		-18.7%	15.0%	7.0%	1.0%	1.0%	0.0%	0.0%	0.0%	0.0%
Corporate										
Occupied Room Nights	20,130	16,367	18,004	18,904	19,849	20,048	20,048	20,048	20,048	20,048
Latent Demand	-	-	-	-	-	-	-	-	-	-
Accommodated Demand Growth		-18.7%	10.0%	5.0%	5.0%	1.0%	0.0%	0.0%	0.0%	0.0%
Total										
Occupied Room Nights	201,302	163,673	187,406	201,670	206,069	217,437	220,539	220,539	220,539	220,539
Latent Demand	12,410	12,410	12,410	12,410	12,410	3,103	-	-	-	-
Accommodated Demand Growth			14.5%	7.6%	2.2%	5.5%	1.4%	0.0%	0.0%	0.0%
Available Room Nights	288,715	288,715	288,715	288,715	288,715	319,740	319,740	319,740	319,740	319,740
Growth			0.0%	0.0%	0.0%	10.7%	0.0%	0.0%	0.0%	0.0%
Marketwide Occupancy	69.7%	56.7%	64.9%	69.9%	71.4%	68.0%	69.0%	69.0%	69.0%	69.0%

Total historical and projected supply and demand projections are shown on the following chart.

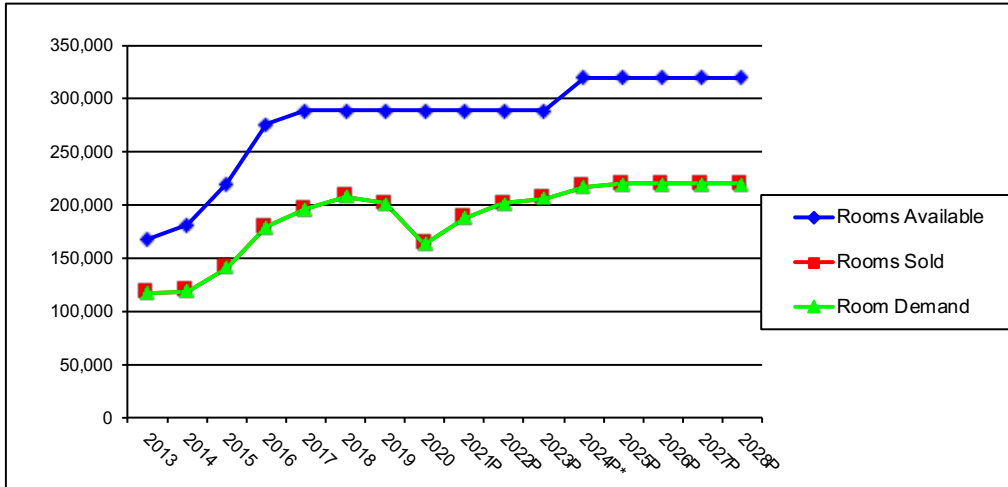
Market Occupancy Trend & Forecast

Year end 12/31	Supply			Demand					Occ. %
	Rooms (1)	Annual (2)	Change (3)	Accomm. (4)	Change (5)	Latent # (6)	Total (7)	Change (8)	Occ. (9)
2013	460	167,900	-	117,150	-	0	117,150	-	69.8%
2014	496	181,056	7.8%	118,985	1.6%	0	118,985	1.6%	65.7%
2015	603	220,095	21.6%	141,434	18.9%	0	141,434	18.9%	64.3%
2016	755	275,647	25.2%	179,354	26.8%	0	179,354	26.8%	65.1%
2017	791	288,715	4.7%	196,206	9.4%	0	196,206	9.4%	68.0%
2018	791	288,715	0.0%	208,231	6.1%	0	208,231	6.1%	72.1%
2019	791	288,715	0.0%	201,302	-3.3%	0	201,302	-3.3%	69.7%
2020	791	288,715	0.0%	163,673	-18.7%	0	163,673	-18.7%	56.7%
2021P	791	288,715	0.0%	187,406	14.5%	0	187,406	14.5%	64.9%
2022P	791	288,715	0.0%	201,670	7.6%	0	201,670	7.6%	69.9%
2023P	791	288,715	0.0%	206,069	2.2%	0	206,069	2.2%	71.4%
2024P*	876	319,740	10.7%	217,437	5.5%	0	217,437	5.5%	68.0%
2025P	876	319,740	0.0%	220,539	1.4%	0	220,539	1.4%	69.0%
2026P	876	319,740	0.0%	220,539	0.0%	0	220,539	0.0%	69.0%
2027P	876	319,740	0.0%	220,539	0.0%	0	220,539	0.0%	69.0%
2028P	876	319,740	0.0%	220,539	0.0%	0	220,539	0.0%	69.0%
Change (2020-2028P)			10.7%					34.7%	

Supply Change

*85-room Subject opens January 1

Average (Historical) = 66.4%
 Average (Projected) = 68.8%
 Average (Overall) = 67.6%



Notes:

- (1) Rooms = total rooms at year-end.
- (2) Annual room supply = actual number of rooms available, including partial-year openings.
- (3) Change = change of annual room supply from the previous year.
- (4) Accommodated demand = actual number of rooms sold during the year.
- (5) Change = change in accommodated demand from the previous year.
- (6) Latent demand = estimated by CHS.
- (7) Total demand = accommodated demand plus latent demand.
- (8) Change = change in total demand from the previous year.
- (9) Market occupancy = accommodated demand divided by annual room supply

Source: Smith Travel Research (STR) - historical
 Core Hospitality Advisors (CHA) - projections

Competitive Market ADR (Average Daily Rate)

Competitive market ADR has been largely stagnant over the last eight years. It increased from \$96.64 in 2013 to \$97.80 in 2018, total growth of just over \$1. This trend did improve in 2019 being up 3%, but then fell by 4% with COVID.

The market should rebound from COVID through 2022 with 5% growth in 2021 and 2% each year in 2022 and 2023 aided by the near-term inflation expectations that will inevitably be passed on to guests. However, after this period I am projecting it to return to a very modest 1% annual growth going forward. This exceeds the historical trend, but is still a reasonable expectation for most investors based on the growth occurring just before COVID.

Historical and projected market ADR is summarized on the following chart.

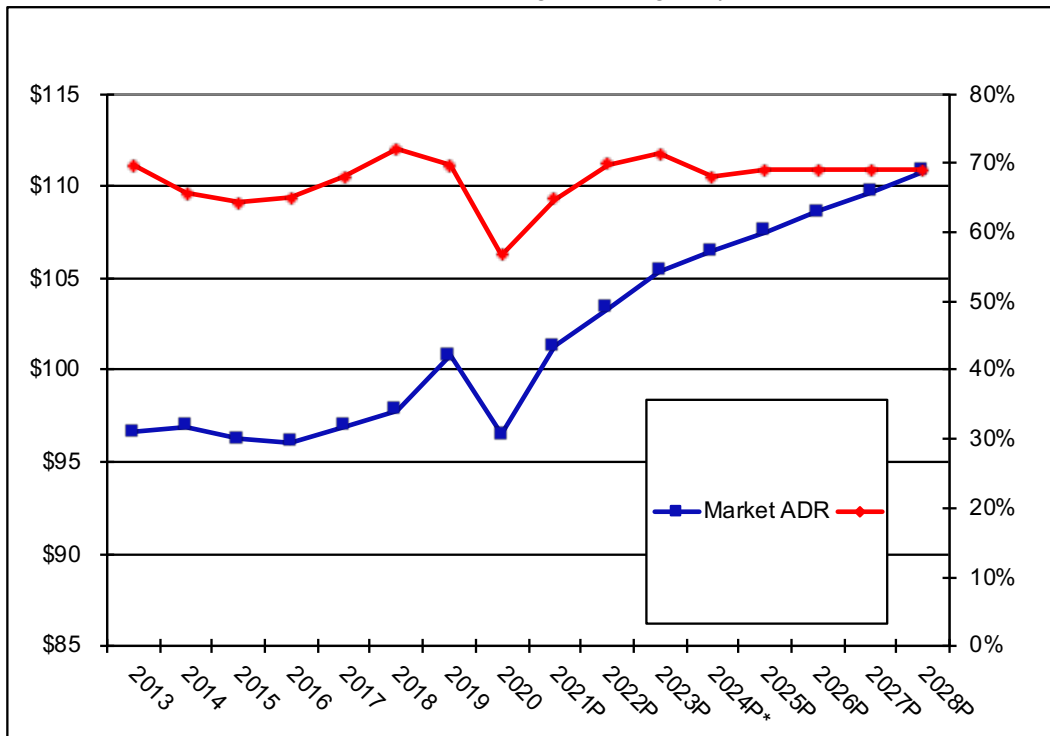


Market Average Daily Rate (ADR) Trend & Forecast

Year end 12/31	Demand/Occupancy					ADR	
	Supply	Change	Demand	Change	Occupancy	ADR	Change
2013	167,900	-	117,150	-	69.8%	\$ 96.64	-
2014	181,056	7.8%	118,985	1.6%	65.7%	\$ 96.91	0.3%
2015	220,095	21.6%	141,434	18.9%	64.3%	\$ 96.22	-0.7%
2016	275,647	25.2%	179,354	26.8%	65.1%	\$ 96.05	-0.2%
2017	288,715	4.7%	196,206	9.4%	68.0%	\$ 96.93	0.9%
2018	288,715	0.0%	208,231	6.1%	72.1%	\$ 97.80	0.9%
2019	288,715	0.0%	201,302	-3.3%	69.7%	\$ 100.76	3.0%
2020	288,715	0.0%	163,673	-18.7%	56.7%	\$ 96.50	-4.2%
2021P	288,715	0.0%	187,406	14.5%	64.9%	\$ 101.32	5.0%
2022P	288,715	0.0%	201,670	7.6%	69.9%	\$ 103.35	2.0%
2023P	288,715	0.0%	206,069	2.2%	71.4%	\$ 105.42	2.0%
2024P*	319,740	10.7%	217,437	5.5%	68.0%	\$ 106.47	1.0%
2025P	319,740	0.0%	220,539	1.4%	69.0%	\$ 107.54	1.0%
2026P	319,740	0.0%	220,539	0.0%	69.0%	\$ 108.61	1.0%
2027P	319,740	0.0%	220,539	0.0%	69.0%	\$ 109.70	1.0%
2028P	319,740	0.0%	220,539	0.0%	69.0%	\$ 110.80	1.0%
Change (2020-2028P)		10.7%		34.7%	0.0%		14.8%

Avg. Ann. Change (Historical): 0.0%

Avg. Ann. Change (Projected): 4.6%



Source: Smith Travel Research (STR) - historical
Core Hospitality Advisors (CHA) - projections

Subject's Marketability

The subject property will be new and have a very strong franchise affiliation. The proposed location at the Exit #16 interchange of Interstate 10 lacks the availability of complimentary amenities like restaurants that other markets in either direction have, although this is projected to change if even a small portion of the city's plans for the exit are realized.

The subject will likely be the only hotel of any quality within the City of Diamondhead for some time. For this reason, I used similar hotels in other markets along I-10 to draw an indication from.

Considering these factors, I estimate the subject's occupancy potential is 0.93 or 93% of the market average. It should reach this in Year 3. Year 2 is estimated at 90% of stabilized level and Year 1 at 80%.

The subject's projected occupancy for the first five years of operation is shown on the following chart.

Historical/Projected Occupancy - Subject Property				
Fiscal Year	Market Occ. %	Subject Occ. Index	Subject Occ. %	Rounded
2024P	68.0%	0.80	54.4%	54.0%
2025P	69.0%	0.90	62.1%	62.0%
2026P	69.0%	0.93	64.1%	64.0%
2027P	69.0%	0.93	64.1%	64.0%
2028P	69.0%	0.93	64.1%	64.0%

I reconciled a stabilized index of 0.97 or 97% of the market average for ADR. I estimate Year 1 to be 93% of this index and Year 2 to be 95%.

The subject's projected ADR for the first five years of operation is shown on the following chart.

Historical/Projected ADR - Subject Property				
Fiscal Year	Market ADR	Subject ADR Index	Subject ADR	Rounded
2024P	\$106.47	0.93	\$99.02	\$99.00
2025P	\$107.54	0.95	\$102.16	\$102.00
2026P	\$108.61	0.97	\$105.35	\$105.00
2027P	\$109.70	0.97	\$106.41	\$106.00
2028P	\$110.80	0.97	\$107.47	\$107.00

The subject's projected RevPAR for the first five years of operation is shown on the following chart.

Historical/Projected RevPAR - Subject Property				
Fiscal Year	Market RevPAR	Subject RevPAR Index	Subject RevPAR	Rounded
2024P	\$72.41	0.74	\$53.87	\$54.00
2025P	\$74.17	0.86	\$63.42	\$63.00
2026P	\$74.92	0.90	\$67.58	\$68.00
2027P	\$75.66	0.90	\$68.26	\$68.00
2028P	\$76.42	0.90	\$68.94	\$69.00

DESCRIPTION OF THE SUBJECT PROPERTY

The subject site is assumed to be 2-3 acres and have adequate visibility and access to Interstate 10. The most obvious preference would be on the northern side of the interchange at Exit #16 and a location in either the new Town Center project or along Aloha Drive would be preferable. This study considers a location in either development suitable for hotel development.

BUILDINGS & SITE IMPROVEMENTS

Design:	Proposed upper midscale hotel affiliated with Hilton, Marriott, or IHG. This study uses a Home2 Suites for this analysis because it reflects the most likely selection by an investor.
Plans & Specifications:	Prototype plans
Construction:	Wood frame
Building Size:	80-90 guestrooms, this appraisal assumes 85 guestrooms
Construction Quality:	Good
Year Built:	Completion by January 1, 2024
Exterior Finish:	Mix of EFIS and decorative stone
Roof:	Flat roof with TPO covering
Upper Floor Access:	TBD
Public Spaces:	Lobby, breakfast area, business center, meeting room, fitness center, and outdoor pool.
Back of House Areas:	Administrative, Laundry, Housekeeping, Maintenance Areas, Storage Rooms, and Mechanical Rooms.
Fire Safety	The building will have sprinklers and meet all applicable fire and life safety codes.
ADA/Accessibility:	The building and site will meet all applicable ADA and accessibility requirements.
Site Improvements:	Prototype specifications

Conclusion

This study selected a Home2 Suites for analysis purposes however other property types within the Hilton, Marriott, or IHG families such as Hampton Inn, Courtyard, or Holiday Inn Express could be developed on the site.

FURNITURE, FIXTURES, & EQUIPMENT (FF&E)

Furniture, fixtures, and equipment (FF&E) consists of all of the fixed and movable personal property in the hotel, including the following items.

- Lobby furnishings and equipment
- Coffee bar, Kitchen/Dining, Sunroom, and Veranda (outdoor dining area) furnishings and equipment
- Meeting Room furnishings and equipment
- Fitness Room furnishings and equipment
- Outdoor Pool and Hot Tub furnishings and equipment, including two chair lifts
- Kitchen equipment
- Housekeeping equipment
- Laundry equipment
- Administrative office furnishings and equipment
- Property management system
- Telephone, CATV, and wireless internet equipment
- Linen
- Operating supplies & equipment (OSE) for all departments
- Guestrooms furnishings and equipment
- Interior and exterior signage

FF&E Replacement cost is estimated to be \$22,000 per room or \$1,870,000. This is based on the conclusions shown in the Cost Approach. Once the hotel is open depreciation will be zero, which will increase to 20% once the property reaching stabilization. Contributory value for each scenario is shown below.

	FF&E Contribution	
	"At Completion"	"At Stabilization"
Replacement Cost/Room:	\$ 22,000	\$ 22,000
Total Replacement Cost:	<u>\$ 1,870,000</u>	<u>\$ 1,870,000</u>
Depreciation Estimate (%):	0%	20%
Depreciation Estimate (\$):	<u>\$ -</u>	<u>\$ 374,000</u>
Contributory Value:	\$ 1,870,000	\$ 1,496,000

PROPERTY TAX

Property taxes are levied on real property and personal property. Mississippi assesses commercial property at 15% of market value for real property and depreciated cost for personal property (FF&E). The tax rate in the subject's tax district is 13.93% of assessed value.

Real Property Tax

Because there has not been a specific site identified, exact tax assessments for the subject are not available, but based on comparable hotels, it is reasonable to expect an assessment of \$3,757,000 or \$44,200 for land and improvements. The allocation is \$357,000 for land and \$3,400,000 for the improvements. This assessment plus the contributory value of the FF&E is well below the reported As Stabilized value indication, however, Mississippi is a non-deed disclosure state, which makes it harder for assessors to justify values. The assessment is reasonable in comparison to similar hotels in the market, which is the better means of comparison here.

Personal Property Tax

The estimated replacement cost of the FF&E in the hotel is \$22,000 per room x 85 rooms = \$1,870,000. Depreciation was estimated to be 0% due to the hotel being proposed and new however this increases to 20% by Stabilized Year 3 figures.

Total Property Tax

Total property tax is the sum of real and personal property tax. Total property tax is calculated to be \$117,600 rounded, as shown on the chart below.

Property Tax Worksheet

Subject - Current Assessment	Parcel #	Rooms	Land		Improvements	
			Total Value	Value/Room	Total Value	Value/Room
Home2 Suites Gulfport I-10	0809D-02-002.001	107	\$ 414,000	\$ 3,869	\$ 3,986,398	\$ 37,256
Home2 Suites Biloxi North D'Iberville	1308H-03-001.005	100	\$ 480,902	\$ 4,809	\$ 3,698,526	\$ 36,985
Courtyard Biloxi North D'Iberville	1408K-01-001.009	125	\$ 420,790	\$ 3,366	\$ 6,624,756	\$ 52,998
Real estate tax calculation				Rooms	Value/Room	Total Value
Land				85	\$ 4,200	\$ 357,000
Improvements				85	\$ 40,000	\$ 3,400,000
Total real estate tax value (land + improvements)						\$ 3,757,000
x Land assessment ratio						15.00%
x Improvements assessment ratio						15.00%
= Total assessed value						\$ 563,550
x Real estate tax rate						13.93%
= Real estate tax						\$ 78,503
Personal property tax calculation				Rooms	Value/Room	Total Value
FF&E replacement cost				85	\$22,000	\$ 1,870,000
x Depreciation					0.00%	\$ -
= Depreciated cost						\$ 1,870,000
x Personal property assessment ratio						15.00%
= Total assessed value						\$ 280,500
x Personal property tax rate						13.93%
= Personal property tax						\$ 39,074
Assessments/adjustments						
Other						\$ -
Other						\$ -
Total property tax & assessments						
Total property tax & assessments:						\$ 117,576
Rounded:						\$ 117,600

Projected Property Tax Expense

I have projected out property tax expense for the next five years for use in the projected operating statement. I am assuming the real property assessment will increase at an annual rate of 1% through this period. FF&E depreciation is projected to increase by 10% per year.

Calculations are shown below.

Projected Property Tax Expense						
Real Property	Current	Year 1	Year 2	Year 3	Year 4	Year 5
Tax Value	\$ 3,757,000	\$ 3,794,570	\$ 3,832,516	\$ 3,870,841	\$ 3,909,549	\$ 3,948,645
Growth (%)		1%	1%	1%	1%	1%
Assessment Ratio	15%	15%	15%	15%	15%	15%
Tax Rate	13.9300%	13.9300%	13.9300%	13.9300%	13.9300%	13.9300%
Real Property Taxes	\$ 78,503	\$ 79,288	\$ 80,080	\$ 80,881	\$ 81,690	\$ 82,507
Personal Property						
Replacement Cost	\$ 1,870,000	\$ 1,870,000	\$ 1,870,000	\$ 1,870,000	\$ 1,870,000	\$ 1,870,000
Depreciation	0%	0%	10%	20%	30%	40%
Depreciated Cost	\$1,870,000	\$1,870,000	\$1,683,000	\$1,496,000	\$1,309,000	\$1,122,000
Assessment Ratio	15%	15%	15%	15%	15%	15%
Tax Rate	13.9300%	13.9300%	13.9300%	13.9300%	13.9300%	13.9300%
Personal Property Taxes	\$ 39,074	\$ 39,074	\$ 35,166	\$ 31,259	\$ 27,352	\$ 23,444
Total Property Taxes	\$ 117,576	\$ 118,361	\$ 115,247	\$ 112,140	\$ 109,042	\$ 105,951
Rounded	\$ 118,000	\$ 118,000	\$ 115,000	\$ 112,000	\$ 109,000	\$ 106,000

HIGHEST AND BEST USE

Highest & best use is the reasonably probable and legal use of vacant land or an improved property that is physically possible, legally permissible, appropriately supported, financially feasible, and that results in the highest value.¹

The scope of work involved considering the proposed development of an upper midscale hotel on an unknown site on the northern side of the Interstate 10/Exit #16 interchange within the City of Diamondhead, MS. The exact site and size of the parcel are assumed to be appropriate for the development of a hotel facility and will be determined at a later time.

Therefore, a full highest and best use analysis is not necessary.

¹ The Appraisal of Real Estate, Twelfth Edition, page 305.

COST APPROACH

The Cost approach is a set of procedures through which a value indication is derived for the fee simple interest in a property by estimating the current cost to construct a reproduction of, or replacement for, the existing structure plus any profit or incentive; deducting depreciation from the total cost; and adding the estimated land value. Other adjustments may then be made to the indicated fee simple value of the subject property to reflect the value of the property interest being appraised. The steps to apply the cost approach are as follows:

1. Estimate total cost of the improvements; furniture, fixtures, and equipment (FF&E); and soft costs necessary to replace the project.
2. Estimate depreciation from all sources.
3. Estimate the market value of the fee simple interest in the land.
4. Add depreciated value of the improvements and FF&E to the market value of the fee simple interest in the land to arrive at the indicated market value.

TOTAL COST OF THE IMPROVEMENTS

The total cost of the improvements is the cost to construct the buildings and site improvements; furniture, fixtures, and equipment (FF&E); soft costs; and entrepreneurial incentive.

Buildings and Site Improvements

Buildings and site improvements cost consists of payments for the general contractor and subcontractors, special construction, permits, builder risk insurance, and payment and performance bonds for the project.

Hotel construction cost is typically considered as a cost per-square-foot by investors and appraisers alike. To estimate the construction cost of the subject improvements, I relied on recent quotes from other assignments and with similar proposed structures. This figure is well supported by the comparable data shown on below.

Comparable Construction Actual Cost Data								
Property	Location	# Rooms	Built	SF GBA	Construction	Total Cost	Cost/Room	Cost/SF
Staybridge Suites	Miramar Beach, FL	123	U/D	86,046	Masonry	\$ 12,800,000	\$ 104,065	\$ 148.76
Homewood Suites	Destin, FL	95	2020	76,627	Masonry	\$ 13,202,688	\$ 138,976	\$ 172.30
Holiday Inn	Chamblee, GA	143	U/D	96,000	Steel	\$ 14,045,000	\$ 98,217	\$ 146.30
Home2 Suites	Ft. Worth, TX	162	2020	107,822	Wood	\$ 22,127,035	\$ 136,587	\$ 205.22
Residence Inn	Birmingham, AL	120	U/D	107,822	Masonry	\$ 16,600,000	\$ 138,333	\$ 153.96
Home2 Suites	Tifton, GA	98	U/D	65,924	Concrete	\$ 11,522,376	\$ 117,575	\$ 174.78
	Average	124		90,040		\$ 15,049,517	\$ 122,292	\$ 166.89
	Subject	85		60,000	Wood	\$ 10,500,000	\$ 123,529	\$ 175.00

Based on these comparable results, I have reconciled the subject to be \$175/SF. Note that this is wood frame and in line with other concrete prices, but reflects the potential higher development costs associated with building near the coast and complying with hurricane standards.

Furniture, Fixtures, and Equipment (FF&E)

FF&E cost consists of payments for FF&E purchases, procurement, shipping, storage, and installation costs. FF&E includes operating supplies and equipment (OS&E) and initial inventories.

The subject's FF&E cost of \$22,000 per room is based on the comparable data shown below.

Comparable Furniture Fixture & Equipment (FF&E) Actual Cost Data						
Property	Location	# Rooms	Built	Design	Total Cost	Cost/Room
Home2 Suites	Oxford, MS	97	2018	Extended-stay	\$ 1,902,986	\$ 19,618
Home2 Suites	Columbia, SC	91	U/C	Extended-stay	\$ 2,006,650	\$ 22,051
Home2 Suites	Barstow, CA	106	U/C	Extended-stay	\$ 2,175,000	\$ 20,519
Home2 Suites	El Centro, CA	79	U/C	Extended-stay	\$ 1,519,303	\$ 19,232
Home2 Suites	Corona, CA	100	U/C	Extended-stay	\$ 2,341,950	\$ 23,420
Home2 Suites	Tifton, GA	98	U/C	Extended-stay	\$ 2,156,000	\$ 22,000
Homewood Suites	Destin, FL	95	U/C	Extended-stay	\$ 2,000,000	\$ 21,053
	Average	95			\$ 2,014,556	\$ 21,127
	Subject	85			\$ 1,870,000	\$ 22,000

Soft Costs

Soft costs or indirect costs are expenditures or allowances for items other than labor and materials that are necessary for construction, but are not typically part of the construction contract. Indirect costs may include administrative costs; professional fees; financing costs and the interest paid on construction loans; taxes and builder's or developer's all risk insurance during construction; and marketing, sales, and lease up costs incurred to

achieve occupancy or sale. Builders risk insurance was included in the building and site improvements cost shown before.

Soft costs associated with building the subject property include:

- Architectural, engineering, design, and supervision
- Pre-opening cost and Administrative cost/operating deficit reserve
- Franchise license
- Construction loan financing cost
- Impact Fees
- Other financing costs

Architectural, Engineering, Design, and Supervision

Architectural and engineering cost consists of payments to architects, engineers, and other design consultants for the design, supervision, and testing of the constructed building, contents, and site improvements. This was reconstructed to \$200,000.

Pre-Opening, Administrative/Operating Deficit Reserve

This consists of the payroll and related costs, training, sales and marketing, utilities, temporary office expenses, construction period property taxes initial bookkeeping, operating reserves, and all other operating expenses incurred prior to opening.

This was reconstructed to \$3,000 per room or \$255,000.

Franchise License

The initial franchise license is estimated to be \$75,000.

Other Financing Costs

Other financing costs were estimated at \$75,000.

Construction Loan Financing Cost

Construction loan financing cost is the interest paid on the outstanding balance of the mortgage during construction. This figure was estimated by assuming an average loan balance of 60% during construction and a 5.5% interest rate. Calculations are shown below.

Construction Loan Financing Cost		
Total Improvements		\$ 10,500,000
Total Furniture, Fixtures, and Equipment (FF&E):		\$ 1,870,000
Soft Costs:		
Architectural, engineering, design and supervision:		\$ 200,000
Pre-opening cost:		\$ 255,000
Franchise license:		\$ 75,000
Total Cost Used for Calculations:		\$ 12,900,000
Average Loan Balance During Construction:	60%	\$ 7,740,000
Interest Incurred During Construction*:	5.5%	\$ 638,550
Rounded:		\$ 640,000
* Assumes an 18-month construction phase.		

Soft Cost Conclusion

Soft costs total \$1,245,000 or \$14,647 per guestroom.

Entrepreneurial Incentive

This was estimated to be 3% of the development cost excluding land. Calculations are shown below.

Entrepreneurial Incentive		
Total Improvements		\$ 10,500,000
Total Furniture, Fixtures, and Equipment (FF&E):		\$ 1,870,000
Soft Costs:		\$ 1,245,000
Total Cost of the Improvements:		\$ 13,615,000
Entrepreneurial Incentive:	3.0%	\$ 408,450
Rounded:		\$ 410,000

Total Cost of the Improvements

The total cost of the improvements is the sum of the above cost components.

Calculations are shown below.

Total Cost of the Improvements	
Total Improvements	\$ 10,500,000
Total Furniture, Fixtures, and Equipment (FF&E):	\$ 1,870,000
Soft Costs:	\$ 1,245,000
Entrepreneurial Incentive:	\$ 410,000
Total:	\$ 14,025,000
Rounded:	\$ 14,000,000

DEPRECIATION

Depreciation is the difference between the market value of an improvement and its reproduction or replacement cost at the time of appraisal. The depreciated cost of the improvement can be considered an indication of the improvement's contribution to the property's market value. The subject improvements will be effectively new and exhibit no depreciation.

LAND VALUE

For the purposes of calculations, I assumed land value is equal to \$500,000 but the cost of the actual land parcel could be higher or lower than this amount and must be considered independently of this analysis.

COST APPROACH CONCLUSION

The Cost approach is the sum of the cost to convert the existing improvements to the proposed use. The Cost approach provides an indication of \$14,500,000 or \$170,588 per room. This assumes an upper midscale transient/extended stay property is built and is affiliated within the Hilton Hotels, Marriott, or IHG brand families, which is the most likely built type of property for this kind of location in today's environment. Additionally, this analysis assumes construction of an 85-room property but in reality, this could range anywhere from 80 to 90 rooms in size.

Calculations are shown on the following page.

COST APPROACH SUMMARY

Subject Property:	Home2 Suites
Location:	Diamondhead, MS
Hotel Room Count:	85

Improvements

Hotel building and site improvements:	60,000 SF	\$175.00 /SF	\$	10,500,000
Total Improvements:			\$	10,500,000

Furniture, Fixtures, and Equipment (FF&E)

FF&E - Hotel:		\$22,000 /Room =	\$	1,870,000
Total F&E:			\$	1,870,000

Soft costs

Architectural, engineering, design and supervision:			\$	200,000
Pre-opening cost:		\$3,000 /Room	\$	255,000
Franchise license:			\$	75,000
Construction loan financing cost:		5.50% Interest Rate	\$	640,000
Other financing costs			\$	75,000
Total Soft Costs:			\$	1,245,000

Entrepreneurial Incentive*

Entrepreneurial Incentive:		3.0%	\$	410,000
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Total Cost of the Improvements

Total cost of the improvements:			\$	14,025,000
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Depreciation

Physical Deterioration:			\$	-
Functional Obsolescence:			\$	-
External Obsolescence:			\$	-
Total Depreciation:			\$	-

Land Value

Market value of the land:			\$	500,000
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Conclusion

Cost approach indication:			\$	14,525,000
Rounded:			\$	14,500,000

* Calculated based on the sum of improvements, FF&E, and other soft costs.

INCOME APPROACH

The income capitalization approach is a set of procedures in which a value indication is derived for the property interest being appraised by converting anticipated benefits (cash flows and reversion) into property value. This conversion can be accomplished in two ways. One year's income expectancy can be capitalized at a market derived capitalization rate or at a capitalization rate that reflects a specified income pattern, return on investment, and change in the value of the investment. Alternatively, the annual cash flows for the holding period and the reversion can be discounted at a specified yield rate (The Dictionary of Real Estate Appraisal, Fourth Edition, page 143).

The steps to implement the Income approach in this appraisal are as follows:

1. Analyze current operating performance.
2. Reconstruct subject operating statement to reflect a base year operating statement.
3. Use base year statement and occupancy and ADR projections to develop a projected operating statement through stabilization.
4. Select an appropriate capitalization rate.
5. Develop a value indication using direct capitalization.

VALUATION DEVELOPMENT

The subject property is projected to open by January 1, 2024 and then reach a fully stabilized level two years after that, or by January 1, 2026.

Hotel developers consider the value of the subject property "As Stabilized" when determining whether to proceed with development. They typically project out revenue for this period and value that using direct capitalization. The Discounted Cash Flow (DCF) often provides a strong value indication for the subject once it is complete, because it accurately reflects the lost revenue during the stabilization period. However, investors still primarily weight the stabilized value produced using direct capitalization.

Therefore, I used comparable operating statements to reconstruct a base year operating statement in current dollars. Then I used that as a basis to project operation for the subject's first five years of operation. I valued the projected stabilized operation, which was determined to be Year 3, using an Overall Capitalization Rate (OAR). I valued projected NOI beginning when the hotel opens using DCF to provide a value indication for the subject "As Complete."

BASE YEAR OPERATING STATEMENT

A base year operating statement was developed to reflect the subject's typical operation. This uses its stabilized occupancy and ADR in current dollars. Given the disruption in 2020 from COVID-19, I am using 2019 dollars. This allows using current comparable operating statements to reconstruct a statement, under the assumption that the subject property is currently operating at a stabilized level. Then the occupancy and ADR projections were used to project income and expenses through stabilization. The process is further explained later in the report.

The subject property will generate revenue from hotel rooms, other operated departments, and rentals & other income. Each of these is described below.

Rooms Revenue

The subject's base year occupancy and ADR were determined in the preceding market analysis. The subject's stabilized occupancy is 64% in Year 3. The base year ADR is calculated by applying the stabilized index shown before (0.96) to the Fiscal 2019 market indication. Calculations are shown in the following chart.

Base Year ADR - Subject Property				
Fiscal Year	Market ADR	Subject ADR Index	Subject ADR	Rounded
2019	\$100.76	0.97	\$97.74	\$98.00

Therefore, base year hotel room revenue is calculated as follows.

# Guest Rooms:	85
# Days Open:	365
# Rooms Available:	31,025
Stabilized Occupancy:	64%
# Occupied Rooms:	20,166
Average Room Rate (ADR):	\$98
Rooms Revenue:	\$1,945,888

Other Operated Departments

Other Operated Departments Revenue is generated from the lobby convenience mart, long distance telephone charges, lodging tax discounts, laundry and vending commissions, and various other sources of income.

This was reconstructed to be \$2.75 per occupied room, which is very well supported by comparable data and the CBRE Trends for 2020.

Total other operated departments revenue is \$54,604.

Rentals & Other Income

This was reconciled to \$0 because it is included in Other Operated Departments above.

Total Revenue

Total revenues are the sum of room rentals, other operated departments, and rentals & other income. Total revenue for the base year operating statement is \$2,000,492.

OPERATING EXPENSE ANALYSIS

Comparable operating statements were taken from four other hotels (2 Home2 Suites and 2 Hampton Inn) with similar revenue levels to help with reconstructing expenses.

The identities of these comparable hotels are not provided, because they were obtained through confidential means. I believe these operating statements provide a strong indication for the typical operating expenses associated with a hotel like the subject property.

Each of the comparable operating statements along with the average indication is shown on the following page.

Comparable Operating Statements

	Comparable 1				Comparable 2				Comparable 3				Comparable 4				Consolidated (Averaged)			
# Rooms	73				87				90				111				90			
# Days open	365				365				365				365				365			
# Rooms available	26,645				31,755				32,850				40,515				32,941			
# Occupied Rooms	20,383				25,134				23,718				24,957				23,548			
Occupancy %	76.5%				79.2%				72.2%				61.6%				71.5%			
Average Daily Rate (ADR)	\$ 100.36				\$ 114.58				\$ 103.73				\$ 99.43				\$ 102.51			
Room Revenue Per Available Room (RevPAR)	\$ 76.78				\$ 90.69				\$ 74.89				\$ 61.25				\$ 73.28			
REVENUE	\$	%	\$PAR	\$POR	\$	%	\$PAR	\$POR	\$	%	\$PAR	\$POR	\$	%	\$PAR	\$POR	\$	%	\$PAR	\$POR
Rooms	\$ 2,045,334	98.6%	\$ 28,018	\$ 100.34	\$ 2,879,756	93.4%	\$ 33,101	\$ 114.58	\$ 2,249,265	99.3%	\$ 24,992	\$ 94.83	\$ 2,480,969	98.2%	\$ 22,351	\$ 99.41	\$ 2,413,831	97.0%	\$ 26,746	\$ 102.51
Other Operated Departments	\$ -	0.0%	\$ -	\$ -	\$ -	0.0%	\$ -	\$ -	\$ 9,846	0.4%	\$ 109	\$ 0.42	\$ 46,104	1.8%	\$ 415	\$ 1.85	\$ 13,988	0.6%	\$ 155	\$ 0.59
Rentals & Other Income	\$ 29,401	1.4%	\$ 403	\$ 1.44	\$ 203,567	6.6%	\$ 2,340	\$ 8.10	\$ 5,563	0.2%	\$ 62	\$ 0.23	\$ -	0.0%	\$ -	\$ -	\$ 59,633	2.4%	\$ 661	\$ 2.53
Total Revenue	\$ 2,074,735	100.0%	\$ 28,421	\$ 101.79	\$ 3,083,323	100.0%	\$ 35,440	\$ 122.67	\$ 2,264,674	100.0%	\$ 25,163	\$ 95.48	\$ 2,527,073	100.0%	\$ 22,766	\$ 101.26	\$ 2,487,451	100.0%	\$ 27,562	\$ 105.63
DEPARTMENTAL EXPENSES																				
Rooms *	\$ 545,958	26.7%	\$ 7,479	\$ 26.78	\$ 693,505	24.1%	\$ 7,971	\$ 27.59	\$ 829,018	36.9%	\$ 9,211	\$ 34.95	\$ 582,296	23.5%	\$ 5,246	\$ 23.33	\$ 662,694	27.5%	\$ 7,343	\$ 28.14
Other Operated Departments*	\$ -	0%	\$ -	\$ -	\$ 26,824	0.0%	\$ 308	\$ 1.07	\$ 22,271	226.2%	\$ 247	\$ 0.94	\$ 15,884	34.5%	\$ 143	\$ 0.64	\$ 16,245	116.1%	\$ 180	\$ 0.69
Total Departmental Expenses	\$ 545,958	26.3%	\$ 7,479	\$ 26.78	\$ 720,329	23.4%	\$ 8,280	\$ 28.66	\$ 851,289	37.6%	\$ 9,459	\$ 35.89	\$ 598,180	23.7%	\$ 5,389	\$ 23.97	\$ 678,939	27.3%	\$ 7,523	\$ 28.83
UNDISTRIBUTED OPERATING EXPENSES																				
Administrative & General	\$ 223,142	10.8%	\$ 3,057	\$ 10.95	\$ 276,832	9.0%	\$ 3,182	\$ 11.01	\$ 129,632	5.7%	\$ 1,440	\$ 5.47	\$ 194,889	7.7%	\$ 1,756	\$ 7.81	\$ 206,124	8.3%	\$ 2,284	\$ 8.75
Information & Technology	\$ 45,186	2.2%	\$ 619	\$ 2.22	\$ 24,380	0.8%	\$ 280	\$ 0.97	\$ -	0.0%	\$ -	\$ -	\$ 58,284	2.3%	\$ 525	\$ 2.34	\$ 31,963	1.3%	\$ 354	\$ 1.36
Sales & Marketing	\$ 286,164	13.8%	\$ 3,920	\$ 14.04	\$ 380,650	12.3%	\$ 4,375	\$ 15.14	\$ 180,415	8.0%	\$ 2,005	\$ 7.61	\$ 351,086	13.9%	\$ 3,163	\$ 14.07	\$ 299,579	12.0%	\$ 3,319	\$ 12.72
Property Operations & Maintenance	\$ 147,181	7.1%	\$ 2,016	\$ 7.22	\$ 104,010	3.4%	\$ 1,196	\$ 4.14	\$ 65,058	2.9%	\$ 723	\$ 2.74	\$ 147,037	5.8%	\$ 1,325	\$ 5.89	\$ 115,822	4.7%	\$ 1,283	\$ 4.92
Utilities	\$ 119,097	5.7%	\$ 1,631	\$ 5.84	\$ 80,797	2.6%	\$ 929	\$ 3.21	\$ 115,799	5.1%	\$ 1,287	\$ 4.88	\$ 121,205	4.8%	\$ 1,092	\$ 4.86	\$ 109,225	4.4%	\$ 1,210	\$ 4.64
Total Undistributed Operating Expenses	\$ 820,770	39.6%	\$ 11,243	\$ 40.27	\$ 866,669	28.1%	\$ 9,962	\$ 34.48	\$ 490,904	21.7%	\$ 5,454	\$ 20.70	\$ 872,501	34.5%	\$ 7,860	\$ 34.96	\$ 762,711	30.7%	\$ 8,451	\$ 32.39
INCOME BEFORE FIXED EXPENSES	\$ 708,007	34.1%	\$ 9,699	\$ 34.73	\$ 1,496,325	48.5%	\$ 17,199	\$ 59.53	\$ 922,481	40.7%	\$ 10,250	\$ 38.89	\$ 1,056,392	41.8%	\$ 9,517	\$ 42.33	\$ 1,045,801	42.0%	\$ 11,588	\$ 44.41
FIXED EXPENSES																				
Management Fees	\$ 54,000	2.6%	\$ 740	\$ 2.65	\$ 105,890	3.4%	\$ 1,217	\$ 4.21	\$ 67,940	3.0%	\$ 755	\$ 2.86	\$ 75,812	3.0%	\$ 683	\$ 3.04	\$ 75,911	3.1%	\$ 841	\$ 3.22
Property Tax	\$ 85,871	4.1%	\$ 1,176	\$ 4.21	\$ 148,986	4.8%	\$ 1,712	\$ 5.93	\$ 51,708	2.3%	\$ 575	\$ 2.18	\$ 177,176	7.0%	\$ 1,596	\$ 7.10	\$ 115,935	4.7%	\$ 1,285	\$ 4.92
Insurance	\$ 23,667	1.1%	\$ 324	\$ 1.16	\$ 47,389	1.5%	\$ 545	\$ 1.89	\$ 38,308	1.7%	\$ 426	\$ 1.62	\$ 34,595	1.4%	\$ 312	\$ 1.39	\$ 35,990	1.4%	\$ 399	\$ 1.53
Total Fixed Expenses	\$ 163,538	7.9%	\$ 2,240	\$ 8.02	\$ 302,265	9.8%	\$ 3,474	\$ 12.03	\$ 157,956	7.0%	\$ 1,755	\$ 6.66	\$ 287,583	11.4%	\$ 2,591	\$ 11.52	\$ 227,836	9.2%	\$ 2,524	\$ 9.68
Total Operating Expenses	\$ 1,530,266	73.8%	\$ 20,963	\$ 75.07	\$ 1,889,263	61.3%	\$ 21,716	\$ 75.17	\$ 1,500,149	66.2%	\$ 16,668	\$ 63.25	\$ 1,758,264	69.6%	\$ 15,840	\$ 70.45	\$ 1,669,486	67.1%	\$ 18,498	\$ 70.90
Net Operating Income (NOI)**	\$ 544,469	26.2%	\$ 7,458	\$ 26.71	\$ 1,194,060	38.7%	\$ 13,725	\$ 47.51	\$ 764,525	33.8%	\$ 8,495	\$ 32.23	\$ 768,809	30.4%	\$ 6,926	\$ 30.81	\$ 817,966	32.9%	\$ 9,063	\$ 34.74

* Expense shown as a percentage of departmental revenue.

** Before deduction for interest, income taxes, depreciation, amortization, and replacement reserves.

Comparable Properties	Design	# Rooms	Yr. Blt.
Hampton Inn	Interior	73	2001
Home2 Suites	Interior	87	2017
Home2 Suites	Interior	90	2015
Hampton Inn & Suites	Interior	111	1996

OPERATING EXPENSES

I used the comparable operating statements to estimate operating expenses for the subject's base year.

Rooms Expense

Rooms expense includes payroll and related costs, reservations expense, loyalty club costs, guest supplies, cleaning supplies, linen and laundry costs, commissions, complimentary services, and other costs associated with the operation of the rooms department.

This expense was reconstructed to 26.5% of Room Revenue, which works out to be \$25.97 POR and \$6,067 per available room. This is lower on a per occupied room and per available room basis, but in line with comparable and CBRE Trend data as a percentage basis.

Other Operated Departments Expenses

Other operated departments expense includes all of the cost of goods sold and other operating expenses of minor operated departments included in Other Operated Departments Revenue.

This was reconstructed to be 45% of revenue.

Administrative & General

Administrative & General expenses include payroll and related costs of the general manager and staff, credit card discounts, security, office supplies, and other costs associated with the administration of the hotel.

This expense was reconstructed to be 7.5% of total revenue, or \$150,037.

Information & Technology

This is a relatively new expense category, as hotels have become more technology driven.

This was reconstructed to \$55,000.

Sales & Marketing

Sales & Marketing expenses include payroll and related costs of the sales staff, advertising, promotion, and other costs associated with marketing the hotel. This also includes all franchise fees.

Sales & Marketing is reconstructed to be 11.5% of total revenue, which is very well supported by comparable data.

Property Operations & Maintenance

Property Operations & Maintenance expenses include payroll and related costs of the maintenance staff, repairs, maintenance supplies, maintenance contracts, outside repairs, light bulbs, trash removal, landscaping, and other costs used to maintain the physical assess of the hotel.

The subject property will be new, so this expense should be relatively low. Comparable and CBRE Trend data support an expense of \$1,250 PAR.

Utilities

The subject property will be new and have additional energy efficiencies built in, which is a factor that has grown significantly in recent years. Considering this, I have reconstructed the expense to \$1,100 PAR.

Management Fees

Management fees are paid for property supervision, administrative oversight, and accounting services.

Management fees were reconstructed to be 3% of total revenue, based on typical management contracts for this type of property.

Property Tax & Assessments

Property Tax includes real and personal property taxes, assessments, and other municipal charges. Property taxes were estimated to be \$117,600 earlier in the report.

Insurance

Insurance expense includes the cost of property and extended coverage, liability, and business interruption insurance coverage. Worker's compensation insurance is

distributed to department based on payroll.

This was reconstructed to \$550 PAR or \$46,750.

Replacement Reserve

Replacement reserve is a non-cash allowance for future FF&E replacements. This is not an actual expense, although one is shown to reflect typical savings for future renovations. The industry standard 4% was used.

Operating Expense Ratio (OER)

The OER is the ratio of all expenses to all revenues. Operating expenses (before replacement reserves) total \$1,399,440, which is 70% of total revenue, \$16,464 per available room and \$70.48 per occupied room. This data is in line with comparable data that averaged \$70.90.

I believe these operating expenses accurately reflect the cost of the revenue generated and the considerations of a typical investor.

Conclusion

The base year operating statement is located on the following page along with the consolidated average of the comparable operating statements, for comparison purposes.

Operating Statement													
	CBRE Trends 2020: Suite without F&B ADR \$80 - \$125				Comparable - Averaged				Reconstructed - Base Year				
# Rooms	110				90				85				
# Days open	365				365				365				
# Rooms available	40,150				32,941				31,025				
# Occupied Rooms	30,554				23,548				19,856				
Occupancy %	76.1%				71.5%				64.0%				
Average Room Rate (ADR)	\$82.66				\$102.51				\$98.00				
RevPAR	\$62.90				\$73.28				\$62.72				
REVENUE	\$	%	\$PAR	\$POR	\$	%	\$PAR	\$POR	\$	%	\$PAR	\$POR	
Rooms	\$ 3,319,360	97.8%	\$ 30,176	\$ 108.64	\$ 2,413,831	97.0%	\$ 26,746	\$ 102.51	\$ 1,945,888	97.3%	\$ 22,893	\$ 98.00	
Other Operated Departments	\$ 51,700	1.5%	\$ 470	\$ 1.69	\$ 13,988	0.6%	\$ 155	\$ 0.59	\$ 54,604	2.7%	\$ 642	\$ 2.75	
Rentals & Other Income	\$ 24,090	0.7%	\$ 219	\$ 0.79	\$ 59,633	2.4%	\$ 661	\$ 2.53	\$ -	0.0%	\$ -	\$ -	
Total Revenue	\$ 3,395,150	100.0%	\$ 30,865	\$ 111.12	\$ 2,487,451	100.0%	\$ 27,562	\$ 105.63	\$ 2,000,492	100.0%	\$ 23,535	\$ 100.75	
DEPARTMENTAL EXPENSES													
Rooms*	\$ 871,530	26.3%	\$ 7,923	\$ 28.52	\$ 662,694	27.5%	\$ 7,343	\$ 28.14	\$ 515,660	26.5%	\$ 6,067	\$ 25.97	
Other Operated Departments*	\$ 26,070	34.4%	\$ 237	\$ 0.85	\$ 16,245	116.1%	\$ 180	\$ 0.69	\$ 24,572	45.0%	\$ 289	\$ 1.24	
Total Departmental Expenses	\$ 897,600	26.4%	\$ 8,160	\$ 29.38	\$ 678,939	27.3%	\$ 7,523	\$ 28.83	\$ 540,232	27.0%	\$ 6,356	\$ 27.21	
UNDISTRIBUTED OPERATING EXPENSES													
Administrative & General	\$ 317,350	9.3%	\$ 2,885	\$ 10.39	\$ 206,124	8.3%	\$ 2,284	\$ 8.75	\$ 150,037	7.5%	\$ 1,765	\$ 7.56	
Information & Technology	\$ 54,890	1.6%	\$ 499	\$ 1.80	\$ 31,963	1.3%	\$ 354	\$ 1.36	\$ 55,000	2.7%	\$ 647	\$ 2.77	
Sales & Marketing	\$ 392,480	11.6%	\$ 3,568	\$ 12.85	\$ 299,579	12.0%	\$ 3,319	\$ 12.72	\$ 230,057	11.5%	\$ 2,707	\$ 11.59	
Property Operations & Maintenance	\$ 179,960	5.3%	\$ 1,636	\$ 5.89	\$ 115,822	4.7%	\$ 1,283	\$ 4.92	\$ 106,250	5.3%	\$ 1,250	\$ 5.35	
Utilities	\$ 142,450	4.2%	\$ 1,295	\$ 4.66	\$ 109,225	4.4%	\$ 1,210	\$ 4.64	\$ 93,500	4.7%	\$ 1,100	\$ 4.71	
Total Undistributed Operating Expenses	\$ 1,087,130	32.0%	\$ 9,883	\$ 35.58	\$ 762,711	30.7%	\$ 8,451	\$ 32.39	\$ 634,843	31.7%	\$ 7,469	\$ 31.97	
INCOME BEFORE FIXED EXPENSES	\$ 1,410,420	41.5%	\$ 12,822	\$ 46.16	\$ 1,045,801	42.0%	\$ 11,588	\$ 44.41	\$ 825,416	41.3%	\$ 9,711	\$ 41.57	
FIXED EXPENSES													
Management Fees	\$ 225,610	6.6%	\$ 2,051	\$ 7.38	\$ 75,911	3.1%	\$ 841	\$ 3.22	\$ 60,015	3.0%	\$ 706	\$ 3.02	
Property Tax	\$ 125,400	3.7%	\$ 1,140	\$ 4.10	\$ 115,935	4.7%	\$ 1,285	\$ 4.92	\$ 117,600	5.9%	\$ 1,384	\$ 5.92	
Insurance	\$ 32,340	1.0%	\$ 294	\$ 1.06	\$ 35,990	1.4%	\$ 399	\$ 1.53	\$ 46,750	2.3%	\$ 550	\$ 2.35	
Total Fixed Expenses	\$ 383,350	11.3%	\$ 3,485	\$ 12.55	\$ 227,836	9.2%	\$ 2,524	\$ 9.68	\$ 224,365	11.2%	\$ 2,640	\$ 11.30	
Total Operating Expenses	\$ 2,368,080	69.7%	\$ 21,528	\$ 77.50	\$ 1,669,486	67.1%	\$ 18,498	\$ 70.90	\$ 1,399,440	70.0%	\$ 16,464	\$ 70.48	
Net Operating Income (NOI)**	\$ 1,027,070	30.3%	\$ 9,337	\$ 33.61	\$ 817,966	32.9%	\$ 9,063	\$ 34.74	\$ 601,052	30.0%	\$ 7,071	\$ 30.27	
FF&E Reserve	\$ 135,806	4.0%	\$ 1,235	\$ 4.44	\$ 99,498	4.0%	\$ 1,102	\$ 4.23	\$ 80,020	4.0%	\$ 941	\$ 4.03	
Net Income (NI)	\$ 891,264	26.3%	\$ 8,102	\$ 29.17	\$ 718,468	28.9%	\$ 7,961	\$ 30.51	\$ 521,032	26.0%	\$ 6,130	\$ 21.94	
* Expense shown as a percentage of departmental revenue.													
** Before deduction for interest, income taxes, depreciation, amortization, and replacement reserves.													
<u>Payroll & Related Costs Allocation</u>													
Rooms	85%				85%				85%				
Administrative & General	10%				10%				10%				
Property Operations & Maintenance	5%				5%				5%				
	<u>100%</u>				<u>100%</u>				<u>100%</u>				

PROJECTED OPERATING STATEMENT

The projected operating statement presents revenues, expenses, and net operating income projected for the next three years. This statement is developed using the Fixed and Variable Component Forecasting Technique. The premise behind the fixed and variable component forecasting technique is that operating expenses in a lodging facility contain a fixed component and a variable component. The fixed component tends to change with inflation. The variable component tends to change with inflation and variations in hotel utilization (occupancy).

For the property tax expense, I used the projections from earlier in the report.

Using occupancy and ADR projections developed earlier, the process consists of identifying fixed and variable components for each revenue and expense category and estimating future inflation for each year of the projection period. These factors are shown on the Projected Operating Statement on the following page.

Operating Statement

	Base Period							Projected Year 1		Projected Year 2		Projected Year 3		Projected Year 4		Projected Year 5	
# Rooms	85							85		85		85		85		85	
# Days open	365							365		365		365		365		365	
# Rooms available	31,025							31,025		31,025		31,025		31,025		31,025	
# Occupied Rooms	19,856							16,754	<i>Index</i>	19,236	<i>Index</i>	19,856	<i>Index</i>	19,856	<i>Index</i>	19,856	<i>Index</i>
Occupancy %	64.0%							54.0%	<i>0.80</i>	62.0%	<i>0.90</i>	64.0%	<i>0.93</i>	64.0%	<i>0.93</i>	64.0%	<i>0.93</i>
Average Room Rate (ADR)	\$ 98.00							\$ 99.00	<i>0.93</i>	\$ 102.00	<i>0.95</i>	\$ 105.00	<i>0.97</i>	\$ 106.00	<i>0.97</i>	\$ 107.00	<i>0.97</i>
RevPAR	\$ 62.72							\$ 53.46	<i>0.74</i>	\$ 63.24	<i>0.86</i>	\$ 67.20	<i>0.90</i>	\$ 67.84	<i>0.90</i>	\$ 68.48	<i>0.90</i>
REVENUE	\$	%	\$	\$	Fxd %	Var %	Infl %	\$	%	\$	%	\$	%	\$	%	\$	%
Rooms	\$ 1,945,888	97.3%	\$ 22,893	\$ 98.00				\$ 1,658,597	97.1%	\$ 1,962,021	97.2%	\$ 2,084,880	97.2%	\$ 2,104,736	97.2%	\$ 2,124,592	97.2%
Other Operated Departments	\$ 54,604	2.7%	\$ 642	\$ 2.75	10%	90%	2.0%	\$ 48,802	2.9%	\$ 56,295	2.8%	\$ 59,082	2.8%	\$ 60,264	2.8%	\$ 61,469	2.8%
Rentals and Other Income	\$ -	0.0%	\$ -	\$ -	10%	90%	2.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%	\$ -	0.0%
Total Revenue	\$ 2,000,492	100.0%	\$ 23,535	\$ 100.75				\$ 1,707,399	100.0%	\$ 2,018,316	100.0%	\$ 2,143,962	100.0%	\$ 2,165,000	100.0%	\$ 2,186,061	100.0%
Expenses																	
Rooms*	\$ 515,660	26.5%	\$ 6,067	\$ 25.97	25%	75%	2.0%	\$ 473,441	28.5%	\$ 534,192	27.2%	\$ 557,953	26.8%	\$ 559,860	26.6%	\$ 563,017	26.5%
Other Operated Departments*	\$ 24,572	45.0%	\$ 289	\$ 1.24	0%	100%	2.0%	\$ 21,562	44.2%	\$ 25,251	44.9%	\$ 26,587	45.0%	\$ 27,119	45.0%	\$ 27,661	45.0%
Total Departmental Expenses	\$ 540,232	27.0%	\$ 6,356	\$ 27.21				\$ 495,002	29.0%	\$ 559,443	27.7%	\$ 584,540	27.3%	\$ 586,979	27.1%	\$ 590,678	27.0%
UNDISTRIBUTED OPERATING EXPENSES																	
Administrative and General	\$ 150,037	7.5%	\$ 1,765	\$ 7.56	25%	75%	2.0%	\$ 137,753	8.1%	\$ 155,429	7.7%	\$ 162,342	7.6%	\$ 165,589	7.6%	\$ 166,141	7.6%
Information & Technology	\$ 55,000	2.7%	\$ 647	\$ 2.77	100%	0%	2.0%	\$ 57,200	3.4%	\$ 58,344	2.9%	\$ 59,511	2.8%	\$ 60,701	2.8%	\$ 61,915	2.8%
Sales and Marketing	\$ 230,057	11.5%	\$ 2,707	\$ 11.59	25%	75%	2.0%	\$ 211,221	12.4%	\$ 238,324	11.8%	\$ 248,925	11.6%	\$ 253,903	11.7%	\$ 258,981	11.8%
Property Operation and Maintenance	\$ 106,250	5.3%	\$ 1,250	\$ 5.35	50%	50%	2.0%	\$ 101,867	6.0%	\$ 110,949	5.5%	\$ 114,964	5.4%	\$ 117,263	5.4%	\$ 119,609	5.5%
Utilities	\$ 93,500	4.7%	\$ 1,100	\$ 4.71	50%	50%	2.0%	\$ 89,643	5.3%	\$ 97,635	4.8%	\$ 101,168	4.7%	\$ 103,192	4.8%	\$ 105,256	4.8%
Total Undistributed Operating Expenses	\$ 634,843	31.7%	\$ 7,469	\$ 31.97				\$ 597,684	35.0%	\$ 660,681	32.7%	\$ 686,911	32.0%	\$ 700,649	32.4%	\$ 711,902	32.6%
INCOME BEFORE FIXED EXPENSES	\$ 825,416	41.3%	\$ 9,711	\$ 41.57				\$ 614,713	36.0%	\$ 798,192	39.5%	\$ 872,512	40.7%	\$ 877,372	40.5%	\$ 883,482	40.4%
FIXED EXPENSES																	
Management Fees	\$ 60,015	3.0%	\$ 706	\$ 3.02	0%	100%	0.0%	\$ 51,222	3.0%	\$ 60,549	3.0%	\$ 64,319	3.0%	\$ 64,950	3.0%	\$ 65,582	3.0%
Property Tax	\$ 117,600	5.9%	\$ 1,384	\$ 5.92				\$ 118,000	6.9%	\$ 115,000	5.7%	\$ 112,000	5.2%	\$ 109,000	5.0%	\$ 106,000	4.8%
Insurance	\$ 46,750	2.3%	\$ 550	\$ 2.35	100%	0%	2.0%	\$ 48,620	2.8%	\$ 49,592	2.5%	\$ 50,584	2.4%	\$ 51,596	2.4%	\$ 52,628	2.4%
Total Fixed Expenses	\$ 224,365	11.2%	\$ 2,640	\$ 11.30				\$ 217,842	12.8%	\$ 225,142	11.2%	\$ 226,903	10.6%	\$ 225,546	10.4%	\$ 224,210	10.3%
Total Operating Expenses	\$ 1,399,440	70.0%	\$ 16,464	\$ 70.48				\$ 1,310,528	76.8%	\$ 1,445,266	71.6%	\$ 1,498,354	69.9%	\$ 1,513,174	69.9%	\$ 1,526,789	69.8%
Net Operating Income (NOI)**	\$ 601,052	30.0%	\$ 7,071	\$ 30.27				\$ 396,871	23.2%	\$ 573,050	28.4%	\$ 645,609	30.1%	\$ 651,826	30.1%	\$ 659,272	30.2%
Replacement Reserves	\$ 80,020	4.0%	\$ 941	\$ 4.03				\$ 68,296	4.0%	\$ 80,733	4.0%	\$ 85,758	4.0%	\$ 86,600	4.0%	\$ 87,442	4.0%
Net Income (NI)	\$ 521,032	26.0%	\$ 6,130	\$ 21.94				\$ 328,575	19.2%	\$ 492,317	24.4%	\$ 559,850	26.1%	\$ 565,226	26.1%	\$ 571,829	26.2%

* Expense shown as a percentage of departmental revenue.
 ** Before deduction for interest, income taxes, depreciation, amortization, and replacement reserves.

DISCOUNTED CASH FLOW (DCF) ANALYSIS

DCF analysis is the procedure in which a discount rate is applied to a set of projected income streams and a reversion. The analyst specifies the quantity, variability, timing, and duration of the income streams as well as the quantity and timing of the reversion and discounts each to its present value at a specified yield rate. (The Dictionary of Real Estate, Fourth Edition, page 84).

Projected Net Operating Income (NOI)

Net operating income was projected for each of the next five years in the preceding section. Income after deduction for replacement reserves was used in this analysis, because the comparable data used to extract discount rates and terminal cap rates was calculated this way. NOI is projected to grow at a rate of 3% annually after the third year.

Supply Growth Consideration

The market projections shown earlier in this report considers both known supply growth and future supply growth, which is expected to be average for the foreseeable future. The potential for new supply growth is present in almost every market and is reflected in the discount rates and cap rates extracted from the market. Given the average probability of supply growth in the adjacent markets and the relatively low barriers to entry (availability of land, availability of premium brands), this supports using typical discount and cap rates to value the subject's projected NOI.

Investment Criteria

Investment criteria were compiled from the Hospitality Investment Survey (PKF Consulting) and the Hotel Investor Survey (US Realty Consultants). These surveys have been conducted for a number of years by hotel specialists and are selected because they have proven to be the most consistent with actual conditions in my experience. The surveys are weighted toward investors but include brokers, appraisers, and other market participants. Investment criteria are summarized in the chart below. (The complete surveys are included in the appendix). The subject is a select-service hotel. Select-service hotels tend to have higher cap rates and discount rates than full-service properties, due to the shorter economic life.

Hotel Investment Criteria - Discounted Cash Flow				
	US Realty Consultants USRC Hotel Investor Survey Limited-Service			
	Winter 2019			Mid Year 2018
Metric	Low	High	Average	Average
Terminal cap rate	7.50%	9.00%	8.30%	8.50%
Selling costs	1.30%	4.00%	2.70%	2.60%
IRR/Overall discount rate	10.50%	12.00%	11.20%	11.10%
Mgmt fee expense	3.00%	4.00%	3.30%	3.30%
Reserve for replacement	4.00%	4.50%	4.10%	4.00%
ADR growth	1.00%	4.00%	2.40%	3.00%
Expense growth	2.00%	3.50%	2.90%	2.90%
Holding period (yrs)	5.0	10.0	7.3	7.2

Holding Period

The surveys indicate that holding period (the time an investor expects to hold a hotel under the anticipated investment horizon) expectations range from 5 to 10 years with an average of 7.3 in this year's survey and 7.2 in last year's survey. A seven-year holding period is assumed in this appraisal.

Terminal Capitalization Rate

The surveys indicate terminal capitalization rate expectations range from 7.50% to 9.00% with an average of 8.30% in 2019's survey, and 8.50% in 2018's survey.

Considering multiple factors, I believe a terminal cap rate of 8.25% is appropriate for the subject property.

Selling Costs

Selling costs (commissions, legal, and title expenses) range from 1.30% to 4.00%, and average 2.70%. Commissions in the subject's price range can vary from 1.00% to 4.00% based on my experience and observation; but would likely be about 1.50% of the gross selling price. Legal and title expenses are estimated to be 0.50% of the gross selling price based on my experience and observation. Selling costs are estimated to be 2.00% of the gross selling price in this appraisal.

Overall Discount Rate/Internal Rate of Return (IRR)

The surveys indicate discount rate expectations range from 10.50% to 12.00% with an average of 11.20% in 2019's survey; and 11.10% in 2018's survey.

Given the average risk in supply growth in adjacent markets, the limited-service operations of the subject, and strong investor interest for hotels in this type of market, a 10.00% IRR is used in this appraisal.

DCF Conclusion

DCF is completed by the discounting of cash flows from projected NOI and reversion to present value using the assumed discount rate. This process is accomplished by software computations. The result is the present value of the future cash flows of the subject property. This value opinion provides the best indication for the subject property "at completion," because it accurately discounts the ramp-up period the hotel will experience.

Value Indication	Total		Per Room	
Total Property Value - As Complete	\$	6,513,753	\$	76,632
Rounded	\$	6,500,000	\$	76,471

DCF calculations and conclusion are shown in the following chart.

DISCOUNTED CASH FLOW (DCF) ANALYSIS

Investment Assumptions

Overall Discount Rate	10.00%
Terminal Capitalization Rate	8.25%
Selling Expenses	2.00%
NOI Growth Rate after Year 3	3.00%

Total Property Value Calculations

Year	Net Operating Income	Reversion	Total Cash Flow	PV Factor	Discounted Cash Flow
Base	\$ 521,032				
1	\$ 328,575		\$ 328,575	0.9091	\$ 298,704
2	\$ 492,317		\$ 492,317	0.8264	\$ 406,874
3	\$ 559,850		\$ 559,850	0.7513	\$ 420,624
4	\$ 576,646		\$ 576,646	0.6830	\$ 393,857
5	\$ 593,945		\$ 593,945	0.6209	\$ 368,793
6	\$ 611,763		\$ 611,763	0.5645	\$ 345,324
7	\$ 630,116	\$ 7,709,569	\$ 8,339,685	0.5132	\$ 4,279,577
8	\$ 649,020				
Total Property Value:					\$ 6,513,753

Reversion Calculations

Year 8 net operating income of	\$ 649,020
capitalized at	8.25%
Equals: gross sale price	\$ 7,866,907
Less: selling expenses of	\$ 157,338
Equals: net sale price	\$ 7,709,569

Resulting Indicators

Total Property Present Value	\$ 6,513,753
Overall Capitalization Rate - Base Year	8.00%
Overall Capitalization Rate - Year 1	5.04%
Overall Capitalization Rate - Years 1-3 (Avg)	7.07%

Value Indication

	Total	Per Room
Total Property Value - As Complete	\$ 6,513,753	\$ 76,632
Rounded	\$ 6,500,000	\$ 76,471

PV - Present Value

DIRECT CAPITALIZATION

Direct capitalization is a method used to convert an estimate of a single year's income expectancy into an indication of value in one direct step, either by dividing the income estimate by an appropriate rate or by multiplying the income estimate by an appropriate factor (The Dictionary of Real Estate Appraisal, Fourth Edition, page 83). Capitalization rates are derived from market extraction and investor surveys. Market extraction is the preferred technique when sufficient data on sales of similar properties is available.

I capitalized projected Year Three net operating income (NOI) using an overall capitalization rate (OAR). This reflects the subject's first stabilized year and is consistent with how an investor would consider the property.

Market Extraction

Market extraction is the process of extracting capitalization rates from sale transactions using the formula $\text{net operating income} \div \text{sale price}$. A room revenue multiplier is extracted using the formula $\text{sale price} \div \text{room revenue}$. This result is an indication of what an investor paid for a particular income stream.

CAPITALIZATION RATE & ROOM REVENUE MULTIPLIER SUMMARY													
#	Comparable Property Location	Rooms	Built	Location Type	Sale Date	Sale Price	CapEx	Adjusted Sale Price	Historical Indications			Value Indications*	
									Room Revenue	OER	NOI	OAR	RRM
1	Hampton Inn Lake Park, GA	70	1999	Interstate	Oct-19	\$5,100,000	\$1,925,000	\$7,025,000	\$1,710,001	65.2%	\$598,251	8.5%	4.11
2	Holiday Inn & Suites Slidell, LA	91	2001	Interstate	Oct-18	\$5,870,000	\$1,750,000	\$7,620,000	\$2,153,079	74.3%	\$616,084	8.1%	3.54
3	Home2 Suites USF Area Tampa, FL	106	2017	Suburban	Dec-18	\$17,200,001	\$0	\$17,200,001	\$3,636,860	N/A	N/A	N/A	4.73
4	Home2 Suites Southaven, MS	105	2013	Interstate	Apr-17	\$19,000,000	\$600,000	\$19,600,000	\$4,019,526	N/A	N/A	N/A	4.88
5	Home2 Suites I-10 @ North Davis Highway** Pensacola, FL	106	2017	Interstate	Jan-19	\$17,500,000	\$100,000	\$17,600,000	\$4,027,956	56.4%	\$1,783,640	10.1%	4.37
6	Hampton Inn Canton, GA	81	2008	Interstate	Mar-19	\$11,750,000	\$1,500,000	\$13,250,000	\$2,955,788	57.1%	\$1,286,907	9.7%	4.48
7	Hampton Inn & Suites Busch Gardens Area Tampa, FL	84	2017	Suburban	Jan-20	\$13,000,000	\$250,000	\$13,250,000	\$3,327,388	67.6%	\$1,085,401	8.2%	3.98
8	Candlewood Suites Southaven, MS	86	2015	Interstate	Aug-18	\$8,500,000	\$350,000	\$8,850,000	\$2,301,041	61.6%	\$888,880	10.0%	3.85
9	Fairfield Inn & Suites Hattiesburg, MS	79	1997	Suburban	Jun-19	\$4,189,500	\$1,200,000	\$5,389,500	\$1,553,314	84.0%	\$252,603	4.7%	3.47
10	Holiday Inn Express & Suites Trinity, FL	87	2015	Suburban	Jan-18	\$12,221,000	\$200,000	\$12,421,000	\$2,725,219	64.8%	\$979,537	7.9%	4.56
11	Homewood Suites Southaven, MS	99	2017	Interstate	Feb-20	\$20,500,000	\$250,000	\$20,750,000	\$4,260,017	60.1%	\$1,712,809	8.3%	4.87
12	Hampton Inn Clinton, MS	71	1999	Interstate	Nov-18	\$5,750,000	\$1,340,000	\$7,090,000	\$1,792,896	83.1%	\$302,136	4.3%	3.95
13	Home2 Suites I-65** Mobile, AL	105	2018	Interstate	Dec-18	\$14,000,000	\$0	\$14,000,000	\$3,600,000	61.2%	\$1,413,510	10.1%	3.89
14	Home2 Suites Lubbock Lubbock, TX	100	2015	Suburban	Dec-19	\$14,150,000	\$600,000	\$14,750,000	\$3,226,043	63.4%	\$1,217,265	8.3%	4.57
15	Home2 Suites Prattville, AL	90	2017	Interstate	Jul-19	\$14,750,000	\$0	\$14,750,000	\$2,768,861	N/A	N/A	N/A	5.33
OER - Operating expense ratio		OAR - Overall capitalization rate						RRM - Room revenue multiplier					
Replacement reserves were included as an operating expense.									Low	56.4%	\$252,603	4.3%	3.47
Management fees were included as an operating expense.									Average	66.6%	\$1,011,419	8.2%	4.30
*Calculated using the sale price after adjustment for capital expenditures planned at the time of sale.									High	84.0%	\$1,783,640	10.1%	5.33
**Calculated using projected operation, which reflects the profit earned in getting there.									Interstate Locations	64.9%		8.6%	4.33
									Suburban Locations	70.0%	\$883,702	7.3%	4.26

Comparable data includes 15 recent sales of hotels that provide a meaningful indication for the subject. These sales are segmented into two groups: interstate or major highway locations versus suburban locations in town or off a major highway. All of the sales occurred before COVID-19 and market conditions absent of any COVID-19 impact, which provide the better indication for the subject's projected/stabilized NOI.

The subject property is being valued based on its projected-stabilized operation, which is five years away. There has been a notable recent decline in the availability of construction and acquisition financing following the initial COVID-19 impact, however the timing of this particular project could be such that there is no or very little impact remaining in the marketplace from COVID-19.

Considering all of these factors, I believe the comparable sales data supports valuing the subject property "As Stabilized" using an 8.25% cap rate and a 4.25 RRM.

For secondary support, I relied on information produced in the USRC Hotel Investment Survey shown below. While this information is from 2018 and 2019, it represents the most recently available data that has not been impacted by COVID-19.

Hotel Investment Criteria - Direct Capitalization				
	US Realty Consultants USRC Hotel Investor Survey Limited-Service			
	Winter 2019			Mid Year 2018
Metric	Low	High	Average	Average
Capitalization rate	7.50%	9.00%	8.30%	8.50%
Mgmt fee expense	3.00%	4.00%	3.30%	3.30%
Reserve for replacement	4.00%	4.50%	4.10%	4.00%
Holding period (yrs)	5.0	10.0	7.3	7.2

This survey indicates an average cap rate of 8.30%, but does not distinguish between historical and projected. This provides good secondary support for the cap rate indication reconciled to above.

Direct Capitalization Conclusion

Projected NOI is divided by the selected capitalization rate and projected Room Revenue is multiplied by the selected RRM to produce an indication for the subject "As Stabilized." Calculations are shown in the following charts.

Direct Capitalization	
Projected Net Operating Income (NOI) - Projected Year 3 (Stabilized)	\$ 559,850
Overall Capitalization Rate (OAR)	8.25%
Indicated Value "As Stabilized"	\$ 6,786,063
Rounded	\$ 6,800,000
Per Room	\$ 80,000
Direct Capitalization	
Projected Room Revenue - Projected Year 3 (Stabilized)	\$ 2,084,880
Room Revenue Multiplier (RRM)	4.25
Indicated Value "As Stabilized"	\$ 8,860,740
Rounded	\$ 8,900,000
Per Room	\$ 104,706

INCOME APPROACH CONCLUSION

The Income Approach produces the following value indications for the subject based on

the different scenarios, along with the final reconciled indications. The revenue multiplier (RRM) method was given primary consideration in the value “As Stabilized,” while the DCF method produced the only indications for the “As Complete.”

Income Approach Indications		
	"As Complete"	"As Stabilized"
Discounted Cash Flow (DCF)	\$6,500,000	N/A
Overall Capitalization Rate (OAR)	N/A	\$6,800,000
Room Revenue Multiplier (RRM)	N/A	\$8,900,000
Reconciled Value	\$6,500,000	\$8,500,000

Rebates, Incentives, Exemptions, Grants, and Credits

Development along the Mississippi Gulf Coast is amongst the primary focal points of both state and local/regional governments and associations. Financial resources in the form of rebates, incentives, exemptions, grants, and credits are given to developers and investors to assist with the establishment and operation of businesses in this area. The property likely qualifies for multiple economic incentives not limited to the benefits mentioned previously. It is unclear if inclusion in one program could eliminate eligibility in another, so I am only discussing the most well-known example below in more detail. Additional research on the property's eligibility and qualification for any of these benefits is the responsibility of the developer.

Benefit programs in the region include:

- Mississippi Tourism Rebate Program, administered by the Mississippi Development Authority (MDA); sales tax rebate program
- Southern Mississippi Planning & Development District Revitalization Program; sales tax and property tax rebate program
- Mississippi Business Finance Corporation; utilizes a number of tax incentives including interest rate exemption, income tax credits, sale/use tax exemptions, and real and personal property tax exemptions

MDA TOURISM TAX REBATE

This tax rebate is given in the form of a rebate equal to approximately 80% of sales taxes (which excludes the allocation to the education fund in the rebate) over a 15-year period, which is capped at 30% of the qualifying development costs and represents the largest incentive of the list above. Qualifying costs are estimated in this analysis using the cost conclusion shown later in the report of \$14,500,000.

Therefore, the capped amount for this rebate is equal to 30% of the Total Quality Cost shown above, or \$4,350,000.

A hospitality use tax of 10% was used as the basis for the calculation, because one does not exist today but it is likely that it would be created. I am also assuming that the education fund will account for 20% of this figure. Therefore, the total effective rate is $10.0\% \times 80\% = 8.0\%$.

This formula was applied to the projected revenue shown later in the report, which is projected to continue to grow at a rate of 3% after Year 5. Therefore, the absorption of this rebate is shown in the following chart.

MDA Tourism Tax Savings Estimate				
	Total Revenue	Effective Rate	Rebate	Rebate Balance
Year 0				\$ 4,350,000
Year 1	\$ 1,707,399	8.00%	\$ 136,592	\$ 4,213,408
Year 2	\$ 2,018,316	8.00%	\$ 161,465	\$ 4,051,943
Year 3	\$ 2,143,962	8.00%	\$ 171,517	\$ 3,880,426
Year 4	\$ 2,165,000	8.00%	\$ 173,200	\$ 3,707,226
Year 5*	\$ 2,186,061	8.00%	\$ 174,885	\$ 3,532,341
Year 6	\$ 2,251,643	8.00%	\$ 180,131	\$ 3,352,209
Year 7	\$ 2,319,192	8.00%	\$ 185,535	\$ 3,166,674
Year 8	\$ 2,388,768	8.00%	\$ 191,101	\$ 2,975,573
Year 9	\$ 2,460,431	8.00%	\$ 196,835	\$ 2,778,738
Year 10	\$ 2,534,244	8.00%	\$ 202,740	\$ 2,575,999
Year 11	\$ 2,610,272	8.00%	\$ 208,822	\$ 2,367,177
Year 12	\$ 2,688,580	8.00%	\$ 215,086	\$ 2,152,090
Year 13	\$ 2,769,237	8.00%	\$ 221,539	\$ 1,930,552
Year 14	\$ 2,852,314	8.00%	\$ 228,185	\$ 1,702,366
Year 15	\$ 2,937,884	8.00%	\$ 235,031	\$ 1,467,336
Total			\$ 2,882,664	

* Assumed to grow at 3% after this year, which is where the projected income statement ends.

Therefore, the subject property should be able to receive \$2,882,664 of the \$4,350,000 qualifying rebate. The present value of this is calculated using a discount rate that is 300 basis points below the one used to value the hotel in the income approach. The future of this income is tied to that of the hotel, but it is based on revenue that fluctuates far less than NOI like what is being valued for the hotel. The full 15 years were used for the value “at completion” and only the remaining 13 years were used for the value “at stabilization” to reflect the present value of the rebate at each point in time. This contribution will change over time as the remaining rebate is used up. Calculations for each scenario are shown below.

DISCOUNTED CASH FLOW (DCF) ANALYSIS - MDA Rebate

Value - At Completion

Investment Assumptions

Overall Discount Rate 7.00%

Total Property Value Calculations

Year	Total Cash Flow	PV Factor	Discounted Cash Flow
Base			
1	\$ 136,592	0.9346	\$ 127,656
2	\$ 161,465	0.8734	\$ 141,030
3	\$ 171,517	0.8163	\$ 140,009
4	\$ 173,200	0.7629	\$ 132,133
5	\$ 174,885	0.7130	\$ 124,691
6	\$ 180,131	0.6663	\$ 120,029
7	\$ 185,535	0.6227	\$ 115,542
8	\$ 191,101	0.5820	\$ 111,223
9	\$ 196,835	0.5439	\$ 107,065
10	\$ 202,740	0.5083	\$ 103,063
11	\$ 208,822	0.4751	\$ 99,210
12	\$ 215,086	0.4440	\$ 95,501
13	\$ 221,539	0.4150	\$ 91,931
14	\$ 228,185	0.3878	\$ 88,494
15	\$ 235,031	0.3624	\$ 85,186
Total Property Value:			\$ 1,682,762

Value Indication

	Total
Cash Equivalent Value	\$ 1,682,762
Rounded:	\$ 1,680,000

PV - Present Value

DISCOUNTED CASH FLOW (DCF) ANALYSIS - MDA Rebate

Value - At Stabilization

Investment Assumptions

Overall Discount Rate 7.00%

Total Property Value Calculations

Year	Total Cash Flow	PV Factor	Discounted Cash Flow
Base			
1	\$ 171,517	0.9346	\$ 160,296
2	\$ 173,200	0.8734	\$ 151,280
3	\$ 174,885	0.8163	\$ 142,758
4	\$ 180,131	0.7629	\$ 137,421
5	\$ 185,535	0.7130	\$ 132,284
6	\$ 191,101	0.6663	\$ 127,339
7	\$ 196,835	0.6227	\$ 122,579
8	\$ 202,740	0.5820	\$ 117,996
9	\$ 208,822	0.5439	\$ 113,585
10	\$ 215,086	0.5083	\$ 109,339
11	\$ 221,539	0.4751	\$ 105,252
12	\$ 228,185	0.4440	\$ 101,317
13	\$ 235,031	0.4150	\$ 97,529
Total Property Value:			\$ 1,618,976

Value Indication

	Total
Cash Equivalent Value	\$ 1,618,976
Rounded:	\$ 1,620,000

PV - Present Value

Conclusion

The present value of the MDA rebate based on the previous listed assumptions is shown below.

Present Value - MDA Rebate		
		15 Year Cap
At Completion	\$	1,680,000
At Stabilization	\$	1,620,000

FINANCIAL FEASIBILITY CONCLUSION

The main purpose of this assignment is to determine the financial feasibility of developing the site with the proposed hotel.

FINANCIAL FEASIBILITY

Financial feasibility is determined by comparing the value indication of the subject improvements once they have been built and are operating at a stabilized level with the cost to construct them.

For a project to be considered financially feasible, the value of the proposed hotel “at stabilization” must exceed the development cost by a large enough margin to incentivize a developer to invest the capital and undertake the risk associated with bringing a hotel to the market. The development cost below includes an entrepreneurial incentive of 3% (\$410,000), which is necessary to oversee development of the hotel and compensate for lost income during ramp-up. Any additional profit is return to the developer for this risk.

Based on the conclusions shown in this report, the value of the subject improvements “at stabilization” is well below its cost of construction. Calculations are shown below.

Feasibility Analysis	
Projected Value - Stabilized	\$ 8,500,000
Development Cost (Incl. Development Fee)	\$ 14,500,000
Profit or Loss after Development Fee (\$)	\$ (6,000,000)
Profit or Loss after Development Fee (%)	-41.4%
Profit or Loss Including Development Fee (\$)	\$ (5,590,000)
Profit or Loss Including Development Fee (%)	-38.6%

As this calculation shows, based on the information available, development of the proposed hotel does not appear to be financially feasible based on a shortfall of \$6,000,000. This gap would need to be bridged with some type of incentives. The previous MDA tourism rebate would produce \$1,680,000 in value to the developer “At Completion” leaving a remaining shortfall of \$4,320,000 that needs to be addressed.

After preliminary architectural drawings and more specific design criteria are developed, I recommend an updated construction cost estimate be prepared with the assistance of an architect and contractor familiar with this type of construction to confirm these findings.

APPENDIX ONE

ENGAGEMENT LETTER



CITY OF DIAMONDHEAD

5000 Diamondhead Circle
Diamondhead, MS 39525
PH: (228) 222-4626

PURCHASE ORDER

PO Number: 2021-0230

Date: 03/05/2021

Requisition #: R-04039

Vendor #: 1964

ISSUED TO: CORE HOSPITALITY ADVISORS LLP
4 OFFICE PARK CIRCLE
SUITE 304
BIRMINGHAM, AL 35209-

SHIP TO: City of Diamondhead
5000 Diamondhead Circle
Diamondhead, MS 39525

ITEM	UNITS	DESCRIPTION	GL ACCT #	PROJ ACCT #	PRICE	AMOUNT
1	0	FEASIBILITY STUDY FOR PROPOSED HOTEL	001-653-601.00		0.00	
			Professional Fees - Consulti			

Authorized by: _____

SUBTOTAL:	
TOTAL TAX:	0.00
SHIPPING:	0.00
TOTAL	

1. Original invoice plus one copy must be sent to: City of Diamondhead, 5000 Diamondhead Circle, Diamondhead, MS, 39525.
2. Payment may be expected within 30 days of receipt of goods, unless otherwise stated.
3. C.O.D. shipment will not be accepted.
4. Purchase Order numbers must appear on all shipping containers, packing slips and invoices. Failure to comply with the above request may delay payment.
5. All goods are to be shipped F.O.B. Destination unless otherwise stated.
6. All materials and services are subject to approval based on the description on the face of the purchase order or appendages thereof. Substitutions are not permitted without approval of the Requesting Department. Material not approved will be returned at no cost to the City.
7. All goods and equipment must meet or exceed all necessary city, state and federal standards and regulations.
8. Vendor or manufacturer bears risk of loss or damage until property received and/or installed.
9. Seller acknowledges that the buyer is an equal opportunity employer. Seller will comply with all equal opportunity laws and regulations that are applicable to it as a supplier of the buyer.
10. The City is exempt from all federal excise and state tax - ID# 45-4475966



February 17, 2021

Michael Reso
 City Manager
 City of Diamondhead, MS
 5000 Diamondhead Circle
 Diamondhead, MS 39525

Re: Feasibility study for proposed hotel in Diamondhead, MS

Dear Mr. Reso:

I appreciate your inquiry into our services and propose to provide a feasibility study for development of an upper midscale hotels (Hampton Inn or similar) in Diamondhead, MS.

Scope of Work and Contract Provisions

- Client: City of Diamondhead
- Intended Users: City of Diamondhead and interested developers
- Intended Use: To determine the feasibility of developing an upper midscale hotel.
- Purpose:
 - Complete a fundamental market analysis including the prospective impact of a proposed hotel.
 - Analyze the site and its suitability for the proposed development.
 - Develop income statements for the first three years of operation or until stabilization, whichever is longer.
 - Estimate value opinion(s) for the proposed hotel and underlying site.
 - Estimate cost of development for the proposed hotel.
 - Compare the cost to construct the hotel with the completed value to determine the feasibility of this project.
- Effective Dates:
 - Market value "as is" (site value)
 - Prospective value "at completion"
 - Prospective value "at stabilization"
- Valuation Approach(es):
 - Income Capitalization
 - Cost

APPROVED BY COUNCIL
 3/10/21
 DATE  BY

Franchise Assumption: TBD – (Hilton, Marriott or IHG affiliation)

Management Assumption: To be determined

Other Considerations: More detail on the site and proposed property will be provided by the client upon acceptance of the assignment.

License: I have the appropriate license.

Delivery: 30 days from engagement.

Fee: [REDACTED] + the cost of any STR Reports we must order. This report cost \$550 if we are unable to find a relevant one locally.

Payment: Due at the time of engagement

Format: A digital PDF copy.

Information Needed to Complete the Assignment

Additional items will be required and will be requested during the course of this assignment.

Lender's Selection of Appraiser

Please note that most lenders prefer to select the appraiser and may not accept the appraisal report unless the appraiser is engaged directly by the lender. Before accepting this proposal or providing any information, you should make this determination. The appraisal report cannot be "re-addressed" after it has been completed.

Conclusion

If these terms meet with your approval, please initial by the selected option and sign below.



Michael Reso 3-4-21
Date



Date
2/17/2021

Adam Russell Cowart, MAI
Certified General Real Property Appraiser
(205) 382-0616
adam@coreha.com

Core Hospitality Advisors, LLP
4 Office Park Circle
Suite 304
Birmingham, AL 35223

GENERAL ASSUMPTIONS & LIMITING CONDITIONS

1. Title to the appraised property interest is good and marketable.
2. The appraised property interest is free and clear of all liens or encumbrances unless stated in the report.
3. The subject property is appraised as a going-concern, an open and operating business.
4. The subject property will be operated by competent management under the direction of experienced ownership.
5. There are no hidden or unapparent conditions of the property, subsoil, or structures that render it more or less value if known.
6. The subject property is in full compliance with all applicable federal, state, and local regulations, laws, ordinances, and similar requirements.
7. All necessary licenses, certificates, permits, consents, and authorizations are in place and can be renewed without unusual conditions.
8. The subject improvements are confined within the boundaries of the subject property and no encroachment or trespass exists.
9. There are no encroachments or trespass from adjacent properties onto the subject property.
10. There are no easements, restrictions, or other limitations on the use of the subject property that are not evident from inspection or shown on documents provided by the client.
11. There are no hazardous substances, materials, or conditions on the subject property or in such proximity to the subject property that its marketability would be affected.
12. The subject property is in full compliance with all applicable provisions of the American with Disabilities Act (ADA).
13. The subject property is in full compliance with all applicable life/safety requirements.
14. All areas of the improvements and the furniture, fixtures, and equipment (FF&E) that were not physically inspected are assumed to be equal in physical condition, décor, finish, quantity, and suitability as the areas that were inspected. The purpose of the appraiser's inspection is to identify marketable attributes, physical condition, functional utility, and the adaptability of the subject property; it is not intended as a determination of the physical or structural condition or compliance with any legal requirements.

15. All data and information compiled and considered in developing this appraisal are assumed to be correct, but are not guaranteed.
16. Financial forecasts are developed to simulate the analysis process of market participants and are not guaranteed future occurrences.
17. There are no delinquent property taxes or assessments of any type.

APPENDIX TWO

INCOME SUPPORTING DATA

Trend # 1257810_SADIM / Created April 21, 2021

Trend Report - Gulfport, MS Area Selected Properties

January 2013 to March 2021 Currency : USD - US Dollar



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

Gulfport, MS Area Selected Properties

Job Number: 1257810_SADIM Staff: SS Created: April 21, 2021

Occupancy	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2014	11.7	-0.8	7.4	4.1	9.4	-5.4	-0.9	-4.8	-3.9	-18.7	-21.0	-18.1	-5.0	5.9
2015	-25.7	-7.6	-7.8	-10.8	-10.4	2.0	-5.3	-16.2	-5.5	24.1	17.5	15.6	-2.2	-13.2
2016	21.3	-9.0	-8.7	-0.0	-4.8	-7.4	-0.7	2.0	-0.3	12.3	17.8	0.4	1.3	-0.6
2017	-11.2	6.5	12.8	-0.1	13.4	7.3	7.0	4.9	16.8	-5.6	-4.9	11.2	4.4	2.8
2018	27.3	12.1	9.2	15.6	1.9	5.0	-2.4	8.5	-7.3	3.1	3.4	4.8	6.1	15.1
2019	-10.0	-1.0	1.7	-1.4	5.3	0.1	-6.0	-10.9	-6.0	-8.5	-0.4	-4.4	-3.3	-2.7
2020	8.5	0.4	-37.3	-76.7	-53.8	-31.3	-14.6	-1.2	17.6	-0.8	6.7	-15.9	-18.7	-12.4
2021	-19.8	-26.1	42.2											-4.4
Avg	0.3	-3.2	2.4	-9.9	-5.6	-4.2	-3.3	-2.5	1.6	0.8	2.7	-0.9	-2.5	-1.2

ADR	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2014	-0.3	-2.6	0.5	1.1	2.7	3.9	1.5	2.4	-0.6	-0.1	-4.3	-4.2	0.2	-0.9
2015	-6.7	-3.2	-1.2	-1.0	-1.3	0.5	3.0	-1.8	-0.4	-1.1	-0.2	0.7	-0.7	-3.0
2016	3.0	-0.3	-0.6	1.8	0.4	-1.7	-0.8	-3.6	0.5	0.8	1.3	-0.4	-0.2	0.2
2017	-1.2	1.0	0.8	4.0	1.0	1.7	1.1	0.9	3.6	-2.3	-1.3	2.0	0.9	0.4
2018	3.2	-0.5	1.6	-1.0	-0.9	4.1	0.5	2.7	-2.3	2.8	1.6	-0.4	0.9	1.1
2019	-1.2	1.7	7.1	1.7	4.6	2.1	4.0	5.5	1.2	3.9	1.8	0.3	3.0	3.3
2020	1.2	0.4	-6.5	-14.8	-13.4	-8.4	-6.5	-3.7	4.8	-5.7	2.6	0.9	-4.2	-3.1
2021	-3.1	-6.3	-1.1											-2.4
Avg	-0.6	-1.2	0.1	-1.2	-1.0	0.3	0.4	0.4	1.0	-0.3	0.2	-0.1	-0.0	-0.5

RevPAR	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2014	11.4	-3.4	7.9	5.2	12.3	-1.7	0.6	-2.5	-4.5	-18.7	-24.4	-21.5	-4.8	5.0
2015	-30.7	-10.5	-8.8	-11.6	-11.5	2.5	-2.5	-17.7	-5.9	22.8	17.2	16.5	-2.9	-15.8
2016	25.0	-9.3	-9.2	1.8	-4.3	-9.0	-1.5	-1.7	0.3	13.2	19.4	-0.0	1.1	-0.3
2017	-12.3	7.6	13.7	3.9	14.5	9.2	8.2	5.9	21.0	-7.8	-6.2	13.4	5.4	3.2
2018	31.3	11.6	10.9	14.5	1.0	9.3	-1.9	11.4	-9.4	5.9	5.1	4.5	7.1	16.4
2019	-11.1	0.8	9.0	0.2	10.2	2.2	-2.3	-6.0	-4.8	-5.0	1.4	-4.1	-0.4	0.6
2020	9.8	0.8	-41.4	-80.2	-60.0	-37.0	-20.2	-4.8	23.2	-6.4	9.5	-15.1	-22.1	-15.1
2021	-22.4	-30.8	40.6											-6.7
Avg	0.1	-4.2	2.8	-9.5	-5.4	-3.5	-2.8	-2.2	2.8	0.6	3.2	-0.9	-2.4	-1.6

Supply	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2014	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.1	31.1	31.1	7.8	0.0
2015	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	0.0	0.0	0.0	21.6	31.1
2016	0.0	17.7	17.7	17.7	31.0	31.2	31.2	31.2	31.2	31.2	31.2	31.2	25.2	11.6
2017	31.2	11.4	11.4	11.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	17.5
2018	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
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
Avg	7.8	7.5	7.5	8.6	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.9	8.5	7.5

Demand	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2014	11.7	-0.8	7.4	4.1	9.4	-5.4	-0.9	-4.8	-3.9	6.6	3.5	7.4	2.4	5.9
2015	-2.6	21.1	20.9	16.9	17.5	33.7	24.1	9.9	23.8	24.1	17.5	15.6	18.9	13.8
2016	21.3	7.1	7.5	17.7	24.8	21.5	30.3	33.8	30.8	47.3	54.5	31.7	26.8	11.0
2017	16.4	18.7	25.7	11.3	13.6	7.3	7.0	4.9	16.8	-5.6	-4.9	11.2	9.4	20.8
2018	27.3	12.1	9.2	15.6	1.9	5.0	-2.4	8.5	-7.3	3.1	3.4	4.8	6.1	15.1
2019	-10.0	-1.0	1.7	-1.4	5.3	0.1	-6.0	-10.9	-6.0	-8.5	-0.4	-4.4	-3.3	-2.7
2020	8.5	0.4	-37.3	-76.7	-53.8	-31.3	-14.6	-1.2	17.6	-0.8	6.7	-15.9	-18.7	-12.4
2021	-19.8	-26.1	42.2											-4.4
Avg	6.6	4.0	9.7	-1.8	2.7	4.4	5.4	5.8	10.3	9.5	11.5	7.2	5.9	5.9

Revenue	January	February	March	April	May	June	July	August	September	October	November	December	Total Year	Mar YTD
2014	11.4	-3.4	7.9	5.2	12.3	-1.7	0.6	-2.5	-4.5	6.5	-0.9	2.9	2.7	5.0
2015	-9.2	17.3	19.5	15.8	16.0	34.4	27.8	7.9	23.3	22.8	17.2	16.5	18.0	10.3
2016	25.0	6.8	6.9	19.8	25.3	19.4	29.2	29.0	31.5	48.4	56.6	31.2	26.6	11.3
2017	15.1	19.9	26.7	15.8	14.7	9.2	8.2	5.9	21.0	-7.8	-6.2	13.4	10.4	21.3
2018	31.3	11.6	10.9	14.5	1.0	9.3	-1.9	11.4	-9.4	5.9	5.1	4.5	7.1	16.4
2019	-11.1	0.8	9.0	0.2	10.2	2.2	-2.3	-6.0	-4.8	-5.0	1.4	-4.1	-0.4	0.6
2020	9.8	0.8	-41.4	-80.2	-60.0	-37.0	-20.2	-4.8	23.2	-6.4	9.5	-15.1	-22.1	-15.1
2021	-22.4	-30.8	40.6											-6.7
Avg	6.3	2.9	10.0	-1.3	2.8	5.1	5.9	5.9	11.5	9.2	11.8	7.0	6.0	5.4

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

Gulfport, MS Area Selected Properties
 Job Number: 1257810_SADIM Staff: SS Created: April 21, 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	Mar YTD
Occ	11.7	-0.8	7.4	4.1	9.4	-5.4	-0.9	-4.8	-3.9	-18.7	-21.0	-18.1	-5.0	5.9
ADR	-0.3	-2.6	0.5	1.1	2.7	3.9	1.5	2.4	-0.6	-0.1	-4.3	-4.2	0.2	-0.9
RevPAR	11.4	-3.4	7.9	5.2	12.3	-1.7	0.6	-2.5	-4.5	-18.7	-24.4	-21.5	-4.8	5.0
Supply	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	31.1	31.1	31.1	7.8	0.0
Demand	11.7	-0.8	7.4	4.1	9.4	-5.4	-0.9	-4.8	-3.9	6.6	3.5	7.4	2.4	5.9
Revenue	11.4	-3.4	7.9	5.2	12.3	-1.7	0.6	-2.5	-4.5	6.5	-0.9	2.9	2.7	5.0

	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	Mar YTD
Occ	-25.7	-7.6	-7.8	-10.8	-10.4	2.0	-5.3	-16.2	-5.5	24.1	17.5	15.6	-2.2	-13.2
ADR	-6.7	-3.2	-1.2	-1.0	-1.3	0.5	3.0	-1.8	-0.4	-1.1	-0.2	0.7	-0.7	-3.0
RevPAR	-30.7	-10.5	-8.8	-11.6	-11.5	2.5	-2.5	-17.7	-5.9	22.8	17.2	16.5	-2.9	-15.8
Supply	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	31.1	0.0	0.0	0.0	21.6	31.1
Demand	-2.6	21.1	20.9	16.9	17.5	33.7	24.1	9.9	23.8	24.1	17.5	15.6	18.9	13.8
Revenue	-9.2	17.3	19.5	15.8	16.0	34.4	27.8	7.9	23.3	22.8	17.2	16.5	18.0	10.3

	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	Mar YTD
Occ	21.3	-9.0	-8.7	-0.0	-4.8	-7.4	-0.7	2.0	-0.3	12.3	17.8	0.4	1.3	-0.6
ADR	3.0	-0.3	-0.6	1.8	0.4	-1.7	-0.8	-3.6	0.5	0.8	1.3	-0.4	-0.2	0.2
RevPAR	25.0	-9.3	-9.2	1.8	-4.3	-9.0	-1.5	-1.7	0.3	13.2	19.4	-0.0	1.1	-0.3
Supply	0.0	17.7	17.7	17.7	31.0	31.2	31.2	31.2	31.2	31.2	31.2	31.2	25.2	11.6
Demand	21.3	7.1	7.5	17.7	24.8	21.5	30.3	33.8	30.8	47.3	54.5	31.7	26.8	11.0
Revenue	25.0	6.8	6.9	19.8	25.3	19.4	29.2	29.0	31.5	48.4	56.6	31.2	26.6	11.3

	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	Mar YTD
Occ	-11.2	6.5	12.8	-0.1	13.4	7.3	7.0	4.9	16.8	-5.6	-4.9	11.2	4.4	2.8
ADR	-1.2	1.0	0.8	4.0	1.0	1.7	1.1	0.9	3.6	-2.3	-1.3	2.0	0.9	0.4
RevPAR	-12.3	7.6	13.7	3.9	14.5	9.2	8.2	5.9	21.0	-7.8	-6.2	13.4	5.4	3.2
Supply	31.2	11.4	11.4	11.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.7	17.5
Demand	16.4	18.7	25.7	11.3	13.6	7.3	7.0	4.9	16.8	-5.6	-4.9	11.2	9.4	20.8
Revenue	15.1	19.9	26.7	15.8	14.7	9.2	8.2	5.9	21.0	-7.8	-6.2	13.4	10.4	21.3

	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	Mar YTD
Occ	27.3	12.1	9.2	15.6	1.9	5.0	-2.4	8.5	-7.3	3.1	3.4	4.8	6.1	15.1
ADR	3.2	-0.5	1.6	-1.0	-0.9	4.1	0.5	2.7	-2.3	2.8	1.6	-0.4	0.9	1.1
RevPAR	31.3	11.6	10.9	14.5	1.0	9.3	-1.9	11.4	-9.4	5.9	5.1	4.5	7.1	16.4
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	27.3	12.1	9.2	15.6	1.9	5.0	-2.4	8.5	-7.3	3.1	3.4	4.8	6.1	15.1
Revenue	31.3	11.6	10.9	14.5	1.0	9.3	-1.9	11.4	-9.4	5.9	5.1	4.5	7.1	16.4

	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	Mar YTD
Occ	-10.0	-1.0	1.7	-1.4	5.3	0.1	-6.0	-10.9	-6.0	-8.5	-0.4	-4.4	-3.3	-2.7
ADR	-1.2	1.7	7.1	1.7	4.6	2.1	4.0	5.5	1.2	3.9	1.8	0.3	3.0	3.3
RevPAR	-11.1	0.8	9.0	0.2	10.2	2.2	-2.3	-6.0	-4.8	-5.0	1.4	-4.1	-0.4	0.6
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	-10.0	-1.0	1.7	-1.4	5.3	0.1	-6.0	-10.9	-6.0	-8.5	-0.4	-4.4	-3.3	-2.7
Revenue	-11.1	0.8	9.0	0.2	10.2	2.2	-2.3	-6.0	-4.8	-5.0	1.4	-4.1	-0.4	0.6

	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	Mar YTD
Occ	8.5	0.4	-37.3	-76.7	-53.8	-31.3	-14.6	-1.2	17.6	-0.8	6.7	-15.9	-18.7	-12.4
ADR	1.2	0.4	-6.5	-14.8	-13.4	-8.4	-6.5	-3.7	4.8	-5.7	2.6	0.9	-4.2	-3.1
RevPAR	9.8	0.8	-41.4	-80.2	-60.0	-37.0	-20.2	-4.8	23.2	-6.4	9.5	-15.1	-22.1	-15.1
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	8.5	0.4	-37.3	-76.7	-53.8	-31.3	-14.6	-1.2	17.6	-0.8	6.7	-15.9	-18.7	-12.4
Revenue	9.8	0.8	-41.4	-80.2	-60.0	-37.0	-20.2	-4.8	23.2	-6.4	9.5	-15.1	-22.1	-15.1

	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	Mar YTD
Occ	-19.8	-26.1	42.2											-4.4
ADR	-3.1	-6.3	-1.1											-2.4
RevPAR	-22.4	-30.8	40.6											-6.7
Supply	0.0	0.0	0.0											0.0
Demand	-19.8	-26.1	42.2											-4.4
Revenue	-22.4	-30.8	40.6											-6.7

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Tab 5 - Twelve Month Moving Average

Gulfport, MS Area Selected Properties

Job Number: 1257810_SADIM Staff: SS Created: April 21, 2021

Occupancy (%)												
	January	February	March	April	May	June	July	August	September	October	November	December
2014	69.8	69.7	70.2	70.4	71.0	70.6	70.5	70.2	70.0	68.6	67.1	65.7
2015	64.0	63.7	63.5	63.0	62.5	63.0	63.0	62.2	61.9	63.0	63.7	64.3
2016	65.1	64.6	64.1	64.1	63.8	63.7	63.9	64.0	63.9	64.7	65.4	65.1
2017	64.4	64.7	65.4	65.4	66.1	66.6	67.0	67.3	68.1	67.8	67.5	68.0
2018	69.2	69.8	70.4	71.2	71.3	71.6	71.5	72.0	71.5	71.7	71.9	72.1
2019	71.6	71.5	71.6	71.5	71.9	71.9	71.5	70.8	70.5	70.0	69.9	69.7
2020	70.2	70.2	67.5	62.9	59.4	57.3	56.3	56.2	57.1	57.1	57.4	56.7
2021	55.6	54.1	56.0									

ADR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2014	96.64	96.43	96.49	96.58	96.80	97.14	97.30	97.51	97.48	97.49	97.19	96.91
2015	96.44	96.16	96.09	96.03	95.95	96.14	96.60	96.45	96.36	96.34	96.26	96.22
2016	96.30	96.27	96.23	96.40	96.46	96.37	96.50	96.14	96.10	96.32	96.21	96.05
2017	95.92	95.98	96.08	96.43	96.53	96.72	96.89	96.94	97.17	96.94	96.88	96.93
2018	97.02	96.97	97.13	97.12	97.05	97.47	97.50	97.68	97.52	97.76	97.85	97.80
2019	97.77	97.90	98.61	98.75	99.15	99.37	99.72	100.16	100.27	100.58	100.71	100.76
2020	100.79	100.82	100.12	99.50	98.65	97.55	96.64	96.28	96.72	96.13	96.35	96.50
2021	96.36	95.87	95.88									

RevPAR (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2014	67.43	67.23	67.73	68.02	68.69	68.57	68.61	68.46	68.23	66.84	65.17	63.69
2015	61.74	61.29	61.02	60.49	59.97	60.55	60.86	59.99	59.67	60.71	61.31	61.83
2016	62.73	62.22	61.72	61.84	61.59	61.34	61.71	61.54	61.41	62.32	62.92	62.50
2017	61.73	62.06	62.86	63.08	63.83	64.39	64.95	65.24	66.18	65.69	65.38	65.87
2018	67.10	67.67	68.36	69.15	69.21	69.83	69.69	70.28	69.77	70.12	70.35	70.54
2019	69.96	70.01	70.64	70.65	71.26	71.42	71.26	70.91	70.67	70.36	70.43	70.26
2020	70.71	70.75	67.58	62.55	58.61	55.85	54.42	54.16	55.25	54.87	55.33	54.71
2021	53.58	51.88	53.70									

Supply												
	January	February	March	April	May	June	July	August	September	October	November	December
2014	167,900	167,900	167,900	167,900	167,900	167,900	167,900	167,900	167,900	172,333	176,623	181,056
2015	185,489	189,493	193,926	198,216	202,649	206,939	211,372	215,805	220,095	220,095	220,095	220,095
2016	220,095	223,091	226,408	229,618	235,415	241,055	246,883	252,711	258,351	264,179	269,819	275,647
2017	281,475	283,743	286,254	288,684	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715
2018	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715
2019	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715
2020	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715	288,715
2021	288,715	288,715	288,715									

Demand												
	January	February	March	April	May	June	July	August	September	October	November	December
2014	117,150	117,070	117,855	118,244	119,133	118,514	118,403	117,877	117,522	118,144	118,438	118,985
2015	118,743	120,772	123,156	124,848	126,660	130,334	133,176	134,215	136,277	138,689	140,196	141,434
2016	143,356	144,185	145,220	147,290	150,308	153,432	157,867	161,767	165,072	170,940	176,457	179,354
2017	181,152	183,480	187,285	188,841	190,904	192,200	193,540	194,295	196,650	199,625	194,855	196,206
2018	199,684	201,479	203,194	205,581	205,904	206,851	206,363	207,734	206,544	207,072	207,583	208,231
2019	206,609	206,450	206,806	206,559	207,495	207,512	206,313	204,401	203,492	201,980	201,917	201,302
2020	202,537	202,607	194,885	181,505	171,540	165,300	162,569	162,389	164,905	164,779	165,810	163,673
2021	160,534	156,224	161,702									

Revenue (\$)												
	January	February	March	April	May	June	July	August	September	October	November	December
2014	11,321,319	11,288,545	11,371,374	11,420,387	11,532,351	11,512,933	11,520,074	11,494,043	11,456,163	11,518,039	11,511,090	11,530,880
2015	11,451,285	11,613,530	11,834,056	11,989,562	12,152,518	12,530,608	12,864,721	12,945,431	13,132,099	13,361,917	13,494,949	13,608,791
2016	13,805,767	13,880,596	13,973,870	14,199,355	14,499,333	14,786,527	15,234,954	15,552,690	15,864,171	16,464,537	16,976,217	17,227,019
2017	17,375,721	17,609,494	17,994,933	18,209,882	18,427,449	18,589,320	18,752,581	18,835,448	19,108,498	18,964,515	18,876,912	19,018,293
2018	19,373,619	19,536,831	19,737,108	19,965,378	19,982,472	20,160,761	20,119,822	20,290,892	20,142,584	20,243,486	20,311,483	20,364,833
2019	20,199,922	20,211,849	20,394,034	20,398,538	20,573,541	20,620,459	20,572,664	20,473,014	20,404,213	20,314,891	20,334,878	20,283,957
2020	20,413,623	20,426,356	19,510,972	18,058,938	16,922,727	16,125,468	15,710,502	15,635,474	15,950,227	15,840,828	15,975,926	15,794,938
2021	15,469,476	14,977,714	15,504,112									

High value is boxed.

Low value is boxed and italicized.

Tab 6 - Twelve Month Moving Average with Percent Change

Gulfport, MS Area Selected Properties

Job Number: 1257810_SADIM Staff: SS Created: April 21, 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	69.8		96.64		67.43		167,900		117,150		11,321,319	
Feb 14	69.7		96.43		67.23		167,900		117,070		11,288,545	
Mar 14	70.2		96.49		67.73		167,900		117,855		11,371,374	
Apr 14	70.4		96.58		68.02		167,900		118,244		11,420,387	
May 14	71.0		96.80		68.69		167,900		119,133		11,532,351	
Jun 14	70.6		97.14		68.57		167,900		118,514		11,512,933	
Jul 14	70.5		97.30		68.61		167,900		118,403		11,520,074	
Aug 14	70.2		97.51		68.46		167,900		117,877		11,494,043	
Sep 14	70.0		97.48		68.23		167,900		117,522		11,456,163	
Oct 14	68.6		97.49		66.84		172,333		118,144		11,518,039	
Nov 14	67.1		97.19		65.17		176,623		118,438		11,511,090	
Dec 14	65.7	-5.0	96.91	0.2	63.69	-4.8	181,056	7.8	118,985	2.4	11,530,880	2.7
Jan 15	64.0	-8.3	96.44	-0.2	61.74	-8.4	185,489	10.5	118,743	1.4	11,451,285	1.1
Feb 15	63.7	-8.6	96.16	-0.3	61.29	-8.8	189,493	12.9	120,772	3.2	11,613,530	2.9
Mar 15	63.5	-9.5	96.09	-0.4	61.02	-9.9	193,926	15.5	123,156	4.5	11,834,056	4.1
Apr 15	63.0	-10.6	96.03	-0.6	60.49	-11.1	198,216	18.1	124,848	5.6	11,989,562	5.0
May 15	62.5	-11.9	95.95	-0.9	59.97	-12.7	202,649	20.7	126,660	6.3	12,152,518	5.4
Jun 15	63.0	-10.8	96.14	-1.0	60.55	-11.7	206,939	23.3	130,334	10.0	12,530,608	8.8
Jul 15	63.0	-10.7	96.60	-0.7	60.86	-11.3	211,372	25.9	133,176	12.5	12,864,721	11.7
Aug 15	62.2	-11.4	96.45	-1.1	59.99	-12.4	215,805	28.5	134,215	13.9	12,945,431	12.6
Sep 15	61.9	-11.5	96.36	-1.1	59.67	-12.6	220,095	31.1	136,277	16.0	13,132,099	14.6
Oct 15	63.0	-8.1	96.34	-1.2	60.71	-9.2	220,095	27.7	138,689	17.4	13,361,917	16.0
Nov 15	63.7	-5.0	96.26	-1.0	61.31	-5.9	220,095	24.6	140,196	18.4	13,494,949	17.2
Dec 15	64.3	-2.2	96.22	-0.7	61.83	-2.9	220,095	21.6	141,434	18.9	13,608,791	18.0
Jan 16	65.1	1.7	96.30	-0.1	62.73	1.6	220,095	18.7	143,356	20.7	13,805,767	20.6
Feb 16	64.6	1.4	96.27	0.1	62.22	1.5	223,091	17.7	144,185	19.4	13,880,596	19.5
Mar 16	64.1	1.0	96.23	0.1	61.72	1.1	226,408	16.7	145,220	17.9	13,973,870	18.1
Apr 16	64.1	1.8	96.40	0.4	61.84	2.2	229,618	15.8	147,290	18.0	14,199,355	18.4
May 16	63.8	2.2	96.46	0.5	61.59	2.7	235,415	16.2	150,308	18.7	14,499,333	19.3
Jun 16	63.7	1.1	96.37	0.2	61.34	1.3	241,055	16.5	153,432	17.7	14,786,527	18.0
Jul 16	63.9	1.5	96.50	-0.1	61.71	1.4	246,883	16.8	157,867	18.5	15,234,954	18.4
Aug 16	64.0	2.9	96.14	-0.3	61.54	2.6	252,711	17.1	161,767	20.5	15,552,690	20.1
Sep 16	63.9	3.2	96.10	-0.3	61.41	2.9	258,351	17.4	165,072	21.1	15,864,171	20.8
Oct 16	64.7	2.7	96.32	-0.0	62.32	2.7	264,179	20.0	170,940	23.3	16,464,537	23.2
Nov 16	65.4	2.7	96.21	-0.1	62.92	2.6	269,819	22.6	176,457	25.9	16,976,217	25.8
Dec 16	65.1	1.3	96.05	-0.2	62.50	1.1	275,647	25.2	179,354	26.8	17,227,019	26.6
Jan 17	64.4	-1.2	95.92	-0.4	61.73	-1.6	281,475	27.9	181,152	26.4	17,375,721	25.9
Feb 17	64.7	0.1	95.98	-0.3	62.06	-0.3	283,743	27.2	183,480	27.3	17,609,494	26.9
Mar 17	65.4	2.0	96.08	-0.1	62.86	1.9	286,254	26.4	187,285	29.0	17,994,933	28.8
Apr 17	65.4	2.0	96.43	0.0	63.08	2.0	288,684	25.7	188,841	28.2	18,209,882	28.2
May 17	66.1	3.6	96.53	0.1	63.83	3.6	288,715	22.6	190,904	27.0	18,427,449	27.1
Jun 17	66.6	4.6	96.72	0.4	64.39	5.0	288,715	19.8	192,200	25.3	18,589,320	25.7
Jul 17	67.0	4.8	96.89	0.4	64.95	5.3	288,715	16.9	193,540	22.6	18,752,581	23.1
Aug 17	67.3	5.1	96.94	0.8	65.24	6.0	288,715	14.2	194,295	20.1	18,835,448	21.1
Sep 17	68.1	6.6	97.17	1.1	66.18	7.8	288,715	11.8	196,650	19.1	19,108,498	20.5
Oct 17	67.8	4.7	96.94	0.6	65.69	5.4	288,715	9.3	195,625	14.4	18,964,515	15.2
Nov 17	67.5	3.2	96.88	0.7	65.38	3.9	288,715	7.0	194,855	10.4	18,876,912	11.2
Dec 17	68.0	4.4	96.93	0.9	65.87	5.4	288,715	4.7	196,206	9.4	19,018,293	10.4
Jan 18	69.2	7.5	97.02	1.2	67.10	8.7	288,715	2.6	199,684	10.2	19,373,619	11.5
Feb 18	69.8	7.9	96.97	1.0	67.67	9.0	288,715	1.8	201,479	9.8	19,536,831	10.9

Tab 6 - Twelve Month Moving Average with Percent Change

Gulfport, MS Area Selected Properties

Job Number: 1257810_SADIM Staff: SS Created: April 21, 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
Mar 18	70.4	7.6	97.13	1.1	68.36	8.7	288,715	0.9	203,194	8.5	19,737,108	9.7
Apr 18	71.2	8.9	97.12	0.7	69.15	9.6	288,715	0.0	205,581	8.9	19,965,378	9.6
May 18	71.3	7.9	97.05	0.5	69.21	8.4	288,715	0.0	205,904	7.9	19,982,472	8.4
Jun 18	71.6	7.6	97.47	0.8	69.83	8.5	288,715	0.0	206,851	7.6	20,160,761	8.5
Jul 18	71.5	6.6	97.50	0.6	69.69	7.3	288,715	0.0	206,363	6.6	20,119,822	7.3
Aug 18	72.0	6.9	97.68	0.8	70.28	7.7	288,715	0.0	207,734	6.9	20,290,892	7.7
Sep 18	71.5	5.0	97.52	0.4	69.77	5.4	288,715	0.0	206,544	5.0	20,142,584	5.4
Oct 18	71.7	5.9	97.76	0.8	70.12	6.7	288,715	0.0	207,072	5.9	20,243,486	6.7
Nov 18	71.9	6.5	97.85	1.0	70.35	7.6	288,715	0.0	207,583	6.5	20,311,483	7.6
Dec 18	72.1	6.1	97.80	0.9	70.54	7.1	288,715	0.0	208,231	6.1	20,364,833	7.1
Jan 19	71.6	3.5	97.77	0.8	69.96	4.3	288,715	0.0	206,609	3.5	20,199,922	4.3
Feb 19	71.5	2.5	97.90	1.0	70.01	3.5	288,715	0.0	206,450	2.5	20,211,849	3.5
Mar 19	71.6	1.8	98.61	1.5	70.64	3.3	288,715	0.0	206,806	1.8	20,394,034	3.3
Apr 19	71.5	0.5	98.75	1.7	70.65	2.2	288,715	0.0	206,559	0.5	20,398,538	2.2
May 19	71.9	0.8	99.15	2.2	71.26	3.0	288,715	0.0	207,495	0.8	20,573,541	3.0
Jun 19	71.9	0.3	99.37	2.0	71.42	2.3	288,715	0.0	207,512	0.3	20,620,459	2.3
Jul 19	71.5	-0.0	99.72	2.3	71.26	2.3	288,715	0.0	206,313	-0.0	20,572,664	2.3
Aug 19	70.8	-1.6	100.16	2.5	70.91	0.9	288,715	0.0	204,401	-1.6	20,473,014	0.9
Sep 19	70.5	-1.5	100.27	2.8	70.67	1.3	288,715	0.0	203,492	-1.5	20,404,213	1.3
Oct 19	70.0	-2.5	100.58	2.9	70.36	0.4	288,715	0.0	201,980	-2.5	20,314,891	0.4
Nov 19	69.9	-2.7	100.71	2.9	70.43	0.1	288,715	0.0	201,917	-2.7	20,334,878	0.1
Dec 19	69.7	-3.3	100.76	3.0	70.26	-0.4	288,715	0.0	201,302	-3.3	20,283,957	-0.4
Jan 20	70.2	-2.0	100.79	3.1	70.71	1.1	288,715	0.0	202,537	-2.0	20,413,623	1.1
Feb 20	70.2	-1.9	100.82	3.0	70.75	1.1	288,715	0.0	202,607	-1.9	20,426,356	1.1
Mar 20	67.5	-5.8	100.12	1.5	67.58	-4.3	288,715	0.0	194,885	-5.8	19,510,972	-4.3
Apr 20	62.9	-12.1	99.50	0.8	62.55	-11.5	288,715	0.0	181,505	-12.1	18,058,938	-11.5
May 20	59.4	-17.3	98.65	-0.5	58.61	-17.7	288,715	0.0	171,540	-17.3	16,922,727	-17.7
Jun 20	57.3	-20.3	97.55	-1.8	55.85	-21.8	288,715	0.0	165,300	-20.3	16,125,468	-21.8
Jul 20	56.3	-21.2	96.64	-3.1	54.42	-23.6	288,715	0.0	162,569	-21.2	15,710,502	-23.6
Aug 20	56.2	-20.6	96.28	-3.9	54.16	-23.6	288,715	0.0	162,389	-20.6	15,635,474	-23.6
Sep 20	57.1	-19.0	96.72	-3.5	55.25	-21.8	288,715	0.0	164,905	-19.0	15,950,227	-21.8
Oct 20	57.1	-18.4	96.13	-4.4	54.87	-22.0	288,715	0.0	164,779	-18.4	15,840,828	-22.0
Nov 20	57.4	-17.9	96.35	-4.3	55.33	-21.4	288,715	0.0	165,810	-17.9	15,975,926	-21.4
Dec 20	56.7	-18.7	96.50	-4.2	54.71	-22.1	288,715	0.0	163,673	-18.7	15,794,398	-22.1
Jan 21	55.6	-20.7	96.36	-4.4	53.58	-24.2	288,715	0.0	160,534	-20.7	15,469,476	-24.2
Feb 21	54.1	-22.9	95.87	-4.9	51.88	-26.7	288,715	0.0	156,224	-22.9	14,977,714	-26.7
Mar 21	56.0	-17.0	95.88	-4.2	53.70	-20.5	288,715	0.0	161,702	-17.0	15,504,112	-20.5

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Tab 7 - Day of Week Analysis

Gulfport, MS Area Selected Properties

Job Number: 1257810_SADIM Staff: SS Created: April 21, 2021

Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Apr - 20	14.9	18.6	19.0	19.2	17.0	14.9	15.7	17.1
May - 20	32.2	27.7	30.2	33.2	31.1	38.6	47.7	34.9
Jun - 20	47.2	47.6	51.2	52.5	56.2	75.5	78.5	57.8
Jul - 20	48.1	55.5	62.4	59.9	62.2	81.9	84.7	65.3
Aug - 20	48.5	58.7	58.4	62.4	63.7	70.2	80.1	63.1
Sep - 20	60.7	61.6	67.9	67.0	69.8	82.7	87.6	70.8
Oct - 20	48.3	58.2	62.4	65.6	61.2	78.5	81.0	65.8
Nov - 20	59.3	66.0	69.5	67.8	66.2	77.0	79.6	68.9
Dec - 20	37.6	43.6	47.4	44.1	44.6	47.1	58.7	46.1
Jan - 21	41.6	50.6	54.5	54.9	48.8	52.3	59.8	51.7
Feb - 21	43.7	48.2	50.3	53.3	50.9	65.3	73.2	55.0
Mar - 21	57.1	67.7	72.6	75.0	74.7	89.1	93.3	75.3
Total Year	45.0	51.1	54.3	54.4	53.3	64.3	69.8	56.0

Three Year Occupancy (%)								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Apr 18 - Mar 19	52.5	68.7	75.5	74.4	66.9	78.9	85.0	71.6
Apr 19 - Mar 20	49.1	63.6	71.4	70.9	63.2	74.4	79.9	67.5
Apr 20 - Mar 21	45.0	51.1	54.3	54.4	53.3	64.3	69.8	56.0
Total 3 Yr	48.9	61.1	67.1	66.5	61.1	72.5	78.2	65.0

ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Apr - 20	88.25	88.00	90.81	89.04	87.31	84.72	90.47	88.44
May - 20	87.31	85.90	86.31	87.67	83.74	90.59	92.97	88.52
Jun - 20	92.36	89.63	90.38	90.83	94.64	112.17	112.26	98.86
Jul - 20	96.16	94.56	93.65	94.58	96.44	113.10	118.78	102.70
Aug - 20	92.02	93.28	94.34	94.24	93.43	98.85	104.64	96.52
Sep - 20	96.37	94.24	94.25	95.86	97.00	105.09	109.99	99.39
Oct - 20	92.55	93.59	94.90	96.88	97.25	103.49	106.06	99.00
Nov - 20	92.93	95.38	95.13	95.89	93.04	95.32	96.29	94.89
Dec - 20	86.98	89.64	90.98	91.10	89.20	92.32	89.84	90.13
Jan - 21	87.14	89.00	89.61	90.10	87.26	91.02	88.31	88.98
Feb - 21	90.25	89.90	90.13	88.38	88.56	91.17	95.53	90.87
Mar - 21	92.45	92.12	95.28	93.79	95.06	107.60	111.75	98.79
Total Year	91.73	92.02	92.77	93.09	93.03	101.26	103.24	95.88

Three Year ADR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Apr 18 - Mar 19	92.58	95.71	96.53	96.44	95.53	103.85	106.08	98.61
Apr 19 - Mar 20	94.27	97.73	98.80	98.74	98.09	103.90	106.14	100.12
Apr 20 - Mar 21	91.73	92.02	92.77	93.09	93.03	101.26	103.24	95.88
Total 3 Yr	92.88	95.40	96.34	96.33	95.68	103.10	105.26	98.35

RevPAR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Month
Apr - 20	13.18	16.37	17.24	17.09	14.88	12.66	14.17	15.14
May - 20	28.09	23.76	26.11	29.09	26.04	34.95	44.37	30.87
Jun - 20	43.61	42.63	46.23	47.65	53.16	84.66	88.13	57.11
Jul - 20	46.23	52.48	58.43	56.70	60.01	92.63	100.61	67.02
Aug - 20	44.67	54.72	55.13	58.85	59.50	69.41	83.78	60.88
Sep - 20	58.45	58.05	63.95	64.27	67.68	86.87	96.35	70.36
Oct - 20	44.66	54.43	59.18	63.54	59.56	81.22	85.86	65.18
Nov - 20	55.12	62.94	66.08	65.04	61.61	73.38	76.69	65.39
Dec - 20	32.68	39.09	43.11	40.13	39.79	43.49	52.71	41.52
Jan - 21	36.26	45.04	48.80	49.49	42.58	47.61	52.79	46.03
Feb - 21	39.48	43.33	45.32	47.12	45.12	59.53	69.90	49.97
Mar - 21	52.77	62.40	69.19	70.38	70.99	95.84	104.22	74.36
Total Year	41.25	46.99	50.34	50.68	49.57	65.11	72.02	53.70

Three Year RevPAR								
	Sun	Mon	Tue	Wed	Thu	Fri	Sat	Total Year
Apr 18 - Mar 19	48.56	65.71	72.91	71.71	63.87	81.93	90.19	70.64
Apr 19 - Mar 20	46.32	62.15	70.56	69.98	62.00	77.32	84.78	67.58
Apr 20 - Mar 21	41.25	46.99	50.34	50.68	49.57	65.11	72.02	53.70
Total 3 Yr	45.40	58.31	64.63	64.03	58.48	74.78	82.33	63.97

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Tab 8 - Raw Data

Gulfport, MS Area Selected Properties

Job Number: 1257810_SADIM Staff: SS Created: April 21, 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	58.1		94.03		54.62		14,260		8,283		778,815		5	460	100.0
Feb 13	75.1		100.49		75.51		12,880		9,678		972,586		5	460	100.0
Mar 13	74.5		98.66		73.48		14,260		10,621		1,047,820		5	460	100.0
Apr 13	69.5		97.30		67.66		13,800		9,596		933,650		5	460	100.0
May 13	66.5		95.89		63.72		14,260		9,476		908,676		5	460	100.0
Jun 13	83.4		97.27		81.12		13,800		11,508		1,119,435		5	460	100.0
Jul 13	83.5		100.24		83.75		14,260		11,914		1,194,205		5	460	100.0
Aug 13	77.3		94.48		73.02		14,260		11,021		1,041,264		5	460	100.0
Sep 13	65.3		93.03		60.77		13,800		9,014		838,571		5	460	100.0
Oct 13	65.8		101.10		66.47		14,260		9,376		947,912		5	460	100.0
Nov 13	60.3		93.51		56.40		13,800		8,324		778,354		5	460	100.0
Dec 13	51.7		91.13		47.08		14,260		7,367		671,365		5	460	100.0
Jan 14	64.9	11.7	93.73	-0.3	60.83	11.4	14,260	0.0	9,255	11.7	867,481	11.4	5	460	100.0
Feb 14	74.5	-0.8	97.92	-2.6	72.97	-3.4	12,880	0.0	9,598	-0.8	939,812	-3.4	5	460	100.0
Mar 14	80.0	7.4	99.13	0.5	79.29	7.9	14,260	0.0	11,406	7.4	1,130,649	7.9	5	460	100.0
Apr 14	72.4	4.1	98.41	1.1	71.21	5.2	13,800	0.0	9,985	4.1	982,663	5.2	5	460	100.0
May 14	72.7	9.4	98.47	2.7	71.57	12.3	14,260	0.0	10,365	9.4	1,020,640	12.3	5	460	100.0
Jun 14	78.9	-5.4	101.02	3.9	79.71	-1.7	13,800	0.0	10,889	-5.4	1,100,017	-1.7	5	460	100.0
Jul 14	82.8	-0.9	101.78	1.5	84.25	0.6	14,260	0.0	11,803	-0.9	1,201,346	0.6	5	460	100.0
Aug 14	73.6	-4.8	96.73	2.4	71.19	-2.5	14,260	0.0	10,495	-4.8	1,015,233	-2.5	5	460	100.0
Sep 14	62.7	-3.9	92.47	-0.6	58.02	-4.5	13,800	0.0	8,659	-3.9	800,691	-4.5	5	460	100.0
Oct 14	53.5	-18.7	101.00	-0.1	54.02	-18.7	18,693	31.1	9,998	6.6	1,009,788	6.5	6	603	100.0
Nov 14	47.6	-21.0	89.51	-4.3	42.64	-24.4	18,090	31.1	8,618	3.5	771,405	-0.9	6	603	100.0
Dec 14	42.3	-18.1	87.33	-4.2	36.97	-21.5	18,693	31.1	7,914	7.4	691,155	2.9	6	603	100.0
Jan 15	48.2	-25.7	87.42	-6.7	42.15	-30.7	18,693	31.1	9,013	-2.6	787,886	-9.2	6	603	100.0
Feb 15	68.9	-7.6	94.78	-3.2	65.27	-10.5	16,884	31.1	11,627	21.1	1,102,057	17.3	6	603	100.0
Mar 15	73.8	-7.8	97.98	-1.2	72.28	-8.8	18,693	31.1	13,790	20.9	1,351,175	19.5	6	603	100.0
Apr 15	64.5	-10.8	97.47	-1.0	62.92	-11.6	18,090	31.1	11,677	16.9	1,138,169	15.8	6	603	100.0
May 15	65.1	-10.4	97.20	-1.3	63.32	-11.5	18,693	31.1	12,177	17.5	1,183,596	16.0	6	603	100.0
Jun 15	80.5	2.0	101.50	0.5	81.71	2.5	18,090	31.1	14,563	33.7	1,478,107	34.4	6	603	100.0
Jul 15	78.3	-5.3	104.85	3.0	82.14	-2.5	18,693	31.1	14,645	24.1	1,535,459	27.8	6	603	100.0
Aug 15	61.7	-16.2	95.02	-1.8	58.63	-17.7	18,693	31.1	11,534	9.9	1,095,943	7.9	6	603	100.0
Sep 15	59.3	-5.5	92.10	-0.4	54.58	-5.9	18,090	31.1	10,721	23.8	987,359	23.3	6	603	100.0
Oct 15	66.4	24.1	99.89	-1.1	66.31	22.8	18,693	0.0	12,410	24.1	1,239,606	22.8	6	603	100.0
Nov 15	56.0	17.5	89.33	-0.2	50.00	17.2	18,090	0.0	10,125	17.5	904,437	17.2	6	603	100.0
Dec 15	49.0	15.6	87.96	0.7	43.06	16.5	18,693	0.0	9,152	15.6	804,997	16.5	6	603	100.0
Jan 16	58.5	21.3	90.07	3.0	52.69	25.0	18,693	0.0	10,935	21.3	984,862	25.0	6	603	100.0
Feb 16	62.7	-9.0	94.48	-0.3	59.20	-9.3	19,880	17.7	12,456	7.1	1,176,886	6.8	7	710	100.0
Mar 16	67.4	-8.7	97.43	-0.6	65.63	-9.2	22,010	17.7	14,825	7.5	1,444,449	6.9	7	710	100.0
Apr 16	64.5	-0.0	99.20	1.8	64.02	1.8	21,300	17.7	13,747	17.7	1,363,654	19.8	7	710	100.0
May 16	62.0	-4.8	97.64	0.4	60.58	-4.3	24,490	31.0	15,195	24.8	1,483,574	25.3	8	790	89.9
Jun 16	74.5	-7.4	99.81	-1.7	74.39	-9.0	23,730	31.2	17,687	21.5	1,765,301	19.4	8	791	100.0
Jul 16	77.8	-0.7	103.98	-0.8	80.91	-1.5	24,521	31.2	19,080	30.3	1,983,886	29.2	8	791	100.0
Aug 16	62.9	2.0	91.60	-3.6	57.65	-1.7	24,521	31.2	15,434	33.8	1,413,679	29.0	8	791	100.0
Sep 16	59.1	-0.3	92.60	0.5	54.73	0.3	23,730	31.2	14,026	30.8	1,298,840	31.5	8	791	100.0
Oct 16	74.5	12.3	100.67	0.8	75.04	13.2	24,521	31.2	18,278	47.3	1,839,972	48.4	8	791	100.0
Nov 16	65.9	17.8	90.53	1.3	59.68	19.4	23,730	31.2	15,642	54.5	1,416,117	56.6	8	791	100.0
Dec 16	49.1	0.4	87.63	-0.4	43.06	-0.0	24,521	31.2	12,049	31.7	1,055,799	31.2	8	791	100.0
Jan 17	51.9	-11.2	89.03	-1.2	46.23	-12.3	24,521	31.2	12,733	16.4	1,133,564	15.1	8	791	100.0
Feb 17	66.8	6.5	95.42	1.0	63.69	7.6	22,148	11.4	14,784	18.7	1,410,659	19.9	8	791	100.0
Mar 17	76.0	12.8	98.22	0.8	74.63	13.7	24,521	11.4	18,630	25.7	1,829,888	26.7	8	791	100.0
Apr 17	64.5	-0.1	103.16	4.0	66.52	3.9	23,730	11.4	15,303	11.3	1,578,603	15.8	8	791	100.0
May 17	70.4	13.4	98.57	1.0	69.37	14.5	24,521	0.1	17,258	13.6	1,701,141	14.7	8	791	100.0
Jun 17	80.0	7.3	101.52	1.7	81.21	9.2	23,730	0.0	18,983	7.3	1,927,172	9.2	8	791	100.0
Jul 17	83.3	7.0	105.15	1.1	87.56	8.2	24,521	0.0	20,420	7.0	2,147,147	8.2	8	791	100.0
Aug 17	66.0	4.9	92.44	0.9	61.03	5.9	24,521	0.0	16,189	4.9	1,496,546	5.9	8	791	100.0

Tab 8 - Raw Data

Gulfport, MS Area Selected Properties

Job Number: 1257810_SADIM Staff: SS Created: April 21, 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 17	69.0	16.8	95.96	3.6	66.24	21.0	23,730	0.0	16,381	16.8	1,571,890	21.0	8	791	100.0
Oct 17	70.4	-5.6	98.30	-2.3	69.16	-7.8	24,521	0.0	17,253	-5.6	1,695,989	-7.8	8	791	100.0
Nov 17	62.7	-4.9	89.33	-1.3	55.98	-6.2	23,730	0.0	14,872	-4.9	1,328,514	-6.2	8	791	100.0
Dec 17	54.6	11.2	89.34	2.0	48.82	13.4	24,521	0.0	13,400	11.2	1,197,180	13.4	8	791	100.0
Jan 18	66.1	27.3	91.84	3.2	60.72	31.3	24,521	0.0	16,211	27.3	1,488,890	31.3	8	791	100.0
Feb 18	74.9	12.1	94.93	-0.5	71.06	11.6	22,148	0.0	16,579	12.1	1,573,871	11.6	8	791	100.0
Mar 18	83.0	9.2	99.79	1.6	82.79	10.9	24,521	0.0	20,345	9.2	2,030,165	10.9	8	791	100.0
Apr 18	74.5	15.6	102.14	-1.0	76.14	14.5	23,730	0.0	17,690	15.6	1,806,873	14.5	8	791	100.0
May 18	71.7	1.9	97.73	-0.9	70.07	1.0	24,521	0.0	17,581	1.9	1,718,235	1.0	8	791	100.0
Jun 18	84.0	5.0	105.64	4.1	88.73	9.3	23,730	0.0	19,930	5.0	2,105,461	9.3	8	791	100.0
Jul 18	81.3	-2.4	105.67	0.5	85.89	-1.9	24,521	0.0	19,932	-2.4	2,106,208	-1.9	8	791	100.0
Aug 18	71.6	8.5	94.97	2.7	68.01	11.4	24,521	0.0	17,560	8.5	1,667,616	11.4	8	791	100.0
Sep 18	64.0	-7.3	93.71	-2.3	59.99	-9.4	23,730	0.0	15,191	-7.3	1,423,582	-9.4	8	791	100.0
Oct 18	72.5	3.1	101.06	2.8	73.28	5.9	24,521	0.0	17,781	3.1	1,796,891	5.9	8	791	100.0
Nov 18	64.8	3.4	90.78	1.6	58.85	5.1	23,730	0.0	15,383	3.4	1,396,511	5.1	8	791	100.0
Dec 18	57.3	4.8	89.02	-0.4	51.00	4.5	24,521	0.0	14,048	4.8	1,250,530	4.5	8	791	100.0
Jan 19	59.5	-10.0	90.75	-1.2	53.99	-11.1	24,521	0.0	14,589	-10.0	1,323,979	-11.1	8	791	100.0
Feb 19	74.1	-1.0	96.58	1.7	71.60	0.8	22,148	0.0	16,420	-1.0	1,585,798	0.8	8	791	100.0
Mar 19	84.4	1.7	106.87	7.1	90.22	9.0	24,521	0.0	20,701	1.7	2,212,350	9.0	8	791	100.0
Apr 19	73.5	-1.4	103.85	1.7	76.33	0.2	23,730	0.0	17,443	-1.4	1,811,377	0.2	8	791	100.0
May 19	75.5	5.3	102.24	4.6	77.21	10.2	24,521	0.0	18,517	5.3	1,893,238	10.2	8	791	100.0
Jun 19	84.1	0.1	107.90	2.1	90.70	2.2	23,730	0.0	19,947	0.1	2,152,379	2.2	8	791	100.0
Jul 19	76.4	-6.0	109.88	4.0	83.94	-2.3	24,521	0.0	18,733	-6.0	2,058,413	-2.3	8	791	100.0
Aug 19	63.8	-10.9	100.20	5.5	63.94	-6.0	24,521	0.0	15,648	-10.9	1,567,966	-6.0	8	791	100.0
Sep 19	60.2	-6.0	94.86	1.2	57.09	-4.8	23,730	0.0	14,282	-6.0	1,354,781	-4.8	8	791	100.0
Oct 19	66.3	-8.5	104.96	3.9	69.64	-5.0	24,521	0.0	16,269	-8.5	1,707,569	-5.0	8	791	100.0
Nov 19	64.6	-0.4	92.46	1.8	59.69	1.4	23,730	0.0	15,320	-0.4	1,416,498	1.4	8	791	100.0
Dec 19	54.8	-4.4	89.30	0.3	48.92	-4.1	24,521	0.0	13,433	-4.4	1,199,609	-4.1	8	791	100.0
Jan 20	64.5	8.5	91.86	1.2	59.28	9.8	24,521	0.0	15,824	8.5	1,453,645	9.8	8	791	100.0
Feb 20	74.5	0.4	96.94	0.4	72.17	0.8	22,148	0.0	16,490	0.4	1,598,531	0.8	8	791	100.0
Mar 20	52.9	-37.3	99.93	-6.5	52.89	-41.4	24,521	0.0	12,979	-37.3	1,296,966	-41.4	8	791	100.0
Apr 20	17.1	-76.7	88.44	-14.8	15.14	-80.2	23,730	0.0	4,063	-76.7	359,343	-80.2	8	791	100.0
May 20	34.9	-53.8	88.52	-13.4	30.87	-60.0	24,521	0.0	8,552	-53.8	757,027	-60.0	8	791	100.0
Jun 20	57.8	-31.3	98.86	-8.4	57.11	-37.0	23,730	0.0	13,707	-31.3	1,355,120	-37.0	8	791	100.0
Jul 20	65.3	-14.6	102.70	-6.5	67.02	-20.2	24,521	0.0	16,002	-14.6	1,643,447	-20.2	8	791	100.0
Aug 20	63.1	-1.2	96.52	-3.7	60.88	-4.8	24,521	0.0	15,468	-1.2	1,492,938	-4.8	8	791	100.0
Sep 20	70.8	17.6	99.39	4.8	70.36	23.2	23,730	0.0	16,798	17.6	1,669,534	23.2	8	791	100.0
Oct 20	65.8	-0.8	99.00	-5.7	65.18	-6.4	24,521	0.0	16,143	-0.8	1,598,170	-6.4	8	791	100.0
Nov 20	68.9	6.7	94.89	2.6	65.39	9.5	23,730	0.0	16,351	6.7	1,551,596	9.5	8	791	100.0
Dec 20	46.1	-15.9	90.13	0.9	41.52	-15.1	24,521	0.0	11,296	-15.9	1,018,081	-15.1	8	791	100.0
Jan 21	51.7	-19.8	88.98	-3.1	46.03	-22.4	24,521	0.0	12,685	-19.8	1,128,723	-22.4	8	791	100.0
Feb 21	55.0	-26.1	90.87	-6.3	49.97	-30.8	22,148	0.0	12,180	-26.1	1,106,769	-30.8	8	791	100.0
Mar 21	75.3	42.2	98.79	-1.1	74.36	40.6	24,521	0.0	18,457	42.2	1,823,364	40.6	8	791	100.0

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Tab 9 - Classic

Gulfport, MS Area Selected Properties

Job Number: 1257810_SADIM Staff: SS Created: April 21, 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
Oct 17	70.4	-5.6	98.30	-2.3	69.16	-7.8	24,521	0.0	17,253	-5.6	1,695,989	-7.8	8	791	100.0
Nov 17	62.7	-4.9	89.33	-1.3	55.98	-6.2	23,730	0.0	14,872	-4.9	1,328,514	-6.2	8	791	100.0
Dec 17	54.6	11.2	89.34	2.0	48.82	13.4	24,521	0.0	13,400	11.2	1,197,180	13.4	8	791	100.0
Mar YTD 2017	64.8	2.8	94.79	0.4	61.44	3.2	71,190	17.5	46,147	20.8	4,374,111	21.3			
Total 2017	68.0	4.4	96.93	0.9	65.87	5.4	288,715	4.7	196,206	9.4	19,018,293	10.4			
Jan 18	66.1	27.3	91.84	3.2	60.72	31.3	24,521	0.0	16,211	27.3	1,488,890	31.3	8	791	100.0
Feb 18	74.9	12.1	94.93	-0.5	71.06	11.6	22,148	0.0	16,579	12.1	1,573,871	11.6	8	791	100.0
Mar 18	83.0	9.2	99.79	1.6	82.79	10.9	24,521	0.0	20,345	9.2	2,030,165	10.9	8	791	100.0
Apr 18	74.5	15.6	102.14	-1.0	76.14	14.5	23,730	0.0	17,690	15.6	1,806,873	14.5	8	791	100.0
May 18	71.7	1.9	97.73	-0.9	70.07	1.0	24,521	0.0	17,581	1.9	1,718,235	1.0	8	791	100.0
Jun 18	84.0	5.0	105.64	4.1	88.73	9.3	23,730	0.0	19,930	5.0	2,105,461	9.3	8	791	100.0
Jul 18	81.3	-2.4	105.67	0.5	85.89	-1.9	24,521	0.0	19,932	-2.4	2,106,208	-1.9	8	791	100.0
Aug 18	71.6	8.5	94.97	2.7	68.01	11.4	24,521	0.0	17,560	8.5	1,667,616	11.4	8	791	100.0
Sep 18	64.0	-7.3	93.71	-2.3	59.99	-9.4	23,730	0.0	15,191	-7.3	1,423,582	-9.4	8	791	100.0
Oct 18	72.5	3.1	101.06	2.8	73.28	5.9	24,521	0.0	17,781	3.1	1,796,891	5.9	8	791	100.0
Nov 18	64.8	3.4	90.78	1.6	58.85	5.1	23,730	0.0	15,383	3.4	1,396,511	5.1	8	791	100.0
Dec 18	57.3	4.8	89.02	-0.4	51.00	4.5	24,521	0.0	14,048	4.8	1,250,530	4.5	8	791	100.0
Mar YTD 2018	74.6	15.1	95.85	1.1	71.54	16.4	71,190	0.0	53,135	15.1	5,092,926	16.4			
Total 2018	72.1	6.1	97.80	0.9	70.54	7.1	288,715	0.0	208,231	6.1	20,364,833	7.1			
Jan 19	59.5	-10.0	90.75	-1.2	53.99	-11.1	24,521	0.0	14,589	-10.0	1,323,979	-11.1	8	791	100.0
Feb 19	74.1	-1.0	96.58	1.7	71.60	0.8	22,148	0.0	16,420	-1.0	1,585,798	0.8	8	791	100.0
Mar 19	84.4	1.7	106.87	7.1	90.22	9.0	24,521	0.0	20,701	1.7	2,212,350	9.0	8	791	100.0
Apr 19	73.5	-1.4	103.85	1.7	76.33	0.2	23,730	0.0	17,443	-1.4	1,811,377	0.2	8	791	100.0
May 19	75.5	5.3	102.24	4.6	77.21	10.2	24,521	0.0	18,517	5.3	1,893,238	10.2	8	791	100.0
Jun 19	84.1	0.1	107.90	2.1	90.70	2.2	23,730	0.0	19,947	0.1	2,152,379	2.2	8	791	100.0
Jul 19	76.4	-6.0	109.88	4.0	83.94	-2.3	24,521	0.0	18,733	-6.0	2,058,413	-2.3	8	791	100.0
Aug 19	63.8	-10.9	100.20	5.5	63.94	-6.0	24,521	0.0	15,648	-10.9	1,567,966	-6.0	8	791	100.0
Sep 19	60.2	-6.0	94.86	1.2	57.09	-4.8	23,730	0.0	14,282	-6.0	1,354,781	-4.8	8	791	100.0
Oct 19	66.3	-8.5	104.96	3.9	69.64	-5.0	24,521	0.0	16,269	-8.5	1,707,569	-5.0	8	791	100.0
Nov 19	64.6	-0.4	92.46	1.8	59.69	1.4	23,730	0.0	15,320	-0.4	1,416,498	1.4	8	791	100.0
Dec 19	54.8	-4.4	89.30	0.3	48.92	-4.1	24,521	0.0	13,433	-4.4	1,199,609	-4.1	8	791	100.0
Mar YTD 2019	72.6	-2.7	99.05	3.3	71.95	0.6	71,190	0.0	51,710	-2.7	5,122,127	0.6			
Total 2019	69.7	-3.3	100.76	3.0	70.26	-0.4	288,715	0.0	201,302	-3.3	20,283,957	-0.4			
Jan 20	64.5	8.5	91.86	1.2	59.28	9.8	24,521	0.0	15,824	8.5	1,453,645	9.8	8	791	100.0
Feb 20	74.5	0.4	96.94	0.4	72.17	0.8	22,148	0.0	16,490	0.4	1,598,531	0.8	8	791	100.0
Mar 20	52.9	-37.3	99.93	-6.5	52.89	-41.4	24,521	0.0	12,979	-37.3	1,296,966	-41.4	8	791	100.0
Apr 20	17.1	-76.7	88.44	-14.8	15.14	-80.2	23,730	0.0	4,063	-76.7	359,343	-80.2	8	791	100.0
May 20	34.9	-53.8	88.52	-13.4	30.87	-60.0	24,521	0.0	8,552	-53.8	757,027	-60.0	8	791	100.0
Jun 20	57.8	-31.3	98.86	-8.4	57.11	-37.0	23,730	0.0	13,707	-31.3	1,355,120	-37.0	8	791	100.0
Jul 20	65.3	-14.6	102.70	-6.5	67.02	-20.2	24,521	0.0	16,002	-14.6	1,643,447	-20.2	8	791	100.0
Aug 20	63.1	-1.2	96.52	-3.7	60.88	-4.8	24,521	0.0	15,468	-1.2	1,492,938	-4.8	8	791	100.0
Sep 20	70.8	17.6	99.39	4.8	70.36	23.2	23,730	0.0	16,798	17.6	1,669,534	23.2	8	791	100.0
Oct 20	65.8	-0.8	99.00	-5.7	65.18	-6.4	24,521	0.0	16,143	-0.8	1,598,170	-6.4	8	791	100.0
Nov 20	68.9	6.7	94.89	2.6	65.39	9.5	23,730	0.0	16,351	6.7	1,551,596	9.5	8	791	100.0
Dec 20	46.1	-15.9	90.13	0.9	41.52	-15.1	24,521	0.0	11,296	-15.9	1,018,081	-15.1	8	791	100.0
Mar YTD 2020	63.6	-12.4	96.02	-3.1	61.09	-15.1	71,190	0.0	45,293	-12.4	4,349,142	-15.1			
Total 2020	56.7	-18.7	96.50	-4.2	54.71	-22.1	288,715	0.0	163,673	-18.7	15,794,398	-22.1			
Jan 21	51.7	-19.8	88.98	-3.1	46.03	-22.4	24,521	0.0	12,685	-19.8	1,128,723	-22.4	8	791	100.0
Feb 21	55.0	-26.1	90.87	-6.3	49.97	-30.8	22,148	0.0	12,180	-26.1	1,106,769	-30.8	8	791	100.0
Mar 21	75.3	42.2	98.79	-1.1	74.36	40.6	24,521	0.0	18,457	42.2	1,823,364	40.6	8	791	100.0
Mar YTD 2021	60.9	-4.4	93.69	-2.4	57.01	-6.7	71,190	0.0	43,322	-4.4	4,058,856	-6.7			

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Tab 11 - Terms and Conditions

Before purchasing this product you agreed to the following terms and conditions.

In consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, STR, Inc. ("STR"), STR Global, Ltd. ("STRG"), and the licensee identified elsewhere

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1.1 Definitions.

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

(b) "Licensed Materials" means the newsletters, reports, databases or other information resources, and all lodging industry data contained therein, provided to Licensee hereunder.

1.2 Grant of License. Subject to the terms and conditions of this Agreement, and except as may be expressly permitted elsewhere in this Agreement, STR hereby grants to Licensee a non-exclusive, non-transferable, indivisible, non-sublicensable license in its own INTERNAL business purposes only.

1.3 Copies. Except as expressly permitted elsewhere in this Agreement, Licensee may make and maintain no more than two (2) copies of any Licensed Materials.

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1.5 No Distribution to Third Parties. Except as expressly permitted in this Agreement, Licensee is prohibited from distributing, republishing or otherwise making the Licensed Materials or any part thereof (including any excerpts of the data and any other information) to any other than Licensee's accountants, attorneys, marketing professionals or other professional advisors who are bound by a duty of confidentiality not to disclose such information.

1.6 Security. Licensee shall use commercially reasonable efforts to protect against unauthorized access to the Licensed Materials.

1.7 Reservation of Rights. Licensee has no rights in connection with the Licensed Materials other than those rights expressly enumerated herein. All rights to the Licensed Materials not expressly enumerated herein are reserved to STR.

2. DISCLAIMERS AND LIMITATIONS OF LIABILITY

2.1 Disclaimer of Warranties. The licensed materials are provided to the licensee on an "as is" and "as available" basis. STR makes no representations or warranties of any kind, express or implied, with respect to the licensed materials, the services provided or the use thereof are or will be accurate, error-free or uninterrupted. STR makes no implied warranties, including without limitation, any implied warranty of merchantability, noninfringement, fitness for a particular purpose, or course of performance or otherwise.

2.2 Disclaimers. STR shall have no liability with respect to its obligations under this agreement or otherwise for consequential, exemplary, special, incidental, or punitive damages even if STR has been advised of the possibility of such damages. Further, STR shall not be liable for any loss of profits, loss of business, loss of data, or any other loss or damage, in whole or in part, caused in any way to any decision made or action taken by licensee in reliance upon the licensed materials.

2.3 Limitation of Liability. STR's total liability to licensee for any reason and upon any cause of action including without limitation, infringement, breach of contract, negligence, strict liability, misrepresentations, and other torts, shall be limited to all fees and costs actually paid by licensee on which such cause of action first arose.

3. MISCELLANEOUS

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

3.2 Obligations on Termination. Within thirty (30) days of the termination or expiration of this Agreement for any reason, Licensee shall cease all use of the Licensed Materials and shall return or destroy, at STR's option, all copies of the Licensed Materials in Licensee's control as of the such date. This provision shall survive indefinitely the expiration or termination of this Agreement for any reason.

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 in the federal court or state court of competent jurisdiction located in Nashville, Tennessee, and the parties expressly consent to personal jurisdiction thereof. The parties also expressly waive any objections to venue.

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.

3.5 Independent Relationship. The relationship between the parties is that of an independent contractor. Nothing in this Agreement shall be deemed to create an employer/employee, principal/agent, partnership or joint venture relationship.

3.6 Notices. All notices required or permitted to be given hereunder shall be in writing and shall be deemed given i) when delivered in person, at the time of such delivery; ii) when delivered by facsimile transmission or e-mail, at the time of transmission; iii) when delivered by registered, certified or express mail, at the time of deposit; or iv) when delivered by courier service within two (2) business days after its delivery by facsimile transmission; iii) when delivered by registered, certified or express mail, at the time of deposit; 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 request 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.

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

3.10 Recovery of Litigation Costs. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of an alleged dispute, breach, default or misrepresentation in connection with any of the provisions of this Agreement, the prevailing party shall be entitled to recover its 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 necessary to prevent the breaching or threatening to breach any of the provisions of this Section, without posting bond or other surety.

3.12 Notice of Unauthorized Access. Licensee shall notify STR immediately upon Licensee's becoming aware of any facts indicating that a third party may have obtained or may be about to obtain unauthorized access to the Licensed Materials, and shall take all reasonable steps to prevent any such breach or potential breach.

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

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



How can we assist you?

Glossary:

For all STR definitions, please visit www.str.com/data-insights/resources/glossary

Frequently Asked Questions (FAQ):

For all STR FAQs, please click here or visit www.str.com/data-insights/resources/FAQ

For additional support, please [contact](#) your regional office.

For the latest in industry news, visit HotelNewsNow.com.

To learn more about the Hotel Data Conference, visit HotelDataConference.com.

APPENDIX THREE

QUALIFICATIONS

State of Mississippi
MISSISSIPPI REAL ESTATE APPRAISER LICENSING AND
CERTIFICATION BOARD

LICENSE # : GA-1267 STATUS: ACTIVE

ADAM RUSSELL COWART

HAS BEEN GRANTED A LICENSE AS A
STATE CERTIFIED GENERAL APPRAISER

Effective Date:
01/01/2020

Expiration Date:
12/31/2021

SIGNATURE OF LICENSEE
Robert E. Praytor, Administrator

Adam Russell Cowart, MAI

4 Office Park Circle Suite 304 • Birmingham, AL 35223
205.382.0616 • adam@coreHA.com

PROFESSIONAL EXPERIENCE

Core Hospitality Advisors, LLP

Birmingham, AL

Principal, 2016 – present

Manage the hotel appraisal and consulting segment, having completed nearly 1,500 hotel assignments nationwide.

Cowart Hospitality Services, LLC

Birmingham, AL

Senior Appraiser/Manager, 2006 – 2016

Manage the hotel appraisal and consulting segment, having completed nearly 1,500 hotel assignments nationwide.

Hotel Management, 2010 – present

Oversee management of the existing hotels, including the opening of new properties.

Sheraton Hotel

Atlanta, GA

Meeting Concierge/ Banquet Manager, 2005 – 2006

Worked to coordinate groups between the sales, banquet and rooms departments.

Sonesta Hotel

Key Biscayne, FL

Intern, 2005

Worked in each department of the hotel, primarily focusing on the rooms and managerial aspects.

PROFESSIONAL LICENSES & CERTIFICATIONS

Certified General Real Property Appraiser

Alabama # G-00940

Mississippi # GA-1005

California # 3007299

North Carolina # A7386

Georgia # 343183

Ohio # 2019007007

Louisiana # G 4075

Tennessee # 4716

Texas # TX 1380803 G

PROFESSIONAL MEMBERSHIPS & AFFILIATIONS

MAI, Appraisal Institute, Certificate No. 491071

EDUCATION

Bachelor's Degree

Auburn, AL

Hotel & Restaurant Management, Minor in Business Administration

Appraisal Institute

Completed all general and advanced level appraisal qualifying education. Current on all continuing education.

Richard Daniel Riley

Marietta, Georgia

678.644.3150 • daniel@coreha.com

PROFESSIONAL EXPERIENCE

Core Hospitality Advisors

Atlanta, GA

Appraiser, 2021-Present

Hotel appraisals, feasibility studies and consulting

Hunter Hotel Advisors

Atlanta, GA

Senior Analyst, 2012 – 2021

Supported brokerage staff by performing valuation and acquisition and disposition underwriting and packaging of all potential and active hotel listings. Extensive experience in hotel valuation methods and principles.

Hodges Ward Elliott

Atlanta, GA

Vice President, Select Service Division, 2004-2012

Provided detailed market analysis, valuation, due diligence, and transaction management in nearly \$2 billion worth of properties. Focused on single asset and portfolio transactions in the select service and extended stay segments.

Costar Group

Atlanta, GA

Account Manager, 2002-2003

Responsible for business development as well as supporting existing clients and relationships. Sold, implemented, and trained research data for the real estate industry.

The University of Georgia

Athens, GA

Terry College of Business, 1999

WHAT WE DO

Appraisals and feasibility studies, exclusively for hotels. Specialization in a single property type allows us to better understand industry trends and dedicate more resources to collecting specific data, all intended to provide our clients with more reliable conclusions.

WHO DOES IT

We are real estate appraisers that consider ourselves in the hotel business and draw on experience in hotel operations, management, development, and appraising to provide a more well-rounded approach to each assignment.

WHERE WE WORK

We have completed over 2,000 hotel appraisals, spread across 46 states and over 600 cities.

HOW WE DO IT

Our conclusions are developed utilizing a combination of thorough research, specialized experience, and the best available market data. Our reports address all of the relevant questions a reader might have before they have to ask them.

WHAT YOU GET

Every report is informative, concise, and easy to read. We understand time constraints and deliver our reports on time.

A successfully written report not only easily conveys our conclusions but also informs the reader about the relevant issues specific to the property and the market.

