

July 25, 2014

Mr. George Szok  
Director  
Bridgton Economic Development Corporation  
PO Box 130  
Bridgton, ME 04009

Dear Mr. Szok:

Pursuant to our engagement, we have completed Phase Two of a market feasibility study for a proposed hotel to be located in Bridgton, Maine. Phase Two contains the preparation of estimated annual operating results for the first ten years of operation based on the projected occupancy and average daily rate presented in Phase One.

In order to develop our performance projection the proposed subject, we have utilized information on the operating performance of other comparable hotels. This information is obtained from confidential financial statements submitted in compilation of the 2014 edition (summarizing year-end 2013 data) of PKF Consulting's publication *Trends® in the Hotel Industry*. An analysis was performed on the operating results of five comparable branded, limited-service hotels located in the northeast United States. All of these hotels are comparable in terms of size, branding, facilities, positioning, and performance. These properties represent three limited-service brands – Hampton Inn & Suites, Fairfield Inn & Suites, and Holiday Inn Express & Suites.

The five comparable hotels range in size from 65 to 85 guestrooms, with an average of 75 guestrooms. Occupancies for the comparable hotels ranged from 58.1 to 69.7 percent, and average daily rates ranged from \$113.34 to \$150.19. The net operating income after reserve for the comparable hotels ranged from 20.7 to 38.0 percent with an average of 29.5 percent. On the following two pages, we have summarized the financial statements for these comparable hotels. For reasons of confidentiality, we have not disclosed their identity.

**Proposed Bridgton Hotel**

## Operating Results of Comparable Hotels

	Hotel A			Hotel B			Hotel C		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
<b>Revenues</b>									
Rooms	99.2%	\$29,470	\$116.44	99.4%	\$25,943	\$114.06	98.9%	\$32,180	\$150.19
Other Operated Departments	0.6%	186	0.73	0.3%	90	0.40	1.0%	322	1.50
Rentals and Other Income	0.1%	39	0.15	0.3%	69	0.30	0.1%	22	0.10
<b>Total Revenues</b>	<b>100.0%</b>	<b>29,694</b>	<b>117.32</b>	<b>100.0%</b>	<b>26,102</b>	<b>114.76</b>	<b>100.0%</b>	<b>32,525</b>	<b>151.80</b>
<b>Departmental Expenses</b>									
Rooms	25.1%	7,402	29.24	25.3%	6,559	28.84	21.4%	6,880	32.11
Other Operated Departments	304.5%	565	2.23	519.7%	468	2.06	28.7%	93	0.43
<b>Total Departmental Expenses</b>	<b>26.8%</b>	<b>7,967</b>	<b>31.48</b>	<b>26.9%</b>	<b>7,027</b>	<b>30.89</b>	<b>21.4%</b>	<b>6,972</b>	<b>32.54</b>
<b>Departmental Profit</b>	<b>73.2%</b>	<b>21,728</b>	<b>85.85</b>	<b>73.1%</b>	<b>19,075</b>	<b>83.87</b>	<b>78.6%</b>	<b>25,553</b>	<b>119.26</b>
<b>Undistributed Expenses</b>									
Administrative & General	10.3%	3,048	12.04	9.5%	2,472	10.87	8.6%	2,783	12.99
Marketing	16.3%	4,842	19.13	15.0%	3,919	17.23	11.9%	3,874	18.08
Property Operation and Maintenance	4.1%	1,228	4.85	5.3%	1,380	6.07	5.3%	1,731	8.08
Utility Costs	5.0%	1,485	5.87	5.4%	1,397	6.14	5.6%	1,809	8.44
<b>Total Undistributed Operating Expenses</b>	<b>35.7%</b>	<b>10,603</b>	<b>41.89</b>	<b>35.1%</b>	<b>9,168</b>	<b>40.31</b>	<b>31.4%</b>	<b>10,197</b>	<b>47.59</b>
<b>Gross Operating Profit</b>	<b>37.5%</b>	<b>11,125</b>	<b>43.95</b>	<b>38.0%</b>	<b>9,908</b>	<b>43.56</b>	<b>47.2%</b>	<b>15,355</b>	<b>71.67</b>
<b>Base Management Fee</b>	<b>3.7%</b>	<b>1,113</b>	<b>4.40</b>	<b>3.8%</b>	<b>981</b>	<b>4.31</b>	<b>4.0%</b>	<b>1,301</b>	<b>6.07</b>
<b>Fixed Expenses</b>									
Property Taxes	2.3%	692	2.73	2.8%	726	3.19	3.4%	1,109	5.18
Insurance	0.6%	183	0.72	0.7%	179	0.79	0.3%	110	0.52
<b>Total Fixed Expenses</b>	<b>2.9%</b>	<b>875</b>	<b>3.46</b>	<b>3.5%</b>	<b>904</b>	<b>3.98</b>	<b>3.8%</b>	<b>1,220</b>	<b>5.69</b>
<b>Net Operating Income Before Reserve</b>	<b>30.8%</b>	<b>9,137</b>	<b>36.10</b>	<b>30.7%</b>	<b>8,022</b>	<b>35.27</b>	<b>39.5%</b>	<b>12,835</b>	<b>59.90</b>
<b>FF&amp;E Reserve</b>	<b>4.0%</b>	<b>1,188</b>	<b>4.69</b>	<b>4.0%</b>	<b>1,044</b>	<b>4.59</b>	<b>4.0%</b>	<b>1,301</b>	<b>6.07</b>
<b>Net Operating Income After Reserve</b>	<b>26.8%</b>	<b>\$7,949</b>	<b>\$31.41</b>	<b>26.7%</b>	<b>\$6,978</b>	<b>\$30.68</b>	<b>35.5%</b>	<b>\$11,534</b>	<b>\$53.83</b>

Source: PKF Consulting USA

**Proposed Bridgton Hotel**

## Operating Results of Comparable Hotels

	Hotel D			Hotel E			Weighted Average		
	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.	Ratio	Per Room	P.O.R.
<b>Revenues</b>									
Rooms	98.8%	\$28,822	\$113.34	99.3%	\$26,483	\$124.80	99.1%	\$28,643	\$124.10
Other Operated Departments	1.0%	291	1.14	0.3%	81	0.38	0.7%	194	0.84
Rentals and Other Income	0.2%	67	0.26	0.4%	95	0.45	0.2%	58	0.25
Total Revenues	100.0%	29,180	114.75	100.0%	26,659	125.63	100.0%	28,895	125.19
<b>Departmental Expenses</b>									
Rooms	20.7%	5,969	23.47	28.8%	7,616	35.89	24.1%	6,910	29.94
Other Operated Departments	240.5%	699	2.75	402.7%	327	1.54	212.3%	412	1.78
Total Departmental Expenses	22.8%	6,668	26.22	29.8%	7,944	37.43	25.3%	7,322	31.72
<b>Departmental Profit</b>	<b>77.2%</b>	<b>22,513</b>	<b>88.53</b>	<b>70.2%</b>	<b>18,715</b>	<b>88.19</b>	<b>74.7%</b>	<b>21,573</b>	<b>93.47</b>
<b>Undistributed Expenses</b>									
Administrative & General	7.5%	2,183	8.58	10.5%	2,804	13.21	9.2%	2,671	11.57
Marketing	9.9%	2,898	11.40	16.8%	4,477	21.10	13.9%	4,023	17.43
Property Operation and Maintenance	3.8%	1,099	4.32	5.3%	1,415	6.67	4.8%	1,389	6.02
Utility Costs	4.0%	1,159	4.56	5.7%	1,522	7.17	5.2%	1,492	6.47
Total Undistributed Operating Expenses	25.2%	7,339	28.86	38.3%	10,218	48.15	33.1%	9,575	41.49
<b>Gross Operating Profit</b>	<b>52.0%</b>	<b>15,174</b>	<b>59.67</b>	<b>31.9%</b>	<b>8,498</b>	<b>40.04</b>	<b>41.5%</b>	<b>11,998</b>	<b>51.98</b>
<b>Base Management Fee</b>	<b>2.0%</b>	<b>584</b>	<b>2.29</b>	<b>3.0%</b>	<b>797</b>	<b>3.76</b>	<b>3.4%</b>	<b>971</b>	<b>4.21</b>
<b>Fixed Expenses</b>									
Property Taxes	6.4%	1,871	7.36	3.5%	934	4.40	3.6%	1,049	4.55
Insurance	1.6%	470	1.85	0.7%	174	0.82	0.7%	214	0.93
Total Fixed Expenses	8.0%	2,342	9.21	4.2%	1,109	5.23	4.4%	1,263	5.47
<b>Net Operating Income Before Reserve</b>	<b>42.0%</b>	<b>12,248</b>	<b>48.17</b>	<b>24.7%</b>	<b>6,592</b>	<b>31.06</b>	<b>33.8%</b>	<b>9,764</b>	<b>42.30</b>
<b>FF&amp;E Reserve</b>	<b>4.0%</b>	<b>1,167</b>	<b>4.59</b>	<b>4.0%</b>	<b>1,066</b>	<b>5.03</b>	<b>4.0%</b>	<b>1,156</b>	<b>5.01</b>
<b>Net Operating Income After Reserve</b>	<b>38.0%</b>	<b>\$11,081</b>	<b>\$43.58</b>	<b>20.7%</b>	<b>\$5,525</b>	<b>\$26.04</b>	<b>29.8%</b>	<b>\$8,608</b>	<b>\$37.29</b>

Source: PKF Consulting USA

The subsequent pages contain our estimates of annual operating results for the proposed subject property for a representative year (stated in calendar year 2014 dollars) and for the ten-year projection period from July 1, 2016 through June 30, 2026.

It is important to note that we have included banquet/catering revenue projection for the proposed subject hotel based on our demand interviews in the market. Specifically, we have assumed that the proposed subject is anticipated to attract approximately eight large events with average attendees of 200 persons, 12 medium-sized events with average attendees of 100 persons, and 24 small events with average attendees of 50 persons. The projected food and beverage revenue is presented in the following table.

Proposed Bridgton Hotel Estimated Banquet/Catering Revenue				
Event type	# of attendees	PP revenue	# in a year	Total revenue
Large	200	\$60	8	\$96,000
Medium	100	\$60	12	\$72,000
Small	50	\$35	24	\$42,000
				<u>\$210,000</u>

Source: PKF Consulting USA

**Proposed Bridgton Hotel**

Representative Year of Operation

Number of Units:  
 Number of Annual Rooms Available:  
 Number of Rooms Occupied:  
 Annual Occupancy:  
 Average Daily Rate:  
 Revenue Per Available Room:

Stated in	2014	Dollars	
	65		
	23,725		
	13,998		
	59.0%		
	\$133.00		
	\$78.47		

**Revenues**

Rooms  
 Food & Beverage  
 Other Operated Departments  
 Rentals and Other Income  
 Total Revenues

Amount	Ratio	Per Room	P.O.R.
\$1,862,000	89.1%	\$28,646	\$133.02
210,000	10.1%	3,231	15.00
14,000	0.7%	215	1.00
3,000	0.1%	46	0.21
2,089,000	100.0%	32,138	149.24

**Departmental Expenses**

Rooms  
 Food & Beverage  
 Other Operated Departments  
 Total Departmental Expenses

420,000	22.6%	6,462	30.00
168,000	80.0%	2,585	12.00
14,000	100.0%	215	1.00
602,000	28.8%	9,262	43.01

**Departmental Profit**

1,487,000	71.2%	22,877	106.23
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**Undistributed Expenses**

Administrative & General  
 Marketing  
 Property Operation and Maintenance  
 Utility Costs  
 Total Undistributed Operating Expenses

182,000	8.7%	2,800	13.00
260,000	12.4%	4,000	18.57
91,000	4.4%	1,400	6.50
117,000	5.6%	1,800	8.36
650,000	31.1%	10,000	46.44

**Gross Operating Profit**

837,000	40.1%	12,877	59.80
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**Base Management Fee**

63,000	3.0%	969	4.50
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**Fixed Expenses**

Property Taxes  
 Insurance  
 Total Fixed Expenses

85,000	4.1%	1,308	6.07
13,000	0.6%	200	0.93
98,000	4.7%	1,508	7.00

**Net Operating Income Before Reserve**

676,000	32.4%	10,400	48.29
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**FF&E Reserve**

84,000	4.0%	1,292	6.00
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**Net Operating Income After Reserve**

\$592,000	28.3%	\$9,108	\$42.29
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Source: **PKF Consulting USA**

**Proposed Bridgton Hotel**

Projected Operating Results

Fiscal Years Beginning July 1

	2016/17		2017/18		2018/19		2019/20		2020/21	
Number of Units:	65		65		65		65		65	
Number of Annual Rooms Available:	23,725		23,725		23,725		23,725		23,725	
Number of Rooms Occupied:	11,860		13,520		14,000		14,000		14,000	
Annual Occupancy:	50.0%		57.0%		59.0%		59.0%		59.0%	
Average Daily Rate:	\$143.00		\$148.00		\$152.00		\$156.00		\$161.00	
Revenue Per Available Room:	\$71.50		\$84.36		\$89.68		\$92.04		\$94.99	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Revenues</b>										
Rooms	\$1,696,000	89.1%	\$2,001,000	89.1%	\$2,128,000	89.1%	\$2,184,000	89.1%	\$2,254,000	89.1%
Food & Beverage	192,000	10.1%	225,000	10.0%	240,000	10.1%	247,000	10.1%	254,000	10.0%
Other Operated Departments	13,000	0.7%	15,000	0.7%	16,000	0.7%	16,000	0.7%	17,000	0.7%
Rentals and Other Income	3,000	0.2%	4,000	0.2%	4,000	0.2%	4,000	0.2%	4,000	0.2%
<b>Total Revenues</b>	<b>1,904,000</b>	<b>100.0%</b>	<b>2,245,000</b>	<b>100.0%</b>	<b>2,388,000</b>	<b>100.0%</b>	<b>2,451,000</b>	<b>100.0%</b>	<b>2,529,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>										
Rooms	418,000	24.6%	458,000	22.9%	480,000	22.6%	494,000	22.6%	509,000	22.6%
Food & Beverage	164,000	85.4%	182,000	80.9%	192,000	80.0%	198,000	80.2%	204,000	80.3%
Other Operated Departments	13,000	100.0%	15,000	100.0%	16,000	100.0%	16,000	100.0%	17,000	100.0%
<b>Total Departmental Expenses</b>	<b>595,000</b>	<b>31.3%</b>	<b>655,000</b>	<b>29.2%</b>	<b>688,000</b>	<b>28.8%</b>	<b>708,000</b>	<b>28.9%</b>	<b>730,000</b>	<b>28.9%</b>
<b>Departmental Profit</b>	<b>1,309,000</b>	<b>68.8%</b>	<b>1,590,000</b>	<b>70.8%</b>	<b>1,700,000</b>	<b>71.2%</b>	<b>1,743,000</b>	<b>71.1%</b>	<b>1,799,000</b>	<b>71.1%</b>
<b>Undistributed Expenses</b>										
Administrative & General	188,000	9.9%	200,000	8.9%	208,000	8.7%	214,000	8.7%	221,000	8.7%
Marketing	280,000	14.7%	288,000	12.8%	297,000	12.4%	306,000	12.5%	315,000	12.5%
Property Operation and Maintenance	98,000	5.1%	101,000	4.5%	104,000	4.4%	107,000	4.4%	110,000	4.3%
Utility Costs	126,000	6.6%	130,000	5.8%	134,000	5.6%	138,000	5.6%	142,000	5.6%
<b>Total Undistributed Operating Expenses</b>	<b>692,000</b>	<b>36.3%</b>	<b>719,000</b>	<b>32.0%</b>	<b>743,000</b>	<b>31.1%</b>	<b>765,000</b>	<b>31.2%</b>	<b>788,000</b>	<b>31.2%</b>
<b>Gross Operating Profit</b>	<b>617,000</b>	<b>32.4%</b>	<b>871,000</b>	<b>38.8%</b>	<b>957,000</b>	<b>40.1%</b>	<b>978,000</b>	<b>39.9%</b>	<b>1,011,000</b>	<b>40.0%</b>
<b>Base Management Fee</b>	<b>57,000</b>	<b>3.0%</b>	<b>67,000</b>	<b>3.0%</b>	<b>72,000</b>	<b>3.0%</b>	<b>74,000</b>	<b>3.0%</b>	<b>76,000</b>	<b>3.0%</b>
<b>Fixed Expenses</b>										
Property Taxes	91,000	4.8%	93,000	4.1%	95,000	4.0%	97,000	4.0%	98,000	3.9%
Insurance	14,000	0.7%	14,000	0.6%	15,000	0.6%	15,000	0.6%	16,000	0.6%
<b>Total Fixed Expenses</b>	<b>105,000</b>	<b>5.5%</b>	<b>107,000</b>	<b>4.8%</b>	<b>110,000</b>	<b>4.6%</b>	<b>112,000</b>	<b>4.6%</b>	<b>114,000</b>	<b>4.5%</b>
<b>Net Operating Income Before Reserve</b>	<b>455,000</b>	<b>23.9%</b>	<b>697,000</b>	<b>31.0%</b>	<b>775,000</b>	<b>32.5%</b>	<b>792,000</b>	<b>32.3%</b>	<b>821,000</b>	<b>32.5%</b>
<b>FF&amp;E Reserve</b>	<b>38,000</b>	<b>2.0%</b>	<b>67,000</b>	<b>3.0%</b>	<b>96,000</b>	<b>4.0%</b>	<b>98,000</b>	<b>4.0%</b>	<b>101,000</b>	<b>4.0%</b>
<b>Net Operating Income After Reserve</b>	<b>\$417,000</b>	<b>21.9%</b>	<b>\$630,000</b>	<b>28.1%</b>	<b>\$679,000</b>	<b>28.4%</b>	<b>\$694,000</b>	<b>28.3%</b>	<b>\$720,000</b>	<b>28.5%</b>
Source: <b>PKF Consulting USA</b>	Fiscal Years Beginning July 1									

**Proposed Bridgton Hotel**

Projected Operating Results

Fiscal Years Beginning July 1

	2021/22		2022/23		2023/24		2024/25		2025/26	
Number of Units:	65		65		65		65		65	
Number of Annual Rooms Available:	23,725		23,725		23,725		23,725		23,725	
Number of Rooms Occupied:	14,000		14,000		14,000		14,000		14,000	
Annual Occupancy:	59.0%		59.0%		59.0%		59.0%		59.0%	
Average Daily Rate:	\$166.00		\$171.00		\$176.00		\$181.00		\$187.00	
Revenue Per Available Room:	\$97.94		\$100.89		\$103.84		\$106.79		\$110.33	
	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio	Amount	Ratio
<b>Revenues</b>										
Rooms	\$2,324,000	89.1%	\$2,394,000	89.1%	\$2,464,000	89.1%	\$2,534,000	89.1%	\$2,618,000	89.1%
Food & Beverage	262,000	10.0%	270,000	10.1%	278,000	10.1%	286,000	10.1%	295,000	10.0%
Other Operated Departments	17,000	0.7%	18,000	0.7%	19,000	0.7%	19,000	0.7%	20,000	0.7%
Rentals and Other Income	4,000	0.2%	4,000	0.1%	5,000	0.2%	5,000	0.2%	5,000	0.2%
<b>Total Revenues</b>	<b>2,607,000</b>	<b>100.0%</b>	<b>2,686,000</b>	<b>100.0%</b>	<b>2,766,000</b>	<b>100.0%</b>	<b>2,844,000</b>	<b>100.0%</b>	<b>2,938,000</b>	<b>100.0%</b>
<b>Departmental Expenses</b>										
Rooms	524,000	22.5%	540,000	22.6%	556,000	22.6%	573,000	22.6%	590,000	22.5%
Food & Beverage	210,000	80.2%	216,000	80.0%	222,000	79.9%	229,000	80.1%	236,000	80.0%
Other Operated Departments	17,000	100.0%	18,000	100.0%	19,000	100.0%	19,000	100.0%	20,000	100.0%
<b>Total Departmental Expenses</b>	<b>751,000</b>	<b>28.8%</b>	<b>774,000</b>	<b>28.8%</b>	<b>797,000</b>	<b>28.8%</b>	<b>821,000</b>	<b>28.9%</b>	<b>846,000</b>	<b>28.8%</b>
<b>Departmental Profit</b>	<b>1,856,000</b>	<b>71.2%</b>	<b>1,912,000</b>	<b>71.2%</b>	<b>1,969,000</b>	<b>71.2%</b>	<b>2,023,000</b>	<b>71.1%</b>	<b>2,092,000</b>	<b>71.2%</b>
<b>Undistributed Expenses</b>										
Administrative & General	227,000	8.7%	234,000	8.7%	241,000	8.7%	248,000	8.7%	256,000	8.7%
Marketing	325,000	12.5%	334,000	12.4%	344,000	12.4%	355,000	12.5%	365,000	12.4%
Property Operation and Maintenance	114,000	4.4%	117,000	4.4%	121,000	4.4%	124,000	4.4%	128,000	4.4%
Utility Costs	146,000	5.6%	150,000	5.6%	155,000	5.6%	160,000	5.6%	164,000	5.6%
<b>Total Undistributed Operating Expenses</b>	<b>812,000</b>	<b>31.1%</b>	<b>835,000</b>	<b>31.1%</b>	<b>861,000</b>	<b>31.1%</b>	<b>887,000</b>	<b>31.2%</b>	<b>913,000</b>	<b>31.1%</b>
<b>Gross Operating Profit</b>	<b>1,044,000</b>	<b>40.0%</b>	<b>1,077,000</b>	<b>40.1%</b>	<b>1,108,000</b>	<b>40.1%</b>	<b>1,136,000</b>	<b>39.9%</b>	<b>1,179,000</b>	<b>40.1%</b>
<b>Base Management Fee</b>	<b>78,000</b>	<b>3.0%</b>	<b>81,000</b>	<b>3.0%</b>	<b>83,000</b>	<b>3.0%</b>	<b>85,000</b>	<b>3.0%</b>	<b>88,000</b>	<b>3.0%</b>
<b>Fixed Expenses</b>										
Property Taxes	100,000	3.8%	102,000	3.8%	105,000	3.8%	107,000	3.8%	109,000	3.7%
Insurance	16,000	0.6%	17,000	0.6%	17,000	0.6%	18,000	0.6%	18,000	0.6%
<b>Total Fixed Expenses</b>	<b>116,000</b>	<b>4.4%</b>	<b>119,000</b>	<b>4.4%</b>	<b>122,000</b>	<b>4.4%</b>	<b>125,000</b>	<b>4.4%</b>	<b>127,000</b>	<b>4.3%</b>
<b>Net Operating Income Before Reserve</b>	<b>850,000</b>	<b>32.6%</b>	<b>877,000</b>	<b>32.7%</b>	<b>903,000</b>	<b>32.6%</b>	<b>926,000</b>	<b>32.6%</b>	<b>964,000</b>	<b>32.8%</b>
<b>FF&amp;E Reserve</b>	<b>104,000</b>	<b>4.0%</b>	<b>107,000</b>	<b>4.0%</b>	<b>111,000</b>	<b>4.0%</b>	<b>114,000</b>	<b>4.0%</b>	<b>118,000</b>	<b>4.0%</b>
<b>Net Operating Income After Reserve</b>	<b>\$746,000</b>	<b>28.6%</b>	<b>\$770,000</b>	<b>28.7%</b>	<b>\$792,000</b>	<b>28.6%</b>	<b>\$812,000</b>	<b>28.6%</b>	<b>\$846,000</b>	<b>28.8%</b>

Source: *PKF Consulting USA*

We thank you for the opportunity to work on this project and look forward to discussing our conclusions with you. Should you have any questions, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Andrea Foster', with a long horizontal flourish extending to the right.

Andrea Foster  
Vice President / Practice Leader



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## STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

***This report is made with the following assumptions and limiting conditions:***

**Economic and Social Trends** - The consultant assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of the letter of transmittal accompanying this report. The consultant is not obligated to predict future political, economic or social trends.

**Information Furnished by Others** - In preparing this report, the consultant was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either express or implied, is given by the consultant for the accuracy of such information and the consultant assumes no responsibility for information relied upon later found to have been inaccurate. The consultant reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

**Hidden Conditions** - The consultant assumes no responsibility for hidden or unapparent conditions of the property, subsoil, ground water or structures that render the subject property more or less valuable. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

**Hazardous Materials** - The consultant has not been provided any information regarding the presence of any material or substance on or in any portion of the subject property or improvements thereon, which material or substance possesses or may possess toxic, hazardous and/or other harmful and/or dangerous characteristics. Unless otherwise stated in the report, the consultant did not become aware of the presence of any such material or substance during the consultant's inspection of the subject property. However, the consultant is not qualified to investigate or test for the presence of such materials or substances. The presence of such materials or substances may adversely affect the value of the subject property. The value estimated in this report is predicated on the assumption that no such material or substance is present on or in the subject property or in such proximity thereto that it would cause a loss in value. The consultant assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material. Unless otherwise stated, this report assumes the subject property is in compliance with all federal, state and local environmental laws, regulations and rules.

**Zoning and Land Use** - Unless otherwise stated, the projections were formulated assuming the hotel to be in full compliance with all applicable zoning and land use regulations and restrictions.

**Licenses and Permits** - Unless otherwise stated, the property is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority

from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

**Engineering Survey** - No engineering survey has been made by the consultant. Except as specifically stated, data relative to size and area of the subject property was taken from sources considered reliable and no encroachment of the subject property is considered to exist.

**Subsurface Rights** - No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

**Maps, Plats and Exhibits** - Maps, plats and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

**Legal Matters** - No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants.

**Right of Publication** - Possession of this report, or a copy of it, does not carry with it the right of publication. Without the written consent of the consultant, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with proper written qualification and only in its entirety for its stated purpose.

**Testimony in Court** - Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made a reasonable time in advance of said hearing. Further, unless otherwise indicated, separate arrangements shall be made concerning compensation for the consultant's time to prepare for and attend any such hearing.

**Archeological Significance** - No investigation has been made by the consultant and no information has been provided to the consultant regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

**Compliance with the American Disabilities Act** - The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We assumed that the property will be in direct compliance with the various detailed requirements of the ADA.

**Definitions and Assumptions** - The definitions and assumptions upon which our analyses, opinions and conclusions are based are set forth in appropriate sections of this report and are to be part of these general assumptions as if included here in their entirety.

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**Limits to Liability** - PKF Consulting cannot be held liable in any cause of action resulting in litigation for any dollar amount which exceeds the total fees collected from this individual engagement.

**Legal Expenses** - Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.