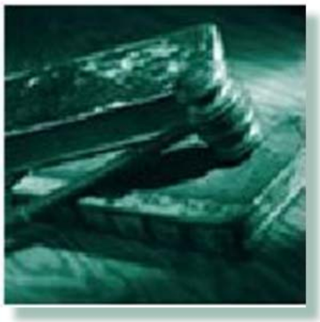

SELF-CONTAINED APPRAISAL REPORT

Proposed Hampton Inn & Suites Hotel
154 Salem Turnpike
Salem, Connecticut

AUTHORIZED BY:

Mr. Robert W. Winston, III
Winston Hospitality, Inc.
d/b/a CT Norwich, LLC
3701 National Drive, Suite 120
Raleigh, NC 27612

EFFECTIVE DATE OF APPRAISAL:

January 18, 2013

PREPARED BY:

Wellspeak Dugas & Kane, L.L.C.
55 Realty Drive, Suite 305
Cheshire, Connecticut 06410
Phone: (203) 699-8920 / Fax: (203) 699-8938
www.wdk95.com

Real Estate Appraisal & Consulting

February 20, 2013

Mr. Robert W. Winston, III
Winston Hospitality, Inc.
d/b/a CT Norwich, LLC
3701 National Drive, Suite 120
Raleigh, NC 27612

Re: Proposed Hampton Inn & Suites
154 Salem Turnpike
Norwich, Connecticut

Dear Mr. Winston:

Per your authorization, we have estimated the as-is market value of the above referenced asset as of January 18, 2013, coincident with the date of the last physical inspection of the property. The interest appraised is the fee simple estate. It is our understanding that this appraisal report is being prepared for foreclosure proceedings. A copy of the letter of authorization is included in the Addenda to this appraisal report as Exhibit A.

As you requested, this report is in self-contained format. The Scope of Work includes any necessary data and analysis in support of the assignment results with a thorough presentation of the relevant data, analysis, and conclusions using the Sales Comparison and Income Capitalization Approaches to value to produce credible results. Further, the results and analysis are fully described rather than summarized. This report satisfies appropriate federal, state and industry (USPAP) standards.

The appraised property consists of a 3.059-acre site in the town of Norwich, Connecticut. The site is slated to be improved with a 113-room Hampton Inn & Suites. While the property owner, PRA at Norwich LLC, began construction on the hotel in 2007. Major work reportedly ceased on the project in 2008 with some work extended into 2010 leaving the improvements only partially complete. The improvements consist of a partially complete structure with the majority of the exterior complete and many of the windows installed. However, given the extent of time that the shell building has been exposed to the elements even the integrity of the exterior finishes would be questionable. We were also unable to fully inspect the interior of the facility or the roof. The building inspector indicated that there was vandalism to the interior improvements. If completed as proposed the improvements will include 72,758 square feet of gross building area.

The basic assumptions and limiting conditions on which our valuation is based are detailed within the body of this report. These include all assumptions regarding environmental conditions and the Americans with Disabilities Act.

In our opinion, the market value of the fee simple interest, as of January 18, 2013, is best represented by the following amount:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS
$1,200,000

The appraisal report and Addenda that follows set forth in self-contained form pertinent data and analyses leading to the conclusions presented.

Very truly yours,

[redacted]

William E Kane, Jr., MAI
License No. RCG.0000318

TABLE OF CONTENTS

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EXECUTIVE SUMMARY

Property Type	Proposed 113-room limited service hotel
Property Address	154 Salem Turnpike, Norwich, CT, 06360
Property Owner of Record	PRA at Norwich, LLC
Purpose of Appraisal	To estimate the as-is market value of the property
Intended User of Appraisal	The client, Winston Hospitality, Inc. d/b/a CT Norwich LLC, and their counsel
Intended Use of Appraisal	Foreclosure proceedings
Property Interest Appraised	Fee simple estate
Effective Date of Appraisal	January 18, 2013
Date of Inspection	January 18, 2013
Zone	PC, Planned Commercial
Current Taxes (2011 G.L.)	$83,099
Land Area	133,255 square feet, or 3.059 acres
Gross Building Area (GBA)	72,758 square feet proposed
Guest rooms	113
Highest and Best Use	
As Vacant	Fallow pending improved market conditions
As Improved	Complete the project as a 113 room limited service hotel

VALUES INDICATED

Cost Approach .... Not Applicable

Sales Comparison Approach .... $1,100,000 to $1,700,000

Income Capitalization Approach $1,200,000

FINAL ESTIMATE OF VALUE $1,200,000

VALUATION SUMMARY

PROPERTY IDENTIFICATION

A copy of the legal description for the subject property is attached as Exhibit B of the Addenda. All exhibits pertaining to the property identification and use, including subject maps/sketches, can be found in Exhibit C of the Addenda.

Location:	154 Salem Turnpike, Norwich, Connecticut 06360
Tax Map Reference:	Map 122, Block 1, Lot 1
Property Type:	Proposed 113 room limited service hotel
Property Owner of Record:	PRA at Norwich, LLC

VALUATION ISSUES

Property Interest Appraised:	Fee simple estate
Purpose of Appraisal:	To estimate the as is market value of the subject property
Intended User of Appraisal:	The client, Winston Hospitality, Inc. d/b/a CT Norwich, LLC, and their counsel
Intended Use of Appraisal:	Foreclosure proceedings
Effective Date of Appraisal:	January 18, 2013
Date of Inspection:	January 18, 2013

DEFINITIONS

The definitions of value, interest appraised, and other pertinent real estate appraisal terms can be found in the *Glossary of Terms* section of the appraisal report.

SALES HISTORY (3 YEARS)

To our knowledge, as of the date of appraisal the subject was not being actively marketed for sale nor were there any offers to purchase the property being considered.

SCOPE OF WORK

The estimate of market value presented in this report was developed after inspecting the subject property and reviewing any available site and building plans; inspecting the subject market area; reviewing public records in the tax assessor's, town clerk's, planning/zoning and building department offices; reviewing and analyzing historic sales and operating data for the property. Furthermore, we analyzed comparable sale and lease data obtained from local brokers, property owners and public land records.

CRITICAL DISCLOSURES AND LIMITING CONDITIONS

The value estimated in this appraisal report is subject to the following critical disclosures and limiting conditions, in addition to the standard Assumptions and Limiting Conditions located at the end of this report.

Standards: This appraisal report satisfies appropriate federal (FIRREA), and industry (USPAP), standards.

ADA: We have not made a specific compliance survey and analysis of the improvements to determine whether or not they would be in conformance with the various detailed requirements of the Americans with Disabilities Act (ADA), nor have we considered possible noncompliance with the requirements of ADA in estimating the market value of the property.

Hazardous: This appraisal is predicated on the assumption that hazardous substances do not exist at the subject property. Hazardous substances cover any material within, around, or near a property that may have a negative effect on its value, including, without limitation, hazards that may be contained within the property, such as friable asbestos or lead paint; and external hazards, such as toxic waste or contaminated ground water. No apparent evidence of contamination or potentially hazardous materials was observed or reported on the date of inspection. Members of this appraisal office are not qualified to determine the existence of, nor is any certification made as to the presence or absence of, any hazardous substances. No responsibility is assumed for any such conditions, nor for any expertise or engineering knowledge required to discover them.

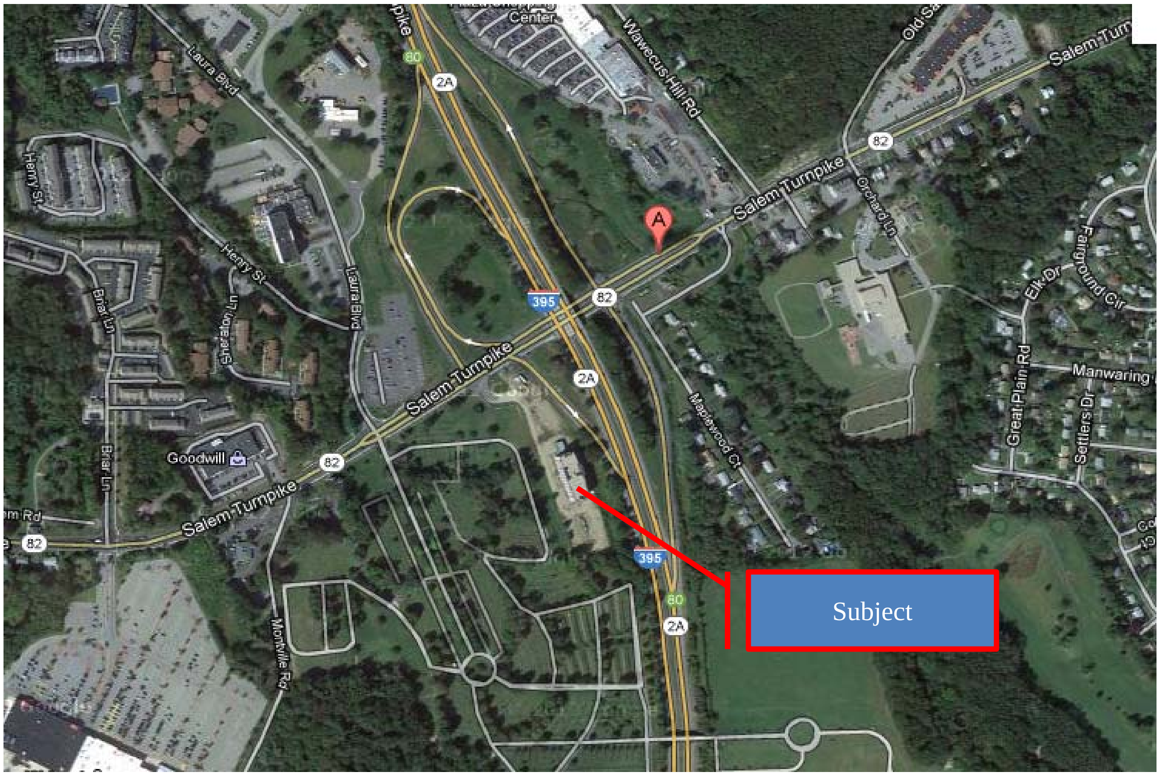
Personal Property: Within this appraisal, we are only considering the market value of the subject real property, with no consideration whatsoever to any contributory value of personal property.

EXPOSURE/MARKETING TIME

Inherent in our estimate of market value for the subject property is an estimate of both exposure and marketing time. Exposure time is presumed to precede the effective date of valuation, while marketing time is presumed to occur subsequent to the valuation date. Exposure time is described as 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 our estimate of market value on the effective date of the appraisal. Marketing time is an estimate of the amount of time it might take to sell the property interest appraised at our estimate of market value during the period immediately after the effective date of valuation.

Market value conclusions recognize the characteristics of the subject real estate and consider the current economic environment and its effect on real property. An exposure and marketing period of twelve (12) months is considered reasonable in which to induce sale of the subject property at the value estimated within this report. This estimate of exposure and marketing times presume the property is actively exposed and aggressively marketed through commonly accepted marketing channels. The stated exposure and marketing periods are based on discussions with local real estate professionals and considers typical exposure and marketing times for similar property in the market area.

PHOTOGRAPHS OF THE SUBJECT PROPERTY



Aerial view of the immediate neighborhood

Aerial view prior to construction

South elevation overlooking a cemetery

Canopy at north elevation incomplete

North elevation incomplete site work incomplete

South elevation incomplete

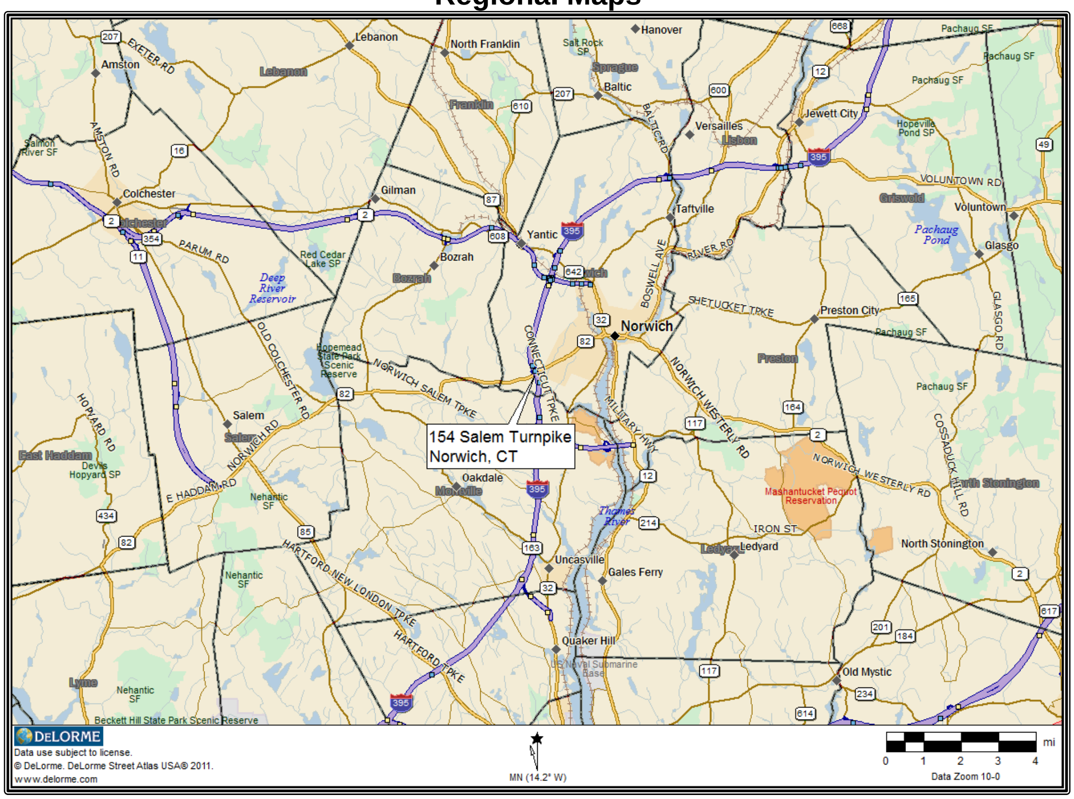
East elevation at the south end of the building facing Intestate 395

Unfinished exterior and pool room along the east elevation

MARKET ANALYSIS

COMMUNITY AND REGIONAL ANALYSIS

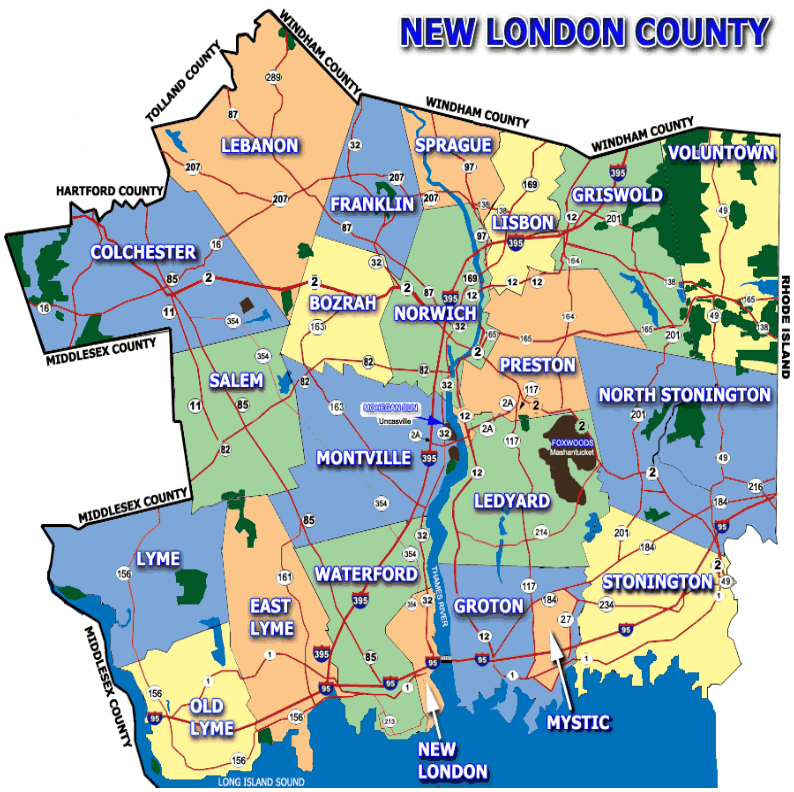
Regional Maps



Community Type: The subject property is located in the town of Norwich, which can generally be characterized as an urban/suburban community within the southeastern portion of the state of Connecticut, in north-central New London County. The town is bordered to the north by the town of Sprague; to the east by Preston and Lisbon; to the south by Montville; and to the west by Franklin and Bozrah. Norwich, as well as other towns in New London County, is strongly influenced by the expansion of the nearby casinos in neighboring Ledyard (Foxwoods Resort) and Montville (Mohegan Sun).

Data presented in this section has been obtained from the Connecticut Census Data Center, Connecticut Department of Economic Development, Connecticut Department of Housing, and the Connecticut Labor Department.

The following community and demographic information has been obtained from various sources including but not limited to the U.S. Bureau of Census, Connecticut Department of Labor Department, Connecticut Department of Housing, The Warren Group, Connecticut Department of Economic and Community Development, and the Connecticut State Office of Policy and Management and DemographicsNow.com.



Total Population/Trend: The most recent population estimate for Norwich indicates a population of 36,317 persons as of 2010. This indicates a growth of 1.38% since the 2000 census when the city was estimated to have a population of 36,117 persons. The population growth rate for Norwich marginally outperformed the growth rate for the county of 1.33% and underperformed the growth rate for the state of 3.10%. Norwich has a total land area of 28 square miles, with a 2010 population density of 1,292 persons per square mile. According to statistics published by the Connecticut Economic Resource Center, Inc. (CERC) Norwich had a 2011 population of 40,781 persons. Given the tepid economic conditions it is highly unlikely that the population increased 10% from the census. The variance in population is due to the methods of the estimates.

Housing Units/Trends: The total housing stock in Norwich consists of 18,492 units as of year-end 2011. This demonstrates an increase of 11.4% over the total housing stock for 2000, which was 16,600 units. The town of Norwich is composed of 48% single family dwellings, with multifamily at 48% and the remaining 4% being mobile homes. Norwich is ranked number two in New London County by total housing units and when compared to the top five towns with the highest number of total housing units Norwich has a higher amount of multifamily units, which is similar to the housing composition of New London. Comparably, the New London County area and the state of Connecticut are less concentrated in multifamily dwellings at 28% and 34% respectively.

Median Sale Prices: A review of residential sale prices in Norwich indicates that the median sale price for a single family home in 2012 amounted to $132,000, according to The Warren Group. Looking at a comparison from year to year using a calendar year, January to December, single family home prices have declined 36% since the peak of the market in 2007, when the median price was $207,500 This signaled the beginning of the housing crisis in Norwich which has persisted for five years.

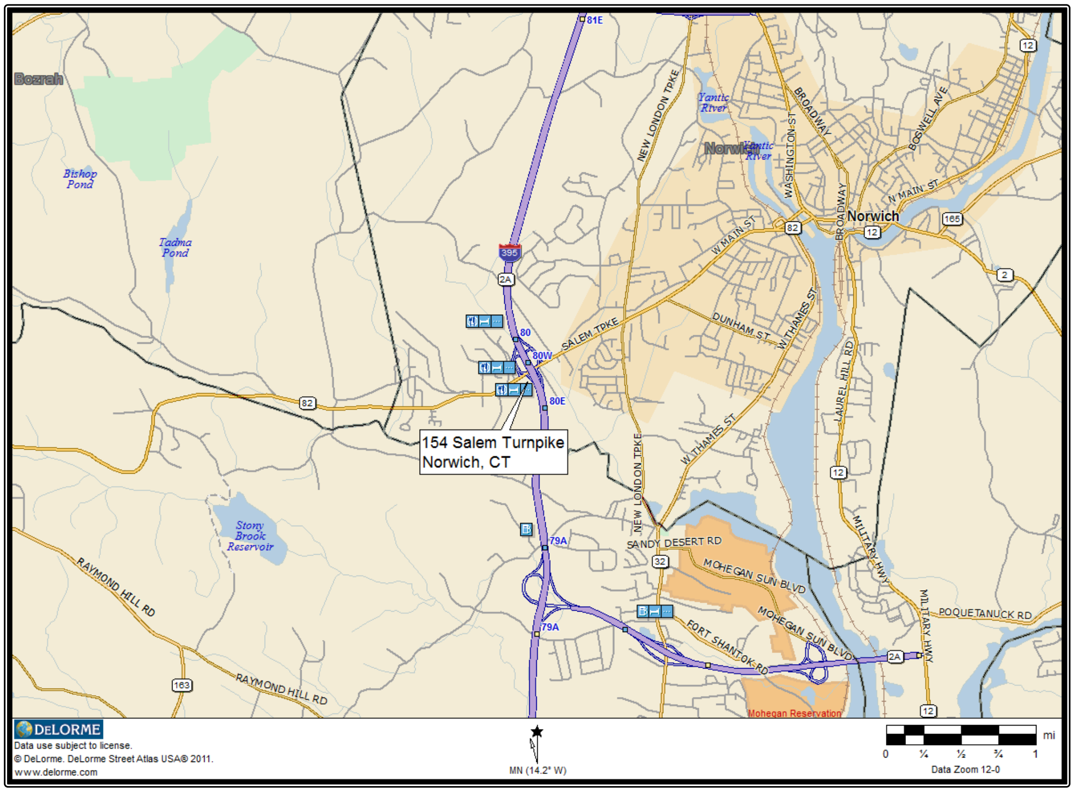
Median Household Income: Norwich has an estimated 2011 median household income of $51,436 which compares to $68,884 for New London County and $70,705 for the state of Connecticut. The town is considered to be a lower to middle income suburban community given that its household income is below the County and State averages.

Employment: The State Labor Department estimates the unemployment rate for Norwich at 9.6% as of December 2012. This compares unfavorably to a 8.4% unemployment rate for the Norwich-New London labor market area and a 7.8% unemployment rate (not seasonally adjusted) for the state of Connecticut. While the unemployment rate has declined slightly, so too has the labor force.

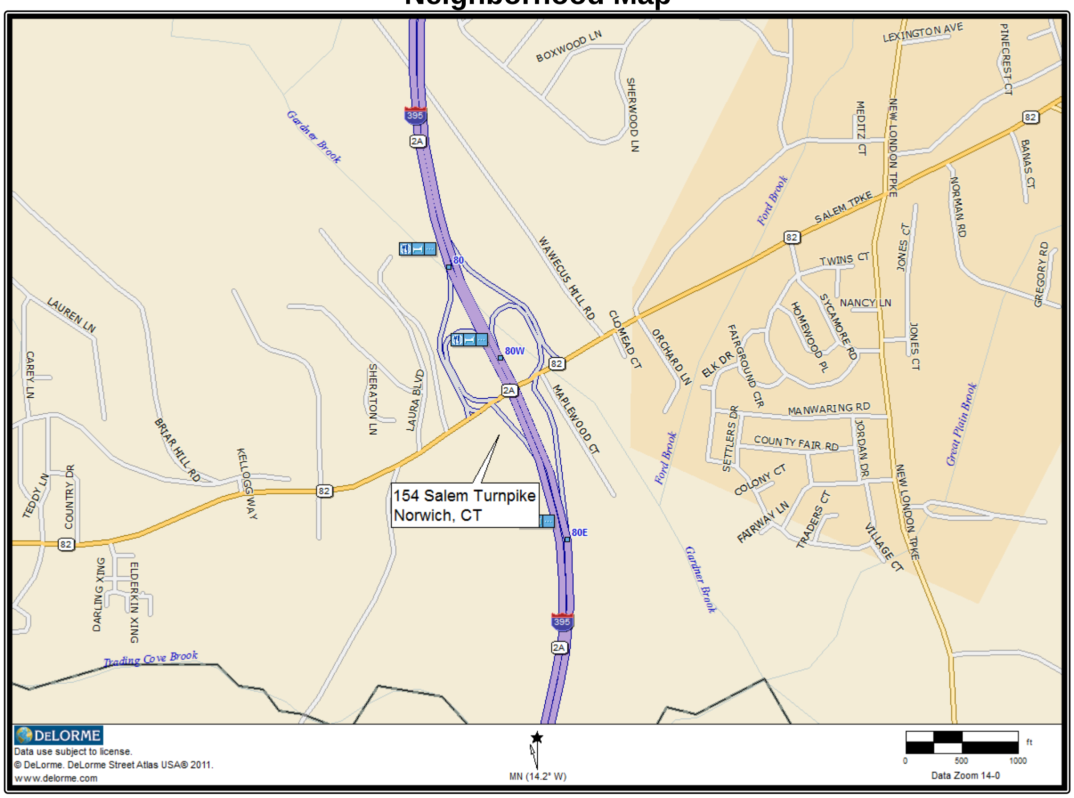
Transportation/Linkages: Transportation within Norwich is considered to be average to above average. Interstate Route 395 and CT Route 2 provide highway transportation for the greater Norwich area. Both are limited access highways (the highway section of CT Route 2 originates in Norwich) and provide Norwich with direct linkage to the cities of New London to the south, New Haven to the west, Hartford to the northwest, and Providence, RI to the east. Interstate Route 395 and Connecticut Route 2 connect directly with Interstate 95 to the south and Route 2 extends northward to Interstate 91. CT Routes 12, 32 and 82 provide good local access to each section of the city. CT Route 32 (West Thames Street) fronts the subject property.

Conclusion: Population growth trends for Norwich continue to lag behind that of the county and the state. Also typical of most urban centers in Connecticut, the New London County and Norwich real estate markets have been improving but at a slower pace than the regional suburban real estate markets.

NEIGHBORHOOD ANALYSIS



Neighborhood Map



Location Map

Characteristics: The subject neighborhood is delineated as the area located to the west of I-395 at Exit 80. The main thoroughfare is Salem Turnpike (aka CT Route 82) which is moderately developed with a variety of commercial and residential uses. Directly off the exit ramp on the north side of Route 82 is Laura Boulevard which leads directly to the Holiday Inn hotel and an entrance drive to the CT Department of Transportation District Headquarters, Department of Motor Vehicles as well as a commuter lot. Both the subject property and the DOT District Headquarters have direct visibility from along I-395. Just beyond the subject property along Laura Boulevard and off the adjacent Henry Street are several condominium developments known as Pine Ridge and Rose Brook. Immediately to the rear of the Holiday Inn is a 100-unit residential apartment development built in 2004. The development is commonly known as Wolf Den Village and is situated on a 13-acre site. There are several other multi-family residential developments located along Salem Turnpike. One notable development includes The Village at Briar Hill. This is a townhouse community currently under development.

The most prominent commercial development west of the subject along Salem Turnpike is Wal-Mart and Big Y. These two major retailers/grocers are located adjacent to one another in the same plaza just beyond the subject to the southwest. Other commercial developments are interspersed with single and multi-family condominium developments and include Core Credit Union, Dime Savings Bank, US Post Office, and Trading Cove Commons. Commercial development is much more the norm along CT Route 82 east of the I-395 exit/entrance ramps. This area is improved with commercial uses ranging from residential conversions to big box retailers.

Several national and regional retailers that occupy this corridor include McDonalds, Town Fair Tire, Staples, Burger King, Mobil, TJ Maxx, Eblens, and various other commercial users including branch banks, service stations, fast food, small professional office buildings and both neighborhood and community shopping centers.

As noted by the aerial photograph the subject is located at a full interchange of Interstate 395 just one exit from the 2A connector which leads directly to the casino.

Level of Maintenance: Properties in the neighborhood are maintained in good condition.

Conformity: The proposed use of the subject site for a limited service hotel is in conformance with its surrounding neighborhood.

Conclusion: Overall, the subject neighborhood supports the use of the subject as a limited service hotel. The subject's location directly off an exit ramp to a major interstate provides excellent visibility for the property and offers excellent regional access.

National Industry Overview: The following chart trends total U.S. lodging industry performance ratios since 2000, as published by Smith Travel Research (STR).

TOTAL US LODGING INDUSTRY TRENDS						
Performance Ratios	*Room Occupancy*		*Average Daily Rate*		*RevPAR*	
Year	%	% Change	$	% Change	$	% Change
2000	63.7%	0.8%	$86.04	5.7%	$54.81	6.5%
2001	60.1%	-5.7%	$84.85	-1.4%	$50.99	-7.0%
2002	59.2%	-1.5%	$83.15	-2.0%	$49.24	-3.4%
2003	59.2%	0.0%	$83.07	-0.1%	$49.18	-0.1%
2004	61.3%	0.5%	$86.23	4.0%	$52.88	7.8%
2005	63.3%	3.1%	$90.52	5.0%	$57.29	8.2%
2006	63.4%	0.2%	$97.31	7.5%	$61.69	7.7%
2007	63.1%	-0.5%	$104.90	7.8%	$66.23	7.4%
2008	60.4%	-4.0%	$106.92	2.5%	$64.48	-1.6%
2009	55.1%	-8.7%	$97.51	-8.8%	$53.72	-16.7
2010	**57.6%**	**4.54%**	**$98.08**	**0.58%**	**$56.47**	**5.12%**
2011	**60.1%**	**4.34%**	**$101.64**	**3.63%**	**$61.06**	**8.13%**
2012	**61.41**	**2.18%**	**$106.07**	**4.36%**	**$65.15**	**6.7%**
Source: Smith Travel Research						

As depicted by the chart on occupancy and rates, 2009 was perhaps the worst year financially for hotels in recent history with an overall decline in revenue per available room of 16.7%, far worse than the last recession in 2001 which recorded a decline of just 7%. Obviously, the "great recession" of 2008/2009 had an extremely deleterious effect on the hotel industry. The collapse of the economy caused both an 8.7% decline in occupancy as well as an 8.8% decline in rates as hotels clamored to shore up guest nights. With increases in both ADR and OCC in 2010, the industry as a whole rebounded slightly. Although occupancy is still well below historic levels it did increase slightly in 2010 as did the ADR. While ADR is below the peak of 2008, it is trending upward. As recently reported, RevPAR for the U.S. Lodging Market recorded a strong rebound in 2011 caused by modest increases in both occupancy and rate during the year. At $61.06, the RevPAR for 2011 is still just behind the rate achieved in 2006 and roughly 7.8% behind the lofty rate achieved in 2007. STR forecast a 4.3% increase in RevPAR for 2012 based upon modest gains in occupancy and stronger increases in room rates. This does not appear to be aggressive as the pipeline of new construction was virtually cut off in the past two years allowing the markets to regain occupancy and rate. The U.S. hotel industry reported increases in all three key performance metrics in 2012 in year-over-year measurements, according to data from STR. The industry's occupancy increased 2.18% to 61.41%, average daily rate rose 4.36% to $106.07 and revenue per available room was up 6.7% to $65.15. Overall, in 2013 occupancy is expected to rise 0.8% to 61.9%, average daily rate is forecasted to increase 4.9% to $111.27 and revenue per available room is expected to grow 5.7% to $68.86.

Local Trends: The property being appraised represents a site approved for a 113-room a limited-service hotel located along Interstate Route 395 in the north central portion of New London County in the city of Norwich. A review of the Smith Travel Research, Inc. participant report indicates that the supply of hotels in the region is extremely diverse ranging from local "mom and pop" facilities to national brand hotels to boutique properties to full service resort and spas. Rack rates are generally determined by the amenities and services but are also dependent upon physical characteristics (e.g. quality and condition) and the season. With weekend demand high due to the traffic caused by the casino, rates on Friday and Saturday spike considerably over weekday rates. The following hotels are considered to be most competitive with the proposed subject hotel.

Name of Establishment	*City & State*	*Zip Codes*	*Room*
Holiday Inn	New London, CT	06320	136
Holiday Inn	Norwich, CT	06360	129
Best Western Sovereign Hotel	Mystic, CT	06355	150
Comfort Inn Mystic	Mystic, CT	06355	120
Courtyard By Marriott Norwich	Norwich, CT	06360	120
Comfort Suites Norwich	Norwich, CT	06360	119
Best Western Cristata Inn	Uncasville, CT	06382	105
Microtel Inn & Suites Montville Uncasville	Uncasville, CT	06382	120

Source: Smith Travel Research

A brief description of each property is as follows:

Courtyard by Marriott: 181 West Town Street, Norwich, CT; 120 guest rooms, including 5 suites; 3 meeting rooms, 1,925 square feet of total space; this is a five story hotel that was built in 1997. Overall it has been well maintained. The hotel features a modern lobby and reception area; small open business area with two desktop computers and printers; a small dining area; a self-serve market area for snacks and bottled drinks; a small lounge; and an indoor heated swimming pool. All rooms have flat screen televisions and wireless internet. Current weekday rates are quoted between $149 and $189 per night. Weekend rates are expectedly higher, ranging between $209 and $269 per night.

The Holiday Inn Norwich, 10 Laura Boulevard, represents a fully remodeled hotel that was completed in 2006, converting the facility from a Ramada Inn to a Holiday Inn. Reportedly $4.5 million or $33,088 per room was spent on the conversion. The facility offers 134 king and queen bedded guest rooms as well as an indoor heated swimming pool, high speed wireless Internet, full service restaurant and lounge, meeting space for up to 600, fitness center and a business center. The property is located at a full interchange of Route 82 and I-395. Interstate 395 is the major interstate highway in the region providing access to all of the entertainment venues in southeastern Connecticut. Each room has free wireless internet. The property has excellent visibility and access. Current weekday rates are $129 to $134 per night with weekend rates climbing to $199 on Saturday.

The Hyatt Place Mohegan Sun consists of a 5.6-acre site in the Town of Montville (Uncasville), Connecticut. Stonestreet Corp. obtained conditional site plan approval on June 12, 2007 to develop the site, which is located on Route 32 proximate to Route 2A, with a 176-room Hyatt Place select service hotel. The improvements contain 107,416 square feet of gross building area. The facility is modern with an attractive lobby and breakfast area. The hotel features an indoor heated pool, fitness center and business center. Each room has a 42-inch flat panel high definition television. All rooms also have iPod docking stations, refrigerators, and complimentary wireless internet. Current weekday rates are quoted at $119 per night with weekend rates topping out at $239 per night on Saturday.

Foxwoods Resort and Casino: Grand Pequot Tower is an 825-room hotel at the Foxwoods Resort and Casino. Other facilities owned and operated by the Mashantucket Pequot tribe include the 826-room MGM Grand at Foxwoods, The Villas (23 luxury suites with the Grand Pequot Tower), Great Cedar (also located in the casino, these are 375 square foot suites), the Norwich Inn and Spa, and Two Trees – a country inn with complementary shuttle service to the casino. Current weekday rates vary widely but generally range between $129 and $208 at the Grand Pequot Tower; between $169 and $218 at MGM Grand; $109 at Great Cedar; between $79 and $119 for rooms at Two Trees Inn. Weekend rates increase considerably to as much as $499 per night at Grand Pequot Tower; between $499 and $624 per night at MGM Grand; $499 per night at Great Cedar; and between $199 and $249 per night at Two Trees Inn.

Mohegan Sun itself has a 1200 room hotel tower at the casino. Current weekday rates range between $299 and $479 per night. Weekend rates, as is typical, increase considerably to between $409 and $549 per night. There are no occupancy reports for any of the hotels controlled by the Mashantucket Pequot tribe or the Mohegan tribe.

Best Western Cristata Inn, located at 2255 Norwich-New London Turnpike in Montville (Uncasville), Connecticut, contains 105 all-suite guest rooms and was open in 2000. The typical suite has 390 square feet of living area on average, inclusive of the bathroom. Each room contains a three-fixture bathroom, a small kitchenette area with refrigerator, microwave oven and sink. All seven Jacuzzi suites have a Jacuzzi tub outside the bathroom door and a shower stall in the bathroom. The hotel features an indoor heated pool and fitness center. Current weekday rates at this hotel amount to between $90 and $110 per night. Weekend rates jump considerably for the weekend casino business to between $215 and $240 per night.

Comfort Suites is located at 275 Otrobando Avenue in Norwich. The property has a somewhat remote location in this market just off Route 32, west of a full interchange of I-395. While the hotel is clearly visible from the highway, the neighborhood does not provide readily accessible services for guests of this limited service facility. It is therefore less competitive with other locations that provide easier access and are proximate to other ancillary services such as restaurants and entertainment venues. The hotel was built in 1997 and contains 119 all-suites guest rooms. Weekday rates are currently quoted at $79 per night with weekend rates at $139 per night.

In terms of new construction we noted only one new hotel development that just opened in the region, a Hilton Garden Inn in Preston, close to the MGM Grand Hotel and the Foxwood casino. Like the subject, this project was started but never completed. The loan was eventually foreclosed on and the ownership transferred to the Julia Tate Properties of Conroe Texas who completed the 165 room select service hotel. While this will add 60,225 guest rooms to an already soft market. However, it will mostly affect the hotels that directly serve Foxwoods Casino & Resort and will have a lessor effect on the immediate subject market that serves Mohegan Sun.

The following data was procured from Smith Travel Research regarding the performance of the competitive set of hotels.

Occupancy

The occupancy for the selected set of hotels has declined steadily between 2007 and 2010, from 62.7% to a low of 51.7%. During this time frame there was also a considerable increase in the supply of rooms. Within the competitive set, the competition increased from 174,470 room nights in 2007 to 285,430 room nights in 2010. Despite an increase in demand among the competitive set during this time frame, from 109,425 room nights to 147,583 room nights, the occupancy rate declined largely due to the increase in supply. The occupancy rate increased in the past two years to between 158,000 and 159,000 room nights. As there was no increase in the supply of rooms, occupancy increased to just over 55%. However, a 165-room Hilton Garden Inn has recently opened in Preston. While this hotel will largely service the Foxwood Casino, it will take away a small part of the demand that is presently satisfied by the competitive set of hotels. The overall occupancy rate will likely decline with the opening of the proposed hotel, which will add 41,245 room nights to the market. With no increase in demand, the occupancy rate would drop to 48%. The subject would then represent the newest hotel in the market with a desirable flag and would likely capture more than its fair share.

Occupancy (%)	
	Total Year
2007	62.7
2008	58.8
2009	52.9
2010	51.7
2011	55.7
2012	55.3
2013	
Avg	55.7

Average Daily Rate

Average daily rates (ADR) for the competitive market generally trended upward through 2011 with the exception of a dip in 2009 when the ADR dropped to $110.19. Overall, aside from this dip, the ADR in the market has increased from a low of $113.67 in 2007 to a high of $120.65 in 2011. It is also noted that there was a drop in rate in 2012 to $116.35 per night. This is likely caused by some of the lower end hotels, such as the Comfort Inn and the Best Western offering lower rates to spark occupancy. We would expect that the subject will outperform the market average given that most of the competition will be of inferior condition in comparison to the subject. The most competitive facilities would likely be the Hyatt and the Courtyard by Marriott.

ADR ($)	
	Total Year
2007	113.67
2008	116.53
2009	110.19
2010	116.21
2011	120.65
2012	116.35
2013	
Avg	115.93

RevPAR

Presented in the following charts is a recapitulation of revenue trends for the competitive set. As would be expected, while the ADR was largely trending upward, it was insufficient to offset the decline in the occupancy rates between 2007 and 2010. As such, the revenue per available room declined through this time frame from $71.29 to $60.09 in 2010. With no increase in the supply of rooms in the past three years the RevPAR increased considerably in 2011. However, in 2012 with a slight dip in demand and more competitive rates, RevPAR dropped to $64.36. We would expect that upon stabilized occupancy, the subject should generate RevPAR above the six year average of $64.58.

RevPAR ($)	
	Total Year
2007	71.29
2008	68.55
2009	58.24
2010	60.09
2011	67.23
2012	64.36
2013	
Avg	64.58

Conclusion: Overall, it is our opinion that the proposed Hampton Inn will outperform the market and in the near term will capture more than it's pro rata share of the market demand. The facility will be superior to virtually all of the competition in the immediate market and will likely have an adverse impact on the occupancy levels at each of the competitive hotels. We would anticipate that the subject will be able to achieve an ADR of $120 in the first year with stabile increases of 2.5% per annum thereafter. In terms of occupancy we would expect an occupancy rate in Year 1 of 48%, increasing to 55% in Year 2 and stabilizing at 60% in Year 3.

PROPERTY DESCRIPTION

SITE

Land Area	133,255 square feet, or 3.059 acres
Street Frontage	The subject site has 187.42 feet on the south side of Salem Turnpike, also known as Connecticut Route 82.
Topography	At street front, the property is at grade with the roadway but then slopes off by roughly 14 feet to the finished elevation of the first floor of the hotel. The site has been excavated to provide a gradual decline between the curb cut and the main center portion of the site.
Utilities:	Water [Y]; Sewer [Y]; Gas [Y]; Elec. [Y]; Phone [Y]
Parking	The site plan calls for 142 parking spaces; none of the work on the parking area, aside from rough grading appears to have been completed.
Flood Zone	Community Panel 090102 0010 F FIRM Date March 15, 1994 Flood Zone Zone C: Areas of minimal flooding.
Easements/ Restrictions	None that adversely impact the utility of the subject site for its intended use.
Conclusion	Overall, the site exhibits exceptional characteristics for hotel development. The site abuts the southbound entrance ramp to Interstate Route 395, with extensive road frontage along both the ramp and the highway. This provides the subject with complete visibility from both the north and southbound lanes of this highway. Further, the entrance to the subject hotel is directly opposite the terminus of the southbound exit ramp from this highway providing it good access. Traffic signalization is already operating for access to the site.

IMPROVEMENTS

General Notes:	It is noted that only an exterior inspection was possible. It was conveyed to our firm that none of the interior was finished and none of the mechanical systems were installed. From views through the first floor windows, this appeared to be the case.
Property Type:	Proposed 113 room limited service hotel
Building Areas:	The proposed improvement contains 72,758 square feet of gross building area and will feature 113 guest rooms when complete.

Date of Construction: Construction began on the subject hotel in 2007 and ceased in 2008. At the time construction stopped the improvements were incomplete. It is anticipated that the improvements could be complete in less than 12 months from the time construction commences again. For the purpose of this analysis we have estimated a date of completion of February 1, 2014.

Foundation: The subject building improvements are constructed on reinforced concrete footings and foundation walls. The first floor will contain virtually all of the public space, mechanical rooms and administrative space in the building. This includes an employee break room; pool room and fitness room, a mechanical room to house hot water heaters among other mechanical systems; the laundry facilities; an electric closet; linen storage, an elevator equipment room; meeting room (600+/- square feet), business room, the food prep and storage rooms, a lounge and breakfast area; and the administrative offices in addition to several guest rooms. The upper five floors contain 20 guest rooms per floor.

Structural System: Steel and masonry

Exterior Walls & Surface: Insulated steel stud curtain walls finished with brick and stucco; the exterior is incomplete.

Floors: Poured in-place concrete; floor finishes will consist of a combination of wall-to-wall carpeting, ceramic tile and quarry tile. While the floor structure is in place, none of the interior finishes have been installed.

Roof: Flat roof of poured-in-place concrete finished with a rubber membrane covering; the roof was not inspected

HVAC: The common areas of the building are assumed to be served by a gas-fired split-system, with separate controls. All guest rooms will have individual through-wall, electric HVAC systems. The indoor pool will be heated. Presently none of the mechanical systems have been installed.

Fire Protection: The subject improvements will be equipped with a full wet sprinkler system. It appeared from our inspection that some of the sprinkler system was in place.

Plumbing: The building will be complete with a waste and vent pipe system as well as hot and cold running water. These mechanical systems will serve the guest room bathrooms as well as the commercial kitchen, the laundry room and all common restrooms. Water piping will also be installed to facilitate the efficient operation of the indoor pool, to include water filtration and chemical treatment. It did not appear from our inspection that any of the plumbing, with perhaps the exception of underground rough-ins, was complete.

Electrical: The electrical system is assumed to be a three phase four wire service of adequate capacity to serve all the functions of the hotel.

Interior Finish:	Generally, interior finishes common to all areas of the building will include concrete sub-floors, gypsum board over metal studs, and gypsum board ceilings. The interior décor and finishes is presumed to be of a high quality with carpet and or tile floors and surrounds, finished millwork and ornate trim, above average furniture and fixtures in the guest rooms and common areas, and decorative light fixtures. FF&E for the guest rooms will vary slightly depending on the size and type of room. However, new case goods found in the rooms should include either a king size bed or two double size beds, headboards, night stands, a spacious desk, ergonomic chair, chest of drawers, comfortable seating, flat screen televisions, artwork, light fixtures, radio alarm clocks, hair dryer, and telephone with dataports.
Elevators	The building will be equipped with two six-stop hydraulic passenger elevators.
Construction Quality:	The analysis presumes good quality construction materials.
Condition:	The building will be in excellent condition upon completion.
Functional Utility:	Good
Cost to Complete:	Winston Hospitality has estimated the total cost to complete the hotel at $7,906,141. This includes $5,044,141 in hard costs, $407,000 in site work, $1,885,000 for furniture fixtures and equipment (FF&E), and $570,000 for future soft costs.
Effective Age:	The improvements have been incomplete for over four years and portions of the building have been vandalized according to the building inspector. While some work was noted as late as 2010, the inspector indicated that much of the structures were complete far earlier, estimated at 2008. Further, the improvements have been exposed to the weather as the building is not completely closed in. Clearly significant repairs will be needed to the existing improvements prior to going forward with the completion. We would surmise that the effective age of the improvements is 10 years. According to Marshall & Swift, a well-recognized cost estimation service, the total physical life of the hotel would be 50 years.
Conclusion:	Upon completion, the proposed Hampton Inn will represent a highly functional limited service hotel complete with 113 guest rooms as well as a small amount of meeting space.

ZONING

Zoning Classification PC, Planned Commercial

Permitted Uses:

- Retail stores.
- Customer service establishments.
- Business, corporate and professional offices.
- Restaurants and eating establishments.
- Research laboratories where manufacturing and processing is incidental thereto.
- Private trade schools, commercial schools, colleges and commercial day care centers.
- Assembly hall, bowling alley, dance hall, pool and billiard rooms, theatre, skating rink or other social, sport or recreation center.
- Public buildings and uses including city, state and federal.
- **Hotels**, motels and inns.
- Clubs.
- Off-track branch offices and teletracks.
- Public utility lines, stations, and buildings as defined under the Connecticut General Statutes.

All uses permitted in this district shall be subject to site plan approval by the commission in accordance with the provisions of the regulations. The commission on the city plan may, after public hearing and subject to appropriate safeguards in harmony with the general purpose of this ordinance, grant a special permit for filling stations, not including repair and storage of vehicles.

Bulk and Area Requirements:

	Minimum					Maximum	
Zoning District	Lot Area (square feet)	Lot Width (feet)	Front Yard (feet)	Side Yard (feet)	Rear Yard (feet)	Lot Coverage (percent)	Building Height (stories)
R-80	80,000	200	60	40	60	10	2½(F)
R-40	40,000	150	50	30	50	10	2½(F)
R-20	20,000	100	30	15	30	20	2½(F)
MF	10,000	60	25	10	25	25	3(D)
ROS	5,000	50	(B)	(B)	(B)	10	1
NC	10,000	50	10	10	10	25	3
GC	10,000	50	20	10 (A)	20	25	3
PC	120,000	400	65	50	25	30	3
CC	5,000	40	(B)	(B)	(B)	(C)	7 (G)
WD	25,000	100	20	10	20	25 (E)	7 (G)
ID	40,000	200	40	25	20	30	3
BP	40,000	200	30	25	25	60	7
PDD	120,000	250	50	50	50	50	7

Conclusion

The subject property represents a conforming use within the PC zone. The use is permitted by right and the proposed development is in conformance with all bulk and area requirements of the zone.

ASSESSMENT/TAXES

In Connecticut properties are generally assessed at 70% of their fair market value. In 2008, a physical revaluation was implemented for the October 1, 2008 Grand List, with the most recent information available pertaining to the 2011 Grand List year. The subject assessment and tax burden are as follows:

Assessment: $2,672,000 as partially complete

Mill Rate: $31.10 per $1,000 of assessed value

Real Estate Tax Calculation: $83,099 ($2,672,000 x 0.0311)

In order to estimate the tax burden of the subject upon completion we have reviewed the assessments of the following hotels in the immediate and surrounding neighborhoods. The table below sets forth those tax burdens.

Street Address	Land Area	Bldg. Age	Rooms	Total Assessment	Per Key	Taxes/Room
81 W. Town Street	3.85	1997	120	$5,816,000	$48,467	$1,259
275 Otrobando Avenue	2.31	1997	119	$3,640,000	$30,588	$795
10 Laura Boulevard	6.38	1972	136	$5,803,000	$42,669	$1,109

81 West Town Street, Norwich is the Courtyard by Marriott. This facility was built in 1997 and we would anticipate a higher overall assessment per room for the subject. 275 Otrobando Avenue is the Comfort Inn, an inferior lodging facility in an inferior location. 10 Laura Boulevard is the recently remodeled Holiday Inn. This is an older full service facility. Again, we would expect the tax burden of the subject, on a per room basis to be above the tax burden for this facility.

Conclusion: Based on this analysis, if the subject were complete for the 2011 Grand List, it would likely have had a tax burden of roughly $1,400 per guest room. This figure has been used as a current base and inflated by 2.5% per year subsequent to completion. In the first fiscal year we would anticipate a minor increase in taxes due to changes in the mill rate. In the second fiscal year we would anticipate the full increase to $1,435 per guest room, or $162,155.

HIGHEST AND BEST USE

Real estate is valued in terms of its highest and best use. The use that, over the long term, maximizes the return on an investment property represents the highest and best use. The public sector establishes the pool of possible uses; the imperfect real estate market determines the feasible, probable, and actual uses. The market, in terms of supply and demand, also influences those specific or typical uses that would be most needed in the area analyzed.

To properly analyze highest and best use, two determinations must be made. First, the highest and best use of the site as though vacant and available for use is made. Second, the highest and best use of the property as improved is analyzed and estimated. The highest and best use of the land as though vacant may be different from the highest and best use of the improved property. This may occur if the improvements contribute to the overall value of a property yet are deemed, in some manner, to be inappropriate. The highest and best use of the site as though vacant forms the basis for the Cost Approach. The highest and best use of the property as improved helps the appraiser select appropriate comparable properties from which the Sales Comparison and Income Capitalization Approaches can be developed.

The highest and best use of both land as vacant and property as improved must meet four criteria. Each is identified and described as follows:

1. **Physically Possible:** This criterion identifies those uses for which the subject site is physically suited. Factors such as size, shape, terrain, capacity and availability of public utilities, and soil conditions are particularly relevant in determining a highest and best use for land as though vacant as they affect its physical utility and adaptability. For improved properties, physical characteristics such as size, design, and condition of the improvements must also be analyzed.

2. **Legally Permissible:** This criterion concerns those uses that are physically possible and are permitted on the site. Legal permissibility depends on public and private restrictions, zoning, building codes, environmental regulations, and any other governmental laws and/or regulations that pertain to the property.

3. **Financially Feasible:** Alternative uses that are physically possible and legally permissible are then analyzed to determine which will produce an income or return equal to or greater than the amount needed to satisfy operating expenses, financial obligations, and capital amortization. All alternative uses anticipated to produce a positive return are regarded as financially feasible.

4. **Maximally Productive:** Among financially feasible uses, the use that produces the highest price or value consistent with the rate of return warranted by the market is the maximally productive use.

AS VACANT

The property being appraised consists of a 3.059-acre site. Analysis of site characteristics and nearby land uses indicates the subject could adequately support physical development. The property has available all utilities, including gas, with adequate capacity to support development.

The subject property is zoned PC (Planned Commercial), which permits a variety of commercial uses. With the current tepid economic conditions and little new construction it is likely that the subject site, if vacant, would remain fallow until such point in time when market conditions improve, or for long term hotel development given the approvals in place.

AS IMPROVED

The subject site is improved with a partially complete hotel shell that was last worked on in 2008/2010. The site has all entitlements to complete the hotel as proposed. As our analysis will indicate, the completion of the hotel is financially feasible at our estimate of market value of the shell and the maximally productive use of the property as presently approved.

VALUATION PROCEDURES

Appraisers estimate property value by applying specific appraisal procedures that reflect three distinct methods for analyzing data - Sales Comparison, Cost, and Income Capitalization. These traditional approaches are defined below:

> COST APPROACH - *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, including an entrepreneurial incentive, deducting depreciation from the total cost, and adding the estimated land value. 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.*
>
> SALES COMPARISON APPROACH - *A set of procedures in which a value indication is derived by comparing the property being appraised to similar properties that have been sold recently, then applying appropriate units of comparison and making adjustments to the sale prices of the comparables based on the elements of comparison. The sales comparison approach may be used to value improved properties, vacant land, or land being considered as though vacant; it is the most common and preferred method of land valuation when an adequate supply of comparable sales are available.*
>
> INCOME CAPITALIZATION APPROACH - *A set of procedures through which an appraiser derives a value indication for an income-producing property by converting its 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.*

Source: Appraisal Institute, *The Dictionary of Real Estate Appraisal,* 4th ed., s.v. “Cost Approach, Sales Comparison Approach, Income Capitalization Approach.” (Chicago: Appraisal Institute, 2002)

In the case of the subject property, the most likely purchaser would be an investor. The valuation procedures contained in this report attempt to replicate the analysis that a prospective purchaser would likely use.

The three traditional approaches to value, Cost, Sales Comparison, and Income Capitalization, have been considered in estimating market value for the subject property. Based upon available market data and the likely motivations of the typical purchaser, the Sales Comparison, and Income Capitalization Approaches are utilized in this appraisal.

The estimation of the market value of a property involves a systematic process in which the appraisal problem is defined; the work necessary to solve the problem is planned; trends at all market levels are examined; appropriate data is acquired, classified, verified, presented, and analyzed; pertinent techniques of the three approaches to value are applied; and a value conclusion is reconciled.

The Cost Approach has not been utilized within this appraisal report. The Cost Approach is typically used to test developer's cost estimates as well as to test the feasibility of developing the site with a proposed use. As noted, the subject site is improved with the shell of a hotel that has been fallow for over four years. The improvements were incomplete and have been exposed to the elements. Further, during the last several years the hotel market has softened in this region of the state resulting in considerable external or economic obsolescence. As such, the approach was not developed.

The Sales Comparison Approach was developed in this report. However, due to the low coefficient of comparability, the results of the approach could only be stated as a value range. The approach was given less weight in reconciling a final value estimate for the property.

The Income Capitalization Approach was developed in this report because market data and investor parameters were located from which to estimate a market value derived from pro forma income estimates. Further, the Income Capitalization Approach is considered a reliable approach for valuing properties, such as the subject that are incomplete. This method of valuation was given the greatest weight in our analysis of market value for the subject. The approach will be in the form of a discounted cash flow analysis which will account for the cost to complete and the cash flows through absorption, stabilization and a future reversion.

SALES COMPARISON APPROACH

The following chart summarizes the details of those sales considered most applicable in estimating market value for the subject real estate. A complete description of each sale is included on the following pages with a subsequent section including an analysis of adjustments for the elements of comparison. The primary unit of comparison relied upon in this section of the report is sale price per guest room.

These sales have been selected as each was acquired largely as redevelopment projects. As they differ in style, ranging between limited service and full service hotels, and none represented incomplete shells this analysis will only result in a general value range and has been given less weight in reconciling a final value estimate for the subject.

Recapitulation of Hotel Sales

No.	Address	Date of Sale	Sale Price	Land Area	GBA	Age	Guest Rooms	SP/Key
1	Former Radisson 35 Governor Winthrop Boulevard New London, CT	Jun-11	$3,707,000	2.391	95,846	1987	120	$30,892
2	Former Danbury Plaza 18 Old Ridgebury Road Danbury, CT	Nov-10	$5,100,000	7.238	184,258	1980	242	$21,074
3	Former Radisson 1 Bright Meadow Boulevard Enfield, CT	Sep-09	$5,500,000	10.03	118,754	1975	176	$31,250
4	Former Days Inn 333 Roberts Street East Hartford, CT	Mar-09	$2,800,000	2.23	37,902	1989	103	$27,184
	Subject **154 Salem Turnpike** **Norwich, CT**			**3.1**	**72,758**	**2007**	**113**	

IMPROVED SALE 1

File Number	10709
Property Name	Former Radisson Hotel
Location/Address	35 Governor Winthrop Boulevard, New London, Connecticut
Grantor	PNL I, L.P. c/o The Procaccianti Group, 1140 Reservoir Avenue, Cranston, RI
Grantee	J and H Hospitality LLC
Date of Sale	June 30, 2011
Reference	Quit Claim Deed, Volume 1933, Page 59
Recorded Sale Price	$3,707,000
Prop. Rights Conveyed	Fee simple going concern

Land Data:

Zone	CBD2, Central Business District 2
Land Area	2.391 acres
Shape	Rectangular
Topography	Level
Utilities	Water, Sewer, Natural Gas and Electricity
Parking/Spaces/Key	141 surface parking spaces, or 1.1 spaces per guest room
Access/Visibility	The sale property consists of virtually the entire block between Governor Winthrop Boulevard (2 curb cuts), Meridian Street (3 curb cuts), Federal Street (1 curb cut) and Union Street. The property has excellent local access and visibility in downtown. Regional access via Route 32 and Interstate 95 is considered good, although the hotel is not visibly from the main thoroughfare.
Excess Land	None
Comments	The site exhibits good characteristics for dense urban development.

Building Characteristics:

Use	120 room full service hotel
Gross Building Area	95,846 square feet
Year Built	1987
No. Stories	5 Stories
Structure	Steel and masonry framing
Interior Corridors	Yes
Exterior Walls	Brick and Stucco
Interior Finish	The interior finish was said to be dated at the time of sale and within months of acquisition the hotel was under extensive renovations, both interior and exterior, to reflag the hotel as a Holiday Inn.
F&B/Banquet	Yes
HVAC	Central forced air in the common areas and individual PTAC units in each guest room
Elevator Service	Yes
Fire Protection	Full wet sprinkler system
Amenities	The hotel has an indoor pool and a fitness facility, and offers complimentary wireless Internet access. Business amenities include a business center and business services. The hotel has a restaurant and a bar/lounge. Room service is available during limited hours. Guest parking is complimentary.
Quality/Condition	The hotel was formerly the Radisson Hotel, which subsequent to

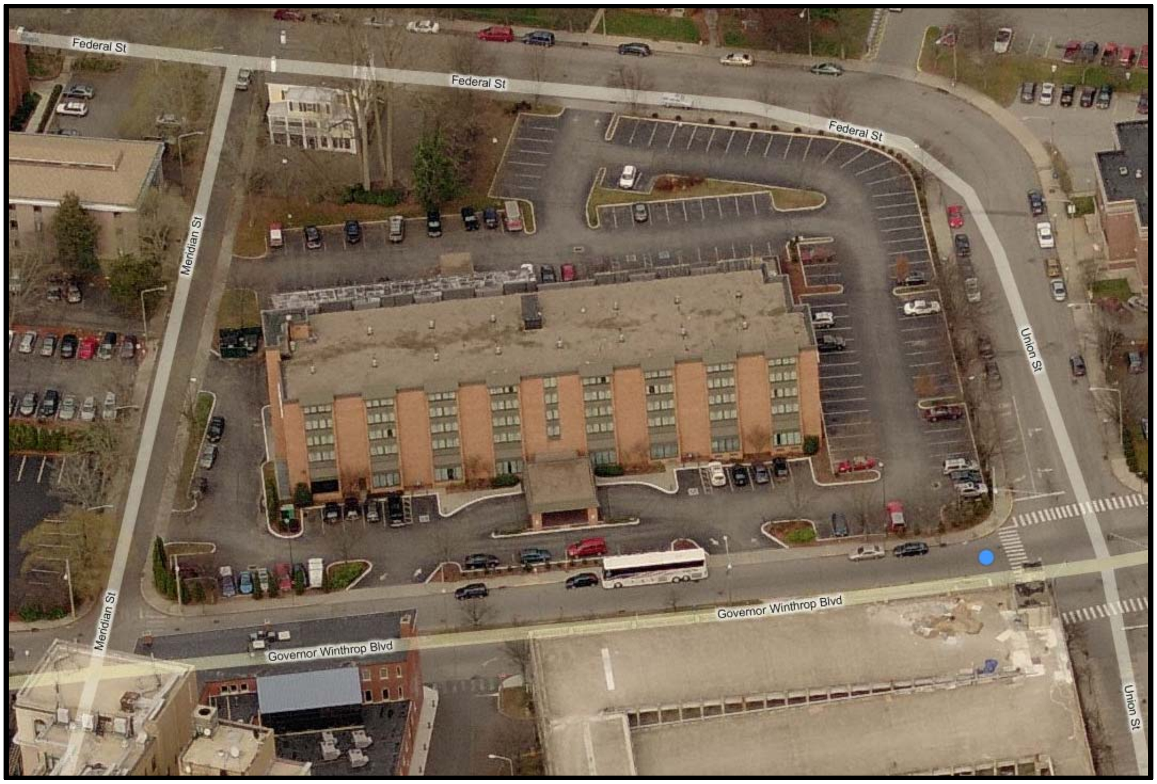
	acquisition was dropped and the facility has since been operated independently as the New London Plaza Hotel. In late 2011 renovations began to convert the facility to a Holiday Inn. These renovations should be completed in 2012. The renovations are extensive including all new interior finish, repaired exterior, new lobby and all new FF&E. The hotel was essentially acquired as a shell building. Overall, the quality of the building was fair to average and the condition was considered dated and fair.
Functional Utility	Adequate
Comments	The hotel was largely acquired as a shell building to be repositioned in the marketplace. The purchase price included all FF&E.

Comments:

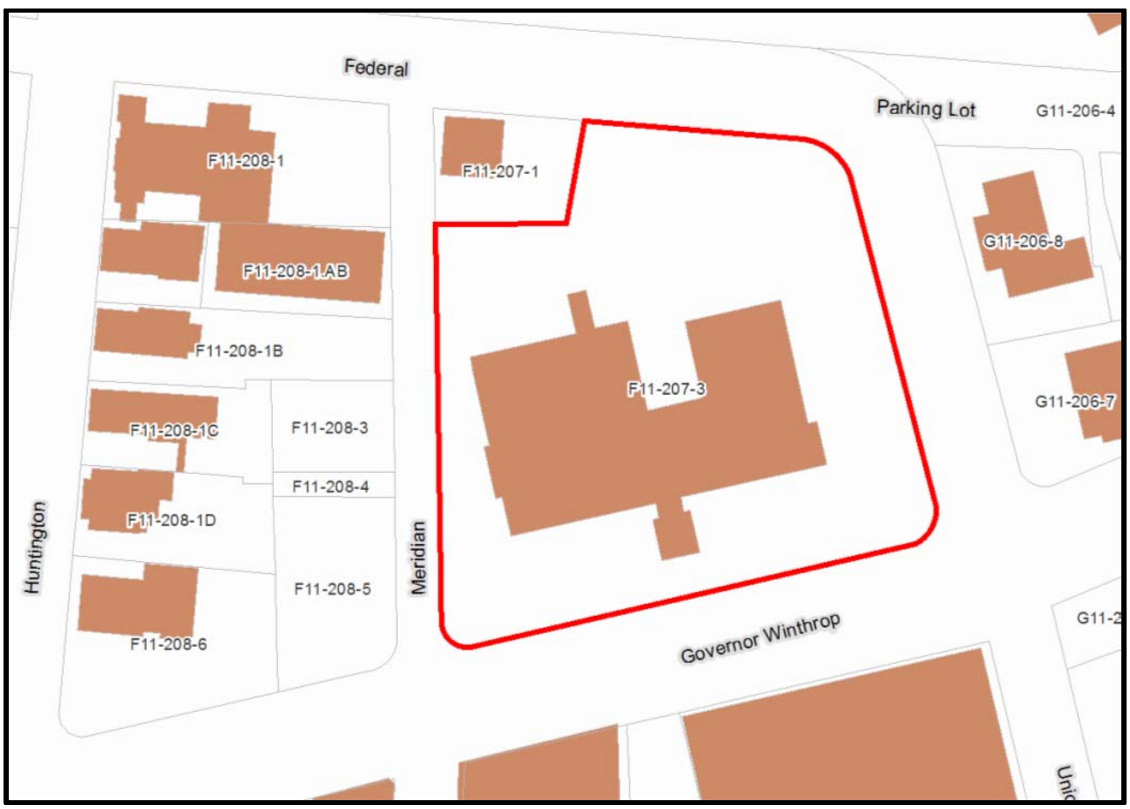
Verification Source	Representative of the grantee
Conditions of Sale	Arm's length between unrelated parties
Marketing Time	Over 6 months
ADR	Undisclosed and considered irrelevant to acquisition
OCC	Undisclosed and considered irrelevant to acquisition
Net Income	Undisclosed
Capitalization Rate	Not Applicable
Esmts./Restrictions	None that adversely impact the utility of the property for its intended and existing use

Financing: 100% financed through an SBA loan

Sale Price/Key	$30,892
Sale Price/Sq. Ft. of GBA	$38.68
Land-to-Building Area Ratio	1.09:1



35 Governor Winthrop Boulevard, New London, Connecticut - Aerial Photograph



Location Map

IMPROVED SALE 2

Glossary No.	8799
Property Name	The Danbury Plaza, formerly a Sheraton hotel
Location/Address	18 Old Ridgebury Road, Danbury, Connecticut
Grantor	PHF II Danbury LLC, a subsidiary of Pyramid Hotel Group
Grantee	Danbury Plaza Hotel LLC, a subsidiary of Jesta Capital Group
Date of Sale	November 3, 2010
Recorded Sale Price	$5,100,000
Reference	Warranty Deed: Volume 2111, Page 618
Prop. Rights Conveyed	Fee simple

Land Data:

Zone	CA-80, Arterial Commercial District
Land Area	315,374 square feet, or 7.238 acres
Frontage	354± feet on the east side of Old Ridgebury Road 450± feet along an on-ramp at Exit 2 of Interstate Route 84 696± feet on the south side of Interstate Route 84
Shape	Irregular
Topography	The westerly portion of the site (land along Old Ridgebury Road) is level at street grade. The property then slopes downward toward the east where it becomes level with the abutting interstate highway.
Utilities	Water [Y], Sewer [Y], Gas [Y], Elec. [Y], Phone [Y]
Parking	Adequate surface parking; paved parking areas total approximately 135,000 square feet
Access/Visibility	The hotel is located adjacent to a full interchange with Interstate Route 84. An off-ramp at this interchange provides direct access to the property, which is accessed via a curb cut on Old Ridgebury Road. The site has excellent visibility from neighborhood streets and the abutting thoroughfare.
Other Site Impr.	In addition to the building and the parking areas, site improvements include exterior lighting, concrete sidewalks, and good quality landscaping.
Excess Land	None noted

Building Characteristics:

Use	Full-service hotel
Rooms	242
Gross Building Area	184,258 square feet
Basement	Partial basement contains approximately 14,580 square feet
Year Built	1979/1980
No. Stories	10 stories
Structure	Structural steel frame construction
Exterior Walls	Commercial face brick
Floor Height	10’ average floor height
Interior Finished	Typical hotel finishes including wall-to-wall carpeting, papered walls, and painted ceilings. In addition to queen or double beds, room amenities include a standard size TV, a coffee pot, a work desk with lamp, a telephone, data port, and a clock radio.

HVAC	All rooms and common areas are heated/cooled via roof-mounted HVAC units it is noted that individual PTAC units were being installed with the renovation of the hotel to control energy costs.
Fire Protection	A full wet sprinkler system
Elevators	4, 10-stop passenger elevators with 2,500 lb. capacity; 1, 3-stop freight elevator with 3,000 lb. capacity
Quality/Condition	Average quality with fair to average condition; the hotel is undergoing a significant upgrade required to reposition the hotel as a Crowne Plaza hotel.
Functional Utility	The building was designed as a full-service hotel. The floor plan is functional with a central core lobby, banquet rooms and a restaurant located on the first floor and rooms located on the second through tenth floors of the building.
Hotel Amenities	Banquet facilities, meeting rooms, restaurant, an indoor pool, and a fitness room

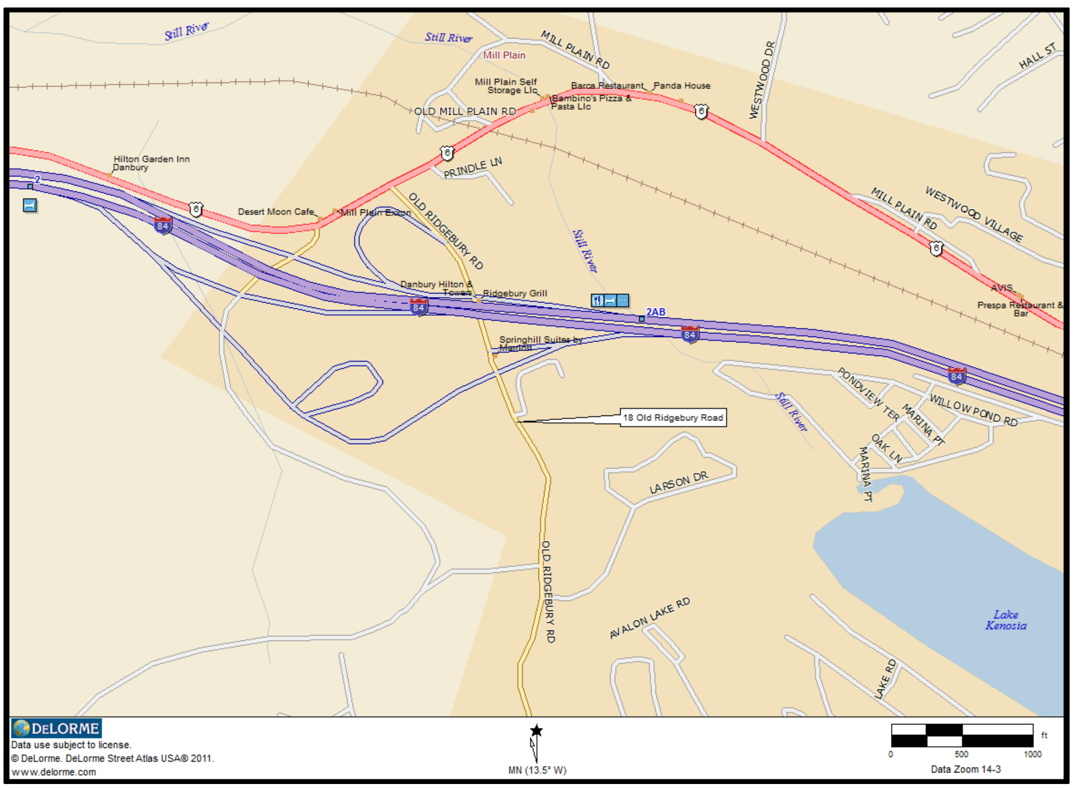
Comments:

Verification Source	Representative of the grantee
Conditions of Sale	Arm's length sale
Marketing Time	Unknown
Occupancy at Sale	Reported to be less than 60%
Net Income	Not available
Capitalization Rate	Not available
Comments	This hotel was last acquired in 2006 in a portfolio transaction at a recorded price of $18,500,000. The hotel lost its flag as a Sheraton Hotel and was then converted to The Danbury Plaza, operating as an independent facility. The current buyer has secured the Crowne Plaza flag and is in the process of completing extensive renovations as a condition of the franchise agreement.

Financing: Cash to seller; no financing terms were recorded in the Danbury land records

Sale Price/Room	$21,074
Sale Price/Sq. Ft. of GBA	$27.68
Development Density	33.4 Rooms/Acre

18 Old Ridgebury Road, Danbury, Connecticut



Location Map

IMPROVED SALE 3

Glossary No.	10686
Property Name	Crowne Plaza (Former Radisson)
Location/Address	1 Bright Meadow Boulevard, Enfield, Connecticut
Grantor	Imperial Hotel Group LLC
Grantee	Welcome Enfield, LLC
Date of Sale	September 4, 2009
Sale Price	$5,500,000
Reference	Volume 2495, Page 4041, Warranty Deed
Prop. Rights Conveyed	Going concern

Land Data:

Zone	BR, Business Regional
Land Area	436,907 square feet, or 10.03 acres
Frontage	738.06 linear feet along the east side of Bright Meadow Boulevard
Shape	Irregular
Topography	Undulating
Utilities	Water [Y], Sewer [Y], Gas [Y], Elec. [Y], Phone [Y]
Parking	298± parking spaces; 1.6 spaces per guest room
Access/Visibility	Access is considered excellent being situated at a full interchange of Interstate 84.
Other Site Impr.	In addition to the building and the parking areas, site improvements include exterior lighting, two full tennis courts, a volleyball court, an outdoor in-ground swimming pool and good quality landscaping.
Excess Land	None
Comments	The hotel is located in Enfield, just south of the Massachusetts border. It is a fairly remote hotel for both the downtown Springfield market and the Greater Hartford market. While at a slight competitive disadvantage over locations proximate to Bradley International Airport it does enjoy excellent highway access.

Building Characteristics:

Use	Full service hotel
Gross Building Area	118,754 square feet
Guest Rooms	176
Basement	None
Year Built	1975
No. Stories	6 story lodging facility with a one-story banquet facility
Structure	Masonry
Exterior Walls	Poured concrete, E.I.F.S. and brick
Interior	The hotel had been renovated in 2005 to the specifications of Crowne Plaza, but required upgrades to conform to the higher standards of Holiday Inn. The upgrades were said to be generally cosmetic with upgrades in FF&E and required no structural changes.
HVAC	Packaged rooftop heating and cooling for common areas and individual PTAC units for the guest rooms

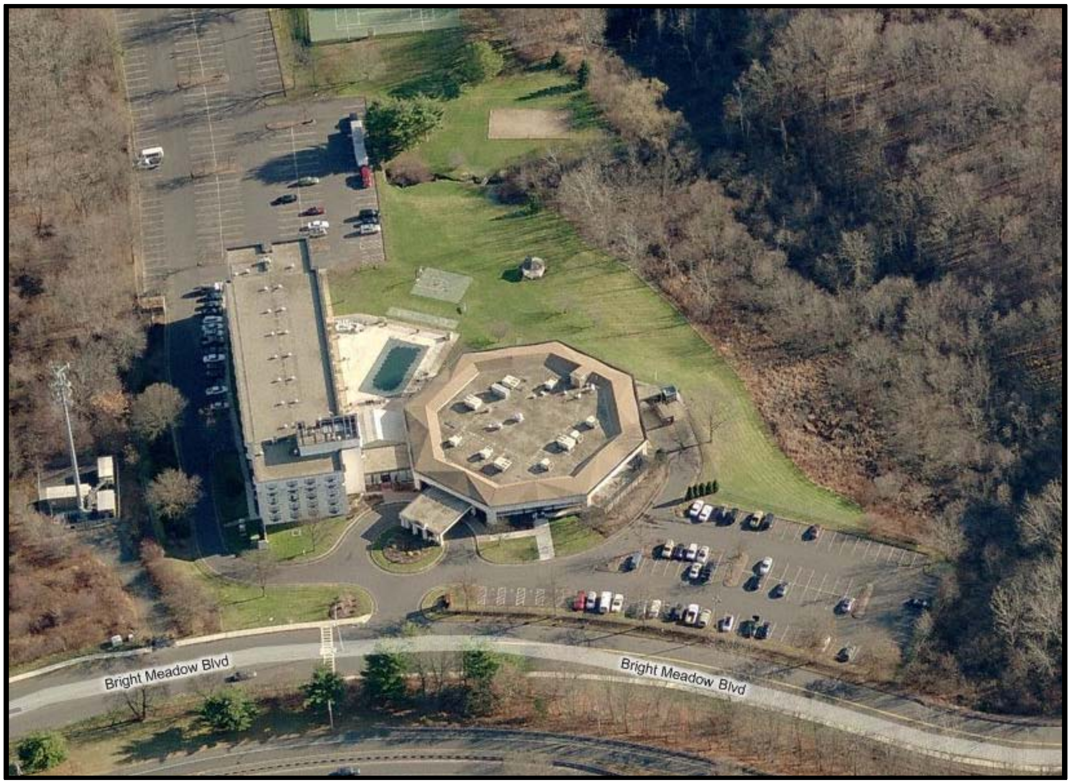
Electric	Assumed adequate for the long term use as a hotel
Fire Protection	Full wet sprinkler system
Quality/Condition	The hotel was renovated in 2005 when it was converted to a Crowne Plaza hotel. The buyers incurred significant costs to upgrade the facility to bring the hotel to the higher standards of a Holiday Inn.
Functional Utility	Good

Comments:

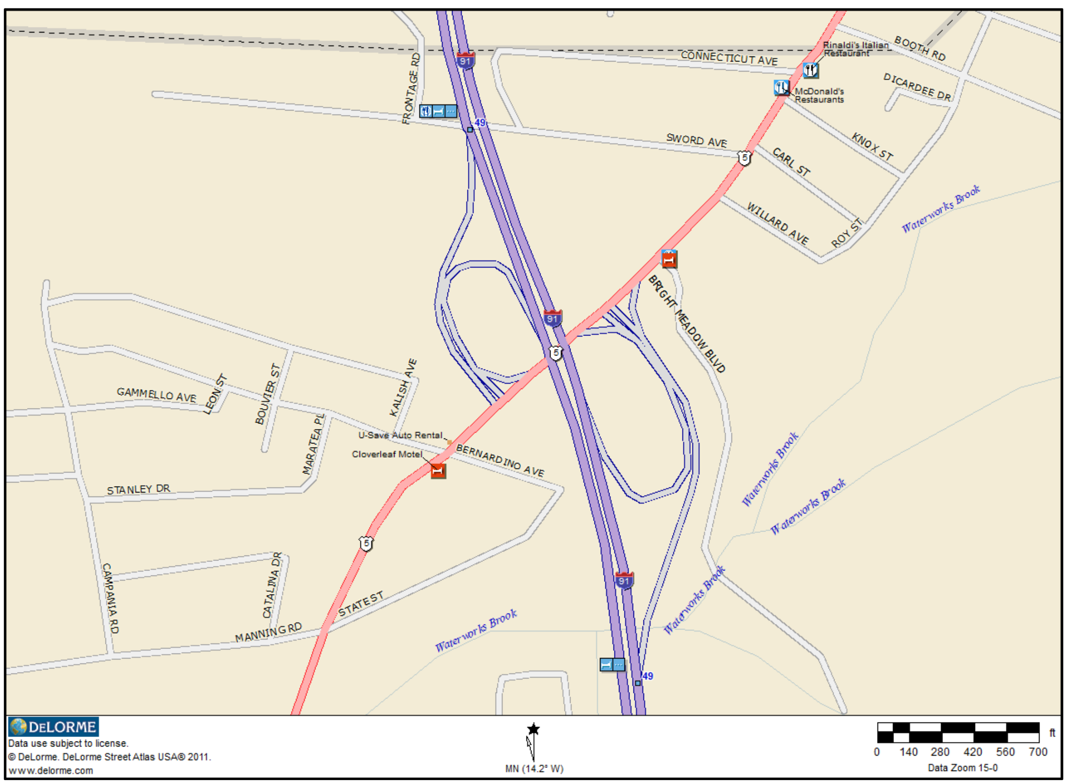
Verification Source	The grantor, Victor Antico
Conditions of Sale	Arm's length, marketed for roughly one year
Marketing Time	12 months
Occupancy at Sale	56.2% with an ADR of $76.28
Other Issues	The hotel was said to have been generating a loss after debt service of roughly $200,000 per year, but was generating positive income before depreciation and debt service. The buyer reportedly spent $9,200 per room in renovation costs.
Revenue	Room Revenue of $,2,756,000, Other Income of $116,600 with $1,099,000 and Food and Beverage Income for a total revenue of $3,971,600 for the trailing 12 months prior to sale; this is equivalent to $22,566 per guest room

Financing: Acquisition and renovation costs funded by New England Bank at market rates and terms. While the loan amount equaled the purchases price, the buyer had agreed to infuse considerable equity into the property to renovate and reposition the asset.

Sale Price/Guest Room	$31,250
Sale Price/Sq. Ft. of GBA	$46.31
Land-to-Building Area Ratio	3.679:1



1 Bright Meadow Boulevard, Enfield, Connecticut - Aerial Photograph



Location Map

IMPROVED SALE 4

Glossary No.	10413
Property Name	Days Inn
Location/Address	333 Roberts Street, East Hartford, Connecticut
Grantor	AUM Realty, L.L.C.
Grantee	Satyam Realty, LLC
Date of Sale	March 6, 2009
Sale Price	$2,800,000
Reference	Volume 3079, Page 334, Warranty Deed
Prop. Rights Conveyed	Fee simple going concern

Land Data:

Zone	B-3 (Business 3 Zone)
Land Area	96,981 square feet, or 2.23 acres
Frontage	278.05 feet on the southerly side of Roberts Street 477.99 feet on the east side of Simmons Road 177.40 feet along vacant land fronting Interstate Route 84
Shape	Generally rectangular
Topography	Level at street grade
Utilities	Water [Y], Sewer [Y], Gas [Y], Elec. [Y], Phone [Y]
Parking	Adequate on-site surface parking spaces; paved area totals approximately 48,000 square feet
Access/Visibility	Access is considered good, with one curb cut on the southerly side of Roberts Street. This site also enjoys good regional access being proximate to a full interchange with Interstate Route 84. Visibility is excellent given its unobstructed location at the intersection of Roberts Street and Simmons Road. In addition, the site has 177.40 feet of non-access frontage along Interstate Route 84, and is visible from this highway.
Other Site Impr.	In addition to the building and the parking areas, site improvements include exterior lighting, concrete curbing and walkways, perimeter fencing along the southern property line, and average quality landscaping.
Excess Land	None noted

Building Characteristics:

Use	Limited-service hotel
Guest Rooms	103
Gross Building Area	37,902 square feet
Basement	None
Year Built	1989
No. Stories	Four stories
Structure	Masonry and wood frame construction
Exterior Walls	Brick
Interior Finish	Average quality finishes included, wall to wall carpeting, painted or papered walls, and painted ceilings, and furnishing are standard for the market. Each room has a three-fixture bathroom with sink, toilet.
HVAC	Individual, wall mounted electric forced warm and cold air systems in each guest room.

Fire Protection	The building is equipped with a full wet sprinkler system.
Quality/Condition	Average/Fair
Functional Utility	Good; the building has a conventional oblong design with a lobby and reception area and guest rooms on the first floor. The upper levels are designated sleeping areas and consist of a central corridor with guest rooms on either side. Access to the upper levels is from either stairwells situated on the end-caps or a four-stop elevator located in the center of the building.

Comments:

Verification Source	Property manager and broker
Conditions of Sale	Arm's length
Marketing Time	12 months minimum
Occupancy at Sale	Not available
Room Revenue	Not available
Net Income	Not available
Capitalization Rate	Not available
Comments	According to the broker, the facility was in fair condition as of the sale date. The property was purchased largely as a shell for repositioning in the market and was not purchased by any fiscal unit of measurement. The hotel was reportedly fully renovated subsequent to acquisition with a capital budget of over $15,000 per guest room. This included replacement of FF&E where necessary and renovations to the exterior and interior common areas.
Easements/Restrictions	None that adversely impact the utility of the property for its existing use.

Financing: Collinsville Savings Society with a loan of $1,960,000 amortized over 20 years at an interest rate of 6.75% fixed for five years.

Sale Price	$2,800,000
Sale Price/Room	$27,184
Density of Development	46.19 rooms/acre

333 Roberts Street, East Hartford, CT

Location Map

ADJUSTMENTS TO IMPROVED SALE DATA

Sale 1 represents the transfer of the former Radisson Hotel in downtown New London. The hotel transferred in June 2011 for the consideration of $30,892 per guest room. While it was shortly run as an independent hotel, the buyer's intent was to fully renovate the hotel to the standards of a full service Holiday Inn. The repairs included complete renovations to the interior and exterior of the building. Generally, the site work was in fairly good condition. While the building is much older than the subject, it was also in superior condition given that all of the interior and mechanicals were in place at the time of sale, noting that even the guest room PTAC units were replaced. With the anticipation of a similar level of occupancy and rate at this hotel, the unit price of this sale would be adjusted downward considerably given the amount of capital necessary to finish the subject.

Sale 2 represents the transfer of a full service hotel in Danbury, Connecticut. This property was said to have been available for sale for in excess of 10 months with marketing having begun prior to the date of valuation with the closing haven taken place in November of 2010. The purchase price was confirmed at $21,074 per guest room. A slight upward adjustment to the unit price would be warranted to account for a slight improvement in the market between the date of valuation and date of sale. In terms of location, the property is located at a full interchange of Interstate 84 with visibility from this highway. It is also located in Fairfield County where land values are typically higher than eastern Connecticut. The hotel is also proximate to a large corporate office and industrial park off Old Ridgebury Road and Briar Ridge Road. However, the Danbury market is saturated with hotel rooms, a condition shared in the subject market, therefore overall a downward adjustment for location is warranted. In terms of physical conditions, the sale property contains far more guest rooms and therefore, the unit price would be adjusted upward for size. In terms of overall condition, the sale property required significant capital infusion to secure the Crowne Plaza flag and to reposition the property more competitively in the market. While the building is much older than the subject it was in superior condition overall with a finished shell, interior partitioning and mechanical systems in place. Overall, the unit price indicated by this sale would be adjusted downward considerably in comparison to the subject given the cost to renovate and the expectations of relatively low occupancy.

Sale 3 represents the transfer of a full service hotel in Hartford County. This 176 room hotel, formerly flagged as a Radisson, sold in September 2009 for the consideration of $31,250 per guest room. A slight upward adjustment to account for a slight improvement in market conditions is warranted. In terms of location, the sale property is situated at a full interchange of Interstate 91 between Bradley International Airport and Springfield, Massachusetts. It is also proximate to corporate offices of MassMutual Insurance Company. In terms of linkages, both the sale and the subject enjoy locations with access to a full interchange of a limited access highway with nearby demand generators. Also like the subject location, the market in northern Hartford County is saturated with hotel rooms of all levels of quality and therefore, no adjustment is warranted. In terms of physical characteristics, the sale property required renovations to accommodate the higher standards of Holiday Inn, although, no structural changes were required. Again, a significant downward adjustment is appropriate in light of the costs to finish the subject.

Sale 4 represents the transfer of a limited service hotel in East Hartford, Connecticut. This 103 room hotel transferred in March of 2009 for the consideration of $27,184 per guest room. A slight upward adjustment to account for a slight improvement in market conditions is warranted. This hotel is located along Interstate 84 with excellent visibility and access to and from this highway. The buyers placed little emphasis on the financial performance of the hotel although it had been generating a net loss in the years prior to the sale. Once again, a considerable downward adjustment to account for the superior condition of the building is required.

It should also be noted that for each sale, the hotels were able to operate through the renovations. While occupancy and rates may have been sacrificed, the hotels were at least able to generate some cash flows and a quicker recovery to stabilized occupancy. Obviously, given the condition of the building improvements this benefit will not be provided the subject. A downward adjustment to each sale for this economic benefit is warranted.

CONCLUSION

Based upon an analysis of the preceding sale data, our opinion is that the subject property has a market value ranging between $10,000 and $15,000 per guest room indicating a value range of between $1,100,000 and $1,700,000.

VALUE RANGE INDICATED VIA
SALES COMPARISON APPROACH .... $1,100,000 to $1,700,000

INCOME CAPITALIZATION APPROACH

REVENUES

The statements for the subject follow the Uniform System of Accounts for the Lodging Industry, which is a standardized format and account classification for the lodging industry. We will estimate the cash flow for the property using the Uniform System of Accounts, making only broad comparisons to the subject cash flow statements when possible.

The sources of income for the subject property include room rentals, food and beverage income, telephone charges, and miscellaneous revenues from incidental operations including meeting room rental revenue, vending machines and guest laundry among other minor sources. Offsetting the revenues are departmental expenses; undistributed operating expenses such as administrative costs, marketing, repairs and maintenance, utilities, management, and franchise fees; and fixed expenses such as real estate taxes, insurance and reserves. Each source of revenue and each general category of expenses will be analyzed, compared to other operating data from similar facilities and a budget will be set forth in determining the pro forma cash flow for the subject. This follows a similar process completed by any potential investor in the marketplace in establishing a transaction price.

ESTIMATION OF ROOM REVENUE

Average daily rates (ADRs) and occupancy (or occupied room nights) are the basis for an estimate of room revenue in any single operating year. The following analysis presumes a 365-day calendar year with 113 available guest rooms.

Average Daily Rate: The estimate of an ADR considers fluctuations in rack rates due to seasonal fluctuations in occupancy, corporate or group discounts, promotions, length of stay, and room type. In order to estimate a pro forma ADR for the subject property, we have reviewed the owner's pro forma as tested against historic operating data for the central Connecticut lodging market. These operating trends were presented within the *Hospitality Market Overview* section of the report.

For the purpose of this analysis we have projected the ADR for the first fiscal year at $120.00, increasing by 2.5% per annum.

Occupancy: Based upon our analysis of the hotel market considering we have estimated Year 1 occupancy at 48% increasing to 55% in Year 2 then stabilizing at 60% in Year 3.

MINOR OPERATED DEPARTMENTS

Other Revenue from minor operated departments may include income from guest laundry, vending machines, gift shops, and other ancillary services such as a fax machine, or valet parking. For the purpose of this analysis this other minor operating income has been estimated at $1.50 per guest room per night and was inflated at 2.5% per annum.

Telephone Revenue was once considered a profit center and was therefore included as a full department on most income and expense reports. However in the past decade, this department has largely become nothing more than an expense for a hotel with nominal revenues. Telephones are largely offered as a service of last resort as most people now use cellular phones when traveling. For the purpose of this report we have estimated revenues at $0.20 per guest room per night. This unit amount was also inflated at 2.5% per annum.

EXPENSES

In order to estimate the operating expenses of the proposed subject hotel we have used, as a standard source, the 2012 HOST Report prepared by Smith Travel Research. In addition, we have also used market extracted expense data from known limited-service lodging facilities that our office has appraised. It is noted that the subject hotel would be considered a limited service hotel.

	Total U.S.			New England	New England	Upscale **	Upscale***
Occupancy (of Sample)		70.0%		71.9%	71.9%	72.2%	72.2%
Average Size Of Property (Rooms)		114		114	114	119	119
Average Daily Rate		$89.85		$96.58	$96.58	$123.98	$123.98
	Ratio to Sales	**Per Available Room**	**Per Occupied Room Night**	**Ratio to Sales**	**Per Occupied Room Night**	**Ratio to Sales**	**Per Available Room**
REVENUE							
Rooms	96.7%	$22,841	$89.85	97.0%	$96.58	95.8%	$32,270
Food	–	–	–	–	–	–	–
Beverage	–	–	–	–	–	–	–
Other Food & Beverage	–	–	–	–	–	–	–
Telecommunications	0.2	41	0.16	0.2	0.15	0.2	60
Other Operated Departments	1.5	357	1.4	1.7	1.72	2.1	697
Rentals & Other Income	1.7	392	1.54	1.1	1.07	1.9	648
Cancellation Fee	0.0	5	0.02	0.0	0.02	0.0	4
Total Revenue	100.0%	$23,636	$92.97	100.0%	$99.54	100.0%	$33,679
DEPARTMENTAL EXPENSES							
Rooms	24.3%	$5,561	$21.88	23.0%	$22.25	23.7%	$7,659
Food & Beverage	–	–	–	–	–	–	–
Telecommunications	390.8	162	0.64	409.6	0.63	292.8	176
Other Operated Depts & Rentals	1.5	360	1.42	1.4	1.42	2.0	683
Total Departmental Expenses	25.7%	$6,083	$23.94	24.4%	$24.30	25.3%	$8,518
Total Departmental Profit	74.3%	$17,553	$69.03	75.6%	$75.24	74.7%	$25,161
UNDISTRIBUTED OPERATING EXPENSES							
Administrative & General	9.3%	$2,188	$8.61	9.3%	$9.28	8.8%	$2,970
Marketing	5.7	1,350	5.31	5.5	5.49	6.7	2,265
Utility Costs	5.3	1,248	4.91	6.6	6.58	4.4	1,476
Property Operations & Maintenance	5.3	1,250	4.92	5.3	5.32	4.7	1,587
Total Undistributed Operating Expenses	25.5%	$6,036	$23.75	26.8%	$26.67	24.6%	$8,298
GROSS OPERATING PROFIT	**48.8%**	**$11,517**	**$45.28**	**48.8%**	**$48.57**	**50.1%**	**$16,863**
Franchise Fees (Royalty)	3.0	715	2.81	2.8	$2.79	3.6	$1,203
Management Fees	3.1%	$727	$2.86	3.0%	$3.02	3.5%	$1,183
INCOME BEFORE FIXED CHARGES	**42.6%**	**$10,075**	**$39.61**	**43.0%**	**$42.76**	**43.0%**	**$14,477**
Selected Fixed Charges							
Property Taxes	4.9%	$1,157	$4.55	5.6%	$5.54	4.5%	$1,499
Insurance	1.2	276	1.09	0.9	0.91	0.9	291
Reserve For Capital Replacement	1.9	452	1.78	2.5	$2.52	2.4	$816
AMOUNT AVAILABLE FOR DEBT SERVICE & OTHER FIXED CHARGES*	**34.6%**	**$8,190**	**$32.19**	**34.0%**	**$33.79**	**35.2%**	**$11,871**

Source: Host Study 2012

Departmental Expenses: These expenses generally include those costs attributed directly to the rooms, telephone, and other operations.

Rooms Expense: This category accounts for housekeeping, sales tax, linens and supplies and other direct expenses applicable to room occupancy. We have found through reviewing actual operating expenses for comparable hotels in the market, as well as, industry standards that room expenses generally range from 24% to 27% of rooms revenue. STR reports typical Rooms Expense for limited service hotels ranges between 23% and 24.3% of total room revenues. The rooms expense for upscale hotels is within this range at 23.7%. Assuming market conditions prevail and considering that we anticipate the new facility to have an above average ADR, we have estimated the expense ratio at 23%.

Telephone Expenses: This expense varies widely among hotels. For the purpose of this report we have estimated the expense at 500% of telephone revenue.

Other Departmental Expenses: We have estimated this expense at roughly 25% of this source of revenue to include the purchase of food & beverages for continental breakfast at a minimum.

Undistributed Expenses: These generally include expenses for administration and general operation, marketing, franchise fees, utilities, property operations and maintenance, and management. These expenses are generally attributable to and necessary for the operation of the facility regardless of occupancy.

- *Administrative Expense* generally ranges between 7% and 9% of total revenue or between $1,700 and $2,500 per available room. A Hampton Inn in Hartford County reported an administrative expense of $254,300 in 2011 which amounted to 8.4% of total revenue or $2,102 per available room. The revenue per available room in this instance was below the projected revenue for the subject and therefore, we would anticipate that as a percentage of total revenue, the subject should operate below this level. For the purpose of this report we have estimated the expense at 8.0% of total revenue.
- *Marketing Expense*, to exclude franchise marketing, has been estimated at 3% of total revenue. This is in addition to the 4% marketing fee included in the franchise fee.
- *Utility Expenses*, to include electricity, heat and air conditioning as well as water and sewer charges has been estimated at $7.00 per room night.
- *Property Operations and Maintenance* has been estimated at 4.0% of total revenue. This expense typically ranges between 4.5% and 5% of total revenue for older facilities. Given that the subject will be in new condition, maintenance in the first five years should be below average.
- *Franchise Fee*: We have reviewed the franchise agreement for the subject hotel and have used the total franchise fee stated in the agreement of 10% of total room revenue; this includes a marketing charge of 4%.

Fixed Expenses: Fixed expenses include taxes and insurance, professional fees and a reserve allocation for the repair or replacement of short-lived structural components. Fixed expenses are estimated as follows:

- The insurance cost has been estimated at 1.0% of total revenues. This is consistent with market standards which show a ratio of 0.9% to 1.2% of total revenue.
- Real estate taxes have been estimated at $85,000 in Year 1 then increased in Year 2 to $162,855 and then inflated at 2.5% per annum thereafter. Personal property taxes are estimated at $8,500 per year which is reasonable for a new limited service hotel.

- Reserves for replacement is a non-cash allocation to account for the need for capital replacement of short-lived items. The allocation of 4% is an industry standard supported by empirical market data. It is noted that reserves are generally not reported for the Host Study and therefore, the median figures are typically below market standards.

Cost To Complete: Winston Hospitality has estimated the total cost to complete the hotel at $7,906,141. This includes $5,044,141 in hard costs, $407,000 in site work, $1,885,000 for FF&E, and $570,000 for future soft costs. We have reviewed these costs and analyzed market data to arrive at our estimates.

In order to estimate the cost to complete the subject building, a comparative cost analysis is developed using information obtained from the *Marshall Valuation Service* cost guide. *Marshall Valuation Service* is an authoritative guide for developing replacement costs for buildings and other improvements. The replacement cost new (RCN) of a building shell represents the total cost of construction required to replace the improvements with a substitute having similar utility as the subject.

The chart of budgeted operating costs presented on below were also used to determine the cost to complete and to test the reasonableness of the subject developer's pro forma budget.

The occupancy code selected within the MVS Commercial Cost Estimator was an above average quality Class C shell for limited service hotel. Since the shell cost estimate does include common area finish at 5% of the total cost, an adjustment has been made to account for this finish. The finished *shell building* cost estimate, using the Marshall & Swift Cost Estimator, was $5,435,023 ($48,098 per guest room).

2011	Building & Site Improvments	Soft Costs	FF&E	Pre Opening	Total
Average	$79,100	$13,200	$12,400	$3,800	$120,800
Median	$65,200	$10,400	$11,600	$3,000	$103,600

Source: HVS Hotel Development Cost Survey 2011/2012

BUDGETED HOTEL DEVELOPMENT COSTS

General Location	Hartford County			Hartford County			New London County		
Hotel	**Mid-Price, All Suite Hotel**			**Upscale, All Suite Hotel**			**Mid-Price, Select Service Hotel**		
Budget Year	2007			2006			2006		
GBA (Sq. Ft.)	69,032			107,635			78,896		
Amenities	PL, FT, MT, BC			PL, FT, BT/MT, LG, RT, BC			PL, FT, BT/MT, LG, RT, BC		
Land Area (Acres)	2.58			2.49			5.26		
	Total	$/Room	$/Sq. Ft.	Total	$/Room	$/Sq. Ft.	Total	$/Room	$/Sq. Ft.
Hard Costs	$8,562,999	$71,958	$124.04	$10,929,316	$80,363	$101.54	$8,715,000	$68,086	$110.46
Soft Costs	$2,282,305	$19,179	$33.06	$2,132,000	$15,676	$19.81	$2,122,500	$16,582	$26.90
Site Work	$585,815	$4,923	$8.49	$539,500	$3,967	$5.01	$1,000,000	$7,813	$12.67
FF&E	$2,076,040	$17,446	$30.07	$1,904,000	$14,000	$17.69	$1,500,000	$11,719	$19.01
Total Costs (excluding land)	**$13,507,159**	**$113,506**	**$195.67**	**$15,504,816**	**$114,006**	**$144.05**	**$13,337,500**	**$104,199**	**$169.05**

General Location	New Haven County			Hartford County			New London County		
Hotel	**Mid-Price, Select Service Hotel**			**Mid-Price, Limitd Service Hotel**			**Upscale, Select Service Hotel**		
Budget Year	2006			2008			2008		
GBA (Sq. Ft.)	93,205			71,874			107,416		
Amenities	PL, FT, BT/MT, LG, RT, BC			PL, FT, BT/MT, LG, BC			PL, FT, BT/MT, LG, BC		
Land Area (Acres)	5.48			3.39			5.60		
	Total	$/Room	$/Sq. Ft.	Total	$/Room	$/Sq. Ft.	Total	$/Room	$/Sq. Ft.
Hard Costs	$10,039,000	$72,223	$107.71	$12,000,000	$99,174	$166.96	$12,372,757	$70,300	$115.19
Soft Costs	$2,784,000	$20,029	$29.87	$ 1,315,625	$10,873	$18.30	$ 4,222,040	$23,989	$39.31
Site Work	$900,000	$6,475	$9.66	$0	$0	$0.00	$1,250,000	$7,102	$11.64
FF&E	$1,946,000	$14,000	$20.88	$1,210,000	$10,000	$16.84	$2,850,000	$16,193	$26.53
Total Costs (excluding land)	**$15,669,000**	**$112,727**	**$168.11**	**$14,525,625**	**$120,046**	**$202.10**	**$20,694,797**	**$117,584**	**$192.66**

Hard Costs: We have reviewed cost budgets for six hotels (see table above) and have typically found total hard costs and site work costs to range between $75,000 and $99,000 per guest room. The high cost being a hotel that required pilings. Typically the costs were between $75,000 and $85,000 per guest room. Just hard costs for the buildings typically ranged between $70,000 and $80,000 per guest room with site work ranging between $4,000 and $8,000 per guest room. We would anticipate some increase since these cost budgets were extracted when there was an active market for construction between 2005 and 2007.

A review of construction costs compiled by HVS, and noted in the table above, indicated similar findings with the average total cost being $79,100 per guest room for mid-scale hotels with food & beverage *to including both building and site work*. Again, these costs are from 2011, but we would not expect significant increases over the past three years. Overall, we would estimate a reasonable hard cost for the subject at $75,000 per guest room, or $8,475,000.

The finished shell building cost estimate, using the Marshall & Swift Cost Estimator, was $5,435,023 ($48,098 per guest room). Since the shell cost estimate does include common area finish at 5% of the total cost, an adjustment has been made to account for this finish. The costs exclude any mechanical systems. However, they do reflect a fully complete shell, which is not the case with the subject hotel. Therefore an adjustment has been made for the percent of finish. Overall, we estimate that the shell is 85% complete. The deductions are applied to the sum of the shell cost estimated below.

The adjusted cost estimate for the shell, to include soft costs is as follows:

		Amount	
Shell Building		$5,435,023	
Common Finish Adjustment	5%	($271,751)	
Percent Complete Adjustment	15%	($774,491)	
Adjusted RCN			$4,388,781

The adjusted replacement cost new of the existing shell, prior to adjustment for depreciation is estimated at **$4,388,781**, or $38,839 per guest room. This indicates a cost to complete the shell to a new condition at **$1,046,242** ($271,751 + $774,491).

As noted, the subject shell has been open to the elements and there are signs that this has affected the integrity of the exterior. We have estimate this curable physical obsolescence using the age/life method. Assuming, as presented in the Building Description section of this report, that the building has an effective age of 10 years with a 50 year economic life, then the curable depreciation has been estimated at 20% (10 year effective age/ 50 year economic life), or **$877,756**. Further, the variance between the finished shell and the total hard cost estimate (at $75,000 per guest room) would then be roughly **$3,039,977** ($8,475,000 - $5,435,023), or $26,902 per guest room. Therefore, we have estimated the total cost to complete at $4,963,975, rounded to **$5,000,000**. This figure is consistent with the owner's estimate of $5,044,141. As such, we have used the developer's estimate in this analysis.

Cost to Complete the Building Improvement

Common Finish Adjustment	$271,751	
Cost to Complete 15%	$774,491	
Cure Physical Depreciation	$877,756	
Total Cost to Finished Shell		$1,923,998
Variance from Finished Shell to Finished Hotel - Hard Cost Only		
Total Hard Cost @$75k/room	$8,475,000	
Minus Shell Cost Estimate	($5,435,023)	
		$3,039,977
Total Hard Cost to Complete		**$4,963,975**

Note: Does not include soft costs, site costs or FF&E

As indicated, since the two estimates are relatively close, we have used the developer's cost estimate in the discounted cash flow. This would include a hard cost to complete the hotel of **$5,044,141**.

Site Work: Some of the base site work is already in place including excavation, utilities, storm drainage and some of the paving is complete, the owner has estimated the cost to complete the site work at **$407,000**, or approximately $3,602 per guest room.

Soft Costs: The soft costs estimated by Winston Hospitality to complete the hotel at **$570,000** appear reasonable.

FF&E: The cost for FF&E has been estimated at **$1,885,000** using Hilton standards. This amounts to $16,681 per guest room. This includes all guest room and common area furniture, kitchen equipment, laundry equipment, telephone and computer systems and all operating supplies and equipment. This is consistent with the historic figures our firm has compiled as well as with the average dollar figures compiled by HVS. We have found the typical FF&E costs to be between $15,000 and $17,000, which supports the developer's estimate. For the purpose of this report we have estimated the total cost at **$1,885,000**.

Therefore, we have estimated the total cost to complete the hotel at **$7,906,141**.

Summary

General Assumptions for Hotel Cash Flows

Total Rooms	113	Guest rooms
Occupancy	48%	Initial occupancy rate
	60%	Stabilized occupancy at 3 years
Revenues		
Hotel ADR	$120.00	per occupied room night
Telephone Revenues	$0.20	per room night per year
Other Minor Sources	$1.50	per room night per year
General Inflation	2.50%	per year; for ADR, other revenues and expenses
Department Expenses		
Room Department	23%	of room revenues
Telephone Department	500%	of telephone revenues
Minor Departments	25%	of minor department revenue
Undistributed Operating Expenses		
Administrative	8.0%	of total revenues
Marketing	3.0%	of total revenues
Franchise Fee	10.0%	of room revenues
Operating & Maint.	4.0%	of total revenues
Utilities	$7.00	per available room night
Management Fee	3.0%	of total revenues
Fixed Expenses		
Insurance	1%	of total revenues
Real Estate Taxes	$162,155	upon completion
Personal Property Taxes	$8,500	per year, fixed sinking fund
Reserves	4%	of total revenues

Note: All operating expenses other than those tied to revenues, are inflated at the General Inflation Rate per year.

Cost to Complete Year 1	$7,906,141	$79,712 per guest room
Reversion		
Terminal Capitalization Rate	9.25%	applied to 6th year NOI after reserves
Closing Costs	2%	of Gross Sale Proceeds
Discount Rate	12.00%	Applied to Cash Flow after Reserves

Schedule Of Prospective Cash Flow & Percentage Of Total Gross Revenue
In Inflated Dollars for the Fiscal Year Beginning 2/1/2013

			Year 2		Year 3		Year 4		Year 5		Year 6
For the Years Ending			Jan-2015		Jan-2016		Jan-2017		Jan-2018		Jan-2019
	$ Amount	$ Amount	% of TGR	$ Amount	% of TGR	$ Amount	% of TGR	$ Amount	% of TGR	$ Amount	% of TGR
Gross Revenue											
Room Revenue		$2,375,712	98.57%	$2,722,170	98.53%	$2,969,640	98.50%	$3,043,881	98.50%	$3,119,978	98.50%
Telephone		4,059	0.17%	4,767	0.17%	5,330	0.18%	5,463	0.18%	5,600	0.18%
Other		30,439	1.26%	35,750	1.29%	39,975	1.33%	40,974	1.33%	41,998	1.33%
Total Gross Revenue		2,410,210	100.00%	2,762,687	100.00%	3,014,945	100.00%	3,090,318	100.00%	3,167,576	100.00%
Departmental Expenses											
Room Expense		546,414	22.67%	626,099	22.66%	683,017	22.65%	700,093	22.65%	717,595	22.65%
Telephone		20,295	0.84%	23,835	0.86%	26,650	0.88%	27,315	0.88%	28,000	0.88%
Other		7,610	0.32%	8,938	0.32%	9,994	0.33%	10,244	0.33%	10,500	0.33%
Total Departmental Expenses		574,319	23.83%	658,872	23.85%	719,661	23.87%	737,652	23.87%	756,095	23.87%
Departmental Profit		1,835,891	76.17%	2,103,815	76.15%	2,295,284	76.13%	2,352,666	76.13%	2,411,481	76.13%
Undistributed Expenses											
Administrative		190,057	7.89%	217,774	7.88%	237,571	7.88%	243,510	7.88%	249,598	7.88%
Marketing		72,306	3.00%	82,881	3.00%	90,448	3.00%	92,710	3.00%	95,027	3.00%
Franchise Fee		237,571	9.86%	272,217	9.85%	296,964	9.85%	304,388	9.85%	311,998	9.85%
Operations & Maint.		96,408	4.00%	110,507	4.00%	120,598	4.00%	123,613	4.00%	126,703	4.00%
Utilities		142,048	5.89%	166,832	6.04%	186,549	6.19%	191,212	6.19%	195,993	6.19%
Managment Fee		72,306	3.00%	82,881	3.00%	90,448	3.00%	92,710	3.00%	95,027	3.00%
Total Undistributed Expenses		810,696	33.64%	933,092	33.77%	1,022,578	33.92%	1,048,143	33.92%	1,074,346	33.92%
Gross Operating Profit		1,025,195	42.54%	1,170,723	42.38%	1,272,706	42.21%	1,304,523	42.21%	1,337,135	42.21%
Fixed Expenses & Costs											
Insurance		24,102	1.00%	27,627	1.00%	30,149	1.00%	30,903	1.00%	31,676	1.00%
Real Estate Taxes	85,000	162,155	6.73%	166,209	6.02%	170,364	5.65%	174,623	5.65%	178,989	5.65%
PP Taxes		8,500	0.35%	8,500	0.31%	8,500	0.28%	8,500	0.28%	8,500	0.27%
Reserves		96,408	4.00%	110,507	4.00%	120,598	4.00%	123,613	4.00%	126,703	4.00%
Total Fixed Expenses & Costs	85,000	291,165	12.08%	312,843	11.32%	329,611	10.93%	337,639	10.93%	345,868	10.92%
Net Operating Income	(85,000)	734,030	30.46%	857,880	31.05%	943,095	31.28%	966,884	31.29%	991,267	31.29%
Development Costs											
Hard/Construction Costs											
Hard Costs	5,044,141										
Site Work	407,000										
FF&E	1,885,000										
Total Hard/Construction Costs	7,336,141										
Total Soft/Development Costs	570,000										
Total Development Costs	7,906,141										
Cash Flow Before Debt Service	($7,991,141)	$734,030	30.46%	$857,880	31.05%	$943,095	31.28%	$966,884	31.29%	$991,267	31.29%

SELECTION OF AN APPROPRIATE TERMINAL CAPITALIZATION RATE

The terminal capitalization rate is primarily established by comparing yields from institutional-grade real estate from capital markets. PricewaterhouseCoopers (PWC) conducts semiannual surveys of institutional investment criteria based upon forecast financial performance. Based on the Third Quarter 2012 survey, overall terminal capitalization rates for the limited-service lodging segment ranged between 8.0% and 12.0%, with the average overall residual capitalization rate being 9.85%. This represents a 15 basis point decline over the past year. Factors considered in estimating a reasonable capitalization rate for the subject include the following:

- The subject is located at a full interchange of an interstate highway.
- The location also benefits from proximity to the Mohegan Sun Casino
- The subject is a flagged facility which should help buttress reservations.
- The subject is one of the premier brands in the limited service segment.
- Market occupancy is stagnant, but average daily rates are increasing.

After considering the previous analysis, and after considering going-in capitalization rates extracted from market sales in the state of Connecticut, we have determined that a residual capitalization rate above the midpoint of the cited range is reasonable for a hotel of the size and condition of the subject. Therefore, it is our opinion that a reasonable residual capitalization rate for the subject would be 9.25%. To account for closing costs we have made a deduction from the gross reversionary value of 2% of sale proceeds.

SELECTION OF AN APPROPRIATE OVERALL YIELD RATE

Again we have relied on PricewaterhouseCoopers (PWC) semiannual surveys of institutional investment criteria based upon forecast financial performance. Based on the Third Quarter 2012 survey, overall yield rates for the limited-service lodging segment ranged between 9% and 13%, with the average overall yield rate being 10.94%, a decrease of 44 basis points over the past year. At present, the subject represents a more risky investment then a stabilized asset as it is a development project. As such, a premium in rate would apply over the average. After considering the previous analysis, we have determined that an overall rate above the midpoint of the cited range is reasonable for a hotel of the size and condition of the subject. Therefore, it is our opinion that a reasonable overall yield rate for the subject would be 12.0%.

VALUE CONCLUSION

The chart on the following page summarizes the results if the Yield Capitalization method.

Prospective Present Value
Cash Flow Before Debt Service plus Property Resale
Discounted Annually (Endpoint on Cash Flow & Resale) over a 5-Year Period

Analysis Period	For the Year Ending	Annual Cash Flow	P.V. of Cash Flow @ 12.00%
Year 1	Jan-2014	($7,991,141)	($7,134,947)
Year 2	Jan-2015	734,030	585,164
Year 3	Jan-2016	857,880	610,622
Year 4	Jan-2017	943,095	599,354
Year 5	Jan-2018	966,884	548,636
Total Cash Flow		(4,489,252)	(4,791,171)
Property Resale @ 9.25% Cap		10,502,072	5,959,158
Total Property Present Value			$1,167,987
			===========
Rounded to			**$1,200,000**

VALUE INDICATED VIA
INCOME CAPITALIZATION APPROACH $1,200,000

RECONCILIATION AND FINAL VALUE ESTIMATE

Cost Approach .... Not Applicable

Sales Comparison Approach .... $1,100,000 to $1,700,000

Income Capitalization Approach $1,200,000

Within this appraisal, it was determined that only the Sales Comparison Approach and the Income Capitalization Approaches would be used to estimate the market value of the subject, which consists of an incomplete hotel. While the Cost Approach was considered, it could not be developed mutually exclusive of the results of the other two approaches. The subject is impacted by considerable external or economic obsolescence as indicated by the results of the two approaches. As such, this approach would not yield credible results.

The Sales Comparison Approach was developed in this report only as a guide due to the low coefficient of comparability of the sales. None of the sales reflected the sale of a select service hotel and none were in shell condition at the time of sale. Each unit price required downward adjustment to account for the level of finish in comparison to the subject building which is only an incomplete shell. As such, the results of this approach could only be cited in a broad value range.

The Income Capitalization Approach was developed in this report because rental data and investor parameters were located from which to estimate a market value derived from pro forma income estimates. Further, the Income Capitalization Approach is considered a reliable approach for valuing income producing properties such as the subject. The limitation of this approach is clearly the estimate of the cost to complete. The owner's budget appeared to be conservatively high recognizing that any cost savings improves the return on the investment. While an analysis of comparable cost data, actual cost budgets and Marshall & Swift cost estimates would suggest a lower cost of completion. It is our opinion that this approach would be most widely applied in this case. Therefore, this approach was given the greatest weight in reconciling a final value estimate.

Conclusion

The following factors were considered to be most relevant in reconciling a final value conclusion.

- The Sales Comparison and Income Capitalization Approaches used adequate market data.

- The Income Capitalization Approach has the strongest relationship to market perceptions for this property type given its condition.

Based upon our analysis of the subject, as presented within this appraisal report, it is our opinion that the fee simple market value of the subject property as of January 18, 2013, is represented by the following amount:

ONE MILLION TWO HUNDRED THOUSAND DOLLARS
$1,200,000

CERTIFICATION

The undersigned does hereby 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, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Appraisal Institute’s Code of Professional Ethics and Standards of Professional Appraisal Practice, with include the Uniform Standards of Professional Appraisal Practice.

3. In compliance with the ethics rule of USPAP, I hereby certify that this appraiser has no current or prospective interest in the subject property or parties involved, and has not performed any services regarding the subject property within the 3 year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

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. 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.

7. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.

8. No one provided significant real property appraisal assistance to the person(s) signing this report.

9. William E. Kane, Jr. made a personal inspection of the property that is the subject of this report.

As of the date of this report, William E. Kane, Jr., MAI has completed the requirements under the continuing education program of the Appraisal Institute.

William E. Kane, Jr., MAI
License No. RCG.0000318

ASSUMPTIONS AND LIMITING CONDITIONS

1. No investigation of title to the property has been made, and the premises are assumed to be free and clear of all deeds of trust, use restrictions and reservations, easements, cases or actions pending, tax liens, and bonded indebtedness, <u>unless otherwise specified.</u> No responsibility for legal matters is assumed. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, unless otherwise specified.

2. A request was made for all pertinent information regarding the subject property for the purpose of this valuation. The request included any data deemed relevant to this analysis. The valuation contained herein reflects all such information received.

3. The maps, plats, and exhibits included in this report are for illustration only to help the reader visualize the property. They should not be considered as surveys or relied upon for any other purpose. No appraiser responsibility is assumed in connection therewith.

4. This appraiser, by reason of this report, is not required to give testimony or be in attendance in any court or before any governmental body with reference to the property in question unless arrangements have been previously made.

5. No engineering survey has been furnished to the appraiser, and no responsibility is assumed for engineering matters, mechanical or structural. Good mechanical and structural condition is assumed to exist.

6. It is assumed, unless specifically disclosed, that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all mechanical equipment and appliances are in good working condition; and that all electrical components and the roofing are in good condition. If the client has any questions regarding these items, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise needed to make such inspections. The appraiser assumes no responsibility for these items.

7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, unless noncompliance is stated and considered in this report. Specifically, it is assumed that hazardous substances, including friable asbestos, lead paint, toxic waste or contaminated ground water do not exist at the subject property. Members of this office are not qualified to determine the existence of, nor is any certification made as to the presence or absence of, any hazardous substances. No responsibility is therefore assumed for such conditions.

8. No soil borings or analysis have been made of the subject. It is assumed that soil conditions are adequate to support standard construction consistent with the highest and best use as stated in this report.

9. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless noncompliance is stated and considered in this report.

10. We have not completed a compliance survey and analysis of the subject property to determine whether or not it is in conformity with the requirements of the Americans with

Disabilities Act (ADA), nor have we considered possible noncompliance with the requirements of ADA in estimating the value of the subject property.

11. The individual values estimated for the various components of the subject property are valid only when taken in the context of this report and are invalid if considered individually or as components in connection with any other appraisal.

12. When the Discounted Cash Flow Analysis is utilized, it is prepared on the basis of information and assumptions stipulated in this report. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections and such variations may be material.

13. The date of value to which the opinions expressed in this report is set forth in a letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions herein stated.

14. If this report is used within a credit sale-leaseback-type transaction, or the offering structure of a syndicate or syndication partnership, joint venture, or association, it is to be noted that the market value estimate rendered is restricted exclusively to the underlying real property rights defined in this report. No consideration whatsoever is given to the value of any partnership units or interest(s), broker or dealer selling commissions, general partners' acquisition fees, operating deficit reserves, offering expenses, atypical financing, and other similar considerations.

15. Our value estimate presumes that <u>all</u> benefits, terms, and conditions have been disclosed in any lease agreements, and we have been fully informed of any additional considerations (i.e., front-end cash payments, additional leasehold improvement contributions, space buybacks, free rent, equity options).

16. Neither all nor any part of the contents of this report shall be conveyed to the public, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the authors or firm with which they are connected, or any reference to the Appraisal Institute, or to the MAI designation.

PROFESSIONAL RESUME OF THE APPRAISER

WILLIAM E. KANE, JR., MAI

Real Estate Appraisal Experience

Real estate appraiser with WELLSPEAK DUGAS & KANE. Formerly employed at the firm of Edward F. Heberger and Associates, Inc., Cheshire, Connecticut, between January 1983 and June, 1995. Assignments include narrative and bank form appraisals of office buildings, regional malls, shopping centers, condominium properties, condominium marketability and feasibility studies, highest and best use studies, and appraisals of other commercial properties. Specializations include proposed multitenant income-producing properties.

Qualified as an expert witness in the state of Connecticut and New Hampshire court systems.

Educational Background

University of Connecticut, Storrs, Connecticut
Degree: Bachelor of Science and Business Administration
Major: Real Estate and Urban Economic Studies
Completed course requirements for additional major in Finance

The Appraisal Institute is the result of the January 1, 1991, unification of the American Institute of Real Estate Appraisers and the Society of Real Estate Appraisers. Completed courses that were formerly offered by AIREA and the Society are recognized by the Appraisal Institute.

Society of Real Estate Appraisers
- Successfully challenged SREA 201 examination for Income Property Analysis

American Institute of Real Estate Appraisers and Appraisal Institute
Successfully completed the following courses:
- Real Estate Appraisal Principles (Examination 1A-1)
- Basic Valuation Procedures (Examination 1A-2)
- Capitalization Theory and Techniques - Part A (Examination 1B-B)
- Capitalization Theory and Techniques - Part B (Examination 1B-B)
- Case Studies in Real Estate Valuation (Examination 2-1)
- Valuation Analysis and Report Writing (Examination 2-2)
- Standards of Professional Practice Examination (SPP)
- Demonstration Appraisal Report
- Comprehensive Examination

Awarded five years of creditable appraisal and field appraisal experience by the American Institute of Real Estate Appraisers.

Professional Affiliations

- Past member of the Research Advisory Committee for the Center for Real Estate and Urban Economic Studies, School of Business Administration, University of Connecticut.
- State of Connecticut - Certified Real Estate Appraiser - Certification No. RCG.318 - Expires: April 30, 2013.
- Member of the Appraisal Institute, MAI Designation No. 9686.
- Past member of the International Council of Shopping Centers.

GLOSSARY OF TERMS

The following glossary defines terminology used by the real estate appraiser in the appraisal report. This list is not intended to represent a complete dictionary of real estate appraisal terms.

Assessed Value: Assessed value applies in ad valorem taxation and refers to the value of a property according to the tax rolls. Assessed value may not conform to market value, but it is usually calculated in relation to a market value base.

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

Appraisal: The act or process of developing an opinion of value; an opinion of value. Of or pertaining to appraising and related functions such as appraisal practice or appraisal services.

Building Capitalization Rate: 1) The rate used in certain residual techniques or in a band of investment to convert building income into an indication of building value. 2) The ratio of building income to building value.

Capitalization Rate: Any rate used to convert income into value.

Comparative Analysis: The process by which a value indication is derived in the sales comparison approach. Comparative analysis may employ quantitative or qualitative techniques, either separately or in combination.

Direct Capitalization: 1) 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. 2) A capitalization technique that employs capitalization rates and multipliers extracted from sales. Only the first year's income is considered.

Discounted Cash Flow (DCF) Analysis: 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. DCF analysis can be applied with any yield capitalization technique and may be performed on either a lease-by-lease or aggregate basis.

Discount Rate: An interest rate used to convert future payments or receipts into present value. The discount rate may or may not be the same as the internal rate of return (IRR) or yield rate depending on how it is extracted from the market and/or used in the analysis.

Disposition Value: The most probable price that a specified interest in real property is likely to bring under all of the following conditions: 1) Consummation of a sale will occur within a limited future marketing period specified by the client; 2) The actual market conditions currently prevailing are those to which the appraised property interest is subject; 3) The buyer and seller is each acting prudently and knowledgeably; 4) The seller is under compulsion to sell; 5) The buyer is typically motivated; 6) Both parties are acting in what they consider their best interests; 7) An adequate marketing effort will be made in the limited time allowed for the completion of a sale; 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Easement: An interest in real property that conveys use, but not ownership, of a portion of an owner's property. Access or right of way easements may be acquired by private parties or public utilities. Governments dedicate conservation, open space, and preservation easements.

Effective Rent: The rental rate net of financial concessions such as periods of no rent during the lease term; may be calculated on a discounted basis, reflecting the time value of money, or on a simple, straight-line basis.

Encumbrance: An interest or right in real property that may decrease or increase the value of the fee estate but does not prevent its conveyance by the owner. An encumbrance effects a permanent reduction in an owner's property rights, while a lien represents a claim against the owner's property rights, which may or may not become permanent. Mortgages, taxes, and judgments are liens; restrictions, easements, and reservations are encumbrances.

Excess Land: In regard to an improved site, the land not needed to serve or support the existing improvement. In regard to a vacant site or a site considered as though vacant, the land not needed to accommodate the site's primary highest and best use. Such land may be separated from the larger site and have its own highest and best use, or it may allow for future expansion of the existing or anticipated improvement. See also surplus land.

Exposure Time: 1) The time a property remains on the market. 2) 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; a retrospective estimate based on an analysis of past events assuming a competitive and open market. Exposure time is always presumed to occur prior to the effective date of the appraisal. The overall concept of reasonable exposure encompasses not only adequate, sufficient and reasonable time but also adequate, sufficient and reasonable effort. Exposure time is different for various types of real estate and value ranges and under various market conditions. (Appraisal Standards Board of The Appraisal Foundation, Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions") Market value estimates imply that an adequate marketing effort and reasonable time for exposure occurred prior to the effective date of the appraisal. In the case of disposition value, the time frame allowed for marketing the property rights is somewhat limited, but the marketing effort is orderly and adequate. With liquidation value, the time frame for marketing the property rights is so severely limited that an adequate marketing program cannot be implemented. (The Report of the Appraisal Institute Special Task Force on Value Definitions qualifies exposure time in terms of the three above-mentioned values.) See also marketing time.

Extraordinary Assumption: An assumption, directly related to a specific assignment, which, if found to be false, could alter the appraiser's opinions or conclusions. Extraordinary assumptions presume as fact otherwise uncertain information about physical, legal, or economic characteristics of the subject property; or about conditions external to the property such as market conditions or trends; or about the integrity of data used in an analysis.

Fee Simple Estate: Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Furniture, Fixtures, and Equipment (FF&E): The movable property of a business enterprise not classified as stock or inventory or leasehold improvements; frequently found in the ownership of hotels or motels, restaurants, assisted-living facilities, service stations, car washes, greenhouses and nurseries, and other service-intensive properties. Furniture, fixtures, and equipment frequently wears out much more rapidly than other components of those properties.

Going-concern Value: 1) The market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; also called value of the going concern. 2) Tangible and intangible elements of value in a business enterprise resulting from factors such as having a trained work force, an operational plant, and the necessary licenses, systems, and procedures in place. 3) The value of an operating business enterprise. Goodwill may be separately measured but is an integral component of going-concern value. (USPAP, 2002 ed.)

Gross Lease: A lease in which the landlord receives stipulated rent and is obligated to pay all or most of the property's operating expenses and real estate taxes.

Hypothetical Condition: That which is contrary to what exists but is supposed for the purpose of analysis. Hypothetical conditions assume conditions contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. A hypothetical condition may be used in an assignment only if: 1) Use of the hypothetical condition is clearly required for legal purposes, for purposes of reasonable analysis, or for purposes of comparison; 2) Use of the hypothetical condition results in a credible analysis; and 3) The appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions. (USPAP, 2002 ed.)

Investment Value: The specific value of an investment to a particular investor or class of investors based on individual investment requirements; distinguished from market value, which is impersonal and detached. See also market value.

Leased Fee Estate: An ownership interest held by a landlord with the rights of use and occupancy conveyed by lease to others. The rights of the lessor (the leased fee owner) and the lessee are specified by contract terms contained within the lease.

Leasehold Estate: The interest held by the lessee (the tenant or renter) through a lease transferring the rights of use and occupancy for a stated term under certain conditions. The leasehold estate can be negative or positive. Negative Leasehold is a lease situation in which the market rent is less than the contract rent. Positive Leasehold is a lease situation in which the market rent is greater than the contract rent.

Liquidation Value: The most probable price that a specified interest in real property is likely to bring under all of the following conditions: 1) Consummation of a sale will occur within a severely limited future marketing period specified by the client; 2) The actual market conditions currently prevailing are those to which the appraised property interest is subject; 3) The buyer is acting prudently and knowledgeably; 4) The seller is under extreme compulsion to sell; 5) The buyer is typically motivated; 6) The buyer is acting in what he or she considers his or her best interest; 7) A limited marketing effort and time will be allowed for the completion of a sale; 8) Payment will be made in cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 9) The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Market Rent: The most probable rent that a property should bring in a competitive and open market reflecting all conditions and restrictions of the specified lease agreement including term, rental adjustment and revaluation, permitted uses, use restrictions, and expense obligations; the lessee and lessor each acting prudently and knowledgeably, and assuming consummation of a lease contract as of a specified date and the passing of the leasehold from lessor to lessee under conditions whereby: 1) Lessee and lessor 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) The rent payment is made in terms of cash in United States dollars, and is expressed as an amount per time period consistent with the payment schedule of the lease contract; and 5) The rental amount represents the normal consideration for the property leased unaffected by special fees or concessions granted by anyone associated with the transaction.

Marketing Time: 1) The time it takes an interest in real property to sell on the market sub-sequent to the date of an appraisal. 2) Reasonable marketing time is an estimate of the amount of time it might take to sell an interest in real property at its estimated market value during the period immediately after the effective date of the appraisal; the anticipated time required to expose the property to a pool of prospective purchasers and to allow appropriate time for negotiation, the exercise of due diligence, and the consummation of a sale at a price supportable by concurrent market conditions. Marketing time differs from exposure time, which is always presumed to precede the effective date of the appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of The Appraisal Foundation and Statement on Appraisal Standards No. 6, "Reasonable Exposure Time in Real Property and Personal Property Market Value Opinions" address the determination of reasonable exposure and marketing time.) See also exposure time.

Market Value: 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 is 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 own best interests; 3) A reasonable time is allowed for exposure in the open market; 4) Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and 5) The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

Modified Gross Lease: A lease in which the landlord receives stipulated rent and is obligated to pay most, but not all, of the property's operating expenses and real estate taxes.

Most Probable Selling Price: The price at which a property would most probably sell if exposed on the market for a reasonable time, under the market conditions prevailing on the date of appraisal.

Net Lease: Generally a lease in which the tenant pays for utilities, janitorial services, and either property taxes or insurance, and the landlord pays for maintenance, repairs, and the property taxes or insurance not paid by the tenant. Sometimes used synonymously with single net lease but better stated as a partial net lease to eliminate confusion. Also called single net lease; modified gross lease single net lease; modified gross lease. Other variations of the net lease are as follows: 1) *Net Net Lease*: Generally a lease in which the tenant pays for utilities, janitorial services, property taxes, and insurance in addition to the rent, and the landlord pays for maintenance and repairs. Also called double net lease; 2) *Net Net Net Lease*: A net lease under which the lessee assumes all expenses of operating a property, including both fixed and variable expenses and any common area maintenance that might apply, but the landlord is responsible for structural repairs. Also called triple net lease; and 3) *Absolute Net Lease*: A lease in which the tenant pays all expenses including structural maintenance and repairs; usually a long-term lease to a credit tenant.

Occupancy Rate: The relationship or ratio between the income received from the rented units in a property and the income that would be received if all the units were occupied.

Personal Property: 1) Identifiable tangible objects that are considered by the general public as being "personal," for example, furnishings, artwork, antiques, gems and jewelry, collectibles, machinery and equipment; all tangible property that is not classified as real estate. (USPAP, 2002 ed.) 2) Consists of every kind of property that is not real property; movable without damage to itself or the real estate; subdivided into tangible and intangible. (IAAO)

Prospective Value Opinion: A forecast of the value expected at a specified future date. A prospective value opinion is most frequently sought in connection with real estate projects that are proposed, under construction, or under conversion to a new use, or those that have not achieved sellout or a stabilized level of long-term occupancy at the time the appraisal report is written.

Real Estate: Physical land and appurtenances attached to the land, e.g., structures. An identified parcel or tract of land, including improvements, if any.

Real Property: All interests, benefits, and rights inherent in the ownership of physical real estate; the bundle of rights with which the ownership of the real estate is endowed. In some states, real property is defined by statute and is synonymous with real estate.

Rentable Area: 1) The amount of space on which the rent is based; calculated according to local practice; and 2) The tenant's pro rata portion of the entire office floor, excluding elements of the building that penetrate through the floor to areas below. The rentable area of a floor is fixed for the life of a building and is not affected by changes in corridor sizes or configuration. Rentable area is recommended for measuring the total income-producing area of a building and for computing a tenant's pro rata share of a building for purposes of rent escalation. Lenders, architects, and appraisers use rentable area in analyzing the economic potential of a building. On multi-tenant floors, both the rentable and usable area for any specific office suite should be computed. The rentable area of a floor is computed by measuring to the inside finished surface of the dominant portion of the permanent building walls, excluding any major vertical penetrations of the floor. No deductions should be made for columns and projections necessary to the building. (BOMA).

Replacement Cost: The estimated cost to construct, at current prices as of the effective appraisal date, a building with utility equivalent to the building being appraised, using modern materials and current standards, design, and layout.

Reproduction Cost: The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all the deficiencies, superadequacies, and obsolescence of the subject building.

Stabilized Value: 1) A value opinion that excludes from consideration any abnormal relationship between supply and demand such as is experienced in boom periods, when cost and sale price may exceed the long-term value, or during periods of depression, when cost and sale price may fall short of long-term value. 2) A value opinion that excludes from consideration any transitory condition that may cause excessive construction costs, e.g., a bonus or premium for material, the abnormal inefficiency of labor, the cost of delay or an excessive sale price, e.g., a premium paid due to a temporary shortage of supply.

Superadequacy: An excess in the capacity or quality of a structure or structural component; determined by market standards.

Surplus Land: Land not necessary to support the highest and best use of the existing improvement but, because of physical limitations, building placement, or neighborhood norms, cannot be sold off separately. Such land may or may not contribute positively to value and may or may not accommodate future expansion of an existing or anticipated improvement. See also excess land.

Usable Area: The area available for assignment or rental to an occupant, including every type of usable space; measured from the inside finish of outer walls to the office side of corridors or permanent partitions and from the centerline of adjacent spaces; includes subdivided occupant space, but no deductions are made for columns and projections. There are two variations of net area: single occupant net assignable area and store net assignable area.

Use Value: 1) In economics, the attribution of value to goods and services based upon their usefulness to those who consume them. 2) In real estate appraisal, the value a specific property has for a specific use; may be the highest and best use of the property or some other use specified as a condition of the appraisal; may be used where legislation has been enacted to preserve farmland, timberland, or other open space land on urban fringes.

Value in Use: The value a specific property has to a specific person or specific firm as opposed to the value to persons or the market in general. Special-purpose properties such as churches, schools, and public buildings, which are seldom bought and sold in the open market, can be valued on the basis of value in use. The value in use to a specific person may include a sentimental value component. The value in use to a specific firm may be the value of the plant as part of an integrated multiplant operation. See also use value.

Value Indication: An opinion of value derived through application of the appraisal process.

Sources:

1) *The Dictionary of Real Estate Appraisal*, Fourth Edition, Appraisal Institute, 2002.

2) (12 C.F.R. Part 34.42(g); 55 Federal Register 34696, August 24, 1990, as amended at 57 Federal Register 12202, April 9, 1992; 59 Federal Register 29499, June 7, 1994; Federal Register, Vol. 75, No. 237, December 10, 2010.

3) The Appraisal of Real Estate, Thirteenth Edition, Appraisal Institute, 2

ADDENDA

TABLE OF CONTENTS

EXHIBIT A

Letter of Authorization

Wellspeak Dugas & Kane, l.l.c.

Real Estate Appraisal & Consulting

January 8, 2013

Robert W. Winston, III
Winston Hospitality, Inc.
3701 National Drive
Suite 120
Raleigh, NC27612

Re: 154 Salem Turnpike, Norwich, CT
1181 Barnes Road, Wallingford, CT

Dear Mr. Winston:

In response to your request through counselor Linda Clifford Hadley, Esq. we would be pleased to conduct an appraisal of each of the above referenced assets for the foreclosure proceedings.

It is our understanding that the properties to be appraised consists of two hotels that were under construction and now largely consist of shell buildings that have been exposed to the elements. Within our appraisals, which will be coveyed in self contained format, we would analyze trends in each community, surrounding neighborhoods and respective markets. Furthermore, relevant approaches from the Cost, Sales Comparison and Income Capitalization Approaches would be developed for purposes of valuing the improvements and supporting land.

With respect to timing and cost, I would be able to finish the reports within 6 weeks, assuming this contract is authorized and returned within five (5) working days of this agreement. We can only complete the appraisals by this date if we receive from you in a timely manner any relevant information needed for the preparation of the report, as outlined under the subheading Request for Information. I will furnish you with three (3) original copies of each report for a fee of $10,000. Through counsel, we have already recieved your retainer of $5,000 so the final payment of $5,000 will be due in full at the time of delivery. If these terms are acceptable, please countersign the contract and return a copy to our Cheshire office.

Very truly yours,

William E. Kane, Jr.

William E. Kane, Jr., MAI
Principal

CONTRACT FOR SERVICES

This contract is binding upon Wellspeak Dugas & Kane, hereinafter referred to as the Appraisers, and Winston Hospitality, Inc., d/b/a CT Norwich LLC and CT Wallingford LLC hereinafter referred to as the Client.

The Appraisers agree to provide written Appraisal Reports that conform with and will be subject to the Requirements of the Code of Professional Ethics and Standards of Professional Conduct of the Appraisal Institute and other applicable requirements of the client for the following property.

1181 Barnes Road, Wallingford, CT (Proposed Hilton Garden Inn)
154 Salem Turnpike, Norwich, CT (Proposed Hampton Inn & Suites)

The Appraisal Reports will be delivered to the Client within 6 weeks, assuming receipt of a signed contract within five (5) working days of this agreement. The Appraisers agree to provide the Client with three (3) copies of the completed appraisal reports.

The fee to conduct the appraisals will not exceed $10,000 payable as follows:

(a) A retainer in the amount of $5,000 though counsel has already been received by the Client.
(b) The balance of the fee is payable in full upon delivery of the completed appraisal reports.

The fee is in no way connected with any value to be estimated.

It is understood that court testimony by the Appraisers, or consultations after delivery of the reports, will be at the rate of $300 per hour.

In the event the Client desires to cancel this contract, written notice thereof shall be delivered to the Appraiser, and it is agreed that the Appraiser shall receive compensation from the Client for all services rendered at the rate of $1,000 per day for the time actually spent prior to receipt of written notice to stop work, plus all costs advanced in connection with said work prior to receipt of such written notice.

It is further understood and agreed that if any portion of the compensation or costs due the Appraiser become delinquent, the Client shall pay interest thereon at the rate of 1.5% per month on said account from the due date until paid, and further agrees to pay all costs of collection thereof, including reasonable attorney s fees, court costs, etc. The following information will be necessary to complete the appraisal report:

CONTRACT FOR SERVICES

Re: 1181 Barnes Road, Wallingford, CT (Proposed Hilton Garden Inn) - CT Wallingford LLC
154 Salem Turnpike, Norwich, CT (Proposed Hampton Inn & Suites) - CT Norwich LLC

REQUEST FOR INFORMATION:

(1) Any available building plans;

(2) Any available site plans;

(3) STAR reports on each market

(4) Market Studies perpared for each property

(5) Cost Estimates to complete each project to include hard costs, soft costs and costs for FF&E

(6) Any franchise agreements that may be in effect

(7) Propsective Income and Expense Statements

(8) Any descriptive specifications of the improvements such as engineering studies; and

(9) Any additional information deemed pertinent to our analysis.

The terms and conditions set forth herein are predicated upon timely receipt of a signed contract; retainer check, if applicable; and arranges to obtain necessary documentation with respect to the property within five (5) working days of this agreement.

	The Client: Winston Hospitality, Inc.	The Appraisers:
Agent:	~~Robert W. Winston, III~~ Brent V. West Winston Hospitality, Inc.	William E. Kane, Jr., MAI Wellspeak Dugas & Kane, LLC
Date:		January 8, 2013

Retain one copy of the Contract for you records.

Return one executed copy to the Cheshire office of the Appraiser.
55 Realty Drive, Suite 305, Cheshire, Connecticut 06410

CERTIFICATION

The undersigned does hereby 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, opinions, and conclusions are limited only by the reported assump-tions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.

3. in compliance with the ethics rule of USPAP, I hereby certify that the appraiser has no current or prospective interest in the subject property or parties involved, and has not performed any service regarding the subject property within the past 3 year period immediately preceding acceptance of the assignment, as an appraiser or in any other capacity.

4. I have no bias with respect to the property that is the subject of this report nor to the parties involved with this assignment.

5. my engagement in this assignment was not contingent upon developing or reporting predetermined results.

6. my compensation for completing this assignment was 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.

7. my analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.

8. no one provided significant professional assistance to the person(s) signing this report.

ASSUMPTIONS AND LIMITING CONDITIONS

1. No investigation of title to the property has been made, and the premises are assumed to be free and clear of all deeds of trust, use restrictions and reservations, easements, cases or actions pending, tax liens, and bonded indebtedness, unless otherwise specified. No responsibility for legal matters is assumed. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, unless otherwise specified.

2. A request was made for all pertinent information regarding the subject property for the purpose of this valuation. The request included any data deemed relevant to this analysis. The valuation contained herein reflects all such information received.

3. The maps, plats, and exhibits included in this report are for illustration only to help the reader visualize the property. They should not be considered as surveys or relied upon for any other purpose. No appraiser responsibility is assumed in connection therewith.

4. This appraiser, by reason of this report, is not required to give testimony or be in attendance in any court or before any governmental body with reference to the property in question unless arrangements have been previously made.

5. No engineering survey has been furnished to the appraiser, and no responsibility is assumed for engineering matters, mechanical or structural. Good mechanical and structural condition is assumed to exist.

6. It is assumed, unless specifically disclosed, that there are no structural defects hidden by floor or wall coverings or any other hidden or unapparent conditions of the property; that all mechanical equipment and appliances are in good working condition; and that all electrical components and the roofing are in good condition. If the client has any questions regarding these items, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise needed to make such inspections. The appraiser assumes no responsibility for these items.

7. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws, unless noncompliance is stated and considered in this report. Specifically, it is assumed that hazardous substances, including friable asbestos, lead paint, toxic waste or contaminated ground water do not exist at the subject property. Members of this office are not qualified to determine the existence of, nor is any certification made as to the presence or absence of, any hazardous substances. No responsibility is therefore assumed for such conditions.

8. No soil borings or analysis have been made of the subject. It is assumed that soil conditions are adequate to support standard construction consistent with the highest and best use as stated in this report.

9. It is assumed that all required licenses, consents, or other legislative or administrative authority from any local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based, unless noncompliance is stated and considered in this report.

10. We have not completed a compliance survey and analysis of the subject property to determine whether or not it is in conformity with the requirements of the Americans with Disabilities Act (ADA), nor have we considered possible noncompliance with the requirements of ADA in estimating the value of the subject property.

11. The individual values estimated for the various components of the subject property are valid only when taken in the context of this report and are invalid if considered individually or as components in connection with any other appraisal.

12. When the Discounted Cash Flow Analysis is utilized, it is prepared on the basis of information and assumptions stipulated in this report. The achievement of any financial projections will be affected by fluctuating economic conditions and is dependent upon the occurrence of other future events that cannot be assured. Therefore, the actual results achieved may well vary from the projections and such variations may be material.

13. The date of value to which the opinions expressed in this report is set forth in a letter of transmittal. The appraiser assumes no responsibility for economic or physical factors occurring at some later date that may affect the opinions herein stated.

14. If this report is used within a credit sale-leaseback-type transaction, or the offering structure of a syndicate or syndication partnership, joint venture, or association, it is to be noted that the market value estimate rendered is restricted exclusively to the underlying real property rights defined in this report. No consideration whatsoever is given to the value of any partnership units or interest(s), broker or dealer selling commissions, general partners' acquisition fees, operating deficit reserves, offering expenses, atypical financing, and other similar considerations.

15. Our value estimate presumes that all benefits, terms, and conditions have been disclosed in any lease agreements, and we have been fully informed of any additional considerations (i.e., front-end cash payments, additional leasehold improvement contributions, space buybacks, free rent, equity options).

16. Neither all nor any part of the contents of this report shall be conveyed to the public, without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the authors or firm with which they are connected, or any reference to the Appraisal Institute, or to the MAI designation.

EXHIBIT B

Legal Description

INSTR # 2007000290
OR BK 02344 PG 0100
RECORDED 01/12/2007 03:27
DEE ANNE BRENNAN TOWN CLERK
NORWICH, CT.
LOCAL TAX 1 1,750.00
CONVEY TAX 2 1,750.00

TRUSTEE'S DEED

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, That I, LYDIA ANN LILLIBRIDGE BLACKER, as Trustee of the **RESTATED GEORGE H. BLACKER INTER VIVOS TRUST AGREEMENT**, dated September 15, 2003, for the consideration of **THREE HUNDRED FIFTY THOUSAND and NO/100 ($350,000.00) DOLLARS**, received to my full satisfaction of ***PRA AT NORWICH LLC***, a Connecticut limited liability company with an address c/o PRA Development & Management Corp., Bourse Bldg., Suite 100, 111 S. Independence Mall, Philadelphia, Pennsylvania 19106, do grant, bargain, sell and confirm unto the said PRA AT NORWICH LLC, all of said Trust's right title and interest in and to a certain tract or parcel of land known as 154 Salem Turnpike, in the Town of Norwich, County New London and State of Connecticut, more particularly described on *Schedule A* attached hereto and made a part hereof.

Said premises are conveyed subject to easements, restrictions and agreements of record, including building and building line restrictions, any and all provisions of municipal ordinances including planning, zoning and inland wetland regulations of the Town of Norwich and all public or private laws and any assessment installment not yet due and payable and all real estate taxes due such Town on the List of October 1, 2006 and succeeding years not yet due and payable.

TO HAVE AND TO HOLD the above granted and bargained premises with the appurtenances thereof, unto it the said Grantee, its successors and assigns forever, to its and their own proper use and behoof.

And I, the said Trustee, do hereby covenant with it, the said Grantee, its successors and assigns, that I have full power and authority as Trustee aforesaid, and for myself, my heirs, executors, administrators, and assigns, do further covenant to WARRANT and DEFEND the same to it, the said Grantee, and to its successors and assigns, against any claims of any person or persons whomsoever, claiming by, from or under me as Trustee aforesaid.

IN WITNESS WHEREOF, I, as such Trustee, have hereunto set my hand and seal this 11th day of January, 2007.

Signed, Sealed and Delivered
in the presence of:

Diana M. Grise

Jeffrey R. Godley

RESTATED GEORGE H. BLACKER
INTER VIVOS TRUST AGREEMENT
DATED SEPTEMBER 15, 2003

By Lydia Ann Lillibridge Blacker
LYDIA ANN LILLIBRIDGE
BLACKER, TRUSTEE

STATE OF CONNECTICUT :
: ss. Norwich
COUNTY OF NEW LONDON:

On this the 11th day of January, 2007, personally appeared LYDIA ANN LILLIBRIDGE BLACKER, TRUSTEE of the RESTATED GEORGE H. BLACKER INTER VIVOS TRUST AGREEMENT, signer and sealer of the foregoing instrument and acknowledged the same to be her free act and deed before me.

INSTR # 200[illegible]
OR BK 02[illegible] PG [illegible]
RECORDED 01/12/2007 [illegible]
OFF ANNE [illegible] TOWN CLERK
NORWICH, CT.
LOCAL TAX $ 1,245.81
CONVEY TAX $ 1,245.81

WARRANTY DEED

TO ALL PEOPLE TO WHOM THESE PRESENTS SHALL COME, GREETING:

KNOW YE, THAT, NORWICH CEMETERY ASSOCIATION, a Connecticut non-stock Corporation with and office and place of business in the Town of Norwich, County of New London and State of Connecticut for the consideration of Two Hundred Forty-Nine Thousand One Hundred Sixty Six and 00/100 $249,166.00 Dollars received to its full satisfaction of PRA AT NORWICH LLC, a Connecticut Limited Liability Company with a mailing address of 111 South Independence Mall East, Suite [illegible] Philadelphia, Pennsylvania does give, grant, bargain, sell and confirm unto the said PRA AT NORWICH LLC

A certain tract or parcel of land, together with the improvements thereon, if any, situated on the southeasterly side of Salem Turnpike (CT Route 82) in the Town of Norwich, County of New London and State of Connecticut and being more particularly shown as "Parcel To Be Conveyed By Norwich Cemetery Association Area = 15,980 +/- S.F. or 0.367 +/- Acre" on a certain map or plan entitled "Boundary & Topographic Survey Property of George H. Blacker, Trustee 154 Salem Turnpike Town of Norwich Connecticut Project No. CLA-3860 Proj. Engineer TLC Date: June 2006 Sheet No. 1 Scale 1" = 40' CLA Engineers, Inc. Civil-Structural-Surveying 317 Main Street Norwich, Connecticut (860) 886-[illegible] Fax (860) 886-9165" which premises is more particularly bounded and described as follows

Beginning at a CHD monument found in the southeasterly line of Salem Turnpike (CT Route 82) at the northeasterly corner of the herein described tract and on the dividing line between the herein described tract and land now or formerly of George H. Blacker, Trustee as shown on the above referenced plan, thence running South 19°57' 30" East for a distance of 150.48 feet bounded northeasterly by said Blacker land to an iron pin to be set, thence running South 75°29' 25" West for a distance of 66.59 feet to an iron pin to be set, thence running along the arc of a curve to the right with a radius of 50.00 feet, a central angle of [illegible] for a distance of 53.85 feet to an iron pin to be set, thence running North 42°48' 20" West for a distance of 44.[illegible] feet to an iron pin to be set, thence running along the arc of a curve to the left with a radius of 50.[illegible] feet, a central angle of 79°25' 22" for a distance of 69.31 feet to an iron pin to be set in the southeasterly line of Salem Turnpike (CT Route 82), the last four courses being bounded by other land of the Norwich Cemetery Association as shown on the above referenced plan, thence running North [illegible] East for a distance of 187.42 feet bounded northwesterly by Salem Turnpike (CT Route 82) to the CHD monument found at the point and place of beginning

Said premises is conveyed subject to easements, restrictions and agreements as of record appear, building and building line restrictions, any and all provisions of municipal ordinances including Planning, Zoning and Inland Wetlands Regulations of the Town of Norwich, public or private law and taxes to the Town of Norwich, Connecticut on the list of October 1, 2006 and thereafter coming due (if any)

TO HAVE AND TO HOLD the above granted and bargained premises, with the appurtenances thereof, unto it, the said grantee, its successors and assigns forever, to it and their own proper use and behoof

AND ALSO, It, the said grantor does for itself, and its successors and assigns, covenant with it, the said grantee, its successors and assigns, that at and until the ensealing of these presents, it is well seized of the premises, as a good indefeasible estate in FEE SIMPLE, and has good right to bargain and sell the same in manner and form as is above written, and that the same is free from all encumbrances whatsoever, except as hereinbefore mentioned

AND FURTHERMORE, It, the said grantor does by these presents bind itself and its successors and assigns forever to WARRANT AND DEFEND the above granted and bargained premises to it, the said grantee, its successors and assigns against all claims and demands whatsoever, except as hereinbefore mentioned

IN WITNESS WHEREOF, Norwich Cemetery Association, acting herein by Richard H. [illegible] its President, has hereunto set its hand and seal this 12th of January in the year of our Lord Two Thousand and Seven

Signed, Sealed and Delivered in the Presence of

[illegible signature]

NORWICH CEMETERY ASSOCIATION

By [illegible signature]

[illegible] Its President

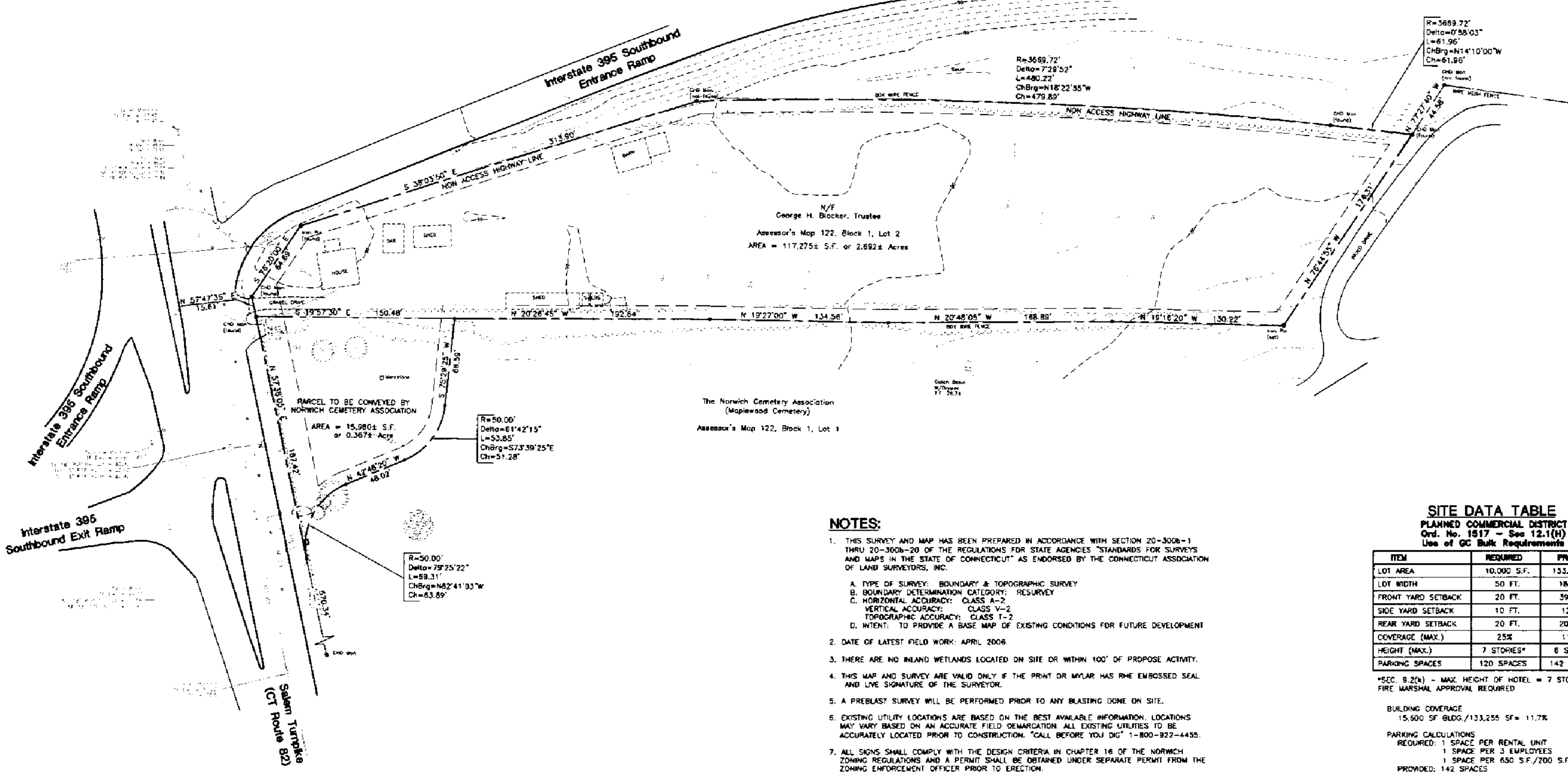
[illegible] Notary Public / Commissioner of the Superior Court

A tract of land, with the buildings thereon, situated on the southerly side of Salem Turnpike in said Norwich, known as No. 154 Salem Turnpike, described as follows:

BEGINNING on the southerly line of Salem Turnpike at the northwesterly corner of land of the State of Connecticut (Connecticut Turnpike), and running thence by said State land, first southeasterly in a straight line about 56 feet, then southeasterly in a straight line about 311 feet, and then southerly about 537 feet to land of the Norwich Cemetery Association; thence by said Association land, first northwesterly about 180.5 feet to an iron pin, and then northerly about 774 feet to the southerly line of Salem Turnpike at the northeasterly corner of said Association land at a CHD monument; and thence northeasterly along the southerly line of Salem Turnpike about 16.5 feet to the point of beginning.

EXHIBIT C

Subject Maps and Sketches



LEGEND:

N/F	NOW OR FORMERLY		GATE VALVE
IRON PIPE	IRON PIN		CATCH BASIN
MON	MONUMENT	T.F.	TOP FRAME
TYP.	TYPICAL	INV.	INVERT
	EXISTING CONTOUR	—W—W—	WATER
---300---	PROPOSED CONTOUR		SEWER
	PROPOSED RETAININGWALL	— E —	TELE/ELEC/CATV
	SIGN	— G —	GAS
SF	SQUARE FEET	R=	RADIUS
+/-	MORE OR LESS	③	PARKING COUNT
HYD.	FIRE HYDRANT		

NOTES:

1. THIS SURVEY AND MAP HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 20-300b-1 THRU 20-300b-20 OF THE REGULATIONS FOR STATE AGENCIES "STANDARDS FOR SURVEYS AND MAPS IN THE STATE OF CONNECTICUT" AS ENDORSED BY THE CONNECTICUT ASSOCIATION OF LAND SURVEYORS, INC.

   A. TYPE OF SURVEY: BOUNDARY & TOPOGRAPHIC SURVEY
   B. BOUNDARY DETERMINATION CATEGORY: RESURVEY
   C. HORIZONTAL ACCURACY: CLASS A-2
      VERTICAL ACCURACY: CLASS V-2
      TOPOGRAPHIC ACCURACY: CLASS T-2
   D. INTENT: TO PROVIDE A BASE MAP OF EXISTING CONDITIONS FOR FUTURE DEVELOPMENT

2. DATE OF LATEST FIELD WORK: APRIL 2006.
3. THERE ARE NO INLAND WETLANDS LOCATED ON SITE OR WITHIN 100' OF PROPOSE ACTIVITY.
4. THIS MAP AND SURVEY ARE VALID ONLY IF THE PRINT OR MYLAR HAS RHE EMBOSSED SEAL AND LIVE SIGNATURE OF THE SURVEYOR.
5. A PREBLAST SURVEY WILL BE PERFORMED PRIOR TO ANY BLASTING DONE ON SITE.
6. EXISTING UTILITY LOCATIONS ARE BASED ON THE BEST AVAILABLE INFORMATION. LOCATIONS MAY VARY BASED ON AN ACCURATE FIELD DEMARCATION. ALL EXISTING UTILITIES TO BE ACCURATELY LOCATED PRIOR TO CONSTRUCTION. "CALL BEFORE YOU DIG" 1-800-922-4455.
7. ALL SIGNS SHALL COMPLY WITH THE DESIGN CRITERIA IN CHAPTER 16 OF THE NORWICH ZONING REGULATIONS AND A PERMIT SHALL BE OBTAINED UNDER SEPARATE PERMIT FROM THE ZONING ENFORCEMENT OFFICER PRIOR TO ERECTION.
8. INSPECTION OF IMPROVEMENTS: THE ZONING OFFICER (OR DESIGNATED AGENT) SHALLCONDUCT PERIODIC INSPECTIONS OF THE IMPROVEMENTS PROPOSED AS PART OF A ZONING PERMIT IN ORDER TO INSURE COMPLIANCE WITH THE PERMIT AND THESE REGULATIONS.

   A. AFTER THE INSTALLATION OF EROSION AND SEDIMENT CONTROLS.
   B. AFTER THE INSTALLATION OF FOOTINGS.
   C. AFTER STAKE OUT FOR DRIVEWAY AND SIDEWALKS.
   D. AFTER THE COMPLETION OF THE DEVELOPMENT.

MAP REFERENCES:

BOUNDARY & TOPOGRAPHIC SURVEY, PROPERTY OF GEORGE H. BLACKER, TRUSTEE 154 SALEM TURNPIKE, NORWICH, CONNECTICUT, CLA ENGINEERS, INC., 317 MAIN STREET NORWICH, CT., DATE: JUNE 2006, SHEET 1.

TO MY KNOWLEDGE AND BELIEF THIS PLAN IS SUBSTANTIALLY CORRECT AS NOTED OR DEPICTED HEREON.

ROBERT L. MULLEN, L.L.S. #12331 DATE

SITE DATA TABLE

PLANNED COMMERCIAL DISTRICT
Ord. No. 1517 – Sec 12.1(H)
Use of GC Bulk Requirements

ITEM	REQUIRED	PROPOSED
LOT AREA	10,000 S.F.	133,255 S.F.
LOT WIDTH	50 FT.	180 FT.±
FRONT YARD SETBACK	20 FT.	398 FT.±
SIDE YARD SETBACK	10 FT.	12 FT.±
REAR YARD SETBACK	20 FT.	203 FT.±
COVERAGE (MAX.)	25%	11.7%
HEIGHT (MAX.)	7 STORIES*	6 STORIES
PARKING SPACES	120 SPACES	142 SPACES

*SEC. 9.2(k) - MAX. HEIGHT OF HOTEL = 7 STORIES
FIRE MARSHAL APPROVAL REQUIRED

BUILDING COVERAGE
15,600 SF BLDG./133,255 SF= 11.7%

PARKING CALCULATIONS
REQUIRED: 1 SPACE PER RENTAL UNIT = 113 SPACES
1 SPACE PER 3 EMPLOYEES = 4 SPACES
1 SPACE PER 650 S.F./200 S.F. MEETING ROOM = 3 SPACES
PROVIDED: 142 SPACES

SCALE: 1"=40'

No.	Date	Revision
1	9/18/06	Misc. Revisions Per Town Comments

CLA Engineers, Inc.
CIVIL · STRUCTURAL · SURVEYING
317 Main Street Norwich, Connecticut
(860) 886-1966 Fax (860) 886-9165

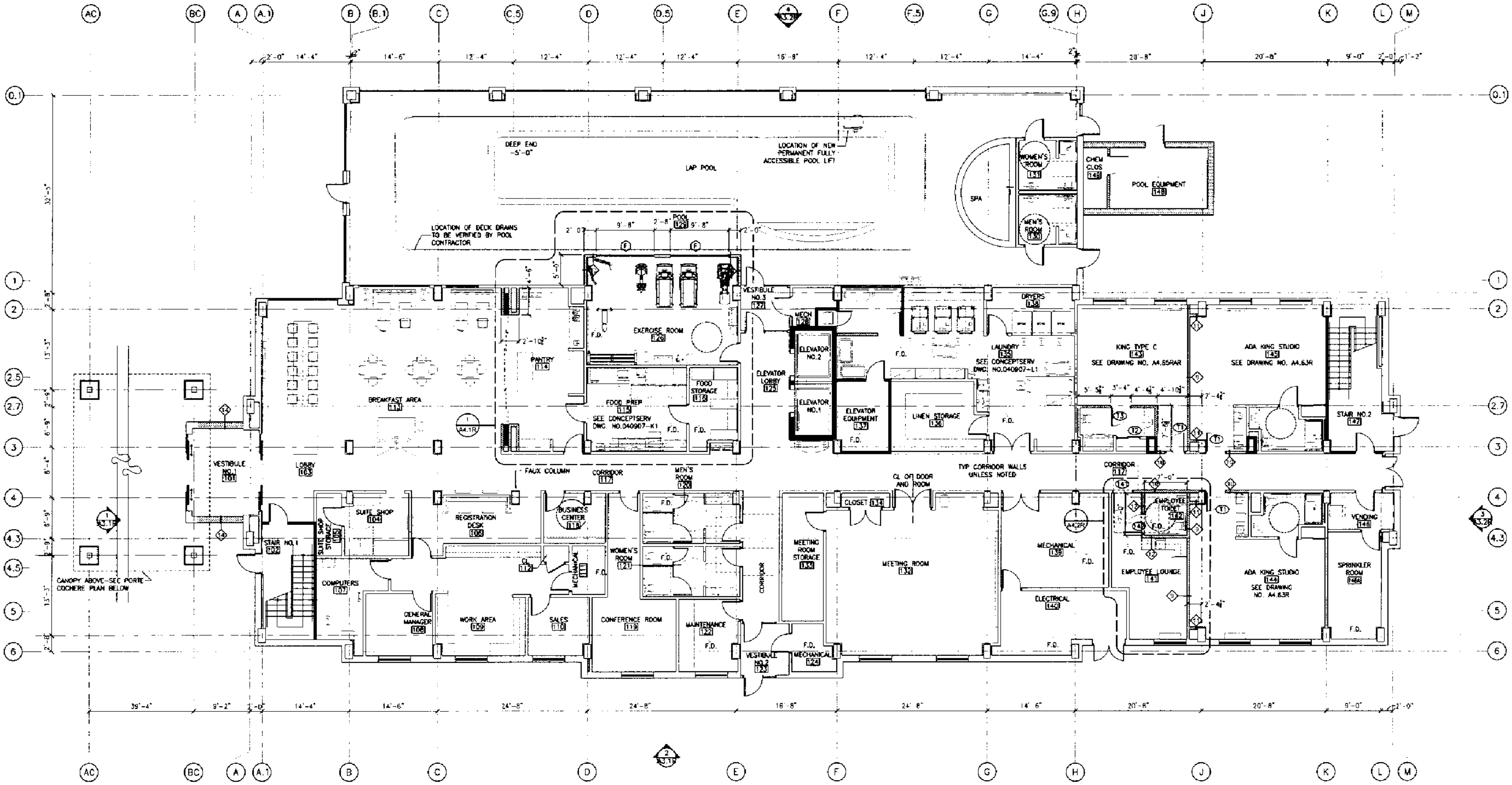
PRA OF NORWICH, LLC

SITE DEVELOPMENT PLAN
PROPOSED HAMPTON INN & SUITES
ZONING DISTRICT PC
SALEM TURNPIKE (RTE 82) NORWICH, CT

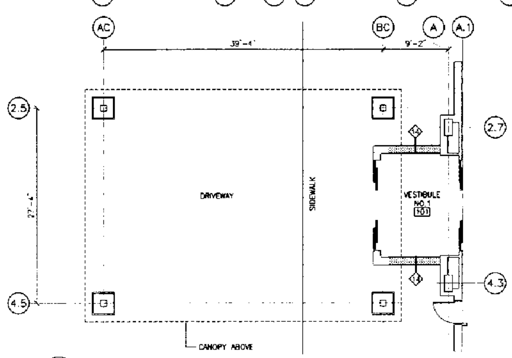
Existing Conditions, Zoning, and Notes

Project No. CLA-24-3860
Proj. Engineer JFM
Date: JUNE 2006
Sheet No. 2

CLA



1 A2.1R RENOVATION GROUND FLOOR PLAN
SCALE: 1/8" = 1'-0"



2 A2.1R RENOVATION PORTE COCHERE PLAN
SCALE: 1/8" = 1'-0"

ROOM TYPE SUMMARY

ROOM TYPE	1ST FLR	2ND FLR	3RD FLR	4TH FLR	5TH FLR	6TH FLR	TOTAL	RM TYPE TOTALS	PERCENT TOTALS	ACCESSIBLE ROOMS	HEARING IMPAIRED
KING TYPE "A"	0	4	4	4	4	4	20	KING 42 UNITS	38%		1 ACCESS 5 NON A = 6
KING TYPE "B"	0	1	1	1	1	1	5				
KING TYPE "C"	1	0	0	0	0	0	1				
KING TYPE "D"	0	0	0	0	0	1	1				
KING STUDIO	0	3	3	3	3	3	15				
DOUBLE QUEEN TYPE "A"	0	8	8	8	8	6	38	DBL QUEEN 63 UNITS	56%		0 ACCESS 6 NON A = 6
DOUBLE QUEEN TYPE "B"	0	4	4	4	4	4	20				
DOUBLE QUEEN STUDIO	0	1	1	1	1	1	5				
ACCESSIBLE KING STUDIO ROLL-IN	2	0	0	0	0	0	2	ACCESS K 4 UNITS	3%	7 2 WITH ROLL-IN SHOWERS	
ACCESSIBLE KING	0	1	1	0	0	0	2				
ACCESSIBLE DOUBLE QUEEN	0	0	0	1	1	0	2	ACCESS Q 3 UNITS	3%		
ACCESSIBLE DOUBLE QUEEN STUDIO	0	0	0	0	0	1	1				
TOTALS	5	22	22	22	22	21	112			7 REQ'D	12 REQ'D

ACCESSIBLE ROOM TYPE SUMMARY — CODE COMPLIANCY FOR FBC CHAPTER 11

ROOM TYPE	ROOM NUMBERS	TOTAL # OF UNITS
ACCESSIBLE ROOMS	144, 145, 216, 315, 416, 516, 519	7
ROLL-IN SHOWER UNITS	144 & 145	2
HEARING IMPAIRED UNITS	143, 144, 145, 214, 216, 224, 227, 314, 316, 324, 405, 414, 416, 505, 514, 516, 614, 619, 623	19

RENOVATION PLAN NOTES

1. REFERENCE PREVIOUSLY APPROVED 2008 SET BY LEONARD J. CICCOTELLO AIA, ARCHITECT FOR DETAILS AND INFORMATION NOT NOTED ON THIS PLAN. THIS PLAN DENOTES CHANGES TO PREVIOUSLY APPROVED PLANS ONLY. ALL CONSTRUCTION DETAILS AND INFORMATION NOT SHOWN CHANGED TO BE CONSTRUCTED PER THESE 2008 PLANS.
2. RENOVATION PLANS HAVE BEEN DESIGNED PER THE CONNECTICUT APPROVED 2003 INTERNATIONAL BUILDING CODE, 2005 CONNECTICUT STATE BUILDING CODE AND THE ACCESSIBLE AND USABLE BUILDING AND FACILITIES ICC A117.1-2003 ACCESSIBILITY CODE.
3. ALL KEYS REFERENCING RENOVATION PLANS AND DETAILS ARE DESIGNATED WITH AN "R" DESIGNATION. KEYS REFERENCING THE 2008 PREVIOUSLY APPROVED PLANS DO NOT HAVE THIS DESIGNATION.
4. SEE GENERAL PLAN NOTES ON SHEET A2.3R FOR GENERAL PLAN NOTES.
5. ALL NEW WALL CONSTRUCTION SET TO CONTINUE AN EXISTING WALL SHOULD BE SET TO ENSURE FINISHED WALL FACE ALIGNS WITH EXISTING WALL FACE AS DESIGNED.
6. ENSURE ALL EXISTING CONSTRUCTION IS VIABLE FOR USE IN COMPLETION OF PROJECT. CONTRACTOR TO NOTIFY ARCHITECT IMMEDIATELY OF ANY EXISTING CONDITIONS THAT ARE SUSPECT FOR REVIEW FOR POSSIBLE REPLACEMENT.

DRAWING KEY

- DENOTES NEW WALL CONSTRUCTION. SEE WALL TYPES FOR DETAILS.
- DENOTES PREVIOUSLY DESIGNED AND APPROVED WALL CONSTRUCTION.
- DENOTES PREVIOUSLY DESIGNED AND APPROVED RATED WALL CONSTRUCTION.
- 9 DENOTES NEW CONSTRUCTION WALL TYPES.
- F DENOTES NEW CONSTRUCTION WINDOW TYPES.
- 142 DENOTES NEW CONSTRUCTION DOOR TYPES.

RBA GROUP
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PROGRESS SET

OWNER SET #2
FRANCHISE SET #1
BUILDING DEPT #0

ISSUE DATE 12.21.12

HAMPTON INN & SUITES
NORWICH, CT

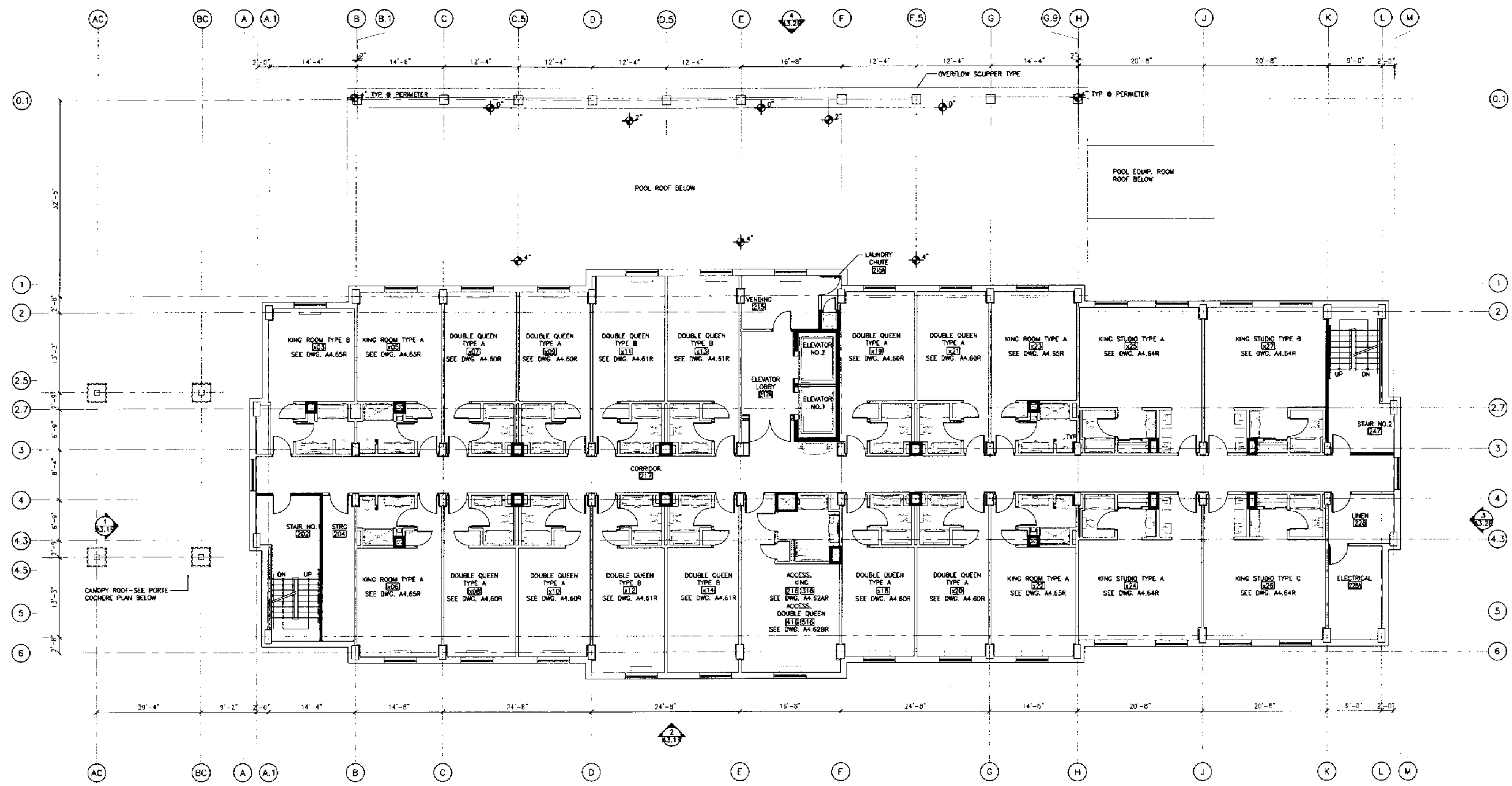
154 SALEM TURNPIKE
NORWICH, CT 06360

REVISION NO.	DATE	COMMENT	DATE

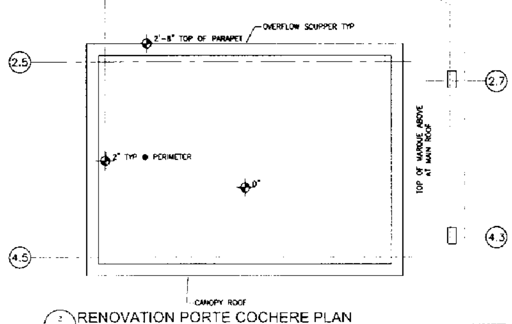
DRAWN BY: CRA
CHECKED BY: JE
PROJECT DATE: 08.31.12
PROJECT NUMBER: 121426R

RENOVATION GROUND FLOOR PLAN

A2.1R



1 A2.2R RENOVATION TYPICAL 2ND - 5TH FLOOR PLAN
SCALE: 1/8" = 1'-0"



2 A2.2R RENOVATION PORTE COCHERE PLAN
SCALE: 1/4" = 1'-0"

RENOVATION PLAN NOTES

1. REFERENCE PREVIOUSLY APPROVED 2006 SET BY LEONARD J. CICCOTELLO AIA, ARCHITECT FOR DETAILS AND INFORMATION NOT NOTED ON THIS PLAN. THIS PLAN DENOTES CHANGES TO PREVIOUSLY APPROVED PLANS ONLY. ALL CONSTRUCTION DETAILS AND INFORMATION NOT SHOWN CHANGED TO BE CONSTRUCTED PER THESE 2006 PLANS.
2. RENOVATION PLANS HAVE BEEN DESIGNED PER THE CONNECTICUT APPROVED 2003 INTERNATIONAL BUILDING CODE, 2005 CONNECTICUT STATE BUILDING CODE AND THE ACCESSIBLE AND USABLE BUILDING AND FACILITIES ICC A117.1-2003 ACCESSIBILITY CODE.
3. ALL KEYS REFERENCING RENOVATION PLANS AND DETAILS ARE DESIGNATED WITH AN "R" DESIGNATION. KEYS REFERENCING THE 2006 PREVIOUSLY APPROVED PLANS DO NOT HAVE THIS DESIGNATION.
4. SEE GENERAL PLAN NOTES ON SHEET A2.3R FOR GENERAL PLAN NOTES
5. ALL NEW WALL CONSTRUCTION SET TO CONTINUE AN EXISTING WALL SHOULD BE SET TO ENSURE FINISHED WALL FACE ALIGNS WITH EXISTING WALL FACE AS DESIGNED.
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DRAWING KEY

- DENOTES NEW WALL CONSTRUCTION. SEE WALL TYPES FOR DETAILS.
- DENOTES PREVIOUSLY DESIGNED AND APPROVED WALL CONSTRUCTION.
- DENOTES PREVIOUSLY DESIGNED AND APPROVED RATED WALL CONSTRUCTION.
- 3 DENOTES NEW CONSTRUCTION WALL TYPES.
- F DENOTES NEW CONSTRUCTION WINDOW TYPES.
- 142 DENOTES NEW CONSTRUCTION DOOR TYPES.

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PROGRESS SET

OWNER SET	#2
FRANCHISE SET	#1
BUILDING DEPT	#0

ISSUE DATE 12.21.12

HAMPTON INN & SUITES
NORWICH, CT

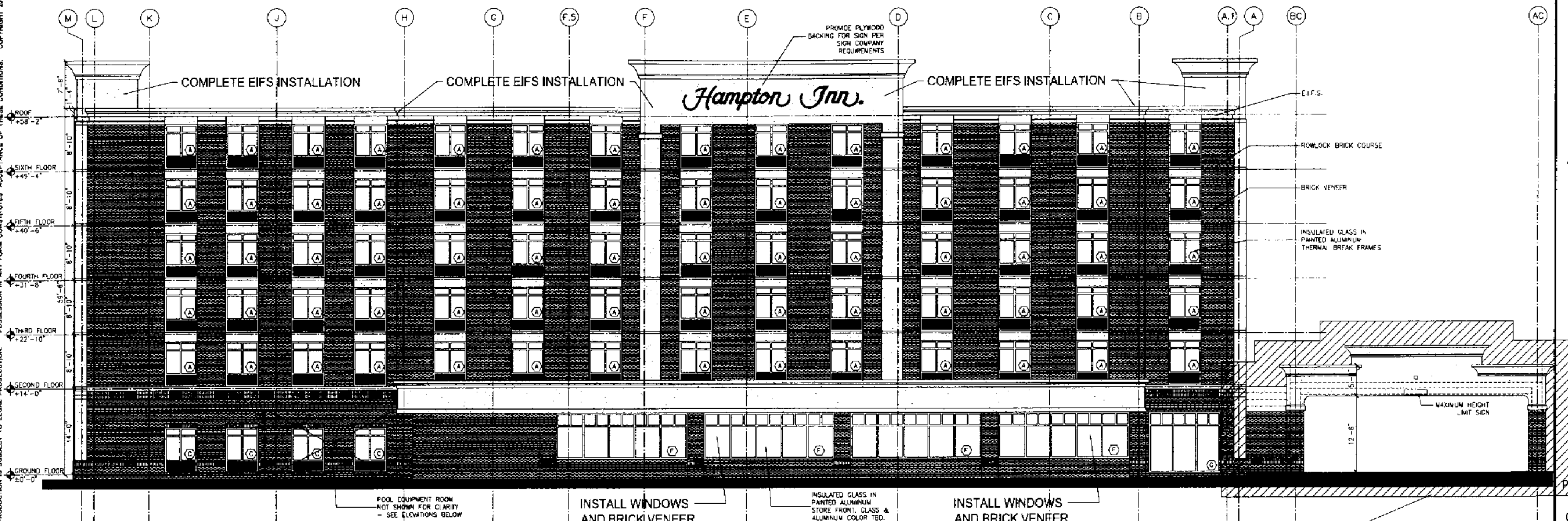
154 SALEM TURNPIKE
NORWICH, CT 06360

REVISION			DATE
no.	date	comment	

DRAWN BY	CRA
CHECKED BY	JE
PROJECT DATE	08.01.12
PROJECT NUMBER	12-142-R

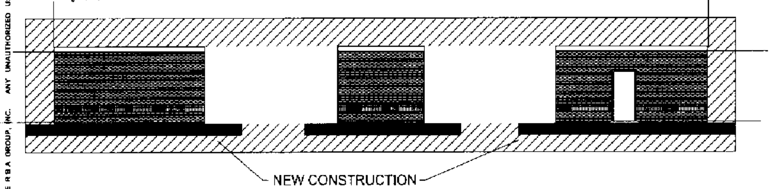
RENOVATION 2ND - 5TH FLOOR PLAN

A2.2R



LEFT SIDE ELEVATION (POOL SIDE)

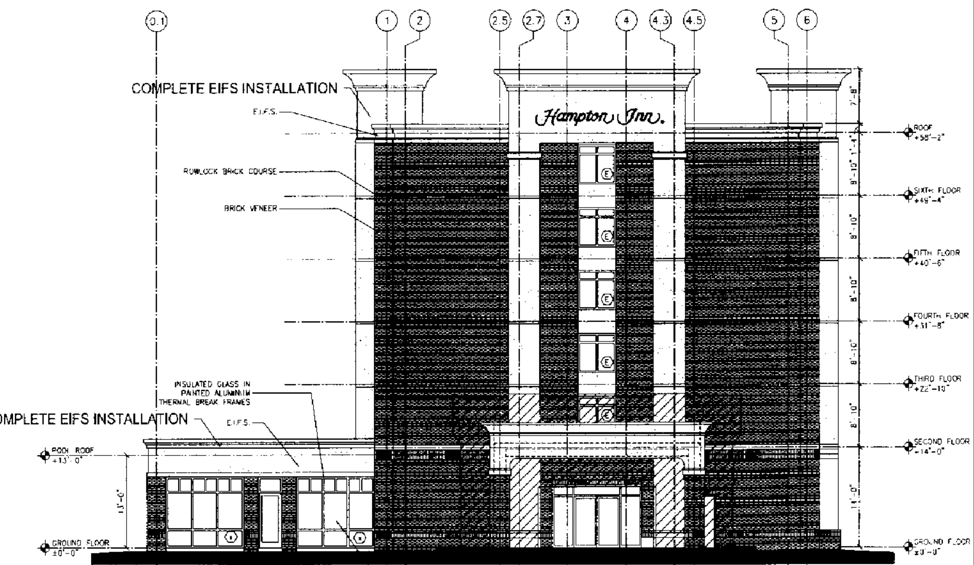
$\frac{1}{8}$"=1'-0"



LEFT ELEVATION CENTER ELEVATION RIGHT ELEVATION

POOL EQUIPMENT ROOM ELEVATIONS

$\frac{1}{4}$"=1'-0"



FRONT ELEVATION INSTALL WINDOWS AND BRICK VENEER

$\frac{1}{8}$"=1'-0"

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PROGRESS SET

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BUILDING DEPT #0

ISSUE DATE 12.21.12

HAMPTON INN & SUITES
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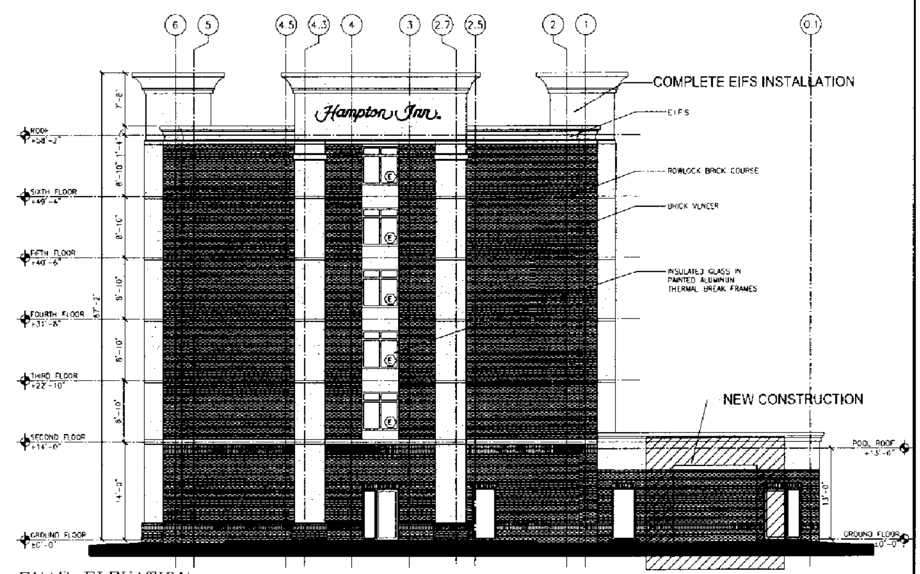
REVISION			DATE
No.	Date	Comment	

DRAWN BY CRA
CHECKED BY JE
PROJECT DATE 06.28.12
PROJECT NUMBER 12-1424R

FRONT & LEFT SIDE ELEVATIONS

A3.1

RIGHT SIDE ELEVATION
1/8"=1'-0"



REAR ELEVATION
1/8"=1'-0"

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PROGRESS SET

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ISSUE DATE 12.21.12

HAMPTON INN & SUITES
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154 SALEM TURNPIKE
NORWICH, CT 06360

REVISION			DATE
no.	date	comment	

DRAWN BY	CRA
CHECKED BY	JE
PROJECT DATE	08.01.12
PROJECT NUMBER	12-9424R

REAR & RIGHT SIDE ELEVATIONS

A3.2