

Hotel

Unique Among Its Peers!

The Market Crests: Sector Tide Turns on a Wave of New Supply

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Hotel Subtypes

- Luxury
 - Upper Upscale
 - Upscale
 - Upper Midscale
 - Midscale
 - Economy
 - Independent
-
- Flag vs. Non-Flag
 - Resort vs. Non-Resort

Operational Characteristics of a Hotel

- There are several idiosyncrasies in hotel operation, starting with operational metrics
 - RevPAR: Revenue per Available Room
 - ADR: Average Daily Rate
 - Occupancy: Yes, just Occupancy
 - **RevPAR = ADR x Occupancy**
- Going Concern Component: Operator, Franchisor, Landlord
- Additional Revenue Generators
 - Food and Beverage
 - Entertainment
 - Communications

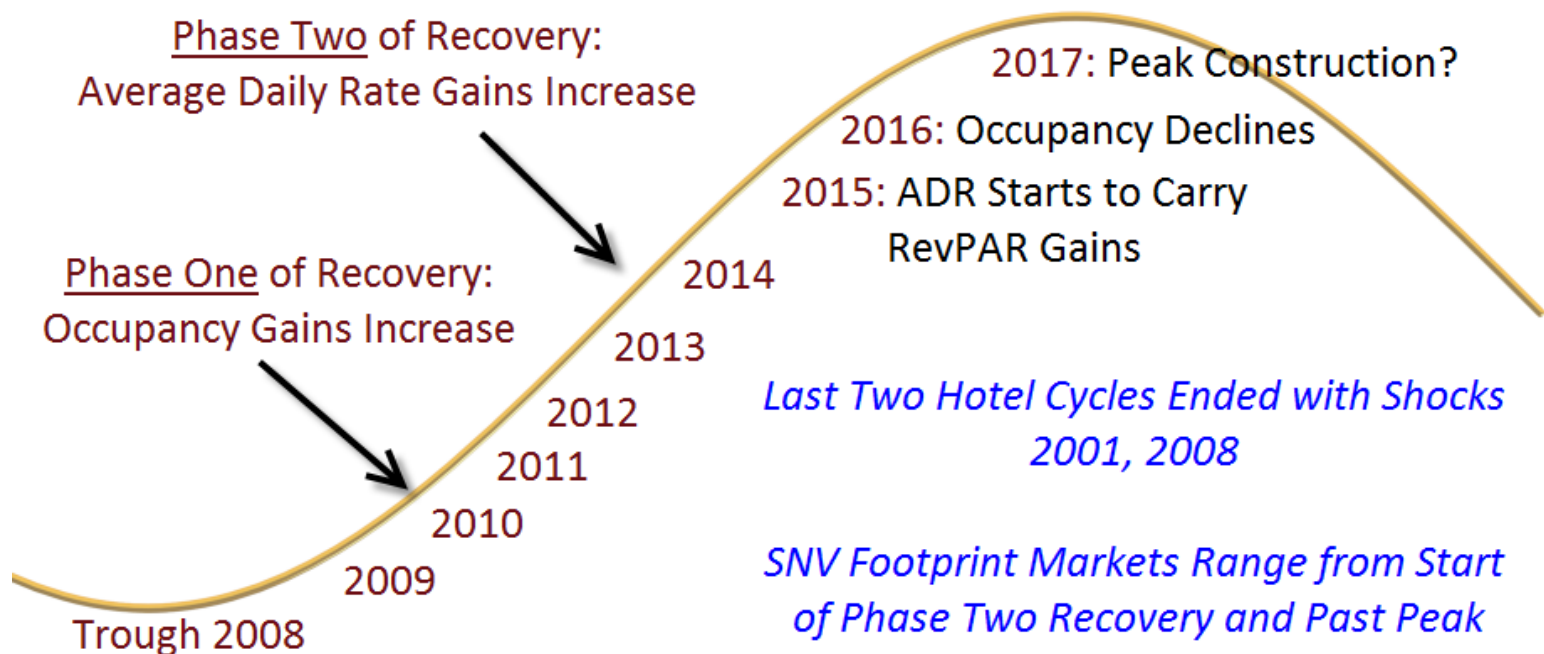
Hotel Valuation

- The Value of a Hotel is the sum of its:
 - Real Property Value
 - Personal Property/FF&E
 - Business Enterprise Value
- A hotel that is under construction does NOT have any business enterprise value!

Hotel Operating Statement Example

Year Period	YE 2015 12 months	YE 2016 12 months	Acquisition PRO FORMA 2017
Rooms Available	43,800	43,800	43,800
Rooms Sold	31,676	30,800	32,802
Occupancy	72.32%	70.32%	74.89%
ADR	\$94.74	\$90.23	\$97.13
RevPar	\$68.52	\$63.45	\$72.74
Revenue			
Room Revenue	\$3,001,176 86.73%	\$2,779,110 86.71%	\$3,186,012 86.46%
Food & Beverage	\$322,000 9.31%	\$299,000 9.33%	\$353,000 9.58%
Telephone	\$50,000 1.45%	\$45,000 1.40%	\$54,000 1.47%
Other	\$87,000 2.51%	\$82,000 2.56%	\$92,000 2.50%
Gross Revenue	\$3,460,176 100.00%	\$3,205,110 100.00%	\$3,685,012 100.00%
Departmental Expenses			
Rooms	\$642,000 21.39%	\$589,000 21.19%	\$623,000 19.55%
Food & Beverage	\$282,000 87.58%	\$279,000 93.31%	\$278,000 78.75%
Telephone	\$42,000 84.00%	\$39,000 86.67%	\$40,000 74.07%
Other	\$14,500 16.67%	\$14,000 17.07%	\$13,000 14.13%
Total Departmental Expenses	\$980,500 28.34%	\$921,000 28.74%	\$954,000 25.89%
GROSS OPERATING INCOME	\$2,479,676 71.66%	\$2,284,110 71.26%	\$2,731,012 74.11%
Undistributed Operating Expenses			
Admin & General	\$237,000 6.85%	\$222,000 6.93%	\$235,000 6.38%
Marketing	\$169,000 4.88%	\$159,000 4.96%	\$170,000 4.61%
Franchise Fee	\$238,000 6.88%	\$202,000 6.30%	\$258,000 7.00%
Management Fee	\$136,000 3.93%	\$115,300 3.60%	\$147,500 4.00%
Repairs and Maintenance	\$118,000 3.41%	\$112,000 3.49%	\$120,000 3.26%
Utilities	\$122,000 3.53%	\$116,000 3.62%	\$125,000 3.39%
Total Undist. Oper. Expenses	\$1,020,000 29.48%	\$926,300 28.90%	\$1,055,500 28.64%
Gross Operating Profit	\$1,459,676 42.19%	\$1,357,810 42.36%	\$1,675,512 45.47%
Fixed Expenses			
Real Estate Taxes	\$86,000 2.49%	\$101,000 3.15%	\$95,000 2.58%
Insurance	\$28,000 0.81%	\$33,000 1.03%	\$30,000 0.81%
Lease	\$0 0.00%	\$0 0.00%	\$0 0.00%
Other Expenses	\$0 0.00%	\$0 0.00%	\$0 0.00%
FF&E Reserves	\$116,000 3.35%	\$136,000 4.24%	\$147,500 4.00%
Total Fixed Expenses	\$230,000 6.65%	\$270,000 8.42%	\$272,500 7.39%
Net Operating Income	\$1,229,676 35.54%	\$1,087,810 33.94%	\$1,403,012 38.07%
STRESSED DEBT SERVICE	\$981,320	\$981,320	\$981,320
STRESSED DSCR	1.25	1.11	1.43
ACTUAL DSCR	1.49	1.32	1.70

Hotel Cycle: Record Run of Six Year Gains Ends in 2017?

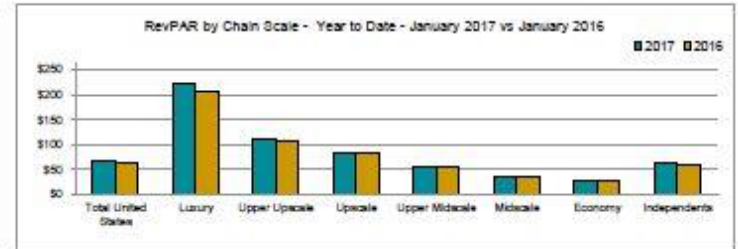
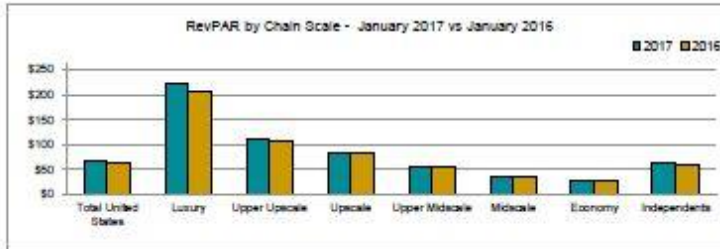


$$\text{Revenue per Available Room (RevPAR)} = \text{Occupancy} * \text{ADR}$$

STR: Smith Travel Research Sector Report

Performance by Industry Segments

For the Month of: January 2017



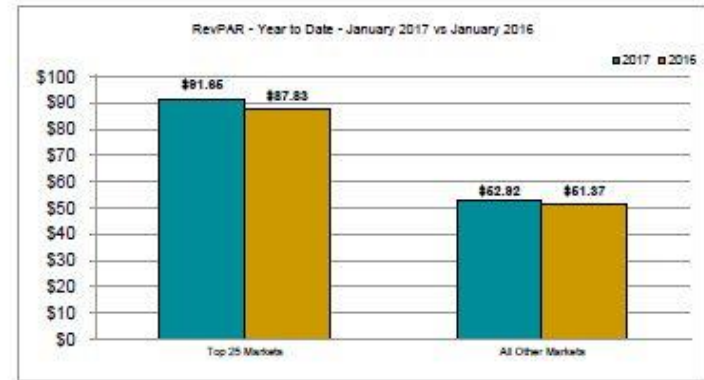
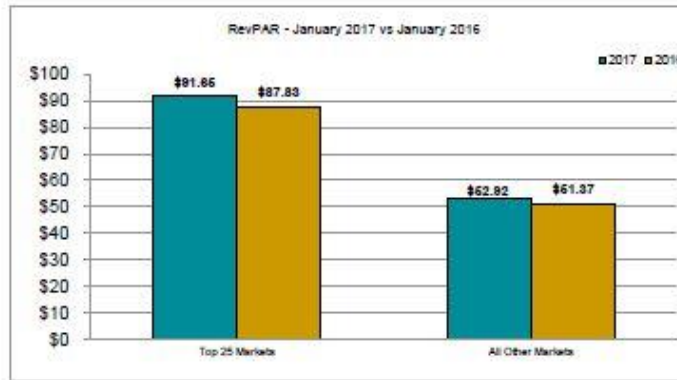
January 2017 vs January 2016												
	Ooo %		ADR (\$)		RevPAR (\$)		Percent Change from January 2016					
	2017	2016	2017	2016	2017	2016	Ooo	ADR	RevPAR	Rev	Rooms Avail	Rooms Sold
Total United States	54.1	53.8	120.72	116.93	65.33	62.96	0.5	3.2	3.8	5.7	1.9	2.4
Chain Scale												
Luxury	67.8	66.8	328.32	311.09	222.56	207.77	1.5	5.5	7.1	10.3	3.0	4.5
Upper Upscale	64.2	63.7	175.10	169.28	112.37	107.78	0.8	3.4	4.3	6.2	1.8	2.7
Upscale	62.9	63.2	132.23	129.75	83.20	81.95	-0.4	1.9	1.5	7.8	6.1	5.7
Upper Midscale	54.0	53.9	103.43	101.94	55.82	54.99	0.0	1.5	1.5	4.7	3.2	3.2
Midscale	47.0	46.5	78.46	77.84	36.86	36.17	1.1	0.8	1.9	2.6	0.7	1.8
Economy	46.7	47.1	55.97	54.87	26.15	25.86	-0.9	2.0	1.1	1.3	0.2	-0.7
Independents	51.1	50.6	120.52	116.27	61.54	58.82	0.9	3.7	4.6	5.0	0.4	1.3
Class												
Luxury	62.3	61.4	286.41	275.53	178.33	169.28	1.3	3.9	5.3	8.2	2.7	4.1
Upper Upscale	62.3	61.8	175.08	168.90	109.10	104.32	0.9	3.7	4.6	6.3	1.6	2.5
Upscale	61.2	60.9	133.02	130.41	81.41	79.46	0.4	2.0	2.5	6.6	4.0	4.5
Upper Midscale	54.0	54.0	106.42	104.63	57.48	56.49	0.1	1.7	1.8	5.8	4.0	4.0
Midscale	47.4	46.9	86.14	84.85	40.81	39.78	1.1	1.5	2.6	2.9	0.3	1.3
Economy	47.5	47.6	65.31	63.40	31.01	30.20	-0.3	3.0	2.7	2.6	-0.1	-0.4
Region												
New England	47.2	46.2	122.23	122.14	57.74	56.47	2.2	0.1	2.2	3.7	1.5	3.6
Middle Atlantic	51.6	50.0	134.32	133.18	69.33	66.57	3.3	0.9	4.1	7.6	3.3	6.6
South Atlantic	58.6	57.6	123.03	118.59	72.14	68.34	1.7	3.7	5.6	7.2	1.6	3.3
East North Central	45.1	44.9	94.99	92.89	42.88	41.70	0.6	2.3	2.8	4.9	2.0	2.6
East South Central	46.7	48.2	86.56	84.94	40.42	40.93	-3.1	1.9	-1.2	0.5	1.8	-1.3
West North Central	43.1	44.0	89.27	88.08	38.49	38.72	-1.9	1.3	-0.6	1.0	1.6	-0.3
West South Central	53.6	54.0	97.10	95.34	52.08	51.53	-0.8	1.8	1.1	4.1	3.0	2.2
Mountain	56.8	56.5	130.12	123.85	73.86	69.92	0.6	5.1	5.6	6.7	1.0	1.5
Pacific	64.0	63.9	156.30	149.94	99.98	95.79	0.1	4.2	4.4	5.8	1.4	1.5
Location												
Urban	61.0	60.2	159.10	151.34	97.04	91.13	1.3	5.1	6.5	9.9	3.2	4.5
Suburban	55.5	55.6	103.08	100.53	57.23	55.86	-0.1	2.5	2.4	4.3	1.8	1.7
Airport	65.3	64.3	112.35	108.35	73.40	69.67	1.6	3.7	5.4	7.1	1.6	3.3
Interstate	43.2	43.5	77.65	76.67	33.57	33.34	-0.6	1.3	0.7	2.1	1.4	0.8
Resort	61.6	61.1	182.05	177.82	112.10	108.68	0.8	2.4	3.1	4.5	1.3	2.1
Small Metro/Town	43.0	42.8	90.20	88.56	38.79	37.86	0.6	1.8	2.5	4.1	1.6	2.2

Year to Date - January 2017 vs January 2016												
	Ooo %		ADR (\$)		RevPAR (\$)		Percent Change from YTD January 2016					
	2017	2016	2017	2016	2017	2016	Ooo	ADR	RevPAR	Rev	Rooms Avail	Rooms Sold
Total United States	54.1	53.8	120.72	116.93	65.33	62.96	0.5	3.2	3.8	5.7	1.9	2.4
Chain Scale												
Luxury	67.8	66.8	328.32	311.09	222.56	207.77	1.5	5.5	7.1	10.3	3.0	4.5
Upper Upscale	64.2	63.7	175.10	169.28	112.37	107.78	0.8	3.4	4.3	6.2	1.8	2.7
Upscale	62.9	63.2	132.23	129.75	83.20	81.95	-0.4	1.9	1.5	7.8	6.1	5.7
Upper Midscale	54.0	53.9	103.43	101.94	55.82	54.99	0.0	1.5	1.5	4.7	3.2	3.2
Midscale	47.0	46.5	78.46	77.84	36.86	36.17	1.1	0.8	1.9	2.6	0.7	1.8
Economy	46.7	47.1	55.97	54.87	26.15	25.86	-0.9	2.0	1.1	1.3	0.2	-0.7
Independents	51.1	50.6	120.52	116.27	61.54	58.82	0.9	3.7	4.6	5.0	0.4	1.3
Class												
Luxury	62.3	61.4	286.41	275.53	178.33	169.28	1.3	3.9	5.3	8.2	2.7	4.1
Upper Upscale	62.3	61.8	175.08	168.90	109.10	104.32	0.9	3.7	4.6	6.3	1.6	2.5
Upscale	61.2	60.9	133.02	130.41	81.41	79.46	0.4	2.0	2.5	6.6	4.0	4.5
Upper Midscale	54.0	54.0	106.42	104.63	57.48	56.49	0.1	1.7	1.8	5.8	4.0	4.0
Midscale	47.4	46.9	86.14	84.85	40.81	39.78	1.1	1.5	2.6	2.9	0.3	1.3
Economy	47.5	47.6	65.31	63.40	31.01	30.20	-0.3	3.0	2.7	2.6	-0.1	-0.4
Region												
New England	47.2	46.2	122.23	122.14	57.74	56.47	2.2	0.1	2.2	3.7	1.5	3.6
Middle Atlantic	51.6	50.0	134.32	133.18	69.33	66.57	3.3	0.9	4.1	7.6	3.3	6.6
South Atlantic	58.6	57.6	123.03	118.59	72.14	68.34	1.7	3.7	5.6	7.2	1.6	3.3
East North Central	45.1	44.9	94.99	92.89	42.88	41.70	0.6	2.3	2.8	4.9	2.0	2.6
East South Central	46.7	48.2	86.56	84.94	40.42	40.93	-3.1	1.9	-1.2	0.5	1.8	-1.3
West North Central	43.1	44.0	89.27	88.08	38.49	38.72	-1.9	1.3	-0.6	1.0	1.6	-0.3
West South Central	53.6	54.0	97.10	95.34	52.08	51.53	-0.8	1.8	1.1	4.1	3.0	2.2
Mountain	56.8	56.5	130.12	123.85	73.86	69.92	0.6	5.1	5.6	6.7	1.0	1.5
Pacific	64.0	63.9	156.30	149.94	99.98	95.79	0.1	4.2	4.4	5.8	1.4	1.5
Location												
Urban	61.0	60.2	159.10	151.34	97.04	91.13	1.3	5.1	6.5	9.9	3.2	4.5
Suburban	55.5	55.6	103.08	100.53	57.23	55.86	-0.1	2.5	2.4	4.3	1.8	1.7
Airport	65.3	64.3	112.35	108.35	73.40	69.67	1.6	3.7	5.4	7.1	1.6	3.3
Interstate	43.2	43.5	77.65	76.67	33.57	33.34	-0.6	1.3	0.7	2.1	1.4	0.8
Resort	61.6	61.1	182.05	177.82	112.10	108.68	0.8	2.4	3.1	4.5	1.3	2.1
Small Metro/Town	43.0	42.8	90.20	88.56	38.79	37.86	0.6	1.8	2.5	4.1	1.6	2.2

STR: Smith Travel Research Market Summary

Performance in Top 25 Markets

For the Month of: January 2017

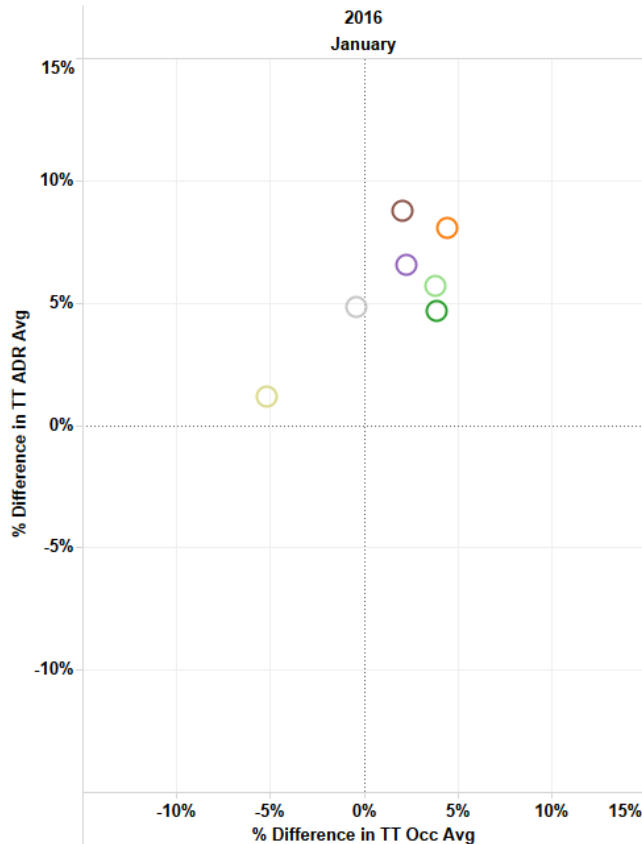


January 2017 vs January 2016												
	Occ %		ADR (\$)		RevPAR (\$)		Percent Change from January 2016					
	2017	2016	2017	2016	2017	2016	Occ	ADR	RevPAR	Room Rev	Rooms Avail	Rooms Sold
Anaheim/Santa Ana, CA	69.6	69.5	143.06	137.56	99.51	95.63	0.1	4.0	4.1	7.8	3.6	3.7
Atlanta, GA	65.0	64.1	110.52	104.38	71.84	66.88	1.4	5.9	7.4	8.7	1.2	2.6
Boston, MA	55.0	55.7	144.18	146.33	79.24	81.45	-1.3	-1.5	-2.7	0.8	3.6	2.3
Chicago, IL	47.6	47.3	106.05	103.22	50.50	48.79	0.7	2.7	3.5	5.8	2.2	2.9
Dallas, TX	65.0	66.7	108.47	104.59	70.46	69.77	-2.6	3.7	1.0	3.7	2.7	0.0
Denver, CO	59.7	62.1	115.17	112.82	68.81	70.05	-3.8	2.1	-1.8	1.4	3.3	-0.6
Detroit, MI	56.6	55.9	108.12	104.99	61.23	58.67	1.4	3.0	4.4	6.3	1.9	3.3
Houston, TX	55.8	59.6	103.81	105.45	57.94	62.89	-6.4	-1.6	-7.9	-2.1	6.3	-0.5
Los Angeles/Long Beach, CA	75.1	75.6	165.39	162.38	124.13	122.81	-0.8	1.9	1.1	1.4	0.3	-0.5
Miami/Hialeah, FL	77.0	80.8	215.29	237.31	165.80	191.78	-4.7	-9.3	-13.5	-9.6	4.6	-0.4
Minneapolis/St Paul, MN-WI	52.8	53.2	106.00	104.99	55.94	55.87	-0.8	1.0	0.1	5.8	5.7	4.8
Nashville, TN	57.6	58.8	120.39	114.73	69.39	67.41	-1.9	4.9	2.9	6.5	3.4	1.4
New Orleans, LA	62.0	58.9	148.42	142.89	92.04	84.11	5.4	3.9	9.4	13.2	3.4	9.0
New York, NY	72.1	70.1	185.37	185.08	133.74	129.80	2.9	0.2	3.0	8.4	5.2	8.2
Norfolk/Virginia Beach, VA	42.4	37.8	73.23	71.52	31.02	27.04	12.0	2.4	14.7	14.5	-0.2	11.8
Oahu Island, HI	83.1	83.9	245.22	225.98	203.85	189.57	-0.9	8.5	7.5	13.4	5.4	4.5
Orlando, FL	75.1	75.8	124.90	123.61	93.82	93.72	-0.9	1.0	0.1	2.0	1.8	0.9
Philadelphia, PA-NJ	52.9	51.2	114.14	111.42	60.38	57.03	3.4	2.4	5.9	8.6	2.5	6.0
Phoenix, AZ	68.5	69.5	141.59	141.08	97.00	97.99	-1.4	0.4	-1.0	0.8	1.9	0.5
San Diego, CA	67.0	67.7	142.41	136.31	95.39	92.26	-1.0	4.5	3.4	4.8	1.4	0.3
San Francisco/San Mateo, CA	74.3	75.8	254.00	232.27	189.71	176.04	-2.0	9.4	7.2	6.7	-0.4	-2.4
Seattle, WA	63.2	59.8	128.17	124.59	81.00	74.49	5.7	2.9	8.7	10.9	2.0	7.9
St Louis, MO-IL	48.5	49.2	92.29	88.57	44.75	43.56	-1.4	4.2	2.7	3.7	0.9	-0.5
Tampa/St Petersburg, FL	71.7	70.0	136.82	121.58	98.14	85.14	2.4	12.5	15.3	18.0	2.4	4.9
Washington, DC-MD-VA	56.4	51.5	171.12	123.72	96.52	63.77	9.4	38.3	51.3	54.4	2.0	11.6
Top 25 Markets	63.8	63.4	144.07	138.44	91.66	87.83	0.3	4.1	4.4	7.1	2.8	2.9
All Other Markets	48.8	48.4	106.81	104.04	62.82	61.37	0.5	2.6	3.0	4.8	1.6	2.1
Total United States	64.1	63.8	120.72	118.93	66.33	62.98	0.5	3.2	3.8	6.7	1.9	2.4

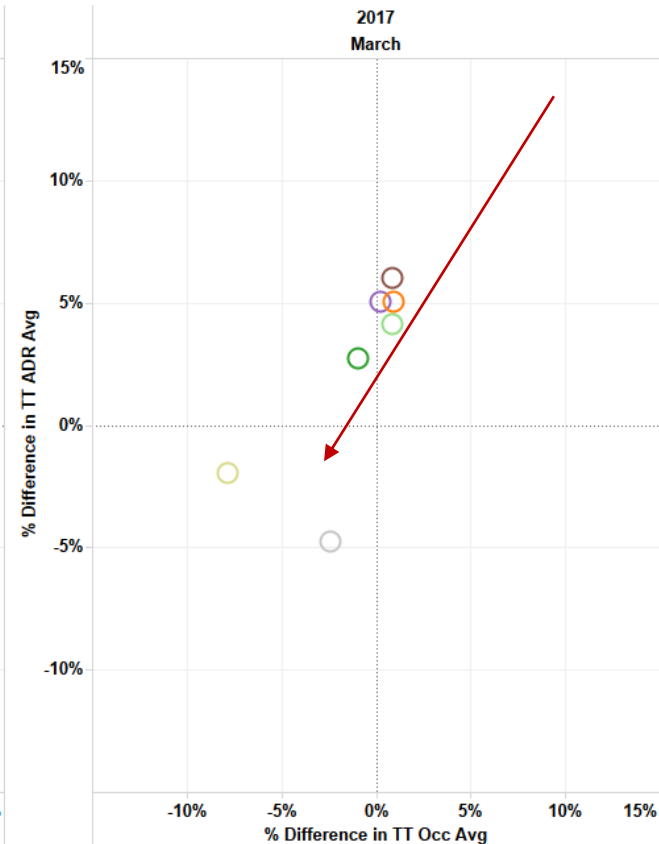
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Anaheim/Santa Ana, CA	69.6	69.5	143.06	137.56	99.51	95.63	0.1	4.0	4.1	7.8	3.6	3.7
Atlanta, GA	65.0	64.1	110.52	104.38	71.84	66.88	1.4	5.9	7.4	8.7	1.2	2.6
Boston, MA	55.0	55.7	144.18	146.33	79.24	81.45	-1.3	-1.5	-2.7	0.8	3.6	2.3
Chicago, IL	47.6	47.3	106.05	103.22	50.50	48.79	0.7	2.7	3.5	5.8	2.2	2.9
Dallas, TX	65.0	66.7	108.47	104.59	70.46	69.77	-2.6	3.7	1.0	3.7	2.7	0.0
Denver, CO	59.7	62.1	115.17	112.82	68.81	70.05	-3.8	2.1	-1.8	1.4	3.3	-0.6
Detroit, MI	56.6	55.9	108.12	104.99	61.23	58.67	1.4	3.0	4.4	6.3	1.9	3.3
Houston, TX	55.8	59.6	103.81	105.45	57.94	62.89	-6.4	-1.6	-7.9	-2.1	6.3	-0.5
Los Angeles/Long Beach, CA	75.1	75.6	165.39	162.38	124.13	122.81	-0.8	1.9	1.1	1.4	0.3	-0.5
Miami/Hialeah, FL	77.0	80.8	215.29	237.31	165.80	191.78	-4.7	-9.3	-13.5	-9.6	4.6	-0.4
Minneapolis/St Paul, MN-WI	52.8	53.2	106.00	104.99	55.94	55.87	-0.8	1.0	0.1	5.8	5.7	4.8
Nashville, TN	57.6	58.8	120.39	114.73	69.39	67.41	-1.9	4.9	2.9	6.5	3.4	1.4
New Orleans, LA	62.0	58.9	148.42	142.89	92.04	84.11	5.4	3.9	9.4	13.2	3.4	9.0
New York, NY	72.1	70.1	185.37	185.08	133.74	129.80	2.9	0.2	3.0	8.4	5.2	8.2
Norfolk/Virginia Beach, VA	42.4	37.8	73.23	71.52	31.02	27.04	12.0	2.4	14.7	14.5	-0.2	11.8
Oahu Island, HI	83.1	83.9	245.22	225.98	203.85	189.57	-0.9	8.5	7.5	13.4	5.4	4.5
Orlando, FL	75.1	75.8	124.90	123.61	93.82	93.72	-0.9	1.0	0.1	2.0	1.8	0.9
Philadelphia, PA-NJ	52.9	51.2	114.14	111.42	60.38	57.03	3.4	2.4	5.9	8.6	2.5	6.0
Phoenix, AZ	68.5	69.5	141.59	141.08	97.00	97.99	-1.4	0.4	-1.0	0.8	1.9	0.5
San Diego, CA	67.0	67.7	142.41	136.31	95.39	92.26	-1.0	4.5	3.4	4.8	1.4	0.3
San Francisco/San Mateo, CA	74.3	75.8	254.00	232.27	189.71	176.04	-2.0	9.4	7.2	6.7	-0.4	-2.4
Seattle, WA	63.2	59.8	128.17	124.59	81.00	74.49	5.7	2.9	8.7	10.9	2.0	7.9
St Louis, MO-IL	48.5	49.2	92.29	88.57	44.75	43.56	-1.4	4.2	2.7	3.7	0.9	-0.5
Tampa/St Petersburg, FL	71.7	70.0	136.82	121.58	98.14	85.14	2.4	12.5	15.3	18.0	2.4	4.9
Washington, DC-MD-VA	56.4	51.5	171.12	123.72	96.52	63.77	9.4	38.3	51.3	54.4	2.0	11.6
Top 25 Markets	63.8	63.4	144.07	138.44	91.66	87.83	0.3	4.1	4.4	7.1	2.8	2.9
All Other Markets	48.8	48.4	106.81	104.04	62.82	61.37	0.5	2.6	3.0	4.8	1.6	2.1
Total United States	64.1	63.8	120.72	118.93	66.33	62.98	0.5	3.2	3.8	6.7	1.9	2.4

Top 25 T12 Occupancy/ADR Growth Jan 16 vs. Mar 17

T12 ADR Growth vs T12 Occ Growth Top 25 MSAs MAR 16



T12 ADR Growth vs T12 Occ Growth Top 25 MSAs Mar 17



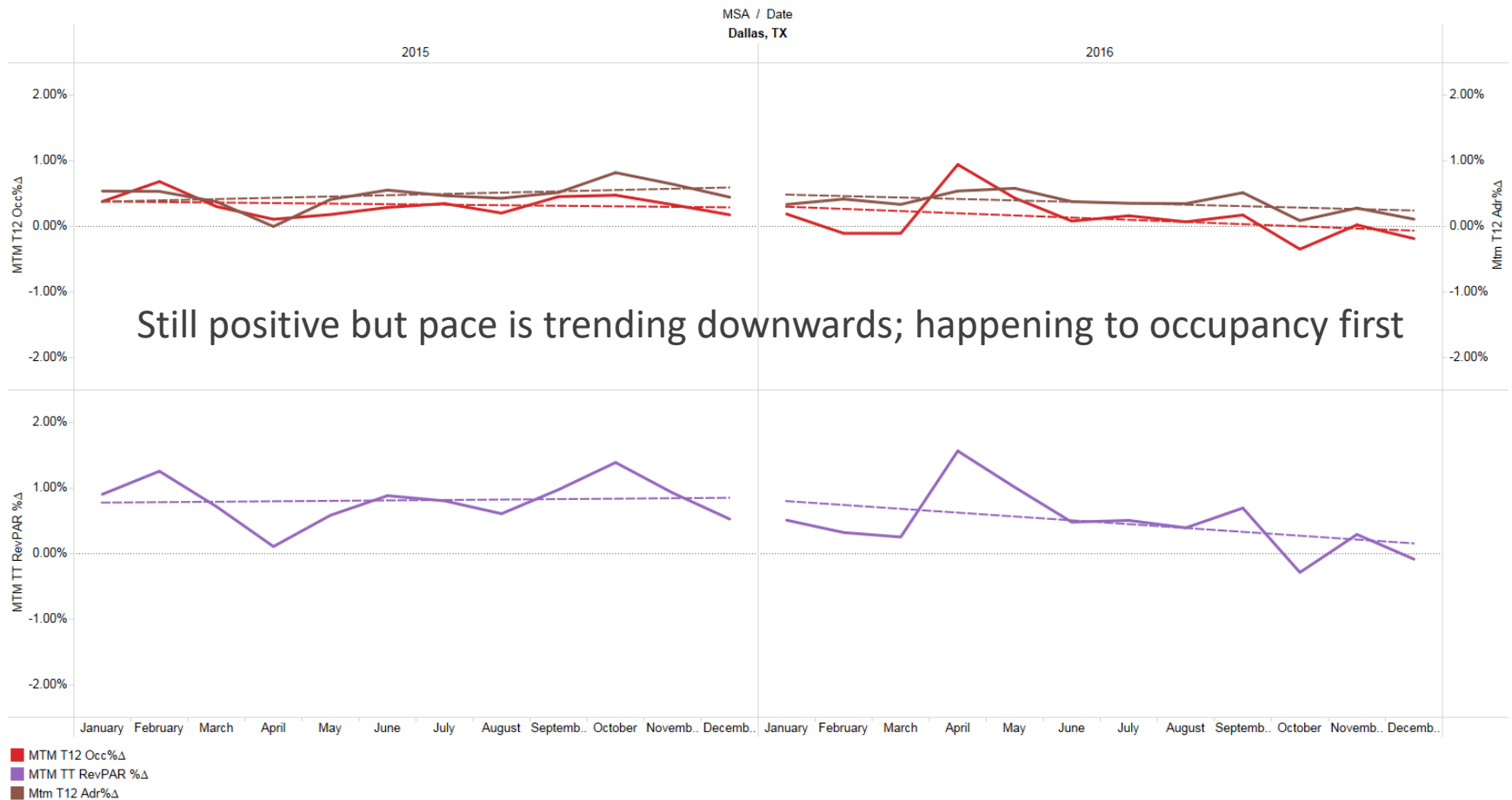
MSA

- Tampa, FL
- Orlando, FL
- Dallas, TX
- Atlanta, GA
- Nashville, TN
- Miami, FL
- Houston, TX

Dallas Trailing 12 Occupancy and Average Daily Rate

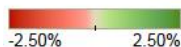


Graph Slope Changes as Indication of Cycle Direction



Negative Trending in Hotel Occupancy Growth

Month of Date	Atlanta, GA	Augusta, GA-SC	Austin, TX	Birmingham, AL	Charleston, SC	Charlotte, NC-SC	Chattanooga, TN	Columbus, LA	Dallas, TX	Greenville, SC	Houston, TX	Jacksonville, FL	Miami, FL	Myrtle Beach, SC	Nashville, TN	Orlando, FL	Pensacola, FL	Savannah, GA	Tampa, FL
May 2014	1.01%	1.15%	-0.01%	0.88%	0.53%	0.74%	0.30%		0.46%	0.22%	0.48%	0.92%	0.47%	1.05%	0.22%	0.50%	2.21%	0.73%	0.69%
June 2014	0.65%	1.38%	0.08%	0.09%	0.17%	0.58%	0.43%		0.62%	0.19%	0.39%	0.56%	-0.12%	0.51%	0.26%	0.00%	1.07%	0.56%	0.43%
July 2014	0.70%	1.55%	0.50%	0.85%	0.25%	0.81%	0.51%		0.30%	-0.07%	0.37%	0.73%	0.11%	0.57%	0.44%	0.17%	0.88%	0.40%	0.35%
August 2014	0.87%	0.86%	0.33%	0.82%	0.31%	0.89%	0.55%	-0.43%	0.39%	0.40%	0.44%	0.74%	0.38%	0.59%	0.36%	0.31%	1.23%	0.32%	0.61%
September 2014	0.75%	0.76%	0.12%	0.51%	0.09%	0.55%	0.34%	0.42%	0.79%	0.69%	0.39%	0.48%	0.28%	0.12%	0.35%	0.48%	0.96%	0.09%	0.26%
October 2014	0.53%	0.32%	0.46%	0.73%	0.00%	0.87%	0.34%	0.35%	0.37%	0.47%	0.45%	0.89%	0.18%	0.77%	0.75%	0.64%	1.40%	0.58%	0.66%
November 2014	0.25%	0.28%	-0.35%	0.57%	-0.20%	0.25%	0.47%	-0.63%	0.22%	0.22%	0.13%	0.33%	-0.26%	0.44%	0.26%	0.23%	1.16%	0.14%	0.12%
December 2014	0.52%	0.29%	0.01%	0.40%	-0.03%	0.33%	0.86%	0.18%	0.15%	0.48%	0.20%	0.62%	0.02%	0.57%	0.63%	0.39%	0.48%	0.51%	0.43%
January 2015	0.34%	-0.01%	0.42%	0.20%	-0.12%	0.20%	0.65%	-0.21%	0.38%	0.22%	-0.13%	0.83%	0.15%	0.59%	0.19%	0.42%	0.20%	0.53%	0.59%
February 2015	0.61%	-1.75%	0.25%	0.24%	-0.07%	0.65%	0.41%	-0.25%	0.69%	0.72%	-0.34%	0.42%	0.14%	0.53%	0.09%	0.32%	0.46%	0.62%	0.72%
March 2015	0.21%	-1.50%	0.01%	0.86%	-0.14%	0.66%	0.70%	-0.68%	0.30%	0.43%	-0.20%	0.34%	-0.17%	0.32%	-0.05%	0.38%	0.06%	0.47%	0.33%
April 2015	0.38%	-0.71%	0.22%	0.21%	0.14%	-0.23%	1.20%	-0.43%	0.11%	0.43%	-0.47%	0.29%	0.03%	-0.03%	0.36%	0.32%	0.07%	0.35%	0.51%
May 2015	0.18%	-0.72%	0.19%	-0.04%	0.11%	0.03%	0.63%	-0.03%	0.18%	0.18%	-0.55%	-0.12%	-0.21%	0.00%	0.44%	0.41%	-0.74%	0.25%	0.16%
June 2015	0.40%	-1.09%	0.55%	0.47%	0.39%	0.37%	0.41%	-0.02%	0.29%	0.60%	-0.32%	0.05%	-0.04%	0.13%	-0.06%	0.34%	-0.51%	0.11%	0.28%
July 2015	0.40%	-0.90%	0.04%	0.57%	0.07%	0.31%	0.87%	0.14%	0.35%	1.02%	-0.35%	0.52%	0.31%	0.18%	0.52%	0.72%	0.09%	0.42%	0.36%
August 2015	-0.39%	-1.11%	0.00%	0.17%	-0.12%	-0.04%	0.82%	-0.51%	0.20%	0.31%	-0.65%	-0.10%	-0.29%	-0.91%	-0.08%	0.27%	-0.81%	-0.01%	0.05%
September 2015	0.14%	-1.21%	0.23%	0.48%	0.19%	0.04%	1.89%	-0.70%	0.46%	0.53%	-0.48%	0.39%	0.16%	0.66%	0.23%	0.41%	0.42%	0.49%	0.57%
October 2015	0.28%	-0.70%	0.08%	0.44%	-0.53%	-0.11%	1.21%	-0.55%	0.48%	0.26%	-0.53%	-0.10%	-0.07%	-0.85%	0.29%	0.24%	0.50%	-0.43%	0.62%
November 2015	0.14%	-0.76%	0.10%	0.08%	0.10%	0.41%	0.93%	0.43%	0.33%	0.45%	-0.47%	0.07%	0.19%	-0.09%	0.11%	0.29%	0.44%	0.20%	0.58%
December 2015	-0.02%	-0.52%	-0.11%	0.42%	0.30%	0.31%	0.39%	-0.03%	0.18%	0.53%	-0.41%	0.25%	-0.19%	0.32%	-0.02%	0.12%	0.55%	0.09%	0.28%
January 2016	-0.02%	-0.36%	-0.17%	0.21%	0.28%	0.26%	0.29%	-0.06%	0.18%	0.77%	-0.55%	0.07%	-0.19%	0.18%	0.25%	-0.01%	0.62%	-0.27%	-0.02%
February 2016	-0.14%	-0.26%	-0.17%	-0.17%	0.28%	0.05%	0.34%	-0.68%	-0.12%	0.65%	-0.70%	0.16%	-0.40%	-0.19%	0.32%	-0.36%	0.75%	-0.45%	-0.35%
March 2016	-0.04%	0.48%	-0.26%	-0.53%	0.24%	-0.38%	0.32%	-0.22%	-0.14%	0.52%	-0.90%	0.39%	-0.03%	0.89%	0.17%	-0.15%	0.42%	-0.38%	-0.18%
April 2016	0.08%	0.37%	0.35%	0.40%	-0.01%	0.81%	-0.04%	-0.32%	0.95%	1.01%	-0.42%	0.27%	-0.14%	-0.21%	0.23%	-0.17%	0.29%	-0.43%	-0.05%
May 2016	-0.07%	0.15%	-0.03%	-0.20%	-0.16%	0.48%	-0.05%	-0.78%	0.43%	0.40%	-0.72%	0.41%	0.02%	-0.27%	0.14%	-0.23%	0.11%	-0.73%	0.25%
June 2016	-0.24%	0.32%	-0.40%	-0.08%	0.10%	0.26%	0.18%	0.56%	0.08%	0.43%	-0.69%	0.40%	-0.03%	-0.22%	0.39%	-0.28%	0.15%	-0.18%	0.34%
July 2016	-0.34%	0.20%	-0.35%	0.00%	0.18%	0.26%	0.05%	-0.11%	0.16%	-0.26%	-1.14%	0.18%	0.01%	0.22%	0.02%	-0.46%	0.20%	-0.07%	0.28%
August 2016	0.07%	0.83%	-0.44%	-0.44%	-0.04%	0.36%	-0.66%	0.73%	0.07%	0.22%	-0.73%	0.25%	-0.20%	0.36%	0.21%	-0.32%	0.10%	-0.37%	0.14%
September 2016	0.34%	-0.12%	0.02%	0.05%	0.25%	-0.05%	-0.91%	1.95%	0.17%	0.09%	-0.79%	0.22%	-0.18%	-0.06%	0.26%	0.52%	0.31%	0.10%	0.03%
October 2016	0.14%	1.07%	-0.36%	-0.21%	-0.28%	0.31%	-0.28%	1.41%	-0.35%	0.28%	-1.18%	0.50%	-0.66%	0.73%	-0.32%	0.00%	0.41%	0.24%	0.00%
November 2016	0.07%	0.42%	0.02%	-0.01%	0.69%	-0.18%	0.37%	0.48%	0.02%	0.19%	-0.79%	0.67%	-0.59%	1.17%	0.31%	0.20%	0.39%	0.75%	0.13%
December 2016	0.18%	0.15%	-0.18%	-0.07%	0.26%	-0.13%	0.14%	0.45%	-0.19%	-0.28%	-0.78%	0.30%	-0.39%	0.38%	-0.03%	-0.40%	0.07%	0.27%	-0.25%
January 2017	0.11%	-0.30%	-0.20%	-0.28%	0.10%	-0.20%	0.01%	0.81%	-0.20%	-0.17%	-0.51%	0.12%	-0.42%	0.32%	-0.13%	-0.08%	0.09%	0.29%	0.20%
February 2017	-0.40%	-0.78%	0.03%	0.00%	0.11%	-0.51%	0.49%	0.94%	-0.30%	-0.48%	-0.21%	0.21%	-0.06%	1.02%	0.00%	0.24%	0.36%	0.28%	-0.05%
March 2017	0.33%	-0.71%	0.38%	0.47%	0.29%	0.33%	0.36%	1.19%	0.02%	0.43%	-0.12%	0.18%	0.19%	-0.14%	-0.19%	0.07%	0.79%	0.22%	-0.10%



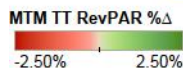
Average Daily Rate Still Relatively Healthy

Month of Date	Atlanta, GA	Augusta, GA-SC	Austin, TX	Birmingham, AL	Charleston, SC	Charlotte, NC-SC	Chattanooga, TN	Columbus, GA	Dallas, TX	Greenville, SC	Houston, TX	Jacksonville, FL	Miami, FL	Myrtle Beach, SC	Nashville, TN	Orlando, FL	Pensacola, FL	Savannah, GA	Tampa, FL
May 2014	0.59%	0.05%	0.42%	0.12%	0.57%	0.24%	0.13%		-0.01%	0.51%	0.89%	0.59%	0.46%	0.37%	1.02%	0.22%	-0.10%	0.68%	0.61%
June 2014	0.47%	0.08%	0.54%	0.10%	0.51%	0.40%	0.14%		0.37%	0.38%	0.49%	0.53%	0.22%	0.45%	1.22%	0.35%	-0.08%	0.52%	0.45%
July 2014	0.41%	0.32%	0.60%	0.02%	0.71%	0.57%	0.22%		0.28%	0.41%	0.01%	0.38%	0.31%	0.85%	0.85%	0.26%	0.71%	0.71%	0.49%
August 2014	0.58%	0.29%	0.63%	0.04%	0.63%	0.46%	0.18%	0.08%	0.24%	0.10%	0.33%	0.28%	0.41%	0.36%	0.94%	0.33%	0.31%	0.43%	0.48%
September 2014	0.70%	0.46%	0.34%	0.03%	0.58%	0.44%	0.52%	-0.11%	0.39%	0.45%	0.49%	0.16%	0.30%	-0.10%	0.94%	0.48%	-0.10%	0.38%	0.36%
October 2014	0.36%	0.46%	1.55%	-0.03%	0.89%	0.44%	0.20%	0.16%	0.13%	0.54%	0.52%	0.56%	0.46%	0.21%	1.15%	0.57%	-0.07%	0.72%	0.53%
November 2014	0.30%	0.25%	-0.51%	-0.21%	0.69%	0.26%	-0.15%	0.02%	-0.07%	0.41%	0.31%	0.13%	0.55%	-0.04%	0.81%	0.49%	-0.12%	0.55%	0.23%
December 2014	0.45%	0.13%	0.30%	0.12%	0.52%	0.46%	-0.03%	0.32%	0.25%	0.38%	0.41%	0.39%	0.96%	0.16%	0.78%	0.47%	0.37%	0.48%	0.48%
January 2015	0.53%	0.40%	0.61%	0.09%	0.63%	0.33%	0.14%	0.34%	0.54%	0.47%	0.40%	0.64%	0.93%	0.30%	0.37%	0.37%	0.37%	0.42%	0.72%
February 2015	0.46%	0.02%	0.74%	0.01%	0.64%	0.66%	0.32%	0.19%	0.54%	0.79%	0.31%	0.47%	1.20%	0.39%	0.73%	0.41%	0.52%	0.42%	0.98%
March 2015	0.40%	0.17%	0.58%	0.47%	0.85%	0.66%	0.45%	0.14%	0.38%	0.59%	0.36%	0.76%	0.77%	0.62%	0.89%	0.65%	0.64%	0.88%	1.12%
April 2015	0.54%	0.82%	0.71%	0.17%	0.50%	0.74%	0.27%	0.23%	0.00%	0.63%	0.20%	0.72%	0.53%	0.45%	0.82%	0.39%	0.73%	0.97%	0.66%
May 2015	0.53%	0.29%	0.59%	0.31%	0.60%	0.68%	0.66%	0.28%	0.41%	0.65%	-0.24%	0.69%	0.35%	0.14%	0.94%	0.25%	0.92%	0.77%	0.62%
June 2015	0.59%	0.35%	0.62%	0.02%	0.56%	0.67%	0.61%	0.01%	0.56%	0.68%	0.16%	0.65%	0.18%	0.78%	0.77%	0.04%	1.15%	0.58%	0.57%
July 2015	0.86%	0.37%	0.47%	0.28%	0.37%	0.52%	0.45%	0.36%	0.47%	0.68%	0.41%	0.71%	0.33%	0.59%	0.84%	0.69%	1.08%	0.89%	0.50%
August 2015	0.04%	0.51%	0.47%	0.18%	-0.03%	0.65%	0.27%	0.06%	0.43%	0.65%	0.22%	0.42%	0.03%	0.25%	0.58%	0.18%	0.38%	0.52%	0.26%
September 2015	0.60%	0.10%	0.53%	0.26%	0.46%	0.51%	0.65%	0.36%	0.52%	0.72%	-0.08%	0.70%	0.33%	0.88%	0.68%	0.03%	0.76%	1.01%	0.44%
October 2015	0.77%	0.21%	0.76%	0.33%	0.02%	0.60%	0.71%	0.31%	0.82%	0.66%	0.04%	0.57%	0.27%	0.08%	0.91%	0.20%	0.35%	0.79%	0.52%
November 2015	0.53%	0.27%	-0.30%	0.26%	0.16%	0.73%	0.69%	0.16%	0.65%	0.65%	-0.01%	0.37%	0.35%	0.26%	0.55%	0.42%	0.08%	0.77%	0.68%
December 2015	0.42%	0.23%	0.16%	0.38%	0.23%	0.74%	0.54%	0.19%	0.45%	0.41%	-0.10%	0.48%	0.37%	0.23%	0.19%	0.63%	0.19%	0.61%	0.64%
January 2016	0.60%	0.32%	0.42%	0.02%	0.30%	0.94%	0.53%	0.07%	0.31%	0.46%	-0.10%	0.39%	-0.02%	0.25%	0.49%	0.68%	0.06%	0.50%	0.79%
February 2016	0.68%	0.38%	0.36%	0.25%	0.22%	0.69%	0.25%	0.15%	0.44%	0.61%	-0.18%	0.57%	-0.44%	0.06%	0.36%	0.34%	0.11%	0.65%	0.75%
March 2016	0.52%	0.43%	0.06%	0.04%	0.13%	0.16%	0.45%	0.32%	0.35%	0.40%	-0.12%	0.56%	-0.20%	0.87%	0.37%	0.67%	0.32%	0.62%	0.81%
April 2016	0.76%	0.67%	0.69%	0.45%	0.69%	0.43%	0.68%	0.20%	0.54%	0.70%	0.47%	0.37%	-0.56%	0.12%	0.73%	-0.01%	0.31%	0.57%	0.35%
May 2016	0.61%	0.41%	0.43%	0.05%	0.15%	0.52%	0.26%	0.10%	0.58%	0.49%	-0.61%	0.33%	-0.14%	0.07%	0.62%	0.47%	0.40%	-0.05%	0.37%
June 2016	0.29%	0.42%	0.07%	0.33%	0.41%	0.42%	0.23%	0.17%	0.38%	0.75%	-0.16%	0.25%	-0.01%	0.18%	0.59%	0.12%	0.55%	0.52%	0.37%
July 2016	0.03%	0.32%	0.09%	0.35%	0.40%	0.32%	0.35%	-0.54%	0.35%	0.39%	-0.72%	0.38%	0.08%	0.29%	0.52%	0.10%	0.79%	0.23%	0.48%
August 2016	0.39%	0.36%	-0.08%	0.19%	0.19%	0.34%	0.40%	-0.24%	0.35%	0.50%	-0.34%	0.24%	-0.13%	0.00%	0.35%	0.14%	-0.22%	0.12%	0.45%
September 2016	0.72%	0.20%	0.53%	0.27%	0.41%	0.14%	0.36%	0.10%	0.52%	0.64%	-0.35%	0.32%	-0.02%	0.10%	0.54%	0.59%	0.18%	0.30%	0.32%
October 2016	0.32%	0.57%	-0.07%	0.28%	-0.07%	0.45%	0.47%	-0.20%	0.09%	0.49%	-0.65%	0.19%	-0.34%	0.16%	0.38%	0.41%	0.40%	0.31%	0.37%
November 2016	0.45%	0.30%	0.33%	0.23%	0.27%	0.43%	0.58%	0.08%	0.28%	0.83%	-0.51%	0.64%	-0.26%	0.34%	0.52%	0.24%	0.35%	0.21%	0.34%
December 2016	0.34%	0.17%	0.15%	0.36%	0.39%	0.16%	0.29%	0.88%	0.11%	0.28%	-0.54%	0.70%	-0.99%	0.34%	0.35%	-0.23%	0.08%	0.41%	0.18%
January 2017	0.50%	0.26%	0.21%	0.31%	0.11%	0.11%	0.13%	0.03%	0.31%	0.46%	-0.13%	0.33%	-0.98%	0.08%	0.35%	0.09%	0.15%	0.05%	1.06%
February 2017	0.12%	0.19%	0.20%	0.38%	0.27%	0.12%	0.63%	0.25%	0.29%	0.19%	1.87%	0.47%	-0.77%	0.13%	0.49%	0.51%	0.11%	0.20%	0.47%
March 2017	0.39%	0.02%	0.34%	0.43%	0.56%	0.57%	0.41%	0.04%	0.25%	0.91%	-0.30%	0.36%	-0.78%	-0.11%	0.42%	0.24%	-0.01%	0.46%	0.17%

-2.50% 2.50%

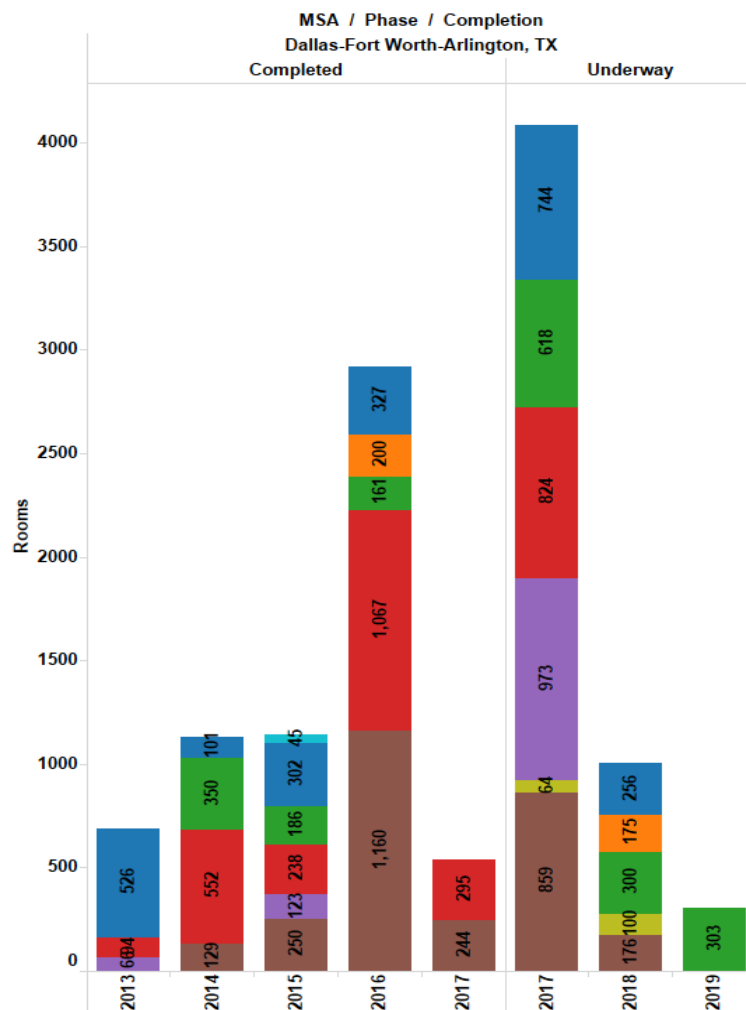
Occupancy x Average Daily Rate = RevPAR

Month of Date	Atlanta, GA	Augusta, GA-SC	Austin, TX	Birmingham, AL	Charleston, SC	Charlotte, NC-SC	Chattanooga, TN	Columbus, LA	Dallas, TX	Greenville, SC	Houston, TX	Jacksonville, FL	Miami, FL	Myrtle Beach, SC	Nashville, TN	Orlando, FL	Pensacola, FL	Savannah, GA	Tampa, FL
May 2014	1.58%	1.10%	0.42%	1.03%	1.23%	1.00%	0.44%		0.44%	0.78%	1.49%	1.64%	0.88%	1.45%	1.29%	0.70%	2.28%	1.53%	1.28%
June 2014	1.13%	1.32%	0.64%	0.20%	0.74%	1.00%	0.62%		1.01%	0.60%	0.88%	1.14%	0.11%	1.26%	1.68%	0.36%	1.18%	1.14%	0.85%
July 2014	1.17%	1.79%	1.04%	0.86%	1.01%	1.40%	0.81%		0.57%	0.37%	0.37%	1.16%	0.38%	2.05%	1.34%	0.44%	2.08%	1.16%	0.82%
August 2014	1.46%	1.05%	0.91%	0.84%	0.94%	1.33%	0.75%	-0.35%	0.60%	0.51%	0.72%	0.99%	0.70%	1.23%	1.31%	0.58%	1.69%	0.71%	0.99%
September 2014	1.44%	1.17%	0.45%	0.52%	0.64%	1.01%	0.84%	0.32%	1.19%	1.17%	0.86%	0.59%	0.45%	0.00%	1.32%	0.78%	0.82%	0.43%	0.76%
October 2014	0.92%	0.71%	2.16%	0.76%	0.93%	1.39%	0.56%	0.52%	0.52%	1.11%	1.01%	1.42%	0.58%	0.73%	2.03%	1.17%	1.20%	1.36%	1.10%
November 2014	0.51%	0.46%	-0.89%	0.36%	0.42%	0.50%	0.33%	-0.62%	0.15%	0.60%	0.41%	0.44%	0.30%	0.25%	1.00%	0.67%	0.87%	0.64%	0.31%
December 2014	0.83%	0.34%	0.25%	0.46%	0.37%	0.67%	0.75%	0.44%	0.34%	0.74%	0.52%	0.89%	0.97%	0.40%	1.21%	0.87%	0.61%	0.83%	0.82%
January 2015	0.85%	0.32%	0.91%	0.27%	0.38%	0.47%	0.74%	0.08%	0.91%	0.60%	0.23%	1.36%	1.13%	0.45%	0.45%	0.80%	0.41%	0.80%	1.29%
February 2015	1.09%	-1.54%	1.01%	0.24%	0.53%	1.34%	0.49%	-0.05%	1.26%	1.50%	-0.02%	0.90%	1.50%	0.58%	0.77%	0.80%	0.80%	0.99%	1.98%
March 2015	0.64%	-1.22%	0.66%	1.38%	0.77%	1.37%	1.20%	-0.51%	0.72%	1.04%	0.18%	1.21%	0.61%	0.80%	0.93%	1.18%	0.71%	1.51%	1.82%
April 2015	0.94%	-0.50%	0.99%	0.40%	0.74%	0.54%	1.53%	-0.18%	0.11%	1.08%	-0.26%	1.10%	0.58%	0.41%	1.25%	0.78%	0.84%	1.48%	1.29%
May 2015	0.72%	-0.38%	0.81%	0.29%	0.79%	0.73%	1.34%	0.28%	0.59%	0.88%	-0.87%	0.58%	0.15%	0.13%	1.43%	0.63%	0.26%	1.09%	0.76%
June 2015	1.01%	-0.63%	1.18%	0.50%	1.02%	1.08%	1.16%	0.00%	0.89%	1.34%	0.73%	0.73%	0.13%	1.17%	0.78%	0.38%	0.80%	0.73%	0.81%
July 2015	1.38%	-0.43%	0.52%	0.85%	0.47%	0.85%	1.47%	0.52%	0.81%	1.77%	0.08%	1.29%	0.57%	1.07%	1.42%	1.52%	1.51%	1.38%	0.83%
August 2015	-0.35%	-0.51%	0.46%	0.35%	-0.15%	0.62%	1.11%	-0.46%	0.61%	0.97%	-0.39%	0.31%	-0.19%	-0.87%	0.50%	0.41%	-0.49%	0.48%	0.27%
September 2015	0.74%	-1.04%	0.73%	0.72%	0.64%	0.55%	2.63%	-0.36%	0.98%	1.28%	-0.54%	0.98%	0.40%	1.44%	0.93%	0.36%	1.08%	1.41%	0.86%
October 2015	1.07%	-0.43%	0.91%	0.83%	-0.53%	0.54%	2.01%	-0.23%	1.39%	1.00%	-0.48%	0.45%	0.19%	-0.55%	1.31%	0.42%	0.76%	0.37%	1.05%
November 2015	0.61%	-0.43%	-0.18%	0.31%	0.24%	1.10%	1.51%	0.59%	0.93%	1.06%	-0.50%	0.40%	0.52%	0.12%	0.60%	0.65%	0.40%	0.89%	1.10%
December 2015	0.32%	-0.25%	0.02%	0.70%	0.42%	0.89%	0.76%	0.14%	0.53%	0.79%	-0.45%	0.64%	0.14%	0.30%	0.13%	0.73%	0.53%	0.58%	0.81%
January 2016	0.52%	-0.04%	0.21%	0.21%	0.46%	1.05%	0.69%	-0.01%	0.47%	1.11%	-0.61%	0.43%	-0.26%	0.22%	0.60%	0.66%	0.49%	0.18%	0.74%
February 2016	0.55%	0.17%	0.20%	0.08%	0.46%	0.76%	0.69%	-0.48%	0.33%	1.27%	-0.93%	0.77%	-0.98%	-0.08%	0.64%	-0.05%	0.70%	0.21%	0.47%
March 2016	0.50%	0.94%	-0.26%	-0.49%	0.38%	-0.21%	0.77%	0.12%	0.22%	0.93%	-1.05%	1.06%	-0.26%	1.54%	0.58%	0.58%	0.73%	0.26%	0.75%
April 2016	0.89%	1.52%	1.12%	0.89%	0.77%	1.30%	0.69%	-0.11%	1.27%	1.77%	0.04%	0.69%	-0.72%	-0.07%	1.03%	-0.20%	0.61%	0.16%	0.33%
May 2016	0.55%	0.54%	0.40%	-0.16%	-0.02%	1.04%	0.21%	-0.70%	1.02%	0.92%	-1.41%	0.80%	-0.11%	-0.20%	0.80%	0.25%	0.56%	-0.81%	0.59%
June 2016	0.08%	0.70%	-0.30%	0.27%	0.56%	0.71%	0.44%	0.74%	0.48%	1.25%	-0.83%	0.67%	-0.04%	-0.08%	1.07%	-0.15%	0.82%	0.38%	0.68%
July 2016	-0.32%	0.54%	-0.23%	0.38%	0.62%	0.59%	0.46%	-0.71%	0.51%	0.17%	-1.77%	0.60%	0.09%	0.78%	0.58%	-0.10%	1.30%	0.18%	0.73%
August 2016	0.45%	1.11%	-0.47%	-0.26%	0.16%	0.69%	-0.26%	0.47%	0.40%	0.71%	-1.02%	0.46%	-0.28%	0.45%	0.55%	-0.14%	-0.10%	-0.21%	0.53%
September 2016	1.09%	0.08%	0.55%	0.31%	0.65%	0.08%	-0.58%	2.10%	0.70%	0.73%	-1.11%	0.49%	-0.15%	0.05%	0.81%	0.94%	0.46%	0.38%	0.29%
October 2016	0.50%	1.54%	-0.48%	0.08%	-0.35%	0.80%	0.22%	1.20%	-0.29%	0.83%	-1.92%	0.68%	-0.86%	0.64%	0.06%	0.40%	0.74%	0.57%	0.35%
November 2016	0.47%	0.63%	0.34%	0.00%	0.90%	0.23%	0.91%	0.58%	0.29%	0.96%	-1.23%	1.22%	-0.79%	0.97%	0.79%	0.42%	0.58%	0.95%	0.42%
December 2016	0.43%	0.24%	-0.03%	0.23%	0.52%	0.01%	0.36%	1.21%	-0.08%	-0.03%	-1.17%	0.87%	-1.44%	0.42%	0.25%	-0.62%	0.11%	0.57%	-0.06%
January 2017	0.57%	-0.04%	0.00%	0.01%	0.17%	-0.10%	0.11%	0.78%	0.08%	0.21%	-0.63%	0.41%	-1.50%	0.21%	0.16%	0.01%	0.17%	0.29%	1.24%
February 2017	-0.29%	-0.51%	0.24%	0.39%	0.35%	-0.42%	1.02%	1.14%	-0.03%	-0.28%	1.80%	0.72%	-0.91%	0.72%	0.45%	0.82%	0.38%	0.46%	0.97%
March 2017	0.76%	-0.63%	0.84%	0.94%	0.92%	0.92%	0.81%	1.23%	0.29%	1.40%	-0.44%	0.59%	-0.62%	-0.21%	0.25%	0.35%	0.75%	0.77%	0.08%



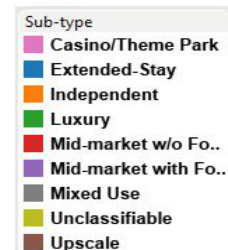
Dallas Hotel Supply Example

DAL



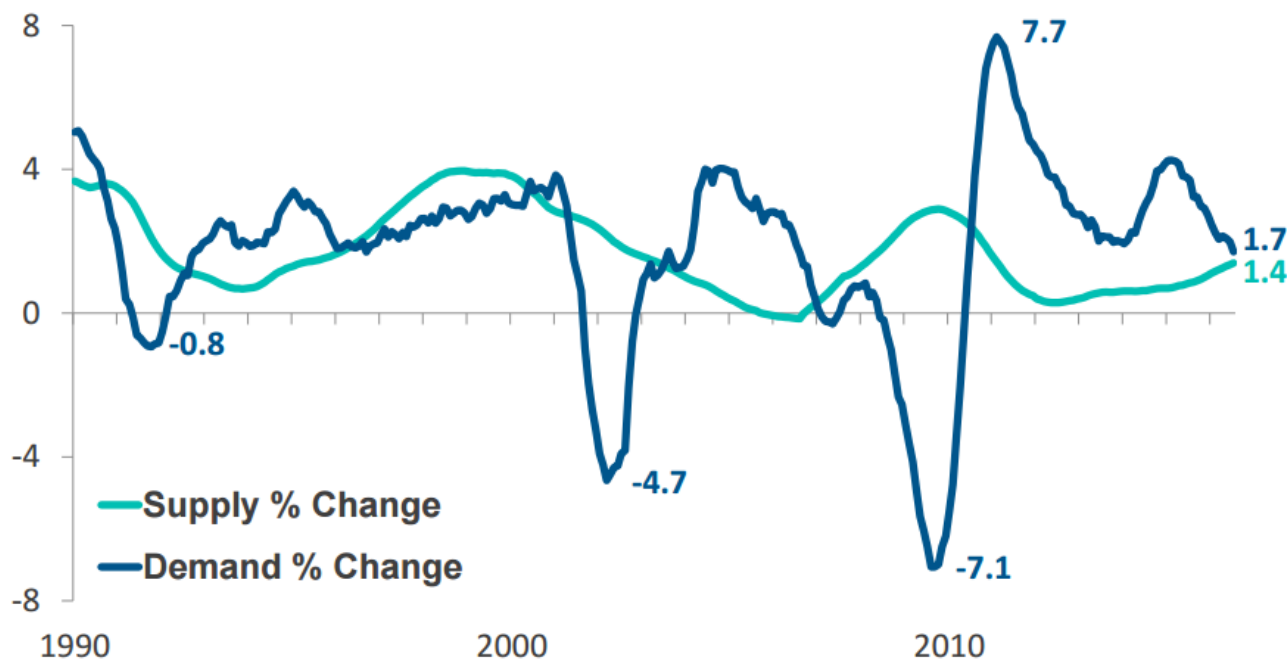
DAL Planning/Pre-Planning

Sub-type	Plan	PrePlan
Casino/Theme Park	420	
Economy	193	
Extended-Stay	528	52
Independent	148	
Luxury	1,496	
Mid-market w/o F&B	1,096	105
Mid-market with F&B	118	
Mixed Use	758	
Unclassifiable	2,325	326
Upscale	1,381	52



Hotel Supply and Demand: About 3 Year Lag

Demand Growth Slowing While Supply Growth Is Increasing



Total U.S., Supply & Demand % Change, 12 MMA 1/1990 – 07/2016

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8



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Hotel Underwriting Example

- Upper Tier Secondary Market Hotel
 - \$45,000,000 Loan Amount
 - 288 Rooms
 - 5 Year Term
 - 25 year Amortization
 - 3.25% Rate; 6.0% Stressed Rate
 - 65% Max LTV
 - Minimum DSCR = 1.40x



Hotel Underwriting: A Different Beast

Year	COMP SET AVG REVPAR	PROFORMA YEAR ONE	APPRAISAL YEAR ONE	STRESSED REVENUES DISCOUNTED 10%	BREAKEVEN
Rooms Available	105,120	105,120	105,120	105,120	105,120
Rooms Sold	82,204	70,346	73,584	70,346	70,346
Occupancy	78.20%	66.92%	70.00%	66.92%	66.92%
ADR	\$157.54	\$161.73	\$171.90	\$145.56	\$129.00
RevPar	\$123.20	\$108.23	\$120.33	\$97.41	\$86.33
Revenue					
Room Revenue	\$12,950,393 87.56%	\$11,377,780 86.08%	\$12,649,000 82.46%	\$10,240,002 86.08%	\$9,074,673 84.56%
Food & Beverage	\$961,903 6.50%	\$961,903 7.28%	\$2,065,000 13.46%	\$865,713 7.28%	\$865,713 8.07%
Telephone	\$281,400 1.90%	\$281,400 2.13%	\$0 0.00%	\$253,260 2.13%	\$253,260 2.36%
Other	\$597,075 4.04%	\$597,075 4.52%	\$625,000 4.07%	\$537,368 4.52%	\$537,368 5.01%
Gross Revenue	\$14,790,771 100.00%	\$13,218,158 100.00%	\$15,339,000 100.00%	\$11,896,342 100.00%	\$10,731,014 100.00%
Departmental Expenses					
Rooms	\$2,557,432 19.75%	\$2,246,874 19.75%	\$2,781,000 21.99%	\$2,022,400 19.75%	\$1,792,248 19.75%
Food & Beverage	\$746,185 77.57%	\$746,185 77.57%	\$1,716,000 83.10%	\$671,533 77.57%	\$671,534 77.57%
Telephone	\$140,700 50.00%	\$140,700 50.00%	\$0 #DIV/0!	\$126,630 50.00%	\$126,630 50.00%
Other	\$447,807 75.00%	\$447,807 75.00%	\$328,000 52.48%	\$403,026 75.00%	\$403,026 75.00%
Total Departmental Expenses	\$3,892,124 26.31%	\$3,581,566 27.10%	\$4,825,000 31.46%	\$3,223,589 27.10%	\$2,993,438 27.90%
GROSS OPERATING INCOME	\$10,898,647 73.69%	\$9,636,592 72.90%	\$10,514,000 68.54%	\$8,672,753 72.90%	\$7,737,577 72.10%
Undistributed Operating Expenses					
Admin & General	\$1,136,351 7.68%	\$1,015,530 7.68%	\$1,319,000 8.60%	\$913,639 7.68%	\$824,142 7.68%
Marketing	\$532,565 3.60%	\$475,941 3.60%	\$659,000 4.30%	\$594,817 5.00%	\$536,551 5.00%
Franchise Fee	\$700,229 4.73%	\$625,778 4.73%	\$1,012,000 6.60%	\$594,817 5.00%	\$536,551 5.00%
Management Fee	\$423,679 2.86%	\$378,632 2.86%	\$460,000 3.00%	\$594,817 5.00%	\$536,551 5.00%
Repairs and Maintenance	\$367,189 2.48%	\$328,148 2.48%	\$554,000 3.61%	\$295,029 2.48%	\$266,129 2.48%
Utilities	\$566,784 3.83%	\$506,521 3.83%	\$573,000 3.74%	\$455,630 3.83%	\$410,998 3.83%
Total Undist. Oper. Expenses	\$3,726,797 25.20%	\$3,330,550 25.20%	\$4,577,000 29.84%	\$3,448,750 28.99%	\$3,110,921 28.99%
Gross Operating Profit	\$7,171,850 48.49%	\$6,306,042 47.71%	\$5,937,000 38.71%	\$5,224,003 43.91%	\$4,626,656 43.11%
Fixed Expenses					
Real Estate Taxes	\$475,200 3.21%	\$475,200 3.60%	\$1,058,000 6.90%	\$475,200 3.99%	\$475,200 4.43%
Insurance	\$100,800 0.68%	\$100,800 0.76%	\$121,000 0.79%	\$121,000 1.02%	\$121,000 1.13%
Lease	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
Other Expenses	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%	\$0 0.00%
FF&E Reserves	\$126,211 0.85%	\$126,211 0.95%	\$307,000 2.00%	\$594,817 5.00%	\$536,551 5.00%
Total Fixed Expenses	\$702,211 4.75%	\$702,211 5.31%	\$1,486,000 9.69%	\$1,191,017 10.01%	\$1,132,751 10.56%
Net Operating Income	\$6,469,639 43.74%	\$5,603,831 42.39%	\$4,451,000 29.02%	\$4,032,986 33.90%	\$3,493,905 32.56%
STRESSED DEBT SERVICE	\$3,507,835	\$3,507,835	\$3,507,835	\$3,507,835	\$3,507,835
STRESSED DSCR	1.84	1.60	1.27	1.15	1.00
DSCR BASED ON PRIME @ 3.50%	2.37	2.06	1.63	1.48	1.28

14.3% Debt Yield

12.4% Debt Yield

9.8% Debt Yield

8.9% Debt Yield

7.7% Debt Yield



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Observations on the Hotel Industry

- Much more competition in the market
 - Specialty brands
 - AirBNB, VRBO, apartment blocks, condos
- Very subject to change, tech innovations
- Business climate and dollar strength will affect performance in 2017-2018, but should see the cycle inflection point

Capitalization Rates

CBRE Semiannual Cap Rate Survey:

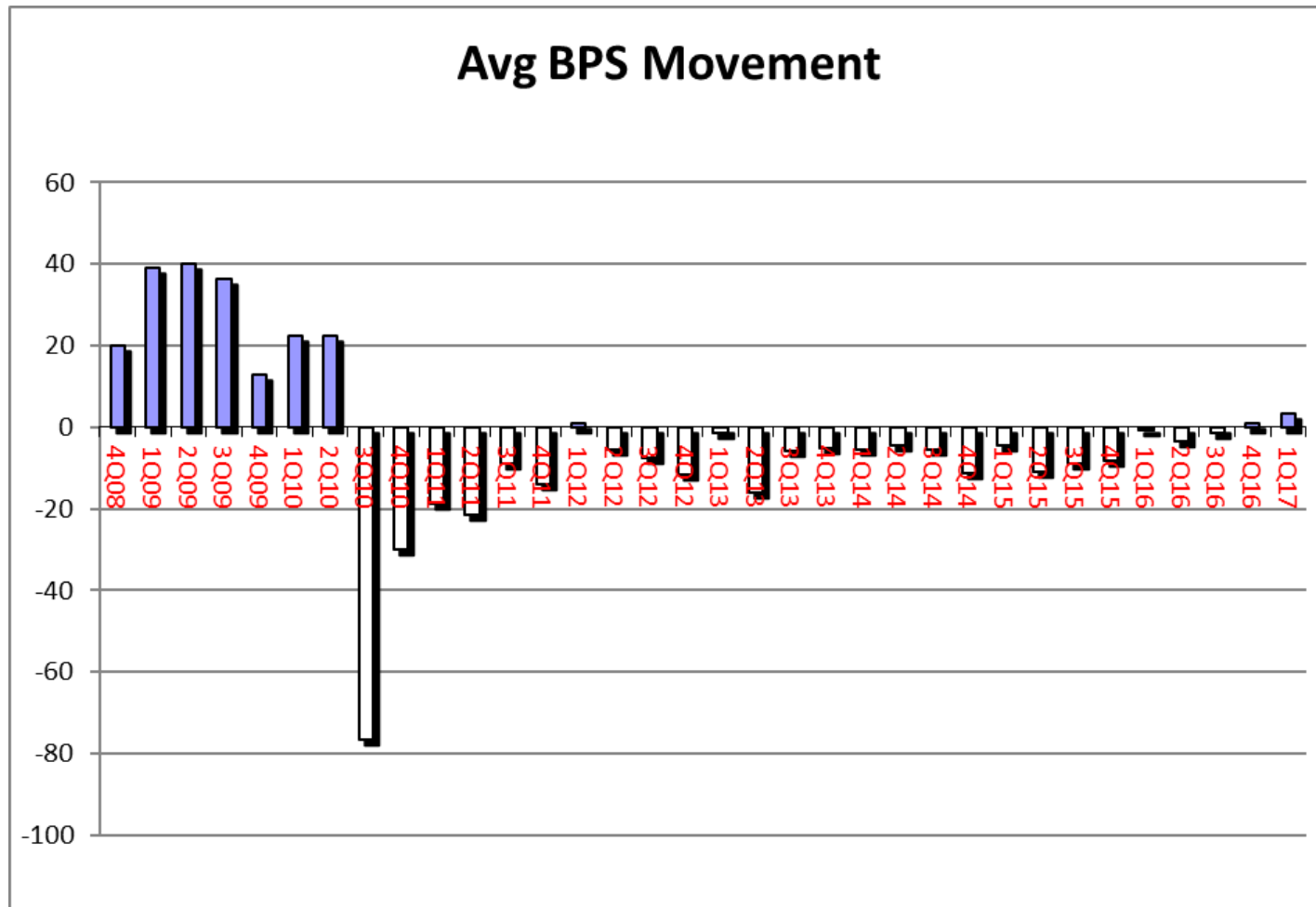
<http://www.cbre.us/research/2016-U-S-Reports/Pages/H2-2016-North-America-Cap-Rate-Survey.aspx>

Capitalization Rate Formula for Leveraged Transaction

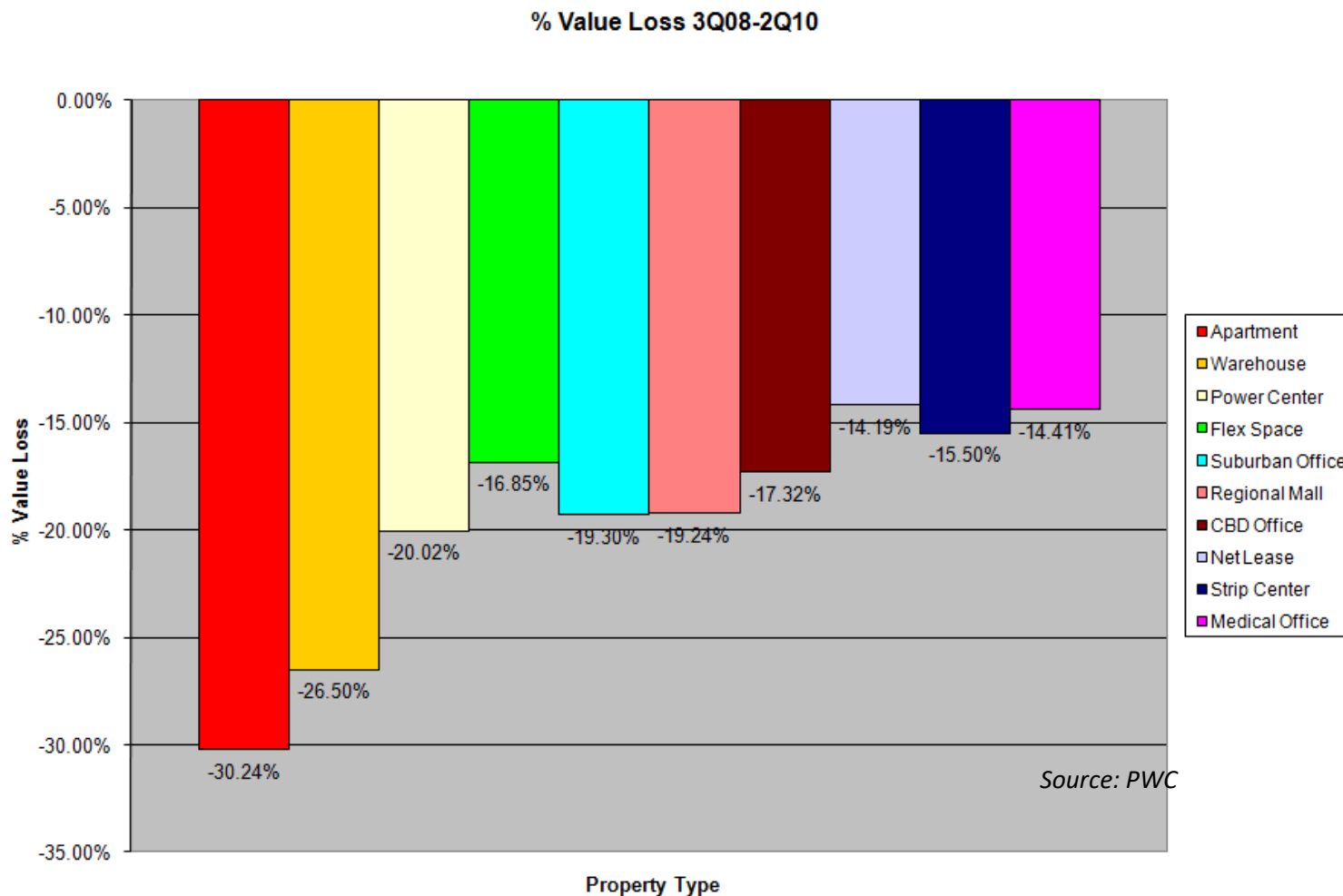
$$\begin{aligned} &\textit{Capitalization Rate} = \\ &(\textit{Loan to Value \%} * \textit{Yield to Bank}) \\ &+ \\ &(\textit{Equity \%} * \textit{Yield to Borrower}) \end{aligned}$$

Capitalization Rate is Weighted Average of Bank Yield and Yield to Borrower

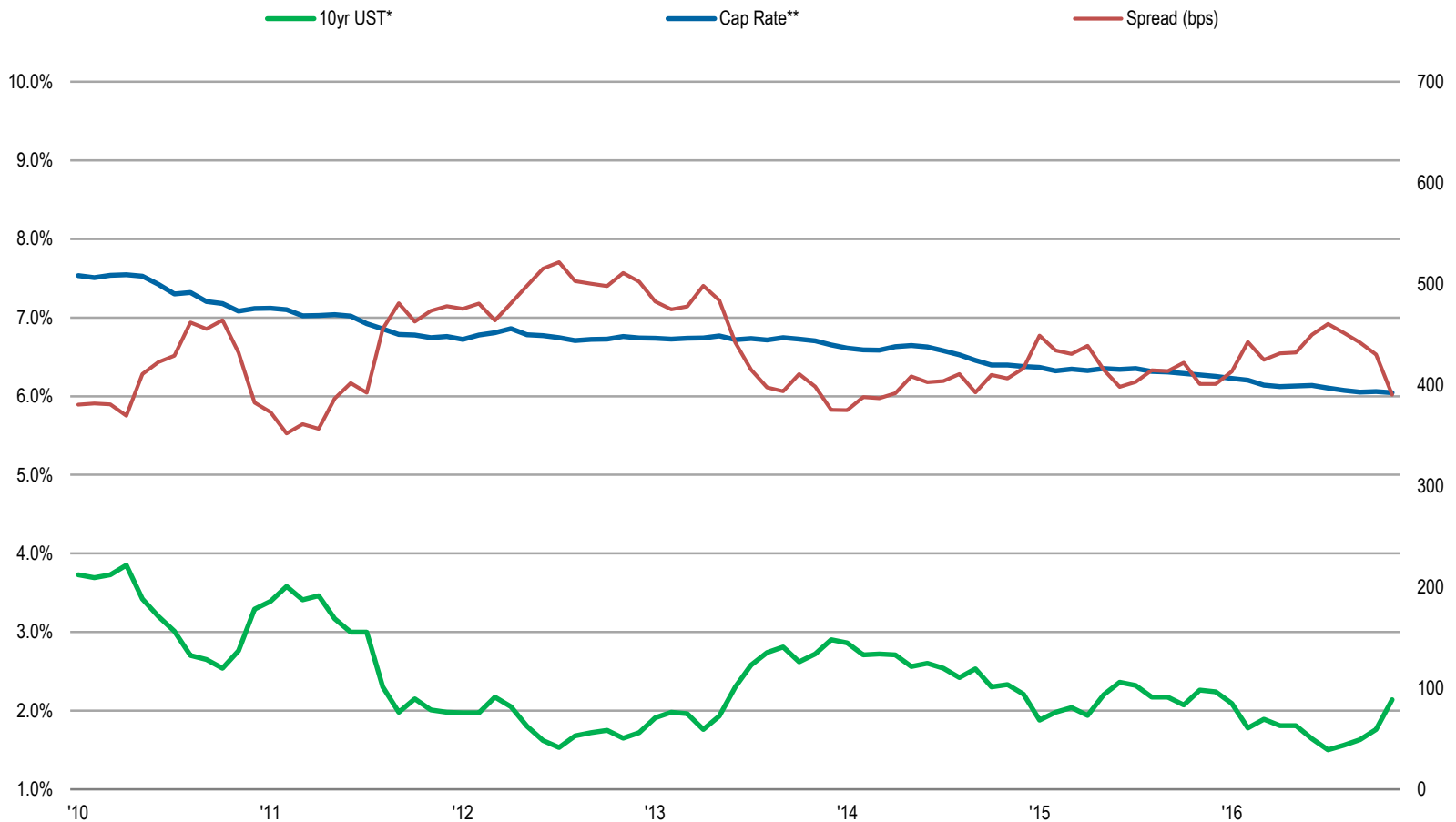
Average Capitalization Rate History Chart: All CRE



Peak Loss from Cap Rate Increases in Recession



Cap Rate vs. Ten Year Yield Spread



Data: Real Capital Analytics 3.2017

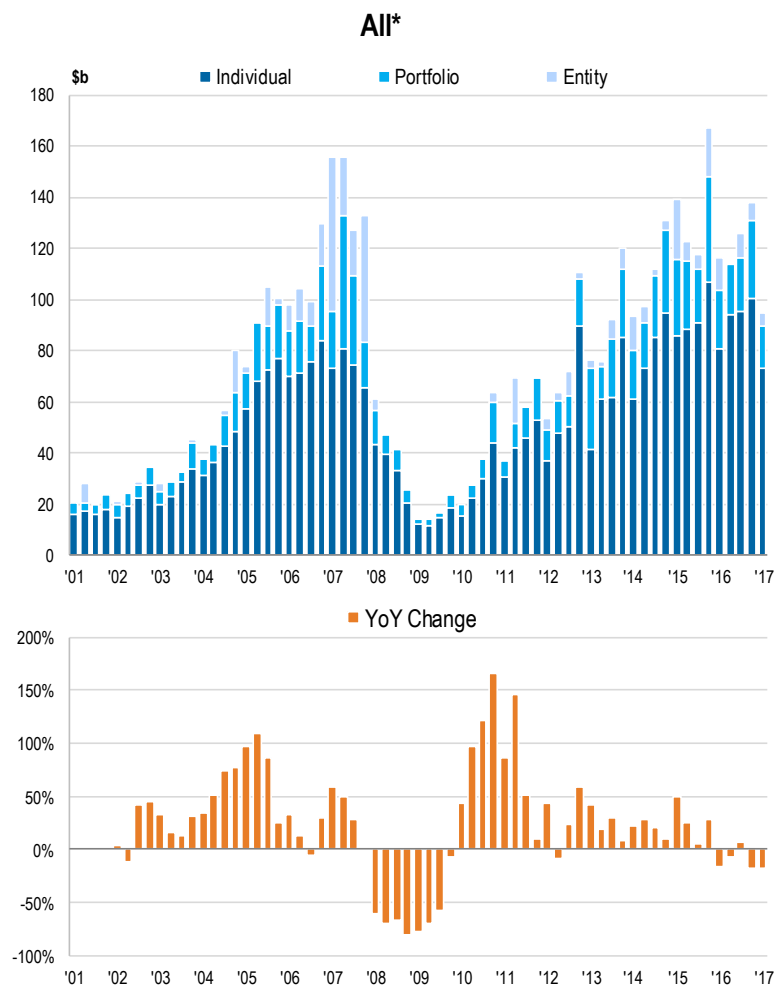
RERC SE Cap Rates vs. TNX: 2006, Before, and After Election

Spread between Cap Rate and Ten Year Yield

	2006 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4
CBD Office over TNX	3.09%	5.71%	6.11%	5.89%	4.65%
Community Retail over T..	3.19%	5.71%	6.31%	5.79%	4.95%
Hotel Spread over TNX	4.29%	6.61%	6.91%	6.59%	6.05%
Multi Spread over TNX	2.59%	4.81%	5.11%	4.69%	3.65%
NH Retail over TNX	3.09%	5.81%	6.11%	5.99%	4.85%
Sub Off over TNX	3.19%	6.11%	6.41%	6.19%	5.15%
WH Spread over TNX	3.19%	5.91%	6.31%	5.69%	5.05%

Data: RERC 3.2017

Decreased Deal Volume: Across Property Spectrum

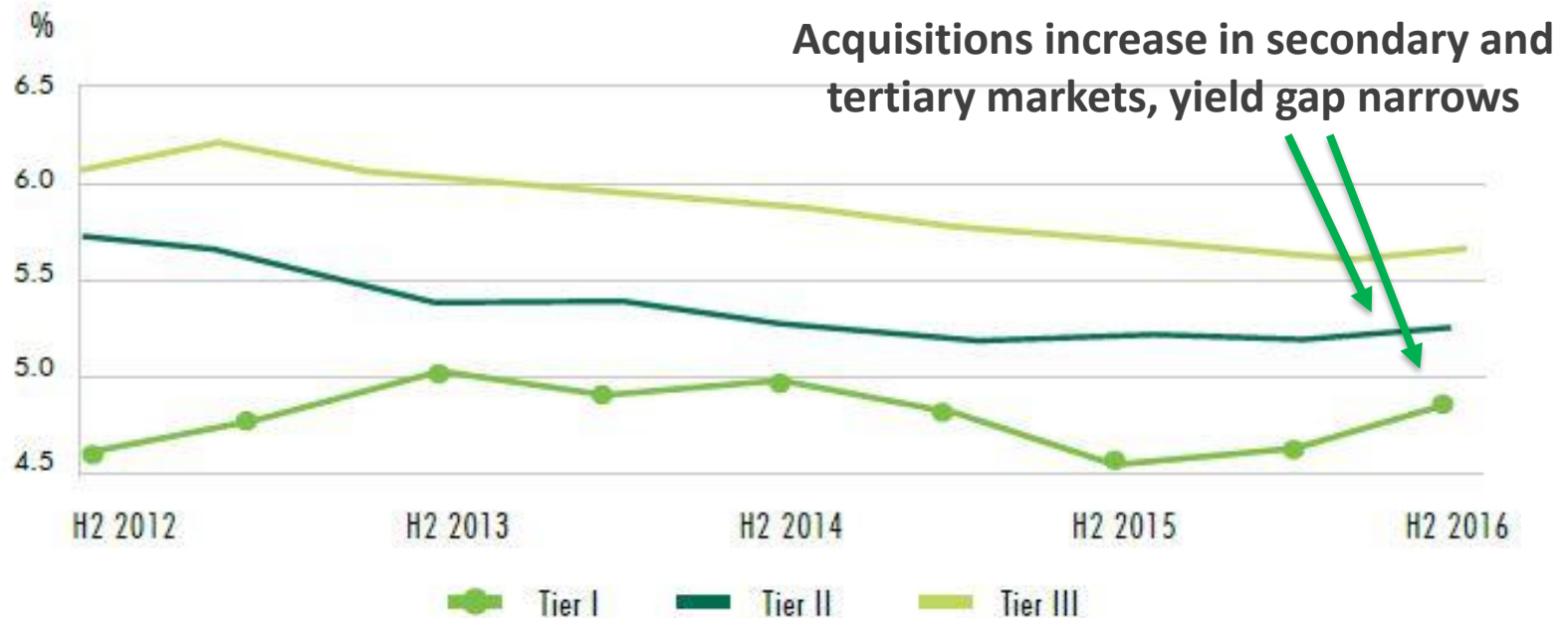


Data: Real Capital Analytics 3.2017

- January 2017: -54% YOY
- February 2017: -22% YOY
- March (1Q17): -18% YOY
- Bid/Ask Gap between sellers and buyers is very wide
- Sales that are occurring are generally happening at low caps; repricing at year end added about 25 bps to multi

Why Do Caps Continue to Drag?

FIGURE 31. U.S. MULTIFAMILY SUBURBAN - HISTORICAL CLASS A CAP RATES BY TIER

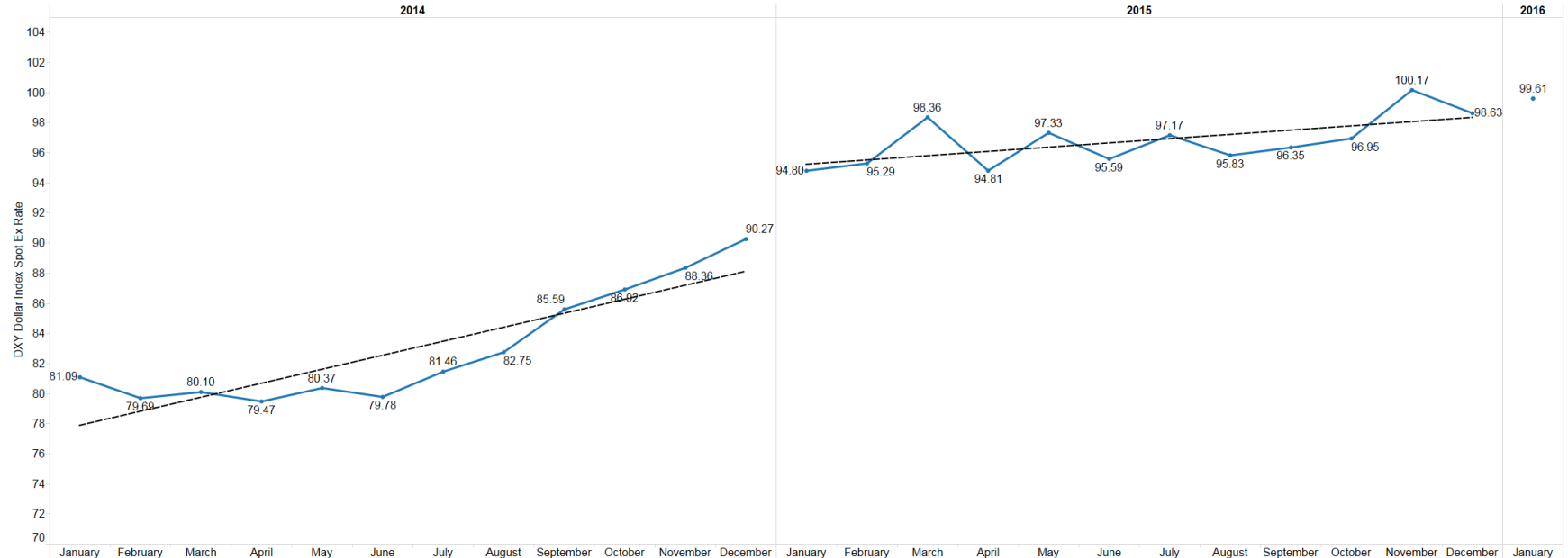


Source: CBRE for stabilized property acquisitions.

From CBRE Survey Link at Section Start Page

The Influence of International Capital on Cap Rates

DXY: Dollar Spot Rate



	May-14	May-15
\$	1.00	1
€	1.37	1.14
CRE Value Δ	3%	

	Buy:	Sell:	Return:
\$	\$10,000,000	\$ 10,300,000	3%
€	\$7,299,270	\$ 9,035,088	24%

International Acquisitions Approximately 40%
Industrial/35% Office

Currency Issues: Asset Preservation/Dollar
Denominated Returns

FIRPTA 1980: Extension of exceptions for foreign
retirement/pension

So What Gives? Cap Rates Are a Mixed Bag...

- Cap rates are at or below historical pre-recession lows. In gateway, primary, and better secondary markets, international capital inflows have caused pricing distortions; in most markets, value increases are driven by demand more than operational gains.
- Relative to comparable pre-recession lows, spreads between cap rates and the ten year Treasury yield are roughly double prior levels, showing higher built-in risk premiums. Increases in bank rates, however, reduce this spread roughly 100 bps YOY; **the market is adjusting to increased risk through pricing and stricter underwriting standards.**
- CRE sales volume is down from 2015 but the quality of the assets being traded has not decreased; this shows some restraint and a general cognizance of market fundamentals and conditions
- *Yellen: "There are areas...where price to rent are very high and cap rates very low. That's something that has caught our attention....while values are high, we are seeing some tightening of lending standards and less debt growth" -FRB CRE Commentary, October 2016*

Building a Market Intelligence Program

A Discussion

Tailoring to Your Bank's Needs and Resources

Get Your Economic Data Calendar Here:

<http://mam.econoday.com/>

Why Do You Need a Market Intel Program?

- Because you want to make more informed decisions on loans
- Because you want to manage your portfolio more effectively and mitigate concentration risks
- Because CRE industry is changing at a rapid pace and you need to be cognizant of the lending environment and risks
- Because you have seen there are several concerns in each property sector and the cyclical winds has shifted
- Because regulators are going to want to see some evidence of a Market Intelligence effort

Section Header Links

- If you **bookmarked or signed up for free access to the links posted underneath each section header**, you are well on your way to having the data that you need to stay informed.
 - Best part is those resources were free!
- Example of MSA Summary Report follows list of additional free data links on next page

Free MSA Data Metrics: click on links to access

Unemployment Rate (Seasonally Smoothed)	Bureau of Labor Statistics	https://www.bls.gov/lau/metrossa.htm	
MSA Average Weekly Earnings (NSA)	BLS	http://www.bls.gov/sae/tables.htm	Table D-6
Employment (Seasonally Smoothed)	Bureau of Labor Statistics	https://www.bls.gov/lau/metrossa.htm	
Labor Force (Seasonally Smoothed)	Bureau of Labor Statistics	https://www.bls.gov/lau/metrossa.htm	
Previous Year Emp Change Actual	CES	http://www.deptofnumbers.com/employment/georgia/atlanta/	
Employment Change	United States Conference of Mayors	http://www.usmayors.org/metroeconomies/	
GMP Change	United States Conference of Mayors	http://www.usmayors.org/metroeconomies/	
Population Change	SNL	https://www.snl.com/interactivex/DemographicsData.aspx?National=ON&ViewBy=0&Refreshed=1&State=0	
Mining and Logging	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Construction	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Manufacturing	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Trade, Trans, & Utilities	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Information	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Financial Activities	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Professional & Business Svcs	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Education/Health	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Leisure/Hospitality	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Government	Bureau of Labor Statistics	http://www.bls.gov/eag/	
Median Home Price	National Association of Realtors	http://www.realtor.org/topics/metropolitan-median-area-prices-and-affordability/data	
Single Family Permits YTD	US Census Bureau	https://www.census.gov/construction/bps/msamonthly.html	
Multifamily Permits YTD	US Census Bureau	https://www.census.gov/construction/bps/msamonthly.html	
Home Ownership Rate	US Census Bureau Homeownership Rates for Top 75 MSA	http://www.census.gov/housing/hvs/data/rates.html	
FHFA Δ MSA House Price Index	FHFA House Price Index	http://www.fhfa.gov/DataTools/Tools/Pages/House-Price-Index-(HPI).aspx	

Charlotte, NC

Year-End MSA Commentary 2016

General Economic Metrics	YE15	YE16	YOY %6
Unemployment Rate (SA)	5.2%	4.7%	-9.6%
MSA Average Weekly Earnings (NSA)	\$ 891.30	\$ 952.77	6.9%
Employment (SA)	1,182,203	1,233,768	4.4%
Labor Force (SA)	1,247,163	1,284,777	3.0%
Past/Current/Projected MSA Statistics:	2015	2016	2017
Employment Change 15YOY 16YOY (SA)	46,471	51,565	
Gross Metro Product Change	3.8%	2.7%	4.0%
Population	2,380,045	2,436,209	

Employment Sector Levels	YE15	YE16	YOY %6
Mining and Logging	57,481	60,700	5.6%
Construction	Included Above		
Manufacturing	104,469	105,200	0.7%
Trade, Trans, & Utilities	236,785	240,100	1.4%
Information	26,694	26,400	-1.1%
Financial Activities	86,187	88,600	2.8%
Professional & Business Svs	189,030	193,000	2.1%
Education/Health	114,579	117,100	2.2%
Leisure/Hospitality	124,128	124,500	0.3%
Government	152,626	154,000	0.9%
Non-Farm Employment (job:permit basis)	1,130,100	1,149,000	18,900
General Housing Metrics	YE15	YE16	YOY %6
Median Home Price	\$ 194,000	\$ 208,400	7.4%
Single Family Permits YTD	11,742	12,989	1,247
Multifamily Permits YTD	6,861	6,293	-568
Home Ownership Rate	65.0%	66.8%	2.8%

Vibrant economic expansion, solid leasing dynamics and strong investment returns have combined to make Charlotte one of the most sought after markets in the Southeast. The fuel for this growth, like much of the Southeast, is a combination of affordability and a high quality of life. This has helped employment growth outpace that of the U.S. over the past five years. Part of Charlotte's brand is its workforce quality. Charlotte stands out nationally in terms of workforce quality for both the financial industry and the tech industry. The ability to attract a highly-skilled workforce will provide Charlotte a competitive advantage when it comes to recruiting new economic activity to the market. Workforce quality is helping to draw companies interest in corporate relocations, particularly international companies looking to establish a U.S. presence, which are also attracted by Charlotte Douglas International Airport. The airport is the sixth busiest airport in the world and includes 33 international destinations, making the Charlotte metro area conveniently accessible to the entire world. Downtown Charlotte is seeing a substantial amount of economic activity in a variety of sectors as large swaths of people look to make urban living a reality. The development of a the LYNX light rail system has helped to promote development along the length of its corridor to the southwest of the city. An northwesterly extension of the system will open additional areas for more dense development.

Charlotte, NC

Market Survey Results and Forecasts

Effective Rent Per Unit	Sequential				Month	Annual						
	1Q16	2Q16	3Q16	4Q16	Dec-16	2014	2015	2016	2017F	2018F	2019F	2020F
Effective Rent Per Unit	\$996	\$1,023	\$1,038	\$1,026	\$1,024	\$926	\$976	\$1,021	\$1,046	\$1,079	\$1,123	\$1,158
Per Sq. Ft	\$1.03	\$1.06	\$1.08	\$1.06	\$1.06	\$0.96	\$1.01	\$1.06	\$1.08	\$1.12	\$1.17	\$1.20
Effective Rent Growth - Annually	6.0%	4.8%	4.0%	3.7%	3.6%	3.4%	5.4%	4.6%	2.4%	3.2%	4.1%	3.1%
Effective Rent Growth - Quarterly	0.7%	2.7%	1.4%	-1.1%								
Occupancy Rate	95.2%	95.8%	95.7%	95.4%	95.2%	94.7%	95.3%	95.5%	95.0%	95.2%	95.6%	95.0%
Occupancy Change - Annually	0.5%	0.5%	0.0%	-0.1%	0.1%	0.1%	0.6%	0.2%	-0.5%	0.1%	0.4%	-0.6%
Occupancy Change - Quarterly	-0.3%	0.7%	-0.1%	-0.4%								
Economic Concessions												
Concession Value	\$-5.68	\$-3.99	\$-3.94	\$-7.52	\$-8.38	\$-5.14	\$-4.32					
As a % of Asking Rent	-0.6%	-0.4%	-0.4%	-0.7%	-0.8%	-0.6%	-0.4%					

Market Rank

4Q16	Market	National	Rank	4Q16 Annual Results						
Effective Rent Per Unit	\$1,026	\$1,247	61	By Bedroom Type	%	Area	Occ	ERG	Erent	ERSF
Effective Rent Growth - Annually	3.7%	2.6%	46	Studio/One bedroom	41.4%	747	95.3%	3.7%	\$923	\$1.23
Effective Rent Growth - Quarterly	-1.1%	-1.1%	70	Two bedroom	47.9%	1,068	95.6%	4.0%	\$1,066	\$1.00
Occupancy Rate	95.4%	94.7%	48	Three + bedrooms	10.7%	1,329	95.5%	3.7%	\$1,253	\$0.94

Multifamily Absorption and Supply

	Annual			4Q16		Annual Forecast				
	2013	2014	2015	Market	National	2016	2017F	2018F	2019F	2020F
Total Units Absorbed	4,502	6,169	6,939	8,066	336,518	8,066	7,092	7,784	5,120	3,761
New Supply	4,825	5,772	6,249	8,385	365,032	8,385	9,314	6,837	4,968	5,601
Inventory Growth	2.3%	3.4%	4.1%	4.6%	1.5%	4.6%	5.5%	4.5%	3.1%	2.6%
Demand/Supply Ratio	1.9	2.3	2.2	1.3	2.1	1.4	1.1	1.3	1.4	1.1
Job Gain / Total Residential Units Permitted										
Job Gain / Single Family Units Permitted	3.3	3.6	3.5	2.0	3.6					
Job Gain / Multifamily Units Permitted	4.7	6.6	6.0	3.6	5.6					

Charlotte, NC

Submarket Delivery Schedule

Top Submarkets	Pipeline Delivery Schedule				Pipeline Lease Up Trend					
	2014	2015	2016	Total	Units Absorbed		Asking Rent		Effective Rent	
					Totals	PPM	Per Unit	PSF	Per Unit	PSF
East Charlotte - Central Ave.	397	232	831	1,460	761	16	\$1,496	\$1.78	\$1,436	\$1.70
Fairview North	327	507	1,033	1,867	625	9	\$1,692	\$1.93	\$1,560	\$1.78
Harris Blvd/Mallard Creek Church Rd	496	407	975	1,878	716	18	\$1,163	\$1.15	\$1,123	\$1.11
Northwest Charlotte	743	494	900	2,137	453	21	\$1,227	\$1.25	\$1,156	\$1.17
Rock Hill	188	729	1,056	1,973	522	13	\$1,170	\$1.07	\$1,154	\$1.06
Other	3,568	3,014	3,616	10,198	2,714	11	\$1,455	\$1.61	\$1,364	\$1.51
Charlotte-Concord-Gastonia, NC-SC	5,719	5,383	8,411	19,513	5,791	12	\$1,431	\$1.57	\$1,350	\$1.48

**Based on 2016 deliveries*

**Trend based on a trailing 12 month period*

Effective Rent Growth Ranking

Submarket	Rank	4Q16	LTA*	Forecast	
				2016	2017-2020
Gaston County	1	8.7%	1.3%	7.5%	4.3%
East Charlotte - Albemarle Corridor	2	5.8%	1.6%	6.5%	3.6%
Concord/North Concord	3	5.8%	1.3%	5.5%	3.8%
East Charlotte - Central Ave.	4	5.7%	1.6%	6.2%	3.3%
North Pineville	5	5.3%	2.0%	5.3%	4.0%
N. Tryon St. - The Plaza	6	4.7%	1.5%	6.3%	3.4%
Iredell County	7	4.5%	1.6%	3.3%	2.9%
Harris Blvd/Mallard Creek Church Rd	8	4.3%	1.1%	4.7%	3.2%
Rock Hill	9	3.7%	2.4%	4.1%	3.7%
Carmel	10	3.2%	2.0%	4.2%	3.8%
Rowan County	11	3.2%	2.0%	3.8%	2.7%
Northwest Charlotte	12	2.9%	1.0%	4.4%	3.1%
Fairview North	13	2.2%	2.2%	4.4%	3.6%
West - Charlotte Airport	14	0.3%	1.9%	3.0%	3.1%
Downtown	15	-1.6%	1.7%	-0.2%	3.4%
Market Average		3.9%	1.7%	4.6%	3.5%

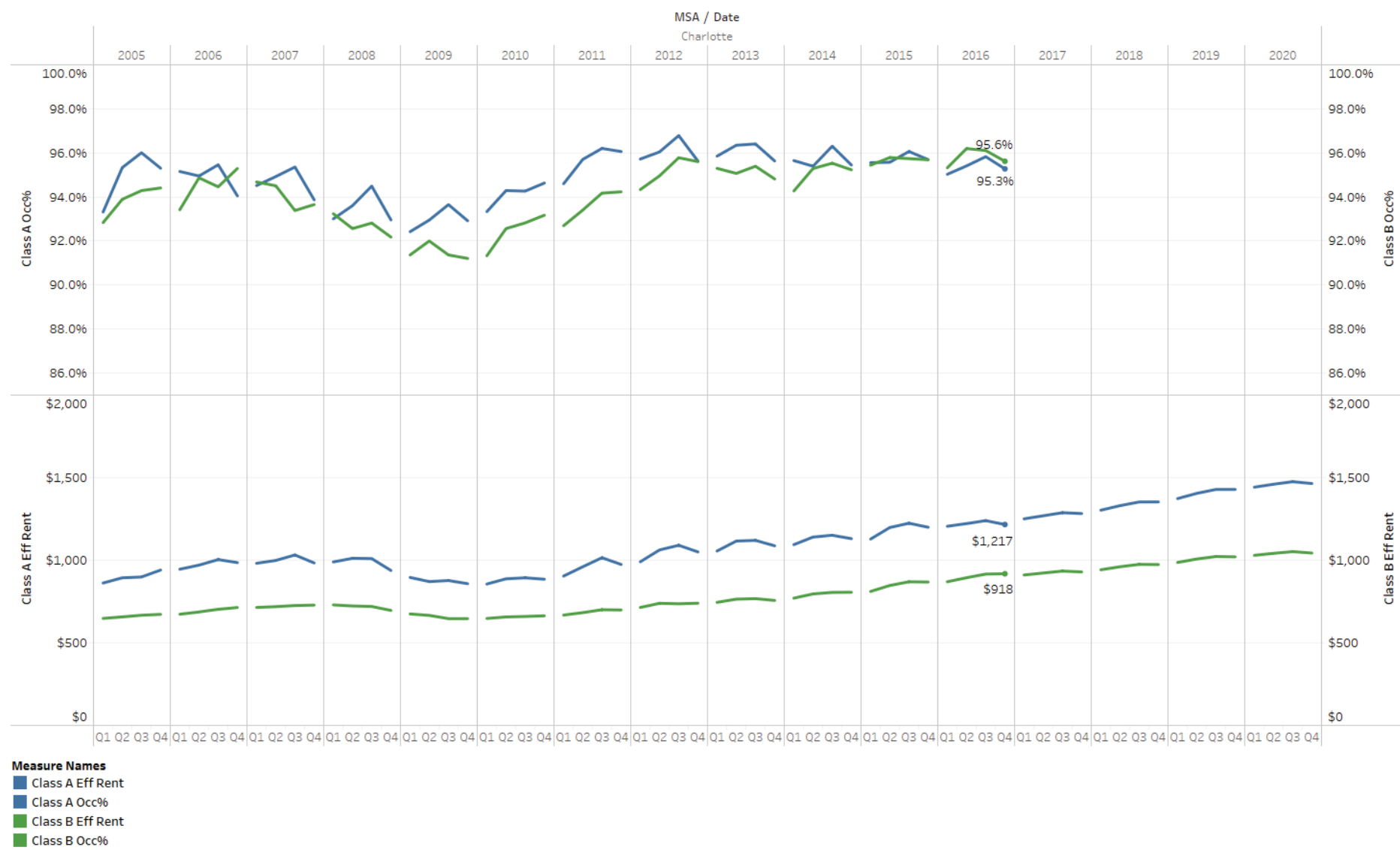
**LTA - Long term average 1996 (or available) to current*

Occupancy Ranking

Submarket	Rank	4Q16	LTA*	Forecast	
				2016	2017-2020
East Charlotte - Central Ave.	1	96.8%	93.2%	96.5%	95.7%
Iredell County	2	96.6%	92.5%	95.2%	94.7%
Concord/North Concord	3	96.3%	91.9%	95.6%	96.2%
North Pineville	4	96.2%	93.1%	96.4%	96.3%
East Charlotte - Albemarle Corridor	5	96.0%	92.1%	95.7%	95.1%
N. Tryon St. - The Plaza	6	95.8%	92.1%	95.7%	96.1%
Rock Hill	7	95.8%	92.6%	95.9%	95.3%
Rowan County	8	95.3%	92.4%	95.5%	95.1%
Harris Blvd/Mallard Creek Church Rd	9	95.2%	94.5%	95.6%	95.8%
Northwest Charlotte	10	95.1%	93.2%	95.3%	95.5%
Fairview North	11	94.8%	93.6%	95.6%	95.8%
Carmel	12	94.4%	94.1%	94.8%	95.5%
Downtown	13	94.4%	90.7%	95.1%	96.0%
West - Charlotte Airport	14	94.0%	93.1%	95.0%	95.6%
Gaston County	15	93.7%	92.3%	93.9%	95.3%
Market Average		95.4%	92.8%	95.5%	95.6%

**LTA - Long term average 1996 (or available) to current*

Charlotte, NC

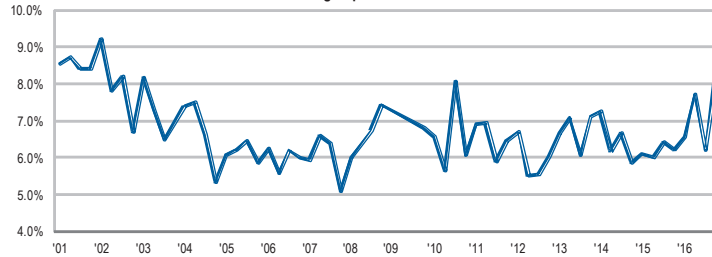


Axiometrics provides rent projections (but not occupancy estimates) through 2020

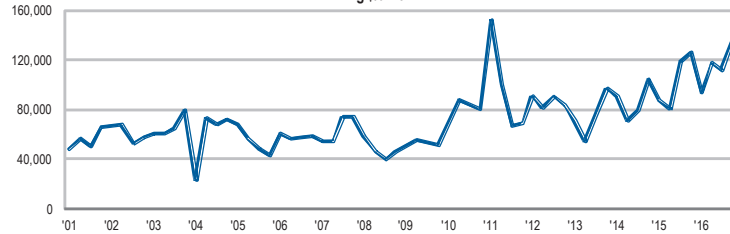
Charlotte, NC

Charlotte

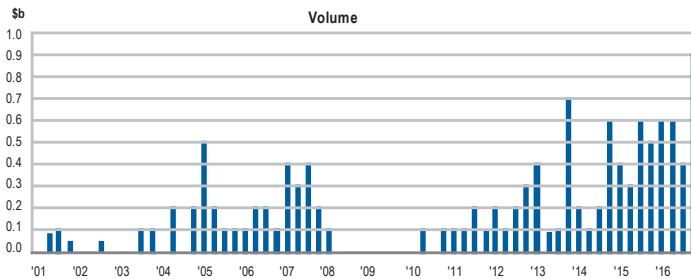
Avg Cap Rate



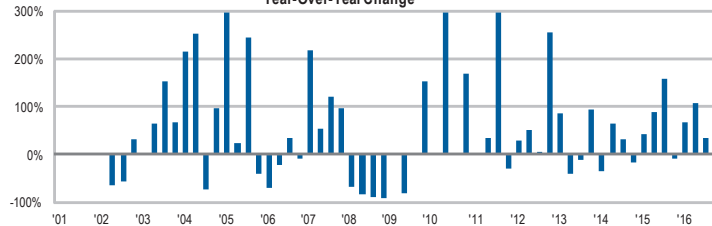
Avg \$/unit



Volume

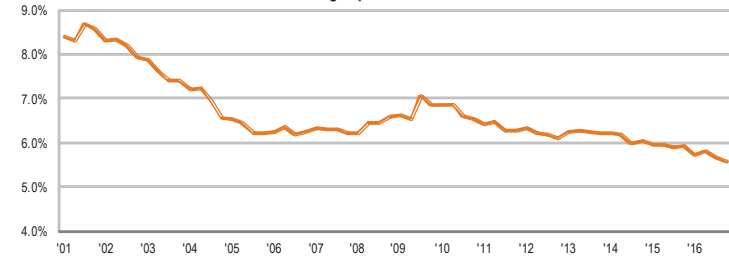


Year-Over-Year Change

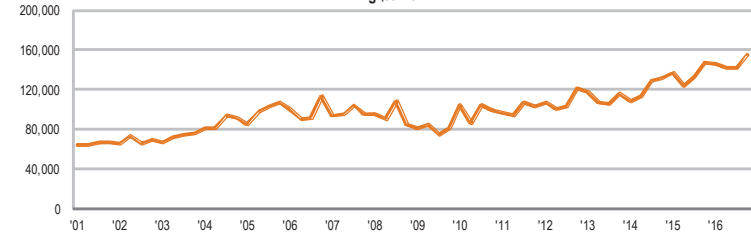


Apartment Grand Total

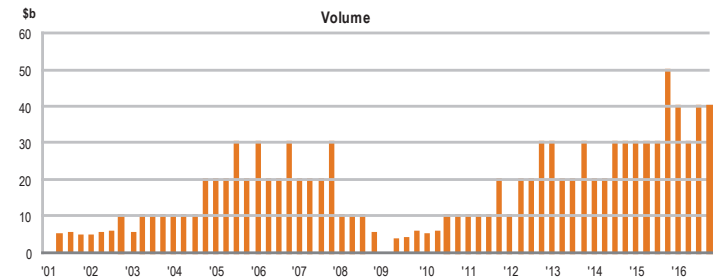
Avg Cap Rate



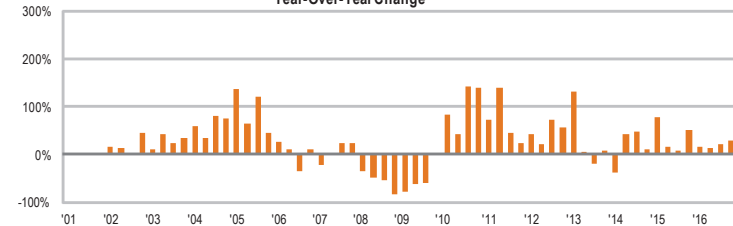
Avg \$/unit



Volume



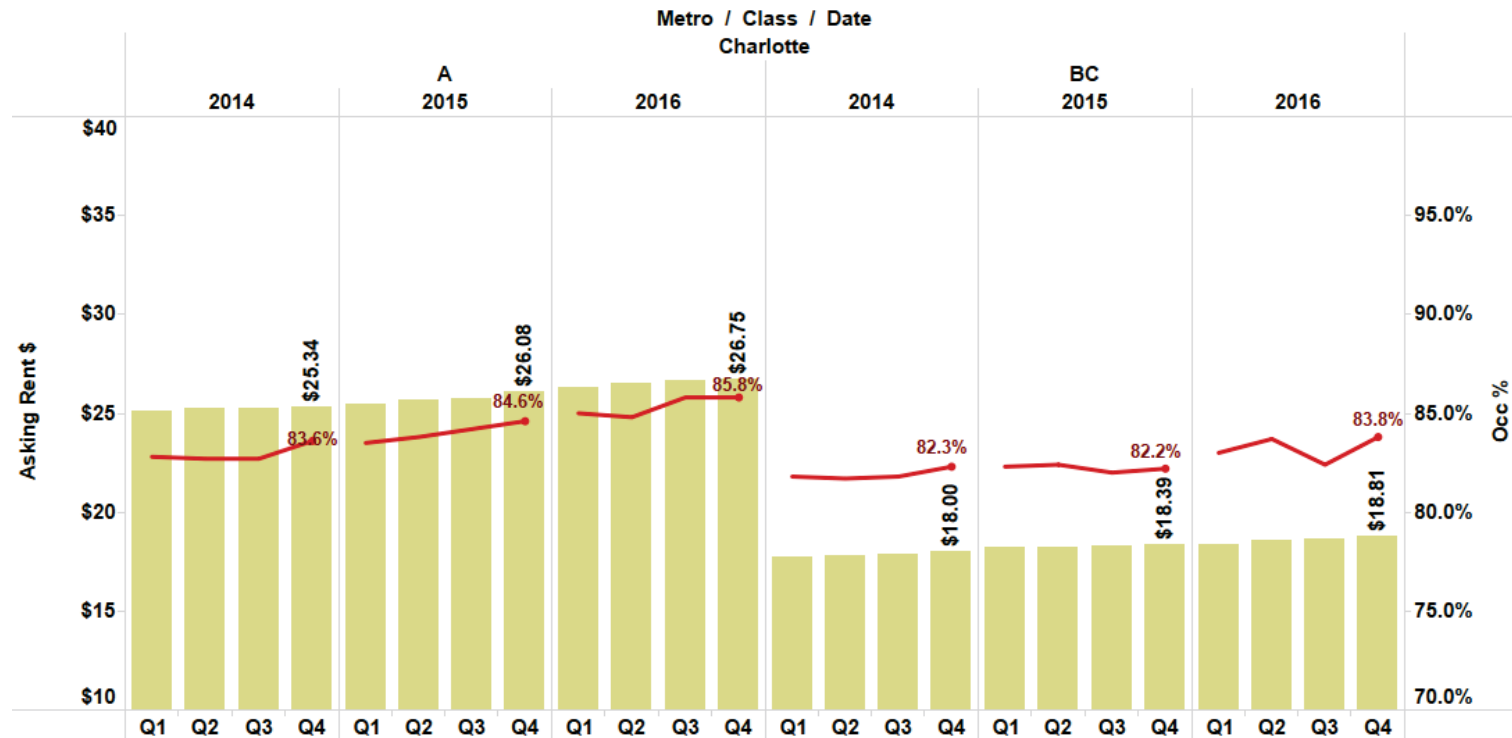
Year-Over-Year Change



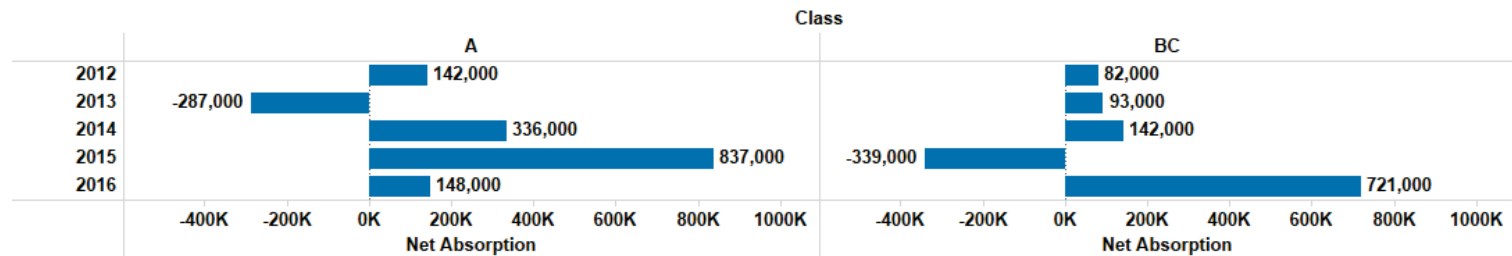
Based on independent reports of properties and portfolios \$2.5 million and greater.

Charlotte, NC

CHNC

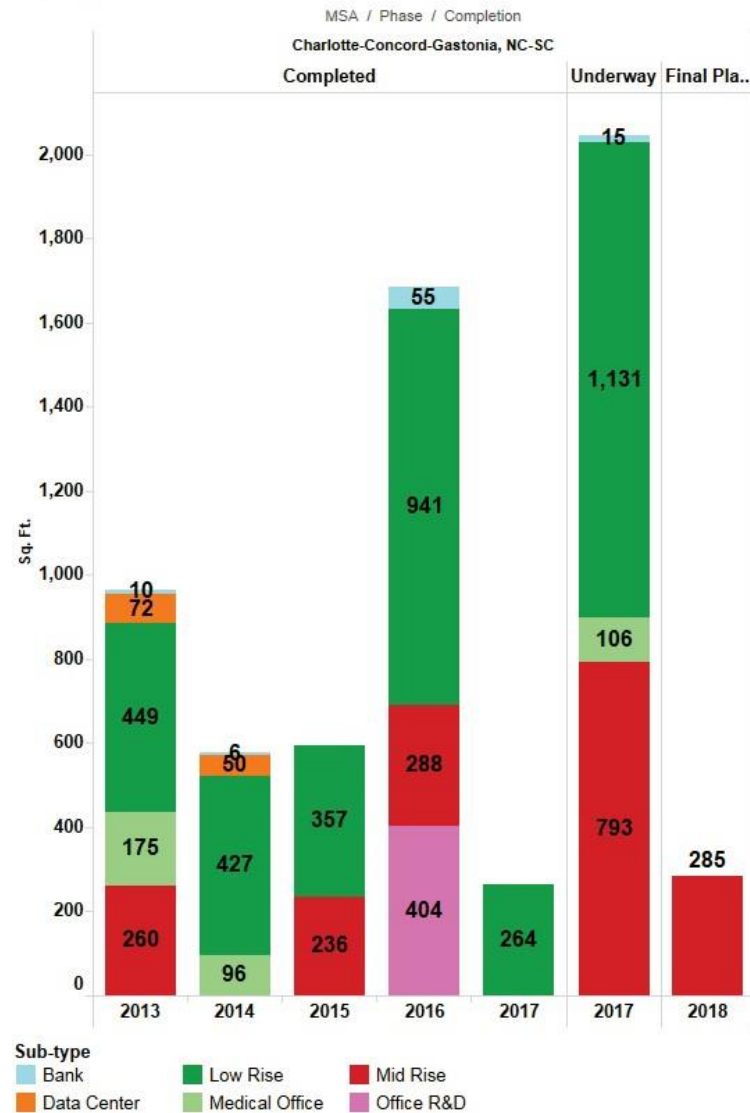


CHNC Net Absorption



Charlotte, NC

CHNC Pipe



CHNC Submarkets

Submarket	Occ %	Asking Rent \$	Free Rent (mos)	Inventory (SF/Units)
Medical/Randolph	95.2%	\$23.40	0.8	813,000
Uptown	88.7%	\$28.08	2.2	15,392,000
South Park	88.6%	\$27.21	2.3	4,602,000
I-77	86.8%	\$17.11	1.7	3,690,000
Midtown	86.0%	\$24.37	2.1	1,113,000
East	84.9%	\$14.35	1.1	1,131,000
Airport/Parkway	82.9%	\$20.00	2.5	4,183,000
Cotswold	82.1%	\$16.60	3.6	2,117,000
NC 51	81.7%	\$23.52	2.5	5,409,000
Park Road	75.7%	\$19.67	3.3	985,000
North/University	74.8%	\$19.18	3.2	4,814,000

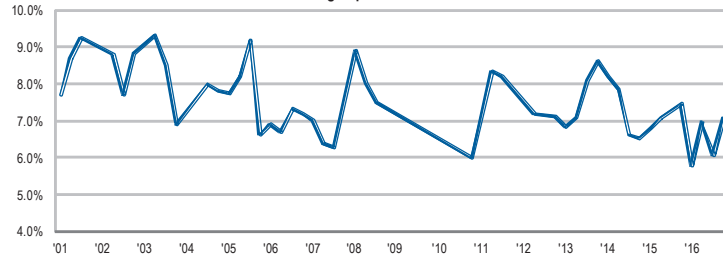
CHNC Plan

Phase	Bank	Data Center	Low Rise	Medical Office	Mid Rise
Planning	62	40	690	650	310
Pre-Planning			152		450

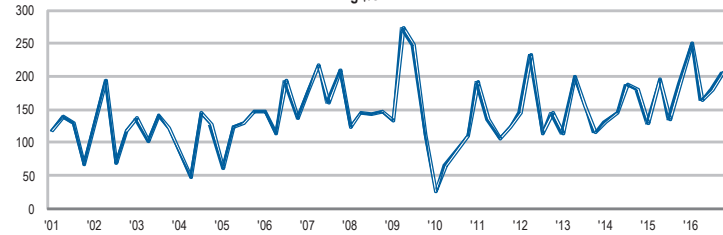
Charlotte, NC

Charlotte

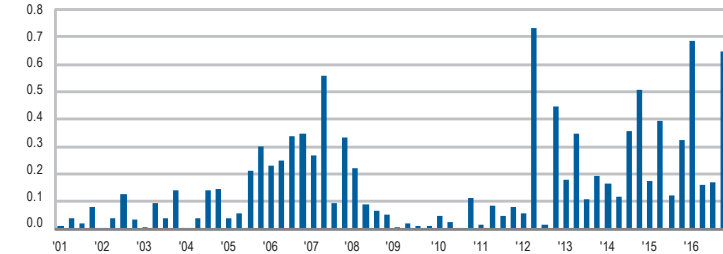
Avg Cap Rate



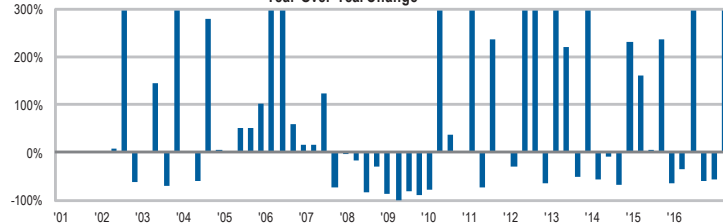
Avg \$/sf



Volume

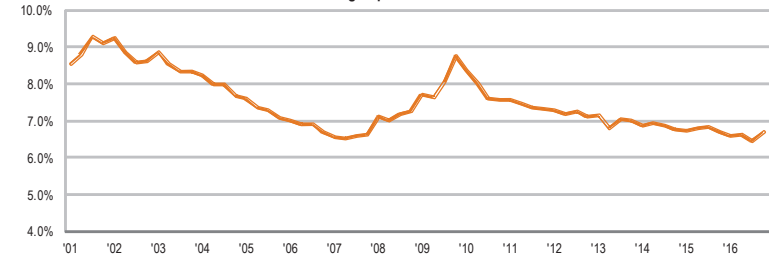


Year-Over-Year Change



Office Grand Total

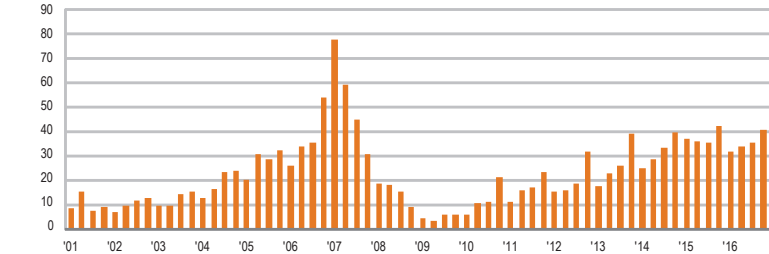
Avg Cap Rate



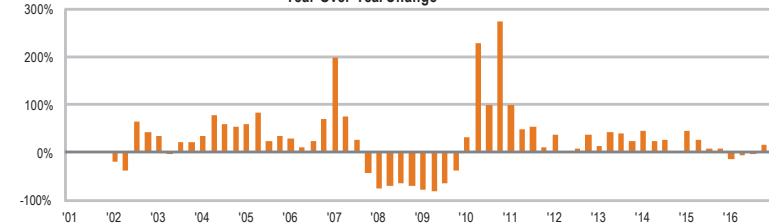
Avg \$/sf



Volume

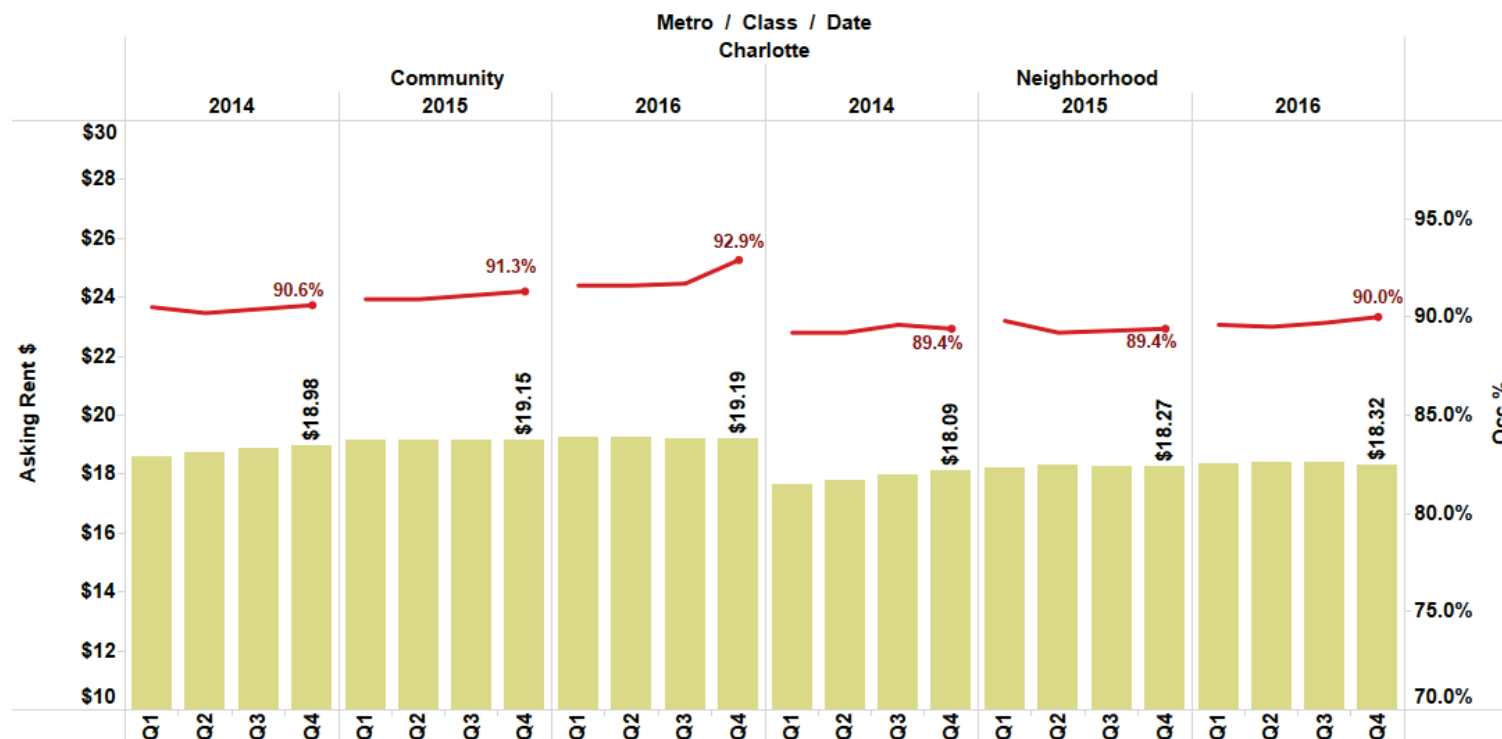


Year-Over-Year Change

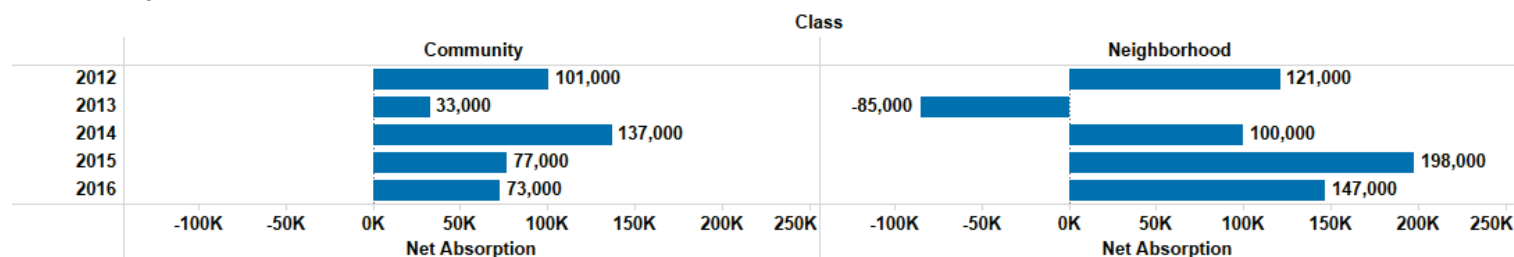


Charlotte, NC

CHNC



CHNC Net Absorption

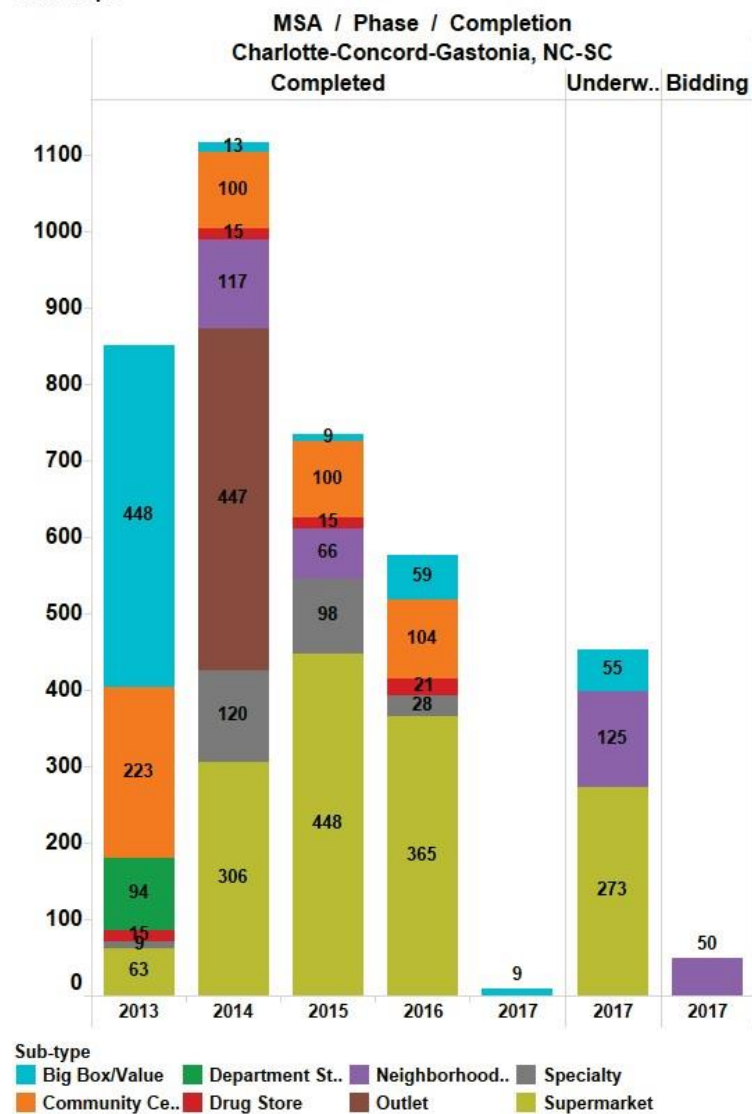


Shopping Center Notes:

Shopping Center Metrics are from REIS Data, which only tracks Neighborhood Centers (which they define as 10k-150k SF, anchored or unanchored) and Community Centers (which they define as 100-350k SF with multiple anchors). Supply figures are from CBRE-EA, which reports on a wider range of retail properties. REIS and CBRE-EA's respective definitions of neighborhood and community center properties are roughly equivalent.

Charlotte, NC

CHNC Pipe



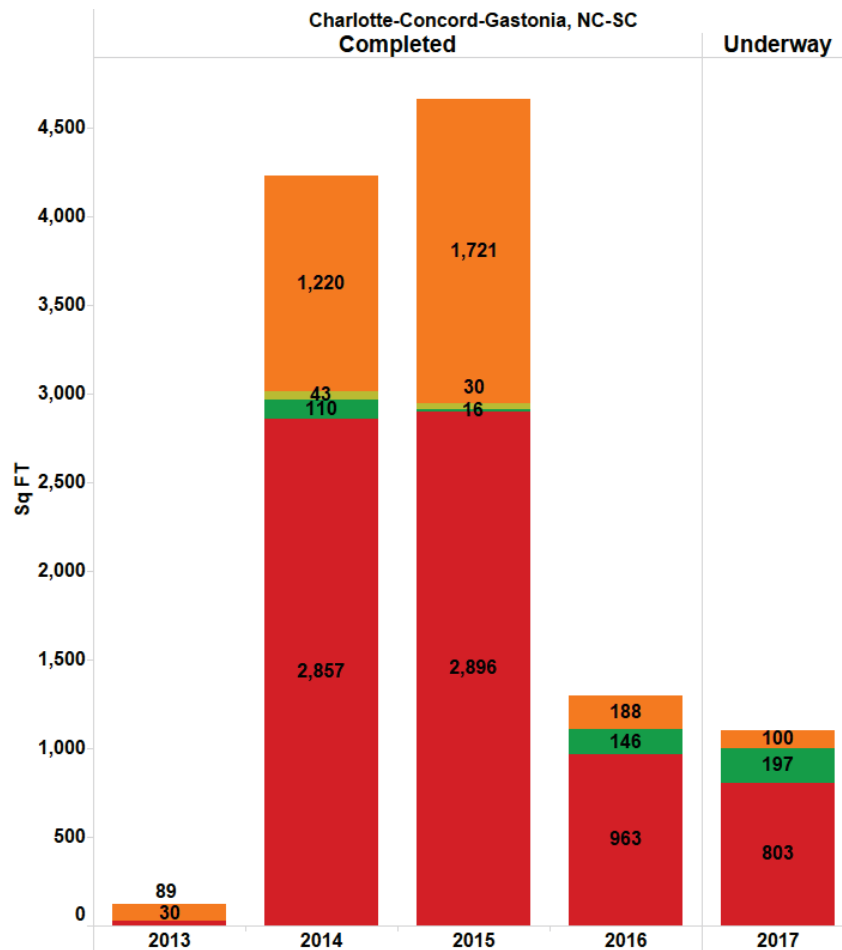
CHNC Submarkets

Submarket	Occ %	Asking Rent \$	Free Rent (mos)	Inventory (SF/Units)
South	91.9%	\$23.76	2.5	4,671,000
North	90.8%	\$16.94	1.0	3,406,000
East	86.5%	\$14.88	2.3	2,217,000
Gaston County	85.5%	\$12.72	5.4	948,000

CHNC Plan

	Planning	Pre-Plan
Big Box/Value	315	125
Community Center	768	104
Neighborhood Center	254	
Super Regional	781	
Supermarket	644	154

Charlotte, NC



Warehouse/Industrial Metrics	YE15	YE16	YOY % .6
Warehouse Asking Rent	\$ 3.55	\$ 3.91	10.1%
Warehouse Vacancy	6.8%	5.5%	-19.1%
Warehouse Inventory	292,396,247	295,126,330	0.9%
Flex Asking Rent	\$ 8.55	\$ 8.66	1.3%
Flex Vacancy Flex	7.9%	5.0%	-36.7%
Inventory	29,750,966	30,209,066	1.5%

MSA	Phase	Flex	Sub-type Self-Stor..	WH/Dist
Charlotte-Concord-Gastonia, NC-SC	Planning	2,750	1,049	2,493
	Pre-Planning	50	50	332

Sub-type Note: Square Footage Totals Are in 1,000s

- Flex
- Manufacturing/Light Industrial
- Self-Storage
- Warehouse/Distribution

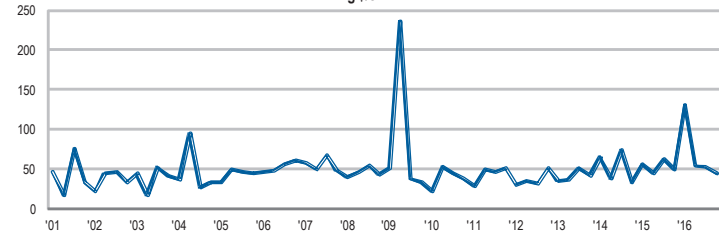
Charlotte, NC

Charlotte

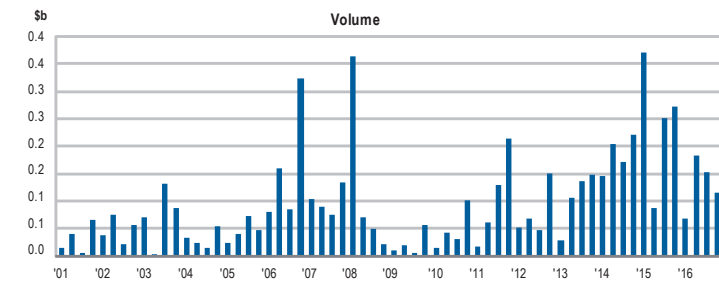
Avg Cap Rate



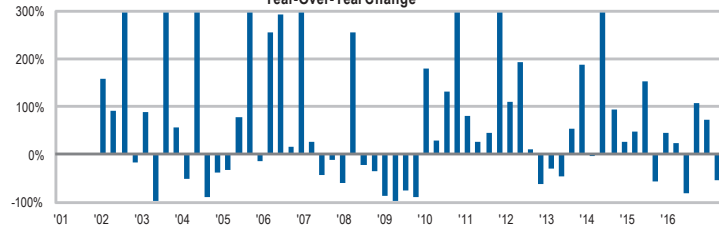
Avg \$/sf



Volume

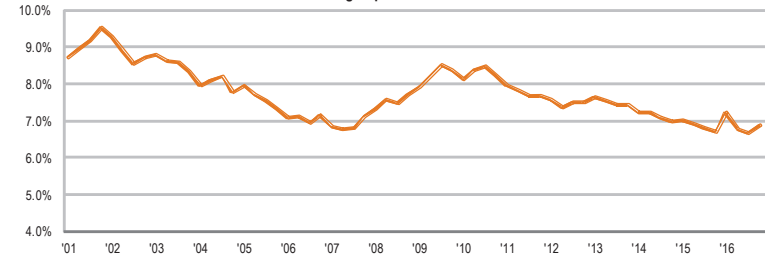


Year-Over-Year Change

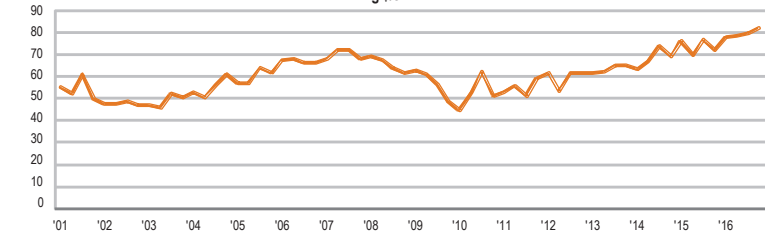


Industrial Grand Total

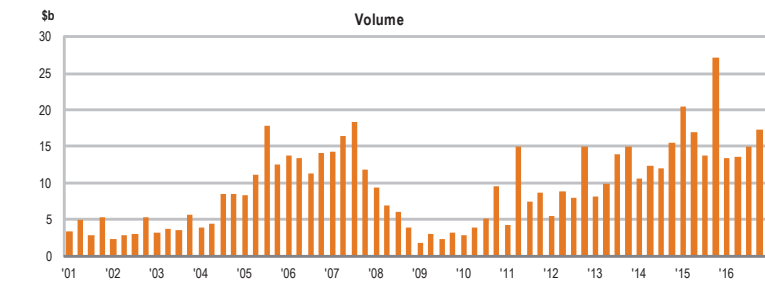
Avg Cap Rate



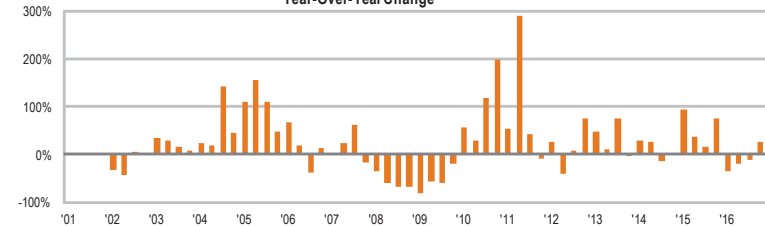
Avg \$/sf



Volume



Year-Over-Year Change

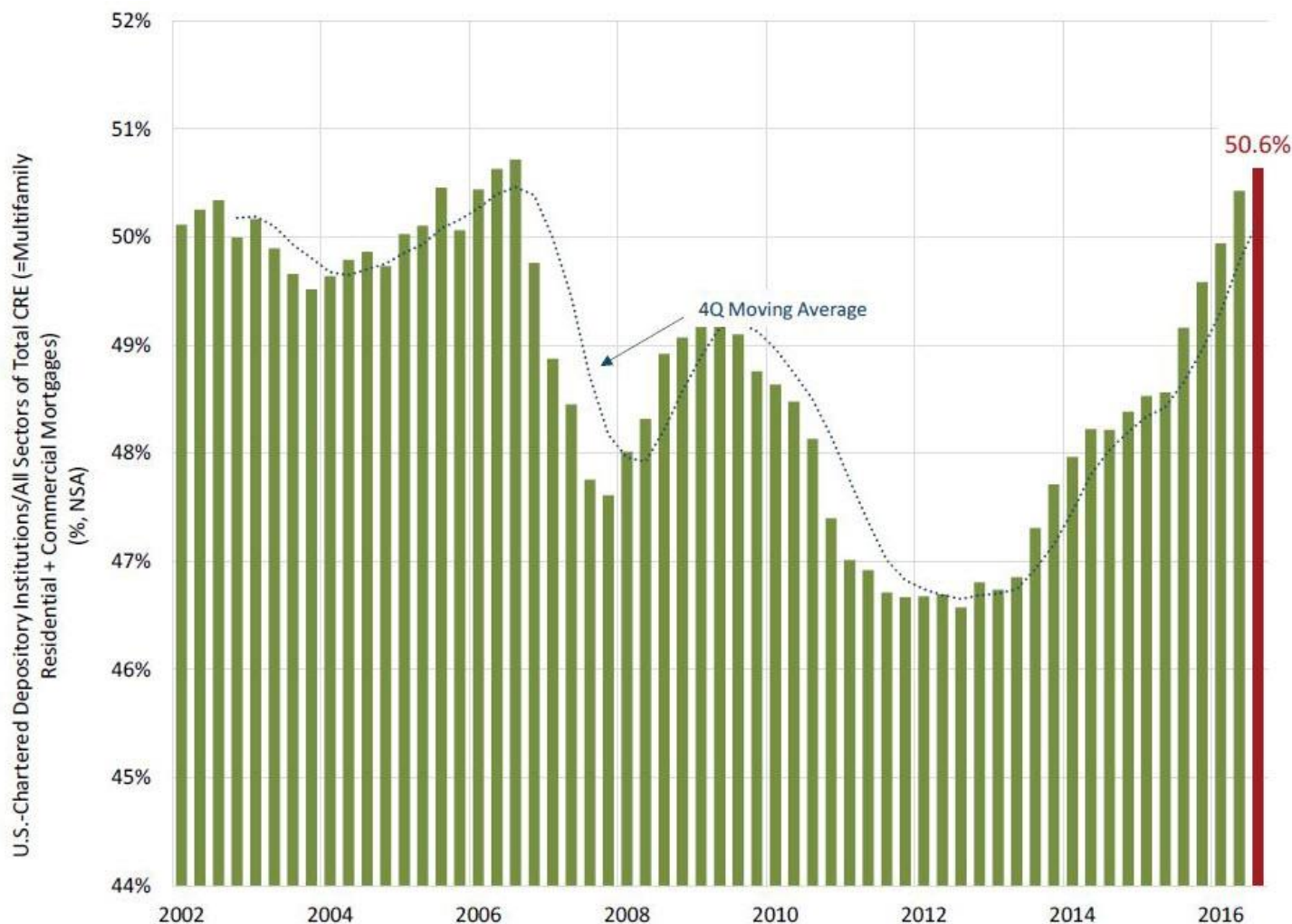


Based on independent reports of properties and portfolios \$2.5 million and greater.

Regulatory and Political Environment

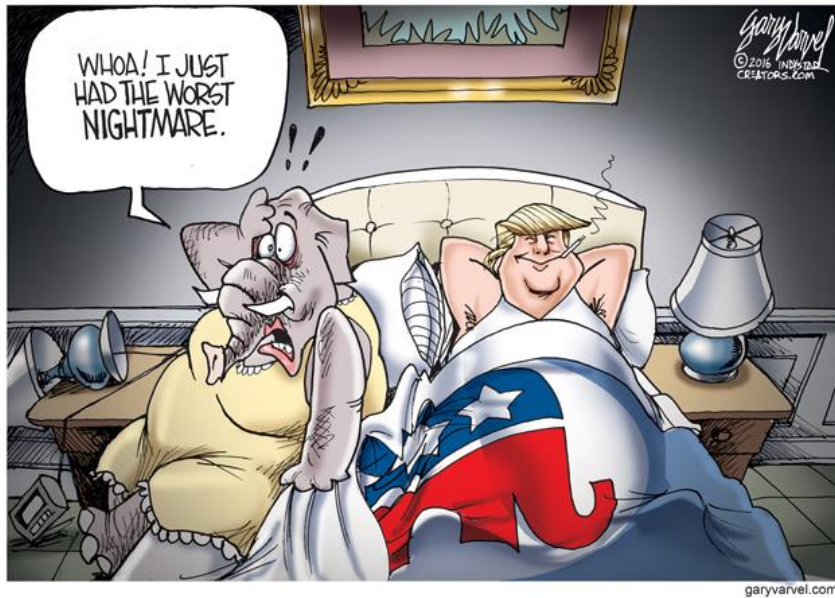
Intertwined Fates that Affect All of Our Banks

Regulatory Pushbacks: Bank Share of Total CRE Debt



Data: FRB Board of Governors/ATL FRB Risk Analytics 3.2017

Where Are We Now?: Report Headlines Tell the Story



A good bit of the change has to do with the guy on the right, or it will; the question is when and how much!

RERC 2016 Report Titles

RERC 1Q16: Spotlight on Values

RERC 2Q16: The Beat Goes On-Instability Creates Stability

RERC 3Q16: Adjusting Expectations

RERC 4Q16: Aligning to New Realities

PWC 2016-2017 Report Titles

PWC 1Q16: Time to Wave the Caution Flag?

PWC 2Q16: Stabilizing Values May Signal End of Expansion

PWC 3Q16: Playing for Advantage, Guarding the Flank

PWC 4Q16: Staying Disciplined in a Competitive Market

PWC 1Q17: Unknowns Create Hesitancy in the Marketplace

The Trump Effect: Four Elements that Could Affect CRE

- Tax Reform, aka the [Brady/Ryan Plan](#)

Tax Reform:

Individual tax rates would be lowered in most instances, allowable itemized deductions would be greatly reduced (deductions for mortgage interest and charitable donations would remain), and the tax code would be simplified.

~~Corporate tax rates would be lowered, investments could be immediately expensed, interest expense would not be deductible, and a Border Adjustment Tax would be implemented. The BAT would tax imported inputs and goods but would not tax exported goods or components; this rewards companies who produce domestically and export goods and services. Conversely, it is punitive to companies that import goods for sale or import components that are produced abroad and then assembled domestically to be sold as a finished product. In theory, ForEx dynamics would strengthen the dollar as more US dollars are demanded to buy the initially cheaper US produced and denominated good; once the dollar has adjusted, most trade advantage goes away.~~

~~—Short version if you export, great; if you import, you are screwed!~~

The Trump Effect: Four Elements that Could Affect CRE

- Repeal of Obamacare/ACA with American Health Care Act

- AHCA: _____

— ~~The AHCA eliminates penalties stemming from the individual mandate that citizens purchase health insurance and the employer mandate that large employers offer their employees health insurance coverage. It greatly reduces pricing and offering restrictions on insurance companies and, through a wide range of measures, shifts more of the economic impact of these changes to older non-group plan members from younger non-group plan members. It also caps certain areas of Medicaid and allows the states more latitude and control over their role in Medicaid allocations.~~

24 mm less insured by 2026, reduces Federal Deficit approximately \$350B

The Trump Effect: Four Elements that Could Affect CRE

- 2018 Proposed Federal Budget

- 2018 Budget:

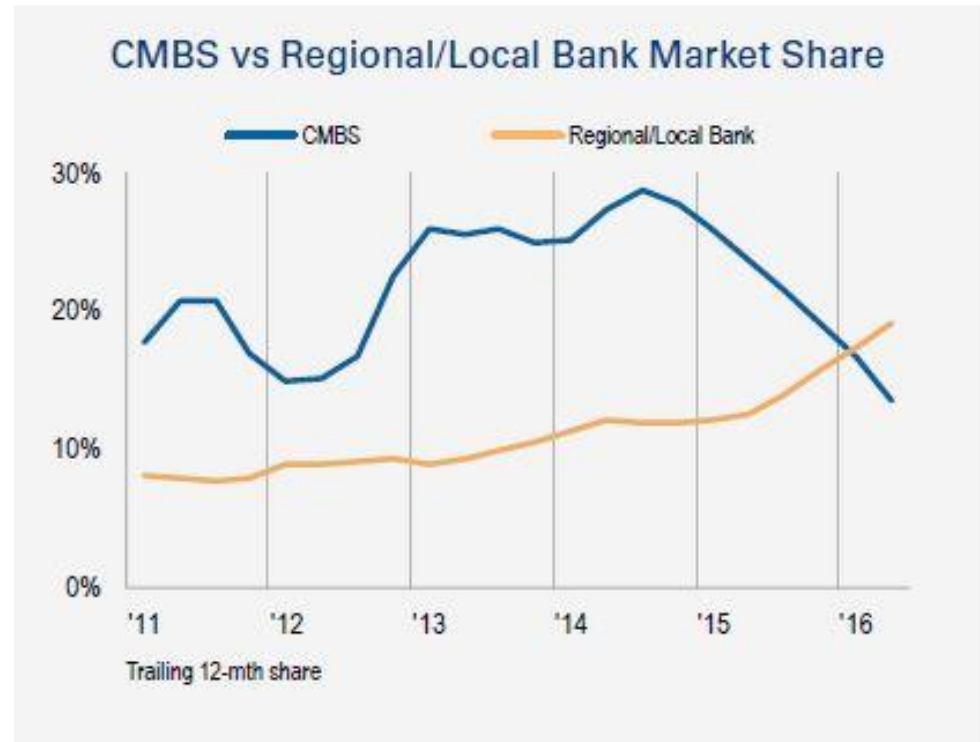
The 2018 budget, of the three items discussed here, is the most likely to change and the least well-defined. General measures regarding discretionary elements of the budget are as follows:

Environmental Protection Agency (-31%), State (-29%), Agriculture (21%), Labor (-21%), Health and Human Services (-18%), Commerce (-16%), Education (-14%), HUD (-13%), Transportation (-13%), Interior (-12%), Energy (-6%), SBA (-5%), Treasury (-4%), Justice (-4%), NASA (-1%), Veterans Affairs (+6%), Homeland Security (+7%), Defense (+9%)

This is the “Skinny Budget”-we don’t know what infrastructure would be expanded beyond the border wall

The Trump Effect: Four Elements that Could Affect CRE

- Regulatory Rollbacks
- Commercial Bank
 - Construction Lending
 - Mini-Perm Lending
 - Concentration Issues
- Life Company
- Gov. Sponsored Enterprise
 - FNMA/FRMC or SBA
- CMBS/"Conduit" Lenders
 - Risk Retention Rules
 - Basically switched w/banks



Data: Real Capital Analytics

What Do Regulators Want to See?

- COMMUNICATION WITH YOUR BOARD!
 - They are on the hook and they should know the issues
- Good rationale behind portfolio construction
 - Prove the basis behind your loan decisions
 - Think two years from now...
- Interaction between the line and DFAST, CECL, etc.
- Stress in accordance with historical performance
- THE BIG TRICK: there is no 100% right way to do it!